

An act to amend Sections 170004, 170006, 170010, 170012, 170016, 170018, 170024, 170026, 170038, 170042, 170048, 170052, 170056, 170058, 170062, 170064, 170068, 170070, 170072, 170076, 170078, 170082, and 170084 of, to repeal Sections 170058.5, 170059, and 170080 of, and to repeal and add Sections 170028, 170060, and 170066 of, the Public Utilities Code, relating to airports, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 26, 2002. Filed with
Secretary of State September 27, 2002.]

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 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.

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” 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, San Marcos, 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.

SEC. 2.5. Section 170010 of the Public Utilities Code is amended to read:

170010. The interim executive director of the authority shall be that person who is the Senior Director of Aviation of the port on September 1, 2001. The interim executive director shall undertake all regular and necessary measures and decisions for the efficient operation of the authority until January 6, 2004, or until the time that a permanent executive director is appointed, whichever occurs first.

SEC. 3. Section 170012 of the Public Utilities Code is amended to read:

170012. (a) There shall be an interim board of the authority to advise the interim executive director, to prepare and adopt the transition plan required under Section 170062, and to oversee the activities required pursuant to subdivisions (c), (d), (e), and (f) of Section 170048.

(b) The interim board shall be chaired by the interim executive director.

(c) The interim executive director shall appoint five members to the interim board. The members shall be geographically representative of San Diego County and shall be serving as elected officials of, appointees to, or representatives of local, state, or federal governmental agencies or bodies, at the time of their respective appointment.

(d) The first meeting of the interim board shall be on January 7, 2002, at a time and location to be determined by the chair. Thereafter, the chair shall hold monthly public meetings of the interim board.

(e) The interim board shall be dissolved on December 2, 2002.

SEC. 4. Section 170016 of the Public Utilities Code is amended to read:

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 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 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 two 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 170026.

(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.

SEC. 5. Section 170018 of the Public Utilities Code is amended to read:

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 expired term by a person selected by the respective appointing authority for that position.

SEC. 6. Section 170024 of the Public Utilities Code is amended to read:

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.

SEC. 6.2. Section 170026 of the Public Utilities Code is amended to read:

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.

SEC. 6.8. Section 170028 is added to the Public Utilities Code, to read:

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.

SEC. 7. Section 170038 of the Public Utilities Code is amended to read:

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.

SEC. 8. Section 170042 of the Public Utilities Code is amended to read:

170042. 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. A majority of the membership of the board shall constitute a quorum for the transaction of business.

SEC. 8.5. Section 170048 of the Public Utilities Code is amended to read:

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.

SEC. 9. Section 170052 of the Public Utilities Code is amended to read:

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.

SEC. 10. 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 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 as 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.

SEC. 11. Section 170058 of the Public Utilities Code is amended to read:

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.

SEC. 12. Section 170058.5 of the Public Utilities Code is repealed.

SEC. 13. Section 170059 of the Public Utilities Code is repealed.

SEC. 14. Section 170060 of the Public Utilities Code is repealed.

SEC. 15. Section 170060 is added to the Public Utilities Code, 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.

(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.

SEC. 16. Section 170062 of the Public Utilities Code is amended to read:

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 limited 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. During a transition period from January 1, 2003, to June 30, 2005, inclusive, the authority shall purchase from the port, pursuant to a written agreement approved by the authority and the port, substantially all of the services specified in subparagraphs (D), (E), and (F) during the periods stated in subparagraphs (D), (E), and (F), subject to subdivisions (h) to (j), inclusive, and other requirements imposed by law or regulation.

(D) For the period from January 1, 2003, to June 30, 2003, inclusive, the authority shall acquire substantially all of its requirements for the following services from the port:

- (i) General services and maintenance.
- (ii) Training and organizational development.
- (iii) Public art.
- (iv) Environmental services.
- (v) Human resources.
- (vi) Audit and risk management.
- (vii) Marketing.
- (viii) Financial services.
- (ix) Information technology.
- (x) Purchasing.
- (xi) Treasury.
- (xii) Equal Opportunity Management.

(E) For the period from July 1, 2003, to June 30, 2004, inclusive, the authority shall acquire substantially all of its requirements for the following services from the port:

- (i) General services and maintenance.
- (ii) Training and organization development.
- (iii) Public art.
- (iv) Environmental services.
- (v) Human resources.
- (vi) Audit and risk management.
- (vii) Marketing.

(F) For the period from July 1, 2004, to June 30, 2005, inclusive, under the authority shall acquire substantially all of its requirements for the following services from the port:

- (i) General services and maintenance.
- (ii) Training and organizational development.
- (iii) Public art.

(G) Except as expressly stated in subparagraphs (D), (E), and (F), 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.

(H) 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.

(I) 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.

(J) For those services that the authority is required, under subparagraphs (D), (E), and (F) to purchase from the port, the port shall submit to the authority a proposed budget for those services for the approval of the authority not less than 120 days preceding the commencement of the applicable six-month or one-year period for the provision of those services. For all other services that the authority in its discretion may request, and the port agrees to provide services, the port shall submit to the authority a proposed budget for those optional services within 30 days of the authority's request for the services.

(K) 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.

(L) Performance of all 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 performance audits, or both, of, all services provided by the port and all charges or claims for payment for the services.

(M) 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 officer of the Harbor Police shall remain employees of the port.

SEC. 17. 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 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.

SEC. 18. Section 170066 of the Public Utilities Code is repealed.

SEC. 19. Section 170066 is added to the Public Utilities Code, to read:

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.

SEC. 20. Section 170068 of the Public Utilities Code is amended to read:

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.

SEC. 21. Section 170070 of the Public Utilities Code is amended to read:

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.

SEC. 22. Section 170072 of the Public Utilities Code is amended to read:

170072. The authority may levy special benefit assessments consistent with the requirements of Article XIII D 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).

SEC. 23. Section 170076 of the Public Utilities Code is amended to read:

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.

SEC. 24. Section 170078 of the Public Utilities Code is amended to read:

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.

SEC. 25. Section 170080 of the Public Utilities Code is repealed.

SEC. 26. Section 170082 of the Public Utilities Code is amended to read:

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.

SEC. 27. Section 170084 of the Public Utilities Code is amended to read:

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 of 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.

SEC. 28. The provisions of this act are severable. If any provision of this act or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

SEC. 29. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution for certain costs that may be incurred by a local agency or school district because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for, in part, the program or level of service mandated by this act, within the meaning of Section 17556 of the Government Code.

However, notwithstanding Section 17610 of the Government Code, if the Commission on State Mandates determines that this act contains other 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. If the statewide cost of the claim for reimbursement does not exceed one million dollars (\$1,000,000), reimbursement shall be made from the State Mandates Claims Fund.

SEC. 30. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of

Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order that these provisions may apply at the earliest possible time to facilitate the orderly transfer of the San Diego International Airport to the San Diego County Regional Airport Authority, it is essential that this act take effect immediately.