

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

REVISED 06/01/2020

BOARD MEETING **AGENDA**

Thursday, June 4, 2020
9:00 A.M.

San Diego International Airport
SDCRAA Administration Building
3225 N. Harbor Drive
San Diego, California 92101

Board Members

C. April Boling
Chairman

Catherine Blakespear
Greg Cox
Mark Kersey
Robert T. Lloyd
Paul McNamara
Paul Robinson
Johanna S. Schiavoni
Mark B. West

Ex-Officio Board Members

Gustavo Dallarda
Col. Charles B. Dockery
Gayle Miller

President / CEO

Kimberly J. Becker

This meeting of the Board of the San Diego County Regional Airport Authority Board will be conducted pursuant to the provisions of California Executive Order N-29-20 which suspends certain requirements of the Ralph M. Brown Act. During the current State of Emergency and in the interest of public health, all Board members will be participating in the meeting electronically. In accordance with the Executive Order, there will be no members of the public in attendance at the Board Meeting. We are providing alternatives to in-person attendance for viewing and participating in the meeting.

In lieu of in-person attendance, members of the public may submit their comments in the following manner.

Comment on Agenda Items must be submitted to the Authority Clerk at clerk@san.org and indicate the agenda item number you wish to submit your comment for. Comments on specific agenda items may be submitted up until the Chair calls the item. If you indicate in your email that you would like your comment to be read at the meeting, your submitted public comment will be read into the record for 3 minutes or in accordance with the time period established by the Chair. All public comments received up until the time the item is called will be submitted into the written record for the relevant item.

Comment on Non-Agenda Items must be submitted to the Authority Clerk at clerk@san.org, no later than 4:00 p.m. the day prior to the posted meeting in order to be eligible to be read into the record. The Authority Clerk will read the first 30 comments received by 4:00 p.m. the day prior to the meeting into the record. The maximum number of comments to be read into the record on a single issue will be 16. All other comments submitted, including those received after 4:00 p.m. the day prior and before 8:00 a.m. the day of the meeting, will be provided to the Authority Board and submitted into the written record for the meeting.

You may also view the meeting online at the following link: <https://www.san.org/Airport-Authority/Meetings-Agendas/Authority-Board>

REQUESTS FOR ACCESSIBILITY MODIFICATIONS OR ACCOMMODATIONS

As required by the Americans with Disabilities Act (ADA), requests for agenda information to be made available in alternative formats, and any requests for disability-related modifications or accommodations required to facilitate meeting participation, including requests for alternatives to observing meetings and offering public comment as noted above, may be made by contacting the Authority Clerk at (619) 400-2550 or <mailto:clerk@san.org>. The Authority is committed to resolving accessibility requests swiftly in order to maximize accessibility

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.

CALL TO ORDER:

ROLL CALL:

PRESENTATIONS:

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

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

ADVISORY COMMITTEES

- **AUTHORITY ADVISORY COMMITTEE:**
Liaison: Robinson (Primary), Schiavoni
- **ARTS 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 (Primary), Robinson
- **SANDAG TRANSPORTATION COMMITTEE:**
Representatives: Schiavoni (Primary), West

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 1-16):

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:

RECOMMENDATION: Approve the minutes of the April 16, 2020 special and May 7, 2020 regular meetings.

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.

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

3. AWARDED CONTRACTS, APPROVED CHANGE ORDERS FROM APRIL 8, 2020 THROUGH MAY 10, 2020 AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM APRIL 8, 2020 THROUGH MAY 10, 2020:

RECOMMENDATION: Receive the report.

(Procurement: Jana Vargas, Director)

- 4. JUNE 2020 LEGISLATIVE REPORT:**
RECOMMENDATION: Adopt Resolution No. 2020-0058, approving the June 2020 Legislative Report.
(Government Relations: Matt Harris, Director)
- 5. GRANT A EASEMENT FOR WATER SERVICE TO THE CITY OF SAN DIEGO:**
RECOMMENDATION: Adopt Resolution No. 2020-0059, authorizing the President/CEO to negotiate and execute an easement for water service with the City of San Diego in support of the Airline Support Building.
(Revenue Generation & Partnership Development: Jim DeCock, Acting Director)
- 6. APPROVE REAPPOINTMENTS TO THE ARTS ADVISORY COMMITTEE:**
RECOMMENDATION: Adopt Resolution No. 2020-0060, approving the reappointment of Jennifer Easton and Cris Scorza to the Arts Advisory Committee.
(Customer Experience & Innovation: Chris Chalupsky, Senior Manager, Arts Program)
- 7. CONTINUE THE DECLARATION OF THE EXISTANCE OF A LOCAL EMERGENCY IN RESPONSE TO THE SERIOUS AND IMMINENT THREAT OF THE NOVEL CORONAVIRUS (COVID-19):**
RECOMMENDATION: Adopt Resolution No. 2020-0061, confirming the need to continue the Declaration of a Local Emergency in response to COVID-19.
(Legal: Amy Gonzalez, General Counsel)

CLAIMS

- 8. REJECT THE CLAIM OF SHIRLEY HORTON:**
RECOMMENDATION: Adopt Resolution No. 2020-0062, rejecting the claim of Shirley Horton.
(Legal: Amy Gonzalez, General Counsel)
- 9. REJECT THE CLAIM OF PRISCILLA ALLEN:**
RECOMMENDATION: Adopt Resolution No. 2020-0063, rejecting the claim of Priscilla Allen.
(Legal: Amy Gonzalez, General Counsel)
- 10. REJECT THE CLAIM OF GIUSEPPE TERRANOVA:**
RECOMMENDATION: Adopt Resolution No. 2020-0064, rejecting the claim of Giuseppe Terranova.
(Legal: Amy Gonzalez, General Counsel)

COMMITTEE RECOMMENDATIONS

- 11. FISCAL YEAR 2020 THIRD QUARTER REPORT FROM THE OFFICE OF THE CHIEF AUDITOR:**
RECOMMENDATION: The Audit Committee recommends that the Board accept the report.
(Audit: Lee Parravano, Chief Auditor)
- 12. REVISION TO THE FISCAL YEAR 2020 AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:**
RECOMMENDATION: The Audit Committee recommends that the Board Adopt Resolution No. 2020-0065, approving the revision to the Fiscal Year 2020 Audit Plan of the Office of the Chief Auditor.
(Audit: Lee Parravano, Chief Auditor)
- 13. FISCAL YEAR 2021 RISK ASSESSMENT AND PROPOSED AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:**
RECOMMENDATION: The Audit Committee recommends that the Board Adopt Resolution No. 2020-0066, approving the Fiscal Year 2021 proposed Audit Plan of the Office of the Chief Auditor.
(Audit: Lee Parravano, Chief Auditor)
- 14. ANNUAL REVIEW OF AUTHORITY POLICY 4.40 – DEBT ISSUANCE AND MANAGEMENT:**
RECOMMENDATION: The Finance Committee recommends that the Board Adopt Resolution No. 2020-0067, approving amendments to Authority Policy 4.40 - Guidelines for Debt Issuance and Management Policy.
(Financial Management: John Dillon, Director)
- 15. ANNUAL REVIEW OF AUTHORITY POLICY 4.20 – GUIDELINES FOR PRUDENT INVESTMENTS, AND DELEGATION OF AUTHORITY TO INVEST AND MANAGE AUTHORITY FUNDS TO THE VICE PRESIDENT, CHIEF FINANCIAL OFFICER:**
RECOMMENDATION: The Finance Committee recommends that the Board Adopt Resolution No. 2020-0068, accepting the review of Authority Policy 4.20 - Guidelines for Prudent Investments, and delegating authority to invest and manage Authority funds to the Vice President, Chief Financial Officer.
(Financial Management: John Dillon, Director)

CONTRACTS AND AGREEMENTS

16. RESCIND RESOLUTION NO. 2020-0056, AND APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE AN AGREEMENT WITH WORLDPAY, LLC FOR MERCHANT CREDIT CARD SERVICES:

RECOMMENDATION: Rescind Resolution No. 2020-0056, which approved and authorized the President/CEO to negotiate and execute an agreement with MUFG Union Bank National Association ("Union Bank") for merchant credit card services.

Adopt Resolution No. 2020-0069 approving and authorizing the President/CEO to negotiate and execute an agreement with Worldpay, LLC for merchant credit card services for a term of five years with five one-year options and a maximum amount payable not-to-exceed \$16,000,000.

(Financial Management: John Dillon, Director)

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

PUBLIC HEARINGS:

OLD BUSINESS:

NEW BUSINESS:

17. APPROVAL AND ADOPTION OF THE OPERATING BUDGET FOR FISCAL YEAR 2021, THE CAPITAL PROGRAM FOR FISCAL YEARS 2021-2025, AND CONCEPTUAL APPROVAL OF THE OPERATING BUDGET FOR FISCAL YEAR 2022:

RECOMMENDATION: Adopt Resolution No. 2020-0070, approving and adopting the Authority's Annual Operating Budget for Fiscal Year 2021, the Capital Program for Fiscal Years 2021-2025, and conceptually approving the Operating Budget for Fiscal Year 2022.

(Financial Management: John Dillon, Director)

CLOSED SESSION:

18. 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

19. 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

- 20. 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
- 21. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)
Name of Case: M.W. Vasquez Construction Co. Inc. v. San Diego County Regional Airport Authority, et al.
San Diego Superior Court Case No. 37-2019-000215
- 22. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)
Name of Case: Quiet Skies San Diego v. San Diego County Regional Airport Authority
San Diego Superior Court Case No. 37-2020-00007998-CU-TT-CTL
- 23. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**
(Paragraph (1) of subdivision (d) of Section 54956.9)
Name of case: In re Hertz Global Holdings, Inc., Case No. 20-11219-MFW
- 24. 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
- 25. 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
- 26. 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
- 27. 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

- 28. 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
- 29. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:**
Property: Approximately 7.5 acres of land located on the north side of the San Diego International Airport property, north-east of Taxiway C
Agency Negotiators: Scott Brickner, John Dillon, Hampton Brown, Eric Podnieks
Negotiating Parties: AFCO, Chuck Stipancic
Under Negotiation: price and terms of payment
- 30. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:**
Property: Airline Operating and Lease Agreement-San Diego International Airport
Agency Negotiators: Kim Becker, Scott Brickner, John Dillon, Kathy Kiefer, Amy Gonzalez
Negotiating Parties: Air Canada, Alaska Airlines, Allegiant Airlines, American Airlines, AmeriFlight, Atlas Air, British Airways, Delta Airlines, Edelweiss, FedEx, Frontier Airlines, JetBlue Airlines, Lufthansa, Southwest Airlines, Spirit, Sun Country, Japan Airlines, United Airlines, UPS, West Air, West Jet
Hawaiian Airlines
Under Negotiation: Price and Terms of Payment
- 31. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:**
Property: Food & Beverage and Retail Concession Leases - San Diego International Airport
Agency Negotiators: Kim Becker, Scott Brickner, Hampton Brown, Jim DeCock
Negotiating Parties: SSP American Inc., HG-CV Epicure Martinez San Diego, Mission Yogurt Inc., Host International, Inc., PGC-PCI San Diego, Paradies-San Diego LLC, ZoomSystems Inc., InMotion Entertainment Group, LLC, SFS Beauty CA, LLC, SFS Investors JV, Spa Didicus, Inc., Stellar Partners, Inc,
Under Negotiation: Price and Terms of Payment
- 32. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:**
Property: 3355 ADMIRAL BOLAND WAY, SAN DIEGO CA 92101
Agency Negotiators: Kim Becker, Scott Brickner, Hampton Brown, Lisa Poitras
Negotiating Parties: Avis Budget Rental Car LLC; Enterprise Rent-A-Car Company of Los Angeles, LLC; The Hertz Corporation, Fox Rent-A-Car, Inc.; Nevada Lease and Rentals, Inc. dba Payless Car Rental System; Sixt Rent A Car LLC; Advantage Opco, LLC dba Advantage Rent A Car
Under Negotiation: Price and Terms of Payment

- 33. CONFERENCE WITH LABOR NEGOTIATORS:**
(Cal. Gov. Code section 54957.6)
Agency designated representatives: Angela Shafer-Payne, Lola Barnes, Greg Halsey, Rod Betts
Employee organization: California Teamsters Local 911
- 34. THREAT TO PUBLIC SERVICES OR FACILITIES:**
Consultation with: General Counsel and President/CEO

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.

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.

June 4, 2020
Board Meeting

NON-AGENDA
PUBLIC COMMENT

From: [Edris](#)
To: [SDCRAA clerk](#)
Subject: Taxicabs recovery and being on agenda
Date: Friday, May 29, 2020 7:59:35 PM

Dear Mr. Russel, hope all is well with you. Please read this e-mail to the Board.

Good Morning,

Since April 16th, this would be the 4th time I am writing to you regarding our recovery. My colleagues and I, have asked you to place us on agenda to discuss our future with the Board. So far there has been no move on your side, and you have not even mentioned anything about us the cabbies as we do not matter.

If the Board recalls, when the decision was taken to open the airport to all, it was said that 2020 would be a time of recover for our investments and then by January 2021 it would be open. In 2020 the year of recovery and the bonus year to collect some of our investment was met by Covid-19. Simply what I am saying, now we need at least 2-3 years to recover. One year for the loss of our investment, and the rest to recover from Covi-19. Our recovery will be long term, as our business is connected to the full recovery of travel and tourism, conventions and pro sport.

Please grant the cabbies time to discuss our recovery and future.

Imposters that pretend to be our reps must not make deals on our behalf in backrooms. We want see the process go through your respected Board.

Thanks, and be safe

Edris Wahab
Watan cab

From: [Hamid a](#)
To: [SDCRAA clerk](#)
Date: Friday, May 29, 2020 10:04:55 PM

To whom it may concern ! Since I noticed hundreds of airport taxi drivers are sending or trying to send emails and the last month or so to get you guys are attention to help us with these issues of opening airport for new cab on 2021 so far we already suffered A lot from UBER n Lyft and now this covide 19 so there is no more room for us to face with another issue of opening airport at least for next 3 years in order to get back on our feet and recover from all these economic situations that we are stragaling with . So please listen to our voice and include our request to your agenda for the next meeting to get help. Thanks so much
Sincerely Hamid Alhaam
OMAID CAB.

From: [abel s](#)
To: [SDCRAA clerk](#)
Subject: Non agenda public comment
Date: Monday, June 1, 2020 7:24:38 AM

Hello, Russel,

Can you please read this to the board members for June 4th meeting as a non agenda item?

Thank you ,

Abel seifu

Hello, Board Members,

As I stated in the previous meeting, the call to add the December 2020 deadline issue to the agenda will continue. This is the fourth time I am asking you to add this issue as an agenda item. As the taxi industry faces its fifth month of experiencing a 100% loss, and as the board continues to ignore our calls, our frustration is growing. I am asking this board yet again to direct the staff members to bring up this issue for discussion during the upcoming meetings.

Regards

Abel Seifu

DRAFT
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SPECIAL BOARD
AND
SPECIAL EXECUTIVE COMMITTEE MEETING MINUTES
THURSDAY, APRIL 16, 2020
BOARD ROOM

CALL TO ORDER: Chairman Boling called the Special Board and Special Executive meeting to order at 9:05 a.m., on Thursday, April 16, 2020, via teleconference, pursuant to Executive Order N-29-20, at the San Diego International Airport, Administration Building, 3225 N. Harbor Drive, San Diego, CA 92101.

ROLL CALL:

Board

Present: Boling (Chairman), Blakespear, Kersey, Lloyd, McNamara, Robinson, Schiavoni, West

Absent: Cox, Dallarda (Ex-Officio), Dockery (Ex-Officio), Miller (Ex-Officio)

Executive Committee

Present: Committee Members: Boling (Chairman), Lloyd, Robinson

Absent: Committee Member: None

Also Present: Kim Becker, President/CEO; Amy Gonzalez, General Counsel; Tony R. Russell, Director, Board Services/Authority Clerk; Linda Gehlken, Assistant Authority Clerk I

NON-AGENDA PUBLIC COMMENT: Tony R. Russell, Authority Clerk, read the non-agenda public comments received into the record.

FARAIDON BUSTANI, requested that the Authority postpone opening permits for City cabs until taxis recover from these challenging times.

MOHAMMAD TARIQ, SAN DIEGO, requested a postponement to the opening of the airport to all taxis until after the COVID-19 situation is resolved.

GEORGE SADAT, requested that the airport not be open to all cabs.

RAY SEYED SALEHI, requested that the airport not open permits to all taxis.

BELAL QARGHA, requested that the Authority stop the insurance requirement and give a three year extension to December 2023 due to COVID-19.

IRAJ ARYANPOUR, requested that the Authority postpone opening the airport to all taxis for at least another year.

EDRIS WAHAB, requested that the Authority postpone opening the airport to all cabs in 2021.

WILLIAM ALOZIE, requested a hold on the Open permit issue for now.

ABEL SEIFU, requested that the Authority extend the opening of permits by at least a year so that permit holders will be compensated fairly.

HOSSEIN TABATABAI, requested that the January 2021 start date for permitting all cabs to work at the airport be postponed. He also requested adding the postponing of permits to a future agenda.

ZABIULLAH QARGHA, requested that the Authority extend the permit opening to all cabs in San Diego City for three years, until 2023.

JAMES QARGHA, requested that the Authority postpone opening permits to all taxis to 2023.

EXECUTIVE COMMITTEE:

1. APPROVAL OF MINUTES:

RECOMMENDATION: Approve the minutes of the February 24, 2020 regular meeting.

ACTION: Moved by Board Member Robinson and seconded by Board Member Lloyd to approve staff's recommendation. Motion carried unanimously.

2. PRE-APPROVAL OF TRAVEL REQUESTS AND APPROVAL OF BUSINESS AND TRAVEL EXPENSE REIMBURSEMENT REQUESTS FOR BOARD MEMBERS, THE PRESIDENT/CEO, THE CHIEF AUDITOR AND GENERAL COUNSEL:

RECOMMENDATION: Pre-approve travel requests, and approve business and travel expense reimbursement requests.

ACTION: Moved by Board Member Robinson and seconded by Board Member Lloyd to approve staff's recommendation. Motion carried unanimously.

REVIEW OF FUTURE AGENDAS:

3. REVIEW OF THE DRAFT AGENDA FOR THE MAY 7, 2020 BOARD MEETING:

Kimberly J. Becker, President/CEO, provided an overview of the May 7, 2020 Draft Board Agenda. She stated that she would be adding a presentation update on COVID-19 as a standing item for all Board meetings.

Amy Gonzalez, General Counsel, requested that an item be added to Closed Session regarding negotiations with rental car companies.

Tony Russell, Authority Clerk, reported that Airport Planning staff has requested the addition of an item regarding the extension of a contract term for the Quieter Home Program, Project 9 Group 12 with G&G Specialty Contractors, Inc. increasing the term from 384 days to 584 days.

The Committee concurred to accept the May 7, 2020 Draft Board agenda as amended.

4. REVIEW OF THE DRAFT AGENDA FOR THE MAY 7, 2020 AIRPORT LAND USE COMMISSION MEETING:

Kimberly J. Becker, President/CEO, provided an overview of the May 7, 2020 Draft Airport Land Use Commission meeting agenda.

BOARD

5. DECLARE THE EXISTANCE OF A LOCAL EMERGENCY IN RESPONSE TO THE SERIOUS AND IMMINENT THREAT OF THE NOVEL CORONAVIRUS (COVID-19):

Kim Becker, President/CEO, stated that COVID-19 has had a tremendous impact on the aviation industry, and stated that passenger traffic, both at SAN, and nationally, is down approximately ninety-six percent from the same time last year. She provided a federal overview of action taken in support of the aviation industry, because of COVID-19, and reported that SAN will be receiving \$91.2M as its share of the CARE Act passed by Congress in March.

Amy Gonzalez, General Counsel, provided an overview of the staff report and resolution declaring a State of Emergency in response to the serious and imminent threat of COVID-19. She stated that declaring a State of Emergency will allow the Authority to be nimble and take action as needed during these uncertain and quickly changing times. She provided an overview of certain powers granted to the President/CEO during this State of Emergency and stated that the Declaration will provide immunity to the Authority under the law for certain actions that may be taken. She stated that if adopted, the Declaration would be in effect for sixty days. She stated that any action taken under the Resolution would be reported to the Board.

RECOMMENDATION: Adopt Resolution No. 2020-0044, declaring the existence of a local emergency in connection with preparations the Airport Authority is making and actions it is taking in response to the serious and imminent threat of the novel coronavirus (COVID-19) and compliance with health authorities' applicable guidance regarding COVID-19.

ACTION: Moved by Board Member Schiavoni and seconded by Board Member Robinson to approve staff's recommendation. Motion carried by the following votes: YES – Blakespear, Boling, Kersey, Lloyd, McNamara, Robinson, Schiavoni, West; NO – None; ABSENT – Cox; (Weighted Vote Points: YES – 92; NO – 0; ABSENT – 8)

Adopt Resolution No. 2020-0045, "Designation of Applicant's Agent Resolution for Non-State Agencies," designating the President/CEO and the Vice President/COO as the Airport Authority's agents for purposes of applying for disaster relief funds.

ACTION: Moved by Board Member Schiavoni and seconded by Board Member Robinson to approve the staff's recommendation. Motion carried by the following votes: YES – Blakespear, Boling, Kersey, Lloyd, McNamara, Robinson, Schiavoni, West; NO – None; ABSENT – Cox; (Weighted Vote Points: YES – 92; NO – 0; ABSENT – 8)

6. REVIEW OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2020 AND THE AUTHORITY'S INVESTMENT REPORT AS OF MARCH 31, 2020:

Scott Brickner, Vice President/CFO, provided a presentation on the Review of the Unaudited Financial Statements for the Nine Months Ended March 31, 2020, that included Enplanements, Gross Landing Weight Units, Operating Revenue, Operating Expenses, Net Operating Income, Nonoperating Revenue & Expenses, and Statements of Net Position.

Scott Brickner, Vice President/CFO, provided a presentation on the Authority's Investment Report as of March 31, 2020 that included Portfolio Characteristics, Sector Distribution, Quality & Maturity Distribution, Investment Performance, and Bond Proceeds.

BUDGET WORKSHOP:

7. PROPOSED CAPITAL PROGRAM BUDGET FISCAL YEARS 2021-2025:

Dennis Probst, Vice President/CDO, reported that due to the impacts of the COVID-19 pandemic, Capital Program projects for Fiscal Years 2021-2025 have been re-evaluated and timelines adjusted, as warranted.

Bob Bolton, Director, Airport Design & Construction and John Dillon, Director, Finance & Risk Management, provided a presentation on the Capital Program Budget Fiscal Years 2021-2025 that included Capital Program Overview, Current Capital Program Project Status, Current FY2020 - 2024 Capital Program – Budget by Location, CIP Project Development Process, Prioritization Criteria, Proposed Capital Projects, Proposed FY2021-2025 Capital Project Adjustments/ Allowances, Current FY2020 - 2024 Capital Program – Project Closeouts/ Eliminations/ Adjustments, Capital Program Budget Summary, Proposed FY2021 - 2025 Capital Program – Source of Funds, and Proposed FY2021 - 2025 Capital Program – On-Hold Values.

In response to Board Member West regarding how staff envisions the pandemic affecting the ADP moving forward, Kim Becker, President/CEO, stated that staff is continuing with planning and is meeting with airlines next week to discuss plans.

Dennis Probst, Vice President/CDO, stated that staff is working to maintain the ADP schedule as best we can as we move forward during the pandemic.

Chairman Boling suggested looking at projects that could be done at this time that could save the Authority money due to the lack of congestion.

The Board recessed at 11:14 a.m. and reconvened at 11:19 a.m.

CLOSED SESSION: The Board recessed into Closed Session at 11:20 a.m. to discuss all items.

- 8. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)
Name of Case: Quiet Skies San Diego v. San Diego County Regional Airport Authority
San Diego Superior Court Case No. 37-2020-00007998-CU-TT-CTL
- 9. CONFERENCE WITH LABOR NEGOTIATORS**
(Cal. Gov. Code section 54957.6)
Agency designated representatives: Angela Shafer-Payne, Lola Barnes, Greg Halsey, Rod Betts
Employee Organization: California Teamsters Local 911
- 10. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:**
Property: Airline Operating and Lease Agreement-San Diego International Airport
Agency Negotiators: Kim Becker, Scott Brickner, John Dillon, Kathy Kiefer, Amy Gonzalez
Negotiating Parties: Air Canada, Alaska Airlines, Allegiant Airlines, American Airlines, AmeriFlight, Atlas Air, British Airways, Delta Airlines, Edelweiss, FedEx, Frontier Airlines, JetBlue Airlines, Lufthansa, Southwest Airlines, Spirit, Sun Country, Japan Airlines, United Airlines, UPS, West Air, West Jet
Hawaiian Airlines
Under Negotiation: Price and Terms of Payment

11. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:

Property: Food & Beverage and Retail Concession Leases - San Diego
International Airport

Agency Negotiators: Kim Becker, Scott Brickner, Hampton Brown, Jim DeCock
Negotiating Parties: SSP American Inc., HG-CV Epicure Martinez San Diego,
Mission Yogurt Inc., Host International, Inc., PGC-PCI San Diego, Paradies-San
Diego LLC, ZoomSystems Inc., InMotion Entertainment Group, LLC, SFS Beauty
CA, LLC, SFS Investors JV, Spa Didicus, Inc., Stellar Partners, Inc,
Under Negotiation: Price and Terms of Payment

12. THREAT TO PUBLIC SERVICES OR FACILITIES:

Consultation with: General Counsel and President/CEO

REPORT ON CLOSED SESSION: The Board reconvened out of Closed Session at
12:54 p.m. There was no reportable action.

COMMITTEE MEMBER COMMENTS: None.

ADJOURNMENT: The meeting adjourned at 12:54 p.m.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY BOARD THIS 4TH DAY OF JUNE, 2020.

ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES/
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

DRAFT
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD
MINUTES
THURSDAY, MAY 7, 2020
SAN DIEGO INTERNATIONAL AIRPORT
BOARD ROOM

CALL TO ORDER: Chairman Boling called the meeting of the San Diego County Regional Airport Authority Board to order at 9:02 a.m. on Thursday, May 7, 2020, in the Board Room via teleconference pursuant to Executive Order N-29-20 and at the San Diego International Airport, Administration Building, 3225 North Harbor Drive, San Diego, CA 92101.

ROLL CALL:

PRESENT: Board Members: Blakespear, Boling, Cox, Dockery (Ex-Officio), Kersey, Lloyd, McNamara, Robinson, Schiavoni, West

ABSENT: Board Members: Dallarda (Ex-Officio), Miller (Ex-Officio)

ALSO PRESENT: Kimberly J. Becker, President/CEO; Amy Gonzalez, General Counsel; Tony R. Russell, Director, Board Services/Authority Clerk; Martha Morales, Assistant Authority Clerk I

PRESIDENT/CEO REPORT: Kim Becker, President/CEO, provided a synopsis of COVID-19 impacts and the Authority's response efforts. She stated that the TSA throughput numbers remain down 96% from last year and enplanements in fiscal year 2021 are anticipated to be about half of the 13 million expected pre-virus. She reported that as of May 1, masks are required for everyone in the terminal and airlines are beginning to require them on all flights. She reported that the consolidations of airlines into T1W and T2W will help preserve TSA resources along with providing additional savings; and that plans are in place to assist passengers with the new configurations. She reported that while the Authority has extended three months of deferred billing at a value of \$25 million to airlines and to concessions at a value of \$13 million, there is an item on today's agenda requesting additional actions to further support the concession partners. She reported that to date, 11 tenant employees have tested positive for COVID-19 and that the Authority is following CDC protocols for informing staff and tenants as well as protecting all employees. She also reported that measures have been implemented to trim expenses, including a hiring freeze, a reduction in non-essential expenses and delaying over \$170 million worth of non-ADP and non-mission critical capital improvement projects. She reported that costs have been cut aggressively with an estimated savings of at least \$22 million in this fiscal year vs. budget; and that staff has also taken a very hard look at reducing expenses for the FY21 budget. She also reported that staff recently met with airline business representatives and shared preliminary budget information for discussion. She reported that another meeting with the airlines is scheduled May 12 to present the final draft of the proposed budget that will be provided at the budget workshop on May 21. She also reported that the Airport Development Plan (ADP) is proceeding cautiously; and that impacts of COVID-19 on the ADP and all other projects and programs are constantly being evaluated. She reported that the ADP contains several decision points which

gives the Authority the opportunity to weigh all factors and determine a course of action as each point approaches. She reported that the Authority remains in close contact with tenants, stakeholders and partner agencies on this critically needed project; and that the ADP, like the Terminal 2 Green Build that was built during the Great Recession, has the potential of being a much-needed economic catalyst for the region. She also reported that at the federal level, Congress continues its work to provide relief for those impacted by COVID-19; and that in April additional COVID-19 relief legislation passed that provides \$484 billion in supplemental funding for the Paycheck Protection Program, testing efforts and hospitals. She reported that the House and Senate Leadership are anticipated to continue to negotiate on the next phase of COVID-19 relief legislation, and that staff is working with industry partners and consultants in Washington to ensure the Authority is heard in these discussions. She also reported that at the state level, the Governor recently announced that California can begin moving into Stage 2. She reported that staff will continue to monitor the state's progress towards meeting key indicators and the guidance that comes from our state and local leaders to ensure the full safety of our employees and airport users. She also reported that over the past few weeks, she and staff have provided briefings on the status of airport operations to a number of Assembly Members and State Senators. She reported that she has been asked by San Diego Mayor Kevin Faulconer and County Board of Supervisors Chairman, Greg Cox to join an advisory group charged with preparing recommendations for the region's economic reactivation and recovery with Board member Robinson assisting on the committee. She reported that the work aligns with our internal efforts to create a recovery plan for the Airport; and that the County Board of Supervisors unanimously approved a recommendation from the Advisory Group to adopt the Reopen San Diego Business Safety Framework. She also reported that the Authority's Business Continuity Plan COVID-19 Working Group has begun looking at recovery plans to facilitate employees coming back to work and Airport Authority visitors when it is deemed safe.

In response to Board Member West regarding whether the Authority would be impacted by the Governor's newest executive order which shifted the responsibility from employees having to provide evidence that they did not contract COVID-19 to placing it on the businesses, Matt Harris, Director, Government Relations stated that the Authority did receive the order and that staff was working with the Talent Culture and Capability department and General Counsel to evaluate any impacts. He stated that currently the Authority does not have any claims that would be specifically addressed by the order.

NON-AGENDA PUBLIC COMMENT: Tony R. Russell, Authority Clerk, reported that all non-agenda public comments received by the Authority Clerk via e-mail were sent to the Board. He stated that per the instructions on the agenda, those received before 4:00 p.m. the day prior to the meeting would be read for the record:

FARAIDON BUSTANI, requested that staff present to the Board the issue of postponing the opening of airport permits to all taxis.

JEMAL MOHAMMED, requested that staff present to the Board the issue of postponing the opening of airport permits to all taxis.

MEHRUDDIN KHAWAJA, requested that staff present to the Board the issue of postponing the opening of airport permits to all taxis.

NAJIB SAYAR, requested a postponement to the opening of the airport to all taxis.

NAJIBULLAH BARKZAI, requested the Authority extend the permit opening to all taxis for at least a year and half due to COVID-19.

AJMAD ALASADY, requested that staff present to the Board the issue of postponing the opening of airport permits to all taxis.

ABDULLAH WAHAB, requested that the Board discuss the extension of opening the airport to all taxis.

HAMID ALHAAM requested that, due to COVID-19, the opening of the airport to all taxis be extended.

ABDUL POPAL, requested a postponement to the opening of the airport to all taxis due to COVID-19.

EDRIS WAHAB, requested a delay to the airport opening its permits to all taxis.

ABEL SEIFU requested that the Board reevaluate the timeline of opening the airport to all taxis due to the pandemic.

HASHMATULLAH HASSAZDA requested that payments for airport taxi permits be postponed.

HASSAN NAZAR, requested the postponement of opening the airport to all taxis due to COVID-19.

ABDU ALI, requested that staff present to the Board the issue of opening the airport to all taxis.

AZIZULLAH NAWABI, requested the postponement of opening the airport to all taxis due to COVID-19.

NILOFAR SHEFA, requested that the airport not open permits to all taxis.

HARESS EBRAHIM, requested that the opening of the airport to all taxis be delayed.

NASSER A. TEHRANI, requested the postponement of opening the airport to all taxis for a couple of years due to the economic impacts of COVID-19.

A MUSTAFA, expressed his concern to opening the airport to all taxis and requested a postponement.

AHMAD J. SHEFA requested the postponement of opening the airport to all taxis.

ADRIAN KWIATKOWSKI requested that the Authority delay opening the taxi system by one year to January 2022 as a result of the economic impacts of the Coronavirus.

CARELYN REYNOLDS requested that a hold be placed on the entry of city cabs into the airport system, the ground transportation permit renewals, and the collection of trip/permit fees due to the impacts of COVID-19.

BELAL QARGHA requested a postponement of opening the airport to all taxis for three years.

ALFRED BANKS requested a hold on entry of new city cabs into the airport, a suspension of non-transferability policy, and an extension for current permit holders for another year.

CONSENT AGENDA (Items 1-12):

ACTION: Moved by Board Member Lloyd and seconded by Board Member West to approve the Consent Agenda. Motion carried by the following votes: YES – Blakespear, Boling, Cox, Kersey, Lloyd, McNamara, Robinson, Schiavoni, West; NO – None; ABSENT – None; (Weighted Vote Points: YES – 100; NO – 0; ABSENT – 0)

1. **APPROVAL OF MINUTES:**
RECOMMENDATION: Approve the minutes of the March 23, 2020 special 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 9, 2020 THROUGH APRIL 7, 2020 AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM MARCH 9, 2020 THROUGH APRIL 7, 2020:**
RECOMMENDATION: Receive the report.

- 4. MAY 2020 LEGISLATIVE REPORT:**
RECOMMENDATION: Adopt Resolution No. 2020-0046, approving the May 2020 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. 2020-0047, accepting the Board Member Weighted Vote Point Allocation as required by Section 170014 of the California Public Utilities Code.
- 6. WAIVER OF AUTHORITY POLICY 4.01(3) REQUIRING THE SUBMISSION OF THE PROPOSED BUDGET TO THE BOARD SIXTY DAYS PRIOR TO THE END OF THE FISCAL YEAR:**
RECOMMENDATION: Adopt Resolution No. 2020-0048, ratifying the waiver of Authority Policy 4.01(3) requiring that the proposed budget be submitted to the Board sixty days prior to the end of the fiscal year.

CLAIMS

COMMITTEE RECOMMENDATIONS

CONTRACTS AND AGREEMENTS

- 7. RATIFICATION OF NON-FEDERAL REIMBURSABLE AGREEMENT NO. AJW-FN-WSA-19-WP-003278 REGARDING ENGINEERING AND TECHNICAL SUPPORT RELATED TO REPLACEMENT OF RUNWAY 27 EMAS:**
RECOMMENDATION: Adopt Resolution No. 2020-0049, ratifying the Non-Federal Reimbursable Agreement No. AJW-FN-WSA-19-WP-003278 regarding Engineering and Technical Support related to replacement of Runway 27 EMAS for up to \$214,355.61.
- 8. AUTHORIZATION TO EXECUTE A MEMORANDUM OF AGREEMENT WITH FEDERAL AVIATION ADMINISTRATION COVERING SELECT NAVIGATIONAL AIDS ON THE AIRFIELD AT SAN DIEGO INTERNATIONAL AIRPORT:**
RECOMMENDATION: Adopt Resolution No. 2020-0050, authorizing the President/CEO to enter into a Memorandum of Agreement with the FAA covering certain FAA-owned and operated navigational aids located on the Airfield at San Diego International Airport for a term of twenty years.

9. **APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A REIMBURSABLE AGREEMENT WITH THE DEPARTMENT OF TRANSPORTATION FEDERAL AVIATION ADMINISTRATION (FAA) FOR THE RELOCATION OF TWO COMPONENTS OF AN FAA SYSTEM THAT CONFLICT WITH ADP PACKAGE 1 – TERMINAL AND ROADWAYS:**
RECOMMENDATION: Adopt Resolution No. 2020-0051, approving and authorizing the President/CEO to Execute a Reimbursable Agreement between the Department of Transportation Federal Aviation Administration (FAA) and the San Diego County Regional Airport Authority for preliminary planning and project design related to the relocation of two components of an FAA system.

10. **APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXTEND THE CONTRACT TERM FOR QUIETER HOME PROGRAM, PROJECT 9 GROUP 12 (380912) WITH G&G SPECIALTY CONTRACTORS, INC. FROM 384 DAYS TO 584 DAYS:**
RECOMMENDATION: Adopt Resolution No. 2020-0052, authorizing the President/CEO to extend the contract term with G&G Specialty Contractors, Inc. from 384 days to 584 days for Quieter Home Program, Project 9 Group 12, at San Diego International Airport.

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

11. **AWARD A CONTRACT TO S&L SPECIALTY CONSTRUCTION, INC. FOR QUIETER HOME PROGRAM PHASE 10, GROUP 7 PROJECT NO. 381007 FORTY (40) NON-HISTORIC SINGLE-FAMILY AND MULTI-FAMILY UNITS ON TWENTY-NINE (29) RESIDENTIAL PROPERTIES LOCATED EAST AND WEST OF THE SAN DIEGO INTERNATIONAL AIRPORT:**
RECOMMENDATION: Adopt Resolution No. 2020-0053, awarding a contract to S&L Specialty Construction, Inc. in the amount of \$1,266,599.29 for Phase 10, Group 7, Project No. 381007, of the San Diego County Regional Airport Authority's Quieter Home Program.

12. **APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXTEND THE EXISTING U.S. BANK NATIONAL ASSOCIATION AGREEMENT FOR 6 MONTHS AND NEGOTIATE AND EXECUTE AN AGREEMENT WITH U.S. BANK NATIONAL ASSOCIATION FOR DEPOSITORY BANKING AND LETTER OF CREDIT SERVICES AND WITH MUFG UNION BANK NATIONAL ASSOCIATION FOR MERCHANT CREDIT CARD SERVICES:**
RECOMMENDATION: Adopt Resolution No. 2020-0054, approving and authorizing the President/CEO to extend the existing U.S. Bank National Association agreement for a maximum of 6 months and negotiate and execute an agreement with U.S. Bank National Association for depository banking for a term of five years with five one-year options to extend the term and a maximum amount payable not-to-exceed \$1,000,000.

Adopt Resolution No. 2020-0055, approving and authorizing the President/CEO to negotiate and execute an agreement with U.S. National Bank Association for Letter of Credit Services for a term of 5 years and a compensation amount that shall not exceed \$250,000.

Adopt Resolution No. 2020-0056, approving and authorizing the President/CEO to negotiate and execute an agreement with MUFJ Union Bank National Association for merchant credit card services for a term of five years with five one-year options to extend the term and a maximum amount payable not-to-exceed \$16,000,000.

PUBLIC HEARINGS:

OLD BUSINESS:

NEW BUSINESS:

- 13. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO MODIFY CONTRACTUAL REQUIREMENTS TO PROVIDE RENT ABATEMENT TO QUALIFYING NON-AIRLINE TENANTS FOR A TEMPORARY PERIOD NOT-TO-EXCEED SIX (6) MONTHS, AS A RESULT OF THE COVID-19 PANDEMIC:**
Hampton Brown, Acting Vice President, Revenue Management & Innovation Division; and Jim DeCock, Acting Director, Revenue Generation & Partnership Development, provided a presentation on Non-Airline Tenant Relief Due to COVID-19 Pandemic that included COVID-19 Timeline, SAN Passenger Throughput, Comparison with 9/11 Impact, SAN Weekly Concession Sales, Rental Car Gross Revenues, Non-Airline Tenant Contract Types, Proposed Rent Abatement In-Terminal Concessions, Proposed Rent Abatement On-Airport Rental Car Companies, Proposed Rent Abatement Ground Lease Companies, Total Proposed Rent Abatement, and Terms and Conditions of Rent Abatement Program.

Tony R. Russell, Authority Clerk read the public comment received into the record:

ROBERT HUNSINGER, ENTERPRISE RENT A CAR COMPANY OF LOS ANGELES, LLC, thanked staff for listening to the concerns voiced by all concessionaires and suggested two changes to the Terms and Conditions outlined in the Staff Report.

In response to Board Member Lloyd's inquiry regarding how the Authority would oversee the tenants who receive the Authority's Rent Abatement Program as well as the Governments Paycheck Protection Program (PPP), as the PPP provides relief that would allow 20% to be used for rent, Mr. DeCock stated that he is working with tenants to determine who qualifies for PPP, and would be in constant communication with them to confirm whether they decide to apply and if they are approved.

RECOMMENDATION: Adopt Resolution No. 2020-0057, approving and authorizing the President/CEO to execute the required agreements to temporarily reduce rental obligations of qualifying non-airline tenants at the Airport, by providing abatement of monthly minimum annual guarantee (MAG), certain fixed-rent and cost recovery payments for a period not to exceed six (6) months beginning April 1, 2020 and ending September 30, 2020, in response to the COVID-19 pandemic crisis.

ACTION: Moved by Board Member Cox and seconded by Board Member West to approve staff's recommendation. Motion carried by the following votes: YES – Blakespear, Boling, Cox, Kersey, Lloyd, McNamara, Robinson, Schiavoni, West; NO – None; ABSENT – None; (Weighted Vote Points: YES – 100; NO – 0; ABSENT – 0)

The Board recessed at 10:06 a.m. and reconvened at 10:09 a.m.

CLOSED SESSION: The Board recessed into Closed Session at 10:10 a.m. to discuss Item 16.

- 14. 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
- 15. 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
- 16. 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
- 17. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)
Name of Case: M.W. Vasquez Construction Co. Inc. v. San Diego County Regional Airport Authority, et al.
San Diego Superior Court Case No. 37-2019-000215
- 18. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)
Name of Case: Quiet Skies San Diego v. San Diego County Regional Airport Authority
San Diego Superior Court Case No. 37-2020-00007998-CU-TT-CTL

- 19. 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
- 20. 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
- 21. 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
- 22. 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
- 23. 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
- 24. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:**
Property: Approximately 7.5 acres of land located on the north side of the San Diego International Airport property, north-east of Taxiway C
Agency Negotiators: Scott Brickner, John Dillon, Hampton Brown, Eric Podnieks
Negotiating Parties: AFCO, Chuck Stipancic
Under Negotiation: price and terms of payment
- 25. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:**
Property: Airline Operating and Lease Agreement-San Diego International Airport
Agency Negotiators: Kim Becker, Scott Brickner, John Dillon, Kathy Kiefer, Amy Gonzalez
Negotiating Parties: Air Canada, Alaska Airlines, Allegiant Airlines, American Airlines, AmeriFlight, Atlas Air, British Airways, Delta Airlines, Edelweiss, FedEx, Frontier Airlines, JetBlue Airlines, Lufthansa, Southwest Airlines, Spirit, Sun Country, Japan Airlines, United Airlines, UPS, West Air, West Jet
Hawaiian Airlines
Under Negotiation: Price and Terms of Payment

- 26. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:**
Property: Food & Beverage and Retail Concession Leases - San Diego International Airport
Agency Negotiators: Kim Becker, Scott Brickner, Hampton Brown, Jim DeCock
Negotiating Parties: SSP American Inc., HG-CV Epicure Martinez San Diego, Mission Yogurt Inc., Host International, Inc., PGC-PCI San Diego, Paradies-San Diego LLC, ZoomSystems Inc., InMotion Entertainment Group, LLC, SFS Beauty CA, LLC, SFS Investors JV, Spa Didicus, Inc., Stellar Partners, Inc,
Under Negotiation: Price and Terms of Payment
- 27. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:**
Property: 3355 ADMIRAL BOLAND WAY, SAN DIEGO CA 92101
Agency Negotiators: Kim Becker, Scott Brickner, Hampton Brown, Lisa Poitras
Negotiating Parties: Avis Budget Rental Car LLC; Enterprise Rent-A-Car Company of Los Angeles, LLC; The Hertz Corporation, Fox Rent-A-Car, Inc.; Nevada Lease and Rentals, Inc. dba Payless Car Rental System; Sixt Rent A Car LLC; Advantage Opco, LLC dba Advantage Rent A Car
Under Negotiation: Price and Terms of Payment
- 28. CONFERENCE WITH LABOR NEGOTIATORS:**
(Cal. Gov. Code section 54957.6)
Agency designated representatives: Angela Shafer-Payne, Lola Barnes, Greg Halsey, Rod Betts
Employee organization: California Teamsters Local 911
- 29. THREAT TO PUBLIC SERVICES OR FACILITIES:**
Consultation with: General Counsel and President/CEO

REPORT ON CLOSED SESSION: The Board adjourned out of Closed Session at 10:42 a.m. There was no reportable action.

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 10:42 a.m.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY BOARD THIS 4TH DAY OF JUNE, 2020.

ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES /
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

STAFF REPORT

Meeting Date: **JUNE 4, 2020**

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. 2019-0074, 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.

Fiscal Impact:

Board and Committee Member Compensation is included in the FY 2020 Budget

Authority Strategies/Focus Areas:

This item supports one or more of the following (*select at least one under each area*):

Strategies

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Focus Areas

- Advance the Airport Development Plan Transform the Customer Journey Optimize Ongoing Business

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.
- C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

Application of Inclusionary Policies:

Not applicable.

Prepared by:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES/AUTHORITY CLERK

C. BLAKESPEAR

BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUN

Directions: This Form permits Board Members to report their attendance at meetings, events, and training that qualifies for "day of service" compensation pursuant to Cal. Pub. Util. Code §170017, Board Policy 1.10 and Board Resolution 2019-0074 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 Board Services, Authority Clerk Staff.

Period Covered:		May, 2020
Board Member Name:		Catherine Blakespear
Date:		5/21/20
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. 2019-0074	May 7, 2020/ 9:00 a.m. - Noon/ Teleconference	Board/ALUC Meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	May 14, 2020/ 10:00 a.m.- noon/ Teleconference	Audit Committee Meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	May 21, 2020/ 9:00 a.m. - 11:00 a.m./ Teleconference	Special Board and Executive-Finance Committee Meeting
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input checked="" type="checkbox"/> Res. 2019-0074	May 18, 2020/ 8:30 a.m. - 9:00 a.m./ Phone meeting	Meeting with President/CEO Kim Becker
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		

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

Signature: Catherine Blakespear
Digitally signed by Catherine Blakespear
 Date: 2020.05.21 16:43:27 -07'00'

A. BOLING



BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

Directions: This Form permits Board Members to report their attendance at meetings, events, and training that qualifies for "day of service" compensation pursuant to Cal. Pub. Util. Code §170017, Board Policy 1.10 and Board Resolution 2019-0074 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 Board Services, Authority Clerk Staff.

Period Covered: MAY, 2020		
Board Member Name: C. APRIL BOLING		
Date: 5/22/2020		
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. 2019-0074	5/07/20 9:00 VIA TELEPHONE	Board/ALUC Meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	5/21/20 9:00 VIA TELEPHONE	Exec./Finance Comm. Meeting
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		

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

Signature: 

G. COX

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
Board Member Event/Meeting/Training Report Summary
 Period Covered: MAY 1-31, 2020

May 21, 2020

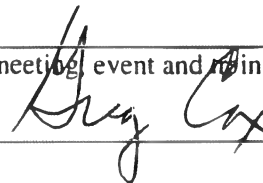
Board Services

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 Board or Board Committee meeting held pursuant to the Brown Act, attendance must be pre-approved prior to attendance and a written report delivered at the next Board meeting. After completing this Form, please forward it to Tony Russell, Authority Chief Clerk.

BOARD MEMBER NAME: (Please print)		DATE OF THIS REPORT:
GREG COX		MAY 22 2020
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: MAY 7, 2020 Time: 9:00am Location: ZOOM MEETING	BOARD MEETING ALUC MEETING
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R	Date: MAY 21, 2020 Time: 9:00am Location: ZOOM MEETING	SPECIAL BOARD MEETING EXECUTIVE/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:	
<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: _____




SAN DIEGO
INTERNATIONAL
AIRPORT

M. KERSEY

R. LLOYD



BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

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Period Covered: May2020	
Board Member Name: Robert T Lloyd	
Date: 5/21/20	
Type of Meeting	Date/Time/Location of Event/Meeting/Training
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	May 7, 2020 Teleconference
<input type="checkbox"/> Board / ALUC Meeting	
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	May 21, 2020 Special Board / Executive Board Meeting
<input type="checkbox"/> Special Board/ Finance / Executive Board meeting	
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	

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

Signature: 

P. MCNAMARA

BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

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Period Covered:		May, 2020
Board Member Name:		Paul McNamara
Date:		5/22/20
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. 2019-0074	5/7/2020/0900/Virtual/BOARD-ALUC	Board Meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	5/14/2020/0900/Virtual/Audit Committee	Audit Committee Meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	5/21/2020/0900/Virtual/Finance Committee	Finance Committee Meeting
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		

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

Signature: Paul McNamara

Digitally signed by Paul McNamara
DN: cn=Paul McNamara, o=San Diego County Regional Airport Authority, ou=SDCRAA, ou=City Hall, cn=Paul McNamara,
-----BEGIN-----
Date: 2020.05.22 13:30:01 -0700

P. ROBINSON



BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMM.

Directions: This Form permits Board Members to report their attendance at meetings, events, and training that qualifies for "day of service" compensation pursuant to Cal. Pub. Util. Code §170017, Board Policy 1.10 and Board Resolution 2019-0074 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 Board Services, Authority Clerk Staff.

Period Covered: 5/1 - 5/31/20		
Board Member Name: Robinson		
Date: 5/1/20		
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. 2019-0074	5/7/20 Phone/Skype 8:00am	SDCRAA Bd ALVA mtgs.
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	5/14/20 Skype 10:00am	Audit Comm.
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	5/21/20 Skype 9:00	Special Bd Exco. Finance Comm. mtgs
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		

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

Signature: J.R. Robinson

J. SCHIAVONI

BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

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Period Covered:		4/29/2020-5/22/2020
Board Member Name:		Johanna S. Schiavoni
Date:		5/22/20
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. 2019-0074	4/29/2020, 9:00am, Webinar	SDCRAA Arts Advisory Committee
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	5/7/2020, 9:00am, Webinar	SDCRAA Board meeting
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input checked="" type="checkbox"/> Res. 2019-0074	5/8/2020, 2:00pm, Telephone	Telephonic meeting with General Counsel re legal issues
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	5/14/2020, 9:00am, Webinar	SDCRAA Audit Committee meeting
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input checked="" type="checkbox"/> Res. 2019-0074	5/15/2020 9:30am, Telephone	Telephonic meeting with CEO for quarterly update
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	5/21/2020 9:00am, Webinar	SDCRAA Special Board meeting/ Executive-Finance Committee
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input checked="" type="checkbox"/> Res. 2019-0074	5/22/2019, online training	AB 1234 re-certification training
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		



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

Signature: Johanna Schiavoni

D. TARTRE

SDCRAA

MAY 26 2020

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY Board Services

Board Member Event/Meeting/Training Report Summary

Period Covered: 5/14-2020

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: (Please print)		DATE OF THIS REPORT:
Don Tartre		5/14-2020
TYPE OF MEETING	DATE/TIME/LOCATION OF EVENT/MEETING/TRAINING	SUMMARY AND DESCRIPTION OF THE EVENT/MEETING/TRAINING
Brown Act Pre-approved Res. 2009-0149R	Date: 5/14-2020 Time: 10AM Location: Skype / Cell-in	AC Meeting - open session
Brown Act Pre-approved Res. 2009-0149R	Date: _____ Time: _____ Location: _____	- closed session
Brown Act Pre-approved Res. 2009-0149R	Date: 5/14-2020 Time: 11AM Location: Skype / Cell-in	
Brown Act Pre-approved Res. 2009-0149R	Date: _____ Time: _____ Location: _____	
Brown Act Pre-approved Res. 2009-0149R	Date: _____ Time: _____ Location: _____	
Brown Act Pre-approved Res. 2009-0149R	Date: _____ Time: _____ Location: _____	
Brown Act Pre-approved Res. 2009-0149R	Date: _____ Time: _____ Location: _____	
Brown Act Pre-approved 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: [Handwritten Signature]

J. VAN SAMBEEK



SDCRAA

BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY MAY 20 2020

Board Services

Directions: This Form permits Board Members to report their attendance at meetings, events, and training that qualifies for "day of service" compensation pursuant to Cal. Pub. Util. Code §170017, Board Policy 1.10 and Board Resolution 2019-0074 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 Board Services, Authority Clerk Staff.

Period Covered:		
Board Member Name: JACK VAN SAMBEEK		
Date:		
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. 2019-0074	5-14-2020 Board Chambers Virtual Meeting	Scheduled Audit Committee meeting
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		

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

Signature: Jack Van Sambek

C. VANN



BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

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Period Covered:	02/13/20 - 05/14/20
Board Member Name:	Carmen Vann
Date:	5/26/20

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. 2019-0074	2/13/20/10:00AM/San Diego International Airport Admin Building Third Floor/ Audit Committee	Special Audit Committee Meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	5/14/20/10:00AM/Via Skype/ Audit Committee	Special Audit Committee Meeting
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		

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

Signature: Carmen D. Vann

Digitally signed by Carmen D. Vann
 DN: C=US, E=Carmen.Vann@BNBusers.com,
 CN=Carmen D. Vann
 Date: 2020.05.26.11:59:28-0700

STAFF REPORT

Meeting Date: **JUNE 4, 2020**

Subject:

Awarded Contracts, Approved Change Orders from April 8, 2020 through May 10, 2020 and Real Property Agreements Granted and Accepted from April 8, 2020 through May 10, 2020

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/Focus Areas:

This item supports one or more of the following:

Strategies

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Focus Areas

- Advance the Airport Development Plan Transform the Customer Journey Optimize Ongoing Business

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.
- C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

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, 2020 to May 10, 2020

New Contracts

Date Signed	CIP #	Company	Description	Solicitation Method	Owner	Contract Value	End Date
4/15/2020		Everbridge, Inc	The Contractor will provide a web-based emergency notification system for the San Diego County Regional Airport Authority.	RFP	Aviation Security & Public Safety	\$160,000.00	3/31/2023
4/16/2020		SITA Information Networking	The Contractor will provide the implementation and maintenance of a biometric passenger processing system for the San Diego County Regional Airport Authority.	RFP	Information Technology & Services	\$816,980.07	4/30/2023
4/16/2020		Sylvester Roofing Company	The Contractor will provide on-call routine and emergency roofing services for the San Diego County Regional Airport Authority	RFP	Facilities Management	\$900,000.00	3/26/2023
4/16/2020		Searchwide Global Inc.	The Contractor is one of two (2) contractors to provide executive search services to assist with the sourcing for executive vice president and director level vacancies for the San Diego County Regional Airport Authority. The contract value reflects the total compensation for the entire pool of contractors.	RFP	Talent, Culture & Capability	\$500,000.00	3/31/2023
4/27/2020		Beliz Iristay	The Artist will provide the fabrication and installation for the "Admiral Boland Way Mural Art Work Project " at San Diego International Airport.	RFQ	Arts Program, Customer Experience & Innovation	\$5,500.00	6/1/2021
4/29/2020		Ehmcke Sheet Metal Corp	The Contractor is one of three (3) contractors to provide on-call sheet metal fabrication, materials and services for the San Diego County Regional Airport Authority. The contract value reflects the total compensation for the entire pool of contractors.	RFQ	Facilities Management	\$300,000.00	4/30/2023
4/29/2020		Mobileweld, Inc.	The Contractor is one of three (3) contractors to provide on-call sheet metal fabrication, materials and services for the San Diego County Regional Airport Authority. The contract value reflects the total compensation for the entire pool of contractors.	RFQ	Facilities Management	\$300,000.00	4/30/2023
4/29/2020		San Diego Sheet Metal	The Contractor is one of three (3) contractors to provide on-call sheet metal fabrication, materials and services for the San Diego County Regional Airport Authority. The contract value reflects the total compensation for the entire pool of contractors.	RFQ	Facilities Management	\$300,000.00	4/30/2023
5/6/2020		Jane Brucker	The Artist will participate in the "Make Yourself at Home" Exhibition at San Diego International Airport.	RFQ	Arts Program, Customer Experience & Innovation	\$600.00	7/1/2021
5/6/2020		Kline Swonger	The Artist will participate in the "Make Yourself at Home" Exhibition at San Diego International Airport.	RFQ	Arts Program, Customer Experience & Innovation	\$600.00	7/1/2021
5/6/2020		Cheryl Tall	The Artist will participate in the "Make Yourself at Home" Exhibition at San Diego International Airport.	RFQ	Arts Program, Customer Experience & Innovation	\$600.00	7/1/2021
5/6/2020		Kerianne Quick	The Artist will participate in the "Make Yourself at Home" Exhibition at San Diego International Airport.	RFQ	Arts Program, Customer Experience & Innovation	\$600.00	7/1/2021
5/7/2020		WBCP, Inc.	The Contractor is one of two (2) contractors to provide executive search services to assist with the sourcing for executive vice president and director level vacancies for the San Diego County Regional Airport Authority. The contract value reflects the total compensation for the entire pool of contractors.	RFP	Talent, Culture & Capability	\$500,000.00	3/31/2023
5/8/2020		Hyoco Distribution	The Contractor will provide maintenance and repair services of dynamic signage for the San Diego County Airport Authority. The dynamic signage is proprietary to Hyoco Distribution, Inc. ("Hyoco"), and Hyoco representatives must perform any maintenance or repairs.	Sole Source	Terminal Operations	\$24,999.00	4/30/2021

Attachment "A"

AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN April 8, 2020 to May 10, 2020

New Contracts Approved by the Board

Date Signed	CIP #	Company	Description	Solicitation Method	Owner	Contract Value	End Date
4/24/2020	104267	University Mechanical Engineering	This Contract was approved by the Board on January 9, 2020. The Contractor will provide the furnishing of labor, materials, equipment, and incidental items for the project Terminal 2 West DAS Room Cooling Upgrade for the San Diego County Regional Airport Authority.	RFB	Airport Design & Construction	\$345,330.00	9/30/2020

Attachment "A"

AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN April 8, 2020 to May 10, 2020

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
4/9/2020		Anderson & Kreiger LLP	The 4th amendment increases the total maximum amount by \$50,000 for legal services for the San Diego County Regional Airport Authority.	General Counsel	\$500,000.00	\$50,000.00	10%	\$550,000.00	10/2/2020
4/22/2020		CPR1, LLC	The 3rd Amendment increases the total maximum amount by \$9,000 and exercises the option to the first one-year extension to cover the increase in AEDs in the Parking Plaza and the CPR classes for the San Diego Country Regional Airport Authority.	Public Safety and Security	\$100,000.00	\$9,000.00	9%	\$109,000.00	6/30/2021
4/22/2020		Bay City Electric Works	The 1st Amendment extends the agreement term for ninety (90) days while a new agreement is put in place as the result of a RFP. No additional monies are required. The purpose of this extension is for continued provision of emergency generator maintenance services for the San Diego County Regional Airport Authority.	Facilities Management	\$573,228.00	\$0.00	0%	\$573,228.00	6/29/2020
4/29/2020		Coffman Associates	The 1st Amendment is to extend the agreement term for a period of ninety (90) days. No additional monies are required. The purpose of this extension is for continued provisions of Airport Land Use Compatibility Technical Support Services for the San Diego County Regional Airport Authority.	Planning & Environmental Affairs	\$1,000,000.00	\$0.00	0%	\$1,000,000.00	11/11/2020
4/29/2020		Willis Insurance Services of California	The 2nd Amendment is to add Hub International Services Inc. as an "Authorized Subcontractor" for the Benefits Services for the San Diego County Regional Airport Authority. No additional monies are required.	Talent, Culture & Capability	\$750,000.00	\$0.00	0%	\$750,000.00	2/28/2021

Attachment "A"

AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN April 8, 2020 to May 10, 2020

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
4/29/2020		AECOM Technical Services	This Amendment was approved by the Board on January 9, 2020. The 1st Amendment increases the total compensation amount by \$19,500,000. The increase is to continue support of ongoing Capital Improvement and Major Maintenance Programs, oversight to tenant improvement projects, as well as specialized support and oversight of the Airport Development Plan for the San Diego Airport Authority.	Airport Design & Construction	\$134,800,000.00	\$19,500,000.00	14%	\$154,300,000.00	4/9/2024
4/29/2020		Devaney Pate Morris Cameron LLP	This Amendment was approved by the Board on March 5, 2020. The 4th Amendment is to extend the agreement term for one (1) year. No additional monies are required. The purpose is to continued the support of professional legal services for the San Diego County Regional Airport Authority.	General Counsel	\$500,000.00	\$0.00	0%	\$500,000.00	4/30/2021

Attachment "B"

REAL PROPERTY AGREEMENTS EXECUTED FROM APRIL 8, 2020 through MAY 10, 2020



Real Property Agreements

Begin/End Dates	Authority Doc. #	Tenant/Company	Agreement Type	Property Location	Use	Property Area (s.f)	Consideration	Comments
3.10.20 to 3.12.20	LE-1061	Junior Achievement of San Diego	Right of Entry	Administration Building	Temporary Use of Innovation Lab Space	N/A	None	N/A



Real Property Agreement Amendments and Assignments

Effective Date	Authority Doc. #	Tenant/Company	Agreement Type	Property Location	Use	Property Area (s.f)	Consideration	Comments
9.1.18 to 11.30.21	LE-0974	New Cingular Wireless PCS, LLC dba AT&T	2nd Amendment to Agreement	T1 and T2	Access Agreement to Provide Cellular Services	N/A	\$11,592.74 per month 3% Annual Increase	N/A

STAFF REPORT

Meeting Date: **JUNE 4, 2020**

Subject:

June 2020 Legislative Report

Recommendation:

Adopt Resolution No. 2020-0058, approving the June 2020 Legislative Report

Background/Justification:

The Authority's Legislative Advocacy Program Policy 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 2020 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 Government Relations team recommends the Board adopt a "WATCH" position on the following bill: AB 2731 (Gloria).

AB 2731 would establish special procedures under the California Environmental Quality Act for concurrent preparation of the administrative record, public hearings, and mediation for a "transit and transportation facilities" project, specifically a multimodal regional transportation facility to serve as a connection to link regional transit to the San Diego International Airport.

The Authority's Government Relations team has learned that the following bills will not move forward in the 2020 legislative session due to the impact of COVID-19: AB 2081 (Boerner Horvath), AB 2148 (Quirk), and AB 3248 (Waldron). Legislative staff will continue to monitor these issues for the remainder of the legislative session.

In Sacramento, the Governor's Office has worked closely with the California Airports Council (CAC) to establish uniform health guidelines and protocols to prepare for increased passenger traffic at airports. The CAC requested assistance from the U.S. Department of Transportation and the Federal Aviation Administration in developing and issuing operational protocols to ensure uniformity of federal and state guidelines.

In mid-May, Governor Newsom unveiled his 2020-2021 Budget May Revise. The Governor's May Revise attempts to balance a projected \$54 billion deficit (\$41B decline in revenues plus projected increases in costs) while protecting California's essential services: public education, public health, public safety and people impacted by COVID-19.

The California State Legislature has resumed session and has held policy and budget committee hearings in-person and by teleconference. The Legislature has until June 15 to pass a state budget. The Governor has until June 30 to sign a budget for fiscal year 2020-21. The Airport Authority's Government Relations staff and State legislative consultants anticipate that the Legislature will continue to focus on the impacts of COVID-19 through the remainder of the 2019-2020 session.

Federal Legislative Action

The Authority's Government Relations team recommends the Board adopt a "SUPPORT" position on the following bill: S. 3681 (Markey).

S. 3681 would create a joint task force on the operation of air travel during and after the COVID-19 public health emergency. The Task Force is required to develop requirements, plans, and guidelines to address the health, safety, security, and logistical issues relating to the continuation of air travel during the COVID-19 public health emergency, and for the resumption of full operations of passenger air travel at airports after the pandemic ends.

In mid-May, the House of Representatives passed the latest COVID-19 relief package, referred to as the HEROES Act. This \$3 trillion package focuses primarily on additional funding for state and local governments, first responders, front line health workers, dislocated workers, and other workers providing vital services. Although the bill is not expected to be considered by the Senate, it does contain provisions that could be amended into subsequent legislation. The Airport Authority's Government Relations staff and Federal legislative consultants will continue to work closely with industry associations to advocate for additional financial resources.

Since the May Board Meeting, discussions between the Administration, Congress, airports and aviation stakeholders continue on how airports can safely navigate the current environment and prepare for the long-term recovery of the air travel system. The Airport Authority Government Relations staff and Federal legislative consultants have been in regular contact with federal agencies, industry associations and other aviation stakeholders to ensure employee and passenger safety and limit the spread of COVID-19.

Fiscal Impact:

Not applicable.

Authority Strategies/Focus Areas:

This item supports one or more of the following (*select at least one under each area*):

Strategies

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Focus Areas

- Advance the Airport Development Plan Transform the Customer Journey Optimize Ongoing Business

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.
- C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

Application of Inclusionary Policies:

Not applicable.

Prepared by:

MATT HARRIS
DIRECTOR, GOVERNMENT RELATIONS

RESOLUTION NO. 2020-0058

A RESOLUTION OF THE BOARD OF THE SAN DIEGO
COUNTY REGIONAL AIRPORT AUTHORITY, APPROVING
THE JUNE 2020 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 2020 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

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

BE IT FURTHER RESOLVED that the Board finds that this action is not a project that involves additional approvals or actions by the Federal Aviation Administration (“FAA”) and, therefore, no formal review under the National Environmental Policy Act (“NEPA”) is required.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 4th day of June 2020, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY RUSSELL
DIRECTOR, BOARD SERVICES/
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

June 2020 Legislative Report

State Legislation

New Assembly Bills

Legislation/Topic

AB 2731 (Gloria) – California Environmental Quality Act: City of San Diego: transit and transportation facilities projects

Background/Summary

This bill would require a lead agency, in certifying the environmental impact report and in granting approvals for a transit and transportation facilities project, which is defined as a multimodal regional transportation facility, including a central mobility hub, to serve as a connection to link regional transit to the San Diego International Airport, to comply with specified procedures.

Anticipated Impact/Discussion

In September 2019, the San Diego Association of Governments (SANDAG) signed an initial agreement with the United States Navy to explore the redevelopment of the Old Town Center to include a Central Mobility Hub. The Airport Authority participated in a SANDAG Airport Connectivity Work Group and continues to engage with SANDAG, partner agencies and regional stakeholders to improve connectivity to the airport. The Airport Authority's legislative team will closely monitor the development of this bill language as it is expected to be amended throughout the legislative process.

Status: 05/14/20 – The bill passed the Assembly Natural Resources Committee on a 9 – 0 vote and is currently in the Assembly Appropriations Committee.

Position: Watch (06/04/20)

*Shaded text represents new or updated legislative information

Assembly Bills from Previous Report

Legislation/Topic

AB 245 (Muratsuchi) – California Aerospace and Aviation Commission

Background/Summary

AB 245 would establish a 15-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 Airport 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: 06/19/19 – This bill passed the Senate Business, Professions and Economic Development Committee on an 8 – 0 vote and is now in the Senate Government Organization Committee.

Position: Watch (03/14/19)

*Shaded text represents new or updated legislative information

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 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: 06/19/19 – Re-referred to the Senate Transportation Committee. AB 1112 is a 2-year bill and is eligible for consideration in the 2020 legislative session.

Position: Watch (05/02/19)

*Shaded text represents new or updated legislative information

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.

Anticipated Impact/Discussion

This bill could benefit 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: 06/19/19 – To the Senate Rules Committee for assignment. AB 1190 is a 2-year bill and is eligible for consideration in the 2020 legislative session.

Position: Watch (03/14/19)

*Shaded text represents new or updated legislative information

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 anonymized, as defined, 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: 06/12/19 – Referred to the Senate Judiciary Committee. AB 1782 is a 2-year bill and is eligible for consideration in the 2020 legislative session.

Position: Watch (03/14/19)

*Shaded text represents new or updated legislative information

Legislation/Topic

AB 1850 (Gonzalez) – Employee Classification

Background/Summary

AB 1850 clarifies the statutory provisions established by Assembly Bill 5 (2019) and provides exemptions for professional services including, but not limited to still photographers, photojournalists, freelance writers, editors, and newspaper cartoonists.

Anticipated Impact/Discussion

The Authority’s legislative team will closely monitor the development of this bill language for any impact on San Diego International Airport (SDIA) and the Airport Authority.

Status: 05/20/20 – Amended and Re-referred to the Assembly Labor and Employment Committee

Position: Watch (03/05/20)

*Shaded text represents new or updated legislative information

Legislation/Topic

AB 2081 (Boerner Horvath) – Coastal Resources: Research: Landslides and Erosion: Early Warning System: County of San Diego

Background/Summary

AB 2081 (Boerner Horvath) would appropriate from the General Fund the sum of \$2,500,000 to Scripps Institution of Oceanography at the University of California San Diego to conduct research on coastal cliff landslides and erosion in the County of San Diego, as provided. The bill would require the research to be completed by January 1, 2023. The bill would require by no later than March 15, 2023, the institution to provide a report to the Legislature with recommendations for developing an early warning coastal cliff landslide and erosion warning system based on that research.

Anticipated Impact/Discussion

If enacted, this bill could provide additional educational resources for the Airport Authority to use when planning and developing mitigation measures for sea level rise that may impact the airport's daily operations. In May, the Author's office confirmed that the bill will not move forward in the 2020 Legislative Session. The Authority's legislative team will continue to monitor the issue.

Status: 02/20/20 – Referred to the Assembly Natural Resources Committee.

Position: Watch (03/05/20)

*Shaded text represents new or updated legislative information

Legislation/Topic

AB 2093 (Gloria) – Public Records: Writing Transmitted by Electronic Mail: Retention

Background/Summary

AB 2093 (Gloria) would, unless a longer retention period is required by statute or regulation, or established by the Secretary of State pursuant to the State Records Management Act, require a public agency, for purposes of the California Public Records Act, to retain and preserve for at least 2 years every public record, as defined, that is transmitted by electronic mail.

Anticipated Impact/Discussion

If enacted, the Airport Authority would need to amend its retention schedule to conform with the bill's provisions. In April, the Author's office confirmed that the bill will not move forward in the 2020 Legislative Session. The Authority's legislative team will continue to monitor the issue.

Status: 03/10/20 – Passed the Assembly Judiciary Committee on a 10 – 1 vote and is now in the Assembly Appropriations Committee.

Position: Watch (03/05/20)

*Shaded text represents new or updated legislative information

Legislation/Topic

AB 2138 (Chau) – California Public Records Act

Background/Summary

AB 2138 (Chau) is a placeholder (spot bill) making non-substantive changes to the California Public Records Act and would become operative on January 1, 2022.

Anticipated Impact/Discussion

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

Status: 03/17/20 – The bill is in the Assembly Judiciary Committee and the hearing was postponed to a later date.

Position: Watch (03/05/20)

*Shaded text represents new or updated legislative information

Legislation/Topic

AB 2145 (Ting) – Transportation Electrification: Vehicle Charging Stations

Background/Summary

AB 2145 (Ting) would require the Public Utilities Commission (PUC) to direct electrical corporations to file applications for programs and investments to accelerate widespread transportation electrification to meet the goal of installing at least 1,000,000 electric vehicle charging ports by December 31, 2030. The bill would require the statewide assessment prepared by the Energy Commission to include as a goal the installation of at least 1,000,000 electric vehicle charging ports by December 31, 2030.

Anticipated Impact/Discussion

The Authority’s legislative team will closely monitor this bill language for any impact on San Diego International Airport (SDIA) and the Airport Authority as it moves through the legislative process.

Status: 02/10/20 – Introduced in Assembly

Position: Watch (03/05/20)

*Shaded text represents new or updated legislative information

Legislation/Topic

AB 2148 (Quirk) – Climate Change: Adaptation: Regional Plans

Background/Summary

AB 2148 (Quirk) declares the intent of the Legislature to enact legislation that would foster regional-scale adaptation, as specified; give regions a time to develop their regional plans, as specified; and consider, among other things, sea level rise and fire vulnerability.

Anticipated Impact/Discussion

In May, the Author's office confirmed that the bill will not move forward in the 2020 Legislative Session. The Authority's legislative team will continue to monitor the issue.

Status: 03/09/20 – Referred to the Assembly Natural Resources Committee

Position: Watch (03/05/20)

*Shaded text represents new or updated legislative information

Legislation/Topic

AB 2261 (Chau) – Facial Recognition Technology

Background/Summary

AB 2261 would require a processor, as defined, that provides facial recognition services to, among other things, make available an application programming interface or other technical capability, chosen by the processor, to enable controllers or third parties to conduct legitimate, independent, and reasonable tests of those facial recognition services for accuracy and unfair performance differences across distinct subpopulations, as specified. The bill would also require a controller, as defined, to, among other things, provide a conspicuous and contextually appropriate notice whenever a facial recognition service is deployed in a physical premise open to the public that includes specified elements, including any purpose for which the facial recognition service is deployed.

Anticipated Impact/Discussion

Customs and Border Protection (CBP) and the Transportation Security Administration (TSA) are working with airlines to implement biometric face scanners in domestic airports to streamline security.

Although CBP and TSA are federal agencies, AB 2261 would require state and local agencies, to create an accountability report and to publicly post this report on the agency's website at least 90 days before any facial recognition technology is put into service. The legislation also has additional requirements to be included in the report that could create additional workload and liability issues for San Diego International Airport and the Airport Authority.

Status: 05/05/20 – This bill passed the Assembly Privacy and Consumer Protection Committee on an 8-3 vote and is now in the Assembly Appropriations Committee.

Position: Watch (03/23/20)

*Shaded text represents new or updated legislative information

Legislation/Topic

AB 2331 (Muratsuchi) – Greenhouse gases: aviation sector: reporting

Background/Summary

AB 2331 would require the State Air Resources Board to adopt regulations to require the reporting of emissions of greenhouse gases from the aviation sector, as provided. The bill would require the state board to include in the greenhouse gases inventory the emissions of greenhouse gases from the aviation sector. The bill would require the state board, by July 1, 2022, to submit recommendations to the appropriate policy committees of the Legislature on actions the state board could take to achieve reductions in the emissions of greenhouse gases in the aviation sector.

Anticipated Impact/Discussion

San Diego International Airport has partnered with airports, airlines, sustainable aviation fuel producers and other stakeholders to find ways to reduce greenhouse gas emissions in the aviation sector. In April, the Author's office confirmed that the bill will not move forward in the 2020 Legislative Session. The Authority's legislative team will continue to monitor the issue.

Status: 02/24/20 – Referred to the Assembly Natural Resources Committee.

Position: Watch (03/23/20)

*Shaded text represents new or updated legislative information

Legislation/Topic

AB 2902 (Kalra) – Fine art: physical alternation or destruction

Background/Summary

The California Art Preservation Act (CAPA) prohibits certain acts relating to the physical alteration or destruction of fine art, defined as an original painting, sculpture, or drawing, or an original work of art in glass, of recognized quality, other than a work prepared under contract for commercial use by its purchaser, including the intentional defacing, mutilating, altering, or destruction of a work of fine art except by an artist who owns and possesses a work of fine art that the artist has created. The law also provides that if a work of fine art can be removed from a building without substantial harm to the fine art, and in the course of or after removal, the owner intends to cause or allow the fine art to suffer physical defacement, mutilation, alteration, or destruction, the rights and duties described above apply unless the owner of the building has provided, or diligently attempted to provide, written notice to the artist or the artist's heir, beneficiary, devisee, or personal representative, and the notified parties have failed to remove the work or pay for its removal within 90 days.

This bill would require a trier of fact to additionally rely on the visibility of the work, community recognition awards attributable to the work, and recognition and awards received by the artist of the work before it can be removed. This bill would additionally include an interested community and a city art commission in the list of required recipients of the written notice described above and would authorize a court to extend the 90-day period within which a noticed party is required to act to remove the art from the building.

Anticipated Impact/Discussion

San Diego International Airport has a robust art program that includes several temporary art installations throughout the airport. If enacted as currently drafted, this legislation could require additional approval from other public and non-public entities prior to the removal of these art installations. As drafted, this additional approval process could create delays in the removal of art installations throughout the airport.

Status: 02/21/20 – Introduced.

Position: Watch (03/23/20)

*Shaded text represents new or updated legislative information

Legislation/Topic

AB 3041 (Low) – Peer-to-Peer Car Sharing

Background/Summary

Current law prohibits an insurer from classifying a private passenger motor vehicle as a commercial vehicle, for-hire vehicle, permissive use vehicle, or livery solely because its owner allows it to be shared if specified criteria are met. Current law requires a personal vehicle sharing program to provide insurance coverage for the vehicle and driver that is equal to or greater than the coverage maintained by the vehicle owner, but no less than 3 times the minimum coverage amounts for private passenger vehicles. This bill would repeal the above insurance coverage requirement and would instead require a peer-to-peer car sharing program to assume the liability for a loss during the sharing period in an amount not less than the minimum coverage amounts for private passenger vehicles. AB 3041 excludes airports by allowing a commercial airport authority to regulate access to an airport and set access fees for a peer-to-peer car sharing program.

Anticipated Impact/Discussion

Although this legislation is not expected to have a direct impact on the Airport Authority or San Diego International Airport (SDIA), the Airport Authority's legislative team will continue to monitor as peer-to-peer car sharing is a method of transportation passengers utilize when traveling to and from the airport. In April, the Author's office confirmed that the bill will not move forward in the 2020 Legislative Session. The Authority's legislative team will continue to monitor the issue.

Status: 02/21/20 – Introduced.

Position: Watch (03/23/20)

*Shaded text represents new or updated legislative information

Legislation/Topic

AB 3216 (Kalra) – Employee Leave: Authorization: Coronavirus (COVID-19)

Background/Summary

AB 3216 would make it unlawful employment practice for an employer, as defined, to refuse to grant a request by an eligible employee to take family and medical leave due to the coronavirus (COVID-19). The bill would permit employees taking leave due to COVID-19 to continue participation in employee health plans, including life insurance or short-term or long-term disability or accident insurance, pension and retirement plans, and supplemental unemployment benefit plans. The bill would provide that during a medical leave period taken due to COVID-19 an employee would retain employee status with the employer and that this leave does not constitute a break in service. The bill would make it an unlawful employment practice for an employer to refuse to hire, or to discharge, fine, suspend, expel, or discriminate against, an individual because of the individual’s exercise of leave right under these provisions or the individual’s giving information or testimony as to family care and medical leave due to COVID-19.

Anticipated Impact/Discussion

This legislation could have an impact on the Airport Authority and San Diego International Airport (SDIA). The legislative team will continue to monitor as the bill moves through the legislative process.

Status: 05/13/20 – The bill is in the Assembly Labor and Employment Committee awaiting a hearing date.

Position: Watch (03/23/20)

*Shaded text represents new or updated legislative information

Legislation/Topic

AB 3248 (Waldron) – San Diego Association of Governments: San Diego County Regional Transportation Commission: Transactions and Use Tax: Expenditure Plan

Background/Summary

AB 3248 would prohibit SANDAG’s board of directors, serving as the San Diego County Regional Transportation Commission, from changing the allocation of revenues to any component of the expenditure plan contained in the TransNet Extension Ordinance by more than an unspecified percentage unless the board, serving as the commission, adopts a resolution proposing to change the allocation of revenues in the expenditure plan, holds 4 public meetings in specified regions of the county to share the details of the proposed change, and the proposed change is approved by 2/3 of the electors voting on the measure at a special election called by the board, serving as the commission.

Anticipated Impact/Discussion

Although this legislation is not expected to have an impact on the Airport Authority or San Diego International Airport (SDIA), the legislative team will continue to monitor as it moves through the legislative process. In May, the Author’s office confirmed that the bill will not move forward in the 2020 Legislative Session.

Status: 02/21/20 – Introduced.

Position: Watch (03/23/20)

*Shaded text represents new or updated legislative information

New Senate Bills

There are no new Senate Bills to report.

*Shaded text represents new or updated legislative information

Senate Bills from Previous Report

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: 06/27/19 – Re-referred to the Assembly Transportation Committee. SB 648 is now a 2-year bill.

Position: Watch (03/14/19)

*Shaded text represents new or updated legislative information

Legislation/Topic

SB 931 (Wieckowski) – Local Government Meetings: Agenda and Documents

Background/Summary

SB 931 (Wieckowski) would require a local government legislative body to email a copy of the agenda or a copy of all the documents constituting the agenda packet if so requested.

Anticipated Impact/Discussion

Currently, the Airport Authority, if requested, sends meeting agendas and provides links to the agenda and/or meeting materials by email. As currently drafted, it is unclear if this bill would require the Airport Authority to email the agenda packet as an email attachment, potentially creating delivery issues depending on the size of the packet. In April, the Author's office confirmed that the bill will not move forward in the 2020 Legislative Session. The Authority's legislative team will continue to monitor the issue.

Status: 02/12/20 – Referred to the Senate Governance and Finance Committee.

Position: Watch (03/05/20)

*Shaded text represents new or updated legislative information

Legislation/Topic

SB 964 (Skinner) – Chemicals: outdoor application: residential areas

Background/Summary

SB 964 was amended to require a government agency or an entity with which the government agency contracts to submit a plan for the application of a chemical to the Office of Environmental Health Hazard Assessment before applying the chemical outdoors in a residential area. Government agencies are defined as a city, county, special district or other state or local government agency. Residential areas are defined as a neighborhood, school, daycare center, park and recreational facility, or other location where infants and children generally spend time. The bill requires the office to conduct an independent study of the chemicals and if there is evidence that the chemical may cause harm, the bill prohibits the government agency or contractor from using the chemical in the residential area.

Anticipated Impact/Discussion

In 1999, Senate Bill 25, known as the Children’s Environmental Health Protection Act was enacted to establish environmental and public health protections for children. SB 964 is intended to strengthen the Act by creating a process in which government agencies notify Office of Environmental Health Hazard Assessment before applying a chemical outdoors in a residential area. This process will allow the office to determine if those chemicals may harm children and provides a mechanism to prevent such use.

Although this legislation is not expected to have an impact on the Airport Authority or San Diego International Airport (SDIA), the legislative team will continue to monitor as it moves through the legislative process.

Status: 03/26/20 – Amended and pending referral to a policy committee by the Senate Rules Committee.

Position: Watch (03/05/20)

*Shaded text represents new or updated legislative information

Legislation/Topic

SB 988 (McGuire) – Aviation Fuel

Background/Summary

SB 988 would require an aviation fuel retailer to provide a quarterly information return, as specified, and would require the California Department of Tax and Fee Administration to collect and disseminate, as specified, information from those returns and calculate the amount of revenue collected from the sale, storage, use, or consumption of aviation fuel in the state. This bill would also require the department to report corresponding tax revenue information to local tax entities.

Anticipated Impact/Discussion

The Airport and Airway Safety and Capacity Expansion Act of 1987, narrowed the permitted uses of airport revenues and required local taxes on aviation fuel to be spent on the airport or, in the case of state taxes on aviation fuel, state aviation programs including noise mitigation. In 2014, the FAA finalized a policy clarification in effort to educate and direct out of compliance jurisdictions to resolve revenue diversion of aviation fuel taxes. In recent months the FAA has moved to an enforcement posture for entities still out of compliance and has been in communication with California to comply. SB 988 would create a reporting and enforcement mechanism of aviation fuel sales taxes collected in the state. If enacted, this bill could provide the Airport Authority with an additional source of funds. In April, the Author's office confirmed that the bill will not move forward in the 2020 Legislative Session. The Authority's legislative team will continue to monitor the issue.

Status: 02/12/20 – Introduced in Senate

Position: Watch (03/05/20)

*Shaded text represents new or updated legislative information

Legislation/Topic

SB 1044 (Allen) – Firefighting Equipment and Foam: PFAS Chemicals

Background/Summary

This bill, commencing January 1, 2022, would require any person, including a manufacturer, as defined, that sells firefighter personal protective equipment to any person or public entity to provide a written notice to the purchaser at the time of sale if the firefighter personal protective equipment contains perfluoroalkyl and polyfluoroalkyl substances (PFAS), and would provide that a violation of this requirement is punishable by a specified civil penalty. The bill would require the seller and the purchaser to retain the notice on file for at least 3 years and to furnish the notice and associated sales documentation to the State Fire Marshal within 60 days upon request, as provided.

The bill, commencing January 1, 2022, would prohibit a manufacturer of class B firefighting foam from manufacturing, or knowingly selling, offering for sale, distributing for sale, or distributing for use in this state class B firefighting foam to which PFAS chemicals have been intentionally added, and would provide that a violation of this prohibition is punishable by a specified civil penalty. The bill would require a manufacturer to provide a specified notice to persons that sell the manufacturer's products in the state and to recall prohibited products, as provided. The bill would require the State Fire Marshal to develop guidance, provide information, and offer resources relating to this prohibition to assist public entities, as provided. The bill, commencing January 1, 2022, would prohibit a person or public entity from discharging or otherwise using for training purposes class B firefighting foam that contains intentionally added PFAS chemicals, and would provide that a violation of this prohibition is punishable by a specified civil penalty. This bill does not apply to any manufacture, sale, or distribution of class B firefighting foam for which the inclusion of PFAS chemicals is required by federal law, including, but not limited to, Section 139.317 of Title 14 of the Code of Federal Regulations.

Anticipated Impact/Discussion

Although SB 1044 provides an exemption for entities that are required by federal law to use PFAS in their firefighting foam, the Authority's legislative team will continue to engage with the California Airports Council (CAC) to develop an industry wide position on this bill and will continue to monitor as it moves through the process.

Status: 05/29/20 – The bill is set to be heard in the Senate Environmental Quality Committee.

Position: Watch (03/23/20)

*Shaded text represents new or updated legislative information

Legislation/Topic

SB 1056 (Portantino) – Drinking Water: Testing: Perfluoroalkyl and Polyfluoroalkyl Substances

Background/Summary

SB 1056 would require the State Water Resources Board, on or before January 1, 2022, to certify a methodology or methodologies for testing drinking water, groundwater, and surface water for perfluoroalkyl and polyfluoroalkyl substances, as provided, and to accredit qualified laboratories in California to analyze perfluoroalkyl and polyfluoroalkyl substances pursuant to the adopted methodology or methodologies.

Anticipated Impact/Discussion

SB 1056 could have a direct on impact on San Diego International Airport (SDIA) as airports are federally mandated to use PFAS in their firefighting foam. Although the current bill language does not currently place responsibility on airports for the cost of developing these methodologies, it could create additional liabilities for SDIA.

Status: 03/18/20 – The April 1 hearing date was postponed by the Senate Environmental Quality Committee.

Position: Watch (03/23/20)

*Shaded text represents new or updated legislative information

Legislation/Topic

SB 1100 (Atkins) – Coastal Resources: Sea Level Rise

Background/Summary

SB 1100 (Atkins) would include, as part of the procedures the California Coastal Commission is required to adopt, recommendations and guidelines for the identification, assessment, minimization, and mitigation of sea level rise within each local coastal program, as provided. The bill would delete the timeframe by which the commission is required to adopt these procedures and would require the commission to take into account the effects of sea level rise in coastal resource planning and management policies and activities, as provided. In addition, the bill would require state and regional agencies to identify, assess, and, to the extent feasible and consistent with their statutory authorities, minimize and mitigate the impacts of sea level rise.

This bill would also create within state government the California Sea Level Rise State and Regional Support Collaborative. The bill would require the collaborative to consist of 5 members, as provided, including the Secretary for Environmental Protection and the Secretary of the Natural Resources Agency. The bill would require the collaborative to provide state and regional information to the public and support to local, regional, and other state agencies for the identification, assessment, and, where feasible, the mitigation of sea level rise. The bill would require, upon appropriation in the annual Budget Act, the collaborative to expend no more than \$100,000,000 annually from appropriate bond funds and other sources for the purpose of making grants to local governments to update local and regional land use plans to take into account sea level rise and for directly related investments to implement those plans, as provided. The bill would require the Secretary for Environmental Protection and the Secretary of the Natural Resources Agency, as part of the adoption of the annual Budget Act, to annually appear before the budget committees of both houses of the Legislature regarding the implementation of the above provisions.

Anticipated Impact/Discussion

If enacted, bonds and other sources of funding for the purposes of making grants to local governments could be used to help implement the Authority's goals and efforts to implement the Climate Resilience Plan and airport development plan mitigation efforts.

Status: 03/18/20 – The March 24 hearing date was postponed by the Senate Natural Resources and Water Committee.

Position: Watch (03/05/20)

*Shaded text represents new or updated legislative information

Federal Legislation

New House Bills

There are no new House bills to report.

House Bills from Previous Report

Legislation/Topic

H.R. 535 (Dingell) PFAS Action Act of 2019

Background/Summary

H.R. 535 requires the Environmental Protection Agency (EPA) to designate certain perfluoroalkyl and polyfluoroalkyl (PFAS) chemicals as hazardous substances within one year of enactment. An amendment to H.R. 535 created an exemption from liability for federally required use of PFAS at airports, so long as such use follows FAA standards and guidance. H.R. 535 passed the House in a 247-159 vote.

Anticipated Impact/Discussion

H.R. 535 could have a direct on impact on San Diego International Airport (SDIA) as airports are federally mandated to use PFAS in their firefighting foam. While the Senate is not planning on considering H.R. 535, it is possible that language from the bill could be inserted in other legislation that could place liability for the cost of remediation on airports including SDIA.

Status: 01/13/20 – Received in the Senate and read twice and referred to the Committee on Environment and Public Works.

Position: Watch (02/06/20)

*Shaded text represents new or updated legislative information

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

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 – The bill is before the full House for consideration.

Position: Support (03/14/19)

*Shaded text represents new or updated legislative information

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.

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)

*Shaded text represents new or updated legislative information

Legislation/Topic

H.R. 3791 (Massie) – Investing in America: Rebuilding America’s Airport Infrastructure Act

Background/Summary

H.R. 3791 would remove the federal cap on the Passenger Facility Charge (PFC), which is currently set at \$4.50. In exchange for removing the PFC cap, the bill proposes to reduce Airport Improvement Program funding by \$400 million annually and eliminate funding entitlements for large hub airports.

Anticipated Impact/Discussion

The Passenger Facility Charge Program allows commercial airports controlled by public agencies to collect up to \$4.50 for every eligible passenger. Airports use these fees to fund FAA-approved projects, including those that enhance safety, security or capacity; reduce noise; or increase air carrier completion. This bill would allow airports the flexibility to set the PFC and these fees could be used to fund FAA-approved projects, including infrastructure upgrades that improve the overall passenger experience. This bill could provide additional funding for San Diego International Airport infrastructure development projects.

Status: 07/18/19 – This bill was referred to the Subcommittee on Aviation.

Position: Support (03/14/19)

*Shaded text represents new or updated legislative information

Legislation/Topic

H.R. 5802 (Correa) – TSA Child CARE Act

Background/Summary

H.R. 5802 would direct the Transportation Security Administration to commission an outside assessment of the agency's policies, procedures, and practices regarding personnel who are parents or guardians of a dependent minor with child care needs or who are expectant parents or guardians of a dependent minor with child care needs. The entity conducting this assessment is directed to consult with appropriate stakeholders, including labor organizations, airport operators, air carriers, and other aviation industry stakeholders.

Anticipated Impact/Discussion

Although the legislative proposal does not have a direct impact on San Diego International Airport (SDIA) or the Airport Authority, it does require that the entity conducting the study to consult with airport operators.

Status: 02/12/20 – The bill is before the full House for consideration.

Position: Watch

*Shaded text represents new or updated legislative information

Legislation/Topic

H.R. 5823 (Richmond) – State and Local Cybersecurity Improvement Act

Background/Summary

H.R. 5823 would authorize a new federal grant program at DHS to address cybersecurity vulnerabilities on State and local government networks. Specifically, the bill would: establish a \$400 million Department of Homeland Security (DHS) grant program that incentivizes States to increase their own cybersecurity funding; require DHS's Cybersecurity and Infrastructure Security Agency (CISA) develop a strategy to improve the cybersecurity of State, local, tribal, and territorial governments; require State, local, tribal, and territorial governments develop comprehensive Cybersecurity Plans to guide use of grant dollars; and establish a State and Local Cybersecurity Resiliency Committee so State, local, tribal, and territorial governments can advise CISA on their cybersecurity needs.

Anticipated Impact/Discussion

H.R. 5823, if enacted, could create an opportunity for the Airport Authority to apply for grants for the purposes of enhancing San Diego International Airport's (SDIA) cyber security infrastructure.

Status: 02/10/20 – The bill is before the full House for consideration.

Position: Watch

*Shaded text represents new or updated legislative information

Legislation/Topic

H.R. 5827 (Lesko) Trusted Traveler REAL ID Relief Act of 2020

Background/Summary

H.R. 5827 allow airline travelers in the U.S. to use PreCheck as an alternative to REAL ID when traveling beginning on October 1, 2020. This bill also requires TSA to develop a contingency plan to address travelers who attempt to travel without REAL ID-compliant credentials after October 1, 2020.

Anticipated Impact/Discussion

H.R. 535 could have a direct on impact on San Diego International Airport (SDIA) as domestic travelers are required to obtain a REAL ID-compliant identification by October 1, 2020, to proceed through Transportation Security Administration (TSA) security screening.

Status: 02/10/20 – Introduced in House of Representatives

Position: Watch

*Shaded text represents new or updated legislative information

New Senate Bills

Legislation/Topic

S. 3681 (Markey) – Ensuring Health Safety in the Skies Act of 2020

Background/Summary

S. 3681 would create a joint task force on the operation of air travel during and after the COVID-19 public health emergency. The Task Force is required to develop requirements, plans, and guidelines to address the health, safety, security, and logistical issues relating to the continuation of air travel during the COVID-19 public health emergency, and for the resumption of full operations of passenger air travel at airports after the pandemic ends. The Task Force will be chaired by the Secretary of Transportation. The legislation requires the Task Force to brief Congress on its preliminary recommendations within six months; a final report is due within 18 months.

Anticipated Impact/Discussion

If enacted, the establishment of the Task Force could help identify consistent guidelines and protocols that would promote overall passenger and employee safety and confidence in air travel. Airports and associations representing airports would be included on this advisory panel that will provide a briefing to Congress on recommendations for the resumption of full operations post COVID-19 pandemic.

Status: 05/20/20 – This bill passed the Senate Commerce, Science and Transportation Committee

Position: Support (06/04/20)

*Shaded text represents new or updated legislative information

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

Position: Support (05/02/19)

*Shaded text represents new or updated legislative information

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: 06/19/19 – The bill is before the full Senate for consideration.

Position: Support (05/02/19)

Legislation/Topic

S. 1710 (Cornyn) – Airport Infrastructure Resources Security Act of 2019

Background/Summary

This bill would prohibit funds made available under the Federal Aviation Administration’s Airport Improvement Program from being provided to entities that have violated the intellectual property rights of United States entities.

Anticipated Impact/Discussion

While this bill is not anticipated to have a direct impact on operations at San Diego International Airport (SDIA), the Airport Authority’s legislative team will monitor the development of the bill language for any potential impacts to SDIA or the Airport Authority.

Status: 06/04/19 – Read twice and referred to the Senate Committee on Commerce, Science and Transportation Senate.

Position: Watch

*Shaded text represents new or updated legislative information

Legislation/Topic

S. 2035 (Duckwork) – "TSA Credential and Endorsement Harmonization Act"

Background/Summary

S. 2035 would direct the TSA to develop a plan to expand eligibility for PreCheck to transportation workers who have already gone through security reviews to obtain Transportation Worker Identification Credentials or Hazardous Materials Endorsements.

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 this bill for any potential impact to SDIA or the Airport Authority.

Status: 09/11/19 – Referred to the House Committee on Homeland Security

Position: Watch

*Shaded text represents new or updated legislative information

STAFF REPORT

Meeting Date: **JUNE 4, 2020**

Subject:

Grant a Easement for Water Service to the City of San Diego

Recommendation:

Adopt Resolution No. 2020-0059, authorizing the President/CEO to negotiate and execute an easement for water service with the City of San Diego in support of the Airline Support Building

Background/Justification:

In February 2019, the Board of the San Diego County Regional Airport Authority ("Authority") authorized the full budget for the Airline Support Building ("ASB"). The ASB is a facility that will serve the airlines and includes ground service equipment activities, belly cargo services and provides storage areas for aircraft provisioning items. The ASB is located on North Harbor Drive.

The City of San Diego ("City") will provide water service to the ASB. To connect to the City's water service, a below ground City meter and an above ground backflow device ("Equipment") are required. The Equipment is located on San Diego International Airport ("Airport") property because the existing City right-of-way located at the face of the curb has insufficient space.

The installation of the Equipment on Airport property necessitates that a water easement ("Easement") be granted to the City for approximately twenty-four (24) square-feet of area as depicted on "Exhibit A". The Easement provides the City the right to construct, reconstruct, maintain, operate, and repair public water infrastructure at its cost, including any and all appurtenances thereto, together with the right of ingress and egress along the Easement area.

The term for the Easement will be conterminous with the term of the Lease between the Authority and the San Diego Unified Port District which expires December 31, 2068. The Easement may only be terminated earlier pursuant to the provisions set forth in the California Streets and Highways Code and the City's Municipal Code.

Fiscal Impact:

The Easement does not provide for monetary consideration to be paid to or by the Authority. Therefore, there is no direct fiscal impact.

Authority Strategies/Focus Areas:

This item supports one or more of the following (*select at least one under each area*):

Strategies

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Focus Areas

- Advance the Airport Development Plan Transform the Customer Journey Optimize Ongoing Business

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.
- C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

Application of Inclusionary Policies:

Not applicable.

Prepared by:

SUSAN C. DIEKMAN
ASSET MANAGER

RESOLUTION NO. 2020-0059

A RESOLUTION OF THE BOARD OF THE
SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY, AUTHORIZING THE PRESIDENT/CEO
TO NEGOTIATE AND EXECUTE AN EASEMENT
FOR WATER SERVICE WITH THE CITY OF SAN
DIEGO IN SUPPORT OF THE AIRLINE SUPPORT
BUILDING

WHEREAS, the San Diego County Regional Airport Authority (“Authority”) currently leases Airport property from the San Diego Unified Port District (“Port”) pursuant to that certain Lease dated January 1, 2005, and bearing Authority Document No. LE-0286; and

WHEREAS, paragraph 4 in said Lease specifies that Authority may, at its own expense, make alterations or changes, or cause to be made, built, installed, or remove any structures, machines, appliances, utilities, signs, or other improvements necessary or desirable for the authorized use of the Leased Airport without the approval of the Port; and

WHEREAS, the City of San Diego (“City”) will provide water service to the Airline Support Building; and

WHEREAS, certain equipment must be installed to connect to the City’s water service and the equipment will be located on San Diego International Airport (“Airport”) property;

WHEREAS, the installation of equipment necessitates a water easement (“Easement”) be granted to the City for approximately twenty-four (24) square-feet of area; and

WHEREAS, the Easement is necessary to allow the City the right to construct, reconstruct, maintain, operate and repair water infrastructure at its costs, including any and all appurtenances thereto, together with the right to ingress and egress along the easement area; and

WHEREAS, the term of the Easement will be conterminous with the term of the Lease between the Authority and the San Diego Unified Port District; and

WHEREAS, the Easement may only be terminated earlier pursuant to California Streets and Highways Code and the City’s Municipal Code.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby authorizes the President/CEO to negotiate and execute an easement for water service with the City of San Diego in support of the Airline Support Building; 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

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

BE IT FURTHER RESOLVED that the Board finds that this action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 4th day of June, 2020, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

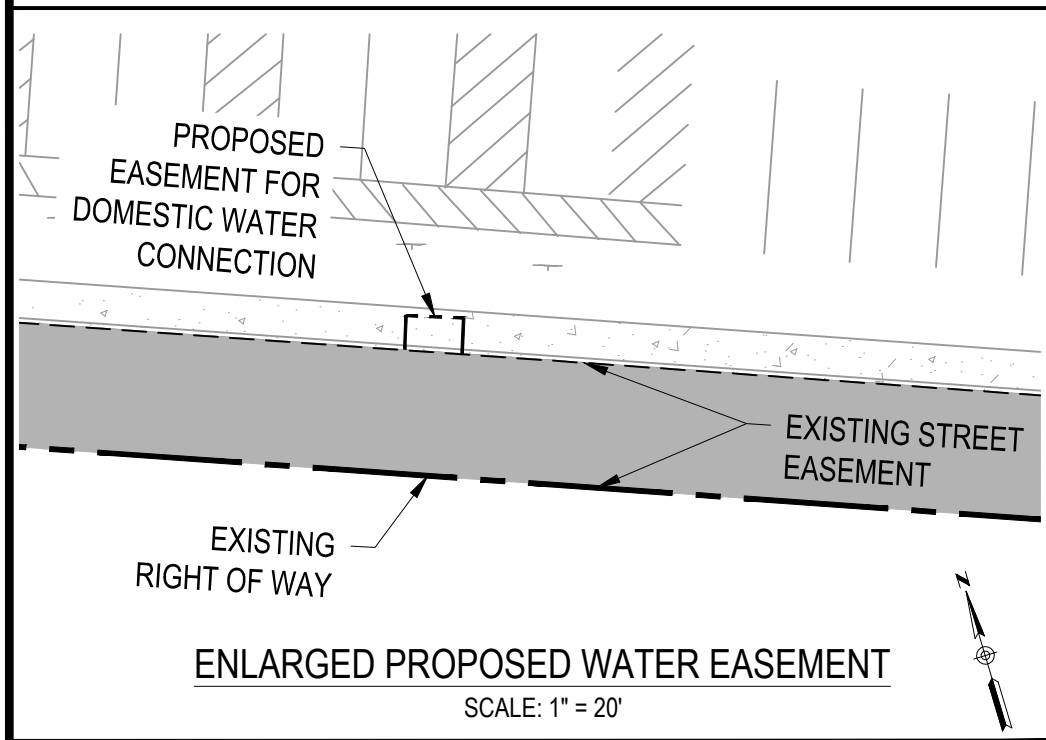
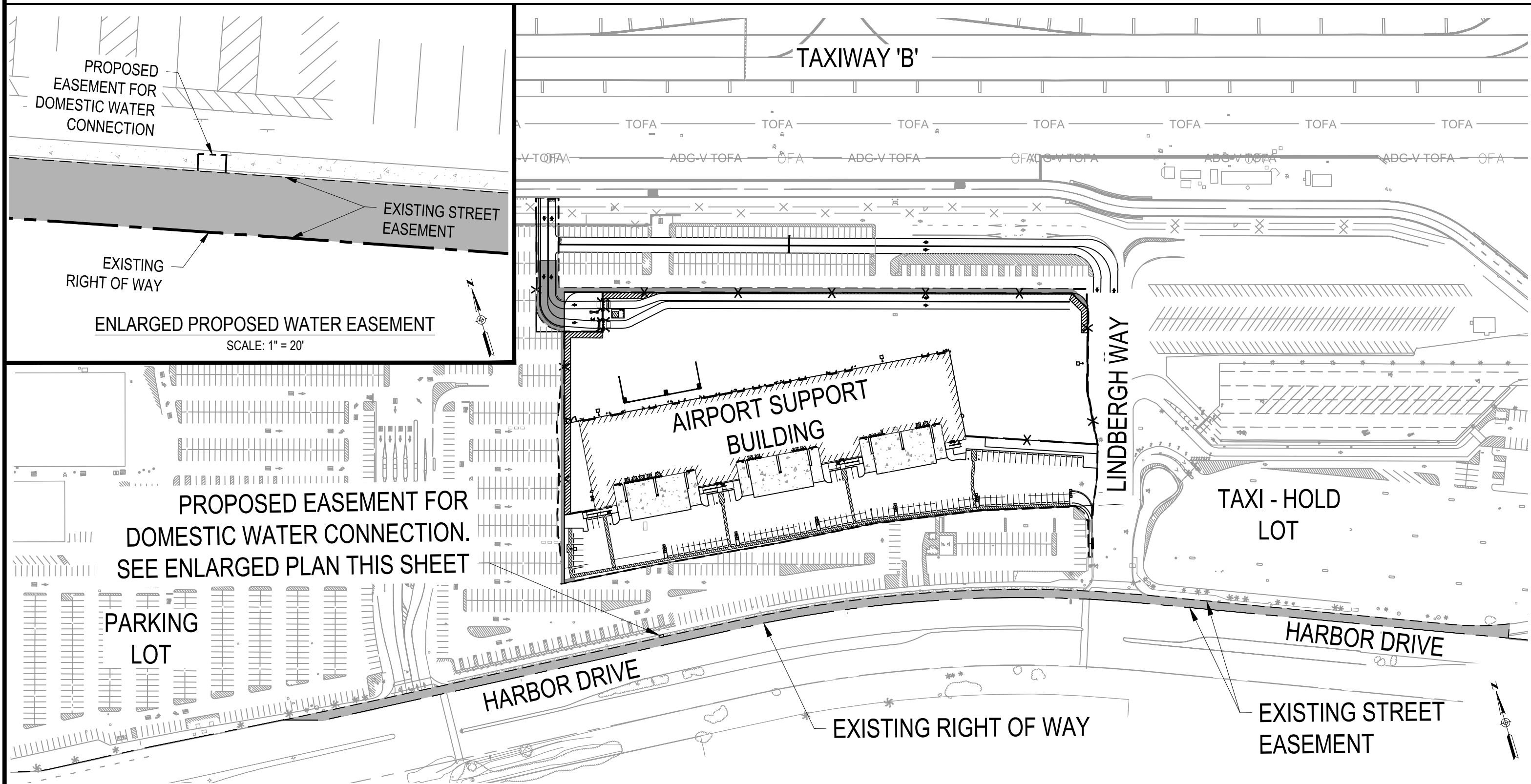
ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES /
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

EXHIBIT "A" WATER EASEMENT



PROPOSED EASEMENT FOR
DOMESTIC WATER CONNECTION.
SEE ENLARGED PLAN THIS SHEET

PARKING
LOT

HARBOR DRIVE

EXISTING RIGHT OF WAY

LINDBERGH WAY

TAXI - HOLD
LOT

HARBOR DRIVE

EXISTING STREET
EASEMENT

SAN DIEGO INTERNATIONAL AIRPORT

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY



MAY 2020

STAFF REPORT

Meeting Date: **JUNE 4, 2020**

Subject:

Approve Reappointments to the Arts Advisory Committee

Recommendation:

Adopt Resolution No. 2020-0060, approving the reappointment of Jennifer Easton and Cris Scorza 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 the 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 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 Arts 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:

- Except for a replacement term as described below, voting members of the AAC shall be appointed by the President/CEO for a term of three years, and no member may serve more than two consecutive terms. Should a member serve a partial term 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. Ex-officio members of the AAC shall be appointed by the President/CEO without a term limit.

REAPPOINTMENT OF JENNIFER EASTON

The President/CEO recommends that Jennifer Easton be reappointed to the AAC Arts Professional seat that she currently holds for a second term. Easton was first appointed in July 2017. Reappointment would be from July 1 – June 30, 2023.

Jennifer Easton, Art Program Manager for San Francisco Bay Area Rapid Transit (BART) has more than 15 years of experience managing the integration of the arts with economic development and creative placemaking. As the Director of Public Art for the City of San Jose, Easton directed development and implementation of public art in long-range plans for critical development areas including Downtown, North San Jose, High Speed Rail, Environmental Services and City Trails. Additionally, she was responsible for identifying and developing opportunities for the expansion of private sector engagement with public art. In her previous role as Senior Project Manager of Public Art for the City of San Jose, Easton developed the first ever grant applications focused on developing and enhancing the creative community through a collaborative program of art and technology as part of the City's overall economic development strategy. Successful past grants include the highly competitive NEA "Our Town" grant for \$250,000 (2011) and \$200,000 (2013) and ArtPlace for \$600,000 – all the highest level of support provided by the grant makers. In 2006, Easton served as an integral member of the development team of *Zero One San Jose*, North America's Largest New Media Art Festival.

REAPPOINTMENT OF CRIS SCORZA

The President/CEO recommends that Cris Scorza be reappointed to the AAC Arts Professional seat that she currently holds for a second term. Scorza was first appointed in July 2017. Reappointment would be from July 1 – June 30, 2023.

Cristina (Cris) Scorza is the Education Curator at the Museum of Contemporary Art San Diego. In this capacity she oversees the development of programs serving the public, 6 –12th grade school groups, higher education students, and community and adult groups. In addition, Scorza is responsible for creating interpretative materials that support both MCASD's permanent collection and exhibitions on view. In her short time at MCASD she inaugurated thoughLAB—a new space for personal reflection and public dialogue surrounding MCASD exhibitions. Prior to her arrival at MCASD, Scorza was the Manager of Tours and Family Programs at the New Museum in New York. In this position she developed and established the first Docent Program and organized the first family event at this institution: Family Day with Counter Culture (Summer 2004), which became the New Museum Block Party serving over 2000 visitors. Prior to her departure from the New Museum Scorza participated in the publication *Rethinking Contemporary Art and Multicultural Education*, (New Museum 2011). Scorza has worked for and collaborated with institutions such as The Museum of Modern Art, the Museum of Arts and Design, the Brooklyn Children's Museum and Art in General.

Fiscal Impact:

No fiscal impact.

Authority Strategies/Focus Areas:

This item supports one or more of the following (*select at least one under each area*):

Strategies

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Focus Areas

- Advance the Airport Development Plan Transform the Customer Journey Optimize Ongoing Business

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.
- C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

Application of Inclusionary Policies:

Not Applicable

Prepared by:

CHRIS CHALUPSKY
SENIOR MANAGER, ARTS PROGRAM

RESOLUTION NO. 2020-0060

A RESOLUTION OF THE BOARD OF THE
SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY, APPROVING THE REAPPOINTMENT
OF JENNIFER EASTON AND CRIS SCORZA 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, Jennifer Easton qualifies as one of the six arts/design professionals; and

WHEREAS, Cris Scorza qualifies as one of six arts/design professionals; 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 reappointment of Jennifer Easton and Cris Scorza to serve on the Arts Advisory Committee for the terms indicated on “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

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

BE IT FURTHER RESOLVED that the Board finds that this action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 4th day of June 2020, 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

Arts Advisory Committee

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

Cristina Scorza Arts/Design Professional (Committee Chair)	3 Years (2 nd Term)	July 1, 2020	June 30, 2023
Jennifer Easton Arts/Design Professional (Outside San Diego County Resident)	3 Years (2 nd Term)	July 1, 2020	June 30, 2023
Gail Roberts Arts/Design Professional (Committee Vice-Chair)	3 years (2 nd Term)	July 1, 2018	June 30, 2021
Kate Nordstrum Arts/Design Professional (Outside San Diego County Resident/ Involved in Performing Arts)	3 years (1 st Term)	July 1, 2018	June 30, 2021
Carmen Vann Arts/Design Professional (Active in Building Design, Architecture or Operational Engineering)	3 years (1 st Term)	July 1, 2019	June 30, 2022
Larry Baza Arts/Design Professional	3 years (1 st Term)	July 1, 2019	June 30, 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: **JUNE 4, 2020**

Subject:

Continue the Declaration of the Existence of a Local Emergency in Response to the Serious and Imminent Threat of the Novel Coronavirus (COVID-19)

Recommendation:

Adopt Resolution No. 2020-0061, confirming the need to continue the Declaration of a Local Emergency in response to COVID-19

Background/Justification:

On April 16, 2020 the Board adopted Resolution No. 2020-0044 declaring the existence of a state of local emergency as a result of the outbreak of the novel coronavirus. The Resolution requires the Authority Board review the need to continue the declaration of a local emergency once every sixty (60) days. Resolution No. 2020-0044 empowers the President/CEO to do the following:

- (1) promulgate written orders and regulations necessary to provide for the protection of passengers, employees, and operators at SAN, and related property, as affected by such emergency;
- (2) promulgate written orders and regulations relating to the requirements, recommendations and guidelines issued by the CDC, CDPH, SDCDPH and the City of San Diego that are applicable to essential services and infrastructure such as SAN, or to operations related to air travel in general, regarding preventing and addressing the spread of COVID-19;
- (3) obtain vital supplies, equipment, and such other properties found lacking and needed for the protection of life and property and to bind the Authority for the fair value thereof.
- (4) require emergency services of any Authority officer or employee;
- (5) requisition necessary personnel or material of any Authority departments;
- (6) execute all ordinary powers, all special powers conferred by the adopted Resolution and all other powers conferred by statute, agreement approved by the Authority Board, or by any other lawful authority;
- (7) modify or approve contracts as necessary to provide for the protection of passengers, employees and operators at SAN and related property and Authority finances as affected by such emergency;
- (8) waive any and all policies or other requirements to the extent such waiver is prudent in the course of responding to COVID-19; and

(9) represent the Authority in all dealings with public or private agencies on matters pertaining to this declared local emergency.

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus has been declared a Public Health Emergency of International Concern by the World Health Organization and is having adverse effect on domestic and international travel-related industries. The U.S. Centers for Disease Control (CDC) has identified the potential public health threat posed by COVID-19 and has advised that person-to-person contact of COVID-19 will continue to spread. Federal, state and local governments have issued declarations of emergency to enable and empower governments to coordinate responses to the spread of COVID-19. Federal, state and local governments, as well as other nations and private businesses, have issued restrictions on non-essential movement, gatherings, air travel (domestic and international) and other activities. On March 19, 2020, Governor Newsom issued an Executive Order and Public Health Order directing all Californians to stay home except to go to an essential job or to shop for essential needs. These Orders remain in effect until further notice. On May 4, 2020, an Executive Order informed local health jurisdictions and industry sectors that they may gradually reopen under new modifications and guidance provided by the state's Public Health Order issued May 7, 2020.

The threat of COVID-19 infection continues and businesses that are permitted to open must take all steps possible to reduce the risk of spreading the infection. As an "essential business," the Authority must continue to operate and ensure that it is following all applicable health orders which include additional cleaning and sanitizing, use of personal protective equipment (PPE), social distancing and employee screening.

For the foregoing reasons, staff recommends that the Board extend the Declaration of a Local Emergency adopted pursuant to Resolution No. 2020-0444 for an additional ninety (90) days.

Fiscal Impact:

There is no direct fiscal impact to the action recommended, however it does potentially allow the Authority to apply for certain relief funds, which staff will pursue if applicable. Additional costs related to any emergency purchases necessary will be covered within current budget year savings.

Authority Strategies/Focus Areas:

This item supports one or more of the following (*select at least one under each area*):

Strategies

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Focus Areas

- Advance the Airport Development Plan Transform the Customer Journey Optimize Ongoing Business

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.
- C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

Application of Inclusionary Policies:

Not Applicable

Prepared by:

AMY GONZALEZ
GENERAL COUNSEL

RESOLUTION NO. 2020-0061

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, CONFIRMING THE NEED TO CONTINUE THE DECLARATION OF A LOCAL EMERGENCY IN RESPONSE TO COVID-19

WHEREAS, on April 16, 2020 the Board adopted Resolution No. 2020-0044 declaring the existence of a state of local emergency as a result of the outbreak of the novel coronavirus; and

WHEREAS, the Declaration of a local emergency related to COVID-19 enables the Authority, including its President/CEO under delegated power, to issue written orders and regulations necessary to provide for the protection of passengers, employees and operators at San Diego International Airport (SAN), and related property, as affected by such emergency; and

WHEREAS, the outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus has been declared a Public Health Emergency of International Concern by the World Health Organization and is having adverse effect on domestic and international travel-related industries; and

WHEREAS, the U.S. Centers for Disease Control (CDC) has identified the potential public health threat posed by COVID-19 and has advised that person-to-person contact of COVID-19 will continue to spread; and

WHEREAS, Federal, State and local governments have issued declarations of emergency to enable and empower governments to coordinate responses to the spread of COVID-19; and

WHEREAS, Federal, State and local governments, as well as other nations and private businesses, have issued restrictions on non-essential movement, gatherings, air travel (domestic and international) and other activities; and

WHEREAS, on March 19, 2020, Governor Newsom issued an Executive Order and Public Health Order directing all Californians to stay home except to go to an essential job or to shop for essential needs; and

WHEREAS, on May 4, 2020, an Executive Order informed local health jurisdictions and industry sectors that they may gradually reopen under new modifications and guidance provided by the state's Public Health Order issued May 7, 2020; and

WHEREAS, the threat of COVID-19 infection continues and businesses that are permitted to open must take all steps possible to reduce the risk of spreading the infection; and

WHEREAS, the Authority is as an "essential business" and must continue to operate and ensure that it is following all applicable health orders which include additional cleaning and sanitizing, use of personal protective equipment (PPE), social distancing and employee screening; and

WHEREAS, the Board finds that it is in the best interest of the Authority to extend the Declaration of a Local Emergency adopted pursuant to Resolution No. 2020-0444 for an additional ninety (90) days.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby confirms the need to continue the declaration of a local emergency in response to COVID-19 adopted pursuant to Resolution No. 2020-044; 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

BE IT FURTHER RESOLVED that the Board finds that this action is not a "development" as defined by the California Coastal Act (Cal. Pub. Res. Code § 30106); and

BE IT FURTHER RESOLVED that the Board finds that this Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

PASSED, ADOPTED AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 4th day of June, 2020 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: JUNE 4, 2020

Subject:

Reject the Claim of Shirley Horton

Recommendation:

Adopt Resolution No. 2020-0062, rejecting the claim of Shirley Horton

Background/Justification:

On May 6, 2020, Shirley Horton filed a claim ("Attachment A") with the San Diego County Regional Airport Authority ("Authority"). Specifically, Horton alleges that she fell as she exited an employee shuttle bus in front of Terminal One at San Diego International Airport. Horton claims damages in an unknown amount over \$10,000 to cover medical treatment, emotional stress, and potential permanent disability.

As described above, Horton alleges that on November 4, 2019, she was en route to her shift with the Transportation Security Administration ("TSA") at San Diego International Airport. While exiting the shuttle bus in front of Terminal One, she claims she fell, injuring herself both physically and mentally. She claims both negligence on the part of the shuttle bus driver and dangerous condition on the part of the Authority.

Horton's claim should be denied. An investigation into the alleged incident revealed there was no notice of an unsafe condition. No injury report was taken at the time and the paramedics' log lists no call for assistance. The General Counsel has reviewed the claim and recommends rejection.

Fiscal Impact:

Not applicable.

Authority Strategies/Focus Areas:

This item supports one or more of the following (*select at least one under each area*):

Strategies

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Focus Areas

- Advance the Airport Development Plan Transform the Customer Journey Optimize Ongoing Business

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.
- C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

Application of Inclusionary Policies:

Not applicable.

Prepared by:

AMY GONZALEZ
GENERAL COUNSEL

LAW OFFICE OF MICHAEL L. TRESTICK
Emerald Plaza
402 W. Broadway, Suite 800
San Diego, CA 92101

Michael L. Trestick, Esq.
Laura R. Matteis, Esq.
Marisa Arellano, Paralegal

Mlt@mtresticklaw.com
Laura@mtresticklaw.com
Marisaa@mtresticklaw.com

Telephone: (619) 231-8586
Facsimile: (619) 231-8574

May 1, 2020

Via US Mail - Return Receipt Requested

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
P.O. Box 82776
San Diego, California 92138-2776

Re: Horton v. San Diego County Regional Airport Authority, et al.
Case no.: Unassigned
Date of Incident: November 4, 2019

Dear San Diego County Regional Airport Authority:

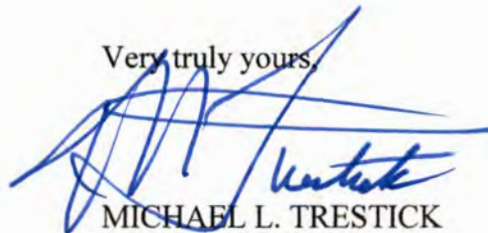
Please be advised that I represent Ms. Shirley Horton relative to a trip and fall which occurred at 3665 North Harbor Drive, Airport Terminal 1, employee bus drop off location, San Diego, California 92101 on November 4, 2019.

Enclosed please find a Claim for Damages to Governmental/Public Entity Pursuant to California Government Code Section 910, et seq. on behalf of Ms. Horton.

If you require any additional information, please contact my office at your earliest convenience.

I look forward to your prompt response on this matter.

Very truly yours,



MICHAEL L. TRESTICK
Attorn for Claimant
SHIRLEY HORTON

MLT:lrn
enclosure

Michael L. Trestick, Esq. (SBN 103078)
LAW OFFICE OF MICHAEL L. TRESTICK
Emerald Plaza
402 W. Broadway, Suite 800
San Diego, CA 92101
Tel: (619) 231-8586
Fax: (619) 231-8574

Attorney for Claimant, SHIRLEY HORTON

IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA

IN AND FOR THE COUNTY OF SAN DIEGO, CENTRAL DIVISION

IN THE MATTER OF THE CLAIM OF:

SHIRLEY HORTON,

Claimant,

Against

SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY,

Respondent.

**CLAIM FOR DAMAGES TO
GOVERNMENTAL/PUBLIC ENTITY
PURSUANT TO CALIFORNIA
GOVERNMENT CODE SECTION 910, et
seq.**

TO: SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
P.O. Box 82776
San Diego, California 92138-2776

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SHIRLEY HORTON (hereinafter "CLAIMANT"), hereby makes a claim against the SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY (hereinafter "PUBLIC ENTITY") for personal injuries and makes the following statement in support of her claim:

1. **Date of Incident:** November 4, 2019
2. **Place of Incident:** 3665 North Harbor Drive, Terminal 1, employee bus drop off location, in the City of San Diego, County of San Diego, State of California. (hereinafter referred to as the "SUBJECT PROPERTY").¹
3. **Claimant:** Shirley Horton
4. **Claimant's Residence:** 391 Yucca Avenue, San Diego, CA 92117
5. All notices or other communications with regard to this claim should be sent to:

Michael L. Trestick, Esq.
LAW OFFICE OF MICHAEL L. TRESTICK
Emerald Plaza
402 West Broadway, Suite 800
San Diego, CA 92101
Telephone: (619) 231-8586
Facsimile: (619) 231-8574
Email: mlt@mtresticklaw.com

6. The circumstances giving rise to this action are as follows: Claimant suffered serious personal injuries including, but not limited to, left ankle fractures, left ankle ligament, and hip injuries as a result of a fall from a San Diego International Airport parking shuttle bus used to transport Transportation Security Administration ("TSA") and other airport employees from the airport parking lots to the SUBJECT PROPERTY, which resulted from the negligence, negligent hiring and supervision of the bus driver, and the existence of dangerous conditions on property owned, designed, constructed, repaired, maintained, hired, supervised, monitored, managed, controlled, planned, drawn, drafted, railed, coned, signaled, serviced, permitted, marked, lit, barricaded, and/or managed by the aforementioned PUBLIC ENTITY.

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¹ Please see Incident Scene Photograph, *Exhibit "1."*

Negligent Hiring, Training, Supervision, and/or Retention of Unfit Employee

7. Claimant is informed and believes, and based thereon alleges, that in doing the acts as heretofore alleged, PUBLIC ENTITY, and each of them knew, or in the exercise of reasonable diligence should have known, that the driver of the San Diego International Airport parking shuttle bus (hereinafter referred to as "Shuttle Bus Driver") used to transport Transportation Security Administration ("TSA") and other airport employees from to and from the airport and their other desired destinations at the SUBJECT PROPERTY was incompetent and unfit to safely and properly transport TSA and other airport employees to and from their desired designations, to safely stop and/or park the Shuttle Bus for TSA and other airport employees to exit the Shuttle Bus, and to safely and properly operate the Shuttle Bus and other vehicles on the public streets and highways in California for which he/she was employed, and that an undue risk to persons, including Claimant, would exist because of the employment.

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8. Claimant is informed and believes, and based thereon alleges, that in doing the acts as heretofore alleged, PUBLIC ENTITY, and each of them knew, or in the exercise of reasonable diligence should have known, that the Shuttle Bus Driver was incompetent and unfit to safely transport TSA and other airport employees to and from the airport and their other desired designations, to safely stop and/or park the Shuttle Bus for TSA and other airport employees to exit the Shuttle Bus, and to safely and proper operate the Shuttle Bus and other vehicles on the public streets and highways in California for which he/she was employed, for which he/she was employed, and that an undue risk to persons, including Claimant, would exist because of his/her lack of ability, unless PUBLIC ENTITY secured and reviewed the Shuttle Bus Driver's driving records, prior traffic violations, collision and employment history, to train and/or supervise Shuttle Bus Drivers in the safe and proper method of transporting airport employees and members of the public to and from the airport and their desired designations, to train and/or supervise Shuttle Bus Drivers in the proper and safe methods and procedures on how and where to safely stop and/or park the Shuttle Bus for TSA and other airport employees to exit the Shuttle Bus, including the safe and proper operation of Shuttle Buses and other vehicles on the public streets and highways in California.

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9. Notwithstanding the knowledge that the Shuttle Bus Driver was neither qualified nor able to safely and properly transport TSA and other airport employees to and from their desired designations, to safely stop and/or park the Shuttle Bus for TSA and other airport employees to exit the Shuttle Bus, and to safely and properly operate the Shuttle Bus and other vehicles on the public streets and highways in California, nor that PUBLIC ENTITY, and each of them secured and reviewed the Shuttle Bus Driver's driving record, prior traffic violations, collision history, and employment history, and PUBLIC ENTITY did not train and/or supervise Shuttle Bus Drivers in the proper method of transporting airport employees and members of the public to and from the airport and their other desired designations, to train and/or supervise Shuttle Bus Drivers in the safe and proper methods and procedures on how and where to safely stop and/or park the Shuttle Bus for TSA and other airport employees to exit the Shuttle Bus, including the safe and proper operation of Shuttle Buses and other vehicles on the public streets and highways in California.

10. The failure of PUBLIC ENTITY, and each of them to secure and review the Shuttle Bus Driver's driving records, prior traffic violations, collision and employment history, to train and/or supervise Shuttle Bus Drivers in the safe and proper method of transporting airport employees and members of the public to and from the airport and their other desired designations, to train and/or supervise Shuttle Bus Drivers in the safe and proper methods and procedures on how and where to safely stop and/or park the Shuttle Bus for TSA and other airport employees to exit the Shuttle Bus, including the safe and proper operation of Shuttle Buses and other vehicles on the public streets and highways in California, was the proximate cause of Claimant's injuries.

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11. As a direct and proximate result of the negligence of Respondent PUBLIC ENTITY, and each of them, Claimant was hurt and injured in her health, strength, and activity, sustaining injury to her body and shock to her nervous system and person, all of which injuries have caused and continue to cause her great mental, physical, and nervous pain and suffering. Claimant is informed and believes, and thereon alleges, that these injuries will result in some permanent disability to Claimant, all to her general damage in an amount to be proven at trial.

12. As a direct and proximate result of the negligence of the Respondent PUBLIC ENTITY, and each of them, as herein above alleged, Claimant suffered severe, substantial, and enduring emotional distress and mental suffering all to the Claimant's damage in a sum within the jurisdiction of this Court and to be shown according to proof.

13. As a further direct and proximate result of the negligence of Respondent PUBLIC ENTITY, and each of them, Claimant was required to, and did employ physicians, surgeons, and other health care professionals to diagnose and treat her injuries. Claimant has incurred and will continue to incur medical and related expenses, all to her damage in amounts to be proven at the time of trial.

14. As a further direct and proximate result of the negligence of Respondent PUBLIC ENTITY, and each of them, Claimant continues to suffer from her injuries and will be required to employ hospitals, physicians, surgeons and other health care professionals to diagnose and treat her injuries in the future, including future surgeries, future examinations, future diagnostic studies, future prescriptions, future physical and related therapy, and future rehabilitation, in amounts to be proven at the time of trial.

15. As a further direct and proximate result of the negligence of Respondent PUBLIC ENTITY, and each of them, Claimant was and is currently, unable to attend to her usual occupation, resulting in a loss of past and future earnings, and in a loss of past and future earning capacity, in amounts to be proven at time of trial.

Dangerous Condition

16. Claimant contends that the PUBLIC ENTITY, and each of them, created the dangerous conditions on the SUBJECT PROPERTY as further described herein.

(A) Employees of the PUBLIC ENTITY, and each of them, negligently or wrongfully created the dangerous conditions on the SUBJECT PROPERTY within the scope of their employment; or

(B) The PUBLIC ENTITY had actual or constructive notice of the dangerous conditions under California Government Code Section 835.2, with a sufficient time prior to the injury to have taken measures to protect against the dangerous condition.

17. Said dangerous conditions include, but are not limited to the following:

(A) The absence of adequate lighting, supervision, management, maintenance, servicing, monitoring, control, entrustment, testing, design, planning, drawing, drafting, constructing, permitting, markings, warnings, barricades, rails, cones, ramps, steps, signals, and/or signs for Shuttle Buses to park at the airport, to persons of a dangerous condition on the SUBJECT PROPERTY, so as to cause persons, including Claimant, to be exposed to injuries from falls or other conditions;

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(B) Failure to install appropriate, necessary, proper, required and/or adequate lighting, markings, warnings, barricades, rails, cones, ramps, steps, signals, and/or signs on the SUBJECT PROPERTY to prevent persons from sustaining injuries from falls or other conditions, and/or reducing the risks of occurrences of the type involved in Claimant's incident on November 4, 2019;

(C) The absence of proper lighting, supervision, management, maintenance, servicing, monitoring, control, entrustment, testing, design, planning, drawing, drafting, constructing, markings, warnings, barricades, rails, cones, ramps, steps, signals, and/or signs on the SUBJECT PROPERTY to prevent injuries from falls or other conditions;

(D) The absence of proper lighting, supervision, management, maintenance, servicing, monitoring, control, entrustment, testing, design, planning, markings, drawing, drafting, constructing, permitting, warnings, barricades, rails, cones, ramps, steps, signals, and/or signs on the SUBJECT PROPERTY to warn the public or others, including Claimant, in the presence of, and enable them to avoid site hazards; and

(E) The SUBJECT PROPERTY was improperly maintained, lit, inspected, planned, changed, constructed, designed, planned, drawn, constructed, permitted, monitored, supervised, managed, serviced, operated, entrusted, tested, marked, barricaded, railed, coned, signed, signaled and/or controlled by employees of the PUBLIC ENTITY, thereby interfering with the safe use of the SUBJECT PROPERTY.

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(F) Claimant is also informed and believes, and based thereon, claims that ACE Parking and TSA contributed to the creation of the dangerous conditions at the SUBJECT PROPERTY by knowingly, or in the exercise of reasonable diligence should have known, that the Shuttle Bus Driver used to transport TSA employees from the employee parking lot at the San Diego International Airport to the SUBJECT PROPERTY was incompetent and unfit to safely and properly transport TSA and other airport employees to and from the parking lot, the SUBJECT PROPERTY and their other desired designations and to safely and properly operate a vehicle on the public streets and highways in California for which he/she was employed, and that an undue risk to persons, including Claimant, would exist because of the employment.

18. At all times relevant herein mentioned, the PUBLIC ENTITY, and each of them, were responsible for the planning, design, lighting, drawing, drafting, constructing, permitting, supervision, monitoring, control, entrusting, testing, construction, service, management, inspection, operation, maintenance, repair, marking, warning, barricading, railing, coning, signaling, and/or other activities related to the SUBJECT PROPERTY, including but not limited to, property and roadways adjacent to the SUBJECT PROPERTY which directly affected the conditions on the SUBJECT PROPERTY.

19. That at said time and place, the PUBLIC ENTITY, by and through their employees, agents, servants, and independent contractors, legally caused the injuries and damages as hereafter mentioned to Claimant by negligently, wantonly, recklessly, tortiously, wrongfully, unreasonably, and/or unlawfully:

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(A) Planning, designing, drawing, drafting, permitting, constructing, entrusting, owning, possessing, operating, controlling, changing, operating, maintaining, servicing, managing, supervising, inspecting, repairing, and monitoring the SUBJECT PROPERTY and adjacent property and roadways, including, but not limited to, the lighting, design, design control, construction, construction control, warning devices, signage, barriers, markings, signals, guards, rails, ramps, steps, and/or physical features;

(B) Supervising, managing, controlling, operating, contracting, inspecting, repairing, constructing, entrusting, drafting, drawing, permitting, maintaining, monitoring, warning, or failure to warn, marking, servicing, and/or working on the SUBJECT PROPERTY with regard to design configurations, lighting, locations, warning devices, barrier systems, barricades, the topography, physical features, and/or features on and adjacent to the SUBJECT PROPERTY which created a dangerous condition which was not readily apparent to prudent persons such as Claimant;

(C) Failing to guard, warn, and/or protect persons of hazards which were unforeseeable, or not reasonably apparent to the prudent person which the PUBLIC ENTITY knew, or in the exercise of reasonable diligence should have known about on the SUBJECT PROPERTY;

(D) Designing, constructing, owning, supervising, controlling, testing, entrusting, contracting, permitting, drafting, drawing, lighting, managing, maintaining, servicing, monitoring, repairing, inspecting, and/or operating with respect to the SUBJECT PROPERTY so as to cause, permit, and allow dangerous and unsafe conditions at the SUBJECT PROPERTY to exist as herein above described;

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(E) Failing to install appropriate lighting, warning indicators, barriers, barricades, rails, signs, signals, cones, markers, ramps, steps, or devices to warn and/or apprise persons of the presence of dangerous conditions on the SUBJECT PROPERTY which were not reasonably apparent to persons; and failing to otherwise properly maintain and supervise conditions at or near the SUBJECT PROPERTY of the danger; and

(F) Conducting themselves with reference to the SUBJECT PROPERTY so as to legally cause the injuries and damages sustained by Claimant.

20. The conduct of the PUBLIC ENTITY, and each of them, caused dangerous conditions that created a substantial risk of the type of injuries hereinafter alleged when the SUBJECT PROPERTY was used with due care in a manner in which it was reasonably foreseeable that it would be used.

21. On November 4, 2019, and at all relevant times prior thereto, the above-described public property was in a dangerous and hazardous condition that created a substantial risk of the type of injuries herein alleged when the SUBJECT PROPERTY was used with due care in a manner which was reasonably foreseeable.

22. On or about November 4, 2019, at the aforementioned time and place, Claimant was exiting the TSA employee shuttle bus at the SUBJECT PROPERTY in a reasonable, prudent, and lawful manner. As a legal result of the existence of the aforementioned dangerous conditions and the negligence of the aforementioned PUBLIC ENTITY, Claimant violently fell onto the Airport Terminal pavement while exiting the TSA employee Shuttle Bus, (hereinafter "SUBJECT INCIDENT"). Claimant is informed and believes, and based thereon states that there was no report made of the SUBJECT INCIDENT. If an incident report is discovered, it will be provided to the PUBLIC ENTITY when it is received.

23. The PUBLIC ENTITY, and each of them, at all times, had actual knowledge of the existence of the dangerous conditions of the SUBJECT PROPERTY and knew, or would have known, of its dangerous character a sufficient period of time prior to the injury to have taken measures to protect against the dangerous conditions in that, and not by way of limitation, said PUBLIC ENTITY were aware of reports, complaints, notices, and conditions advising them of the dangerous conditions prior to the SUBJECT INCIDENT, and the dangerous conditions had existed for a sufficient period of time prior to the SUBJECT INCIDENT, and were of such an obvious nature that PUBLIC ENTITY, in the exercise of due care, should have discovered the conditions and the dangerous character. The aforementioned PUBLIC ENTITY, and each of them, had the authority and it was their responsibility to take adequate measures to protect against the dangerous conditions at their expense and the funds or other means were immediately available to them.

24. The PUBLIC ENTITY, and each of them, at all times, had constructive notice of the existence of the dangerous conditions of the SUBJECT PROPERTY and knew, or would have known, of its dangerous character a sufficient period of time prior to the injury to have taken measures to protect against the dangerous conditions in that, and not by way of limitation, said PUBLIC ENTITY owned, designed, constructed, repaired, maintained, supervised, monitored, managed, controlled, planned, drawn, drafted, signed, signaled, serviced, permitted, marked, lit, and/or managed the roadway, sidewalk and walk way areas prior to the SUBJECT INCIDENT, and the dangerous conditions had existed for a sufficient period of time prior to the SUBJECT INCIDENT, and was of such an obvious nature that PUBLIC ENTITY, in the exercise of due care, should have discovered the conditions and the dangerous character. The aforementioned PUBLIC ENTITY, and each of them, had the authority and it was their responsibility to take adequate measures to protect against the dangerous conditions at their expense and the funds or other means were immediately available to them.

25. As a direct and proximate result of the negligence of Respondent PUBLIC ENTITY, and each of them, Claimant was hurt and injured in her health, strength, and activity, sustaining injury to her body and shock to her nervous system and person, all of which injuries have caused and continue to cause her great mental, physical, and nervous pain and suffering. Claimant is informed and believes, and thereon alleges, that these injuries will result in some permanent disability to Claimant, all to her general damage in an amount to be proven at trial.

26. As a further direct result of the conduct of the PUBLIC ENTITY, and each of them, as described herein, Claimant has suffered serious injuries and was required to and did employ hospitals, physicians and other health care professionals to diagnose and treat her injuries. Claimant was sought medical care following the incident and continues to experience significant medical problems and will require diagnosis and treatment in the future, including future surgeries, therapy and rehabilitation, and has sustained general and special damages in an amount according to proof. The amount of Claimant's medical expenses are unknown at this time. Claimant's medical records and medical billing have been requested and will be provided to the PUBLIC ENTITY when they are received.

27. As a direct and proximate result of the negligence of the Respondent PUBLIC ENTITY, and each of them, as herein above alleged, Claimant suffered severe, substantial, and enduring emotional distress and mental suffering all to the Claimant's damage in a sum within the jurisdiction of this Court and to be shown according to proof.

28. As a further direct result of the conduct of the PUBLIC ENTITY, and each of them, as described herein, Claimant was and is unable to attend to her usual occupation, has suffered a loss of past and future earnings, and past and future earning capacity in an amount according to proof.

29. Jurisdiction over this claim would rest in the Superior Court as an unlimited civil case.

30. The names of the public employee or employees causing or contributing to Claimant's resulting damages are presently unknown to the Claimant.

Dated: May 1, 2020

LAW OFFICE OF MICHAEL L. TRESTICK

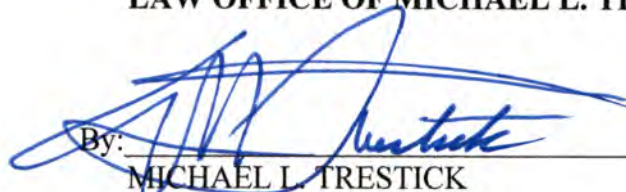
By: 
MICHAEL L. TRESTICK
Attorney for Claimant,
SHIRLEY HORTON

EXHIBIT “1”



RESOLUTION NO. 2020-0062

A RESOLUTION OF THE BOARD OF THE
SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY, REJECTING THE CLAIM OF SHIRLEY
HORTON

WHEREAS, on May 6, 2020, Shirley Horton filed a claim with the San Diego County Regional Airport Authority (“Authority”) for losses she claims were the result of falling from a San Diego International Airport parking shuttle bus used to transport employees at Terminal One at San Diego International Airport; and

WHEREAS, at its regular meeting on June 4, 2020, the Board considered the claim filed by Shirley Horton 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 Shirley Horton; 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

BE IT FURTHER RESOLVED that the Board finds that this action is not a “development” as defined by the California Coastal Act (Cal. Pub. Res. Code § 30106); and

BE IT FURTHER RESOLVED that the Board finds that this Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration (“FAA”) and, therefore, no formal review under the National Environmental Policy Act (“NEPA”) is required.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at its regular meeting this 4th day of June 2020, 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: JUNE 4, 2020

Subject:

Reject the Claim of Priscilla Allen

Recommendation:

Adopt Resolution No. 2020-0063, rejecting the claim of Priscilla Allen.

Background/Justification:

On May 6, 2020, Priscilla Allen filed a claim ("Attachment A") with the San Diego County Regional Airport Authority ("Authority"). Specifically, Allen alleges that while walking through Terminal Two at San Diego International Airport she slipped and fell on vomit. Allen claims damages in the amount of \$1,000,000 to cover bodily injury and pain and suffering.

As described above, Allen alleges that on November 8, 2019, she was walking through Terminal Two when she slipped and fell on vomit. She further alleges that the vomit was uncleaned and unmarked. She provides no detail as to the approximate time or location of the incident within Terminal Two.

Allen's claim should be denied. An investigation into the alleged incident revealed there was no notice of an unsafe condition. No injury report was taken at the time and the paramedics' log lists no call for assistance. The General Counsel has reviewed the claim and recommends rejection.

Fiscal Impact:

Not applicable.

Authority Strategies/Focus Areas:

This item supports one or more of the following (*select at least one under each area*):

Strategies

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Focus Areas

- Advance the Airport Development Plan Transform the Customer Journey Optimize Ongoing Business

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.
- C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

Application of Inclusionary Policies:

Not applicable.

Prepared by:

AMY GONZALEZ
GENERAL COUNSEL

**SAN DIEGO
COUNTY
REGIONAL
AIRPORT
AUTHORITY**

ACCIDENT OR DAMAGE**CLAIM FORM**

Please complete all sections.
Incomplete submittals will be
returned, unprocessed. Use a
typewriter or print in ink.

FOR AUTHORITY USE ONLY

Document No.: _____

Filed: _____

1) Claimant Name: <i>Priscilla Allen</i>	
2) Address to which correspondence regarding this claim should be sent: <i>Downtown LA Law Group; 601 N. Vermont Ave., Los Angeles, CA 90004</i>	
Telephone No.: <i>213-389-3765</i>	Date:
3) Date and time of incident: <i>11/08/2019</i>	
4) Location of incident: <i>San Diego International Airport, Terminal 2</i>	
5) Description of incident resulting in claim: <i>Ms. Allen was walking through terminal 2 when she slipped fell on vomit that was left uncleaned and/or unmarked on the floor causing her to sustain injury.</i>	
6) Name(s) of the Authority employee(s) causing the injury, damage or loss, if known: <i>Unknown</i>	
7) Persons having firsthand knowledge of incident:	
Witness (es)	Physician(s):
Name:	Name:
Address:	Address:
Phone:	Phone:

8) Describe property damage or personal injury claimed:
Injuries include but not limited to: knee
9) Owner and location of damaged property or name/address of person injured:
Priscilla Allen 75 Southwind Lane Greenwood, IN 46142
10) Detailed list and amount of damages claimed as of date of presentation of claim, including prospective damages. If amount exceeds \$10,000.00, a specific amount need not be included.
Bodily injury and pain and suffering; \$1,000,000.00

Dated: 4/27/2020

Claimant: 
(Signature)

Amira Rezkallah OBO Priscilla Allen

Notice to Claimant:

Where space is insufficient, please use additional paper and identify information by proper section number.

Mail completed original form to:

OR

Deliver completed original form in person to:

Claims
San Diego County Regional Airport Authority
P.O. Box 82776
San Diego, CA 92138-2776

San Diego County Regional Airport Authority
Administration Reception Desk
3225 N. Harbor Drive, 3rd Floor
San Diego, CA 92101

RESOLUTION NO. 2020-0063

A RESOLUTION OF THE BOARD OF THE
SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY, REJECTING THE CLAIM OF
PRISCILLA ALLEN

WHEREAS, on May 6, 2020, Priscilla Allen filed a claim with the San Diego County Regional Airport Authority (“Authority”) for losses she claims were the result of slipping and falling in vomit in Terminal Two at San Diego International Airport; and

WHEREAS, at its regular meeting on June 4, 2020, the Board considered the claim filed by Priscilla Allen 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 Priscilla Allen; 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

BE IT FURTHER RESOLVED that the Board finds that this action is not a “development” as defined by the California Coastal Act (Cal. Pub. Res. Code § 30106); and

BE IT FURTHER RESOLVED that the Board finds that this Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration (“FAA”) and, therefore, no formal review under the National Environmental Policy Act (“NEPA”) is required.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at its regular meeting this 4th day of June 2020, 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: **JUNE 4, 2020**

Subject:

Reject the Claim of Giuseppe Terranova

Recommendation:

Adopt Resolution No. 2020-0064, rejecting the claim of Giuseppe Terranova

Background/Justification:

On May 14, 2020, Giuseppe Terranova filed a claim ("Attachment A") with the San Diego County Regional Airport Authority ("Authority"). Specifically, Terranova alleges that he was hit by a taxi as he walked through the Taxi Hold Lot at San Diego International Airport. Terranova claims damages in an unknown amount over \$10,000 to cover past and future expenses related to medical care, household services and pain and suffering.

As described above, Terranova alleges that on November 17, 2019, he was walking through the Taxi Hold Lot on Harbor Drive. Mr. Terranova is a taxi driver who had just parked his own vehicle in one of the numbered, one-way lanes and was crossing several other lanes to reach the facilities building. He alleges that as he crossed the lanes another taxi struck him, resulting in a broken leg and other injuries. Terranova alleges his injuries were caused by a dangerous condition of public property and negligent management by a public entity.

Terranova's claim should be denied. An investigation into the alleged incident revealed there was no notice of an unsafe or dangerous condition. Paramedics and Harbor Police responded at the time and transported the claimant to the hospital. The parking lot is operated by ACE Parking. The General Counsel has reviewed the claim and recommends rejection.

Fiscal Impact:

Not applicable.

Authority Strategies/Focus Areas:

This item supports one or more of the following (*select at least one under each area*):

Strategies

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Focus Areas

- Advance the Airport Development Plan Transform the Customer Journey Optimize Ongoing Business

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.
- C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

Application of Inclusionary Policies:

Not applicable.

Prepared by:

AMY GONZALEZ
GENERAL COUNSEL

SAN DIEGO
COUNTY
REGIONAL
AIRPORT
AUTHORITY

ACCIDENT OR DAMAGE

CLAIM FORM

Please complete all sections.
Incomplete submittals will be
returned, unprocessed. Use a
typewriter or print in ink.

FOR AUTHORITY USE ONLY

Document No.: _____

Filed: _____

1) Claimant Name: Giuseppe Terranova	
2) Address to which correspondence regarding this claim should be sent: Carpenter, Zuckerman & Rowley 8827 W. Olympic Blvd. Beverly Hills, CA 90211	
Telephone No.: 310-273-1230	Date: 5/11/2020
3) Date and time of incident: On or about November 17, 2019 at 8:30 p.m.	
4) Location of incident: Airport taxi hold lot, at or near 2801 North Harbor Drive, San Diego, CA 92101.	
5) Description of incident resulting in claim: Please see attached.	
6) Name(s) of the Authority employee(s) causing the injury, damage or loss, if known: Unknown to claimant at this time.	
7) Persons having firsthand knowledge of incident:	
Witness (es)	Physician(s):
Name: Mir Ahmadali Talibi	Name: UCSD Medical Center
Address: 9115 Berkview Lane Spring Valley, CA 91977	Address: 200 West Arbor Drive, San Diego, CA 92103
Phone: 619-925-6246	Phone: (619) 543-6222

8) Describe property damage or personal injury claimed:

Please see attached.

9) Owner and location of damaged property or name/address of person injured:

Other than the claimant, no other name or address is responsive to this question.

10) Detailed list and amount of damages claimed as of date of presentation of claim, including prospective damages. If amount exceeds \$10,000.00, a specific amount need not be included.

The amount exceeds \$10,000.00.

Dated: 5/11/2020

Claimant:


(Signature) Robert J. Ounjian, Counsel for Claimant

Notice to Claimant:

Where space is insufficient, please use additional paper and identify information by proper section number.

Mail completed original form to:

OR

Deliver completed original form in person to:

Claims
San Diego County Regional Airport Authority
P.O. Box 82776
San Diego, CA 92138-2776

San Diego County Regional Airport Authority
Administration Reception Desk
3225 N. Harbor Drive, 3rd Floor
San Diego, CA 92101

Attachment to Claim Form

5) Description of incident resulting in claim:

On or about November 17, 2019, at approximately 20:30, Claimant Giuseppe Terranova was severely injured after being struck by a motor vehicle as a pedestrian in the airport taxi hold lot that is located at or near 2801 North Harbor Drive, San Diego, CA 92101.

A copy of the traffic collision report is attached hereto and is incorporated into this claim.

Mir Ahmadali Talibi struck Mr. Terranova while driving eastbound in the throughway area. Mr. Terranova was walking northbound to use the restroom on the other side of the throughway.

Mr. Terranova's injuries were caused by, without limitation, a dangerous condition of public property and negligent management of the area by the public entity.

The area was dangerous and defectively planned, designed, drafted, engineered, constructed and positioned, and was not approved in accordance with standard procedure, regulations, and statutes (thereby violating same) or could not reasonably have been approved by the appropriate and responsible governmental entity or any delegates and agents thereof.

To the extent that the area's design was approved, if any approval was requested and given, the requesting and responding authorities, delegates, and agents were incompetent and/or failed to possess the requisite skills and expertise to render a reasonable evaluation of the benefits, risks, and dangers of the plan as submitted or amended and approved.

To the extent that the design was approved and said approval was unreasonable and constituted a manifest abuse of discretion, or was otherwise negligent, reckless, and in conscious disregard of applicable engineering standards and conditions then existing or reasonably contemplated to exist in the future, once said design was implemented.

The area was at all times dangerous, improperly and defectively maintained, managed, inspected, installed, repaired, modified, reviewed, and evaluated, if in fact it was maintained, managed, inspected, installed, repaired, modified, reviewed, and evaluated. To the extent that such functions were not performed, they should have been, and to the extent that they were performed, they were done improperly, negligently, recklessly, and violated applicable engineering standards and regulations.

Among the conditions of the area that were defectively and negligently maintained, managed, controlled, inspected, installed, repaired, modified, reviewed, and evaluated are, without limitation:

- i. Deficient sight-lines / insufficient line of sight;

- ii. Insufficient corner-site distance;
- iii. Insufficient stopping distance;
- iv. Lack of a traffic signal;
- v. Lack of a stop sign;
- vi. Improper setting of speed;
- vii. Lack of illumination;
- viii. Topography of the intersection;
- viiii. Actual speed on the throughway;
- ix. Improper placement of limit lines;
- x. Obstruction of motorists' view;
- xi. Insufficient/improper marking of the roadway;
- xii. Failure to mark or establish safe paths of travel for the pedestrians;
- xiii. The signage was improper;
- xix. The signaling was improper; and
- xx. The volume on the streets warranted other controls/signals/signage/sight-lines.

The rate of speed allowed and estimated and actual volume of traffic at or near the area of the collision was in excess of reasonable standards at the time of design, construction, and the date of the collision.

There was a lack of proper/safe/appropriate signage, warnings, and traffic/speed control devices.

The public entity violated their duty to the claimant and to the public at large when they failed to own, operate, maintain, inspect, construct, and repair the subject area in a reasonably safe manner. The public entity's negligence and misconduct includes, but is not limited to, negligent ownership, control, construction, maintenance, inspection, placement, supervision, repairs, design, modifications of the roadway, median strip, signage, guard rails, shrubbery/plants/trees, lights, shoulders, fences, curbs, easements, vegetation, stairways, and concrete and asphalt. The roadway was unsafe because of improper materials used. The

roadway and adjacent property was improperly maintained. The position, geometry, and design of the roadway and adjacent property impaired the motorists' views.

The public entity further failed to warn against a non-obvious and concealed trap.

The public entity further failed to: (1) conduct police enforcement and application of existing law with due care regarding the speed limit on the roadway, including the use of a radar speed trailer; (2) install additional speed limit signs on the roadway; (3) set a different speed limit for the roadway; (4) install additional and different signs reflecting the speed limit on the roadway and curve; (5) install warning signs in both directions of travel; (6) install speed bumps or rumble strips in the area; (7) install speed limit signs in the area; (8) install painted delineation in the area; (9) maintain safe sight distances; (10) maintain a proper clear zone; and (11) reduce the speed limit in the area.

The public entity further failed to properly supervise, educate, train, monitor and test workers including employees and agents who responsible for doing the acts and tasks above. The public entity failed to warn of these known risks and hazards, some of which were created by the public entity and such of which existed for a sufficient period of time for the public entity to provide warnings and/or remove the risk or hazard. The public entity failed to warn of previous similar incidents.

Notice of these dangerous conditions, among others, was manifest, and further given by numerous similar incidents occurring in this region and in areas with a similar design so as to afford the the public entity a reasonable time to devise and implement cost-efficient safety measures, either eliminating the existing great risk of harm or rendering it reasonable. No reasonable corrections were ever undertaken or completed.

Any plan or design of the roadway became dangerous, without limitation, because of a change in the conditions, including physical conditions; the public entity had actual and constructive notice of the dangerous condition thus created; and the public entity had a reasonable time to obtain the funds to carry out the necessary remedial work to bring the property back into conformity with a reasonable design or plan and/or implement an intermediate remedial measure and the public entity has not reasonably attempted to provide adequate warnings. The public entity should also have implemented an interim measure.

The public entity undertook to install and maintain traffic and warning signals, lights, signs, markings, traffic devices, illumination, street demarcations, speed restriction signs, and distinctive roadway markings and invited the public to justifiably rely upon them. Such traffic and warning signals, lights, signs, markings, traffic devices, illumination, street demarcations, speed restriction signs, and distinctive roadway markings malfunctioned and confused and mislead motorists/pedestrians.

The public entity violated mandatory statutory duties relating to the above.

The public entity's placement and utilization plan for the bathroom was negligently maintained, designed, planned, executed, and managed.

8) Describe property damage or personal injury claimed:

The claimant has lost past and future medical expenses; past and future wage loss and loss of earning capacity; past and future household services; past and future incidental expenses; and past and future pain and suffering, without limitation.

The claimant has also suffered property damage.

RESOLUTION NO. 2020-0064

A RESOLUTION OF THE BOARD OF THE
SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY, REJECTING THE CLAIM OF
GIUSEPPE TERRANOVA

WHEREAS, on May 14, 2020, Giuseppe Terranova filed a claim with the San Diego County Regional Airport Authority (“Authority”) for losses he claims were the result of a dangerous condition and negligent management of public property that caused him to be hit by a car operated by another taxi driver in the Taxi Hold Lot at San Diego International Airport; and

WHEREAS, at its regular meeting on June 4, 2020, the Board considered the claim filed by Giuseppe Terranova 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 Giuseppe Terranova; 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

BE IT FURTHER RESOLVED that the Board finds that this action is not a “development” as defined by the California Coastal Act (Cal. Pub. Res. Code § 30106); and

BE IT FURTHER RESOLVED that the Board finds that this Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration (“FAA”) and, therefore, no formal review under the National Environmental Policy Act (“NEPA”) is required.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at its regular meeting this 4th day of June, 2020, 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: **JUNE 4, 2020**

Subject:

Fiscal Year 2020 Third Quarter Report from the Office of the Chief Auditor

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 attached Fiscal Year 2020 Third Quarter Report (Attachment A) summarizes the undertakings and accomplishments of the OCAs office from January 1, 2020, through March 31, 2020.

On May 14, 2020, a special meeting of the Audit Committee was conducted by Skype and telephonically due to restrictions in place related to COVID-19 and in accordance with California Executive Order N-29-20. A presentation on the OCAs third quarter activities was given by the Chief Auditor, followed by discussion; including the increased development and utilization of data analytics in the Authority and by the Chief Auditor's office. Subsequently, the Audit Committee voted unanimously to forward this item to the Board.

Fiscal Impact:

None

Authority Strategies/Focus Areas:

This item supports one or more of the following (*select at least one under each area*):

Strategies

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Focus Areas

- Advance the Airport Development Plan Transform the Customer Journey Optimize Ongoing Business

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.
- C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

Application of Inclusionary Policies:

Not applicable

Prepared by:

LEE M. PARRAVANO
CHIEF AUDITOR

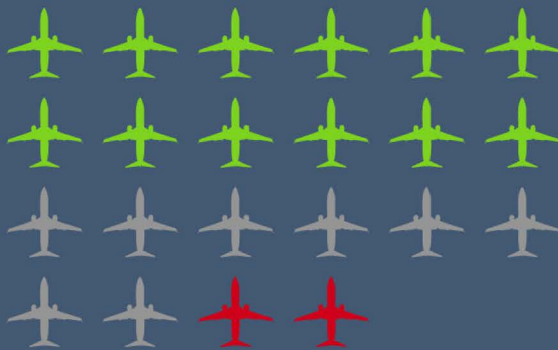
Office of the Chief Auditor Fiscal Year 2020 Third Quarter Report

ATTACHMENT A

SAN DIEGO
COUNTY
REGIONAL
AIRPORT
AUTHORITY



Third Quarter Audit Progress



■ Completed (54.55%)
 ■ In Progress (36.36%)
■ Not Started (9.09%)

Audits Completed vs. Benchmark & Goal



FY 2020 Audit Activities - By the Numbers

23

Recommendations Issued

8 High, 10 Medium, 5 Low

4.8

Customer Satisfaction Rating (Out of 5)

55%

Audits Completed within Budget

66%

Auditor Utilization Percentage

100%

Recommendations Accepted by Management



powered by



Office of the Chief Auditor Fiscal Year 2020 Third Quarter Report

May 14, 2020

SAN DIEGO
COUNTY
REGIONAL
AIRPORT
AUTHORITY

Third Quarter Summary

The Fiscal Year 2020 Audit Plan is comprised of 22 audits, 7 general audit activities, and administrative activities to be completed in the Fiscal Year. The Office of the Chief Auditor (OCA) tracks its progress relative to the Audit Plan by using several key performance measures to gauge the success of the office. Each performance measure is detailed below along with supplemented explanation.

Performance Measures

For Fiscal Year 2020, six major performance measures were developed to evaluate the OCA.¹ The OCAs performance against the selected performance measures is displayed in Figure 1 below.

Figure 1: Status of Performance Measures as of March 31, 2020

Performance Measure	Goal	Actual	Benchmark
Percentage of Audits Completed	60%	55%	44%
Number of Recommendations	19	23	19
Percentage of Staff Time Spent on Audit Activities	70%	66% / 69% including/ excluding Chief Auditor	70%
Percentage of Audits Completed within Budget	80%	58%	75%
Percentage of Recommendations Accepted	95%	100%	83%
Auditee Satisfaction Rating	4.0	4.8	4.0

Percentage of Audits Completed:

As of the third quarter, the OCA completed and issued 12 audit reports, or 55%, of the audits included in the Audit Plan (12/22=55%). In addition to the 12 audits completed, the OCA had 8 audits in progress at the end of the quarter. A summary of the audits completed in the third quarter is provided in the *Audits* section below.

An alternative way to calculate the OCAs progress is to account for the audit hours spent on completed audits and the hours spent on the eight audits in progress, but not yet completed. This method uses the total hours expended on all audit work to date and the total audit hours expected to complete all audits in the Fiscal Year 2020 Audit Plan. The calculation results in a completion percentage of 64% through March 31, 2020. Specifically, the OCA expended 5,471 hours through March 31, 2020, conducting audit work, and estimates 8,548 total audit hours will be needed to complete all Fiscal Year 2020 audits (5,471/8,548=64%).

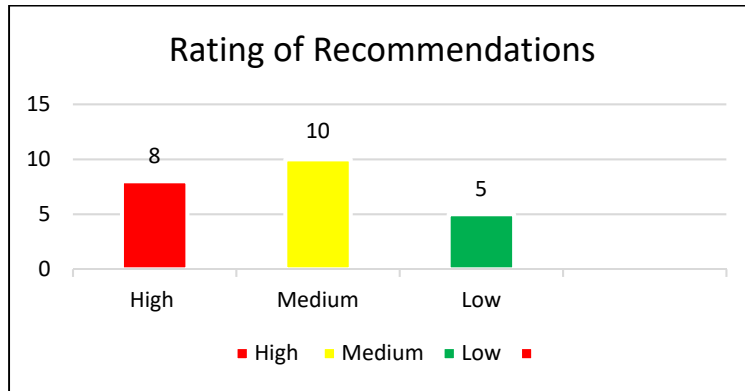
The status of all audits in the Fiscal Year 2020 Audit Plan is included in Appendix A.

Number of Recommendations:

One of the OCAs primary objectives is to identify risks that could pose a threat to the Authority. As of March 31, 2020, the OCA has provided 23 recommendations to management to remediate a risk identified. Each recommendation is rated based on a qualitative value of risk, identified as Low, Medium, or High. A summary of the ratings are shown in Figure 2 below.

¹ The OCA tracks additional performance measures that are not shown above. Their results are compiled and shared with the Audit Committee annually.

Figure 2: Rating of Recommendations



Percentage of Staff Time Spent on Audit Activities:

This measure helps ensure that the OCA spends an adequate amount of time on audit activities² rather than administrative activities. The OCAs goal for Fiscal Year 2020 is 70%. The OCA spent 66% of time on audit activities, which includes the Chief Auditor’s time (69% excluding the Chief Auditor’s time, which requires many administrative involvements.)

Percentage of Audits Completed within Budget:

This category monitors the efficiency of audit staff in performing 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. In Fiscal Year 2020, the OCA completed 7 out of 12 audits under budget, or 58%. The 12 audits completed had a budget of 3,500 hours. The total hours expended were actually 3,256 or 244 total hours under budget.

Percentage of Recommendations Accepted:

This category helps to evaluate the quality of the findings and recommendations issued by the OCA. Additionally, it helps hold the OCA accountable for the quality of the recommendations provided to management. As of the end of the third quarter, management accepted 100% of all audit recommendations.

Auditee Satisfaction Rating:

Post audit surveys are sent to auditees after the completion of an audit to obtain customer satisfaction data. The OCAs goal for auditee 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 4.8.

² Audit activities consist of hours spent on audits and general audit activities, as detailed in Appendix A.

Audits

Issued

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

Rental Car Center (RCC) Shuttle Services Contract Administration - SP Plus Corporation (SP Plus): The objective of this audit was to determine if the RCC shuttle services contract with SP Plus is administered appropriately. The audit concluded that the RCC shuttle services contract with SP Plus is administered appropriately, and the audit identified several management strengths. There were no findings or recommendations issued.

Nevada Lease and Rentals, Inc. dba Payless (Nevada): The objective of this audit was to determine if Nevada Lease and Rentals, Inc. accurately paid concession fees and Customer Facility Charges during the audit period. The audit concluded that Nevada overpaid concession fees by \$13,703 and underpaid Customer Facility Charges by \$19,593. The audit identified three recommendations.

Off-Airport Rental Car Companies: The objective of this audit was to determine if the Off-Airport Rental Car Companies with an agreement were accurately remitting concession fees and to determine if any companies are operating at San Diego International Airport (SDIA) without an agreement. The audit concluded that concession fees were correctly paid by one out of four companies with an agreement. The remaining three companies did not submit an annual report that was audited by an independent Certified Public Accounting firm; and, therefore, we were unable to conclude if the concession fees paid by those companies were in accordance with the agreement. Additionally, the report concluded that six companies are operating/have operated, or have advertised a willingness to operate, at SDIA without an executed agreement. The audit identified three recommendations.

Maintenance & Airport Service Requests: The objective of this audit was to determine if the Facilities Management Department accurately and appropriately monitors the time and expense tracking for work orders. The audit concluded that the Facilities Management Department does accurately and appropriately monitor its time and expense incurred on work orders. This audit identified several management strengths. There were no findings or recommendations issued.

Owner Controlled Insurance Program (OCIP) Management: The objective of this audit was to determine if the internal controls and management of the OCIP are effective and if staff complies with OCIP policies. The audit concluded that the internal controls and management of the OCIP are effective and that Authority staff complies with OCIP policies. There were no findings or recommendations issued.

In Progress

At the close of the third quarter there were a total of eight audits in progress, representing 36% of the audits on the Fiscal Year 2020 Audit Plan. Of those, one audit was in the reporting/ review stage and seven were in either the fieldwork stage or the preliminary survey stage.

General Audit Activities

In addition to performing audits, the OCA is involved in other audit activities that do not result in a formal audit report/opinion being issued. The OCA is either required³ to perform these activities or believes completion of these activities to be in the best interest of the Authority. A summary of the *General Audit Activities* is presented below.

Risk Assessment & Audit Plan

The Risk Assessment & Audit Plan is a document that is presented in May of each year to the Audit Committee that includes the proposed audits to be completed for the coming fiscal year. It is the culminating result of data gathering, management discussions, surveys, and data analysis. The Risk Assessment & Audit Plan for Fiscal Year 2021 will be presented during the May 14, 2020, Audit Committee Meeting.

Construction

Construction audit activity for the third quarter of Fiscal Year 2020 consisted of attending meetings regarding the Federal Inspection Service project, the airport support facilities, the Airport Development Program, and consultation pertaining to COVID-19 grant funding. The OCA remains involved with issues identified by the Airport Design and Construction team and by Authority management, providing assistance and attending meetings specific to the aspects of the Authority's construction projects.

Additionally, to obtain assurances that proper and best practice language was contained within the 3 billion dollar Design Build Agreement related to the Airport Development Plan (ADP), the OCA secured a construction auditing consultant to conduct a comprehensive review of the ADP draft contract agreement. Recommendations from the consultant were provided to both General Counsel and the Airport Design and Construction Department for consideration to strengthen the ADP agreement language.

Information Technology Meeting Attendance

Information technology activity for the third quarter of Fiscal Year 2020 consisted of attending meetings, reading contract documents, and providing updates when appropriate regarding information technology risk assessments and the National Institute of Standards and Technology (NIST) cybersecurity framework.

Development of Data Analytics

The OCA set the course this year to determine the feasibility of developing a data analytics program for rental car concessions. A successful data analytics program would provide real-time insight regarding rental car company activity at the San Diego International Airport. The OCA would utilize this information to identify possible risks early on and to determine if an audit should be initiated. This audit approach would allow the OCA to objectively select audits. Additionally, data analytic information could be shared with Authority Management for their reference and use.

As of the end of the third quarter, the OCA had collaborated with the Revenue Generation & Partnership Development Department, the Information & Technology Services Data Analytics team, and other Authority staff. The OCA has provided the Data Analytics team with sample test data for preliminary analysis. We are optimistic about the success of a data analytics program for rental car concessions.

³ Requirements are dictated by the Charter for the Office of the Chief Auditor, Charter of the Audit Committee, or the International Standards for the Professional Practice of Internal Auditing (*Standards*).

Ethics Program

The OCA continues to run the Authority’s Ethics Program and confidential reporting hotline. During the third quarter of Fiscal Year 2020, seven reports were received. One required a preliminary investigation. That preliminary investigation is still ongoing. 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 2020 is shown in Figure 3 below.

Figure 3: Ethics Hotline

	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)
General Workplace Concerns					
Workplace Practices / Behavior	5	-	-	-	-
Security	1	1	-	-	-
Noise	1	-	-	-	-
Total	7	1	-	-	-

*As required by the Charter for the Office of the Chief Auditor, any fraud or illegal acts that the Chief Auditor becomes aware of are communicated to the Chair of the Audit Committee, General Counsel, and the President/CEO.

Number of Tips / Reports Received: The total number of tips or reports received 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.

Full Investigation Initiated: Following a preliminary investigation, we determined that the tip necessitated a full investigation.

Investigation Results Supported Code 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 responses back to the original non-anonymous tipper/reporter.

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. Appendix B contains a detailed list of each recommendation and its status as of March 31, 2020. Figure 4 below shows the status of recommendations that were *Completed* or *In Progress* during the third quarter of Fiscal Year 2020. The estimated/actual implementation timeframes are based on the audit report issue date.

Figure 4: Recommendations with Estimated/Actual Implementation Timeframe

Recommendations	Zero to 7 Months	7 Months to 1 Year	Over 1 Year	Total
Completed	10	1	-	11
In Progress	4	4	2	10

Completed: This designation is used for recommendations that the OCA determined to be adequately implemented or for recommendations where alternate action is taken that adequately addresses the risk identified. Of the Completed recommendations nine, or 82%, were completed within the initial timeframe identified when the recommendation was issued. Of the In Progress recommendations, four recommendations were still within the initial timeframe identified for implementation. All 10 of the In Progress recommendations are estimated by management to be completed by the end of July 30, 2020.

In Progress: These recommendations have been partially addressed or partial corrective action has been taken. This category also includes recommendations from newly issued audit reports, when there has not been adequate time between report issuance and follow-up.

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

Quality Assurance & Improvement Program

The International Standards for the Professional Practice of Internal Auditing (*Standards*) require the OCA to maintain a Quality Assurance and Improvement Program that includes internal (self) assessments, on-going monitoring, and external assessments (required every 5 years). The objective of ongoing monitoring is to provide assurance that the OCAs processes in place are working effectively to ensure that quality is derived on an audit-by-audit basis.

During the first quarter of Fiscal Year 2020, the OCA fulfilled its annual on-going monitoring of its audit activities and operations performed during Fiscal Year 2019, with results presented in the Fiscal Year 2019 OCA Annual Report. In the second and third quarters of Fiscal Year 2020 the OCA has continued to examine its practices and procedures, in order to improve efficiencies and to ensure that quality is delivered.

Administrative Activities

Tracking Budget and Expenses

The OCA expenses totaled approximately \$879,000 through the end of the third quarter, which represents 71% of the Fiscal Year 2020 budget. No unexpected or large outlays occurred within the department during the first or second quarter. In the third quarter the OCA hired an expert construction auditing consultant to conduct a comprehensive review of the draft contract agreement related to the Airport Development Plan. The OCA expects to remain on budget through the fiscal year-end.

Continuing Professional Development

OCA staff continues to obtain Continuing Professional Education credits as required by their various certifications. During the third quarter, staff attended training on topics that included GASB 87 Lease accounting, report writing, COVID-19 CARES act, and fraud involving technology.

Procedural/Supervisory

Two Audit Committee meetings took place during the third quarter for which the OCA provides support and coordination. The first was a Special Audit Committee Meeting on January 16, 2020, to interview potential candidates to serve as Public Members on the Committee. The second was a regularly scheduled meeting on February 13, 2020, that covered routine agenda items.

COVID-19

Until mid-December 2019 the OCA had both Audit Intern positions filled. When Authority employees were directed to work remotely in mid-March the OCA was unable to retain the last Audit Intern position. The OCA continues to examine staffing Audit Interns; however, a remote working arrangement is not ideally suited to the training and mentoring required for Audit Interns. For this reason, the OCA does not anticipate filling this position until normal operations return.

At the end of the third quarter all OCA staff are working remotely. Procedures are in place to ensure the switch to working remotely is going as smooth as possible and that *Standards* are being adhered.

COVID-19 impacts have been felt throughout the Authority and have required Authority management to respond in a variety of ways. The OCA is committed to assisting management at this crucial time and has reached out to determine how the OCA may assist. An agenda item for the May 14, 2020, Audit Committee Meeting proposes to amend the Fiscal Year 2020 Audit Plan allowing the OCA to provide consulting engagements with the Authority as needed and requested.

Appendix A - Fiscal Year 2020 Audit Plan Progress

#	Audit / Activity	Status as of 3/31/20	Over/ Under Budget	No. of Recom.	Revenue / Cost Savings Identified
Audits					
1	Owner Controlled Insurance Program (OCIP) Management	Completed	Over	-	\$-
2	IT Asset Acquisition & Implementation	Completed	Over	4	-
3	Capital and Maintenance Project Selection and Planning	Completed	Under	-	-
4	Transportation Network Company (TNC) Reviews and Assistance	Completed	Over	-	-
5	Small Business Development Management	In Progress			
6	Automated License Plate Reader (ALPR) System – Ace Parking	Completed	Over	5	-
7	Leigh Fisher & Associates	Completed	Under	2	35,174
8	Tenant Lease Admin. and Management – Revenue Generation & Partnership Development Contract and Agreement Requirements	In Progress			
9	Harbor Police Contract Management	In Progress			
10	Account Provisioning and De-Provisioning	Completed	Over	6	-
11	Formal Bidding and Contracting	In Progress			
12	Rental Car Shuttle Service Contract Administration	Completed	Under	-	-
13	Contractor Monitoring - AECOM	Completed	Under	1	-
14	Contractor Monitoring - Turner	In Progress			
15	Tenant Lease Admin. and Management – Nevada Lease and Rental	Completed	Under	3	5,890
16	Advertising- Concessions	Not Started			
17	Tenant Lease Administration and Management – Off-Airport Rental Car Companies	Completed	Under	2	-
18	Change Orders	In Progress			
19	Maintenance & Airport Service Requests	Completed	Under	-	-
20	Tenant Lease Admin. and Management – Best Practices for Contract Terms Managed by Revenue Generation & Partnership Development	In Progress			
21	Parking Management Contract Admin–Ace Parking	Not Started			
22	Business and Real Estate Agreements – Rental Car Facility Land Lease	In Progress			
	Totals			23	\$41,064
General Audit Activities					
23	Risk Assessment & Audit Plan	In Progress			
24	Construction Meeting Attendance	In Progress			
25	Information Technology Meeting Attendance	In Progress			
26	Development of Data Analytics	In Progress			
27	Ethics Hotline	In Progress			
28	Recommendation Follow-up	In Progress			
29	Quality Assurance & Improvement Program	In Progress			
Administrative Activities					
30	Attendance at Staff/Board/Committee Meetings, Vacation, Holiday Time, Continuing Professional Development, and Other.	In Progress			

Appendix B - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Status as of March 31, 2020
Completed					
20-11	Audit Report 19006 Issued: November 27, 2019 Title: Acquisition & Implementation of Information Technology Assets Department: INFORMATION & TECHNOLOGY SERVICES	High	Information & Technology Services (I&TS) should develop a capital asset tagging system for all newly acquired Information Technology (IT) assets that exceed the Authority's dollar threshold. In addition, I&TS should consider the cost/benefit of tagging historical IT assets currently in use given the level of effort needed to tag all historical assets.	4/1/2020	All new capital assets exceeding \$5,000 have been documented by our Management Analyst and will be imported into Track-it once the upgrade has been completed.
20-13	Audit Report 20003 Issued: December 16, 2019 Title: Active Directory Listing Management Department: INFORMATION & TECHNOLOGY SERVICES	High	Information & Technology Services (I&TS) should conduct periodic reviews on all internal and external user accounts in the Active Directory Listing (ADL) to determine if access is warranted.	2/1/2020	I&TS will conduct quarterly audits of internal and external users listed in Active Directory to determine if access is warranted. Accounts that are no longer needed will be removed from Active Directory.
20-14	Audit Report 20003 Issued: December 16, 2019 Title: Active Directory Listing Management Department: INFORMATION & TECHNOLOGY SERVICES	High	Information & Technology Services should review the Active Directory Listing (ADL) on a periodic basis, and consider removing all users in the ADL that are either disabled, have never logged in, or have not logged in in over 90 days.	2/1/2020	I&TS will conduct quarterly audits of internal and external users listed in Active Directory to identify accounts that have never logged in or not done so within 90 days and accounts that are disabled. Accounts that are no longer needed will be removed from Active Directory.

Appendix B - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Status as of March 31, 2020
Completed					
20-15	Audit Report 20003 Issued: December 16, 2019 Title: Active Directory Listing Management Department: INFORMATION & TECHNOLOGY SERVICES	High	Information & Technology Services (I&TS) should conduct a review of all external Active Directory (AD) user accounts to determine if any user accounts and/or passwords have been classified to "never expire". Additionally, I&TS should enforce the policy that requires password changes after a specified time (i.e., 90 days) for all user accounts.	2/1/2020	I&TS has deleted or disabled all external AD user accounts classified to "never expire." I&TS will enforce a policy that does not allow user accounts and passwords to be configured to never expire.
20-16	Audit Report 20003 Issued: December 16, 2019 Title: Active Directory Listing Management Department: INFORMATION & TECHNOLOGY SERVICES	High	Information & Technology Services (I&TS) should review all users in the Active Directory Listing (ADL) and delete any generic accounts. Additionally, consider implementing a new policy that requires all Active Directory (AD) users to be a unique individual (i.e., no generic AD user accounts).	2/1/2020	I&TS has reviewed all users in the ADL and deleted any generic accounts. I&TS will enforce a policy that requires all AD user accounts assigned to employees and contractors to be a unique individual (i.e., no generic AD user accounts).
20-02	Audit Report 19023 Issued: August 22, 2019 Title: Automated License Plate Recognition (ALPR) System - Ace Parking Department: GROUND TRANSPORTATION	Medium	Annual ALPR specific training should be provided to all staff with access to the ALPR information. Evidence of this training should be maintained.	10/31/2019	This was completed March 15, 2020.

Appendix B - Status of Recommendations

Fiscal Year 2020 Third Quarter Report

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Status as of March 31, 2020
Completed					
20-04	Audit Report 19023 Issued: August 22, 2019 Title: Automated License Plate Recognition (ALPR) System - Ace Parking Department: GROUND TRANSPORTATION	Medium	Management should review on a periodic basis the list of users with access to ALPR data to determine if the listing is correct, and to ensure that all staff with access meet the requirements of either Authority or Ace policy, depending on the individual user. Additionally, this review of approved users should contain analysis to determine if they have utilized the system and if their access is still needed. Furthermore, having an accurate list of users will help ensure that all users will receive the required training.	9/30/2019	This was completed March 15, 2020.
20-17	Audit Report 20003 Issued: December 16, 2019 Title: Active Directory Listing Management Department: INFORMATION & TECHNOLOGY SERVICES	Medium	Information & Technology Services (I&TS) should implement/enforce a policy that requires a NARF or VPN form for all ADL changes. In addition, I&TS should ensure that the NARF and VPN forms are completed in full, including both the requesting department and the I&TS sections.	3/1/2020	I&TS will implement and enforce a policy that requires a NARF for all AD changes. The VPN form will be removed and the content combined into the NARF form. We will remove the sections to be manually completed by I&TS in the NARF and include these sections in the TrackIT work order. We will streamline the process of submitting the NARF by automatically creating a work order when the NARF is submitted.
20-18	Audit Report 20003 Issued: December 16, 2019 Title: Active Directory Listing Management Department: INFORMATION & TECHNOLOGY SERVICES	Medium	Talent, Culture and Capability (TCC) should notify Information & Technology Services (I&TS) of any planned off-boarding of an employee to allow adequate time to deactivate the internal user from the Active Directory Listing (ADL).	2/1/2020	TCC will notify I&TS three business days prior to any planned off-boarding of an employee to allow adequate time to deactivate the internal user from the ADL.

Appendix B - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Status as of March 31, 2020
Completed					
20-19	Audit Report 20011 Issued: March 2, 2020 Title: Off-Airport Rental Car Companies Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Medium	Revenue Generation & Partnership Development should contact the Companies to inquire if an Agreement with the Authority is desired, and/or consult with General Counsel to issue cease and desist notifications to the Companies operating at SDIA without an Agreement and, consider future legal action if necessary.	5/1/2020	Cease & Desist letters have been executed and were sent out 04/21/2020. The letters indicate that the companies can contact the RG&PD for information on how to be considered for an agreement to operate at the Airport.
20-20	Audit Report 20011 Issued: March 2, 2020 Title: Off-Airport Rental Car Companies Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Medium	Revenue Generation & Partnership Development (RG&PD) should advise Mex Rent A Car, Inc. (Mex) and RLZ, Inc. dba Pacific Rent A Car (Pacific) of the specific requirements set forth in Article 4.5.1 and request annual reports that comply with the Agreement for the audit period from July 1, 2018, through June 30, 2019. In addition, RG&PD should consider fining Mex and Pacific in the amount of \$500, and terminate the Agreements if non-compliance persists.	5/1/2020	Letters outlining non-compliance by Mex and Pacific have been executed and were sent to recipients on 04/21/2020. Each letter indicates that annual reports which meet the requirements of the agreement must be submitted to the Authority by May 20, 2020, and that the Authority reserves the right to issue a \$500 fine after this date. Staff will follow up with Mex and Pacific in mid-May 2020.

Appendix B - Status of Recommendations

Fiscal Year 2020 Third Quarter Report

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Status as of March 31, 2020	Revised / Current Estimated Completion Date
In Progress						
20-09	Audit Report 19006 Issued: November 27, 2019 Title: Acquisition & Implementation of Information Technology Assets Department: INFORMATION & TECHNOLOGY SERVICES	High	Information & Technology Services (I&TS) should conduct an inventory of all Information Technology (IT) assets currently in use and in storage, which exceed the Authority's dollar threshold, to verify accuracy of I&TSs asset list and the general ledger fixed asset report. Additionally, on a periodic basis, a physical inventory of all IT assets should take place.	6/1/2020	I&TS has completed 25% of its inventory of IT assets in use and in storage that have a value exceeding \$5,000. As this requires I&TS to physically inventory the assets in the office and datacenter, more time will be necessary due to the recommendation for distancing.	7/30/2020
20-10	Audit Report 19006 Issued: November 27, 2019 Title: Acquisition & Implementation of Information Technology Assets Department: INFORMATION & TECHNOLOGY SERVICES	High	Information & Technology Services (I&TS) should implement and utilize the updated version of Track-it to consolidate and centralize all Information Technology (IT) asset databases and maintain a perpetual inventory of all IT assets. In addition, I&Ts should determine the type of information to track for each IT asset.	3/1/2020	I&TS has completed 90% of upgrading the Track-it asset management tool to centralize the location of all IT assets and enhance reporting functionality. Due to COVID-19 competing priorities, more time will be necessary to finish configuration of the Track-it asset management tool and train staff.	5/30/2020
19-16	Audit Report 18038 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	Risk Management continues to work with the Port Risk Management and Finance teams for a process by which we receive quarterly updates on the ongoing monetary total for work comp claims by "shared" HPD officers.	7/1/2020

Appendix B - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Status as of March 31, 2020	Revised / Current Estimated Completion Date
In Progress						
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 (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	GT is working with Finance to review a sampling of expenses.	6/30/2020
20-03	Audit Report 19023 Issued: August 22, 2019 Title: Automated License Plate Recognition (ALPR) System - Ace Parking Department: GROUND TRANSPORTATION	Medium	ALPR data should be retained for the length of time indicated on the Authority's Data Retention Schedule.	10/31/2019	Staff is recommending adjusting Board Policy of ALPR data from two years to six months. Staff will bring this item to the June 2020 Board Meeting.	6/30/2020
20-06	Audit Report 18015 Issued: September 4, 2019 Title: LeighFisher, Inc. Department: PLANNING & ENVIRONMENTAL AFFAIRS	Medium	Planning & Environmental Affairs should request that the Accounting Department bill LeighFisher \$35,174 for the reimbursed invoicing expenses.	9/30/2019	Based on the additional documentation submitted by the contractor, Planning & Environmental Affairs and Leigh Fisher have come to a resolution regarding the reimbursed invoicing expenses. A final letter summarizing this resolution (including the amount owed to the Authority) will be sent to Leigh Fisher in early April.	4/14/2020

Appendix B - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Status as of March 31, 2020	Revised / Current Estimated Completion Date
In Progress						
20-07	Audit Report 18015 Issued: September 4, 2019 Title: LeighFisher, Inc. Department: PLANNING & ENVIRONMENTAL AFFAIRS	Medium	Planning & Environmental Affairs should require that LeighFisher provide detailed support for each of the charges that were for invoicing and another activity. Upon receipt of that support, Planning should evaluate and determine if the activities charged were allowed under the Agreement. If the charges are impermissible, Planning should request that the Accounting Department bill LeighFisher for those activities.	12/30/2019	Based on the additional documentation submitted by the contractor, Planning & Environmental Affairs and Leigh Fisher have come to a resolution regarding the reimbursed invoicing expenses. A final letter summarizing this resolution (including the amount owed to the Authority) will be sent to Leigh Fisher in early April.	4/14/2020
20-21	Audit Report 20009 Issued: March 30, 2020 Title: Nevada Lease and Rentals Inc. dba Payless Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Low	The Revenue Generation & Partnership Development Department should request that the Accounting department issue a payment to Nevada in the amount of \$13,703 for the overpayment of concession fees.	5/1/2020	Management will request that the Accounting Department reallocate the \$13,703.00 overpayment to the CFC account to address both the concession fee overpayment and the CFC underpayment of \$19,593.00. This will leave a CFC balance due of \$5,890.00.	5/1/2020
20-22	Audit Report 20009 Issued: March 30, 2020 Title: Nevada Lease and Rentals Inc. dba Payless Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Low	The Revenue Generation & Partnership Development Department should request that the Accounting department issue an invoice to Nevada in the amount of \$19,593 for the underpayment of CFCs during the audit period.	5/1/2020	Management will request that the Accounting Department reallocate the \$13,703.00 overpayment to the CFC account to address both the concession fee overpayment and the CFC underpayment of \$19,593.00. This will leave a CFC balance due of \$5,890.00.	5/1/2020

Appendix B - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Status as of March 31, 2020	Revised / Current Estimated Completion Date
In Progress						
20-23	Audit Report 20009 Issued: March 30, 2020 Title: Nevada Lease and Rentals Inc. dba Payless Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Low	The Revenue Generation & Partnership Development Department should consider requesting that the Accounting Department invoice Nevada, in the amount of \$500, for each non-compliance with Article 4.2.2 regarding the annual reports for 2018 and 2019.	5/1/2020	<p>Management agrees that actions should be taken by RG&PD to achieve compliance related to annual report submittal. Specifically, RG&PD will formally advise and remind Nevada of the requirements listed in Article 4.5.1 of the Agreement; and will require resubmittal of annual reports that comply with the Agreement, for the audit periods July 1, 2017, through June 30, 2018, and July 1, 2018, through June 30, 2019. Nevada will be required to resubmit the annual reports within thirty (30) days of notification by the Authority, and penalties provided by the Agreement shall be imposed for late submittals. RG&PD will consider placing the Companies in default should non-compliance persist.</p> <p>As part of its regular protocol, RG&PD accepted the annual reports that were submitted by Nevada within the 60-day period following submittal by the Companies (required in the Agreement), and proceeded with the reconciliation actions. Considering these actions, RG&PD will not issue a fine in the amount of \$500.00 to Nevada. Rather, the correspondence to each Company will identify the certainty of future fines and/or contract default, followed by consideration of termination, if such non-compliance persists.</p>	5/1/2020

STAFF REPORT

Meeting Date: **JUNE 4, 2020**

Subject:

Revision to the Fiscal Year 2020 Audit Plan of the Office of the Chief Auditor

Recommendation:

The Audit Committee recommends that the Board adopt Resolution No. 2020-0065, approving the revision to the Fiscal Year 2020 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. 2003-0062 on October 2, 2003, and most recently amended on October 4, 2018, per Board Resolution No. 2018-0117, 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 shall 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 prior to being submitted to the Board for approval.

Additionally, International Standards for the Professional Practice of Internal Auditing require that the Chief Auditor review and adjust the Audit Plan, as necessary.

The OCAs proposed Audit Plan for Fiscal Year 2020 was accepted by the Audit Committee during its May 13, 2019, meeting, and was subsequently approved on May 30, 2019, by Board Resolution No. 2019-0054. The Audit Plan required a revision during the second quarter of Fiscal Year 2020 to report current operational requirements and to reflect the current status on audits, which had been predicted prior to the start of the Fiscal Year. Changes were reviewed and accepted by the Audit Committee during its November 11, 2019, meeting. The revision was subsequently approved by Board Resolution No. 2019-0109.

The Audit Plan for Fiscal Year 2020 requires an additional revision at this time, based on the following: a) an evaluation of audits recently performed by the OCA, b) a management request for consultation/advice on possible changes to concession contract language, c) a reduction in OCA staff hours available, and d) a management request for assistance related to COVID-19. The proposed changes include:

1. Revision to the scope of the Tenant Lease Administration and Management audit that converts the audit to a consulting engagement with a reduction in staff hours from 500 hours to 365 hours to complete the engagement.

2. Complete the Harbor Police Contract Management Audit in Fiscal Year 2021. Reduce staff hours planned for the audit from 650 to 150 for audit work being performed in Fiscal Year 2020. Include 500 staff hours in the Fiscal Year 2021 Audit Plan necessary for the completion of the audit.
3. Remove the Advertising Audit in Fiscal Year 2020 based on audit resources available and changes in risk and operations at the Authority.
4. Provide up to 300 hours of assistance to management related to COVID-19, including counsel, advice, facilitation, training, etc.
5. Reduce the total audit hours available in Fiscal Year 2020 by 760 staff hours to reflect the OCA vacancies in the audit intern position. The OCA had one vacancy as of mid-December and was unable to retain the remaining audit intern from mid-March through the end of Fiscal Year 2020 due to COVID-19.

On May 14, 2020, the proposed revision to the Fiscal Year 2020 Audit Plan (Attachment A) was provided to the Audit Committee for review and acceptance. A special meeting of the Audit Committee was conducted by Skype and telephonically, on May 14, due to restrictions in place related to COVID-19 and in accordance with California Executive Order N-29-20. A presentation on the revision to the Fiscal Year 2020 Audit Plan was given by the Chief Auditor, followed by the Audit Committee voting unanimously to forward this item to the Board.

Fiscal Impact:

Within the budget of the Chief Auditor, there is sufficient funding for the hours committed in the updated Fiscal Year 2020 Audit Plan included in the adopted Fiscal Year 2020 and conceptually approved Fiscal Year 2021 Operating Expense Budgets.

Authority Strategies/Focus Areas:

This item supports one or more of the following:

Strategies

- Community Strategy
 Customer Strategy
 Employee Strategy
 Financial Strategy
 Operations Strategy

Focus Areas

- Advance the Airport Development Plan
 Transform the Customer Journey
 Optimize Ongoing Business

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.

C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

Application of Inclusionary Policies:

Not Applicable

Prepared by:

LEE M. PARRAVANO
CHIEF AUDITOR

RESOLUTION NO. 2020-0065

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, APPROVING THE REVISION TO THE FISCAL YEAR 2020 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 that included the anticipated audit hours necessary to complete the Fiscal Year 2019 audits still in progress, and voted to accept the plan and forward it for Board approval; and

WHEREAS, on November 4, 2019, during a regular meeting of the Audit Committee, the Committee unanimously agreed to revise the Fiscal Year 2020 Audit Plan to adjust the allocation of audit hours to reflect the Office of the Chief Auditor's current operational requirements; and

WHEREAS, on May 14, 2020, during a special meeting of the Audit Committee, the Committee unanimously agreed to revise the Fiscal Year 2020 Audit Plan "Attachment A" to both remove and add audits in response to operational changes effecting the Office of the Chief Auditor and to reflect the reallocation of audit hours; and

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the revision to the Fiscal Year 2020 Audit Plan of the Office of the Chief Auditor (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

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

BE IT FURTHER RESOLVED that the Board finds that this action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 4th day of June, 2020, 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

Office of the Chief Auditor
Fiscal Year 2020 Audit Plan
Revised May 14, 2020

Key Work Activity	Objective	Hours
Audit Hours		
Owner Controlled Insurance Program (OCIP) Management ¹	To determine if the internal controls and management of the OCIP program are effective and if the Authority complies with Policies.	300
IT Asset Acquisition ¹	To determine if the controls, compliance, and performance related to the Authority's information technology acquisition and implementation are adequate.	320
Capital and Maintenance Project Selection and Planning ¹	Evaluate the Authority's capital and maintenance project selection and planning process.	110
Transportation Network Company (TNC) Reviews and Assistance ¹	Working with the Ground Transportation Department, review TNC operations, and assist with sample selection of TNC operators for background checks.	120
Small Business Development Management ¹	Review controls, compliance, and performance related to Small Business Development management.	130
Automated License Plate Reader (ALPR) System – Ace Parking ¹	Review privacy and personal information security procedures and practices related to the Automated License Plate Reader (ALPR) system.	100
Leigh Fisher & Associates ¹	Review contract expenditures providing airport planning consulting services, with an estimated maximum contract amount of \$9,367,875.	50
Tenant Lease Admin. and Management	To determine if Revenue Generation & Business Development effectively and efficiently tracks and manages contracts and agreement requirements.	800
Harbor Police Contract Management	To determine if Harbor Police costs and services are appropriate and equitable.	150 ²
Account Provisioning and De-Provisioning	To determine if account provisioning and de-provisioning is performed timely.	225
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
Rental Car Shuttle Service Contract Administration	To determine if the Rental Car Shuttle Service contract with SP+ is administered appropriately.	500
Contractor Monitoring	To determine if the contract with AECOM is administered appropriately.	450
Contractor Monitoring	To determine if the contract with Turner is administered appropriately.	300
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
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

¹ Audit Activity has been carried forward from Fiscal Year 2019.

² This Audit Activity has been started and will be carried over to Fiscal Year 2021.

Office of the Chief Auditor
Fiscal Year 2020 Audit Plan
Revised May 14, 2020

Key Work Activity	Objective	Hours
Change Orders	To determine if the Change Order Process in Airport Design and Construction aligns with best practices or Authority needs.	450
Terminal Maintenance & Airport and Tenant Service Requests	To determine if Facilities Management accurately and appropriately monitors time and expense tracking.	475
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
Business and Real Estate Agreements	To determine if the RCC land lease is administered appropriately.	375
To Be Determined	To initiate audit(s) based on risks identified at the discretion of the Chief Auditor.	350
Total Audit Hours		7,155
Consulting Hours		
Tenant Lease Admin. and Management	To provide advice to Revenue Generation & Business Development on contract language in contracts managed by Revenue Generation and Business Development.	365
COVID-19	To provide assistance to management related to COVID-19. Assistance may include, but is not limited to, counsel, advice, facilitation, and training.	300
Total Consulting Hours		665
General Audit Hours		
Risk Assessment and Audit Plan ³	To conduct a Risk Assessment that will identify the high risk activities to be considered when preparing the annual Audit Plan.	240
Construction Meeting Attendance	Attend various construction meetings, incorporate knowledge into ongoing risk assessments, and initiate audits if needed.	100
Information Technology Meeting Attendance	Attend various Information Technology meetings, incorporate knowledge into ongoing risk assessments, and initiate audits if needed.	180
Development of Data Analytics	To determine the feasibility of developing a data analytics program for Rental Car Concessions.	120
Ethics Program ⁴	To review ethics policies, provide training, and investigate reported incidents.	200
Recommendation Follow-up ²	To verify that internal and external audit recommendations have been implemented as intended.	95
Quality Assurance & Improvement Program ²	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
Total General Audit Hours		1,135
Administrative Hours		
Administrative	Attendance at Staff/Board/Committee meetings, vacation, holiday time, Continuing Professional Education, and other.	4,205
Total Hours		13,160

³ Required activity in the Charter for the Office of the Chief Auditor.

⁴ Required activity in the Charter of the Audit Committee.

STAFF REPORT

Meeting Date: **JUNE 4, 2020**

Subject:

Fiscal Year 2021 Risk Assessment and Proposed Audit Plan of the Office of the Chief Auditor

Recommendation:

The Audit Committee recommends that the Board adopt Resolution No. 2020-0066, approving the Fiscal Year 2021 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, at least annually, to the Audit Committee and then forwarded to the San Diego County Regional Airport Authority Board for approval.

At the beginning of 2020, the Chief Auditor commenced work on a comprehensive risk-based assessment of the Authority in order to develop an Audit Plan for the coming fiscal year. The following elements were utilized: input from Board Members and the Audit Committee, input from Authority management, and, the review of staff resources available. The first step in the process identified all of the potential audits that can be performed for the Authority. A wide-ranging list, or audit universe, was created after surveying management and compiling each department's Key Work Activities within the Authority.

Upon discussions and tasks completed, details on the assessment methodology were documented in the Fiscal Year 2021 Risk Assessment. The resulting Fiscal Year 2021 Proposed Audit Plan and list of contingent audits was prepared and finalized by the Chief Auditor.

On May 14, 2020, a special meeting of the Audit Committee was conducted by Skype and telephonically, due to restrictions in place related to COVID-19 and in accordance with California Executive Order N-29-20. The Fiscal Year 2021 Risk Assessment and Proposed Audit Plan (Attachment A) were presented to the Audit Committee in a presentation given by the Chief Auditor that included questions from the Audit Committee regarding audit hours, data analytics, and the impact of COVID-19 on the Audit Plan, etc. Subsequent to the Audit Committee's review, the members voted unanimously to forward the Proposed Fiscal Year 2021 Audit Plan to the Board for approval.

Fiscal Impact:

Within the budget of the Chief Auditor, there is sufficient funding to execute the Fiscal Year 2021 Audit Plan in the proposed Fiscal Year 2021 and conceptually approved Fiscal Year 2022 Operating Expense Budgets. The additional OCA audit work and the

fees for the professional construction audit consulting firm for the Airport Development Plan (ADP) is included in the Board Approved Fiscal Year 2021 through Fiscal Year 2024 Capital Improvement Program Budget within the ADP project budgets.

Authority Strategies/Focus Areas:

This item supports one or more of the following:

Strategies

- Community Strategy
- Customer Strategy
- Employee Strategy
- Financial Strategy
- Operations Strategy

Focus Areas

- Advance the Airport Development Plan
- Transform the Customer Journey
- Optimize Ongoing Business

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.

C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

Application of Inclusionary Policies:

Not applicable

Prepared by:

LEE M. PARRAVANO
CHIEF AUDITOR

RESOLUTION NO. 2020-0066

A RESOLUTION OF THE BOARD OF THE SAN
DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY, APPROVING THE FISCAL YEAR 2021
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 special meeting on May 14, 2020, the Audit Committee was presented with the Fiscal Year 2021 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 2021 Proposed Audit Plan of the Office of the Chief Auditor (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

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

BE IT FURTHER RESOLVED that the Board finds that this action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 4th day of June, 2020, 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



Fiscal Year 2021 Risk Assessment and Proposed Audit Plan

Office of the Chief Auditor
May 14, 2020



Office of the Chief Auditor
Fiscal Year 2021 Risk Assessment and Proposed Audit Plan

INTRODUCTION

The International Standards for the Professional Practice of Internal Auditing (*Standards*) and the Charter for the Office of the Chief Auditor (OCA) require that the OCA establish a risk-based approach for determining 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 audit activities based on their level of risk to the Authority. The risk assessment results and input received from the Authority Board, Audit Committee, and management, were utilized in preparing the Audit Plan for Fiscal Year 2021. 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 2021 Audit Plan is a five-part process consisting of:

1. Developing the Risk Assessment Framework
2. Defining the Audit Universe
3. Identifying and Ranking Risks
4. Interpreting the Risk Assessment Results
5. Developing the Audit Plan

DEVELOPING THE RISK ASSESSMENT FRAMEWORK

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

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.

IDENTIFYING AND RANKING RISKS

The next step is to identify and rank major risks associated with each Key Work Activity. To achieve this, a management questionnaire was developed that measures several risk factors examining the Likelihood and Impact each risk factor could have on the Authority.

Office of the Chief Auditor
Fiscal Year 2021 Risk Assessment and Proposed Audit Plan

The questionnaire that was developed used seven risk factors, shown in the table below.

Table 1

Risk Factor	Description
Likelihood	
Complexity of Operations or Regulations	What is the likelihood of something going wrong due to the complexity of this Key Work Activity?
Change Stability	What is the likelihood 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?
Impact	
Fiscal Impact	What is the dollar impact if something were to go wrong with this Key Work Activity?
Travel Experience Impact	How would a traveler be impacted if something were to go wrong with this Key Work Activity?
Strategic / Operational Impact	How would the Authority's Strategic Objectives be impacted if something were to go wrong with this Key Work Activity?
Reputation	How would the Authority's reputation be impacted if something were to go wrong with this Key Work Activity?

In the questionnaire, management scored the level of risk/control of each Key Work Activity from Low to High for their specific department. The final step performed to complete the Risk Assessment was to compile questionnaire scores and to calculate the total Likelihood and Impact for each Key Work Activity, in order from highest risk score to the lowest (**See Attachment 3**).

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 they 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.

DEVELOPING THE AUDIT PLAN

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, velocity of impact if a risk event were to occur, relevant or current events, areas where the OCA can have the greatest impact, requests by management or Board, resource limitations that may exist, and if outsourcing or co-

Office of the Chief Auditor
Fiscal Year 2021 Risk Assessment and Proposed Audit Plan

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 all of these factors. The Audit Plan is included as **Attachment 1**.

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 examination of staffing resources. The Fiscal Year 2021 budget for the OCA includes six full-time auditors, one part-time intern, and one executive assistant. The Audit Plan anticipates 12,920 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
Intern	1	440	440
Hours Available for Audit Activities			12,920

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 2021 are completed. If these contingent audit activities are not started in fiscal year 2021, they will be considered when completing the Fiscal Year 2022 Audit Plan. Contingent audit activities are included as **Attachment 2**.

To provide flexibility, the Chief Auditor may substitute a contingent audit for a planned audit, based on professional judgment. Any substitutions will be discussed with the Chair of the Audit Committee and communicated to management and the Audit Committee during scheduled meetings.

AMENDMENTS TO THE AUDIT PLAN

Requests to amend the Audit Plan will be presented to the Audit Committee with an analysis of the impact that the proposed activity would have on the other activities on the Audit Plan. Priority will be given to requests that have the potential for significant financial savings and issues of integrity. The Board must approve an amendment.

Line No. ¹	Key Work Activity	Objective ²	Estimated Hours
Audit Hours			
Various	Internal Controls in place while staff is working remotely	To determine if the key internal controls in place are adequate or appropriate when staff is working remotely.	325
1	Formal Bidding and Contracting ³	To determine if bidding procedures align with best practices and/or Authority needs and if bidding procedures are being administered effectively and efficiently.	350
4	System Security	To determine the level of compliance with the Authority's information security policies.	495
4	System Security	To evaluate the Authority's security posture by performing penetration testing.	250
11	Harbor Police Contract Management ³	To determine if Harbor Police costs and services are appropriate and equitable.	500
14	Parking Management Contract Administration ³	To determine if the amounts paid by the Authority for the shuttle and parking contracts administered by Ace are in accordance with the agreements.	150
20	Emergency & Single Source Purchases	To determine if purchases made during an emergency or from sole sources are appropriate and reasonable.	425
38	Traffic Control, Vehicle Insp., Code Comp., Citations & Notice of Violation Admin.	To determine if the processes and controls in place for automobile citations are adequate and appropriate.	450
41	Rental Car Shuttle Service Contract Administration	To determine if the Rental Car Shuttle Service operations are administered appropriately.	450
67	Commercial Vehicle Licensing, Permitting, & Revenue Collection	To determine the adequacy and accuracy of the Gate Keeper system.	450
70	Contractor Monitoring	To determine if the contract with Sundt is administered appropriately.	500
80	Accounts Payable	To determine if the internal controls in the procurement to pay cycle are adequate and appropriate.	475
86	Employee Benefits	To determine if the processes and controls in place for employee benefit payments are adequate and appropriate.	450
112	Arts Program Administration	To determine if the Authority's Arts Program is administered appropriately.	475
N/A	To Be Determined	To initiate audit(s)/consulting engagements based on risks identified at the discretion of the Chief Auditor.	737
Total Audit Hours			6,482

¹ Indicates the Line Number where the Key Work Activity is located on the Risk Assessment – Attachment 3.

² Objective may change based on the preliminary survey performed by the OCA.

³ Audit Activity has been carried forward from Fiscal Year 2020.

Office of the Chief Auditor
Fiscal Year 2021 Proposed Audit Plan

ATTACHMENT 1

General Audit Hours			
Various	Construction Meeting Attendance & External Service Provider Procurement and Coordination	Attend various construction meetings and incorporate knowledge into ongoing risk assessments, and initiate audits if needed. Additionally, evaluate OCA construction auditing expertise needed for Airport Development Plan. Procure services as needed.	380
N/A	Development of Data Analytics	Develop a data analytics program for rental car concessions and potentially in-terminal concessions.	600
N/A	Ethics Hotline ⁴	To review ethics policies, provide training, and investigate reported incidents.	330
Various	Information Technology Meeting Attendance	Attend various Information Technology meetings, incorporate knowledge into ongoing risk assessments, and initiate audits if needed.	130
N/A	Peer Review Participation	To satisfy the Association of Local Government Auditors (ALGA) reciprocal requirement for the OCA to volunteer two audit staff to serve on a Quality Assurance Review for another organization.	180
N/A	Quality Assurance & Improvement Program ⁴	To assess OCAs conformance with the <i>Standards</i> , whether internal auditors apply the Code of Ethics, and to allow for the identification of improvement opportunities.	300
N/A	Recommendation Follow-up ⁴	To verify that internal and external audit recommendations have been implemented as intended.	140
N/A	Risk Assessment and Audit Plan ⁴	To conduct a Risk Assessment that will identify the high risk activities to be considered when preparing the annual Audit Plan.	225
		Total General Audit Hours	2,285
Administrative Hours			
N/A	Administrative - Indirect	Attendance at Staff/Board/Committee Meetings, Continuing Professional Development, and Other.	2,145
N/A	Administrative - Benefit	Vacation, Holiday Time, and Other Leave/Time Off.	2,008
		Total Administrative	4,153
		Total Hours	12,920

⁴ Required activity in the Charter for the Office of the Chief Auditor.

Office of the Chief Auditor
Fiscal Year 2021 Contingent Audit Activities

ATTACHMENT 2

Line No. ⁵	Key Work Activity	Objective ⁶	Estimated Hours
Contingent Audit Hours			
3	Manage the Business Continuity Plan	To determine if the Business Continuity Plan adequately addresses risks and contains an adequate response plan.	450
15	TNC Contract Administration & Revenue Collection	To determine if the Transportation Network Company (TNC) Contract is administered appropriately.	475
47	Advertising	To determine if the marketing program for concessions is administered appropriately.	425
66	Pension Funding	To determine if the census data sent to SDCERS is accurate and if the retirement plan is administered appropriately by the Authority.	500
94	Accounts Receivable / Collections	To evaluate the deferral of revenues related to the COVID-19 pandemic.	400
111	Management of ALUC, Board, and Standing Board Committee Meetings	To determine if the processes and technology utilized for Board, Airport Land Use Commission (ALUC), and Committee meetings are efficient and appropriate.	400
125	Maintenance Service Contracts Oversight	To determine if the processes and controls in place for labor compliance are adequate and appropriate.	450
183	Account Provisioning /De-Provisioning	To determine if account provisioning and de-provisioning are performed timely.	375
		Total Contingent Audit Hours	3,475

⁵ Indicates the Line Number where the Key Work Activity is located on the Risk Assessment – Attachment 3.

⁶ Objective may change based on the preliminary survey performed by the OCA.

**San Diego County Regional Airport Authority
Risk Assessment Fiscal Year 2021**

Line #	Department	Division	Key Work Activity	Likelihood	Impact
1	Procurement	Finance	Formal Bidding and Contracting *	Medium	Medium to High
2	Finance, Accounting, & Airline Management	Finance	Debt Management	Medium	Medium to High
3	Aviation Security & Public Safety	Operations	Manage the Business Continuity Plan	Medium to High	Medium
4	Information & Technology Services	Finance	System Security	Medium	Medium to High
5	Airport Design & Construction	Development	CEQA / Costal / EIR / NEPA	Medium to High	Medium
6	Procurement	Finance	Vendor Selection *	Medium	Medium to High
7	Aviation Security & Public Safety	Operations	Contract Security Personnel Management *	Medium	Medium
8	Planning & Environmental Affairs	Development	State/Federal Environmental Review	Medium	Medium
9	Finance, Accounting, & Airline Management	Finance	Treasury/Cash Management *	Medium	Medium
10	Finance, Accounting, & Airline Management	Finance	Plan of Finance	Medium	Medium
11	Aviation Security & Public Safety	Operations	Harbor Police Contract Management *	Medium	Medium to High
12	Media & Public Relations	External Affairs	Government Relations	Medium	Medium
13	Aviation Security & Public Safety	Operations	Security Systems O&M (NSEI) Contract Management *	Medium	Medium to High
14	Ground Transportation	Operations	Parking Management Contract Administration *	Medium	Medium
15	Ground Transportation	Operations	TNC Contract Administration & Revenue Collection *	Medium	Medium
16	Revenue Generation & Business Development	Revenue Management & Business Development	Tenant operational inspections for lease compliance and refurbishments *	Medium	Medium to High
17	Aviation Security & Public Safety	Operations	Airport Operations/Communications Center Management	Medium to High	Medium
18	Marketing & Air Service Development	Revenue Management & Business Development	Air Service Management	Medium	Medium to High
19	Finance, Accounting, & Airline Management	Finance	OCIP *	Medium	Medium
20	Procurement	Finance	Emergency & Single Source Purchases	Medium	Medium
21	Finance, Accounting, & Airline Management	Finance	Airline/Terminal Rates, Fees & Charges *	Medium	Medium
22	Finance, Accounting, & Airline Management	Finance	Grant, PFC, & CFC Administration *	Medium	Medium
23	Aviation Security & Public Safety	Operations	Airfield and Terminal Management Emergency Response	Medium to High	Low to Medium
24	Revenue Generation & Business Development	Revenue Management & Business Development	Tenant Development & Major Reconstruction	Low to Medium	Medium to High
25	Ground Transportation	Operations	Employee Parking Card and Policy Administration *	Medium	Medium
26	Revenue Generation & Business Development	Revenue Management & Business Development	Business and Real Estate Agreements *	Medium	Medium
27	Customer Experience & Innovation	Revenue Management & Business Development	Business Development	Medium	Medium
28	Customer Experience & Innovation	Revenue Management & Business Development	Small Business Management *	Medium	Medium
29	Media & Public Relations	External Affairs	Records Management	Medium to High	Low to Medium
30	Airside & Terminal Operations	Operations	Baggage System Delivery	Low to Medium	Medium to High
31	Airside & Terminal Operations	Operations	Tenant Communications	Low to Medium	Medium
32	Revenue Generation & Business Development	Revenue Management & Business Development	Tenant Lease Admin. and Management (Excludes Airlines, ground handling, and parking) *	Medium	Medium
33	Airside & Terminal Operations	Operations	ARFF Management *	Low	High
34	Airside & Terminal Operations	Operations	Terminal Safety Inspections	Low	Medium to High
35	Procurement	Finance	Purchase Goods and Services	Low to Medium	Medium
36	Revenue Generation & Business Development	Revenue Management & Business Development	Business Development Solicitations (RFP/RFQ)	Medium	Medium
37	Revenue Generation & Business Development	Revenue Management & Business Development	Metrics and Analytics for commercial business opportunities	Medium	Medium
38	Ground Transportation	Operations	Traffic Control, Vehicle Insp. , Code Comp. , Citations & Notice of Violation Admin.	Medium	Low to Medium
39	Airport Design & Construction	Development	GMP Cost Estimates *	Low to Medium	Medium
40	Ground Transportation	Operations	Customer, Employee, and Inter-terminal Shuttle Operations Contract Management	Low to Medium	Medium
41	Ground Transportation	Operations	Rental Car Shuttle Service Contract Administration *	Low to Medium	Medium

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**San Diego County Regional Airport Authority
Risk Assessment Fiscal Year 2021**

Line #	Department	Division	Key Work Activity	Likelihood	Impact
42	Procurement	Finance	Amendments & Change Orders *	Low to Medium	Medium to High
43	Airside & Terminal Operations	Operations	Airfield Operations Management (Ramp Control, Irregular gate activities)	Low	Medium to High
44	Airside & Terminal Operations	Operations	Airfield Safety/Operational Training	Low	Medium to High
45	Customer Experience & Innovation	Revenue Management & Business Development	Certification Program	Medium	Low to Medium
46	Customer Experience & Innovation	Revenue Management & Business Development	Small Business Bonding *	Medium	Medium
47	Marketing & Air Service Development	Revenue Management & Business Development	Advertising *	Medium	Medium
48	Revenue Generation & Business Development	Revenue Management & Business Development	Marketing & Leasing of Authority Property	Low to Medium	Medium
49	Revenue Generation & Business Development	Revenue Management & Business Development	Tenant Communications and dispute resolution	Low to Medium	Medium
50	Airside & Terminal Operations	Operations	Custodial & Waste Collection Administration	Low to Medium	Medium
51	Customer Experience & Innovation	Revenue Management & Business Development	DBE/ACDBE Report	Medium	Low to Medium
52	Planning & Environmental Affairs	Development	Industrial Hygiene (Indoor Air Quality)	Low to Medium	Medium
53	Ground Transportation	Operations	Airport Ground Transportation Operations Management	Low to Medium	Medium
54	Planning & Environmental Affairs	Development	Wildlife & Habitat Preservation	Low to Medium	Medium
55	Planning & Environmental Affairs	Development	Stormwater Permitting & Enforcement *	Low to Medium	Medium
56	Finance, Accounting, & Airline Management	Finance	Operating & Capital Budgeting *	Medium	Low to Medium
57	Finance, Accounting, & Airline Management	Finance	Revenue & Expense Forecasting	Medium	Low to Medium
58	Finance, Accounting, & Airline Management	Finance	Risk Analysis of Agreements, Pos, Equipment	Low to Medium	Medium
59	Marketing & Air Service Development	Revenue Management & Business Development	Social media	Medium	Low to Medium
60	Revenue Generation & Business Development	Revenue Management & Business Development	Acquisition and Disposal of Real Property and Real Property Rights	Low to Medium	Medium
61	Talent, Culture & Capability	Talent, Culture & Capability	Labor & Employee Relations	Low to Medium	Medium
62	Airside & Terminal Operations	Operations	Tenant Operations (Repairs, Start-up, Respond) *	Low to Medium	Medium
63	Ground Transportation	Operations	Lost & Found	Low to Medium	Low to Medium
64	Finance, Accounting, & Airline Management	Finance	Insurance Claims	Low to Medium	Low to Medium
65	Finance, Accounting, & Airline Management	Finance	Payroll *	Low to Medium	Medium
66	Finance, Accounting, & Airline Management	Finance	Pension Funding	Low to Medium	Medium
67	Ground Transportation	Operations	Commercial Vehicle Licensing, Permitting, & Revenue Collection	Low to Medium	Medium
68	Marketing & Air Service Development	Revenue Management & Business Development	Website / Webmaster	Low to Medium	Low to Medium
69	Revenue Generation & Business Development	Revenue Management & Business Development	Enhancement of existing business agreements	Low to Medium	Low to Medium
70	Airport Design & Construction	Development	Contractor Monitoring *	Low to Medium	Low to Medium
71	Airport Design & Construction	Development	Development of Programmatic Schedule	Medium	Low to Medium
72	Finance, Accounting, & Airline Management	Finance	Risk Identification & Assessment	Low to Medium	Low to Medium
73	Finance, Accounting, & Airline Management	Finance	Travel Services	Medium	Low to Medium
74	Facilities Management	Operations	Runway Maintenance	Low	Medium
75	Media & Public Relations	External Affairs	Public & Media Relations and Community Outreach	Low to Medium	Medium
76	Finance, Accounting, & Airline Management	Finance	OPEB	Medium	Low to Medium
77	Procurement	Finance	Receiving and Recording	Medium	Low to Medium
78	General Counsel	General Counsel	Ordinances, Resolutions, Codes, & Policies	Low to Medium	Medium
79	Airport Design & Construction	Development	GMP Change Orders *	Low to Medium	Low to Medium
80	Finance, Accounting, & Airline Management	Finance	Accounts Payable	Low to Medium	Medium
81	Information & Technology Services	Finance	Disaster Recovery	Low to Medium	Low to Medium
82	Information & Technology Services	Finance	IT Security Physical Environment	Low to Medium	Medium

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**San Diego County Regional Airport Authority
Risk Assessment Fiscal Year 2021**

Line #	Department	Division	Key Work Activity	Likelihood	Impact
83	Finance, Accounting, & Airline Management	Finance	Invoicing/Billing Sales	Low to Medium	Low to Medium
84	Information & Technology Services	Finance	Application Management (E1, DocuShare)	Low to Medium	Low to Medium
85	Talent, Culture & Capability	Talent, Culture & Capability	Compensation and Rewards	Low to Medium	Low to Medium
86	Talent, Culture & Capability	Talent, Culture & Capability	Employee Benefits	Low to Medium	Low to Medium
87	Talent, Culture & Capability	Talent, Culture & Capability	Personnel Recruitment	Low to Medium	Low to Medium
88	Airport Design & Construction	Development	Consultant Design Reviews *	Medium	Low to Medium
89	Airport Design & Construction	Development	Cost Schedule Trends	Medium	Low to Medium
90	Airport Design & Construction	Development	Retention Release	Low	Medium
91	Finance, Accounting, & Airline Management	Finance	Cost Accounting	Medium	Low to Medium
92	Finance, Accounting, & Airline Management	Finance	Insurance Coverage	Low	Medium
93	Procurement	Finance	P Card Administration *	Medium	Low to Medium
94	Finance, Accounting, & Airline Management	Finance	Accounts Receivable / Collections	Low to Medium	Medium
95	Board Services	External Affairs	Maintain Authority Agreements, Contracts and Leases	Low to Medium	Low to Medium
96	Board Services	External Affairs	Manage the Authority Privacy Policy and Requirements *	Low to Medium	Low to Medium
97	Airside & Terminal Operations	Operations	Customer Service Activities (Interpreter, Ambassadors, Escorts, etc.)	Low	Medium
98	Airside & Terminal Operations	Operations	Terminal Work Orders	Low	Medium
99	Ground Transportation	Operations	GT Environmental Program Administration	Low to Medium	Low to Medium
100	Finance, Accounting, & Airline Management	Finance	Financial Reporting/Management Reports	Low to Medium	Low to Medium
101	Aviation Security & Public Safety	Operations	Security Policy/Procedure Performance and Management	Low	Medium
102	Airport Design & Construction	Development	City Plan Check	Medium	Low
103	Airport Design & Construction	Development	Project Development Management	Low to Medium	Low to Medium
104	Information & Technology Services	Finance	Contract Management *	Medium	Low
105	General Counsel	General Counsel	Review and approval of legal form for Authority Documents (Leases, Contracts, Bonds)	Low to Medium	Low to Medium
106	Airside & Terminal Operations	Operations	Signage Management *	Low to Medium	Low to Medium
107	Customer Experience & Innovation	Revenue Management & Business Development	Small Business Outreach	Low to Medium	Low to Medium
108	Airport Design & Construction	Development	Establish Project Budget & Schedules *	Low to Medium	Low to Medium
109	Aviation Security & Public Safety	Operations	Federal & State Regulation Compliance (Security and Emergency Preparedness)	Low to Medium	Low to Medium
110	Planning & Environmental Affairs	Development	Airport Land Use Compatibility Planning *	Low to Medium	Low to Medium
111	Board Services	External Affairs	Management of ALUC, Board and Standing Board Committee Meetings	Low to Medium	Low to Medium
112	Customer Experience & Innovation	Revenue Management & Business Development	Arts Program Administration *	Low to Medium	Low to Medium
113	Finance, Accounting, & Airline Management	Finance	Interim Closings	Low to Medium	Low to Medium
114	Information & Technology Services	Finance	IT Asset Acquisition *	Low to Medium	Low to Medium
115	Procurement	Finance	Storage and Distribution Services *	Low to Medium	Low to Medium
116	Procurement	Finance	Surplus *	Low to Medium	Low to Medium
117	Planning & Environmental Affairs	Development	Airport Ground Access Planning	Low	Medium
118	Talent, Culture & Capability	Talent, Culture & Capability	Personnel Records Management	Low to Medium	Low
119	Airport Design & Construction	Development	Tenant Advisories & NOTAM's	Low to Medium	Low to Medium
120	Planning & Environmental Affairs	Development	Airport wide & Facilities Master Planning *	Low to Medium	Low to Medium
121	Airside & Terminal Operations	Operations	Management of Customer Wait Times	Low to Medium	Low to Medium
122	Facilities Management	Operations	Airport and Tenant Service Requests *	Low	Low to Medium
123	Facilities Management	Operations	ARRF Facilities	Low	Low to Medium

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**San Diego County Regional Airport Authority
Risk Assessment Fiscal Year 2021**

Line #	Department	Division	Key Work Activity	Likelihood	Impact
124	Facilities Management	Operations	Fuel Maintenance (Diesel, CNG) *	Low	Low to Medium
125	Facilities Management	Operations	Maintenance Service Contracts Oversight *	Low	Low to Medium
126	Facilities Management	Operations	Major Maintenance & CIP projects *	Low	Low to Medium
127	Facilities Management	Operations	Terminal Maintenance *	Low	Low to Medium
128	Facilities Management	Operations	Utility Management *	Low	Low to Medium
129	Facilities Management	Operations	Vehicles & Equipment Maintenance *	Low	Low to Medium
130	Talent, Culture & Capability	Talent, Culture & Capability	Employee Safety Program	Low to Medium	Low to Medium
131	Airport Design & Construction	Development	Evaluation & Award of Bid *	Low to Medium	Low to Medium
132	Planning & Environmental Affairs	Development	Air Quality & Greenhouse Gas Emissions Management	Low to Medium	Low to Medium
133	Planning & Environmental Affairs	Development	Quieter Homes Program (Residential Sound Insulation) *	Low to Medium	Low to Medium
134	Aviation Security & Public Safety	Operations	Airport Security Program Administration (Fingerprint, SIDA, Access Control) *	Low to Medium	Low to Medium
135	Talent, Culture & Capability	Talent, Culture & Capability	Workers Compensation	Low to Medium	Low to Medium
136	Airport Design & Construction	Development	Task Authorizations / Task Authorization Amendments	Low to Medium	Low to Medium
137	Finance, Accounting, & Airline Management	Finance	Fixed Asset Management *	Low to Medium	Low to Medium
138	Airport Design & Construction	Development	Design Build Estimate at Complete *	Low to Medium	Low
139	Airport Design & Construction	Development	Record Drawing & Redline Drawings	Low to Medium	Low
140	Airport Design & Construction	Development	Schedule of Values	Low to Medium	Low
141	Airside & Terminal Operations	Operations	Photography/Film/Video/Expressive Activity Permitting	Low	Low to Medium
142	Customer Experience & Innovation	Revenue Management & Business Development	Data Analytics	Low	Low
143	Airport Design & Construction	Development	FAA Funded Projects Letter & Sponsor Certification Forms	Low to Medium	Low to Medium
144	Planning & Environmental Affairs	Development	Airport Noise Advisory Committee (ANAC)	Low to Medium	Low to Medium
145	Government Relations	External Affairs	Monitoring Legislative and Regulatory Activity	Low to Medium	Low to Medium
146	Finance, Accounting, & Airline Management	Finance	Employee Reimbursements *	Low to Medium	Low to Medium
147	Marketing & Air Service Development	Revenue Management & Business Development	Brand Management	Low to Medium	Low to Medium
148	Talent, Culture & Capability	Talent, Culture & Capability	Employee Training & Development (non-regulatory)	Low to Medium	Low to Medium
149	Talent, Culture & Capability	Talent, Culture & Capability	Strategic Workforce Planning	Low to Medium	Low to Medium
150	Airport Design & Construction	Development	Advertisement of Bids	Low to Medium	Low
151	Airport Design & Construction	Development	Bid Specifications / Bid Packages	Low to Medium	Low
152	Airport Design & Construction	Development	GMP Reserve Account	Low to Medium	Low
153	Finance, Accounting, & Airline Management	Finance	CAFR Preparation	Low to Medium	Low
154	Finance, Accounting, & Airline Management	Finance	General Ledger Maintenance	Low to Medium	Low
155	Information & Technology Services	Finance	Change Management	Low to Medium	Low
156	Airport Design & Construction	Development	Consultant Invoices *	Low	Low to Medium
157	Government Relations	External Affairs	Elected/Appointed Official Liaison	Low	Low to Medium
158	Planning & Environmental Affairs	Development	Airport Noise Monitoring & Reporting	Low	Low to Medium
159	Planning & Environmental Affairs	Development	Waste Management	Low	Low to Medium
160	Aviation Security & Public Safety	Operations	Tenant Security Awareness Training	Low	Low to Medium
161	Talent, Culture & Capability	Talent, Culture & Capability	Diversity & Inclusion Program	Low	Low to Medium
162	General Counsel	General Counsel	Litigation Management	Low to Medium	Low to Medium
163	Finance, Accounting, & Airline Management	Finance	Bank Reconciliations	Low to Medium	Low
164	Information & Technology Services	Finance	Incident Management	Low to Medium	Low

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**San Diego County Regional Airport Authority
Risk Assessment Fiscal Year 2021**

Line #	Department	Division	Key Work Activity	Likelihood	Impact
165	Airport Design & Construction	Development	Request for Information	Low	Low to Medium
166	Planning & Environmental Affairs	Development	Curfew Violations	Low	Low to Medium
167	Planning & Environmental Affairs	Development	Noise Compatibility Program	Low	Low to Medium
168	Planning & Environmental Affairs	Development	Sustainability Tracking & Reporting *	Low	Low to Medium
169	Government Relations	External Affairs	Advocate Authority's Position	Low	Low to Medium
170	Aviation Security & Public Safety	Operations	Responding to Violations at SDIA (SDCRAA Code and AR&R)	Low	Low to Medium
171	Airport Design & Construction	Development	Consultant Agreements / Monitoring *	Low	Low to Medium
172	Planning & Environmental Affairs	Development	Brownfield Remediation (Contaminated Site Cleanup)	Low	Low to Medium
173	Aviation Security & Public Safety	Operations	On-Airport Paramedic Services Contract Management *	Low	Low to Medium
174	Customer Experience & Innovation	Revenue Management & Business Development	Innovation Lab operations	Low	Low to Medium
175	Customer Experience & Innovation	Revenue Management & Business Development	Workshops & Trainings	Low to Medium	Low
176	Talent, Culture & Capability	Talent, Culture & Capability	Employee Recognition Program	Low	Low to Medium
177	Talent, Culture & Capability	Talent, Culture & Capability	Internships & Veteran Fellowships	Low	Low to Medium
178	Talent, Culture & Capability	Talent, Culture & Capability	Leadership Development Program	Low	Low to Medium
179	Airport Design & Construction	Development	Change Orders *	Low	Low to Medium
180	Airport Design & Construction	Development	Invoicing	Low to Medium	Low
181	Airport Design & Construction	Development	Liquidated Damages	Low to Medium	Low
182	Government Relations	External Affairs	Government Grant Procurement	Low	Low
183	Information & Technology Services	Finance	Account provisioning/de-provisioning *	Low to Medium	Low
184	Information & Technology Services	Finance	IT Project Management *	Low to Medium	Low
185	Marketing & Air Service Development	Revenue Management & Business Development	Airport Passenger, Cargo and Operations Statistics	Low to Medium	Low
186	Talent, Culture & Capability	Talent, Culture & Capability	Leaves of Absence/Catastrophic Leave	Low to Medium	Low
187	Talent, Culture & Capability	Talent, Culture & Capability	Performance Management	Low to Medium	Low
188	Board Services	External Affairs	Maintain Authority Codes and Policies	Low	Low to Medium
189	Board Services	External Affairs	Manage the AB1234 Training Requirements	Low	Low to Medium
190	Board Services	External Affairs	Provides Administrative Support to the Board and onboarding	Low	Low to Medium
191	Information & Technology Services	Finance	Service Level Agreement Adherence	Low	Low to Medium
192	Aviation Security & Public Safety	Operations	Airport Stakeholder/Law Enforcement Coordination and Interface	Low	Low to Medium
193	Talent, Culture & Capability	Talent, Culture & Capability	Tuition Reimbursement *	Low	Low to Medium
194	Airport Design & Construction	Development	OCIP Enrollment	Low	Low
195	Board Services	External Affairs	Manage Conflict of Interests Filings	Low	Low
196	Talent, Culture & Capability	Talent, Culture & Capability	Career Development Program	Low	Low
197	Talent, Culture & Capability	Talent, Culture & Capability	Employee Surveys	Low	Low
198	Airport Design & Construction	Development	Bulletins	Low	Low
199	Airport Design & Construction	Development	Final Acceptance - Notice of Completion	Low	Low
200	Airport Design & Construction	Development	GMP Payment Applications *	Low	Low
201	Airport Design & Construction	Development	Notice to Proceed *	Low	Low
202	Airport Design & Construction	Development	Pre-Bid Conferences	Low	Low
203	Airport Design & Construction	Development	Project Closeout	Low	Low
204	Airport Design & Construction	Development	Project Information Sheet	Low	Low
205	Airport Design & Construction	Development	Substantial Completion & Punch Lists	Low	Low

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**San Diego County Regional Airport Authority
Risk Assessment Fiscal Year 2021**

Line #	Department	Division	Key Work Activity	Likelihood	Impact
206	Planning & Environmental Affairs	Development	Authority Advisory Committee	Low	Low
207	Board Services	External Affairs	Manage the Authority Lobbyist Program	Low	Low
208	Information & Technology Services	Finance	Asset Management *	Low	Low
209	Information & Technology Services	Finance	Procurement	Low	Low
210	General Counsel	General Counsel	Provide Legal Counsel to Authority and Board	Low	Low
211	Customer Experience & Innovation	Revenue Management & Business Development	Innovation Lab contracts	Low	Low
212	Marketing & Air Service Development	Revenue Management & Business Development	Graphic, Photographic, Web, and Video Services Support	Low	Low
213	Marketing & Air Service Development	Revenue Management & Business Development	Video / Audio productions	Low	Low
214	Talent, Culture & Capability	Talent, Culture & Capability	Wellness Program	Low	Low

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STAFF REPORT

Meeting Date: **JUNE 4, 2020**

Subject:

Annual Review of Authority Policy 4.40 – Debt Issuance and Management

Recommendation:

The Finance Committee recommends that the Board Adopt Resolution No. 2020-0067, approving amendments to Authority Policy 4.40 – Guidelines for Debt Issuance and Management Policy.

Background/Justification:

The attached debt policy (Exhibit A) was developed in conjunction with the Authority's financial advisors and bond counsel and serves as the foundation of the Authority's debt issuance and management goals and priorities. The stated objectives are:

- Protect the assets and funds entrusted to the Authority;
- Manage and monitor existing debt to optimize financial structure, control costs and ensure compliance with bond financing covenants;
- Oversee the issuance of new debt in order to maintain access to capital markets and other sources of capital financing at a reasonable cost;
- Obtain and maintain the highest possible credit ratings on debt consistent with the overall objectives of the Authority;
- Explore and implement prudent debt structuring ideas when consistent with the debt issuance and management goals described herein;
- Provide the required secondary market disclosure to the rating agencies and investors; and,
- Comply with all federal and state laws and regulations, as well as bond indenture, federal tax and securities law compliance, and reimbursement agreement covenants;

The Vice President/CFO shall be responsible for ensuring the Policy is current and will review the Policy annually, at a minimum.

Current events and the impacts of the COVID-19 pandemic are unprecedented. Target debt affordability indicators for the Authority were established prior to the impacts of the COVID-19 virus. The near term goal (FY2020 and 2021) is to meet rate covenants and to maintain liquidity. Policy updates acknowledge that the Authority will utilize CARES Act grants to pay debt service in FY 2020 and FY 2021 and that the Authority will seek to ensure liquidity targets are not compromised.

The per-EPAX targets established in the Policy will be revisited once future traffic levels are understood. Consequently, staff recommends a COVID-19 statement pertaining to the EPAX Policy Targets to acknowledge that enplanement levels have fallen and are suspending the \$150 Debt per enplanement target in FY 2020 and FY 2021.

In light of the current economic environment the Policy also clarifies that the Authority may choose to voluntarily make Secondary Market Disclosure to the Municipal Securities Rulemaking Board public access web site (EMMA).

Other recommended changes to the policy are minor clarifications and language corrections.

Fiscal Impact:

There is no fiscal impact as a result of the updates to Policy 4.40 Guidelines for Debt Issuance and Management.

Authority Strategies/Focus Areas:

This item supports one or more of the following (*select at least one under each area*):

Strategies

Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Focus Areas

Advance the Airport Development Plan Transform the Customer Journey Optimize Ongoing Business

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.

C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

Application of Inclusionary Policies:

Not Applicable

Prepared by:

SCOTT BRICKNER
VICE PRESIDENT/CFO

RESOLUTION NO. 2020-0067

A RESOLUTION OF THE BOARD OF THE
SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY, APPROVING AMENDMENTS TO
AUTHORITY POLICY 4.40 – GUIDELINES FOR
DEBT ISSUANCE AND MANAGEMENT POLICY

WHEREAS, San Diego County Regional Airport Authority Policy 4.40 establishes a policy governing the debt issuance and management policies and practices of the San Diego County Regional Airport Authority (“Authority”); and

WHEREAS, this policy serves as the guideline for the Authority to ensure prudent management of its debt, having been submitted for review and adoption by the Authority Board in a public meeting; and

WHEREAS, Policy 4.40, as amended (EXHIBIT A), has been reviewed and approved by the Authority’s financial advisors and bond counsel.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves Authority Policy 4.40, as amended, governing the debt issuance and management policies and practices of the Authority; 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

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

BE IT FURTHER RESOLVED that the Board finds that this action is not a project that involves additional approvals or actions by the Federal Aviation Administration (“FAA”) and, therefore, no formal review under the National Environmental Policy Act (“NEPA”) is required.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 4th day of June, 2020, 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

EXHIBIT A

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

ARTICLE 4 - FINANCE AND ACCOUNTING

PART 4.4 - DEBT

SECTION 4.40 - DEBT ISSUANCE AND MANAGEMENT POLICY

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

POLICY STATEMENT:

SECTION I. INTRODUCTION & EXECUTIVE SUMMARY

This comprehensive Debt Issuance and Management Policy (the “Policy”) contains the policies that govern existing and anticipated debt obligations. In addition, the Policy sets forth certain financial management practices in capital budgeting that will enhance the Authority’s ability to manage its outstanding debt and projected debt issuance. It is expected that the Policy will be updated from time to time to reflect changes in law and market practices.

Debt plays an important role in meeting the financial needs of the Authority since it provides the funding for the Authority to build projects today which will subsequently be repaid from future revenues. While the issuance of debt is frequently an appropriate method of financing capital projects, prudent financial management requires careful monitoring of debt issuance to ensure there is not an excessive reliance on debt and to preserve the Authority’s access to borrowed capital at competitive borrowing rates, while always maintaining sufficient liquidity. The term “debt” is used in this Policy to describe numerous types of financial obligations of the Authority which may include Bonds, Subordinate Obligations, Special Facility Obligations and other financings of the Authority.

The Authority’s debt issuance and management objectives are to:

- Manage and monitor existing debt to optimize financial structure, control costs and ensure compliance with bond financing covenants;
- Oversee the issuance of new debt in order to maintain access to capital markets and other sources of capital financing at a reasonable cost;
- Obtain and maintain the highest possible credit ratings on debt consistent with the overall objectives of the Authority;
- Explore and implement prudent debt structuring ideas when consistent with the debt issuance and management goals described herein;

- Provide the required secondary market disclosure to the rating agencies and investors;
- Comply with all federal and state laws and regulations, as well as bond indenture, federal tax and securities law post-issuance compliance, and reimbursement agreement covenants; and
- Protect the assets and funds entrusted to the Authority.

SECTION II. ROLES AND RESPONSIBILITIES

The roles and responsibilities of key parties in administering, monitoring, and ensuring on-going compliance with this Policy include:

- 1) Board: The Authority is governed by an appointed board of nine members who represent all areas of San Diego County and three *ex-officio* members. The Board approves all bond issuances as well as the policies and guidelines pursuant to which debt is incurred and issued.
- 2) President/CEO and Vice President/CFO: The Vice President/CFO, under the direction of the President/CEO, is (i) responsible for developing, evaluating, implementing and monitoring the financing plan and debt strategies for the Authority in compliance with this policy, subject to Board approvals; (ii) in charge of federal tax and securities law post-issuance compliance with respect to all debt obligations; (iii) responsible for implementing and ensuring compliance with internal control procedures to ensure proceeds of the Authority's debt obligations are directed to the intended use; and (iv) responsible for timely submitting to the California Debt and Investment Advisory Commission any annual debt report required under California Government Code Section 8855(k).
- 3) Registered Municipal Advisor: The Authority has chosen to deliver a Notice of Representation by Registered Municipal Advisor pursuant to SEC Rule 17 CFR Section 240.15Bal – 1(d)(3)(vi)(B) dated August 27, 2014 to notify investment banking firms that the Authority has retained a financial advisor and, among other things, will rely on advice of the financial advisor for recommendations on the issuance of municipal securities provided by investment banking firms. The Authority may amend or modify this notice from time to time.
- 4) Financial Professionals: All financial professionals performing services for the Authority's debt programs, such as its financial advisor, bond counsel, disclosure counsel, investment advisor and underwriters, must comply with the policies and procedures set forth herein.

SECTION III. CAPITAL IMPROVEMENTS AND FINANCIAL PLANNING

The Authority maintains a financing plan and model which projects the available sources and uses of funds and verifies the Authority's financial ability to deliver current and planned programs and services. The impact of the funding sources, particularly debt, on future commitments is a relevant consideration of this Policy. The financing plan is based on a set of assumptions developed through detailed collection and analysis of historical and forecasted data concerning revenues and expenses, economic forecasts and trend projections.

The main sources of revenues include airline rates and charges, parking and concession revenues, and lease revenues. Additionally, Passenger Facility Charges (PFCs), Customer Facility Charges (CFCs), and federal grants-in-aid are included as a funding source for certain eligible projects.

The Authority's annual operating budget will ensure that sufficient resources are provided from current revenues to: 1) finance the current fiscal year's requirements for ongoing operating and maintenance needs; 2) provide reserves for periodic replacement and renewal; 3) fund the annual requirements of the maintenance, operating and other reserves; and 4) meet any debt service coverage requirements.

Both the capital plan and the financing plan shall be updated periodically as part of the budget process. It is the goal of the Authority to adopt its capital plan on a rolling five year forward basis. Both plans will comply with the Policy, paying particular attention to all relevant target debt affordability indicators.

SECTION IV. DEBT TARGETS

The President/CEO and the Vice President/CFO will recommend to the Board the amount, term and type of debt needed to meet the Authority's short-term and long-term financing requirements. In such determinations, issues of debt capacity, amortization period and impact on rates and charges will be considered, guided by the use of target debt capacity indicators for measuring the affordability of additional borrowing.

The following are the target debt affordability indicators for the Authority established prior to the unprecedented impacts of the COVID-19 virus and related economic downturn on the worldwide aviation industry in general as well as the Authority. While the Authority will regularly reviews and may re-evaluates certain targets from time to time, particularly as the long-term master plan requirements may be defined, it is unclear at this time the impacts of the COVID-19 related downturn on long-term demand for air travel and future traffic levels at the Airport. It is possible, under certain scenarios, that traffic activity may not fully recover to prior levels and that certain industry credit medians, including those related to liquidity, leverage and airline rates, may be materially impacted as a result. For FY 2020 and FY 2021, the main debt policy target for the Authority will be compliance with its rate covenants for its outstanding bonds. Given the unprecedented declines in passenger traffic expected for the fourth quarter of FY 2020 and for FY 2021, enplanement based targets will be suspended as the Authority focuses to meet rate covenants, optimize its liquidity and maintain reasonable rates and charges.

1) Rate Covenants

The Authority has covenanted in the Master Indenture to comply with the senior lien Rate Covenant, as summarized below:

Bonds – Under the Master Indenture, the Authority has covenanted that it will establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System so that Net Revenues, which are generally defined as Revenues less Operation and Maintenance Expenses for a given period, in each Fiscal Year will be at least equal to 125% of the Aggregate Annual Debt Service for all Bonds.

“Bonds” are generally defined by the Master Indenture to mean any debt obligation of the Authority including bonds, notes, bond anticipation notes, commercial paper notes

and other instruments creating an indebtedness of the Authority, and obligations incurred through lease or installment purchase agreements, other agreements, certificates of participation, and bank repayment obligations. The term “Bonds” does not include Subordinate Obligations (which is defined hereinafter).

The Authority has covenanted in the Master Subordinate Indenture to comply with the subordinate lien Rate Covenant, as summarized below:

Subordinate Obligations – Under the Master Subordinate Indenture, the Authority has covenanted that it will establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Airport System so that Subordinate Net Revenues (which are generally defined as Revenues less Operation and Maintenance Expenses less senior lien Bond debt service and reserve funding requirement for a given period) in each Fiscal Year will be at least equal to 110% of the Aggregate Annual Debt Service for all Subordinate Obligations for such Fiscal Year (excluding the principal amount of Commercial Paper reissued during the Fiscal Year).

“Subordinate Obligations” shall mean any debt obligation of the Authority issued under the Master Subordinate Indenture and are generally defined to mean a subordinate lien debt obligation including bonds, notes, bond anticipation notes, commercial paper notes and other instruments creating an indebtedness of the Authority, and obligations incurred through lease or installment purchase agreements or other agreements or certificates of participation therein and bank repayment obligations.

2) Additional Bonds Test and Additional Subordinate Obligations Test

In order to issue additional parity debt under the Master Indenture, the Authority must comply with one of the two prongs of the Additional Bonds Test, as summarized below:

(A) The Net Revenues for the last audited Fiscal Year or for any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed Series of Bonds were at least equal to 125% of the sum of the Maximum Aggregate Annual Debt Service due and payable with respect to all Outstanding Bonds and the proposed Bonds to be issued for such applicable period; or

(B) Obtain a certificate prepared by a Consultant showing that the forecasted Net Revenues are expected to be at least 125% of the Aggregate Annual Debt Service due and payable with respect to all Outstanding Bonds and the proposed Bonds to be issued for each year of the forecast period.

In order to issue additional parity debt under the Master Subordinate Indenture, the Authority must comply with one of the two prongs of the Additional Subordinate Obligations Test, as summarized below:

(A) The Subordinate Net Revenues for the last audited Fiscal Year or for any 12 consecutive months out of the most recent 18 consecutive months immediately preceding the date of issuance of the proposed Series of Subordinate Obligations were at least equal to 110% of the sum of the Maximum Aggregate Annual Debt Service due and

payable with respect to all Outstanding Subordinate Obligations and the proposed Subordinate Obligations to be issued for such applicable period; or

(B) Obtain a certificate prepared by a Consultant showing that the forecasted Subordinate Net Revenues are expected to be at least 110% of the Aggregate Annual Debt Service due and payable with respect to all Outstanding Subordinate Obligations and the proposed Subordinate Obligations to be issued for each year of the forecast period.

2) Annual Debt Service Coverage Target

The Authority has established debt service coverage target for its Bonds and Subordinate Obligations (in aggregate) in order to maintain adequate financial margins to accommodate unexpected events given the volatile nature of the aviation industry, preserve financial capacity for future funding needs, and maintain strong credit ratings.

The minimum Debt Service Coverage target for Aggregate Debt Service is:

- 1.40x, where PFCs used to pay debt service and the Federal Interest Subsidy, if any, are added to Net Revenues (rather than deducted from Debt Service) with the sum divided by Aggregate Annual Debt Service for Bonds and Subordinate Obligations and Other Debt Services

This debt service coverage target will be reviewed at least annually by the Authority and its financial advisor to determine appropriate adjustments that may be necessary.

The impacts of the COVID-19 virus and resulting economic repercussions will materially impact passenger traffic forecasts. It is, therefore, anticipated that during Fiscal Year 2020 and 2021 the Authority will utilize available CARES Act grants to pay portions of Debt Service.

4) Airline Costs Per Enplaned Passenger Target

The Authority will compare its airline costs per enplaned passenger (“CPE”) with available sources of data, including the rating agencies’ median reports and a selected peer group of airports. Due to the different ways that airports set airline rates and charges, it is recognized that comparisons between airports can be misleading.

The Authority will regularly review and monitor CPE and seek to maintain a competitive rate. As the Authority advances the definition and scope of the planned Airport Development Program, the Authority anticipates potential revisions to these CPE targets.

The impacts of the COVID-19 virus and resulting economic repercussions may materially impact long-term passenger traffic forecasts. If this occurs, the lower level of enplanements may require adjustments to future CPE levels compared to historical medians.

5) Debt Per Enplaned Passenger – Target (excluding Special Facility Financing)

As the Authority advances the definition and scope of the planned Airport Development Program, ~~at the~~ debt (excluding special facility financing) per enplaned passenger

(“EPAX”) target will be established that is compatible with the Airport Development Plan of Finance.

The target will be established with reference to available sources of data, including the rating agencies’ median reports and a selected peer group of airports. Due to the different ways that airports finance their capital facilities, this measure is only one indicator of debt affordability.

The Authority has established a debt (excluding special facility financing) per enplaned passenger goal of no more than \$150.

The Authority will regularly review and update this metric from time to time as may be necessary.

The impacts of the COVID-19 virus and resulting economic repercussions have caused a dramatic decline in passenger levels, as such FY 2020 and FY 2021 EPAX targets are temporarily suspended. Long-term passenger traffic forecasts may also be materially impacted, if this occurs, the lower level of enplanements may require adjustments to future debt per enplanement levels compared to historical medians.

6) Liquidity Target

Recognizing the inherently volatile nature of the aviation industry, the Authority will maintain prudent unrestricted reserves as a backstop to be able to fund its obligations if unforeseen events occur. The level of unrestricted reserves will be evaluated at least annually, as part of the Authority’s budgeting and capital planning process.

The Authority’s unrestricted reserves target (defined as the sum of unrestricted cash and investments, unrestricted cash designated for capital projects, unrestricted long-term investments, the O&M Reserve, and O&M Subaccount Reserve and the Renewal and Replacement Reserve) shall be at least 600 days of budgeted operating and maintenance expenses for the current fiscal year.

The impacts of the COVID-19 virus and resulting economic repercussions may materially impact rating agency and investor perceptions of the volatility of airport revenue bond credits. If this occurs, the Authority may need to increase liquidity targets compared to historical medians.

7) Credit Ratings Target

The Authority will seek to obtain the highest possible credit ratings on its debt, consistent with meeting the operational and long-term development needs of the Airport. The Authority will maintain ratings from at least two of the leading rating agencies for its Senior Lien Airport Revenue Bonds and seek to maintain a rating in the A1/ A+ category.

SECTION V. TYPES OF FINANCING – DESCRIPTION AND APPROACH

1) Bonds and Subordinate Obligations of the Authority

In general, issuing senior lien debt under the Authority’s Master Indenture will achieve the lowest borrowing costs compared to other forms of borrowing. Under the Master Indenture, senior lien debt is defined as “Bonds”. Under the Master Subordinate Indenture, subordinate lien debt is defined as “Subordinate Obligations”.

Proceeds of the Authority’s Bonds and Subordinate Obligations may be used for any legally permitted purposes.

Bonds issued for the Airport are limited obligations of the Authority payable solely from and secured by a pledge of Net Revenues generated by the Airport. Subordinate Obligations issued for the Airport are limited obligations of the Authority payable solely from and secured by a pledge of Subordinate Net Revenues generated by the Airport.

Revenues generally include all revenues, income, receipts, and money derived from the ownership and operation of the Airport and all gifts, grants, reimbursements, or payments received from governmental units or public agencies, which are not restricted by law or the payor to application for a particular purpose other than payment of bonds. Among other things, Revenues specifically exclude:

- (A) Passenger Facility Charges (PFCs)
- (B) Released Revenues, which are an identifiable portion of Revenues that have been excluded from Revenues after meeting certain requirements defined in the Master Indenture
- (C) State and/or federal Grants
- (D) Rental car Customer Facility Charges (CFCs)

2) PFC-Supported Bonds and Subordinate Obligations

The Authority leverages PFCs to support investment in Airport infrastructure and facilities. In order to do this, the Authority may make an irrevocable pledge of PFCs to pay eligible debt service for purposes of compliance with the Additional Bonds Test. The Authority may also deposit additional PFC amounts each year to the debt service fund [to pay debt service on Bonds and Subordinate Obligations that financed PFC eligible projects](#).

The Authority will not include PFCs in estimates of future revenues pledged to support Annual Debt Service unless approval for their imposition has been obtained or is expected to be obtained from the FAA.

3) Special Facility Financings

Special Facilities Obligations may be issued by the Authority to finance capital projects and must be secured by a defined revenue stream derived from or relating to discrete

facilities such as cargo terminals or maintenance facilities. Such facilities may be leased to one or more tenants.

The Authority may designate facilities at the Airport as Special Facilities and the revenues therefrom as Special Facilities Revenue if such facilities or revenues meet the following tests from the Master Indenture:

(A) The estimated Special Facilities Revenue pledged to the payment of Special Facilities Obligations relating to the Special Facility will be at least sufficient to pay the principal of and interest on such Special Facility Obligations as and when the same become due and payable, all costs of operating and maintaining such Special Facility not paid for by the operator thereof or by a party other than the Authority and all sinking fund, reserve or other payments required by the resolution authorizing the Special Facility Obligations as the same become due; and

(B) With respect to the designation of any separately identifiable existing Airport Facilities or Airport Facility as a “Special Facility” or “Special Facilities,” the estimated Net Revenues, calculated without including the new Special Facilities Revenue and without including any operation and maintenance expenses of the Special Facility as Operation and Maintenance Expenses of the Airport System, will be sufficient so that the Authority will be in compliance with the Rate Covenant; and

(C) No Event of Default then exists under the Indenture.

If a facility meets these tests, the Special Facilities Revenues will not be Revenues for the period during which any Special Facilities Obligations are outstanding.

Special Facilities Obligations are limited obligations of the Authority to be repaid solely by Special Facilities Revenues derived from or relating to a discrete facility and are not secured by a lien on Revenues or PFC Revenues. Bonds and Subordinate Obligations are not secured by Special Facilities Revenues.

Special Facilities Obligations may be used in lieu of issuance of Bonds or Subordinate Obligations for financing of discrete airport facilities or airport projects that have an independent revenue stream.

The Authority may permit tenants to undertake Special Facilities Obligations under the following specified terms and conditions:

(A) The financing must comply with the Master Indenture limitations on this type of financing;

(B) A pledge of leasehold mortgage or security interest in the underlying asset may be granted to the trustee or Bondholders in certain circumstances, taking into account any value the Airport receives from the tenant in return;

(C) Terms of bonds will be consistent with the standard terms and the provisions of the Airport’s leasing policies;

(D) The Airport will not enhance the creditworthiness of Special Facilities Obligations (for example, through the granting of a re-letting provision), unless the

Authority determines it is in the best interests of the Airport, taking into account any value the Airport receives from the tenant in return;

(E) The Special Facilities Obligations are amortized over a period that does not exceed the lesser of: (a) 40 years; or (b) the useful life of the facility (80% of the useful life of the facility for projects that are considered to be “private activities” under federal tax regulations, if tax-exempt financing is used). “Bullet” maturities may be considered if they do not exceed the lesser of: (a) the useful life of the facility; or (b) 25 years, and are amortized on a straight line basis for purposes of calculating amortized cost (see below);

(F) The Authority reserves the right to acquire the facility at its amortized cost and the right to require notices exercising early call redemption provisions for the Special Facilities Obligations;

(G) Any refinancing of assets financed with Special Facilities Obligations will not be permitted without the consent of the Board;

(H) The tenant will reimburse the Authority for all of its costs associated with the Special Facilities Obligations;

(I) The Authority may assess an annual fee for Special Facilities Obligations;

(J) Bond Counsel(s) for the Authority will review all Disclosure documents and prepare the financing documents;

(K) The tenant will satisfy Continuing Disclosure and arbitrage rebate requirements and will provide the Authority with indemnities covering any exposure the Authority may have arising from the financing;

(L) The proposed facility must be compatible with Airport System land and capital use plans; and

(M) The Authority may establish minimum threshold Credit Ratings for airlines and other parties wishing to participate in Special Facilities Obligation financed projects. These threshold Credit Ratings will be reviewed by the Authority from time to time.

4) Bond Anticipation Notes (“BANs”) and Grant Anticipation Notes (“GANs”)

Bond Anticipation Notes (“BANs”) are short-term debt instruments that will be repaid with proceeds of an upcoming bond issue.

Grant Anticipation Notes (“GANs”) are short-term instruments that will be repaid from expected future Federal AIP and TSA grants or other Federal or State grants accepted by the Authority. The FAA and TSA may issue Letters of Intent (“LOI”) to the Authority indicating their intent, although not their commitment, to fund “long term, high priority capacity projects” on a multi-year basis as appropriations become available. Once an LOI is in hand, notes may be issued that are secured by the grants

anticipated to be received from the FAA and/or TSA. However, there typically must be an ancillary source of repayment for the notes in the event grant funding is ultimately not received.

The Authority may use BANs proceeds to finance projects that would be otherwise financed by an upcoming bond issue. The Authority may use GANs proceeds to finance projects permitted by the grants anticipated to be received by the Authority.

Notes may be considered Balloon Indebtedness under the Master Indenture, which specifies that, for purposes of calculating the Aggregate Annual Debt Service of Balloon Indebtedness, such Bonds shall be assumed to be amortized in substantially equal annual amounts for principal and interest over a period of 30 years at an interest rate quoted in The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, or if that index is no longer published, another similar index selected by the Authority. If the Authority fails to select a replacement index, the rate shall be the rate determined by a Consultant to be a reasonable market rate for fixed-rate Bonds of a corresponding term issued under the Master Indenture. Issuance of BANs and GANs should not occur in amounts or result in amortization that would result in the failure by the Authority of its ability to satisfy its rate covenants and the debt coverage goals contained in this Policy.

5) Capital Appreciation Bonds and Zero Coupon Bonds

The Authority will not issue capital appreciation bonds or zero coupon bonds unless the Authority has determined, quantified and demonstrated that there is a significant benefit over traditional structures.

In the event that the Authority issues capital appreciations bonds or zero coupon bonds, proceeds of such bonds may be used for any legally permitted purposes.

6) Commercial Paper

Commercial Paper is a short-term obligation with maturities ranging from 1 to 270 days. The payment when due of principal and interest on each series of the Notes also is secured by separate irrevocable, direct-pay letters of credit.

The Authority may refinance, refund or purchase outstanding Commercial Paper by issuing new Commercial Paper, by issuing Bonds, or by using available Authority funds.

For purposes of calculating Aggregate Annual Debt Service for a Commercial Paper Program, the principal and interest shall be calculated as if the entire Authorized Amount of such Commercial Paper Program were to be amortized over a term of 35 years commencing in the year in which such Commercial Paper Program is implemented and with substantially level Annual Debt Service payments.

The interest rate used for such computation shall be that rate quoted in The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, for the last week of the month preceding the date of calculation as published by The Bond Buyer, or if that index is no longer published, another similar index selected by the Authority, or if the Authority fails to select a replacement index, that rate determined by a Consultant to be a reasonable market rate for fixed rate Subordinate Obligations of a corresponding term issued under the Indenture on the date of such calculation, with no credit enhancement

and taking into consideration whether such Subordinate Obligations bear interest which is or is not excluded from gross income for federal income tax purposes.

Any outstanding Commercial Paper anticipated to be paid off and not reissued within the current fiscal year shall be excluded from any calculations of variable rate exposure for internal debt management purposes.

The Authority may issue Commercial Paper as sources of interim financing for capital projects. Before issuing such Commercial Paper notes, the take out of such Commercial Paper must be anticipated in the financing plan and determined to be feasible and advantageous by the Authority.

7) Floating Rate Notes and Revolving Credit Facilities

Floating Rate Notes (FRNs), including Revolving Credit Facilities, are notes that have a variable coupon, equal to a money market reference rate, such as SIFMA (Securities Industry and Financial Markets Association) or LIBOR (the London Interbank Offered Rate) plus a spread. The spread is a rate that remains constant. At the beginning of each coupon period, the coupon is calculated by taking the fixing of the reference rate for that day and adding the spread. Because the coupon resets based on a short-term index, the issuer is exposed to rising interest rates unless it has swapped the debt to a fixed rate. However, unlike variable rate demand obligations or Commercial Paper, FRNs are not supported by a bank liquidity facility, and therefore do not pose short-range liquidity/refinancing risk to the issuer.

The Authority may issue FRNs as a source of interim financing for capital projects. Before issuing such FRNs, the take out of such notes must be anticipated in the financing plan and determined to be feasible and advantageous by the Authority.

8) Equipment Leases

Equipment leases are basically loans pursuant to which the lender buys and owns certain equipment (e.g., jet bridges, baggage systems, flight and baggage information display systems) and then "rents" it to the Authority at a flat monthly rate for a specified number of months. At the end of the lease, the Authority may purchase the equipment for its fair market value (or a fixed or predetermined amount), continue leasing, lease new equipment or return the equipment. The Authority may explore equipment leases as a financing vehicle and alternative to debt if the terms and conditions of the lease (including the interest rate charged) are more favorable.

9) Installment Payment Agreement

The Authority may also finance certain facilities, [including equipment](#), under an agreement with a third-party whereby the third-party funds the investment in the facility and the Authority agrees to pay the third party as rental/payment for the use and occupancy of the facility specific installment payments. The installment payments

would be made from the Authority's available funds after payment of all Operation and Maintenance Expenses, all funds necessary to pay debt service on and to fund the reserves for the Authority's Outstanding Senior and Subordinate Debt Obligations and amounts necessary to fund the Authority's Operation and Maintenance Reserve Subaccount and Renewal and Replacement Subaccount in accordance with the Master Trust Indenture.

10) Direct Loans

The Authority may also enter into a direct loan with a financial institution or other lending entity to meet certain of its financing needs. A direct loan is made directly with a financial institution or other lending entity and may be a fixed or variable product. The Authority may use direct loans as interim or permanent financing for capital projects or to refinance outstanding debt.

SECTION VI. FEATURES OF LONG-TERM DEBT

The Vice President/CFO will recommend to the Board the structure and term of long-term debt according to the general policies described below.

1) Selection of Final Maturity and Amortization of Principal

The final maturity of borrowings should not exceed, and preferably be less than, the projected economic life of the improvements that are financed or such shorter period as required by Federal tax law, if tax-exempt debt has been used.

2) Use of Capitalized Interest

The Vice President/CFO will evaluate whether or not to capitalize the early years' interest cost in a bond issue by taking into account the impact this action would have on the size of the bond issue, future Annual Debt Service requirements, accounting treatments and budgetary impacts.

3) Tax Status

The Vice President/CFO will evaluate whether or not to issue taxable bonds in lieu of bonds that are subject to the Alternative Minimum Tax (AMT) for certain maturities for private activity financing needs. In some market conditions, the cost for taxable debt may be less than the cost for AMT bonds for certain maturities.

4) Sizing of Debt Service Reserve Funds

Except in limited circumstances, the Master Indenture and the Master Subordinate Indenture require either the funding of a common Debt Service Reserve Fund in an amount sufficient to satisfy the reserve requirement for all existing and proposed Bonds or Subordinate Obligations under the respective master indenture participating in such master reserve fund, or the funding of a Debt Service Reserve Fund in an amount sufficient to satisfy the reserve requirement for only the proposed issue. With each issuance of Bonds or Subordinate Obligations, the Vice President/CFO will compare the costs of funding required increases to the reserve requirement from bond proceeds with the costs of satisfying the reserve requirement through the use of a reserve fund surety. The potential effect on credit ratings will also be considered when comparing reserve requirement funding alternatives.

5) Selection of Redemption Provisions

Redemption provisions will be established on a case-by-case basis, taking into consideration market conditions and the results of a call option analysis prior to the time of sale.

The issuance of non-callable Bonds or Subordinate Obligations should be considered only in special circumstances based upon the specific transaction. Because the issuance of non-callable debt may restrict future financial flexibility, cost will not be the sole determinant in the decision to issue non-callable bonds. The preference of the Authority is to issue debt with standard redemption provisions.

6) Use of Discount Bonds

Prior to issuing Bonds or Subordinate Obligations at a dollar price less than 97.0% of par, the Vice President/CFO will request from the financial advisor an analysis of the reduced option value resulting from the assignment of a lower interest coupon. The Authority will consider issuing the discount debt, where permissible under tax law, if the present value debt service savings provided by the lower interest coupon is greater than the reduction in call option value. Other benefits such as the participation of new investors will be an additional consideration.

7) Use of Premium Bonds

Prior to issuing Bonds at a dollar price greater than par, the Vice President/CFO will request from the Authority's financial advisor a brief cost/benefit analysis of the interest saved using premium debt versus other possible pricing structures.

8) Minimum Criteria for Debt Financing Equipment Items

The Authority will not issue long-term debt to finance individual items of equipment with a useful life less than five (5) years, except under a master lease program.

SECTION VII. REFUNDING OPPORTUNITIES

The Vice President/CFO and the Authority's financial advisor will monitor refunding opportunities for all outstanding debt obligations on a periodic basis applying established criteria in determining when to issue refunding bonds for debt service savings.

The refunding criteria will include a comparison of expected present value savings with the option value of the existing callable bonds. Generally, the Authority will pursue refunding opportunities if the expected net present value savings provide sufficient compensation for the exercise of the optional redemption provision. Recommendations as to the sufficiency of the net present value savings will be provided by the Authority's financial advisor.

Under current Internal Revenue Code provisions, only a current refunding of tax-exempt bonds is permitted [using the proceeds of on-a-tax-exempt bondsasis](#). A current refunding requires issuing refunding bonds no earlier than ninety (90) days prior to the bond's optional redemption date. [An Advance Refunding of tax-exempt bonds is permitted using the proceeds of taxable bonds.](#)

Given the limitations on refunding outstanding tax-exempt bonds, careful attention will be given to pricing considerations and the impact early optional redemption provisions have on pricing.

The following considerations apply when the Authority considers refunding opportunities:

1) Monitor Potential Savings:

The Vice President/CFO with the assistance of the Authority’s financial advisor, will monitor on an ongoing basis potential savings available by refinancing outstanding debt of the Authority. Savings will be analyzed on a present value basis by using a percentage of the refunded par amount. All costs and benefits of the refinancing will be taken into account.

2) Target Savings Amounts:

A present value analysis must be prepared to identify the economic effect of any proposed refunding. To proceed with a refinancing for economic savings, the Authority will evaluate the net present value savings as a percentage of the refunded par amount relative to the time to the first call date of the bonds and the maturity date of the bonds, using the following minimum guidelines:

<i>Years from the date of first call to Maturity Date of the Bonds</i>	Years to the first Call Date		
	After the First Call Date to Up to 90 Days Before	90 Days to 3 Years Before the First Call Date	More than 3 Years Before the First Call Date
0-5 Years	0.5%	1.0%	2.0%
6-10 Years	1.0%	2.5%	4.0%
11-20 Years	3.0%	4.0%	5.0%

For advance refunding or current refunding utilizing forward delivery bonds, the Authority will also evaluate the efficiency of the refunding opportunity as well as the breakeven analyses of the opportunity relative to a hypothetical current refunding.

3) Other Considerations:

Some refundings may be executed for other than economic purposes, such as to restructure debt, to change the type of debt instrument, or to retire a bond issue and indenture for more desirable covenants. In addition, if the benefits outweigh the costs and the refunding opportunity would otherwise be lost, the Authority may proceed with a refunding that has economic benefit but does not meet the criteria stated above in the “Target Savings Amount” paragraph above.

4) Non-Traditional Refundings:

Refundings executed with non-traditional structures such as swaps, require a full analysis of the benefits and risks, and may require higher economic benefits.

SECTION VIII. ISSUANCE OF VARIABLE RATE DEBT

Variable Rate Debt typically is issued for a term of up to 30 years, although the interest rate on this debt instrument is reset daily, weekly, monthly or less commonly, periodically.

The Authority recognizes that variable rate securities are a useful debt management tool that traditionally has had lower interest rate costs than fixed rate debt. The Authority's current goal is to maintain a debt program which may include both fixed and variable rate debt, as well as Commercial Paper, FRNs and Revolving Credit Facilities.

1) Purposes of Variable Rate Debt

The Vice President/CFO may recommend that variable rate securities be issued for the following purposes:

(A) Interim Financing Tool

The Authority may consider issuing Variable Rate Debt in connection with its major debt-financed capital projects, especially when interest rates associated with a fixed rate, long term borrowing far exceed the interest rates that can be earned on the construction and capitalized interest funds (resulting in a significant amount of negative arbitrage). Because Variable Rate Debt can be retired or redeemed without penalty, these instruments may better suit circumstances where a refunding or restructuring of a potential debt issue is likely for any reason, (for example, if a change in use of the facility to be funded may reasonably be anticipated, or if grant or another source of funds may be obtained to substitute for bond funding).

Certain variable rate products most notably, Commercial Paper and Revolving Credit Facilities can be issued incrementally as funds are needed to finance current construction, and can reduce the long-term cost of construction financing.

(B) Statement of Net Position Management Tool

The maintenance of Variable Rate Indebtedness, Commercial Paper, FRNs and Revolving Credit Facilities liabilities at a level that takes into consideration the amount of short-term assets maintained by the Authority prudently reduces the Authority's risk of exposure to changes in interest rates. Since the Authority invests its free cash balances in short term instruments, it is exposed to interest rate fluctuations at the short end of the yield curve. Conversely, a large portion of its liabilities are in the form of long term, fixed-rated debt. When interest rates fall, the Authority's assets earn less, while its liabilities are fixed. Offsetting this exposure by better matching the variability of earnings on its assets with variable, rather than fixed, rate liabilities serve as a hedge against interest rate risk and reduces the overall cost of funds.

(C) Diversify Investor Base to Lower Costs

Typically, variable rate debt is sold to a different segment of investors than long-term fixed rate bonds. By tapping short-term investors, an issuer broadens and diversifies its investor base. By becoming a familiar and respected credit among short-term investors, the Authority will be in a better position to gain access to these buyers at those times when it is less advantageous to borrow in the fixed-rate market.

(D) Management of Negative Arbitrage

Issuing debt in a variable rate mode reduces or at times may even eliminate negative arbitrage in Construction, Capitalized Interest and Debt Service Reserve Funds. (See "A" above)

2) Criteria for Use of Variable Rate Debt

The Authority's net variable rate debt composition (defined as variable rate debt less unrestricted cash reserves) excluding interim financings (defined as financings the Authority intends to take out with permanent long term financings) will not exceed the greater of 15% of total debt or \$100 million.

Statement of Net Position Risk Mitigation - In determining the appropriate amount of variable rate debt to be issued for risk mitigation purposes, the following factors should be taken into account, and analyzed on the basis of the funds that will be repaying the debt:

- (i) The historic average of cash balances analyzed over the course of several prior fiscal years.
- (ii) Projected cash balances based on known demands on the given fund.
- (iii) Any basis risk, such as differences in the performance or average life of the Authority's investment vehicle (e.g., swaps, as discussed in Section IX) and the variable rate debt instrument.

3) Diversification of Remarketing Agents and Counterparties

In selecting remarketing agents for variable rate debt, the Authority will seek to choose a diversity of remarketing agents to better foster competition. For similar reasons, the Authority will seek to diversify its counterparties when selecting institutions to provide liquidity or credit enhancement for Airport variable rate debt.

4) Budgeting

The Vice President/CFO will determine the appropriate method for budgeting the interest cost of variable rate debt by considering historic interest rates, projected interest rates and the effect of risk mitigation products such as interest rate swaps or caps.

5) Monitoring and Reporting

The Vice President/CFO will monitor the performance of actual interest rates on variable rate debt and periodically report the results. Reports will be prepared in accordance with Generally Accepted Accounting Principles (GAAP) and with rules

promulgated by the General Accounting Standards Board (GASB). With the assistance of its financial advisor, the Vice President/CFO will regularly review the performance of the individual remarketing agents in relation to other remarketing agents, similar programs and market indices.

SECTION IX. DERIVATIVES

The Authority has adopted and will maintain a separate policy for derivatives (Policy 4.21 “Policy Regarding the Use and Management of Derivative Products”).

SECTION X – METHOD FOR SALE OF DEBT

There are two methods of issuing debt obligations: a Competitive Sale and a Negotiated Sale. In a Competitive Sale, Underwriters submit sealed bids, and the Underwriter or Underwriting Syndicate with the lowest True Interest Cost (TIC) is awarded the sale. In a Negotiated Sale, the Underwriter or Underwriting Syndicate is selected through a Request for Proposal (RFP) process. The interest rate and Underwriter’s fee are negotiated prior to the sale, based on market conditions.

It is usually not feasible to issue bonds through a Competitive Sale for certain types of financings, such as Variable Rate Debt, Commercial Paper and specialized financings like Special Facility Revenue Bonds. Further, there are factors (e.g., flexibility as to timing and the mix of the underwriting syndicate) that support the use of a Negotiated Sale. Still, a competitive process should be used to choose the appropriate Underwriter and financing team to ensure the most qualified firms are used for a specific financing. The current policy of the Authority establishes a preference for Negotiated Sales of its Bonds.

Role of Underwriters in Negotiated Sale

The Authority expects its underwriters to: 1) participate in a valuable and significant way with respect to the structuring and pricing of each debt issue and sales performance; 2) cooperate fully with other financing team members in a way that provides the maximum benefit to the Authority; and 3) attend meetings, when requested, related to the issuance of debt.

The book running senior manager, in conjunction with the financial advisor, is responsible for developing a time and responsibility schedule that will allow for the timely and successful completion of the financing. The book running senior manager is responsible for communicating the Authority’s plan of finance and timing to the other managing Underwriters in the syndicate.

Underwriter Selection in Negotiated Sale

The Authority may select Underwriters for an individual financing or to serve as part of a pre-qualified pool of Underwriters available for appointment for anticipated financings. In either case, the Authority would conduct a competitive selection process, which should include:

- Developing an RFP that meets the financial and policy goals of the Authority.
- Meeting the Authority procurement requirements.

- Circulating the RFP to a wide range of Underwriters (e.g. national and regional firms, DBE and majority firms, and firms that specialize in certain types of debt).
- Diligently evaluating the Underwriters' proposals received in response to the RFP.
- Conducting follow-up interviews with any or all of the proposing firms (optional).
- Selecting candidates to be recommended for appointment to an individual financing or to an Underwriter pool.

Should the Board appoint underwriters to a pre-qualified pool after an RFP process, the Vice President/CFO may recommend such firms for appointment to specific financings, without a subsequent RFP process.

SECTION XI. INVESTMENT OF BOND PROCEEDS

The Authority shall invest proceeds generated through the issuance of debt in compliance with the terms of eligible investments under the relevant bond indenture and related bond documents; its Investment Policy; and applicable state laws.

SECTION XII. COMPLIANCE WITH FEDERAL TAX LAW AND MARKET DISCLOSURE OBLIGATIONS

1) Compliance with Federal Tax Law

The Vice President/CFO shall establish a system of record keeping and reporting to meet the arbitrage rebate compliance requirements of the Federal tax code and ensure compliance with other Federal tax regulations and post-issue compliance as required by Bond Counsel at the time of issuance of the debt. This effort shall include tracking expenditures of bond proceeds to ensure such expenditures comply with federal tax law requirements, tracking investment earnings on proceeds, retention of a rebate consultant to prepare and calculate rebate payments in compliance with tax law and remitting any earnings subject to rebate to the Federal government in a timely manner in order to preserve the tax-exempt status of the Authority's outstanding debt issues that have been issued on a tax-exempt basis.

The Authority will comply with all covenants contained in tax certificates.

Trustee banks have been appointed for the Authority's outstanding debt. The trustees shall perform all functions and duties required under the terms and conditions set forth in the respective bond indentures and trust agreements, including maintaining records of fund balances and investments.

2) Initial Disclosure

The Authority acknowledges its responsibilities under the securities laws to avoid material misstatements and omissions in offering documents used in the marketing of Authority debt. The Vice President/CFO shall manage and coordinate the disclosure documentation preparation process and shall establish a system of procedures to ensure the preparation of appropriate disclosure documentation when required, with assistance from the Authority's General Counsel and the Authority's Bond and/or Disclosure

Counsel. When necessary, the Vice President/CFO shall provide training covering new developments and disclosure responsibilities to staff members.

3) Continuing Disclosure

To assist Underwriters to comply with Securities and Exchange Commission (“SEC”) Rule 15c2-12, the Authority has entered into and expects in the future to enter into additional Continuing Disclosure Undertakings. The Authority is required to provide 1) Annual Reports, containing the Authority’s audited financial statements as well as updates of operating and financial data included in the Authority’s offering documents, and 2) notices of certain enumerated events.

i) Notice of the occurrence of any of the following events shall be given, or caused to be given by the Authority, with respect to any bonds, not later than ten business days after the occurrence of the event:

(A) Principal and interest payment delinquencies;

(B) Unscheduled draws on the Debt Service Reserve Funds reflecting financial difficulties;

(C) Unscheduled draws on credit enhancements reflecting financial difficulties;

(D) Substitution of credit or liquidity providers, or their failure to perform;

(E) Adverse tax opinions with respect to the tax status of any bonds or the issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB) with respect to any bonds;

(F) Tender offers;

(G) Defeasances;

(H) Rating changes;

(I) Bankruptcy, insolvency, receivership or similar event of the obligated person;

(J) Default, event of acceleration, termination event, modification or terms, or other similar events under the terms of a Financial Obligation of the Authority, any of which reflect financial difficulties.

Note: for the purposes of the event identified in subparagraph (I), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing

governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

- (K) Any applicable revision to rule 15c2-12 adopted by the SEC
- (ii) Notice of the occurrence of any of the following events with respect to any bonds, if material, shall be given, or caused to be given by the Authority, not later than ten business days after the occurrence of the event:
 - (A) Unless described in paragraph 3(i)(E), adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of any bonds or other material events affecting the tax status of any bonds;
 - (B) Modifications to rights of the owners of any bonds;
 - (C) Optional, unscheduled or contingent bond calls;
 - (D) Release, substitution or sale of property securing repayment of any bonds;
 - (E) Non-payment related defaults;
 - (F) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; and
 - (G) Appointment of a successor or additional trustee or the change of name of a trustee; or
 - (H) Incurrence of a Financial Obligation of the Authority, or agreement to covenants, events of default, remedies, priority rights, of other similar terms of a Financial Obligation of the Authority, any of which affect security holders;
 - (I) Any applicable revision to rule 15c2-12 adopted by the SEC.

SECTION XIII. RATINGS AGENCIES AND INVESTOR RELATIONS

The Vice President/CFO shall be responsible for implementing and managing the Authority's Credit Rating agency relationship. The Authority recognizes the importance of immediate and timely Disclosure of relevant financial and program information concerning its debt programs to the rating agencies and pursuant to its continuing disclosure undertakings. This effort shall include periodic meetings with the rating agencies and shall provide the rating agencies with the Authority's annual budget projections, financial statements and other relevant information.

The Vice President/CFO shall be responsible for implementing and managing the Authority's investor relations program, including the maintenance and periodic updating of the financial information provided on the Authority's web site. The Authority shall attempt to promptly respond to any reasonable inquiry from an institutional or retail investor concerning information generally available to the investing public, [and in certain circumstances involving significant events affecting](#)

[the Authority, make voluntary Secondary Market Disclosure pursuant to an EMMA \(Electronic Municipal Market Access\) filing.](#)

SECTION XIV. AMENDMENTS TO DEBT ISSUANCE AND MANAGEMENT POLICY

The Policy codifies and explains the guidelines and the policies that govern existing and anticipated debt obligations of the Authority. In addition, the Policy sets forth certain financial management practices in capital budgeting that will enhance the Authority's ability to manage its projected debt issuance. The Policy will require changes and modifications over time. The Vice President/CFO shall be responsible for ensuring the policy is current and will review the Policy annually, at a minimum. In the event that changes to the Policy are necessary, the Vice President/CFO shall propose such changes to the President/CEO. Upon President/CEO approval, the proposed amended Policy will be submitted to the Board requesting approval.

GLOSSARY (PROVIDED FOR INFORMATIONAL PURPOSES ONLY)

Additional Bonds Test: The earnings test which must be satisfied under the provisions of a revenue bond contract before bonds of an additional issue having the same lien on a pledged revenue source can be issued. Typically, the test required that historical or future estimated pledged revenues exceed total debt service (existing and proposed) by a certain ratio. The test provides protection to investors that the bond issuer will not issue additional parity bonds without providing ample security to the investors in the previous financing(s).

Advance Refunding: A refunding that occurs more than 90 days in advance of the first optional redemption date. Under current Internal Revenue Code Provisions no tax exempt bonds may be advance refunded on a tax-exempt basis.

Airline Costs per Enplaned Passenger (“CPE”): A comparative statistic used to demonstrate the affordability of airline operations at an airport. CPE is often used in the process of determining the credit quality of an issue. It is typically calculated as total passenger airline revenue divided by the number of enplaned passengers in any fiscal year.

Airport Revenue Bonds: Airport Revenue Bonds (also known as General Airport Revenue Bonds, or “GARBs”) are bonds issued pursuant to the terms of a trust indenture or ordinance which are secured either by a pledge of gross or net airport revenues.

Alternative Minimum Tax: Interest on tax-exempt private activity bonds (held by individuals, issued after January 1, 2018 is generally subject to the Alternative Minimum Tax (“AMT”) as a specific item of tax preference: provided however certain new money private activity bonds previously issued during the AMT “waiver” period authorized by the American Recovery and Reinvestment Act of 2009 can be current refunded and exempt from AMT.

Amortization: The process of paying the principal amount of an issue of securities by periodic payments either directly to holders of the securities or to a sinking fund for the benefit of security holders.

Arbitrage: With respect to the issuance of municipal securities, arbitrage usually refers to the difference between the interest paid on tax-exempt bonds and the interest earned by investing the proceeds of the bonds in higher-yielding taxable securities. Federal income tax laws generally restrict the ability to earn arbitrage in connection with tax-exempt bonds.

Arbitrage Rebate: A payment made by an issuer to the federal government in connection with an issue of tax-exempt bonds. The payment represents the amount, if any, of arbitrage earnings on bond proceeds and certain other related funds, except for earnings that are not required to be rebated under limited exemptions provided under the Internal Revenue Code. An issuer generally is required to calculate, once every five years during the life of its bonds, whether or not an arbitrage rebate payment must be made.

Balloon Maturity: A bond structure wherein the principal amount becomes due and payable on one date, generally at the end of the bond term.

Basis Point: Yields on bonds are usually quoted in increments of basis points. One basis point is equal to 1/100 of one (1%) percent. For example, the difference between 6.00% and 6.50% is 50 basis points.

Bond Counsel: A law firm retained by the bond issuer to give a legal opinion that the bond issuer is authorized to issue proposed securities, the bond issuer has met all legal requirements necessary for issuance, and interest on the proposed securities will be exempt from federal income taxation and, where applicable, from state and local taxation. Usually, bond counsel will prepare authorizing resolutions and ordinances, trust indentures and other bond documents with the exception of the Official Statement.

Bondholder: The owner of a municipal bond whose name is noted on the bond register.

Bond Insurance: Insurance which provides an additional guarantee of the timely payment of principal and interest of either an entire bond issue or specified maturities. In exchange for payment of the bond insurance premium, a higher credit rating (the rating of the insurer) is assigned to the insured bonds and a lower cost of funds may be attained.

Bond Purchase Agreement: The contract between the Syndicate and the bond issuer setting forth the final terms, prices and conditions upon which the Syndicate will purchase a new issue.

Book Running Senior Manager: The managing underwriter that controls the book of orders for the transaction and is primarily responsible for the successful execution of the transaction.

Broker-Dealer: A securities firm engaged in both buying and selling securities on behalf of customers and also buying and selling securities on behalf of its own account.

Build America Bonds (“BABs”): Taxable municipal bonds that carry special tax credits and federal subsidies for either the bond issuer or the bondholder. The most widely used version was authorized under the American Recovery and Reinvestment Act (“ARRA”) that allowed BABs to be issued in 2009 and 2010 with a 35% of interest subsidy (subsequently reduced under the federal sequestration program) to the issuer received as direct payments from the federal government. The proceeds of BABs authorized under ARRA could only be used to fund non-private activity, governmental purposes.

Bullet Maturity: See Balloon Maturity.

Callable Bond: A bond where the bond issuer is permitted to redeem it before the stated maturity date at a specified price by giving notice of redemption in the manner specified in the bond document.

Capital Appreciation Bond: A municipal security on which the investment return on an initial principal amount is reinvested at a stated compounded rate until maturity, at which time the investor receives a single payment (the “maturity value”) representing both the initial principal amount and the total investment return. It differs from a Zero Coupon Bond in that only the initial principal amount is counted against an issuer’s statutory debt limit, rather than the total par value at maturity.

Capitalized Interest: A portion of the proceeds of an issue which is set-aside to pay interest on the bonds for a specified period of time. Interest is commonly capitalized during the construction period of a revenue-producing project.

Commercial Paper: Short-term (1 to 270 days) promissory notes usually issued to provide for interim financing of projects through the construction period and backed by a letter or line of credit from a commercial bank. Following the completion of the projects, principal and interest due on commercial paper is often redeemed through the issuance of long-term refunding bonds.

Competitive Sale: The sale of a new issue of bonds by an issuer through a bidding process where underwriters are awarded the bonds on the basis of offering the lowest cost of funds for the issuer usually as measured on a true interest cost (TIC) basis. The bid parameters for the public sale are established in the notice of sale or notice inviting bids.

Credit Enhancement: The use of the credit of an entity other than the issuer to provide additional security in a bond or note financing. This term typically is used in the context of bond insurance, letters of credit and other similar facilities.

Credit Ratings: Evaluations of the credit quality of bonds made by independent ratings services such as Moody's Investors Service, Standard & Poor's Ratings Group, Fitch and Kroll. Credit ratings are intended to measure the probability of timely repayment of principal and interest on municipal securities. Credit ratings are assigned before issuance of the bonds and are periodically reviewed or may be amended to reflect changes in the issuer's credit position. Bonds with investment grade ratings are assigned credit ratings between Baa3/BBB- and Aaa/AAA.

Current Refunding: A current refunding involves refunding bonds within 90 days of the bonds first optional redemption. Federal tax law does not limit the number of current refundings of any tax-exempt bond.

Customer Facility Charge (CFC): A fee imposed by a car rental company upon a car rental customer arriving at the airport and renting a vehicle from an on-airport or off-airport car rental company serving the airport. The CFC is collected by the car rental company generally for use by the airport in funding rental car facility-related projects or debt associated with such projects.

Debt Ratios: Comparative statistics showing the relationship between a bond issuer's outstanding debt and factors affecting repayment. Such ratios are often used in the process of determining the credit quality of an issue. Examples of debt ratios applied to airport bonds include: debt/revenues/costs per enplaned passenger, debt service coverage ratio, utilization per gate, operating ratio and net takedown.

Debt Service: The amount due for repayment of interest and principal on outstanding debt, including required contributions to a sinking fund for term bonds. Debt service may be computed on a bond year, fiscal year or calendar year basis.

Debt Service Coverage: The ratio of Net Revenues annually available to pay debt service on bonds to the annual debt service requirement. This ratio is one indicator of the credit quality of a bond issue. For example, a coverage ratio of "1.50x" means that for every \$1.00 of annual debt service, the bond issuer has \$1.50 of annual net revenues.

Debt Service Reserve Fund: The fund in which moneys are placed which may be used to pay debt service if Net Revenues are insufficient to satisfy the debt service requirements. The size of this fund is generally established by the reserve requirement, which is generally equal to the lesser of: (i) 10% of new issue par, (ii) maximum annual debt service (debt service is amount due on existing and proposed debt for a common debt service reserve fund), and (iii) 125% of average annual debt service (debt service is amount due on existing and proposed debt for a common debt service reserve fund).

Debt Service Reserve Fund Surety Policy: A debt service reserve fund insurance policy provided by a highly-rated municipal bond insurer or a letter of credit provided by a highly-rated commercial bank which guarantees the funding of the reserve requirement.

Defeasance: Bonds for which the payment of debt service has been assured through the structuring of a portfolio of government securities, the principal and interest on which will be sufficient to pay debt service on the outstanding bonds. The rights and interest of the bondholders and of their lien on pledged revenues is terminated in accordance with the bond documents through a defeasance. Defeasance usually occurs through the issuance of refunding bonds.

Disclosure: From the perspective of the bond issuer, it is taken to mean the dissemination of accurate and complete information material to an existing or proposed bond issuance which an investor is likely to consider important in making an investment decision. The material facts pertinent to a new bond offering are disclosed in the Official Statement.

Disclosure Counsel: A law firm retained by the bond issuer to prepare the Official Statement and provide a 10b-5 opinion.

Discount Bond: A bond sold for less than its face value as a result of the yield exceeding the coupon rate.

Financial Advisor: A consultant who advises the bond issuer on matters such as bond structure, timing, marketing, pricing, documentation and credit ratings. The consultant may also provide non-bond related advice relating to capital planning and investment management.

Financial Obligation: shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities (as defined in the securities Act, as amended) as to which final official statement (as define in the rule) has been provided to the MSRB consistent with the Rule.

Fixed Rate Debt: Securities with an interest rate that is established for the life of the securities.

Forward Refunding: A Forward Refunding is an agreement, usually between an issuer and the underwriter, whereby the issuer agrees to issue bonds on a specified future date and an underwriter agrees to purchase such bonds on such date. The proceeds of such bonds, when issued, are generally used to refund the issuer's outstanding bonds.

Group Net Order: An order for bonds submitted by a Syndicate member in which the takedown is distributed to Syndicate members according to their respective liability shares in the issue.

Institutional Order: An order for bonds placed by a bank, pension fund, mutual fund, trust or insurance company, investment bank, hedge fund or similar financial institution.

Interest Rate Risk: The risk associated with changes in general interest rate levels or Yield Curves (see Yield Curves below).

Letter of Credit: A commitment usually made by a commercial bank to honor demands for timely payment of debt service upon compliance with pre-established conditions and/or the occurrence of certain events specified in the agreement between the bank and the issuer of the debt. Letters of credit are often issued as additional sources of security for issues of notes, commercial paper or bonds, with the bank issuing the letter of credit committing to pay debt service on the bonds. Debt issued with a letter of credit may be assigned the credit rating (short- and/or long-term) of the letter of credit provider. Letters of credit may also provide liquidity support for such debt issues.

Master Indenture: The Trust Indenture that governs all the senior lien bond obligations of the issuer.

Master Subordinate Indenture: The Trust Indenture that governs all the subordinate lien bond obligations of the issuer.

Member Order: An order submitted by a syndicate member at the takedown price.

Negotiated Sale: The sale of a new issue of bonds by an issuer through an agreement with an underwriter or underwriting Syndicate selected by the issuer. Bonds are generally sold on a negotiated basis when market conditions, issue structure or issue credit quality indicate that a competitive sale would result in higher borrowing costs for the issuer.

Net Designated Order: An order submitted by a syndicate member on behalf of a buyer on which all or a portion of the takedown is to be credited to certain members of the syndicate. The buyer directs the percentage of the total designation each member will receive in accordance with the terms of the underwriting syndicate.

Official Statement: A document published by the bond issuer, and often prepared by Disclosure Counsel, which discloses material information on a new bond issue including the purpose of the issue, source of repayment, bond covenants as well as financial, economic, demographic and legal characteristics of the bond issuer. The Official Statement is used by investors to determine the credit quality of the bond issue. An Official Statement is deemed preliminary prior to the determination of the interest rates on the bond issue.

Other Debt Service: Any debt obligation of Authority other than Bonds and Special Facility Financing, including commercial paper, other indebtedness of Authority, and all other related requirements.

Parity Bonds: Two or more subsequent issues of bonds which have the same priority of claim or lien against pledged revenues.

Passenger Facility Charge (PFC): A fee, in amounts up to \$4.50, assessed to enplaned passengers at commercial airports controlled by public agencies. Airports use these fees to fund FAA-approved projects that enhance safety, security, or capacity; reduce noise; or increase air carrier competition. Federal law limits use of PFC funds strictly to the above categories.

Premium Bond: A bond sold for greater than its face value as a result of the coupon rate exceeding the yield.

Redemption Provisions: Terms set out in the bond documents which give the bond issuer the right or requirement to redeem or “call” all or a portion of an outstanding issue of bonds prior to their stated dates of maturity at a specified price.

Remarketing Agent: A broker-dealer responsible for reselling to new investors securities (such as variable rate demand obligations and other tender option bonds) that have been tendered for purchase by their owner. The remarketing agent also typically is responsible for resetting the interest rate for a variable rate issue and also may act as tender agent.

Retail Order: An order for bonds placed by an individual or, as determined by the bond issuer, a retail order may also include an order placed by a bank trust department or an investment advisor for an individual.

Revolving Credit Facility: An agreement between a financial institution and the Authority that provides the Authority with the flexibility to drawdown, repay and redraw loans. Loans advanced under the revolving Credit Facility have a variable interest rate.

Secondary Market Disclosure: Disclosure of information relating to outstanding municipal securities made following the end of the underwriting period by or on behalf of the issuer of the securities.

Securities and Exchange Commission (SEC): The Federal agency responsible for supervising and regulating the securities industry. In general, municipal securities are exempt from the SEC’s registration and reporting requirements. Brokers and dealers in municipal securities, however, are subject to SEC regulation and oversight. The SEC also has responsibility for the approval of Municipal Securities Rulemaking Board (MSRB) rules, and has jurisdiction, pursuant to SEC Rule 10b-5, over fraud in the sale of municipal securities.

SEC Rule 15(c)2-12: A regulation of the SEC which requires underwriters participating in primary offerings of municipal securities of \$1,000,000 or more (i) to obtain, review, and distribute to investors copies of the issuer’s disclosure documents; (ii) to obtain and review a copy of an Official Statement deemed final by an issuer of the securities, except for the omission of specified information; (iii) to make available upon request, in non-competitively bid offerings, the most recent preliminary official statement, if any; (iv) to contract with an issuer of the securities, or its agent, to receive, within specified time periods, sufficient copies of the issuer’s final official statement, both to comply with this rule and any rules of the Municipal Securities Rulemaking Board; and (v) to provide, for a specified period of time, copies of final Official Statements to any potential customer upon request. The rule contains exemptions for underwriters participating in certain offerings of municipal securities issued in large denominations that are sold to no more than 35 sophisticated investors, have short-term maturities, or have short-term tender or put features. The release also modifies, in limited respects, a previously published interpretation of the legal obligations of municipal securities underwriters.

Senior Lien Bonds: Bonds which have a prior claim against pledged revenues.

Serial Bonds: Bonds of an issue in which principal is amortized in successive years without interruption.

Subordinate Lien Bonds: Bonds which have a subordinate, or junior, claim against pledged revenues.

Special Facility Obligations: The issuance of bonds by a governmental entity to finance a project with repayment secured by a defined revenue stream derived from or relating to the use of the completed project.

Syndicate: A group of underwriters formed to purchase and re-offer a bond issuer's bonds for sale to the public. The syndicate is organized for the purposes of sharing the risks of underwriting the issue, obtaining sufficient capital to purchase a bond issue and for broader distribution of the issue to the general public. Each syndicate member has a share in the liability of the issue.

Takedown: The total discount at which members of syndicates buy bonds from an issuer.

Tax Events Risk: Risk to the issuer of variable rate bonds created by either a change in the taxable equivalent yield of comparable investments or loss of tax-exempt status. For an issuer of variable rate bonds, a reduction in federal income tax rates would increase interest costs. Re-classification of outstanding variable rate bonds as taxable would also increase interest costs.

Term Bonds: Bonds comprising a large part of the issue which come due in a single maturity. The bond issuer usually makes periodic payments into a sinking fund for mandatory redemption of term bonds before maturity or for payment at maturity.

True Interest Cost: The rate, compounded semi-annually, necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received on the closing date of the bond issue.

Trust Indenture: A contract between a bond issuer and a trustee, for the benefit of bondholders. The trustee administers the funds specified in the indenture and implements the remedies provided in case of default.

Underwriter: A dealer which purchases a new issue of bonds for resale either by negotiation with the issuer or by award on the basis of a competitive bid.

Underwriter's Counsel: A law firm retained by the Underwriter to represent their interests in connection with the negotiated purchase of a new issue of bonds. The firm's duties may include review of all bond documents, preparation of the agreement among Underwriters and negotiation of the bond purchase contract between the Underwriter and the bond issuer.

Underwriter's Gross Spread: In a negotiated sale, the difference between the price the Underwriter pays the bond issuer and the original reoffering price to the public; includes the management fee, expenses, and sales commissions (takedown and concession).

Variable Rate Debt: Securities with an interest rate that changes at intervals according to an index or formula, or is periodically (daily, weekly or monthly) reset at the market clearing rate. Variable rate debt is also known as "floating rate debt".

Yield Curve: Refers to the graphical or tabular representation of interest rates across different maturities. The presentation often starts with the shortest-term rates and extends towards longer maturities. It reflects the market's views about implied inflation/deflation, liquidity, economic and financial activity, and other market forces.

Zero Coupon Bond: An original issue discount bond on which no periodic interest payments are made but which is issued at a deep discount from par, accreting (at the rate represented by the offering yield at issuance) to its full value at maturity.

[\[Amended by Resolution No. 2020-_____ dated _____, 2020.\]](#)

[Amended by Resolution No. 2019-0056 dated May 30, 2019.]

[Amended by Resolution No. 2019-0034 dated April 4, 2019.]

[Amended by Resolution No. 2018-0133 dated December 6, 2018.]

[Amended by Resolution No. 2017-0050 dated June 1, 2017.]

[Amended by Resolution No. 2015-0042 dated May 21, 2015.]

[Amended by Resolution No. 2014-0050 dated June 5, 2014.]

[Amended by Resolution No. 2013-0048 dated June 6, 2013.]

[Amended by Resolution No. 2012-0060 dated June 7, 2012.]

[Amended by Resolution No. 2011-0078 dated July 7, 2011.]

[Adopted by Resolution. No. 2010-0046 dated May 6, 2010.]

ANNUAL REVIEW AND APPROVAL OF AMENDMENTS TO AUTHORITY POLICY 4.40

DEBT ISSUANCE AND MANAGEMENT POLICY



SAN DIEGO
INTERNATIONAL AIRPORT
LET'S **GO.**

Presented by:
John Dillon,
Director, Financial Management

June 4, 2020

Debt Policy - Overview

- Governs existing and anticipated debt obligations
- Sets forth certain financial management practices in capital budgeting that supports the Authority's ability to manage its projected debt issuance
- Policy is updated from time to time to reflect changes in the law and the market

Debt Policy - Objectives

- Protect the Authority's assets and funds
- Manage and monitor existing debt to:
 - Optimize financial structure
 - Control costs
 - Ensure compliance with bond financing covenants
- Oversee the issuance of new debt in order to maintain access to capital markets
- Obtain and maintain the highest possible credit ratings on debt

Debt Policy - Objectives

- Explore and implement prudent debt structuring
- Provide the required secondary market disclosure to the rating agencies and investors
- Comply with all federal and state laws and regulations as well as bond indenture and federal tax and securities law compliance

Debt Policy Amendments-COVID-19

Section (IV) Debt Affordability Targets.

- Current debt affordability targets were established prior to the unprecedented effects of the COVID-19 virus
- It is currently unclear what impacts of the COVID-19 related downturn will have long-term demand for air travel
- Certain industry credit medians may be materially impacted as a result
- For FY 2020 and FY 2021, the main debt policy target for the Authority will be compliance with its rate covenants and optimizing liquidity
- Enplanement based targets temporarily suspended

Debt Policy Amendments

Section (IV) (2) Targets for Annual Debt Service Coverage

Added COVID-19 Language to state the Authority's intention to utilize CARE act grant to pay portions of Debt service in FY 2020 and FY 2021

“The impacts of the COVID-19 virus and resulting economic repercussions will materially impact passenger traffic forecasts. It is, therefore, anticipated that during Fiscal 2020 and 2021 the Authority will utilize available CARE Act grants to pay portions of Debt Service”

Debt Policy Amendments

Section (IV)(4) Airline Costs Per Enplaned (CPE) Passenger Target :

Added COVID-19 Language.

“The impacts of the COVID-19 virus and resulting economic repercussions may materially impact long-term passenger traffic forecasts. If this occurs, the lower level of enplanements may require adjustments to future CPE levels compared to historical medians”

Debt Policy Amendments

Section (IV) (5) Debt per Enplanement Target

Added COVID-19 language temporarily suspending target until long term passenger trends are better understood

“The impacts of the COVID-19 virus and resulting economic repercussions have caused a dramatic decline in passenger levels, as such FY 2020 and FY 2021 EPAX targets are temporarily suspended. Long-term passenger traffic forecasts may also be materially impacted, if this occurs, the lower level of enplanements may require adjustments to future debt per enplanement levels compared to historical medians.”

Debt Policy Amendments

Section (IV) (6) Liquidity Target

Added COVID 19 language to signify liquidity importance during current crisis :

“The impacts of the COVID-19 virus and resulting economic repercussions may materially impact rating agency and investor perceptions of the volatility of airport revenue bond credits. If this occurs, airport may need to increase liquidity targets compared to historical medians.”

Debt Policy Amendments

Section XIII. Ratings agencies and investor relations

Clarification that the Authority may choose to voluntarily make Secondary Market Disclosure to the Municipal Securities Rulemaking Board public access web site (EMMA).

“The Authority shall attempt to promptly respond to any reasonable inquiry from an institutional or retail investor concerning information generally available to the investing public, **and in certain circumstances involving significant events affecting the Authority, make voluntary Secondary Market Disclosure pursuant to an EMMA (Electronic Municipal Market Access) filing.**”

Action Requested

- Approve amendments to Authority Policy 4.40 – Debt Issuance and Management

Questions?



STAFF REPORT

Meeting Date: **JUNE 4, 2020**

Subject:

Annual Review of Authority Policy 4.20 - Guidelines for Prudent Investments, and Delegation of Authority to Invest and Manage Authority Funds to the Vice President, Chief Financial Officer

Recommendation:

The Finance Committee recommends that the Board Adopt Resolution No. 2020-0068, accepting the review of Authority Policy 4.20 – Guidelines for Prudent Investments, and 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. During the Current COVID-19 pandemic and resulting economic fallout the investment policy has helped ensure the Authority maintains healthy liquidity and preserves investment security.

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.

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/Focus Areas:

This item supports one or more of the following (*select at least one under each area*):

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Focus Areas

- Advance the Airport Development Plan Transform the Customer Journey Optimize Ongoing Business

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.
- C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

Application of Inclusionary Policies:

Not Applicable.

Prepared by:

SCOTT BRICKNER
VICE PRESIDENT, CHIEF FINANCIAL OFFICER

RESOLUTION NO. 2020-0068

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, ACCEPTING THE REVIEW OF AUTHORITY POLICY 4.20 – GUIDELINES FOR PRUDENT INVESTMENTS, AND DELEGATING AUTHORITY TO INVEST AND MANAGE AUTHORITY FUNDS TO THE VICE PRESIDENT, CHIEF FINANCIAL OFFICER

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 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 accepts the review of Authority Policy 4.20 – Guidelines for Prudent Investments, and delegates the authority to invest and manage the funds of the Authority to the Authority’s Vice President, Chief Financial Officer; 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 regular meeting this 4th day of June, 2020, 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

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

June 4, 2020

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
 - Pertinent during current COVID-19 crisis.
- 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 – 2020 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

- Approve delegation of authority to invest and manage Authority funds to the Vice President, Chief Financial Officer

Questions?



STAFF REPORT

Meeting Date: **JUNE 4, 2020**

Subject:

Rescind Resolution No. 2020-0056, and Approve and Authorize the President/CEO to Negotiate and Execute an Agreement with Worldpay, LLC for Merchant Credit Card Services

Recommendation:

Rescind Resolution No. 2020-0056, which approved and authorized the President/CEO to negotiate and execute an agreement with MUFG Union Bank National Association ("Union Bank") for merchant credit card services.

Adopt Resolution No. 2020-0069 approving and authorizing the President/CEO to negotiate and execute an agreement with Worldpay, LLC for merchant credit card services for a term of five years with five one-year options and a maximum amount payable not-to-exceed \$16,000,000.

Background/Justification:

The Authority's recent Banking Services RFP sought proposals for the following: (1) commercial banking services, (2) merchant credit card processing services; and (3) letter of credit (LOC) services. Proposers were able to bid on all three services but the Authority retained the prerogative to select separate firms for each service. The Union Bank proposal was submitted for all three services. As part of Union Bank's proposal, Worldpay, LLC ("Worldpay") was expressly identified as its third party business partner that would perform merchant credit card processing services, were its proposal selected. Union Bank was identified as the entity that would perform the other two services, were its proposal selected.

The Union Bank proposal was chosen by the selection panel as the preferred proposal for merchant credit card services only. Another proposer was chosen as the preferred provider for Commercial Banking and LOC services. During the May 7 Board meeting, the staff requested and the Board approved authorization for the President/CEO to negotiate and execute an agreement with Union Bank to provide the Authority's merchant credit card services.

Because the Union Bank proposal clearly identified WorldPay, LLC as the prospective provider of merchant credit card services and these services are the only ones for which its proposal was selected, authorizing the President/CEO to negotiate and execute an agreement directly with WorldPay, LLC will facilitate contract administration efficiencies and is in the best interests of the Authority. Accordingly, staff now requests the Board rescind Resolution No. 2020.0056 and instead allow the President/CEO to negotiate and execute an agreement directly with Worldpay, LLC for the same contract value and term as previously authorized.

Fiscal Impact:

There will be no fiscal impact resulting from this change.

Authority Strategies/Focus Areas:

This item supports one or more of the following (*select at least one under each area*):

Strategies

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Focus Areas

- Advance the Airport Development Plan Transform the Customer Journey Optimize Ongoing Business

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.
- C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

Application Inclusionary Policies:

The Authority has the following inclusionary programs and policy: a Disadvantaged Business Enterprise (DBE) Program, an Airport Concession Disadvantaged Business Enterprise (ACDBE) Program and Policy 5.12. These programs and policy are intended to promote the inclusion of small, local, service disabled/veteran owned small businesses, historically underrepresented businesses and other business enterprises, on all contracts. Only one of the programs or policy 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, service disabled/veteran owned small businesses, and local businesses. Policy 5.12 provides a preference of up to seven percent (7%) 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 Worldpay, LLC did not receive small business, local business, and service disabled/veteran owned small business preferences.

Prepared by:

SCOTT BRICKNER
VICE PRESIDENT, CHIEF FINANCIAL OFFICIER

RESOLUTION NO. 2020-0069

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, RESCINDING RESOLUTION NO. 2020-0056, AND APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE AN AGREEMENT WITH WORLDPAY, LLC FOR MERCHANT CREDIT CARD SERVICES

WHEREAS, the Authority has a continuing need for Merchant Credit Services; and

WHEREAS, the Board approved resolution 2020-0056 the CEO to negotiate and execute an agreement with MUFG Union Bank National Association for Merchant credit card services; and

WHEREAS, during the procurement process MUFG Union Bank National Association clearly identified Worldpay, LLC as the third party business partner that would perform merchant credit card services ; and

WHEREAS, the Board determines that awarding the merchant credit card services agreement to Worldpay, LLC, will facility contract administration efficiencies and is in the best of the Authority;

NOW THEREFORE, BE IT RESOLVED that the Board hereby approves and authorizes the President/CEO to negotiate and execute an agreement with Worldpay, LLC for Merchant Credit Card Services; and

NOW THEREFORE, BE IT RESOLVED that the Board hereby rescinds Resolution 2020-0056; and

BE IT FURTHER RESOLVED that the Worldpay, LLC agreement for Merchant Credit Card Services shall have a term of five (5) years with five (5) one-year options to renew that are exercisable at the discretion of the President/CEO and a compensation amount that shall not exceed \$16,000,000; and

BE IT FURTHER RESOLVED by the Board, that it 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).; and

BE IT FURTHER RESOLVED THAT the Authority and its officers, employees and agents hereby are authorized, empowered and directed to do and perform all such acts as may be necessary or appropriate in order to effectuate fully the foregoing resolution.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this day of 4th June, 2020, 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: JUNE 4, 2020

Subject:

Approval and Adoption of the Operating Budget for Fiscal Year 2021, the Capital Program for Fiscal Years 2021-2025, and Conceptual Approval of the Operating Budget for Fiscal Year 2022

Recommendation:

Adopt Resolution No. 2020-0070, approving and adopting the Authority's Annual Operating Budget for Fiscal Year 2021, the Capital Program for Fiscal Years 2021-2025, and conceptually approving the Operating Budget for Fiscal Year 2022

Background/Justification:

On May 21, 2020, the Board participated in a Board Workshop regarding the proposed FY 2021 and FY 2022 Operating Budgets and FY 2021 – FY 2025 Capital Program. After an in-depth presentation and discussion, the proposed FY 2021 Operating Budget and FY 2021 – FY 2025 Capital Program were forwarded for Board approval and adoption at the June 4, 2020 Board meeting. In addition, the proposed FY 2022 Operating Budget was forwarded for conceptual approval at the June 4, 2020 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 2021 Operating Budget ("Budget") of \$288.4 million marks the Authority's eighteenth fiscal year operating budget. The Budget includes funds for essential operational expenses to manage the Airport through the COVID-19 pandemic and preserves the Authority's financial position through implementation of the financial resilience plan and cost containment efforts. It also provides necessary resources to proceed prudently with the Airport Development Program (ADP) and advance a feasible five-year Capital Plan. The Authority will continue to assess and refine the revenue forecast and spending plan based on the changing economic environment.

Once approved and adopted by the Board, the Budget will become the spending plan (and spending limit) for the Authority for FY 2021. 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 decrease of \$29.2 million, or -9.2%, over the FY 2020 Budget. The decrease over the FY 2020 Budget is mostly attributed to decreases of \$8.9 million in parking and shuttle operations, \$5.8 million in debt service costs, \$4.2 million in Rental Car Center (RCC) bus operations, \$4.2 million in other professional services, \$1.6 million in terminal operations and improvements, \$1.5 million in annual

and major maintenance, \$0.6 million in credit card fees, and \$0.6 million in travel and training.

The budgeted operating and non-operating revenue of \$376.0 million is a decrease of \$100.8 million, or -21.1%, over the FY 2020 Budget. The decrease over the FY 2020 Budget reflects decreases of \$39.7 million in airline revenue, and \$54.8 million in non-airline revenue. In addition, non-operating revenue is also decreasing \$6.4 million.

Total FY 2021 airline revenue is projected to be \$144.3 million as compared to \$183.9 million in the FY 2020 Budget, a \$39.7 million decrease. The majority of the decrease is attributable to the deferral of Major Maintenance Fund (MMF) contribution from the airlines of \$30 million, as well as, reductions in operating expenses, debt service and amortization of cash funded projects.

The decrease of \$54.8 million in non-airline revenue predominantly reflects a significant decrease in enplanements and resulting operational changes. It consists of a reduction of \$13.0 million in rental car license fees and \$9.0 million in terminal concessions revenue reflecting recent Board-approved waivers through September 2020, \$20.6 million in parking, \$10.7 million in ground transportation, and \$3.0 million in inflight and ground handling license. These decreases are partially offset by an increase of \$1.0 million in ground rental revenue.

The net decrease of \$6.4 million in non-operating revenue predominantly consists of an increase of \$54.3 million from CARES Act Grant revenue, offset by decreases of \$25.5 million in Passenger Facility Charges (PFCs), \$20.8 million in Customer Facility Charges (CFCs) (both due to lower enplanements), \$10.3 million in interest income and \$4.7 million in Build America Bonds (BAB) interest rebate (due to refunding of this debt).

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 2021 – FY 2025 proposed Capital Program total is \$3,728 million.

Funding sources for the projects include Airport Improvement Program (AIP) grants, TSA grants, PFCs, CFCs, airport cash, airport system revenue bonds, major maintenance fund and may include short-term borrowing using bank facility or other short-term financing vehicles.

Use of Funds (in thousands):

Terminal	\$ 2,392,804
Landside & Ancillary	728,558
Airside	512,069
Administrative	95,771
Total Use of Funds	\$ 3,728,201

Source of Funds (in thousands):

Airport Revenue Bonds	\$ 3,030,248
Airport Cash	388,085
Federal Grants	121,666
Major Maintenance Fund	84,409
Other	76,336
PFC Revenues	23,357
CFC Revenues	4,100
Total Use of Funds	\$ 3,728,201

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 navigate through the COVID-19 pandemic and preserves the Authority's financial position.

Maintaining a strong and resilient financial position of the Authority is paramount and this budget accomplishes that initiative. In addition, to the extent possible without jeopardizing the Authority's financial health, this budget provides critically needed financial assistance to airline partners, rental car agencies, concessionaires, and other airport stakeholders through fee reductions, waivers, and deferrals. The Authority used a broad-based approach in the utilization of CARES Act Funds. At the May 7, 2020 Board meeting, staff requested and was granted the Authority to waive certain costs for the Concessionaires, Rental Car Companies, and the Fixed Base Operator. In addition, staff is utilizing funds to benefit our Airline Partners through offsets to the Rates, Fees and Charges.

The Authority also embarked on its tenth year of preparing a biennial budget. As such, a budget for FY 2022 was developed and proposed for conceptual approval.

The proposed FY 2022 Budget Expenses total to \$304.8 million. This Budget reflects a total increase of \$16.4 million, or 5.7%, above the proposed FY 2021 Budget. This increase is mostly attributed to increases of \$6.6 million in debt service costs, \$6.6 million in non-personnel operating expenses, and \$3.0 million in personnel costs.

The proposed FY 2022 budgeted operating and non-operating revenues of \$400.2 million are an increase of \$24.2 million, or 6.4%, over the proposed FY 2021 Budget. This net increase reflects increases of \$50.6 million in airline revenue and \$15.9 million in non-airline revenue. These increases are partially offset by a decrease of \$42.3 million in non-operating revenue.

The conceptually approved FY 2022 Budget will be brought back to the Board next year for review, revisions, and adoption in Summer 2021. Given the great uncertainty of the airline industry and economic effects of COVID-19, the proposed FY 2022 conceptual budget is expected to be significantly adjusted next year to create the final proposed FY 2022 budget for adoption.

Fiscal Impact:

If the proposed FY 2021 Budget is approved and adopted and the proposed FY 2022 Budget is conceptually approved, funding of \$288.4 million will be authorized for FY 2021 and funding of \$304.8 million will be established as the framework for the FY 2022 Budget, which will be brought back to the Board next year for review, revisions, and adoption in June 2021. If the Capital Program is approved, \$3,728.2 million will become the authorized spending level.

Authority Strategies/Focus Areas:

This item supports one or more of the following (*select at least one under each area*):

Strategies

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Focus Areas

- Advance the Airport Development Plan Transform the Customer Journey Optimize Ongoing Business

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.
- C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

Application of Inclusionary Policies:

Not Applicable

Prepared by:

SCOTT M. BRICKNER
VICE PRESIDENT, CHIEF FINANCIAL OFFICER

RESOLUTION NO. 2020-0070

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 2021, THE CAPITAL PROGRAM FOR FISCAL YEARS 2021 – 2025, AND CONCEPTUALLY APPROVING THE ANNUAL OPERATING BUDGET FOR FISCAL YEAR 2022

WHEREAS, Authority management prepared and presented the Proposed Fiscal Year 2021 and 2022 Conceptual Operating Budgets and the Capital Program to the Authority Board for review at a duly noticed public workshop on May 21, 2020; 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 2021 and 2022 Operating Budgets and Capital Program; and

WHEREAS, the Proposed Fiscal Year 2021 and 2022 Conceptual Operating Budgets present a financial operating expenditure budget of \$288.4 million and \$304.8 million, respectively, and a Capital Program for the next five (5) years of \$3,728.2 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 2021 and 2022; and

WHEREAS, the Proposed Fiscal Year 2021 and 2022 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 2021 and 2022 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 21, 2020 and June 4, 2020, 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 Authority's Annual Operating Budget for Fiscal Year 2021, the Capital Program for Fiscal Years 2021-2025, and conceptually approving the Operating Budget for Fiscal Year 2022; 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 2021 and the Capital Program; and

BE IT FURTHER RESOLVED that the Board authorizes the President/CEO to modify parking rates for promotional programs not to exceed the Board approved rates; 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

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

BE IT FURTHER RESOLVED that the Board finds that this action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

PASSED, ADOPTED AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 4th day of June, 2020 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
FY 2021 Proposed Budget &
FY 2022 Proposed Conceptual Budget



SAN DIEGO
INTERNATIONAL AIRPORT

LET'S GO.

Budget Adoption

June 4, 2020

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 2021 – FY 2022 Revenue Budget Summary

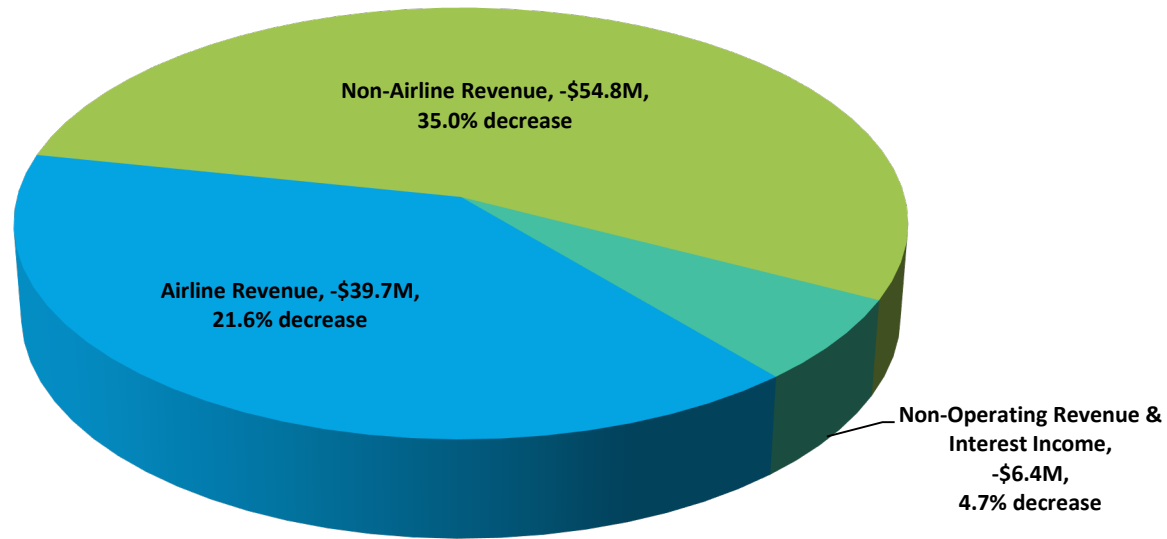
(in thousands)

	FY2019 Actuals	FY2020 Budget	FY2021 Budget 5/21/2020	FY2021 Budget	Inc / (Dec) FY21 Budget vs FY21 Budget 05/21/20	% Change	Inc / (Dec) FY21 vs FY20 Budget	% Change	FY2022 Conceptual Budget	Inc / (Dec) FY22 Conceptual vs FY21 Budget	% Change
Operating Revenue											
Total Airline Revenue	\$ 134,354	\$ 183,939	\$ 126,426	\$ 144,269	\$ 17,844	14.1%	\$ (39,670)	-21.6%	\$ 194,854	\$ 50,585	35.1%
Total Non-Airline Revenue	159,325	156,588	101,836	101,836	-	0.0%	(54,752)	-35.0%	117,716	15,880	15.6%
Total Operating Revenue	293,679	340,527	228,262	246,105	17,844	7.8%	(94,422)	-27.7%	312,570	66,465	27.0%
Interest Income	16,812	17,835	7,582	7,590	7	0.1%	(10,246)	-57.4%	11,525	3,936	51.9%
Total Non-Operating Revenue	123,777	118,439	141,805	122,319	(19,486)	-13.7%	3,881	3.3%	76,117	(46,202)	-37.8%
Total Revenue	\$ 434,268	\$ 476,801	\$ 377,649	\$ 376,014	\$ (1,635)	-0.4%	\$ (100,787)	-21.1%	\$ 400,212	\$ 24,198	6.4%

- At the request of the airlines to receive immediate assistance, Authority shifted the use of \$17.8M CARES Act funds towards airline cost centers in FY 2020 to reduce their costs. As a result, FY 2021 Airline revenue was increased and non-operating revenue, that includes CARES Act revenue, was reduced. In total the Authority is using \$37.8M of CARES Act funds towards the benefit of Airlines.
- This budget provides critically needed financial assistance to airline partners, rental car agencies, concessionaires, and other airport stakeholders through fee reductions, waivers, and deferrals. The Authority used a broad-based approach in the utilization of CARES Act Funds.

FY 2021 Budget Revenue Decrease vs. FY 2020 Budget

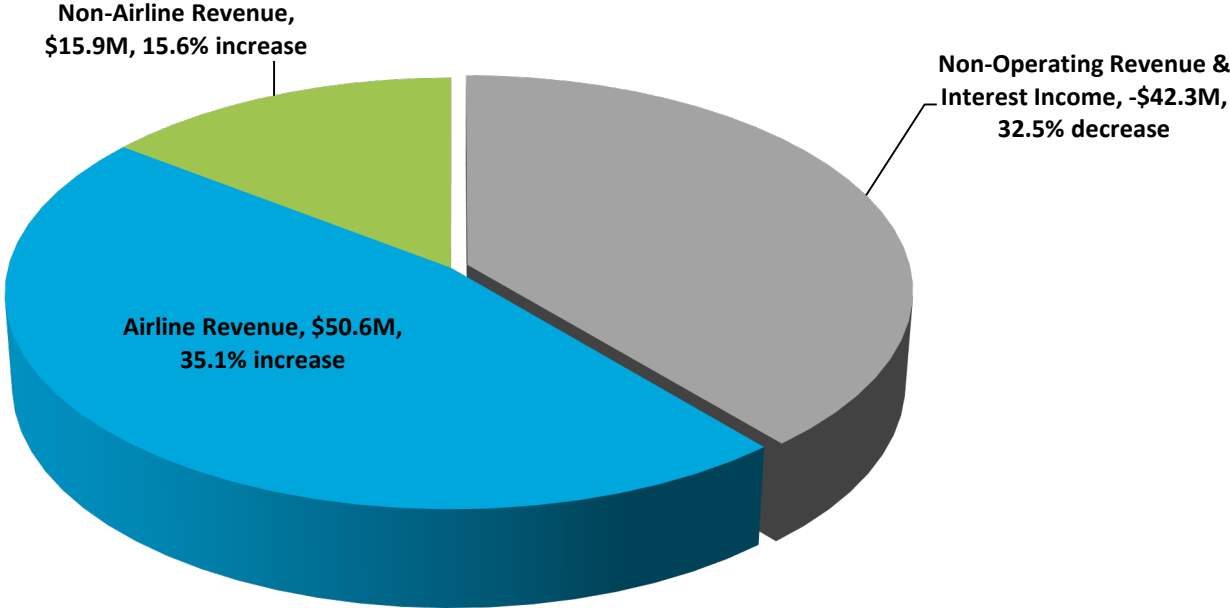
-\$100.8M (-21.1%)



Total FY 2021 Budget is \$376.0M

FY 2022 Budget Revenue Increase vs. FY 2021 Budget

\$24.2M (6.4%)



Total FY 2022 Budget is \$400.2M

FY 2021 – FY 2022 Revenue Budget Summary

(in thousands)

	FY2021 Budget	FY2022 Conceptual Budget
Operating Revenue		
Airline Revenue		
Landing Fees	\$ 36,135	\$ 52,876
Aircraft Parking Fees	9,034	13,219
Building Rentals	91,092	118,836
Common Use Fees	7,917	9,829
Other Aviation Revenue	91	93
Total Airline Revenue	144,269	194,854
Non-Airline Revenue		
Terminal Rent Non-Airline	2,515	2,520
Terminal Concessions	21,237	27,155
Rental Car License Fees	22,718	28,883
License Fees - Other	3,535	3,961
Parking Revenue	22,454	22,148
Ground Transportation Permits and Citations	9,662	11,045
Ground Rentals	18,350	20,628
Grant Reimbursements	296	296
Other Operating Revenue	1,070	1,080
Total Non-Airline Revenue	101,836	117,716
Total Operating Revenue	246,105	312,570
Interest Income	7,590	11,525
Non-Operating Revenue		
Passenger Facility Charges	24,170	24,654
Customer Facility Charges	20,739	21,153
Quieter Home Program	12,181	12,101
BAB Interest Rebate	-	-
CARES Act Grant	54,326	-
Capital Grant Contributions	10,912	18,219
Other Non Operating Revenue	(10)	(10)
Total Non-Operating Revenue	122,319	76,117
Total Revenue	\$ 376,014	\$ 400,212



Expense Budget Overview

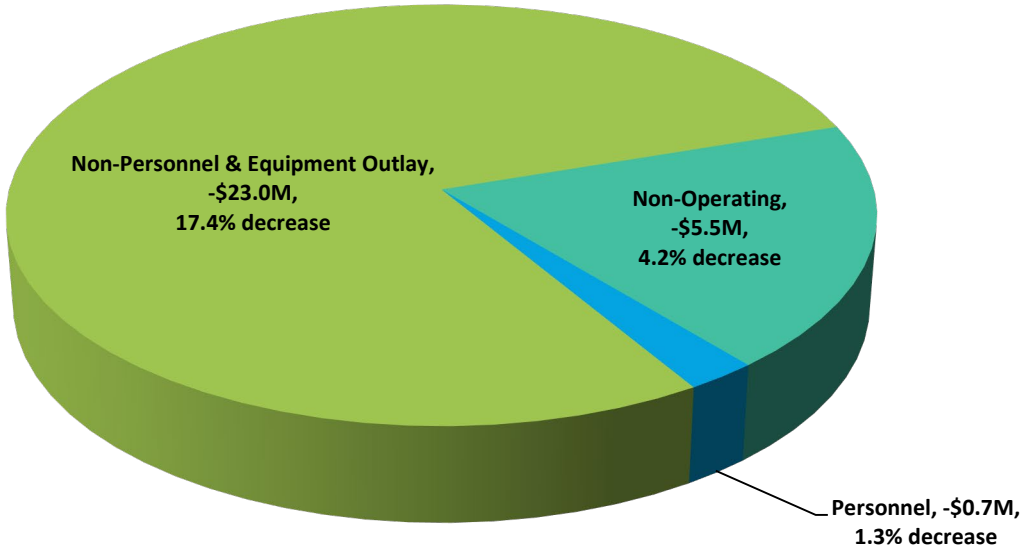


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FY 2021 Budget Expense Decrease vs. FY 2020 Budget

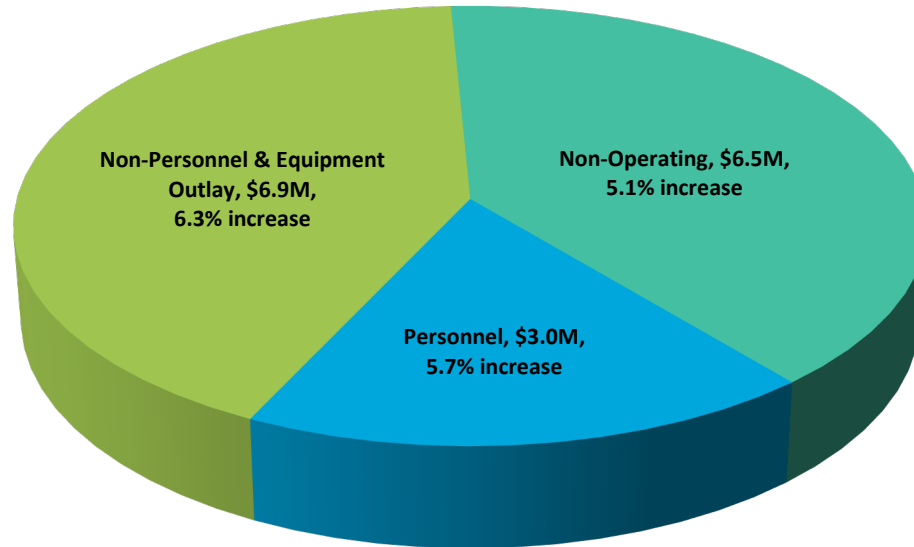
-\$29.2M (-9.2%)



Total FY 2021 Budget is \$288.4M

FY 2022 Budget Expense Increase vs. FY 2021 Budget

\$16.4M (5.7%)



Total FY 2022 Budget is \$304.8M

FY 2021 – FY 2022 Expense Budget Summary

(in thousands)

Operating Expenses

	FY2021 Budget	FY2022 Conceptual Budget
Salaries & Wages	\$ 37,116	\$ 39,973
Overtime	669	665
Benefits	19,556	20,673
Subtotal	57,340	61,311
Less: Capitalized Labor Recharge	(4,968)	(5,846)
Less: QHP Labor Recharge	(532)	(644)
Total Personnel Costs	51,841	54,820
Contractual Services	29,071	32,785
Safety and Security	34,176	35,871
Space Rental	10,203	10,203
Utilities	14,299	14,838
Maintenance	12,433	12,458
Operating Equipment & Systems	339	332
Operating Supplies	624	663
Insurance	1,558	1,650
Employee Development	806	861
Business Development	1,236	1,377
Equipment Rentals and Repairs	3,540	3,735
Tenant Improvements	340	400
Total Non-Personnel Costs	108,625	115,172
Total Operating Expenses	160,465	169,992
Joint Studies / Sound Attenuation	15,327	15,227
Debt Service	112,319	118,906
Legal Settlement Expense	10	10
Other Non-Operating Expenses	-	-
Non-Operating Expenses	127,655	134,143
Total Expenses	288,120	304,135
Equipment Outlay Expenditures	268	615
Total Authority Expenses Incl Equip Outlay	\$ 288,389	\$ 304,750



Capital Program Budget Fiscal Years 2021 – 2025



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Capital Program Budget Summary

(in thousands)

FY 2020 - 2024 Beginning Capital Program Budget	\$ 725,974
Terminal 2 West FIS Build-out	<u>229,474</u>
FY 2020 - 2024 Beginning Capital Program Budget	\$ 955,448
Airport Development Plan	\$ 3,000,000
FY 2020 - 2024 Project Closeouts/Eliminations/Adjustments	<u>(332,385)</u>
FY 2020 - 2024 Ending Capital Program Balance	\$ 3,623,063
Proposed FY 2021 - 2025 Capital Projects/Allowances *	<u>\$ 105,138</u>
Proposed FY 2021 - 2025 Capital Program Budget	<u>\$ 3,728,201</u>

* Pending Board approval



Plan of Finance Fiscal Years 2021 – 2025

Uses of Funds

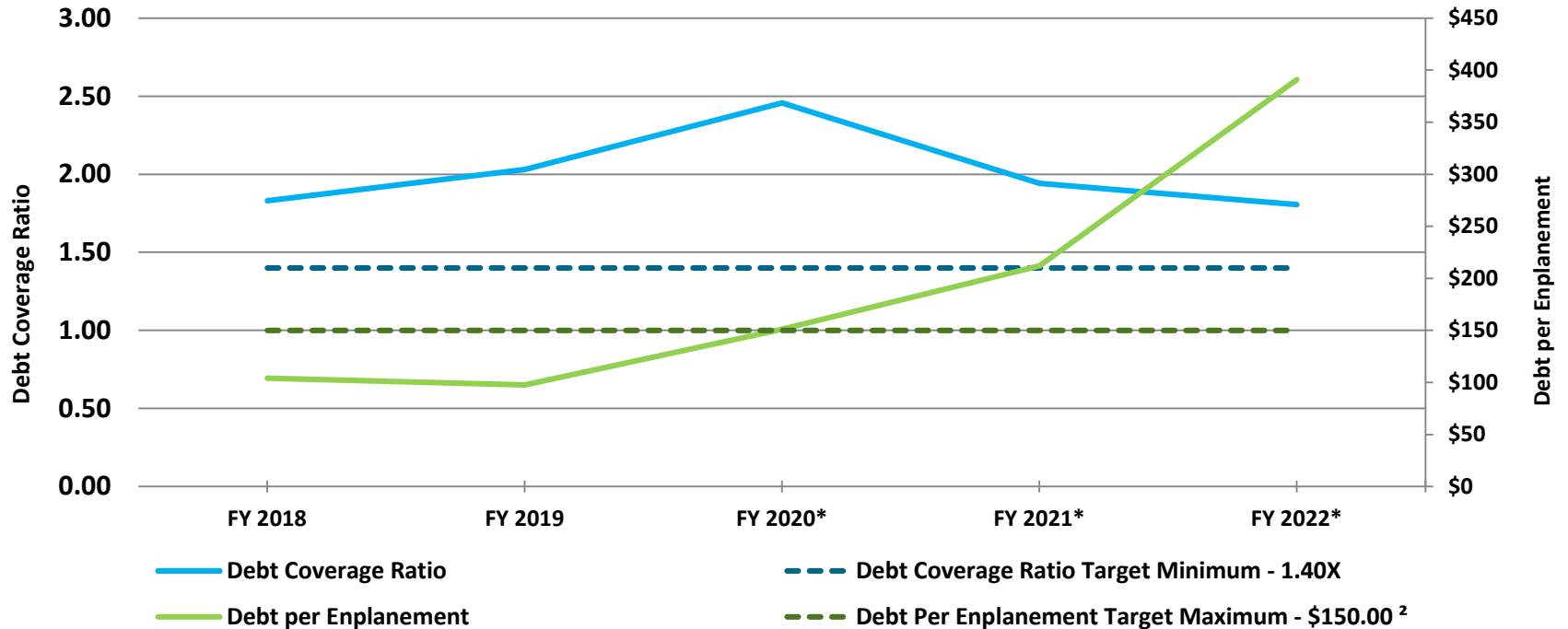
(in thousands)

	<u>Total Use of Funds</u>						
	Pre FY2021	FY2021	FY2022	FY2023	FY2024	FY2025	Total
Capital Program	\$ 286,317	\$ 296,269	\$ 483,159	\$ 667,238	\$ 803,144	\$ 1,192,074	\$ 3,728,201
Finance Costs	48,072	-	300,980	131,865	86,359	141,448	708,724
Total	\$ 334,389	\$ 296,269	\$ 784,139	\$ 799,103	\$ 889,504	\$ 1,333,521	\$ 4,436,925

Sources of Funds

	<u>Total Sources of Funds</u>						
	Pre FY2021	FY2021	FY2022	FY2023	FY2024	FY2025	Total
Airport Revenue Bonds	\$ 187,017	\$ 65,848	\$ 688,237	\$ 716,128	\$ 822,884	\$ 1,258,858	\$ 3,738,972
Airport Cash	124,741	157,501	41,824	6,578	14,368	43,074	388,085
Federal Grants	6,452	10,912	18,219	48,028	31,055	7,000	121,666
Major Maintenance Fund	13,384	17,479	3,351	26,102	5,058	19,035	84,409
Other	9	39,942	32,508	668	1,158	2,051	76,336
Passenger Facility Charges	1,685	4,586	-	1,599	14,982	505	23,357
Customer Facility Charges	1,100	-	-	-	-	3,000	4,100
TOTAL SOURCES OF FUNDS	\$ 334,389	\$ 296,269	\$ 784,139	\$ 799,103	\$ 889,504	\$ 1,333,521	\$ 4,436,925

Coverage Ratio and Debt Per Enplanement ¹



¹ Debt excludes special facility bonds

² Debt per Enplanement target of \$150 proposed to be temporarily suspended

* Forecasted FY 2020 - FY 2022

Conclusion

Conclusion

- Follows the Authority's legislative and regulatory mandates
- Includes funds for essential operational expenses to manage the Airport through COVID-19 pandemic
- Reflects collaboration with business stakeholders to navigate COVID-19 pandemic, employing a balanced approach to provide financial assistance
- Preserves Authority's financial position through implementation of the financial resilience plan and cost containment efforts
- Demonstrates the discipline necessary to remain a sustainable enterprise
- Supports continued efforts to advance a feasible five-year Capital Plan
- Provides necessary resources to proceed prudently with the ADP
- The Authority will continue to assess and refine the revenue forecast and spending plan based on changing economic environment



Questions?