

# SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

## Revised 5-28-19 SPECIAL BOARD AGENDA

Thursday, May 30, 2019  
9:00 A.M.

San Diego International Airport  
SDCRAA Administration Building – Third Floor  
Board Room  
3225 N. Harbor Drive  
San Diego, California 92101

### Board Members

C. April Boling  
Chairman

Greg Cox  
Jim Desmond  
Mark Kersey  
Robert T. Lloyd  
Paul Robinson  
Johanna S. Schiavoni  
Michael Schumacher  
Mark B. West

### Ex-Officio Board Members

Cory Binns  
Col. Charles B. Dockery  
Jacqueline Wong-Hernandez

### President / CEO

Kimberly J. Becker

***Live webcasts of Authority Board meetings can be accessed at***  
***<http://www.san.org/Airport-Authority/Meetings-Agendas/Authority-Board>***

This Agenda contains a brief general description of each item to be considered. The indication of a recommended action does not indicate what action (if any) may be taken. ***Please note that agenda items may be taken out of order.*** If comments are made to the Board without prior notice or are not listed on the Agenda, no specific answers or responses should be expected at this meeting pursuant to State law.

Staff Reports and documentation relating to each item of business on the Agenda are on file in Board Services and are available for public inspection.

**NOTE:** Pursuant to Authority Code Section 2.15, all Lobbyists shall register as an Authority Lobbyist with the Authority Clerk within ten (10) days of qualifying as a lobbyist. A qualifying lobbyist is any individual who receives \$100 or more in any calendar month to lobby any Board Member or employee of the Authority for the purpose of influencing any action of the Authority. To obtain Lobbyist Registration Statement Forms, contact the Board Services/Authority Clerk Department.

PLEASE COMPLETE A "REQUEST TO SPEAK" FORM PRIOR TO THE COMMENCEMENT OF THE MEETING AND SUBMIT IT TO THE AUTHORITY CLERK. ***PLEASE REVIEW THE POLICY FOR PUBLIC PARTICIPATION IN BOARD AND BOARD COMMITTEE MEETINGS (PUBLIC COMMENT) LOCATED AT THE END OF THE AGENDA.***

*The Authority has identified a local company to provide oral interpreter and translation services for public meetings. If you require oral interpreter or translation services, please telephone the Board Services /Authority Clerk Department with your request at (619) 400-2400 at least three (3) working days prior to the meeting.*

**CALL TO ORDER:**

**PLEDGE OF ALLEGIANCE:**

**ROLL CALL:**

**PRESENTATIONS:**

**REPORTS FROM BOARD COMMITTEES, AD HOC COMMITTEES, AND CITIZEN COMMITTEES AND LIAISONS:**

- **AUDIT COMMITTEE:**  
Committee Members: Hollingworth, Lloyd, Robinson (Chair), Schiavoni, Tartre, Van Sambeek, West
- **CAPITAL IMPROVEMENT PROGRAM OVERSIGHT COMMITTEE:**  
Committee Members: Boling, Kersey (Chair), Schumacher, Robinson
- **EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE:**  
Committee Members: Boling, Cox, Desmond (Chair), Kersey
- **FINANCE COMMITTEE:**  
Committee Members: Cox (Chair), Lloyd, Schiavoni, West

***AD HOC COMMITTEES***

- **GROUND TRANSPORTATION AD HOC:**  
Committee Members: Lloyd, Schiavoni, West (Chair)

***ADVISORY COMMITTEES***

- **AUTHORITY ADVISORY COMMITTEE:**  
Liaison: Robinson (Primary), Schiavoni
- **ART ADVISORY COMMITTEE:**  
Committee Member: Robert H. Gleason

***LIAISONS***

- **CALTRANS:**  
Liaison: Binns
- **INTER-GOVERNMENTAL AFFAIRS:**  
Liaison: Cox
- **MILITARY AFFAIRS:**  
Liaison: Dockery

- **PORT:**  
Liaisons: Boling (Primary), Cox, Robinson
- **WORLD TRADE CENTER:**  
Representatives: Robert H. Gleason

***BOARD REPRESENTATIVES (EXTERNAL)***

- **SANDAG BOARD OF DIRECTORS:**  
Representative: Boling
- **SANDAG TRANSPORTATION COMMITTEE:**  
Representatives: Schiavoni (Primary), Schumacher
- **SCAG AVIATION TASK FORCE:**  
Representative: Boling

**CHAIR'S REPORT:**

**PRESIDENT/CEO'S REPORT:**

**NON-AGENDA PUBLIC COMMENT:**

Non-Agenda Public Comment is reserved for members of the public wishing to address the Board on matters for which another opportunity to speak **is not provided on the Agenda**, and which is within the jurisdiction of the Board. Please submit a completed speaker slip to the Authority Clerk. ***Each individual speaker is limited to three (3) minutes. Applicants, groups and jurisdictions referring items to the Board for action are limited to five (5) minutes.***

**Note:** Persons wishing to speak on specific items should reserve their comments until the specific item is taken up by the Board.

**CONSENT AGENDA (Items 1-18):**

The consent agenda contains items that are routine in nature and non-controversial. Some items may be referred by a standing Board Committee or approved as part of the budget process. The matters listed under 'Consent Agenda' may be approved by one motion. Any Board Member may remove an item for separate consideration. Items so removed will be heard before the scheduled New Business Items, unless otherwise directed by the Chair.

**1. APPROVAL OF MINUTES:**

The Board is requested to approve minutes of prior meetings.

RECOMMENDATION: Approve the minutes of the May 2, 2019 regular meeting.

**2. ACCEPTANCE OF BOARD AND COMMITTEE MEMBERS WRITTEN REPORTS ON THEIR ATTENDANCE AT APPROVED MEETINGS AND PRE-APPROVAL OF ATTENDANCE AT OTHER MEETINGS NOT COVERED BY THE CURRENT RESOLUTION:**

The Board is requested to accept the reports.

RECOMMENDATION: Accept the reports and pre-approve Board Member attendance at other meetings, trainings and events not covered by the current resolution.

**(Board Services: Tony R. Russell, Director/Authority Clerk)**

**3. AWARDED CONTRACTS, APPROVED CHANGE ORDERS FROM APRIL 8, 2019 THROUGH MAY 12, 2019 AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM APRIL 8, 2019 THROUGH MAY 12, 2019:**

The Board is requested to receive the report.

RECOMMENDATION: Receive the report.

**(Procurement: Jana Vargas, Director)**

**4. JUNE 2019 LEGISLATIVE REPORT:**

The Board is requested to approve the report.

RECOMMENDATION: Adopt Resolution No. 2019-0046, approving the June 2019 Legislative Report.

**(Government Relations: Matt Harris, Director)**

**5. APPOINTMENT OF AUTHORITY ADVISORY COMMITTEE MEMBER:**

The Board is requested to make an appointment.

RECOMMENDATION: Adopt Resolution No. 2019-0047, approving an appointment to the Authority Advisory Committee.

**(Board Services: Tony R. Russell, Director/Authority Clerk)**

**6. APPOINTMENT OF PUBLIC MEMBER TO THE AUDIT COMMITTEE:**

The Board is requested to make an appointment.

RECOMMENDATION: Adopt Resolution No. 2019-0048, appointing Andrew Hollingworth to a new term as a public member to the Audit Committee.

**(Board Services: Tony R. Russell, Director/Authority Clerk)**

**7. APPROVE APPOINTMENTS TO THE ART ADVISORY COMMITTEE:**

The Board is requested to make appointments.

RECOMMENDATION: Adopt Resolution No. 2019-0049, approving the appointments of Larry Baza and Carmen Vann to the Arts Advisory Committee.

**(Customer Experience & Innovation: Chris Chalupsky, Senior Manager, Arts Program)**

**8. AMEND AUTHORITY POLICY 5.12 - PREFERENCE TO SMALL, VETERAN OWNED, AND LOCAL BUSINESS:**

The Board is requested to amend the policy.

RECOMMENDATION: Adopt Resolution No. 2019-0050, amending Policy 5.12 to clarify when preference points are applied and to broaden the definition of Veteran Owned Small Business to include Service Disabled Veteran Owned Small Businesses.

**(Small Business Development: Regina Brown, Manager)**

**9. AMEND AUTHORITY POLICY 6.30 - FEES, RATES, LICENSES AND CHARGES:**

The Board is requested to amend the policy.

RECOMMENDATION: Adopt Resolution No. 2019-0051, amending Authority Policy 6.30 - Fees, Rates, Licenses and Charges.

**(Finance & Risk Management: John Dillon, Director)**

**CLAIMS**

**10. REJECT THE CLAIM OF AIR CANADA:**

The Board is requested to reject a claim.

RECOMMENDATION: Adopt Resolution No. 2019-0052, rejecting the claim of Air Canada.

**(Legal: Amy Gonzalez, General Counsel)**

**COMMITTEE RECOMMENDATIONS**

**11. REQUIRED COMMUNICATION TO THE AUDIT COMMITTEE ON THE FINANCIAL AND COMPLIANCE AUDIT FOR THE FISCAL YEAR ENDED JUNE 30, 2019:**

The Board is requested to accept the information.

RECOMMENDATION: The Audit Committee recommends that the Board accept the information.

**(Finance & Asset Management: Kathy Kiefer, Senior Director)**

**12. RESULTS FROM THE QUALITY ASSESSMENT REVIEW OF THE OFFICE OF THE CHIEF AUDITOR:**

The Board is requested to accept the information.

RECOMMENDATION: The Audit Committee recommends that the Board accept the information.

**(Audit: Lee Parravano, Chief Auditor)**

**13. FISCAL YEAR 2019 THIRD QUARTER ACTIVITY REPORT:**

The Board is requested to accept the report.

RECOMMENDATION: The Audit Committee recommends that the Board accept the report.

**(Audit: Lee Parravano, Chief Auditor)**

**14. REVISION TO THE FISCAL YEAR 2019 AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:**

The Board is requested to approve the revision.

RECOMMENDATION: The Audit Committee recommends that the Board adopt Resolution No. 2019-0053, approving the revision to the Fiscal Year 2019 Audit Plan of the Office of the Chief Auditor.

**(Audit: Lee Parravano, Chief Auditor)**

**15. FISCAL YEAR 2020 RISK ASSESSMENT AND PROPOSED AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:**

The Board is requested to approve the plan.

RECOMMENDATION: The Audit Committee recommends that the Board Adopt Resolution No. 2019-0054, approving the Fiscal Year 2020 Proposed Audit Plan of the Office of the Chief Auditor.

**(Audit: Lee Parravano, Chief Auditor)**

**16. ANNUAL REVIEW OF AUTHORITY POLICY 4.20 - GUIDELINES FOR PRUDENT INVESTMENTS, DELEGATION OF AUTHORITY TO INVEST AND MANAGE AUTHORITY FUNDS TO THE VICE PRESIDENT/ CFO:**

The Board is requested to delegate authority to invest and manage funds.

RECOMMENDATION: The Finance Committee recommends that the Board Adopt Resolution No. 2019-0055, delegating authority to invest and manage Authority funds to the Vice President/Chief Financial Officer.

**(Business Management: Geoff Bryant, Manager, Airport Finance)**

**17. APPROVAL OF AMENDMENTS TO AUTHORITY POLICY 4.40 – DEBT ISSUANCE AND MANAGEMENT:**

The Board is requested to approve amendments.

RECOMMENDATION: The Finance Committee recommends that the Board Adopt Resolution No. 2019-0056, approving amendments to Authority Policy 4.40 - Guidelines for Debt Issuance and Management.

**(Business & Financial Management: John Dillon, Director)**

**CONTRACTS AND AGREEMENTS**

**CONTRACTS AND AGREEMENTS AND/OR AMENDMENTS TO CONTRACTS AND AGREEMENTS EXCEEDING \$1 MILLION**

**18. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE AN AGREEMENT WITH WILLIS TOWERS WATSON TO PROVIDE CONSTRUCTION INSURANCE BROKER SERVICES FOR SAN DIEGO INTERNATIONAL AIRPORT:**

The Board is requested to award a contract.

RECOMMENDATION: Adopt Resolution No. 2019-0057, approving and authorizing the President/CEO to negotiate and execute an Agreement with Willis Towers Watson for a term of three years, with the option for two, one-year extensions, in an amount not-to-exceed \$1,800,000, to provide construction insurance broker services for San Diego International Airport.

**(Business & Financial Management: John Dillon, Director)**

**PUBLIC HEARINGS:**

**OLD BUSINESS:**

**NEW BUSINESS:**

**19. ACCEPT THE CLIMATE RESILIENCE PLAN FOR SAN DIEGO INTERNATIONAL AIRPORT:**

The Board is requested to accept the plan.

RECOMMENDATION: Adopt Resolution No. 2019-0059, accepting the Climate Resilience Plan prepared for San Diego International Airport.

**(Planning & Environmental Affairs: Ralph Redman, Manager)**

**20. APPROVAL AND ADOPTION OF THE OPERATING BUDGET FOR FISCAL YEAR 2020, THE CAPITAL PROGRAM FOR FISCAL YEARS 2020-2024, AND CONCEPTUAL APPROVAL OF THE OPERATING BUDGET FOR FISCAL YEAR 2021:**

The Board is requested to approve the budgets.

RECOMMENDATION: Adopt Resolution No. 2019-0058, approving and adopting the Authority's Annual Operating Budget for Fiscal Year 2020, the Capital Program for Fiscal Years 2020-2024, and conceptually approving the Operating Budget for Fiscal Year 2021.

**(Business & Financial Management: John Dillon, Director)**

**CLOSED SESSION:**

**21. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**

(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)

Name of Case: San Diego County Regional Airport Authority v. American Car Rental, Inc., San Diego Superior Court Case No. 37-2016-00024056-CL-BC-CTL

- 22. CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION:**  
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)  
Name of Case: Future DB International, Inc. v. San Diego County Regional Airport Authority, et al.  
San Diego Superior Court Case No. 37-2018-00001531-CU-CR-CTL
- 23. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**  
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)  
Name of Case: Park Assist LLC v. San Diego County Regional Airport Authority, et al.  
United States District Court Case No. 18 CV2068 LAB MDD
- 24. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**  
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)  
Name of Case: Sheila Culbreath v. San Diego County Regional Airport Authority, et al.  
San Diego Superior Court Case No. 37-2018-00036327-CU-PA-CTL
- 25. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**  
(Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Cal. Gov. Code §54956.9)  
Number of cases: 2
- 26. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**  
(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)  
Investigative Order No. R9-2012-0009 by the California Regional Water Quality Control Board pertaining to an investigation of bay sediments at the Downtown Anchorage Area in San Diego.  
Number of potential cases: 1
- 27. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**  
(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)  
Navy Boat Channel Environmental Remediation  
Number of potential cases: 1
- 28. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**  
(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)  
Number of potential cases: 1
- 29. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**  
(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)  
Order No. WQ 2019-0005-DWQ by the State Water Resources Control Board pertaining to PFAS  
Number of potential cases: 1



**30. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:**

Property: Airline Operating and Lease Agreement - San Diego International Airport  
Agency Negotiator: Kim Becker, Scott Brickner, John Dillon, Kathy Kiefer, Amy Gonzalez  
Negotiating Parties: Alaska Airlines, Allegiant Airlines, American Airlines, British Airways, Delta Airlines, FedEx, JetBlue Airlines, Southwest Airlines, United Airlines  
Under Negotiation: price and terms of payment

**31. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:**

Cal. Gov. Code §54957  
Title: President/Chief Executive Officer

**32. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:**

Cal. Gov. Code §54957  
Title: General Counsel

**33. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:**

Cal. Gov. Code §54957  
Title: Chief Auditor

**REPORT ON CLOSED SESSION:**

**GENERAL COUNSEL REPORT:**

**BUSINESS AND TRAVEL EXPENSE REIMBURSEMENT REPORTS FOR BOARD MEMBERS, PRESIDENT/CEO, CHIEF AUDITOR AND GENERAL COUNSEL WHEN ATTENDING CONFERENCES, MEETINGS, AND TRAINING AT THE EXPENSE OF THE AUTHORITY:**

**BOARD COMMENT:**

**ADJOURNMENT:**

**Policy for Public Participation in Board, Airport Land Use Commission (ALUC),  
and Committee Meetings (Public Comment)**

- 1) Persons wishing to address the Board, ALUC, and Committees shall complete a "Request to Speak" form prior to the initiation of the portion of the agenda containing the item to be addressed (e.g., Public Comment and General Items). Failure to complete a form shall not preclude testimony, if permission to address the Board is granted by the Chair.
- 2) The Public Comment Section at the beginning of the agenda is reserved for persons wishing to address the Board, ALUC, and Committees on any matter for which another opportunity to speak is not provided on the Agenda, and on matters that are within the jurisdiction of the Board.
- 3) Persons wishing to speak on specific items listed on the agenda will be afforded an opportunity to speak during the presentation of individual items. Persons wishing to speak on specific items should reserve their comments until the specific item is taken up by the Board, ALUC and Committees.
- 4) If many persons have indicated a desire to address the Board, ALUC and Committees on the same issue, then the Chair may suggest that these persons consolidate their respective testimonies. Testimony by members of the public on any item shall be limited to **three (3) minutes per individual speaker and five (5) minutes for applicants, groups and referring jurisdictions.**
- 5) Pursuant to Authority Policy 1.33 (8), recognized groups must register with the Authority Clerk prior to the meeting.
- 6) After a public hearing or the public comment portion of the meeting has been closed, no person shall address the Board, ALUC, and Committees without first obtaining permission to do so.

**Additional Meeting Information**

**NOTE:** This information is available in alternative formats upon request. To request an Agenda in an alternative format, or to request a sign language or oral interpreter, or an Assistive Listening Device (ALD) for the meeting, please telephone the Authority Clerk's Office at (619) 400-2400 at least three (3) working days prior to the meeting to ensure availability.

For your convenience, the agenda is also available to you on our website at [www.san.org](http://www.san.org).

**For those planning to attend the Board meeting, parking is available in the public parking lot located directly in front of the Administration Building. Bring your ticket to the third floor receptionist for validation.**

**You may also reach the SDCRAA Building by using public transit via the San Diego MTS System, Route 992. For route and fare information, please call the San Diego MTS at (619) 233-3004 or 511.**

**DRAFT**  
**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD**  
**MINUTES**  
**THURSDAY, MAY 2, 2019**  
**SAN DIEGO INTERNATIONAL AIRPORT**  
**BOARD ROOM**

**CALL TO ORDER:** Chairman Boling called the regular meeting of the San Diego County Regional Airport Authority Board to order at 9:03 a.m. on Thursday, May 2, 2019, in the Board Room at the San Diego International Airport, Administration Building, 3225 North Harbor Drive, San Diego, CA 92101.

**PLEDGE OF ALLEGIANCE:** Board Member Dockery led the Pledge of Allegiance.

**ROLL CALL:**

PRESENT: Board Members: Binns (Ex-Officio), Boling, Desmond, Dockery (Ex-Officio)  
Lloyd, Robinson, Schiavoni, Schumacher

ABSENT: Board Members: Cox, Kersey, West, Wong-Hernandez (Ex-Officio)

ALSO PRESENT: Kimberly J. Becker, President/CEO; Lee Kaminetz, Director, General Counsel Services; Tony R. Russell, Director, Board Services/Authority Clerk; Deborah Harrington, Assistant Authority Clerk II

**PRESENTATIONS:**

**A. REVIEW OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2019:**

Kathy Kiefer, Senior Director, Finance and Asset Management, provided a presentation on the review of the Unaudited Financial Statements for the nine months ending March 31, 2019 that included Operating Revenues, Operating Expenses, Non-operating Revenue and Expenses, Financial Summary and the Statement of Net Position for Assets, Liabilities and Net Position.

**B. REGIONAL ENDORSEMENTS INCLUSIVE GROWTH WORKPLACE EQUITY:**

Kurt Gering, Director, Talent, Culture & Capability, and Danna Cotman, President of the Lawyer's Club of San Diego, provided a presentation on Inclusive Growth Workplace Equity that included the Strategic Goals, EDS Inclusive Growth Development Strategy, SDCRAA Talent Pipeline, Small Business and Workplace Equity and Lawyer's Club Workplace Equity.

In response to Board Member Schiavoni regarding how the Authority can incorporate this into Authority Policy to be included in all contracts, Jana Vargas stated the Authority has a robust small business program which is a part of our culture and has outreach efforts to be more inclusive.

## **REPORTS FROM BOARD COMMITTEES, AD HOC COMMITTEES, AND CITIZEN COMMITTEES AND LIAISONS:**

- **AUDIT COMMITTEE:** Board Member Robinson reported that the next meeting of the Audit Committee will be held on May 13, 2019.
- **CAPITAL IMPROVEMENT PROGRAM OVERSIGHT COMMITTEE:** Board Member Robinson reported that the next meeting of the Capital Improvement Program Oversight Committee will be held on May 9, 2019.
- **EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE:** Board Member Desmond reported that the Committee met on April 25<sup>th</sup> and received a presentation on the status of the Compensation Philosophy. He stated that the next Committee meeting will be held on May 30<sup>th</sup> to conduct the annual performance reviews for the President/CEO, General Counsel and Chief Auditor.
- **FINANCE COMMITTEE:** Board Member Schiavoni reported that the Committee met on April 22<sup>nd</sup> and reviewed financial information and forwarded it to the Board for acceptance.

## ***AD HOC COMMITTEES***

- **GROUND TRANSPORTATION AD HOC:** Board Member Lloyd reported that there have been several meetings of the Ad Hoc Committee with the most recent held on April 29<sup>th</sup>. He reported that concerns during this meeting centered on the Lyft pilot program of allowing the routing of rideshare vehicles. He reported that it is anticipated that the Ad Hoc Committee report will be brought to the full board in June or no later than July.

## ***ADVISORY COMMITTEES***

- **AUTHORITY ADVISORY COMMITTEE:** Board Member Robinson reported that the next meeting will be held on June 5, 2019.
- **ART ADVISORY COMMITTEE:** Chris Chalupsky, Senior Manager, Art & Community Partnership, reported the Request for Proposals for the Airline Support Building Public Art Opportunity will close on May 22<sup>nd</sup> and that the participants in the Design AHEAD initiative will be installing their site-specific paintings and 3D work throughout Terminal 2 next week. He reported that the next Arts Advisory Committee meeting will be held on May 22<sup>nd</sup>.

## **LIAISONS**

- **CALTRANS:** Board Member Binns reported that Caltrans is currently reviewing the draft Airport Connectivity Study. He also reported that the Governor appointed a new Agency Secretary, Brian Annis. He noted Bike to Work day is May 16<sup>th</sup>; Work Safety Awareness Week is this week and new lanes will be opening along sections of I-8 and I-5.
- **INTER-GOVERNMENTAL AFFAIRS:** Matt Harris, Director, Government Relations, reported that Airport Authority staff briefed the San Diego Taxpayers Educational Foundation on the Airport Development Plan; provided Councilmember Jen Campbell with an Airport briefing; met with staff from Representative Scott Peters' office to discuss issues relating to Airport noise; attended the San Diego Regional Chamber of Commerce 2019 Congressional Luncheon where five members of San Diego's delegation in the U.S. House of Representative provided an update on their efforts in Washington D.C. and answered various questions, and reported that Democratic leaders and President Trump reached a deal to pursue a \$2 trillion infrastructure package.
- **MILITARY AFFAIRS:** None.
- **PORT:** None.
- **WORLD TRADE CENTER:** None.

## **BOARD REPRESENTATIVES (EXTERNAL)**

- **SANDAG BOARD OF DIRECTORS:** Chairman Boling reported that the SANDAG Board of Directors met in a joint session with all of the SANDAG Policy Advisory Committees and Independent Taxpayer Oversight Committee to discuss the new 2021 Regional Transportation Plan. She reported that SANDAG is proposing five "Big Moves" to enhance connectivity, increase sustainability, and improve quality of life. She reported that the concepts are complete Corridors, Transit Leap, Mobility Hubs, Flexible Fleet and Next OS. She noted that there were two airport-related conceptual transportation projects involving a tunnel from the proposed Grand Central Station to Coronado via the airport and another tunnel from Grand Central to the Cross Border Xpress on the Mexican border via this airport.

Board Member Desmond stated the plan in effect would financially take funds from the outlying areas where roads work and bring it to the inner core where transit works. He stated that a balanced approach would be appropriate to solve the regional transportation needs.

- **SANDAG TRANSPORTATION COMMITTEE:** Board Member Schiavoni reported that a joint meeting on the Regional Transportation Plan involved the SANDAG Transportation

Committee, other policy committees, the Independent Taxpayer Oversight Committee and the Board. She noted that they received an update on the State Route 78 corridor project and regional bikeways program, mid-coast transit corridor project, trolley extension and other projects.

- **SCAG AVIATION TASK FORCE:** Chairman Boling noted that the SCAG Aviation Task Force met for the first time on April 29<sup>th</sup> and reviewed the role of SCAG, noting the organization is responsible for creating a long range transportation plan. She reported that the goal of the task force is to inform the 2020 Transportation Plan Cycle and have ongoing discussions with airports regarding multimodal ways to bring passengers to airports.

**CHAIR'S REPORT:** None.

**PRESIDENT/CEO'S REPORT:** Kimberly Becker, President/CEO, reported that the comment period is open for the Notice of Preparation and Initial Study for a Draft Environmental Impact Report for the Airport Land Use Compatibility Plan for Naval Air Station North Island (NASNI) located in the City of Coronado. She reported that NASNI has a new Executive Director, Captain John DePree, and staff is in contact to share information. She reported that a public scoping meeting will be held on May 6 at the Coronado Public Library on the draft ALUCP and environmental review process and that NASNI is the only remaining airport in the San Diego region without a formal airport land use compatibility plan. She reported that Frontier Airlines commenced service between Las Vegas and San Diego and that Southwest, Delta and Spirit Airlines is also providing nonstop service to Las Vegas from San Diego. She also reported that a new Military Intern Program is in place with Navy Commander Jim Fabiszak serving as the first Military Intern. She stated that the Internship is provided through the Department of Defense Skill-bridge Program which allows fully employed military service personnel who are six months from transition to accept intern and apprenticeships to gain civilian experience with the military continuing to pay full salary and benefits. She reported that she attended the San Diego Regional Chamber of Commerce's LEAD Influence program and provided an overview of the Airport Authority and a status update on the Airport Development Plan.

**NON-AGENDA PUBLIC COMMENT:**

NAJI BARKZAI, SAN DIEGO, expressed concern with the new Lyft pilot program. He asked that it be delayed.

CARELYN REYNOLDS, asked for a postponement of the Lyft pilot program and ask staff to come back with more solutions involving technology.

PETER ZSCHIESCHE, SAN DIEGO, expressed concern with the Lyft pilot program.

ABEBE ANTALLO, SAN DIEGO, expressed concern with the Lyft pilot program.

ABEL SEITU, SAN DIEGO, expressed concern with the Lyft pilot program.

FEYISSA ERIGO, SAN DIEGO, expressed concern with the Lyft pilot program.

ADRIAN KWIATKOWSKI, SAN DIEGO, expressed concern with the Lyft pilot program involving non-taxi cab vehicles and requested it be placed on hold until the ad hoc committee process is complete.

TONY HUESO, SAN DIEGO, San Diego Transportation Association, expressed concern with the Lyft pilot program.

SAYED GEORGE, SAN DIEGO, expressed concern with the Lyft pilot program.

MARGO TANGUAY, SAN DIEGO, expressed concern with TNC operations versus taxi requirements and the Lyft pilot program.

ALFRED BANKS, SAN DIEGO, expressed concern with the Lyft pilot program.

**CONSENT AGENDA (Items 1-10):**

In regards to Item 4, Board Member Desmond requested that if there is a recommended change to the Authority's position on AB 1332, the Sanctuary State Contracting Investment Act, to "support" that it be brought back to the Board as an agenda item for discussion.

**ACTION: Moved by Board Member Desmond and seconded by Board Member Schiavoni, to approve the Consent Agenda. Motion carried by the following votes: YES – Boling, Desmond, Lloyd, Robinson, Schiavoni, Schumacher; NO – None; ABSENT – Cox, Kersey, West (Weighted Vote Points: YES – 67; NO – 0; ABSENT – 33).**

1. **APPROVAL OF MINUTES:**  
RECOMMENDATION: Approve the minutes of the April 4, 2019 regular meeting.
2. **ACCEPTANCE OF BOARD AND COMMITTEE MEMBERS WRITTEN REPORTS ON THEIR ATTENDANCE AT APPROVED MEETINGS AND PRE-APPROVAL OF ATTENDANCE AT OTHER MEETINGS NOT COVERED BY THE CURRENT RESOLUTION:**  
RECOMMENDATION: Accept the reports and pre-approve Board Member attendance at other meetings, trainings and events not covered by the current resolution.
3. **AWARDED CONTRACTS, APPROVED CHANGE ORDERS FROM MARCH 11, 2019 THROUGH APRIL 7, 2019 AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM MARCH 11, 2019 THROUGH APRIL 7, 2019:**  
RECOMMENDATION: Receive the report.
4. **MAY 2019 LEGISLATIVE REPORT:**  
RECOMMENDATION: Adopt Resolution No. 2019-0041, approving the May 2019 Legislative Report.

**5. ANNUAL REVIEW AND NOTIFICATION OF BOARD MEMBER WEIGHTED VOTE POINT ALLOCATION AS REQUIRED BY SECTION 170014 OF THE CALIFORNIA PUBLIC UTILITIES CODE:**

RECOMMENDATION: Adopt Resolution No. 2019-0042, accepting the Board Member Weighted Vote Point Allocation as required by Section 170014 of the California Public Utilities Code.

***CLAIMS***

***COMMITTEE RECOMMENDATIONS***

**6. ACCEPT THE UNAUDITED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2019:**

RECOMMENDATION: The Finance Committee recommends that the Board accept the report.

**7. ACCEPT THE AUTHORITY'S INVESTMENT REPORT AS OF MARCH 31, 2019:**

RECOMMENDATION: The Finance Committee recommends that the Board accept the report.

***CONTRACTS AND AGREEMENTS***

**8. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A THIRD AMENDMENT TO THE AGREEMENT WITH DEVANEY PATE MORRIS & CAMERON LLP:**

RECOMMENDATION: Adopt Resolution No. 2019-0044, approving and authorizing the President/CEO to execute a Third Amendment to the Agreement with Devaney Pate Morris & Cameron LLP for professional legal services extending the term for one year to expire no later than April 30, 2020.

***CONTRACTS AND AGREEMENTS AND/OR AMENDMENTS TO CONTRACTS AND AGREEMENTS EXCEEDING \$1 MILLION***

**9. AWARD A CONTRACT TO S&L SPECIALTY CONSTRUCTION, INC. FOR QUIETER HOME PROGRAM PHASE 10, GROUP 1, PROJECT NO. 381001 FIFTY-FOUR (54) NON-HISTORIC SINGLE-FAMILY AND MULTI-FAMILY UNITS ON TWENTY-FIVE (25) RESIDENTIAL PROPERTIES LOCATED EAST AND WEST OF THE AIRPORT:**

RECOMMENDATION: Adopt Resolution No. 2019-0045, awarding a contract to S&L Specialty Construction, Inc. in the amount of \$1,394,642 for Phase 10, Group 1, Project No. 381001, of the San Diego County Regional Airport Authority's Quieter Home Program.

**PUBLIC HEARINGS:** None.



**OLD BUSINESS:** None.

**NEW BUSINESS:** None.

*The Board recessed at 10:27 a.m. and reconvened at 10:29 a.m.*

**CLOSED SESSION:** The Board recessed into Closed Session at 10:29 a.m. to discuss Items 13, 20 and 22.

- 10. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**  
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)  
Name of Case: San Diego County Regional Airport Authority v. American Car Rental, Inc., San Diego Superior Court Case No. 37-2016-00024056-CL-BC-CTL
- 11. CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION:**  
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)  
Name of Case: Future DB International, Inc. v. San Diego County Regional Airport Authority, et al.  
San Diego Superior Court Case No. 37-2018-00001531-CU-CR-CTL
- 12. CONFERENCE WITH LEGAL COUNSEL EXISTING LITIGATION:**  
(Paragraph (1) of subdivision (d) of Cal. Gov. Code 54956.9)  
Name of Case: Robert Bobbett and Donna Kashani v. San Diego Unified Port District, et al.  
San Diego Superior Court Case No. 37-2018-00014667-CU-PO-CTL
- 13. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**  
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)  
Name of Case: Enterprise Rent-a-Car Co. Of Los Angeles LLC v. San Diego Unified Port District, San Diego Superior Court Case No. 37-2018-00028276-CU-MC-CTL
- 14. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**  
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)  
Name of Case: Park Assist LLC v. San Diego County Regional Airport Authority, et al.  
United States District Court Case No. 18 CV2068 LAB MDD
- 15. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**  
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)  
Name of Case: Sheila Culbreath v. San Diego County Regional Airport Authority, et al.  
San Diego Superior Court Case No. 37-2018-00036327-CU-PA-CTL
- 16. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**  
(Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Cal. Gov. Code §54956.9)  
Number of cases: 2

- 17. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**  
(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)  
Investigative Order No. R9-2012-0009 by the California Regional Water Quality Control Board pertaining to an investigation of bay sediments at the Downtown Anchorage Area in San Diego.  
Number of potential cases: 1
- 18. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**  
(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)  
Navy Boat Channel Environmental Remediation  
Number of potential cases: 1
- 19. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**  
(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)  
Number of potential cases: 1
- 20. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**  
(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)  
Order No. WQ 2019-0005-DWQ by the State Water Resources Control Board pertaining to PFAS  
Number of potential cases: 1
- 21. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:**  
Property: Airline Operating and Lease Agreement - San Diego International Airport Agency  
Negotiator: Kim Becker, Scott Brickner, John Dillon, Kathy Kiefer, Amy Gonzalez Negotiating Parties: Alaska Airlines, Allegiant Airlines, American Airlines, British Airways, Delta Airlines, FedEx, JetBlue Airlines, Southwest Airlines, United Airlines  
Under Negotiation: price and terms of payment

**REPORT ON CLOSED SESSION:** The Board adjourned out of Closed Session at 12:25 p.m. Lee Kaminetz, Director, Counsel Services, reported that in regards to Item 13, the Authority approved a global settlement agreement between the Plaintiffs and all Defendants in the amount of \$500,000 with no monetary contribution from the Authority, which was approved 6-0-3 with Board Members Boling, Desmond, Lloyd, Robinson, Schiavoni, and Schumacher voting YES, noting Board Members Cox, Kersey, and West as ABSENT

**GENERAL COUNSEL REPORT:** None.

**BUSINESS AND TRAVEL EXPENSE REIMBURSEMENT REPORTS FOR BOARD MEMBERS, PRESIDENT/CEO, CHIEF AUDITOR AND GENERAL COUNSEL WHEN ATTENDING CONFERENCES, MEETINGS, AND TRAINING AT THE EXPENSE OF THE AUTHORITY:**

**BOARD COMMENT:** None.

**ADJOURNMENT:** The meeting adjourned at 12:26 p.m.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT  
AUTHORITY BOARD THIS 30<sup>TH</sup> DAY OF MAY, 2019.

ATTEST:

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TONY R. RUSSELL  
DIRECTOR, BOARD SERVICES /  
AUTHORITY CLERK

APPROVED AS TO FORM:

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AMY GONZALEZ  
GENERAL COUNSEL

## STAFF REPORT

Meeting Date: **MAY 30, 2019**

### Subject:

**Acceptance of Board and Committee Members Written Reports on Their Attendance at Approved Meetings and Pre-Approval of Attendance at Other Meetings Not Covered by the Current Resolution**

### Recommendation:

Accept the reports and pre-approve Board Member attendance at other meetings, trainings and events not covered by the current resolution.

### Background/Justification:

Authority Policy 1.10 defines a “day of service” for Board Member compensation and outlines the requirements for Board Member attendance at meetings.

Pursuant to Authority Policy 1.10, Board Members are required to deliver to the Board a written report regarding their participation in meetings for which they are compensated. Their report is to be delivered at the next Board meeting following the specific meeting and/or training attended. The reports (Attachment A) were reviewed pursuant to Authority Policy 1.10 Section 5 (g), which defines a “day of service”. The reports were also reviewed pursuant to Board Resolution No. 2009-0149R, which granted approval of Board Member representation for attending events and meetings.

The attached reports are being presented to comply with the requirements of Policy 1.10 and the Authority Act.

***The Board is also being requested to pre-approve Board Member attendance at meetings of the multi-agency policy group addressing off-airport roadway access and the Ad Hoc Ground Transportation Committee.***

### Fiscal Impact:

Board and Committee Member Compensation is included in the FY 2019 Budget.

### Authority Strategies:

This item supports one or more of the Authority Strategies, as follows:

- Community Strategy     Customer Strategy     Employee Strategy     Financial Strategy     Operations Strategy

**Environmental Review:**

- A. This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act (CEQA), as amended. 14 Cal. Code Regs. Section 15378. This Board action is not a "project" subject to CEQA. Pub. Res. Code Section 21065.
  
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act, Pub. Res. Code Section 30106.

**Application of Inclusionary Policies:**

Not applicable.

**Prepared by:**

TONY R. RUSSELL  
DIRECTOR, BOARD SERVICES/AUTHORITY CLERK

**A. BOLING**

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY  
Board Member Event/Meeting/Training Report Summary**

SDCRAA

MAY 28 2019

Period Covered: May 2019

Board Services

**Directions:** This Form permits Board Members to report their attendance at meetings, events, and training that qualify for "day of service" compensation pursuant to Cal. Pub. Util. Code §170017, Board Policy 1.10 and Board Resolution 2009-0149R. Unless attending a meeting held pursuant to the Brown Act, attendance must be pre-approved by the Board prior to attendance and a written report delivered at the next Board meeting. After completing this Form, please forward it to Tony Russell, Authority Clerk.

BOARD MEMBER NAME:		DATE:
C. APRIL BOLING		5/30/19
TYPE OF MEETING	DATE/TIME/LOCATION OF EVENT/MEETING/TRAINING	SUMMARY AND DESCRIPTION OF THE EVENT/MEETING/TRAINING
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R	Date: May 2, 2019 Time: 9:00 am Location: Airport	Board/ALUC Meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R	Date: May 9, 2019 Time: 10:00 am Location: Airport	Special CIPOC Meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R	Date: May 10, 2019 Time: 10:00 am Location: SANDAG	SANDAG Board of Directors Business Meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R	Date: May 16, 2019 Time: 9:00 am Location: Airport	Budget Workshop
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input checked="" type="checkbox"/> Res.2009-0149R	Date: May 21, 2019 Time: 3:00 pm Location: Mayor's Office	Quarterly Mayor Meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R	Date: May 23, 2019 Time: 9:00 am Location: Airport	Excc./Finance Committee Meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R	Date: May 24, 2019 Time: 9:00 am Location: SANDAG	SANDAG Board of Directors Meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R	Date: May 30, 2019 Time: 10:00 Location: Airport	Exec./Personnel & Comp. Meeting

**I certify that I was present for at least half of the time set for each meeting, event and training listed herein.**

Signature: \_\_\_\_\_

MAY 13 2019

Board Services

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY  
Board Member Event/Meeting/Training Report Summary

Period Covered: 5/13/2019 Audit Cmte

**Directions:** This Form permits Board Members to report their attendance at meetings, events, and training that qualify for "day of service" compensation pursuant to Cal. Pub. Util. Code §170017, Board Policy 1.10 and Board Resolution 2009-0149R. Unless attending a meeting held pursuant to the Brown Act, attendance must be pre-approved by the Board prior to attendance and a written report delivered at the next Board meeting. After completing this Form, please forward it to Tony Russell, Authority Clerk.

BOARD MEMBER NAME:		DATE:
ANDREW HOLLINGWORTH		5/13/2019
TYPE OF MEETING	DATE/TIME/LOCATION OF EVENT/MEETING/TRAINING	SUMMARY AND DESCRIPTION OF THE EVENT/MEETING/TRAINING
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R	Date: 5/13/2019 Time: 10:00 - 12:00 AM Location: BOARD ROOM	5/13/2019 Audit Cmte meeting
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R	Date: Time: Location:	
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R	Date: Time: Location:	
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R	Date: Time: Location:	
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R	Date: Time: Location:	
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R	Date: Time: Location:	
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R	Date: Time: Location:	
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R	Date: Time: Location:	
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R	Date: Time: Location:	

I certify that I was present for at least half of the time set for each meeting, event and training listed herein.

Signature: Andrew Hollingworth



**M. KERSEY**

MAY 28 2019

Board Services

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY  
Board Member Event/Meeting/Training Report Summary**

Period Covered: May 2019

Directions: This Form permits Board Members to report their attendance at meetings, events, and training that qualify for "day of service" compensation pursuant to Cal. Pub. Util. Code §170017, Board Policy 1.10 and Board Resolution 2009-0149R. Unless attending a meeting held pursuant to the Brown Act, attendance must be pre-approved by the Board prior to attendance and a written report delivered at the next Board meeting. After completing this Form, please forward it to Tony Russell, Authority Clerk.

BOARD MEMBER NAME:		DATE:
Mark Kersey		5/28/19
TYPE OF MEETING	DATE/TIME/LOCATION OF EVENT/MEETING/TRAINING	SUMMARY AND DESCRIPTION OF THE EVENT/MEETING/TRAINING
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R	Date: May 9, 2019 Time: 10:00 am Location: 3225 N Harbor Drive	CIPOC Meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R	Date: May 16, 2019 Time: 9:00 am Location: 3225 N Harbor Drive	Budget Workshop
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R	Date: May 23, 2019 Time: 9:00 am Location: 3225 N Harbor Drive	Executive and Finance Committee Meeting
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R	Date: Time: Location:	
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R	Date: Time: Location:	
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R	Date: Time: Location:	
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R	Date: Time: Location:	
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R	Date: Time: Location:	
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R	Date: Time: Location:	

**I certify that I was present for at least half of the time set for each meeting, event and training listed herein.**

Signature: 

**R. LLOYD**

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY  
Board Member Event/Meeting/Training Report Summary**

Period Covered: May 2019

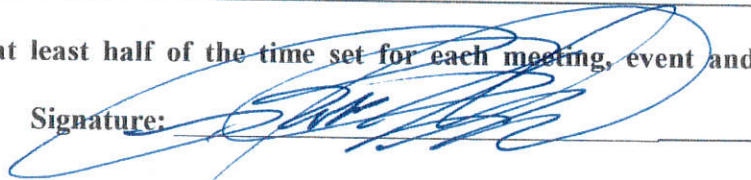
SDCRAA  
**MAY 28 2019**  
Board Services

Directions: This Form permits Board Members to report their attendance at meetings, events, and training that qualify for "day of service" compensation pursuant to Cal. Pub. Util. Code §170017, Board Policy 1.10 and Board Resolution 2009-0149R. Unless attending a meeting held pursuant to the Brown Act, attendance must be pre-approved by the Board prior to attendance and a written report delivered at the next Board meeting. After completing this Form, please forward it to Tony Russell, Authority Clerk.

BOARD MEMBER NAME:		DATE:
Robert T Lloyd		5/28/19
TYPE OF MEETING	DATE/TIME/LOCATION OF EVENT/MEETING/TRAINING	SUMMARY AND DESCRIPTION OF THE EVENT/MEETING/TRAINING
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R	Date: April 29, 2019 Time: 11:00 am Location: Liberty Station	Ad Hawk Committee Meeting
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R	Date: May 2, 2019 Time: 9:00 am Location: SDAA	ALUC
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R	Date: May 13, 2019 Time: 10:00 am Location: SDAA	Audit Committee Meeting
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R	Date: May 14, 2019 Time: 11:00 am Location: Hilton	Ad Hawk Committee Meeting
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R	Date: May 16, 2019 Time: 9:00 am Location: SDAA	Budget
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R	Date: Time: Location:	
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R	Date: Time: Location:	
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R	Date: Time: Location:	

**I certify that I was present for at least half of the time set for each meeting, event and training listed herein.**

Signature: \_\_\_\_\_



**P. ROBINSON**

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY  
Board Member Event/Meeting/Training Report Summary**

MAY 28 2019

Period Covered: 5/31/19

Board Services

**Directions:** This Form permits Board Members to report their attendance at meetings, events, and training that qualify for "day of service" compensation pursuant to Cal. Pub. Util. Code §170017, Board Policy 1.10 and Board Resolution 2009-0149R. Unless attending a meeting held pursuant to the Brown Act, attendance must be pre-approved by the Board prior to attendance and a written report delivered at the next Board meeting. After completing this Form, please forward it to Tony Russell, Authority Clerk.

BOARD MEMBER NAME:		DATE:
Robinson		5/1/19
TYPE OF MEETING	DATE/TIME/LOCATION OF EVENT/MEETING/TRAINING	SUMMARY AND DESCRIPTION OF THE EVENT/MEETING/TRAINING
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res. 2009-0149R	Date: 5/2/19 Time: 9:00 a.m. - 12:00 p.m. Location: SDCRAA Bd Rm	SDCRAA Bd / ALVE Mtgs.
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res. 2009-0149R	Date: 5/9/19 Time: 10:00 a.m. - Location: SDCRAA Bd Rm	CIPAC Mtg.
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res. 2009-0149R	Date: 5/13/19 Time: 10:00 a.m. - 1:00 p.m. Location: SDCRAA Bd Rm	Audit Comm Mtg.
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res. 2009-0149R	Date: 5/16/19 Time: 9:00 a.m. - 11:30 a.m. Location: SDCRAA Bd Rm	Budget Workshop
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res. 2009-0149R	Date: 5/23/19 Time: 9:00 a.m. - 11:00 a.m. Location: SDCRAA Bd Rm	Exec / Finance Com Mtgs
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res. 2009-0149R	Date: 5/30/19 Time: 9:00 a.m. - 12:00 p.m. Location: SDCRAA Bd Rm	Special Bd. Mtg.
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res. 2009-0149R	Date: Time: Location:	
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res. 2009-0149R	Date: Time: Location:	

I certify that I was present for at least half of the time set for each meeting, event and training listed herein.

Signature: [Signature]

5/23/19 - SDCRAA

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY**  
**Board Member Event/Meeting/Training Report Summary**

SDCRA

MAY 13 2019

Period Covered: \_\_\_\_\_

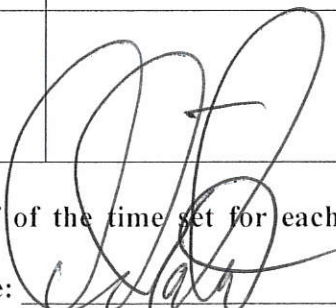
Board Services

**Directions:** This Form permits Board Members to report their attendance at meetings, events, and training that qualify for "day of service" compensation pursuant to Cal. Pub. Util. Code §170017, Board Policy 1.10 and Board Resolution 2009-0149R. Unless attending a meeting held pursuant to the Brown Act, attendance must be pre-approved by the Board prior to attendance and a written report delivered at the next Board meeting. After completing this Form, please forward it to Tony Russell, Authority Clerk.

BOARD MEMBER NAME:		DATE:
Don Tartre		5/13-2019
TYPE OF MEETING	DATE/TIME/LOCATION OF EVENT/MEETING/TRAINING	SUMMARY AND DESCRIPTION OF THE EVENT/MEETING/TRAINING
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R	Date: 5/13-2019 Time: 10AM Location: Board Room	AC Meeting - Open to Board Services
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R	Date: Time: Location:	
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R	Date: Time: Location:	
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R	Date: Time: Location:	
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R	Date: Time: Location:	
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R	Date: Time: Location:	
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R	Date: Time: Location:	
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R	Date: Time: Location:	
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre - approved <input type="checkbox"/> Res.2009-0149R	Date: Time: Location:	

I certify that I was present for at least half of the time set for each meeting, event and training listed herein.

Signature: \_\_\_\_\_

 5/13-2019

## **STAFF REPORT**

Meeting Date: **MAY 30, 2019**

### **Subject:**

**Awarded Contracts, Approved Change Orders from April 8, 2019 through April May 12, 2019 and Real Property Agreements Granted and Accepted from April 8, 2019 through May 12, 2019**

### **Recommendation:**

Receive the Report.

### **Background/Justification:**

Policy Section Nos. 5.01, Procurement of Services, Consulting, Materials, and Equipment, 5.02, Procurement of Contracts for Public Works, and 6.01, Leasing Policy, require staff to provide a list of contracts, change orders, and real property agreements that were awarded and approved by the President/CEO or her designee. Staff has compiled a list of all contracts, change orders (Attachment A) and real property agreements (Attachment B) that were awarded, granted, accepted, or approved by the President/CEO or her designee since the previous Board meeting.

### **Fiscal Impact:**

The fiscal impact of these contracts and change orders are reflected in the individual program budget for the execution year and on the next fiscal year budget submission. Amount to vary depending upon the following factors:

1. Contracts issued on a multi-year basis; and
2. Contracts issued on a Not-to-Exceed basis.
3. General fiscal impact of lease agreements reflects market conditions.

The fiscal impact of each reported real property agreement is identified for consideration on Attachment B.

### **Authority Strategies:**

This item supports one or more of the Authority Strategies, as follows:

- Community Strategy     Customer Strategy     Employee Strategy     Financial Strategy     Operations Strategy



**Environmental Review:**

- A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code §21065.
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.

**Application of Inclusionary Policies:**

Inclusionary Policy requirements were included during the solicitation process prior to the contract award.

**Prepared by:**

JANA VARGAS  
DIRECTOR, PROCUREMENT

**Attachment "A"**

**AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN April 8, 2019 to May 12, 2019**

**New Contracts**

<b>Date Signed</b>	<b>CIP #</b>	<b>Company</b>	<b>Description</b>	<b>Solicitation Method</b>	<b>Owner</b>	<b>Contract Value</b>	<b>End Date</b>
4/9/2019		Matt Rich	The Artist will participate in the "2019 Temporary Exhibition: Force of Nature" at San Diego International Airport.	RFP	Marketing & Air Service Development	\$500.00	7/31/2020
4/15/2019		M2P Consulting Inc.	The Contractor will develop a workforce plan and associated staffing requirements for the Facilities Management Department (FMD) at San Diego County Regional Airport Authority.	Informal RFP	Talent, Culture & Capability	\$49,600.00	3/26/2020
4/19/2019		Scott Polach	The Artist will participate in the "2019 Temporary Exhibition: Force of Nature" at San Diego International Airport.	RFP	Marketing & Air Service Development	\$500.00	7/31/2020
4/23/2019		HYAS Group LLC	The Contractor will provide advisory services for the Authority's 457 and 401(A) Retirement Plans and will act as a co-fiduciary for the Plans.	RFP	Talent, Culture & Capability	\$188,000.00	3/31/2022
4/24/2019		Devin C. Hughes	The Contractor will provide professional development seminars to enhance the Authority's employee's development experience.	Informal RFP	Talent, Culture & Capability	\$50,000.00	4/30/2022
5/2/2019		Keith Skretch	The Artist will participate in the "2019 Temporary Exhibition: Force of Nature" at San Diego International Airport.	RFP	Marketing & Air Service Development	\$500.00	7/31/2020
5/2/2019		Perry Vasquez	The Artist will participate in the "2019 Temporary Exhibition: Force of Nature" at San Diego International Airport.	RFP	Marketing & Air Service Development	\$500.00	7/31/2020
5/10/2019		St. Madeleine Sophie's Center, Inc.	The Artist will participate in the "2019 Temporary Exhibition: Force of Nature" at San Diego International Airport	RFP	Marketing & Air Service Development	\$500.00	7/31/2020
5/10/2019		Adriene Hughes	The Artist will participate in the "2019 Temporary Exhibition: Force of Nature" at San Diego International Airport	RFP	Marketing & Air Service Development	\$500.00	7/31/2020
5/10/2019		Timothy Murdoch	The Artist will participate in the "2019 Temporary Exhibition: Force of Nature" at San Diego International Airport	RFP	Marketing & Air Service Development	\$500.00	7/31/2020

## Attachment "A"

## AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN April 8, 2019 to May 12, 2019

New Contracts Approved by the Board

Date Signed	CIP #	Company	Description	Solicitation Method	Owner	Contract Value	End Date
4/12/19		AECOM Technical Services, Inc.	The contract was approved by the Board at the August 27, 2018 Board Meeting. The Contractor will provide on-call program management, staffing support, and consulting services for the San Diego County Regional Airport Authority.	RFQ	Airport Design & Construction	\$19,500,000.00	4/9/2024
4/19/2019		ENGIE Storage Services NA LLC	The contract was approved by the Board at the January 3, 2019 Board Meeting. The Contractor will design, install, operate, maintain and repair a battery energy storage system at San Diego International Airport.	RFP	Facilities Management	\$3,300,000.00	4/30/2029
4/25/2019	380911	G&G Specialty Contractors, Inc.	The contract was approved by the Board at the March 14, 2019 Board Meeting. The Contractor will provide sounds attenuation services for the Quieter Home Program Phase 9, Group 11, multi-family and single family residential properties.	RFB	Quieter Home Program	\$1,414,854.00	2/20/2020
5/3/2019	601055	Ace Electric, Inc.	The contract was approved by the Board at the December 6, 2018 Board Meeting. The Contractor will provide Apron Lighting LED upgrade for Terminal 2 East and Terminal 2 West at San Diego International Airport.	RFB	Airport Design & Construction	\$681,429.00	12/25/2019

## Attachment "A"

## AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN April 8, 2019 to May 12, 2019

Amendments and Change Orders

Date Signed	CIP #	Company	Description of Change	Owner	Previous Contract Amount	Change Order Value (+ / -)	Change Order Value ( % ) (+ / -)	New Contract Value	New End Date
4/19/2019		Scantech Graphics, Inc	The 1st Amendment extends the term of the agreement by ninety (90) days and increases the contract compensation by nine thousand dollars to allow time to execute a new agreement for reprographic services at San Diego County Regional Airport Authority.	Procurement	\$100,000.00	\$9,000.00	9%	\$109,000.00	7/13/2019
5/1/2019		Scantech Graphics, Inc	The 1st Amendment extends the term of the agreement by ninety (90) days to allow time to execute a new agreement for large format printing services at San Diego County Regional Airport Authority. There is no increase in compensation.	Procurement	\$100,000.00	\$0.00	0%	\$100,000.00	7/13/2019
5/6/2019		Culbertson, Adams & Associates, Inc.	The 1st Amendment extends the term of the agreement by ninety (90) days to allow time to execute a new agreement for California Coastal consulting services at San Diego International Airport. There is no increase in compensation	Airport Planning	\$9,000.00	\$0.00	0%	\$90,000.00	7/29/2019

Attachment "A"

AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN April 8, 2019 to May 12, 2019

Amendments and Change Orders Approved by the Board

Date Signed	CIP #	Company	Description of Change	Owner	Previous Contract Amount	Change Order Value (+ / -)	Change Order Value ( % ) (+ / -)	New Contract Value	New End Date
			There were no executed Board Approved Amendments and Change orders this period.						

**Attachment "B"**

**REAL PROPERTY AGREEMENTS EXECUTED FROM APRIL 8, 2019 through MAY 12, 2019**



**Real Property Agreements**

Begin/End Dates	Authority Doc. #	Tenant/Company	Agreement Type	Property Location	Use	Property Area (s.f)	Consideration	Comments
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No Real Property Agreements to Report



**Real Property Agreement Amendments and Assignments**

Effective Date	Authority Doc. #	Tenant/Company	Agreement Type	Property Location	Use	Property Area (s.f)	Consideration	Comments
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No Real Property Amendments and Assignments to Report

## **STAFF REPORT**

Meeting Date: **MAY 30, 2019**

### **Subject:**

**June 2019 Legislative Report**

### **Recommendation:**

Adopt Resolution No. 2019-0046, approving the June 2019 Legislative Report.

### **Background/Justification:**

The Authority's Legislative Advocacy Program Policy (Policy 1.60) requires that staff present the Board with monthly reports concerning the status of legislation with potential impact to the Authority. The Authority Board provides direction to staff on legislative issues by adoption of a monthly Legislative Report (Attachment A). The June 2019 Legislative Report updates Board members on legislative activities that have taken place since the previous Board meeting. In directing staff, the Authority Board may take a position on pending or proposed legislation that has been determined to have a potential impact on the Authority's operations and functions.

### **State Legislative Action**

The Authority's legislative team does not recommend that the Board adopt any new positions on state legislation.

### **Federal Legislative Action**

The Authority's legislative team recommends that the Board adopt a WATCH position on S. 1349 (Thune). This bill would expand enrollment in TSA PreCheck for individuals who have passed extensive background checks, for example federal employees holding an active security clearance and law enforcement officers.

### **Fiscal Impact:**

Not applicable.

### **Authority Strategies:**

This item supports one or more of the Authority Strategies, as follows:

- Community Strategy     Customer Strategy     Employee Strategy     Financial Strategy     Operations Strategy

**Environmental Review:**

- A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code §21065.
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.

**Application of Inclusionary Policies:**

Not applicable.

**Prepared by:**

MATT HARRIS  
DIRECTOR, GOVERNMENT RELATIONS



RESOLUTION NO. 2019-0046

A RESOLUTION OF THE BOARD OF THE  
SAN DIEGO COUNTY REGIONAL AIRPORT  
AUTHORITY, APPROVING THE JUNE 2019  
LEGISLATIVE REPORT

WHEREAS, the San Diego County Regional Airport Authority (“Authority”) operates San Diego International Airport and plans for necessary improvements to the regional air transportation system in San Diego County, including serving as the responsible agency for airport land use planning within the County; and

WHEREAS, the Authority has a responsibility to promote public policies consistent with the Authority’s mandates and objectives; and

WHEREAS, Authority staff works locally and coordinates with legislative advocates in Sacramento and Washington, D.C. to identify and pursue legislative opportunities in defense and support of initiatives and programs of interest to the Authority; and

WHEREAS, under the Authority’s Legislative Advocacy Program Policy, the Authority Board provides direction to Authority staff on pending legislation; and

WHEREAS, the Authority Board, in directing staff, may adopt positions on legislation that has been determined to have a potential impact on the Authority’s operations and functions.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the June 2019 Legislative Report (“Attachment A”); and

BE IT FURTHER RESOLVED that the Board finds that this action is not a “project” as defined by the California Environmental Quality Act (“CEQA”) (California Public Resources Code §21065); and is not a “development” as defined by the California Coastal Act (California Public Resources Code §30106).

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a special meeting this 30<sup>th</sup> day of May, 2019, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

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TONY R. RUSSELL  
DIRECTOR, BOARD SERVICES /  
AUTHORITY CLERK

APPROVED AS TO FORM:

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AMY GONZALEZ  
GENERAL COUNSEL

June 2019 Legislative Report

State Legislation

New Assembly Bills

There are no new Assembly bills to report.

Assembly Bills from Previous Report

Legislation/Topic

**AB 1112 (Friedman) – Motorized Scooters**

Background/Summary

AB 1112 would authorize a local agency, as defined, to regulate motorized scooters by assessing limited penalties for moving or parking violations involving the use of motorized scooters. This bill would also allow a local authority to regulate scooter share operators by requiring a scooter share operator to pay fees that do not exceed the reasonable cost to the local authority of regulating the scooter share operator. The local authority would also be authorized to require a scooter share company to provide the local authority with trip data for all trips starting or ending within the jurisdiction of the local authority and would prohibit the disclosure of the information pursuant to public records requests received by the local authority.

Anticipated Impact/Discussion

This bill could benefit the San Diego International Airport (SDIA) by providing the Airport Authority with additional enforcement tools to deter unsafe motorized scooter operations at or near SDIA.

**Status:** 05/08/19 – Read second time. Ordered to third reading.

**Position:** Watch (05/02/19)

\*Shaded text represents new or updated legislative information

**Legislation/Topic**

**AB 1277 (Obernolte) – Transportation Projects: Oversight Committees**

**Background/Summary**

AB 1277 would require a public agency administering a transportation project with total estimated development and construction costs exceeding \$1 billion to take specified actions to manage the risks associated with the project. These actions include establishing a comprehensive risk management project, regularly assessing reserves for potential claims and unknown risks, and establishing a project oversight committee composed of specified individuals to review the project and perform other specified duties. The public agency would be required to provide annual reports to the oversight committee which would be required to provide annual reports to the California Transportation Commission until the year following the project's completion.

**Anticipated Impact/Discussion**

San Diego International Airport's (SDIA) Airport Development Plan (ADP) does not meet the project criteria set forth in this bill and thus this bill's risk management requirements would not apply to that project. The Authority's legislative team will closely monitor the development of this bill language for any potential impact to SDIA or the Airport Authority.

**Status:** 03/20/19 – Re-referred to Committee on Transportation

**Position:** Watch (05/02/19)

**Legislation/Topic**

**AB 1332 (Bonta) – Sanctuary State Contracting and Investment Act**

**Background/Summary**

This bill would enact the Sanctuary State Contracting and Investment Act, which would prohibit a state or local agency from entering into a new, amended, or extended contract or agreement with any person or entity that provides a federal immigration agency with any data broker, extreme vetting, or detention facilities services, as defined, unless the state or local agency has made a finding that no reasonable alternative exists, as specified.

\*Shaded text represents new or updated legislative information

### **Anticipated Impact/Discussion**

If enacted, this bill could affect the Airport Authority's contract with Customs and Border Protection (CBP), which could disrupt operations at San Diego International Airport and potentially conflict with federal regulations.

**Status:** 05/16/19 – Held in Committee. No further action is expected on this bill during the current legislative session.

**Position:** Watch (05/02/19)

### **Legislation/Topic**

**AB 1730 (Gonzalez) – Regional Transportation Plans: San Diego Association of Governments (SANDAG): Housing**

### **Background/Summary**

Under current law, certain transportation agencies, including SANDAG, are required to prepare and adopt a regional transportation plan. This regional transportation plan must include a sustainable communities strategy, among other things, and must be updated every five years. AB 1730 would extend the deadline for SANDAG to update its regional transportation plan until December 31, 2021. This bill would also allow SANDAG's 2015 regional transportation plan, sustainable communities strategy, and environmental impact report to remain in effect for these two years until the new plan is adopted. Current law also requires each local government to review the housing element of its general plan and revise that element in accordance with certain schedules. AB 1730 would require a local government within SANDAG's jurisdiction to adopt its sixth revision to its housing plan by April 30, 2021 and adopt its seventh revision no later than 18 months after the adoption of SANDAG's updated regional transportation plan.

### **Anticipated Impact/Discussion**

This bill, if enacted, is not expected to directly impact operations at San Diego International Airport (SDIA). However, the Airport Authority works closely with SANDAG to achieve our common goal of optimizing San Diego's transportation network in a way that best meets the needs of our community. This bill allows SANDAG the opportunity to accomplish that goal.

**Status:** 05/09/19 – In Senate. Read first time. Pending referral.

**Position:** Support (04/17/2019)

\*Shaded text represents new or updated legislative information

## **Legislation/Topic**

### **AB 456 (Chiu) – Public Contracts: Claim Resolution**

#### **Background/Summary**

In 2016, legislation passed to create various requirements regarding the formation, content, and enforcement of state and local contracts. That legislation incorporated a clause establishing until January 1, 2020, for contracts entered into on or after January 1, 2017, a claim resolution process applicable to any claim by a contractor in connection with a public works project against a public entity. AB 456 would remove the January 1, 2020, repeal date, thus making this claim resolution process permanent.

#### **Anticipated Impact/Discussion**

The Airport Authority opposed the original legislation that created this law in 2016 due to the law's negative impacts on the Airport Authority's contracting process. Existing law creates opportunities for delay, conflict, and additional costs for airport projects. If enacted, this bill would remove the repeal of this law in 2020, making these negative impacts permanent.

**Status:** 05/08/19 – Referred to Committee on Judiciary.  
05/17/19 – In committee: Set, first hearing. Hearing canceled at the request of author.

**Position:** Oppose (04/04/19)

## **Legislation/Topic**

### **AB 1184 (Gloria) – Public Records: Writing Transmitted by Electronic Mail**

#### **Background/Summary**

Under the California Public Records Act, public agencies are required to make public records available for inspection, subject to certain exceptions. The law defines public records to include any writing containing information relating to the conduct of the public's business including writing transmitted by electronic mail. In addition to requiring public agencies to disclose these records, they must also adopt regulations outlining the procedures to be followed when making these records available. AB 1184 would require public agencies to retain every writing transmitted by electronic mail for a period of at least 2 years, regardless of whether they fall under the definition of "public records," as defined.

\*Shaded text represents new or updated legislative information

### **Anticipated Impact/Discussion**

If enacted, the Airport Authority would need to amend its retention schedule as well as its current process of automatically deleting emails that are not considered public records after one year in order to accommodate the provisions set forth in the bill.

**Status:** 05/16/19 – From committee: Amend, and do pass as amended. (Ayes 14. Noes 4.)  
05/20/19 – Read second time. Ordered to third reading.

**Position:** Watch (04/04/19)

### **Legislation/Topic**

**AB 1360 (Ting) – Food Retail Establishments: Third-Party Food Delivery**

### **Background/Summary**

AB 1360 would define a food delivery platform as a business engaged in the service of online food ordering and delivery from food retail establishments to a consumer, and would require a food delivery platform and food delivery driver to ensure that food is transported during delivery in a manner that meets specified food safety requirements. The bill would require a food delivery driver to obtain a food handler card, and would prohibit a food delivery driver from making any stops, except when necessary for rest, fuel, or vehicle repair, during the process of delivery, as defined.

AB 1360 would also prohibit a food retail establishment from selling or otherwise transferring any food for delivery to a consumer through the use of a food delivery platform unless it maintains liability insurance for all deliveries made by a food delivery platform through a food delivery driver or ensures that the food delivery platform assumes liability, has necessary liability insurance to protect against any liability to a consumer, and is in compliance with the requirements described above.

\*Shaded text represents new or updated legislative information

### **Anticipated Impact/Discussion**

If enacted, this bill would have a significant impact on the Airport Authority and its concessionaires by redefining food delivery workers as independent contractors. This would result in increased liabilities as well as increased costs and could potentially limit the number of concessionaires that choose to partner with our food delivery service. Since the Airport Authority owns the contract with our third-party delivery service, further clarification is needed regarding who would be responsible for taking on these additional liabilities: the concessionaires or the Airport Authority.

**Status:** 05/16/19 – From committee: Do pass. (Ayes 13. Noes 5.)  
05/20/19 – Read second time. Ordered to third reading.

**Position:** Watch (04/04/19)

### **Legislation/Topic**

**AB 1818 (Stone) – State Government: Customer Facility Charge Audit**

### **Background/Summary**

Existing law authorizes airports to require rental car companies to collect a customer facility charge or an alternative customer facility charge under specified circumstances for purposes that include financing, designing, and constructing airport vehicle rental facilities and common-use transportation systems. The law requires that the aggregate amount to be collected not exceed the reasonable costs, as determined by an independent audit paid for by the airport, to finance, design, and construct those facilities. The law also requires additional audits, with respect to an alternative customer facility charge, when the airport increases that charge and requires an audit every 3 years where the revenues from that alternative charge are used for certain purposes. Copies of these audits, as well as certain annual information as to an alternative charge, are required to be provided to specified legislative committees and posted on the airport's internet website. AB 1818 would instead require that the reasonable cost audits and audits related to an increase in an alternative charge be reported only to the Senate Committee on Judiciary and also posted on the airport's internet website. The bill would also eliminate the requirement that the 3-year audits and the annual information with respect to an alternative charge be provided to specified legislative committees.

\*Shaded text represents new or updated legislative information



**Anticipated Impact/Discussion**

If enacted, this bill would streamline the audit reporting process by reducing the number of hard copies the Airport Authority is required to submit to the Legislature, while still making the information accessible electronically.

**Status:** 05/01/19 – Referred to Committee on Judiciary.

**Position:** Support (04/04/19)

**Legislation/Topic**

**AB 245 (Muratsuchi) – California Aerospace and Aviation Commission**

**Background/Summary**

AB 245 would establish a 17-member California Aerospace and Aviation Commission (Commission) within the Governor’s Office of Business and Economic Development. The Commission would serve as a central point of contact for businesses engaged in the aerospace and aviation industries, and support the health and competitiveness of these industries in California. AB 245 would require the Commission to make recommendations on legislative and administration action that may be necessary or helpful to maintain or improve the state’s aerospace and aviation industries and would require the Commission to report and provide recommendations to the Governor and State Legislature.

**Anticipated Impact/Discussion**

Although this legislation is not expected to have any significant impact on the Airport Authority or San Diego International Airport (SDIA), if the bill were enacted, the Authority’s legislative team would work with the California Airports Council to identify any potential opportunities to engage with the Commission on actions that could impact California airports.

**Status:** 05/16/19 – From committee: Amend, and do pass as amended. (Ayes 18. Noes 0.)  
05/20/19 – Read second time. Ordered to third reading.

**Position:** Watch (03/14/19)

\*Shaded text represents new or updated legislative information

**Legislation/Topic**

**AB 880 (Obernolte) – Transportation Network Company Driver Background Checks**

**Background/Summary**

Existing law requires a transportation network company (TNC) to conduct a local and a national criminal background check for each participating driver. A TNC is prohibited from contracting with a driver who is a registered sex offender, has been convicted of any terrorism-related felonies or any violent felonies, or has been convicted in the past seven years of any misdemeanor assault, battery, domestic violence, driving under the influence of drugs or alcohol, or any of a specified list of felonies. As amended, AB 880 would delete inaccurate cross-references to sections specified in existing law.

**Anticipated Impact/Discussion**

This amended bill is not expected to directly impact San Diego International Airport.

**Status:** 05/08/19 – Referred to Committee on Energy, Utilities and Communications.

**Position:** Watch (03/14/19)

**Legislation/Topic**

**AB 1190 (Irwin) – Unmanned Aircraft: State and Local Regulations**

**Background/Summary**

AB 1190 would prohibit a state or local agency from adopting any law or regulation that bans the operation of an unmanned aircraft system. This bill would also include the operation of small unmanned aircraft systems within the definition of hazardous recreational activity for purposes of public entity liability. Existing law provides a local public entity or employee immunity as to any person engaging in hazardous recreational activity and for damage to an unmanned aircraft while the local entity or employee is providing emergency services. Additionally, AB 1190 would authorize a state or local agency to adopt regulations to enforce a requirement that a small unmanned aircraft system be properly registered under existing federal regulations and authorize a state or local agency to require proof of such registration from an unmanned aircraft operator.

\*Shaded text represents new or updated legislative information

### **Anticipated Impact/Discussion**

This bill could benefit the San Diego International Airport (SDIA) by providing the Airport Authority with enforcement tools to deter unsafe unmanned aircraft system operations at or near SDIA. However, this bill would also prohibit the Airport Authority, the City of San Diego, or other governmental entities from banning the operation of unmanned aircraft on or near airport property or in the flight path.

**Status:** 05/02/19 – Read second time. Ordered to third reading.

**Position:** Watch (03/14/19)

### **Legislation/Topic**

#### **AB 1263 (Low) – Peer-to-Peer Car Sharing**

### **Background/Summary**

As amended, AB 1263 would require specified disclosures to be made in a peer-to-peer car sharing contract. The bill would also authorize a peer-to-peer car sharing program to only enter into a contract with a licensed driver, as specified, and make such programs responsible for any equipment installed in participating vehicles for the purpose of facilitating car sharing transactions. AB 1263 would authorize airports to regulate access and use by peer-to-peer car sharing vehicles as well as requiring peer-to-peer car sharing programs and participants to be insured.

### **Anticipated Impact/Discussion**

If enacted, the amended AB 1263 would allow the Airport Authority to regulate peer-to-peer car sharing programs doing business on Airport property. The Airport Authority's Ground Transportation Department would, therefore, need to update San Diego International Airport's (SDIA) permitting rules and regulations to incorporate the aforementioned programs. Further, SDIA's Airport Traffic Officers would need to be made aware of such programs and trained accordingly.

**Status:** 04/02/19 – Re-referred to Committee on Insurance.  
04/29/19 – This bill is now a 2-year bill and no further action will be taken during this legislative session.

**Position:** Watch (03/14/19)

\*Shaded text represents new or updated legislative information

## **Legislation/Topic**

### **AB 1413 (Gloria) – Local Transportation Authorities: Transactions and Use Taxes**

## **Background/Summary**

Existing law provides for the consolidation of certain regional transportation planning, programming, and related functions in San Diego County from various existing agencies and authorizes those agencies to impose transactions and use taxes for transportation purposes within their respective jurisdictions, subject to voter approval and other requirements. AB 1413 would authorize a local transportation authority (the San Diego Association of Governments (SANDAG), the San Diego County Regional Transportation Commission, the San Diego Metropolitan Transit System (MTS), and the North County Transit System (NCTD)) to impose a tax applicable to only a portion of its county if 2/3 of the voters voting on the measure within the portion of the county to which the tax would apply vote to approve the tax. The bill would also require that the tax revenue be spent within, or for the benefit of, the portion of the county to which the tax would apply. The bill would prohibit an authority from entering into a construction contract for over \$1,000,000 that would be partly or wholly financed through a tax applicable to only a portion of the county unless the entity provides to each agency an enforceable commitment that the entity and its subcontractors will use a skilled and trained workforce to all work on the project.

## **Anticipated Impact/Discussion**

This bill could provide the Authority's regional transportation partners with the ability to propose taxes that would be voted upon by the residents of and assessed solely within specific areas of the county in which system improvements (transit, roadways, and other transportation-related facilities) would be built. Depending on the projects and areas involved, the bill could facilitate financing for projects that improve access to San Diego International Airport for passengers, employees, and other airport users.

**Status:** 05/06/19 – Read second time. Ordered to third reading.

**Position:** Watch (03/14/19)

\*Shaded text represents new or updated legislative information

### **Legislation/Topic**

#### **AB 1433 (Diep) – Transportation Network Companies (TNC)**

### **Background/Summary**

AB 1433 is a placeholder (spot bill) making nonsubstantive changes to the Passenger Charter-party Carriers' Act, which provides regulation of charter-party carriers of passengers and includes requirements for liability insurance coverage, background checks, and other regulations pertaining to TNCs and their drivers.

### **Anticipated Impact/Discussion**

The Authority's legislative team will closely monitor the development of this bill language for any potential impact on the San Diego International Airport (SDIA) and the Airport Authority's future ground transportation operations.

**Status:** 02/25/19 – Read first time

**Position:** Watch (03/14/19)

### **Legislation/Topic**

#### **AB 1782 (Chau) – Automated License Plate Recognition Systems**

### **Background/Summary**

Existing law requires an Automated License Plate Recognition (ALPR) end-user, as defined, to implement a usage and privacy policy regarding that ALPR information, as specified. Existing law requires that the privacy policy include the length of time ALPR information will be retained, and the process the ALPR end-user will utilize to determine if and when to destroy retained ALPR information. AB 1782, as amended, would require that the privacy policy include a procedure to ensure the destruction of all non-anonymized ALPR information no more than 60 days from the date of collection, except as provided. The bill would also require the privacy policy to include a procedure to ensure that all ALPR information that is shared with an outside entity be sufficiently anonymized to protect the privacy of the license plate holder.

### **Anticipated Impact/Discussion**

As an ALPR end-user, as defined, the Airport Authority would need to incorporate these new requirements into its ALPR privacy policy.

**Status:** 05/08/19 – From committee: Do pass. (Ayes 13. Noes 4.)  
05/09/19 – Read second time. Ordered to third reading.

**Position:** Watch (03/14/19)

\*Shaded text represents new or updated legislative information

## **New Senate Bills**

There are no new Senate bills to report.

## **Senate Bills from Previous Report**

### **Legislation/Topic**

#### **SB 507 (Atkins) – San Diego Unified Port District: Trust Lands**

### **Background/Summary**

Current law authorizes the establishment of the San Diego Unified Port District for the acquisition, construction, maintenance, operation, development, and regulation of harbor works and improvements for the harbor of San Diego and for the promotion of commerce, navigation, fisheries, and recreation. This bill would grant in trust to the district certain additional tidelands and submerged lands held by the state within the San Diego Bay, subject to certain terms and conditions, as specified.

### **Anticipated Impact/Discussion**

Although this legislation is not expected to impact San Diego International Airport (SDIA) or the Airport Authority, the Authority's legislative team will closely monitor the development of this bill language for any potential impact to SDIA or the Airport Authority.

**Status:** 05/16/19 – From committee: Do pass. (Ayes 6. Noes 0.)  
05/16/19 – Read second time. Ordered to third reading.  
05/21/19 – Ordered to special consent calendar.

**Position:** Watch (03/14/19)

\*Shaded text represents new or updated legislative information

## **Legislation/Topic**

### **SB 615 (Hueso) – Public Records Disclosure**

#### **Background/Summary**

The California Public Records Act, when it appears to a superior court that certain public records are being improperly withheld from a member of the public, requires the court to order the officer or person charged with withholding the records to disclose the public record or show cause why they should not do so. The act requires the court to award court costs and reasonable attorney's fees to the requester if the requester prevails in litigation filed pursuant to these provisions, and requires the court to award court costs and reasonable attorney's fees to the public agency if the court finds that the requestor's case is clearly frivolous. SB 615 would require a person to meet and confer in good faith with the agency in an attempt to informally resolve each issue before instituting any proceeding for injunctive or declarative relief or writ of mandate.

The bill would require that in order for a requester to prevail in litigation related to the act, the trial court must find by a preponderance of the evidence that an agency knowingly, willfully, and without substantial justification failed to respond to a request for records, improperly withheld from a member of the public records that were clearly subject to public disclosure, unreasonably delayed providing the contents of a record subject to disclosure in part or in whole, improperly assessed a fee upon a requester that exceeded the direct cost of duplication, or otherwise did not act in good faith to comply with these provisions.

#### **Anticipated Impact/Discussion**

Because the bill would require a person or entity requesting public records to take measures to resolve a conflict informally before asking a court to intervene, the bill could have a positive impact on the Authority.

**Status:** 03/13/19 – No further action is expected to be taken on this bill during the 2019 session.

03/14/19 – Referred to the Committee on Judiciary.

**Position:** Watch (03/14/19)

\*Shaded text represents new or updated legislative information

## **Legislation/Topic**

### **SB 648 (Chang) – Unmanned Aircraft Systems: Accident Notification**

#### **Background/Summary**

SB 648 would require, except as specified, the operator of an unmanned aircraft system (UAS) involved in an accident resulting in injury to an individual or damage to property to immediately land the UAS at the nearest location that will not jeopardize the safety of others and to provide certain information to the injured individual or the owner or person in charge of the damaged property, or place that information in a conspicuous place on the damaged property.

#### **Anticipated Impact/Discussion**

The bill is not expected to directly impact San Diego International Airport.

**Status:** 05/09/19 – Read third time. Passed. (Ayes 37. Noes 0.) Ordered to the Assembly.  
05/09/19 – In Assembly. Read first time. Held at Desk.

**Position:** Watch (03/14/19)

## **Federal Legislation**

### **New House Bills**

There are no new House bills to report.

\*Shaded text represents new or updated legislative information



## **House Bills from Previous Report**

### **Legislation/Topic**

#### **H.R. 1108 (DeFazio) – Aviation Funding Stability Act of 2019**

### **Background/Summary**

H.R. 1108 would provide funding from the Airport and Airway Trust Fund for all Federal Aviation Administration (FAA) activities in the event of a Government shutdown. This would only apply to funds not otherwise appropriated and would be available on the first day of a lapse in appropriations and end on the date that the regular appropriation bill for that fiscal year becomes law.

### **Anticipated Impact/Discussion**

This bill would help minimize the impact of another government shutdown on the Airport Authority and San Diego International Airport by ensuring that there would be no disruption in FAA operations due to a lack of appropriations.

**Status:** 03/27/19 – Ordered to be reported (Amended) by voice vote. Committee consideration and mark-up session held. Subcommittee on Aviation Discharged.

**Position:** Support (03/14/19)

### **Legislation/Topic**

#### **H.R. 1171 (DeFazio) - Funding for Aviation Screeners and Threat Elimination Restoration (FASTER) Act**

### **Background/Summary**

In 2013, Congress started diverting one-third of the revenue collected from airline passenger security fees to be deposited into the general fund of the Treasury. In Fiscal Year 2019, an estimated \$1.36 billion will be diverted away from aviation security and used for unrelated government spending. H.R. 1171 would repeal the requirement to divert funds, and ensure that passenger security fees are used for aviation security purposes. H.R. 1171 would also give the Transportation Security Administration (TSA) access to September 11 Security Fee revenue in the event of a lapse in appropriations. This means that, in the event of another government shutdown, TSA would be able to continue paying its officers.

\*Shaded text represents new or updated legislative information

**Anticipated Impact/Discussion**

Giving TSA access to the full amount of airline passenger security fee revenue would allow TSA to invest in new equipment as well as hire additional staff to better serve passengers, airlines, and airports, including San Diego International Airport (SDIA). This bill would also help minimize the impact of another government shutdown on SDIA by ensuring that there would be no disruption in TSA operations due to a lack of appropriations.

**Status:** 03/04/19 Referred to the House Committee on Homeland Security's Subcommittee on Transportation and Maritime Security.

**Position:** Support (03/14/19)

**Legislation/Topic**

**H.R. 976 (Lynch) – Air Traffic Noise and Pollution Expert Consensus Act of 2019**

**Background/Summary**

H.R. 976 would require the Federal Aviation Administration (FAA) to enter into arrangements with the National Academies of Sciences, Engineering, and Medicine to provide a report on the health impacts of air traffic noise and pollution caused by aircraft flying over residential areas.

**Anticipated Impact/Discussion**

This bill would not directly impact operations at San Diego International Airport (SDIA), however, the information collected by the study may be useful in helping the community and the Airport Authority assess any environmental and health impacts of air traffic noise and pollution.

**Status:** 02/07/19 – Referred to House Committee on Transportation & Infrastructure Subcommittee on Aviation

**Position:** Support (03/14/19)

\*Shaded text represents new or updated legislative information

## **New Senate Bills**

### **Legislation/Topic**

**S. 1349 (Thune) – Secure Traveler Act**

### **Background/Summary**

S. 1349 would expand enrollment in TSA PreCheck for individuals who have passed extensive background checks, for example federal employees holding an active security clearance and law enforcement officers.

### **Anticipated Impact/Discussion**

This bill is not anticipated to have a direct impact on operations at the San Diego International Airport.

**Status:** 05/07/19 – Introduced in Senate.

**Position:** Watch.

## **Senate Bills from Previous Report**

### **Legislation/Topic**

**S. 563 (Duckworth) – Transportation Infrastructure Finance and Innovation Act (TIFIA) for Airports**

### **Background/Summary**

S. 563 would allow eligible airport-related projects to participate in the TIFIA program which provides credit assistance in the form of direct loans, loan guarantees, and standby lines of credit to projects of national or regional significance.

### **Anticipated Impact/Discussion**

In enacted, the Airport Authority could apply for loans through the TIFIA program to pay for certain projects related to the Airport Development Plan (ADP). These loans would significantly decrease the Airport Authority's interest expenses and thus reduce the total cost of the ADP.

**Status:** 02/26/19 – Read twice and referred to the Committee on Environment and Public Works

\*Shaded text represents new or updated legislative information

**Position:** Support (05/02/19)

**Legislation/Topic**

**S. 1004 (Peters) – Securing America’s Ports of Entry Act of 2019**

**Background/Summary**

S. 1004 would fully staff United States Ports of Entry by requiring Customs and Border Protection (CBP) to hire no less than 600 additional officers per year until CBP’s staffing needs are met. This bill also authorizes CBP to hire support staff to perform non-law enforcement administrative duties in support of CBP Officers.

**Anticipated Impact/Discussion**

If enacted, this bill would help ensure that the CBP Offices at San Diego International Airport (SDIA) are always fully staffed, and avoid potential reassignments to other ports of entry, thus allowing daily operations at SDIA to continue as normal.

**Status:** 04/03/19 – Read twice and referred to the Committee on Homeland Security and Governmental Affairs.

**Position:** Support (05/02/19)

\*Shaded text represents new or updated legislative information

## **STAFF REPORT**

Meeting Date: **MAY 30, 2019**

### **Subject:**

#### **Appointment of Authority Advisory Committee Member**

### **Recommendation:**

Adopt Resolution No. 2019-0047, approving an appointment to the Authority Advisory Committee.

### **Background/Justification:**

The Authority's Advisory Committee was established to facilitate input from community stakeholders and subject matter experts regarding Authority planning and development activities. The 20-member Committee is governed by the provisions of Authority Policy 1.21. While the Board is responsible for approving the appointments of all members of the Committee, nominations are received from various sources as follows:

(Seats 1 – 7) The President/CEO shall nominate individuals to fill seats representing each of the following categories:

- (1) airport management;
- (2) passenger and freight air transportation operations and economics;
- (3) general aviation;
- (4) the natural environment;
- (5) local government;
- (6) the campuses of the University of California and the California State Universities in the region; and
- (7) organized labor

(Seats 8 – 15) The Presidents of the organizations listed below may each nominate one individual. As shown below, in some cases, the nominating organization rotates among different organizations at the conclusion of each two-year term.

- (8) San Diego Regional Economic Development Corporation
- (9) Rotation among:
  - a. San Diego North Economic Development Council
  - b. East County Economic Development Council
  - c. South County Economic Development Council
- (10) San Diego Regional Chamber of Commerce
- (11) Rotation among:
  - a. Cleantech San Diego
  - b. Biocom
  - c. CONNECT
- (12) Metropolitan Transit System
- (13) North County Transit District

(14) San Diego County Taxpayers Association

(15) San Diego Tourism Authority

(Seat 16) The Deputy Trustee of the San Diego and Imperial Counties Labor Council or his/her designee may nominate one individual to serve in this seat.

(Seat 17) The District Director of the California Department of Transportation for the San Diego Region or his/her designee serves in this seat.

(Seat 18) The representative of the United States Department of Defense currently serving on the Board or his/her designee serves in this seat.

(Seats 19 – 20) Two seats are reserved for members of the general public. Whenever a vacancy occurs in one of these seats, a notice is issued by the Authority. The Chief Auditor and Vice President of Development jointly review and nominate individuals to serve in these two seats.

#### NOMINATIONS TO FILL OPEN SEATS

As a result of a recent change in the employment status of a Committee member, there is a need for the Board to approve one nomination to the Committee.

Nominations have been received to fill the vacant seat. The new member will serve out the remainder of the term of Kristina Svensk, Principal Project Planner for the North County Transit District. The name and biographical information of the nominee, the category represented by the nominee, and the source of the nomination are listed below.

Seat 13: DAMON BLYTHE (appointment) – Mr. Blythe serves as the Chief Operations Officer – Transit Planning & Bus Operations (COO) for the North County Transit District. He joined NCTD in 2012 and while there has worked in both Rail and Bus Operations, as well as Service Planning. He was promoted to COO January 2018. For 15 years prior to joining NCTD, Mr. Blythe worked for the Utah Transit Authority as a project administrator, rail service and operations planner, rail service operations supervisor, and light rail operator. He has served for six years on APTA's Multimodal Operations Planning Subcommittee and was formerly the Committee Chair. Mr. Blythe holds a bachelor of science in business management. Mr. Blythe resides in Vista with his wife and three children.

(Category: Local Public Transit Authorities; Nominated by: Matthew Tucker, Executive Director, North County Transit District)

Staff recommends that the board appoint the individual listed above to the Authority Advisory Committee.

#### **Fiscal Impact:**

Not applicable.

**Authority Strategies:**

This item supports one or more of the Authority Strategies, as follows:

- Community Strategy     Customer Strategy     Employee Strategy     Financial Strategy     Operations Strategy

**Environmental Review:**

- A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code §21065.
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.

**Application of Inclusionary Policies:**

Not applicable.

**Prepared by:**

TONY R. RUSSELL  
DIRECTOR, BOARD SERVICES/AUTHORITY CLERK

RESOLUTION NO. 2019- 0047

A RESOLUTION OF THE BOARD OF THE SAN  
DIEGO COUNTY REGIONAL AIRPORT AUTHORITY  
APPROVING AN APPOINTMENT TO THE  
AUTHORITY ADVISORY COMMITTEE

WHEREAS, California Public Utilities Code §170054 requires the establishment of an advisory committee (“Advisory Committee”) to assist the San Diego County Regional Airport Authority (“Authority”) in performing its responsibilities related to the planning and development of all airport facilities for the County of San Diego; and

WHEREAS, the Authority Board desires to have timely and qualitative input from a diverse community in the planning and development of airport facilities; and

WHEREAS, pursuant to Authority policy 1.21, nominations for seats on the Advisory Committee are received from various sources; and

WHEREAS, as a result of a recent change in the employment status of a Committee member, there is a need for the Board to approve one nomination to the Committee; and

WHEREAS, the Authority Board desires to appoint to the Advisory Committee the individual whose nomination was received pursuant to Authority Policy 1.21.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the appointment of the individual highlighted on “Attachment A” as a member of the Advisory Committee for the term of service stated; and

BE IT FURTHER RESOLVED that the Board finds that this action is not a “project” as defined by the California Environmental Quality Act (“CEQA”) (California Public Resources Code § 21065); and is not a “development” as defined by the California Coastal Act (California Public Resources Code §30106).



PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a special meeting this 30<sup>th</sup> day of May, 2019, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

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TONY R. RUSSELL  
DIRECTOR, BOARD SERVICES /  
AUTHORITY CLERK

APPROVED AS TO FORM:

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AMY GONZALEZ  
GENERAL COUNSEL

## San Diego County Regional Airport Authority

Name	Seat	Appointed	Term Ends
<b>AIRPORT MANAGEMENT</b>			
Oris Dunham	1	10/08/18	10/07/20
<b>PASSENGER AND FREIGHT AIR TRANSPORTATION OPERATIONS AND ECONOMICS</b>			
Jim Panknin	2	10/08/17	10/07/19
<b>GENERAL AVIATION</b>			
Roger Griffiths	3	05/03/18	10/07/19
<b>THE NATURAL ENVIRONMENT</b>			
Emily Young	4	10/08/17	10/07/19
<b>LOCAL GOVERNMENT</b>			
Deanna Spehn	5	10/08/17	10/07/19
<b>THE CAMPUSES OF THE UNIVERSITY OF CALIFORNIA AND THE CALIFORNIA STATE UNIVERSITIES</b>			
Gina Jacobs	6	10/08/17	10/07/19
<b>ORGANIZED LABOR</b>			
Brigette Browning	7	07/12/18	10/07/19
<b>SAN DIEGO REGIONAL ECONOMIC DEVELOPMENT CORPORATION</b>			
Nikia Clarke	8	10/08/18	10/07/20
<b>REGIONAL ECONOMIC DEVELOPMENT (Rotation)</b>			
Erik Bruvold (SDNEDC)	9	02/01/18	10/07/19
<b>SAN DIEGO REGIONAL CHAMBER OF COMMERCE</b>			
Jaymie Bradford	10	10/08/18	10/07/20
<b>BUSINESS, INCLUDING THE TECHNOLOGY SECTOR OF THE ECONOMY (Rotation)</b>			
Jason Anderson (CleanTECH)	11	10/08/17	10/07/19
<b>METROPOLITAN TRANSIT SYSTEM</b>			
Bill Sandke	12	10/08/18	10/07/20
<b>NORTH COUNTY TRANSIT DISTRICT</b>			
Damon Blythe	13	06/06/19	10/07/19
<b>SAN DIEGO COUNTY TAXPAYERS ASSOCIATION</b>			
Haney Hong	14	10/08/18	10/07/20
<b>SAN DIEGO TOURISM AUTHORITY</b>			
Brian Hilemon	15	10/08/18	10/07/20
<b>SAN DIEGO AND IMPERIAL COUNTIES LABOR COUNCIL</b>			
Keith Maddox	16	07/12/18	10/07/19
<b>THE DEPARTMENT OF TRANSPORTATION</b>			
Seth Cutter	17	10/08/18	10/07/20
<b>THE UNITED STATES DEPARTMENT OF DEFENSE</b>			
Col. Carl Huenefeld II (Ret.)	18	10/08/18	10/07/20
<b>MEMBERS OF THE GENERAL PUBLIC SAN DIEGO COUNTY</b>			
Frederick Ladit	19	10/08/17	10/07/19
Robert Orr, M.D.	20	10/08/17	10/07/19

## STAFF REPORT

Meeting Date: **MAY 30, 2019**

### Subject:

### Appointment of Public Member to the Audit Committee

#### Recommendation:

Adopt Resolution No. 2019-0048, appointing Andrew Hollingworth to a new term as a public member to the Audit Committee.

#### Background/Justification:

Section 170018 of the Public Utilities Code requires that the Authority's Audit Committee include three members of the public who shall be voting members. This section and Authority Policy 1.50 – Governance and Committees, outline the requirements for the appointment of public members to the Audit Committee. The Board initially appointed Andrew Hollingworth as a public member to the Audit Committee on September 1, 2011. The Chair of the Audit Committee recommends that the Board appoint Mr. Hollingworth to a new three (3) year term commencing July, 2019. His area of expertise is **Category 1 – A professional with experience in the field of public finance and budgeting.**

#### Fiscal Impact:

State law limits compensation for Board and Committee Members to \$200 per day of service, with a maximum of eight (8) days per month. Adequate funding is included in the Fiscal Years 2019 and conceptually approved 2020 Budgets, within the Other Services line item.

#### Authority Strategies:

This item supports one or more of the Authority Strategies, as follows:

- Community Strategy     Customer Strategy     Employee Strategy     Financial Strategy     Operations Strategy

**Environmental Review:**

- A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code §21065.
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.

**Application of Inclusionary Policies:**

Not Applicable.

**Prepared by:**

TONY R. RUSSELL  
DIRECTOR, BOARD SERVICES/AUTHORITY CLERK

RESOLUTION NO. 2019-0048

A RESOLUTION OF THE BOARD OF THE  
SAN DIEGO COUNTY REGIONAL AIRPORT  
AUTHORITY, APPOINTING ANDREW  
HOLLINGWORTH TO A NEW TERM AS A PUBLIC  
MEMBER TO THE AUDIT COMMITTEE

WHEREAS, Section 170018 of the Public Utilities Code and Authority Policy 1.50 (5)(c)(ii) outline the requirements for the appointment of public members to the Audit Committee; and

WHEREAS, on September 1, 2011, the Board initially appointed Mr. Hollingworth as a public member of the Audit Committee; and

WHEREAS, Mr. Hollingworth's background and experience is consistent with Category 1 requirements outlined under Section 170018 of the Public Utilities Code; and

WHEREAS, the Board wishes to appoint Mr. Hollingworth as a public member to the Audit Committee for a new three (3) year term, commencing in July, 2019.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby appoints Andrew Hollingworth as a public member to the Audit Committee to serve a new three (3) year term, commencing in July 2019 (Attachment A); and

BE IT FURTHER RESOLVED that the Board finds that this action is not a "project" as defined by the California Environmental Quality Act ("CEQA") (California Public Resources Code §21065); and is not a "development" as defined by the California Coastal Act (California Public Resources Code §30106).

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a special meeting this 30<sup>th</sup> day of May, 2019, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

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TONY R. RUSSELL  
DIRECTOR, BOARD SERVICES/  
AUTHORITY CLERK

APPROVED AS TO FORM:

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AMY GONZALEZ  
GENERAL COUNSEL

## San Diego County Regional Airport Authority Board Committee, Liaison and Representative Appointments

### STANDING COMMITTEES

<b>Executive Committee</b>		
<i>Hold Monthly Meetings</i>		
<u>Name</u>	<u>Appointed</u>	<u>Term Expiration</u>
<b>April Boling (Chair)</b>	July 2016	
Paul Robinson (Vice Chair)	February 2018	January 2020
Michael Schumacher	February 2018	January 2020
<b>Finance Committee</b>		
<b>Greg Cox (Chair)</b>	February 2019	January 2020
Robert T. Lloyd	February 2019	January 2020
Johanna Schiavoni (Vice Chair)	February 2019	January 2020
Mark West	February 2019	January 2020
<b>Audit Committee</b>		
<i>Hold Quarterly Meetings</i>		
<u>Name</u>	<u>Appointed</u>	<u>Term Expiration</u>
<b>Paul Robinson (Chair)</b>	February 2019	January 2020
Robert T. Lloyd	February 2019	January 2020
Johanna Schiavoni	February 2019	January 2020
Mark West	February 2019	January 2020
Andrew Hollingworth*	July 2019	June 2022
Jack Van Sambeek*	July 2018	June 2021
Don Tartre* (Vice Chair)	July 2017	June 2020
<small>*Public Members Added Pursuant to Public Utilities Code §170018</small>		
<b>Executive Personnel and Compensation Committee</b>		
<i>Hold Quarterly Meetings</i>		
<u>Name</u>	<u>Appointed</u>	<u>Term Expiration</u>
<b>Jim Desmond (Chair)</b>	February 2019	January 2020
April Boling (Vice Chair)	February 2019	January 2020
Greg Cox	February 2019	January 2020
Mark Kersey	February 2019	January 2020
<b>Capital Improvement Program Oversight Committee</b>		
<i>Hold Quarterly Meetings</i>		
<u>Name</u>	<u>Appointed</u>	<u>Term Expiration</u>
<b>Mark Kersey (Chair)</b>	February 2019	January 2020
April Boling	February 2019	January 2020
Michael Schumacher	February 2019	January 2020
Paul Robinson (Vice Chair)	February 2019	January 2020

## San Diego County Regional Airport Authority Board Committee, Liaison and Representative Appointments

### REPRESENTATIVES (EXTERNAL)

<b>SANDAG BOARD OF DIRECTORS</b>		
<u>Name</u>	<u>Appointed</u>	<u>Term Expiration</u>
<b>April Boling (Primary)</b>	January 2019	January 2020
<b>SANDAG Transportation Committee</b>		
<u>Name</u>	<u>Appointed</u>	<u>Term Expiration</u>
<b>Johanna Schiavoni (Primary)</b>	January 2019	January 2020
Michael Schumacher (Alternate)	January 2019	January 2020
<b>SCAG Aviation Task Force</b>		
<b>April Boling (Primary)</b>	December 2018	January 2020
<b>World Trade Center</b>		
<u>Name</u>	<u>Appointed</u>	<u>Term Expiration</u>
Robert H. Gleason	February 2019	January 2020

### REPRESENTATIVES (INTERNAL)

<b>Authority Advisory Committee</b>		
<u>Name</u>	<u>Appointed</u>	<u>Term Expiration</u>
<b>Paul Robinson (Primary)</b>	February 2019	January 2020
Johanna Schiavoni (Alternate)	February 2019	January 2020
<b>Art Advisory Committee</b>		
<u>Name</u>	<u>Appointed</u>	<u>Term Expiration</u>
Robert H. Gleason	February 2019	January 2020

### LIAISONS

<b>Military Affairs</b>		
<u>Name</u>	<u>Appointed</u>	<u>Term Expiration</u>
Col. Dockery	February 2019	January 2020
<b>Port</b>		
<u>Name</u>	<u>Appointed</u>	<u>Term Expiration</u>
April Boling (Primary)	February 2019	January 2020
Greg Cox	February 2019	January 2020
Paul Robinson	February 2019	January 2020
<b>Caltrans</b>		
<u>Name</u>	<u>Appointed</u>	<u>Term Expiration</u>
Cory Binns	February 2019	January 2020
<b>Inter-Governmental Affairs</b>		
<u>Name</u>	<u>Appointed</u>	<u>Term Expiration</u>
Greg Cox	February 2019	January 2020



## **STAFF REPORT**

Meeting Date: **MAY 30, 2019**

### **Subject:**

### **Approve Appointments to the Arts Advisory Committee**

#### **Recommendation:**

Adopt Resolution No. 2019-0049 approving the appointments of Larry Baza and Carmen Vann to the Arts Advisory Committee.

#### **Background/Justification:**

Under Authority Policy 8.50, the Arts Advisory Committee (AAC) is comprised of seven voting members and no more than three ex-officio, non-voting members. Appointments to AAC are completed as follows:

- Six voting members who are Arts Professionals or Design Professionals
  - At least two of the six members shall be practicing Artists
  - At least one of the six members shall be actively involved in the performing arts
  - At least one of the six shall be active in building design, architecture or operational engineering
  - At least two of the six members shall reside outside of San Diego County
- One voting member who serves as the Board Representative
- Up to three ex-officio, non-voting Authority staff members whose departments work closely with the Airport Arts Program as determined by the President/CEO

The process to appoint members to the AAC is as follows:

- The Chair of the Board shall appoint one Board Representative to serve as a voting member of the AAC
- The President/CEO shall recommend six individuals who are Art and Design Professionals to serve as voting members of the AAC, subject to appointment by the Board
- The President/CEO shall review interested candidates' qualifications and make recommendations to the Board as follows:
  - Solicit and review qualifications submitted by AAC, staff and interested professionals in the field of design, visual art, performing arts, and literary arts annually or as needed
  - Conduct interviews as needed

Terms of membership are defined as follows:

- Voting members of the AAC shall be recommended by the President/CEO for appointment by the Board for a term of three years, and no member may serve

more than two consecutive terms. Should a member serve a partial term less than one-and-a-half years to complete the non-expired term of a prior member, such partial term shall not be included for purposes of the maximum service of two consecutive terms. Partial terms equal to or exceeding one-and-a-half years shall count as a full term. Ex-officio members of the AAC shall be appointed by the President/CEO without a term limit.

#### APPOINTMENT OF LARRY BAZA AND CARMEN VANN

The President/CEO recommends that Larry Baza be appointed to the AAC Arts and Design Professional seat that is currently vacant. The seat was previously held by Indra Gardiner, who has completed two consecutive terms and is therefore ineligible for reappointment. Appointment would be from June 2019 – June 2022.

The President/CEO recommends that Carmen Vann be appointed to the AAC Arts and Design Professional who is active in building design, architecture or operational engineering seat that is currently vacant. The seat was previously held by Michael Soriano, who has completed two consecutive terms and is therefore ineligible for reappointment. Appointment would be from June 2019 – June 2022.

Larry Baza is a professional arts administrator with more than three decades of experience in advocating for the arts at the local, state and national level. He is the immediate past Chair of the City of San Diego Arts Commission. Baza has served on the boards of various nonprofit arts organizations and provided his expertise as a panelist for arts commissions and foundations. In his professional career, he has directed and managed San Diego arts organizations and businesses including Centro Cultural De La Raza, Sushi Performance and Visual Arts, Fingerhut Gallery, and Community Arts of San Diego. His wealth of knowledge and experience includes affiliations, consultancies, site visits and panel participation with multiple arts organizations including the National Endowment for the Arts, California Arts Council, California Association of Local Arts Organizations, Chicano Federation of San Diego County, National Association of Latino Arts and Culture, and the San Diego Community Foundation. Baza was appointed to the California Arts Council by Assembly Speaker Toni Atkins in February of 2016. On January 25, 2018, he was elected Vice Chair of the Council. His term expires January 1, 2020.

As Project Executive at Suffolk Construction, Carmen Vann has over 20 years of construction experience. Carmen's track record includes the successful management of numerous complex and prolific construction projects with fast track schedules, most notably, leading the construction of the San Diego New Central Library. She recently completed construction on the Sempra Energy Headquarters Project and headed up efforts on one of downtown's newest 36-story residential high rises, Ballpark Village. With her demonstrated leadership skills, she is one of the most accomplished women in construction in the region. Vann was with Turner Construction during San Diego International Airport's Green Build.

#### **Fiscal Impact:**

No fiscal impact.

**Authority Strategies:**

This item supports one or more of the Authority Strategies, as follows:

- Community Strategy     Customer Strategy     Employee Strategy     Financial Strategy     Operations Strategy

**Environmental Review:**

- A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code §21065.
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.

**Application of Inclusionary Policies:**

Not applicable.

**Prepared by:**

CHRIS CHALUPSKY, SENIOR MANAGER, ARTS PROGRAM  
LAUREN LOCKHART, MANAGER, ARTS PROGRAM

RESOLUTION NO. 2019-0049

A RESOLUTION OF THE BOARD OF THE  
SAN DIEGO COUNTY REGIONAL AIRPORT  
AUTHORITY APPROVING THE APPOINTMENTS OF  
LARRY BAZA AND CARMEN VANN TO THE ARTS  
ADVISORY COMMITTEE

WHEREAS, the operations, procedures and activities of the San Diego County Regional Airport Authority (“Authority”) and its Board’s committees are guided by, among other things, the Authority’s Policies and Codes; and

WHEREAS, the Board adopted Policy 8.50, entitled Policy for the Airport Authority Arts Program, which governs the appointment of Arts Advisory Committee (“AAC”) members; and

WHEREAS, Authority Policy 8.50 states that the AAC will be comprised of:

- a) Six voting members who are Arts Professionals or Design Professionals
- b) One voting member who serves as the Board Representative
- c) Up to three *ex-officio* non-voting Authority staff members whose departments work closely with the Airport Arts Program, as determined by the President/CEO; and

WHEREAS, six voting members shall be art or design professionals, and one shall be active in building design, architecture or operational engineering, subject to appointment by the Board; and

WHEREAS, Larry Baza qualifies as one of the six art/design professionals; and

WHEREAS, Carmen Vann qualifies as one of six arts/design professionals who is active in building design, architecture or operational engineering; and

WHEREAS, the AAC is advisory in nature to provide expert advice regarding opportunities for integrating public artwork into the Airport, to identify eligible and qualified artists for creation of specific artworks, to maintain and conserve displayed public artworks, to deaccession public artworks, and determine eligibility and qualifications for temporary and rotating art exhibits.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the appointments of Larry Baza and Carmen Vann to serve on the Arts Advisory Committee for the terms indicated on “Attachment A.”

BE IT FURTHER RESOLVED that the Board finds this action is not a “project” that would have a significant effect on the environment as defined by the California Environmental Quality Act (“CEQA”), as amended, 14 Cal. Code Regs. §15378; is not a “project” subject to CEQA Cal. Pub. Res. Code (California Public Resources Code §21065); and is not a “development” as defined by the California Coastal Act (California Public Resources Code §30106).

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a special meeting this 30<sup>th</sup> day of May, 2019, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

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TONY R. RUSSELL  
DIRECTOR, BOARD SERVICES /  
AUTHORITY CLERK

APPROVED AS TO FORM:

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AMY GONZALEZ  
GENERAL COUNSEL

## Attachment A

### Art Advisory Committee

Current Committee Members      Total length of Term      Beginning of Term      End of Term

Cristina Scorza Arts/Design Professional (Committee Chair)	3 Years	July 2017	July 2020
Jennifer Easton Arts/Design Professional (Outside San Diego County Resident)	3 Years	July 2017	July 2020
Gail Roberts Arts/Design Professional (Committee Vice-Chair)	3 years	July 2018	July 2021
Kate Nordstrum Arts/Design Professional (Outside San Diego County Resident/ Involved in Performing Arts)	3 years	July 2018	July 2021
<b>Carmen Vann</b> Arts/Design Professional (Active in Building Design, Architecture or Operational Engineering)	3 years	July 2019	June 2022
<b>Larry Baza</b> Arts/Design Professional	3 years	July 2019	June 2022
Robert H. Gleason Authority Board Representative	At Board Chair's discretion	n/a	n/a
Bob Bolton – Authority Staff (Ex-Officio Member)	At President/CEO's discretion	n/a	n/a
Rick Belliotti – Authority Staff (Ex-Officio Member)	At President/CEO's discretion	n/a	n/a

## STAFF REPORT

Meeting Date: **MAY 30, 2016**

### Subject:

**Amend Authority Policy 5.12 – Preference to Small, Veteran Owned, and Local Business**

### Recommendation:

Adopt Resolution No. 2019-0050, amending Policy 5.12 to clarify when preference points are applied and to broaden the definition of Veteran Owned Small Business to include Service Disabled Veteran Owned Small Businesses.

### Background/Justification:

Authority Policy 5.12 was adopted by the Board in April 2009, amended on December 4, 2014, and last amended on December 6, 2018. Policy 5.12 provides a preference of up to 7% to small businesses, veteran-owned small businesses, and local businesses to certain Authority solicitations.

Authority staff recommends that the Board amend Policy 5.12 to clarify the following:

- 1) the award of preference points for qualification based criteria shall be applied to determine which proposers shall be interviewed for final consideration and shall be applied to determine the recommended final contract award;
- 2) the definition of Veteran Owned Small Business shall include Service Disabled Veteran Owned Small Businesses

The amendment to Policy 5.12 will clarify the Authority's commitment in providing more opportunities for small businesses, veteran-owned small businesses, and local businesses, simplify procurement calculations, and make the policy easier to reference and explain.

### Fiscal Impact:

There is no fiscal impact associated with the requested action

### Authority Strategies:

This item supports one or more of the Authority Strategies, as follows:

- Community Strategy     Customer Strategy     Employee Strategy     Financial Strategy     Operations Strategy

**Environmental Review:**

- A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code §21065.
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.

**Application of Inclusionary Policies:**

Not applicable.

**Prepared by:**

REGINA BROWN  
MANAGER, SMALL BUSINESS DEVELOPMENT



RESOLUTION NO. 2019-0050

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, AMENDING POLICY 5.12 TO CLARIFY WHEN PREFERENCE POINTS ARE APPLIED AND TO BROADEN THE DEFINITION OF VETERAN OWNED SMALL BUSINESS TO INCLUDE SERVICE DISABLED VETERAN OWNED SMALL BUSINESSES

WHEREAS, Authority Policy 5.12 was adopted by the Board in April 2009, amended on December 4, 2014, and last amended on December 6, 2018; and

WHEREAS, policy 5.12 provides a preference of up to 7% to small businesses, veteran-owned small businesses, and local businesses to certain Authority solicitations; and

WHEREAS, the Board finds that it is in the best interest of the Authority to amend Policy 5.12 to clarify when preference points are applied and to broaden the definition of Veteran Owned Small Business to include Service Disabled Veteran Owned Small Businesses.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby amends Policy 5.12 as set forth in Exhibit A; and

BE IT FURTHER RESOLVED that the Board finds that this action is not a "project" as defined by the California Environmental Quality Act ("CEQA") (California Public Resources Code §21065); and is not a "development" as defined by the California Coastal Act (California Public Resources Code §30106).

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a special meeting this 30<sup>th</sup> day of May, 2019, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

---

TONY R. RUSSELL  
DIRECTOR, BOARD SERVICES /  
AUTHORITY CLERK

APPROVED AS TO FORM:

---

AMY GONZALEZ  
GENERAL COUNSEL

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY**  
**POLICIES**

- ARTICLE 5 - CONTRACTING AND DEBARMENT**  
**PART 5.1 - EQUAL OPPORTUNITY**  
**SECTION 5.12 - PREFERENCE TO SMALL, VETERAN OWNED, AND LOCAL BUSINESS**
- 

**PURPOSE:** To establish a policy allowing preference to Small Businesses, Veteran-Owned Small Businesses, and Local Businesses in the award of Contracts by the San Diego County Regional Airport Authority (the “Authority”).

**POLICY STATEMENT:**

In the procurement of Contracts, the Authority’s President/Chief Executive Officer or his or her designee (the “**President/CEO**”) shall be responsible for following all procedures required by (1) the Authority, (2) the San Diego County Regional Airport Authority Act, as amended from time to time, and (3) other applicable federal, state, and local laws.

**OBJECTIVES:** Establish principles and practices to facilitate a Small Business, Veteran-Owned Small Business, and Local Business preference program that provides full disclosure and transparency of the Authority’s commitment to Small Businesses, Veteran-Owned Small Businesses, and Local Businesses in the award of selected Authority Contracts.

**i. Definitions**

1. *Bonding and Contract Financing Assistance Program* – The program offered by the Authority intended to aid small and local businesses in obtaining first time bonding or increasing bonding capacity.
2. *Contracts* – Instrument used for the procurement of services and consulting agreements and the purchase of supplies, material, and equipment as outlined in Policy 5.01 and the procurement of contracts for Public Projects as outlined in Policy 5.02.
3. *Contract Owner* – A department within the Authority having responsibility for oversight and management of the Contract which the bid or proposal solicitation applies.
4. *Disadvantaged Business Enterprise (DBE)* – A small business that has been certified by the California Unified Certification Program (CUCP) in compliance with 49 CFR Part 23 or 26.

5. *Veteran Owned Small Business (VOSB)* – A small business or Service Disabled Veteran Owned Small Business that has been certified by U.S. Department of Veterans Affairs.
6. *Inclusionary Approach* – A plan describing a Prime Contractor’s specific approach toward Small, Local and Veteran Owned Small Business outreach and participation. This plan shall also include estimated Small, Local and Veteran Owned Small Business percentage commitments for the project.
7. *Local Business* – A business that meets all of the following criteria:
  - a) Occupies workspace within the County. The business must submit proof of occupancy to the Authority by supplying evidence of a lease, deed or other sufficient evidence demonstrating that the business has been located within the county for a minimum of 6 months prior to the release of a solicitation for which a business responds as a Local Business participant. (U.S. Post Office boxes are not verifiable and shall not be considered for the purpose of this definition). The business cannot satisfy this requirement by operating as a virtual office.
  - b) Submits proof to the Authority that the business is in compliance with all applicable laws relating to licensing and is not delinquent on any San Diego County taxes.
  - c) Submits proof to the Authority demonstrating one of the following:
    1. More than fifty percent (50%) of the workforce based in the local office resides in San Diego County; or
    2. The business must demonstrate that it is headquartered in the County. For purposes of the policy, the term “headquartered” shall mean that the business physically conducts and manages all of its operations from a location in the County.
  - d) Submits the Local Business Enterprise Affidavit of Eligibility form and is enrolled in the Authority’s Local Business Enterprise Directory at the time the bid or proposal is due.
8. *Prime Contractor* – A party or entity with whom the Authority enters into a legally binding agreement.
9. *Small Business* – A profit-making corporation, sole proprietorship, or partnership that:

- a. Is enrolled in the Authority's Bonding and Contract Financing Assistance Program, or
  - b. A business concern that is certified as a DBE by the California Unified Certification Program, or
  - c. Possesses valid certification issued by an agency, approved by the Authority, that verifies the firm is within the SBA size standards, or
  - d. Is an airport concessionaire that provides evidence that its business size is within standards established under 49 CFR Part 23, Section 23.33.
10. *Small Business Development* – A department within the Authority, or any subsequent department identified by the President/CEO, that oversees and monitors compliance with this Policy.
11. *Trade Assessment* – An estimated breakdown of specific trades needed to complete a defined scope of work.
12. *Total Allowable Preference Amount* - The maximum allowable preference awarded shall not exceed two hundred thousand dollars (\$200,000) on any single bid or proposal.
13. *Vendor Management System* – The registration system used by the Authority for business concerns to express interest in a particular trade and/or business opportunity.

**ii. Application - Small Business (SB) Preference**

1. When price is the primary selection criteria and a Small Business goal is not established, the following shall apply:
  - a) The bid amount of the lowest responsive and responsible bidder that is not a Small Business shall be multiplied by three percent (3%). The resulting three percent (3%) amount, shall be considered as the Small Business preference, provided that it does not exceed the Total Allowable Preference Amount.
  - b) The lowest responsive and responsible bidder that is a Small Business shall have their bid adjusted by subtracting the amount of the Small Business preference from their original bid. The adjusted bid is used to determine the award of the contract.
2. When selection is based on a scoring matrix and a Small Business goal is not established, the following shall apply:
  - a) The submittal from a verified Small Business shall be granted three percent (3%) preference. The resulting three percent (3%) points shall be added to the total points, provided that it does not exceed the Total Allowable Preference Amount.
3. When price is the primary selection criteria and a Small Business goal is established, the following shall apply:

- a) The bid amount of the lowest responsive and responsible bidder that is not a Small Business shall be multiplied by three percent (3%). The resulting three percent (3%) amount, shall be considered as the Small Business preference, provided that it does not exceed the Total Allowable Preference Amount.
  - b) Each bidder that meets or exceeds the established Small Business goal shall have their bid adjusted by subtracting the amount of the Small Business preference from their original bid. The adjusted bid is used to determine the award of the contract.
4. When selection is based on a scoring matrix and a Small Business goal is established, the following shall apply:
- a) The submittal from each business that meets or exceeds the established Small Business goal shall be granted three percent (3%) preference. The resulting three percent (3%) points shall be added to the total points, provided that it does not exceed the Total Allowable Preference Amount.

**iii. Application – Local Business (LB) Preference**

1. When price is the primary selection criteria and a Local Business goal is not established, the following shall apply:
  - a) The bid amount of the lowest responsive and responsible bidder that is not a Local Business shall be multiplied by two percent (2%). The resulting two percent (2%) amount, shall be considered the Local Business preference, provided that it does not exceed the Total Allowable Preference Amount.
  - b) The lowest responsive and responsible bidder that is a Local Business shall have their bid adjusted by subtracting the amount of the Local Business preference from the local business's original bid/proposal. The adjusted bid is used to determine the award of the contract.
2. When selection is based on a scoring matrix, and a Local Business goal is not established, the following shall apply:
  - a) The submittal from a verified Local Business shall be granted two percent (2%) preference. The resulting two percent (2%) points shall be added to the total points, provided that it does not exceed the Total Allowable Preference Amount.
3. When price is the primary selection criteria and a Local Business goal is established, the following shall apply:
  - a) The bid amount of the lowest responsive and responsible bidder that is not a Local Business shall be multiplied by two percent (2%). The resulting two percent (2%) amount, shall be considered as the Local Business preference, provided that it does not exceed the Total Allowable Preference Amount.

- b) Each bidder that meets or exceeds the established Local Business goal shall have their bid adjusted by subtracting the amount of the Local Business preference from their original bid. The adjusted bid is used to determine the award of the contract.
4. When selection is based on a scoring matrix and a Local Business goal is established, the following shall apply:
- a) The submittal from each business that meets or exceeds the established Local Business goal shall be granted two percent (2%) preference. The resulting two percent (2%) points shall be added to the total points, provided that it does not exceed the Total Allowable Preference Amount.

**iv. Application –Veteran Owned Small Business (VOSB) Preference**

1. When price is the primary selection criteria and a Veteran Owned Small Business Goal is not established, the following shall apply:
- a) The bid amount of the lowest responsive and responsible bidder that is not a VOSB shall be multiplied by two percent (2%). The resulting two percent (2%) amount, shall be considered as the VOSB preference, provided that it does not exceed the Total Allowable Preference Amount.
  - b) The lowest responsive and responsible bidder that is a VOSB shall have their bid adjusted by subtracting the amount of the VOSB preference from the VOSB's original bid. The adjusted bid is used to determine the award of the contract.
2. When selection is based on a Scoring Matrix, and a VOSB goal is not established, the following shall apply:
- a) The submittal from a verified VOSB shall be granted two percent (2%) preference. The resulting two percent (2%) points shall be added to the total points, provided that it does not exceed the Total Allowable Preference Amount.
3. When price is the primary selection criteria and a VOSB Goal is established, the following shall apply:
- a) The bid amount of the lowest responsive and responsible bidder that is not a VOSB shall be multiplied by two percent (2%). The resulting two percent (2%) amount, shall be considered as the VOSB Preference, provided that it does not exceed the Total Allowable Preference Amount.
  - b) Each bidder that meets or exceeds the established VOSB goal shall have their bid adjusted by subtracting the amount of the VOSB preference from their original bid. The adjusted bid is used to determine the award of the contract.

4. When selection is based on a scoring matrix and a VOSB goal is established, the following shall apply:
  - a) The submittal from each business that meets or exceeds the established VOSB goal shall be granted to two percent (2%) preference. The resulting two percent (2%) points shall be added to the total points, provided that it does not exceed the Total Allowable Preference Amount.

**v. Additional Requirements**

1. The maximum allowable combined preference or points awarded shall not exceed seven percent (7%) on any single bid or proposal.
2. The maximum amount of the adjustment cannot exceed \$200,000.
3. The final contract award shall be the amount set forth in the original bid or proposal.
4. For qualification based criteria, the use of the preference points shall be applied to determine which proposers shall be interviewed for final consideration **and to determine the recommended final contract award.**
5. The Prime Contractor must provide a distinct and clearly defined portion of work for all subcontractors whose participation is submitted in response to the corresponding goal. Any substitution or termination in performance of said work without the Authority's prior written consent may be grounds for contract termination, at which time the Authority may negotiate a new contract to the next highest ranked proposer without need to re- compete, provided there is no less than 50% of the contract term remaining.

**vi. Methodology Used to Establish Small Business, Local Business, and/or Veteran Owned Small Business Goals.**

1. Small Business Goal – A Small Business goal shall be established by the following methodology:
  - a) The Trade Assessment categories needed to fulfill the scope of work shall be developed based on the Contract Owner's estimate.
  - b) A Trade Assessment Scope Percentage (Scope%) shall be calculated by taking the estimated value of the scope to be performed in each specific Trade Assessment category divided by the total estimated value of the Contract.
  - c) A Trade Assessment Availability Percentage (Availability%) shall be calculated by taking the total number of registered businesses within the Authority's vendor management system that (1) meet the Small Business criteria as defined by this Policy and (2) are capable of performing the specific Trade Assessment category. This number is divided by the total number of businesses in the same specific Trade



Assessment categories from the same source.

- d) A weighted goal percentage is calculated by multiplying the Trade Assessment Scope% by the Trade Assessment Availability% for each applicable Trade Assessment category. Each Trade Assessment category is added up, resulting in the applicable goal.
  - e) The total Small Business Goal cannot exceed fifty percent (50%) for each Contract.
  - f) The Trade Assessment Availability% can be calculated in advance provided that the Trade Assessment Availability% used is not older than 24 months.
2. Local Business Goal – A Local Business goal shall be established by the following methodology:
- a) Identify the Trade Assessment categories needed to fulfill the scope of work.
  - b) A Trade Assessment Scope Percentage (Scope%) shall be calculated by taking the estimated value of the scope to be performed in each specific Trade Assessment category divided by the total estimated value of the contract.
  - c) A Trade Assessment Availability Percentage (Availability%) shall be calculated by taking the total number of registered businesses within the Authority’s vendor management system that (1) meet the Local Business criteria as defined by this Policy, and (2) are capable of performing the specific Trade Assessment category. This number is divided by the total number of businesses in the same Trade Assessment categories from the Authority’s vendor management system.
  - d) A weighted goal percentage is calculated by multiplying the Trade Assessment Scope% by the Trade Assessment Availability% for each applicable Trade Assessment category. Then each Trade Assessment category is added up resulting in the applicable goal.
  - e) The Trade Assessment Availability% can be calculated in advance provided that the Trade Assessment Availability% used is not older than 24 months.
3. Veteran Owned Small Business (VOSB) Goal – A VOSB goal shall be established at three percent (3%) for all projects with apparent subcontracting opportunities.

**vii. Exemptions**

1. Federally funded projects require conformance with 49 CFR Parts 18 and 26 and the contractual requirements included in grant agreements between the Authority and the FAA.
2. Concession Contracts require conformance with 49 CFR Part 23.
3. This Policy shall not apply if it conflicts with applicable federal, state or local laws or regulations.
4. An Inclusionary Approach may be applied to contracts where subcontracting opportunities exist, but have not been clearly defined. An Inclusionary Approach requires the Prime Contractor to provide an outreach plan, establish a goal, and report efforts and achievements to the Small Business Development Department.

[Amended by Resolution No. 2018-0134 dated December 6, 2018.]

[Amended by Resolution No. 2014-0132 dated December 4, 2014.]

[Amended by Resolution No. 2012-0043 dated April 12, 2012.]

[Amended by Resolution No. 2011-0011 dated January 6, 2011.]

[Amended by Resolution No. 2009-0141 R dated November 5, 2009.]

[Adopted by Resolution No. 2009-0057 dated April 2, 2009.]

## STAFF REPORT

Meeting Date: **MAY 30, 2019**

### Subject:

**Amend Authority Policy 6.30 – Establishment of Fees, Rates, Licenses and Charges**

### Recommendation:

Adopt Resolution No. 2019-0051, amending Authority Policy 6.30 – Establishment of Fees, Rates, Licenses and Charges.

### Background/Justification:

Authority Policy 6.30 currently states “the Board shall have the exclusive authority to charge or set Fees for parking.” At the May 2018 Budget Workshop, staff proposed promotional rates for parking that were below the Board authorized rates. In June 2018, the Board adopted Resolution No. 2018-0062 approving the FY 2019 Budget and also authorizing the President/CEO to adjust rates for parking as long as the rates are below the Board authorized rates. Staff believes the Board intended to grant the President/CEO this authority for future budget years. This proposed amendment to Policy 6.30 is intended to memorialize the Board’s intent.

Staff recommends that the Board amend Policy 6.30 to allow the President/CEO to adjust the parking rates for promotional purposes as long as those rates are less than the Board authorized rates. In addition staff made minor edits to the policy to update the President/CEO title.

### Fiscal Impact:

Promotional parking rates are part of the parking revenue budget for Fiscal 2020 and conceptual Fiscal 2021 budget and are expected to continue to be utilized as future promotions are developed and implemented.

### Authority Strategies:

This item supports one or more of the Authority Strategies, as follows:

- Community Strategy     Customer Strategy     Employee Strategy     Financial Strategy     Operations Strategy

### Environmental Review:

A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act (“CEQA”), as amended. 14 Cal. Code Regs. §15378. This Board action is not a “project” subject to CEQA. Cal. Pub. Res. Code §21065.

B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.

**Application of Inclusionary Policies:**

Not Applicable.

**Prepared by:**

JOHN J DILLON  
DIRECTOR, FINANCE AND RISK MANAGEMENT

RESOLUTION NO. 2019-0051

A RESOLUTION OF THE BOARD OF THE SAN  
DIEGO COUNTY REGIONAL AIRPORT AUTHORITY,  
AMENDING AUTHORITY POLICY 6.30 –  
ESTABLISHMENT OF FEES, RATES, LICENSES  
AND CHARGES

WHEREAS, Authority Policy 6.30 governs the adoption, amendment and modification of fees, rates, licenses and charges at the Airport; and

WHEREAS, Authority Policy 6.30 states in pertinent part: “the Board shall have the exclusive authority to charge or set Fees for parking;” and

WHEREAS, in June 2018, the Board adopted Resolution No. 2018-0062 approving the FY 2019 Budget and also authorizing the President/CEO to adjust rates for parking as long as the rates are below the Board authorized rates; and

WHEREAS, the Board wishes to amend Policy 6.30 to authorize the President/CEO to adjust the parking rates for promotional purposes, without any further Board action, as long as those rates are less than the Board authorized rates for parking.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby amends Authority Policy 6.30 as outlined in Attachment A; and

BE IT FURTHER RESOLVED that the Board finds that this action is not a “project” as defined by the California Environmental Quality Act (“CEQA”) (California Public Resources Code §21065); and is not a “development” as defined by the California Coastal Act (California Public Resources Code §30106).

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a special meeting this 30<sup>th</sup> day of May, 2019, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

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TONY R. RUSSELL  
DIRECTOR, BOARD SERVICES /  
AUTHORITY CLERK

APPROVED AS TO FORM:

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AMY GONZALEZ  
GENERAL COUNSEL

# SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

## POLICIES

### ARTICLE 6 - REAL PROPERTY MANAGEMENT

#### PART 6.3 - FEES, RATES, LICENSES AND CHARGES

#### SECTION 6.30 - ESTABLISHMENT OF FEES, RATES, LICENSES AND CHARGES

**PURPOSE:** To establish a policy describing the adoption, amendment and modification of fees, rates, licenses and charges (collectively, “**Fees**”), imposed by the San Diego County Regional Airport Authority (the “**Authority**”).

#### POLICY STATEMENT:

(1) The Authority may impose Fees upon persons (“**Parties**”), including, without limitation, tenants, lessees, licensees, concessionaires and car rental agencies.

(2) The Authority’s ~~President/CEO~~~~Executive Director~~ or his or her designee (the “~~Executive Director~~~~President/CEO~~”) shall have the authority to charge, set, prepare, amend, modify, deliver and enforce Fees imposed upon the Parties. However, the Board shall have the exclusive authority to charge or set Fees for parking at the San Diego International Airport at Lindbergh Field. The Authority’s Board of Directors (the “**Board**”), upon written notice to the ~~Executive Director~~~~President/CEO~~, may impose reasonable limitations on the ~~Executive Director’s~~ ~~President/CEO’s~~ ability to charge Fees.

(3) The President/CEO may modify Fees for parking rates for promotional programs as long as those Fees rates do not exceed the Board approved rates.

~~(34)~~ On a quarterly basis, the ~~President/CEO~~~~Executive Director~~ will provide to the Board a summary of any material modifications, amendments, deletions or additions to the Fees imposed upon the Parties.

~~(45)~~ The preparation, amendment, delivery and enforcement of the Fees set forth in this policy shall be in accordance with the Authority’s other policies and codes and applicable federal, state and local laws. In the event of any inconsistency between this policy and applicable federal, state and local laws those laws will govern and control.



[Resolution No. 2002-02 dated September 20, 2002.]

[Superseded by Resolution No. \_\_\_\_\_ dated \_\_\_\_\_.]

## **STAFF REPORT**

Meeting Date: **MAY 30, 2019**

### **Subject:**

**Reject the Claim of Air Canada**

### **Recommendation:**

Adopt Resolution No. 2019-0052, rejecting the claim of Air Canada.

### **Background/Justification:**

On April 17, 2019, Air Canada filed a claim ("Attachment A") with the San Diego County Regional Airport Authority ("Authority"). Specifically, Air Canada alleges that their aircraft was damaged by a malfunctioning jet bridge at Gate 50 in Terminal Two at San Diego International Airport. Air Canada claims damages in an unknown amount to include aircraft repair, loss of use, and hotel accommodations for passengers who had to be rebooked for travel the following day.

As described above, Air Canada alleges that on February 24, 2019, Air Canada flight 469 arrived and taxied to Gate 50. ATS, the company Air Canada contracts with to provide station management services, maneuvered the jet bridge into place to allow passengers to deplane. At some point during the enplanement process the door of the aircraft collided with the jet bridge frame when its decreased weight caused it to rise as the elevation of the jet bridge remained constant. Air Canada claims this was the result of the auto leveler feature of the jet bridge malfunctioning.

Air Canada's claim should be denied. The investigation into the incident revealed that an inspection done at the time of the incident showed that the auto leveler feature was not engaged because the ATS employee operating the jet bridge failed to maneuver it close enough to the fuselage of the aircraft to do so. Further, the jet bridges are maintained by the airlines under their leases with the Authority. Accordingly, the claim will be tendered to the ground handler and jet bridge maintenance contractor for Air Canada for consideration. The General Counsel has reviewed the claim and recommends rejection.

### **Fiscal Impact:**

Not applicable.

### **Authority Strategies:**

This item supports one or more of the Authority Strategies, as follows:

- Community Strategy     Customer Strategy     Employee Strategy     Financial Strategy     Operations Strategy

**Environmental Review:**

- A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code §21065.
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.

**Application of Inclusionary Policies:**

Not applicable.

**Prepared by:**

AMY GONZALEZ  
GENERAL COUNSEL



General Claims – YYZ 2130  
P.O. Box 6002, STN Toronto AMF  
Mississauga, ON L5P 1B4  
Canada

April 9, 2019

San Diego County Regional Airports Authority  
P.O. Box 82776,  
San Diego, CA  
USA 92138-2776

SDCRAA  
RECEIVED

APR 17 2019

ACCOUNTING DEPARTMENT

Attention: Chief Legal Officer

Dear Sir or Madam,

Re: Damage to Air Canada Aircraft Fin #469, Registration No. C-FJOU,  
Date of Loss February 24, 2019  
Bridge Auto Leveler Malfunction – Our File No. 2019-GC-511446

On or about February 24, 2019, our aircraft fin number 469, Registration No. C-FJOU sustained damage to the L1 door by malfunctioning auto leveler equipment. As a result, our turnaround flight AC1886 was cancelled and the aircraft had to be ferried back to Toronto for repairs. Our passengers were rebooked on other airlines or accommodated at local hotels for transportation the next day. This incident occurred on Bridge 50 at San Diego International Airport during deplaning of Flight AC1887.

Indications are responsibility for the damage lies with faulty equipment belonging to the San Diego Airport Authority and we hold the Airport Authority responsible for our losses. We look to the San Diego Airport Authority for the recovery of those losses once they are known.

We will provide supporting documentation and invoices shortly.

If this matter is to be handled by your insurers, please have them contact the undersigned.

Yours truly,

Anne-Marie Guest  
General Claims Manager



RESOLUTION NO. 2019-0052

A RESOLUTION OF THE BOARD OF THE  
SAN DIEGO COUNTY REGIONAL AIRPORT  
AUTHORITY REJECTING THE CLAIM OF AIR  
CANADA

WHEREAS, on April 17, 2019, AIR CANADA filed a claim with the San Diego County Regional Airport Authority (“Authority”) for losses it claims to have suffered as the result of a malfunctioning jet bridge at Gate 50 in Terminal Two at San Diego International Airport; and

WHEREAS, at its special meeting on March 14, 2019, the Board considered the claim filed by AIR CANADA and the report submitted to the Board, and found that the claim should be rejected.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby rejects the claim of AIR CANADA; and

BE IT FURTHER RESOLVED the Board finds that this action is not a “project” as defined by the California Environmental Quality Act (“CEQA”) (California Public Resources Code § 21065); and is not a “development” as defined by the California Coastal Act (California Public Resources Code § 30106).

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at its special meeting this 30th day of May, 2019, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

\_\_\_\_\_  
TONY R. RUSSELL,  
DIRECTOR, BOARD SERVICES/  
AUTHORITY CLERK

APPROVED AS TO FORM:

\_\_\_\_\_  
AMY GONZALEZ  
GENERAL COUNSEL

## **STAFF REPORT**

Meeting Date: **MAY 30, 2019**

### **Subject:**

**Required Communication to the Audit Committee on the Financial and Compliance Audit for the Fiscal Year Ended June 30, 2019**

### **Recommendation:**

The Audit Committee recommends that the Board accept the information.

### **Background/Justification:**

On March 25, 2019, staff presented a recommendation to the Audit Committee to enter in to an agreement with BKD, LLP, for Financial Audit Services. The Audit Committee recommended that the Board adopt a resolution approving and authorizing the President/CEO to execute an agreement with BKD, LLP.

The Board adopted Resolution No. 2019-0035 during its April 4, 2019, Board Meeting, approving and authorizing the President/CEO to execute an agreement with BKD, LLP, for an amount not to exceed \$950,000 for a three year term with an option for two (2) one year extensions, which may be exercised at the discretion of the Authority.

The Charter of the Audit Committee, and as specified in the Statement on Auditing Standards (SAS) 114, requires that the Authority's external auditor communicate for review and approval by the Audit Committee its planned scope and timing for conducting the audit of the Authority's financial statements; and to communicate an annual report on independence, a report on its quality control program and peer review, and other responsibilities under generally accepted auditing standards.

As required, the lead engagement partner from BKD, LLP, attended the May 13, 2019, Audit Committee Meeting and provided a presentation (see attached) on matters pertaining to the scope, timeline, planning, and revisions to professional standards effecting the Fiscal Year Ended June 30, 2019, Financial and Compliance Audit.

### **Fiscal Impact:**

Adequate funding for the agreement with BKD, LLP, for performing the Authority's financial audit services is included in the Proposed Fiscal Year 2020 Budget and Fiscal Year 2021 Conceptual Budget within the Services-Auditing line item. Expenses that will impact budget years not yet adopted by the Board will be included in future year budget requests.

**Authority Strategies:**

This item supports one or more of the Authority Strategies, as follows:

- Community Strategy     Customer Strategy     Employee Strategy     Financial Strategy     Operations Strategy

**Environmental Review:**

A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code §21065.

B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.

**Application of Inclusionary Policies:**

Not applicable

**Prepared by:**

KATHY KIEFER  
SENIOR DIRECTOR  
FINANCE, ACCOUNTING AND AIRLINE RELATIONS

# Required Communication to the Audit Committee on the Financial and Compliance Audits for the Fiscal Year Ended June 30, 2019



Presented By: David M. Coleman, Partner  
May 13, 2019





# Engagement Team

- ▲ David Coleman, CPA, Engagement Partner
- ▲ Richard Wittgren, CPA, Concurring Review Partner
- ▲ Amy Shreck, CPA, Lease Standard Industry Resource
- ▲ Andrew Sherwood, CPA, Manager
- ▲ Josh Findlay, CPA, Senior Associate II
- ▲ Katie Crenshaw, Associate



# Overview

- ▲ Our audit will be conducted in accordance with the following guidelines:
  - Auditing standards generally accepted in the United States of America
  - *Government Auditing Standards*
  - Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)
  - *Passenger Facility Charge Audit Guide for Public Agencies*
  - California Government Code 50474.21
  - We will also issue a management letter including our required communications to the Audit Committee

# Planned Scope

- ▲ The following are considered as having a higher risk of material misstatement due to error or fraud:
  - Management override of controls
  - Revenue recognition
  - Investment classification
  - Federal Awards Program

# Planned Timing

- ▲ **Week of June 17th** - Planning, interim fieldwork and risk assessment
- ▲ **Week beginning August 19th** - Final audit fieldwork, including Single Audit, Passenger Facility Charge (PFC) and Customer Facility Charge (CFC) testing
- ▲ **Week of September 2nd** - Exit conference with management to review draft financial statements and other required communications
- ▲ **September 13, 2019** - Drafts of deliverable available for review by management
- ▲ **Week of September 9, 2019** – Concurring partner review to be performed
- ▲ **October 4, 2019** - Release final deliverables
- ▲ **November 4, 2019** - Presentation of financial statements, our required communications and other deliverables to the Audit Committee

# Approach to Planning

- ▲ Planning and Risk Assessment – Our procedures include:
  - Obtaining an understanding of the internal control environment
  - Obtaining an understanding of changes to the Authority's operations for the year, including new revenue streams and activities
  - Examining Authority Board and Audit Committee minutes and highlighting any ordinances, resolutions, laws and compliance regulations to be reviewed

# Approach to Planning *(continued)*

- ▲ Planning and Risk Assessment – Our procedures include (continued):
  - Completing our preliminary analytical review procedures
  - Developing applicable audit programs to address significant audit areas and the specific risks identified during our risk assessment procedures

# Revisions to Professional Standards

- ▲ GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* – planned early implementation in 2019
- ▲ GASB Statement No. 87, *Leases* – effective for 2021
  - Due to the complexity and scope of changes we plan on assisting as needed in preparation to implement

# Consideration of Errors or Fraud

- ▲ Our responsibility, as it relates to fraud, in an audit of financial statements is addressed in Statement on Auditing Standards No. 99, *Consideration of Fraud in a Financial Statement Audit*
  - Fraud interviews will be held with key members of the Airport Authority through this requirement



# Consideration of Errors or Fraud *(continued)*

- ▲ Our audit approach includes:
  - Engagement Team Brainstorming
  - Inquiries of management and others:
    - ▶ Audit Committee Chair
    - ▶ President/CEO
    - ▶ Chief Internal Auditor
    - ▶ General Counsel
    - ▶ Chief Financial Officer
    - ▶ Chief Development Officer

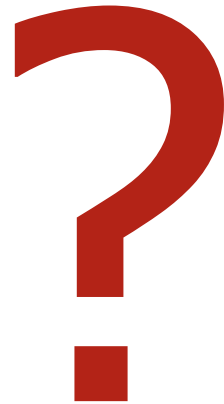
# Consideration of Errors or Fraud *(continued)*

- Inquiries of management and others *(continued)*:
  - ▶ Others as deemed appropriate in the following areas:
    - Accounting
    - Finance
    - Grants Management & Compliance
    - Procurement
    - Airport Development
    - Information Technology
    - Human Resources

# Contacts

- ▲ It is our understanding that the appropriate people within the Authority's governance structure with whom to communicate are:
  - Lee Parravano, Chief Internal Auditor
  - Paul Robinson, Audit Committee Chair
  - April Boling, Board Chair
- ▲ If you need to contact us:
  - David Coleman, Partner – 469.341.0785  
[dcoleman@bkd.com](mailto:dcoleman@bkd.com)
  - Andrew Sherwood, Manager– 469.341.0844  
[asherwood@bkd.com](mailto:asherwood@bkd.com)

# Questions



## STAFF REPORT

Meeting Date: **MAY 30, 2019**

### Subject:

**Results from the Quality Assessment Review of the Office of the Chief Auditor**

### Recommendation:

The Audit Committee recommends that the Board accept the information.

### Background/Justification:

The Office of the Chief Auditor (OCA) provides independent objective assurance for the San Diego County Regional Airport Authority (Authority) through a disciplined evaluation of the Authority's operations and its use of resources and assets.

The Board approved Charter of the Audit Committee states that Committee oversight responsibilities include ensuring that the OCA is upholding conformance to the International Standards for the Professional Practice of Internal Auditing (*Standards*). To obtain reasonable assurance, the Audit Committee is to confirm that external quality assurance reviews of the OCA are performed, and to monitor any resulting recommendations.

The *Standards* require that a qualified independent reviewer, or review team, from outside the organization conduct a Quality Assessment Review (QAR) of an organization's internal audit function once every five years. An external quality assessment evaluates the internal audit function for conformance with the *Standards*, conformance with the Code of Ethics, and the efficiency and effectiveness of the internal audit activity.

The OCA is required to maintain a quality assurance and improvement program that includes an evaluation of the OCAs conformance with the *Standards*. The OCAs internal quality assurance and improvement program also requires a QAR.

Two previous external QARs have been performed. The first review covered the period from the OCAs inception in 2003 through June 30, 2008, and the second covered the period July 1, 2009, through June 30, 2013. A resulting opinion following both external quality assessments was that the OCA is providing reasonable assurance of compliance with the *Standards*.

Obtaining an external QAR with an opinion of "reasonable assurance" of conformance with the *Standards* allows the OCA to state that its activities are conducted "in accordance with the *International Standards for the Professional Practice of Internal Auditing*". This is the highest level of conformance an internal audit function can achieve.

The QAR for the period July 1, 2013, thru June 30, 2018, was due. Therefore, during the November 5, 2018, meeting of the Audit Committee, the Committee considered the

**Page 2 of 2**

selection of an external assessor, and unanimously recommended that the Association of Local Government Auditors (ALGA) perform the required QAR.

In April 2019, an external QAR was completed through the ALGA peer review program and consisted of two team members. The peer review team determined that the OCA is providing reasonable assurance of compliance with the *Standards*. This is the highest level of conformance an internal audit function can achieve.

On May 13, 2019, during a regular meeting of the Audit Committee, results of the QAR for the period July 1, 2013, through June 30, 2018, were presented by the Chief Auditor. In attendance was the peer review team leader who provided insight on the OCAs strengths and weaknesses found in the course of performing the QAR. The QAR opinion is provided as Attachment A. The review team provided a companion letter (Attachment B) that identified areas where the OCA excels and offered observations and suggestions to enhance the OCAs conformance with the *Standards*. The OCAs response to the QAR is provided as Attachment C. Following the presentation of the QAR results, the Audit Committee voted unanimously to forward this item to the SDCRAA Board for their information.

**Fiscal Impact:**

Adequate funding for Quality Assessment Review is included in the adopted FY 2019 and conceptually approved FY 2020 Operating Expense Budgets within the Contractual Services line item.

**Authority Strategies:**

This item supports one or more of the Authority Strategies, as follows:

Community Strategy     Customer Strategy     Employee Strategy     Financial Strategy     Operations Strategy

**Environmental Review:**

A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code §21065.

B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.

**Application of Inclusionary Policies:**

Not applicable

**Prepared by:**

LEE M. PARRAVANO  
CHIEF AUDITOR



# External Quality Control Review

of the  
San Diego County Regional Airport Authority  
Office of the Chief Auditor

Conducted in accordance with guidelines of the  
**Association of Local Government Auditors**  
for the period July 1, 2013 through June 30, 2018



## Association of Local Government Auditors

April 26, 2019

Mr. Lee Parravano, Chief Auditor  
Office of the Chief Auditor  
San Diego County Regional Airport Authority  
2722 Truxton Road, Box 100  
San Diego, CA 92106

Dear Mr. Parravano,

We have completed a peer review of the San Diego County Regional Airport Authority Office of the Chief Auditor for the period July 1, 2013 through June 30, 2018. In conducting our review, we followed the standards and guidelines contained in the *Peer Review Guide for Assessing Conformance with International Standards for the Professional Practice of Internal Auditing* by the Association of Local Government Auditors (ALGA).

We reviewed the internal quality control system of your audit organization and conducted tests in order to determine if your internal quality control system operated to provide reasonable assurance of conformance with the *International Standards for the Professional Practice of Internal Auditing (the Standards)* issued by the Institute of Internal Auditors as part of their *Professional Practices Framework*. Due to variances in individual performance and judgment, conformance does not imply adherence to *the Standards* in every case, but does imply adherence in most situations.

Based on the results of our review, it is our opinion that the San Diego County Regional Airport Authority Office of the Chief Auditor's internal quality control system was suitably designed and operating effectively to provide reasonable assurance of conformance with *the Standards* for assurance and consulting engagements for the review period July 1, 2013 through June 30, 2018.

We have prepared a separate letter offering suggestions to further strengthen your internal quality control system.

Paula Ward, CPA  
Consultant

Matt McMahon, Internal Auditor  
Washoe County School District





## Association of Local Government Auditors

April 26, 2019

Mr. Lee Parravano, Chief Auditor  
Office of the Chief Auditor  
San Diego County Regional Airport Authority  
2722 Truxton Road, Box 100  
San Diego, CA 92106

Dear Mr. Parravano,

We have completed a peer review of the San Diego County Regional Airport Authority Office of the Chief Auditor (Office) for the period July 1, 2013 through June 30, 2018 and issued our report dated April 26, 2019. We are issuing this companion letter to offer certain observations and suggestions stemming from our peer review.

We would like to mention some of the areas in which we believe your Office excels:

- The Office is staffed with highly qualified professionals holding a variety of certifications and licenses which increase the value of their work product.
- The Office has revised their procedures, charters, and practices to more fully align with *The International Standards for the Professional Practice of Internal Auditing*.
- The Office has developed a Risk and Controls Assessment Matrix by engagement to ensure audit program steps are directly linked to audit objectives.

We offer the following observations and suggestions to enhance your organization's demonstrated conformance to *International Standards for the Professional Practice of Internal Auditing (the Standards)*:

Observation:

The chief auditor did not confirm to the board, at least annually, the Office's organizational independence of the internal audit activity.

IIA Standard 1110 – *Organizational Independence* states, "...The chief audit executive must confirm to the board, at least annually, the organizational independence of the internal audit activity."



## Association of Local Government Auditors

### Suggestion:

We recommend the chief auditor confirm to the board annually, the organizational independence of the internal audit activity.

### Observation:

The chief auditor did not develop and maintain a quality assurance and improvement program that included internal assessments.

IIA Standard 1300 – *Quality Assurance and Improvement Program* states, “The chief audit executive must develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity.”

In addition, IIA Standard 1310 - *Requirements of the Quality Assurance and Improvement Program* and 1311 – *Internal Assessments* state, “The quality assurance and improvement program must include both internal and external assessments.”  
“Internal assessments must include:

- Ongoing monitoring of the performance of the internal audit activity; and
- Periodic self-assessments or assessments by other persons within the organization with sufficient knowledge of internal audit practices.”

### Suggestion:

We recommend the Office develop and perform periodic self-assessments to evaluate conformance with *the Standards*.

### Observation:

In reviewing continuing professional education (CPE) we found one auditor could not provide evidence of CPE for four of the five years of the peer review period.

IIA Standard 1230 – *Continuing Professional Development* states, “Internal auditors must enhance their knowledge, skills, and other competencies through continuing professional development.”

### Suggestion:

We recommend the Office ensure all professional staff attend and maintain evidence of continuing professional education.



## Association of Local Government Auditors

Observation:

We found four of seven engagements reviewed did not indicate the time period audited (scope).

IIA Standard 2410 – *Criteria for Communicating* states, “Communications must include the engagement’s objectives, scope, and results.”

Suggestion:

We recommend the Office include the time period audited in all engagements.

We would like to acknowledge that the Office has actively addressed and corrected the observations noted above. We extend our thanks to you and your staff we met for the hospitality and cooperation extended to us during our review.

Sincerely,

Paula Ward, CPA  
Consultant

Matt McMahon, Internal Auditor  
Washoe County School District



April 26, 2019

Paula Ward, CPA  
Matt McMahan  
Association of Local Government Auditors  
Peer Review Team Members

Dear Ms. Ward and Mr. McMahan:

Subject: Quality Assessment Review and Response to the Peer Review Companion Letter  
Dated April 26, 2019

Thank you for conducting a review of the San Diego County Regional Airport Authority's Office of the Chief Auditor (OCA) internal quality control system. We are pleased that the Association of Local Government Auditors has once again issued an opinion that the OCAs internal quality control system was suitably designed and operating effectively to provide reasonable assurance of conformance with the *Standards* for assurance and consulting engagements for the review period July 1, 2013, through June 30, 2018. This determination is the highest level of compliance the OCA can achieve.

We have also received your letter of observations with suggestions for strengthening the OCAs internal quality control system. The OCA has reviewed the observations and the suggestions offered, and provides our response below.

**Observation #1:** The chief auditor did not confirm to the board, at least annually, the Office's organizational independence of the internal audit activity.

IIA Standard 1110 – *Organizational Independence* states, "...The chief audit executive must confirm to the board, at least annually, the organizational independence of the internal audit activity."

**Suggestion #1:** We recommend the chief auditor confirm to the board annually, the organizational independence of the internal audit activity.

**OCA Response to Suggestion #1:** Agree

As acknowledged in the letter containing observations and suggestions, the OCA addressed and corrected this item. Included within the September 10, 2018, Audit Committee meeting materials was the OCAs Fiscal Year 2018 Annual Activities Report. The Fiscal Year 2018 Annual Activities Report contained all required disclosures including the Organizational Independence statement.

**Observation #2:** The chief auditor did not develop and maintain a quality assurance and improvement program that included internal assessments.

IIA Standard 1300 – *Quality Assurance and Improvement Program* states, "The chief audit executive must develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity."

In addition, IIA Standard 1310 - Requirements of the Quality Assurance and Improvement Program and 1311 – Internal Assessments state, “The quality assurance and improvement program must include both internal and external assessments.” “Internal assessments must include:

- Ongoing monitoring of the performance of the internal audit activity; and
- Periodic self-assessments or assessments by other persons within the organization with sufficient knowledge of internal audit practices.”

**Suggestion #2:** We recommend the Office develop and perform periodic self-assessments to evaluate conformance with *the Standards*.

**OCA Response to Suggestion #2:** Agree

As acknowledged in the letter containing observations and suggestions, the OCA addressed and corrected this item. In August 2018, the OCA completed an examination of all aspects of its internal audit activities. The results of the examination were included in the September 10, 2018, Audit Committee meeting materials. The proposed Audit Plan for Fiscal Year 2020 includes an allocation of hours to further develop and maintain our quality assurance and improvement program.

**Observation #3:** In reviewing continuing professional education (CPE) we found one auditor could not provide evidence of CPE for four of the five years of the peer review period.

IIA Standard 1230 – Continuing Professional Development states, “Internal auditors must enhance their knowledge, skills, and other competencies through continuing professional development.”

**Suggestion #3:** We recommend the Office ensure all professional staff attend and maintain evidence of continuing professional education.

**OCA Response to Suggestion #3:** Agree

As acknowledged in the letter containing observations and suggestions, the OCA addressed and corrected this item. For calendar year 2018, the OCA tracked all CPE completed by staff and compared it to the individual’s license, and to the OCAs policy requirement(s). All staff met the CPE requirements for calendar year 2018. Additionally, the OCA now requires all CPE certificates earned by staff to be saved in a central file system.

**Observation #4:** We found four of seven engagements reviewed did not indicate the time period audited (scope).

IIA Standard 2410 – Criteria for Communicating states, “Communications must include the engagement’s objectives, scope, and results.”

**Suggestion #4:** We recommend the Office include the time period audited in all engagements.

**OCA Response to Suggestion #4: Agree**

As acknowledged in the letter containing observations and suggestions, the OCA addressed and corrected this item. The OCA revised its audit report format in 2018. Every audit report issued by the OCA now includes an appendix containing the audit's objective, scope, methodology, the Institute of Internal Auditors' Standards compliance statement, and any inherent limitations.

The OCA expresses our sincere appreciation to the peer review team for their thoroughness, professionalism, and suggestions. We also appreciate the recognition provided by the peer review team for areas where the OCA excels. Thank you, again, for providing this valuable service to this office and to the San Diego County Regional Airport Authority.

Sincerely,



Lee Parravano  
Chief Auditor

LP/sro

## **STAFF REPORT**

Meeting Date: **MAY 30, 2019**

### **Subject:**

**Fiscal Year 2019 Third Quarter Activity Report**

### **Recommendation:**

The Audit Committee recommends that the Board accept the report.

### **Background/Justification:**

The Charter for the Office of the Chief Auditor (OCA), as approved by the San Diego County Regional Airport Authority Board, establishes the roles, responsibilities, and working relationship of the Chief Auditor with the Audit Committee and with Authority management. The Charter directs the OCA to periodically communicate to the Audit Committee on its activities, which includes audits completed, audit findings, and management's response addressing steps taken to resolve a noted issue.

The Fiscal Year 2019 Third Quarter Activity Report (Attachment A) summarizes the undertakings and accomplishments of the OCAs office from January 1, 2019, through March 31, 2019.

During the third quarter, the OCA completed seven (7) audits and issued fourteen (14) recommendations. Appendix D of the report provides the implementation status of audit recommendations that are outstanding.

On May 13, 2019, a presentation on the third quarter activities was provided by the OCA during a regular meeting of the Audit Committee. Subsequent to the presentation, the Committee voted unanimously to forward this item to the SDCRAA Board for information.

### **Fiscal Impact:**

No impact.

### **Authority Strategies:**

This item supports one or more of the Authority Strategies, as follows:

- Community Strategy     Customer Strategy     Employee Strategy     Financial Strategy     Operations Strategy

**Environmental Review:**

- A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code §21065.
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.

**Application of Inclusionary Policies:**

Not applicable

**Prepared by:**

LEE PARRAVANO  
CHIEF AUDITOR



SAN DIEGO  
COUNTY  
REGIONAL  
AIRPORT  
AUTHORITY

OFFICE OF THE CHIEF AUDITOR  
Fiscal Year 2019 Third Quarter Activity Report

Issue Date: May 3, 2019

## ***Audit Activities***

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### **Completed**

During the third quarter, the Office of the Chief Auditor (OCA) issued a total of seven (7) audit reports, as described below.

*Granite Construction Company:* This expenditure contract audit examined the agreements with Granite Construction Company to enhance concrete/asphalt surfaces at the San Diego County Regional Airport Authority (Authority). The audit found that the procurement and payments surrounding the agreements were in compliance with Authority Policies and were appropriate. Additionally, adequate internal controls and monitoring were found to be in place and functioning properly. No issues were noted.

*Tuition Reimbursement Program:* This planned process audit was terminated prior to completion due to our determination that the Tuition Reimbursement Program presents minimal probability of finding any significant items that would be useful to management or to the Audit Committee and the Board.

*San Diego Unified Port District Harbor Police Billings – FY2017:* This expenditure contract audit determined that payments made to the San Diego Unified Port District (Port) during the audit period were made in accordance with the applicable agreements and they reflected the actual expenses incurred by the Port to provide those services. We also evaluated the internal controls over the review and approval process and tested compliance to the required minimum Harbor Police Department (HPD) staffing levels. We found that the actual expenditures billed by the Port generally complied with the requirements. However, we determined that the Port's reconciliation overstated the amount due for HPD expenses by \$162,739, and that minimum staffing hours were not met during the audit period. Four (4) recommendations were issued.

*Ace Parking Management, Inc. - Expenditures:* This expense contract audit examined the Parking Management and the Shuttle Services agreements between the Authority and Ace Parking Management, Inc. (Ace), and also examined the Authority's Parking Card Program administered by the Ground Transportation Department (GT). This audit is highlighted in Appendix C<sup>1</sup>.

*Concession Cost Recovery Program (CRP):* This process audit analyzed the Concession Cost Recovery Program (CRP) processes, procedures, and financial data to determine if management is properly monitoring and managing the CRP. We found that trash removal service fees are not included in the CRP, Common Area Maintenance fees charged to concessionaires are not sufficient to recover expenses, and that management does not complete annual reconciliations of concessionaire payments to CRP expenses and does not have a formal evaluation process in place to identify new or changing expenses under the CRP. Three (3) recommendations were issued.

*JCDecaux Airport, Inc.:* This revenue contract audit evaluated whether gross advertising revenue and any related expenditures reported by JCDecaux for the audit period were accurately reported, and if concession fees and rents due were calculated and paid in accordance with terms of the agreements. The report concluded that sales were accurately reported and concession fees were accurately paid based on those sales. However, we also determined that the monitoring of JCDecaux throughout the audit period was insufficient in the verification of monthly sales to the related contracts, review of the rates used in the contracts, and verification of the advertisements on display in the terminals. Two (2) recommendations were issued.

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<sup>1</sup> Each quarter we will highlight a significant audit completed during the quarter.

*NewZoom, Inc. dba ZoomSystems*: This revenue contract audit assessed the accuracy of the sales generated by ZoomSystems during the audit period to determine if the revenue received by the Authority was aligned with the terms of the lease. Additionally, we evaluated the internal controls in place to monitor the concessionaire. The audit determined that the concessionaire accurately reported sales and paid the related concession fees. However, we found that the monitoring of the lease requirements was insufficient. The insufficient monitoring areas noted were the documentation and verification of the capital investment in the mid-term refurbishment, and the certified annual reports of gross receipts and amounts paid to the Authority. One (1) recommendation was issued.

### **In Progress**

At the close of the third quarter there were a total of 18 audits or activities *In Progress*, representing 47% of the Fiscal Year 2019 Audit Plan. Of those, three (3) were in the reporting/review stage, twelve (12) were in the fieldwork stage or are ongoing activities that occur throughout the year, and three (3) were in the planning or preliminary survey stage.

Construction Audit Activity for the third quarter of 2019 consisted of attending meetings regarding the Federal Inspection Service project, the airport support facilities, the Airport Development Program, and other airport construction projects. The Construction Auditor remains involved with issues identified by the Airport Design and Construction team and Authority Management, providing assistance and attending meetings specific to the aspects of the Authority's construction activity.

The OCA continues to run the Authority's Ethics Program and reporting hotline. During the third quarter of Fiscal Year 2019, one (1) report was received, which was not a potential code violation. Tips/reports that are not investigated by the OCA are forwarded to management, as appropriate. A summary of the tip(s)/report(s) received during the third quarter of Fiscal Year 2019 is available in Appendix B. Additionally, during the third quarter, the Ethics Officer developed a new training presentation to deliver to Authority employees during the fourth quarter.

See Appendix A for a complete detailed list of our Fiscal Year 2019 Audit Plan progress.

## ***Administrative Activities***

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### **Budget and Expenses**

The Chief Auditor Department expenses totaled \$854,554 through the end of the third quarter, which represents 66% of the Fiscal Year 2019 budget. No unexpected or large outlays occurred within the department during the quarter, and we expect to remain on budget through the fiscal year end.

### **Training**

Staff continues to obtain CPE credits as required by their various certifications. During the third quarter, staff attended training on data analytics to identify areas to utilize our Authority data analysis software within audits. In addition, staff attended a County financial management symposium that included a panel of audit experts that offered best practices for examining one's organization.

### **Procedural/Supervisory**

Two Audit Committee Meetings took place during the third quarter for which the OCA provided coordination with the Authority's Board Services Department.

Additionally, at the start of the third quarter our second Audit Intern came on board, was trained, and is being mentored; resulting in the OCA being fully staffed for the first time this fiscal year.

### **Risk Assessment**

The OCA has completed the bulk of its risk assessment process for development of the Fiscal Year 2020 Audit Plan. The Chief Auditor and the Audit Manager met with the directors of all Authority departments to discuss their department's key work activities, and then compiled and examined this information to identify high-risk areas that can be audited. The proposed Fiscal Year 2020 Audit Plan will be presented to the Audit Committee during its May 13, 2019, meeting.

**Recommendation Follow Up**

The OCA tracks the status of its recommendations on an on-going basis in order to determine the progress of their implementation. The tracked recommendations are categorized, as shown in Figure 1 below, along with descriptions of each designation. See Appendix D for a detailed list of each recommendation and its status.

Figure 1: Status of Recommendations as of March 31, 2019

Completed	In Progress	Not Accepted	Tracked
4	23	0	27

**Completed:** This designation is used for recommendations that the OCA has determined to be adequately implemented or for recommendations where alternate action is taken that adequately addresses the risk identified. For the quarter, four (4) of the 27 recommendations were completed. Of the completed recommendations, three (3) or 75% were completed within the initial timeframe identified when the recommendations were issued.

**In Progress:** These recommendations have been partially addressed or partial corrective action has been taken. This category also includes recommendations issued when there has not been adequate time between report issuance and recommendation follow-up. If adequate progress is not being made, it will be noted as such.

**Not Accepted:** This designation is used for recommendations that an auditee does not accept; and, therefore, will not implement. This category can represent a failing on the part of the OCA, as all recommendations should be workable and acceptable to the affected departments.

The status of recommendations that were Completed or In Progress during the third quarter, along with the estimated implementation timeframe based on issue date of the audit report, is shown below.

Figure 2: Recommendations with Estimated/Actual Implementation Timeframe

Recommendations	Zero to 7 Months	7 Months to 1 Year	Over 1 Year	Total
In Progress	17	3	3	23
Completed	0	0	0	4

The non-completion of the In Progress recommendations should not have a material adverse effect on the Authority, and adequate progress is being made with all of the tracked recommendations.

**Performance Measures**

The OCA develops performance measures each fiscal year and tracks them to gauge the progress and success of the office. For Fiscal Year 2019 six (6) separate measures were developed to evaluate performance. The OCAs performance against the selected measures is displayed in Figure 3 below.

Figure 3: Status of Performance Measures as of March 31, 2019

Performance Measure	Goal	Progress as of March 31, 2019
Percentage of the Audit Plan completed	60% (80% by Year End)	39% <sup>2</sup>
Additional revenue/cost savings identified	n/a	\$2,706,310
Percentage of staff time spent on audit activities	70%	65%
Percentage of audits completed within budget	80%	33% <sup>3</sup>
Recommendations accepted by management	95%	100%
Customer satisfaction rating	4.0	4.6

Each performance measure is detailed below along with supplemented explanation.

**Percentage of the Audit Plan completed annually:** As of the third quarter, the OCA completed 39% of the Fiscal Year 2019 Audit Plan. Specifically, 15 out of 38<sup>4</sup> audits were finalized as issued audit reports or closed out. Additionally, three (3) audits were in the report writing process at March 31, 2019.

**Additional revenue/cost savings identified through audit activities:** While the value of an audit cannot be adequately assessed by this performance measure, it does provide quantifiable values for completed audit activities. To date, for Fiscal Year 2019, the OCA identified \$2,706,310 in revenue or cost savings as shown in Figure 4.

**Percentage of staff time spent on audit activities:** This measure helps ensure that the OCA spends an adequate amount of time on audit activities rather than administrative activities. As of the third quarter of Fiscal Year 2019, the OCA spent 65% of staff time on audit activities, under our goal of 70%. A portion of this time was due to preparing for the department’s Quality Assessment Review and to conducting the risk assessment.

<sup>2</sup> The 39% represents the percentage of audit reports issued as of March 31, 2019, from the total projects within the FY19 Audit Plan (15/38=39%). However, an alternative method for calculating the percentage of the Audit Plan completed, using total hours expended and total audit hours budgeted to complete the Audit Plan, results in a completion percentage of 61% through March 31, 2019. Specifically, the OCA expended 6,055 hours through March 31, 2019, on audit projects, and estimates 9,917 total audit hours will be needed to complete the FY19 Audit Plan (6,055/9,917=61%). This alternate methodology takes into consideration audits in progress, but not yet completed.

<sup>3</sup> Through the third quarter 10 of 15 audits were completed over budget. Of the 10 audits that were over budget, 6 contained multiple findings; 2 contained observations to strengthen the Authority’s internal controls, and 1 was slightly over budget (11 hours or less than 8%). Only 1 of the over budget audits significantly exceeded its budget without identifying issues or encountering unforeseen complexities.

<sup>4</sup> Three factors determine the size of our audit population; annually, we add 1) planned audits/activities contained within the current year’s Audit Plan, 2) any carry over audits/activities from the previous year, and 3) any special request audits approved by the Audit Committee.

Figure 4: Revenue Identified as of March 31, 2019

Audit	Revenue/Savings Identified	Revenue/Savings Collected
Nevada Lease and Rentals, Inc. dba Payless Car Rental System	\$198,036	\$500
San Diego Unified Port District Harbor Police Billings - FY17	162,739	--
Signature Flight Support	69,541	69,541
Pneuma Enterprises, Inc., dba Travcar Car Rental	38,177	38,177
Ace Parking Management, Inc. - Expenditures	5,477	--
<b>Audit Report Sub-total</b>	<b>\$473,970</b>	<b>\$108,218</b>
Other Work Activity	2,232,340 <sup>5</sup>	--
<b>Total</b>	<b>\$2,706,310</b>	<b>\$108,218</b>

**Percentage of audits completed within budgeted time:** This category monitors how efficient audit staff is in performing their audits. Every audit has an internally prepared budget that the audit staff is held accountable to uphold. However, we recognize that budgets may need adjustment(s), as additional facts become known during an audit activity. In Fiscal Year 2019, the OCA completed 5 out of 15 projects under budget, bringing our percentage to 33% (5 out of 15). The majority of audits that exceeded their budgets were the result of specific complexities within the audits and difficulties in obtaining certain audit data and information.

**Acceptance of Audit Recommendations:** This category helps to evaluate the quality of the findings and recommendations that were issued by the OCA, and to ensure that we have received management buy-in to anything we recommend. For the year, all recommendations have been accepted by management.

**Customer Satisfaction:** At the conclusion of every audit we provide a survey to the audited Authority department to determine their satisfaction with the audit process and the audit team. While an audit could be contentious, we expect that value can still be observed by the audited entity. In that regard, our goal for customer satisfaction is 4.0, on a 1 to 5 scale (with 1 being very dissatisfied and 5 being very satisfied). To date we have achieved a score of 4.6.

<sup>5</sup> The OCA provided advice and insight to Authority management regarding the Authority’s defined benefit Plan administered by San Diego City Employees’ Retirement System (SDCERS) that resulted in a Plan amendment. This information was summarized in a letter to the Audit Committee dated February 7, 2019. The estimated savings of \$2,232,340 is the calculated present value of future cash flows of \$5,900,000, using a discount rate of 5% over the next 43 years.

**Appendix A - Fiscal Year 2019 Audit Plan Progress**

#	Audit / Activity	Type
<b>Completed</b>		
1	Haley and Aldrich, Inc. <sup>1</sup>	Expense Contract
2	Signature Flight Support <sup>1</sup>	Revenue Contract
3	Procurement Card Program <sup>1</sup>	Annual Ongoing and Support
4	Turner - PCL Joint Venture	Expense Contract
5	Nevada Lease and Rental Inc. dba Payless Car Rental System <sup>1</sup>	Revenue Contract
6	M.W. Vasquez Construction Company, Inc. dba Vasquez Construction Company	Expense Contract
7	Asset Management <sup>1</sup>	Business Process
8	Pneuma Enterprises Inc. dba TravCar	Revenue Contract
9	Granite Construction Company	Expense Contract
10	Tuition Reimbursement Program	Business Process
11	San Diego Unified Port District Billing - Fiscal Year 2017 <sup>1</sup>	Annual Ongoing and Support
12	Concession Cost Recovery <sup>1</sup>	Business Process
13	Ace Parking Management, Inc. <sup>1</sup>	Expense Contract
14	JCDecaux, Inc.	Revenue Contract
15	New Zoom Inc. dba ZoomSystems (RP 6)	Revenue Contract
<b>In Progress</b>		
16	Fordyce Construction, Inc.	Expense Contract
17	Ueberall International LLC	Expense Contract
18	Ricondo and Associates	Expense Contract
19	Leigh Fisher & Associates <sup>1</sup>	Expense Contract
20	Fox Rent A Car	Revenue Contract
21	Rental Car Center Fund Review - 2018 <sup>1</sup>	Annual Ongoing and Support
22	Rental Car Center Fund Review - 2019	Annual Ongoing and Support
23	Capital and Maintenance Project Selection and Planning	Business Process
24	Art Program	Business Process
25	Construction Audit and Monitoring Activity	Annual Ongoing and Support
26	Emergency Medical Technician - Paramedic Services <sup>1</sup>	Annual Ongoing and Support
27	Ethics Program	Annual Ongoing and Support
28	Small Business Development <sup>1</sup>	Business Process
29	Transportation Network Company Reviews and Assistance	Annual Ongoing and Support
30	Ace Parking	Revenue Contract
31	Enterprise Rent A Car Company (Enterprise, Alamo, National)	Revenue Contract
32	Avis Rent A Car Systems LLC (Avis, Zip Car)	Revenue Contract
33	Automated License Plate Recognition (ALPR) System - Ace	Annual Ongoing and Support
<b>Not Started</b>		
34	Aircraft Rescue and Fire Fighting (ARRF)	Annual Ongoing and Support
35	San Diego Unified Port District Billing - Fiscal Year 2018	Annual Ongoing and Support
36	Information Technology Acquisition and Implementation	Business Process
37	Other Post-Employment Benefits (OPEB)	Business Process
38	Owner-Controlled Insurance Program (OCIP) Management	Business Process

<sup>1</sup> Carried over from the Fiscal Year 2018 Audit Plan



**Appendix B - Ethics Program Activities**

	Number of Tips / Reports Received	Preliminary Investigation Required	Full Investigation Initiated	Investigation Results Supported Code Violation (Ethics or Workplace)	Response (email or phone to non-anonymous reports)
<b>Non Ethics Related Concerns</b>					
Security Issue	1	0	0	0	0

**Legend:**

**Number of Tips / Reports Received:** The total number of tips or reports received by the Ethics Officer through the confidential hotline, direct phone line, e-mail, inter-office mail, or direct contact.

**Preliminary Investigation Required:** The number of tips or reports that required a preliminary investigation by the Ethics Officer.

**Full Investigation Initiated:** Following a preliminary investigation, the Ethics Officer determined that the tip necessitated a full investigation. As a result, the tip/report received was forwarded to the Ethics Committee for a determination on how to proceed.

**Investigation Results Supported Coded Violation:** Based on an investigation, these are the tips/reports that were found to have been a Code violation.

**Response:** This column represents the number of times the Ethics Officer responded back to the original non-anonymous tipper/reporter.

**Appendix C - Audit Highlight**

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**Ace Parking Management, Inc. – Expenditures for  
Parking Management and Airport Shuttle Services Agreements, and  
Ground Transportation’s Administration of the Parking Card Program**  
Report Number #18010, March 2019

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**Background**

This audit examined the Parking Management and the Shuttle Services agreements between the San Diego County Regional Airport Authority (Authority) and Ace Parking Management, Inc. (Ace), and examined the Authority’s Parking Card Program (Program) administered by the Ground Transportation Department (GT). Ace provides parking management services at San Diego International Airport (SDIA) under an agreement for Parking Management Services, and Ace provides on-airport courtesy shuttle services at SDIA under an agreement for Airport Shuttle Services. The Parking Card Program (Program) is a system created to provide courtesy parking cards to eligible individuals to be used in the execution of official business, and entitles them to free parking in some or all SDIA parking lots.

**Audit Results**

Our audit determined that the total payments made to Ace Parking Management, Inc. for the parking management services and the shuttle service operations at San Diego International Airport were within the total contract amounts. Additionally, we found that procurement policies and procedures regarding agreement amendments were properly followed. However, we found a lack of adequate or properly functioning internal controls regarding the GT review and approval of Ace expenses. This resulted in the reimbursement of some non-allowable expenses. Additionally, we found that the management of the Parking Card Program lacked a documented and consistent management process.

**Recommendations**

Based on this audit there were four (4) recommendations, summarized as follows:

- GT should strengthen its contract management and invoice review processes.
- GT should consider reviewing the expenses submitted by Ace for reimbursement during the audit period January 1, 2016, through December 31, 2017, to verify that expenses submitted for reimbursement are allowable per the agreements.
- GT should request Ace to provide the reports required by the Shuttle Agreement and review that these reports contain the pertinent information required. GT should also strengthen their mechanism for tracking any or all agreement requirements.
- GT should review Authority Policy 9.30 governing the Parking Card Program and create and document a department management process that complies with the administration requirements of the Policy.

**Appendix D - Status of Recommendations**

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Status as of March 31, 2019
<b>Completed</b>					
19-13	Audit Report 19016 Issued: Dec. 26, 2018 Title: Pneuma Enterprises, Inc., dba Travcar Car Rental  Department: REVENUE MANAGEMENT	High	The Revenue Management Department should take all appropriate steps to recover damages and other amounts owed based upon the following: - Pneuma failed to comply with Article 6.2.1 of the Concession Agreement; - Pneuma operated after termination of the Concession Agreement without authorization; and, - It is unknown if Pneuma has emitted all required payments to the Authority for the audit period.	1/31/2019	All required payments per the settlement agreement between the Authority and Pneuma have been received.
19-10	Audit Report 18017 Issued: Dec. 14, 2018 Title: Nevada Lease and Rentals, Inc. dba Payless Car Rental System  Department: REVENUE MANAGEMENT	Low	The Revenue Management Department should notify Nevada that non-airport customers should be refunded CFCs in the amount of \$112,354 during the period from January 1, 2014, to January 19, 2016.	5/31/2019	Nevada Lease and Rental was notified.
19-11	Audit Report 18017 Issued: Dec. 14, 2018 Title: Nevada Lease and Rentals, Inc. dba Payless Car Rental System  Department: REVENUE MANAGEMENT	Low	The Revenue Management Department should request that the Accounting Department issue an invoice to Nevada in the amount of \$500 for not timely submitting the annual report.	5/31/2019	Late fee was assessed and paid by Nevada.

Fiscal Year 2019 Third Quarter Activity Report

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Status as of March 31, 2019
<b>Completed</b>					
19-12	Audit Report 18017 Issued: Dec. 14, 2018 Title: Nevada Lease and Rentals, Inc. dba Payless Car Rental System  Department: REVENUE MANAGEMENT	Low	The Revenue Management Department should issue a Notice of Default to Nevada for non-compliance of Section 4.2.2 - Submittal of an Annual Report.	5/31/2019	Nevada has submitted an Annual Report and no Notice of Default is required.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Status as of March 31, 2019	OCA's Assessment	Revised Estimated Completion Date
<b>In Progress</b>							
18-10	Audit Report 18013 Issued: February 28, 2018 Title: Chula Vista Electric Company  Department: FACILITIES MANAGEMENT	Medium	Facilities Management Department (FMD) should request that the Accounting Department bill Chula Vista Electric Company (CVEC) \$42,510 for reimbursement of expenses not allowed by the contract. Additionally, FMD should take steps to ensure that disallowed fees and expenses are not included in future payments to CVEC.	6/30/2018	President/CEO has approved for General Counsel to proceed with final settlement.	In Progress	4th Quarter FY19
18-12	Audit Report 18013 Issued: February 28, 2018 Title: Chula Vista Electric Company  Department: FACILITIES MANAGEMENT	Medium	Facilities Management Department (FMD) should request that Chula Vista Electric Company (CVEC) provide supporting documentation for the \$416,556 in expenses billed and paid. When these documents are provided, FMD should review and verify that the expenses are justified.	7/31/2018	President/CEO has approved for General Counsel to proceed with final settlement.	In Progress	4th Quarter FY19
19-02	Audit Report 18020 Issued: July 30, 2018 Title: Signature Flight Support  Department: BUSINESS AND FINANCIAL MANAGEMENT	Medium	Business Management should work with Signature Management to ensure that the future Gateway Program investments are made in accordance with the Lease, or amend the Lease as needed.	3/31/2019	Signature Flight Support (SFS) and Airport staff have agreed to a solution whereby SFS will remedy the situation. SFS is in contact with the Urban Corps of San Diego for the beautification of Sassafras Gateway. SFS is coordinating the permitting and applicable work right-of-ways to carry out the work. The actual work completion date is anticipated for this summer.	In Progress	9/30/2019

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Status as of March 31, 2019	OCA's Assessment	Revised Estimated Completion Date
<b>In Progress</b>							
19-04	Audit Report 19012 Issued: Nov. 27, 2018 Title: Turner-PCL, A Joint Venture  Department: AIRPORT DESIGN AND CONSTRUCTION	Medium	Airport Design and Construction should ensure that procedures are in place to verify that contractors obtain Disadvantaged Business Enterprise (DBE) certifications for all DBE subcontractors prior to their start of work.	6/1/2019	ADC is compiling information on current processes in preparation for a meeting with Small Business Development, to collaboratively finalize the development of our plan and address the recommendations of the referenced audit. We are tracking the conclusion of this effort to align with the original completion date of 6/1/19.	In Progress	6/1/2019
19-05	Audit Report 19012 Issued: Nov. 27, 2018 Title: Turner-PCL, A Joint Venture  Department: AIRPORT DESIGN AND CONSTRUCTION	Medium	Airport Design and Construction should ensure that all Small Business Enterprises (SBE) reported as working on the Federal Inspection Services (FIS) project meet the definition of a small business per Authority policy.	6/1/2019	ADC is compiling information on current processes in preparation for a meeting with Small Business Development, to collaboratively finalize the development of our plan and address the recommendations of the referenced audit. We are tracking the conclusion of this effort to align with the original completion date of 6/1/19.	In Progress	6/1/2019
19-06	Audit Report 19012 Issued: Nov. 27, 2018 Title: Turner-PCL, A Joint Venture  Department: AIRPORT DESIGN AND CONSTRUCTION	Medium	Airport Design and Construction should ensure that Turner-PCL provides accurate reporting of amounts paid in the "Small-DBE Tracker" report, supported by documentation of the amounts reported in their financial system, and a reconciliation to the amounts paid per the schedule of values.	6/1/2019	ADC is compiling information on current processes in preparation for a meeting with Small Business Development, to collaboratively finalize the development of our plan and address the recommendations of the referenced audit. We are tracking the conclusion of this effort to align with the original completion date of 6/1/19.	In Progress	6/1/2019

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Status as of March 31, 2019	OCA's Assessment	Revised Estimated Completion Date
<b>In Progress</b>							
19-07	Audit Report 18017 Issued: Dec. 14, 2018 Title: Nevada Lease and Rentals, Inc. dba Payless Car Rental System  Department: REVENUE MANAGEMENT	Medium	The Revenue Management Department should request that the Accounting Department issue an invoice to Nevada in the amount of \$78,063 for the net underpayment of concession fees.	5/31/2019	Negotiating with Nevada Lease and Rentals, and under discussion with Legal.	In Progress	5/31/2019
19-08	Audit Report 18017 Issued: Dec. 14, 2018 Title: Nevada Lease and Rentals, Inc. dba Payless Car Rental System  Department: REVENUE MANAGEMENT	Medium	The Revenue Management Department should consider charging Nevada interest for the underpayment of concession fees and for the full cost of the audit in the amount of \$31,052 and \$56,050, respectively.	5/31/2019	Currently under discussion with Legal regarding this recommendation.	In Progress	5/31/2019
19-14	Audit Report 19038 Issued: Feb. 26, 2019 Title: San Diego Unified Port District Harbor Police Billings - FY2017  Department: AVIATION SECURITY AND PUBLIC SAFETY (AVSEC) and ACCOUNTING DEPARTMENT	Medium	We recommend that AVSEC and the Accounting Department notify Port staff concerning the Fiscal Year 2017 under-billing for HPD services and determine the most appropriate method for the Authority to remit the additional \$770,326 owed to the Port. In addition, AVSEC and Accounting should request that the Port provide frequent updates on any notable expense variance on all actual and estimated billings that may/will affect the Authority's share of HPD costs, to avoid significant year-end adjustments.	6/30/2019	Accounting is in the process of working with the Port.	In Progress	June 2019

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Status as of March 31, 2019	OCA's Assessment	Revised Estimated Completion Date
<b>In Progress</b>							
19-15	Audit Report 19038 Issued: Feb. 26, 2019 Title: San Diego Unified Port District Harbor Police Billings - FY2017  Department: AVIATION SECURITY AND PUBLIC SAFETY (AVSEC) and ACCOUNTING DEPARTMENT	Medium	We recommend that AVSEC and the Accounting Department require the Port to provide detailed supporting documents pertaining to all direct and indirect costs associated to the Airport and to create and maintain a tracking mechanism for HPD costs billed to the Authority, to ensure that all expenses billed are in compliance with the agreements and are related to HPD services provided to the Airport.	6/30/2019	Accounting is in the process of working with the Port.	In Progress	June 2019
19-16	Audit Report 19038 Issued: Feb. 26, 2019 Title: San Diego Unified Port District Harbor Police Billings - FY2017  Department: AVIATION SECURITY AND PUBLIC SAFETY (AVSEC)	Medium	We recommend that Authority Management, together with the Port, review and decide on the criteria and process of the classification of Workers' Compensation claims by considering the location, type of loss, and the labor hours the employee worked. In addition, Authority Management should request the Port to provide the Authority with a list of claims that include their pertinent information and their corresponding classification, as soon as the claims are reported by HPD Officers/staff, for the Authority to have a better understanding of the nature of the claims and how they should be classified.	6/30/2019	The Risk Management team will set up a meeting within the next month, with its counterparts at the Port, to agree upon reporting requirements and report deadlines.	In Progress	6/30/2019



Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Status as of March 31, 2019	OCA's Assessment	Revised Estimated Completion Date
<b>In Progress</b>							
19-18	Audit Report 18010R Issued: March 11, 2019 Title: Ace Parking Management, Inc. - Expenditures for Parking Management and Airport Shuttle Services Agreements, and Ground Transportation's Administration of the Parking Card Program  Department: GROUND TRANSPORTATION DEPARTMENT (GT)	Medium	We recommend that GT strengthen its agreement management and invoice review process to ensure that only allowable expenses under the Parking Management and the Shuttle Agreements are paid.	3/29/2019	This recommendation was issued during the last month of the quarter. As such, no follow up activity was performed.	In Progress	3/29/2019
19-19	Audit Report 18010R Issued: March 11, 2019 Title: Ace Parking Management, Inc. - Expenditures for Parking Management and Airport Shuttle Services Agreements, and Ground Transportation's Administration of the Parking Card Program  Department: GROUND TRANSPORTATION DEPARTMENT (GT)	Medium	We recommended that GT consider reviewing the expenses submitted by Ace for reimbursement during the audit period January 1, 2016, to December 31, 2017, in order to verify that all expenses submitted for reimbursement are allowable per the agreements and have the appropriate supporting documentation. GT should consider the level of effort, cost of the review, and the monetary value of any potential disallowed expenses. GT should request Ace to refund any disallowed expenses as a result of the review.	6/30/2019	This recommendation was issued during the last month of the quarter. As such, no follow up activity was performed.	In Progress	6/30/2019

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Status as of March 31, 2019	OCA's Assessment	Revised Estimated Completion Date
<b>In Progress</b>							
19-21	Audit Report 18010R Issued: March 11, 2019 Title: Ace Parking Management, Inc. - Expenditures for Parking Management and Airport Shuttle Services Agreements, and Ground Transportation's Administration of the Parking Card Program  Department: GROUND TRANSPORTATION DEPARTMENT (GT)	Medium	We recommend that GT review Authority Policy 9.30 that governs the Parking Card Program and create a department management process that complies with the administration requirements of the Policy. In addition, Authority Management should also review the Policy; specifically, the requirements and eligibility for stakeholders to obtain a Courtesy Card. Management's policy review should consider: a) that the Authority does not have the mechanism to distinguish between official business or personal travel and that individuals travelling on official business are able to be reimbursed for parking expenses through their organization, and b) the annual cost of the Courtesy Cards.	4/30/2019	This recommendation was issued during the last month of the quarter. As such, no follow up activity was performed.	In Progress	4/30/2019
19-22	Audit Report 18002 Issued: March 8, 2019 Title: Concession Cost Recovery Program  Department: REVENUE GENERATION & MANAGEMENT DEPARTMENT (RGM)	Medium	RGM should determine an equitable percentage split of the monthly trash removal service fees between concessionaire and Authority generated trash, in order to charge concessionaires their portion of the monthly trash removal service fees under the Cost Recovery Program.	10/31/2019	This recommendation was issued during the last month of the quarter. As such, no follow up activity was performed.	In Progress	10/31/2019
19-23	Audit Report 18002 Issued: March 8, 2019 Title: Concession Cost Recovery Program  Department: REVENUE GENERATION & MANAGEMENT DEPARTMENT (RGM)	Medium	RGM should obtain work order data from Facilities Management Department, on a monthly basis, in order to accurately charge Common Area Maintenance (CAM) service fees to the concessionaires operating in the food court areas.	10/31/2019	This recommendation was issued during the last month of the quarter. As such, no follow up activity was performed.	In Progress	10/31/2019

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Status as of March 31, 2019	OCA's Assessment	Revised Estimated Completion Date
<b>In Progress</b>							
19-24	Audit Report 18002 Issued: March 8, 2019 Title: Concession Cost Recovery Program  Department: REVENUE GENERATION & MANAGEMENT DEPARTMENT (RGM)	Medium	RGM should conduct annual reconciliations of each cost center to ensure that all cost recovery expenses under the Cost Recovery Program are recovered. As part of that reconciliation, RGM should develop and document a formal evaluation process to identify new or changing expenses.	10/31/2019	This recommendation was issued during the last month of the quarter. As such, no follow up activity was performed.	In Progress	10/31/2019
19-25	Audit Report 19018 Issued: March 22, 2019 Title: JCDecaux Airport, Inc.  Department: REVENUE GENERATION & BUSINESS DEVELOPMENT DEPARTMENT	Medium	Revenue Generation & Business Development should develop a procedure for maintaining the advertising contracts with the related ad copy submitted by the advertising concessionaire. These documents should be used to verify both the advertisements that are running in the terminal during the contract periods and the sales reported monthly by the concessionaire.	3/1/2019	This recommendation was issued during the last month of the quarter. As such, no follow up activity was performed.	In Progress	3/1/2019
19-26	Audit Report 19018 Issued: March 22, 2019 Title: JCDecaux Airport, Inc.  Department: REVENUE GENERATION & BUSINESS DEVELOPMENT DEPARTMENT	Medium	Revenue Generation & Business Development should require the concessionaire to submit the Rate Cards, as required by the Concession Agreement, and compare the rates charged on the advertising contracts submitted to the current Rate Card on file for reasonableness.	12/1/2018	This recommendation was issued during the last month of the quarter. As such, no follow up activity was performed.	In Progress	12/1/2018

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Status as of March 31, 2019	OCA's Assessment	Revised Estimated Completion Date
<b>In Progress</b>							
19-27	Audit Report 19019 Issued: March 27, 2019 Title: NewZoom, Inc. dba ZoomSystems  Department: REVENUE GENERATION & BUSINESS DEVELOPMENT DEPARTMENT	Medium	Internal controls over the monitoring of the requirements of the Lease agreement needs to be strengthened, and the penalties for failure to follow the requirements of the Lease should be assessed to ensure continued compliance by the concessionaire.	6/30/2019	This recommendation was issued during the last month of the quarter. As such, no follow up activity was performed.	In Progress	6/30/2019
19-09	Audit Report 18017 Issued: Dec. 14, 2018 Title: Nevada Lease and Rentals, Inc. dba Payless Car Rental System  Department: REVENUE MANAGEMENT	Low	The Revenue Management Department should request that the Accounting Department issue an invoice to Nevada in the amount of \$32,371 for the underpayment of CFCs during the audit period.	5/31/2019	Nevada Lease and Rental has agreed to pay the CFC amount.	In Progress	5/31/2019
19-17	Audit Report 19038 Issued: Feb. 26, 2019 Title: San Diego Unified Port District Harbor Police Billings - FY2017  Department: AVIATION SECURITY AND PUBLIC SAFETY (AVSEC)	Low	We recommend that Authority Management enhance the tracking of actual Airport worked hours by HPD Officers, using available resources to verify that the actual hours worked meet the minimum staffing hours per the SLA; that the hours reported by the Port are accurate; and, to ensure that all shifts are manned.	7/1/2019	Accounting is in the process of working with the Port.	In Progress	June 2019

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Status as of March 31, 2019	OCA's Assessment	Revised Estimated Completion Date
<b>In Progress</b>							
19-20	Audit Report 18010R Issued: March 11, 2019 Title: Ace Parking Management, Inc. - Expenditures for Parking Management and Airport Shuttle Services Agreements, and Ground Transportation's Administration of the Parking Card Program  Department: GROUND TRANSPORTATION DEPARTMENT (GT)	Low	We recommend that GT request Ace to provide the reports required by the Shuttle Agreement, and review that these reports contain the pertinent information required. GT should also strengthen their mechanism for tracking any or all agreement requirements.	3/29/2019	This recommendation was issued during the last month of the quarter. As such, no follow up activity was performed.	In Progress	3/29/2019

## **STAFF REPORT**

Meeting Date: **MAY 30, 2019**

### **Subject:**

**Revision to the Fiscal Year 2019 Audit Plan of the Office of the Chief Auditor**

### **Recommendation:**

The Audit Committee recommends that the Board adopt Resolution 2019-0053, approving the revision to the Fiscal Year 2019 Audit Plan of the Office of the Chief Auditor.

### **Background/Justification:**

The Charter for the Office of the Chief Auditor, instituted by Board Resolution No. 2003-062 on October 2, 2003, defines the role and requirements of the Office of the Chief Auditor (OCA).

As directed in the Charter, the Chief Auditor shall submit, at least annually, a risk-based Audit Plan to the Audit Committee and to Authority executive management; and review and adjust the Audit Plan, as necessary, responding to changes in business risks, operations, special requests, programs, systems, and controls. All changes to an Audit Plan shall be communicated to the Audit Committee for approval.

In addition, International Standards for the Professional Practice of Internal Auditing requires the Chief Auditor to review and adjust the Audit Plan, as necessary.

The Office of the Chief Auditor's Audit Plan for Fiscal Year 2019 was approved by the Audit Committee during its May 14, 2018, meeting and was subsequently approved by the Authority Board on June 7, 2018, in Resolution No. 2018-0055.

In September 2018, the Fiscal Year 2019 Audit Plan was revised to incorporate the hours needed to complete audits carried forward from the Fiscal Year 2018 Audit Plan, and to include additional hours required to perform performance audits.

The Fiscal Year 2019 Audit Plan requires an additional revision to reflect modifications in the scope of the following two engagements:

1. San Diego Unified Port District Billings
2. Aircraft Rescue and Fire Fighting (ARFF)

The revision to the Fiscal Year 2019 Audit Plan is necessary due to the Accounting Department taking responsibility for functions previously performed by the OCA. The Accounting Department now performs year-end reconciliations and ensures that the Authority only reimburses allowable expenses related to billings for both the San Diego Unified Port District and for ARFF. The OCA will provide training to the Accounting Department related to the reconciliation procedures. The International Standards for the Professional Practice of Internal Auditing (*Standards*) classify training as a consulting service.

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**Page 2 of 2**

The revised Fiscal Year 2019 Audit Plan (Attachment A) was presented to the Audit Committee during a regular meeting of the Committee on May 13, 2019. Subsequently, the Audit Committee voted unanimously to forward the proposed revision to the Board for approval.

**Fiscal Impact:**

Adequate funding for the revised Audit Plan is included in the adopted Fiscal Year 2019 and conceptually approved Fiscal Year 2020 Operating Expense Budgets, within the Chief Auditor's Department Budget.

**Authority Strategies:**

This item supports one or more of the Authority Strategies, as follows:

Community Strategy     Customer Strategy     Employee Strategy     Financial Strategy     Operations Strategy

**Environmental Review:**

A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code §21065.

B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.

**Application of Inclusionary Policies:**

Not Applicable

**Prepared by:**

LEE M. PARRAVANO  
CHIEF AUDITOR

RESOLUTION NO. 2019-0053

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY APPROVING THE REVISION TO THE FISCAL YEAR 2019 AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR

WHEREAS, California Public Utilities Code §170018 specifies the membership (consisting of board members and public members), the terms, and the responsibilities of the Audit Committee; and

WHEREAS, §170018(g) of the California Public Utilities Code and the Authority Charter of the Office of the Chief Auditor require the Audit Committee to approve the annual internal and external audits, including the auditor's annual audit plan, for each fiscal year and submit the same to the Board for approval; and

WHEREAS, at its regular meeting on May 14, 2018, the Audit Committee was presented with the Fiscal Year 2019 Proposed Audit Plan and voted to accept the plan and forward it for Board approval; and

WHEREAS, on September 10, 2018, during a regular meeting of the Audit Committee, the Committee unanimously agreed to revise the Fiscal Year 2019 Audit Plan to accommodate the redistribution of audit hours of the Office of the Chief Auditor; and

WHEREAS, on May 13, 2019, during a regular meeting of the Audit Committee, the Committee unanimously agreed to a second revision of the Fiscal Year 2019 Audit Plan to modify the scope of two audits and reflect consulting services to be provided by the Office of the Chief Auditor.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the Revised Fiscal Year 2019 Audit Plan of the Office of the Chief Auditor (Attachment A); and

BE IT FURTHER RESOLVED the Board finds that this action is not a "project" as defined by the California Environmental Quality Act ("CEQA") (California Public Resources Code §21065); and is not a "development" as defined by the California Coastal Act (California Public Resources Code §30106).



PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a special meeting this 30<sup>th</sup> day of May, 2019, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

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TONY R. RUSSELL  
DIRECTOR, BOARD SERVICES /  
AUTHORITY CLERK

APPROVED AS TO FORM:

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AMY GONZALEZ  
GENERAL COUNSEL

OFFICE OF THE CHIEF AUDITOR  
Fiscal Year 2019 Audit Plan  
As Amended May 13, 2019

ATTACHMENT A

**BUSINESS PROCESS AUDITS**

- 1 Owner-Controlled Insurance Program (OCIP) Management
- 2 Other Post-Employment Benefits (OPEB)
- 3 Tuition Reimbursement Program
- 4 Art Program
- 5 Capital and Maintenance Project Selection and Planning
- 6 Information Technology Acquisition and Implementation

**EXPENSE CONTRACT AUDITS**

- 7 Turner - PCL Joint Venture
- 8 M.W. Vasquez Construction Company, Inc. dba Vasquez Construction
- 9 Granite Construction Company
- 10 Fordyce Construction, Inc.
- 11 Ricondo and Associates
- 12 Ueberall International LLC

**REVENUE CONTRACT AUDITS**

- 13 Enterprise Rent A Car Company (Enterprise, Alamo, National)
- 14 Avis Rent A Car Systems LLC (Avis, Zip Car)
- 15 Fox Rent A Car
- 16 Pneuma Enterprises Inc. dba TravCar
- 17 Ace Parking
- 18 JCDecaux, Inc.
- 19 New Zoom Inc. dba ZoomSystems (RP 6)

**ANNUAL ONGOING AUDITS AND SUPPORT**

- 20 Aircraft Rescue and Fire Fighting (ARFF) - Consulting / Training
- 21 Rental Car Center Fund Review
- 22 Transportation Network Company Reviews and Assistance
- 23 ALPR System - Ace Parking
- 24 San Diego Unified Port District Billing - Consulting / Training
- 25 Special Request Audits
- 26 ETHICS PROGRAM ACTIVITY
- 27 CONSTRUCTION AUDIT AND MONITORING ACTIVITY

**AUDITS CARRIED FORWARD FROM FISCAL YEAR 2018**

- 28 Concession Cost Recovery
- 29 Small Business Development Management
- 30 Leigh Fisher & Associates
- 31 Haley & Aldrich, Inc.
- 32 ACE Parking Management, Inc.
- 33 Asset Management
- 34 Nevada Lease and Rental Inc. dba Payless Car Rental System
- 35 Signature Flight Support
- 36 Rental Car Center Fund
- 37 Procurement Card Program
- 38 Emergency Medical Technician - Paramedic Services
- 39 San Diego Unified Port District Billing

OFFICE OF THE CHIEF AUDITOR  
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#	Audit Unit	Explanation
<b>Business Process Audits</b>		
1	Owner-Controlled Insurance Program (OCIP) Management	Review controls, compliance, and performance related to OCIP.
2	Other Post-Employment Benefits (OPEB)	Analyze controls, compliance, and performance related to OPEB at the Authority.
3	Tuition Reimbursement Program	Review controls, compliance, and performance related to the Tuition Reimbursement Program, including review of check request.
4	Art Program	Review controls, compliance, and performance related to the Airport's Art Program.
5	Capital and Maintenance Project Selection and Planning	Evaluate the Authority's capital and maintenance project selection and planning process.
6	Information Technology Acquisition and Implementation	Review controls, compliance, and performance related to the Authority's information technology acquisition and implementation.

<b>Expense Contract Audits</b>		
7	Turner – PCL Joint Venture	Review contract expenditures related to construction on the Federal Inspection Services (FIS) facility, with a maximum contract amount of \$186,625,485.
8	M.W. Vasquez Construction Company, Inc. dba Vasquez Construction Company	Review contract expenditures related to providing painting and construction services, with a maximum contract amount of \$3,900,000.
9	Granite Construction Company	Review contract expenditures related to terminal runway maintenance and repair, with a maximum contract amount of \$34,136,780.
10	Fordyce Construction, Inc.	Review contract expenditures related to waste storage services, with a maximum contract price of \$1,185,471.
11	Ricondo and Associates	Review expenditures related to providing consulting services for airport planning, with maximum contract amount of \$6,600,000.
12	Ueberall International LLC	Review expenditures related to providing art work at the Rental Car Center, with a maximum contract amount of \$800,000.

<b>Revenue Contract Audits</b>		
13	Enterprise Rent A Car Company (Enterprise, Alamo, National)	Review the accuracy of revenues received from a car rental company.
14	Avis Rent A Car Systems (Avis, Zip Car)	Review the accuracy of revenues received from a car rental company.
15	Fox Rent A Car	Review the accuracy of revenues received from a car rental company.
16	Pneuma Enterprises, Inc. dba TravCar	Review the accuracy of revenues received from a car rental company.
17	Ace Parking	Review the accuracy of revenues for providing parking services at SDIA.
18	JCDecaux, Inc.	Review the accuracy of revenues and related expenditures for providing advertising at SDIA.
19	New Zoom, Inc. dba ZoomSystems (RP 6)	Review the accuracy of revenues and related expenditures for concession services.

OFFICE OF THE CHIEF AUDITOR  
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 As Amended May 13, 2019

Annual Ongoing Audits & Support		
20	Aircraft Rescue & Fire Fighting (ARFF) Billing	<p><del>Ensure that the Authority is reimbursing the City of San Diego for actual costs incurred to provide ARFF services, so that the Authority is in compliance with the FAAs revenue diversion requirements.</del></p> <p>Provide training to Accounting staff on the reconciliation of the San Diego Fire –Rescue Department billings and expenses for Aircraft Rescue and Fire Fighting (ARFF) services for Fiscal Year 2018.</p>
21	Rental Car Center Fund Review	Review Rental Car Center Fund for compliance with Authority policies and State regulations.
22	Transportation Network Company (TNC) Reviews and Assistance	Working with the Ground Transportation Department, review TNC operations, and assist with sample selection of TNC operators for background checks.
23	Automated License Plate Reader (ALPR) System – Ace Parking	Review privacy and personal information security procedures and practices related to the Automated License Plate Reader (ALPR) system.
24	San Diego Unified Port District Billing	<p><del>Determine that payments made to the Port reflect the actual expenses incurred to provide those services, so that the Authority is in compliance with the FAAs revenue diversion requirements.</del></p> <p>Provide training to Accounting staff on the reconciliation of the San Diego Unified Port District (SDUPD) billings and expenses for police services provided by the Harbor Police Department for Fiscal Year 2018.</p>
25	Special Request Audits	Perform close-out audits (audits of vendors that terminate operations at SDIA) and audits that are requested by Board Members and/or management that were not included in the audit plan.
26	Ethics Program Activity	Review ethics policies on an annual basis, provide training, and investigate reported incidents.
27	Construction Audit and Monitoring Activity	Perform audits of construction activities related to the Capital Improvement Program and Airport Design & Construction projects.

OFFICE OF THE CHIEF AUDITOR  
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As Amended May 13, 2019

<b>Audits Carried Forward from Fiscal Year 2018</b>		
1	Concession Cost Recovery	Analyze cost recovery processes, procedures, and financial data related to the operations of concessions at San Diego International Airport.
2	Small Business Development Management	Review controls, compliance, and performance related to Small Business Development management.
3	Leigh Fisher & Associates	Review contract expenditures providing airport planning consulting services, with an estimated maximum contract amount of \$9,367,875.
4	Haley and Aldrich, Inc.	Review contract expenditures related to providing environmental consulting services, with a maximum contract amount of \$4,750,000.
5	Ace Parking Management, Inc.	Review contract expenditures related to parking management operations, with a maximum contract amount of \$28,800,000.
6	Asset Management	Review controls, compliance, and performance related to asset management.
7	Nevada Lease and Rental Inc. dba Payless Car Rental System	Review the accuracy of revenues received from a car rental company.
8	Signature Flight Support	Review the accuracy of revenues and related expenditures for providing fixed based operations services at SDIA.
9	Rental Car Center Fund Review	Review Rental Car Center Fund for compliance with Authority policies and State regulations.
10	Procurement Card Program	Review controls related to P-cards and appropriateness of expenditures.
11	Emergency Medical Technician-Paramedic Services	Ensure that the Authority only reimburses the City of San Diego for the actual costs of providing the emergency medical technician-paramedic services, so that the Authority is in compliance with the FAAs revenue diversion requirements.
12	San Diego Unified Port District Billing	Determine that payments made to the Port are reflective of the actual expenses incurred to provide those services, so that the Authority is in compliance with the FAAs revenue diversion requirements.

## **STAFF REPORT**

Meeting Date: **MAY 30, 2019**

### **Subject:**

**Fiscal Year 2020 Risk Assessment and Proposed Audit Plan of the Office of the Chief Auditor**

### **Recommendation:**

The Audit Committee recommends that the Board adopt Resolution No. 2019-0054, approving the Fiscal Year 2020 Proposed Audit Plan of the Office of the Chief Auditor.

### **Background/Justification:**

As directed in the Charter for the Office of the Chief Auditor (OCA), a risk-based internal audit plan shall be submitted to the Audit Committee and forwarded to the Board for approval.

The Fiscal Year 2020 Proposed Audit Plan was prepared by the OCA based on the following elements: a comprehensive risk assessment, input from the Board and Audit Committee, input from Authority management, and staff resources available.

On May 13, 2019, the Fiscal Year 2020 Risk Assessment and Proposed Audit Plan (Attachment A) was provided to the Audit Committee during a regularly scheduled Committee meeting. A presentation detailing the risk assessment methodology, wide-ranging steps conducted to identify key work activities, analysis to hone all input, and the resulting developed Audit Plan was presented by the Chief Auditor. The Fiscal Year 2020 Proposed Audit Plan is provided as Attachment 1.

During the May 13, 2019, Audit Committee meeting, the Committee voted unanimously to forward the Office of the Chief Auditor's 2020 Proposed Audit Plan to the SDCRAA Board with a recommendation for approval.

### **Fiscal Impact:**

Adequate funding for the 2020 Fiscal Year Audit Plan is included in the proposed Fiscal Year 2020 and Operating Expense Budgets, within the Chief Auditor's Department Budget. The Board is scheduled to adopt the budget on May 30, 2019.

### **Authority Strategies:**

This item supports one or more of the Authority Strategies, as follows:

- Community Strategy     Customer Strategy     Employee Strategy     Financial Strategy     Operations Strategy

**Environmental Review:**

- A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code §21065.
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.

**Application of Inclusionary Policies:**

Not applicable

**Prepared by:**

LEE M. PARRAVANO  
CHIEF AUDITOR

RESOLUTION NO. 2019-0054

A RESOLUTION OF THE BOARD OF THE SAN  
DIEGO COUNTY REGIONAL AIRPORT AUTHORITY  
APPROVING THE FISCAL YEAR 2020 PROPOSED  
AUDIT PLAN OF THE OFFICE OF THE CHIEF  
AUDITOR

WHEREAS, California Public Utilities Code §170018 specifies the membership (consisting of board members and public members), the terms, and the responsibilities of the Audit Committee; and

WHEREAS, §170018(g) of the California Public Utilities Code and the Authority Charter of the Office of the Chief Auditor require the Audit Committee to approve the annual internal and external audits, including the auditor's annual audit plan, for each fiscal year and submit the same to the Board for approval; and

WHEREAS, at its regular meeting on May 13, 2019, the Audit Committee was presented with the Fiscal Year 2020 Proposed Audit Plan and voted to accept the plan and forward it for Board approval.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the Fiscal Year 2020 Proposed Audit Plan of the Office of the Chief Auditor (Attachment A); and

BE IT FURTHER RESOLVED the Board finds that this action is not a "project" as defined by the California Environmental Quality Act ("CEQA") (California Public Resources Code §21065); and is not a "development" as defined by the California Coastal Act (California Public Resources Code §30106).



PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a special meeting this 30<sup>th</sup> day of May, 2019, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

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TONY R. RUSSELL  
DIRECTOR, BOARD SERVICES /  
AUTHORITY CLERK

APPROVED AS TO FORM:

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AMY GONZALEZ  
GENERAL COUNSEL

SAN DIEGO  
COUNTY  
REGIONAL  
AIRPORT  
AUTHORITY



# Fiscal Year 2020 Risk Assessment and Proposed Audit Plan

Office of the Chief Auditor  
May 13, 2019



Office of the Chief Auditor  
Fiscal Year 2020 Risk Assessment and Proposed Audit Plan

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## **INTRODUCTION**

The International Standards for the Professional Practice of Internal Auditing Standards (*Standards*) and the Charter for the Office of the Chief Auditor (OCA) require the OCA to establish a risk-based approach to determine the priorities for internal audit activities. A risk assessment for audit planning is a process of systematically scoring (or rating) the relative impact of a variety of “risk factors.” A risk factor is an observable or measurable indicator of conditions or events that could adversely affect the San Diego County Regional Airport Authority (Authority). This Risk Assessment and Audit Plan were prepared to help identify, measure, and prioritize potential activities based on the level of risk to the Authority. The risk assessment results and input from the Authority Board, Audit Committee and management were utilized in preparing the Audit Plan for fiscal year 2020. The proposed Audit Plan is designed to cover high risk activities or areas where the OCA could have the greatest impact, while limiting the scope of work to what can realistically be accomplished during the fiscal year.

The risk assessment methodology utilized by the OCA to construct the Fiscal Year 2020 Audit Plan is a five-part process consisting of:

1. Developing the Risk Assessment Framework
2. Defining the Audit Universe
3. Identify and Rank Risks
4. Interpreting the Risk Assessment Results
5. Audit Plan Development

## **RISK ASSESSMENT FRAMEWORK**

The internal audit risk assessment process begins with a general risk framework that includes analyzing both internal and external risks, and extends to seeking input from the Authority Board, the Audit Committee and Authority management, as well as considering various risk factors.

## **DEFINING THE AUDIT UNIVERSE**

The first step in creating the risk assessment is to define the audit universe. The audit universe is a listing of all the potential audits that can be performed for the Authority. This list of potential audits was created by surveying management and asking them to list all the Key Work Activities within the Authority.

## **IDENTIFY AND RANK RISKS**

The next step was to identify and rank major risks associated with each Key Work Activity. To achieve this, a second management questionnaire was developed that measured several risk factors examining the Likelihood and Impact each risk factor could have on the Authority. The questionnaire that was developed used the seven risk factors shown in Table 1 below.

Office of the Chief Auditor  
Fiscal Year 2020 Risk Assessment & Proposed Audit Plan

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**Table 1**

Risk Factor	Description
<b>Likelihood</b>	
Complexity of Operations or Regulations	What is the <i>likelihood</i> of something going wrong due to the complexity of this Key Work Activity?
Change Stability	What is the <i>likelihood</i> of something going wrong due to a change in process or the personnel carrying out this Key Work Activity?
Controls	How effective are the internal controls in place over this Key Work Activity?
<b>Impact</b>	
Fiscal Impact	What is the dollar <i>impact</i> if something were to go wrong with this Key Work Activity?
Travel Experience Impact	How would a traveler be <i>impacted</i> if something were to go wrong with this Key Work Activity?
Strategic / Operational Impact	How would the Authority's Strategic Objectives be <i>impacted</i> if something were to go wrong with this Key Work Activity?
Reputation	How would the Authority's reputation be <i>impacted</i> if something were to go wrong with this Key Work Activity?

Management scored the level of risk/control of each Key Work Activity from Low to High. The final step to complete the Risk Assessment was to calculate the total Likelihood and Impact for each Key Work Activity in order from highest risk score to the lowest (**See Attachment 2**).

## INTERPRETING THE RISK ASSESSMENT RESULTS

The Key Work Activities with a high likelihood or impact rank indicates that these activities are by nature a high risk, because of such factors as having complex or highly regulated transactions, or could have a material impact on the Authority if a risk event were to occur. A high risk rank does not mean that an activity is being managed ineffectively.

## AUDIT PLAN DEVELOPMENT

The Audit Plan reflects the results of a continuous Risk Assessment process gathered from various sources including, but not limited to, management questionnaires, interviews with staff, and results of previous audits and consulting engagements. Additionally, selection of activities for the Audit Plan includes examining various factors, such as: time of last audit engagement, relevant or current events, areas where the OCA can have the greatest impact, requests by management or Board, and the resource limitations that may exist and if outsourcing or co-sourcing arrangements are available to supplement the Audit Plan. This can result in the OCA selecting activities for inclusion in the Audit Plan that may not have the highest likelihood or impact scores. The Audit Plan reflects consideration of these factors. The Audit Plan is included as **Attachment 1**.

Office of the Chief Auditor  
Fiscal Year 2020 Risk Assessment & Proposed Audit Plan

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## AUDIT RESOURCES

An Audit Plan is highly dependent upon the nature of the risks identified and the availability of internal audit resources. Such availability is identified through the budgeting process and review of audit resources. The fiscal year 2020 budget for the OCA includes six full-time auditors, two part-time interns, and one executive assistant. The Audit Plan anticipates 13,920 staff hours will be available, as calculated below in Table 2, and as detailed in Attachment 1:

**Table 2**

Office of the Chief Auditor	Number of Staff	Hours per Staff	Hours Available
Full Time Auditors	6	2,080	12,480
Interns	2	720	1,440
Hours Available for Audit Activities			<b>13,920</b>

Actual hours incurred will be monitored for the purpose of budgeting future audit activities. In the event that all planned activities are completed, additional activities can be initiated based on the results of the risk assessment and professional judgment.

## CONTINGENT AUDIT ACTIVITIES

The OCA has also included contingent audit activities that will be started if all planned activities for fiscal year 2020 are completed. If these contingent audit activities are not started in fiscal year 2020, they will be considered when completing the fiscal year 2021 Audit Plan. Contingent audit activities are included as **Attachment 3**.

## AMENDMENTS TO THE AUDIT PLAN

Requests to amend the Audit Plan will be presented to the Audit Committee with an analysis by staff of the impact that the proposed activity would have on the other activities on the Audit Plan. Priority will be given to those requests that have the potential for significant financial savings and issues of integrity. All amendments require Board approval.

Risk Assessment Line <sup>1</sup>	Key Work Activity	Objective	Estimated Hours
<b>Audit Hours</b>			
15	Owner Controlled Insurance Program (OCIP) Management <sup>2</sup>	To determine if the internal controls and management of the OCIP program are effective and if the Authority complies with Policies.	200
134	Other Post-Employment Benefits (OPEB) <sup>2</sup>	To determine if the internal controls and management of the OPEB program are effective and if the Authority complies with Policies.	200
203	IT Asset Acquisition <sup>2</sup>	To determine if the controls, compliance, and performance related to the Authority's information technology acquisition and implementation are adequate.	245
12	Tenant Lease Admin. and Management	To determine if Revenue Generation & Business Development effectively and efficiently tracks and manages contracts and agreement requirements.	800
3	Harbor Police Contract Management	To determine if Harbor Police costs and services are appropriate and equitable.	650
72, 144	Account Provisioning and De-Provisioning	To determine if account provisioning and de-provisioning is performed timely.	350
8	Formal Bidding and Contracting	To determine if bidding procedures align with best practices and/or Authority needs and if bidding procedures are being administered effectively and efficiently.	600
22	Rental Car Shuttle Service Contract Administration	To determine if the Rental Car Shuttle Service contract with SP+ is administered appropriately.	500
31	Contractor Monitoring	To determine if the contract with AECOM is administered appropriately.	450
31	Contractor Monitoring	To determine if the contract with Turner is administered appropriately.	300
217	Project Closeout	To determine if the closeout of the Parking Plaza was administered appropriately.	250
12	Tenant Lease Admin. and Management	To determine if the concession revenue and Customer Facilities Charges received from Nevada Lease and Rental Inc. dba Payless Car Rental System are in accordance with the agreement.	400
81	Advertising	To determine if the marketing program for concessions is administered appropriately.	425
12	Tenant Lease Administration and Management	To determine if rental car companies, not located in the Rental Car Facility (RCC), are remitting amounts due in accordance with the agreements and are administered appropriately.	450
70	Change Orders	To determine if the Change Order Process in Airport Design and Construction aligns with best practices or Authority needs.	450

<sup>1</sup> Indicates the Line Number where the Key Work Activity is located on the Risk Assessment – Attachment 2.

<sup>2</sup> Audit Activity has been carried forward from Fiscal Year 2019.

Risk Assessment Line <sup>1</sup>	Key Work Activity	Objective	Estimated Hours
137, 207	Terminal Maintenance & Airport and Tenant Service Requests	To determine if Facilities Management accurately and appropriately monitors time and expense tracking.	475
12	Tenant Lease Admin. and Management	To determine if contract terms for concession contracts managed by Revenue Generation & Business Development aligns with best practices and/or Authority needs.	500
25	Parking Management Contract Administration	To determine if the amounts paid by the Authority for the shuttle and parking contracts administered by Ace are in accordance with the agreements.	500
38	Business and Real Estate Agreements	To determine if the RCC land lease is administered appropriately.	375
N/A	To Be Determined	To initiate audit(s) based on risks identified at the discretion of the Chief Auditor	350
<b>Total Audit Hours</b>			<b>8,470</b>
<b>General Audit Hours</b>			
N/A	Risk Assessment and Audit Plan <sup>3</sup>	To conduct a Risk Assessment that will identify the high risk activities to be considered when preparing the annual Audit Plan.	240
Various	Construction Meeting Attendance	Attend various construction meetings, incorporate knowledge into ongoing risk assessments, and initiate audits if needed.	100
Various	Information Technology Meeting Attendance	Attend various Information Technology meetings, incorporate knowledge into ongoing risk assessments, and initiate audits if needed.	180
N/A	Development of Data Analytics	To determine the feasibility of developing a data analytics program for Rental Car Concessions.	120
N/A	Ethics Hotline <sup>3</sup>	To review ethics policies, provide training, and investigate reported incidents.	310
N/A	Recommendation Follow-up <sup>3</sup>	To verify that internal and external audit recommendations have been implemented as intended.	95
N/A	Quality Assurance & Improvement Program <sup>3</sup>	To assess conformance with the <i>Standards</i> , whether internal auditors apply the Code of Ethics, and allow for the identification of improvement opportunities.	200
<b>Total General Audit Hours</b>			<b>1,245</b>
<b>Administrative Hours</b>			
N/A	Administrative	Attendance at Staff/Board/Committee Meetings, Vacation, Holiday Time, Continuing Professional Development and Other.	4,205
<b>Total Hours</b>			<b>13,920</b>

<sup>3</sup> Required activity in the Charter of the Office of the Chief Auditor.

**San Diego County Regional Airport Authority  
Risk Assessment Fiscal Year 2020**

Line #	Department	Division	Key Work Activity	Likelihood	Impact
1	Planning & Environmental Affairs	Development	State/Federal Environmental Review	Medium to High	Medium to High
2	Revenue Generation & Business Development	Revenue Management & Innovation	Tenant Development & Major Reconstruction	Medium to High	Medium
3	Aviation Security & Public Safety	Operations	Harbor Police Contract Management *	Medium	Medium to High
4	Revenue Generation & Business Development	Revenue Management & Innovation	Tenant operational inspections for lease compliance and refurbishments *	Medium to High	Medium
5	Procurement	Finance	Vendor Selection *	Medium	Medium to High
6	Aviation Security & Public Safety	Operations	Contract Security Personnel Management *	Medium	Medium
7	Aviation Security & Public Safety	Operations	Security Systems O&M (NSEI) Contract Management *	Medium	Medium to High
8	Procurement	Finance	Formal Bidding and Contracting	Medium	Medium to High
9	Aviation Security & Public Safety	Operations	Manage the Business Continuity Plan	Medium to High	Medium
10	General Counsel	General Counsel	Provide Legal Counsel to Authority and Board	Low to Medium	Medium to High
11	Procurement	Finance	Emergency & Single Source Purchases	Low to Medium	Medium to High
12	Revenue Generation & Business Development	Revenue Management & Innovation	Tenant Lease Admin. and Management (Excludes Airlines, ground handling, and parking) *	Medium	Medium to High
13	Aviation Security & Public Safety	Operations	Airport Operations/Communications Center Management	Medium	Medium
14	Airside & Terminal Operations	Operations	ARFF Management *	Low to Medium	High
15	Finance, Accounting, & Airline Management	Finance	OCIP	Medium	Medium
16	Finance, Accounting, & Airline Management	Finance	Insurance Coverage	Medium	Medium
17	Talent, Culture & Capability	Talent, Culture & Capability	Records & Information Management	Medium	Medium
18	Customer Experience & Innovation	Revenue Management & Innovation	Small Business Bonding *	Medium to High	Low to Medium
19	Ground Transportation	Operations	TNC Contract Administration & Revenue Collection *	Low to Medium	Medium to High
20	Planning & Environmental Affairs	Development	Quieter Homes Program (Residential Sound Insulation) *	Medium	Medium
21	Information & Technology Services	Finance	System Security	Low to Medium	Medium to High
22	Ground Transportation	Operations	Rental Car Shuttle Service Contract Administration *	Low to Medium	Medium to High
23	Airport Design & Construction	Development	GMP Cost Estimates *	Medium	Medium
24	Government Relations	External Affairs	Monitoring Legislative and Regulatory Activity	Low to Medium	Medium
25	Ground Transportation	Operations	Parking Management Contract Administration *	Low to Medium	Medium to High
26	Planning & Environmental Affairs	Development	Stormwater Permitting & Enforcement *	Medium to High	Low to Medium
27	Planning & Environmental Affairs	Development	Brownfield Remediation (Contaminated Site Cleanup)	Medium	Low to Medium
28	Facilities Management	Operations	Runway Maintenance	Low	High
29	Information & Technology Services	Finance	IT Security Physical Environment	Low to Medium	Medium to High
30	General Counsel	General Counsel	Litigation Management	Low to Medium	Medium to High
31	Airport Design & Construction	Development	Contractor Monitoring *	Low to Medium	Medium
32	Finance, Accounting, & Airline Management	Finance	Airline/Terminal Rates, Fees & Charges *	Medium	Low to Medium
33	Communications	External Affairs	Internal & External Communications	Medium	Low to Medium
34	Communications	External Affairs	Public & Media Relations and Community Outreach	Medium	Low to Medium
35	Revenue Generation & Business Development	Revenue Management & Innovation	Tenant Communications and dispute resolution *	Low to Medium	Medium
36	Airside & Terminal Operations	Operations	Airfield Operations Management (Ramp Control, Irregular gate activities) *	Low	Medium to High
37	Airside & Terminal Operations	Operations	Airfield Safety/Operational Training	Low	Medium to High
38	Revenue Generation & Business Development	Revenue Management & Innovation	Business and Real Estate Agreements *	Low to Medium	Medium
39	Planning & Environmental Affairs	Development	Noise Compatibility Program	Low to Medium	Medium
40	Talent, Culture & Capability	Talent, Culture & Capability	Employee Safety Program	Low to Medium	Medium
41	Planning & Environmental Affairs	Development	Airport Ground Access Planning	Low to Medium	Medium to High
42	Procurement	Finance	Purchase Goods and Services	Low to Medium	Medium
43	Aviation Security & Public Safety	Operations	Airfield and Terminal Management Emergency Response	Medium	Low to Medium
44	Finance, Accounting, & Airline Management	Finance	Risk Identification & Assessment	Medium	Medium
45	Talent, Culture & Capability	Talent, Culture & Capability	Personnel Records Management	Medium	Low to Medium
46	Revenue Generation & Business Development	Revenue Management & Innovation	Business Development Solicitations (RFP/RFQ) *	Low to Medium	Medium
47	Procurement	Finance	Amendments & Change Orders	Low to Medium	Medium
48	Airside & Terminal Operations	Operations	Tenant Communications	Low to Medium	Medium

Indicates this Key Work Activity, or components of this Key Work Activity, are included in the FY 2020 Audit Plan.

\* This Key Work Activity, or components of this Key Work Activity, have been Audited in the last five (5) Fiscal Years.



**San Diego County Regional Airport Authority  
Risk Assessment Fiscal Year 2020**

Line #	Department	Division	Key Work Activity	Likelihood	Impact
49	Procurement	Finance	Receiving and Recording	Medium	Low to Medium
50	Customer Experience & Innovation	Revenue Management & Innovation	Innovation Lab contracts	Medium	Low to Medium
51	Finance, Accounting, & Airline Management	Finance	Plan of Finance	Medium	Low to Medium
52	Talent, Culture & Capability	Talent, Culture & Capability	Compensation and Rewards	Low to Medium	Medium
53	Finance, Accounting, & Airline Management	Finance	Accounts Payable	Low to Medium	Medium
54	Airport Design & Construction	Development	Design Build Estimate at Complete *	Low to Medium	Medium
55	Planning & Environmental Affairs	Development	Industrial Hygiene (Indoor Air Quality)	Medium	Low to Medium
56	Government Relations	External Affairs	Advocate Authority's Position	Medium	Low to Medium
57	Ground Transportation	Operations	Customer, Employee, and Inter-terminal Shuttle Operations Contract Management	Low	Medium to High
58	Facilities Management	Operations	Utility Management *	Low to Medium	Medium
59	Airside & Terminal Operations	Operations	Tenant Operations (Repairs, Start-up, Respond) *	Low to Medium	Medium
60	Airside & Terminal Operations	Operations	Custodial & Waste Collection Administration	Low to Medium	Medium
61	Talent, Culture & Capability	Talent, Culture & Capability	Employee Benefits	Medium	Low to Medium
62	Procurement	Finance	P Card Administration *	Medium	Low to Medium
63	Talent, Culture & Capability	Talent, Culture & Capability	Labor & Employee Relations	Low to Medium	Medium
64	Planning & Environmental Affairs	Development	Airport wide & Facilities Master Planning *	Low to Medium	Medium
65	General Counsel	General Counsel	Review and approval of legal form for Authority Documents (Leases, Contracts, Bonds)	Low to Medium	Medium
66	Board Services	External Affairs	Manage all ALUC, Board and Standing Board Committees Meetings	Low to Medium	Low to Medium
67	Board Services	External Affairs	Manage the Authority Privacy Policy and Requirements *	Low to Medium	Low to Medium
68	Talent, Culture & Capability	Talent, Culture & Capability	Public Records Requests *	Low to Medium	Medium
69	Finance, Accounting, & Airline Management	Finance	Payroll *	Low to Medium	Medium
70	Airport Design & Construction	Development	Change Orders	Low to Medium	Medium
71	Planning & Environmental Affairs	Development	Air Quality & Greenhouse Gas Emissions Management	Medium	Low to Medium
72	Information & Technology Services	Finance	Account de-provisioning for terms	Low to Medium	Low to Medium
73	Information & Technology Services	Finance	Disaster Recovery *	Low to Medium	Low to Medium
74	Ground Transportation	Operations	Employee Parking Card and Policy Administration *	Low to Medium	Low to Medium
75	Government Relations	External Affairs	Government Grant Procurement	Low to Medium	Medium
76	Ground Transportation	Operations	Airport Ground Transportation Operations Management	Low	Medium
77	Planning & Environmental Affairs	Development	Airport Land Use Compatibility Planning *	Medium	Low to Medium
78	Planning & Environmental Affairs	Development	Airport Noise Monitoring & Reporting *	Medium	Low to Medium
79	Customer Experience & Innovation	Revenue Management & Innovation	Business Development	Medium	Low to Medium
80	Planning & Environmental Affairs	Development	Curfew Violations	Low to Medium	Low to Medium
81	Marketing & Air Service Development	Revenue Management & Innovation	Advertising	Low to Medium	Low to Medium
82	Aviation Security & Public Safety	Operations	Federal & State Regulation Compliance (Security and Emergency Preparedness)	Low to Medium	Medium
83	Airport Design & Construction	Development	Consultant Agreements / Monitoring / Performance Evaluations *	Low to Medium	Medium
84	Government Relations	External Affairs	Elected/Appointed Official Liaison	Low to Medium	Low to Medium
85	Airside & Terminal Operations	Operations	Baggage System Delivery	Low to Medium	Low to Medium
86	Revenue Generation & Business Development	Revenue Management & Innovation	Acquisition and Disposal of Real Property and Real Property Rights	Low to Medium	Medium
87	Revenue Generation & Business Development	Revenue Management & Innovation	Marketing & Leasing of Authority Property	Low to Medium	Medium
88	Finance, Accounting, & Airline Management	Finance	Debt Management	Low to Medium	Medium
89	Ground Transportation	Operations	Traffic Control, Vehicle Insp. , Code Comp. , Citations & Notice of Violation Admin.	Low	Medium
90	Revenue Generation & Business Development	Revenue Management & Innovation	Metrics and Analytics for commercial business opportunities	Low to Medium	Low to Medium
91	Finance, Accounting, & Airline Management	Finance	Invoicing/Billing Sales	Low to Medium	Low to Medium
92	Finance, Accounting, & Airline Management	Finance	Operating & Capital Budgeting *	Low to Medium	Low to Medium
93	Finance, Accounting, & Airline Management	Finance	Bank Reconciliations	Low to Medium	Low to Medium
94	Airport Design & Construction	Development	City Plan Check	Low to Medium	Low to Medium
95	Airport Design & Construction	Development	Cost Schedule Trends	Low to Medium	Low to Medium
96	Airside & Terminal Operations	Operations	Terminal Safety Inspections	Low	Medium

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**San Diego County Regional Airport Authority  
Risk Assessment Fiscal Year 2020**

Line #	Department	Division	Key Work Activity	Likelihood	Impact
97	Talent, Culture & Capability	Talent, Culture & Capability	Workers Compensation	Low to Medium	Low to Medium
98	Finance, Accounting, & Airline Management	Finance	Pension Funding	Medium	Low to Medium
99	General Counsel	General Counsel	Ordinances, Resolutions, Codes, & Policies	Medium	Low
100	Aviation Security & Public Safety	Operations	Airport Security Program Administration (Fingerprint, SIDA, Access Control) *	Low to Medium	Medium
101	Revenue Generation & Business Development	Revenue Management & Innovation	Enhancement of existing business agreements	Low to Medium	Low to Medium
102	Marketing & Air Service Development	Revenue Management & Innovation	Website / Webmaster	Low to Medium	Low to Medium
103	Airside & Terminal Operations	Operations	Terminal Work Orders	Low	Medium
104	Planning & Environmental Affairs	Development	Waste Management	Low to Medium	Low to Medium
105	Planning & Environmental Affairs	Development	Wildlife & Habitat Preservation	Low to Medium	Low to Medium
106	Finance, Accounting, & Airline Management	Finance	Grant, PFC, & CFC Administration *	Low to Medium	Low to Medium
107	Airport Design & Construction	Development	Development of Programmatic Schedule	Low to Medium	Low to Medium
108	Airport Design & Construction	Development	GMP Reserve Account	Low to Medium	Low to Medium
109	Aviation Security & Public Safety	Operations	Security Policy/Procedure Performance and Management	Low	Medium
110	Airport Design & Construction	Development	Establish Project Budget & Schedules *	Medium	Low to Medium
111	Communications	External Affairs	Administer Advertising Activities	Low to Medium	Low to Medium
112	Ground Transportation	Operations	Commercial Vehicle Licensing, Permitting, & Revenue Collection	Low	Medium
113	Finance, Accounting, & Airline Management	Finance	Vendor & Employee Reimbursements *	Low to Medium	Low to Medium
114	Finance, Accounting, & Airline Management	Finance	Travel Services	Low to Medium	Low to Medium
115	Facilities Management	Operations	Major Maintenance & CIP projects *	Low to Medium	Low to Medium
116	Customer Experience & Innovation	Revenue Management & Innovation	Certification Program	Low to Medium	Low to Medium
117	Airside & Terminal Operations	Operations	Signage Management *	Low to Medium	Low to Medium
118	Finance, Accounting, & Airline Management	Finance	Insurance Claims	Low	Medium
119	Talent, Culture & Capability	Talent, Culture & Capability	Diversity & Inclusion Program	Low to Medium	Low to Medium
120	Communications	External Affairs	Master Marketing Plan	Low to Medium	Low to Medium
121	Talent, Culture & Capability	Talent, Culture & Capability	Personnel Recruitment	Low to Medium	Low to Medium
122	Marketing & Air Service Development	Revenue Management & Innovation	Arts Program Administration *	Low to Medium	Low to Medium
123	Finance, Accounting, & Airline Management	Finance	Financial Reporting/Management Reports	Low to Medium	Low to Medium
124	Finance, Accounting, & Airline Management	Finance	CAFR Preparation	Low to Medium	Low to Medium
125	Finance, Accounting, & Airline Management	Finance	Treasury/Cash Management *	Low to Medium	Low to Medium
126	Finance, Accounting, & Airline Management	Finance	Revenue & Expense Forecasting	Low to Medium	Low to Medium
127	Customer Experience & Innovation	Revenue Management & Innovation	Innovation Lab operations	Low to Medium	Low to Medium
128	Procurement	Finance	Surplus *	Low to Medium	Low to Medium
129	Procurement	Finance	Storage and Distribution Services *	Low to Medium	Low to Medium
130	Board Services	External Affairs	Maintain Authority Agreements, Contracts and Leases	Low to Medium	Low to Medium
131	Airport Design & Construction	Development	Schedule of Values	Low to Medium	Low to Medium
132	Information & Technology Services	Finance	Incident Management	Medium	Low
133	Finance, Accounting, & Airline Management	Finance	General Ledger Maintenance	Medium	Low
134	Finance, Accounting, & Airline Management	Finance	OPEB	Medium	Low
135	Marketing & Air Service Development	Revenue Management & Innovation	Social media	Low to Medium	Low to Medium
136	Airside & Terminal Operations	Operations	Management of Customer Wait Times	Low to Medium	Low to Medium
137	Facilities Management	Operations	Terminal Maintenance	Low	Low to Medium
138	Board Services	External Affairs	Maintain Authority Codes and Policies	Low to Medium	Low to Medium
139	Airport Design & Construction	Development	CEQA / Costal / EIR / NEPA	Low to Medium	Low to Medium
140	Talent, Culture & Capability	Talent, Culture & Capability	Leaves of Absence/Catastrophic Leave	Low to Medium	Low to Medium
141	Airside & Terminal Operations	Operations	Customer Service Activities (Interpreter, Ambassadors, Escorts, etc.)	Low	Low to Medium
142	Airside & Terminal Operations	Operations	Photography/Film/Video/Expressive Activity Permitting	Low	Low to Medium
143	Airport Design & Construction	Development	Project Development Management	Low	Low to Medium
144	Information & Technology Services	Finance	Account provisioning for new hires	Low to Medium	Low

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**San Diego County Regional Airport Authority  
Risk Assessment Fiscal Year 2020**

Line #	Department	Division	Key Work Activity	Likelihood	Impact
145	Finance, Accounting, & Airline Management	Finance	Fixed Asset Management *	Low to Medium	Low
146	Airport Design & Construction	Development	Record Drawing & Redline Drawings	Low to Medium	Low
147	Ground Transportation	Operations	Lost & Found; Airport Paging *	Low	Low to Medium
148	Facilities Management	Operations	ARRF Facilities	Low	Low to Medium
149	Airport Design & Construction	Development	Consultant Invoices *	Low	Low to Medium
150	Airport Design & Construction	Development	GMP Payment Applications *	Low	Low to Medium
151	Marketing & Air Service Development	Revenue Management & Innovation	Air Service Development	Low	Low to Medium
152	Finance, Accounting, & Airline Management	Finance	Accounts Receivable / Collections	Low	Low to Medium
153	Talent, Culture & Capability	Talent, Culture & Capability	Performance Management	Low to Medium	Low to Medium
154	Communications	External Affairs	Graphic, Photographic, Web, and Video Services Support	Low to Medium	Low to Medium
155	Information & Technology Services	Finance	Change Management	Low to Medium	Low
156	Information & Technology Services	Finance	IT Project Management *	Low to Medium	Low
157	Information & Technology Services	Finance	Application Management (E1, DocuShare)	Low to Medium	Low
158	Finance, Accounting, & Airline Management	Finance	Interim Closings	Low to Medium	Low
159	Airport Design & Construction	Development	Bid Specifications / Bid Packages	Low to Medium	Low
160	Airport Design & Construction	Development	Evaluation & Award of Bid *	Low to Medium	Low
161	Customer Experience & Innovation	Revenue Management & Innovation	Small Business Management *	Low	Low to Medium
162	Customer Experience & Innovation	Revenue Management & Innovation	Small Business Outreach	Low	Low to Medium
163	Aviation Security & Public Safety	Operations	Airport Stakeholder/Law Enforcement Coordination and Interface	Low	Low to Medium
164	Planning & Environmental Affairs	Development	Sustainability Tracking & Reporting *	Low	Low to Medium
165	Planning & Environmental Affairs	Development	Airport Noise Advisory Committee (ANAC)	Low	Low to Medium
166	Ground Transportation	Operations	GT Environmental Program Administration	Low	Low to Medium
167	Aviation Security & Public Safety	Operations	Tenant Security Awareness Training	Low	Low to Medium
168	Airport Design & Construction	Development	GMP Change Orders *	Low	Low to Medium
169	Talent, Culture & Capability	Talent, Culture & Capability	Career Development Program	Low to Medium	Low to Medium
170	Airport Design & Construction	Development	Request for Information	Low	Low to Medium
171	Airport Design & Construction	Development	FAA Funded Projects Letter & Sponsor Certification Forms	Low	Low to Medium
172	Talent, Culture & Capability	Talent, Culture & Capability	Employee Recognition Program	Low to Medium	Low
173	Board Services	External Affairs	Manage the AB1234 Training Requirements	Low to Medium	Low
174	Airport Design & Construction	Development	Notice to Proceed *	Low to Medium	Low
175	Talent, Culture & Capability	Talent, Culture & Capability	Strategic Workforce Planning	Low	Low to Medium
176	Marketing & Air Service Development	Revenue Management & Innovation	Brand Management	Low	Low to Medium
177	Aviation Security & Public Safety	Operations	Responding to Violations at SDIA (SDCRAA Code and AR&R)	Low	Low to Medium
178	Airport Design & Construction	Development	Task Authorizations / Task Authorization Amendments	Low	Low to Medium
179	Talent, Culture & Capability	Talent, Culture & Capability	Leadership Development Program	Low	Low to Medium
180	Board Services	External Affairs	Manage Conflict of Interests Filings	Low	Low to Medium
181	Aviation Security & Public Safety	Operations	On-Airport Paramedic Services Contract Management *	Low	Low to Medium
182	Talent, Culture & Capability	Talent, Culture & Capability	Tuition Reimbursement *	Low to Medium	Low
183	Finance, Accounting, & Airline Management	Finance	Risk Analysis of Agreements, Pos, Equipment	Low to Medium	Low
184	Finance, Accounting, & Airline Management	Finance	Cost Accounting	Low to Medium	Low
185	Airport Design & Construction	Development	Advertisement of Bids	Low to Medium	Low
186	Talent, Culture & Capability	Talent, Culture & Capability	Employee Training & Development (non-regulatory)	Low	Low to Medium
187	Talent, Culture & Capability	Talent, Culture & Capability	Internships & Veteran Fellowships	Low	Low to Medium
188	Facilities Management	Operations	Fuel Maintenance (Diesel, CNG) *	Low	Low to Medium
189	Facilities Management	Operations	Vehicles & Equipment Maintenance *	Low	Low to Medium
190	Talent, Culture & Capability	Talent, Culture & Capability	Wellness Program	Low	Low
191	Planning & Environmental Affairs	Development	Authority Advisory Committee	Low	Low
192	Marketing & Air Service Development	Revenue Management & Innovation	Video / Audio productions	Low	Low

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**San Diego County Regional Airport Authority  
Risk Assessment Fiscal Year 2020**

Line #	Department	Division	Key Work Activity	Likelihood	Impact
193	Facilities Management	Operations	Maintenance Service Contracts Oversight *	Low	Low
194	Airport Design & Construction	Development	Consultant Design Reviews *	Low	Low
195	Airport Design & Construction	Development	Pre-Bid Conferences	Low	Low
196	Airport Design & Construction	Development	Project Information Sheet	Low	Low
197	Airport Design & Construction	Development	OCIP Enrollment	Low	Low
198	Airport Design & Construction	Development	Bulletins	Low	Low
199	Airport Design & Construction	Development	Tenant Advisories & NOTAM's	Low	Low
200	Talent, Culture & Capability	Talent, Culture & Capability	Employee Surveys	Low	Low
201	Marketing & Air Service Development	Revenue Management & Innovation	Airport Passenger, Cargo and Operations Statistics	Low	Low
202	Information & Technology Services	Finance	Asset Management *	Low	Low
203	Information & Technology Services	Finance	IT Asset Acquisition	Low	Low
204	Information & Technology Services	Finance	Contract Management *	Low	Low
205	Information & Technology Services	Finance	Service Level Agreement Adherence	Low	Low
206	Information & Technology Services	Finance	Procurement	Low	Low
207	Facilities Management	Operations	Airport and Tenant Service Requests	Low	Low
208	Customer Experience & Innovation	Revenue Management & Innovation	DBE/ACDBE Report	Low	Low
209	Customer Experience & Innovation	Revenue Management & Innovation	Workshops & Trainings	Low	Low
210	Board Services	External Affairs	Manage the Authority Lobbyist Program	Low	Low
211	Board Services	External Affairs	Provides Administrative Support to the Board and onboarding	Low	Low
212	Airport Design & Construction	Development	Liquidated Damages	Low	Low
213	Airport Design & Construction	Development	Invoicing	Low	Low
214	Airport Design & Construction	Development	Substantial Completion & Punch Lists	Low	Low
215	Airport Design & Construction	Development	Final Acceptance - Notice of Completion	Low	Low
216	Airport Design & Construction	Development	Retention Release	Low	Low
217	Airport Design & Construction	Development	Project Closeout	Low	Low

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Office of the Chief Auditor  
Fiscal Year 2020 Contingent Audit Activities

ATTACHMENT 3

Risk Assessment Line <sup>4</sup>	Key Work Activity	Objective	Estimated Hours
12	Tenant Lease Admin. and Management	To determine if the concession revenue and Customer Facilities Charges received from Fox Rent A Car are in accordance with the agreement.	400
67	Manage the Authority Privacy Policy and Requirements	To determine if the Authority's Privacy Policy is administered appropriately.	400
203	IT Asset Acquisition	To determine if technologies that are incorporated into Airport Projects contain appropriate service and maintenance agreements.	500
206	Procurement (Information Technology Services – Software Licenses)	To determine if software licenses utilized by the Authority are being administered appropriately.	350
		<b>Total Contingent Audit Hours</b>	<b>1,650</b>

<sup>4</sup> Indicates the Line Number where the Key Work Activity is located on the Risk Assessment – Attachment 2.

## **STAFF REPORT**

Meeting Date: **MAY 30, 2019**

### **Subject:**

**Annual Review of Authority Policy 4.20 - Guidelines for Prudent Investments, Delegation of Authority to Invest and Manage Authority Funds to the Vice President/CFO**

### **Recommendation:**

The Finance Committee recommends that the Board adopt Resolution No. 2019-0055, delegating authority to invest and manage Authority funds to the Vice President/Chief Financial Officer.

### **Background/Justification:**

The attached Investment Policy (Exhibit A) serves as the foundation of the Authority's investment goals and priorities. The Authority's internal policy guidelines compel the Authority's Treasurer to invest Authority funds in a manner that will provide the highest security of funds while meeting the daily cash flow demands. The foremost stated objective is safety, with the requirement that all transactions are structured to avoid capital losses from issuer or broker/dealer default, or erosion of market value.

State law requires that the objective of return on investment be subordinate to the objectives of safety and liquidity. Therefore, the Investment Policy requires the Authority shall seek to achieve a return on funds throughout all economic cycles, taking into consideration the Authority's investment risk constraints and cash flow requirements.

The Authority's Investment Policy was developed in conjunction with our financial and investment advisors and it adheres to or exceeds the policies and requirements of investment types as authorized by the California Government Code §§ 16429.1 and 53600 et seq (Code).

As a result of the annual review, by staff, and the Authority's financial and investment advisors, no changes to Policy 4.20 are recommended.

While an annual review and adoption is not required by statute, both the Association of Public Treasurers of the United States and Canada and the Government Finance Officers Association have established policy standards recommending a review be conducted annually.

Since this Investment Policy serves as the guidelines for prudent management of the Authority's investments, the attached resolution and accompanying policy are submitted to ensure a regular review and approval by the Authority Board.

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**Page 2 of 2**

In addition, the Board delegates the authority to invest and manage the funds of the Authority to the Authority's Treasurer. Such delegation is on a fiscal year basis and subject to renewal by the Board, at its option. Based on the investment record, the attached resolution requests reappointment of the Vice President, Chief Financial Officer to continue this role for another year.

The existence of an approved investment policy demonstrates that the Authority Board and staff are fiducially responsible, thereby promoting trust and confidence from the public that it serves. This annual review is done to ensure the Authority Board's continued oversight and approval of the policies, rules, and performance regarding the investment of Authority funds.

**Fiscal Impact:**

None.

**Authority Strategies:**

This item supports one or more of the Authority Strategies, as follows:

Community Strategy     Customer Strategy     Employee Strategy     Financial Strategy     Operations Strategy

**Environmental Review:**

A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code §21065.

B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.

**Application of Inclusionary Policies:**

Not Applicable.

**Prepared by:**

SCOTT BRICKNER,  
VICE PRESIDENT, CHIEF FINANCIAL OFFICER

# SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

## POLICIES

**ARTICLE 4 - FINANCE AND ACCOUNTING**  
**PART 4.2 - INVESTMENTS**  
**SECTION 4.20 - POLICY GUIDELINES FOR PRUDENT INVESTMENTS**

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**PURPOSE:** To establish a policy governing the investment policies and practices of the San Diego County Regional Airport Authority (the “**Authority**”), including risk management.

**POLICY STATEMENT:**

It is the policy of the Authority to invest public funds in a manner that will provide the highest security of the funds under management while meeting the daily cash flow demands of the Authority. The investment policies and practices of the Authority are based upon prudent money management and conform to all state and local statutes governing the investment of public funds.

This policy also addresses risk management because risk management is an integral part of managing a fixed income portfolio. To focus only on maximizing return is imprudent; therefore, policy issues will be directed to limiting the investment portfolio’s exposure to each issue and issuer of debt and criteria for establishing minimum credit requirements that firms must have in order to effect security transactions with the Authority.

(1) Scope. This investment policy applies to all the Authority’s investment activities, except for the Employees Retirement and Deferred Compensation funds, which are administered separately. In addition, in the event of a conflict between this policy and permitted investments of bond proceeds as defined by a master indenture or supplemental indenture (“**Indenture**”) associated with any Authority debt issuance, the more restrictive parameters of either Cal. Gov. Code or the Indenture will take precedence. The financial assets of all other Authority funds shall also be administered in accordance with the provisions of this policy.

(2) Objectives.

(a) Safety of Principal. Safety of principal is the Authority’s foremost objective. To accomplish this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio. Each investment transaction shall seek to ensure that capital losses are avoided, whether from issuer default, broker/dealer default or erosion of market value. The Authority shall seek to preserve principal by mitigating credit risk and market risk.



(i) Credit risk is the risk of loss due to failure of the issuer to repay an obligation and shall be mitigated by investing in only the highest quality credits and by diversifying the investment portfolio so that the failure of any one issuer would not unduly harm the Authority's cash flows.

(ii) Market risk is the risk of market value fluctuations due to overall changes in the general level of interest rates and shall be mitigated by:

(A) structuring the portfolio so that securities mature at the same time major cash outflows occur, thereby eliminating the need to sell securities prior to their maturity; and

(B) limiting the average maturity of the Authority's portfolio to three years. Furthermore, no investments will be made in any security with a maturity greater than five years unless the Board has granted its express authority to make such investment specifically or as a part of an investment program approved by the Board no less than three months prior to the investment.

It is explicitly recognized, however, that in a diversified portfolio occasional losses may be inevitable and must be considered within the context of overall investment return.

(b) Liquidity. The Authority's investment portfolio will be structured to provide sufficient liquidity to meet the operating requirements of the Authority.

(c) Return on Investment. State law requires that the objective of return on investment be subordinate to the objectives of safety and liquidity. Therefore, investment officials shall seek to achieve a return on the funds under their control throughout all economic cycles, taking into consideration the Authority's investment risk constraints and cash flow requirements.

(3) Authority to Invest Funds.

(a) Policy principles for investment of Authority funds. Monies entrusted to the Authority will be invested and actively managed pursuant to applicable California statutory limitations and the guidance and limitations set forth in the Authority's written policies. Authority for the management and investment of Authority funds rests with the Authority Board of Directors ("**Board**"). The Board promulgates the policy for investment and management of Authority funds and conducts periodic reviews to ensure compliance with policy and statutory requirements. All persons authorized to make investment decisions for the Authority are trustees of the Authority and owe the Authority a fiduciary duty. All trustees are bound by the prudent investor rule, which requires trustees in making decisions with regards to the Authority's funds to act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.

Trustees of Authority funds are relieved of personal responsibility for an individual security's risk or market price changes where the trustees at all times were acting in accordance with written procedures and this investment policy, exercising due diligence, taking timely and appropriate action to control adverse developments, and provided timely appropriate reports to the Board regarding the adverse developments with an investment.

(b) Delegation of investment authority to Treasurer. The Board delegates the authority to invest and manage the funds of the Authority to the Authority's Treasurer. Such delegation shall be on a fiscal year basis and subject to renewal by the Board, at its option, after appropriate review of the investment record. The Board reserves the right to revoke the delegation of investment authority at its discretion. The Treasurer shall report to the board the status of Authority's investment portfolio in accordance with Sections (10)(a) and (b) of this policy. Whenever a security is sold at a loss, the Treasurer will record the loss as such in the Authority's accounting system. The Treasurer shall designate in writing an officer or employee of the Authority who shall have authority to execute or authorize execution of an investment trade on behalf of the Authority when the Treasurer is not reasonably available and circumstances require timely action.

(c) Treasurer's responsibility for investments. Investment and management of the Authority's funds shall be solely the responsibility of the Authority's Treasurer, who shall take necessary measures to be fully informed on current market conditions and market trends in general and the condition of the Authority's investment portfolio in particular. The Treasurer shall establish and periodically review for currency and adequacy a system of controls to ensure compliance with the applicable statutory requirements and the Authority's investment policies. The system of controls shall also provide for regulation of subordinate officers and employees as well as investment advisors under contract with the Authority.

(d) Execution of trades by authorized investment advisor. Where the Board has approved a contract for a registered independent investment advisor to assist the Treasurer in the discharge of investment responsibilities and where the Treasurer has approved in writing a strategy to guide the investment of Authority funds, the Treasurer may authorize the investment advisor to execute trades on behalf of the Authority to effectuate the approved investment strategy. The Treasurer shall make such delegation via a document that specifies the boundaries of the delegated authorization. The investment advisor designated to execute trades on behalf of the Authority shall be bound by this policy of the Authority and the Treasurer's written approval of the investment strategy. Authorizing the investment advisor to execute trades on behalf of the Authority does not relieve the Treasurer of responsibility for management and oversight of all investment transactions involving Authority funds. The Treasurer or designated Authority officer or employee, as provided in Section 3(b), when the Treasurer is not reasonably available and circumstances require timely action, must approve in writing all investment transactions that exceed a market value of five million dollars (\$5,000,000) prior to execution of the trade. The investment advisor shall not execute any trade through any security broker in whom the investment advisor holds an ownership interest or has a financial interest. The investment advisor shall not take possession of or act as custodian for the cash, securities or other assets. The investment advisor shall provide a written report of all trades made on behalf of the Authority to the Treasurer within twenty-four (24) hours of trade execution.

(4) Ethics and Conflicts of Interest. The Board, Authority officers or Authority employees involved in the investment process shall refrain from any activity that could conflict with proper execution of the investment program or which could impair the Authority's Treasurer's ability to make impartial investment decisions. Authority staff involved with the investment process shall disclose to the Authority's Treasurer any financial interest in financial institutions that conduct business with the Authority and they shall further disclose any personal financial and/or investment positions that could be related to the performance of the Authority's portfolio. Board members, Authority officials and Authority employees shall subordinate their personal investment transactions to those of the Authority, particularly with regard to the time of purchases and sales.

(5) Placement of Trade Execution Orders.

- (a) Whenever possible, investment transactions shall be made via a competitive process to ensure the Authority's security transactions are made on terms most favorable to the Authority. Trade execution shall be only through firms registered with the Financial Industry Regulatory Authority (FINRA) and approved by the Treasurer. To ensure security transactions are made via the most competitive process, solicitation of bids to transact a security trade shall be provided equally to all security dealers approved by the Treasurer pursuant to the section (5)(b) of this policy. When purchasing new issue securities, no competitive process will be required as all dealers in the selling group offer the securities at the same original issue price. This policy permits the Authority to purchase investments directly from approved issuers who require no competitive process (e.g., Local Agency Investment Fund (LAIF), the San Diego County Investment Pool (SDCIP), and Local Government Investment Pools (LGIPs),
- (b) Other than investments with depository institutions and approved pools, the Treasurer shall only execute trades with security dealers that have been approved to execute security trades on behalf of the Authority. Prior to approving a security dealer to execute security trades, the Treasurer shall determine that the dealer is fully qualified to execute security trades for the Authority. In evaluating whether a specific dealer is so qualified, the Treasurer shall evaluate, at a minimum, the dealer's security registration, financial condition, standing in the investment community, and experience with security trades of the nature to be executed on behalf of the Authority. To be qualified, all financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the following information on an annual basis: (1) audited financial statements; (2) proof of Financial Industry Regulatory Authority (FINRA) certification; (3) a trading resolution; (4) proof of California registration; and (5) a completed broker/dealer questionnaire.
- (c) Where the Board has approved a contract for a registered independent investment advisor to assist the Treasurer in the discharge of the investment responsibilities, the Treasurer may rely on the advisor's assurances that specific security dealers are fully qualified to execute trades on behalf of the Authority. The investment advisor shall provide such assurances in writing and shall renew the assurances based on an annual review of the financial condition and registrations of qualified bidders.

(6) Authorized Investments.

The Authority is authorized by the applicable sections of Cal. Gov. Code §16429.1, §53600 *et seq.* and §53630 *et seq.* to invest in the following types of securities, further limited herein:

(a) United States Treasury Bills, Bonds and Notes or those for which the full faith and credit of the United States are pledged for payment of principal and interest. There is no limitation as to the percentage of the portfolio that can be invested in this category. Cal. Gov. Code §53601(b)

(b) Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. There is no limitation as to the percentage of the portfolio that can be invested in this category. Cal. Gov. Code §53601(f)

(c) United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of "AA" or its equivalent or better by an NRSRO and shall not exceed 30 percent of the portfolio. No more than 10% of the portfolio may be invested in a single Supranational issuer. Cal. Gov. Code §53601(q)

(d) Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers acceptances which are eligible for purchase by the Federal Reserve System and are rated in the highest category by a nationally recognized statistical rating organization (NRSRO), may not exceed 180 days to maturity or 40% of the market value of the portfolio. No more than 5% of the market value of the portfolio may be invested in banker's acceptances issued by any one bank. Cal. Gov. Code §53601(g)

(e) Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a NRSRO. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or paragraph (2):

(1) The entity meets the following criteria: (i) Is organized and operating in the United States as a general corporation. (ii) Has total assets in excess of five hundred million dollars (\$500,000,000). (iii) Has debt other than commercial paper, if any, that is rated in a rating category of "A" or its equivalent or higher by a NRSRO.

(2) The entity meets the following criteria: (i) Is organized within the United States as a special purpose corporation, trust, or limited liability company. (ii) Has program wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond. (iii) Has commercial paper that is rated "A-1" or higher, or the equivalent, by a NRSRO.

Eligible commercial paper shall have a maturity of 270 days or less. No more than 25% of the market value of the portfolio may be invested in commercial paper. No more than 5% of the market value of the portfolio may be invested in the commercial paper of any single issuer. The amount invested in commercial paper of any one issuer in combination with any other securities from that issuer shall not exceed 5% of the market value of the portfolio. Cal. Gov. Code §53601(h)

(f) Negotiable Certificates of Deposit (NCDs) issued by a nationally or state-chartered bank, a state or federal savings institution or by a federally licensed or state licensed branch of a foreign bank. The amount invested in Negotiable Certificates of Deposit (NCDs) may not exceed 30% of the market value of the portfolio. NCDs eligible for purchase shall be rated in a rating category of “A” or its equivalent or better by a NRSRO. The maximum term for NCDs shall be five years. The amount invested in NCDs of any one issuer in combination with any other securities from that issuer shall not exceed 5% of the market value of the portfolio. Cal. Gov. Code §53601(i)

(g) Placement Service Deposits (PSDs). Deposits placed through a deposit placement service that meet the requirements of Cal. Gov. Code §53601.8. The full amount of the principal and the interest that may be accrued during the maximum term of each certificate of deposit shall at all times be insured by federal deposit insurance. The maximum term for PSDs shall be three years. The amount invested in Placement Service Deposits (PSDs) may not exceed 30% of the market value of the portfolio. Cal. Gov. Code §53601.8 and 53635.8

(h) Bank Deposits, including, but not limited to, demand deposit accounts, savings accounts, market rate accounts and time certificates of deposits (“TCDs”) in financial institutions located in California. The Authority will invest in financial institutions with a net worth of ten million dollars and total assets in excess of \$50 million. Such deposits in each bank shall be limited to no more than 5% of the total assets of the bank. To be eligible to receive Authority deposits, the financial institution must have received a minimum overall satisfactory rating, under the Community Reinvestment Act, for meeting the credit needs of California Communities in its most recent evaluation. Bank deposits are required to be collateralized as specified under Cal. Gov. Code §53630 *et seq.* The Treasurer may waive the collateralization requirements for any portion that is covered by federal deposit insurance. The Authority shall have a signed agreement with any depository accepting Authority funds per Cal. Gov. Code §53649. The maximum maturity of TCDs is three years. A maximum of 20% of the market value of the portfolio may be invested in TCDs. The amount invested in TCDs of any one issuer in excess of the FDIC limit in combination with any other securities from that issuer shall not exceed 5% of the market value of the portfolio. Cal. Gov. Code §53630 *et seq.*

(i) Medium Term Notes (MTNs), defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States rated in a rating category of “A” or its equivalent or better by a NRSRO and be issued by a corporation organized and operating within the United States. The aggregate total of MTNs may not exceed 20% of the market value of the investment portfolio. The amount invested in MTNs of any one issuer in

combination with any other securities from that issuer shall not exceed 5% of the market value of the portfolio. Cal. Gov. Code §53601(k)

(j) Repurchase agreements (RPAs) shall only be made with financial institutions having a credit rating in the rating category “A” or its equivalent or better by a NRSRO. The Security Industry and Financial Markets Association (SIFMA) master repurchase agreement shall be the Authority’s master repurchase agreement.

The term of the agreement may not exceed one year.

The following collateral restrictions will be observed: Only U.S. Treasury securities or Federal Agency securities, as described in 6(a) and 6(b) above, will be acceptable collateral. All securities underlying Repurchase Agreements must be delivered to the Authority's custodian bank versus payment or be handled under a tri-party repurchase agreement. The total of all collateral for each Repurchase Agreement must equal or exceed, on the basis of market value plus accrued interest, 102% of the total dollar value of the money invested by the Authority for the term of the investment. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102% no later than the next business day. For any Repurchase Agreement with a term of more than one day, the value of the underlying securities must be reviewed on a regular basis.

Market value must be calculated each time there is a substitution of collateral.

The Authority or its trustee shall have a perfected first security interest under the Uniform Commercial Code in all securities subject to Repurchase Agreement. Cal. Gov. Code §53601(j)

(k) The Local Agency Investment Fund (“LAIF”), established by the State Treasurer for the benefit of local agencies and identified under Cal. Gov. Code §16429.1 *et seq.* The market value of the Authority’s investment in LAIF may not exceed the current deposit limit for regular LAIF accounts.

(l) The San Diego County Investment Pool (“SDCIP”) as authorized by Cal. Gov. Code §53684. The market value of the Authority’s investment in SDCIP may not exceed the current deposit limit for regular LAIF accounts.

(m) Shares of beneficial interest issued by a joint powers authority (Local Government Investment Pools or (“LGIPs”)) organized pursuant to Cal. Gov. Code §6509.7 that meet the requirements of the Investment Trust of California (CalTRUST), as authorized by California Government Code §53601(p). The market value of the Authority’s investment in each of the CalTRUST funds may not exceed the current deposit limit for regular LAIF accounts.

(n) Shares of beneficial interest issued by a joint powers authority (Local Government Investment Pools or (“LGIPs”)) organized pursuant to Cal. Gov. Code §6509.7 that meet the requirements of Cal. Gov. Code §53601(p). The market value of the Authority’s investment in any LGIP may not exceed the LAIF statutory limit. Prior to investing, the Treasurer will complete a thorough investigation of the potential investment. Whenever the Authority has any funds so invested, the Treasurer shall maintain on-going monitoring including the following:

- (i) Establish the investment is a legal investment under Cal. Gov. Code.
- (ii) A description of eligible investment securities, and a written statement of investment policy and objectives. All investments must comply with the eligible investments outlined in this policy. In the event that any investments do not comply with the eligible investments outlined in this Policy, the Treasurer will assess the potential risk of a substantial investment loss related to the investment(s) not in compliance.
- (iii) The issuer must have a current AAAM rating, provide a constant dollar pool with a stated objective of maintaining a \$1 net asset value, meet an asset size of \$1 billion at the time of investment, and provide for third-party custody of portfolio assets.
- (iv) A description of interest calculations and how it is distributed, and how gains and losses are treated.
- (v) A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
- (vi) A description of who may invest in the program, the type and number of governmental participants, investor concentrations, what size deposit and withdrawal are allowed, and what time restrictions are placed on these deposits and withdrawals.
- (vii) A schedule for receiving statements and portfolio listings.
- (viii) Determination of how reserves, retained earnings, etc. are utilized by the fund.
- (ix) A fee schedule, and when and how it is assessed. Cal. Gov. Code §53601(p).

(o) The Authority may place funds in shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. §80a-1 *et seq.*). Investment in money market funds may not exceed 20% of the market value of the portfolio with no more than 10% of the market value of the portfolio in any single fund. Additionally, each selected fund shall be large enough that the Authority's investment does not constitute more than 5% of the total fund balance. To be eligible for investment, these companies shall either:

- (i) Attain the highest ranking or the highest letter and numerical rating provided by not less than two of the three largest nationally recognized rating services, or
- (ii) Retain an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than 5 years' experience managing money market mutual funds with assets under management in excess of \$500,000,000. Cal. Gov. Code §53601(l)

(p) The Authority may invest in: (i) Registered state warrants or treasury notes or bonds of this state including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of this state; (ii) Registered treasury notes or bonds issued by any of the other 49 States in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any state; and (iii) Bonds, notes, warrants or other evidence of debt issued by a local agency or municipality located within California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency. Securities eligible for investment under this paragraph shall be rated in a rating category of “A” or its equivalent or better by a NRSRO. Purchase of securities authorized by this subdivision may not exceed 20% of the Authority’s portfolio. The amount invested with any one issuer shall not exceed 5% of the portfolio. Cal. Gov. Code §53601 (c), (d), (e).

(q) Permitted Investment for Bond Proceeds. All investment types listed above are authorized investments for bond proceeds. The percentage or dollar limitations listed above do not apply to bond proceeds investments. In addition to the above investments, bond proceeds may be invested in the following:

Investment agreement or guaranteed investment contract (a) with or guaranteed by a national or state chartered bank or savings and loan, an insurance company or other financial institution whose unsecured debt is rated in the highest short-term rating category (if the term of the Investment Agreement is less than three years) or in either of the two highest long-term Rating Categories (if the term of the Investment Agreement is three years or longer) by one or more of the Rating Agencies, or (b) which investment agreement or guaranteed investment contract is fully secured by obligations described in items (a) or (b) of this section which are the following:

- (i) Valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 103% of the principal amount of the investment, together with the interest accrued and unpaid thereon, and
- (ii) Held by any Federal Reserve Bank or a depository acceptable to the Treasurer or any Authority bond trustee, and
- (iii) Subject to a perfected first lien on behalf of the Authority or any bond trustee and free and clear from all third-party liens

The Board has expressly granted the Treasurer the authority to invest debt service reserve funds in U.S. Treasury, federal agency, municipal securities and investment agreements (which meet the requirements of this Investment Policy and the Indenture) with maturities exceeding 5 years if it is considered to be in the best interest of the Authority and if the maturity of such investments does not exceed the expected use of the funds. Reserve fund investments beyond 5 years are specifically excluded from the mathematical calculation of the average maturity of the Authority’s portfolio.



(7) Prohibited Investments. Investments not described herein, including but not limited to, inverse floating rate notes, range notes, interest-only strips that are derived from a pool of mortgages, and common stocks are prohibited from use in this portfolio. The Authority shall not invest any funds in any security that could result in zero interest accrual and zero discount accretion if held to maturity. Cal. Gov. Code §53601.6

(8) Safekeeping of Securities. To protect against potential losses by the collapse of individual securities dealers, all securities owned by the Authority shall be held in safekeeping by a third person bank trust department acting as agent for the Authority under the terms of a custody agreement executed by the bank and the Authority. All securities will be received and delivered using standard delivery versus payment procedures. The only exception to the foregoing shall be: (i) LAIF; (ii) the SDCIP; (iii) LGIPs; (iv) money market mutual funds, and (v) Deposits (TCDs & PSDs), since the purchased securities are not deliverable. A record of these investments shall be held by the Treasurer.

All investment officers shall be bonded.

(9) Portfolio Limitations. Percentage limits and credit criteria are applied at the time of purchase. If a percentage-of-portfolio limitation is exceeded due to reduction in portfolio size, the affected securities may be held to maturity to avoid losses. When no loss is indicated, the Authority's Treasurer shall consider restructuring the portfolio basing the decision in part on the expected length of time the portfolio will be imbalanced. The Treasurer shall report all such imbalances in the monthly report to the Board. In the event that an investment originally purchased within policy guidelines is downgraded below the policy requirements by any one of the NRSROs, the course of action to be followed by the Treasurer will then be decided on a case-by-case basis, considering such factors as the reason for the downgrade, prognosis for recovery or further rating downgrades, and the market price of the security.

(10) Reporting Requirements.

(a) In accordance with Cal. Gov. Code §53646, on a quarterly basis, the Authority's Treasurer shall prepare in accordance with GAAP and GASB 31 a report detailing investments and investment activity and transmit same to the Executive Officer, the Internal Auditor and the Board.

(i) The report shall be submitted within 30 days of the end of the quarter covered by the report.

(ii) The report shall include the type of investment, issuer, date of maturity, par and dollar amount invested on all securities, investments and monies held by the Authority.

(iii) The report shall include a description of any funds, investments, or programs that are under the management of contracted persons.

(iv) The report shall also include a current market value on a market-to-market basis as of the report date using an established identified independent source for the valuation.

(v) The report shall state compliance of the portfolio to the statement of investment policy or the manner in which it is not in compliance.

(vi) The report shall state the Authority's ability to meet its budgeted expenditure requirements for the next six months or to explain why sufficient money may not be available.

(b) In accordance with Cal. Gov. Code §53607, the Authority's Treasurer shall make a monthly report of investment transactions to the Board.

(11) Internal Control. The development of internal controls is a function of management. The Authority's Treasurer shall establish and document a system of internal controls that will provide reasonable assurance regarding the achievement of objectives in the following categories:

- Safeguarding assets
- Ensuring validity of financial records and reports
- Promoting adherence to policies, procedures, regulations and laws
- Promoting effectiveness and efficiency of operations

In addition, the Authority's Treasurer shall:

(a) Establish an annual process of an independent review by an external examiner.

(b) Develop performance standards. Those performance standards will be reviewed by the Treasurer and presented as an information item to the President/CEO and the Board. On a quarterly basis, as part of the reporting requirements the Authority's Treasurer shall report actual compared to the performance standard and any substantial deviations shall be explained.

(c) Review the Authority's investment policy annually at a public meeting and obtain Board approval and adoption of the policy to ensure its consistency with the Authority's objectives of preservation of principal, liquidity, rate of return and the policy's relevance to current law and financial and economic trends. The Authority's Treasurer is responsible for maintaining guidance over the Authority's investment policy and ensuring that the Authority can adapt readily to changing market conditions and shall submit to the Board any modification to the investment policy prior to implementation.

(12) Glossary of Terms.

**Asked:** The price at which securities are offered (that is, the price at which a firm will sell a security to an investor).

**Bankers' Acceptance (BA):** A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

**Bid:** The price offered for securities (that is, the price at which a broker or dealer will pay to purchase a security an investor owns).

**Broker:** A broker brings buyers and sellers together for a commission paid by the initiator of the transaction or by both sides; he does not take a position. In the money market, brokers are active in markets in which banks buy and sell money and in interdealer markets.

**Certificate of Deposit (CD):** See: Time Certificate of Deposits, Negotiable Certificates of Deposits.

**Collateral:** Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

**Commercial Paper (CP)** - An unsecured short-term promissory note issued by corporations and local governments, with maturities ranging from 1 to 270 days. Commercial paper is usually issued at a discount from par with a zero coupon. Highly-rated, or "Prime" commercial paper carries a Standard & Poor's rating of A1 or A1+, a Moody's rating of P1, and/or a Fitch rating of F1 or F1+.

**Constant Maturity Treasury (CMT)** – A calculated average released by the Federal Reserve of all Treasury yields along a specific maturity point. This calculation is frequently used as a benchmark for conservative government portfolios.

**Coupon:** (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value; (b) A certificate attached to a bond evidencing interest due on a payment date.

**Dealer:** A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his or her own account.

**Debenture:** A bond secured only by the general credit of the issuer.

**Delivery versus Payment:** There are two methods of delivery of securities: delivery versus payment and delivery versus receipt (also called free delivery). Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

**Discount:** The difference between the cost price of a security and its value at maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be selling at a discount.

**Diversification:** Dividing investment funds among a variety of securities offering independent returns.

**Federal Farm Credit Bank (FFCB):** The Federal Farm Credit Bank System is the oldest of the government sponsored enterprises, created by an act of Congress in 1916. Its mission is to provide a reliable and low cost source of funds to support agriculture in the United States. Unlike commercial banks, System banks do not take deposits. Instead, funds for loans are obtained through the issuance of debt securities. FFCB long-term senior debt ratings have traditionally mirrored those of the U.S. government.

**Federal Home Loan Banks:** Federal Home Loan Banks provide a source of low cost loan funding to U.S. banks. Within their collective membership, the FHLBank System represents the largest source of home mortgages in the United States. The System does not provide loans directly to individuals, only to other correspondent banks. System banks do not take deposits. Instead, funds for loans are obtained through the issuance of debt securities. FHLB long-term senior debt ratings have traditionally mirrored those of the U.S. government.

**Federal Home Loan Mortgage Company (FHLMC or “Freddie Mac”):** The Federal Home Loan Mortgage Corporation (FHLMC), commonly referred to as “Freddie Mac”, was created in 1970 to assist its sister company, Fannie Mae, by purchasing mortgage loans in the secondary market, pooling them together, and selling them to investors in the form of mortgage-backed securities. By providing a secondary market for home loans, Freddie Mac increases the amount of money available for mortgage lending. In September 2008, Freddie was placed under Federal government conservatorship as a result of a decline in the underlying market value of the mortgage loans it held and guaranteed. Like Fannie Mae, Freddie Mac issues debt in maturity ranges from one-day to 30 years, and its long-term senior debt rating has traditionally mirrored U.S. Treasury debt due to its reliance on the U.S. government.

**Federal National Mortgage Association (FNMA or “Fannie Mae”):** The Federal National Mortgage Association (FNMA), commonly referred to as “Fannie Mae”, was created in 1938 during the Great Depression to provide a secondary market for mortgage loans by purchasing groups of loans from lenders and packaging them into pools of mortgage-backed securities that can then be sold to investors. To facilitate this process, Fannie Mae also issues debt in maturity ranges from one-day to 30 years. The company’s long-term senior debt rating has traditionally mirrored U.S. Treasury debt due to its reliance on the U.S. government. Although Fannie Mae had operated as a private company since 1968, it was placed under Federal government conservatorship in September 2008 as a result of a decline in the underlying market value of the mortgage loans it held and guaranteed.

**Government National Mortgage Association (GNMA or “Ginnie Mae”):** Long-term mortgage-backed securities backed by FHA and VA loans guaranteed by the full faith and credit of the U.S. Treasury. The term “pass-through” is often used to describe Ginnie Mae securities as principal and interest payments from the underlying homeowners are passed along to investors.

**Federal Open Market Committee (FOMC):** A group of Federal Reserve Officials that meet eight times per year to set U.S. monetary policy (raises and lowers interest rates). The Committee must balance its two primary and often conflicting objectives of achieving stable economic growth and keeping inflation at acceptable levels.

**Fed or Federal Reserve Bank:** The Central Bank of the U.S. responsible for supervising and regulating member banks, providing banking services, providing information, and setting monetary policy through the FOMC.

**International Bank for Reconstruction and Development (IBRD or World Bank).** The International Bank for Reconstruction and Development was created in 1944 to help Europe rebuild after World War II. Today, its purpose is to assist with reconstruction and poverty reduction through an inclusive and sustainable globalization. The IBRD is owned and governed by its member governments. The United States is the IBRD's leading shareholder.

**International Finance Corporation (IFC):** The IFC is a member of the World Bank Group. Its focus is on assisting with private sector development in developing countries. The IFC is owned and governed by its member governments. The United States is the IFC's leading shareholder.

**Inter-American Development Bank (IADB):** The IADB was established in 1959 to provide financing and expertise for sustainable economic, social, and institutional development in Latin America and the Caribbean. The IADB is owned and governed by its member governments. The United States is the IADB's leading shareholder.

**Inverse Floating Rate Note:** A debt security with an interest rate stated as a fixed rate minus a variable rate index. This calculation causes the rate on the inverse floater to move in the opposite direction of general interest rates. This instrument generally performs well in a declining interest rate environment but will lose value if rates rise.

**Liquidity:** A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between the bid and asked prices is narrow and reasonable size can be done at those quotes.

**Local Government Investment Pools (LGIPs):** Shares of beneficial interest issued by a joint powers authority organized pursuant to Cal. Gov. Code §6509.7. LGIPs offer a diversification alternative to LAIF and SDCIP for short-term cash management facilities.

**Market Value:** The price at which a security is trading and could presumably be sold.

**Master Repurchase Agreement:** A written contract covering all future transactions between counterparties to repurchase agreements and reverse repurchase agreements that establish each entity's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

**Maturity:** The date upon which the principal or stated value of an investment becomes due and payable.

**Medium Term Notes:** A class of debenture that is defined as all corporate and depository debt securities with a maximum remaining maturity of five years or less.

**Money Market:** The market in which short-term debt instruments (bills, commercial paper, bankers' acceptance, etc.) are issued and traded.

**Nationally Recognized Statistical Rating Organization (NRSRO):** A credit rating agency (CRA) that issues credit ratings that the U.S. Securities and Exchange Commission (SEC) permits other financial firms to use for certain regulatory purposes.

**Negotiable Certificate of Deposit (NCD):** A type of CD that is at least \$100,000 and can also be traded on a highly liquid secondary market.

**Placement Service Deposit (PSD):** A type of deposit that uses a deposit placement service. The placement service will allow the bank with which the investment is placed to split the initial deposit into multiple pieces that are then distributed among a network of banks, such that the full amount of the deposit is protected by the FDIC insurance of each participating bank.

**Portfolio:** Collection of securities held by an investor.

**Primary Dealer:** A group of government securities dealers that submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its oversight. Primary dealers include Securities and Exchange Commission (SEC) registered securities, broker/dealers, banks and a few unregulated firms.

**Prudent Investor Standard:** A legal doctrine that requires fiduciaries to make investments using the prudence, diligence, and intelligence that would be used by a prudent person in making similar investments.

**Rate of Return:** A standard performance measurement that considers the coupon interest a security or portfolio of securities receives, along with any realized gain or loss, along with any change in unrealized market gain or loss. Depending on market volatility, the rate of return could differ significantly from the average yield of a portfolio.

**Rating Agency:** Nationally recognized credit rating agency such as Fitch, Moody's or S&P.

**Rating Category:** A credit rating assignment by a Rating Agency shall mean (a) with respect to any long-term rating category, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier, and (b) with respect to any short-term or commercial paper rating category, all ratings designated by a particular letter or combination of letters and taking into account any numerical modifier, but not any plus or minus sign or other modifier.

**Repurchase Agreement (RP or Repo):** A type of financial agreement in which an investor exchanges cash for securities with a primary dealer or bank and earns a fixed rate of interest for a specified period. At the end of the period, securities are returned in exchange for the principal amount, along with accrued interest. Dealers and banks use repo proceeds to finance their inventory positions.

**Safekeeping:** A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

**Sec Rule 15C3-1:** See Uniform Net Capital Rule.

**Securities and Exchange Commission:** Agency created by Congress to protect investors in securities transactions by administering securities legislation.

**Strip (Bonds):** Brokerage-house practice of separating a bond into its principal and interest, which are then sold as zero coupon bonds.

**Time Certificate of Deposit (CD):** A time deposit with a specific maturity evidenced by a certificate. Large denomination CDs are typically negotiable.

**Treasurer:** The Vice President/Chief Financial Officer of the Authority or the authorized designee or representative as designated by the President/Chief Executive Officer.

**Treasury Bill:** A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months or one year.

**Treasury Bond:** Long-term U.S. Treasury security having initial maturities of more than ten years.

**Treasury Note:** U.S. Treasury security having initial maturities between two and 10 years.

**Uniform Net Capital Rule:** Securities and Exchange Commission requirement that member firms as well as nonmember broker/dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

**Yield:** The rate of annual income return on an investment, expressed as a percentage. (A) **Income Yield** is obtained by dividing the current dollar income by the current market price for the security. (B) **Net Yield or Yield to Maturity** is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

[Amended by Resolution No. 2018-0133 dated December 6, 2018.]  
[Amended by Resolution No. 2018-0056 dated June 7, 2018]  
[Amended by Resolution No. 2017-0049 dated June 1, 2017]  
[Amended by Resolution No. 2016-0040 dated May 19, 2016]  
[Amended by Resolution No. 2015-0043 dated May 21, 2015]  
[Amended by Resolution No. 2014-0051 dated June 5, 2014]  
[Amended by Resolution No. 2013-0049 dated June 6, 2013]  
[Amended by Resolution No. 2012-0059 dated June 7, 2012]  
[Amended by Resolution No. 2011-0064 dated June 2, 2011]  
[Amended by Resolution No. 2010-0059 dated June 3, 2010]  
[Amended by Resolution No. 2009-0123 dated October 1, 2009]  
[Amended by Resolution No. 2008-0118 dated September 4, 2008]  
[Amended by Resolution No. 2006-0010 dated February 6, 2006]  
[Amended by Resolution No. 2005-0102 dated September 8, 2005]  
[Amended by Resolution No. 2004-0133 dated December 6, 2004]  
[Amended by Resolution No. 2004-0100 dated October 4, 2004]  
[Amended by Resolution No. 2004-0032 dated April 5, 2004]  
[Adopted Resolution No. 2002-02 dated September 20, 2002]



RESOLUTION NO. 2019-0055

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY APPROVING DELEGATION OF AUTHORITY TO INVEST AND MANAGE AUTHORITY FUNDS TO THE VICE PRESIDENT/CFO

WHEREAS, San Diego County Regional Airport Authority Policy 4.20 establishes a policy governing the investment policies and practices of the San Diego County Regional Airport Authority (“Authority”); and

WHEREAS, the Association of Public Treasurers of the United States and Canada and the Government Finance Officers Association established policy standards recommending a review of a local government’s investment policy be conducted annually; and

WHEREAS, Policy 4.20 serves as the guideline for the Authority to ensure prudent management of its investments, having been submitted for regular review and adoption by the Authority Board in a public meeting; and

WHEREAS, Policy 4.20, has been reviewed and approved by the Authority’s financial and investment advisors and no amendments are recommended; and

WHEREAS, the Board has reviewed the investment record and desires to continue its delegation of authority to invest and manage the funds of the Authority to the Vice President, CFO.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby delegates the authority to invest and manage the funds of the Authority to the Authority’s Vice President, CFO; and

BE IT FURTHER RESOLVED that the Board finds that this Board action is not a “project” as defined by the California Environmental Quality Act (CEQA), Cal Pub. Res. Code §21065; and is not a “development” as defined by the California Coastal Act, Cal Pub. Res. Code §30106.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a special meeting this 30<sup>th</sup> day of May, 2019, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

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TONY R. RUSSELL  
DIRECTOR, BOARD SERVICES/  
AUTHORITY CLERK

APPROVED AS TO FORM:

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AMY GONZALEZ  
GENERAL COUNSEL

# ANNUAL REVIEW TO AUTHORITY POLICY 4.20

Review of Investment Policy, Guidelines for Prudent Investments, and Delegation of Authority to Invest and Manage Authority Funds to the Vice President, Chief Financial Officer



**SAN DIEGO**  
INTERNATIONAL AIRPORT

LET'S **GO.**

**Presented by:**

Geoff Bryant,

*Manager, Airport Finance*

*May 30, 2019*

# Investment Policy - Overview

- Serves as the foundation of investment goals and objectives
- Mandates investing in a manner that provides the highest security while meeting Authority cash flow needs
- Demonstrates our fiduciary responsibility, thereby promoting trust and confidence from the public we serve
- Adheres to or exceeds the requirements of California Government Code Section 53600 et seq.

# Investment Policy - Overview

- Adheres to state law requirements that return on investment be subordinate to safety and liquidity objectives
- Developed and annually reviewed in conjunction with our financial and investment advisors
- Annual Board review is not required by State Code, but is an Authority practice

# Investment Policy – 2019 Updates

- Annual Review of Investment Policy undertaken by Staff, Investment Advisors and Financial Advisors has found no amendments are currently required.

# Delegation of Investment Authority

- The Board delegates the authority to invest and manage funds to the Vice President, Chief Financial Officer
- This delegation is on a fiscal year basis and subject to renewal by the Board

# Action Requested

- The Board approve authority to invest and manage Authority funds to the Vice President, Chief Financial Officer



Questions?



# **ITEM 17**

**APPROVAL OF AMENDMENTS TO  
AUTHORITY POLICY 4.40 – DEBT  
ISSUANCE AND MANAGEMENT:**

**Materials for this item  
will be provided prior to the  
meeting**

## STAFF REPORT

Meeting Date: **MAY 30, 2019**

### Subject:

**Approve and Authorize the President/CEO to Execute an Agreement with Willis Towers Watson to Provide Construction Insurance Broker Services for San Diego International Airport**

### Recommendation:

Adopt Resolution No. 2019-0057, approving and authorizing the President/CEO to negotiate and execute an Agreement with Willis Towers Watson for a term of three years, with the option for two, one-year extensions, in an amount not-to-exceed \$1,800,000, to provide construction insurance broker services for San Diego International Airport.

### Background/Justification:

Marsh & McLennan is currently providing Construction Broker services to the Authority and the agreement expires on August 31, 2019. The Authority published a Request for Proposals ("RFP") for such services on March 28, 2019. Proposals were due April 25, 2019. The Selection Panel ("Panel") included key representatives from the Authority's Airport Design and Construction Department as well as Construction Safety, Finance & Risk Management.

The purpose of this Agreement is to provide ongoing broker and administrative services for the existing Capital Program. If the Board approves moving ahead with the Airport Development Plan (ADP), this Agreement will encompass construction broker advisory services leading up to ADP. The services will include eventual planning, marketing, placement, and administration of what will be a very robust, comprehensive, and intricate ADP risk mitigation program.

On April 25, 2019, the Authority received four responses to the RFP. The Panel conducted a thorough review of the responses and determined that all four firms were qualified to provide these services.

On May 14, 2019, the Panel interviewed and ranked the four firms. The interviews included Evaluation Criteria used by the Panel and upon conclusion of the interviews, the Panel ranked the firms as follows:

Final Rankings	Panelist 1	Panelist 2	Panelist 3	Panelist 4	Total	Rank
Alliant	4	2	4	3	13	3
Aon	3	4	3	4	14	4
Marsh	2	2	2	1	7	2
Willis	1	1	1	2	5	1

Combined Final Scores	SB	Local	Vet.	Organization Experience	Primary Staff	Work Plan	Cost	Total
Alliant	0	0	0	315	570	735	800	2420
Aon	0	0	0	450	780	945	240	2415
Marsh	0	0	0	525	930	1085	240	2780
Willis	0	0	0	555	1020	1295	240	3110

The firm selected by the Panel was Willis Towers Watson. A brief background of the selected vendor is provided:

**Willis Towers Watson (“Willis”)**

Willis has a construction practice that annually places \$3B in premiums with the top five markets, brokers \$100B in construction value, has 50,000 clients, and 40,000 employees in 144 countries.

Willis has been providing the Authority with exceptional service as the benefits broker since 2012, the Authority’s operational broker since 2018 and now is the recommended proposer for the Authority’s construction programs.

Staff recommends that the Authority enter into an Agreement with Willis to provide construction broker services. Staff will negotiate the scope of work and billing rates. If staff cannot reach an agreement with the top rated ranked firm, staff will then enter into negotiations with the next ranked firm until a scope and billing rates are achieved to the satisfaction of the Authority.

**Fiscal Impact:**

Adequate funds for these broker services are included within the Board approved FY2018-FY2022 Capital Program Budget. This contract includes expenses in years not yet adopted and those will be included in future year budget requests Sources of funding for these services include, Airport Cash and General Airport Revenue Bonds.

**Authority Strategies:**

This item supports one or more of the Authority Strategies, as follows:

- Community Strategy
- Customer Strategy
- Employee Strategy
- Financial Strategy
- Operations Strategy

**Environmental Review:**

A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act (“CEQA”), as amended. 14 Cal. Code Regs. §15378. This Board action is not a “project” subject to CEQA. Cal. Pub. Res. Code §21065.

B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.

**Application of Inclusionary Policies:**

The Authority has the following inclusionary programs/policies: a Disadvantaged Business Enterprise (DBE) Program, an Airport Concession Disadvantaged Business Enterprise (ACDBE) Program, Policy 5.12 and Policy 5.14. These programs/policies are intended to promote the inclusion of small, local, service disabled veteran owned, historically underrepresented businesses and other business enterprises, on all contracts. Only one of the programs/policies named above can be used in any single contracting opportunity.

This contract does not utilize federal funds and provides limited opportunities for sub-contractor participation; therefore; at the option of the Authority, Policy 5.12 was applied to promote the participation of qualified small businesses. Policy 5.12 provides a preference of up to five percent (5%) to small businesses in the award of selected Authority contracts. When bid price is the primary selection criteria, the maximum amount of the preference cannot exceed \$200,000. The preference is only applied in measuring the bid. The final contract award is based on the amount of the original bid.

In accordance to Policy 5.12, the recommended firm Will Towers Watson did not receive the small business preference.

**Prepared by:**

JOHN DILLON  
DIRECTOR, FINANCIAL PLANNING & BUDGET, FINANCE & RISK MANAGEMENT

RESOLUTION NO. 2019-0057

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY APPROVING AND AUTHORIZING THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE AN AGREEMENT WITH WILLIS TOWERS WATSON FOR A TERM OF THREE YEARS, WITH THE OPTION FOR TWO, ONE-YEAR EXTENSIONS, IN AN AMOUNT NOT-TO-EXCEED \$1,800,000 TO PROVIDE CONSTRUCTION INSURANCE BROKER SERVICES FOR SAN DIEGO INTERNATIONAL AIRPORT

WHEREAS, the existing agreement for Construction Insurance Broker Services will expire on August 31, 2019;

WHEREAS, notice of the business opportunity was advertised in the *San Diego Daily Transcript* on March 28, 2019; and

WHEREAS, the Authority evaluation panel ("Panel") included key representatives from the Authority's Airport Design and Construction Department as well as Construction Safety, Finance & Risk Management; and

WHEREAS, four (4) proposals were received by the deadline of April 25, 2019; and

WHEREAS, the Panel conducted a thorough review of the four (4) responses and determined that all four firms were qualified to provide these services; and

WHEREAS, on May 14, 2019, interviews were conducted. Upon conclusion of the interviews and application of the evaluation criteria, the Panel ranked the vendors as follows

1. Willis Towers Watson
2. Marsh & McLennan Companies
3. Alliant Insurance Services,
4. AON; and

WHEREAS, Willis Towers Watson was the top firm selected by the Panel.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves and authorizes the President/CEO to negotiate and execute an Agreement with Willis Towers Watson for a term of three years, with the option for two, one-year extensions, in an amount not-to-exceed \$1,800,000, to provide construction insurance broker services for the San Diego International Airport; and

BE IT FURTHER RESOLVED that Staff will negotiate the scope of work and billing rates; and

BE IT FURTHER RESOLVED that if Staff cannot reach an agreement with the top ranked firm, Staff is authorized to enter into negotiations with the next ranked firm(s) until a scope of work and billing rates are achieved to the satisfaction of the Authority and the Firm(s); and

BE IT FURTHER RESOLVED that adequate funds for these broker services are included within the Board approved FY2018-FY2022 Capital Program Budget. This contract includes expenses in years not yet adopted and those will be included in future year budget requests. Sources of funding for these services include, Airport Cash and General Airport Revenue Bonds.

BE IT FURTHER RESOLVED that the Board finds this action is not a "project" that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended, 14 Cal. Code Regs. §15378; is not a "project" subject to CEQA Cal. Pub. Res. Code (Cal. Pub. Resources Code § 21065); and is not a "development" as defined by the California Coastal Act (Cal. Pub. Res. Code § 30106).

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a special meeting this 30<sup>th</sup> day of May, 2019, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

---

TONY R. RUSSELL  
DIRECTOR, CORPORATE &  
INFORMATION GOVERNANCE /  
AUTHORITY CLERK

APPROVED AS TO FORM:

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AMY GONZALEZ  
GENERAL COUNSEL



## **STAFF REPORT**

Meeting Date: **MAY 30, 2019**

### **Subject:**

**Accept the Climate Resilience Plan for San Diego International Airport**

### **Recommendation:**

Adopt Resolution No. 2019-0059, accepting the Climate Resilience Plan prepared for San Diego International Airport.

### **Background/Justification**

The San Diego County Regional Airport Authority (Airport Authority), which owns and operates the San Diego International Airport, considers climate resilience to be one of the critical elements of its overall sustainability program. Beginning in 2018, the Airport Authority began development of a formal Climate Resilience Plan (CRP or Plan) to serve as its strategy for continuing to achieve uninterrupted business continuity under future climate conditions. The CRP was built off of the Airport Authority's past involvement in the "Sea Level Rise Adaptation Strategy for San Diego Bay" (2012 Study) and ongoing leadership in the San Diego Regional Climate Collaborative, and assesses the Airport's vulnerability to potentially higher sea levels, more intense rainfall, and more extreme heat.

The CRP was funded through a grant provided by the Federal Aviation Administration that is specific to assisting airports with comprehensive sustainability planning. The plan was also developed in close coordination with other local agencies, since many potential climate change impacts occur off-airport and, thus, will require more of a regional approach and solution. Finally, the CRP was made available on the Airport Authority's website ([www.san.org/green](http://www.san.org/green)) to solicit feedback from the general public prior to its finalization.

Development of the CRP was broken down into separate phases. The first focused on the development of overall goals, which included the following:

1. Reduce risks associated with climate change to ensure business continuity, and to maintain a quality passenger experience.
2. Integrate climate resilience into airport operations and development decisions.
3. Provide regional and industry leadership in climate resilience.

The second phase in the Plan's development included an evaluation of relevant climate science data for the San Diego region and modeling of potential impacts related to three climate stressors: sea level rise (SLR), precipitation, and extreme heat. Airport assets

and operations were then evaluated for their vulnerability to the climate-related stressors. Secondary stressors such as wildfires, water supply, and wind and fog were also considered, given their impact on the Airport, but lacked the necessary climate science data to adequately forecast potential impacts.

This following table outlines potential changes to the evaluated climate stressors in the San Diego region for mid-century (2050 through 2064) and end-of-century (2070 through 2099). For SLR, “mid-century” refers to 2050 and “end of century” refers to 2100, reflecting the latest available State of California SLR guidance.

#### Summary of Evaluated Climate Stressors

Climate Stressor*	Mid-Century	End-of-Century	Source
Precipitation	No significant change	Less frequent but more intense precipitation +0.2” annual increase	SAN Drainage Study, CAL-Adapt
Heat	+5 extreme heat days per year on average  Heat waves 1.1 days longer on average	+22 extreme heat days per year on average  Heat waves 3.9 days longer on average	CAL-Adapt
Sea Level Rise	5% chance that SLR will meet or exceed 1.4 ft.	5% chance SLR will meet or exceed 4.5 ft.  50% chance SLR will meet or exceed 2.6 ft.	State of California Sea Level Rise Guidance (OPC 2018)

The evaluation continued with a climate vulnerability assessment of all known assets located on the airport property and off-airport roadways that provide access to the Airport. Vulnerability is expressed in following terms:

**Exposure** – the nature and degree to which an asset or system is exposed to climate stressors

**Sensitivity** – the degree to which the physical condition and functionality of an asset, population, or system is affected by climate stressors

**Adaptive Capacity** – the ability of an asset or system to evolve in response to, or cope with, the impacts of climate stressors

Assets are considered most vulnerable if they are exposed to climate stressors, have high sensitivity, and have low adaptive capacity.

Assets important to the Airport’s operations were identified, grouped, and analyzed based on the following categories:

1. **Runways and Taxiways (including navigational systems)** - Airport operations could be severely compromised if runways, taxiways, and/or navigational aid systems are exposed to temporary flood conditions or impacted by extreme heat days.
2. **Airport Facilities (landside and airside)** - Airside facilities include security fencing/gates, aircraft aprons (tarmac), airport support facilities (e.g., the Airport Traffic Control Tower), and airport support infrastructure. Airport operations could be affected if facilities are exposed to flood conditions or extreme heat days.
3. **Tenant Facilities** - Facilities associated with the tenants vary depending on specific tenant requirements, but include office buildings (and associated surface parking lots), warehouses, on-site storage, and aircraft hangars. The economy of the Airport could be affected if tenant facilities are exposed to flood conditions.
4. **Ground Transportation Network (access roads and parking lots)** - The transportation network on and surrounding the Airport includes freeways, parking lots, and primary/ secondary roadways to access Airport terminals and parking lots. The Airport Authority, City of San Diego, and the California Department of Transportation (Caltrans) share roadway ownership. Airport operations could be severely compromised if transportation routes and parking lots are exposed to flood conditions or impacted by recurrent days of extreme heat.
5. **Least Tern-Nesting Habitat** - California least tern populations could be compromised if their nesting habitat at the Airport is impacted by flooding or extreme heat. Indirect impacts as a result of drought could increase predation on least tern chicks and their eggs. Protective measures should be taken to preserve the birds and their habitat locations, where possible.

The results of the analysis were summarized in vulnerability profiles for each asset group and used as a basis for establishing priorities for future climate change adaptation strategies. Each profile includes a summary section highlighting the assets that were identified as most vulnerable and the consequences, if they are impacted.

The CRP envisions the Airport Authority addressing climate change through three primary focus areas: how we manage (governance), how we learn (awareness), and how we build (infrastructure). The third phase in the development of the CRP included the development of specific initiatives (adaptation strategies) and tactics (action items) based on these three focus areas. For governance, the initiatives and tactics focused on providing leadership and direction to design, plan, build, and operate Airport facilities in response to a changing climate. Awareness focused on highlighting how to educate and learn about a changing climate to make more informed decisions that enhance the resilience of an asset or area. The initiatives and tactics outlined under infrastructure focus on identifying physical modifications to existing assets or future design elements that can protect an asset from damage caused by future climate conditions.

The CRP is intended to be a hands-on management tool that will be regularly referenced and updated as needed, or required. This will be particularly important in consideration of the evolution and improvement of climate science models and future projections. The Authority will identify a staff lead to coordinate the efforts to implement the climate resilience initiatives, track progress, and highlight achievements.

The following table provides the metrics for each of the three CRP goals. This table is intended to help guide staff with targets, time-frame, and monitoring procedure/method to stay on track and accomplish the initiatives identified in the CRP.

#### Airport CRP Goals with Timeframe

Goal	Metric(s)	Aspirational Target(s)	Target Timeframe
1. Reduce risks associated with climate change to ensure business continuity, and to maintain a quality passenger experience	Reduction in number of negative impacts to facilities due to extreme weather events (e.g., flooding and heat)	Zero reports of negative impacts to airport facilities due to flooding or extreme heat days (such as damage or closure)	By 2035
	Passenger access and comfort to airport facilities (during extreme events e.g., flooding, extreme heat)	50 percent fewer logged complaints from the public related to thermal comfort and flooding (create baseline first year)	By 2035
2. Integrate climate resilience into airport operations and development decisions	Number of capital projects screened for climate resilience	100 percent of capital projects are screened	By end of 2020, then Ongoing
3. Provide regional and industry leadership in climate resilience	Number of projects planned and reviewed with regional partners	100 percent of applicable (i.e., climate-related) projects have stakeholder participation	Ongoing

#### Fiscal Impact:

There is no direct fiscal impact with acceptance of the Climate Resilience Plan. While the CRP identifies general strategies to reduce future risks from climate change, it does not commit the Airport Authority to funding specific projects or initiatives. Any future projects, policies, and/or programs recommended to the Board to address potential impacts of climate change will be evaluated for their fiscal impact on a case-by-case basis and will need to be justified through a benefit-cost-analysis.

#### Authority Strategies:

This item supports one or more of the Authority Strategies, as follows:

- Community Strategy  
  Customer Strategy  
  Employee Strategy  
  Financial Strategy  
  Operations Strategy

**Environmental Review:**

- A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code §21065.
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106

**Application of Inclusionary Policies:**

Not applicable

**Prepared by:**

BRENDAN REED  
DIRECTOR, PLANNING & ENVIRONMENTAL AFFAIRS

RESOLUTION NO. 2019-0059

A RESOLUTION OF THE BOARD OF THE  
SAN DIEGO COUNTY REGIONAL AIRPORT  
AUTHORITY, ACCEPTING THE CLIMATE  
RESILIENCE PLAN PREPARED FOR SAN DIEGO  
INTERNATIONAL AIRPORT

WHEREAS, the San Diego County Regional Airport Authority (Airport Authority), which owns and operates the San Diego International Airport, has prepared a formal Climate Resilience Plan (CRP) to serve as its strategy for continuing to achieve uninterrupted business continuity under future climate conditions; and

WHEREAS, the CRP was built off of the Airport Authority's past involvement in the "Sea Level Rise Adaptation Strategy for San Diego Bay" (2012 Study) and ongoing leadership in the San Diego Regional Climate Collaborative, and assesses the Airport's vulnerability to potentially higher sea levels, more intense rainfall, and more extreme heat.; and

WHEREAS, the CRP focused on three overall goals; reduce risks associated with climate change to ensure business continuity and maintain a quality passenger experience, integrate climate resilience into airport operations and development decisions, and provide regional and industry leadership in climate resilience; and

WHEREAS, the CRP was funded through a grant provided by the Federal Aviation Administration that is specific to assisting airports with comprehensive sustainability planning; and

WHEREAS, the CRP was developed in close coordination with other local agencies, since many potential climate change impacts occur off-airport and, thus, will require more of a regional approach and solution; and

WHEREAS, the CRP was made available on the Airport Authority's website ([www.san.org/green](http://www.san.org/green)) beginning on May 8, 2019 to solicit feedback from the general public prior to its finalization.

WHEREAS, the CRP is intended to be a hands-on management tool that will be regularly referenced and updated as needed, or required by staff; and

WHEREAS, the Airport Authority staff will coordinate the efforts to implement the climate resilience initiatives, track progress, and highlight achievements; and

NOW, THEREFORE, BE IT RESOLVED that the Board hereby accepts the Climate Resilience Plan prepared for San Diego International Airport; and

BE IT FURTHER RESOLVED that the Board finds that this action is not a "project" as defined by the California Environmental Quality Act ("CEQA") (California Public Resources Code §21065); and is not a "development" as defined by the California Coastal Act (California Public Resources Code §30106).

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a special meeting this 30<sup>th</sup> day of May, 2019, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

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TONY R. RUSSELL  
DIRECTOR, BOARD SERVICES /  
AUTHORITY CLERK

APPROVED AS TO FORM:

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AMY GONZALEZ  
GENERAL COUNSEL

ITEM 19



# Climate Resilience Plan

Airport Authority Board Meeting

May 30, 2019

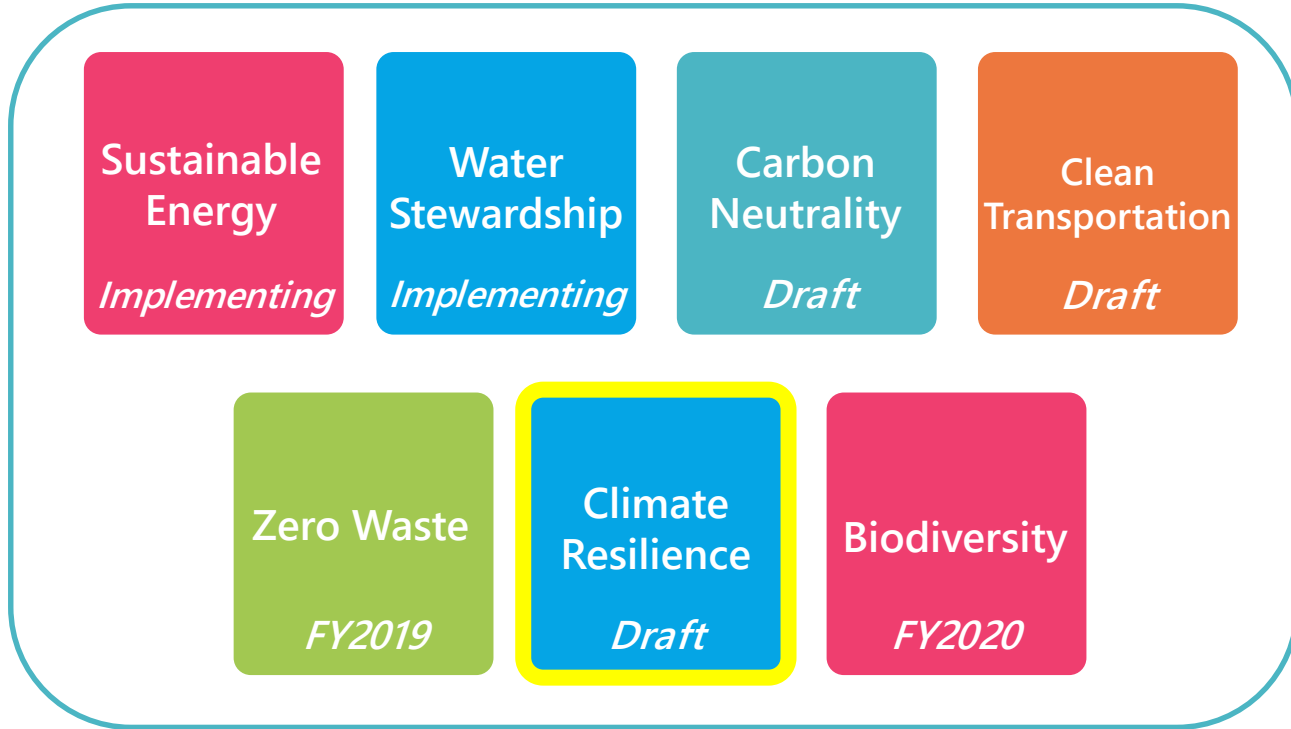
Brendan Reed & Ralph Redman

Planning & Environmental Affairs Department



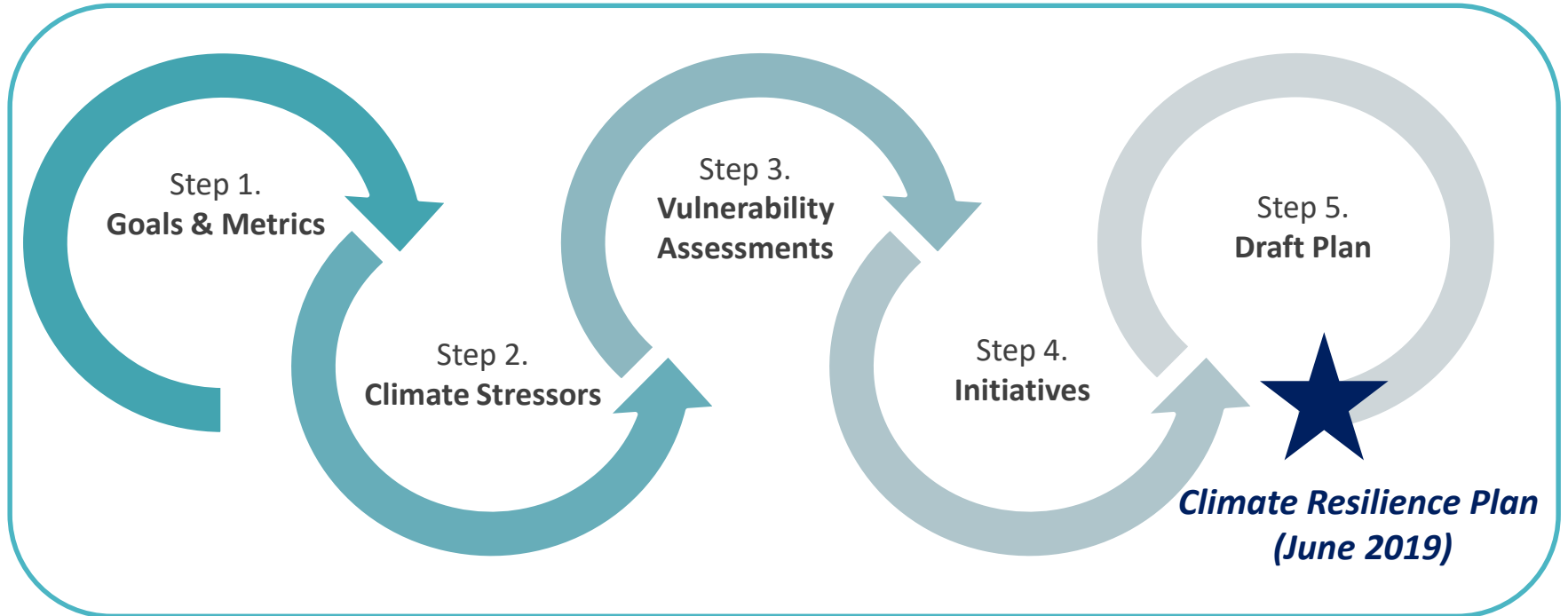
# Sustainability Management Planning

## Main Topic Areas



# Climate Resilience Plan

## Preparing for impacts from climate change



*Engagement with Other Agencies & Key Stakeholders*

# Goals & Metrics

## Reduce Risks from Climate Change

- Number of negative impacts to facilities or operations
- Passenger comfort and access to airport facilities



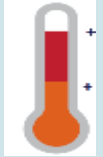
## Integrate into Operations & Development Decisions

- Number of capital projects screened for climate resilience

## Provide Regional & Industry Leadership

- Number of projects planned and reviewed with regional partners

# Climate Stressors

Hazards	2050	2100	Source
 <b>Sea Level Rise</b>	1.6 Feet	2.5 Feet 4.9 Feet	OPC 2018
 <b>Precipitation</b>	No change (SAN Drainage Study)	+0.2” annual increase Less frequent, but slightly heavier rainfall	SAN Drainage Study CAL-Adapt
 <b>Extreme Heat</b>	+5.5 days extreme heat + 1 day heat wave duration	+23.5 days extreme heat + 3 days heat wave duration	Extreme >89° CAL-Adapt CHAT
Other:			
<b>Wildfire</b>	Some data, still an area of active research		
<b>Wind/Fog</b>	No strong future trends observed in data		




# Climate Stressor



Year 2050  
5% Probability



## Legend

-  Airport Boundary
-  Maximum High Tide\* (Recurring Flooding)
-  100-Year Storm Surge (Rare Flooding)

San Diego International Airport  
1.6 ft Sea Level Rise: Year 2050  
(5% Probability SLR Meets or Exceeds)

0 500 1,000 2,000  
Feet






# Climate Stressor



Year 2100  
5% Probability



## Legend

-  Airport Boundary
-  Maximum High Tide\* (Recurring Flooding)
-  100-Year Storm Surge (Rare Flooding)

San Diego International Airport  
4.9 ft Sea Level Rise: Year 2100  
(5% Probability SLR Meets or Exceeds)

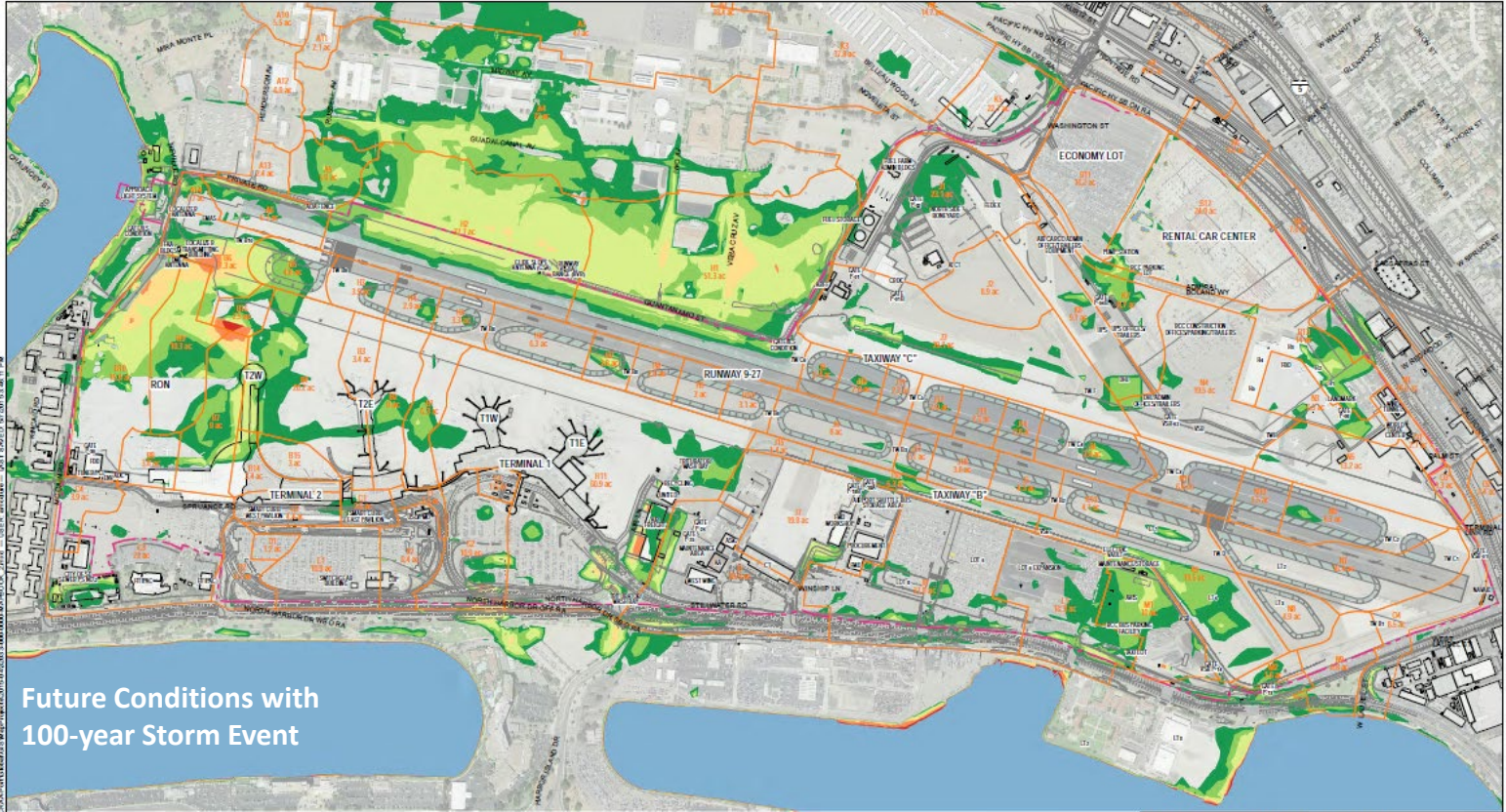
0 500 1,000 2,000  
Feet



# Climate Stressor



Year 2050



Future Conditions with 100-year Storm Event

LEGEND

FLOODING DEPTH IN FT	2-3	AIRPORT BOUNDARY
0-0.5	3-4	STRUCTURE OUTLINE
0-1	4-5	BASIN BOUNDARY
1-2	5-20	OTHER FEATURE

NOTES

1. FLOODING LIMITS MAY BE AFFECTED BY INLET CAPACITY CONSTRAINTS
2. AIRPORT FEATURES FROM THE AUTOCAD DRAWING KISAN\_PlanMetrics\_20JUN2012\_2007Datum.dwg



0 700 1400  
SCALE IN FEET



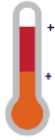
SAN DIEGO INTERNATIONAL AIRPORT  
SAN DIEGO, CALIFORNIA

SCENARIO 6  
CURRENT LAYOUT  
SCENARIO: FUTURE CONDITIONS  
STORM EVENT: 100-YEAR

MAY 2015

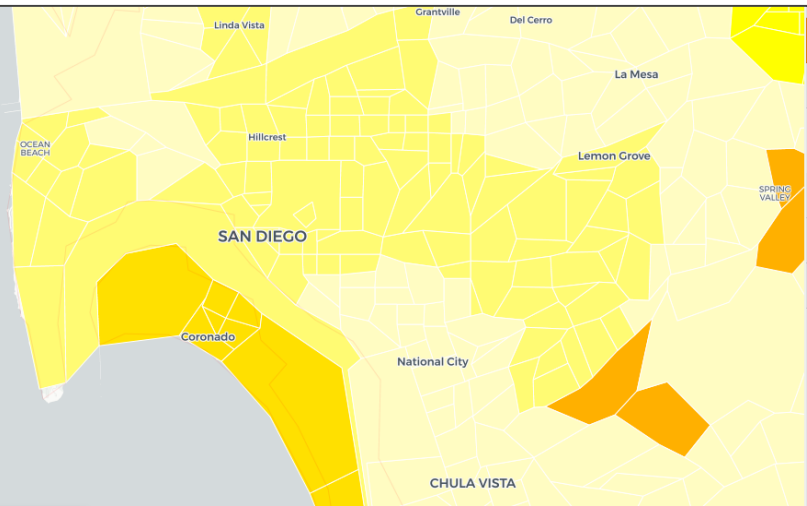
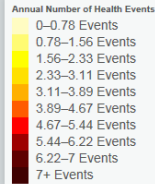
FIGURE 6

# Climate Stressor

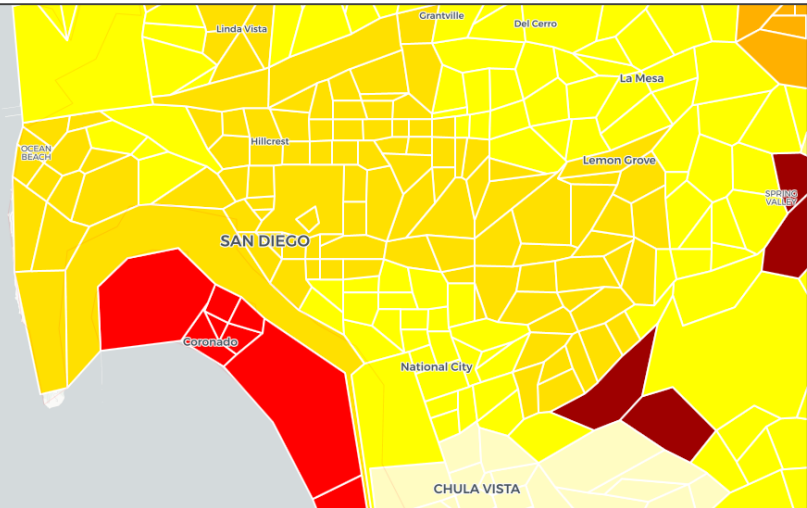
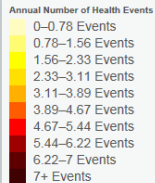


Extreme Heat Event  
= Over 89°F

Years 2011-2030  
Maximum 3.11 events

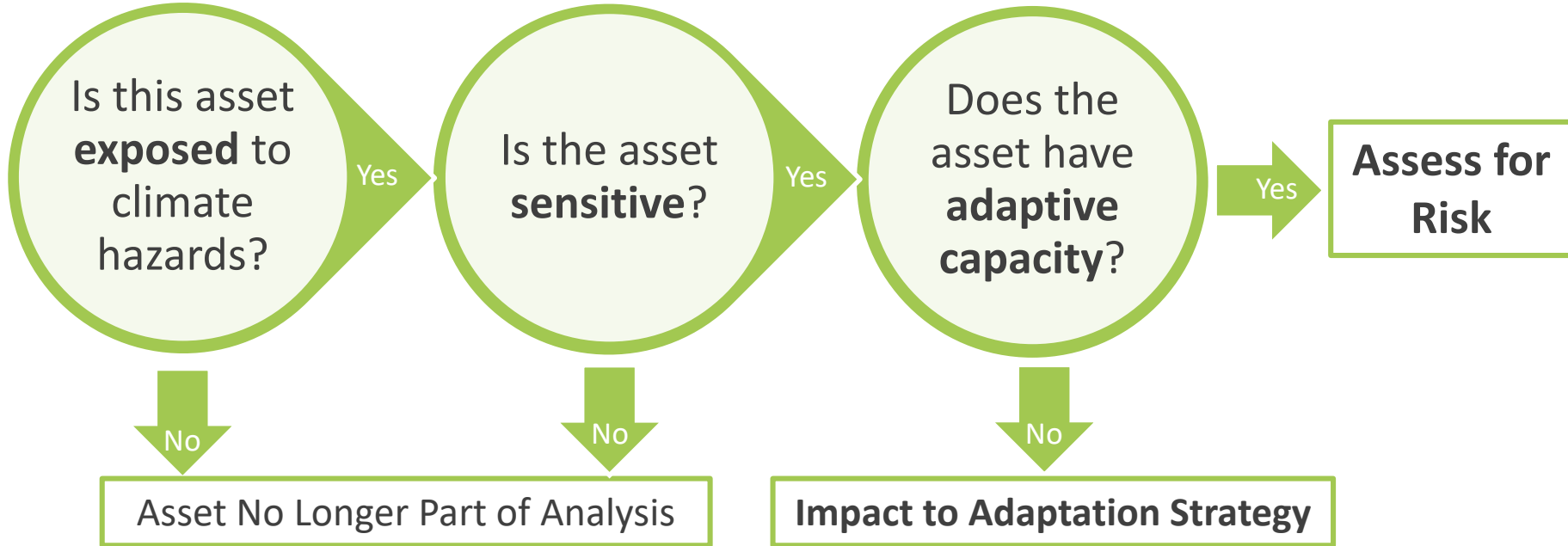


Years 2041-2060  
Maximum 5.44 events





# Vulnerability Assessment



# Vulnerability Assessment

Airport Facilities



Tenant Facilities



Lease Tern Area



Runways/Taxiways



Transportation



# Vulnerability Profile (example)



SCENARIO (SLR)	ASSETS EXPOSED
Year 2030 (0.8 feet)	<ul style="list-style-type: none"> <li>Vehicle Service Road (Primary Road) - northwest corner of airport property</li> </ul>
Year 2050 (1.6 feet)	<ul style="list-style-type: none"> <li>North Harbor Drive (Primary Road)</li> <li>West Laurel Street (Primary Road)</li> </ul>
Year 2100 (2.5 feet)	<ul style="list-style-type: none"> <li>McCain Road (Primary Road)</li> <li>Spruance at McCain (Primary Road)</li> <li>Taxi Hold Lot</li> <li>Terminal Link Road (Primary Road)</li> </ul>
Year 2100 (4.9 feet)	<ul style="list-style-type: none"> <li>McCain Road (Primary Road)</li> <li>North Harbor Drive (Primary Road)</li> <li>Spruance at McCain (Primary Road)</li> <li>Taxi Hold Lot</li> <li>Vehicle Service Road (Primary Road)</li> <li>West Laurel Street (Primary Road)</li> <li>Terminal Link Road (Primary Road)</li> </ul>

Orange – “Rare flooding” ; Blue – “Recurring Flooding”

**Sensitivity:** Relatively Low

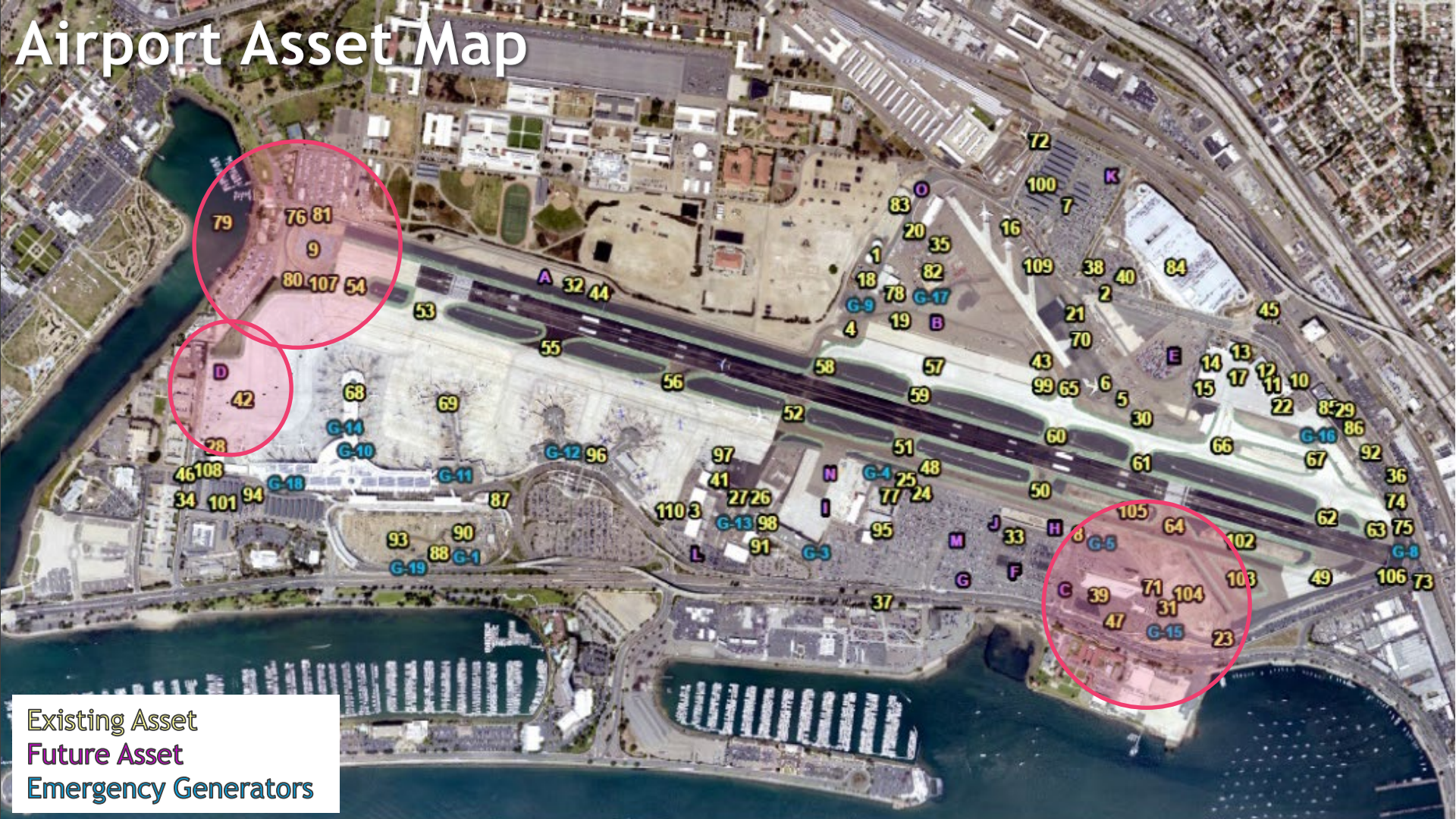
**Adaptive Capacity:** High

**Consequences:** Loss of Access

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**Summary:** Protection measures & alternative routes planned

# Airport Asset Map



Existing Asset  
Future Asset  
Emergency Generators

# Initiatives (example)

ID	INITIATIVE	TACTICS	LEAD DEPT.	TIMING
G.5	Collaborate with external stakeholders	1. Discuss initiatives with regional agencies/organizations (City of San Diego, Port of San Diego, Caltrans, SDGE, utilities, etc.)	P&EA	Mid-Term
		2. Discuss ongoing climate resiliency efforts with Climate Collaborative San Diego Region	P&EA	Mid-Term
A.5	Complete studies to be better prepared and informed with regards to a changing climate	1. Evaluate the most appropriate temporary flood protection options for storm surge (before I.3 is implemented)	FMD	Long-Term
		2. Review existing backup generators to determine climate resilience	FMD	Long-Term
		3. Monitor how least tern habitats react to the changing climate.	P&EA	Long-Term
I.3	Raise shoreline to protect assets from sea level rise and storm surge	1. Coordinate with Marine Corp and City of San Diego to design a flood protection barrier along Neville Road to reduce risk of temporary flooding.	P&EA	Long-Term
		2. Coordinate with Port and City of San Diego to raise the pedestrian/bike path along North Embarcadero, near east end of North Harbor Drive, to reduce risk of temporary flooding.	P&EA	Long-Term

A wide-angle photograph of an airfield. In the background, a large terminal building with a glass facade and a control tower are visible under a clear blue sky. The foreground shows a green grassy area with a black and yellow striped safety path curving to the right. A single yellow and blue marker stands on the grass. The word "Questions?" is overlaid in large blue font in the center of the image.

Questions?

## STAFF REPORT

Meeting Date: **MAY 30, 2019**

### Subject:

**Approval and Adoption of the Operating Budget for Fiscal Year 2020, the Capital Program for Fiscal Years 2020-2024, and Conceptual Approval of the Operating Budget For Fiscal Year 2021**

### Recommendation:

Adopt Resolution No. 2019-0058, approving and adopting the Authority's Annual Operating Budget for Fiscal Year 2020, the Capital Program for Fiscal Years 2020-2024, and conceptually approving the Operating Budget for Fiscal Year 2021.

### Background/Justification:

On May 16, 2019 the Board participated in a Board Workshop regarding the proposed FY 2020 and FY 2021 Operating Budgets and FY 2020 – FY 2024 Capital Program. After an in-depth presentation and discussion, the proposed FY 2020 Operating Budget and FY 2020 – FY 2024 Capital Program were forwarded for Board approval and adoption at the next Board meeting.. In addition, the proposed FY 2021 Operating Budget was forwarded for conceptual approval at the next Board meeting. Per Authority Policy 4.01, the Authority's Board of Directors determined that the preparation and adoption of an annual budget will assist in (a) determining the Authority's short-term and long-term strategic and financial planning needs, and (b) effectively managing the facilities and airport under the jurisdiction of the Authority.

The proposed FY 2020 Operating Budget ("Budget") of \$317.6 million marks the Authority's seventeenth fiscal year operating budget. The Budget reflects operational, environmental and regional expectations/responsibilities, and continued modest economic and industry growth. It also supports ongoing execution of the Authority's Strategic Plan and efforts to continue to evolve into a passenger-focused, business driven and community-centered enterprise.

Once approved and adopted by the Board, the Budget will become the spending plan (and spending limit) for the Authority for FY 2020. Actual revenues and expenditures will be monitored during the year and reported to the Board at least quarterly. The Budget may be modified by the Board to reflect new assumptions or events based on periodic reporting and good cause.

This Expense Budget reflects a total increase of \$18.0 million, or 6.0%, over the FY 2019 Budget. The increase over the FY 2019 Budget is mostly attributed to increases of \$14.5 million in debt service costs, \$3.3 million in personnel costs, \$2.3 million in Rental Car Center (RCC) bus operations and \$1.0 million in utilities. These increases are partially offset by a decrease of \$3.9 million in janitorial services based on the terms of the new Airline Operating Lease Agreement (AOLA).

The budgeted operating and non-operating revenue of \$476.8 million is an increase of \$64.3 million, or 15.6%, over the FY 2019 Budget. The increase over the FY 2019 Budget reflects increases of \$45.8 million in airline revenue, \$10.7 million in non-operating revenue, and \$7.9 million in non-airline revenue.

Total FY 2020 airline revenue is projected to be \$183.9 million as compared to \$138.2 million in the FY 2019 Budget, a \$45.8 million increase. The majority of the increase is attributable to the new AOLA agreement that establishes an annual contribution from the airlines of \$30 million to a major maintenance fund.

The increase of \$10.7 million in non-operating revenue predominantly consists of increases of \$3.8 million in interest income, \$3.0 million in Passenger Facility Charges (PFC) and \$2.5 million in capital grant contributions.

The net increase of \$7.9 million in non-airline revenue predominantly consists of \$5.4 million in ground transportation permits, \$5.0 million in rental car license fees, and \$2.3 million in terminal concessions revenue. These increases are partially offset by decreases of \$2.9 million in parking revenue and \$2.7 million in ground rental revenue.

The projected FY 2020 revenues will cover the FY 2020 proposed budgeted expenses and debt service requirements, and will also provide for adequate working capital.

The Capital Improvement Program (CIP) is a rolling five-year program which provides for critical improvements and asset preservation for the Authority. The program includes projects that address airfield safety and capacity, environmental protection, terminal enhancements, and landside infrastructure and access improvements. The FY 2020 – FY 2024 proposed Capital Program total is \$955.4 million.

Funding sources for the projects include Airport Improvement Program (AIP) grants, TSA grants, PFCs, Customer Facility Charges (CFCs), airport cash, airport system revenue bonds, major maintenance fund and may include short-term borrowing using bank facility financing.

Use of Funds (in thousands):

Terminal	\$ 415,605
Airside	281,260
Landside and Ancillary	175,963
Administrative	<u>82,620</u>
Total Use of Funds	\$955,448



Source of Funds (in thousands):

Airport Revenue Bonds	\$ 477,853
Airport Cash	193,694
Federal Grants	74,348
PFC Revenues	63,357
Major Maintenance Fund	61,834
CFC Revenues	2,953
Other	<u>81,409</u>
Total Use of Funds	\$ 955,448

In summary, the Operating Budget and Capital Program as presented are consistent with Board policy and were developed under the guidance of the Authority's President/Chief Executive Officer and Chief Financial Officer. The Budget reflects the revenues available to the Authority, and how these funds will be spent to support the Authority's Strategic Plan and Initiatives for FY 2020.

The Authority also embarked on its ninth year of preparing a biennial budget. As such, a budget for FY 2021 was developed and proposed for conceptual approval.

The proposed FY 2021 Budget Expenses total to \$335.1 million. This Budget reflects a total increase of \$17.5 million, or 5.5%, above the proposed FY 2020 Budget. This increase is mostly attributed to increases of \$9.7 million in debt service costs, \$4.6 million in non-personnel operating expenses, and \$3.1 million in personnel costs.

The budgeted operating and non-operating revenues of \$496.1 million are an increase of \$19.3 million, or 4.0%, over the proposed FY 2020 Budget. This net increase reflects increases of \$17.2 million in airline revenue and \$6.4 million in non-airline revenue. These increases are partially offset by a decrease of \$4.3 million in non-operating revenue.

The conceptually approved FY 2021 Budget will be brought back to the Board next year for review, revisions, and adoption in summer 2020.

**Fiscal Impact:**

If the proposed FY 2020 Budget is approved and adopted and the proposed FY 2021 Budget is conceptually approved, funding of \$317.6 million will be authorized for FY 2020 and funding of \$335.1 million will be established as the framework for the FY 2021 Budget, which will be brought back to the Board next year for review, revisions, and adoption in June 2020. If the Capital Program is approved, \$955.4 million will become the authorized spending level.

**Authority Strategies:**

This item supports one or more of the Authority Strategies, as follows:

- Community Strategy     Customer Strategy     Employee Strategy     Financial Strategy     Operations Strategy

**Environmental Review:**

- A. California Environmental Quality Act: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act (“CEQA”), as amended. 14 Cal. Code Regs. §15378. This Board action is not a “project” subject to CEQA. Cal. Pub. Res. Code §21065.
  
- B. California Coastal Act Review: This Board action is not a “development” as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.

**Application of Inclusionary Policies:**

Not Applicable

**Prepared by:**

SCOTT M. BRICKNER  
VICE PRESIDENT, CHIEF FINANCIAL OFFICER

RESOLUTION NO. 2019-0058

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY APPROVING AND ADOPTING THE AUTHORITY'S ANNUAL OPERATING BUDGET FOR FISCAL YEAR 2020, THE CAPITAL PROGRAM FOR FISCAL YEARS 2020 – 2024, AND CONCEPTUALLY APPROVING THE ANNUAL OPERATING BUDGET FOR FISCAL YEAR 2021

WHEREAS, Authority management prepared and presented the Proposed Fiscal Year 2020 and 2021 Conceptual Operating Budgets and the Capital Program to the Authority Board for review at a duly noticed public workshop on May 16, 2019; and

WHEREAS, the Board provided opportunities at its meetings for members of the public to comment on and ask questions concerning the Proposed Fiscal Year 2020 and 2021 Operating Budgets and Capital Program; and

WHEREAS, the Proposed Fiscal Year 2020 and 2021 Conceptual Operating Budgets present a financial operating expenditure budget of \$317.6 million and \$335.1 million, respectively, and a Capital Program for the next five (5) years of \$955.4 million, providing adequate resources to address the operating and infrastructure requirements of San Diego International Airport and the regional responsibilities of the Authority for Fiscal Years 2020 and 2021; and

WHEREAS, the Proposed Fiscal Year 2020 and 2021 Conceptual Operating Budgets present forecasted operating revenues and other funding to meet a balanced budget and other financial requirements as outlined under the Authority's Bond Master Trust Indenture; and

WHEREAS, the Board has reviewed the Proposed Fiscal Year 2020 and 2021 Conceptual Operating Budgets and the Capital Program and believes that the approval and adoption in the forms presented to the Board at the public meetings on May 16, 2019 and May 30, 2019, is in the best interests of the Authority and the public that it serves.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves and adopts the Fiscal Year 2020 Proposed Operating Budget and Capital Program and conceptually approves the Fiscal Year 2021 Proposed Budget; and

BE IT FURTHER RESOLVED that the Authority and all of its officers, employees and agents are hereby authorized, empowered and directed to do and perform all such acts as may be necessary or appropriate to implement the Adopted Annual Operating Budget for Fiscal Year 2020 and the Capital Program; and

BE IT FURTHER RESOLVED that the Board finds that this action is not a "project" as defined by the California Environmental Quality Act (CEQA), Cal. Pub. Res. Code §21065; and is not a "development" as defined by the California Coastal Act, Cal. Pub. Res. Code Section §30106.

PASSED, ADOPTED AND APPROVED by the Board of the San Diego County Regional Airport Authority at a special meeting this 30<sup>th</sup> day of May, 2019 by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

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TONY R. RUSSELL  
DIRECTOR, BOARD SERVICES/  
AUTHORITY CLERK

APPROVED AS TO FORM:

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AMY GONZALEZ  
GENERAL COUNSEL

**San Diego County Regional Airport Authority  
FY 2020 Proposed Budget &  
FY 2021 Proposed Conceptual Budget**



**SAN DIEGO**  
INTERNATIONAL AIRPORT

LET'S **GO.**

**Budget Adoption**

**Presented by:**

Scott Brickner,

Vice President/Chief Financial Officer

# Agenda

## 1. Budget Overview

- Revenue
- Expense

## 2. Capital Program Budget

## 3. Plan of Finance

## 4. Conclusion



# Budget Overview





# Revenue Budget Overview



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INTERNATIONAL AIRPORT.

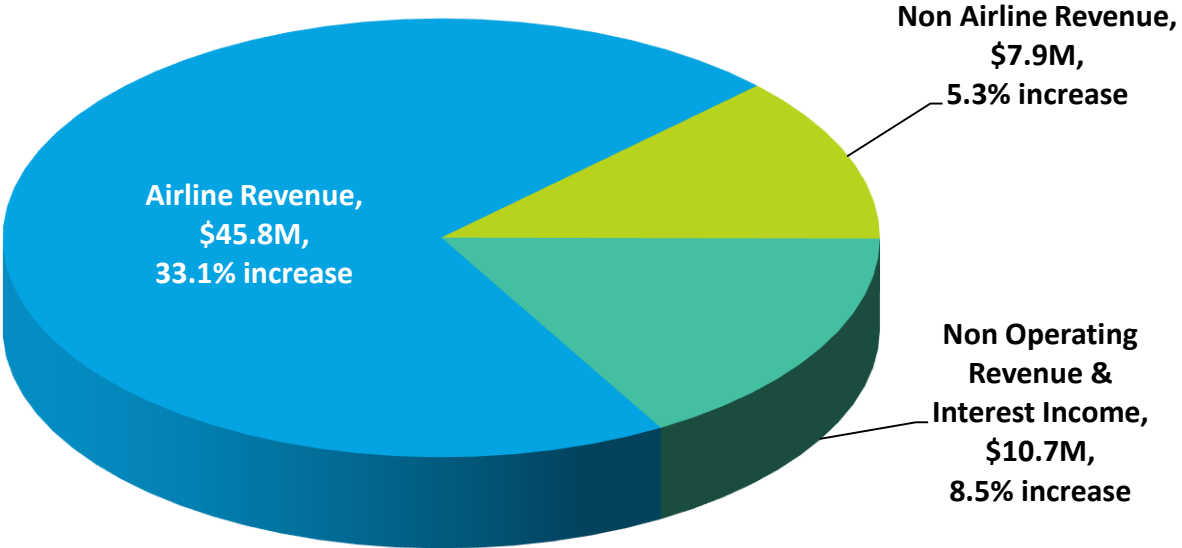
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# FY 2020 Budget Revenue Increase vs. FY 2019 Budget

**\$64.3M (15.6%)**

*(in millions)*

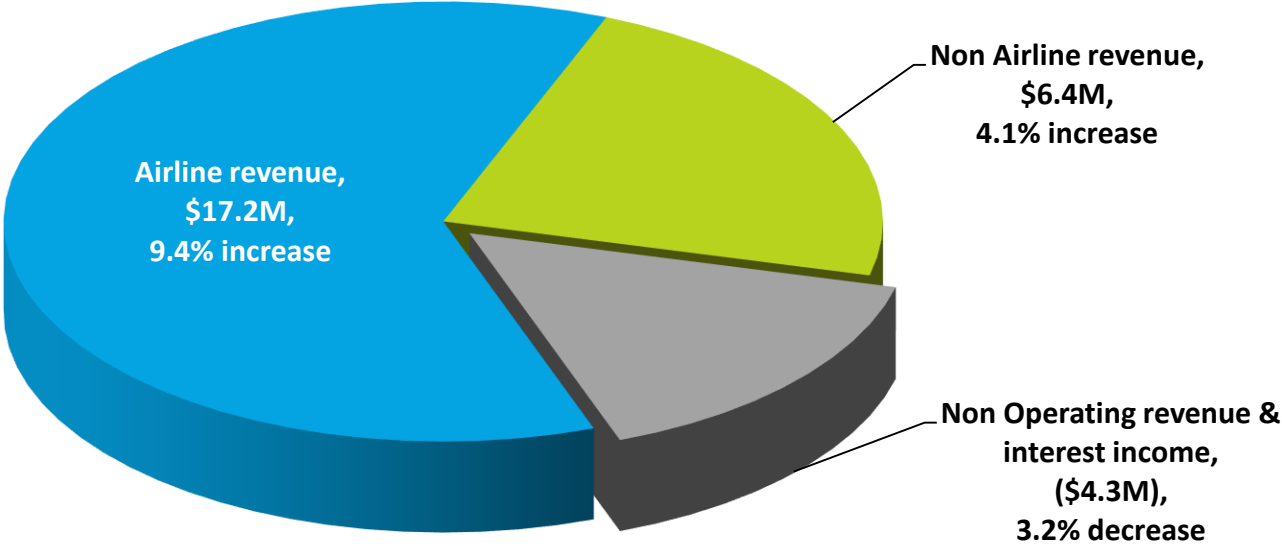


**Total FY 2020 Budget is \$476.8M**

# FY 2021 Budget Revenue Increase vs. FY 2020 Budget

**\$19.3M (4.0%)**

*(in millions)*



**Total FY 2021 Budget is \$496.1M**

# FY 2020 – FY 2021 Revenue Budget Summary

(in thousands)

	FY 2020 Proposed Budget	FY 2021 Conceptual Budget
<b>Operating Revenue</b>		
<b>Airline Revenue</b>		
Landing Fees	\$ 47,170	\$ 52,348
Aircraft Parking Fees	11,839	13,087
Building Rentals	115,057	122,221
Common Use Fees	9,688	13,309
Other Aviation Revenue	185	185
<b>Total Airline Revenue</b>	<b>183,939</b>	<b>201,150</b>
<b>Non-Airline Revenue</b>		
Terminal Rent Non-Airline	2,158	2,163
Terminal Concessions	30,211	31,379
Rental Car License Fees	35,676	36,450
Licenses Fees Other	6,531	6,580
Parking Revenue	43,010	42,712
Ground Transportation Permits and Citations	20,312	23,845
Ground Rentals	17,328	18,497
Grant Reimbursements	307	296
Other Operating Revenue*	1,055	1,061
<b>Total Non-Airline Revenue<sup>^</sup></b>	<b>156,588</b>	<b>162,983</b>
<b>Total Operating Revenue</b>	<b>340,527</b>	<b>364,133</b>
<b>Interest Income</b>	<b>17,835</b>	<b>18,630</b>
<b>Non-Operating Revenue</b>		
Passenger Facility Charges	49,629	50,622
Customer Facility Charges (Rental Car Center)	41,509	42,339
Quieter Home Program	11,981	11,981
BAB Interest Rebate	4,686	4,686
Capital Grant Contributions	10,642	3,704
Other Non-operating Revenue	(10)	(10)
<b>Total Non-Operating Revenue</b>	<b>118,439</b>	<b>113,323</b>
<b>Total Revenue</b>	<b>\$ 476,801</b>	<b>\$ 496,087</b>

\* Other Operating Revenue includes finger printing fees, utilities reimbursements, service charges, equipment rental and miscellaneous revenues

<sup>^</sup> Assuming new Airline Operating Lease Agreement (AOLA) starting FY 2020. Airline Revenue categories were adjusted based on the new agreement



# Expense Budget Overview



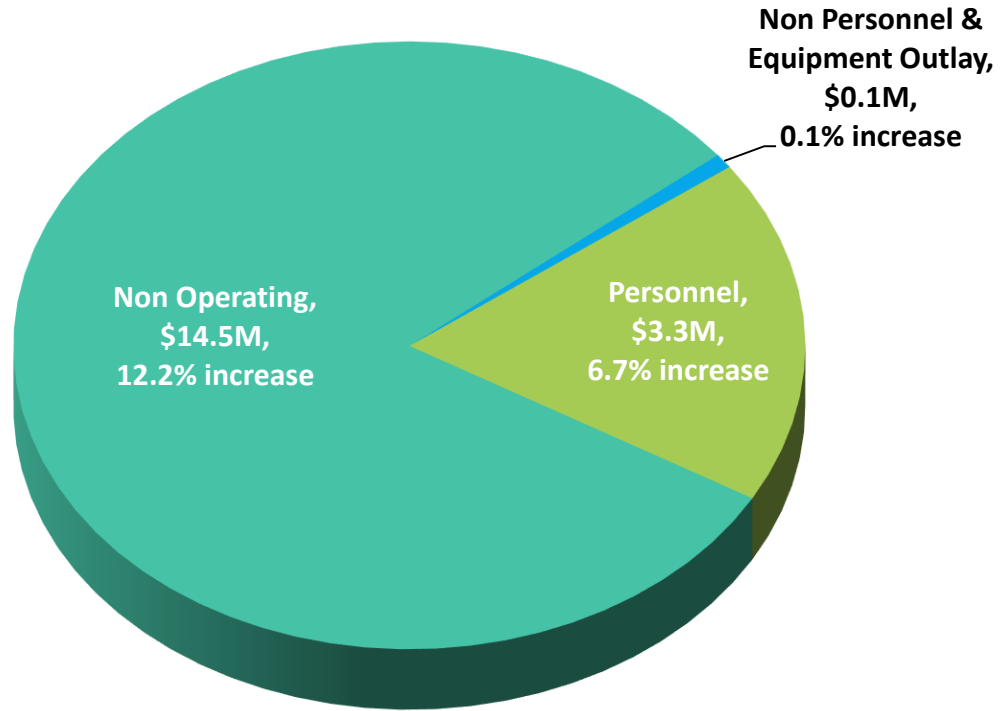
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# FY 2020 Budget Expense Increase vs. FY 2019 Budget

## \$18.0M (6.0%)

*(in millions)*

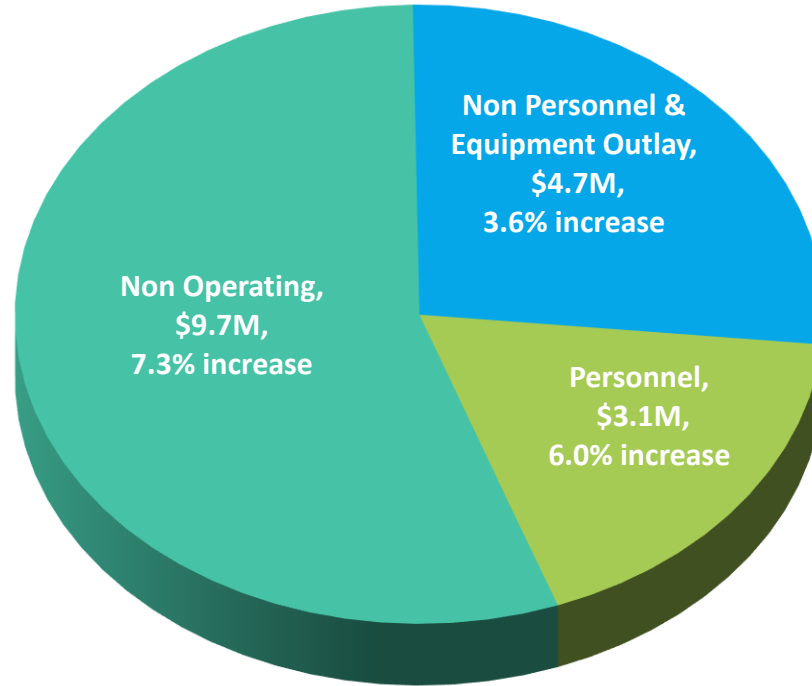


Total FY 2020 Budget is \$317.6M

# FY 2021 Budget Expense Increase vs. FY 2020 Budget

## \$17.5M (5.5%)

*(in millions)*



Total FY 2021 Budget is \$335.1M

# FY 2019 – FY 2020 Expense Budget Summary

(in thousands)

## Operating Expenses

	FY2020 Proposed Budget	FY2021 Conceptual Budget
Salaries & Wages	\$ 38,580	\$ 40,657
Overtime	869	844
Benefits	18,987	20,537
<b>Subtotal</b>	<b>58,436</b>	<b>62,037</b>
Less: Capitalized Labor Recharge	(5,324)	(5,765)
Less: QHP Labor Recharge	(578)	(602)
<b>Total Personnel Costs</b>	<b>52,533</b>	<b>55,670</b>
Contractual Services	47,994	48,774
Safety and Security	34,004	35,195
Space Rental	10,191	10,191
Utilities	14,385	15,189
Maintenance	13,189	14,890
Operating Equipment & Systems	335	373
Operating Supplies	630	631
Insurance	1,506	1,591
Employee Development	1,264	1,277
Business Development	3,155	3,176
Equipment Rentals and Repairs	3,805	3,797
Tenant Improvements	800	800
<b>Total Non-Personnel Costs</b>	<b>131,257</b>	<b>135,883</b>
<b>Total Operating Expenses</b>	<b>183,790</b>	<b>191,553</b>
Joint Studies / Sound Attenuation	15,077	15,077
Debt Service	118,109	127,794
Legal Settlement Expense	10	10
Other Non-Operating Expenses	-	-
<b>Other Non-Operating Expenses</b>	<b>133,196</b>	<b>142,881</b>
<b>Total Expenses</b>	<b>316,985</b>	<b>334,434</b>
<b>Equipment Outlay Expenditures</b>	<b>628</b>	<b>694</b>
<b>Total Authority Expenses Incl Equip Outlay</b>	<b>\$ 317,614</b>	<b>\$ 335,128</b>



# Capital Program Budget Fiscal Years 2020 – 2024



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# Capital Program Budget Summary

*(in thousands)*

<b>FY 2019 - 2023 Beginning Capital Program Budget</b>	<b>\$ 745,967</b>
Terminal 2 Parking Plaza	127,800
Terminal 2 West FIS Build-out	<u>229,474</u>
<b>FY 2019 - 2023 Beginning Capital Program Budget</b>	<b>1,103,241</b>
FY 2019 - 2023 Project Closeouts/Eliminations/Adjustments	<u>(235,050)</u>
<b>FY 2019 - 2023 Ending Capital Program Balance</b>	<b>\$ 868,192</b>
Proposed FY 2020 - 2024 Capital Projects/Allowances *	<u>\$ 87,257</u>
<b>Proposed FY 2020 - 2024 Capital Program Budget</b>	<b><u><u>\$ 955,448</u></u></b>

\* Pending Board approval



# Plan of Finance Fiscal Years 2020 – 2024



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# Uses of Funds

(in thousands)

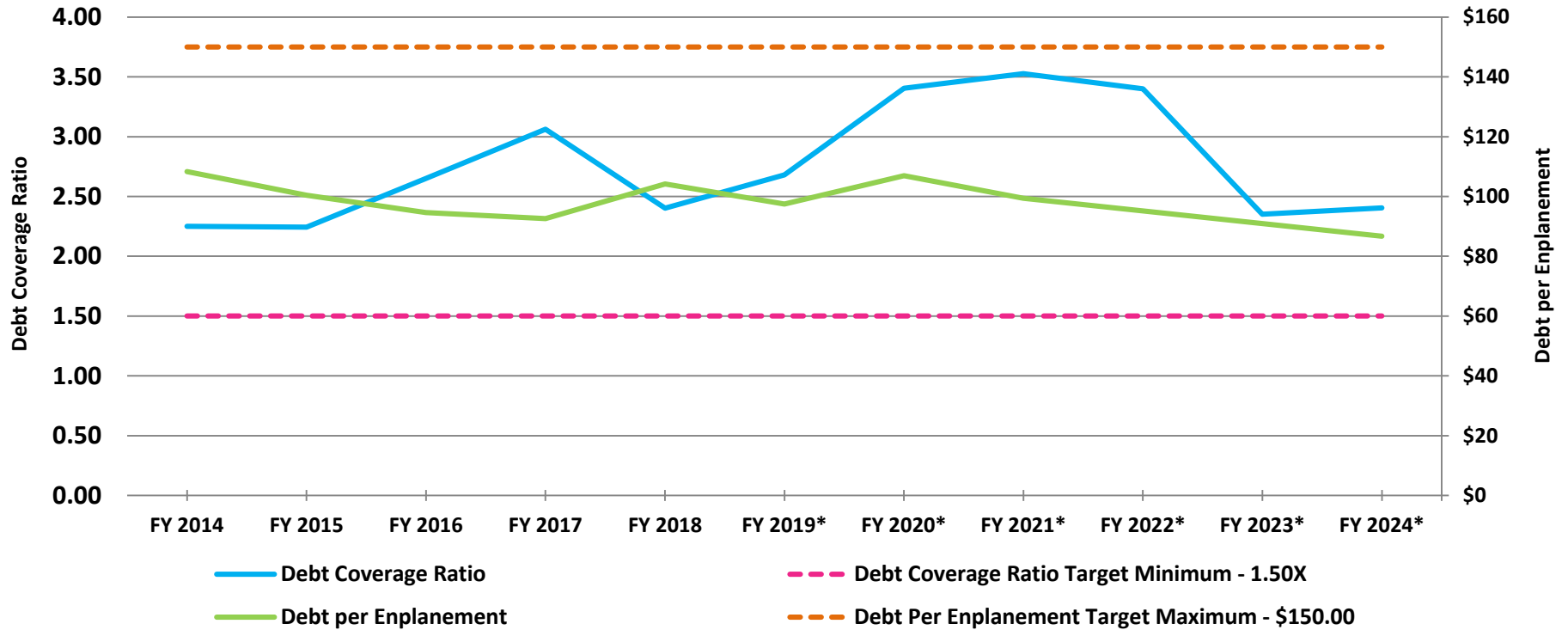
	Pre FY2020	FY2020	FY2021	FY2022	FY2023	FY2024	Total
Capital Program	\$ 374,814	\$ 273,407	\$ 131,681	\$ 71,967	\$ 57,004	\$ 46,577	\$ 955,448
Finance Costs	18,606	30,755	-	-	-	-	49,361
<b>Total</b>	<b>\$ 393,420</b>	<b>\$ 304,161</b>	<b>\$ 131,681</b>	<b>\$ 71,967</b>	<b>\$ 57,004</b>	<b>\$ 46,577</b>	<b>\$ 1,004,809</b>

# Sources of Funds

	Pre FY2020	FY2020	FY2021	FY2022	FY2023	FY2024	Total
Airport Revenue Bonds	\$ 196,866	\$ 219,057	\$ 66,560	\$ 39,172	\$ 249	\$ 5,310	\$ 527,214
Airport Cash	157,054	(15,037)*	37,262	5,149	4,880	4,387	193,694
Federal Grants	9,585	10,642	3,704	10,223	22,439	17,753	74,348
Passenger Facility Charges	1,363	41,109	8,389	256	5,824	6,417	63,357
Major Maintenance Fund	-	3,890	7,538	14,085	23,611	12,710	61,834
Customer Facility Charges	2,953	-	-	-	-	-	2,953
Other	25,599	44,500	8,229	3,081	-	-	81,409
<b>Total</b>	<b>\$ 393,420</b>	<b>\$ 304,161</b>	<b>\$ 131,681</b>	<b>\$ 71,967</b>	<b>\$ 57,004</b>	<b>\$ 46,577</b>	<b>\$ 1,004,809</b>

\* Refunding airport cash after 2020 bonds issuance

# Coverage Ratio and Debt Per Enplanement <sup>1</sup>



<sup>1</sup> Debt excludes special facility bonds

\* Forecasted FY 2019 - FY 2024



# Conclusion



**SAN DIEGO**  
INTERNATIONAL AIRPORT.

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# Conclusion

- Follows the Authority's legislative and regulatory mandates
- Provides necessary resources to accomplish the Authority's Strategic Plan
- Enhances the financial position of the Authority through revenue growth and cost containment
- Demonstrates the discipline necessary to remain a sustainable enterprise
- Considers regional transportation partnerships and includes funding for Old Town shuttle
- Enhances community outreach
- Maintains competitive rates for airline tenants and airport users
- Supports continued efforts to create sustainable five year Capital Plan
- Includes funds to support aging facilities and increase in operations
- Provides resources necessary to continue advancing the Airport Development Program (ADP), as authorized



# Questions?

# SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

## STAFF REPORT

Meeting Date: **MAY 30, 2019**

### Subject:

**Business and Travel Expense Reimbursement Reports for Board Members, President/CEO, Chief Auditor and General Counsel When Attending Conferences, Meetings, and Training at the Expense of the Authority**

### Recommendation:

For information only.

### Background/Justification:

Authority Policy 3.30 (2)(b) and (4)(b) require that business expenses reimbursements of Board Members, the President/CEO, the Chief Auditor and the General Counsel be approved by the Executive Committee and presented to the Board for its information at its next regularly scheduled meeting. Authority Policy 3.40 (2)(b) and (3)(b) require that travel expense reimbursements of Board Members, the President/CEO, the Chief Auditor and the General Counsel be approved by the Executive Committee and presented to the Board for its information at its next regularly scheduled meeting.

The attached reports are being presented to comply with the requirements of policies 3.30 and 3.40

### Fiscal Impact:

Funds for Business and Travel Expenses are included in the FY 2018-2019 Budget.

### Authority Strategies:

This item supports one or more of the Authority Strategies, as follows:

- Community Strategy     Customer Strategy     Employee Strategy     Financial Strategy     Operations Strategy



**Environmental Review:**

- A. This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act (CEQA), as amended. 14 Cal. Code Regs. §15378. This Board action is not a “project” subject to CEQA. Cal. Pub. Res. Code §21065.
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.

**Application of Inclusionary Policies:**

Not applicable.

**Prepared by:**

TONY R. RUSSELL  
DIRECTOR, BOARD SERVICES/AUTHORITY CLERK

# **TRAVEL REQUEST**

**KIM BECKER**

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY  
OUT-OF-TOWN TRAVEL REQUEST**

**GENERAL INSTRUCTIONS:**

- A. All travel requests must conform to applicable provisions of Policies 3.30 and 3.40.
- B. Personnel traveling at Authority expense shall, consistent with the provisions of Policies 3.30 and 3.40, use the most economical means available to affect the travel.

**1. TRAVELER:**

Travelers Name: Kimberly J. Becker Dept: 6

Position:  Board Member  President/CEO  Gen. Counsel  Chief Auditor

All other Authority employees (does not require executive committee administrator approval)

2. DATE OF REQUEST: 05/02/19 PLANNED DATE OF DEPARTURE/RETURN: 07/16/19 / 07/17/19

3. DESTINATIONS/PURPOSE (Provide detailed explanation as to the purpose of the trip– continue on extra sheets of paper as necessary):

Destination: Newport Beach, CA Purpose: GAC Directors Meeting & U.S. Travel Board Meeting

Explanation:

**4. PROJECTED OUT-OF-TOWN TRAVEL EXPENSES**

**A. TRANSPORTATION COSTS:**

- AIRFARE \$ \_\_\_\_\_
- \*RENTAL CAR (Must complete page 2) \$ \_\_\_\_\_
- OTHER TRANSPORTATION (Taxi, Train) \$ 100.00

B. LODGING \$ 250.00

C. MEALS \$ 50.00

D. SEMINAR AND CONFERENCE FEES \$ \_\_\_\_\_

E. ENTERTAINMENT (If applicable) \$ \_\_\_\_\_

F. OTHER INCIDENTAL EXPENSES \$ \_\_\_\_\_

**TOTAL PROJECTED TRAVEL EXPENSE \$ 400.00**

\*Permitted in limited circumstances; must be pre-approved. Provide a copy of Out-of-Town Travel Request form to Risk Management prior to travel in order to obtain insurance identification card covering rental period.

**CERTIFICATION BY TRAVELER** By my signature below, I certify that the above listed out-of-town travel and associated expenses conform to the Authority's Policies 3.30 and 3.40 and are reasonable and directly related to the Authority's business.

Travelers Signature: Kimberly J Becker Date: 5/13/19

**CERTIFICATION BY ADMINISTRATOR** (Where Administrator is the Executive Committee, the Authority Clerk's signature is required).

By my signature below, I certify the following:

1. I have conscientiously reviewed the above out-of-town travel request and the details provided on the reverse.
2. The concerned out-of-town travel and all identified expenses are necessary for the advancement of the Authority's business and reasonable in comparison to the anticipated benefit to the Authority.
3. The concerned out-of-town travel and all identified expenses conform to the requirements and intent of Authority's Policies 3.30 and 3.40.

Administrator's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**AUTHORITY CLERK CERTIFICATION ON BEHALF OF EXECUTIVE COMMITTEE**

I, \_\_\_\_\_, hereby certify that this document was approved  
(Please leave blank. Whoever clerk's the meeting will insert their name and title.)

by the Executive Committee at its \_\_\_\_\_ meeting.

(Leave blank and we will insert the meeting date.)

# SUMMER Board Meeting

July 17-21, 2019  
Newport Beach, California

## PRELIMINARY SCHEDULE OF EVENTS (as of 4.15.19)

All business sessions and lodging are at the Newport Beach Marriott Hotel & Spa, 900 Newport Center Drive, Newport Beach, CA 92660.

Attire for business sessions and meals is resort casual (no ties) unless otherwise noted. Evenings may be cool, so bring a sweater or light jacket. For all outdoor activities, be sure to bring sunglasses and sunscreen. For biking, wear secured closed-toe shoes.

All organized meals and group activities are complimentary. Information on activities will be sent to you when registration opens in mid-May. Advanced sign-up is required for all group activities; participation will be confirmed when you pick up your packet at the Registration Desk in the Registration & Hospitality Room. **Minors under 16 years old must be accompanied by a parent or guardian on all activities. Please note that age and weight restrictions may vary on specific activities and will be strictly enforced.**

### WEDNESDAY, JULY 17

Gateway Airports Council Meeting ( <i>Members only</i> ) (Breakfast and lunch included)	8:30 a.m.-1:00 p.m. ✓
Strategic Growth Task Force ( <i>Members only</i> )	10:00-11:00 a.m.
Compensation Committee ( <i>Members only</i> )	11:00 a.m.-Noon
Registration and Hospitality Room	Noon-7:30 p.m.
Executive Committee Meeting ( <i>Members only</i> )	2:00-4:45 p.m. ✓
New Director Orientation	5:15-6:00 p.m.
Welcome Reception	6:30-8:00 p.m.

### THURSDAY, JULY 18

Breakfast	7:00-9:00 a.m.
Registration and Hospitality Room	7:00 a.m.-12:30 p.m.
Board Meeting Session #1	8:00 a.m.-Noon

Morning Group Activity Options for Guests and Sponsors  
(Note: Board members will be in meetings.)

**THURSDAY, JULY 18 (Continued)**

Lunch 12:15-1:15 p.m.

---

Afternoon Activity Options for Everyone

---

Travel PAC Auction with Reception and Dinner 6:30-10:00 p.m.

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**FRIDAY, JULY 19**

Breakfast 7:30-9:00 a.m.

---

Registration and Hospitality Room 7:30 a.m.-12:30 p.m.

---

Board Meeting Session #2 9:00 a.m.-Noon

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Morning Group Activity Options for Guests and Sponsors  
(Note: Board members will be in meetings.)

---

Lunch 12:15-1:15 p.m.

---

Afternoon Activity Options for Everyone

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Reception and Dinner  
The Cannery (Newport Beach) 6:30-10:00 p.m.

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**SATURDAY, JULY 20**

Breakfast 7:00-9:30 a.m.

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Registration and Hospitality Room 7:00-9:30 a.m.

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Activity Options for Everyone

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Reception and Dinner  
*Terra Laguna Beach* 6:15-8:00 p.m.

---

Evening Event  
*Pageant of the Masters (Laguna Beach)* 8:00-10:30 p.m.

---

**SUNDAY, JULY 21**

Breakfast 7:00-10:00 a.m.

---

Departures (*Transportation on own*)

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY  
OUT-OF-TOWN TRAVEL REQUEST**

**GENERAL INSTRUCTIONS:**

- A. All travel requests must conform to applicable provisions of Policies 3.30 and 3.40.
- B. Personnel traveling at Authority expense shall, consistent with the provisions of Policies 3.30 and 3.40, use the most economical means available to affect the travel.

**1. TRAVELER:**

Travelers Name: Kimberly J. Becker Dept: 6

Position:  Board Member  President/CEO  Gen. Counsel  Chief Auditor

All other Authority employees (does not require executive committee administrator approval)

2. DATE OF REQUEST: 05/01/19 PLANNED DATE OF DEPARTURE/RETURN: 08/05/19 / 08/06/19

3. DESTINATIONS/PURPOSE (Provide detailed explanation as to the purpose of the trip– continue on extra sheets of paper as necessary):

Destination: Dallas, TX Purpose: Air Service Meeting with Southwest Headquarters

Explanation:

**4. PROJECTED OUT-OF-TOWN TRAVEL EXPENSES**

**A. TRANSPORTATION COSTS:**

• AIRFARE	\$ <u>1,100.00</u>
• *RENTAL CAR (Must complete page 2)	\$ _____
• OTHER TRANSPORTATION (Taxi, Train)	\$ _____
<b>B. LODGING</b>	\$ <u>200.00</u>
<b>C. MEALS</b>	\$ <u>100.00</u>
<b>D. SEMINAR AND CONFERENCE FEES</b>	\$ _____
<b>E. ENTERTAINMENT (If applicable)</b>	\$ _____
<b>F. OTHER INCIDENTAL EXPENSES</b>	\$ _____
<b>TOTAL PROJECTED TRAVEL EXPENSE</b>	\$ <u>1,400.00</u>

\*Permitted in limited circumstances; must be pre-approved. Provide a copy of Out-of-Town Travel Request form to Risk Management prior to travel in order to obtain insurance identification card covering rental period.

**CERTIFICATION BY TRAVELER** By my signature below, I certify that the above listed out-of-town travel and associated expenses conform to the Authority's Policies 3.30 and 3.40 and are reasonable and directly related to the Authority's business.

Travelers Signature: Kimberly J. Becker Date: 5/10/19

**CERTIFICATION BY ADMINISTRATOR** (Where Administrator is the Executive Committee, the Authority Clerk's signature is required).

By my signature below, I certify the following:

1. I have conscientiously reviewed the above out-of-town travel request and the details provided on the reverse.
2. The concerned out-of-town travel and all identified expenses are necessary for the advancement of the Authority's business and reasonable in comparison to the anticipated benefit to the Authority.
3. The concerned out-of-town travel and all identified expenses conform to the requirements and intent of Authority's Policies 3.30 and 3.40.

Administrator's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**AUTHORITY CLERK CERTIFICATION ON BEHALF OF EXECUTIVE COMMITTEE**

I, \_\_\_\_\_, hereby certify that this document was approved  
(Please leave blank. Whoever clerk's the meeting will insert their name and title.)

by the Executive Committee at its \_\_\_\_\_ meeting.

(Leave blank and we will insert the meeting date.)

## Casey Diane

---

**Subject:** CONFIRMED MEETING WITH SOUTHWEST AIRLINES (WN)  
**Location:** 2702 Love Field Dr., Dallas, TX 75235

**Start:** Tue 8/6/2019 8:00 AM  
**End:** Tue 8/6/2019 7:00 PM  
**Show Time As:** Out of Office

**Recurrence:** (none)

**Meeting Status:** Accepted

**Organizer:** Brown Hampton  
**Required Attendees:** Becker Kimberly; D'Ambrosio Domenico; D'Amico Brian  
**Optional Attendees:** Platt Robyn; Casey Diane

**Categories:** Out of Office, Offsite Meetings

Exact timing of meeting TBD

Southwest Headquarters (Love Field – DAL)

Meeting and Lunch with the Network Planning Team

### Agenda

San Diego Region Update  
Current Network Performance  
Future Network Requests (Intl focus CUN, LIR)



**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY  
OUT-OF-TOWN TRAVEL REQUEST**

**GENERAL INSTRUCTIONS:**

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- B. Personnel traveling at Authority expense shall, consistent with the provisions of Policies 3.30 and 3.40, use the most economical means available to affect the travel.

**1. TRAVELER:**

Travelers Name: Kimberly J. Becker Dept: 6

Position:  Board Member  President/CEO  Gen. Counsel  Chief Auditor

All other Authority employees (does not require executive committee administrator approval)

2. DATE OF REQUEST: 05/01/19 PLANNED DATE OF DEPARTURE/RETURN: 08/21/19 / 08/22/19

3. DESTINATIONS/PURPOSE (Provide detailed explanation as to the purpose of the trip– continue on extra sheets of paper as necessary):

Destination: San Francisco, CA Purpose: FAA Noise Forum

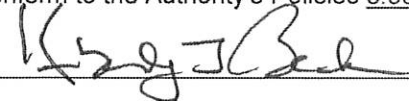
Explanation:

**4. PROJECTED OUT-OF-TOWN TRAVEL EXPENSES**

A. TRANSPORTATION COSTS:	
• AIRFARE	\$ <u>500.00</u>
• *RENTAL CAR (Must complete page 2)	\$ _____
• OTHER TRANSPORTATION (Taxi, Train)	\$ <u>60.00</u>
B. LODGING	\$ <u>550.00</u>
C. MEALS	\$ <u>100.00</u>
D. SEMINAR AND CONFERENCE FEES	\$ _____
E. ENTERTAINMENT (If applicable)	\$ _____
F. OTHER INCIDENTAL EXPENSES	\$ _____
<b>TOTAL PROJECTED TRAVEL EXPENSE</b>	<b>\$ <u>1,210.00</u></b>

\*Permitted in limited circumstances; must be pre-approved. Provide a copy of Out-of-Town Travel Request form to Risk Management prior to travel in order to obtain insurance identification card covering rental period.

**CERTIFICATION BY TRAVELER** By my signature below, I certify that the above listed out-of-town travel and associated expenses conform to the Authority's Policies 3.30 and 3.40 and are reasonable and directly related to the Authority's business.

Travelers Signature:  Date: 5/6/19

**CERTIFICATION BY ADMINISTRATOR** (Where Administrator is the Executive Committee, the Authority Clerk's signature is required).

- By my signature below, I certify the following:
1. I have conscientiously reviewed the above out-of-town travel request and the details provided on the reverse.
  2. The concerned out-of-town travel and all identified expenses are necessary for the advancement of the Authority's business and reasonable in comparison to the anticipated benefit to the Authority.
  3. The concerned out-of-town travel and all identified expenses conform to the requirements and intent of Authority's Policies 3.30 and 3.40.

Administrator's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**AUTHORITY CLERK CERTIFICATION ON BEHALF OF EXECUTIVE COMMITTEE**

I, \_\_\_\_\_, hereby certify that this document was approved  
(Please leave blank. Whoever clerk's the meeting will insert their name and title.)  
by the Executive Committee at its \_\_\_\_\_ meeting.  
(Leave blank and we will insert the meeting date.)

## Casey Diane

---

**Subject:** Noise Forum  
**Location:** SFO

**Start:** Thu 8/22/2019 8:00 AM  
**End:** Thu 8/22/2019 4:30 PM  
**Show Time As:** Tentative

**Recurrence:** (none)

**Meeting Status:** Tentatively accepted

**Organizer:** shannon.ctr.rock@faa.gov

Greetings everyone,

It was great to see you last week, we landed on August 22, 2019 in San Francisco for the next forum, this is the placeholder. I will send out the notes and briefings from our Phoenix meeting soon.

Here are some recommended hotels:

Bay Landing San Francisco Airport Hotel  
1500 Bayshore Hwy  
Burlingame, CA 94010  
650.259.9000

Hyatt Regency San Francisco Airport  
1333 Bayshore Hwy  
Burlingame, CA 94010  
650.347.1234

San Francisco Airport Marriott Waterfront  
1800 Old Bayshore Highway  
Burlingame, CA 94010  
650.692.9100

Questions, reach out to me at [Shannon.ctr.rock@faa.gov](mailto:Shannon.ctr.rock@faa.gov)

~Shannon

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY  
OUT-OF-TOWN TRAVEL REQUEST**

**GENERAL INSTRUCTIONS:**

- A. All travel requests must conform to applicable provisions of Policies 3.30 and 3.40.
- B. Personnel traveling at Authority expense shall, consistent with the provisions of Policies 3.30 and 3.40, use the most economical means available to affect the travel.

**1. TRAVELER:**

Travelers Name: Kimberly J. Becker Dept: 6

Position:  Board Member  President/CEO  Gen. Counsel  Chief Auditor

All other Authority employees (does not require executive committee administrator approval)

2. DATE OF REQUEST: 05/09/19 PLANNED DATE OF DEPARTURE/RETURN: 09/11/19 09/15/19

**3. DESTINATIONS/PURPOSE (Provide detailed explanation as to the purpose of the trip– continue on extra sheets of paper as necessary):**

Destination: Tampa, FL Purpose: ACI-NA Annual Conference & Exhibition

Explanation:

**4. PROJECTED OUT-OF-TOWN TRAVEL EXPENSES**

**A. TRANSPORTATION COSTS:**

• AIRFARE	\$ <u>600.00</u>
• *RENTAL CAR (Must complete page 2)	\$ _____
• OTHER TRANSPORTATION (Taxi, Train)	\$ <u>100.00</u>
B. LODGING	\$ <u>650.00</u>
C. MEALS	\$ <u>225.00</u>
D. SEMINAR AND CONFERENCE FEES	\$ <u>795.00</u>
E. ENTERTAINMENT (If applicable)	\$ _____
F. OTHER INCIDENTAL EXPENSES	\$ _____
<b>TOTAL PROJECTED TRAVEL EXPENSE</b>	<b>\$ <u>2,370.00</u></b>

\*Permitted in limited circumstances; must be pre-approved. Provide a copy of Out-of-Town Travel Request form to Risk Management prior to travel in order to obtain insurance identification card covering rental period.

**CERTIFICATION BY TRAVELER** By my signature below, I certify that the above listed out-of-town travel and associated expenses conform to the Authority's Policies 3.30 and 3.40 and are reasonable and directly related to the Authority's business.

Travelers Signature:  Date: 5/10/19

**CERTIFICATION BY ADMINISTRATOR** (Where Administrator is the Executive Committee, the Authority Clerk's signature is required).

By my signature below, I certify the following:

1. I have conscientiously reviewed the above out-of-town travel request and the details provided on the reverse.
2. The concerned out-of-town travel and all identified expenses are necessary for the advancement of the Authority's business and reasonable in comparison to the anticipated benefit to the Authority.
3. The concerned out-of-town travel and all identified expenses conform to the requirements and intent of Authority's Policies 3.30 and 3.40.

Administrator's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**AUTHORITY CLERK CERTIFICATION ON BEHALF OF EXECUTIVE COMMITTEE**

I, \_\_\_\_\_, hereby certify that this document was approved  
(Please leave blank. Whoever clerk's the meeting will insert their name and title.)

**2019 ACI-NA ANNUAL CONFERENCE AND EXHIBITION**  
**September 15 – September 17, 2019**  
**Tampa, FL**

**Conference Schedule at a Glance (schedule subject to change at any time)**

**Friday, September 13, 2019**

- 12:00 pm – 1:30 pm ACI-NA Executive Committee and Past Chairs Meeting (*invitation only*)
- 2:00 pm – 5:00 pm ACI-NA Executive Committee Meeting (*Executive Committee members only*)

**Saturday, September 14, 2019**

- 7:30 am – 6:30 pm Check-in / Registration
- 7:30 am – 6:30 pm TPA Welcome Desk
- 9:00 am – 12:00 pm U.S. Policy Council Meeting
- 8:30 am – 12:00 pm Operations & Technical Affairs Committee Workshop
- 8:30 am – 5:00 pm Business Information Technology Committee Workshop
- 8:30 am – 5:30 pm Legal Affairs Committee Workshop
- 9:00 am – 10:00 am Environmental Affairs Committee: Land Use and Natural Resources Working Groups
- 10:30 am – 12:00 pm Environmental Affairs Committee: Water Quality Working Group
- 10:30 am – 12:00 pm Environmental Affairs Committee: Waste Management Working Group
- 12:00 pm – 1:15 pm Networking Lunch (for Committee Workshop Attendees)
- 12:15 pm – 1:15 pm ACI-NA Committee Chairs, ACI-NA Board Luncheon (*invitation only*)
- 1:15 pm – 2:45 pm Operations & Technical Affairs Committee: Construction and Project Delivery Working Group
- 1:15 pm – 2:45 pm Operations & Technical Affairs Committee: Facilities and Maintenance Working Group
- 1:15 pm – 2:45 pm Environmental Affairs Committee: Sustainability Working Group
- 1:45 pm – 3:00 pm ACI-NA Board of Directors Meeting
- 3:00 pm – 6:00 pm CAC Council of Chairs Meeting
- 3:15 pm – 4:45 pm Operations & Technical Affairs Committee: Joint NextGen and Operations & Safety Working Group
- 3:15 pm – 4:45 pm Operations & Technical Affairs Committee: Planning & Development Working Group
- 3:15 pm – 5:00 pm Environmental Affairs Steering Group Meeting
- 5:00 pm – 6:30 pm Operations & Technical Affairs Steering Group Meeting
- 6:30 pm – 9:30 pm Board of Directors and Commissioners Leadership Dinner (*invitation only*)

**Sunday, September 15, 2019**

- 7:30 am – 7:00 pm Check-in / Registration
- 7:30 am – 7:00 pm TPA Welcome Desk
- 7:30 am – 8:45 am Committee Chairs Information Exchange Breakfast (*invitation only*)

8:00 am – 9:00 am      **Networking Breakfast**

8:00 am – 11:00 am    **CAC Large Airports Caucus Meeting** (*closed meeting, CAC members only*)

8:00 am – 2:00 pm      **Exhibition Hall Move-In**

8:00 am – 11:00 am    **CAC Small Airports Caucus Meeting** (*closed meeting, CAC members only*)

9:00 am – 12:00 pm    **ACI-NA WBP/Associates Board of Directors Meeting**

9:00 am – 4:45 pm      **Environmental Affairs Committee Workshop**

9:00 am – 4:45 pm      **Operations & Technical Affairs Committee Workshop**

9:00 am – 4:45 pm      **Legal Affairs Committee Workshop**

9:00 am – 4:45 pm      **Business Information Technology Committee Workshop**

9:00 am – 4:45 pm      **Finance Committee Workshop**

10:30 am – 12:00 pm   **Commissioners Committee Meeting**

11:15 am – 12:15 pm   **Joint U.S. and Canadian Policy Council Meeting**

12:15 pm – 1:45 pm    **Canadian Policy Council Meeting** (*closed meeting, Policy Council members only*)

1:00 pm – 3:00 pm      **Medium Hub Committee Meeting** (*Airport members only*)

1:00 pm – 3:00 pm      **Large Hub Committee Meeting** (*Airport members only*)

1:00 pm – 4:00 pm      **Small Airports Committee Meeting**

2:00 pm – 4:30 pm      **Canadian Policy Council & Membership Meeting** (*open to CAC Members only*)

2:00 pm – 4:45 pm      **Business Diversity Committee Meeting**

2:30 pm – 3:00 pm      **PM Networking Break**

3:00 pm – 5:00 pm      **Press Office Open**

4:00 pm – 4:45 pm      **ACI-NA VIP Reception** (*invitation only for member exhibitors, airport OR's and annual conference sponsors*)

5:00 pm – 7:00 pm      **Exhibition Hall Grand Opening** (*Reception in Exhibit Hall*)

**Monday, September 16, 2019**

7:30 am – 10:00 am    **Exhibition Hall Open** (*Networking Breakfast in Exhibit Hall from 7:30 am- 9:00 am*)

7:30 am – 7:00 pm      **Registration**

7:30 am – 7:00 pm      **TPA Welcome Desk**

10:00 am – 11:30 am   **General Session I: Welcome and Keynote Address**  
**Welcome:**  
Kevin M. Burke, President and CEO, ACI-NA  
Candace S. McGraw, Chair, ACI-NA  
Joseph W. Lopano, Chief Executive Officer, Tampa International Airport

11:30 am – 12:00 PM   **ACI-NA Downes Award Presentation**

12:00 pm – 1:00 pm    **PAC Luncheon** (*invitation only*)

12:00 pm – 3:00 pm    **Exhibition Hall Open** (*Lunch Served in Exhibit Hall from 12 pm – 1:30 pm*)

5:15 pm – 6:45 pm      Exhibition Hall Reception

Tuesday, September 17, 2019

7:30 am – 4:00 pm      Registration

7:00 am – 4:00 pm      TPA Welcome Desk

8:00 am – 9:30 am      **World Business Partner/Associate Member and Airport Director Roundtable Breakfast**  
*(Open to all ACI-NA WBP/Associate members & ACI-NA member airport directors)*

9:30 am – 10:30 am    *General Session II*

10:30 am – 11:00 am   **Airport Membership Meeting** in Exhibit Hall *(ACI-NA Airport Official Representatives only)*

10:30 am – 3:00 pm    **Exhibition Hall Open** *(Lunch Served in Exhibit Hall from 11:30 am – 1:00 pm)*

11:00 am – 11:15 am   **ACI World Special Meeting of Members** in Exhibit Hall *(invitation only)*

3:00 pm – 7:00 pm      Exhibition Hall Move-Out

5:30 pm – 6:30 pm      Chair's Reception and Recognition Ceremony

7:00 pm – 11:00 pm    Closing Night Event

Wednesday, September 18, 2019

8:00 am – 10:00 am    Airport Tour



# 2019 Annual Conference & Exhibition

September 15 - 17, 2019  
 Tampa Convention Center  
 Tampa, FL

**REGISTER NOW**

Early Bird Registration (Before August 2)  
 Regular Registration (After August 2)

<a href="#">EVENT</a>	<a href="#">REGISTRATION</a>	<a href="#"><b>HOTELS</b></a>	<a href="#">KEYNOTE</a>	<a href="#">AGENDA</a>	<a href="#">COMMITTEE WORKSHOPS</a>
		<a href="#">SPONSOR</a>	<a href="#">EXHIBIT</a>	<a href="#">CONTACT US</a>	

ACI-NA has contracted hotel rooms at discounted rates on your behalf. If our contracted obligations are not met, we pay substantial penalty fees to the hotel, thus requiring an increase in registration rates in the future.

We are able to monitor attendance through our room block. This enables us to be better prepared and helps with cost containment. Booking within our block helps us to maintain our strong business value, which is critical to our negotiations with future cities and cost-containment efforts.

**Need to know**

- Be sure to identify yourself as being with the ACI-NA Group to receive the discounted rates.
- The booking deadline for discounted hotel rates is **Sunday, August 18, 2019. The discounted rooms and the hotel may sell out prior to the booking deadline, so make your reservations early.**
- There is no designated "headquarters hotel."
- Hotel accommodations should be booked directly through the hotel website, not through any other third-party company offering hotel reservation services. ACI-NA does not contract any third-party companies to manage hotel reservations.



**Tampa Marriott Water Street**

700 South Florida Avenue  
Tampa, FL 33602  
(813) 221-4900

[CLICK HERE TO BOOK](#)



**Embassy Suites by Hilton**

513 South Florida Avenue  
Tampa, FL 33602  
(813) 769-8300

[CLICK HERE TO BOOK](#)

**Host Airport**



**Proud to be a**



**More Information**

[ACI-NA Sustainable Conferences Guidelines](#)

[Annual Conference Registration & Cancellation Policies](#)

[Frequently Asked Questions](#)

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1615 L Street NW, Suite 300 / Washington, DC 20036  
Phone 202-293-8500 / Fax 202-331-1362



**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY  
OUT-OF-TOWN TRAVEL REQUEST**

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**1. TRAVELER:**

Travelers Name: Kimberly J. Becker Dept: 6

Position:  Board Member  President/CEO  Gen. Counsel  Chief Auditor

All other Authority employees (does not require executive committee administrator approval)

2. DATE OF REQUEST: 05/09/19 PLANNED DATE OF DEPARTURE/RETURN: 09/16/19 09/25/19

**3. DESTINATIONS/PURPOSE** (Provide detailed explanation as to the purpose of the trip— continue on extra sheets of paper as necessary):

Destination: Auckland, New Zealand and Adelaide, Australia Purpose: Meeting with New Zealand Airlines Regarding Air Service Development and World Routes 2019 Conference

**4. PROJECTED OUT-OF-TOWN TRAVEL EXPENSES**

<b>A. TRANSPORTATION COSTS:</b>	
• AIRFARE	\$ <u>6,600.00</u>
• *RENTAL CAR (Must complete page 2)	\$ _____
• OTHER TRANSPORTATION (Taxi, Train)	\$ <u>300.00</u>
<b>B. LODGING</b>	\$ <u>2,000.00</u>
<b>C. MEALS</b>	\$ <u>500.00</u>
<b>D. SEMINAR AND CONFERENCE FEES</b>	\$ <u>2,400.00</u>
<b>E. ENTERTAINMENT (If applicable)</b>	\$ _____
<b>F. OTHER INCIDENTAL EXPENSES</b>	\$ _____
<b>TOTAL PROJECTED TRAVEL EXPENSE</b>	\$ <u>\$11,800.00</u>

\*Permitted in limited circumstances; must be pre-approved. Provide a copy of Out-of-Town Travel Request form to Risk Management prior to travel in order to obtain insurance identification card covering rental period.

**CERTIFICATION BY TRAVELER** By my signature below, I certify that the above listed out-of-town travel and associated expenses conform to the Authority's Policies 3.30 and 3.40 and are reasonable and directly related to the Authority's business.

Travelers Signature: Kimberly J. Becker Date: 5/10/19

**CERTIFICATION BY ADMINISTRATOR** (Where Administrator is the Executive Committee, the Authority Clerk's signature is required).

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3. The concerned out-of-town travel and all identified expenses conform to the requirements and intent of Authority's Policies 3.30 and 3.40.

Administrator's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**AUTHORITY CLERK CERTIFICATION ON BEHALF OF EXECUTIVE COMMITTEE**

I, \_\_\_\_\_, hereby certify that this document was approved  
(Please leave blank. Whoever clerk's the meeting will insert their name and title.)

by the Executive Committee at its \_\_\_\_\_ meeting.

(Leave blank and we will insert the meeting date.)



# World Routes 2019

The 25th World Route Development Forum  
Adelaide, Australia • 21 - 24 September 2019

Menu ▾

## Conference Programme

The World Routes conference programme will bring together senior leaders from the route development and aviation industries.

### What's Happening?

There will be a full conference programme of live content across the three business days of the event, comprising of:



Keynote presentations



Panel discussions



Airlines Live briefings

### Why Attend?

The conference programme provides World Routes delegates with an insight into the key air service development issues driving change within the industry, exploring the future of route development through a series of talks, presentations and thought-provoking panel discussions.

The World Routes conference programme will be available from November. View the full event programme to find out what else is happening at World Routes.



UBM (UK) Ltd., Acresfield, 8-10 Exchange Street, Manchester, M2 7HA, United Kingdom

T. +44 (0)161 234 2730 F. +44 (0)161 234 2737 Company Number: 00370721

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# Meet the world in Adelaide

Host of World Routes  
21-24 September 2019



Adelaide 2019

[routesonline.com](http://routesonline.com)



TOURISM AUSTRALIA



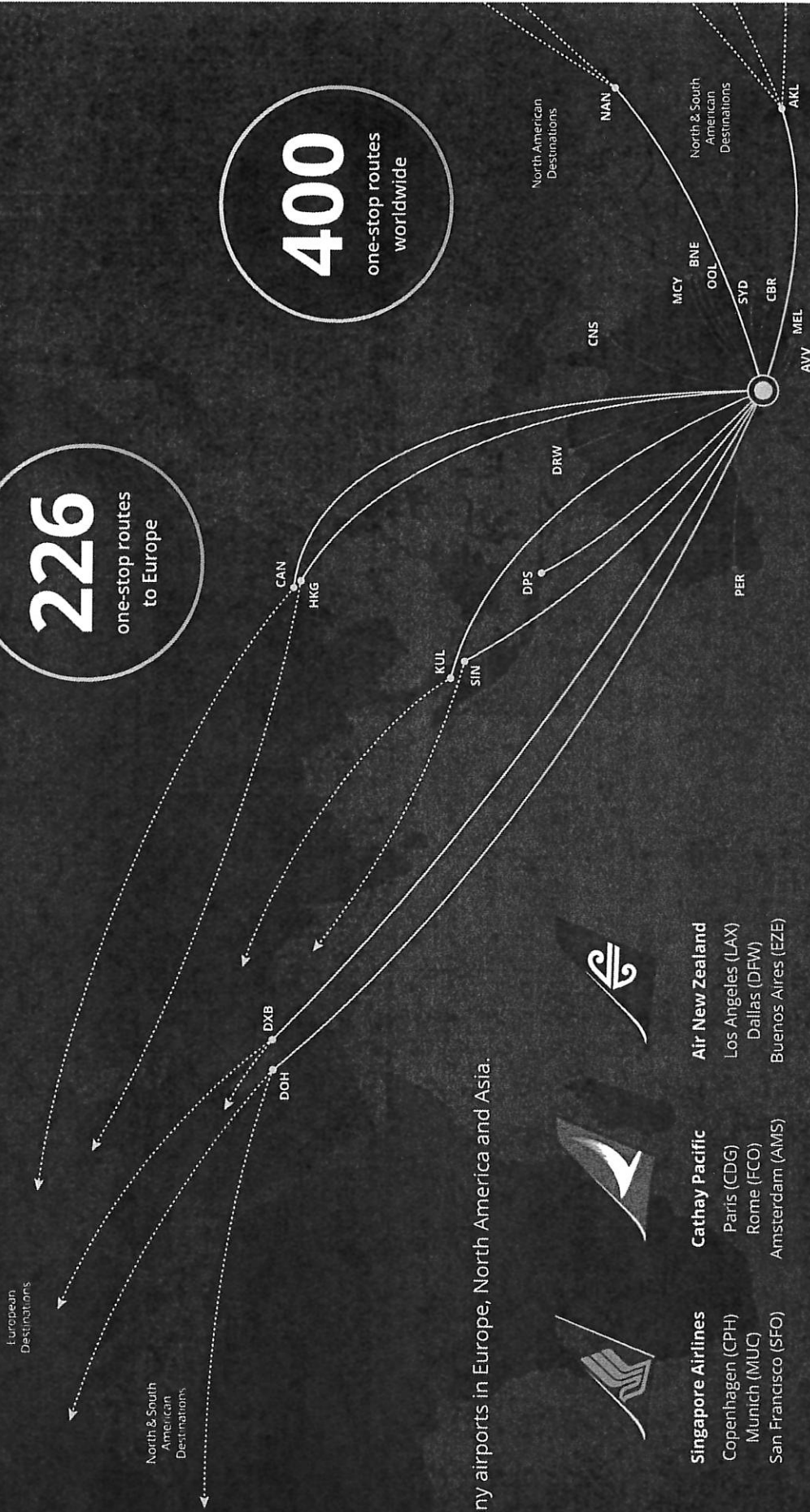
Adelaide Airport

Hosts of World Routes 2019



226  
one-stop routes  
to Europe

400  
one-stop routes  
worldwide



European  
Destinations

North & South  
American  
Destinations

North American  
Destinations

North & South  
American  
Destinations

**away**

from many airports in Europe, North America and Asia.

**antas**  
Los Angeles (LAX)  
Dallas (DFW)  
Denver (DEN)

**Singapore Airlines**  
Copenhagen (CPH)  
Munich (MUC)  
San Francisco (SFO)

**Cathay Pacific**  
Paris (CDG)  
Rome (FCO)  
Amsterdam (AMS)

**Air New Zealand**  
Los Angeles (LAX)  
Dallas (DFW)  
Buenos Aires (EZE)



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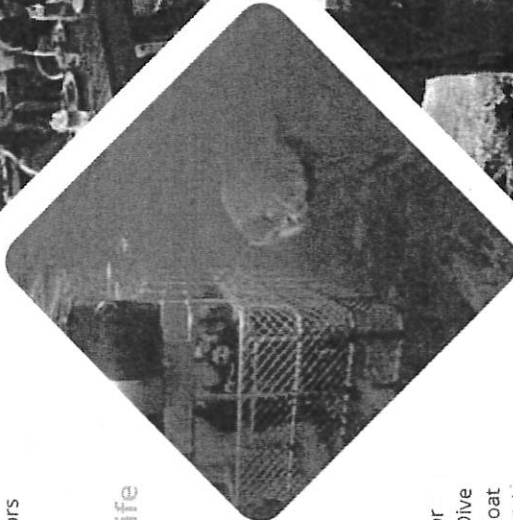
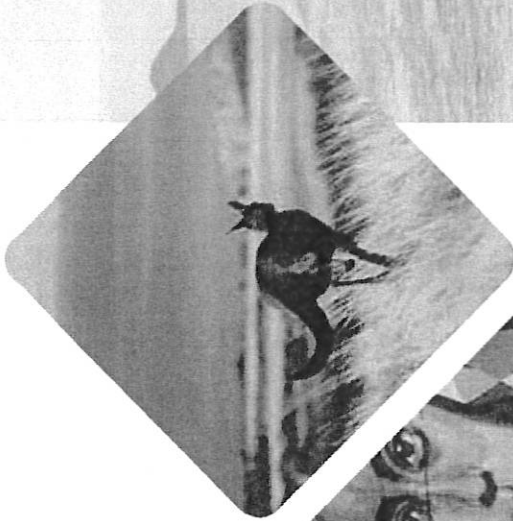
-famous festivals and stunning  
n culture, flavours and entertainment.  
ia's most iconic tourism  
World Routes 2019 delegates.

ital

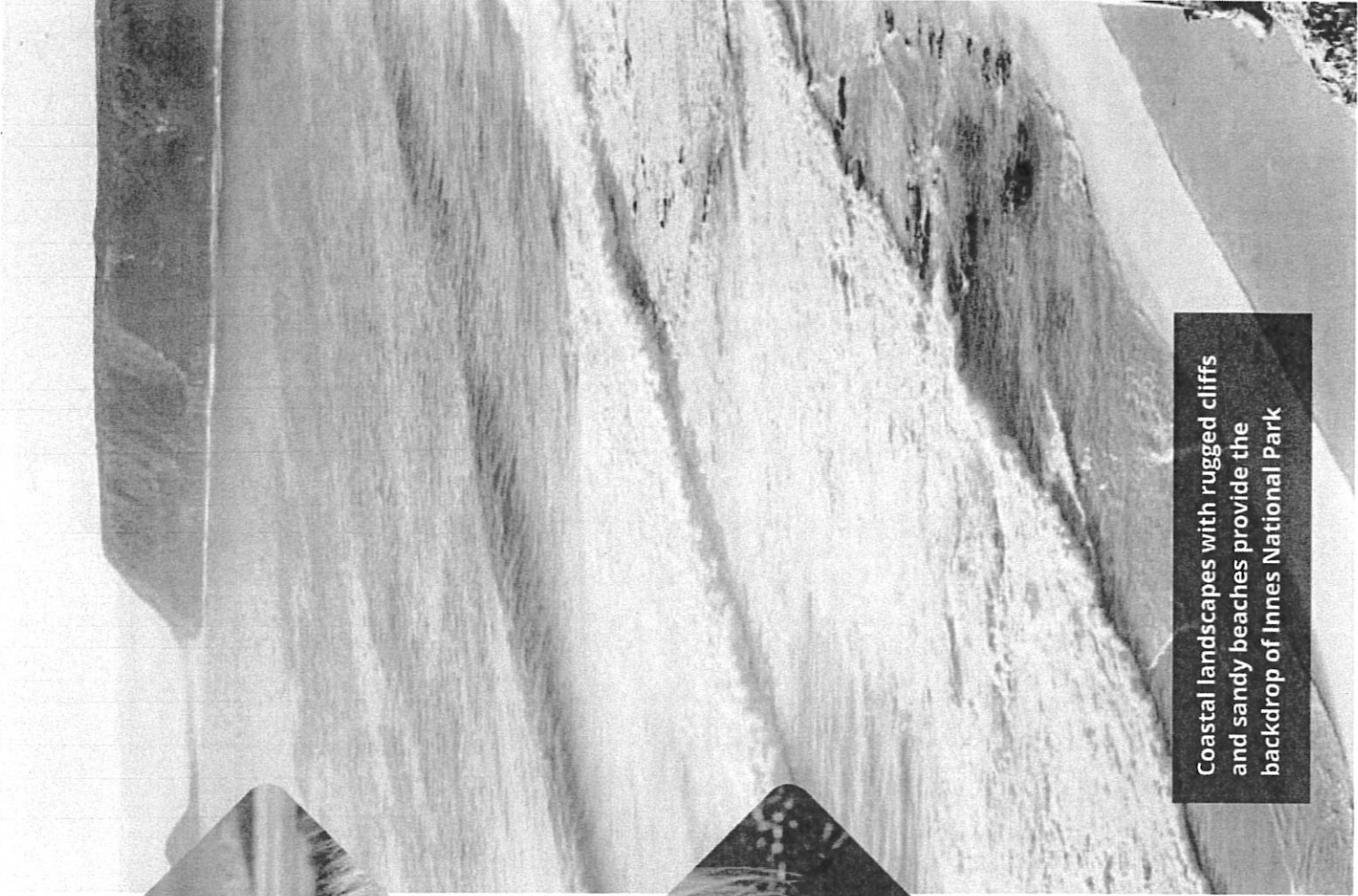
r  
s  
:  
:ors

life

or  
Dive  
float  
rich



Coastal landscapes with rugged cliffs  
and sandy beaches provide the  
backdrop of Innes National Park



## Contact us

For more information about World Routes 2019, or to register your place, please contact the sales team or visit the website.

[sales@routesonline.com](mailto:sales@routesonline.com)

+44 (0)161 234 2730

[routesonline.com](http://routesonline.com)

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Adelaide 2019

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# **BUSINESS EXPENSE**

**KIM BECKER**

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY**  
**BUSINESS EXPENSE REIMBURSEMENT REPORT**

April 2019

Period Covered

**Kimberly J. Becker**

DATE	G/L Account	Description			AMOUNT
04/09/19	66290.000	Parking	Georgette Gomez Meeting		\$ 15.00
04/19/19	66290.000	Parking	SD Taxpayers Assoc Board Meeting		\$ 20.00
				TOTAL	\$ 35.00

I acknowledge that I have read, understand and agree to Authority \*Policy 3.30 - Business Expense Reimbursement Policy and that any purchases that are not allowed will be my responsibility. I further certify that this report of business expenses were incurred in connection with official Authority business and is true and correct.

\* Policy 3.30

*Kimberly J. Becker*

NAME

Kimberly J. Becker

*5/1/19*

DATE

## Casey Diane

---

**Subject:** Georgette Gomez / Kim Becker, Bi-Monthly 1 on 1  
**Location:** 202 C Street, MS 10A, San Diego, CA 92101 (619.236.6699)

**Start:** Tue 4/9/2019 9:00 AM  
**End:** Tue 4/9/2019 9:30 AM  
**Show Time As:** Out of Office

**Recurrence:** (none)

**Meeting Status:** Meeting organizer

**Organizer:** Becker Kimberly  
**Required Attendees:** Gates, Lara  
**Optional Attendees:** blugo@sandiego.gov

**Categories:** Out of Office

### Contact

- Brenda Lugo  
[blugo@sandiego.gov](mailto:blugo@sandiego.gov)

*Kim Becker  
1-on-1 meeting  
with Georgette Gomez*

OUR RECEIPT	WELCOME TO ACE PARKING LOT 28 2 HOUR PARKING	OUR RECEIPT
THIS IS YOUR RECEIPT	THIS IS YOUR RECEIPT Meter: 03010920-3010920 Trans: 030584 Purchase Time: 8:57AM APR 09 19 SPACE: 003 Price: \$15.00 Card: *****1802 Auth: 645560	THIS IS YOUR RECEIPT
THIS IS YOUR RECEIPT	PERMIT EXPIRES: 10:57AM TUE APR 09 2019	THIS IS YOUR RECEIPT
THIS IS YOUR RECEIPT	NO IN/OUT PRIVILEGES THANKS FOR PARKING WITH ACE. QUESTIONS CALL: 800-925-7275	THIS IS YOUR RECEIPT

**Casey Diane**

---

**Subject:** ADP/EIR Presentation to Taxpayers Association Board Meeting  
**Location:** 525 B Street, 1st Floor Conference Room (Peter will meet you in the lobby)  
**Start:** Fri 4/19/2019 12:00 PM  
**End:** Fri 4/19/2019 12:30 PM  
**Show Time As:** Out of Office  
**Recurrence:** (none)  
**Organizer:** Becker Kimberly  
**Categories:** Out of Office

10 Minutes to Present  
10 Minutes for Q&A

Kim Becker  
ADP Presentation  
to the San Diego  
County Taxpayers  
Association  
Board meeting

525 B Street  
525 B Street  
San Diego, Ca 92101  
Procopio Towers  
525 B Street  
San Diego, Ca 92101  
DATE: 04/19/19  
TIME: 12:39 PM

Receipt No. 12/53/83  
\* Original \*  
Ticket: **109729**  
Entry : 04/19/19 11:38 AM  
LPR :  
TAX included **20.00**  
Credit 20.00  
Trans ID : 2975  
Card No. : xxxxxxxxxxxx1802  
Card Type: MASTER CARD

Thank you for parking with us.  
Have a great day!

**A. BOLING**

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY**

SDCRAA

APR 26 2019

**2019**

Board Services

**MONTHLY MILEAGE and PARKING FEE REIMBURSEMENT REPORT**

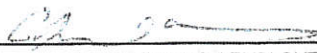
EMPLOYEE NAME C. April Boling			PERIOD COVERED April 2019	
DEPARTMENT/DIVISION				
Date	Miles driven	Destination and purpose of trip	Parking fees & other transportation costs paid	\$\$\$
4/22/19	29.40	Airport/Exec./Finance Comm. Mtg.		
4/23/19	30.50	C-Level/Lunch w/Kim		
4/25/19	29.40	Airport/Special Exec. Personnel & Comp. Mtg.		
4/26/19	25.00	SANDAG/BOD Business Mtg.		
SUBTOTAL			114.30	
SUBTOTAL				-

**Computation of Reimbursement**

REIMBURSEMENT RATE: (see below) *	Rate as of January 2019	X	114.30
TOTAL MILEAGE REIMBURSEMENT			0.580
PARKING FEES/TOLL CHARGES (ATTACH RECEIPTS)			66.29
TOTAL REIMBURSEMENT REQUESTED			-
			\$ 66.29

I acknowledge that I have read, understand and agree to Authority Policy 3.30 - Business Expense Reimbursement Policy and that any purchases/claims that are not allowed will be my responsibility. I further certify that this report of business expenses were incurred in connection with official Authority business and is true and correct.

Business Expense Reimbursement Policy 3.30



SIGNATURE OF EMPLOYEE

DEPT./DIV. HEAD APPROVAL

**J. SCHIAVONI**



SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

2019

SDCRAA  
 APR 26 2019  
 Board Services

MONTHLY MILEAGE and PARKING FEE REIMBURSEMENT REPORT

EMPLOYEE NAME Johanna Schiavoni			PERIOD COVERED 3/27-4/18/2019	
DEPARTMENT/DIVISION				
Date	Miles driven	Destination and purpose of trip	Parking fees & other transportation costs paid	\$\$\$
3/27/19		Downtown Partnership Dinner	Bayfront Hilton	22.53
4/4/19	7.70	SDCRAA Board meeting	SDCRAA	
4/5/19	4.50	SANDAG Transportation Committee	SANDAG	
4/18/19	15.60	Climate Action Campaign event	Marina Village	
SUBTOTAL		27.80	SUBTOTAL 22.53	

*Computation of Reimbursement*

	27.80
REIMBURSEMENT RATE: (see below) *	X 0.58
TOTAL MILEAGE REIMBURSEMENT	16.12
PARKING FEES/TOLL CHARGES (ATTACH RECEIPTS)	22.53
TOTAL REIMBURSEMENT REQUESTED	\$ 38.65

I acknowledge that I have read, understand and agree to Authority Policy 3.30 - Business Expense Reimbursement Policy and that any purchases/claims that are not allowed will be my responsibility. I further certify that this report of business expenses were incurred in connection with official Authority business and is true and correct.

Business Expense Reimbursement Policy 3.30

*Johanna Schiavoni*

SIGNATURE OF EMPLOYEE

DEPT./DIV. HEAD APPROVAL

Effective 1/1/2019 - CSR

Please use the other tabs for mileage prior to January 1, 2019

**Subject:** Your ride with Ileana on March 27

**Date:** Wednesday, March 27, 2019 at 7:37:06 PM Pacific Daylight Time

**From:** Lyft Ride Receipt <no-reply@lyftmail.com>

**To:** Johanna Schiavoni <johanna@schiaivoni-law.com>

---

Thanks for riding with Ileana!

March 27, 2019 at 6:23 PM

Ride Details

Lyft fare (3.42mi, 10m 24s)	\$11.03
Tip	\$2.00
<hr/>	
American Express *1006	<b>\$13.03</b>

Pickup 6:23 PM

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Drop-off 6:34 PM

-----

[Help Center](#)

Receipt #1251690969771484000

We never share your address with your driver after a ride.

[Learn more about our commitment to safety.](#)

Map data © OpenStreetMap contributors

© Lyft 2019

548 Market St., P.O. Box 68514

San Francisco, CA 94104

[Become a Driver](#)

**Subject:** Your ride with Jeffrey on March 27  
**Date:** Wednesday, March 27, 2019 at 11:05:46 PM Pacific Daylight Time  
**From:** Lyft Ride Receipt <no-reply@lyftmail.com>  
**To:** Johanna Schiavoni <johanna@schiaivoni-law.com>

---

Thanks for riding with Jeffrey!

March 27, 2019 at 10:39 PM

Ride Details

Lyft fare (3.01mi, 9m 30s)	\$7.50
Tip	\$2.00
<hr/>	
American Express *1006	<b>\$9.50</b>

Pickup 10:39 PM

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Drop-off 10:48 PM

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[Help Center](#)

Receipt #1251756161581480564

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548 Market St., P.O. Box 68514

San Francisco, CA 94104

[Become a Driver](#)