

# DRAFT

## SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY SPECIAL ADVISORY COMMITTEE/SPECIAL BOARD MEETING MINUTES Thursday, July 12, 2007 SHERATON SAN DIEGO HOTEL AND MARINA, HARBOR ISLAND

### CALL TO ORDER

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 1:05 p.m. The meeting was held on Thursday, July 12, 2007 at the Sheraton San Diego Hotel and Marina, West Tower, Catalina 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
John Chalker	Founder, ASAP21
Oris Dunham	Airport Industry Consultant
Doug Eatros	Fed Ex Representative
Bill Figge	Alternate for Pedro Orso-Delgado
Gary Gallegos	Executive Director, SANDAG
Terry Hansen	Alternate for Col. Dave Meyers
Curtis Holmes	Transport Workers Union
Peter B. Houghton	Southwest Airlines
Lucy Killea	Former State Senator
Kirk Lanz	South County EDC
Lani Lutar	Alternate for Brian Gray
Harry Mathis	Chairman, MTS
Gail K. Naughton	Dean, SDSU College of Business Administration
Julianne Nygaard	North County Transit District
VADM Raymond Peet	Member of Board of Overseers, UCSD
Capt. Steve Wirsching	Commander, Naval Facilities Engineering Command

#### Regional Airport Authority Representatives Present:

Thella Bowens, President/CEO  
Peggy L. Cooper, Strategic Planning Coordinator  
Rob Wigington, Director, Marketing and Route Services  
Breton Lobner, General Counsel  
Tony Russell, Director Corporate Services/Authority Clerk  
Vernon Evans, Executive Vice President of Finance/Treasury

#### Regional Airport Authority Board Members Present:

James Panknin

Welcome Remarks from Authority Board Member Mr. Panknin:

James thanked all the members for their participation on the Airport Advisory Committee. He explained Senator Kehoe has incorporated recommendations from the advisory committee that were discussed at the last committee meeting into Senate Bill 10. Under SB10, the Authority Board will no longer have an executive committee, and Board members will be able to be elected or appointed. The Authority will remain in charge of the Airport Land Use Commission and all aviation planning for the San Diego region. The Authority will be required to develop the Regional Aviation Strategic Plan (RASP) to bring all aviation assets in the region together. The intent of the bill is to force all the regional agencies to work together. Currently, the Authority is working on the short-term Airport Master Plan and developing a visionary plan. At the July 5, 2007 Authority Board meeting, it was decided to expand the Advisory Committee to include stakeholders representing interests that are not currently represented on the committee, such as tourism. The Board also voted on a policy amendment regarding the presentation of recommendations of the Advisory Committee to the Authority Board. James explained the three fundamental assumptions of the Authority: Lindbergh Field will be San Diego's major airport, all aviation assets in the region need to work together to meet the region's air transportation needs, and we need to make airports accessible using all modes of transportation.

Approval of Minutes

The January 11, 2007 and April 26, 2007 Airport Advisory Committee meeting minutes were approved.

**NEW BUSINESS:**

1. Tony Russell, Director of Corporate Services at SDCRAA, explained the current policy and proposed changes regarding public participation in Authority Board and committee meetings. The policy states that each individual speaker is allowed to speak for up to three minutes and groups, applicants or jurisdictions are allotted nine minutes. It also states up to two individual speakers can donate their time to one speaker for a maximum of nine minutes. The chair of the Board with the concurrence of the Board is able to reduce the speaker's time allotment if necessary. He asked if committee members wanted to comment on the policy, but there were no comments.

2. Rob Wigington, Director of Marketing and Route Services Development at SDCRAA, explained the policy amendment regarding the presentation of recommendations of the Advisory Committee to the Authority Board. He also announced the Authority Board approved including additional members on the Advisory Committee from the following categories: Bi-national Business, Port District, San Diego International Airport Neighboring Communities, and Tourism.

- Mr. Gary Gallegos asked if aviation issues outside of the San Diego region (Riverside County or Orange County) will be handled through this committee.

- Ms. Thella Bowens stated there are representatives from the Authority who serve on committees such as SCAG and SCRAW, which is how the Authority is connected to those agencies. She also stated representatives from these agencies could attend the Advisory Committee meetings if deemed appropriate.
- Mr. Oris Dunham stated Alan Murphy, Director of the John Wayne Airport is a member of the Advisory Committee, but is not in attendance at this meeting.
- RADM Peet stated he feels the actions of Riverside County or Orange County airports impact San Diego and SDIA.
- Mr. Gallegos stated representatives from Orange County and Riverside County participate in discussions for SANDAG projects.
- Ms. Lani Lutar stated she would encourage the participation of representatives from Riverside County or Orange County in this committee.

## **PRESENTATIONS:**

1. Mr. Vernon Evans, Executive Vice President of Finance/Treasury at SDCRAA, presented the approved Airport Authority Budget for 2008. He explained the development of the budget is based on the Authority's goals and is a collaborative effort among all Authority departments. He stated the total revenues for fiscal year 2008 are budgeted at \$199 million, an increase of over \$10 million or 5.3 percent from last year. The total revenues include airline, non airline and other revenues (passenger facility charges, grant contributions, and interest income). Vernon said the expense budget overview for 2008 is projected to be \$145 million, an increase of over \$9 million or 6.5 percent from last year. He explained the Authority's goal is to have an operating budget that: meets the airport safety and security requirements, honors the Authority's regional responsibilities, supports community outreach and regional transportation partnerships, promotes air service development, is equitable for airline tenants and airport users, and continues the Authority's commitment to operate SDIA as a "World-Class Airport".
  - Mr. Frank Adams asked if the airline cost includes the ticket tax.
    - Mr. Evans explained the airline cost does not include the ticket tax.
  - Mr. John Chalker asked how protected the surpluses generated by the airport from the state are.
    - Mr. Breton Lobner stated the FAA has a set of stringent, protective laws and regulations which eliminates revenue diversion. Since airports accept grant funds, they are prohibited from transferring any funds to public agencies. The only exception is direct costs for services. For example, SDIA has a contract with the Port District for police services. The airport is only allowed to pay the direct costs and reasonable overhead for those services.

- Ms. Thella Bowens stated there is also regular audits by the Federal Government to guarantee no airport is transferring funds that it is not supposed to.
2. Mr. Scott Ludwigsen, Executive Vice President, Phoenix Marketing International, presented the results from the 2006 Passenger Satisfaction Survey at San Diego International Airport. In 2006, there was an 83 percent overall satisfaction rating among 800 randomly selected, departing passengers at SDIA. The results include a 95 percent confidence level with an error margin of plus or minus 3.5 percent. Scott explained airports typically score between 60-65 percent in overall satisfaction from passengers. The independent variables in the study included: getting to the terminal, service at the ticket counter, service at the security checkpoint, terminal facilities, gate area, food and beverage, retail, baggage delivery, and leaving the terminal. He explained in 2006, there were significant improvements in most of the independent variables compared to 2005, which had 75 percent overall passenger satisfaction rating at SDIA.
- Mr. Brad Barnum asked why the satisfaction percentage for retail (66 percent) is high since there is not much shopping at SDIA.
    - Mr. Ludwigsen stated the high percentage in the retail section refers to passenger satisfaction with what is available at SDIA.
  - Mr. Rick Alexander asked why the satisfaction percentage for food and beverage is low (61 percent), since the study determined that most passengers were happy with the food and beverage services at SDIA.
    - Mr. Ludwigsen explained the average satisfaction percentage for food and beverage at most airports is around 40 percent, so SDIA is higher than most airports.
    - Ms. Bowens commented even though our satisfaction percentage for food and beverage is above most airports, the Authority is examining ways to further improve those services at SDIA.
  - Mr. Alexander asked if the airport has any control over the prices vendors charge for retail, food, and beverages.
    - Ms. Bowens responded the airport has a master lease and subleases with all the vendors at SDIA. In the lease, there is a mechanism that ensures all vendors must charge a price that is comparable to similar vendors within a certain perimeter of SDIA. The Authority is looking into other mechanisms that might benefit airport users.
  - Mr. Gary Gallegos said the satisfaction percentage for baggage delivery seems high at 72 percent.
    - Mr. Ludwigsen stated when the surveys were first conducted the baggage delivery service received low satisfaction percentages. Over the past few years, the Authority has made improvements to the baggage delivery service that has resulted in higher scores.
  - Mr. Barnum stated it does not surprise him that Terminal 1 restrooms received a 55 percent satisfaction score.

- Ms. Bowens stated the remodel for the Terminal 1 restrooms will be starting construction in the near future.
  - Ms. Lucy Killea observed she recently flew on American Airlines, lost her bags, and had to wait five days for the airline to return her bags. She also flew Mexicana Airlines, it only took them one day to return her bags. She feels the satisfaction scores may be a bit high and feels U.S. carriers need to improve in a variety of areas.
    - Mr. Ludwigsen stated international carriers do perform better than U.S. carriers. The study he is discussing today is showing SDIA is performing at a higher level than other U.S. airports.
  - Mr. Harry Mathis commented San Diego is unique since most people are not arriving in San Diego to make connections to other places. He feels there is a bias in our favor due to San Diego being a destination.
    - Mr. Ludwigsen agreed there are very few connections out of SDIA: 95 percent of travel to San Diego is categorized as origin and destination.
  - Mr. Chalker asked if the 36 percent of people who attended a convention in San Diego coming through the commuter terminal are originating from Los Angeles or if they made a connection in Los Angeles from other places to get to San Diego.
    - Mr. Ludwigsen said it is a combination of the two concepts.
    - Ms. Bowens explained the data shows the majority of the people who travel from San Diego to Los Angeles through the commuter terminal are connecting to other destinations from Los Angeles.
    - Mr. Hampton Brown stated ten percent of passengers are making connections through Los Angeles.
  - Mr. Gallegos stated it would be useful to know the ultimate destination of passengers in these surveys.
    - Mr. Ludwigsen will try to add that question to future surveys.
  - Mr. Oris Dunham mentioned a study by JD Powers rated all U.S. airports and asked what SDIA's rating was in that study.
    - Mr. Ludwigsen said he did not know how SDIA rated on the study. Another member of the Authority staff explained in the study of medium size airports with between 15-25 million annual passengers SDIA was ranked 8th out of 25 airports.
3. Mr. Edward L. Gervais, Technical Fellow-Airport Technology, Boeing Commercial Airplanes, presented a current product overview of Boeing commercial airplanes. He explained that research has predicted the world fleet of aircraft will double over the next 20 years to approximately 35,000 various types of airplanes. He discussed the size comparison, general arrangement, and range capacity from San Diego for the 737, 747, 767, 777, and 787 model aircraft. The 787 models are manufactured mostly from composites that create a more durable frame and structure, have less potential for corrosion, have a greater range capability, and can keep noise contours

on airport property. The 787 model was rolled out on July 8, 2007 and is sold out through 2012 with plane deliveries starting in 2008.

- Mr. Lobner asked how many 737 models are built each year.
  - Mr. Gervais answered the number is between 200 and 250.
- Mr. Chalker asked what volume of space is empty on the 737 model aircraft when they are flown.
  - Mr. Gervais stated 20 to 30 percent of the space is unused. Airlines are able to turn this unused space into revenue space.
- Mr. Chalker asked about the expected life span of the 787 compared to other models. He asked if these are the types of aircraft we will be seeing in the future or if other aircraft technology will be developed.
  - Mr. Gervais stated he does not see a viable, commercial passenger capability using helicopter or blimp type technology in the near future. He does see the new composite structure for aircraft moving to other models of airplanes (other sizes and ranges) because it delivers such a large benefit in fuel efficiency and improved noise signatures.
- Mr. Gallegos asked why United and Delta are not on the customer list for the 787 model. He also asked if Boeing is considering expanding its production capabilities for the 787 model aircraft. Gary also explained SANDAG has been considering composite materials to be used for bridges, but one of the challenges is U-V rays. He asked if Boeing was experiencing the same issues.
  - Mr. Gervais explained there are some U.S. carriers on the customer list. He said he has heard Delta Airlines could be a potential buyer for the near future. He explained Boeing cannot expand their production capabilities at this time due to the highly controlled production process that does not allow for any mistakes. He stated he is unaware of problems with U-V rays with the new aircraft materials. He is confident the composite material will be less likely to melt as well.
- VADM Peet asked if Boeing consulted with Dr. Carson. He explained Dr. Carson believes passenger loading will increase and number of flights will be fewer in the future.
  - Mr. Gervais said Boeing did not consult with Dr. Carson as far as he knows. He explained the trend with aircraft show the average plane size is decreasing.
- Mr. Peter Houghton stated Southwest Airlines is interested in composite materials being used to build 737 model aircraft and asked about the timeframe for that process.
  - Mr. Gervais explained he does not know the timeframe for the project, but stated it will most likely not be in the next five to ten years.
- Mr. Adams asked if it is likely the 777 model aircraft will be in San Diego in the next 15 years.
  - Mr. Gervais explained he feels that is likely to happen.

- Mr. Barnum asked if these new aircraft are being considered in the Airport Master Plan.
  - Ms. Bowens stated they are.

**PUBLIC COMMENTS:**

- There were no public comments.

**COMMITTEE MEMBER COMMENTS:**

- Mr. Kirk Lanz asked if a consultant has been hired to study the potential cross-border air terminal.
  - Mr. Keith Wilschetz, Director-Airport System Planning at SDCRAA, responded a consultant was selected in early July to do a cross-border study. The Authority has also formed an Advisory Committee of major stakeholders and the first meeting will be held on August 13, 2007.

**ADJOURNMENT:**

The Committee adjourned at 3:45 p.m. The next regular meeting will be held on Thursday, October 11, 2007 at 1 p.m. at the Sheraton San Diego Hotel & Marina, Fairbanks Room, San Diego, CA 92101.

APPROVED BY A MOTION OF THE ADVISORY COMMITTEE THIS 11TH DAY OF OCTOBER 2007.

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ROB WIGINGTON  
DIRECTOR, MARKETING AND ROUTE SERVICES

ATTEST:

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TONY R. RUSSELL, DIRECTOR CORPORATE SERVICES/  
AUTHORITY CLERK