



Aug. 7, 2015
Issue #74

Ontario to Regain Control of its Airport

Agreement Ends Years of Dispute between Los Angeles and Ontario

It could take upwards of a year to complete the process, but the [announcement](#) on Thursday that Los Angeles has agreed to relinquish control of the Ontario International Airport made headlines throughout California. Ontario Mayor Pro Tem Alan D. Wapner, who also serves as the President of the Ontario International Airport Authority, and Los Angeles Mayor Eric Garcetti made the announcement together during a news conference at the Ontario Airport. The Ontario International Airport Authority will take control once the Federal Aviation Administration, the two cities' respective city councils, and cities' airport agencies formally approve the transfer. *For more, see Page 2.*



State Makes Final Payment on 2004 Economic Recovery Bonds

State Treasurer John Chiang [announced](#) on Wednesday, Aug. 5 that he had directed Department of Finance Director Michael Cohen to make the final payment on California's 2004 Economic Recovery Bonds. Authorized through Proposition 57, the final payment of \$929.7 million is another step in paying down the state's wall of debt. *For more, see Page 2.*

'Ontario' Continued from Page 1...

Thursday's announcement was celebrated as a victory for local regional control. Los Angeles officially became the airport's owner in 1985 after managing it since 1967. The city of Ontario sued Los Angeles in a trial that was set to begin Aug. 17 over allegations that Los Angeles had not effectively managed the airport. Local governments in the region supported Ontario's efforts to regain control of the airport. According to [The Los Angeles Times](#), this transfer is supported by 130 cities, counties, regional planning groups, locally elected officials, aviation-groups as well as the counties of Los Angeles, Riverside and San Bernardino.

'Bonds' Continued from Page 1...

Voters approved Prop. 57 in 2004 to refinance accumulated budgetary debt. Bond payments on this debt total \$14.2 billion principal, \$4.8 billion in interest and administrative costs of \$153 million. The 2014 Budget Act provided \$1.6 billion from the Budget Stabilization Account so that the recovery bonds could be paid off in the summer of 2015, one year ahead of the previously scheduled payoff date. Because the debt is being retired earlier, finance officials estimate that the state will save approximately \$60 million in debt service costs associated with a longer payoff period.

This commences "unwind" of the triple flip. CaliforniaCityFinance.com features [a detailed analysis](#) about how this will work and its implications. It is important to note that this relates to the sales-tax for property tax swap that is the mechanism to fund the state's operating debt scheme under Proposition 57. This is not the Vehicle License Fee (VLF)-Property Tax swap and has no effect on that policy. Property Tax in lieu of VLF payments are not affected and, in fact, are constitutionally protected.
