

Senate Local Government Committee

**The Regional Airport Authority: Is It Working
for San Diego?**

Co-Chaired by

Senator Christine Kehoe

and

Assemblymember George Plescia

October 10, 2006

9:30 A.M. to 3 P.M.

Balboa Park Club

2150 Pan American Road

Balboa Park, San Diego

Agenda

Opening Remarks

Honorable Christine Kehoe, Chair, Senate Local Government
Committee, 39th State Senate District

Honorable George Plescia, Assembly Minority Floor Leader,
75th State Assembly District

Honorable Denise Moreno Ducheny, 40th State Senate District

Honorable Jay LaSuer, 77th State Assembly District

**Governance of Airport Operations and Land Use Planning at
15 Major Airports**

Grant Boyken, Senior Research Specialist, California Research
Bureau, California State Library

**The current model: Is it working for San Diego?
Observations and recommendations by the Airport Authority**

San Diego County Regional Airport Authority (SDCRAA) Board
Members: Joe Craver, Chair; Paul Nieto, Vice Chair;
Xema Jacobson, Executive Committee; Paul Peterson, Member

Thella Bowens, President and Chief Executive Officer, SDCRAA

**Strategic Partnerships with the United States Navy and United
States Marine Corps in the San Diego Region**

Captain Michael R. Allen, United States Navy, Chief of Staff,
Navy Region Southwest

Colonel William R. Liston, United States Marine Corps, Deputy
Commander, Marine Corps Installations West

**Perspectives on whether the Airport Authority Board of
Directors should also serve as the Airport Land Use
Commission for San Diego County**

Barbara Lichman, Chevalier, Allen & Lichman, LLP

Buzz Gibbs, Gibbs Flying Service

John Ziebarth, American Institute of Architects

Invited Comments & Local Elected Officials

Honorable Tony Young, Councilmember, City of San Diego
Jim Panknin, representing the City of Santee
Andrew Poat, Vice President of Public Policy, San Diego Regional
Economic Development Corporation

Patti Krebs, Executive Director, Industrial Environmental
Association

Honorable Bob Filner, 51st District, United States Congress
Steve Laub, Chair, Community Planners Committee, City of San
Diego

Woodie Woodward, Consultant

Public Comment

Honorable Leon Williams, former Supervisor, San Diego County
Michael Aguilar
Jim Varnadore
Dennis Burks
Tom Delahanty
Roger Britt
Greg Finley
Leon Campbell
Barry Bardack
Lance Murphy
Bruce Boland
Ed Ward
Adrian Kwiatkowski
Timothy Schenk
Leslie Bruce, read letter from Rick Beech
Francis Tepedino
Honorable Lou Conde, former Supervisor, San Diego County
Linda Colley
Michel Anderson
Dr. Suzanne Hill
Ricky Kimball

Written comments submitted at the hearing:

Jerry Hughes
William B. Kolender, Sheriff, County of San Diego
Paul Robinson

Letter submitted by Rear Admiral Hering Sr. and Major General Lehnert,
dated October 6, 2006

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- Environmental Stewardship Programs
- Performance Highlights

Background Information

California Public Utilities Code Sections 21001 et seq. relating to the State Aeronautics Act

http://www.dot.ca.gov/hq/planning/aeronaut/documents/2004PUC_SAA-a.pdf

California Airport Land Use Planning Handbook, January 2002, State of California Department of Transportation Division of Aeronautics

<http://www.dot.ca.gov/hq/planning/aeronaut/documents/ALUPHComplete-7-02rev.pdf>

California Aviation System Plan, Policy Element, February 2006, California Department of Transportation

<http://www.dot.ca.gov/hq/planning/aeronaut/documents/CASP2006.doc>

Growing Pains: Airport Expansion and Land Use Compatibility Planning in California, September 2006, by Grant Boyken, Senior Research Specialist, California Research Bureau, California State Library

<http://www.library.ca.gov/crb/06/10/06-010.pdf>

This summary was prepared by Deanna Spehn, Policy Director for State Senator Christine Kehoe, with the production assistance of Elvia Diaz, Committee Assistant to the Senate Local Government Committee.

“Among political scientists who study port and airport governance, one school of thought suggests that autonomous boards with regional representation are more stable, more adept at long term planning to accommodate future demand, less influenced by local politics. The implicit assumption here is that success means growth and expansion. But sometimes the question is whether, not how, an airport should expand, and success may be more a matter of the degree to which the airport operator is responsive to the concerns and needs of the community.”

Grant Boyken, Senior Research Policy Specialist
“Growing Pains: Airport Expansion and Land Use Compatibility Planning in California”
September 2006, California Research Bureau

Staff Findings

The purpose of the hearing was to determine whether the governance structure of the San Diego County Regional Airport Authority (SDCRAA) is functioning in an efficient and effective manner, and to consider whether any modifications to the four year old governance structure are needed.

1. The goal is to have an ALUCP for the county’s sixteen airports that is based on clear, fair and defensible policies.
2. The membership of the Airport Authority Board of Directors includes public and private members, and has regional representation.
3. The two-tier salary structure for Board members is not used elsewhere in the state.
4. Board member terms are not staggered.
5. No higher jurisdiction, authority or commission has oversight authority over the SDCRAA on fiscal or land use matters, including the use of eminent domain.
6. The Board of the San Diego County Regional Airport Authority is the only Board in California that serves as both the airport operator for an international airport, and the Airport Land Use Commission for the county.
7. Because the Airport Authority operates San Diego International Airport, airport funds are available to support the ALUCP review and adoption process for the sixteen airports in San Diego County.
8. The ATAG process is an effective and efficient method of involving all interested parties and stakeholders in the ALUCP adoption process.
9. ALUCP analysis and adoption requirements do not include an analysis of the impacts on planning documents that have been adopted by local jurisdictions and regional agencies.
10. Neither the state nor federal governments provides regular funding to update ALUCPs, although the California Department of Transportation (Caltrans) recommends that an ALUCP be updated every five years in order to keep up-to-date with changes in state laws, local land uses and airport development and activity.
11. San Diego County would benefit from involvement in discussions underway on re-activating the Southern California Regional Airport Authority.
12. A regional comprehensive aviation plan does not exist for San Diego County. There is a lack of efficient and effective coordination between aviation and ground transportation needs, including rail. The region would benefit from a comprehensive transportation

planning process that includes representatives from the Navy, Marine Corps, adjacent counties and the Mexican government in *ex officio* roles on the Authority's Board of Directors.

13. Short and long range airport planning is essential to meet expanding regional aviation needs for passenger travel and cargo operations, and must be coordinated with airport operations at all commercial airports within the county.
14. The region's aviation system must be successfully aligned with the ground transportation network, rail service and local transit, if the economic benefits of improved air service are to be realized.
15. The Caltrans Handbook was adopted by the California Department of Transportation Division of Aeronautics with no public input or CEQA review. It does not include an adequate description of the land use role of the ALUC.
16. State guidelines are unclear on the consequences that a local jurisdiction faces when it assumes liability when overriding an ALUC's decision on land use compatibility.
17. The Caltrans Handbook requires that a project be analyzed based on overflight, airport protection, noise and safety. Economic and land use impacts are not addressed.
18. The Caltrans Handbook does not provide an adequate description of the effects certain high density land uses have on neighborhood character.

Recommendations

1. Explore options that retain the autonomous, independent nature of the current Airport Authority while requiring fiscal and land use accountability.
2. Explore a single tier structure for the Board.
3. Explore a Board structure that includes seven members, each of whom is an elected official with broad geographic representation and incorporates an appointment process for all members of the Board with staggered terms.
4. Explore the options on re-assigning the ALUC responsibilities currently assigned to the Airport Authority, to another entity and include funding options to pay for ALUCP updates should the ALUC responsibility be transferred to another agency. Include a requirement that ALUCPs must be updated every five years for San Diego County.
5. Require that an Independent Taxpayers Oversight Committee (ITOC) be established for the Airport Authority, modeled after the TransNet ITOC.
6. Require the Airport Authority to comply with existing state and federal laws when proposing sites for a future airport use.
7. Encourage the Airport Authority to work with the Navy and Marine Corps on methods to avoid encroachment onto existing military bases.
8. Adopt a regional comprehensive aviation plan for San Diego County with efficient and effective coordination between aviation and ground transportation, including high speed rail. The region would benefit from a comprehensive transportation strategy that includes representatives from the Navy, Marine Corps, adjacent counties and the Mexican government in *ex officio* roles on the Authority's Board of Directors.
9. Protect airport revenues from any effort to divert funds to non-airport uses, consistent with Federal Aviation Administration (FAA) regulations and state regulations.
10. A review of the State Aeronautics Act in the California Public Utilities Code should be made to determine if comprehensive and logical airport planning is taking place within

the state that factors in ground transportation. Based on the review, explore options for potential legislative changes. Include a requirement that an analysis of proposed ALUCP changes detail the impacts on planning documents and economic strategies that have been adopted by local jurisdictions and regional agencies.

11. Require Caltrans to adopt its Handbook, pursuant to the Administrative Procedures Act, as formal, binding state regulations
12. Clarify what specific liabilities local jurisdictions assume when they overrule the ALUC and include language that is specific in scope and type on shifted liability in an updated Caltrans Handbook.
13. The elements of overflight, airport protection, noise and safety are required by the Caltrans Handbook to be assessed in making a land use compatibility determination. Revise the Caltrans Handbook to add “economic impacts and the effects on land use” caused by those elements.
14. Amend Public Utilities Code Section 21670 [see Appendix B] to include a statement that one of the purposes is to find a balance between economic and physical development goals of the community and the goal of aviation safety.

Hearing Summary

State legislation created the San Diego County Regional Airport Authority (SDCRAA) (the Authority) in 2002 for three specific purposes: 1) to operate San Diego International Airport, 2) to direct a comprehensive study of potential airport sites to serve the San Diego region into the future and to place on the ballot a proposed site no later than November 2006; and, 3) to serve as the Airport Land Use Commission (ALUC) for the sixteen civilian and military airports within San Diego County.

Senator Christine Kehoe commissioned a study by the California Research Bureau (CRB) of the thirteen busiest commercial airports in California, plus international airports serving Phoenix, Arizona and Portland, Oregon. The key findings of Senior Research Specialist Grant Boyken focus on: 1) improvement and expansion activities; 2) airport governance; and 3) airport land use compatibility planning.

The fifteen airports studied include:

1. Bob Hope Airport – Burbank (BUR)
2. Fresno Yosemite International Airport (FAT)
3. John Wayne Airport – Orange County (SNA)
4. Long Beach-Daugherty Field Airport (LGB)
5. Los Angeles International Airport (LAX)
6. Metropolitan Oakland International Airport (OAK)
7. Ontario International Airport (ONT)
8. Palm Springs International Airport (PSP)
9. Phoenix Sky Harbor International Airport (PHX)
10. Portland International Airport (PDX)
11. Sacramento International Airport (SMF)
12. San Diego International Airport – Lindbergh Field (SAN)
13. San Francisco International Airport (SFO)
14. Norman Y. Mineta San Jose International Airport (SJC)
15. Santa Barbara Municipal Airport (SBA)

“Growing Pains: Airport Expansion and Land Use Compatibility Planning in California,” by Senior Research Specialist Grant Boyken, issued in September 2006 by the California Research Bureau, examines the opportunities and challenges airport operators confront as they cope with pressures to expand while dealing with local land use impacts, including noise, traffic and compatibility issues.

Governance of Airport Operations and Land Use Planning at 15 Major Airports

Grant Boyken, Senior Research Specialist
California Research Bureau, California State Library

1) Improvement and expansion activities

- There is a need to expand capacity and make improvements at each of the airports due to:
 1. increasing demand for air service;

2. new security procedures requiring space for new security screening equipment;
 3. accommodating super jumbo jets such as the Airbus A380 at Los Angeles International (LAX) and San Francisco (SFO),
- All fifteen airports recently completed or planned projects including the addition of new security screening areas, expansion of existing terminals and gates, improvement of runways and taxiways, and the addition of parking and ground transportation facilities.
 1. Original airport construction or significant renovation occurred in the 1970s or 1980s and are in need of improvement.
 2. Only a handful have added an entirely new terminal.
 3. Only Phoenix and San Jose have added new runways.
 - Litigation related to concerns about noise, safety, and traffic issues has halted a number of planned expansion projects.
 1. LAX scaled back expansion plans due to intense opposition from surrounding communities.
 2. In 2005, legal battles between the City of Burbank and the Burbank airport authority led to a settlement prohibiting the airport from adding new gates until 2012 and from planning for a new terminal until 2015.
 - Nighttime curfews are in place at seven of the thirteen California airports.
 - Existing development has hindered expansion, particularly at airports in heavily urbanized areas.
 - Natural features of the terrain and environmental concerns hinder airport development and growth.

2) Airport governance

- In 2001, the thirteen California airports included in the CRB study served approximately twelve percent (12%) of commercial passengers in the United States.
- In 2004, more than half of California's total exports, by dollar value, were shipped by air.
- Some suggest that LAX handles a disproportionate share of air service demand in southern California due to deficiencies at many of southern California's airports.
- A 2003 study of commercial carrier airports in the United States found that:
 1. More than one-third are municipally owned.
 2. One quarter are owned by some form of regional airport authority.
 3. The remainder are owned by single counties, multiple local governments, states or port authorities.
- Of the fifteen airports considered in the CRB study:
 1. Ten are owned by a single city.
 2. Two are owned by counties.
 3. Three are owned by some form of regional authority or multi-jurisdictional body.
 - Bob Hope Airport in Burbank (BUR), owned by the Burbank-Glendale-Pasadena Airport Authority, is a joint powers agency established by state law.
 - Portland International Airport (PDX), owned by the Port of Portland is defined in Oregon statutes as a "port district."
 - San Diego International Airport (SAN), owned by the San Diego County Regional Airport Authority, is a local agency created by state law that began operations in 2003.

- As policy-making bodies:
 1. Nine are overseen by an appointed board generally consisting of five-nine members who represent the various geographical areas of the jurisdiction that owns the airport.
 2. The powers and duties of airport boards vary, but they generally oversee airport planning, conduct studies, and make recommendations to a city council or other legislative body.
 - Exceptions:
 1. Burbank (BUR), Oakland (OAK), Portland (PDX) and San Diego (SAN) airports are governed by boards that act autonomously, without the approval of elected city or county officials. The Boards can approve airport projects, acquire property and issue bonds.
 2. Fresno (FAT) is governed directly by the Fresno City Council.
 3. Sacramento (SMF) is governed directly by the Sacramento County Board of Supervisors.
- Do decision making structures make a difference in governance?
 1. Airports encounter opposition whenever they make plans to expand or add capacity, regardless of governance structure.
 2. Airports in heavily urbanized areas surrounded by dense development confront stronger opposition than those located in areas where there is less development.

3) Airport Land Use Compatibility Planning

- In California, the State Aeronautics Act [California Public Utilities Code Sections 21001 *et seq.*] establishes the practice of airport land use compatibility planning for the purpose of limiting the risk of accidents and nuisances caused by airport operations, and ensuring the orderly operation and growth of airports.
- Generally, every county in California is required to designate an ALUC responsible for compatibility planning and review.
- Plans and policies adopted by an ALUC:
 1. Limit the density and intensity of land use in the riskiest locations around airports;
 2. Limit the height of structures in areas around an airport where flight navigation may be affected;
 3. Limit the nuisance caused by aircraft noise; compatibility plans limit noise-sensitive land uses in areas subjected to higher levels of noise.
- ALUCs have no authority over existing development or airport operations:
 1. Advisory capacity.
 2. Local governments exercise authority over local land use issues.
 3. Local governments can overrule ALUC determinations. To do so requires:
 - A public hearing.
 - A two-thirds vote of the jurisdiction's legislative body.
 - A notification filed with the Caltrans Division of Aeronautics.
 - The jurisdiction to become liable for damages resulting from the decision to overrule the ALUC.
- Most ALUCs are single purpose commissions whose members are appointed by a county board of supervisors, by a committee of the county's mayors, or by the county's airports.
 1. In some counties, a planning commission or a regional association of governments is designated as the ALUC.

2. ALUCs generally consist of members appointed by airports.
 - Airport staff members sometimes develop compatibility plans.
- The legislation that created the SDCRAA:
 1. Designated the Authority's Board of Directors as the county's ALUC with planning responsibilities for sixteen airports, including four military airports.
 2. San Diego is the only county in the state where an airport operations board is designated as the ALUC.
- ALUCs tend to lack the funding and staff to update plans and conduct reviews.
 1. It is difficult to obtain state and federal funding to update the plans.
 2. More than half the ALUCs report having one or less full-time staff positions.
- Caltrans recommends updating Airport Land Use Compatibility Plans (ALUCPs) every five years to stay current with changes in state laws, local land uses, and airport development and activity.
 1. On average, the last update for the thirteen California airports in the CRB study was eight years ago.
 2. Several have not been updated for fifteen years or longer.
 3. Several respondents to the survey commented that the old plans were still adequate because there had been few changes.

During the question and answer period that followed Mr. Boyken's presentation, the following information was provided:

- While most of the fifteen boards have an Executive Committee, no other board has a two-tier salary structure with such a difference between pay levels (\$149,160 per year versus \$400 maximum per month) for members of a board.
- The Southern California Association of Governments (SCAG), at the urging of City of Los Angeles Mayor Antonio Villaraigosa, is considering reactivating an existing joint powers agreement to take a regional approach to airport planning, operation and incorporating ground transportation planning via a Southern California Regional Airport Management Commission.

The current model: Is it working for San Diego? Observations and recommendations by the Authority

San Diego County Regional Airport Authority (SDCRAA) Board Members:

Joe Craver, Chairperson

Paul Nieto, Vice Chairperson

Xema Jacobson, Executive Committee Member

Paul Peterson, Board Member

Thella Bowens, President and Chief Executive Officer, SDCRAA

Senator Kehoe began by observing that this hearing is not the first time that members of the San Diego State Delegation have had a discussion with members of the Airport Authority's Board of Directors. After the March 2005 draft ALUCP was released, the Senators and Assemblymembers in the San Diego State Delegation heard almost immediately from local elected officials, city managers, the military, community planners, and local and regional planners. The message was consistent: there was a disconnect and lack of communication between the Authority and local governments and the military. Senator Ducheny convened a meeting between members of the

Delegation and the Authority in Sacramento, and in response, the Authority created an Airport Technical Advisory Group (ATAG). Since then, there have been marked improvements and a real sharing of information between Authority staff and its consultants, and local jurisdictions, community members, the aviation industry and land use stakeholders.

Some believe that, had the Board been made up of all elected officials, whether directly elected or those appointed from other jurisdictions, such an approach to basic land use decisions would have been handled far differently.

Joe Craver, SDCRAA Chairperson

The Board has Standing Committees that do most of the work. Each is chaired by a Board member, whom he introduced and then outlined their committees' responsibilities.

Xema Jacobson, Executive Committee member and Chair of the Operations and Facilities Committee

- The region's aviation system, particularly commercial air, must be successfully aligned with the ground transportation network, rail service and local transit, if the economic benefits of improved air service are to be realized.
- There are no staggered terms for the three members of the Executive Committee, whose terms end in December 2006. Two additional Board members are eligible for reappointment in December 2006. In 2008, the terms of three of the remaining four Board members expire. The ninth appointment serves at the pleasure of the Mayor of the City of San Diego.
- Key responsibilities of the Board are to:
 1. Operate Lindbergh Field and formulate a long term strategy for operations and improvements.
 2. Monitor the business performance of the Authority.
 3. Maintain and promote open, collaborative relations with all local, regional, state and federal government agencies in the San Diego region.
 4. Serve as the ALUC for the sixteen airports in San Diego County, including the four military airports.
 5. Prepare and adopt an ALUCP for each of the sixteen airports in San Diego County.
 6. Place before voters, no later than November 7, 2006, a site recommendation to meet the region's future air transportation needs.
- Lindbergh Field serves over 50,000 passengers each day, with over 600 daily operations (take-offs and landings). The airport operates 24 hours per day, with a nighttime noise curfew.
- An extensive public information program that involves Board Members and staff with hundreds of outreach events has taken place as part of the long term airport site selection process, with seventy-eight events during 2006, guided by the enabling legislation.

Thella Bowens, SDCRAA President and CEO

- She served as the interim CEO during the transition from the Unified Port of San Diego to the SDCRAA.
- The Authority has made improvements to service and facilities to meet near-term needs.

- Operating revenues come from airlines, air cargo operators, other aviation tenants, concessionaires, rental car agencies and other service providers, plus federal grants for capital improvements, investment earnings and other non-operating income.
- The Authority's annual operating revenues have grown by \$61 million since 2002, expenses have grown by \$27 million, and total assets have increased by \$102 million.
- The Authority's credit rating was increased to A plus (stable) in 2005, with low debt levels and strong liquidity reserves.
- Completed airport improvement projects include rehabilitating the runway, construction of a new Federal Inspection Service facility, gate renovations, and enhanced public parking. In partnership with the Federal Aviation Administration (FAA), nearly \$12 million is spent annually on the Quieter Homes project to lessen airport noise in residential areas.
- Having a direct linkage between airport planning and programming with operations results in efficiently operated facilities.
- Implementation of Phase One of the Lindbergh Field Master Plan requires going to the bond market to spend about \$1 billion over the next ten years.
- Board members have strong public and private business experience.
- In her nearly twenty years of airport management experience and service as a Director of Airports Council International, she believes that having varied disciplines and business backgrounds on a board makes a difference due to complex airport financing, working with the airlines and other business partners, and the number of capital improvements involved in operating an international airport.
- An independent and autonomous structure insulates the Authority from the potential for revenue diversion. Federal Department of Transportation (DOT) regulations prohibit the use of funds generated at the airport for non-aviation purposes.

Paul Nieto, Vice Chairperson of the Board and Chair of the Strategic Planning Committee

- The Strategic Planning Committee has oversight on ALUC responsibilities and the Lindbergh Field Master Plan.
- The environmental impact report (EIR) is being circulated for Phase One of the proposed Lindbergh Field Master Plan improvements to include a twenty-four percent (24%) increase in the number of gates, from forty-one to fifty-one, plus wider taxiways and double decking the roadway to Terminal Two.
- The Authority created a Ground Transportation Committee to develop immediate and long term transit alternatives, including bus rapid transit (BRT) service to the Old Town Transit Center. The Authority is working with SANDAG on an alternatives analysis.
- User fees and financing tools, mainly the issuance of bonds, would pay for Master Plan improvements. There will be a \$20-\$25 million annual debt service. Currently, there is a \$6.54 cost per enplaned passenger that will rise to \$13+ by 2010 - this is an acceptable cost to the airport's business partners.
- The decision to have the ALUC responsibilities transferred from SANDAG as part of the enabling legislation, and to have an updated ALUCP for the region's sixteen airports adopted by June 2005, put the ALUC in the middle of the tension between protecting airports and determining land use compatibility standards.
- The requirement to update the ALUCP was an unfunded state mandate.
- The Authority found itself mediating between airport operators and their neighbors at fifteen of the region's sixteen airports. At the time of transition from the Port Authority to

the Authority, none of the sixteen airports had an updated plan, with some land use plans twenty years old.

- The Authority directed staff to prepare maps around the region's sixteen airports consistent with the California Airport Land Use Planning Handbook (Caltrans Handbook), updated in January 2002, and published by the Caltrans Division of Aeronautics. This resulted in a severe increase in land use regulations that led some to comment that it was the "largest land grab in San Diego history."
- The Authority established the ATAG with more than fifty representatives from local jurisdictions, industry groups, aviation partners, land use attorneys, community representatives, etc. This broad based stakeholder involvement has proven to be a successful model. Subcommittees were established and recommendations are being forwarded to the Authority Board. Mr. Nieto expects that the Board will consider, review and adopt a set of countywide land use and development policies and land use plans for six rural airports within about sixty days, after which the Authority will proceed airport by airport until all sixteen ALUCPs are adopted.
- The Board's intent is to adopt an ALUCP that is clear, fair, and defensible. The ATAG process has resulted in a good sharing of information among the stakeholders.

Paul Peterson, SDCRAA Board Member

- He is the longest serving member of the SDCRAA Board of Directors.
- He recommended that the Authority be an independent agency, insulated from political interference, with a Board focused solely on operating SDIA, conducting long term airport planning, and protecting airport revenues and funds from any diversion to non-airport projects or programs.
- He said the Authority was actually given four tasks, not three, and that the fourth task is to adopt a master plan for Lindbergh Field.
- He asked the committee to consider legislation to facilitate coordination of airport planning between the City of San Diego and the Authority and options for operation of Brown Field and Montgomery Field.
- The current governance structure is well designed and the Board works well with Board members with business, legal and community experience as well as some elected officials. Converting from the current board structure, with three elected officials, to an all-elected board with their own personal political goals and responsibilities, would lead to a lack of focus on airport operations and planning.

Questions & Answers:

Senator Kehoe asked whether there might be a perception of a conflict of interest when the same Board oversees airport operations, serves as the ALUC which determines land use compatibility, and is responsible for siting a new airport where steps might be taken to protect land around a desired site from future development. Mr. Nieto responded that the Board is prohibited from making decisions based on hypothetical future land use. He supposed that perhaps around Lindbergh Field there might be a potential for a conflict of interest, but, in that case compatibility determinations could be overridden by the City Council.

Ms. Jacobson added that no specific actions or directions were given to staff on protecting land use around MCAS Miramar. She said there were long and sometimes contentious discussions at Board meetings during airport siting deliberations. One comment made was whether growth

could be restricted around a site so that if twenty or thirty years from now Miramar did become available, it could be developed as an international airport. Ms. Jacobson said legal counsel informed the Board members they could not legally take such an action prior to adopting a land use plan, and a land use plan can only be adopted if there is control over use of the property.

Senator Kehoe asked how work on the ALUCP was proceeding for the four Navy and Marine airports. Mr. Nieto responded that the Marine Corps completed the Air Installation Compatible Use Zones (AICUZ) for MCAS Miramar. The AICUZ has been submitted to the ALUC and is being analyzed. The Navy is working on the AICUZ for NAS North Island [completion is estimated to be done in January 2007]. Once the ALUCPs for the bases are adopted, the City of San Diego will modify its General Plan to indicate compatible land uses around MCAS Miramar and in the flight paths for NAS North Island, and the City of Coronado will modify its General Plan to indicate compatible land uses around NAS North Island.

Senator Kehoe asked whether the Authority was participating in discussions by the recently re-activated Southern California Regional Airport Authority (SCRAA) originally established in 1985, but inactive since 2002. The SCRAA is discussing common aviation needs throughout southern California and a presentation by Dr. Steven Erie from the University of California at San Diego will be part of the November 17, 2006 continuation of this hearing. Following the hearing, Ms. Jacobson communicated with Senator Kehoe that the Authority is participating in the re-activated SCRAA and senior staff attended the October 12, 2006 meeting. Los Angeles Mayor Antonio Villaraigosa and Los Angeles County Supervisor Don Knabe extended the invitation to the SDCRAA to join in the combined regional aviation and transportation planning effort.

Senator Kehoe asked whether the Authority has been working on a regional comprehensive multimodal transportation plan with SANDAG, and specifically how the Authority is coordinating ground transportation planning with aviation planning for the region's sixteen airports. Mr. Nieto responded that discussions have only taken place on ground transportation planning for Lindbergh Field and that the Authority is not taking the lead on coordinated planning at the other fifteen airports. He said the Authority requested that SANDAG weigh in on the environmental impact report (EIR) for the Lindbergh Field Master Plan. Mr. Nieto said that a SANDAG representative sits on four Authority committees, including the ATAG, Ground Transportation Committee and the Airport Advisory Committee.

Senator Kehoe commented that it did not seem that the Authority played a major role in discussions on how TransNet funds should be spent over the next forty years, and whether that was a missed opportunity or whether there are plans to rectify that decision. Mr. Nieto replied that the Authority did not participate in the TransNet discussions because the Authority was not far enough along on its plans to participate. Mr. Nieto said the biggest challenge facing Lindbergh Field in terms of vehicle and transit access to the airport is the at-grade train and trolley tracks adjacent to the airport.

Senator Kehoe agreed, and said the other challenge is how to provide direct access to and from Interstate 5. Mr. Nieto responded that the Authority just acquired the former Teledyne Ryan parcel from the Port of San Diego, which would provide excellent access around the airport perimeter for bus rapid transit. Freeway ramps could be paid for using airport funds if they were for the exclusive use of the airport.

Senator Kehoe asked whether the binder [see Appendix E] submitted as part of the record for this hearing by the Authority included an accounting of how much has been spent on the airport siting effort to date. Ms. Bowens replied that the information is not in the binder, but that eighty percent (80%) of the cost for site selection is from federal grants, with a requirement for twenty percent (20%) in matching funds. According to Ms. Bowens, to date \$11 million has been spent on site selection and the public relations firm Gable Cook Schmid has been paid \$2.5 million for public outreach. Public outreach is funded by airport rates, charges and other revenues, and does not include any federal funds. Authority staff members review all airport siting and public outreach costs with the airlines. According to Ms. Bowens, at this point very few additional funds will be spent on public outreach. The Authority has ongoing regularly budgeted marketing and public relations programs.

Senator Kehoe inquired about the mailer "Our Region, Our Future." The mailer does not refer to the November ballot measure on airport siting. The Senator asked whether it was mailed to every household in the county. Ms. Bowens said it was sent to approximately 760,000 county voters at a cost of around \$180,000. The Senator cited skepticism by some members of the public that this brochure was sent specifically to voters, while an earlier piece was delivered inside the *San Diego Union-Tribune*, and it looked questionable sending it only to voters within several weeks of the upcoming election.

Senator Kehoe asked whether there would be any further mail pieces. Mr. Peterson replied no, that the Board felt it had an obligation to get a piece out to explain why they recommended Miramar, and the critical need for a new airport. He said the brochure did go to registered voters, and that it was cleared by the Board's inside and outside legal consultants who specialize in this area of the law. Mr. Peterson said the Board spent four years on the airport siting process and felt it needed to communicate in the best way it could to the voters on what the Board thought the facts were.

Ms. Jacobson said there was a Board workshop on September 11, 2006, on the education effort and the brochure was amended to a less strongly worded piece with disagreement among Board members about the education campaign. The decision to go forward was made on a 5-4 vote.

Senator Kehoe said public agencies as a rule are generally prohibited from communicating with voters so she is not surprised about the public outcry, adding she was glad the Board reconsidered mailing out additional brochures.

Assemblymember LaSuer said having Board members directly elected to the Authority would be the most representative form of government. He said he had proposed such legislation during the last session but the Authority indicated it would not support the legislation.

Assemblymember LaSuer said a majority of elected officials requested that the Authority not consider active military sites for a new civilian airport, that federal law put MCAS Miramar off limits, and that the Marine Corps has repeatedly stated that long term military needs at Miramar are incompatible with joint use. He said there has been a lack of accountability to the public during the airport siting process, and that the public perception was one of "big business with a big impact." He said state legislators are not allowed to use public funds to pay for mailings within a certain number of days before an election, and the Authority turned a public outreach effort into a political flyer. He said when an agency deals with land use, its board must be

accountable to the public. SANDAG has elected officials on its Board of Directors so people have a way to influence their elected representatives. The public wants to know who their representatives are and how to recall them if necessary.

Assemblymember Plescia asked about the status of the Lindbergh Field Master Plan. Mr. Nieto said transportation models out to 2030 are being done but they are not well defined yet. Assemblymember Plescia asked if any discussions were taking place with SANDAG about extending the trolley directly to the airport. Mr. Nieto said the Ground Transportation Committee is looking at options.

Assemblymember Plescia said the state legislation that created the Authority included a requirement for a public vote on siting an airport, which was thought by many to be a binding vote, yet the Authority has termed it as advisory. Ms. Jacobson said it was always felt it was a binding vote, but under the California Environmental Quality Act (CEQA), since there is no specific site or project identified, it must be advisory. Assemblymember Plescia said if the Authority had consulted with state legislators perhaps they could have helped, since CEQA is a state law.

Mr. Peterson said the reality is that Miramar is not legally available to the Authority as a site for an airport, that it is owned by the Navy, and that no other site studied by the Board worked.

Senator Ducheny said her concern is whether a separate entity can adopt a regional comprehensive land use plan for airports when it has no direct connection with the planning underway for ground transportation, habitat protection, housing, and transit-oriented development. If an agency is responsible for land use compliance planning and looking at a regional system of airports, an expanded analysis should be done that includes Imperial County, for example, because of its new and proposed growth.

Senator Ducheny said the question is who should be doing the planning so all the elements are combined into one comprehensive document. She asked how the Authority is interacting with SANDAG, the region's cities and the county. Ms. Jacobson said that type of planning isn't happening. Ms. Jacobson said three-and-a-half years ago the Authority looked at potentially shifting some airport operations to Palomar but there was push-back from the airlines. More recently the City of San Diego and the Authority had begun discussions on the Authority possibly managing Brown Field and Montgomery Field, but discussions are on hold until after the November vote. The Authority also authorized a feasibility study for a cross border terminal at Rodriguez International Airport in Tijuana, Baja California, Mexico.

Senator Ducheny suggested that the Senate Local Government Committee look at the California Public Utilities Code relating to Caltrans and the State Aeronautics Act to determine whether any logical airport planning is really going on in the state. She specifically cited the current update to the Otay Mesa Community Plan, which is a good example of where airport planning should be included. Mr. Nieto said the county's Regional Transportation Plan (RTP) adopted by SANDAG is not integrated with airport planning. Senator Ducheny said that in an ideal situation planning should occur before all the building permits are issued, and what happened with the Naval Training Center was a missed opportunity at Lindbergh Field. SANDAG's Regional Comprehensive Plan integrates all the elements, except airports.

Senator Kehoe asked Chairman Craver whether he had any thoughts on what the Authority could have done differently in its first four years. Mr. Craver agreed with his colleagues regarding the effectiveness of the current governance structure, but thinks the pay for members of the Executive Committee should be the same as for the other Board members, at \$100 per meeting with a cap of \$400 per month. As a member of the Executive Committee and although he works 52 hours per week, he said service on the board should be a full time job and that he would serve without pay.

Senator Kehoe said that the committee should look at requiring staggered terms for Board members so five members do not potentially rotate off at one time, and two years later three more might leave at the same time.

Strategic Partnerships with the United States Navy and United States Marine Corps in the San Diego Region

Captain Michael R. Allen, United States Navy, Chief of Staff, Navy Region Southwest
Colonel William R. Liston, United States Marine Corps, Deputy Commander, Marine Corps Installations West

Senator Kehoe welcomed Captain Michael Allen, Chief of Staff for Navy Region Southwest, and Colonel William Liston, United States Marine Corps, Deputy Commander of Marine Corps Installations West, who discussed the benefits of providing for direct Navy and Marine Corps liaisons to the Authority.

Captain Allen said he was attending the hearing on behalf of Rear Admiral L.R. Hering, Commander of Navy Region Southwest, and that he was not present to comment on the governance structure, but to request that the Navy and Marine Corps be designated as direct liaisons with the Airport Authority in an advisory capacity on aviation and land use issues of mutual concern. Captain Allen said the Navy and Marine Corps requested that the Authority reconsider and accept the military's offer originally made in 2002, but the Authority declined the offer. Captain Allen said for more than twenty years the Navy has had a successful partnership with SANDAG.

He said Navy and Marine bases and training ranges in the southwest United States form a tightly integrated, interdependent military training complex that the military uses every day to prepare for combat. The bases collectively are part of the national defense mega-complex in the southwest U.S, as represented on a map entitled Major Training: Southern California Range Complex. (See Appendix C) The Southern California (SOCAL) Range Complex supports the largest concentration of Navy and Marine Corps air, surface, sub-surface and special warfare tactical training forces in the world. It includes almost ninety integrated land, sea and air ranges and has been used for over seventy years. Due to closures of other training ranges around the United States, the SOCAL Range Complex is now the only location in the United States for conducting unit and joint level live-fire, full-mission training profiles.

Captain Allen said it is important for the Marine Corps and Navy to have an advisory role in aviation planning and land use policies because actions taken by the Authority may have far reaching or unforeseen consequences that might affect their national defense mission.

Colonel Liston said he was representing Major General Michael R. Lehnert, Commanding General of Marine Corps Installations West. He described the military training area which ranges from the Marine Corps Mountain Warfare Training Center to Twenty-Nine Palms to Camp Pendleton to MCAS Miramar to MCAS Yuma. The Colonel said for the last 100 years the military has been at Miramar, switching back and forth as needed between Navy and Marine Corps control. Colonel Liston said the military is committed to working with local governments on making land available for local uses, as evidenced by Interstate 5, the San Onofre nuclear power plant and railroad tracks, all located on Camp Pendleton property, as well as and the City of San Diego's only landfill, Interstate 15, and a major water line running through MCAS Miramar.

According to Colonel Liston, San Diego County is a national strategic asset for the deployment of Navy and Marine forces, with sixty-two percent (62%) of all training facilities located in America's southwest including MCAS Miramar, home of the Third Marine Aircraft Wing and Camp Pendleton, home to the First Expeditionary Force. Colonel Liston said San Diego County is their connection to Navy and Marine personnel deployed all over the world.

Senator Kehoe asked whether the Navy and Marine Corps participate in all the Authority's planning activities, and whether the Authority has adopted the MCAS Miramar AICUZ. Captain Allen said that while they serve on ATAG and the Airport Advisory Committee, the Navy and Marine Corps are not vertically integrated with the Authority as they are at SANDAG, where they have experienced a very long and successful partnership.

Laura Thornton, Community Plans and Liaison Officer at MCAS Miramar, said the Authority received the AICUZ and all data in January 2005, but the AICUZ has not been adopted by the Authority. Ms. Bowens said the AICUZ for MCAS Miramar would be considered in a manner consistent with how the Authority assesses land use compatibility around all the airports in the county, and that all sixteen airports will go through the same review and adoption process.

Captain Allen said that without an ALUCP adopted by the Authority, serving as the ALUC, the Navy will comment on a project by project basis on proposed land uses that affect their bases. Colonel Liston confirmed that the Marine Corps consider civilian aviation operations when they prepare an AICUZ for a base. Ms. Thornton said she and her staff routinely review planning commission dockets, meet with developers, attend public hearings and identify specific areas of concern. The Marine Corps has a local staff of six people working on land use; the Navy has limited personnel resources for land use review.

Senator Kehoe asked whether the reception experienced by the Navy and Marine Corps with the Authority is consistent with what they have experienced elsewhere, and whether there are better ways in which to co-operate. Colonel Liston said Marines regularly work with local jurisdictions and with the FAA, which located its air traffic control facilities (SoCal Tracon) at MCAS Miramar. The Marine Corps works with other airports in the region. MCAS Yuma air traffic control facilities control all civilian and military aviation ingress and egress into the San Diego region. In response to the question, Captain Allen said he has first-hand experience at NAS Fallon, Nevada, where a successful partnership exists between the Navy, the airport authority and city officials. At NAS Lemoore, a successful partnership was established to deal with land

use encroachment that resulted in state legislation to assure that encroachment questions are addressed.

Colonel Liston said that wherever their bases are located, the Marines educate the public and local jurisdictions on what Marine Corps training activities take place that require a particular piece of terrain or airspace, usually through regular communications and shared/mutual knowledge of the need.

Perspectives on whether the Airport Authority Board of Directors should also serve as the Airport Land Use Commission for San Diego County

Barbara Lichman, Chevalier, Allen & Lichman, LLP

Buzz Gibbs, Gibbs Flying Service

John Ziebarth, American Institute of Architects

Senator Kehoe said there have been significant improvements in drafting and adopting the airport land use compatibility plan, largely due to the success of the ATAG committee process. She welcomed Barbara Lichman, Buzz Gibbs and John Ziebarth, who have actively participated on the 50-plus member ATAG, which has been meeting for approximately nine months with Authority staff and consultants. They were invited to provide their perspectives on whether the Airport Authority Board of Directors should serve as the Airport Land Use Commission (ALUC) for San Diego County in addition to operating San Diego International Airport (SDIA).

Barbara Lichman, of Chevalier, Allen & Lichman, LLP, represents several developers in the region, including in the Otay Mesa planning area that includes Brown Field. According to Ms. Lichman, after the initial response to the draft ALUCP released in March 2005, and the ensuing process of education, there has been excellent cooperation among Authority staff, consultants and ATAG members. That being said, Ms. Lichman said there is an inherent structural problem in having the same Board also serve as the ALUC, in that there is a lack of checks and balances. According to Ms. Lichman, the purpose of the ALUC in the state's Public Utilities Code, specifically Section 21002 [see Appendix B], is to protect public aviation by ensuring the orderly expansion of airports and to further the goal of interstate commerce. When both responsibilities are vested in the same organization, there are no checks and balances. The options would be to have a directly elected body, or to amend Public Utilities Code Section 21670 [see Appendix B] to include a statement that one of the purposes is to find a balance between economic and physical development goals of the community and the goal of aviation safety. She suggested that legislation could establish a new purpose using language from the Initial Study for the Tahoe Truckee Land Use Plan, which was drafted by the same consultant who wrote the recent update to the Caltrans Handbook, who is also the Authority's consultant for the ALUCP: "The community must find a balance between responding to aircraft accident risks and accommodating other community development needs."

Ms. Lichman recommended that the Caltrans Handbook be re-enacted in accordance with the California Administrative Procedures Act. The Caltrans Handbook was written, reviewed and adopted by Caltrans with no public hearings or public comment period. There was no CEQA review because the Legislature took the position that the Caltrans Handbook is not a regulatory

document and only provides guidance. Ms. Lichman suggested that the Senate Local Government Committee should take those steps at a minimum, while considering other actions it could take.

Buzz Gibbs operates Gibbs Flying Service, a family aviation business since 1937 at the site of the present Montgomery Field in Kearny Mesa. Mr. Gibbs served on the Public Working Group for the site selection committee and represents the Kearny Mesa Community Planning Group on the ATAG. He said this Board of Directors for the Airport Authority has been extremely competent and focused, He also said that when SANDAG served as the ALUC, it was a staff driven agency. Mr. Gibbs believes it is a good thing for the same Board to handle both responsibilities because of the shared knowledge in handling both roles, and a local jurisdiction can always overrule the Authority's land use compatibility determination. He thinks the Authority is the recipient of past poor planning. He believes the Caltrans Handbook is overly protective of airports, and that as a property owner, there is tremendous potential for taking property rights because of existing density generally found around airports.

John Ziebarth of Ziebarth Associates Architecture Planning represents the American Institute of Architects on the ATAG. He is concerned about having a consistent land use process, and said the uproar that resulted from the release of both the March 2005 and November 2005 drafts of the ALUCP led to a tremendous educational process. The initial drafts were written without public input and demonstrated a lack of coordination with local jurisdictions. He expressed concern that should the ALUC function of the Board shift to SANDAG or another body, the region should not lose the existing learning curve that has been achieved. Mr. Ziebarth agrees with Mr. Nieto that the goal should be clear, fair and defensible policies. He said that in response to the greatly improved planning process using the ATAG, he has received inquiries from other parts of the state. He believes the Board has been open to the dialogue and he doesn't want to have to start over.

Senator Kehoe asked if the three panelists had any other specific recommendations. Ms. Lichman said that the purposes of the commission should not be in conflict with local jurisdictions and land use. She believes the shifted liability option granted to local jurisdictions is unspecific in scope and type. There is no clear definition of what constitutes a "nuisance" or "crash," for example. She recommends looking at the language in Public Utilities Code Section 21675. The language must be far more specific; having ambiguous language makes it difficult for the local jurisdictions to overrule.

Ms. Lichman said she does not know if a change in the Board's composition would result in a change in the relationship with the ATAG, which is why she recommends a structural change instead. She suggests that legislation could require public participation in the ALUC process as a way to get around the lack of accountability.

Mr. Ziebarth recommended that in addition to overflight, airport protection, noise and safety, that economic and land use impacts must also be included as required elements to be addressed. Economic and land use impacts are mentioned in the Caltrans Handbook, but not as required elements to be addressed. He said overrides by local jurisdictions of the land use compatibility determinations made by the Authority would not be needed if overflight, airport protection, noise, safety, economic impacts and land use impacts were all required.

Mr. Gibbs said that all the airports use master plan forecasts that are so out of date that the Authority is starting with bad data. For example, there is no master plan for Brown Field.

Senator Kehoe asked about the importance of updating ALUCPs on a regular basis. Ms. Lichman responded that ALUCPs are supposed to be updated every five years, yet many are 10-20 years old. She says the state needs to enforce the existing law and whether they are out of date needs to be factored into the analysis. Mr. Ziebarth said the Caltrans Handbook mentions conducting an economic benefit analysis. He said that while the Handbook discusses density, it does not include the real impact of allowing forty people per acre. Ms. Lichman would like to see the regular updating of ALUCPs in the statute as a purpose and described in more detail in the Caltrans Handbook. She says that the "land use" role of the ALUC is not adequately defined nor emphasized.

Invited Comments & Local Elected Officials

Tony Young, 4th District Councilmember, City of San Diego Member, SDCRAA Board of Directors

Jim Panknin, representing the City of Santee

Andrew Poat, Vice President Public Policy, San Diego Regional Economic Development Corporation (EDC)

Patti Krebs, Executive Director, Industrial Environmental Association (IEA)

Bob Filner, Congressman, 51st District, United States Congress

Steve Laub, Chairperson, Community Planners Committee (CPC), City of San Diego

Senator Kehoe welcomed Councilmember Tony Young, who said that as a member of the Authority's Board of Directors, a City Councilmember and San Diego resident, he appreciated that these hearings are taking place in order to clarify governance issues. He said he has had the opportunity to compare and contrast the Authority's management and operations with other quasi-governmental agencies, and the Authority is one of the best, if not the best, managed organization with which he has worked. He said the Authority has carried out the mission granted to it by the state. He praised the management style of Airport Authority President and CEO Ms. Bowens and her extremely competent staff.

Councilmember Young said the Authority is working and now is not the time to put it in the hands of new or existing organizations. He said constructive feedback and changes will only make the Authority better, and the Authority welcomes the feedback.

Councilmember Young said it is helpful to have Board members who work full time at the Authority. He said the Authority's role as the ALUC is critical in the region.

Jim Panknin spoke and submitted written comments on behalf of the City of Santee. He said that the Authority is operating one of the finest airports in the United States, and that it faced tremendous challenges when it successfully established a new organization in the last four years. Mr. Panknin recommended three major adjustments to the Authority's governance structure: 1) make the Authority accountable to a higher level of regional government; 2) unavailable federal property must be eliminated from future airport planning considerations; and 3) a regional aviation strategy should be adopted.

Mr. Panknin said the biggest problem is a lack of accountability - strategic planning and work on the Lindbergh Field Master Plan is being done without the oversight of a higher regional planning authority. The Authority was created out of a regional planning process that engaged jurisdictions throughout the county in an extensive discussion of how best to implement a comprehensive regional plan. He said airport planning needs to be re-integrated into the regional planning system. Mr. Panknin said the Airport Authority should remain as an independent agency, but legislation should require higher regional approval on all major planning decisions, and that SANDAG was the logical body to assume that responsibility. He wondered how many other airport authorities approve their own environmental impact reports.

Mr. Panknin said that the time spent by the Authority in pursuing a federal site for a new airport that is legally unattainable, with no political support for the choice, effectively served to divide the community. The Authority should be required to comply with the federal law on which sites are unavailable.

Regarding adopting a regional strategy, Mr. Panknin referred to the California Research Bureau study which stated, "Regional strategies to distribute air traffic among existing airports as an alternative to airport expansion" made sense. With a lack of available property to develop, this strategy is the only realistic option available to the region. He said there are three airports located on the perimeter of the region which may be able to fulfill this role and that their expanded use would add economic benefit to their respective areas. To the north, Palomar Airport already has limited regional aviation services and a successful executive aviation market. To the east, French Valley Airport recently expanded its runway and could accommodate limited regional service. To the south, Brown Field is larger than John Wayne Airport in Orange County and would complement a cross-border terminal with Tijuana; the Authority has initiated a study of a cross-border terminal option. Mr. Panknin said that the advantages of a regional approach are the potential for pooling resources, creating niche opportunities that fit each airport's strengths, attracting business investment through cooperation that demonstrates the region's commitment to succeed, and the ability to build a ground transit strategy that could link reliever airports with a main airport. He said that Riverside County and Mexico should both have *ex officio* seats on a restructured Airport Authority, along with a representative from the region's transit agencies. He also said the Authority should be actively involved with the Regional Airport Management Study currently under consideration by the Southern California Association of Governments (SCAG).

Andrew Poat, Vice President of Public Policy for the San Diego Regional Economic Development Corporation (EDC), suggested that committee members remember where the region was in 2001 - there was no long-term international airport site identified nor a long-term vision of where the region wanted to be. And the aviation industry was facing new security issues because of September 11. EDC supports the independent structure of the current Board, consistent with an observation in the California Research Bureau study that "autonomous boards with regional representation are more stable, more adept at long term planning to accommodate future demand, less influenced by local politics." EDC concurs in the identified needs the Authority oversees that include: 1) operating Lindbergh Field in the best possible manner; 2) conducting an airport site search; 3) implementing the Lindbergh Field Master Plan; and 4) serving as the steward of all sixteen airports in San Diego County. EDC believes that airport operations are strong, which is a testament to both the San Diego Unified Port District and the Airport Authority. It is EDC's position that the Authority is a more representative governance

structure than the Port in that the entire region is represented on the Board, versus the Port where only five jurisdictions are represented.

Mr. Poat said EDC supports the Master Plan improvements that will be done at Lindbergh Field, which has a \$4.5 billion per year economic impact on the region. The Lindbergh Field Master Plan will be implemented by 2010. Updating and improving Lindbergh Field's facilities is important to businesses in the region. He said the recent California Supreme Court ruling on whether the California State University system as a public agency is financially responsible for environmental impacts caused by a project may affect the Authority's role in providing local infrastructure improvements. Mr. Poat said that having individual public agencies responsible for various planning issues makes it difficult to decide how all the various transportation elements fit together.

Patti Krebs, Executive Director for the Industrial Environmental Association (IEA), said the industrial facilities and businesses around MCAS Miramar were part of the AICUZ process conducted by the Marine Corps. They believed that once completed, the AICUZ land use determinations were final. However, the Authority has not adopted the AICUZ and has indicated that it might go further in restricting land use than the AICUZ does. Ms. Krebs submitted a copy of a letter [see Appendix D] from Ms. Bowens to Julie Meier Wright, President and CEO of the San Diego Regional Economic Development Corporation regarding the role of the AICUZ and the ALUCP. While Ms. Krebs said the letter is technically correct, it is not a complete answer and its content is inconsistent with discussions taking place at the ATAG. Ms. Krebs said she believes the letter was intended to influence discussions regarding the ballot measure. She expressed disappointment that the letter was sent. According to Ms. Krebs, the political and planning processes are mixed up; therefore, the Authority needs more accountability and disclosure built in to its governance structure.

Ms. Krebs said the ATAG process has gone well -- it has offered those with competing positions an opportunity to fully air their concerns and work through the considerable land use policies that have been reviewed so far.

Congressman Bob Filner said the Authority is not working in San Diego. He said he has been involved with the Authority since it was first established. The state structured the Board in such a way that it is not accountable to the public, plus it has tremendous amounts of funds to spend. Congressman Filner said the Board mostly works with the business community; therefore, its peer groups are within the business community and not with the public at large.

Congressman Filner said there are several models for making appointments that include public officials who understand public accountability, are able to work more closely with other elected officials and have experience with oversight and how public funds are spent, because they have to be elected. He said the Authority Board has been naive in understanding the political process.

Steve Laub chairs the City of San Diego's Community Planners Committee (CPC), which consists of 47 representatives of the city's officially recognized community planning groups. The planning groups serve as guardians of communities' land use plans. Planning groups routinely review and comment on proposed projects and are at the heart of the development process at the local level. Community plans cover both employment and residential areas, striving for balanced communities. Development often pays for public infrastructure. The ALUCPs for airports within

San Diego city limits directly affect twenty communities, yet there has been very little coordination between the Authority and the communities. The draft documents don't reflect how community character would be affected. In many cases, the draft ALUCPs included removing land use elements that the communities need to effect a desired balance.

According to Mr. Laub, this "isolation" led to communities requesting that the Authority take a step back and led to the creation of ATAG. However, there is still a disconnect between the development of land use plans and other planning documents at both the regional and local level. For example, the draft ALUCPs offer no consideration to economic balance. In addition, regional and local TransNet transportation and transit plans and smart growth efforts would be disrupted by some of the elements in the draft plans. The effect would be that adopted community plans would no longer be able to function as self controlling documents.

Mr. Laub recommended that a better process be adopted that takes into consideration: 1) existing land use plans; 2) better coordination with local planning groups directly affected by the airports; 3) having another entity with oversight over the use of eminent domain; and 4) a change so that the override decision is not so late in the process and so onerous. Mr. Laub suggested that perhaps a requirement for an impartial analysis of environmental impacts include effects on adopted local and regional planning documents.

Woodie Woodward owns a small consulting firm with airport clients and businesses in the United States and internationally. Ms. Woodward retired in December 2005 after 18 years with the Federal Aviation Administration (FAA). For her last five years, she was the FAA's Associate Administrator for Airports, overseeing a \$3.5 billion grant program and led the FAA's Airports Division, which is responsible for managing the planning and development of the United States national airport system. She has extensive experience with airports across the country. She is a consultant for the SDCRAA on the Lindbergh Field Master Plan and provides insights, expertise, and strategic counsel to the Authority on planning issues.

Ms. Woodward said she attended the hearing to provide her personal comments and that she did not represent nor speak on behalf of the Authority. Ms. Woodward said it would be unfortunate and unprecedented to give the responsibilities for short and long range airport planning to SANDAG, the region's Metropolitan Planning Organization. She has worked closely with airport authorities around the nation and planning for airports is a highly specialized and regulated endeavor. She stated that planning for future airport growth and needs is an important function of an airport staff and of its governing board.

She said airport master plans are complex and require coordination with many different stakeholders and agencies at all levels of government. Laws and regulations dictate how airports are developed and it makes sense that the planning is handled in-house. She said operating an airport today and planning for its future are inextricably linked. Typically, an airport has a myriad of multi-million dollar, if not multi-billion dollar, construction projects underway simultaneously, including maintenance of facilities, construction and rehabilitation of runways and taxiways, and countless terminal projects that all affect the operations of that individual airport as well as the national airport system. Ms. Woodward said short and long-range planning for the airport must take into account all of these concerns and planners must work on a daily basis, side-by-side with the operations staff, to ensure that the airport continues to operate safely

and efficiently. She said it would be a terrible mistake to separate the planning function from the operation of the airport.

Ms. Woodward said Lindbergh Field's strong financial base is a tribute to the stability of its operations, and that the airport staff is professional and highly trained. She recommends that the committee keep airport planning where it belongs, with the Authority.

Public Comment

Former San Diego County Supervisor Leon Williams recommended keeping the Authority as it is currently structured because it insulates Board members from political pressure, unless the members were to be directly elected solely for the purpose of operating the airport. He feels the Metropolitan Transit System (MTS) governance model under SANDAG has reduced the efficiency of MTS. [Note: Mr. Williams served as the former chairperson of MTS. Prior to that he served as Chairperson of the Metropolitan Transit Development Board (MTDB), which preceded MTS.]

Michael Aguilar, TSA Federal Section Director for San Diego International Airport, coordinates all federal and local law enforcement at Lindbergh Field. He stressed his close and positive working relationship with Thella Bowens as President and CEO of the Authority, and said that the Authority is responsive in its planning endeavors.

Jim Varnadore recommends that no part of the Airport Authority's duties and responsibilities be transferred to SANDAG. Although the Airport Authority is isolated and unaccountable, it is preferable to having SANDAG serve as the responsible agency.

Dennis Burks, Coalition to Protect the Economy, recommends that the current governance structure be retained.

Tom Delahanty has followed the Authority for a long time and has attended many of their meetings. He recommends that the Authority and its Board should be independent from elected officials and should cooperate with other transportation agencies in the region.

Roger Britt expressed concerns about Lindbergh Field being in violation of the state's noise standards for sixteen years. He said the responses he has received are not any better under the Authority when it took over in 2003 than they were under the Port. He lives in Point Loma and says the city's Code Compliance Officers will not enforce noise violations against the Airport Authority. Senator Kehoe asked that committee staff provide the information to Ms. Bowens.

Greg Finley, representing Liberty Station Organization, is a pilot who supports the current governance structure of the Airport Authority and recommends keeping elected officials out of the governance structure. He said perhaps some changes might be made.

Leon Campbell is an attorney who attended the meeting on behalf of The Airport Trust, a private trust that offered a solution to the airport siting process but wanted to be reasonably compensated if the Trust's proposal were to be adopted as the new airport site. He recommended that any new

legislation include language that exempts trade secrets from being disclosed by the Authority. He recommended that an Ombudsman position be created for the Authority consistent with the Model Ombudsman Act of the United States Ombudsman Association.

Barry Bardack, President of the Gillespie Pilots Association, a member of ATAG, and a professional flight instructor, recommended that ALUC responsibilities remain with the Authority.

Lance Murphy expressed concerns about the limited nature of the California Research Bureau study because it does not address the Authority's effectiveness or performance. The study should have looked at other states where similarly structured airport authorities are in place. He supported the current governance structure for the Authority and said an independent board that is autonomous is a better solution than a politically active board.

Rear Admiral Bruce Boland, United States Navy (retired), was the Navy's Regional Commander for San Diego and a former fighter pilot at then NAS Miramar. He expressed concern about the governance of the Authority in that those appointed to the Board have only a passing knowledge of the complexities of commercial aviation and the concurrent complexities of airports and airspace. Mr. Boland said the Authority should include *ex officio* seats for the Marine Corps and Navy, a request that was made by the military but rejected by the Authority. Had the military been part of the discussions on airport siting and land use, Mr. Boland said the Authority would have been more accountable and more realistic in their decision making.

Ed Ward said that the current governance structure is not working for or with San Diego jurisdictions, including community planning groups within the City of San Diego. He recommended that the Authority look at shifting certain aviation uses from Lindbergh Field to other airports in the region.

Adrian Kwiatkowski described the lengthy discussions that were taking place in San Diego County regarding regional governance through the Regional Government Efficiency Commission (RGEC) at the time the Authority was originally established and efforts at that time to establish a "strong mayor" form of government for the city. It was in that climate that AB 93 was introduced. He said the Authority's current governance structure makes it difficult for the public to know who is making the decisions on airport operations and land use compatibility.

Timothy Schenk, a member of the Mira Mesa Planning Group since 2001 and a member of the Community Planners Committee (CPC) since 2003, has been reviewing the ALUCP since 2005 when the draft was released. The Authority has been responsive to the Mira Mesa Planning Group, and staff has attended meetings and given presentations. He said having a separate entity responsible for aviation planning works to the detriment of having all transportation planning, including aviation, done by one entity. He strongly recommended that: 1) airport planning for all the airports in San Diego County be returned to SANDAG to ensure development of a comprehensive and coordinated transportation planning system that includes aviation; and 2) the oversight of airport impacts on land use be returned to the local jurisdictions that have the airports because they have the responsibility of developing a balanced land use policy for their communities. He expressed regret that the Authority did not look at the impact of high-speed rail as part of its airport siting effort. He is concerned about the potential loss of industrial land

around MCAS Miramar because the Authority's draft ALUCP calls for more restrictions on height and number of people per acre than the AICUZ does.

Leslie Bruce from MJE Marketing, a consultant for the Airport Authority, was asked by ATAG member and pilot Rick Beach to read a statement into the record expressing his ongoing concern that the economic interests that accrue from development around airports will overwhelm the protection and management of aviation needs. He was concerned about the appearance that the choice of an architect, attorney and community development representative from the ATAG gave the appearance that they speak for all ATAG members, when the panelists were actually asked to speak by the Co-Chairs of the hearing. Mr. Beach opposes any shift of aviation protection from an organization with regional representation to an organization that promotes development, which is what would happen if the ALUC role reverted from the Authority to SANDAG. He is concerned about SANDAG's track record when it was the designated ALUC. Mr. Beach was concerned that holding the two legislative hearings will delay the ATAG policy issues from being resolved.

Francis Tepedino recommends disbanding the current governance structure. He said that with politicians sitting on a board, at least the public knows who is in charge. There should be an open decision-making process with ethical people serving on the Board.

Former San Diego County Supervisor Lou Conde, President of Taxpayers Concerned, said the November 7, 2006 vote was intended to be a mandated vote, but the site selected is not viable so it is being referred to as an advisory vote. He has specific concerns about how the Authority's Board members are selected and that appointees should be well qualified to serve.

Linda Colley, Chair of the University City Planning Group, also serves on the Community Planners Committee (CPC) and agrees with the statements made earlier in the hearing by CPC Chairperson Steve Laub. She said the current governance structure is not accountable, that Board members are not directly elected, and when a Board's peer group is the business community then that is the operant perspective. She expressed concerns about where the open process is that the public expects, and that the concerns of the University City community which borders MCAS Miramar, were not being addressed. She said there is a conflict of interest between being the operator of the airport and also handling the land use component. The Authority does not presently appear to be independent with regard to site selection, and the Lindbergh Field Master Plan is designed for only fifteen years. She said it is not clear to whom the Authority is accountable.

Michel Anderson appeared at the hearing representing HMS Host, one of the Airport Authority's non-airline partners. Host is the largest concessionaire in the United States and operates at approximately eighty airports. Host has been at Lindbergh Field since 1967, with annual sales of approximately \$62 million at SDIA, of which \$9.2 million passes through to the Airport Authority. He complimented the professionalism of Ms. Bowens and her staff, some of whom were inherited from the San Diego Unified Port District when it operated Lindbergh Field, and some of whom are new hires by the Authority.

Dr. Suzanne Hill, United States Navy (retired), recommended that Board members have military experience.

Jerry Hughes submitted a written statement at the hearing in opposition to joint use at MCAS Miramar, and expressed concerns about whether air traffic controllers at Lindbergh Field keep track of military planes lining up to land at Lindbergh who realize at the last minute that it is not NAS North Island, and veer off.

Ricky C. Kimble submitted a written comment slip indicating a need for the trolley to go to Lindbergh Field as it does in St. Louis.

William Kolender, San Diego County Sheriff, submitted a written statement for the hearing. Sheriff Kolender strongly supports the current governance structure of the Authority and said their performance has been outstanding. The Board and staff have effectively operated in the midst of intense public scrutiny and criticism. The Authority's fiscal management and ability to function independent from undue political interference is important. The Sheriff said the Authority's work on airport site selection, Lindbergh Field Master Plan, and its role as the ALUC have served the region well.

Paul Robinson of Hecht Solberg Robinson Goldberg & Bagley LLP represents the San Diego Regional Chamber of Commerce on the ATAG. Mr. Robinson submitted a written statement and said he is pleased with the ATAG process and its results after the initial process that produced the draft ALUCPs released March 2005 and November 2005. He sees no valid reason to change the way an ALUCP is drafted by the Authority sitting as the ALUC.

“Balancing the needs of aviation with other land uses has been a challenge since Wright Brothers’ early flights at Huffman Prairie. The small field in Ohio was bordered by neighbors that the brothers tried not to disturb, and was filled with obstacles such as trees, barbed wire fences, and horses and cows that had to be shooed away before each flight. Some 100 years later, the obstacles confronted by those who operate airports may be less pastoral, but no less real.”

Grant Boyken, Senior Research Policy Specialist
“Growing Pains: Airport Expansion and Land Use Compatibility Planning in California”
September 2006, California Research Bureau

APPENDIX A

List of Acronyms

AICUZ	Air Installation Compatible Use Zones
ALUC	Airport Land Use Commission
ALUCP	Airport Land Use Compatibility Plan
ATAG	Airport Technical Advisory Group
Authority	San Diego County Regional Airport Authority
BUR	Bob Hope Airport – Burbank
BRT	Bus Rapid Transit
CEO	Chief Executive Officer
CPC	Community Planners Committee
Caltrans	California Department of Transportation
Caltrans Handbook	California Airport Land Use Planning Handbook, January 2002, State of California Department of Transportation Division of Aeronautics http://www.dot.ca.gov/hq/planning/aeronaut/documents/ALUPHComplete-7-02rev.pdf
CEQA	California Environmental Quality Act
CPC	Community Planners Committee
CRB	California Research Bureau
DOT	Department of Transportation
EDC	(San Diego Regional) Economic Development Corporation
EIR	Environmental Impact Report
FAA	Federal Aviation Administration
FAT	Fresno Yosemite International Airport
IEA	Industrial Environmental Association
ITOC	Independent Taxpayers Oversight Committee
LAX	Los Angeles International Airport
LGB	Long Beach-Daugherty Field Airport
MCAS	Marine Corps Air Station
MTDB	Metropolitan Transit Development Board
MTS	Metropolitan Transit System

NAS	Naval Air Station
OAK	Metropolitan Oakland International Airport
ONT	Ontario International Airport
PDX	Portland International Airport
PHX	Phoenix Sky Harbor International Airport
PSP	Palm Springs International Airport
RADM	Rear Admiral
RGEC	Regional Government Efficiency Commission
RTP	Regional Transportation Plan
SAN	San Diego International Airport – Lindbergh Field
SANDAG	San Diego Association of Governments
SBA	Santa Barbara Municipal Airport
SCAG	Southern California Association of Governments
SDCRAA	San Diego County Regional Airport Authority
SCRAA	Southern California Regional Airport Authority
SFO	San Francisco International Airport
SJC	Norman Y. Mineta San Jose International Airport
SMF	Sacramento International Airport
SNA	John Wayne Airport – Orange County
SOCAL	Southern California
USN	United States Navy
USNR	United States Navy Retired

APPENDIX B

The following sections of the California Public Utilities Code were referenced by speakers during the hearing.

PUBLIC UTILITIES CODE EXTRACTS

Public Utilities Code - From the "State Aeronautics Act."

21002. The purpose of this part is to further and protect the public interest in aeronautics and aeronautical progress by the following means:

- (a) Encouraging the development of private flying and the general use of air transportation.
- (b) Fostering and promoting safety in aeronautics.
- (c) Effecting uniformity of the laws and regulations relating to aeronautics consistent with federal aeronautics laws and regulations.
- (d) Granting to a state agency powers, and imposing upon it duties, so that the state may properly perform its functions relative to aeronautics and effectively exercise its jurisdiction over persons and property, assist in the development of a statewide system of airports, encourage the flow of private capital into aviation facilities, and cooperate with and assist political subdivisions and others engaged in aeronautics in the development and encouragement of aeronautics.
- (e) Establishing only those regulations which are essential and clearly within the scope of the authority granted by the Legislature, in order that persons may engage in every phase of aeronautics with the least possible restriction consistent with the safety and the rights of others.
- (f) Providing for cooperation with the federal authorities in the development of a national system of civil aviation and for coordination of the aeronautical activities of those authorities and the authorities of this state.
- (g) Assuring that persons residing in the vicinity of airports are protected to the greatest possible extent against intrusions by unreasonable levels of aircraft noise.
- (h) Fostering and promoting the development of a stable and efficient regional air carrier system to provide access for small and rural communities to the national air transportation system consistent with federal policies favoring deregulation.
- (i) Developing, in cooperation with the private sector, airport management, local jurisdictions, federal authorities, and the general public, informational programs to increase the understanding of current air transportation issues including, but not limited to, aviation safety, planning, airport noise, airport development and management, and the role of aviation in the economic development of the state, as an integral part of the state's transportation system.
- (j) Sponsoring or cosponsoring, with representatives of the aerospace and aviation industry, aviation educational and informational seminars which meet the needs of pilots and other members of the industry for current information on aviation safety, planning, and airport development and management.

Public Utilities Code

21670. (a) The Legislature hereby finds and declares that:

(1) It is in the public interest to provide for the orderly development of each public use airport in this state and the area surrounding these airports so as to promote the overall goals and objectives of the California airport noise standards adopted pursuant to Section 21669 and to prevent the creation of new noise and safety problems.

(2) It is the purpose of this article to protect public health, safety, and welfare by ensuring the orderly expansion of airports and the adoption of land use measures that minimize the public's

exposure to excessive noise and safety hazards within areas around public airports to the extent that these areas are not already devoted to incompatible uses.
(see California Public Utilities Code Section 21670-21679.5 for complete citation)

Public Utilities Code

21670.3. (a) Sections 21670 and 21670.1 do not apply to the County of San Diego. In that county, the San Diego County Regional Airport Authority, as established pursuant to Section 170002, is responsible for coordinating the airport planning of public agencies within the county and shall, on or before June 30, 2005, after reviewing the existing airport land use compatibility plan adopted pursuant to Section 21675, adopt an airport land use compatibility plan.

(b) Any airport land use compatibility plan developed pursuant to Section 21675 and adopted pursuant to Section 21675.1 by the San Diego Association of Governments shall remain in effect until June 30, 2005, unless the San Diego County Regional Airport Authority adopts a plan prior to that date pursuant to subdivision (a).

Public Utilities Code Section 170000-170006

The San Diego County Regional Airport Authority Act

170000. This division shall be known and may be cited as the San Diego County Regional Airport Authority Act.

170002. There is hereby established the San Diego County Regional Airport Authority, as a local governmental entity of regional government, with jurisdiction extending throughout the County of San Diego.

170004. The Legislature hereby finds and declares all of the following:

(a) The population in San Diego County is forecasted to grow to 4.1 million persons by 2030, a 45-percent increase over its population in 2000. In light of this growth, it is incumbent upon the region to take actions to provide for an economy that will maximize employment opportunities and help to ensure a higher quality of life for all its residents.

(b) The globally competitive, export-oriented electronics, communications, and biotechnology industries of San Diego County already employ over 300,000 persons, nearly a third of the local labor force, and will continue to drive the region's economy as it competes in the expanding national and international markets.

(c) Air transportation will be an important factor in fostering continued economic growth in San Diego County, as technology workers travel by air 40 percent more frequently than workers in other sectors of the economy.

(d) According to the Joint Aviation Advisory Committee established by the San Diego Association of Governments and the San Diego Unified Port District, San Diego International Airport today contributes about \$4.3 billion to the San Diego regional economy, which is about 4 percent of the total output of the region's economy.

With the demand for air travel expected to more than double to 35 million passengers in 2030, an airport capable of supporting that demand would contribute up to \$8 billion to the regional economy. Failure to increase San Diego's regional airport capacity would result in 56,000 fewer jobs and up to \$2.5 billion less in personal income by 2030. More than 50 percent of the reduction in jobs would occur in the industries related to air exports, including the high-technology industries that manufacture machinery, electronic equipment, and instruments. The balance of the impact would be in the visitor-related industries.

(e) The San Diego Regional Government Efficiency Commission was established under Chapter 764 of the Statutes of 2000 to evaluate regional governance in San Diego County and to submit a report to the Legislature for improving regional governance. To facilitate its purpose, that commission formed a Port Working Group, a Governance Working Group, a Transportation

Working Group, and an Environmental and Land Use Working Group to examine regional governance in the region and to propose options for its improvement. The Port Working Group studied the role and function of the San Diego Unified Port District and in collaboration with the Transportation Working Group created a special joint committee to examine airport development issues in the region. After reviewing the options developed by the joint committee, the commission has recommended to the Legislature, by resolution adopted on July 6, 2001, that a new airport authority be created by statute in San Diego County.

(f) Because of the significant regional consequences of airport development and operations, it is important that the future development of major airport facilities in San Diego County be addressed in the context of a regional decisionmaking process that has regional representation.

(g) In an effort to assure the continued military readiness of the United States Department of Defense (DOD), comprehensive airport planning must consider and protect military airspace needs in the San Diego region. The activities of the DOD in the San Diego region require mission-essential airspace for training and operations. In addition, the DOD has direct economic expenditures in San Diego County of nearly \$10 billion annually, and represents over 376,000 residents of the region. For these reasons, the DOD is a major stakeholder in the region's comprehensive plans for a viable airport solution.

170006. For the purposes of this division, the following terms have the following meanings, unless the context requires otherwise.

(a) The "authority" means the San Diego County Regional Airport Authority established under this division.

(b) The "board" means the governing board of the authority established as specified in Section 170016.

(c) The "interim board" means the limited term board established as specified in Section 170012.

(d) The "port" means the San Diego Unified Port District established under the San Diego Unified Port District Act (Chapter 67 of the Statutes of 1962, First Extraordinary Session).

(e) The "San Diego International Airport" means the airport located at Lindbergh Field in the County of San Diego.

(f) (1) The "east area cities" mean the Cities of El Cajon, Lemon Grove, La Mesa, and Santee.

(2) The "north coastal area cities" mean the Cities of Carlsbad, Del Mar, Encinitas, Oceanside, and Solana Beach.

(3) The "north inland area cities" mean the Cities of Poway, Escondido, Vista, and San Marcos.

(4) The "south area cities" mean the Cities of Coronado, Imperial Beach, Chula Vista, and National City.

170016. (a) The permanent board shall be established pursuant to this section. The board shall consist of nine members, as follows:

(1) The Mayor of the City of San Diego, or a member of the city council designated by the mayor to be his or her alternate.

(2) A member of the public appointed by the Mayor of the City of San Diego. The initial term for this member shall be two years.

(3) (A) The initial appointment for the north coastal cities shall be the mayor of the most populous city, as of the most recent decennial census, among the north coastal area cities. If that mayor declines to serve, he or she shall appoint a member of the public who is a resident of one of the north coastal area cities. The initial term for this member shall be four years.

(B) For subsequent appointments, the mayors of the north coastal cities shall select the member. The appointment shall alternate between a mayor and a member of the public from these cities to follow the initial appointment made under this paragraph.

(4) (A) If the member serving under paragraph (3) is a mayor, the initial appointment from the north inland cities shall be a member of the public selected by the mayors of the north inland area cities from one of those cities.

(B) If the person serving under paragraph (3) is not a mayor, then the mayors of the north inland area cities shall select a mayor of a north inland area city. The initial term of this member is two years.

(C) For subsequent appointments, the mayors of the north inland area cities shall select the member. The appointment shall alternate between a mayor and a member of the public from these cities to follow the initial appointment made under this paragraph.

(5) (A) The mayor of the most populous city, as of the most recent decennial census, among the south area cities. If that mayor declines to serve, he or she shall appoint a member of the public who is a resident of one of south area cities. The initial term for this member shall be six years.

(B) For subsequent appointments, the mayors of the south area cities shall select the member. The appointment shall alternate between a mayor and a member of the public from these cities to follow the initial appointment made under this paragraph. The initial term of this member is four years.

(6) (A) If the member serving under paragraph (5) is a mayor, then a member of the public shall be selected by the mayors of the east area cities from one of those cities.

(B) If the person serving under paragraph (5) is not a mayor, then the mayors of the east area cities shall select a mayor of an east area city. The initial term of this member is four years.

(C) For subsequent appointments, the mayors of the east area cities shall select the member. The appointment shall alternate between a mayor and a member of the public from these cities to follow the initial appointment made under this paragraph.

(7) The three remaining positions shall be the members of the executive committee appointed pursuant to Section 170028.

(b) The board shall appoint the chair, who shall serve as chair for a two-year portion of his or her term as a board member. A member may be appointed to consecutive terms as chair.

(c) (1) Members of the first board appointed pursuant to subdivision (a), other than members identified in paragraph (7) of subdivision (a), shall be appointed on or before October 31, 2002, and shall be seated as the board on December 2, 2002.

(2) Any appointment not filled by the respective appointing authority on or before December 1, 2002, shall be appointed by the Governor, consistent with the eligibility requirements of this section for that membership position.

(d) (1) After the initial term, all terms shall be four years, except as otherwise required under subdivision (b) of Section 170018.

(2) The expiration date of the term of office shall be the first Monday in December in the year in which the term is to expire.

170018. (a) The appointing authority for a member whose term has expired shall appoint that member's successor for a full term of four years.

(b) The membership of any member serving on the board as a result of holding another public office shall terminate when the member ceases holding the other public office.

(c) Any vacancy in the membership of the board shall be filled for the remainder of that unexpired term by a person selected by the respective appointing authority for that position.

170020. A member may be removed only for cause and only by his or her appointing authority.

170022. Any member may be reappointed to additional terms.

170024. (a) (1) Members shall be paid one hundred dollars (\$100) per regular, special, or committee meetings, for not more than four meetings per month.

(2) Any member may waive the payment or payments described in paragraph (1).

(b) Members of the board may be paid for direct out-of-pocket expenses.

(c) The board shall adopt a compensation, benefits, and reimbursement policy within three months of being constituted.

(d) Employees of the authority are eligible for retirement benefits under the California Public Employees' Retirement System (CalPERS), and where permitted by the law governing that system, shall receive full reciprocity with public employees' retirement systems in which they previously participated.

170026. (a) The board shall appoint the following officers of the authority:

(1) Executive Director.

(2) General Counsel.

(3) Auditor.

(b) The executive director shall appoint all other officers and employees, including, but not limited to, the deputy executive director.

170028. (a) The executive committee of the authority is responsible for overseeing the implementation of the administrative policy of the authority. The executive committee members may not be included in the direct operation of the airports, nor may they be included in the chain of command for purposes of emergency procedures. The executive committee shall conduct monthly meetings with the executive director and executive staff to review the operations of the authority. Any policy recommendations from the executive committee shall be forwarded to the board for consideration at a public meeting of the board.

(b) Three members of the public shall be appointed to the executive committee as follows:

(1) A member of the public, who shall be appointed by the Governor, and confirmed by the Senate, who resides in the County of San Diego, but not within the City of San Diego. The initial term of this member is four years.

(2) A member of the public who shall be appointed by the Sheriff of the County of San Diego, and confirmed by the San Diego County Board of Supervisors, who is a resident of an unincorporated area of the county. The initial term of this member is four years.

(3) A member of the public who shall be appointed by the Mayor of the City of San Diego, and confirmed by a majority vote of the San Diego City Council, who shall be a resident of that city. The initial term of this member is four years.

(c) The appointment of the initial members of the executive committee shall occur on or before December 5, 2002, and those members shall be seated on December 16, 2002.

(d) Except as to the term of the initial appointments, the term of office of an executive committee member is four years.

(e) Members of the executive committee shall receive a base salary commensurate to that of superior court judges in the County of San Diego.

170030. The authority has perpetual succession and may adopt a seal and alter it at its pleasure.

170032. The authority may sue and be sued in all actions and proceedings, in all courts and tribunals of competent jurisdiction.

170034. All the provisions of Section 120242 are applicable to the authority, and the authority may exercise those provisions within its area of jurisdiction.

170038. The authority may take by grant, purchase, devise, or lease or otherwise acquire, hold, enjoy, lease, and dispose of, real and personal property within or outside its area of jurisdiction in order to further its purposes.

170040. The authority may contract with any department or agency of the United States, with any state or local governmental agency, or with any person upon those terms and conditions that the authority finds are in its best interests.

170041. Meetings of the board are subject to the Ralph M. Brown Act, Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code.

170042. (a) The board may act only by ordinance or resolution for the regulation of the authority and undertaking all acts necessary and convenient for the exercise of the authority's powers.

(b) The authority may adopt and enforce rules and regulations for the administration, maintenance, operation, and use of its facilities and services.

(c) (1) A person who violates a rule, regulation, or ordinance adopted by the board is guilty of a misdemeanor punishable pursuant to Section 19 of the Penal Code, or an infraction under the circumstances set forth in paragraph (1) or (2) of subdivision (d) of Section 17 of the Penal Code.

(2) The authority may employ necessary personnel to enforce this section.

(d) A majority of the membership of the board shall constitute a quorum for the transaction of business.

170044. Except as otherwise specifically provided to the contrary in this chapter, a recorded majority vote of the total membership of the board of directors is required on each action.

170046. The authority shall maintain accounting records and shall report accounting transactions in accordance with generally accepted accounting principles as adopted by the Government Accounting Standards Board (GASB) of the Financial Accounting Foundation for both public reporting purposes and for reporting of activities to the Controller.

170048. (a) The authority shall have the exclusive responsibility within its area of its jurisdiction to study, plan, and implement any improvements, expansion, or enhancements at existing or future airports within its control.

(b) The authority may commission planning, engineering, economic, and other studies to provide information to the board for making decisions about the location, design, management, and other features of future airports.

(c) The San Diego Association of Governments, or its successor, shall cooperate with the authority to include all airport system plans and facilities selected by the authority in the regional transportation plan consistent with state and federal law.

(d) (1) Not later than March 1, 2002, the San Diego Association of Governments and the port shall transfer and assign to the authority all contracts in force for studying possible sites for an airport, the economic viability and impact of an airport, the environmental consequences of an airport, public opinion or attitudes regarding an airport's location, and any other contracts related to the location and development of an airport in the County of San Diego.

(2) The contracts described in paragraph (1) shall include, but need not be limited to, the contracts associated with the Joint Aviation Advisory Committee.

(3) The transfer of contracts required under this subdivision shall include the contemporaneous transfer of revenue from state or federal grants, local funds, and other sources of revenue committed to funding the contracts until their completion. The

authority shall accept all obligations, as well as all rights, included in the transferred contracts.

(e) The policy direction for the study described in subdivision (d) shall become the responsibility of the authority. The authority shall consider the concepts and ideas of the San Diego Association of Governments, the port, and other entities, both public and private.

(f) The authority may continue the Joint Aviation Advisory Committee to assist in conducting the analyses for determining a site for a new airport.

(g) The authority, the San Diego Association of Governments, local agencies, and the Department of Transportation shall cooperate to develop effective surface transportation access to new and existing airports.

(h) The authority shall adopt a comprehensive plan on the future development of San Diego's regional international airport. In developing its plan, the authority shall review all options of alternative sites, including, but not limited to, expansion of the existing airport site, use of current military installations that may become available for civilian or mix-use, and other development options available to address future airport needs. The authority shall submit the particular site recommendation in the form of a local ballot proposition to the San Diego County Registrar of Voters for placement on either the November 2, 2004, or the November 7, 2006, countywide election ballot.

170050. The authority shall be the only agency, public or private, in the County of San Diego that is eligible to take ownership of airports owned by the United States government and are declared surplus or are otherwise made available to state or local governmental agencies.

170052. The authority shall be responsible for developing all aspects of airport facilities that it operates, including, but not limited to, all of the following:

(a) The location of terminals, hangars, aids to air navigation, Runway Protection Zones (RPZ), Airport Influence Areas (AIA), parking lots and structures, and all other facilities and services necessary to serve passengers and other customers of the airport.

(b) Street and highway access and egress with the objective of minimizing, to the extent practicable, traffic congestion on access routes in the vicinity of the airport.

(c) Providing for public mass transportation access in cooperation and coordination with the responsible public transportation agency in whose jurisdiction the airport is located.

(d) Analyzing and developing intercity bus and passenger rail access to terminals in cooperation with an established agency or organization experienced in developing and operating that service, if the service or the technology proposed for implementation is demonstrated to be in regular, scheduled revenue service and is demonstrated to be a cost-effective investment when considering both direct and indirect benefits. If that service is proven feasible, the authority shall endeavor to maximize the convenience of its patrons by incorporating the service into the design of its terminals.

170054. (a) The authority shall form an advisory committee to assist it in performing its responsibilities related to the planning and development of all airport facilities for the County of San Diego, including the airport activities and operations of the United States Department of Defense. In selecting members for the committee, the authority shall include persons knowledgeable about airport management, passenger and freight air transportation operations and economics, general aviation, the natural environment, regional economic development, business, including the technology sector of the economy.

(b) To the extent feasible, the advisory committee shall include representatives from the Department of Transportation, local public transit authorities, local governments, the campuses of the University of California and the California State University in the region, the United States Department of Defense, and other groups and residents of San Diego County.

(c) When forming the advisory committee, the authority shall make its selections for membership from individuals representing all elements of the County of San Diego.

170056. The port shall transfer all title and ownership of the San Diego International Airport to the authority consistent with the terms of the transfer under Section 170060 and the transition plan required under Section 170062 and shall include, but need not be limited to, all of the following:

(a) All interest in real property and improvements, including, but not limited to, all terminals, runways, taxiways, aprons, hangars, Runway Protection Zones (RPZ), Airport Influence Areas (AIA), emergency vehicles or facilities, parking facilities for passengers and employees, above and below ground utility lines and connections, easements, rights-of-way, other rights for the use of property necessary or convenient to the use of airport properties, and buildings and facilities used to operate, maintain, and manage the airport which is consistent with the Airport Layout Plan (ALP) dated September 13, 2000, and identified as Drawing No. 724 on file with the clerk of the port, subject to paragraphs (1), (2), and (3).

(1) The following real properties shall not be transferred and shall remain under the ownership and control of the port:

(A) All property originally leased to General Dynamics Corporation and identified in Document No. 12301 on file with the clerk of the port.

(B) Property subleased by the port from TDY Industries, Inc., c/o Allegheny Teledyne (formerly Teledyne Ryan Aeronautical) and identified as Document No. 17600 on file with the clerk of the port.

(C) Property leased to Solar Turbines, Incorporated for parking along Pacific Highway and identified as Document No. 39904 on file with the clerk of the port (Parcel No. 016-026).

(D) Property leased to Solar Turbines, Incorporated, for parking along Laurel Street and identified as Document No. 29239 on file with the clerk of the port (Parcel No. 016-016 - Parcel 2).

(E) Property leased to Sky Chefs, Incorporated, located at 2450 Winship Lane and identified as Document No. 37740 on file with the clerk of the port (Parcel No. 012-025).

(F) (i) Property located at Parcel No. 034-002 and identified as Pond 20. The port shall retain ownership of Pond 20 and shall reimburse the airport fund for the fair market value of that property. The fair market value shall be determined by appraisal and negotiation. If there is no agreement following that negotiation, then the amount of payment shall be determined by arbitration.

(ii) On January 1, 2003, the port shall commence repayment to the airport of the negotiated or arbitrated fair market value for the property. The repayment schedule shall be a 10-year amortized payment plan with interest based upon the rate of 1 percent above the prevailing prime rate.

(2) The following additional real properties shall be transferred from the port to the authority.

(A) Property adjacent to Pond 20 located at Parcel Nos. 042-002 and 042-003 (this parcel encompasses approximately two or three acres).

(B) Property acquired as Parcel No. 034-001 from Western Salt Processing Plant and identified as Document No. 39222 from GGTW, LLC.

(3) The following nonairport, real properties that presently provide airport-related services shall also be excluded from any land transfer to the authority:

(A) Airport employee parking lot located at Harbor Island Drive and Harbor Island Drive East identified as District Parcel No. 007-020.

(B) Airport taxi and shuttle overflow lot located at the southeast corner of North Harbor Drive and Harbor Island Drive identified as District Parcel No. 007-025.

(C) Property leased to National Car Rental System, Incorporated, located east of the southeast corner of North Harbor Drive and Harbor Island Drive identified at District Parcel No. 007-034.

(D) Property leased to The Hertz Corporation located east of the southeast corner of North Harbor Drive and Harbor Island Drive identified as District Parcel No. 007-035.

(E) Property leased to Avis Rent-A-Car Corporation located at the southwest corner of North Harbor Drive and Rental Car Roadway identified as District Parcel No. 007-036.

(F) Property leased to National Car Rental System, Incorporated, located at the southeast corner of North Harbor Drive and Rental Car Roadway identified as District Parcel No. 007-038.

(G) Property leased in common to National Car Rental System, Incorporated; The Hertz Corporation; and Avis Rent-A-Car Corporation, known as Joint-Use Roadway identified as District Parcel No. 007-037.

(H) Property leased to Jimsair, Incorporated, located on the property previously known as the General Dynamics Parcel, south of Sassafras Street and west of Pacific Highway adjacent to the Airport Operation Area identified as District Parcel No. 016-042.

(I) Property leased to Budget Rent A Car of San Diego located at both the northeast and southwest corners of Palm Street and Pacific Highway identified as District Parcel No. 016-001 (Parcel 1 and 2).

(J) Property leased to Budget Rent A Car of San Diego located east of the northeast corner of Palm Street and Pacific Highway identified as District Parcel No. 016-001 (Parcel 3).

(K) Property leased to Lichtenberger Equipment Incorporated, located north of the northeast corner of Palm Street and Pacific Highway identified as District Parcel No. 016-034.

(L) Property leased to Park and Ride, Incorporated, located at the northeast corner of Sassafras and Pacific Highway identified as District Parcel No. 016-038.

(M) Property leased to Ace Parking Management, Incorporated, located north of the intersection of Sassafras Street and Pacific Highway identified as District Parcel No. 016-040.

(N) Property leased to Federal Express Corporation located at the west end of the extension of Washington Street identified as District Parcel No. 015-008.

(b) All contracts with airport tenants, concessionaires, leaseholders, and others, including, but not limited to, fees from vehicle rental companies.

(c) All airport-related financial obligations secured by revenues and fees generated from the operations of the airport, including, but not limited to, bonded indebtedness associated with the airport. The authority shall assume obligations issued or incurred by the port for San Diego International Airport, including, but not limited to, any long-term debt, grants, and grant assurances.

(d) All airport-related financial reserves, including, but not limited to, sinking funds and other credits.

(e) All personal property, including, but not limited to, emergency vehicles, office equipment, computers, records and files, software required for financial management, personnel management, and accounting and inventory systems, and any other personal property owned by the port used to operate or maintain the airport.

(f) Notwithstanding any provision of this section, the port shall agree to lease for a period of 66 years, commencing on January 1, 2003, to the authority parcels 1, 2, and 3 of the property originally leased to General Dynamics (identified in Document No. 12301 on file with the clerk of the port) consisting of approximately 89.75 acres west of the Pacific Highway and including property leased to JimsAir (identified as Parcel #016-042), property leased to Federal Express

Corporation (identified as Parcel #015-008) and the Park, Shuttle and Fly lot operated by Five Star Parking under a management agreement with the port (identified as Clerk Document No. 38334, dated March 29, 1999), subject to the following terms:

(1) The rent shall be paid monthly in arrears at the rate of four million seven hundred thousand dollars (\$4,700,000) for calendar year 2003, six million seven hundred thousand dollars (\$6,700,000) for calendar year 2004, and eight million seven hundred thousand dollars (\$8,700,000) for calendar year 2005. Thereafter, the annual rent shall be level, for the balance of the term, based on the fair market value of the property as of January 1, 2006, and a market rate of return on that date.

(2) The authority shall lease to the port at the same fair market value per square foot a total of not to exceed 250 parking spaces in reasonable proximity to the port's administrative building located at 3165 Pacific Highway with the authority having a right to relocate or substitute substantially equivalent or better parking from time to time. The parties shall first meet and confer to determine by appraisal and negotiation, the fair market value rent. If the authority and port do not reach agreement within 60 days after commencement of meetings for that purpose, either party may submit the matter to binding arbitration in San Diego in accordance with the Commercial Arbitration Rules of the American Arbitration Association. In the event airport operations cease to exist on the property leased to the authority pursuant to this section, control of the property will revert to the port as provided in Section 170060.

(3) All other terms of the ground lease shall be in accordance with reasonable commercial practice in the San Diego area for long-term real property ground leases.

170058. Property adjacent to the San Diego International Airport, owned by the port, and commonly referred to as the "General Dynamics Property" shall continue to be operated by the port.

170060. (a) The port shall retain trusteeship of lands underlying the airport consistent with the State Lands Commission's requirement and shall execute a 66-year lease with the authority for control of the airport property. The authority shall pay one dollar (\$1) per year during the term of the lease, or until that time as airport operations controlled by the authority cease to exist on the property. At that time, the lease shall terminate and control of the property shall revert to the port.

(b) (1) The port may continue or enter into contracts, memorandums of understanding, or other agreements necessary to fulfill its responsibilities as trustee of the lands underlying the airport or adjacent lands under its control, or acquire additional lands within its jurisdiction consistent with its duties and pursuant to Division 6 (commencing with Section 6001) of the Public Resources Code.

(2) (A) The port shall act as lead agency to certify any studies, reports, or other documents necessary to fulfill its obligations as trustee of the lands described in paragraph (1).

(B) Notwithstanding subparagraph (A) or any other provision of law, until the date that the port transfers the airport to the authority, the port and the authority, without the necessity of the giving of any notice, filing of any documents, or the taking of any other action, shall serve jointly as the lead agencies for the purposes of the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) and regulations adopted thereto, including, but not limited to, the filing of notices of exemption, initial studies, negative declarations, and environmental impact reports. On and after the transfer date, the authority, without the necessity of the giving of any notice, filing of any documents, or the taking of any other action, is the sole lead agency for any documents for which an initial study has

been commenced pursuant to Section 15063 of Title 14 of the California Code of Regulations or for which a notice of preparation has been issued pursuant to Section 15082 of Title 14 of the California Code of Regulations, regardless of whether or not a notice of determination has been issued or a notice of completion has been issued.

(C) The lead agency status described in this paragraph is declaratory of existing law, and shall not in any respect be grounds for any claim or finding of noncompliance by the port or the authority, or both, with the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) or regulations adopted under that act.

(3) Lands acquired by or added to lands under its trusteeship by the port adjacent to the existing airport property and necessary to operate the airport, including, but not limited to, lands from the United States Marine Corp Recruit Depot for additional taxiways and other airport related facilities, shall be included in the lease to the authority as it is acquired by the port.

(c) The authority shall be responsible for making any necessary application to the California Coastal Commission pursuant to the California Coastal Act of 1976 (Division 20 (commencing with Section 30000) of the Public Resources Code) and to other agencies in accordance with other applicable laws in effect on the effective date of the act that added this section for improvements upon coastal lands under the control of the authority through a lease. The port shall assist in the application for those projects as the trustee of the lands and shall not impede any improvements sought in the fulfillment of the authority's duties. The authority shall be responsible for all applications, requests, or submittals to other governmental agencies for approvals, permits, authorizations or agreements of any kind affecting or relating to the property governed by the lease, and the port shall cooperate in completion of all documents in the form submitted or approved by the authority without modification, providing the documents are requested by the authority, or required by any other governmental agencies, or both.

(d) Notwithstanding any other provision of law, immediately upon the transfer of the San Diego International Airport to the authority, the variance from Section 5012 of Title 21 of the California Code of Regulations (noise standards) issued to the port effective August 27, 2001, by the Department of Transportation shall be transferred to the authority. That variance shall be transferred on the same terms and conditions as granted to the port. The authority shall comply with the terms and conditions of the transferred variance.

170062. (a) The authority shall develop a transition plan to facilitate the transfer of the San Diego International Airport to the authority pursuant to this section. To facilitate the preparation of a transition plan, the authority and the port shall jointly commission a certified audit to determine the financial condition of the San Diego International Airport, including, but not limited to, the obligations of the airport and the reasonableness of the overhead charges being paid by the airport to the port. Upon completion of the audit, the port and the authority shall balance all accounts, including, but not limit to, loans and other obligations between the two agencies.

(b) The port shall cooperate in every way to facilitate the transfer of the San Diego International Airport to the authority.

(c) In the preparation of the transition plan, priority shall be given to ensuring continuity in the programs, services, and activities of the San Diego International Airport.

(d) (1) The transfer of the San Diego International Airport to the authority shall be completed on or after December 16, 2002.

(2) The terms of the transfer of San Diego International Airport to the authority shall include, but are not limited to, the following:

(A) The authority shall request and receive a finding by the Federal Aviation Administration that it is an eligible airport sponsor.

(B) The authority shall comply with federal regulations, including, but not limited to, Part 139 of Title 14 of the Code of Federal Regulations (certification and operation) and Part 107 of Title 14 of the Code of Federal Regulations (security).

(C) Consistent with the obligations set forth in this section, the authority may, in its sole discretion, from time to time, enter into agreements with the port for services including, but not limited to, operations, maintenance, and purchasing, as the authority may find necessary or beneficial to facilitate the orderly transfer and continued operation of San Diego International Airport.

(D) The authority shall have no obligation to purchase or procure any services, facilities, or equipment from or through the port. At no time shall the authority be obligated to purchase auditing, public affairs, and governmental relations, strategic planning, legal, or board support services from the port. However, the authority may elect to obtain these services and support in agreement with the port.

(E) Performance of all these services shall be subject to the direction and control of the authority, and shall be provided in accordance with specifications, policies, and procedures as communicated by the authority to the port from time to time. In all cases, the port shall provide services of sufficient quality, quantity, reliability, and timeliness to ensure that the authority can continue the operation, maintenance, planning and improvement of and for San Diego International Airport consistent with the standards and practices under which the airport is operated on the effective date of the act that added this subparagraph or higher standards as the authority may adopt, or as may be required in the authority's judgment to meet the requirements of federal or state law, or the needs of the users of the airport for the safe, secure, and efficient operation of the airport. The authority also, from time to time, may establish performance standards for and may conduct financial or performance audits, or both, of all services provided by the port and all charges or claims for payment for the services provided.

(F) Services provided by the Harbor Police shall in no event be of less quality than the standard established for airport police services by the three other largest airports, based on annual passengers, in this state. The port shall cooperate fully, at its own cost, in any financial or performance audit, or both, conducted by, or on behalf of, the authority or by any government agency having jurisdiction.

(G) The authority shall reimburse the port for the actual and reasonable direct costs, including, but not limited to, an appropriate allocation of general and administrative expenses associated with the provision of that service, incurred by the port to deliver services actually provided to the authority in accordance with the standards and requirements described in this section. The port shall request payment for services on a monthly basis. Those requests shall provide details regarding each service or element thereof for which payment is requested as the authority reasonably may request. The authority shall have the right to review and approve any request for payment for those services. Payment shall be due and payable 30 days after the request provided all necessary supporting documentation is received by the authority.

(H) Upon the completion of the transfer, the authority shall hire existing port staff assigned to the aviation division of the port as employees of the authority. The authority may hire additional staff, as needed, to fulfill its responsibilities. The authority shall make every responsible effort to fill necessary positions from port staff which may be affected by the transfer of the airport.

(e) The transfer may not in any way impair any contracts with vendors, tenants, employees, or other parties.

(f) The San Diego Harbor Police Department shall remain under the jurisdiction of the San Diego Unified Port District, and employees shall incur no loss of employment or reduction in wages, health and welfare benefits, seniority, retirement benefits or contributions made to

retirement plans, or other terms and conditions of employment as a result of enactment of this division. The San Diego Harbor Police Department shall have the exclusive contract for law enforcement services at San Diego International Airport during that time as the airport continues to operate at the Lindbergh Field, and peace officers of the Harbor Police shall remain employees of the port.

170064. (a) From revenues in accounts attributable to airport operations, the port shall fund the authority for not less than one million dollars (\$1,000,000) each year until that time as the transfer of the airport and all associated revenue sources have been completed between the port and the authority. The authority's board may submit a budget request for more than this amount if necessary to carry out its duties. The port shall approve those budget requests in a timely manner without modification or reduction. The authority shall report its total budget expenditure amount to the port on an annual basis and balance or carryover reserves from previous budgets.

The funding provided by this subdivision replaces any loans made to the authority by the port under the former provisions set forth in this subdivision requiring the port to loan the authority the sum of one million dollars (\$1,000,000).

(b) Upon the completion of the transfer pursuant to Section 170062, the authority shall assume all revenue stream revenues to fund its activities, operations, and investments consistent with its purposes. The sources of revenue available to the authority may include, but are not limited to, imposing fees, rents, or other charges for facilities, services, the repayment of bonded indebtedness, and other expenditures consistent with the purposes of the authority.

(c) To the extent practicable, the authority shall endeavor to maximize the revenues generated from enterprises located on the property of the authority.

(d) The authority may receive state and federal grants for purposes of planning, constructing, and operating an airport and for providing ground access to airports under its control.

170066. (a) No other agency in the County of San Diego may apply for grants for funding significant expansion activities, including, but not limited to, specific efforts to increase air capacity, unless the application is first approved by the authority as being consistent with the regional air transportation plan adopted by the authority.

(b) Unless action is taken pursuant to Section 170068, publicly owned airports in the County of San Diego, other than the San Diego International Airport, shall not be considered to be under the control of the authority for purposes of application for, or receipt of grants for, regular operational maintenance and upgrade projects adopted pursuant to Section 21670.3.

170068. The authority may only accept the transfer of ownership of other publicly owned airports in the County of San Diego upon initiation by the respective airport operator. Any transfer shall include the preparation of a transition plan to ensure the orderly transfer of assets and obligations. In accepting a transfer, the authority may assume no financial obligations other than those associated with the operation of the airport being transferred.

170070. (a) The authority may issue bonds, from time to time, payable from revenue of any facility or enterprise operated, acquired, or constructed by the authority, for any of the purposes authorized by this division in accordance with the Revenue Bond Law of 1941 (Chapter 6 (commencing with Section 54300) of Part 1 of Division 2 of Title 5 of the Government Code), excluding Article 3 (commencing with Section 54380) of Chapter 6 of Part 1 of Division 2 of Title 5 of the Government Code and the limitations set forth in subdivision (b) of Section 54402 of the Government Code which shall not apply to the issuance and sale of bonds pursuant to this section.

(b) The authority is a local agency within the meaning of Section 54307 of the Government Code. The airport system or any or all facilities and all additions and improvements that the

authority's governing board authorizes to be acquired or constructed and any purpose, operation, facility, system, improvement, or undertaking of the authority from which revenues are derived or otherwise allocable, which revenues are, or may by resolution or ordinance be, required to be separately accounted for from other revenues of the authority, shall constitute an enterprise within the meaning of Section 54309 of the Government Code.

(c) The authority's governing board shall authorize the issuance of bonds pursuant to this section by resolution, which resolution shall be adopted by a majority vote and shall specify all of the following:

- (1) The purposes for which the bonds are to be issued, which may include any one or more purposes permitted by this division.
- (2) The maximum principal amount of bonds.
- (3) The maximum term of bonds.
- (4) The maximum rate of interest, fixed or variable, to be payable upon the bonds.
- (5) The maximum discount or premium payable on sale of the bonds.

(d) For purposes of the issuance and sale of bonds pursuant to this section, the following definitions shall be applicable to the Revenue Bond Law of 1941:

- (1) "Fiscal agent" means any fiscal agent, trustee, paying agent, depository or other fiduciary provided for in the resolution providing the terms and conditions for the issuance of the bonds, which fiscal agent may be located within or without the state.
- (2) "Resolution" means, unless the context otherwise requires, the instrument providing the terms and conditions for the issuance of bonds, which instrument may be an indenture, trust agreement, installment sale agreement, lease, ordinance, or other instrument in writing.

(e) Each resolution shall provide for the issuance of bonds in the amounts as may be necessary, until the full amount of bonds authorized has been issued. The full amount of bonds may be divided into two or more series with different dates of payment fixed for bonds of each series. A bond need not mature on its anniversary date.

(f) The authority may issue refunding bonds to redeem or retire any bonds issued by the authority upon the terms, at the times, and in the manner which the authority's governing body determines by resolution. Refunding bonds may be issued in a principal amount sufficient to pay all, or any part of, the principal of the outstanding bonds, the premium, if any due upon call redemption thereof prior to maturity, all expenses of redemption and either of the following:

- (1) The interest upon the refunding bonds from the date of sale thereof to the date of payment of the bonds to be refunded out of the sale of the refunding bonds or to the date upon which the bonds to be refunded will be paid pursuant to call or agreement with the holders of the bonds.
- (2) The interest upon the bonds to be refunded from the date of sale of the refunding bonds to the date of payment of the bonds to be refunded or to the date upon which the bonds to be refunded will be paid pursuant to call or agreement with the holders of the bonds.

(g) The authority may enter into any liquidity or credit agreement it may deem necessary in connection with the issuance of bonds authorized by this section.

(h) This section provides a complete, additional, and alternative method of performing the acts authorized by this section, and the issuance of bonds, including refunding bonds, need not comply with any other law applicable to borrowing or the issuance of bonds. Any provision of the Revenue Bond Law of 1941 which is inconsistent with this section or this division shall not be applicable.

(i) Nothing in this section prohibits the authority from availing itself of any procedure provided in this chapter for the issuance of bonds of any type or character for any of the authorized airport facilities. All bond proceedings may be carried on simultaneously or, in the alternative, as the authority may determine.

170072. The authority may levy special benefit assessments consistent with the requirements of Article XIID of the California Constitution to finance capital improvements, including, but not limited to, special benefit assessments levied pursuant to any of the following:

(a) The Improvement Act of 1911 (Division 7 (commencing with Section 5000) of the Streets and Highways Code).

(b) The Improvement Bond Act of 1915 (Division 15 (commencing with Section 8500) of the Streets and Highways Code).

(c) The Municipal Improvement Act of 1913 (Division 12 (commencing with Section 10000) of the Streets and Highways Code).

(d) The Landscaping and Lighting Act of 1972 (Part 2 (commencing with Section 22500) of Division 15 of the Streets and Highways Code).

170074. The authority may borrow money in accordance with Article 7 (commencing with Section 53820) of, Article 7.6 (commencing with Section 53850) of, or Article 7.7 (commencing with Section 53859) of, Chapter 4 of Part 1 of Division 2 of Title 5 of the Government Code.

170076. (a) The authority may borrow money in anticipation of the sale of any bonds that have been authorized to be issued, but have not been sold and delivered, and may issue negotiable bond anticipation notes therefor, and may renew the bond anticipation notes from time to time, but the maximum maturity of any bond anticipation notes, including the renewals thereof, may not exceed five years from the date of delivery of the original bond anticipation notes. The bond anticipation notes may be paid from any money of the authority available therefor and not otherwise pledged.

(b) If not previously otherwise paid, the bond anticipation notes shall be paid from the proceeds of the next sale of the bonds of the authority in anticipation of which they were issued. The bond anticipation notes may not be issued in any amount in excess of the aggregate amount of bonds that the authority has been authorized to issue, less the amount of any bonds of the authorized issue previously sold, and also less the amount of other bond anticipation notes therefore issued and then outstanding. The bond anticipation notes shall be issued and sold in the same manner as the bonds. The bond anticipation notes and the resolution or resolutions authorizing them may contain any provisions, conditions, or limitations that a resolution of the authority authorizing the issuance of bonds may contain.

(c) Exclusively for the purpose of securing financing or refinancing for any of the purposes permitted by this division through the issuance of bonds, notes, or other obligations, including certificates of participation, by a joint powers authority, and, notwithstanding any other provision contained in this division or any other law, the authority may borrow money or purchase or lease property from a joint powers authority and, in connection therewith, may sell or lease property to the joint powers authority, in each case at the interest rate or rates, maturity date or dates, installment payment or rental provisions, security, pledge of revenues and other assets, covenants to increase rates and charges, default, remedy and other terms or provisions as may be specified in the installment sale, lease, loan, loan purchase, or other agreement or agreements between the authority and the joint powers authority.

The authority may enter into any liquidity or credit agreement it may deem necessary or appropriate in connection with any financing or refinancing authorized by this section. This section provides a complete, additional and alternative method of performing the acts authorized by this section, and the borrowing of money, incurring indebtedness, sale, purchase or lease of property from or to a joint powers authority, and any agreement for liquidity or credit enhancement entered into in connection therewith, pursuant to this section need not comply with the requirements of any other law applicable to borrowing, incurring indebtedness, sale, purchase, lease or credit except for compliance with this section.

170078. The authority may bring an action to determine the validity of any of its bonds, equipment trust certificates, warrants, notes, or other evidences of indebtedness or any of its revenues, rates, or charges pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure.

170082. (a) Notwithstanding any other provisions of this division or any other law, the provisions of all ordinances, resolutions, and other proceedings in the issuance by the authority of any bonds, bonds with a pledge of revenues, bonds for improvement districts, revenue bonds, equipment trust certificates, notes, or any and all evidences of indebtedness or liability constitute a contract between the authority and the holders of the bonds, equipment trust certificates, notes, or evidences of indebtedness or liability, and the provisions thereof are enforceable against the authority or any or all of its successors or assigns, by mandamus or any other appropriate suit, action, or proceeding in law or in equity in any court of competent jurisdiction.

(b) Nothing in this division or in any other law shall be held to relieve the authority or the territory included within it from any bonded or other debt or liability contracted by the authority.

(c) Upon dissolution of the authority or upon withdrawal of territory therefrom, that territory formerly included within the authority, or withdrawn therefrom, shall continue to be liable for the payment of all bonded and other indebtedness or liabilities outstanding at the time of the dissolution or withdrawal as if the authority had not been so dissolved or the territory withdrawn therefrom, and it shall be the duty of the successors or assigns to provide for the payment of the bonded and other indebtedness and liabilities.

(d) To the extent provided in the proceedings for the authorization, issuance, and sale of any revenue bonds, bonds secured by a pledge of revenues, or bonds for improvement districts secured by a pledge of revenues, revenues of any kind or nature derived from any revenue-producing improvements, works, facilities, or property owned, operated, or controlled by the authority may be pledged, charged, assigned, and have a lien thereon for the payment of the bonds as long as the same are outstanding, regardless of any change in ownership, operation, or control of the revenue-producing improvements, works, facilities, or property and it shall, in any later event or events, be the duty of the successors or assigns to continue to maintain and operate the revenue-producing improvements, works, facilities, or property as long as bonds are outstanding.

170084. The authority shall assume and be bound by the terms and conditions of employment set forth in any collective bargaining agreement or employment contract between the port and any labor organization or employee affected by the creation of the authority, as well as the duties, obligations, and liabilities arising from, or relating to, labor obligations imposed by state or federal law upon the port. Aviation division employees of the port affected by this division shall become employees of the authority and shall suffer no loss of employment or reduction in wages, health and welfare benefits, seniority, retirement benefits or contributions made to retirement plans, or any other term or condition of employment as a result of the enactment of this division. No employee of the port shall suffer loss of employment or reduction in wages or benefits as a result of the enactment of this division.

Appendix C

Map

Appendix D

Copy of Letter Submitted at the October 10, 2006 Hearing by Patti Krebs, IEA

September 11, 2006

Ms. Julie Meier Wright, President & CEO
San Diego Regional Economic Development Corporation
530 B Street, 7th Floor
San Diego, CA 92101

Dear Ms. Meier Wright:

As you know, executives from a number of businesses near MCAS Miramar have expressed concern regarding recently enacted land use restrictions near the Marine base. Unfortunately, those concerns are based on misperceptions that also involve the proposed civilian use options that the Airport Authority has recently discussed. It is very important to us that these misperceptions be corrected. The following are the facts concerning these key issues:

The Airport Authority does not provide the land use restrictions that affect businesses surrounding Miramar. The Marine Corps provide those restrictions. They are clearly delineated in the Marine Corps Air Installations Compatibility Use Zones ("AICUZ") document. The most recent update to that document was approved by the Department of the Navy in 2005. Previously, the land uses around Miramar was dictated by the Navy's 1992 AICUZ, which was incorporated into a document called the Miramar Land Use Compatibility Plan.

The 2005 Marine Corps AICUZ Update includes newly-imposed land use density restrictions in Accident Potential Zone (APZ II). This differs from the Navy's 1992 AICUZ, which only restricted lot coverage in PZ II, not land use density. These AICUZ restrictions create new impacts on some business holdings in the vicinity of Miramar that did not exist before 2005.

The land use restrictions in APZ II stem directly from the Marine Corps' employment of fixed-wing jets at Miramar. The restrictions are not a result of helicopter operations. This is illustrated on Figures 1 and 2 (enclosed), which show the existing Miramar APZ's with F-18 jets (Figure 1) and the APZ's that would exist today if the F-18's were removed (Figure 2). As shown, the APZ's without jets are much smaller, and contained completely on the base.

Relocating the fixed-wing jets from Miramar would eliminate or significantly reduce the land use restrictions. This is clear, since the jet operations that created the need for APZ II's at Miramar, would be removed, as illustrated in Figures 1 and 2.

Business holdings surrounding Miramar would not be affected one way or another by civilian joint-use options discussed by the Airport Authority. The civilian alternatives do not impact APZ II because the restrictions result from the existing military fixed-wing jet operations, not civilian operations. In fact, some of the Authority's alternatives would remove or reduce the issue creating the land use restrictions. This is clearly illustrated on Figure 3, which shows the APZ's that would exist at Miramar without F-18's and with a civilian operation. As shown, the civilian operation requires virtually no restrictions outside of the base boundaries.

Can the Marines' proposed land use restrictions be overridden? There are two groups which have a measure of influence on land use restrictions: the Airport Land Use Commission (ALUC) and the San Diego City Council:

- The Authority is vested with statutory responsibility to serve as the ALUC which includes adopting compatible land use plans around San Diego County's commercial, general aviation, and military airports. By law, the ALUC must revise the land use compatibility plans to be consistent with the new 2005 Marine Corps AICUZ Update. According to legal counsel, the ALUC does not have the legal latitude to relax a military AICUZ land use restriction.

- However, unlike the ALUC, the San Diego City Council can clearly override any AICUZ land use restriction within its jurisdiction with a 2/3 majority vote.

It is clear that the San Diego high tech and biotech firms have little option for expansion but to use surrounding land. It may be a reality that the Marines have more options to relocate the jets (North Island, Yuma, Pendleton, etc.) than the business community has options for expanding its facilities.

Thank you for allowing me to correct these misperceptions. If I can provide further clarification on any of these issues, please call me at 619-400-2444 at your convenience.

Sincerely,

Thella F. Bowens
President/CEO

TFB/ASP/KW/nas

Enclosures

cc: San Diego Regional EDC Board
San Diego County Regional Airport Authority Board Members

Appendix E

Written Comments submitted at the October 10, 2006 Hearing

Sheriff Kolender

Paul Robinson

Jerry Hughes

Rear Admiral Hering and Major General Lehnert

Appendix F

During the hearing, the following questions were referred to the San Diego County Regional Airport Authority with a request by Senator Kehoe that the responses be issued at least three days prior to the November 17, 2006, continuation of the October 10, 2006, hearing.

The Airport Authority Board members and staff are part of the November 17, 2006, agenda and will respond to the request for additional information at that time.

1) A request that the Authority provide an exact accounting of the Authority's expenditures for the airport siting search program, including the sources of any revenue used in the site selection process, and all expenses and revenue sources for the public outreach effort to explain the need for airport expansion. The Senator also requested the amount the Authority has allocated and spent on its public outreach budget for this fiscal year and for calendar year 2006 to date.

2) A request that the Authority provide the number of employees the Authority "inherited" in the transition from the San Diego Unified Port District as it assumed control of operating the San Diego International Airport, and being designated as the ALUC for San Diego County. The request includes providing the committee members with a chart showing how many positions have been added or deleted since the Authority was established, along with starting salaries in 2003 and current salaries for the positions, and the reason for any changes in responsibilities that would prompt a change in salary level. The FY2007 budget for the Airport Authority indicates that there is a twenty-four percent (24%) increase in the number of employee positions.

3) While there was some discussion during the October 10th hearing on the role that an AICUZ plays in the adoption of ALUCPs for the four military bases within the county, please provide a detailed explanation of how the information, noise impact areas and identified land use restrictions are incorporated into the ALUCPs for each base.

Appendix G

Supporting Materials for Hearing of the Senate Local Government
Committee, October 10, 2006, submitted by the San Diego County
Regional Airport Authority