

**Introduced by Senator Kehoe**December 6, 2010

---

---

An act to add Sections 3873.1 and 3873.2 to the Food and Agricultural Code, relating to agricultural districts, and making an appropriation therefor.

## LEGISLATIVE COUNSEL'S DIGEST

SB 1, as introduced, Kehoe. 22nd District Agricultural Association: Del Mar Race Track and Fairgrounds: sale of state property.

Existing law provides that the state is divided into agricultural districts in which 50 or more persons, who are residents of a district, may form a district agricultural association for specified purposes, including holding fairs and constructing, maintaining, and operating recreational facilities. Existing law provides that District 22 is the County of San Diego.

Existing law authorizes the Director of General Services to dispose of surplus state property, subject to specified conditions, including that the net proceeds of the sale be paid into the Deficit Recovery Bond Retirement Sinking Fund Subaccount, which is a continuously appropriated fund.

This bill would create District 22a, which would consist of all of that real property and personal property that is a portion of District 22 that is commonly known as the Del Mar Race Track and Fairgrounds located in the City of Del Mar and certain other property in the City of San Diego, and would prescribe certain matters applicable to officers of the 22nd District Agricultural Association and the District 22a Agricultural Association. The bill would, among other things, authorize the Department of General Services to sell all or any portion of the real property that comprises District 22a and related personal property to

the City of Del Mar and require the net sale proceeds to be deposited into the District 22a Disposition Fund, which the bill would create in the State Treasury.

This bill would require, upon sale of all property that comprises District 22a, that District 22a be abolished and that all funds in the District 22a Disposition Fund ultimately be deposited into the Deficit Recovery Bond Retirement Sinking Fund Subaccount, a continuously appropriated fund, thereby resulting in an appropriation.

Vote: majority. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 3873.1 is added to the Food and  
2 Agricultural Code, to read:

3 3873.1. (a) There is hereby created District 22a, which consists  
4 of all of that real property and any personal property that is a  
5 portion of District 22 that is commonly known as the Del Mar  
6 Race Track and Fairgrounds located in the City of Del Mar and  
7 that real property in the City of San Diego with parcel numbers  
8 299-042-01, 299-042-02, 302-090-11, and 304-020-17.  
9 Notwithstanding any other law, any officer of the District 22a  
10 Agricultural Association may also be an officer of the 22nd District  
11 Agricultural Association and shall be a resident of District 22.

12 (b) The Department of General Services is authorized to transfer  
13 title of the property described in subdivision (a) to the District 22a  
14 Agricultural Association, and the 22nd District Agricultural  
15 Association shall cooperate in this transfer.

16 (c) District 22a and the District 22a Agricultural Association  
17 shall be the successors to District 22 and the 22nd District  
18 Agricultural Association. All rights and obligations of the 22nd  
19 District Agricultural Association as it relates to the real property  
20 and personal property of the 22nd District Agricultural Association  
21 shall be transferred to the District 22a Agricultural Association  
22 pursuant to this section.

23 (d) Notwithstanding Chapter 9 (commencing with Section 4351),  
24 the State Race Track Leasing Commission shall not enter into any  
25 agreement, lease, or contract for the use of the Del Mar Race Track  
26 or any other property owned or controlled by the 22nd District  
27 Agricultural Association or the District 22a Agricultural

1 Association unless the agreement, lease, or contract is terminable  
2 or assignable at the option of the Department of General Services,  
3 and at no cost or liability to the State of California, its agencies  
4 and departments, the 22nd District Agricultural Association, and  
5 the District 22a Agricultural Association.

6 (e) Any reference to the 22nd District Agricultural Association  
7 in Chapter 9 (commencing with Section 4351) shall be deemed to  
8 refer to the District 22a Agricultural Association.

9 (f) All otherwise applicable ethical duties, including those in  
10 Section 1090 of the Government Code, subdivision (a) of Section  
11 8920 of the Government Code, and the Political Reform Act of  
12 1974 (Title 9 (commencing with Section 81000) of the Government  
13 Code), shall apply to the officers of both the 22nd District  
14 Agricultural Association and the District 22a Agricultural  
15 Association, and shall apply in regard to the transactions  
16 contemplated by Section 3873.2.

17 SEC. 2. Section 3873.2 is added to the Food and Agricultural  
18 Code, to read:

19 3873.2. (a) The District 22a Disposition Fund is hereby created  
20 in the State Treasury.

21 (b) The Department of General Services may sell all or any  
22 portion of the real property that comprises District 22a and related  
23 personal property to the City of Del Mar under terms and  
24 conditions satisfactory to the Director of General Services,  
25 including, but not limited to, seller financing, notes, or security,  
26 and the security for notes. Neither the District 22a Agricultural  
27 Association nor the 22nd District Agricultural Association shall  
28 enter into any contract, lease, or other agreement affecting the use  
29 or operation of the real property for a period that exceeds three  
30 months, and all of these contracts, leases, or other agreements shall  
31 contain a provision that they may be canceled upon a 30-day notice  
32 from the Department of General Services. The Department of  
33 General Services shall be reimbursed for any reasonable cost or  
34 expense incurred for the transactions described in this section.  
35 Additionally, to the extent bonds issued by the State Public Works  
36 Board or other entity involve the property to be sold pursuant to  
37 this section, all issuer and trustee related costs associated with the  
38 review of any proposed sale, together with the costs related to the  
39 defeasance or retirement of any bonds, which may include the cost  
40 of nationally recognized bond counsel, shall be paid from the

1 proceeds of any sale or lease authorized by this section. The net  
2 proceeds from the sale shall be deposited into the District 22a  
3 Disposition Fund.

4 (c) The sale of the real property authorized by this section may  
5 be pursuant to a public bidding process designed to obtain the  
6 highest, most certain return for the state from a responsible bidder,  
7 and any transaction based on such a bidding process shall be  
8 deemed to be the fair market value for the property, or may be a  
9 negotiated sale to the City of Del Mar. If a public bidding process  
10 is used, a notice of this bidding process shall be posted by the  
11 Department of General Services on its Internet Web site for at least  
12 30 days prior to the sale of the real property. The provisions of  
13 Section 11011.1 of the Government Code are not applicable to the  
14 sale of real property authorized under this section.

15 (d) Thirty days prior to executing a transaction for the sale of  
16 real and personal property as authorized by this section, the  
17 Director of General Services shall report in writing to the chairs  
18 of the fiscal committees of the Legislature all of the following:

19 (1) The financial terms of the transaction.

20 (2) A comparison of fair market value for the real property and  
21 the terms listed in paragraph (1).

22 (3) Any basis for agreeing to terms and conditions other than  
23 fair market value.

24 (e) As to the real property sold pursuant to this section, the  
25 Director of General Services shall except and reserve to the state  
26 all mineral deposits, as defined in Section 6407 of the Public  
27 Resources Code, together with the right to prospect for, mine, and  
28 remove the deposits. If, however, the Director of General Services  
29 determines that there is little or no potential for mineral deposits,  
30 the reservation may be without surface right of entry above a depth  
31 of 500 feet, or the rights to prospect for, mine, and remove the  
32 deposits shall be limited to those areas of the real property  
33 conveyed that the director determines to be reasonably necessary  
34 for the removal of the deposits.

35 (f) Upon the sale of all property that comprises District 22a,  
36 District 22a shall be abolished and all funds in the District 22a  
37 Disposition Fund shall be transferred to the General Fund for use  
38 consistent with subdivision (g) of Section 11011 of the Government  
39 Code and Section 9 of Article III of the California Constitution.

1 (g) (1) The disposition of state real property or buildings  
2 specified in subdivision (b) that are made on an “as is” basis shall  
3 be exempt from Chapter 3 (commencing with Section 21100) to  
4 Chapter 6 (commencing with Section 21165), inclusive, of Division  
5 13 of the Public Resources Code. Upon title to the parcel vesting  
6 in the purchaser or transferee of the property, the purchaser or  
7 transferee shall be subject to any local governmental land use  
8 entitlement approval requirements and to Chapter 3 (commencing  
9 with Section 21100) to Chapter 6 (commencing with Section  
10 21165), inclusive, of Division 13 of the Public Resources Code.

11 (2) If the disposition of state real property or buildings specified  
12 in subdivision (b), is not made on an “as is” basis and close of  
13 escrow is contingent on the satisfaction of a local governmental  
14 land use entitlement approval requirement or compliance by the  
15 local government with Chapter 3 (commencing with Section 21100)  
16 to Chapter 6 (commencing with Section 21165), inclusive, of  
17 Division 13 of the Public Resources Code, the execution of the  
18 purchase and sale agreement or of the exchange agreement by all  
19 parties to the agreement shall be exempt from Chapter 3  
20 (commencing with Section 21100) to Chapter 6 (commencing with  
21 Section 21165), inclusive, of Division 13 of the Public Resources  
22 Code.

23 (3) For the purposes of this subdivision, “disposition” means  
24 the sale, lease, or repurchase of state property or buildings specified  
25 in subdivision (b).

O