

Assembly Bill No. 1058

Passed the Assembly May 20, 2013

Chief Clerk of the Assembly

Passed the Senate July 1, 2013

Secretary of the Senate

This bill was received by the Governor this _____ day
of _____, 2013, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to amend Sections 170004, 170006, 170010, 170011, 170012, 170013, 170014, 170018, 170024, 170048, 170056, 170060, 170062, and 170064 of the Public Utilities Code, relating to airports.

LEGISLATIVE COUNSEL'S DIGEST

AB 1058, Chávez. San Diego County Regional Airport Authority.

(1) Existing law provides for the formation and functioning of city selection committees in any county in which 2 or more cities are incorporated, for the purpose of appointing city representatives to boards, commissions, and agencies as required by law.

The San Diego County Regional Airport Authority Act establishes the San Diego County Regional Airport Authority as a local entity of regional government with jurisdiction throughout the County of San Diego and requires that the authority prepare, adopt, and amend an airport land use compatibility plan for each airport in San Diego County utilizing a public collaborative planning process. Existing law requires the authority to adopt a comprehensive plan on the future development of San Diego's regional international airport. The authority is governed by a 9-member board of directors, 4 of whom are appointed by city selection committees of specified cities within the County of San Diego.

This bill would delete references to the city selection committees appointing the 4 directors, and instead would require the mayors of those cities to jointly appoint the directors in a public meeting that is publicly noticed by the authority and each of the cities, as specified. By requiring the cities to provide notice of these meetings, thereby increasing the duties of local officials, this bill would impose a state-mandated local program. The bill would provide that there are 9 voting members of the board of directors and would delete outdated provisions relative to the initial terms of office of the various directors and the first meeting of the board. The bill would authorize the authority to issue guidance to cities concerning the appointment process. The bill would provide that

a director's term of office commences on February 1 of the year in which the appointment commences, rather than on the first Monday in February. The bill would specify procedures for the composition of a 3-person executive committee. The bill would delete outdated provisions relative to the authority's audit committee. The bill would authorize, instead of require, the authority to adopt a comprehensive plan on the future development of San Diego's regional international airport.

(2) The San Diego Unified Port District Act established the San Diego Unified Port District. The San Diego County Regional Airport Authority Act requires the port to transfer all title and ownership of the San Diego International Airport, as defined, but to retain trusteeship of lands underlying the airport consistent with the State Land's Commission's requirement, subject to a 66-year lease to the authority for control of the airport property.

This bill would delete outdated provisions relative to the transition of title and ownership of the San Diego International Airport from the port to the authority.

(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

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

SECTION 1. Section 170004 of the Public Utilities Code is amended to read:

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

(a) Airports help to link local, regional, statewide, national, and global economic activities. Airports are also essential features of comprehensive transportation systems, that include streets and highways, rail transit, transit over water, and mass transit.

(b) It is essential to the public health, safety, and welfare that airports be developed and operated in the San Diego County region so that those airports promote economic development, protect environmental quality, and enhance social equity.

(c) The significant regional consequences of airport planning, development, and operations require the creation of a regional airport authority.

SEC. 2. Section 170006 of the Public Utilities Code is amended to read:

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” and “board of directors” means the governing board of the authority established as specified in Chapter 2 (commencing with Section 170010).

(c) The “consolidated agency” means the authority resulting from the consolidation of the San Diego Association of Governments and the transit boards pursuant to Chapter 3 (commencing with Section 132350) of Division 12.7.

(d) The “east county cities” means the Cities of El Cajon, La Mesa, Lemon Grove, and Santee.

(e) The “north county coastal cities” means the Cities of Carlsbad, Del Mar, Encinitas, Oceanside, and Solana Beach.

(f) The “north county inland cities” means the Cities of Escondido, Poway, San Marcos, and Vista.

(g) 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).

(h) The “San Diego International Airport” means the airport located at Lindbergh Field in the County of San Diego.

(i) The “south county cities” means the Cities of Chula Vista, Coronado, Imperial Beach, and National City.

SEC. 3. Section 170010 of the Public Utilities Code is amended to read:

170010. (a) (1) The board of directors shall consist of nine voting members, appointed as follows:

(A) The Mayor of the City of San Diego shall appoint three persons, two of whom shall be subject to confirmation by the City Council of the City of San Diego. The persons appointed pursuant to this paragraph shall be residents of the City of San Diego and not less than one shall be an elected official of the City of San Diego. For purposes of this subdivision, an “elected official of the

City of San Diego” means the Mayor or a member of the City Council of the City of San Diego.

(B) The Chair of the Board of Supervisors of the County of San Diego shall appoint two persons, subject to confirmation by the Board of Supervisors of the County of San Diego. The persons appointed pursuant to this paragraph shall be residents of the County of San Diego and not less than one shall be a member of the Board of Supervisors of the County of San Diego.

(C) At a public meeting, the mayors of the east county cities shall appoint one person pursuant to a majority vote of the mayors of the east county cities. The person appointed pursuant to this paragraph shall be a member of a city council of one of the east county cities or another resident of one of the east county cities.

(D) At a public meeting, the mayors of the north county coastal cities shall appoint one person pursuant to a majority vote of the mayors of the north county coastal cities. The person appointed pursuant to this paragraph shall be a member of a city council of one of the north county coastal cities or another resident of one of the north county coastal cities.

(E) At a public meeting, the mayors of the north county inland cities shall appoint one person pursuant to a majority vote of the mayors of the north county inland cities. The person appointed pursuant to this paragraph shall be a member of a city council of one of the north county inland cities or another resident of one of the north county inland cities.

(F) At a public meeting, the mayors of the south county cities shall appoint one person pursuant to a majority vote of the mayors of the south county cities. The person appointed pursuant to this paragraph shall be a member of a city council of one of the south county cities or another resident of one of the south county cities.

(2) Public meetings convened pursuant to subparagraphs (C) to (F), inclusive, of paragraph (1) shall be publicly noticed by the authority and by each of the cities whose mayor is eligible to participate in the meeting. These meetings 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) and shall be conducted by the authority clerk who shall record the minutes of the meeting.

(3) The authority may issue guidance to cities concerning the appointment process.

(b) The following persons shall be nonvoting, noncompensated, ex officio members of the board of directors, appointed by the Governor:

(1) The District Director of the Department of Transportation for the San Diego region.

(2) The Department of Finance representative on the State Lands Commission.

(c) The board of directors may provide for additional nonvoting, noncompensated members of the board of directors, including representatives of the United States Navy and the United States Marine Corps, each of whom may appoint an alternate to serve in his or her place.

(d) The Mayor of the City of San Diego shall appoint the chair of the authority board of directors from among the nine voting members of the board of directors.

SEC. 4. Section 170011 of the Public Utilities Code is amended to read:

170011. (a) Except as provided in subdivision (b) of Section 170010, the term of office of a member of the board of directors appointed pursuant to subdivision (a) of Section 170010 is three years. A member of the board of directors may continue to serve beyond the expiration of the term until his or her successor qualifies for appointment and takes office. Following appointment, a member of the board of directors shall take office at 12:01 a.m. on February 1 of the year in which the appointment commences. If a board appointment is made after February 1 of the year in which the member's term is scheduled to commence, the member shall take office immediately upon appointment and, if applicable, after receiving confirmation, to serve the remainder of the term.

(b) If a member of the board of directors is appointed to be a member as a result of holding another public office and that person no longer holds that other public office, then that person shall no longer serve on the board of directors and a vacancy shall exist.

(c) Any vacancy in the office of a member of the board of directors shall be filled promptly pursuant to Section 1779 of the Government Code.

(d) Any person appointed to fill a vacant office shall serve the balance of the unexpired term. If a member of the board of directors leaves office prior to the expiration of his or her term, the vacancy

shall be filled for the balance of the unexpired term pursuant to subdivision (a) of Section 170010.

SEC. 5. Section 170012 of the Public Utilities Code is amended to read:

170012. (a) At the first meeting of the board of directors on or after February 1 of each even-numbered year, the board of directors shall meet and elect its officers, except for the chair of the board of directors, who shall be appointed by the Mayor of the City of San Diego.

(b) The officers of the board of directors are a chair, vice chair, and those additional officers created by the board of directors pursuant to subdivision (c). The chair shall preside over meetings of the board of directors and the vice chair shall serve during the chair's absence or inability to serve.

(c) The board of directors may create additional offices and elect members to those offices, provided that no member of the board of directors shall hold more than one office.

SEC. 6. Section 170013 of the Public Utilities Code is amended to read:

170013. (a) The board of directors shall govern the authority.

(b) The board of directors shall establish policies for the operation of the authority. The board of directors shall provide for the implementation of those policies which are the responsibility of the authority's chief executive officer.

(c) All members of the board of directors shall exercise their independent judgment on behalf of the interests of the residents, property owners, and the public within San Diego County as a whole in furthering the purposes and intent of this division. The members of the board of directors shall represent the interests of the public as a whole and not solely the interests of the local officials who appointed them to the board of directors.

(d) The board of directors shall have a three-member executive committee. One member of the executive committee shall be a board member selected from among those members appointed by the Mayor of the City of San Diego pursuant to subparagraph (A) of paragraph (1) of subdivision (a) of Section 170010 (category 1). One member of the executive committee shall be a board member appointed by the Chair of the Board of Supervisors of the County of San Diego pursuant to subparagraph (B) of paragraph (1) of subdivision (a) of Section 170010 (category 2). One member

of the executive committee shall be a board member selected from among those members appointed pursuant to subparagraphs (C) to (F), inclusive, of paragraph (1) of subdivision (a) of Section 170010 (category 3). Additionally, members of the executive committee shall be the following:

- (1) The chair of the authority's board of directors pursuant to subdivision (d) of Section 170010.
- (2) The vice chair of the authority's board of directors, appointed from a category different than the chair.
- (3) A third member of the board of directors appointed from a category that is not represented on the executive committee as a result of paragraphs (1) and (2).
- (4) The members of the executive committee serving pursuant to paragraphs (2) and (3) shall each be selected to serve by a vote of the members of the board of directors.
- (e) The board of directors shall appoint a seven-member audit committee consisting of four members of the board of directors and the three public members appointed pursuant to Section 170018.

SEC. 7. Section 170014 of the Public Utilities Code is amended to read:

170014. (a) Meetings of the board of directors are subject to the provisions of the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code).

(b) A majority of the total voting membership of the board of directors shall constitute a quorum for the transaction of business.

(c) The board of directors shall act only by ordinance, resolution, or motion.

(d) (1) Except as provided in subdivision (e), to adopt an ordinance, resolution, or motion requires both a numerical and a weighted majority vote of the total voting membership of the board of directors pursuant to paragraphs (2) and (3).

(2) A numerical majority requires an affirmative vote of at least five of the voting membership of the board of directors.

(3) (A) A weighted majority requires an affirmative vote of at least 51 vote points that are allocated to the voting membership of the board of directors, unless the total number of vote points is expanded beyond 100 as a result of the operation of subparagraph (E). If the total number of vote points is greater than 100 as a result

of the operation of subparagraph (E), a weighted majority requires an affirmative vote of at least 50 percent plus one of the total vote points. Vote points shall be allocated pursuant to subparagraph (B).

(B) There shall be a total of 100 allocated vote points for the weighted vote, except that additional vote points shall be allocated pursuant to subparagraph (E). For purposes of this paragraph, the City of San Diego, the County of San Diego, the east county cities, the north county coastal cities, the north county inland cities, and the south county cities are each a jurisdiction. The points allocated to the City of San Diego shall be divided among the three board members appointed pursuant to paragraph (1) of subdivision (a) of Section 170010. The points shall be allocated among the three board members by the Mayor of the City of San Diego, keeping the votes for each seat as close to equal as possible but in a manner that avoids fractional vote points. The vote points allocated to the County of San Diego shall be divided between the two board members appointed pursuant to paragraph (2) of subdivision (a) of Section 170010. The vote points shall be allocated among the two board members by the chair of the board of supervisors, keeping the votes for each seat as close to equal as possible but in a manner that avoids fractional vote points. Each jurisdiction shall have that number of vote points determined by the following allocation formula, except that each jurisdiction shall have at least one vote point, no jurisdiction shall have more than 40 vote points, and there shall be no fractional vote points:

(i) If any jurisdiction has 40 percent or more of the total population of the San Diego County region, 40 vote points shall be allocated to that jurisdiction and the remaining vote points shall be allocated to the remaining jurisdictions pursuant to clause (ii). If no jurisdiction has 40 percent or more of the total population of the San Diego County region, vote points shall be allocated pursuant to clause (iii).

(ii) The total population of the remaining jurisdictions shall be computed and the remaining 60 vote points allocated based upon the percentage of the total that each jurisdiction has, in the following manner:

(I) The percentage each jurisdiction bears to the total remaining population shall be multiplied by 60 to determine fractional shares.

(II) Each fraction less than one shall be rounded up to one, so that no jurisdiction has less than one vote point.

(III) Disregarding any fractional vote points and adding just the whole vote points, if the total vote points is 60, fractional vote points are dropped and the whole numbers are the vote points for each jurisdiction.

(IV) If, after disregarding the fractional vote points and adding just the whole vote points, the total vote points for the remaining jurisdictions is less than 60, the difference in vote points shall be allocated to jurisdictions in order of the highest fractions until a total of 60 vote points are allocated, excepting those jurisdictions whose vote was increased to one pursuant to subclause (II).

(V) If, after disregarding the fractional vote points and adding just the whole vote points, the total vote points for the remaining jurisdictions is more than 60, the vote points in excess of 60 shall be eliminated by subtracting vote points from jurisdictions with the lowest percentage to the total remaining population except that no jurisdiction's vote points shall be reduced to less than one.

(iii) If no jurisdiction has 40 percent or more of the total population of the San Diego County region, the total population of the region shall be computed and all 100 vote points shall be allocated based upon the percentage each jurisdiction bears to the total population of the region, in the following manner:

(I) The percentage of any jurisdiction that is less than one shall be rounded up to one, so that no jurisdiction has less than one vote point.

(II) Disregarding any fractional vote points and adding just the whole vote points, if the total vote points is 100, fractional vote points shall be dropped and the whole numbers shall be the vote points for each jurisdiction.

(III) If, after disregarding the fractional vote points and adding just the whole vote points, the total vote points for all jurisdictions is less than 100, the difference in vote points shall be allocated to jurisdictions in order of the highest fractions until a total of 100 vote points are allocated, excepting those jurisdictions whose vote was increased to one pursuant to subclause (I).

(IV) If, after disregarding the fractional vote points and adding just the whole vote points, the total vote points for all jurisdictions is more than 100, the vote points in excess of 100 shall be eliminated by subtracting vote points from jurisdictions with the

lowest percentage to the total population or the region except that no jurisdiction's vote points shall be reduced to less than one.

(C) When a weighted vote is taken on any item that requires more than a majority vote of the board, it shall also require the same supermajority percentage of the weighted vote.

(D) The allocation of vote points pursuant to this subdivision shall be made annually by the board of directors based upon the population calculations made by the San Diego Association of Governments (SANDAG).

(E) Any other newly incorporated city shall be added to the jurisdiction designated by SANDAG. The board member representing that jurisdiction shall receive one additional vote under the weighted vote procedure specified above until the next allocation of vote points pursuant to subparagraph (D), at which time the new jurisdiction shall receive votes in accordance with the formula specified in this paragraph. Until this next vote points allocation, the total number of weighted vote points may exceed 100.

(e) Any act to submit a ballot measure to the voters at a regular or special election shall require a two-thirds majority vote, both numerically and by weighted vote, of the total voting membership of the board of directors.

(f) The board of directors shall keep a record of all of its actions, including financial transactions.

(g) The board of directors shall adopt rules or bylaws for its proceedings.

(h) The board of directors shall adopt policies for the operation of the authority, including, but not limited to, ethical standards and practices, administrative policies, fiscal policies, personnel policies, and purchasing policies.

SEC. 8. Section 170018 of the Public Utilities Code is amended to read:

170018. (a) The audit committee formed pursuant to subdivision (e) of Section 170013 shall be a standing committee of the board of directors. Each member of the committee shall be a voting member. The public members shall be appointed by the board of directors for staggered three-year terms.

(b) The board of directors shall select the three public members from among the following categories of persons, with no more than one appointee from each category at any one time:

(1) A professional with experience in the field of public finance and budgeting.

(2) An architect or civil engineer licensed to practice in this state.

(3) A professional with experience in the field of real estate or land economics.

(4) A person with experience in managing construction of large-scale public works projects.

(5) A person with public or private sector executive level decisionmaking experience.

(6) A person who resides within the airport influence area of the San Diego International Airport (Lindbergh Field).

(7) A person with experience in environmental justice as it pertains to land use.

(c) The board of directors may appoint other persons to serve as nonvoting, noncompensated, ex officio members on the Audit Committee.

(d) In appointing the public members of the Audit Committee, the board of directors shall provide for selection policies, appointment procedures, conflict-of-interest policies, length-of-term policies, and policies for providing compensation, if any.

(e) The Audit Committee shall serve as a guardian of the public trust, acting independently and charged with oversight responsibilities for reviewing the authority's internal controls, financial reporting obligations, operating efficiencies, ethical behavior, and regular attention to cashflows, capital expenditures, regulatory compliance, and operations.

(f) The Audit Committee shall meet a minimum of four times per year and shall, at a minimum, do all the following:

(1) Regularly review the authority's accounting, audit, and performance monitoring processes.

(2) At the time of contract renewal, recommend to the appropriate committee and the board of directors its nomination for an external auditor and the compensation of that auditor, and consider at least every three years, whether there should be a rotation of the audit firm or the lead audit partner to ensure continuing auditor independence.

(3) Advise the appropriate committee and the board of directors regarding the selection of the auditor.

(4) Be responsible for oversight and monitoring of internal and external audit functions, and monitoring performance of, and internal compliance with, authority policies and procedures.

(5) Be responsible for overseeing the annual audit by the external auditors and any internal audits.

(6) Make recommendations to the full board regarding paragraphs (1) to (5), inclusive.

(g) An affirmative vote by at least five members of the Audit Committee shall be required for approval of the annual internal and external audits, including performance monitoring, the auditor's annual audit plan for each fiscal year submitted to the board for approval, and actions recommending or approving debt financing for the authority.

SEC. 9. Section 170024 of the Public Utilities Code is amended to read:

170024. (a) Upon request of the board of directors of the authority, and with the consent of any labor organization acting as the exclusive representative of employees of the authority whose rights are governed by a collective bargaining agreement, the board may enter into a contract to enroll those employees as members of the California Public Employees' Retirement System (CalPERS) or another retirement system.

(b) A contract to enroll employees in CalPERS shall be subject to the provisions of Part 3 (commencing with Section 20000) of Division 5 of Title 2 of the Government Code and, where permitted by the law governing that system, shall receive full reciprocity with public employees' retirement systems in which they previously participated.

(c) Employees transferred from any existing retirement system or pension plan to CalPERS or any other retirement system by operation of this section shall receive benefits immediately after enrollment in, or transfer to, the system that are equal to the benefits the employees would have been entitled to immediately before enrollment in, or transfer to, the system.

SEC. 10. Section 170048 of the Public Utilities Code is amended to read:

170048. (a) The authority has exclusive responsibility to study, plan, and implement any improvements, expansion, or enhancements at San Diego International Airport.

(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) 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.

(e) The authority may adopt a comprehensive plan on the future development of San Diego's regional international airport.

SEC. 11. Section 170056 of the Public Utilities Code is amended to read:

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 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 and the annual rent shall be level 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.

SEC. 12. Section 170060 of the Public Utilities Code is amended to read:

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.

SEC. 13. Section 170062 of the Public Utilities Code is amended to read:

170062. (a) 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 operation of San Diego International Airport.

(b) 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.

(c) 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.

(d) 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.

(e) 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.

(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 Lindbergh Field, and peace officers of the Harbor Police shall remain employees of the port.

SEC. 14. Section 170064 of the Public Utilities Code is amended to read:

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 of San Diego International Airport to the authority, 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.

SEC. 15. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

Approved _____, 2013

Governor