

FINAL REPORT

CASE #0299: STOCKTON METRO AIRPORT

REASON FOR INVESTIGATION

A written complaint was received alleging the following topics of concern:

- 1. Inadequate management of the Stockton Metro Airport.**
- 2. Unwillingness by the San Joaquin County Board of Supervisors to consider other management alternatives, such as privatization of airport operations.**
- 3. The need for an airport manager experienced in real estate development in order to utilize all aspects of the land associated with the airport.**
- 4. The concern that County employees are able to solicit private funds to attract possible carriers to the Stockton Airport without the authority to do so from the Board of Supervisors.**
- 5. The County investing \$1,000,000 in a runway extension project for Farmington Fresh, without receiving additional revenue to the County for this effort.**
- 6. The County Aviation Advisory Commission (CAAC) may be operating in violation of the Brown Act while preparing for important CAAC meetings.**
- 7. The need for a carrier at the airport was verbally presented.**

The Grand Jury also became concerned about the following items during the course of the investigation. These items include:

- 1. The CAAC members are not required to file a Statement of Economic Interest. By not filing, it opens up the possibility of the appearance of conflicts of interest.**
- 2. San Joaquin County jurisdictions have not united in efforts to obtain transportation funding for Arch/Sperry Road bypass project that would benefit the future development of the airport and land surrounding the airport.**
- 3. The subsidy required of the General Fund for airport operations.**

BACKGROUND

_ At one time (1980) prior to deregulation, the Stockton Metro Airport was making \$13.1 million in revenue. The Stockton Metro Airport after deregulation, now earns about \$1.1 million in revenue and

requires around \$160,000 in a subsidy from the San Joaquin County General Fund. The current Airport Manager estimated that one jet carrier would eliminate the needed subsidy from the General Fund. The Stockton Metro Airport would not lose FAA funding by going to private management.

_ Development of the project depicted by the newly proposed airport Special Purpose Plan has little to do with airport operations. This proposed project involves development of the land surrounding the airport, in the hopes of bringing in business that may utilize the airport

itself, or at least utilize the highways that lie on either side of the airport. In order to accomplish this, the Arch/Sperry Connector must occur. It is expected that this connector may require 20 years to fund. With the help of Measure K funds or State or Federal funds, the schedule could be accelerated.

_ The CAAC is an advisory committee. It makes recommendations to the Board of Supervisors. The CAAC members do not file Statements of Economic Interest.

METHOD OF INVESTIGATION

- The Transportation Sub-Committee interviewed the complainant.**
- The Transportation Sub-Committee attended the San Joaquin County Board of Supervisors meeting where the proposed airport Special Purpose Plan was presented by the architectural firm in charge of the proposal.**
- Articles in the local media were reviewed.**
- The Stockton Metro Airport Manager, Mr. Dan DeAngelis, was interviewed (on two separate occasions).**
- CAAC meeting Minutes were requested and reviewed.**
- The Transportation Sub-Committee attended a COG presentation regarding Measure K and Transportation financing.**

FINDINGS

- 1. The Grand Jury finds that real estate experience is not vital to successfully completing the job of Airport Manager.**
- 2. The Stockton Metro Airport and its services have remained at a status quo since the time of deregulation. This status quo requires funding from the General Fund to maintain services. The possibility of privatization of the Stockton Metro Airport, in the hopes of turning it into a profitable entity deserves evaluation. The topic of privatization has been brought up to the CAAC, but pursuit of the possibility of privatization has never been promoted by this group to the Board of Supervisors. The Grand Jury finds that privatization is an alternative that should be evaluated and recommends such to the Board of Supervisors.**
- 3. We feel that the promotion and formation of a carrier is vital in establishing the Stockton Metro Airport as an airport the citizens of the County can use on a routine basis. Businesses and people in this area should be allowed to begin air travel close to home, rather than commuting great distances to the Sacramento or Bay Areas. In order to bring in a carrier, promotion of the airport and its surrounding area is essential. We feel that promotion would need to come in the form of positive advertising and marketing. The Grand Jury finds that the need for an airport carrier at the Stockton Metro Airport is vital to the financial success of the airport and that more**

effort at securing a potential carrier to the area should be employed.

4. The Grand Jury finds and supports that the Airport Manager is within his duties when soliciting private funds to attract possible carriers to the Stockton Airport without the specific direction from the Board of Supervisors.

5. The Grand Jury finds that the runway extension that could be utilized by Farmington Fresh could also be utilized by other carriers, not exclusively Farmington Fresh, and was justified.

6. The Grand Jury finds that there was no evidence of a violation of the Brown Act by CAAC, relative to its consideration of privatization of the Stockton Metro Airport operations. Upon review of the CAAC meeting minutes, it was discovered that the issue in question was agendized and given a public airing in two meetings. A staff report was issued and a vote was taken based upon the discussion and the report. No evidence of impropriety or Brown Act rights violation was found.

7. Seldom does an issue like the Arch-Sperry connection, with such regional importance arise. While growth issues divide and confound local politics, the opportunity for real economic expansion seldom presents itself as obviously as the development of the airport area. The successful development in the Airport Master Plan Area, the ability to entice airlines and continued growth of the outlying industrial area are hampered by the lack of access from the west. As a transportation hub and job creation center, the airport area is unique in its universal benefit to the entire County. The Arch-Sperry connection has been delayed because the cost of the project is beyond any individual agency=s budget. Federal and/or State funds are necessary for initiation of this project. Local government in this County has never had a cohesive voice in Washington and Sacramento. The Grand Jury finds that a coordinated effort needs to be used to obtain possible financing for this vital project.

8. While the CAAC exemption for filing a Statement of Economic Interest is technically legal, it weighs against the spirit of the

applicable disclosure statutes. Advisory boards and commissions are inherently political by nature. While the actions taken by this

Commission are to be advisory only, they carry much weight with the authorities making financial, regulatory and governmental decisions. The CAAC operates in a capacity of public trust, and that trust is violated when possible pecuniary interests of the commissioners are clouded in secrecy. The one reason given for the exemption was the savings of \$400 in administrative filing fees. The Grand Jury does not believe this is a realistic figure for delivery and filing of eight documents, but even if it were, the public interest in an open commission is worth the filing fee required. The Grand Jury finds that it would be beneficial to require CAAC members to file statements of economic interest.

RECOMMENDATIONS

1. Statements of Economic Interest: We recommend that the San Joaquin Board of Supervisors should rescind the FPPC filing exemption granted to the CAAC members.

2. Arch-Sperry Connection: We recommend that the local government authorities should act in concert to prioritize this issue with our elected Federal and State officials in the pursuit of grant monies.

3. Possible Privatization of the Stockton Metro Airport: We recommend that the topic of privatization of airport operations be evaluated and that a company that deals in airport privatization issues be contacted. Perhaps a private company's evaluation of what the Stockton Metro Airport could offer as a privately managed entity would be beneficial to the inhabitants of the County and may be a step towards getting a carrier to this area.

4. The Return of a Carrier to the Stockton Metro Airport: We recommend that the Board of Supervisors approve funding for a significant marketing effort, so that San Joaquin County residents and businesses can use and enjoy their airport and the services it has to offer.

RESPONSE REQUIRED

Pursuant to Sections 933.05 of the Penal Code:

1. The San Joaquin County Board of Supervisors for findings #1 - #6 and #8 and for recommendations #1, #3, and # 4 shall report to the Presiding Judge of the San Joaquin County Superior Court, in writing and within 90 days of the publication of this Report. That statute requires that as to each finding in the report, the response indicate one of the following:

a. The respondent agrees with the finding.

b. The respondent disagrees with the finding with an explanation of the reasons therefor.

Section 933.05 also requires as to each recommendation, the response indicate one of the following:

a. The recommendation has been implemented, with a summary of the action taken.

b. The recommendation has not yet been implemented, but will be, with a timeframe for implementation.

c. The recommendation requires further analysis, with an explanation of the scope of the analysis and a timeframe not to exceed 6 months.

d. The recommendation will not be implemented, with an explanation therefor.

5. For finding #7 and recommendation #2, the San Joaquin Council of Governments is required to respond to the Presiding Judge of the San Joaquin County Superior Court, in writing and within 90 days of the publication of this Report. That statute requires that as to each finding in the report, the response indicate one of the following:

a. The respondent agrees with the finding.

b. The respondent disagrees with the finding with an explanation of the reasons therefor.

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c. The recommendation requires further analysis, with an explanation of the scope of the analysis and a timeframe not to exceed 6 months.

d. The recommendation will not be implemented, with an explanation therefor.