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San Diego County Regional Airport Authority: Assessing Governmental Accountability

LEGISLATIVE ANALYST'S OFFICE

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Public Interest/Public Concerns

- Airports serve a vital role in the economy of all California regions, but impose significant costs on local communities including:
 - Noise.
 - Traffic.
 - Limitations on land use and development.

- Because of these local costs, airport operations and plans for expansion frequently evoke significant public concern.

- Public concern about airports is common throughout California (and elsewhere in the world). These concerns are present regardless of how an airport is owned or operated, or how its governing board is structured.

- Strengthening the accountability of airport governing boards is good policy, but it won't end debate and concerns regarding the costs imposed by airport operations and expansion.



Airport Governance and Operations in the United States

- Most major commercial airports in the United States are owned and operated by public agencies.

- Airport governance varies significantly, but most airports are governed by one of the following:
 - **City Government.** The City of Los Angeles, for example, owns four airports and operates them as a branch of city government: LAX, Ontario, Van Nuys, and Palmdale airports. The City and County of San Francisco owns and operates the San Francisco airport. The City of Chicago owns and operates O'Hare and Midway Airports.
 - **County Government.** The County of Sacramento owns and operates Sacramento International Airport, Mather Field (cargo air transport), and Franklin Field and Executive Airports (general aviation).
 - **Independent MultiPurpose Transportation Agency.** The Port Authority of New York and New Jersey operates four airports in the greater New York City region, as well as the region's bus terminals, bridges, tunnels, and other transportation services. The Massachusetts Bay Transit Authority owns and operates Boston's Logan Airport, two smaller airports, the Boston seaport, and a bridge. Both transportation authorities are headed by governing boards comprised of gubernatorial appointees.
 - **Independent Single Purpose Agencies.** The Burbank (Bob Hope) and San Diego Airports are governed by independent single-purpose agencies. Burbank's airport is one of the few major California airports operated by a private contractor. San Diego International is operated by the airport authority.

- In California, our largest airports tend to be owned and operated by city governments. Independent multipurpose transportation agencies (such as the New York/New Jersey Port Authority) are more common on the Eastern seaboard.



Key Governance Features of the San Diego County Regional Airport Authority

- Airport Ownership.** The San Diego International Airport is publicly owned and operated. In 2003, state statutes transferred ownership of this airport from the San Diego Unified Port District and established the San Diego County Regional Airport Authority. (The area's 15 other airports were not affected by this shift.)
- Airport Governing Board.** The airport's governing board includes three appointees by the City of San Diego, four appointees by the county's smaller cities, one appointee by the county sheriff, and one appointee by the California Governor. The composition of the governing board is highly complex. For example, state statutes require that:

 - Each group of small cities must rotate its appointment every four years so that it is represented by a mayor for four years, followed by a person who is not a mayor for four years.
 - The governing board member appointed by the Sheriff must be confirmed by the San Diego County Board of Supervisors and live in the *unincorporated* area of the County of San Diego.
 - The governing board member appointed by the California Governor must be confirmed by the Senate and reside somewhere in the County of San Diego, *other* than the City of San Diego.
- Division of Governing Board.** The airport governing board has two tiers:

 - Three members, specified by statute, serve on the executive committee and receive compensation equivalent to that of a County of San Diego superior court judge (about \$150,000) and health benefits.
 - Six other members—including all of the appointees by small cities—receive stipends of up to \$400 per month and do not receive health benefits.



Key Governance Features of the San Diego County Regional Airport Authority *(Continued)*

- Policy Responsibility.*** The airport authority has only one area of policy responsibility: air transportation.

- Land Use Authority.*** The airport authority serves as the county's Airport Land Use Commission (ALUC), giving the airport authority significant responsibility over land use and development near airports. As the ALUC, the airport authority is responsible for developing land use compatibility plans for the land near all 16 of the county's airports and reviewing certain local agency land use actions for consistency with its compatibility plans.



Assessing the Airport Authority's Accountability

- The Airport's Governance Structure Is New.*** Any assessment of its accountability is based on limited observations.
- The Authority Makes Significant Information Readily Available to the Public on its Web Site.*** This information includes meeting agendas, minutes, and the agency's budget and Comprehensive Annual Financial Report (these two financial documents were commended for excellence by the Government Finance Officers Association).
- The Unusually Complex Composition of the Airport's Governance Board—and its Division Into Tiers—May Reduce the Authority's Accountability to the Public.***

 - It is difficult for San Diegans to determine who represents them currently and who is permitted to represent them in the future. This complexity in the appointment process makes it difficult for residents to provide feedback and to influence the airport's governing board policies.
 - Providing a significant salary to the three executive committee members allows these individuals to devote considerable time to airport responsibilities and respond to constituent questions. This places the six other governing board members at a real disadvantage.
 - Like most public agencies, the airport's executive committee plays a major role in agency oversight and policy development. Unlike other executive committees, however, the members of the airport executive committee are specified in statute and may not be removed from the committee by other governing board members. Thus, state statutes limit the ability of the governing board to hold its executive committee members accountable. These state statutes also reduce the natural competition for leadership among airport board members. If the executive committee members were determined by the governing board, some members would compete for



Assessing the Airport Authority's Accountability *(Continued)*

these positions, a practice that would highlight policy differences among board members to the public and media and encourage public debate.



The Purpose of Having Gubernatorial and Sheriff Appointees on the Governing Board Is Not Clear.

- Elsewhere in the state, the Governor does not make appointments to the governing boards of major airports. Outside of California, governors sometimes make appointments to airport governing boards, but this is common only in cases where the airport is the dominant airport in the state.
- Throughout the United States, sheriffs typically do not appoint members to the airport governance board. In general, this is because the sheriff's responsibilities do not overlap significantly with the responsibilities of an airport authority.



Vesting Authority for Airport Land Use Regulation With the Airport Operator Can Appear to be a Conflict of Interest and Undermine Public Confidence in the Land Use Regulations.

- The San Diego airport authority is the only major airport in California where the airport operator serves as the ALUC.
- ALUC responsibilities for other major California airports are carried out by an independent agency not associated with airport operations.
- Seeking to address this perceived conflict of interest, the San Diego airport authority created an ALUC advisory committee with representatives from many interests, including local government, the military, private property owners, pilot organizations, and community planning groups. Over time, it is possible that this advisory board may mitigate some concerns associated with having the airport authority serve as the ALUC.



Key Questions Regarding Changing the Airport Authority's Governance Structure



How Many Members Should Serve on the Governing Board?

- There is no single right answer to this question. In establishing a governing board, the ideal is to have a board that is small enough to focus responsibility and accountability, but large enough to reflect the community's interests and have the expertise to do the work.
- One way to reduce the size of the current governing board would be to eliminate the appointments by the Governor and sheriff. These appointments do not appear necessary to advance community interests in air transportation.
- ***A Possible Alternative for San Diego.*** Create a seven member board, with three representatives from smaller cities, two representatives from the City of San Diego, one representative from the County of San Diego, and one representative from the city in which the major airport is located (currently, the City of San Diego) as an acknowledgement of the localized costs associated with airport operations.



Should the Two-Tiered Governance Structure Be Maintained?

- To focus accountability, the Legislature could allow all members of the airport authority governing board to determine who serves on the executive committee. The executive committee members could serve at the pleasure of the governing board and be accountable to them.
- To reduce the disparities in the amount of time governing board members can devote to airport responsibilities, airport authority compensation could be modified to provide roughly similar compensation for all governing board members. Executive committee members could receive slightly higher compensation (similar to the differential between the compensation for state Legislators and legislative leadership).



Key Questions Regarding Changing the Airport Authority's Governance Structure

(Continued)



How Much Compensation Should Be Provided?

- Many airport governing board members throughout the country carry out their responsibilities *without* compensation, or are provided small stipends.
- Eliminating governing board compensation would save the airport significant sums, but would limit the amount of time governing board members could devote to airport operations and policy development. This, in turn, would place a greater emphasis on staff decision making.
- Ultimately, the policy question is: To what extent do residents of San Diego want political representatives to guide airport decision making as opposed to having these decisions made by staff? If the residents of San Diego want significant involvement by political representatives, then the airport authority should provide compensation equivalent to at least part-time, professional work.
- Note: If the San Diego airport authority's board were comprised of seven members, it could pay each member about \$70,000 annually without imposing greater costs than the authority currently pays for its nine-member board.



How Long Should a Term of Appointment Last and Should Terms Be Staggered?

- We think the current term of appointment (four years) is reasonable.
- Many local agencies have found that staggering the terms of appointed offices to be helpful for policy continuation.



Key Questions Regarding Changing the Airport Authority's Governance Structure

(Continued)

- Depending on the size of the governing board and its composition, it may be possible to stagger terms of office in three groups. Should the Legislature wish to emphasize the participation of mayors or other elected officials on the board, the policy regarding staggered terms would need to be aligned with the terms of the elected officer holders.



Should Board Member Terms Be Limited?

- Currently, state statutes require that the four representatives of small cities rotate off the board after serving for four years. (These representatives are eligible for reappointment four years later.) No other airport authority board member has a limitation on his or her term specified in state statute.
- We see no reason why state statutes should impose term limits on a regional board. Should a local or regional appointing agency wish to impose term limits on its appointees, it can do so on its own.



Should ALUC Responsibilities Be Shifted (Back) to SANDAG?

- **Background.** Prior to 2003, SANDAG served as the ALUC for the County of San Diego. The SANDAG developed the required land use compatibility plan in 1992 and amended it in 1994. The airport authority undertook a significant revision of the land use compatibility plan in 2004, a process that generated significant controversy and prompted some to recommend that ALUC responsibility be returned to SANDAG.
- An ALUC plan authored by SANDAG might gain greater public acceptance. This is because airport land use planning would be carried out by an agency that has significant responsibilities for related regional issues (regional planning, housing, and ground transportation) and has no direct interest in airport operations.



Key Questions Regarding Changing the Airport Authority's Governance Structure

(Continued)



In Considering This Option, However, the Legislature Also Should Consider the Following:

- The SANDAG governance structure is not inherently more accountable than the airport authority. Both agencies are comprised of appointed representatives, not people elected to this responsibility.
- The SANDAG historically has been reluctant to pressure local agencies to change their land use planning policies, choosing instead to focus on interagency collaboration and providing incentives to encourage change. Accordingly, ALUC plans developed by SANDAG may differ from ALUC plans developed by the airport authority, with SANDAG's plans giving greater deference to local community land use preferences.
- Voting power on SANDAG and the airport authority is not identical. For example, the County of San Diego would have greater authority to affect the outcomes of policy decisions on the SANDAG board than at the airport authority.