DRAFT

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SPECIAL ADVISORY COMMITTEE/SPECIAL BOARD MEETING MINUTES
Thursday, Jan. 11, 2007
SHERATON SAN DIEGO HOTEL AND MARINA, HARBOR ISLAND

CALL TO ORDER

Vice Chair Gail K. Naughton, Dean of the College of Business Administration at San Diego State University called the meeting of the Special Advisory Committee to the San Diego County Regional Airport Authority to order at 9:30 a.m. The meeting was held on Thursday, Jan. 11, 2007 at the Sheraton San Diego Hotel and Marina, West Tower, Fairbanks Room, 1590 Harbor Island Drive, San Diego, CA 92101.

PLEDGE OF ALLEGIANCE

ROLL CALL

Committee Members Present:

Frank Adams	Fed Ex Representative
Rick Alexander	East County EDC
Brad Barnum	Alternate for Jim Ryan, AGC
Dianne Coombs	Executive Director, Citizens Coordinate for Century 3
Doug Eatros	Fed Ex Representative
Gary Gallegos	Executive Director, SANDAG
Fred Gammon	Alternate for Daniel Burkhart, Nat'l Business Aviation Association
Brian Gray	San Diego Taxpayers Association
Curtis Holmes	Transport Workers Union
Gary Knight	North County EDC
Kirk Lanz	South County EDC
Richard Miller	San Diego Chapter, Sierra Club
Gail K. Naughton	Dean, SDSU College of Business Administration
Julianne Nygaard	NCTD
Lt. Col. Rick Pagel	Alternate for Col. Brooker, Aviation Policy Officer
VADM Raymond Peet	Member of Board of Overseers, UCSD
Leon Williams	Former Chairman, MTS

Regional Airport Authority Representatives Present:
Thella Bowens, President/CEO
Peggy L. Cooper, Strategic Planning Coordinator
Ted Sexton, Vice President of Operations
Robert Wigington, Director of Marketing and Route Service Development
Hampton Brown, Manager of Route Service Development

Regional Airport Authority Board Members Present:
Robert J. Watkins
James Panknin
Xema Jacobson

Approval of Minutes

The September 14th Airport Advisory Committee meeting minutes were approved by Committee members.

Chairman's Report

Mr. James Panknin, previous chair of the Advisory Committee, was sworn in on Dec. 15, 2006 as a new member of the Airport Authority Board. Ms. Gail K. Naughton, vice Chair, filled in as chair for this meeting. She read the Mission Statement for the Advisory Committee:

> "The purpose of the Advisory Committee is to serve as a sounding board and catalyst for the development of recommendations to the Authority Board on issues for which the Authority is responsible".

Gail asked committee members to discuss areas of focus for the Advisory Committee for 2007 and the following suggestions were made:

- A second runway at Lindbergh field (John Chalker)
- Senator Kehoe's legislation and its impact on the Authority (Brian Gray)
- Debate on need for a second runway at Lindbergh field and examine the impact of LAX on SDIA (VADM Raymond Peet)
- Need to interconnect all modes of transportation to and from SDIA, know how aviation connects to these transportation systems and explore ways to maximize mobility (Gary Gallegos and Julianne Nygaard)
- Considerations related to cargo movement – Lindbergh may not be the best solution for cargo (Julianne Nygaard)
- Consider how to maximize funding for San Diego projects from the recently passed bond measures for improving infrastructure and goods movement; focus this examination on all airports in the San Diego Region (Gary Gallegos)
- Evaluate community impacts of SDIA and the potential of an increased number of flights in future; examine the environmental impacts of SDIA on the community (Leon Williams)
- Using existing infrastructure and other airports in the region as a network to provide relief at Lindbergh field (Brian Gray)
- Track master plan and construction impacts of it (Brad Barnum)
- Need for a regional airport system approach including all modes of transportation and a renewed interest in SDIA master plan (Frank Adams)

Vice Chair Gail K. Naughton encouraged Advisory Committee members to attend all committee meetings or send an alternate representative to attend meetings in his/her place. The three remaining meetings in 2007 are:

Date	Time	Location
Thursday, April 26, 2007	1:30 p.m. to 3:30 p.m.	Sheraton San Diego Hotel & Marina
Thursday, July 12, 2007	9:30 a.m. to 12 p.m.	Sheraton San Diego Hotel & Marina
Thursday, October 11, 2007	9:30 a.m. to 12 p.m.	Sheraton San Diego Hotel & Marina

NEW BUSINESS:

1. Mr. Robert Wigington, Director of Marketing and Route Service Development at SDCRAA, presented background information about the San Diego region and the air service development program. He explained the goal of the program is to plan and provide air transportation service that meets the needs of the region and promotes the San Diego region's prosperity. Currently, SDIA serves more than five million people in the San Diego region which includes a strong mix of business (46 percent) and leisure travelers (54 percent). In 2005, 17.4 million passengers went through SDIA. He stated international air service and direct, non-stop service are important elements to attracting and retaining high-value businesses, visitors, conventions, and promoting trade. SDCRAA partners with other regional organizations to attract and promote air service. It is important to understand that SDIA contributes $9.9 billion a year of economic benefit to the region.

2. Mr. Hampton Brown, Manager of Route Service Development at SDCRAA, explained the recent service enhancements at SDIA, as well as the challenges and opportunities for air service development. Recently, SDCRAA has added six new airlines and enhanced service to over ten other routes. He stated the phases of air service development include: researching potential air service, and then recruiting, retaining, and expanding air service. He explained the key task of route service development is to identify unserved markets and determine underserved markets, meaning current demand is greater than nonstop service supply. Major challenges for SDIA include the following: runway length combined with nearby terrain, leakage of passengers to LAX, and geographic position of San Diego. He stated the opportunities for air service development include the following: new aircraft, technology and the fact that San Diego is the largest US market without non-stop intercontinental service. The Authority's current objectives include the following: re-establishing non-stop service to London, establishing direct single plane service to Asia markets, linking San Diego to one European and Asian hub, enhancing air service to Mexico, and linking San Diego to Latin American hub.
   - RADM Raymond Peet asked if the presenters were familiar with the situation at Lambert-St. Louis International Airport regarding the new second runway that is under-utilized, accounting for less than five percent of additional air traffic. He also stated the runway cost one billion dollars to construct.
     - Mr. Hill stated that putting in a second runway at Lambert-St. Louis International Airport was a long-term process that required obtaining federal money for construction. Construction for the runway began when there was an American Airlines hub there. Halfway through the construction of the second runway, American pulled 200 flights a day from that airport. After that occurred, the second runway was no longer

needed, but the airport felt it was less expensive to complete the construction on the runway, so the runway was completed.

- Mr. Rick Alexander asked if the Authority has considered obtaining air service to Gatwick Airport in England.
    - Mr. Brown stated Gatwick Airport is constrained due to a bilateral agreement that permits only UK carriers to operate the San Diego to Gatwick route. This means our choice of carriers is limited while marketing a route to Gatwick Airport. However, the Authority is still considering Gatwick as a potential destination.
- Mr. Kirk Lanz asked how long LAX will be able to continue to accept leakage from San Diego for international markets, given the present state of southern California air space capacity.
    - Mr. Brown stated he flew from Heathrow through LAX on Virgin Atlantic several months ago and was shocked by the amount of backup of passengers at LAX. He feels the current leakage pattern at LAX is not a sustainable model. SDIA has enough international traffic and business to support nonstop service to Europe, which would help SDIA as well as LAX. LAX is running into capacity issues also and any relief SDIA can provide will help them as well.
- Mr. Brian Gray asked how carriers examine and analyze the same market with two different airports such as Washington, D.C.
    - Mr. Brown stated to support two airports you need to have a large enough population. For example, Washington DC/Baltimore has a population of 8.2 million people, an order of magnitude larger than San Diego. Carriers want to have one station for their airlines because it means one cost center. SDIA serves five million people in San Diego, but that also includes two million people from Mexico who potentially would fly out of SDIA. He explained those individuals in Mexico tend to travel less compared to someone living in Washington DC.
- Ms. Julianne Nygaard asked how the leakage is measured that occurs from people driving from San Diego to LAX and flying from there.
    - Mr. Brown stated the leakage information is included in the database the Authority has access to. We know the number of people in San Diego that are transferring to a flight through LAX. In Asia markets, it is a fair volume of passengers that are taking a regional aircraft up to LAX to get non-stop service to Asia. It is much harder to quantify the passengers driving to LAX because we only get those results every 5-10 years.
- Mr. Lanz asked if information would be captured in the Authority's data if he bought a ticket online and drove to LAX.
    - Mr. Brown stated it would depend on where the ticket was purchased online. If the ticket was purchased from Travelocity, with headquarters in San Antonio, Texas, the purchase would appear a San Antonio

purchase. The increased use of the internet to purchase airline tickets complicates tracking the drive-market data results.

- Ms. Dianne Coombs asked if Tijuana Airport has direct international flights and if so what level of leakage is there to that airport from SDIA.
    - Mr. Brown stated several airlines at the Tijuana Airport do have direct, international flights. Those airlines are trying to capture some San Diego passengers. However, considering the extra time and effort it takes to travel to and from Tijuana with luggage, some would consider it more efficient to make a connection in another city when traveling internationally. He also stated since the attacks on September 11th, the government has changed the visa regulations which has also impacted international air service.

ELECTION OF NEW CHAIRS

An election was held at this point in the meeting, and the new Chair, First Chair, and Second Chair are as follows:

- Gail K. Naughton - Advisory Committee Chair
- Brian Gray - Advisory Committee First Chair
- Leon Williams - Advisory Committee Second Chair

OPENING COMMENTS BY AUTHORITY BOARD MEMBER ROBERT J. WATKINS

Robert J. Watkins addressed Advisory Committee members and talked about how important their role is with the Authority. He commented that the Authority Board values committee members' input on issues concerning SDIA. Mr. Watkins also said he looks forward to working with this committee to get things accomplished and feels the Board is here to support the Advisory Committee members. He spoke about several issues of importance to the Authority that included: Senator Kehoe's legislation and how it will impact the Authority, the site selection process, maximizing Lindbergh Field, and issues concerning land use.

PRESENTATION, CONTINUED

3. Mr. Dean Hill, with TranSystems/Campbell-Hill Aviation Group, the Authority's air service consultant, presented an overview of the competitive nature of international air service development and provided successful case study examples. He explained air service programs are important because service patterns are changing, airlines have limited growth aircraft, there are many untapped opportunities for new service, and an airport's air service is a critical part of a community's economic development. Attracting a new international route is an equivalent investment to that of a new factory locating in a community. To gain new international air service, it is important to present the airlines with a strong analytical case and target the airlines' needs. He shared details of two international air service development success stories: Portland International Airport and Hartford (Connecticut) Airport. There are some

important lessons learned about expanding air service, including: it takes hard work and time, must include a strong, well supported business case, incentives, marketing support and risk-sharing for airlines, and needs to be coupled with a supportive business community.

- Mr. Gray asked if airlines take into consideration the airport situation in San Diego when in negotiations and how that factors into the Authority trying to "sell" San Diego as a destination city to airlines.
    - Mr. Hill answered that you have to work with the operating restrictions at SDIA when trying to attract airlines to San Diego. For example, the curfew at SDIA is from 11:30 p.m. to 6:30 a.m. Carriers we want to attract to SDIA to fly to Asia like to fly out around midnight, so that does not work. For domestic carriers, timing is geared more towards a mid-day departure. There are also range limitations for the aircraft at SDIA that need to be considered. Mr. Wigington stated when Authority staff sits down with international airlines, they are aware of the difficulties with SDIA such as: the one runway configuration, terrain and location constraints. That is a huge challenge for obtaining new air service for SDIA.
- Mr. Fred Gammon asked if there is an air service committee at SDIA similar to the one in Portland.
    - Mr. Wigington stated there is not currently an air service committee at SDIA. The Authority is working on a survey with the San Diego World Trade Center that will go out to all the major companies to find out more information about their travel patterns and preferred destinations for non-stop service. After this survey is completed, the Authority will learn more about the San Diego business community and how best to address that group in terms of air service.
    - Mr. Brown stated the Authority is currently working with the large businesses in San Diego when pursuing new airlines for SDIA.
    - Ms. Bowens stated the Authority always invites representatives from large organizations or companies such as Economic Development Corporation, Qualcomm, or World Trade Center to attend when the Authority makes presentations to potential airlines for SDIA.

PUBLIC COMMENTS:

- There were no public comments.

COMMITTEE MEMBER COMMENTS:

- Brian Gray recommended creating a subcommittee to gather information, discuss, and provide input on Senator Kehoe's legislation before it is submitted to the Airport Authority Board. The subcommittee would meet before the next Advisory Committee meeting in April.

- Frank Adams explained even though SDIA is struggling to get passengers to Asia and Europe, goods and services from local businesses are being delivered to 212 countries and potentially 10,000 customers every day.
- Gary Gallegos stated he is a frequent Southwest flyer in Terminal 1 at SDIA, and notices long lines and broken restrooms there on a regular basis. He asked if there is a short-term plan to improve Terminal 1.
    - Ms. Thella Bowens explained there is a major project starting construction soon to re-do the bathrooms in Terminal 1, which will be competed in 12 months. She stated it is important for everyone to remember that Terminal 1 is an old terminal and its long term sustainability is not too good. The security screening area in Terminal 1 cannot be expanded easily since there is very little room to do so. However, the Authority is still considering that option.

ADJOURNMENT:
The Committee adjourned at noon. The next regular meeting will be held on Thursday, April 26, 2007 at 1:30 p.m. at the Sheraton San Diego Hotel & Marina, Fairbanks Room, San Diego, CA 92101.

APPROVED BY A MOTION OF THE ADVISORY COMMITTEE THIS 26TH DAY OF APRIL 2007.

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ANGELA SHAFER-PAYNE
VICE PRESIDENT, STRATEGIC PLANNING

ATTEST:

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TONY R. RUSSELL, DIRECTOR CORPORATE SERVICES/
AUTHORITY CLERK