



CITY OF SALINAS COUNCIL STAFF REPORT

DATE: SEPTEMBER 28, 2021

DEPARTMENT: OFFICE OF THE CITY MANAGER
PUBLIC WORKS

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TITLE: DECLARATION OF AIRPORT AS EXEMPT SURPLUS LAND

RECOMMENDED MOTION:

A motion to approve the attached Resolution declaring the City-owned parcel known as the Salinas Municipal Airport as Exempt Surplus Land.

RECOMMENDATION:

Staff Recommends that the Council approve the attached Resolution.

BACKGROUND:

The Salinas Municipal Airport is a federally obligated public use airport owned and operated by the City of Salinas. The Airport includes multiple parcels of land in southeast Salinas; Assessor's Parcel Number 003-861-036-000 represents the main Airport parcel including the Airport's runways, main terminal, hangars, a portion of the Salinas Fairways golf course, and other buildings such as warehouse and industrial buildings.

The Airport is operated through the Airport Enterprise Fund. An enterprise fund is a separate accounting and financial reporting mechanism for which revenues and expenditures are segregated into a fund separate from the General Fund. The Airport has historically generated revenues for its operations by leasing out land and facilities to private companies. Most, though not all, of these spaces are leased to companies are aviation-related industrial or are used for the storage of aircraft. Without these leases, the Airport would likely be unable to generate sufficient revenues to support current operations without significant support from other City Funds. There are currently more than twenty leases (in addition to short-term hangar storage permits) on the main Airport parcel.

The Surplus Lands Act (SLA) took effect on January 1, 2020, with the California Department of Housing and Community Development issuing implementing Guidelines in April 2021. The Guidelines specify that any lease agreements with a term of five years or more are subject to the requirements of the SLA. This includes a requirement that a local jurisdiction declare property to be "Surplus Land" or "Exempt Surplus Land" prior to any disposition (including a lease).

The Airport is not surplus land as that term is normally defined. It is an actively used City facility that generates a significant social and economic benefits to the City. According to the 2020 Airport Economic Benefit Analysis prepared by Coffman and Associates in association with the Seidman Research Institute, the Airport annually contributes over \$61.6 million in revenue, creates 401 jobs, and creates \$9.8 million in tax revenue for the region. Further, as noted previously, the revenues generated are used to fund Airport operations, and most of the lessees have some relation to the Airport's aeronautical operations. However, the SLA requires that that *all* dispositions include a finding that the land is "Surplus Land" or "Exempt Surplus Land." Further, the SLA provides that commercial and industrial uses may not be considered as a local agency's use. Therefore, in order to continue leasing Airport facilities and maintain operations, the City must declare the land to be "Surplus Land" or "Exempt Surplus Land," even if the land is not actually surplus.

The SLA provides that land that is subject to valid legal restrictions prohibiting the development of housing may be found to be "Exempt Surplus Land." The Federal Aviation Administration (FAA) has, through its Order 5190.6B, prohibited the development of housing at federally obligated public use airports, due to concerns regarding noise and safety. It does not appear that changing this restriction is feasible (or desirable). This restriction is applicable to the entirety of the Airport. Therefore, staff believes that a finding that the Airport is Exempt Surplus Land is appropriate.

By designating the entirety of the main parcel as Exempt Surplus Land (rather than only each individual lease space), the City will increase its efficiencies by reducing the amount of administrative work associated with individual buildings. This designation will apply only to the main Airport parcel – any leases on other parcels which are a part of the Airport will need to be considered separately at a future date.

CEQA CONSIDERATION:

Not a Project. The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

DEPARTMENTAL COORDINATION:

This Report was prepared jointly by the Office of the City Manager and Public Works Department's Airport Division, with additional support from the Legal Department.

FISCAL AND SUSTAINABILITY IMPACT:

The adoption of this Resolution will produce ongoing savings by reducing the amount of staff time needed to process future leases at the Airport. Per Surplus Land Act, the declaration as “Surplus” or “Exempt Surplus” is a required action. Additionally, the “Exempt Surplus Land” declaration will provide the City the ability to continue business operations as described in the report.

ATTACHMENTS:

RESOLUTION