

October 10, 2023

Honorable Judge Michael T. Smyth Presiding Judge San Diego Superior Court 1100 Union Street, 10th Floor San Diego, CA 92101

Re: Grand Jury Report: "Governance of San Diego Bay and Its Tidal Lands and Regions"

Honorable Judge Smyth,

Pursuant to California Penal Code Section 933.05 (a), (b), and (c), the City of San Diego provides the attached response from the City Council to the applicable findings and recommendations included in the above referenced Grand Jury Report.

If you require additional information, or have any questions, please contact Luz Anaya Luna, Director of Legislative Affairs, at lanayaluna@sandiego.gov.

Sincerely,

Council President Sean Elo-Rivera

Encl: 1. City Response to Grand Jury Report: "Governance of San Diego Bay and Its Tidal Lands and Regions"

2. City Council Resolution R-315135

Pursuant to California Penal Code section 933(c), the San Diego City Council provides the following responses for the findings and recommendations to the City Council that are included in the above referenced Grand Jury Report.

## **FINDINGS 01 THROUGH 15**

**Finding 01:** Port Commissioners are only required to represent the perspectives, not the interests of the Port City appointing them to the Board of Port Commissioners.

## Response: The City Council disagrees with the Grand Jury's finding.

As outlined in San Diego Unified Port District Act (Port Act), each Port City Council shall appoint the Port Commissioner(s) to which it is entitled "to represent that particular city on the board." The Port Act does not further specify that Port Commissioners represent the perspectives or interests of the Port City appointing them to the Board. However, pursuant to the Public Trust Doctrine, the Port District is legally mandated to manage the tidelands and submerged lands for the benefit of California residents, not only for Port Cities.

As stated in the <u>draft Port Master Plan Update</u>, "The Public Trust Doctrine dates to Roman law and has evolved into a common-law principle whereby a sovereign entity owns all its navigable waterways and the lands lying beneath them as trustee for the benefit of the people." The Public Trust Doctrine protects the tidelands in San Diego Bay described in the Grand Jury report, for the benefit of the California public. These lands are referred to as "Public Trust" lands and were acquired by the State when it joined the Union in 1850. The lands are held in trust by the State but belong to the public. While local residents are a part of the California public, the lands described in this report belong to the entire California public.

**Finding 02:** The Port District acts as an independent special district without direct oversight from local city or county governments.

### Response: The City Council agrees with the Grand Jury's finding.

For context, the State of California acquired lands under navigable waters upon its admission to the Union. The Port Act was enacted by the State of California and approved by voters, and transferred ownership of the tidelands within San Diego Bay (or Public Trust lands) that were previously granted to local Port Cities, to the Port District. Therefore, local city or county governments do not have jurisdiction to provide direct oversight. Instead, State statute provides the State Lands Commission oversight authority over Public Trust lands granted to local entities, including the Port District. However, a Commissioner may be removed from the Port Board of Commissioners by a majority vote of the city council which appointed the Commissioner. Decisions by the board are not subject to approval, veto, or appeal by the city council.

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<sup>&</sup>lt;sup>1</sup> California Public Resources Code section 6009

**Finding 03:** Because the interests of residents of Port Cities and the County of San Diego are subject to the interpretations of the unelected Board of Port Commissioners, their interests may not be heard, prioritized or represented accurately.

## Response: The City Council disagrees with the Grand Jury's finding.

There are opportunities for the interests and priorities of the public to be heard by the Board of Port Commissioners at Port District Board public meetings as well as committee meetings. These meetings are open to the general public and allow the public to comment on items before the Board, subject to the requirements of the Brown Act.

The duty of each Port Commissioner is to represent the city or the county from which they were appointed and to carry out the purpose of the district which is generally to promote and protect the tidelands and submerged lands of the San Diego Bay. However, the Port District is legally mandated to manage these lands for the benefit of all California residents, not only for Port cities and the County of San Diego, consistent with the Tidelands Trust Doctrine<sup>2</sup> (which is the Public Trust Doctrine implemented in California).

**Finding 04:** Briefings by Port Commissioners to Port City Councils in noticed public meetings regarding issues affecting their jurisdictions, will increase the level of public participation and knowledge regarding Port District activities, Port Master Plans, Master Plan Updates, Port Master Plan amendments or additions.

### Response: The City Council agrees with the Grand Jury's finding.

While increasing public briefings and reporting to the San Diego City Council increases transparency and opportunities for public participation, it is uncertain the extent to which this would increase the level of public participation in Port District activities.

**Finding 05:** Currently, the Board of Port Commissioners does not have term limits. Considering term limits would foster democratic principles by providing more opportunities for diverse and talented individuals to serve, prevent the accumulation of influence, and uphold the public trust by keeping the Board representative responsive to its community.

## Response: The City Council partially disagrees with the Grand Jury's finding.

Section 17 of the Port Act states that the term of each Commissioner is four years, though it does not impose a limit on the number of terms that can be served, which is left to the discretion of Port Cities. City Council Policy 700-20, San Diego Port Policy, states that the City shall appoint Port Commissioners as provided in Council Policy 000-13 which relates to term limits for boards and commissions created under the City Charter. Since the Port District was created under State law, the Port Act has ultimate control over Port Commissioner appointments.

<sup>&</sup>lt;sup>2</sup> California Public Trust Doctrine: <a href="https://pantheonstorage.blob.core.windows.net/administration/California-Public-Trust-Doctrine.pdf">https://pantheonstorage.blob.core.windows.net/administration/California-Public-Trust-Doctrine.pdf</a>

Council Policy 000-13 states: "Unless otherwise provided, the maximum length of service of appointees shall be limited to two full consecutive terms per Charter section 41, or eight consecutive years in office per Charter section 43; with one term or four years, whichever is longer, intervening before they become eligible for reappointment." The City Attorney has opined that although Commissioner reappointments to a third term are not precluded by State law "... to be consistent with past practices, the City Council must waive the two-consecutive term limit provisions of Council Policy 000-13." Though it is best practice to waive the two-consecutive term limit, if not waived, the Port Act still applies, and a reappointment can occur. Therefore, the Council has the discretion as to whether it adheres to the two consecutive term limit in Council Policy 000-13, as it sees appropriate.

Although term limits would allow opportunities for more, and different, individuals to serve, there are benefits to individuals serving more than two terms such as institutional knowledge and expertise. Lack of knowledge can lead to Commissioners being overly reliant on Port District staff and limited in their ability to be critical of staff recommendations, if appropriate, which could negatively impact public trust.

**Finding 06:** With three of seven port commissioners appointed to the Board of Port Commissioners by the City of San Diego, the potential exists for the City of San Diego to exert dominance over the priorities, resources and decisions of the Port District.

## Response: The City Council disagrees with the Grand Jury's finding.

Though the Port Act does not describe the basis for allocating the City of San Diego three of the seven Board of Port Commissioner appointments (43%), certain characteristics of the City make this allocation reasonable. First, the City is the largest of the Port cities as shown in the table below. The City of San Diego had 84% of Port city residents in the 1960 Census, just before the Port Act was signed in 1962, and 79% of port city residents in the 2020 Census. Further, the City of San Diego contributed 68% of the non-submerged tidelands to the Port District upon its creation in 1962. For these reasons, it is reasonable that the City of San Diego has larger, though not majority, representation on the Board.

Port City	1960 Census	Percentage of 1960 Port City Population	2020 Census	Percentage of 2020 Port City Population
City of San Diego	573,224	84%	1,386,932	79%
City of Chula Vista	42,034	6%	275,487	16%
National City	32,771	5%	56,173	3%
Coronado city	18,039	3%	20,192	1%
Imperial Beach city	17,773	3%	26,137	1%

<sup>&</sup>lt;sup>3</sup> https://docs.sandiego.gov/memooflaw/ML-2007-2.pdf

**Finding 07:** The Port District is incentivized to maximize revenue to fund its operations, a goal that may create conflicts of interest in the priorities, allocation of resources and other decisions made by the Port Commission.

The City is unable to speak to the extent to which the Port District is incentivized to maximize revenue to fund its operations and how this incentive may impact decisions made by the Port Commission, so a direct response is not provided.

However, as described in Section 4 of the Port Act, the Port District was established for the promotion of several priorities including commerce, navigation, fisheries, and recreation in addition to being granted the power and authority to protect, preserve, and enhance physical access to the bay, the natural resources of the bay, and the water quality of the bay. By definition of the Port's creation, the Port District has competing priorities. The Port District is not mandated to maximize revenue generation as a goal in and of itself, rather it was created to balance the varied priorities, including commerce, as described in the Port Act.

**Finding 8:** Success in the development of the Chula Vista Hotel and Convention Center has been obtained because of a close collaboration and alignment of interests between the Port District and the City of Chula Vista.

This finding applies to the City of Chula Vista. As such a response is not provided.

**Finding 9:** The Port Commissioners decision to move short-haul truck staging for local deliveries of Dole Fruit products relocated a source of pollution from the Barrio Logan community to communities in National City.

This finding applies to a decision made by the Port Commissioners. As such a response is not provided.

**Finding 10:** The controversy surrounding the Mitsubishi Cement Corporation Project's potential health effects on the Barrio Logan neighborhood and other nearby residents damaged the Port District's community relations with these communities and contributed to the decision to discontinue the project.

This finding applies to a decision made by the Port Commissioners. As such a response is not provided.

**Finding 11:** Oversight of the Mitsubishi Cement Corporation project by the City of San Diego or San Diego County governments might have given greater priority to the health concerns of community members and resulted in a more equitable balance between economic and health concerns earlier in the project's evaluation process.

## Response: The City Council disagrees with the Grand Jury's finding.

It would be speculative to predict that a more equitable balance between economic and health concerns would have been achieved earlier in the project's evaluation process had it received oversight from the City.

It is also unclear what level of oversight by the City of San Diego is contemplated in this finding. Section 30715 of the State Public Resources Code (California Coastal Act) provides the Port District authority to grant permits for development and that approvals for certain categories of development may be appealed to the Coastal Commission. Switching permit authority to the City of San Diego would require a change to State law. Even if implemented, it remains unclear whether the outcome of the project would have been different if this project was subject to the City's permitting process.

However, if more proposals with anticipated future impacts on City residents are brought by City-appointed Port Commissioners and discussed in Council and committee meetings, as discussed in Recommendation 23-91, there would be greater opportunity for Councilmembers to share the perspectives and interests of their constituents and advocate for their district.

**Finding 12:** The Port's decision to approve the Cottages at the Cays development proposal could negatively impact access to San Diego Bay and approving the plan favors those willing or able to pay costly hotel rates typical of the Coronado area.

This finding applies to the City of Coronado. As such a response is not provided.

**Finding 13:** Given a preference for informal channels of communication by Port City councils and mayors with their appointed Port District representatives, neither Port Commissioners nor Port City Councils maintain completely open and transparent relationships allowing for public involvement or awareness of Port District activities.

## Response: The City Council partially disagrees with the Grand Jury's finding.

The City of San Diego values transparency in government and deliberation of City issues in regularly scheduled public meetings. Council Policy 700-20, San Diego Port Policy, requires that City-appointed Port Commissioners present a report on the Port District's annual work plan to the City Council at the beginning of every year and that, at a minimum, they report out semi-annually to the appropriate Council Committee. Given that City-appointed Port Commissioners did not report to the City Council at a regularly scheduled public meeting in FY 2023 and only reported once to the Economic Development and Intergovernmental Relations Committee, there is room for increased transparency and

more opportunities for public engagement on Port activities through formal updates provided at City Council and committee meetings.

**Finding 14:** In its current form, the Port Master Plan and Master Plan Update documents published by the Port District are overly complex, difficult to understand and too broad in scope to foster meaningful comprehension by Port City residents, elected municipal or county officials.

# Response: The City Council partially disagrees with the Grand Jury's finding.

Clear documentation and non-technical explanations of policies that guide future municipal and special district land use and development increase the opportunity for informed public engagement. We note that governmental planning documents are inherently complex. Given the nature of these documents, it is unclear whether the Port District's planning documents are overly complex in comparison to other governmental planning documents. However, there could be an opportunity to be more intentional about increasing public access to understanding how land is to be used and developed in the Port District, as well as in other public entities, by reducing complexity in planning documents.

It should be noted the information contained in the Port Master Plan must align with the Coastal Act, Public Trust Doctrine, and the Port Act. State law requires certain contents be included in the Port Master Plan. For example, the Port Act sets out the Public Trust uses allowed for tidelands. Further, the Coastal Act requires the plan to include specific items such as:

- Proposed uses of land and water areas
- Projected design and location of port land areas, water areas, berthing, and navigation ways and systems intended to serve commercial traffic within the port iurisdiction
- An estimate of the effect of development on habitat areas and marine environment, a review of existing water quality, habitat areas, and proposals to mitigate any substantial adverse impact, among other things
- Proposed projects listed as appealable to the California Coastal Commission
- Provisions for adequate public hearings and public participation in port planning and development decisions.

**Finding 15:** Ratification of Port Master Plans, Master Plan Updates or Master Plan Amendments would allow residents of Port City Planning districts and San Diego County to acknowledge and confirm their understanding of Port District development plans and projects within their municipal and county boundaries and provide reliable documents for communities to plan for the future.

### Response: The City Council partially disagrees with the Grand Jury's finding.

There is no authority provided in the Port Act for the San Diego City Council to ratify Port planning documents. This would require amendments to State law. The Port Act requires the Port District to submit to the State Lands Commission a trust lands use plan describing any proposed development, preservation, or other use of the trust lands. The Port District

is required to submit the plan to the State Lands Commission for its approval, and only the State Lands Commission can determine whether the Port Master Plan fulfills the requirements of the trust lands use plan. Additionally, the California Coastal Commission has the authority to certify changes or updates to an existing Port Master Plan to ensure consistency with the Coastal Act.

Although the City does not have the authority to ratify the Port Master Plan or subsequent changes, it can still be engaged in the planning process through public channels. The Port District conducts its own review of development within the Port's jurisdiction and prepares the associated documents. All cities, including San Diego, and members of the public have the ability to provide comments during the public review of any draft environmental document prepared by the Port to facilitate cooperative relationships.

Additionally, several City community plans <sup>4</sup> include tidelands that are within the jurisdiction of the Port District as they are described as "an integral part of the community." The City Planning Department indicates that it works closely with the Port District when City community plans are updated to make sure they align with the Port Master Plan and also work with the Port District when it updates or amends the Port Master Plan. Both the Port Master Plan and the City's pertinent community plans express the need and desire to increase inter-jurisdiction collaboration.

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<sup>&</sup>lt;sup>4</sup> Midway Pacific Highway Community Plan, Peninsula Community Plan, Downtown Community Plan, Barrio Logan Community Plan, and Otay Mesa – Nestor Community Plan

### **RECOMMENDATIONS 23-90 THROUGH 23-93**

**Recommendation 23-90:** Enact ordinances or policies placing a two-term limit on the number of terms that a Port Commissioner can serve (as already enacted for the City of Coronado).

## Response: The recommendation will not be implemented because it is not warranted.

As discussed in the response to Finding 05, the City's Council Policy 700-20, San Diego Port Policy, states that the City shall appoint Port Commissioners as provided in Council Policy 000-13 which relates to term limits for boards and commissions created under the City Charter. Council Policy 000-13 contains a two-consecutive term limit but allows a subsequent reappointment after an intervening term lapses. However, since the Port District was created under State law, and the Port Act does not impose term limits on Port Commissioners, Council Policy 000-13 does not have to apply. Although the City Attorney has opined that it is best practice to waive the two-consecutive term limit contained in the Council Policy, if not waived, the Port Act still applies, and the reappointment can occur if the City Council so chooses. Therefore, the Council has the discretion as to whether it adheres to the two consecutive term limit in Council Policy 000-13, as it sees appropriate. Any new ordinance setting limits on the number of terms served by Port Commissioners could similarly be waived. Ultimately, term limits will not be binding unless they are established through State legislation.

Additionally, we note that if the City Council is unsatisfied with any appointment, pursuant to section 17 of the Port Act, a Commissioner may be removed from the board (without cause) by a majority vote of the City Council.

Finally, the City Council will consider directing staff to include in the report to Council for future Port appointments the number of terms (if any) nominees have previously served on the Port Board to enhance transparency when a candidate has already served two terms prior to making a reappointment.

**Recommendation 23-91:** Institute ordinances or formal policies requiring the appointed Commissioners from each city be required to give at a minimum, quarterly updates to the City Councils at officially scheduled city council meetings open to the public.

### Response: The recommendation will not be implemented because it is not warranted.

City Council Policy 700-20, San Diego Port Policy, requires that City-appointed Port Commissioners report out, at a minimum, semi-annually to the appropriate Council Committee and report on the Port District's annual work plan to the City Council at the beginning of every year. In fiscal year 2023, City-appointed Port Commissioners only reported to the City's Economic Development and Intergovernmental Relations Committee once, instead of semi-annually, and did not report to the City Council at all.

The City Council believes it is reasonable to work with the Port District to implement the requirements in the current Council Policy and will increase updates from City-appointed

Port Commissioners as appropriate. The intention is to increase the opportunity for the public to engage City-appointed Port Commissioners on the Port Master Plan and future projects with potentially large neighborhood impacts.

**Recommendation 23-92:** Institute ordinances or formal policies that require ratification of the Port Master Plans, proposed Port Master Plan Updates or amendments to the Port Master Plan for Port District planning districts within each city's boundaries.

## Response: The recommendation will not be implemented because it is not warranted.

As discussed in the response to Finding 15, the City of San Diego does not have the authority to require ratification of the Port Master Plan or related updates and amendments. Section 19 of the Port Act requires the Board of Commissioners to "draft a master plan for harbor and port improvement and for the use of all of the tidelands and submerged lands" and requires "a two-thirds vote of the board" for ratification and amendment. Following Board approval, the Port Master Plan is submitted to the State Lands Commission and California Coastal Commission. Therefore, local Port cities do not have jurisdiction over Port District activities and do not have the authority to change the procedures related to the Port Master Plan. Establishing this authority would require changes to State law.

We note that prior to establishing the San Diego Unified Port District, Public Trust lands were administered separately by local Port cities, but still had to adhere to the Public Trust Doctrine. The enactment of the Port Act, and approval by voters, reflected a shift towards a more unified and regional approach to development and administration of the tidelands. Section 2 of the Port Act states that "Because of the several separate cities and unincorporated populated areas...only a specially created district can operate effectively in development the harbors and port facilities." Requiring Port City ratification of Port planning documents may conflict with the intent of the Port Act.

Though the City of San Diego does not have the authority to ratify a new, or changes to the Port Master Plan, the City works cooperatively with the Port District to ensure City community plans align with the Port Master Plan. Additionally, the City has the ability to provide comments during the public review of any draft environmental document prepared by the Port. Because a cooperative relationship is maintained and discussions are held in public forums, the need to change the ratification process is not warranted.

However, with an anticipated increase in reporting by City-appointed Port Commissioners as discussed in the City's response to Recommendation 23-91, the City Council would receive more frequent updates on future Port projects with potentially large neighborhood impacts. This would provide additional opportunities to solicit feedback from the public as well as opportunities for Councilmembers to provide feedback to City-appointed Port Commissioners on proposed projects.

**Recommendation 23-93:** In consultation with the San Diego County Board of Supervisors, explore and implement an alternate form of governance for the Port District allowing for participation in, and oversight of Port District activities and decision by the San Diego County Board of Supervisors and the elected city councils of the five Port Cities.

## Response: The recommendation will not be implemented because it is not warranted.

Neither the City of San Diego nor County have jurisdiction to implement an alternative form of governance for the Port District. Any change in governance structure and related authorities would require changes to State law.

The Port District tidelands are Public Trust lands which means that they are owned by the public and held in trust for the people of California. Additionally, the State Lands Commission administers Public Trust lands pursuant to statute and the Public Trust Doctrine. The State delegated administration of these lands to the Port District, which is an independent special district established by Section 4 of the Port Act and remains subject to the oversight authority of the State Lands Commission. Therefore, the City of San Diego and the County do not have the authority to change the governance structure of the Port District.

Additionally, according to the Public Trust Doctrine, "Because public trust lands are held in trust for all citizens of California, they must be used to serve statewide, as opposed to purely local, public purposes." The current governance structure exists to balance the mission of using these resources for the benefit of all citizens of California while maintaining input from local Port cities.

Itm # 330 9/26/23 (R-2024-78)

RESOLUTION NUMBER R- 315135

DATE OF FINAL PASSAGE SEP 29 2023

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO APPROVING THE CITY COUNCIL'S RESPONSE TO THE 2022-2023 SAN DIEGO COUNTY GRAND JURY REPORT TITLED "GOVERNANCE OF SAN DIEGO BAY AND ITS TIDAL LANDS AND REGIONS."

WHEREAS, on June 7, 2023, the 2022-2023 San Diego County Grand Jury (Grand Jury) filed a final report titled "Governance of San Diego Bay and Its Tidal Lands and Regions" (Report) that requested a response from the Council of the City of San Diego (Council), among others; and

WHEREAS, the Report related to the Unified Port District and its management of the tidelands; and

WHEREAS, the Report includes fifteen findings and four recommendations directed to the Council; and

WHEREAS, under California Penal Code section 933(c), within 90 days after the filing of the report, each public agency which the Grand Jury reviewed, and about which it issued the Report, must comment to the Presiding Judge of the Superior Court on the findings and recommendations pertaining to matters under the control of the agency; and

WHEREAS, the comments required from the Council are due to be submitted to the Presiding Judge of the Superior Court on November 10, 2023, as the City requested and received an extension of time to respond; and

WHEREAS, the response to the Report required that the Council respond to Findings 1 through 15 and to Recommendations 23-90 through 23-93; and

(R-2024-78)

WHEREAS, the Office of the Independent Budget Analyst (IBA) has proposed a Council

response to the Report, as set forth in IBA Report No. 23-22, dated August 25, 2023, for the

Council's consideration; and

WHEREAS, on September 6, 2023, the proposed Council response to the Report was

presented to the Economic Development and Intergovernmental Relations Committee; and

WHEREAS, the Office of the City Attorney has drafted this resolution based on the

information provided by City staff, including information provided by affected third parties and

verified by City staff, with the understanding that this information is complete, true, and

accurate; NOW, THEREFORE,

BE IT RESOLVED, by the Council of the City of San Diego, that the Council approves

and adopts as its own the response to the 2022-2023 San Diego County Grand Jury Report titled

Governance of San Diego Bay and Its Tidal Lands and Regions," as set forth in IBA Report

No. 23-22, dated August 25, 2023.

BE IT FURTHER RESOLVED, that the Council President is authorized and directed, on

behalf of the Council of the City of San Diego, to execute and deliver the above-described

response to the Presiding Judge of the San Diego County Superior Court no later than

November 10, 2023.

APPROVED: MARA W. ELLIOTT, City Attorney

By

Deputy City Attorney

KJS:jvg

September 8, 2023

Or.Dept: IBA

CC No. N/A

Doc. No. 3410088

meeting of	SEP 2 6 2023	bassed by the Council of the City of San Diego, at this
		DIANA J.S. FUENTES City Clerk
		By Connie Patters or Deputy City Clerk
Approved:	9   25   23 (date)	TODD GLORIA, Mayor
Vetoed:	(date)	TODD GLORIA, Mayor

Resolution Number R-

315135