

**Board Members**

Gil Cabrera (Chair)  
Paul Robinson (Vice Chair)  
Catherine Blakespear  
Mary Casillas Salas  
Robert T. Lloyd  
Paul McNamara  
Johanna Schiavoni  
Nora E. Vargas  
Marni von Wilpert

## Board Meeting Agenda

**Thursday, October 7, 2021**

**9:00 A.M.**

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

**Ex-Officio Board Members**

Col. Thomas M. Bedell  
Gustavo Dallarda  
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 Assembly Bill 361 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 Assembly Bill, 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.

### Public Comment during Board/Committee Meetings

If you'd like to speak to the Board live during the meeting, please follow these steps to request to speak:

- **Step 1:** Watch the meeting via the live Webcast located at the following link, <https://www.san.org/Airport-Authority/Meetings-Agendas/authority-board?EntryId=13948>  
**PLEASE NOTE: There is an approximately 20 second lag time between the meeting and the Webcast.**
- **Step 2:** When the Chair introduces the item you would like to comment on (or indicates it is time for Non-Agenda Public Comment) call in to the conference line below, you will be placed in a waiting area. **Please do not call until the item you want to comment on is being discussed.**
  - **Dial 1-619-737-2396. When prompted, input Conference ID: 408 631 432#**
- **Step 3:** When it is time for public comments on the item you want to comment on (or Non-Agenda Public Comment), Authority Clerk staff will invite you into the meeting and unmute your phone. **Please turn off your webcast. You'll continue to hear the Board meeting after calling in.** Staff will then ask you to state your name and begin your comments.

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Written Non-Agenda Public comment and/or Public Comment on agenda items may be submitted to the Authority clerk at [clerk@san.org](mailto:clerk@san.org). Comments received no later than 8:30 a.m. on the day of the meeting will be distributed to the Board or Committee and included in the record.

## How to Watch the Meeting

You may also view the meeting online at the following link: <https://www.san.org/Airport-Authority/Meetings-Agendas/authority-board?EntryId=13948>

## 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 [clerk@san.org](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.

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## CALL TO ORDER:

## ROLL CALL:

## PRESENTATIONS:

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

- **AUDIT COMMITTEE:**  
Committee Members: Blakespear, Casillas Salas, Lloyd, Vann (Chair), Newsom, Vargas, Wong Nickerson
- **CAPITAL IMPROVEMENT PROGRAM OVERSIGHT COMMITTEE:**  
Committee Members: Blakespear, Cabrera, McNamara (Chair), Schiavoni, von Wilpert
- **EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE:**  
Committee Members: McNamara, Robinson (Chair), Schiavoni, Vargas
- **FINANCE COMMITTEE:**  
Committee Members: Casillas Salas, Lloyd (Chair), Schiavoni, von Wilpert

## ADVISORY COMMITTEES

- **AUTHORITY ADVISORY COMMITTEE:**  
Liaison: Casillas Salas (Primary), Robinson
- **ARTS ADVISORY COMMITTEE:**  
Liaison: Schiavoni

## LIAISONS

- **CALTRANS:**  
Liaison: Dallarda
- **INTER-GOVERNMENTAL AFFAIRS:**  
Liaison: Cabrera
- **MILITARY AFFAIRS:**  
Liaison: Bedell

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

## **BOARD REPRESENTATIVES (EXTERNAL)**

- **SANDAG BOARD OF DIRECTORS:**  
Representative: Cabrera (Primary), Schiavoni
- **SANDAG TRANSPORTATION COMMITTEE:**  
Representatives: Lloyd (Primary), Robinson

## **CHAIR REPORT:**

## **PRESIDENT/CEO 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.

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## CONSENT AGENDA (ITEMS 1- 14):

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 September 2, 2021 regular Board 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.

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

**3. AWARDED CONTRACTS, APPROVED CHANGE ORDERS FROM AUGUST 9, 2021 THROUGH SEPTEMBER 12, 2021 AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM AUGUST 9, 2021 THROUGH SEPTEMBER 12, 2021:**

RECOMMENDATION: Receive the report.

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

**4. OCTOBER 2021 LEGISLATIVE REPORT:**

RECOMMENDATION: Adopt Resolution No. 2021-0106, approving the October 2021 Legislative Report.

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

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

RECOMMENDATION: Adopt Resolution No. 2021-0107, appointing members to the Authority Advisory Committee.

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

## **CLAIMS**

## **COMMITTEE RECOMMENDATIONS**

**6. FISCAL YEAR 2021 ANNUAL REPORT FROM THE AUDIT COMMITTEE:**

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

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

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- 7. FISCAL YEAR 2021 ANNUAL REPORT FROM THE OFFICE OF THE CHIEF AUDITOR:**  
RECOMMENDATION: The Audit Committee recommends that the Board accept the report.  
**(Audit: Lee Parravano, Chief Auditor)**
- 8. REVISION TO THE CHARTER OF THE AUDIT COMMITTEE:**  
RECOMMENDATION: The Audit Committee recommends that the Board Adopt Resolution No. 2021-0108, approving the revision to the Charter of the Audit Committee.  
**(Audit: Lee Parravano, Chief Auditor)**
- 9. REVISION TO THE CHARTER FOR THE OFFICE OF THE CHIEF AUDITOR:**  
RECOMMENDATION: The Audit Committee recommends that the Board Adopt Resolution No. 2021-0109, approving the revision to the Charter for the Office of the Chief Auditor.  
**(Audit: Lee Parravano, Chief Auditor)**
- 10. REVISION TO THE FISCAL YEAR 2022 AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:**  
RECOMMENDATION: The Audit Committee recommends that the Board Adopt Resolution No. 2021-0110, approving the revision to the Fiscal Year 2022 Audit Plan of the Office of the Chief Auditor.  
**(Audit: Lee Parravano, Chief Auditor)**

## CONTRACTS AND AGREEMENTS

- 11. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE LEGAL SERVICES AGREEMENTS FOR BOND AND DISCLOSURE COUNSEL:**  
RECOMMENDATION: Adopt Resolution No. 2021-0111, approving and authorizing the President/CEO to execute an agreement with Kutak Rock LLP to provide bond and disclosure legal services for a term of three years, with two one-year options and a not to exceed compensation amount of \$2,000,000.

Adopt Resolution No. 2021-0120, approving and authorizing the President/CEO to execute an agreement with Orrick Herrington Sutcliffe LLP to provide bond and disclosure legal services for a term of three years with two one-year options and a not to exceed compensation amount of \$500,000.  
**(Legal: Amy Gonzalez, General Counsel)**

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**12. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE AGREEMENTS FOR ENVIRONMENTAL LEGAL COUNSEL:**

RECOMMENDATION: Adopt Resolution No. 2021-0112, approving and authorizing the President/CEO to execute environmental legal services agreements with Best Best & Krieger LLP, Gatzke Dillon & Ballance LLP, Kaplan Kirsch & Rockwell LLP, and Meyers Nave each for a term of three years with two one-year options and a not to exceed compensation amount of \$500,000.

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

**13. AUTHORIZE THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE A FOURTH AMENDMENT TO THE CITATION DEVICE AND SOFTWARE SERVICES AGREEMENT WITH SCHWEERS TECHNOLOGIES INC.:**

RECOMMENDATION: Adopt Resolution No. 2021-0113, authorizing the President/CEO to negotiate and execute a Fourth Amendment to the Agreement with Schweers Technologies Inc. for Citation Device and Software Services to extend the contract term for one hundred and seventy (170) days to expire on March 31, 2022.

**(Ground Transportation: Marc Nichols, Director)**

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

**14. AWARD A CONTRACT TO HAZARD CONSTRUCTION FOR WIDEN SASSAFRAS INTERSECTION AT SAN DIEGO INTERNATIONAL AIRPORT:**

RECOMMENDATION: Adopt Resolution No. 2021-0114, awarding a contract to Hazard Construction in the amount of \$1,728,000, for Project No. 104205, Widen Sassafra Intersection at San Diego International Airport.

**(Airport Design and Construction: Bob Bolton, Director)**

## **PUBLIC HEARINGS:**

## **OLD BUSINESS:**

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## NEW BUSINESS:

- 15. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE THE VALIDATION AMENDMENT TO THE TURNER-FLATIRON, A JOINT VENTURE CONTRACT FOR AIRPORT DEVELOPMENT PROGRAM TERMINAL AND ROADWAYS AND TO NEGOTIATE AND EXECUTE A FUTURE GUARANTEED MAXIMUM PRICE AMENDMENT:**

RECOMMENDATION: Adopt Resolution No. 2021-0115, approving and authorizing the President/CEO to negotiate and execute: (1) a Validation Amendment establishing a Maximum Contract Price not to exceed \$2,610,417,181 and a Master Project Schedule to the Contract with Turner-Flatiron, a Joint Venture for the design and construction of Airport Development Program Package 1, Terminal and Roadways; and (2) a Guaranteed Maximum Price Amendment within the Maximum Contract Price after the issuance of the Validation Amendment; and (3) future change orders using uncommitted program contingency funds within the New T1 Program Budget.

**(Development: Dennis Probst, Vice President & Chief Development Officer)**

- 16. AWARD A CONTRACT TO GRIFFITH COMPANY, INC. FOR AIRPORT DEVELOPMENT PROGRAM ADP AIRSIDE IMPROVEMENTS AT SAN DIEGO INTERNATIONAL AIRPORT:**

RECOMMENDATION: Adopt Resolution No. 2021-0116, awarding a contract to Griffith Company Inc., in the amount of \$251,671,315, for Project No. 411001 ADP Airside Improvements at San Diego International Airport.

**(Development: Dennis Probst, Vice President & Chief Development Officer)**

- 17. APPROVE AN AMENDMENT TO THE CAPITAL IMPROVEMENT PROGRAM FOR FISCAL YEARS 2022 -2026 AND THE NEW T1 PROGRAM PLAN OF FINANCE :**

RECOMMENDATION: Adopt Resolution No. 2021-0117, amending the Fiscal Year 2022 through Fiscal Year 2026 Capital Improvement Program to increase the New T1 Program Budget by \$375,000,000 and Approving the New T1 Plan of Finance.

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

- 18. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO ENTER INTO A REAL PROPERTY PURCHASE AGREEMENT AND ESCROW WITH CALIFORNIA STREET CREATIVE HOUSE 1, LLC FOR THE PURCHASE OF 2554-2610 CALIFORNIA STREET, SAN DIEGO, CALIFORNIA:**

RECOMMENDATION: Adopt Resolution No. 2021-0118, authorizing the President/CEO to enter into a real property purchase agreement and escrow with California Street Creative House 1, LLC for the purchase of 2554-2610 California Street, San Diego, California for the sum of Three Million Two Hundred Fifty Thousand and 00/100 Dollars (\$3,250,000.00) subject to the terms and conditions of the real property purchase agreement and escrow instructions.

**(Revenue Generation & Partnership Development: Jim DeCock, Interim Director)**



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**19. RATIFY ONE YEAR EXTENSION AGREEMENTS WITH CALIFORNIA TEAMSTERS LOCAL 911:**

RECOMMENDATION: Adopt Resolution No. 2021-0119, ratifying: (1) one year extension agreements between the Authority and California Teamsters Local 911 for Facilities Maintenance, Operations, & Crafts; Airport Traffic Officers; and General Supervisor Units, effective October 1, 2021 through September 30, 2022; (2) a two percent general wage increase for all three bargaining units; and (3) a fifty cent per hour increase in the night shift differential for the swing and graveyard shifts for all three bargaining units.

**(Talent, Culture, & Capability: Monty Bell, Director)**

**CLOSED SESSION:**

**20. 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

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

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

Name of case: Neighbors Against Noise and Traffic v. City of El Cajon, et al., San Diego Superior Court Case No. 37-2021-00016823-CU-TT-CTL

**22. 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

**23. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**

(Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Cal. Gov. Code section 54956.9)

Number of cases: 1

**24. CONFERENCE WITH LABOR NEGOTIATORS:**

Cal. Gov. Code section 54957.6

Agency designated representatives: Angela Shaefer-Payne, Monty Bell, Lola Barnes, Greg Halsey, Rob Betts

Employee organization: California Teamsters Local 911

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

(Government Code §54956.8)

Property: 2554-2610 California Street, San Diego CA 92101

Agency negotiator: Hampton Brown, Jim DeCock, Lee Kaminetz

Negotiating parties: Doug Hamm and Ryan King

Under negotiation: Price and terms of payment

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

(Government Code §54956.8)

Property: 2 parcels of land situated in the City of San Diego, County of San Diego, State of California, said parcels being a portion of that 231.21 acre tract of land acquired by Warranty Deed from San Diego Securities Company dated June 4, 1917 and recorded June 9, 1917 in Book 740 at page 61 of Deeds in the Office of the Recorder of San Diego County and a portion of that 180.34 acre tract of land acquired by Deed from the City of San Diego dated December 1, 1916 and recorded September 5, 1917 in Book 739 at page 307 of Deeds In the Office of the Recorder of San Diego County and said parcels being designated for the purpose of this description as Parcel 1 and Parcel 2. Parcel 1- approximately 14.03 acres of land and Parcel 2-approximately 2.39 acres of land as more specifically described in the Lease Agreement between the United States of America and the San Diego County Regional Airport Authority, Authority Lease No. LE-0107.

Agency negotiator: Hampton Brown, Matt Harris, Susan Diekman, Jim DeCock, Amy Gonzalez

Negotiating parties: David Bixler, Michael Oestericher, Russell Rang, Reid Merrill, Curtis Permito- United State of America, Department of the Navy

Under negotiation: Price and terms of payment

**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:**

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## **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 submit an email to the Clerk at [clerk@san.org](mailto:clerk@san.org) 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 submit an email 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.

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) 400-2550 at least three (3) working days prior to the meeting to ensure availability.

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

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

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

**DRAFT**  
**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD**  
**MINUTES**  
**THURSDAY, SEPTEMBER 2, 2021**  
**SAN DIEGO INTERNATIONAL AIRPORT**  
**BOARD ROOM**

**CALL TO ORDER:** Chair Cabrera called the meeting of the San Diego County Regional Airport Authority Board to order at 9:03 a.m. on Thursday, September 2, 2021, electronically and via teleconference pursuant to Executive Order N-08-21 at the San Diego International Airport, Administration Building, 3225 North Harbor Drive, San Diego, CA 92101.

**ROLL CALL:**

PRESENT: Board Members: Bedell (Ex-Officio), Blakespear, Cabrera, Casillas Salas, Dallarda (Ex-Officio), Lloyd, McNamara, Robinson, Schiavoni, Vargas, von Wilpert

ABSENT: Board Members: Miller (Ex-Officio)

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

Chair Cabrera recognized Board Member Schiavoni for her service as the Chair.

**PRESENTATIONS:**

**A. REVIEW OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021:**

Scott Brickner, Vice President/Chief Financial Officer, provided a presentation on the Review of the Unaudited Financial Statements for the Fiscal Year Ended June 30, 2021 that included Operating Revenues, Operating Expenses, Non-operating Revenue & Expenses, Financial Summary, and Statement of Net Position.

**B. NEW T1 (TERMINAL 1) DESIGN BRIEF:**

Dennis Probst, Vice President/Chief Development Officer, provided a flyover video of the New T1.

In response to Chair Cabrera regarding whether the video will be available to the public, Mr. Probst stated that the video will be available to the public and will be provided to the Board.

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

- **AUDIT COMMITTEE:** Committee Member Vann reported that the Committee had not met since the last Board Meeting. She reported that their new Public Committee Member, Gretchen Newsom, began her term on July 1.
- **CAPITAL IMPROVEMENT PROGRAM OVERSIGHT COMMITTEE:** None.
- **EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE:** Board Member Robinson reported that the Committee met on August 26 and heard presentations regarding the Renewal of the Health and Welfare Benefits Program for 2022 as well as the Amendment to the SDCERS Amended and Restated Retirement Plan. He reported that both items are before the Board today for approval.
- **FINANCE COMMITTEE:** Board Member Lloyd reported that on August 23 the Committee met to review the unaudited financial statements for the fiscal year ended June 30, 2021 as well as the Authority's investment report as of July 31, 2021, and the approval of the selection of debt underwriters for the capital program. He reported that the three items are on today's agenda for Board approval. He also reported that the committee received the first of its regular updates on the Authority's recently approved revolving credit facility.

***AD HOC COMMITTEE***

- **DIVERSITY, EQUITY AND INCLUSION AD HOC COMMITTEE:** Board Member Cabrera reported that on today's agenda is the draft policy statement on diversity, equity, and inclusion. He reported that the statement is the result of the Committee's work earlier this summer.

***ADVISORY COMMITTEES***

- **AUTHORITY ADVISORY COMMITTEE:** Board Member Casillas Salas reported that on July 28 the Committee received updates on the T1 Airport Development Program, Capital Improvement Projects, status of current

planning for the Airport Transit Connectivity, and External Relations and Air Service.

- **ARTS ADVISORY COMMITTEE:** Chris Chalupsky, Senior Manager, Arts Program, reported that the Airport's new temporary art exhibition is now installed with the theme being Make Yourself at Home and the exhibition featuring artwork and collections that explore how the concept of home differs for each person and shapes our memories, identities, and sense of belonging. He also reported that musical performances are now occurring at the Airport every Friday from 11:30am-1:30pm at different locations.

### **LIAISONS**

- **CALTRANS:** Board Member Dallarda reported that on July 15 Clean CA held a hiring fair for entry level positions to clean our roadways resulting in approximately 34 job offers. He reported that District 11 will be the first district in the state to implement stipends for Adopt-a-Highway participants. He reported that the guidelines have been released for the \$296 million dollar grant program for local communities, tribal lands, parks to beautify active transportation facilities or transit stations over the next two years; and that applications will be due February 2022 with awards being issued in March. He reported that Coastal Cleanup Day will be hosted September 18. He reported that registration is now open for their annual 3 day Procurement Fair. He reported that for Fiscal Year 2021, CALTRANS delivered 161 projects with 117 of those projects issued to small businesses. He also reported that their 2021 Disparity Study was up for review with public comment ending yesterday. He reported that tomorrow he and Board Member von Wilpert will host a press conference to speak about the additional wrong way driving countermeasures that will be installed throughout the county.
- **INTER-GOVERNMENTAL AFFAIRS:** Chair Cabrera reported that Congress recently passed a \$3.5 trillion budget resolution for fiscal year 2022; and that the House will consider the \$1.2 trillion infrastructure package, with \$25 billion for aviation, by the end of this month. He reported that State Legislators will consider over 700 measures in this final week of the 2021 legislative session, and that the Governor has until October 10 to sign or veto bills passed by the Legislature on or before September 10.
- **MILITARY AFFAIRS:** None.

- **PORT:** None.
- **WORLD TRADE CENTER:** None.

***BOARD REPRESENTATIVES (EXTERNAL)***

- **SANDAG BOARD OF DIRECTORS:** Board Member Schiavoni reported that the SANDAG Board of Directors evaluated the SANDAG's Executive Director, authorized staff to begin negotiations with San Diego County Building and Construction Trades Council to execute a Community Benefits Agreement, and held a public hearing on SANDAG's Draft 2021 Regional Plan, including its Sustainable Communities Strategy. She reported that the Environmental Impact Report (EIR) for the Regional Plan was released last week with comments being accepted through October 11.
- **SANDAG TRANSPORTATION COMMITTEE:** Chair Cabrera reported that the Committee held a public hearing on the Draft 2021 Regional Plan. He reported that the Committee also discussed opportunities in the draft Regional Plan for piloting projects that serve historically marginalized communities, and received a status report on the Regional Bike Plan Early Action Program.

**CHAIR'S REPORT** Chair Cabrera addressed the non-agenda public comment received for this meeting by clarifying that no direct reports nor executive staff have received raises or bonuses during the pandemic, but the three direct reports did receive a CPI as part of their contract although the CEO declined the CPI. He reported that he attended the mid-coast trolley extension ride-along on August 24; and that the Authority plans to launch it's all-electric shuttle service from Old Town in November to coincide with the grand opening of the Mid-Coast extension.

**PRESIDENT/CEO'S REPORT:** Kim Becker, President/CEO, thanked Board Member Schiavoni for her time as the Chair and welcomed Gil Cabrera as the new Chair. She reported that due to the latest DELTA surge, the full reopening of Authority offices has been postponed until further notice. She recognized Authority staff that have worked onsite since the stay at home mandate began by displaying a video highlighting their work. She reported that the TSA mask mandate for airports and airplanes has been extended until at least January 18, 2022. She reported that the 4th of July weekend hit new traffic milestones with many airports seeing passenger numbers close to or exceeding 2019 numbers. She also reported that on August 1, Air Canada resumed service to Vancouver from SAN. She reported that the EU

removed the US from its safe list and it is now advised that visitors have to prove that their travel is essential and also face restrictions such as quarantine and testing requirements. She also reported that on September 18 the Authority's Environmental staff will be hosting a coastal cleanup day.

**NON-AGENDA PUBLIC COMMENT:** Tony R. Russell, Authority Clerk, reported that one non-agenda public comment was received via e-mail was sent to the Board and made part of the record.

**CONSENT AGENDA (Items 1-24):**

Chair Cabrera requested that Item 13 be pulled from the Consent Agenda and voted on separately as he would need to recuse himself due to a potential conflict of interest because he serves on the Board of one of the bidders for medical benefits.

Tony R. Russell, Director, Board Services/Authority Clerk, reported that Items 9 and 24 were provided after the initial packet distribution and the recommendations for both of the items are different from what is printed on the agenda. He stated that the Board will be voting on the Recommendation listed on the staff report and resolution and not the Agenda.

**ACTION: Moved by Board Member Vargas and seconded by Board Member Casillas Salas to approve the Consent Agenda as amended. Motion carried by the following votes: YES – Blakespear, Cabrera, Casillas Salas, Lloyd, McNamara, Robinson, Schiavoni, Vargas, von Wilpert; NO – None; ABSENT – None; (Weighted Vote Points: YES – 100; NO – 0; ABSENT – 0)**

**1. APPROVAL OF MINUTES:**

RECOMMENDATION: Approve the minutes of the May 13, 2021, May 24, 2021, June 21, 2021, July 15, 2021, August 5, 2021 special and July 1, 2021 regular Board 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.



- 3. AWARDED CONTRACTS, APPROVED CHANGE ORDERS FROM JUNE 7, 2021, THROUGH AUGUST 8, 2021, AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM JUNE 7, 2021, THROUGH AUGUST 8, 2021:**  
RECOMMENDATION: Receive the report.
- 4. APPOINTMENTS TO BOARD COMMITTEES, LIAISON POSITIONS, OTHER REPRESENTATIVE AND ALTERNATE POSITIONS:**  
RECOMMENDATION: Adopt Resolution No. 2021-0085, making appointments to Board committees, liaison and representative positions.
- 5. SEPTEMBER 2021 LEGISLATIVE REPORT:**  
RECOMMENDATION: Adopt Resolution No. 2021-0086, approving the September 2021 Legislative Report.
- 6. AMEND AUTHORITY POLICY 8.21 TO ALLOW FOR DONATIONS OF ITEMS WITH LITTLE OR NO RESALE VALUE IN SUPPORT OF OUR COMMITMENT TO ZERO WASTE:**  
RECOMMENDATION: Adopt Resolution No. 2021-0087, approving amendments to Authority Policy 8.21 – Surplus Materials and Equipment, and delegating the authority to the President/CEO to donate Authority owned surplus materials and/or equipment.
- 7. DISPOSITION OF SURPLUS PROPERTY:**  
RECOMMENDATION: Adopt Resolution No. 2021-0088, authorizing the disposition of surplus property (materials and/or equipment).
- 8. APPROVE AN AMENDMENT TO THE AIR SERVICE INCENTIVE PROGRAM (ASIP21) AT SAN DIEGO INTERNATIONAL AIRPORT:**  
RECOMMENDATION: Adopt Resolution No. 2021-0089, approving an amendment to the Air Service Incentive Program (ASIP21) at San Diego International Airport revising the eligibility period for an airline to receive marketing incentives for new air service.
- 9. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXTEND THE RENT FORBEARANCE AND ABATEMENT PROGRAM TO PROVIDE RENT ABATEMENT TO QUALIFYING NON-AIRLINE TENANTS FOR AN ADDITIONAL TEMPORARY PERIOD NOT TO EXCEED THREE MONTHS, AS A RESULT OF THE CONTINUED IMPACT OF THE COVID-19 PANDEMIC:**  
RECOMMENDATION: Adopt Resolution No. 2021-0103, approving and authorizing the President/CEO to execute the required agreements to

extend the Authority's temporary rent forbearance and abatement program to temporarily reduce rental obligations of qualifying non-airline tenants at the Airport, by providing abatement of monthly minimum annual guarantee (MAG) payments for a period not to exceed three (3) months beginning October 1, 2021 and ending December 31, 2021, in response to the continued impact of the COVID-19 pandemic crisis.

## **CLAIMS**

### **COMMITTEE RECOMMENDATIONS**

**10. ACCEPT THE UNAUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021:**

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

**11. ACCEPT THE AUTHORITY'S INVESTMENT REPORT AS OF JULY 31, 2021:**

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

**12. SELECTION OF DEBT UNDERWRITERS FOR THE NEW T1 AND CAPITAL IMPROVEMENT PROGRAM:**

RECOMMENDATION: The Finance Committee recommends that the Board Adopt Resolution No. 2021-0090, approving the selection of debt underwriters for the New T1 and Capital Improvement Program.

**13. RENEWAL OF THE HEALTH & WELFARE BENEFITS PROGRAM FOR 2022:**

RECOMMENDATION: The Executive Personnel and Compensation Committee recommends that the Board Adopt Resolution No. 2021-0091, approving the renewal of the Health and Welfare Benefits Program for 2022.

**ACTION: THIS ITEM WAS PULLED FROM THE CONSENT AGENDA**

**14. AMEND SDCERS AMENDED & RESTATED RETIREMENT PLAN & TRUST TO ALLOW FAMILIES FIRST CORONAVIRUS ACT (FFCRA) AND CALIFORNIA SUPPLEMENTAL PAID SICK LEAVE (SPSL) TO BE PURCHASABLE SERVICE AND PENSIONABLE EARNINGS:**

RECOMMENDATION: The Executive Personnel and Compensation Committee recommends that the Board Adopt Resolution No. 2021-0092, approving an amendment to the Amended and Restated Retirement Plan and Trust to reflect that Federal Emergency Paid Sick Leave (EPSL) and Federal Paid Medical Leave (PFML) under the Families First Coronavirus Act

(FFCRA) qualify as purchasable service as of April 1, 2020 through November 5, 2020 and that California Supplemental Paid Sick Leave (SPSL) is purchasable service effective as of January 1, 2021 and pensionable pay effective September 2, 2021.

## **CONTRACTS AND AGREEMENTS**

**15. AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A “POWER YOUR DRIVE FOR FLEETS” PROGRAM PARTICIPATION AGREEMENT WITH SAN DIEGO GAS & ELECTRIC:**

RECOMMENDATION: Adopt Resolution No. 2021-0093, authorizing the President/CEO to execute a Program Participation Agreement with San Diego Gas & Electric for the Power Your Drive for Fleets Program.

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

RECOMMENDATION: Adopt Resolution No. 2021-0094, approving and authorizing the President/CEO to execute a Sixth Amendment to the Legal Services Agreement with Devaney Pate Morris & Cameron LLP extending the term by one year and increasing the not-to-exceed compensation amount by \$150,000.

**17. AWARD A CONTRACT TO UNIVERSITY MECHANICAL & ENGINEERING CONTRACTORS, INC., FOR REPLACE TERMINAL 2 EAST ROOF HYDRONIC PIPE INSULATION AT SAN DIEGO INTERNATIONAL AIRPORT:**

RECOMMENDATION: Adopt Resolution No. 2021-0095, awarding a contract to University Mechanical & Engineering Contractors, Inc., in the amount of \$933,479.10 for Project No. 104289, Replace T2E Roof Hydronic Pipe Insulation at San Diego International Airport.

**18. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE A SECOND AMENDMENT TO THE RENTAL AGREEMENT WITH SMITHS DETECTION, INC.:**

RECOMMENDATION: Adopt Resolution No. 2021-0096, approving and authorizing the President/CEO to negotiate and execute a Second Amendment to the Rental Agreement with Smiths Detection, Inc. extending the term for two years.

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

**19. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A PURCHASE ORDER UNDER THE CALNET4 COOPERATIVE AGREEMENT FOR AT&T TELECOMMUNICATION SERVICES:**

RECOMMENDATION: Adopt Resolution No. 2021-0097, approving and authorizing the President/CEO to execute a Purchase Order under the CALNET4 cooperative agreement for AT&T telecommunication services for a term of three (3) years, with the option for two (2) one-year extensions, plus up to an additional eighteen (18) month extension, to be exercised at the discretion of the President/CEO for an amount not-to-exceed \$2,500,000.

**20. AWARD A CONTRACT TO G&G SPECIALTY CONTRACTORS, INC. FOR QUIETER HOME PROGRAM PHASE 11, GROUP 6, PROJECT NO. 381106 ONE HUNDRED NINETEEN (119) NON-HISTORIC MULTI-FAMILY UNITS ON ONE (1) RESIDENTIAL PROPERTY LOCATED WEST OF THE SAN DIEGO INTERNATIONAL AIRPORT:**

RECOMMENDATION: Adopt Resolution No. 2021-0098, awarding a contract to G&G Specialty Contractors, Inc. in the amount of \$2,393,219.85 for Phase 11, Group 6, Project No. 381106, of the San Diego County Regional Airport Authority's Quieter Home Program.

**21. AWARD A CONTRACT TO ACE ELECTRIC FOR AIRSIDE ELECTRIC VEHICLE SUPPLY EQUIPMENT AT SAN DIEGO INTERNATIONAL AIRPORT:**

RECOMMENDATION: Adopt Resolution No. 2021-0099, (1) relieving the apparent low bidder, Chula Vista Electric, of its bid and (2) awarding a contract to Ace Electric in the amount of \$3,396,100, for Project No. 104280, Airside Electric Vehicle Supply Equipment at San Diego International Airport.

**22. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE ON-CALL GENERAL CONSTRUCTION SERVICE AGREEMENTS WITH DYNAMIC CONTRACTING SERVICES, INC.; EVERGREEN CONSTRUCTION AND CONSULTING, INC.; GRAHOVAC CONSTRUCTION CO., INC.; AND, M W VASQUEZ CONSTRUCTION CO., INC.:**

RECOMMENDATION: Adopt Resolution No. 2021-0100, approving and authorizing the President/CEO to execute On-Call General Construction Service Agreements with Dynamic Contracting Services, Inc.; Evergreen Construction and Consulting, Inc.; Grahovac Construction Co., Inc., and MW Vasquez Construction Co., Inc., - each for a term of three years, with the option for two one-year extensions exercisable at the discretion of the President/CEO, for an aggregate total not-to-exceed amount of \$4,000,000 for five years, to provide on-call general construction services, at San Diego International Airport.

**23. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE ON-CALL PAINTING SERVICE AGREEMENTS WITH ABHE & SVOBODA, INC.; MODERN PAINTING, INC.; AND, M W VASQUEZ CONSTRUCTION CO., INC.:**

RECOMMENDATION: Adopt Resolution No. 2021-0101, approving and authorizing the President/CEO to execute On-Call Painting Service Agreements with Abhe & Svoboda, Inc., Modern Painting, Inc., and MW Vasquez Construction Co., Inc., - each for a term of three years, with the option for two one-year extensions exercisable at the discretion of the President/CEO, for an aggregate total not-to-exceed amount of \$2,000,000 for five years, to provide on-call painting services, at San Diego International Airport.

**24. AUTHORIZE THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE A FOURTH AMENDMENT TO THE RENTAL CAR CENTER BUS OPERATIONS CONTRACT:**

RECOMMENDATION: Adopt Resolution No. 2021-0104, authorizing the President/CEO to negotiate and execute a Fifth Amendment to the Rental Car Center Bus Operations Agreement with SP Plus to extend the contract term ninety two (92) days to expire on December 31, 2021 and increase the maximum amount payable by two million seven hundred thousand dollars (\$2,700,000), from forty six million three hundred thousand (\$46,300,000) to forty nine million dollars (\$49,000,000) to accommodate operations through the end of calendar year 2021.

**ITEM(S) REMOVED FROM THE CONSENT AGENDA**

*Chair Cabrera left the meeting.*

- 13. RENEWAL OF THE HEALTH & WELFARE BENEFITS PROGRAM FOR 2022:**  
RECOMMENDATION: The Executive Personnel and Compensation Committee recommends that the Board Adopt Resolution No. 2021-0091, approving the renewal of the Health and Welfare Benefits Program for 2022.

**ACTION: Moved by Board Member Vargas and seconded by Board Member Casillas Salas to approve the staff's recommendation. Motion carried by the following votes: YES – Blakespear, Casillas Salas, Lloyd, McNamara, Robinson, Schiavoni, Vargas, von Wilpert; NO – None; ABSENT – Cabrera; (Weighted Vote Points: YES – 86; NO – 0; ABSENT – 14)**

*Chair Cabrera returned to the meeting.*

**PUBLIC HEARINGS:**

**OLD BUSINESS:**

**NEW BUSINESS:**

- 25. BOARD OF DIRECTORS POLICY STATEMENT ON DIVERSITY, EQUITY AND INCLUSION:**

Michelle Brega, Senior Director, External Relations, provided a presentation on the Diversity, Equity, and Inclusion (DEI) Policy Statement that included Defining DEI, Board DEI Ad Hoc Committee, Authority DEI Steering Committee, Authority Statement Drafting Team, Staff DEI Work Plan, and Draft DEI Policy Statement.

RECOMMENDATION: Adopt Resolution No. 2021-0102, adopting Authority Policy 2.03 - Diversity, Equity and Inclusion.

**ACTION: Moved by Board Member Schiavoni and seconded by Board Member Vargas to approve staff's recommendation. Motion carried by the following votes: YES – Blakespear, Cabrera, Casillas Salas, Lloyd, McNamara, Robinson, Schiavoni, Vargas, von Wilpert; NO – None; ABSENT – None; (Weighted Vote Points: YES – 100; NO – 0; ABSENT – 0)**

*The Board recessed at 10:36 a.m. and reconvened at 10:38 a.m.*

**CLOSED SESSION:** Lee Kaminetz, Director, Counsel Services reported that in regards to Item 27, a settlement agreement has been fully executed consistent with the direction given by the Board to General Counsel during Closed Session on July 15, 2021. He reported that the Board voted unanimously to approve the settlement noting Board Members Blakespear, Lloyd, and Vargas as ABSENT.

The Board recessed into Closed Session at 10:40 a.m. to discuss Items 29, 33 and 34.

- 26. 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
- 27. 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
- 28. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**  
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)  
Name of case: In re Advantage Holdco, Inc., et al., Case No. 20-11259-JTD
- 29. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**  
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)  
Name of case: Neighbors Against Noise and Traffic v. City of El Cajon, et al.  
San Diego Superior Court Case No. 37-2021-00016823-CU-TT-CTL
- 30. 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
- 31. 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

**32. 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

**33. 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

**34. CONFERENCE WITH LABOR NEGOTIATORS:**

Cal. Gov. Code section 54957.6

Agency designated representatives: Angela Shafer-Payne, Monty Bell, Lola Barnes, Greg Halsey, Rod Betts

Employee organization: California Teamsters Local 911

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

(Government Code §54956.8)

Property: 2 parcels of land situated in the City of San Diego, County of San Diego, State of California, said parcels being a portion of that 231.21 acre tract of land acquired by Warranty Deed from San Diego Securities Company dated June 4, 1917 and recorded June 9, 1917 in Book 740 at page 61 of Deeds in the Office of the Recorder of San Diego County and a portion of that 180.34 acre tract of land acquired by Deed from the City of San Diego dated December 1, 1916 and recorded September 5, 1917 in Book 739 at page 307 of Deeds In the Office of the Recorder of San Diego County and said parcels being designated for the purpose of this description as Parcel 1 and Parcel 2. Parcel 1- approximately 14.03 acres of land and Parcel 2- approximately 2.39 acres of land as more specifically described in the Lease Agreement between the United States of America and the San Diego County Regional Airport Authority, Authority Lease No. LE-0107.

Agency negotiator: Hampton Brown, Matt Harris, Susan Diekman, Jim DeCock, Amy Gonzalez

Negotiating parties: David Bixler, Michael Oestericher, Russell Rang, Reid Merrill, Curtis Permito- United State of America, Department of the Navy

Under negotiation: Price and terms of payment



**36. 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 11:33 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:** None.

**BOARD COMMENT:** None.

**ADJOURNMENT:** The meeting adjourned at 11:33 a.m.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD THIS 7<sup>TH</sup> DAY OF OCTOBER, 2021.

ATTEST:

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TONY R. RUSSELL  
DIRECTOR, BOARD SERVICES /  
AUTHORITY CLERK

APPROVED AS TO FORM:

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AMY GONZALEZ  
GENERAL COUNSEL

## Staff Report

Meeting Date: October 7, 2021

### 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 2022 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. 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:

Tony R. Russell  
Director, Board Services/Authority Clerk

# Attachment A



**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.

<b>Period Covered:</b> September 2021	
<b>Board Member Name:</b> Catherine Blakespear	
<b>Date:</b> 9/28/21	
<b>Type of Meeting</b>	<b>Date/Time/Location of Event/Meeting/Training</b>
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	Thursday, September 2, 2021 9:00 AM-12:00 PM Microsoft Teams
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	Monday, September 13, 2021 10:00 AM-12:00 PM Microsoft Teams
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	Monday, September 27, 2021 9:00 AM-11:00 AM Microsoft Teams
<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	
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<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: 2021.09.28 11:19:50 -07'00'

**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.

<b>Period Covered:</b>	September 1 through September 30, 2021	
<b>Board Member Name:</b>	Gil Cabrera	
<b>Date:</b>	9/28/21	
<b>Type of Meeting</b>	<b>Date/Time/Location of Event/Meeting/Training</b>	<b>Summary and Description of the Event/Meeting/Training</b>
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	9/2/2021 - 9am-11am - Teams	Board of Directors and ALUC meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	9/10/2021 - 10am-11am - Zoom	California Coastal Commission Meeting
<input type="checkbox"/> Brown Act <input checked="" type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	9/15/2021 - 330pm-5pm - Teams	Briefings from team on California Street Property and other Authority strategies.
<input type="checkbox"/> Brown Act <input checked="" type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	9/20/2021 - 2:00pm-2:30pm - Zoom	Briefing with Mayor Gloria and Kimberly Becker
<input type="checkbox"/> Brown Act <input checked="" type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	9/21/2021 - 12pm-1pm - Downtown Partnership Offices 9/21/2021 - 3pm-3:30pm - Conference Call	-Presentation on Airport updates to Downtown San Diego Partnership -Executive Committee preparation call with Ms. Becker
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	9/27/2021 - 9am-11am - Teams	Executive-Finance Committee Meetings
<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: Gil Cabrera Digitally signed by Gil Cabrera  
Date: 2021.09.28 09:54:31 -07'00'

## 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.

<b>Period Covered:</b>		Sept 2021
<b>Board Member Name:</b>		Robert T Lloyd
<b>Date:</b>		9/30/21
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. 2019-0074	Sept 2 , 2021	Aluc/ BOD
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	Sept 13, 2021	Audit Committee
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	Sept 27 2021	Exec Finance Committee
<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: 

**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.

<b>Period Covered:</b>	September 2021	
<b>Board Member Name:</b>	Paul McNamara	
<b>Date:</b>	9/28/21	
<b>Type of Meeting</b>	<b>Date/Time/Location of Event/Meeting/Training</b>	<b>Summary and Description of the Event/Meeting/Training</b>
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	9/2/2021/0900/Zoom/Meeting	Board/ALUC Meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	9/27/2021/0900/Zoom/Meeting	Executive-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		
<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  
Date: 2021.09.28 10:45:20 -07'00'



**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.

<b>Period Covered:</b>	June - September 30, 2021	
<b>Board Member Name:</b>	Gretchen Newsom, Audit Committee	
<b>Date:</b>	September 29, 2021	
<b>Type of Meeting</b>	<b>Date/Time/Location of Event/Meeting/Training</b>	<b>Summary and Description of the Event/Meeting/Training</b>
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	June 21, 2021   9:30-11:00am   Online   Audit Committee Special Training	Special Audit Committee - Training and Overview of Responsibilities and Work
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	September 13, 2021   10:00am-12:00pm   Audit Committee Meeting	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:  \_\_\_\_\_



### 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:		
Board Member Name: <u>Robinson</u>		
Date: <u>7/1/21</u>		
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	<u>7/1</u>	<u>SDCRAA Board ALVA Meetings</u>
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	<u>Microsoft 7/15</u>	<u>Special Board Mtg CIPAC Meeting</u>
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	<u>Microsoft 7/28</u>	<u>Airport Advisory Committee Meeting</u>
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	<u>Microsoft</u>	
<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		
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<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:



**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:		
Board Member Name:		Robinson
Date:		9/1/21
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	9/2/21 Microsoft	SDCRAA Bd/ALUC Meetings Closed Session
<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		
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<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: JB Robinson



**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.

<b>Period Covered:</b>		September 2021
<b>Board Member Name:</b>		Mary Helen Salas
<b>Date:</b>		9/28/21
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	September 2, 2021 9am Microsoft Teams	Board/ALUC Meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	September 13, 2021 10am Microsoft Teams	Audit Committee Meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	September 27, 2021 9am Microsoft Teams	Executive-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		

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

Signature: Mary C Salas

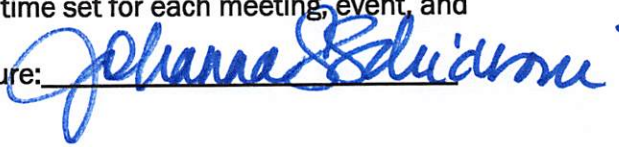


**BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY**

**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.

<b>Period Covered:</b> 9/1/2021-9/28/2021		
<b>Board Member Name:</b> Johanna S. Schiavoni		
<b>Date:</b> 9/28/21		
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 checked="" type="checkbox"/> Res. 2019-0074	9/1/2021, 4:30pm, video conference	Meet with CEO K. Becker
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	9/2/2021, 9:00am, video conference	SDCRAA Board Meeting
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input checked="" type="checkbox"/> Res. 2019-0074	9/22/2021, 6:00pm, Rady's Shell amphitheatre	Downtown Partnership event on behalf of Airport
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	9/24/2021, 9:00am, video conference	SANDAG Board meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	9/27/2021, 9:00am, video conference	SDCRAA Executive <del>Personnel and Compensation Committee meeting</del> <i>and Finance Committee</i>
<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: 



**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.

<b>Period Covered:</b> 9/1/2021 - 9/30/2021		
<b>Board Member Name:</b> Marni von Wilpert		
<b>Date:</b> 9/28/21		
<b>Type of Meeting</b>	<b>Date/Time/Location of Event/Meeting/Training</b>	<b>Summary and Description of the Event/Meeting/Training</b>
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	September 2, 2021 : 9:00 am - 12:00 pm Virtual - Microsoft Teams	Board / ALUC Meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	September 27, 2021 : 9:00 am - 11:00 PM Virtual - Microsoft Teams	Executive-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		
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<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: Marni von Wilpert

## Staff Report

**Meeting Date: October 7, 2021**

### **Subject:**

**Awarded Contracts, Approved Change orders from August 9, 2021 through September 12, 2021 and Real Property Agreements Granted and Accepted from August 9, 2021 through September 12, 2021**

### **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 (*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:

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 August 9, 2021 to September 12, 2021**

**New Contracts**

<b>Date Signed</b>	<b>CIP #</b>	<b>Company</b>	<b>Description</b>	<b>Solicitation Method</b>	<b>Owner</b>	<b>Contract Value</b>	<b>End Date</b>
8/17/2021		BBG Inc.	The Contractor will provide commercial real estate appraisal services for the San Diego County Regional Airport Authority.	Single Quote	Revenue Generation & Partnership Development	\$4,900.00	9/30/2021
8/20/2021		TEG Staffing, Inc. dba Eastridge Workforce Recruitment	The Contractor will provide temporary staffing services for experienced human resources system Analyst at the San Diego County Regional Airport Authority.	Informal RFP	Talent Culture & Capability	\$50,000.00	6/30/2024
8/25/2021		Preferred Strategies	The Contractor will provide remote consulting services for its SAP Business Objects Enterprise (BOE) environment for the San Diego County Regional Airport Authority. Preferred Strategies does not have 3rd party partners and is the only company able to provide maintenance and consulting services directly.	Sole Source	Information & Technology Services	\$22,500.00	10/31/2023
8/25/2021		Web Benefits Design Corporation	The Contractor will provide benefits administration system services for the San Diego County Regional Airport Authority.	RFP	Talent Culture & Capability	\$234,721.00	7/31/2022
9/9/2021		Touchwork, LLC	The Contractor will provide a restroom management system at San Diego International Airport.	Informal RFP	Airside & Terminal Operations	\$27,328.00	8/19/2024

**Attachment "A"**

**AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN August 9, 2021 to September 12, 2021**

**New Contracts Approved by the Board**

<b>Date Signed</b>	<b>CIP #</b>	<b>Company</b>	<b>Description</b>	<b>Solicitation Method</b>	<b>Owner</b>	<b>Contract Value</b>	<b>End Date</b>
8/2/2021		S&L Specialty Construction, Inc. (QHP 11.2)	The Contract was approved by the Board on the July 1, 2021. The contractor will provide the sound attenuation for designated residential properties located around the San Diego International Airport.	RFB	Quieter Home Program	\$687,609.74	6/19/2022
8/2/2021		G&G Specialty Contractors, Inc. (QHP 11.3)	The Contract was approved by the Board on July 1, 2021. The contractor will provide the sound attenuation for designated residential properties located around the San Diego International Airport.	RFB	Quieter Home Program	\$2,045,240.46	8/22/2022
8/12/2021		Grahovac Construction Co.	The Contract was approved at the Special Board Meeting on July 15, 2021. The contractor will work on the remodel of T2E for ACO HPD relocations for the San Diego County Regional Airport Authority.	RFB	Airport Design & Construction	\$3,726,462.00	4/3/2022
8/31/2021		Sygnal Systems	The Contract was approved by the Board on July 1, 2021. The Contractor will monitor, maintain, test, and repair the Airport's fire alarm systems at the San Diego International Airport.	RFP	Facilities Management	\$1,190,484.00	8/23/2024
9/9/2021		Network Security Electronics, Inc. (NSEI)	The Contractor was approved by the Board on July 1, 2021. The Contractor will provide on-call security systems services at the San Diego County Regional Airport Authority.	RFP	Aviation Security & Public Safety	\$ 15,000,000.00	8/31/2024

**Attachment "A"**

**AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN August 9, 2021 to September 12, 2021**

Date Signed	CIP #	Company	Description of Change	Owner	Previous Contract Amount	Change Order Value (+ / -)	Change Order Value ( %) (+ / -)	New Contract Value	New End Date
8/14/2021		Kutak Rock LLP	The First Amendment extends the term of the Agreement by Ninety (90) days. There is no increase to the total compensation. The contractor provides bond counsel legal services for the San Diego County Regional Airport Authority.	General Counsel	\$400,000.00	\$0.00	0.0%	\$400,000.00	10/29/2021
9/9/2021		OAG Aviation Worldwide LLC	The First Amendment extends the term of the contract by thirty days (30) and increases the total compensation by \$4125.00 to allow time for a new solicitation. The contractor provides contract management compliance & tracking software system services for the San Diego County Regional Airport Authority.	Information & Technology Services	\$49,500.00	\$4,125.00	8.3%	\$53,625.00	9/23/2021

**Attachment "A"**

**AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN August 9, 2021 to September 12, 2021**

**Amendments and Change Orders Approved by the Board**

<b>Date Signed</b>	<b>CIP #</b>	<b>Company</b>	<b>Description of Change</b>	<b>Owner</b>	<b>Previous Contract Amount</b>	<b>Change Order Value (+ / -)</b>	<b>Change Order Value ( % ) (+ / -)</b>	<b>New Contract Value</b>	<b>New End Date</b>
8/17/2021		Devaney Pate Morris Cameron LLP	The Fifth Amendment was approved by the Board on April 1, 2021. The fifth amendment increases the total compensation by \$50,000 and extends the term of the agreement by ninety (90) days. The contractor provides legal services for the San Diego International Airport.	General Counsel	\$ 500,000.00	\$ 50,000.00	10%	\$ 550,000.00	7/28/2021
9/3/2021		U.S Bank National Association	The First Amendment was approved by the Board on May 6, 2021. The First Amendment increases the total compensation by \$16,000,000 to add merchant services to the agreement. The contractor provides banking and merchant services for the San Diego County Regional Airport Authority.	Finance	\$1,000,000.00	\$16,000,000.00	1600.0%	\$17,000,000.00	7/28/2025



## Staff Report

Meeting Date: October 7, 2021

### Subject:

#### October 2021 Legislative Report

#### Recommendation:

Adopt Resolution No. 2021-0106, approving the October 2021 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 October 2021 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.

#### Federal Legislative Action

At this time, staff recommends that the Board adopt a WATCH position on H.R. 4892 (Meng), which would reestablish the Environmental Protection Agency's (EPA) Office of Noise Abatement and Control (ONAC) and require it to study aircraft noise.

In September, Congress returned to Washington to continue work on several budget and policy issues, including an extension of government funding for the new fiscal year that begins October 1.

Congressional leaders also continue negotiations on a proposed \$3.5 trillion spending package, as well as the \$1 trillion bipartisan infrastructure bill. Earlier this summer, the Senate passed a budget resolution that allowed both the House and Senate to draft, vote and pass the budget proposal by majority vote. Speaker Pelosi has indicated that the House will consider the budget package along with the \$1 trillion bipartisan infrastructure bill.

Meeting Date: October 7, 2021

As a reminder, the infrastructure bill would provide with \$25 billion in additional aviation funding, of which \$15 billion is for airport infrastructure grants, \$5 billion for airport terminal projects, and \$5 billion for Federal Aviation facilities and equipment expenses.

The Airport Authority's Government Relations staff and Federal legislative consultants continue to be in regular contact with federal elected officials and their staff, federal agencies, industry associations and other aviation stakeholders to advocate for additional funding for San Diego International Airport in the next relief package.

The White House recently announced that it would ease restrictions on international air travel for vaccinated individuals. International travelers visiting the United States will have to show proof of vaccination prior to boarding a U.S.-bound flight and a negative COVID-19 test taken within three days of departure. The new policy is expected to take effect in early November.

## **State Legislative Action**

September 10, 2021, marked the last day of the 2021 California Legislative Session. Governor Newsom has until October 10, 2021, to sign or veto approximately 700 pieces of legislation passed during the session.

The following bills on the Legislative Report (Attachment A) have been signed by the Governor:

AB 361 (Rivas), which makes temporary changes to the Brown Act and will allow local government agencies such as the Airport Authority to continue holding virtual public meetings past the expiration of the Governor's Executive Order (N-08-21) on September 30, 2021. The bill's changes to the Brown Act go into effect on October 1, 2021, and will end on January 1, 2024.

SB 1 (Atkins), which would create within state government the California Sea Level Rise State and Regional Support Collaborative and 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 following bills on the Legislative Report (Attachment A) are on the Governor's desk awaiting action:

Meeting Date: October 7, 2021

AB 72 (Petrie Norris), which would enact the Coastal Adaptation Permitting Act of 2021 and would require the agency to explore, and authorize it to implement, options within the agency's jurisdiction to establish a more coordinated and efficient regulatory review and permitting process for coastal adaptation projects.

The Assembly and Senate resume session on January 3, 2022.

The Authority's Government Relations staff will provide a comprehensive update on the Governor's final actions in the November Legislative Report and will continue to monitor the Governor's actions on bills and discussions related to bills for the 2022 legislative session.

### 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.



# Staff Report

Meeting Date: October 7, 2021

Page 4 of 4

## Application of Inclusionary Policies:

Not applicable.

## Prepared by:

Matt Harris  
Director, Government Relations

RESOLUTION NO. 2021-0106

A RESOLUTION OF THE BOARD OF THE SAN DIEGO  
COUNTY REGIONAL AIRPORT AUTHORITY,  
APPROVING THE OCTOBER 2021 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** that the Board hereby approves the October 2021 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 7th day of October 2021, by the following vote:

**AYES:** Board Members:

**NOES:** Board Members:

**ABSENT:** Board Members:

**ATTEST:**

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TONY R. RUSSELL  
DIRECTOR, BOARD SERVICES /  
AUTHORITY CLERK

**APPROVED AS TO FORM:**

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AMY GONZALEZ  
GENERAL COUNSEL

**October 2021 Legislative Report**

**State Legislation**

**New Assembly Bills**

No new Assembly bills to report.

\*Shaded text represents new or updated legislative information

## **Assembly Bills from Previous Report**

### **Legislation/Topic**

**AB 55 (Boerner Horvath) Employment: telecommuting.**

### **Background/Summary**

AB 55 is a placeholder (spot bill) This bill would declare the intent of the Legislature to enact future legislation to ensure certain rights and benefits for telecommuting employees.

### **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:** 12/7/20 – Introduced.

**Position:** Watch (1/7/21)

\*Shaded text represents new or updated legislative information

### **Legislation/Topic**

**AB 72 (Petrie-Norris) Environmental protection: Natural Resources Agency: coastal adaptation projects: sea level rise: regulator permitting: report.**

### **Background/Summary**

Existing law establishes the Natural Resources Agency. Existing law requires the agency, by July 1, 2017, and every 3 years thereafter, to update the state's climate adaptation strategy to identify vulnerabilities to climate change by sectors and priority actions needed to reduce the risks in those sectors. This bill would enact the Coastal Adaptation Permitting Act of 2021 and would require the agency to explore, and authorize it to implement, options within the agency's jurisdiction to establish a more coordinated and efficient regulatory review and permitting process for coastal adaptation projects, as defined. The bill would require the agency to submit, by July 1, 2023, a report to the Legislature with suggestions and recommendations for improving and expediting the regulatory review and permitting process for coastal adaptation projects.

### **Anticipated Impact/Discussion**

If enacted, the Airport Authority's legislative team would work with the California Airports Council to identify any potential opportunities to engage with the agency on actions and recommendations that could impact California airports.

**Status:** 9/13/21 – On the Governor's desk

**Position:** Watch (1/7/21)

\*Shaded text represents new or updated legislative information

## **Legislation/Topic**

**AB 302 (Ward) San Diego Metropolitan Transit Development Board: regulation of transportation and passenger jitney services.**

## **Background/Summary**

AB 302 would expand to any city within the County of San Diego the authority of the board to enter into contracts to license or regulate transportation services and to regulate vehicle safety and driver qualifications for passenger jitney service.

On March 15, 2021, the bill was amended to replace “transportation service” to “for-hire vehicle services” and defines that term to mean vehicles, other than public transportation vehicles, transporting passengers over public streets for compensation.

## **Anticipated Impact/Discussion**

By expanding the jurisdictions with which the Metropolitan Transit System (MTS) can contract to provide such regulatory services beyond MTS’s service area, this bill creates the potential for a centralized licensing and enforcement mechanism to regulate these services. This would create consistency and efficiency in the regulation practices and potentially reduce the number of regulatory agencies and costs operators experience to acquire operational permits. As currently drafted, this bill has no direct impact on San Diego International Airport or the Airport Authority and allows the Authority to continue to regulate on-airport commercial vehicles in the same way it does at present. The Authority’s legislative team will closely monitor the development of this bill language for any impact on SDIA and the Airport Authority.

**Status:** 7/16/21 – This bill was signed by the Governor.

**Position:** Support (3/18/21)

\*Shaded text represents new or updated legislative information

**Legislation/Topic**

**AB 377 (Rivas) Water quality: impaired waters.**

**Background/Summary**

AB 337 requires, by January 1, 2025, the California State Water Resources Control Board and the Regional Water Quality Control Boards to evaluate impaired state surface waters and report to the Legislature a plan to bring all water segments into attainment by January 1, 2050. Requires, by January 1, 2023, the State Water Board and Regional Water Boards to prioritize enforcement of water quality standard violations that are causing or contributing to an exceedance of a water quality standard in a surface water of the state.

**Anticipated Impact/Discussion**

The Airport Authority's legislative team will work with the California Airports Council (CAC) to determine an industry-wide position and will closely monitor the development of this bill language for any impact on San Diego International Airport (SDIA) and the Airport Authority.

**Status:** 5/20/21 – This bill is in the Assembly Appropriations Committee.

**Position:** Watch (5/6/21)

\*Shaded text represents new or updated legislative information



## **Legislation/Topic**

### **AB 426 (Bauer-Kahan) Toxic air contaminants.**

## **Background/Summary**

Existing law authorizes local air pollution control districts and air quality management districts, in carrying out their responsibilities with respect to the attainment of state ambient air quality standards, to adopt and implement regulations that accomplish certain objectives.

This bill would additionally authorize the districts to adopt and implement regulations to require data regarding air pollution within the district's jurisdiction from area wide stationary sources of air pollution, including mobile sources drawn by those stationary sources, to enable the calculation of health risks from toxic air contaminants. This bill would additionally authorize the districts to adopt and implement regulations to accomplish these objectives in carrying out their responsibilities with respect to the reduction of health risks from toxic air contaminants.

## **Anticipated Impact/Discussion**

The Airport Authority's legislative team will work with the California Airports Council (CAC) to determine an industry-wide position and will closely monitor the development of this bill language for any impact on San Diego International Airport (SDIA) and the Airport Authority.

**Status:** 4/14/21 – This bill is in the Assembly Natural Resources Committee.

**Position:** Watch (3/4/21)

\*Shaded text represents new or updated legislative information

**Legislation/Topic**

**AB 513 (Bigelow) Employment: telecommuting employees.**

**Background/Summary**

AB 513 would authorize an employee working from home to receive legally required notices and postings electronically and sign certain documents electronically. The bill would also require that a working from home employee's wages due at the time of separation of employment be deemed to have been paid on the date that the wages are mailed to the employee.

**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:** 3/18/21 – This bill was referred to the Assembly Labor and Employment Committee.

**Position:** Watch (3/4/21)

\*Shaded text represents new or updated legislative information

## **Legislation/Topic**

**AB 538 (Muratsuchi) California Aerospace Commission: establishment.**

## **Background/Summary**

AB 538 would establish, within the office, the California Aerospace Commission consisting of 15 members, as specified, to serve as a central point of contact for businesses engaged in the aerospace industry and to support the health and competitiveness of this industry in California. The bill would require the commission to make recommendations on legislative and administrative action that may be necessary or helpful to maintain or improve the state's aerospace industry and would authorize the commission to engage in various other activities in undertaking its mission and responsibilities, as specified.

## **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:** 8/26/21 – This bill is in the Senate Appropriations Committee.

**Position:** Watch (3/4/21)

\*Shaded text represents new or updated legislative information

## **New Senate Bills**

No new Senate bills to report.

\*Shaded text represents new or updated legislative information

## **Senate Bills from Previous Report**

### **Legislation/Topic**

**SB 1 (Atkins) Coastal resources: sea level rise.**

### **Background/Summary**

This bill would also include, as part of the procedures that 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 specified above by which the commission is required to adopt these procedures. The bill 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. To the extent that a regional agency is a local public agency, this bill would impose a state-mandated local program.

This bill would create within state government the California Sea Level Rise State and Regional Support Collaborative and 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. Existing law authorizes the Secretary for Environmental Protection to expend up to \$1,500,000 per year for the Environmental Justice Small Grant Program. This bill would instead authorize the secretary to expend up to \$2,000,000 per year for purposes of the grant program and would require up to \$500,000 of that money to be expended by the secretary for grants to organizations working to address and mitigate the effects of sea level rise in disadvantaged communities, as defined, impacted by sea level rise.

### **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. 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.

\*Shaded text represents new or updated legislative information

**Status:** 9/23/21 – This bill was signed by the Governor.

**Position:** Watch (1/7/21)

\*Shaded text represents new or updated legislative information

## **Legislation/Topic**

### **SB 37 (Cortese) Contaminated Site Cleanup and Safety Act.**

#### **Background/Summary**

Existing law requires the Department of Toxic Substances Control to compile a list of specified information, including, but not limited to, hazardous waste facilities where the department took, or contracted for the taking of, corrective action to remedy or prevent, for example, an imminent substantial danger to public health. Existing law requires the State Department of Health Care Services to compile a list of all public drinking water wells that contain detectable levels of organic contaminants and that are subject to water analysis by local health officers.

This bill would enact the Dominic Cortese “Cortese List” Act of 2021 and would recodify the above-described provisions with certain revisions. The bill would require the Department of Toxic Substances Control to also list hazardous waste facilities where the department issued an order for corrective action after determining that there is or has been a release of hazardous waste or constituents into the environment from a facility. The bill would require the State Water Resources Control Board, instead of the State Department of Health Care Services, to compile and update a list of all public drinking water wells that contain detectable levels of organic contaminants and that are subject to water analysis by local health officers. The bill would require the Secretary for Environmental Protection to post the information on the California Environmental Protection Agency’s internet website.

On March 11, 2021, SB 37 was amended to replace “Dominic Cortese “Cortese List” Act of 2021” to “Hazardous Waste Site Cleanup and Safety Act.”

On April 13, 2021, SB 37 was amended to remove the requirement that the Department of Toxic Substances Control to also list hazardous waste facilities where the department issued an order for corrective action after determining that there is or has been a release of hazardous waste or constituents into the environment from a facility. The amendments also remove the requirement that the State Water Resources Control Board, instead of the State Department of Health Care Services, to compile and update a list of all public drinking water wells that contain detectable levels of organic contaminants and that are subject to water analysis by local health officers.

The April 13, 2021 amendments require the Secretary for Environmental Protection to post the list or links to the information on the California Environmental Protection Agency’s internet website of all solid waste disposal facilities from which there is a known migration of hazardous waste.

\*Shaded text represents new or updated legislative information

**Anticipated Impact/Discussion**

SB 37 could have an impact on San Diego International Airport (SDIA) as airports are federally mandated to store certain chemicals, including perfluoroalkyl and polyfluoroalkyl (PFAS) for firefighting purposes. The Airport Authority's legislative team will work with the California Airports Council (CAC) to determine an industry wide position, if applicable, and will closely monitor the development of this bill language for any impact on San Diego International Airport (SDIA) and the Airport Authority.

**Status:** 9/08/21 - Ordered to inactive file and will become a two-year bill.

**Position:** Watch (1/7/21)

\*Shaded text represents new or updated legislative information



### **Legislation/Topic**

**SB 46 (Stern) American Rescue Plan Act funds: federal recovery funds: funded projects.**

### **Background/Summary**

This bill would state the intent of the Legislature to enact legislation that would require an employer to develop and implement contact tracing and safety policies for its employees, including requiring notice to the employer when an employee receives a positive COVID-19 test.

On March 10, 2021, this bill was amended to require a state agency that receives and disburses American Rescue Plan funds or other federal recovery funds, to the extent authorized by federal law, to consider projects' potential impact on specified goals, including, among other things, restoring frontline communities and rapidly accelerating achievement of environmental justice and climate goals, including, but not limited to, climate, environmental, and biodiversity protection and stimulating growth.

### **Anticipated Impact/Discussion**

Although this legislation in its newly amended form 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 it moves through the legislative process.

**Status:** 3/18/21 – Referred to the Assembly Government Organization and Labor, Public Employment, and Retirement Committees.

**Position:** Watch (1/7/21)

\*Shaded text represents new or updated legislative information

## **Legislation/Topic**

### **SB 285 (McGuire) California Tourism Recovery Act.**

## **Background/Summary**

SB 285 would require the California Travel and Tourism Commission to, upon a determination by the Department of Public Health that it is safe to resume travel in California, implement a strategic media and jobs recovery campaign known as the “Calling All Californians” program for the purpose of reversing the impact of the COVID-19 pandemic on the travel and tourism industry in California, as specified. The bill would require the commission to report to the Legislature, on or before January 1, 2024, regarding the cost of the program and the impact of the program on the tourism industry in California. The bill would require, only upon appropriation by the Legislature, the Controller to transfer \$45,000,000 to the commission for the purpose of implementing the “Calling all Californians” program.

## **Anticipated Impact/Discussion**

California’s travel industry is one of the largest economic drivers for the state. Domestic and international travelers spend an estimated \$145 billion annually at California businesses, generating \$12.3 billion in state and local tax revenues. International travelers spent \$28.1 billion in California in 2019, making travel the state’s largest export. This bill would provide necessary funding to promote the State and the San Diego region to in-state and out-of-state travelers, benefiting operations at San Diego International Airport (SDIA) and the regional economy.

**Status:** 5/28/21 – This bill was ordered to the Senate Inactive File at the request of Senator McGuire.

**Position:** Support (3/16/21)

\*Shaded text represents new or updated legislative information

## **Legislation/Topic**

### **SB 612 (Portantino) Ratepayer Equity**

#### **Background/Summary**

SB 612 requires electric investor-owned utilities (IOUs) to offer an allocation of certain electrical resources to other load-serving entities (LSEs), specifically, community choice aggregators (CCAs) and electric service providers (ESPs), that serve departing load customers who bear cost responsibility for those resources. These electrical resources include product attributes to comply with resource adequacy (RA), Renewable Portfolio Standard (RPS) program, and others.

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

Over the next few months, the Airport Authority will be joining San Diego Community Power (SDCP), a new Community Choice Aggregation (CCA) program that serves customers within the cities of Chula Vista, Encinitas, Imperial Beach, La Mesa, and San Diego. All CCAs are subject to a departing load charge from the Investor-Owned Utility (IOU) -- also known as a Power Charge Indifference Adjustment (PCIA) -- because San Diego Gas and Electric (SDG&E) originally purchased energy generation contracts to serve its customers. In theory, the PCIA makes SDG&E whole. However, SDCP will be subject to fluctuating PCIA costs on an annual basis and paying the departing load doesn't provide the CCA access to the generation contracts that will provide resource adequacy to its customers. SDCP aspires to keep rates competitive to SDG&E but paying the departing load charge (PCIA) without the assurance of getting access to SDG&E's long-term contracts is not in the best interest of SDCP's customers as the PCIA cost is passed on to customers. As one of those customers, the Airport Authority will be subject to a fluctuating PCIA on an annual basis, but that cost may be in addition to the cost the Authority will pay for 100% grid-delivered renewable electricity to power the airport campus.

**Status:** 6/28/21 – This bill is in the Assembly Utilities and Energy Committee

**Position:** Support (6/22/21)

\*Shaded text represents new or updated legislative information

## Federal Legislation

### New House Bills

#### Legislation/Topic

**H.R. 4892 (Meng) Quiet Communities Act of 2021.**

#### Background/Summary

This bill would reestablish the Environmental Protection Agency's (EPA) Office of Noise Abatement and Control (ONAC) and require it to study aircraft noise. H.R. 4892 would authorize ONAC to be funded at a level of \$21 million for each of fiscal years 2022 through 2026 and would require the EPA Administrator to conduct a study of aircraft noise and the effects of that noise on surrounding communities. The EPA would be required to submit its noise study to Congress within two years with specific recommendations on new measures that can be implemented to mitigate the impact of aircraft noise on surrounding communities.

#### Anticipated Impact/Discussion

While this bill is not anticipated to have a direct impact on operations at San Diego International Airport (SDIA), 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: 7/30/21 – Introduced.

Position: Watch (10/7/21)

\*Shaded text represents new or updated legislative information

## **Legislation/Topic**

### **H.R. 741 (Brownley) Sustainable Aviation Fuel Act.**

## **Background/Summary**

This bill would establish a national goal for the U.S. aviation sector to achieve a net 35% reduction in GHG emissions by 2035 and net zero emissions by 2050. The bill authorizes \$1 billion over five years, in competitive grants and costing sharing agreements to carry out projects in the U.S. to produce, transport, blend or store sustainable aviation fuel (SAF). The bill also requires EPA to establish an aviation-only Low Carbon Fuel Standard (LCFS) that regulates aviation fuel producers and importers.

## **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. 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: 2/4/21 – Introduced.

Position: Watch (4/1/21)

\*Shaded text represents new or updated legislative information

### **Legislation/Topic**

**H.R. 1346 (Horsford) / S. 477 (Cortez Masto) Hospitality and Commerce Job Recovery Act of 2021.**

### **Background/Summary**

H.R. 1346 and S. 477 would provide federal tax credits to support the travel, convention, trade show, entertainment, tourism, and hospitality industries. Specifically, these legislative proposals allow a convention and trade show restart tax credit; extend the employee retention tax credit through 2021; suspend for taxable years 2021 through 2022, the limitation on entertainment expenses related to a trade or business; allow a restaurant and dining restart credit for businesses closed or forced to reduce services due to COVID-19 (i.e., coronavirus disease 2019); allow a 50% tax credit for travel expenditures; and allow a tax credit for unmerchantable inventory for the period between December 31, 2019, and before April 1, 2021.

### **Anticipated Impact/Discussion**

H.R. 1346 and S. 477 are identical pieces of legislation that would provide temporary tax incentives to help restore business travel.

The COVID-19 pandemic has had a devastating impact on the hospitality and travel industries. In California, tourism spending dropped \$59 billion in 2020, and overall travel-related spending in the State is not expected to reach pre-COVID-19 levels until 2025. H.R. 1346 and S. 477 could provide a much-needed stimulus to promote travel growth, jobs and help accelerate the recovery of the tourism industry, benefiting operations at San Diego International Airport (SDIA) and the regional economy.

Status: 2/25/21 – Introduced.

Position: Support (9/2/21)

\*Shaded text represents new or updated legislative information

## **Legislation/Topic**

### **H.R. 1813 (DeFazio) Funding for Aviation Screeners and Threat Elimination Restoration (FASTER) Act.**

## **Background/Summary**

In 2013, Congress began diverting one-third of the revenue collected from airline passenger security fees to be deposited into the general fund of the U.S. Treasury. This diversion has caused the Transportation Security Administration (TSA) to forgo an estimated \$19 billion in these fees. H.R. 1813 would repeal the requirement to divert funds and ensure that passenger security fees are used for aviation security purposes. H.R. 1813 would also provide 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**

Providing 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: 3/11/21 – Introduced.

Position: Support (4/1/21)

\*Shaded text represents new or updated legislative information

## **Legislation/Topic**

### **H.R. 2719 (Blumenauer) Rebuilding America's Airport Infrastructure Act.**

## **Background/Summary**

This bill would incrementally increase the Passenger Facility Charge (PFC) cap by \$1.00 annually starting in 2023, until it reaches a level of \$8.50 in 2026. Thereafter, the PFC cap would be adjusted annually for inflation.

## **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 competition. This bill would increase 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: 4/22/21 – Introduced.

Position: Support (6/3/21)

\*Shaded text represents new or updated legislative information



## **Legislation/Topic**

### **H.R. 3340 (Garamendi) The TIFIA Airport Act.**

## **Background/Summary**

H.R. 3340 would expand Transportation Infrastructure Finance and Innovation Act (TIFIA) eligibility to airports. As of the end of Fiscal Year 2019, approximately \$1.88 billion of federal financing is available. Privately owned airports or general aviation airport projects are not eligible.

## **Anticipated Impact/Discussion**

H.R. 3340 would provide an additional low-interest federal funding option for airport projects, including the Airport Authority's Airport Development Plan (ADP) and other capital projects. These projects stimulate local economic growth that is desperately needed post-COVID-19 pandemic. The Legislative team is monitoring the status of this bill and working with industry partners and associations to support this measure any for any additional sources of airport funding and resources.

Status: 5/20/21 – Referred to the Subcommittee on Highways and Transit.

Position: Support (6/3/21)

\*Shaded text represents new or updated legislative information

**New Senate Bills**

No new Senate bills to report.

\*Shaded text represents new or updated legislative information

## **Legislation/Topic**

### **S. 303 (Blumenthal) Essential Transportation Employee Safety Act of 2021.**

## **Background/Summary**

This bill would require the Secretary of Transportation to work with the Centers for Disease Control and Prevention (CDC) and the Federal Emergency Management Agency (FEMA) to support the efforts of state and local governments to provide for priority testing of transportation workers. The bill would also implement personal protective equipment and cleaning, disinfection, and sanitization requirements for owners and operators of equipment or facilities used by certain transportation employers, including airports. The bill would also codify the mask mandate Executive Order requiring face mask usage in airports, on airplanes, as well as on other forms of public transportation for the duration of the pandemic.

## **Anticipated Impact/Discussion**

As critical infrastructure to the San Diego Region, airport employees have continuously served travelers throughout the COVID-19 pandemic. This bill would ensure basic health safety measures, such as mask wearing, would continue through the duration of the pandemic.

**Status:** 2/8/21 – Introduced.

**Position:** Watch (3/4/21)

\*Shaded text represents new or updated legislative information

## **Legislation/Topic**

### **S. 479 (Wicker) Lifting Our Communities through Advance Liquidity for Infrastructure (LOCAL Infrastructure) Act**

## **Background/Summary**

States and local governments issue debt as municipal bonds, specifically to fund and support infrastructure and other capital improvement projects. Bonds are usually federally tax-exempt and when interest rates drop, states and local governments oftentimes opt to refinance bonds at a lower rate and therefore allow them to save money. Advance refunding is a mechanism that allows states and local governments to save a substantial amount of capital but was repealed in the 2017 Tax Cuts and Jobs Act.

Specifically, S. 479 amends Section 149(d) of the Tax Code to restore advance funding and make capital available for use by states and local governments. As a result of this legislation, states and local governments would be able to access advance funding and refinance municipal bonds in a way that allows for more favorable rates, similar to refinancing one's mortgage at a lower interest rate. Statistics show that advance refunding has allowed states and local governments to save billions, but the mechanism has not been available to them since January 2018.

## **Anticipated Impact/Discussion**

S. 479 would provide the Airport Authority additional flexibility to refinance existing debt and potentially achieve significant interest savings if an advance refunding is executed due to the ability to refund with tax-exempt rather than taxable debt.

**Status:** 2/25/21 – Introduced.

**Position:** Support (4/1/21)

\*Shaded text represents new or updated legislative information

**Legislation/Topic**

**S. 1715 (Duckworth) Transportation Infrastructure Finance and Innovation Act (TIFIA) for Airports.**

**Background/Summary**

S. 1715 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: 5/19/21 – Referred to the Committee on Environment and Public Works.

Position: Support (6/3/21)

\*Shaded text represents new or updated legislative information

## Staff Report

**Meeting Date: October 7, 2021**

**Subject:**

**Appointment of Authority Advisory Committee Members**

### Recommendation:

Adopt Resolution No. 2021-0107, appointing members to the Authority Advisory Committee.

### Background/Justification:

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

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

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

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

- (8) San Diego Regional Economic Development Corporation
- (9) Rotation among:
  - a. San Diego North Economic Development Council
  - b. East County Economic Development Council
  - c. South County Economic Development Council

(10) San Diego Regional Chamber of Commerce

(11) Rotation among:

- a. Cleantech San Diego
- b. Biocom
- c. CONNECT

(12) Metropolitan Transit System

(13) North County Transit District

(14) San Diego County Taxpayers Association

(15) San Diego Tourism Authority

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

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

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

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

## NOMINATIONS TO FILL OPEN SEATS

The terms of several Committee members are set to expire in September 2021. Nominations have been received to replace those members whose terms are due to expire. Jim Gruny is nominated to serve the remainder of Col. Rick Huenefeld (ret.) due to his resignation. The names and biographical information of the nominees, the category represented by the nominees, and the source of the nominations are listed below.

Seat 2: MICHAEL DIGIROLAMO (reappointment) - Michael has more than 40 years of aviation experience. Mr. DiGirolamo has consulted on a number of airport projects around the world and served on the Airport Council International World Security Advisory Committee for more than 12 years. Mr. DiGirolamo's experience includes serving as Deputy Executive Director of Airport Operations and Public Safety for the City of Los Angeles, Deputy Executive Director of Operations for the Dallas/Fort Worth International Airport, and Airport Manager at Ontario International Airport. After more than 30 years of service with the City of Los Angeles Mr. DiGirolamo retired in 2010. Upon his retirement he has continued to work within the aviation industry as consultant on airport matters and Air Service Development. Mr. DiGirolamo is a graduate of California State University, Northridge.

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He continued to develop his aviation knowledge through participation in the Advanced Airport Executive Development Program at the University of Southern California and Senior Airport Management Program at the International Aviation Management Institute/McGill University in Montreal, Canada. Mr. DiGirolamo has resided in the City of San Diego for the last 6 years.

(Category: Passenger and Freight Air Transportation Operations and Economics;  
Nominated by: President/CEO, San Diego County Regional Airport Authority)

Seat 3: CAMERON "CAM" HUMPHRES (reappointment) – Cam has a passion for aviation that began early; he set his sights on becoming a military pilot at four years old. Many impatient years later, Cam was commissioned as an officer in the US Air Force, earned his pilot wings, and was assigned to the B-1B Lancer. After a 20-year career culminating as a B-1B Operational Test Pilot, Cam retired from the Air Force and began to pursue his next aviation ambition in airport management. His first post was an eight-year tenure as the Executive Director of Rapid City Regional Airport in South Dakota. Following Rapid City, he had the opportunity to live in New Zealand for two years and teach airport management at Massey University. Cam then returned to the US, this time to New Mexico, where he spent the next two years as the Santa Fe Regional Airport Manager and two years as the Los Alamos Municipal Airport Manager. Cam now serves as the Director of Airports for the County of San Diego, overseeing a commercial service airport and seven general aviation airports. Cam holds a bachelor's degree in Professional Aeronautics and master's degree in Aviation Business Administration from Embry-Riddle Aeronautical University and is an AAAE Accredited Airport Executive. Cam and his wife, Sarah, love San Diego's vibrant culture and stunning environment and have no intention of ever leaving.

(Category: General Aviation; Nominated by: President/CEO, San Diego County Regional Airport Authority)

Seat 4: CHRISTIANA DEBENEDICT (appointment) – Christiana serves as Director of Environmental Initiatives at the San Diego Foundation, leading programs and directing resources to build a more equitable and resilient San Diego. She has built her career locally, developing capacity, resources, programs and networks in support of our regional and binational environment and community. As the Director of Environment Leadership Initiatives at The Nonprofit Institute at the University of San Diego, Christiana managed The Equinox Project and the Outdoor Leaders Initiative. She also directed the San Diego Regional Climate Collaborative, a network of cities and public agencies working to advance local climate solutions. Previously, Christiana served as Assistant Director of Climate Education Partners, a \$5 million National Science Foundation-funded project, and as Director of Member Services and Operations at the US-Mexico Border Philanthropy Partnership, a network of 21 community foundations in the US-Mexico border region. Christiana graduated from the University of California, Berkeley with a Bachelor of Arts in Hispanic Languages and Bilingual Issues and holds an International MBA from IE Business School in Madrid, Spain. (Category: The Natural Environment; Nominated by: President/CEO, San Diego County Regional Airport Authority)



Meeting Date: October 7, 2021

Seat 5: DEANNA SPEHN (reappointment) – Deanna is the Policy Director for California State Senator Toni Atkins, who represents the 39th Senate District. She is responsible for legislation and serves as liaison to local jurisdictions on issues such as the environment, airports, municipal governments, transportation, water and economic development. Among other previous positions, she served as Policy Director for nine years for State Senator Christine Kehoe; as President of Public Policy Strategies, a division of Tom Shepard & Associates; as a Senior Policy Analyst for Mayor Susan Golding; and as a Consultant to the San Diego City Council Committee on Rules, Finance and Intergovernmental Relations.

(Category: Local Government; Nominated by: President/CEO, San Diego County Regional Airport Authority)

Seat 6: JEFFREY GATTAS (reappointment) – Jeffrey is Assistant Chancellor and Chief of staff to UC San Diego Chancellor Pradeep K. Khosla. He is a strategic advisor to the Chancellor and the campus executive leadership team. He is the key architect of the Chancellor's strategies and tactics to achieve institutional goals and objectives and provides senior executive-level oversight and coordination to implement the directives and institutional initiatives of UC San Diego. As the senior-most advisor, he provides expertise and counsel to the Chancellor regarding all aspects of leadership of a \$5 billion, top 10 internationally ranked public research university. In addition, Jeff provides leadership and oversight of the University's communications and marketing teams as well as government and community relations, ensuring consistent, high-level outreach. Jeff has over 20 years of experience in communications, government and public affairs. Jeff has served on several civic and community boards. Currently he is a member of LEAD San Diego, the Downtown San Diego Partnership Board of Directors and the San Diego Regional Chamber of Commerce.

(Category: The Campuses of the University of California and the California State Universities in the region; nominated by: President/CEO, San Diego County Regional Airport Authority)

Seat 7: CAROL KIM (appointment) – Carol is the Director of Community Engagement for the San Diego Building & Construction Trades Council (SDBCTC) Family Housing Corporation and the Political Director for the San Diego County Building and Construction Trades Council. After graduating from UCLA in 1998, Carol began her career as a classroom teacher in an inner-city school in Los Angeles. Her years as a teacher were followed by several more working in HIV prevention, where she served high-risk groups including active and recovering substance users, adolescents in the foster care and judicial systems, LGBTQ communities, as well as communities of color. Following a move to San Diego, she carried her experience as a practitioner in the fields of education and public health to work as a Research Associate in the Health & Human Development program for an education research nonprofit, working with schools, school districts, and community colleges in San Diego County and throughout the state of California.

Meeting Date: October 7, 2021

In 2013, she took a leap into politics, and has been an advocate for working families and underserved communities ever since, whether she is running electoral campaigns, advocating for legislation, or organizing community coalitions as the Political Director of the SDBCTC & the Director of Community Engagement for the SDBCTC Family Housing Corporation. Carol also serves on the boards of the San Diego and Imperial Counties Labor Council, the San Diego Convention Center, the California State Building & Construction Trades Council, Progressive Labor Alliance, Run Women Run, the Middle-Class Taxpayers Association, United Way San Diego, San Diego Workforce Partnership, and is a member of the San Diego County Democratic Party Central Committee. She is a mother of two and lives in San Diego with her family.

(Category: Organized Labor: Nominated by: President/CEO, San Diego County Regional Airport Authority)

Seat 9: JAMES O'CALLAGHAN (appointment) – James is the President/CEO of the South County Economic Development Corporation. He served as Executive Director at the West Hollywood Travel and Tourism Board and before that served as President and CEO of two Chambers of Commerce from 2012 to 2018. James graduated from Hofstra University in 2000 and received his master's degree from Columbia University in 2002. His immediate position before South County EDC was as Executive Director at the West Hollywood Travel and Tourism Board, where he operated two business improvement districts and developed programs to attract and retain businesses within the districts. He was also President and CEO of the Huntington Beach Chamber of Commerce from 2016 to 2018 and of Manhattan Beach Chamber of Commerce from 2012 to 2016. O'Callaghan has 24 years of experience in business development.

(Category: Regional Economic Development: Nominated by: President/CEO, South County Economic Development Council)

Seat 11: CHRISTIE MARCELLA (appointment) – Christie is COO of Connect. Prior to joining Connect, she served as Executive Director and Community & Economic Development Officer for the Jacobs Center for Neighborhood Innovation, focusing on the intersection of redevelopment, community engagement and economic development in Southeastern San Diego. She has also served as Economic Development Manager for the City of Carlsbad, supporting growth in the city's innovation sectors while supporting regional transportation efforts. In collaboration with SANDAG and NCTD, she led the launch of Carlsbad Connector, the first-last mile flexible transit service from the Coaster line to Carlsbad's main employment areas. She holds a Master's in Urban Planning from Columbia University and a Bachelor's in International Affairs from the George Washington University.

(Category: Business, Including the Technology Sector of the Economy: Nominated by: President/CEO, CONNECT)

Meeting Date: October 7, 2021

Seat 13: ROBERT CALIX (reappointment) – Robert recently joined NCTD as its Chief of Planning, Strategy and Innovation. He draws upon 25 years of transit development experience from Los Angeles Metro where he led and managed a variety of Planning initiatives and spearheaded public engagement strategies to gain consensus and approval from its diverse population and their representatives. Robert leverages his own bilingual background to create planning and communication initiatives that are inclusive, far-reaching, and accessible to all socio-economic groups. His collaborative approach to community-based planning forms much of the foundation for successful initiatives such as the comprehensive NextGen Bus Plan that was recently adopted by the LA Metro Board, as well as the Long-Range Transportation Plan, freight movement planning, and Metro Rail environmental clearance studies. Now, as Chief of Planning, Strategy, and Innovation for NCTD, Robert is charged with leading the agency’s planning initiatives, collaborating with its strategic partners, implementing its bus system redesign, and identifying innovative approaches to carry out its mission to deliver safe, convenient, reliable, and user-friendly public transportation. Robert integrates his business education from the University of California, Berkeley, along with Intercultural Communications Graduate Studies from California State University to actualize inclusive and equity focused community-based planning. Having made the move from LA, he currently resides in Oceanside, CA with his wife.

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

Seat 16: BRIGETTE BROWNING (appointment) – Brigitte has led UNITE HERE Local 30, a labor union representing more than 6,000 workers in San Diego’s hotel and hospitality industries, since 2007. Since May 2021, she is also Secretary-Treasurer of the San Diego and Imperial Counties Labor Council. Seeing the potential for having a greater impact on the lives of workers in San Diego, Brigitte challenged the existing leadership of Local 30 in 2007 and won the election for union officers in an upset. Among her first actions were to cut her own position’s salary in half, get rid of various perks for union officers, and re-focus the union on grassroots organizing and growth. Local 30 has doubled in size under Brigitte’s leadership – and she is determined to double its membership once again. She is hoping to do the same at the Labor Council. Brigitte has also emphasized coalition-building with progressive community groups and like-minded labor unions to deliver better results for San Diego’s hospitality workers. On issues ranging from housing and public transit to environmental justice and health care, Brigitte works hard to ensure the needs of Local 30 members are considered in public policy debates around the County.

Meeting Date: October 7, 2021

Under Brigitte's leadership, Local 30 has helped more than 200 union members and their family become U.S. citizens. An advisory board member of the San Diego Immigrant Rights Consortium, Local 30 is one of the few labor unions in the United States to be a Recognized Organization by the U.S. Department of Justice – giving the union the ability to represent immigrants before the Department of Homeland Security, immigration courts and the Board of Immigration Appeals. In 2015, Brigitte hired a permanent Immigration Coordinator, who is also accredited by the Department of Justice to represent immigrants herself in immigration forums. In 2018, Brigitte led the 162 union workers of the Westin Gaslamp as they went on strike – the first prolonged hotel strike in San Diego history – and negotiated an end to the 35-day strike that resulted in a 40% increase in hourly wage for the lowest paid hotel workers there, among other improvements to pay and benefits for the Westin workers. Brigitte was born and raised in San Diego and grew up in Ocean Beach. She attended UCSD and has degrees in Chemistry and Spanish Literature. Brigitte currently resides in Chula Vista with her husband, and children.

(Category: San Diego and Imperial Counties Labor Council; Nominated by: The Deputy Trustee of the San Diego and Imperial Counties Labor Council)

Seat 18: JIM GRUNY (appointment) – Jim currently serves as the Community Liaison Officer for Marine Corps Recruit Depot San Diego (MCRDSD) and the Western Recruiting Region (WRR). In this capacity he advises and supports the Commanding General and his subordinate commanders in maintaining a strong, positive, and mutually supporting relationship between MCRDSD/WRR and the greater San Diego Community. Jim's previous civilian position was Chief Operating Officer for Workshops for Warriors (WFW), a 501(c)(3) non-profit that provides transitioning service members and veterans advanced manufacturing training, nationally recognized credentials, and assistance with job placement. Jim is a retired Marine Colonel. His 30 years of service in the Marine Corps as an Armor Officer included two combat tours in Operations Desert Shield/Desert Storm and Operation Iraqi Freedom. He served in multiple Command tours, the last as the Regimental Commander at the Recruit Training Regiment, Marine Corps Recruit Depot, San Diego. His various Staff tours include assignments at the Group, Marine Expeditionary Force, Service Headquarters, and Agency levels, and as a Secretary of Defense Corporate Fellow with Amgen, a Biotech/Pharmaceutical company in Thousand Oaks, CA. His last tour in the Marine Corps was as the Chief of Staff for the Marine Corps Recruit Depot, San Diego and the Western Recruiting Region. His personal decorations include the Legion of Merit with three gold stars, Bronze Star with Valor, Defense Meritorious Service Medal, Meritorious Service Medal with two gold stars, Navy Commendation Medal with Valor and two gold stars, and Combat Action Ribbon with gold star. Jim holds a Bachelor of Arts Degree in Economics from Vanderbilt University and a Master of Science Degree in Management from the Naval Postgraduate School in Monterey, California.

(Category: The United States Department of Defense; Nominated by: Commanding Officer, Marine Corps Air Station (MCAS) Miramar)

Meeting Date: October 7, 2021

Seat 19: GITA MURTHY, PhD (appointment) – Gita is CEO and founder of RORE, Inc., a general contractor based in San Diego. As CEO, she has led the firm from infancy to a \$50 million firm. During her tenure, she has managed over 40 contracts as a prime contractor for the Department of Defense, and other public sector clients. She has led and managed construction projects that have ranged from a small parking lot to complex design-build school in various locations from the Continental United States to Hawaii, Alaska, and Okinawa, Japan. Gita is a high-level strategic thinker who revels in thought-provoking discussions, innovation, and problem solving; believes in diversity, and has a penchant for learning and public service. Gita has served on professional Boards, including the Associated General Contractors of America, Associated Builders and Contractors, Vistage, and the Society of American Military Engineers. She has served on the Board of Trustees for the San Diego Fleet Science Center and the Scripps Institute of Oceanography. As a woman-owned business, Gita employs several women professionals, and mentors young professionals to develop professionally into strong and confident contributors to society. She teams with other businesses and works collaboratively to deliver outstanding products to her clients. When she's not working at RORE, or volunteering for organizations, she enjoys raising her teenaged twins to be successful contributors to society. (Category: Other Groups and Residents of San Diego County; Nominated by: Chief Auditor and Vice President/CDO, San Diego County Regional Airport Authority)

Seat 20: BRITTANY APPLESTEIN SYZ (appointment) – Brittany is Director of Environmental Services and Sustainability at SDG&E where she manages environmental compliance and sustainability planning. This role includes overseeing environmental management practices and developing future looking sustainable goals. In her prior role, she was Director of Clean Transportation where she oversaw SDG&E's transportation electrification strategy and programs. This team is responsible for electric vehicle adoption in SDG&E's territory, which assists with the State of California's goals for GHG reduction. Brittany began her career with SDG&E as Senior Counsel where she handled all legal matters relating to real estate transactions and franchise work. Prior to SDG&E she worked as General Counsel and VP of Business Development at Oberon Fuels, an alternative fuels producer. At Oberon, Brittany managed all legal operations and helped to develop key partnerships with both large truck manufacturers and fueling operators. She also worked to in a regulatory and governmental compliance function. Brittany also practiced transactional law at Morrison Foerster LLP in San Francisco, specializing in energy, real estate, and corporate transactional matters. Before she went to law school, Brittany worked in several start up positions in the bay area. Throughout her career she has Brittany has used her legal experience to work on pro bono cases regarding affordable housing and civil rights issues. She graduated cum laude from Harvard University, obtained a master's degree from the London School of Economics, and received her law degree cum laude from University of California, Hastings College of the Law. She is currently on the board of Casa Cornelia. (Category: Other Groups and Residents of San Diego County; Nominated by: Chief Auditor and Vice President/CDO, San Diego County Regional Airport Authority)

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

### 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:

Tony R. Russell  
Director, Board Services/Authority Clerk

RESOLUTION NO. 2021-0107

A RESOLUTION OF THE BOARD OF THE SAN DIEGO  
COUNTY REGIONAL AIRPORT AUTHORITY,  
APPOINTING MEMBERS TO THE AUTHORITY  
ADVISORY COMMITTEE

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

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

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

**WHEREAS**, as result of term expirations, the Authority Board desires to appoint to the Advisory Committee the individuals whose nominations were received pursuant to Authority Policy 1.21.

**NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD HEREBY** approve appointments to the Authority Advisory Committee as indicated on “Attachment A” for the term stated; and

**BE IT FURTHER RESOLVED** 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 7<sup>th</sup> day of October, 2021, by the following vote:

**AYES:** Board Members:

**NOES:** Board Members:

**ABSENT:** Board Members:

**ATTEST:**

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TONY R. RUSSELL  
DIRECTOR, BOARD SERVICES /  
AUTHORITY CLERK

**APPROVED AS TO FORM:**

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AMY GONZALEZ  
GENERAL COUNSEL



## San Diego County Regional Airport Authority

Name	Seat	Term Start	Term Ends
<b>AIRPORT MANAGEMENT</b>			
Oris Dunham	1	October 2020	September 2022
<b>PASSENGER AND FREIGHT AIR TRANSPORTATION OPERATIONS AND ECONOMICS</b>			
Michael DiGirolamo	2	October 2021	September 2023
<b>GENERAL AVIATION</b>			
Cameron "Cam" Humphres	3	October 2021	September 2023
<b>THE NATURAL ENVIRONMENT</b>			
Christiana Debenedict - SAN DIEGO FOUNDATION	4	October 2021	September 2023
<b>LOCAL GOVERNMENT</b>			
Deanna Spehn - Senator Toni Atkins	5	October 2021	September 2023
<b>THE CAMPUSES OF THE UNIVERSITY OF CALIFORNIA AND THE CALIFORNIA STATE UNIVERSITIES</b>			
Jeffrey Gattas - UCSD	6	October 2021	September 2023
<b>ORGANIZED LABOR</b>			
Carol Kim	7	October 2021	September 2023
<b>SAN DIEGO REGIONAL ECONOMIC DEVELOPMENT CORPORATION</b>			
Nikia Clarke	8	October 2020	September 2022
<b>REGIONAL ECONOMIC DEVELOPMENT (Rotation)</b>			
James O'Callaghan - South County EDC	9	October 2021	September 2023
<b>SAN DIEGO REGIONAL CHAMBER OF COMMERCE</b>			
Jaymie Bradford	10	October 2020	September 2022
<b>BUSINESS, INCLUDING THE TECHNOLOGY SECTOR OF THE ECONOMY (Rotation)</b>			
Christie Marcella - CONNECT	11	October 2021	September 2023
<b>METROPOLITAN TRANSIT SYSTEM</b>			
Bill Sandke	12	October 2020	September 2022
<b>NORTH COUNTY TRANSIT DISTRICT</b>			
Robert Calix	13	October 2021	September 2023
<b>SAN DIEGO COUNTY TAXPAYERS ASSOCIATION</b>			
Haney Hong	14	October 2020	September 2022
<b>SAN DIEGO TOURISM AUTHORITY</b>			
Kerri Kapich	15	October 2020	September 2022
<b>SAN DIEGO AND IMPERIAL COUNTIES LABOR COUNCIL</b>			
Brigette Browning	16	October 2021	September 2023
<b>THE DEPARTMENT OF TRANSPORTATION</b>			
Ann Fox	17	October 2020	September 2022
<b>THE UNITED STATES DEPARTMENT OF DEFENSE</b>			
Jim Gruny	18	October 2021	September 2022
<b>MEMBERS OF THE GENERAL PUBLIC SAN DIEGO COUNTY</b>			
Gita Murthy	19	October 2021	September 2023
Brittany Applestein Syz	20	October 2021	September 2023

## Staff Report

**Meeting Date: October 7, 2021**

### **Subject:**

**Fiscal Year 2021 Annual Report from the Audit Committee**

### **Recommendation:**

The Audit Committee recommends that the Board accept the report.

### **Background/Justification:**

The Charter of the Audit Committee was instituted by Board Resolution No. 2003-061 on October 2, 2003, and states the Audit Committee's authority, role, duties, and oversight responsibilities. The Charter of the Audit Committee was most recently revised by Board Resolution No. 2020-0097 on October 1, 2020.

The duties and responsibilities of the Audit Committee are further detailed in Authority Policy Article 1, Section 1.50 (5)(c)(ii).

Annually, in accordance with the Charter of the Audit Committee, the Committee shall provide a summary report to the Board on its activities comprising how it discharged its duties and met its oversight responsibilities during the previous year.

On September 13, 2021, during a regular meeting of the Audit Committee, the Committee Chair presented the Fiscal Year 2021 Annual Report from the Audit Committee (Attachment A) to the Committee Members in attendance for their review. Subsequently, the Audit Committee voted unanimously to forward their Fiscal Year 2021 Annual Report 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

**Board Members**

Gil Cabrera (Chair)  
Paul Robinson (Vice Chair)  
Catherine Blakespear  
Mary Casillas Salas  
Robert T. Lloyd  
Paul McNamara  
Johanna Schiavoni  
Nora E. Vargas  
Marni von Wilpert

**Ex-Officio Board  
Members**

Col. Thomas M. Bedell  
Gustavo Dallarda  
Gayle Miller

**President/CEO**

Kimberly J. Becker

September 13, 2021

Gil Cabrera, Board Chair  
San Diego County Regional Airport Authority  
P.O. Box 82776  
San Diego, CA 92138-2776

Dear Board Member Cabrera:

The activities and duties performed by the Audit Committee are detailed in this Audit Committee Annual Report for Fiscal Year 2021. A requirement within the Charter of the Audit Committee, the following report is for the period July 1, 2020, through June 30, 2021. My role as Audit Committee Chair commenced on February 1, 2021.

There were a total of six Audit Committee Meetings during Fiscal Year 2021. The COVID-19 environment required that teleconferencing protocols stay in place. Accordingly, all San Diego County Regional Airport Authority (Authority) Audit Committee meetings were held in this manner, managed by the Authority Clerk and Board Services Department during the fiscal year.

All Minutes for the Authority Audit Committee Meeting public sessions are on file with the Authority Clerk's office and may also be found on the San Diego International Airport website [www.san.org](http://www.san.org).

The dates the Audit Committee Meetings took place in Fiscal Year 2021 are listed below, with a brief account providing highlights from each meeting following in the report.

- September 10, 2020 – *Regular Meeting*
- November 16, 2020 – *Regular Meeting*
- February 8, 2021 – *Regular Meeting*
- April 22, 2021 – *Special Meeting (Interviews & Selection of New Public Member)*
- May 10, 2021 – *Regular Meeting*
- June 21, 2021 – *Special Meeting (Audit Committee Member Training)*

### **September 2020**

During the September 10, 2020, Audit Committee Meeting we welcomed a new Public Member to the Committee, Agnes Wong Nickerson.

The September meeting agenda contained items for the Audit Committee's review, including acceptance of the revision to the Audit Plan from the Office of the Chief Auditor (OCA), the Fiscal Year 2020 Annual Report from the OCA, and a review of both the Charter of the Audit Committee and the OCA Charter, each containing revisions that were forwarded to the full Board. A change to the Charter of the Audit Committee updated the number of terms that a public member on the Audit Committee may serve, and a revision to the OCA Charter inserted a requirement for the Office of the Chief Auditor to communicate the results of its Quality Assurance and Improvement Program to the Audit Committee.

### **November 2020**

An important responsibility performed by the Audit Committee is to annually review the Authority's audited financial reports for Fiscal Year Ended June 30 of that year. The November 16, 2020, Audit Committee Meeting was attended by the external auditor BKD, LLP, and a detailed presentation on the following reports was provided for Committee review and discussion.

- Audited Financial Statements for Fiscal Year-ended June 30, 2020
- Compliance (single audit) Report
- Passenger Facility Charge (PFC) Compliance Report
- Customer Facility Charge (CFC) Compliance Report
- Letter to the Board
- 2020 Annual Comprehensive Financial Report

The November 16, 2020, Audit Committee Meeting also included a Closed Session item. Directors from Aviation Security and Public Safety and the Information & Technology Services Departments updated the Audit Committee Members on the sphere and activities related to threats to public services or facilities at the Authority.

### **February 2021**

Appointments to the Board's standing committees, which includes the Audit Committee, routinely take effect on February 1<sup>st</sup>. The Audit Committee welcomed two new Authority Board Members to the Committee during its February 8, 2021, meeting. A report from the Chief Auditor on the activities of the OCA for the second quarter rounded out the meeting.

### **April 2021**

A Special Audit Committee Meeting took place on April 22, 2021, to interview candidates for a Public Member vacancy, set to occur upon Jack Van Sambeek's term expiring June 30, 2021. With the Audit Committee Meetings continuing to be held by teleconference, the interviews were conducted in this manner. The Audit Committee interviewed three candidates, and upon completing deliberation, selected Gretchen Newsom as the next Public Member, with a term commencing on July 1, 2021.

### **May 2021**

The May 10, 2021, Audit Committee Meeting had a full agenda. Agenda topics included the external auditor's plan for their upcoming financial and compliance audit that starts in June; the Chief Auditor's proposed Fiscal Year 2022 budget; the Chief Auditor's Fiscal Year 2022 Risk Assessment and Audit Plan; and, a presentation on the selection of an on-call construction audit services expert who the OCA will oversee during the course of the Authority's Airport Development Program. The Audit Committee subsequently voted unanimously on the selection of Baker Tilly US, LLP, to provide on-call construction audit services. Estimated cost for the external construction audit firm is \$1.5M over 3-7 years. A Board resolution was adopted and approved on July 1, 2021, for this agenda item.

### **June 2021**

A Special Audit Committee meeting was held on June 21, 2021, observing best practices by providing the Audit Committee Members with training on maintaining an effective Audit Committee. Topics covered the role and responsibilities of an Audit Committee, its purpose and importance, and an overview of the Annual Comprehensive Financial Report, which is submitted for Audit Committee review each year, prior to the Board review. The Audit Committee training was conducted by BKD, LLP.

Audit Committee Members examined numerous documents and reports in preparation for their meetings during Fiscal Year 2021. Every Audit Committee Meeting the Chief Auditor provides required information to the Committee and gives a status on the OCAs activities, including the results of audits performed by the department. The pulse of Authority operations are communicated to the Audit Committee, in part, through the audits performed by the OCA.

In Fiscal Year 2021, Audit Committee Members reviewed, approved, or received as information, the following reports and presentations:

- Fiscal Year 2020 Annual Report of the OCA.
- Fiscal Year 2021 Quarterly Reports and corresponding audit recommendations.
- OCA Audit Reports issued during Fiscal Year 2021, totaling 13.
- OCA Recommendations issued during Fiscal Year 2021, totaling 33.
- Management's progress implementing recommendations issued by the OCA.
- Revisions to the Fiscal Year 2021 OCA Audit Plan.
- Fiscal Year 2022 Risk Assessment, Audit Plan, and Proposed Budget for the OCA.
- Cybersecurity Updates.
- OCA recommendation for on-call construction audit services provider.
- Ethics Program and Confidential Hotline Updates.
- Public Employee Performance Evaluation Goal Setting for the Chief Auditor.

As Audit Committee Chair, the one-on-one preparation with the Chief Auditor, prior to each Audit Committee Meeting, also provides for additional discussion opportunities on operational performance of the Authority and of the Office of the Chief Auditor.

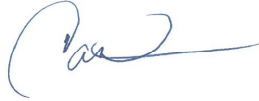
COVID-19 continued to effect and challenge the Airport Authority, and all of us, throughout Fiscal Year 2021. The Audit Committee remained steadfast in carrying out its responsibilities, for which I would like to express my appreciation for their commitment.

Annual Report  
from the Audit  
Committee

In closing, the Audit Committee had a very busy year and each Committee Member fulfilled their responsibilities with professionalism and commitment. I look forward to the year ahead in our participation together.

*Page 5 of 5*

Sincerely,



Carmen Vann  
Audit Committee Chair

CV/LP/sro

cc: SDCRAA Board Members  
SDCRAA Audit Committee Members  
Kimberly J. Becker, President/CEO



## Staff Report

**Meeting Date: October 7, 2021**

### Subject:

**Fiscal Year 2021 Annual Report from the Office of the Chief Auditor**

### Recommendation:

The Audit Committee recommends that the Board accept the report.

### Background/Justification:

As directed in the Charter for the Office of the Chief Auditor, the Chief Auditor shall communicate to the Authority's Audit Committee and executive management on the performance relative to the Office of the Chief Auditor's (OCA) Audit Plan, results of audit engagements or other activities completed, and to report any risk exposures or control issues identified.

Additionally, the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing (*Standards*) requires the Office of the Chief Auditor to make disclosures to the Audit Committee and Board at least annually.

In adherence to these requirements, the Fiscal Year 2021 Annual Report from the OCA (Attachment A) was submitted to the Audit Committee during a regularly scheduled Committee Meeting on September 13, 2021.

The OCA Annual Report provides an account of activities and accomplishments of the department during the period July 1, 2020, through June 30, 2021, and includes details on all recommendations completed or in progress during the Fourth Quarter of Fiscal Year 2021.

In addition, the OCA Annual Report provides required disclosures in conformance with the *Standards*, or as required in the Charter for the Office of the Chief Auditor.

On September 13, 2021, subsequent to receiving a presentation from the Chief Auditor on the Fiscal Year 2021 Annual Report, the Audit Committee voted unanimously to forward the report to the Board.

Meeting Date: October 7, 2021

## Fiscal Impact:

None

## 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:

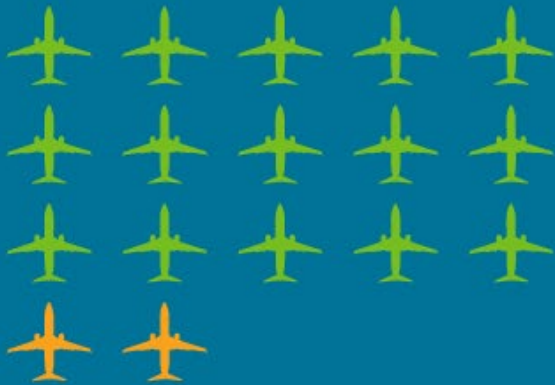
Lee M. Parravano  
Chief Auditor

# Office of the Chief Auditor Fiscal Year 2021 Annual Report

SAN DIEGO  
COUNTY  
REGIONAL  
AIRPORT  
AUTHORITY

ATTACHMENT A

## Audit and Consulting Engagement Progress



■ Completed (88.24%) ■ In Progress (11.76%)

## Audit and Consulting Engagements Completed vs. Benchmark & Goal



## FY 2021 - By the Numbers

33

Recommendations Issued

4.6

Customer Satisfaction Rating (Out of 5)

86%

Audit and Consulting Engagements Completed within Budget

71%

Auditor Utilization Percentage

100%

Recommendations Accepted by Management



# Fiscal Year 2021

## ANNUAL REPORT

SAN DIEGO  
COUNTY  
REGIONAL  
AIRPORT  
AUTHORITY

**Issue Date: September 13, 2021**

**OFFICE OF THE CHIEF AUDITOR**

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## Summary

### Executive Summary

The purpose of the Fiscal Year 2021 Annual Report is to provide information regarding the activities performed by the Office of the Chief Auditor (OCA) and to communicate required disclosures in conformance with The Institute of Internal Auditors' (IIA) International Standards for the Professional Practice of Internal Auditing (*Standards*).

Due to the ongoing coronavirus pandemic and changes in Authority operations, the Fiscal Year 2021 Audit Plan was amended and revised several times during the year. In addition to amending the Audit Plan, the pandemic also required the OCA to remain flexible when conducting audit procedures, including interviews, onsite inventory counts, and when requesting documentation. Even though the pandemic posed numerous challenges, staff was able to adapt, and as detailed in this report, to exceed the goals established for the majority of the performance measures.

### Performance Measures

For Fiscal Year 2021, six major performance measures were developed to evaluate the OCA. The OCAs performance against the selected performance measures is displayed in Figure 1 below and are presented to the Audit Committee/Board quarterly unless noted otherwise.

Figure 1: Status of Performance Measures as of June 30, 2021

#	Performance Measure	Goal	Actual	Benchmark
1	Conduct engagements that add value measured by:			
	a) Customer Satisfaction Ratings from <ul style="list-style-type: none"> <li>i. Audit Committee/Board (reported annually)</li> <li>ii. Executive Management (reported annually)</li> <li>iii. Auditee</li> </ul>	4.0	i) 4.4 ii) 4.3 iii) 4.6	4.0
	b) Number of Recommendations	25	33	25
2	Percentage of audit and consulting engagements completed	80%	88%	59%
3	Percentage of recommendations accepted	95%	100%	83%
4	Provide tools and training for staff measured by:			
	a) Percentage of staff meeting CPE requirements (reported annually)	100%	100%	99%
	b) Percent of staff with at least one professional certification (reported annually)	100%	86%	40%
	c) Number of non-CPE training hours per staff (reported annually)	6	6.1	n/a
5	Percentage of staff time spent on audit and consulting engagements and general audit activities	70%	71%	70%
6	Percentage of audit and consulting engagements completed within budget	80%	86%	75%

*Customer Satisfaction Rating:*

The OCA provides surveys to the following three customer categories:

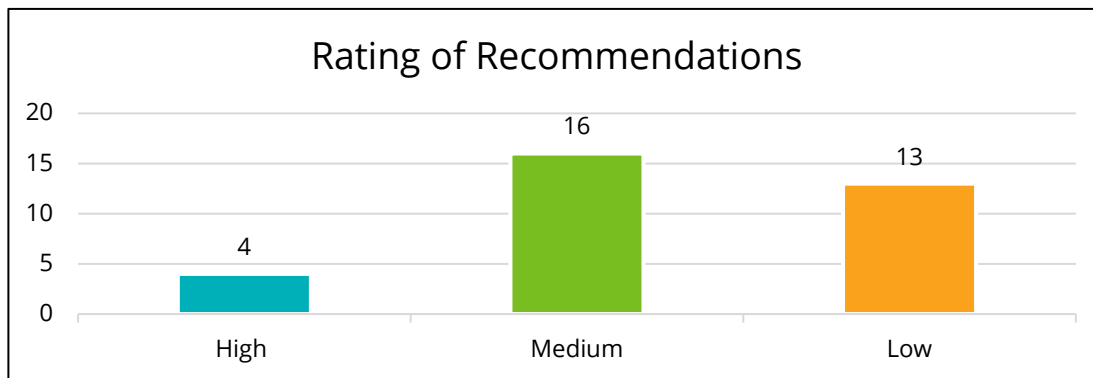
- Authority Board/Audit Committee
- Executive Management
- Auditee

The Authority Board/Audit Committee and Authority Executive Management are surveyed annually, and results are reported annually to the Audit Committee. Whereas, surveys are sent to auditees “post-audit”, following the completion of each audit (or consulting engagement), to obtain customer satisfaction data. These survey results are presented quarterly to the Audit Committee. The OCA tracks each customer category separately; and, in Fiscal Year 2021 received aggregate scores of 4.4, 4.3, and 4.6, respectively, exceeding the goal of 4.0 for each category.

*Number of Recommendations:*

One of the OCAs primary objectives is to identify risks that could pose a threat to the Authority. During the fiscal year, the OCA provided 33 recommendations to management to remediate a risk identified. Each of the recommendations are 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.

*Figure 2: Rating of Recommendations*



*Percentage of Audit and Consulting Engagements Completed:*

The OCA completed 13 audit reports and 2 consulting engagements, or 88%<sup>1</sup>, of audit and consulting engagements (15/17 = 88%) on the Fiscal Year 2021 Audit Plan.

The status of all activities in the Fiscal Year 2021 Audit Plan is included in Appendix A.

<sup>1</sup> The 88% is equal to (13 completed audits + 2 consulting engagements) / 17 (20 total audit and consulting engagements minus 3 audits that were approved to be completed in Fiscal Year 2022 – Harbor Police Contract Management, Accounts Receivable / Collections - Abatement Program, and Contractor Monitoring – Engineered Materials Arresting System.) See Appendix A for the Fiscal Year 2021 Audit Plan on June 30, 2021.

*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 issued. In Fiscal Year 2021, management accepted 100% of all audit recommendations.

*Percentage of Staff Meeting Continuing Professional Education (CPE) Requirements:*

During the year, 100% of staff met their education requirements.

*Percentage of Staff with at Least One Professional Certification:*

The OCA has six full time auditors. Five of the six full-time auditors have *at least* one professional certification, resulting in a percentage of 86%. A listing of the professional certifications held by the OCA are included in the Administrative section of this report.

*Number of Non-Continuing Professional Education Training Hours per Staff:*

The OCA provides non-CPE training to audit staff to emphasize or enhance skills on a particular topic. In Fiscal Year 2021 the OCA provided 6.1 hours of training per staff. Training has included topics such as Information Technology Risk Assessments, Presentation Skills, Quality Assurance and Improvements Programs, Audit Reporting, Entity-wide Risk Assessments, and Ethics.

*Percentage of Staff Time Spent on Audit and Consulting Engagements and General Audit Activities:*

This measure tracks the time spent on audit and consulting engagements and general audit activities.<sup>2</sup> The OCAs goal for Fiscal Year 2021 was 70%. The OCA exceeded the established goal, spending 71% of time on audit and consulting engagements and on general audit activities (68% including the Chief Auditor's time).

*Percentage of Audit and Consulting Engagements Completed within Budgeted Time:*

This category monitors the efficiency of audit staff in performing audits and consulting engagements. Specifically, audit staff is responsible for the internally prepared budget hours assigned to each audit or consulting engagement. In Fiscal Year 2021, the OCA completed 86% of its projects within the budgeted time, which exceeded the OCAs goal.

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<sup>2</sup> Appendix A details all planned activities in these categories for Fiscal Year 2021.



## *Audit and Consulting Engagements*

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The Fiscal Year 2021 Audit Plan had 20 total audit and consulting engagements that were to be initiated. Of these, three engagements were put on hold at the request of the auditee due to COVID-related delays, or were not anticipated to be completed as a result of Authority operations or programs in the fiscal year. These three audits are included in the Fiscal Year 2022 Audit Plan. This left 17 engagements for the OCA to complete.

During Fiscal Year 2021, the OCA completed 15 of those 17 engagements, thus exceeding its goal by completing 88% of engagements. The two audits that were not completed prior the end of the fiscal year have been carried forward to the Fiscal Year 2022 Audit Plan.

Below are highlights from the audits and consulting engagements completed by the OCA during the fourth quarter of Fiscal Year 2021. Audits completed in the first three quarters of the fiscal year were provided to the Audit Committee and Board in the OCAs quarterly activity reports. Also, at the time of their completion, audit reports are distributed electronically by the OCA to specified recipients.

**SAN Information Security Program Compliance:** The objective of this audit was to evaluate the Information & Technology Services Department's (I&TS) compliance to certain requirements in the SAN Information Security Program. The audit concluded that I&TS is compliant with the majority of the criteria selected for testing. The audit provided three recommendations. The recommendations related to completing two-factor authentication, updating the SAN Information Security Policy, and enhancing communication to users.

**Emergency and Sole Source Procurement:** The objective of this audit was to determine if the internal controls surrounding Emergency and Sole Source Procurements are adequate and functioning properly. The audit concluded that the internal controls in the Emergency and Sole Source Procurement process are adequate and operating as intended. The audit furnished one recommendation, categorized low, regarding an update to the form used to document a sole source, modifying the approval process to include Procurement, and to maintain a dedicated listing of all sole source purchases made.

**Procurement Card Program:** The objective of this audit was to determine if Procurement Card purchases complied with Procurement Card Program requirements and Authority Policies. The audit concluded that Procurement Card purchases made during the audit period complied with Program requirements and Authority Policies. The audit did not identify any findings or include any recommendations.

**Automobile Citations:** The objective of this audit was to determine if automobile citation controls ensure that the Authority collects the appropriate penalties and fees. We found that the Authority was underpaid by approximately \$55,000 (10%) and that approximately 300 (5%) of citations issued were never uploaded to the City of San Diego. Therefore, we

concluded the current controls do not ensure the Authority collects the appropriate penalties and fees. The audit of Automobile Citations provided nine recommendations to strengthen the citation program.

**Calculation and Reconciliation of Concession Rents and Fees – Consulting Engagement:** The objective of this consulting engagement was to provide assistance to management related to the calculation and reconciliation of concession rents and fees to concessionaires. Due to the impacts of the COVID-19 pandemic on air traffic volumes, the Authority provided financial relief to the concessionaires. As a result of the relief offered, the requirement for a formal reconciliation was changed. The OCAs consulting service provided advice and analysis on the relief offered to concessionaires and the impacts to the reconciliation requirements contained in various agreements.



## General Audit Activities

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In addition to performing audit and consulting engagements, the OCA is involved in other general audit activities that do not result in a formal audit report/opinion being issued. The OCA is either required<sup>3</sup> 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 and Audit Plan

The OCA is required to submit a risk-based internal Audit Plan to the Audit Committee annually. Performing the Fiscal Year 2022 Risk Assessment included obtaining input from the Board, Audit Committee, Authority management, and staff. During Fiscal Year 2021, the OCA worked with Authority management to identify and rank the likelihood and impact of a risk event occurring for each Key Work Activity within the Authority. The resulting Fiscal Year 2022 Audit Plan was then developed, based on the results of the Risk Assessment process and the discussions with key stakeholders. The Fiscal Year 2022 Risk Assessment and Audit Plan was submitted to the Audit Committee on May 10, 2021, and subsequently approved by the Board on June 3, 2021.



### Construction Activities

Construction audit activity for Fiscal Year 2021 consisted of attending meetings regarding the airport support facilities, the New T1 Terminal & Roadway, and other airport construction projects. Additionally, a request for proposals (RFP) for on-call construction audit services for the Airport Development Program (ADP) was developed by the OCA. The on-call audit services will assist the OCA staff in assessing risks and developing audit programs for the ADP projects. We received fourteen responses to the RFP, of which twelve were considered responsive. The twelve responsive proposals were reviewed by an evaluation panel resulting in the selection of the consulting firm Baker-Tilly U.S. that was approved by the Authority Board of Directors on July 1, 2021. The OCA remains involved with any issues identified by the Airport Design & Construction team and Authority management, providing assistance and attending meetings specific to the aspects of the Authority's construction activities.

### Information Technology Meeting Attendance

Information technology's central role to Authority operations makes meeting attendance on this subject a vital activity for the Chief Auditor. Fiscal Year 2021 consisted of attending meetings related to information technology and providing updates to the Audit Committee and Authority management when appropriate regarding safeguards, risk assessments, and the National Institute of Standards and Technology (NIST) cybersecurity framework.

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<sup>3</sup> 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.

**Development of Data Analytics**

Extensive collaboration with Authority management and key departments that included Revenue Generation & Partnership Development, Information & Technology Services, and the Data Analytics team took place in Fiscal Year 2021 to develop and create a data analytics dashboard and program.

The OCA participated in a meeting with rental car companies informing them of the data analytics program and new monthly reporting requirements. An audit of all rental car companies utilizing data analytics on the submitted reports has been included in the Fiscal Year 2022 Audit Plan.

**Ethics Program Activities**

The OCA continues to run the Authority's Ethics Program that includes a confidential reporting hotline. During Fiscal Year 2021, four tips/reports were received. One required a preliminary investigation that ended with the complaint being withdrawn. Tips/reports that are not investigated by the OCA are forwarded to management, as appropriate.

A summary of the tips/reports received in Fiscal Year 2021 is shown in Figure 3 below.

*Figure 3: Ethics Hotline Tips/Reports Received in Fiscal Year 2021*

	Number of Tips / Reports Received	Preliminary Investigation Required	Full Investigation Initiated	Investigation Results Supported Code Violation (Ethics or Workplace)*	Response (email or phone to non-anonymous reports)
<b>Category</b>					
Human Resource, Diversity, and Workplace Respect	2	-	-	-	-
Environment, Health and Safety - Noise	2	1	-	-	1
Total	4	1	-	-	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.

Fiscal Year 2021 also included ethics training for the Authority. The OCA provides ethics specific training every other year to Authority employees, with the last training completed in Fiscal Year 2019. The Ethics Officer held 22 training sessions with attendees participating electronically, in lieu of in-person training, due to continuing coronavirus health precautions. These presentations were attended by 92.8% of the Authority. During each presentation,

time was allocated for a question and answer session to clarify any items for attendees. One of the training presentations was recorded by the Talent, Culture and Capability (TCC) Department and placed on the Authority’s training site called LMS. TCC will follow-up with the remaining staff that were unable to attend the remote presentations and provide them with a link to LMS.

**Recommendation Follow-up**

The OCA is mandated by its Charter to track the recommendations issued in audit reports and to report their implementation status to the Audit Committee on a periodic basis. The OCA tracks recommendations through regular inquiries made to the audited departments or to the owner of the specific recommendation(s). These inquiries allow the OCA to determine how many recommendations have been completed, as well as to obtain the status on progress being made to implement the recommendations.

During Fiscal Year 2021, the OCA issued 33 recommendations that are being tracked for implementation along with any open recommendations issued during prior fiscal years. Appendix B contains a current status on recommendations *Completed* or *In Progress* as of the fourth quarter. The Audit Committee is updated each quarter on the status of recommendations. The recommendations that have been remediated by management in prior quarters of Fiscal Year 2021 were presented to the Audit Committee on the following Committee Meeting dates: November 16, 2020, February 8, 2021, and May 10, 2021.

Table 1 below shows the number of recommendations that were *Completed* or *In Progress* as of the fourth quarter of Fiscal Year 2021, along with the estimated/actual implementation timeframes based on the audit report issue date. Of the Completed recommendations, 5 were implemented within the initial timeframe identified when the recommendations were issued. Of the In Progress recommendations, 16 recommendations were still within the initial timeframe identified for implementation. Additionally, 13 of the 19 In Progress recommendations were issued in the fourth quarter of Fiscal Year 2021.

In general, the OCA is satisfied with the progress that Authority departments are currently making with the implementation, as based upon our inquiries during the tracking process.

*Table 1: Recommendations with Estimated/Actual Implementation Timeframe*

Recommendations	Zero to 7 Months	7 Months to 1 Year	Over 1 Year	Total
Completed	4	3	-	7
In Progress	10	6	3	19

**Quality Assurance and Improvement Program**

The Institute of Internal Auditors’ (IIA) *Standards* require the OCA to maintain a Quality Assurance and Improvement Program (QAIP). Comprehensive details are included under the Quality Assurance and Improvement Program section of this report.

*Administrative*

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The activities that reside within the Administrative classification include meetings attended by the OCA, holiday and vacation time, and the fulfillment of Continuing Professional Education (CPE) requirements.

**Qualifications and Training**

Proficiency and due care for the OCA are the responsibility of the Chief Auditor. Cumulatively, the OCA has over 100 years of auditing experience. The OCA staff maintain various professional certifications. The types of professional certifications and number of staff with each certification are as follows:

- 5 - Certified Internal Auditors (CIA)
- 2 - Certified Public Accountants (CPA)
- 2 - Certified Construction Auditors (CCA)
- 1 - Certified Information Systems Auditor (CISA)
- 1 - Certified Government Auditing Professional (CGAP)
- 1 - Certification in Risk Management Assurance (CRMA)
- 1 - Chartered Global Management Accountant (CGMA)



Each of these certifications requires that the holder complete a specified number of hours of CPE. As noted above, all CPE requirements were met for all OCA staff during calendar year 2020.<sup>4</sup>

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<sup>4</sup> Some professional organizations track Continuing Professional Education (CPE) by calendar year, not fiscal year. As such, the OCA verifies CPE compliance on a calendar year basis.

### Audit Committee Support

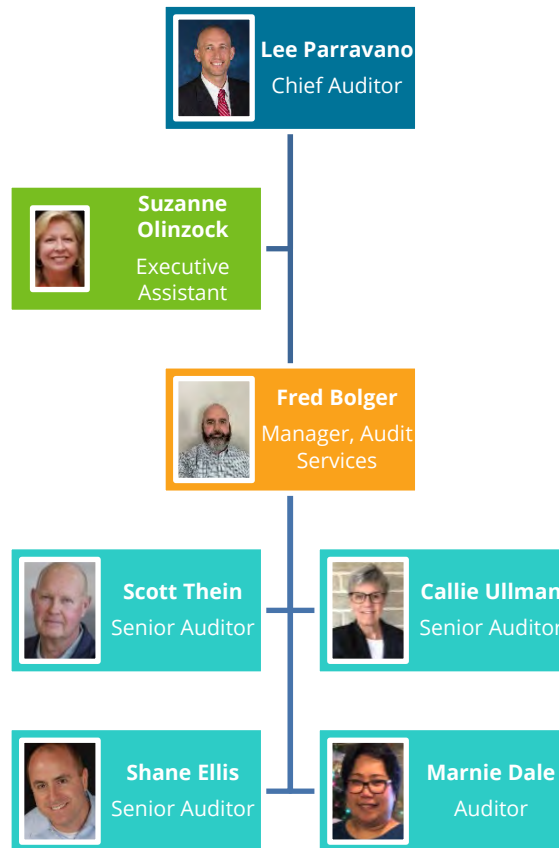
During Fiscal Year 2021, the Audit Committee met six times, occurring on the following dates:

- September 10, 2020
- November 16, 2020
- February 8, 2021
- April 22, 2021 (Special Meeting – Interview and Selection of New Public Members)
- May 10, 2021
- June 21, 2021 (Special Meeting – Audit Committee Training)

Before each regular meeting of the Audit Committee the OCA coordinated all activities relating to agenda preparation and materials required.

### Organization Chart

As of June 30, 2021, the OCA organizational structure was as follows. During Fiscal Year 2021, the Intern positions were reduced from two to one position.



## Quality Assurance and Improvement Program

### Background

The Institute of Internal Auditors' (IIA) International Standards for the Professional Practice of Internal Auditing (*Standards*) require the OCA to maintain a Quality Assurance and Improvement Program that includes external assessments and internal (self) assessments.

- **External Assessment:** Known as a Quality Assessment Review (QAR), or peer review; must be conducted at least once every five years by an independent assessor or an assessment team from outside the organization that is qualified in the practice of internal auditing, as well as the quality assessment process. QAR results are required to be reported to the Board.
- **Internal Assessment:** Comprised of two interrelated parts, 1) ongoing monitoring, and 2) periodic self-assessments. The results of a periodic self-assessment and the level of conformance to the *Standards* must be reported to the Board at the completion of the self-assessment. The results of ongoing monitoring are required to be reported to the Board at least annually.

The *Standards* also contain other mandatory reporting requirements as documented in Appendix D.

### External Assessment - Quality Assessment Review

The most recent external assessment of the OCA was performed by the Association of Local Government Auditors (ALGA) for the five year period from July 1, 2013, through June 30, 2018. The peer review was performed in April 2019, with results presented to the Audit Committee during its May 13, 2019, meeting. The peer review determined that the OCA is providing reasonable assurance of compliance with the *Standards*. This is the highest level of conformance an internal audit function can achieve. The next external assessment will be required for the five year period ending June 30, 2023.



In a companion letter, the peer review team identified areas where the OCA excels, and offered observations and suggestions to enhance the OCAs conformance with the *Standards*. The peer review team noted that the OCA has actively addressed and corrected the observations.

### Internal Assessment - Ongoing Monitoring

In July 2021, the OCA conducted an assessment of its Fiscal Year 2021 operations, as required by the *Standards* for ongoing monitoring. The results of our ongoing monitoring are provided below.



### Scope and Objectives of Ongoing Monitoring

The objective of ongoing monitoring is to provide assurance that the processes in place within the OCA are working effectively to ensure that quality is derived on an audit-by-audit basis. The scope of this activity included an examination of the following:

- Performance Measures
- Engagement Planning and Supervision
- Work Paper Reviews and Sign-offs
- Feedback from Audit Clients
- General Audit Practices
- Standard Working Practices
- Audit Report Reviews
- Prior Recommendations

### Results of Ongoing Monitoring

There are numerous processes in place to ensure that quality is consistently delivered on each audit engagement. There were no items identified within the OCA that would impact audit report quality.

### QAIP Recommendations Identified

As stated above, the QAIP did not identify any items that would impact audit report quality. However, the OCA did note two items for improvement:

1. The OCA should update the *OCA Policies and Procedures Manual* to include new procedures that were implemented for staff; such as, to conduct pre-audit report writing meetings with the Audit Manager and Chief Auditor, as well as, to incorporate the new Brand Toolkit requirements that were introduced Authority-wide in Fiscal Year 2021 (e.g., fonts, colors, and images).

*The OCA is in the process of updating its Policies and Procedures to include the new Brand Toolkit requirements and is incorporating the new procedures introduced in Fiscal Year 2021.*

2. The OCA is required to review the Charter of the Audit Committee and the Charter for the Office of the Chief Auditor annually, and to recommend amendments as necessary. The OCA reviewed both Charters and compared them to Model Charters issued by the Institute of Internal Auditors (IIA). Staff found that the current Charters contain the applicable guidance provided by the IIA.

However, the Charter of the Audit Committee contains terminology that needs to be updated. Consistent with guidance under development, proposed by the Governmental Accounting Standards Board (GASB), instances referring to the Comprehensive Annual Financial Report (CAFR) should be replaced with Annual Comprehensive Financial Report (ACFR). Therefore, the OCA recommends that the terminology in the Charter of the Audit Committee be updated.

Additionally, terminology in both the Charter of the Audit Committee and the Charter for the Office of the Chief Auditor should be updated to be gender-neutral to reflect the Authority's commitment to promote inclusiveness.

*In adherence with the requirements specified, the OCA is submitting both Charters to the Audit Committee for their review on September 13, 2021, and will subsequently forward them to the Board for acceptance.*

## Appendix A – Fiscal Year 2021 Audit Plan

#	Activity	Status as of 6/30/2021	Over/Under Budget	No. of Recs.
<b>Audit Engagement</b>				
1	Business and Real Estate Agreements – RCC Land Lease	Completed	Under	2
2	Contractor Monitoring - Turner	Completed	Under	-
3	Small Business Development Management	Completed	Under	2
4	Internal Controls in Place While Staff is Working Remotely	Completed	Under	-
5	Formal Bidding and Contracting	Completed	Under	2
6	System Security – SAN Information Policy	Completed	Over	3
7	System Security – AVSEC Penetration Test	In Progress		
8	Harbor Police Contract Management	In Progress <sup>5</sup>		
9	Emergency & Single Source Purchases	Completed	Under	1
10	Traffic Control, Vehicle Insp., Code Comp., Citations & Notice of Violation Admin. – Auto Citations	Completed	Under	9
11	Commercial Vehicle Licensing, Permitting, & Revenue Collection - GateKeeper	Completed	Under	3
12	Contractor Monitoring - Sundt	Completed	Under	2
13	Accounts Payable	Completed	Over	6
14	Arts Program Administration	Completed	Under	3
15	Enterprise Content Management System (ECMS)	In Progress		
16	P Card Administration	Completed	Under	-
17	Accounts Receivable / Collections - Abatement Program	In Progress <sup>6</sup>		
18	Contractor Monitoring – Engineered Materials Arresting System	In Progress <sup>6</sup>		
	<b>Totals</b>			<b>33</b>
<b>Consulting Engagement</b>				
19	COVID-19	Completed	Under	n/a
20	Calculation and Reconciliation of Concession Rents and Fees	Completed	Under	n/a
<b>General Audit</b>				
21	Risk Assessment & Audit Plan	Completed		
22	Construction Meeting Attendance	Completed		
23	Information Technology Meeting Attendance	Completed		
24	Development of Data Analytics	Completed		
25	Ethics Program	Completed		
26	Recommendation Follow-up	Completed		
27	Quality Assurance & Improvement Program	Completed		
<b>Administrative</b>				
28	Indirect - Attendance at Staff/Board/Committee Meetings, Continuing Professional Development, and Other	Completed		
29	Benefit - Vacation, Holiday Time, and Other Leave/Time Off	Completed		

<sup>5</sup> Audit activity was carried forward from Fiscal Year 2020. Audit was put on hold, as requested, until September 2021 due to COVID related delays.

<sup>6</sup> Audit activity was not anticipated to be completed in Fiscal Year 2021. Was carried forward into Fiscal Year 2022.

Appendix B - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2021
<b>Completed</b>						
20-30	Audit Report 20001 Issued: June 25, 2020 Title: Tenant Lease Administration and Management  Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	High	RG&PD should create a system to track the submission of reports required and follow up in a timely manner with any tenant who has not submitted the required reports.	12/31/2020	4/30/2021	RG&PD worked with Accounting, Finance and Risk to create a responsibility matrix (RACI) to ensure required reports are submitted on a timely basis.
20-33	Audit Report 20001 Issued: June 25, 2020 Title: Tenant Lease Administration and Management  Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	High	RG&PD should perform periodic analysis of revenues reported and billed to ensure that revenues remitted and rates used to calculate revenues are accurate, complete, and comply with the lease. Additionally, RG&PD should consider performing annual reconciliations for prior fiscal years, and as a result of these reconciliations, remit overpayments and bill underpayments as needed. Lastly, RG&PD should perform annual reconciliations going forward; and, as a result of these reconciliations, remit overpayments or bill underpayments, as needed.	3/31/2021	6/1/2021	RG&PD staff worked with Finance, Accounting, Legal and Auditing to determine current and future reconciliation plans. The determination was made to waive reconciliations for FY20 and FY21 but complete reconciliations going forward.

Appendix B - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2021
<b>Completed</b>						
20-37	Audit Report 20001 Issued: June 25, 2020 Title: Tenant Lease Administration and Management  Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	High	Authority Management should review the staff assignments for lease administration duties and ensure that separation of staff duties is sufficient. A review of the staff's system access and authorizations currently held should also be performed to identify possible conflicts and to make adjustments to these as necessary.	11/30/2020	6/1/2021	RG&PD completed a RACI for staff assignments and to ensure there is a separation of staff duties.
21-14	Audit Report 21008 Issued: March 1, 2021 Title: Contractor Monitoring - Sundt Construction, Inc.  Department: AIRPORT DESIGN & CONSTRUCTION	Medium	ADC should more closely review the supporting documentation for all critical documents including amendments and payment applications.	7/1/2021	7/1/2021	ADC staff has completed reviewing its processes related to the review of supporting documentation for all critical documents and has developed ways to strengthen the review process. These are now being implemented in our projects going forward.
21-19	Audit Report 21009 Issued March 24, 2021 Title: Accounts Payable Process  Department: ACCOUNTING/ FINANCE	Medium	We recommend that the Accounting Department adhere to a standard naming convention for vendor entries to prevent multiple entries of the same vendor.	6/30/2021	6/30/2021	Accounting is adhering to standard naming conventions when setting up vendors, taking into account the information that is provided on the W-9 form.

Appendix B - Status of Recommendations

Fiscal Year 2021 Annual Report

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2021
<b>Completed</b>						
21-21	Audit Report 21002 Issued: April 6, 2021 Title: SAN Information Security Program Compliance  Department: INFORMATION & TECHNOLOGY SERVICES	Medium	I&TS should continue its efforts to implement a two-factor authentication for all users requiring remote access via the Authority's VPN.	4/30/2021	4/30/2021	I&TS completed its efforts to implement two-factor authentication for all users requiring remote access via the Authority's VPN.
21-22	Audit Report 21002 Issued: April 6, 2021 Title: SAN Information Security Program Compliance  Department: INFORMATION & TECHNOLOGY SERVICES	Low	I&TS should update the SAN-ISP document pertaining to logging requirements and mobile device inventory/ inspections to reflect the operations and needs of the Authority. I&TS should comply with the new updated requirements.	6/30/2021	6/30/2021	I&TS updated the SAN-ISP for logging requirements and mobile device inventory/inspections to reflect operations and needs of the Authority.

**Appendix B - Status of Recommendations**

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2021
<b>In Progress</b>						
20-25	Audit Report 20001 Issued: June 25, 2020 Title: Tenant Lease Administration and Management  Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	High	RG&PD should develop and publish a set of universal procedures for lease administration and management, and take active measures to ensure that the manual is updated to remain current.	11/30/20	12/31/2021	RG&PD is working on developing and publishing a set of procedures for lease administration and management. Working with I&TS on utilizing E1 for lease administration along with setting up demos for other potential property management software.
20-26	Audit Report 20001 Issued: June 25, 2020 Title: Tenant Lease Administration and Management  Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	High	RG&PD staff should continue to evaluate the property management software vendors, first by examining the Authority's Real Estate Management Property Management module already in E1, to implement a desired solution.	3/31/22	3/30/2022	RG&PD will investigate utilizing the existing E1 software and determine if other software is needed to more efficiently monitor, maintain, and manage the many tenant lease agreements, which the department is responsible.
20-27	Audit Report 20001 Issued: June 25, 2020 Title: Tenant Lease Administration and Management  Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	High	RG&PD, in cooperation with the Finance & Risk Management Department, should analyze the current security deposits on hand, determine if the security deposits on hand are sufficient to cover the risk to the Authority, make adjustments, and document any exceptions to security deposits, as needed.	3/31/22	3/30/2022	RG&PD will work to implement the recommendations with input from Accounting, Finance, and Risk Management Departments.

**Appendix B - Status of Recommendations**

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2021
<b>In Progress</b>						
21-31	Audit Report 21005 Issued: June 30, 2021 Title: Automobile Citations  Department: GROUND TRANSPORTATION	High	GT should coordinate with COSD to identify the cause of the \$54,687 in underpayments and the \$26,082 in duplicate fees charged, and work to ensure that the issues are corrected and that the Authority is properly paid for their citations issued.	9/30/2021	3/31/2022	This audit report was issued on the last day of the fiscal year so no follow-up was performed. The following response was provided during the issuance process: 1) GT will attempt to reconcile the cause of the \$54, 687 in underpayments and \$26,082 in duplicate fees charged. 2) GT will examine the current process and include reconciliation steps and analysis in the Monthly Reconciliation SOP to prevent further errors in the future. 3) GT will use the Monthly Reconciliation SOP to analyze the average amount of deficient citation revenue received, and compare that to fees charged for processing, payment plan, NSF, State of CA fees, etc. 4) Going forward, GT will use the monthly reconciliations and KPI examinations to identify trends in citation revenue deficiencies. 5) GT will examine the option to move to a different processor who can specifically identify citation revenue and charges and provide accurate reconciliations.

**Appendix B - Status of Recommendations**

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2021
<b>In Progress</b>						
21-32	Audit Report 21005 Issued: June 30, 2021 Title: Automobile Citations  Department: GROUND TRANSPORTATION	High	GT should coordinate with COSD to obtain detailed support of the gross figures provided monthly by COSD and reconcile the amounts of citations paid against the amount remitted to the Authority.	9/30/2021	9/30/2021	This audit report was issued on the last day of the fiscal year so no follow-up was performed. The following response was provided during the issuance process: As part of the monthly reconciliation process, GT will request detailed support of the gross figures provided monthly by COSD to reconcile the amounts of citations paid to the amount remitted as citation revenue to the Authority.
21-15	Audit Report 21009 Issued March 24, 2021 Title: Accounts Payable Process  Department: ACCOUNTING/ FINANCE	High	We recommend that the A/P Accountant role in the Authority's E1 financial system be removed from the Accounting Manager. In addition, we recommend that the Authority determine if E1 has the ability to require that when any changes are made to the VMF, they be approved by another individual.	9/30/2021	9/30/2021	The AP Accountant role in the Authority's E1 financial system has been removed from the Accounting Manager's menu. Accounting is working with the Information and Technology Services Department to determine if E1 has the ability to require that any changes made to the VMF to be approved by another individual.
21-17	Audit Report 21009 Issued March 24, 2021 Title: Accounts Payable Process  Department: ACCOUNTING/ FINANCE	Medium	We recommend that the Accounting Manager run and review the Vendor Set-Up Verification Report concurrent with the check run process to capture any vendor changes and to verify that these changes are legitimate. In addition, we recommend that the Authority develop a report that captures changes made in E1 to banking information related to employee and Board/Committee Member reimbursements, thus enabling staff to conduct a review of that report concurrent with the check run process.	9/30/2021	9/30/2021	Vendor setup verification report is run concurrent with the check run effective April 27 <sup>th</sup> . Accounting is currently working on developing a process to review the banking information for employees and Board Members.



**Appendix B - Status of Recommendations**

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2021
<b>In Progress</b>						
21-18	Audit Report 21009 Issued March 24, 2021 Title: Accounts Payable Process  Department: ACCOUNTING/ FINANCE	Medium	The Accounting Department's A/P Team should perform regular periodic maintenance of the Vendor Master File to identify inactive and duplicate vendors and tag them as inactive.	12/31/2021	12/31/2021	Accounting has been working with I&TS to develop an adhoc BOE report to run and review existing vendors and payment activity. Accounting will need to establish a process and determine a reasonable frequency for completion of this task.
21-25	Audit Report 21005 Issued: June 30, 2021 Title: Automobile Citations  Department: GROUND TRANSPORTATION	Medium	GT should develop written procedures for all components of the automobile citation process. Specifically, GT should develop written procedures for the export/upload process, reconciliations, and appeals process.	9/30/2021	12/31/2021	This audit report was issued on the last day of the fiscal year so no follow-up was performed. The following response was provided during the issuance process: GT will develop Standard Operation Procedures (SOPS) for all aspects of the citation process including a) Issuance, b) Export/Upload, c) Monthly Reconciliations, d) Appeals, and e) Quarterly Management Review.
21-26	Audit Report 21005 Issued: June 30, 2021 Title: Automobile Citations  Department: GROUND TRANSPORTATION	Medium	GT should develop KPIs to measure performance of the automobile citation process, and measure actual performance against KPIs on a regular basis.	9/30/2021	12/31/2021	This audit report was issued on the last day of the fiscal year so no follow-up was performed. The following response was provided during the issuance process: GT will develop the following KPIs - a) % of citations uploaded on-time, b) % of citations with errors, c) % of citations appealed, d) # of citations issued each month, by day, date, and time, with trend analysis, e) \$ amount of citations issued each month, f) type and \$ amount of citations issued each month, g) list of citation infraction type, h) list of uploaded errors and troubleshooting by ticket device, and i) additional KPIs will be developed and reported as identified and warranted.

Appendix B - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2021
<b>In Progress</b>						
21-28	Audit Report 21005 Issued: June 30, 2021 Title: Automobile Citations  Department: GROUND TRANSPORTATION	Medium	GT should develop a methodology to reconcile citations issued by the Authority, transferred to the COSD, and citations charged a processing fee; and, implement the reconciliation to be performed monthly and any discrepancies be corrected.	9/30/2021	3/31/2022	This audit report was issued on the last day of the fiscal year so no follow-up was performed. The following response was provided during the issuance process: As part of the monthly reconciliation SOP GT will establish a methodology to reconcile- a) Monthly citations issued by the Authority to those received by COSD, b) Monthly \$ amount of citations issued by the Authority to those received by COSD, and c) Monthly \$ amount of citation fees charged by COSD to # of citations issued to COSD.
21-29	Audit Report 21005 Issued: June 30, 2021 Title: Automobile Citations  Department: GROUND TRANSPORTATION	Medium	GT should analyze the 317 tickets identified that were never received by COSD. GT should either a) resubmit to the COSD for billing, or b) disregard these tickets, considering the length of time elapsed and the impact to cited motorists.	9/30/2021	12/31/2021	This audit report was issued on the last day of the fiscal year so no follow-up was performed. The following response was provided during the issuance process: GT will examine these 317 tickets for disposition to ensure that no payment was received and will disregard the tickets considering the time elapsed and impact to cited motorists.
21-30	Audit Report 21005 Issued: June 30, 2021 Title: Automobile Citations  Department: GROUND TRANSPORTATION	Medium	GT should develop and implement a methodology to review citation fine amounts periodically and adjust the amounts as appropriate.	9/30/2021	12/31/2021	This audit report was issued on the last day of the fiscal year so no follow-up was performed. The following response was provided during the issuance process: As part of the citation issuance SOP, GT will specify that citation amounts are reviewed annually and benchmarked against other County of San Diego agencies and other California Airports.

**Appendix B - Status of Recommendations**

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2021
<b>In Progress</b>						
21-03	Audit Report 20004 Issued October 28, 2020 Title: Formal Bidding/Contracting Process  Department: PROCUREMENT	Low	We recommend that Authority Management evaluate and update Authority Policies 5.01 and 5.02 where necessary.	10/15/2021	10/15/2021	Procurement is working in collaboration with Corporate Governance, Development, and the General Counsel’s office to recommend changes to the policies. Final recommendations have been submitted for review.
21-06	Audit Report 18004 Issued: December 8, 2020 Title: Small Business Development  Department: SMALL BUSINESS DEVELOPMENT	Low	Small Business Development should examine the cost/benefit of expanding its current software system that monitors DBE and SBE requirements to include LBE, VOSB, and SDVOSB.	6/30/2021	7/30/2021	SBD has added the Veteran Owned Small Business (VOSB) and Service Disabled Veteran Owned Small Business (SDVOSB) directories to B2GNow. The LBE (Local Business Enterprise) migration was completed on June 30 <sup>th</sup> and is now in the QA stage, once completed it will be moved into development.
21-23	Audit Report 21002 Issued: April 6, 2021 Title: SAN Information Security Program Compliance  Department: INFORMATION & TECHNOLOGY SERVICES	Low	We recommend that I&TS update Standard D-08 Computers, Electronic Media & Monitoring to include all of the prohibited actions, and on an annual basis all Authority computer system users be provided with, and acknowledge receipt of, Standard D-08 Computers, Electronic Media & Monitoring.	6/30/2021	7/31/2021	The modified draft Standard D-08 Computers, Electronic Media & Monitoring is under review by organized labor leadership.
21-24	Audit Report 21004 Issued: June 2, 2021 Title: Emergency and Sole Source Procurement  Department: PROCUREMENT	Low	The Procurement Department should update the Sole Source Justification Form, modifying the approval process to include Procurement, and maintain a dedicated listing of all sole source purchases made.	9/3/2021	9/3/2021	Procurement is working on updating the Sole Source Justification Form and instructions. The updated form will be presented to Senior Staff and then rolled out Authority-wide.

**Appendix B - Status of Recommendations**

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2021
<b>In Progress</b>						
21-27	Audit Report 21005 Issued: June 30, 2021 Title: Automobile Citations  Department: GROUND TRANSPORTATION	Low	GT should establish a written goal to upload all citations within a specified time period (e.g., 24 or 48 hours). Further, GT should implement a system to measure upload time, identify issues with citation uploads, and troubleshoot issues.	9/30/2021	3/21/2022	This audit report was issued on the last day of the fiscal year so no follow-up was performed. The following response was provided during the issuance process: As part of the Export/Upload SOP, GT will establish a goal to upload all citations within 48 hours of issuance. GT will issue reports on % of citations not uploaded daily and within 48 hours. GT will issue exception reports for citations processing issues and troubleshooting issues.
21-33	Audit Report 21005 Issued: June 30, 2021 Title: Automobile Citations  Department: GROUND TRANSPORTATION	Low	GT should implement a formal documented approval of all decisions reached within the appeals process.	9/30/2021	9/30/2021	This audit report was issued on the last day of the fiscal year so no follow-up was performed. The following response was provided during the issuance process: As part of the Appeals Process SOP, GT will establish and implement a formal, documented approval form for all decisions reached within the appeals process.

## Appendix C – Performance Measures Historical Data

Performance Measure	Fiscal Year					
	2016	2017	2018	2019	2020	2021
Customer satisfaction ratings from: i. Audit Committee/Board ii. Executive management iii. Auditee <sup>7</sup>				i) ii) iii) 4.6	i) 5.0 ii) 4.5 iii) 4.6	i) 4.4 ii) 4.3 iii) 4.6
Number of recommendations	15	17	28	35	37	33
Percentage of audit and consulting engagements completed annually	84%	83%	72%	76%	81%	88%
Percentage of audit recommendations accepted <sup>8</sup>			100%	100%	100%	100%
Percentage of staff meeting educational requirements <sup>9</sup>				100%	100%	100%
Number of non-CPE training hours per staff <sup>10</sup>					6.1	6.1
Percentage of staff time spent on audit and consulting engagements and general audit activities <sup>11</sup>				71%	70%	71%
Percentage of audit and consulting engagements completed within budget	83%	86%	52%	45%	59%	86%

<sup>7</sup> This performance measure was added in Fiscal Year 2019. In Fiscal Year 2020 the OCA began sending Audit Committee/Board and Executive Management surveys.

<sup>8</sup> This performance measure was added in Fiscal Year 2019. Historical information was available for FY 2018 and is included for reference.

<sup>9</sup> This performance measure was added in Fiscal Year 2019.

<sup>10</sup> This performance measure was added in Fiscal Year 2020.

<sup>11</sup> Beginning in Fiscal Year 2019 all staff hours (audit, consulting, general audit hours, and administrative hours) are tracked and accounted for; unlike prior years that excluded certain hours. Therefore, prior year data has been omitted, as it is not comparable to this performance measure. Percentage excludes the Chief Auditor hours.

## Appendix D – Disclosures

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The following items are being disclosed in conformance with the *Standards*.

### Organizational Independence

The OCA must confirm to the Board, at least annually, the organizational independence of the internal audit activity.

The OCA reports to the Audit Committee, which provides the independence necessary for the OCA to adequately perform its function.

### Impairments to Independence or Objectivity

If independence or objectivity is impaired in fact or appearance, the details of the impairment must be disclosed based on the International Professional Practices Framework (IPPF) Standard 1130.

There were no audits or consulting engagements conducted during Fiscal Year 2021 that had any impairment of independence or objectivity in fact or appearance.

### Disclosure of Nonconformance

Occasionally, circumstances require the completion of projects/engagements in a manner that is not consistent with the *Standards*. When this occurs, the OCA must disclose the non-conformance and the impact to senior management and the Board.

During the 2021 Fiscal Year there were no instances in which projects were performed in a manner that did not comply with the *Standards*.

### Resolution of Management's Acceptance of Risks

Each audit engagement can potentially identify items that may pose risks to the Authority's operations. Some items may require management's attention, while others may be situations in which management decides to accept the risk associated with continuing the current practice. The OCA is required to disclose to senior management and the Board any situations in which it is believed Authority personnel has accepted a level of residual risk that may not adequately reduce/mitigate the risk of loss.

There were no such instances related to risk during the 2021 Fiscal Year.

### Use of Report

The information in this report is intended solely for the use of the San Diego County Regional Airport Authority's (SDCRAA) Audit Committee, Board, and management and is not intended to be, and should not be, used by anyone other than the specified parties.

This report has been authorized for distribution to the Audit Committee and as specified:

- Board Members
- President/Chief Executive Officer
- General Counsel
- Vice Presidents
- Director, Authority Clerk
- Director, Government Relations
- Assistants specified by Board Members and SDCRAA

## Staff Report

**Meeting Date: October 7, 2021**

### **Subject:**

#### **Revision to the Charter of the Audit Committee**

#### **Recommendation:**

The Audit Committee recommends that the Board Adopt Resolution No. 2021-0108, approving the revision to the Charter of the Audit Committee.

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

The Charter of the Audit Committee describes the Audit Committee's purpose, mandate and authority, including oversight of the internal and external auditors, compliance and regulatory duties; and, provides guidelines and procedures on how the Audit Committee conducts its business.

Board Resolution No. 2003-061 was adopted on October 2, 2003, and instituted the Charter of the Audit Committee. Subsequent revisions to the Charter were made in order to reflect changes in operating practices and to meet guidelines for best practices.

The Charter of the Audit Committee is annually reviewed by the Audit Committee in accordance with best practices, the Office of the Chief Auditor's Quality Assurance and Improvement Program, and the requirements specified in the Audit Committee's Charter.

On September 10, 2020, a revision to the Charter of the Audit Committee was performed and subsequently approved by Board Resolution No. 2020-0097 on October 1, 2020. Changes included updating the number of terms that a public member on the Audit Committee may serve and details on compensation to Audit Committee Members.

This year's review included researching the Institute of Internal Auditors (IIA) guidance on model charters. Staff found that the current Charter of the Audit Committee contains the applicable guidance provided by the IIA. However, the Charter of the Audit Committee contains terminology that needs to be updated for consistency with guidance under development by the Governmental Accounting Standards Board (GASB).

Meeting Date: October 7, 2021

On September 13, 2021, during a regular meeting of the Audit Committee, the Committee reviewed staff's proposed revision to update terminology in the Charter of the Audit Committee. References to the *Comprehensive Annual Financial Report* (CAFR) would be removed; and, going forth, be referred to as the *Annual Comprehensive Financial Report* (ACFR). Other changes include updates to reflect gender-neutral and inclusive terminology.

The Committee accepted the proposed revision presented by staff and voted unanimously to forward the revised Charter to the Board for approval. A version of the Charter of the Audit Committee with all changes incorporated is provided in Attachment A.

## Fiscal Impact:

None

## 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.



# Staff Report

Meeting Date: October 7, 2021

Page 3 of 3

## Application of Inclusionary Policies:

Not Applicable

## Prepared by:

Lee M. Parravano  
Chief Auditor

RESOLUTION NO. 2021-0108

A RESOLUTION OF THE BOARD OF THE SAN DIEGO  
COUNTY REGIONAL AIRPORT AUTHORITY,  
APPROVING THE REVISION TO THE CHARTER OF THE  
AUDIT COMMITTEE

**WHEREAS**, California Public Utilities Code §170018 specifies the San Diego County Regional Airport Authority's Audit Committee membership (consisting of board members and public members), terms, and its responsibilities; and

**WHEREAS**, Policy 1.50 established the guidelines and principles defining the San Diego County Regional Airport Authority governance practices; and

**WHEREAS**, Policy 1.50 (5) (c) (ii) established the Audit Committee and describes its composition, function, oversight responsibilities, appointment procedures, and meeting administration; and

**WHEREAS**, the Board adopted Resolution No. 2003-061 on October 2, 2003, approving the Charter of the Audit Committee; and

**WHEREAS**, the Charter of the Audit Committee provides guidelines and procedures on how the Committee conducts its business. The Charter describes the Audit Committee's mission, authority, and responsibilities; including oversight of the Authority's relationships with the internal and external auditors, compliance and regulatory oversight, and financial statement and disclosure matters; and

**WHEREAS**, the Charter was last revised on September 10, 2020, during a regular meeting of the Audit Committee. The Committee unanimously agreed to update the number of terms a public member of the Audit Committee may serve, detail remuneration of Audit Committee members, remove duplication of content, include model Audit Committee practices, and make grammatical changes, and to forward it to the Board for approval as adopted by Board Resolution No. 2020-0097; and

**WHEREAS**, on September 13, 2021, during a regular meeting of the Audit Committee, the Committee unanimously agreed to update terminology consistent with guidance developed by the Governmental Accounting Standards Board, and to make grammatical changes that reflect gender neutrality, and to forward it to the Board for approval.

**NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD HEREBY** approves the revision to the Charter of the Audit Committee (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 7<sup>th</sup> day of October, 2021, by the following vote:

**AYES:** Board Members:

**NOES:** Board Members:

**ABSENT:** Board Members:

**ATTEST:**

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TONY R. RUSSELL  
DIRECTOR, BOARD SERVICES /  
AUTHORITY CLERK

**APPROVED AS TO FORM:**

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AMY GONZALEZ  
GENERAL COUNSEL

# SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

## CHARTER OF THE AUDIT COMMITTEE

### ORGANIZATIONAL PRINCIPLES

#### **Purpose**

The purpose of the Audit Committee (Committee) is to provide structured, systematic oversight of the San Diego County Regional Airport Authority's (Authority) governance, risk management, and internal control practices. Public Utilities Code §170018 states that the Committee shall serve as a guardian of the public trust, acting independently, and charged with oversight responsibilities for reviewing the Authority's internal controls, financial reporting obligations, operating efficiencies, ethical behavior, and regular attention to cashflows, capital expenditures, regulatory compliance, and operations. The Committee assists the Authority's Board of Directors (Board) and management by providing advice and guidance related to the Authority's:

- Values and ethics;
- Governance structure;
- Risk Management;
- Internal control framework;
- Oversight of the Office of the Chief Auditor, external auditors, and other providers of assurance; and
- Financial statements and public accountability reporting.

The Committee reviews each of the items noted above and provides the Authority Board with independent advice and guidance regarding the adequacy and effectiveness of management's practices and potential improvements to those practices.

#### **Mandate**

The mandate for the establishment of the Committee is contained in Public Utilities Code §§170013 and 170018.

#### **Authority**

The Charter of the Audit Committee sets out the authority of the Committee to carry out the responsibilities established for it by the Authority Board.

In discharging its responsibilities, the Committee shall have unrestricted access to members of management, employees, and relevant information it considers necessary to discharge its duties. The Committee shall also have unrestricted access to records, data, and reports. The Committee shall interact with these employees and management through the Chief Auditor, ~~or~~ the President/CEO, ~~s or his/her~~a designee.

The Committee is entitled to receive any explanatory information that it deems necessary to discharge its responsibilities. The Authority's management and staff should cooperate with Committee requests. Committee requests shall be directed to the Chief Auditor, ~~or the President/CEO, or his/her or a~~ designee.

The Committee may engage independent advisor(s), subject to Authority Board approval, that it deems necessary to execute its responsibilities and shall be provided the necessary resources for such purposes.

The Committee is empowered to:

- Recommend to the Authority Board or the appropriate Board committee the appointment and compensation of the external auditor.
- Oversee all audit and non-audit services performed by internal and external auditors.
- Review any disagreements between management and the external auditor regarding financial reporting and other matters.
- Review all auditing and non-auditing services performed by auditors.

### **Composition of the Committee**

The composition of the Committee is specified in Public Utilities Code §§170013 and 170018. Public Utilities Code §170013 states that the Authority Board shall appoint a seven-member Committee consisting of four members of the Authority Board and the three public members appointed pursuant to Public Utilities Code §170018. Each member of the Committee shall be a voting member. The Authority Board shall select the three public members from among the following categories of persons, with no more than one appointee from each category at any one time:

- A professional with experience in the field of public finance and budgeting;
- An architect or civil engineer licensed to practice in this state;
- A professional with experience in the field of real estate or land economics;
- A person with experience in managing construction of large-scale public works projects;
- A person with public or private sector executive level decision making experience;
- A person who resides within the airport influence area of the San Diego International Airport; and
- A person with experience in environmental justice as it pertains to land use.

The Authority Board may appoint other persons to serve as nonvoting, non-compensated, *ex officio* members on the Committee. In appointing the public members to the Committee, the Authority Board shall provide for selection policies, appointment procedures, conflict-of-interest policies, length-of-term policies, and policies for providing compensation, if any.

## **The Chair and Vice-Chair of the Committee**

The Authority Board Chair shall designate the Chair and Vice-Chair of the Committee.

## **Terms of Office**

The public members shall be appointed by the Authority Board for staggered three-year terms. Public members may serve a maximum of two full terms.

## **Quorum and Voting**

Four (4) Committee members are required to be present to have a quorum. Pursuant to Public Utilities Code §170018, an affirmative vote by at least five members of the Committee shall be required for approval of the annual internal and external audits, including performance monitoring, the auditor's annual Audit Plan, and actions recommending or approving debt financing for the Authority.

## **OPERATIONAL PRINCIPLES**

### **Committee Values**

The Committee shall conduct itself in accordance with the code of values and ethics of the Authority as outlined in Authority Policy Article 2 and Authority Code Article 2. The Committee expects that management and staff of the Authority shall adhere to these requirements.

### **Communications**

The Committee expects that all communication with management and staff of the Authority as well as with any external assurance providers shall be direct, open, and complete.

### **Work Plan**

The Committee chair shall collaborate with senior management and the Chief Auditor to establish a work plan to ensure that the responsibilities of the Committee are scheduled and carried out.

### **Meeting Agenda**

The Committee chair shall establish agendas for Committee meetings in consultation with Committee members, management, and the Chief Auditor.

### **Information Requirements**

The Committee shall establish and communicate its requirements for information, including the nature, extent, and timing of information. Information related to or to be discussed at a Committee meeting shall be provided to the Committee at least one week prior to the Committee meeting.

### **Executive Sessions**

The Committee may schedule and hold, if necessary, private sessions with the Chief Auditor, external assurance providers, and others who the Committee may deem appropriate. These Executive Sessions shall be subject to the Ralph M. Brown Act.

### **Preparation and Attendance**

Committee members are obligated to prepare for and participate in Committee meetings.

### **Conflict(s) of Interest**

Committee members shall adhere to the Authority's Code of ethics and conduct as outlined in Authority Code Article 2. Additionally, it is the responsibility of Committee members to disclose any conflict of interest or appearance of a conflict of interest to the Committee as outlined in Authority Code Section 2.30. If there is any question as to whether Committee member(s) should recuse themselves from a vote, the Committee member should consult with the General Counsel.

### **Orientation and Training**

Committee members shall receive orientation training on the purpose and mandate of the Committee and the Authority's objectives. A process of continuing education shall be established.

## **OPERATIONAL PROCEDURES AND RESPONSIBILITIES**

### **Meetings**

The Committee shall meet as often as it determines is necessary, but not less frequently than four times per year. All meetings shall be subject to the Ralph M. Brown Act.

### **Minutes**

Minutes and other relevant documentation of all meetings held shall be prepared in accordance with applicable law and/or other applicable requirements.

### **Required Attendance**

The Chief Auditor or ~~his/her~~ the Chief Auditor's designee is required to attend Committee meetings. Additionally, the Committee may require any officer or employee of the Authority, including the external auditor, to attend any meeting of the Committee, or to meet with any members of, or consultants to, the Committee.



## **Remuneration of Committee Members**

Payment rates and allowances for Committee members' time and/or services are established formally in Authority Policy 1.20.

## **Responsibilities**

Pursuant to Public Utilities Code §170018 the Committee shall, at a minimum:

- (1) Regularly review the Authority's accounting, audit, and performance monitoring processes;
- (2) At the time of contract renewal, recommend to the appropriate committee and the Authority Board its nomination for an external auditor and the compensation of that auditor, and consider at least every three years, whether there should be a rotation of the audit firm or the lead audit partner to ensure continuing auditor independence;
- (3) Advise the appropriate committee and the Authority Board regarding the selection of the auditor;
- (4) Be responsible for oversight and monitoring of internal and external audit functions, and monitoring performance of, and internal compliance with, authority policies and procedures;
- (5) Be responsible for overseeing the annual audit by the external auditors and any internal audits; and
- (6) Make recommendations to the full Authority Board regarding paragraphs (1) to (5), inclusive.

## **Values and Ethics**

To obtain reasonable assurance with respect to the Authority's values and ethics practices, the Committee shall:

- Review and assess the policies, procedures, and practices established by the Authority to monitor compliance with the code of conduct and ethical policies by all employees of the Authority as outlined in Authority Policy Article 2 and Authority Code Article 2;
- Provide oversight of the mechanisms established by management to establish and maintain high ethical standards for all employees of the Authority; and
- Review and provide advice on the systems and practices established by management to monitor compliance with laws, regulations, policies, and standards of ethical conduct and identify and deal with any legal or ethical violations.

## **ORGANIZATIONAL GOVERNANCE**

To obtain reasonable assurance with respect to the Authority's governance process, the Committee shall review and provide advice on the governance process established and

maintained within the organization and the procedures to ensure that they are operating as intended.

### **Risk Management**

To obtain reasonable assurance with respect to the Authority's risk management, the Committee shall:

- Periodically review the Authority's risk profile;
- Provide oversight on significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by management and the Authority Board
- Provide oversight of the adequacy of the combined assurance being provided; and
- Review and provide advice on the risk management processes established and maintained by management and the procedures in place to ensure that they are operating as intended.

### **Fraud**

To obtain reasonable assurance with respect to the Authority's procedures for the prevention and detection of fraud, the Committee shall:

- Oversee management's arrangements for the prevention and deterrence of fraud;
- Ensure that appropriate action is taken against known perpetrators of fraud;
- Inquire with management and internal and external auditors to ensure the Authority has appropriate antifraud programs and controls in place to identify potential fraud and ensure that investigations are undertaken if fraud is detected; and
- The Committee shall oversee a process for the confidential, anonymous submission of complaints including, but not limited to, fraud, accounting, auditing, ethics, and code of conduct matters; as maintained and carried out through the Office of the Chief Auditor.

### **Control**

To obtain reasonable assurance with respect to the adequacy and effectiveness of the Authority's controls in responding to risks within the Authority's governance, operations, and information systems, the Committee shall:

- Consider the effectiveness of the Authority's control framework, including information technology security and control;
- Review and provide advice on the controls within the Authority; and
- Receive reports on all matters of significance arising from work performed by other providers of financial and internal control assurance to management and the Authority Board.

## **Compliance**

The Committee shall:

- Review the effectiveness of the systems for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance; and
- Review the observations and conclusions of internal and external auditors and the findings of regulatory agencies.

## **OVERSIGHT OF THE INTERNAL AUDIT FUNCTION**

### **Office of the Chief Auditor**

To obtain reasonable assurance with respect to work of the Office of the Chief Auditor, the Committee shall provide the following oversight functions:

#### ***Office of the Chief Auditor Charter and Resources***

- Review, and forward to the Authority Board for approval, the Charter of the Office of the Chief Auditor at least annually. The Charter should be reviewed to ensure that it accurately reflects the Office of the Chief Auditor's purpose, authority, and responsibility, consistent with the mandatory guidance of The Institute of Internal Auditors' (IIA) International Professional Practices Framework and the scope and nature of assurance and consulting services, as well as changes in the financial, risk management, and governance processes of the Authority and reflects developments in the professional practice of internal auditing; and
- Advise the Authority Board about increases and decreases to the requested resources to achieve the internal Audit Plan and evaluate whether any additional resources are needed permanently or should be provided through outsourcing.

#### ***Chief Auditor Performance***

- Advise the Authority Board regarding the qualifications and recruitment, appointment, replacement, reassignment, or dismissal of the Chief Auditor;
- Provide input to the Authority Board or the Executive Personnel and Compensation Committee related to evaluating the performance of the Chief Auditor; and
- Recommend, as needed, to the Authority Board or the Executive Personnel and Compensation Committee the appropriate compensation of the Chief Auditor.

#### ***Internal Audit Strategy and Plan***

- Review and provide input on the Office of the Chief Auditor's strategic plan, objectives, performance measures, and outcomes;
- Review and approve the risk-based proposed Audit Plan and make recommendations concerning internal audit special request audits, investigations, and the internal audit resources necessary to achieve the Audit Plan; and

- Review the Office of the Chief Auditor's performance relative to its Audit Plan.

***Internal Audit Engagement and Follow Up***

- Review internal audit reports and other communications to management;
- Review and track management's action plans to address the results of audits performed by internal audit;
- Review and advise management on the results of any special investigations;
- Inquire of the Chief Auditor, or others, whether any internal audit engagements or non-audit engagements have been completed, but not reported to the Committee; if so, inquire whether any matters of significance arose from such work; and
- Inquire of the Chief Auditor, or others, whether any evidence of fraud has been identified during internal audits or consulting engagements and evaluate what additional actions, if any, should be taken.

***Standards Conformance***

- Inquire of the Chief Auditor about steps taken to ensure that the Office of the Chief Auditor conforms to The IIA's International Standards for the Professional Practice of Internal Auditing (Standards);
- Ensure that the Office of the Chief Auditor has a quality assurance and improvement program, and that the results of these periodic assessments performed are presented to the Committee;
- Ensure that the Office of the Chief Auditor has an external quality assurance review performed every five years;
- Review the results of the independent external quality assurance review and monitor the implementation of the Office of the Chief Auditor's action plans to address any recommendations; and
- Advise the Authority Board about any recommendations for the continuous improvement of the Office of the Chief Auditor.

**OVERSIGHT OF THE EXTERNAL AUDIT FUNCTION AND OTHER EXTERNAL ASSURANCE PROVIDERS**

To obtain reasonable assurance with respect to the work of the external assurance providers, the Committee shall meet with the external assurance providers during the planning phase of the audit engagement, the presentation of the audited financial statements, and the discussion of the results of audit engagements and recommendations for management.

The Committee shall:

- Advise the Authority Board on the engagement of each external auditor;
- Review the external auditors' proposed audit team composition, audit scope and approach, including coordination of audit efforts with the Office of the Chief Auditor;

- Provide input with regard to audit engagement fees and terms, as well as all non-audit engagements with the external auditor;
- Review the performance of the external auditors;
- Inquire with the external auditors about their relationships with the Authority, including non-audit services provided to the Authority. The Committee is responsible for discussing the information with the external auditors to review and confirm their independence;
- Hold regularly scheduled exclusive meetings with external auditors to discuss any sensitive matters. These meetings are subject to the Ralph M. Brown Act;
- Advise the Authority Board when any significant development or action occurs with respect to the external auditor, or when it is determined it is necessary to do so to protect and preserve the interests of the Authority;
- Monitor management's progress on action plans;
- Consider at least every three (3) years whether there should be a rotation of the lead audit partner or the audit firm itself.

To obtain reasonable assurance that management has acted on the results of internal and external audit engagements, the Committee shall regularly review reports on the progress of implementing approved management action plans and audit recommendations resulting from completed audits.

### **Financial Statements and Public Accountability Reporting**

The Committee is responsible for the oversight of the independent audit of the Authority's financial statements, including but not limited to overseeing the resolution of audit findings in areas such as internal control, legal, regulatory, compliance, and ethics.

The Committee shall:

- Review the scope of audits, including obtaining assurances from the external auditor that the specific audit was conducted in a manner consistent with generally accepted accounting standards;
- Review with management and the external auditors the results of audit engagements, including difficulties encountered;
- Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional regulatory pronouncements, and understand their impact on the financial statements;
- Review the annual financial statements, ~~Comprehensive~~—Annual ~~Comprehensive~~ Financial Report (ACFR)(CAFR), and other reports issued and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles;

- Review other financial reports, as necessary, issued by the Authority in accordance with generally accepted accounting and/or audit standards and the corresponding external auditor's reports; and
- Review matters required to be communicated by the external auditor to the Committee under generally accepted auditing standards.

### **OTHER DUTIES AND RESPONSIBILITIES**

In addition, the Committee shall:

- Perform other activities related to this Charter as requested by the Authority Board;
- Institute special investigations as needed;
- Regularly evaluate its performance and that of its individual members; and
- Review, at least annually, its Charter and recommend any proposed changes to the Authority Board for approval.

### **REPORTING REQUIREMENTS**

The Committee shall report to the Authority Board annually, summarizing the Committee's activities and recommendations. The report may be delivered during a Committee meeting attended by the Authority Board or during a regularly scheduled meeting of the Authority Board.

The report should include:

- A summary of the work the Committee performed to fully discharge its responsibilities during the preceding year;
- A summary of management's progress in addressing the results of internal and external audit reports;
- Details of meetings, including the number of meetings held during the relevant period; and
- Information required, if any, by new or emerging governance developments.

The Committee may report to the Authority Board at any time regarding any other matter it deems of sufficient importance.

[Amended by Resolution No. 2020-0097 dated October 1, 2020]

[Amended by Resolution No. 2018-0116 dated October 4, 2018]

[Amended by Resolution No. 2010-0023 dated March 4, 2010]

[Amended by Resolution No. 2006-0080 dated July 6, 2006]

[Adopted by Resolution No. 2003-061 dated October 2, 2003]

## Staff Report

**Meeting Date: October 7, 2021**

### **Subject:**

**Revision to the Charter for the Office of the Chief Auditor**

### **Recommendation:**

The Audit Committee recommends that the Board Adopt Resolution No. 2021-0109, approving the revision to the Charter for the Office of the Chief Auditor.

### **Background/Justification:**

The Charter for the Office of the Chief Auditor establishes the purpose, authority, and responsibilities of the Office of the Chief Auditor (OCA). The Charter was first adopted on October 2, 2003, by Board approved Resolution No. 2003-062.

An annual review of the Charter for the Office of the Chief Auditor is done in accordance with best practices, the OCAs Quality Assurance and Improvement Program, and requirements included in the Charter of the Audit Committee and Charter for the OCA.

The Audit Committee's review of the Charter for the Office of the Chief Auditor has led to subsequent revisions, including the most recent that inserted a requirement for the OCA to communicate the results of its Quality Assurance and Improvement Program to the Audit Committee. These changes were accepted by the Audit Committee during a regularly scheduled meeting on September 10, 2020, and incorporated and approved by Board Resolution No. 2020-0098 on October 1, 2020.

An annual review performed by staff this year included researching the Institute of Internal Auditors (IIA) guidance on model charters. Staff found that the current Charter for the Office of the Chief Auditor contains the applicable guidance provided by the IIA. However, the Charter for the Office of the Chief Auditor contains terminology that needs to be updated to be gender-neutral. During the September 13, 2021, meeting of the Audit Committee, the Committee reviewed the proposed revision presented by staff and voted unanimously to forward the revised Charter to the Board for approval. A version of the Charter of the Audit Committee with all changes incorporated is provided in Attachment A.



Meeting Date: October 7, 2021

## Fiscal Impact:

None

## 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. 2021-0109

A RESOLUTION OF THE BOARD OF THE SAN DIEGO  
COUNTY REGIONAL AIRPORT AUTHORITY,  
APPROVING THE REVISION TO THE CHARTER FOR  
THE OFFICE OF THE CHIEF AUDITOR

**WHEREAS**, the Board adopted Resolution No. 2003-062 on October 2, 2003, approving the Charter for the Office of the Chief Auditor (OCA); and

**WHEREAS**, the Charter establishes the role and requirements of the Office of the Chief Auditor; including areas of oversight, reporting relationships to the Audit Committee and the Board, and the disclosure of audit activities and findings; and

**WHEREAS**, the Charter was last revised on September 10, 2020, during a regular meeting of the Audit Committee, the Committee unanimously agreed to revise the Charter for the Office of the Chief Auditor to include a requirement for the OCA to communicate results of the Quality Assurance and Improvement Program to the Audit Committee, and to make grammatical title changes, and to forward the Charter to the Board for approval as adopted by Board Resolution No. 2020-0098; and

**WHEREAS**, on September 13, 2021, during a regular meeting of the Audit Committee, the Committee unanimously agreed to revise the Charter for the Office of the Chief Auditor to update terminology to reflect gender-neutrality, and to forward the Charter to the Board for approval.

**NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD HEREBY** approves the revision to the Charter for 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 7<sup>th</sup> day of October, 2021, by the following vote:

**AYES:** Board Members:

**NOES:** Board Members:

**ABSENT:** Board Members:

**ATTEST:**

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TONY R. RUSSELL  
DIRECTOR, BOARD SERVICES /  
AUTHORITY CLERK

**APPROVED AS TO FORM:**

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AMY GONZALEZ  
GENERAL COUNSEL

# SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

## CHARTER FOR THE OFFICE OF THE CHIEF AUDITOR

### Purpose and Mission

The purpose of the San Diego County Regional Airport Authority's (Authority) Office of the Chief Auditor is to provide independent objective assurance and consulting services designed to add value and improve the Authority's operations. The Mission of the Office of the Chief Auditor is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. The Office of the Chief Auditor helps the Authority accomplish its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

### Authority

The Chief Auditor shall be accountable to the Board of Directors (hereinafter "the Board") under Public Utilities Code §170026, and pursuant to ~~his/her~~the Chief Auditor's employment agreement.

The Chief Auditor will report directly to the Board through the Audit Committee.

To establish, maintain, and assure that the Office of the Chief Auditor has sufficient authority to fulfill its duties, the Audit Committee will:

- Review, and forward to the Board for approval, the Office of the Chief Auditor Charter.
- Review, and forward to the Board for approval, the risk-based Internal Audit Plan.
- Review, and forward to the Board for approval, the Office of the Chief Auditor's budget and resource plan.
- Receive communication from the Chief Auditor on the Office of the Chief Auditor's performance relative to its Audit Plan and other matters.
- Provide recommendations to the Board regarding the appointment and removal of the Chief Auditor.
- Make appropriate inquiries of Authority management and the Chief Auditor to determine whether there is inappropriate or scope limitations pertaining to the Chief Auditor's Office.

The Chief Auditor will have unrestricted access to, and communicate and interact directly with, the Audit Committee, including private meetings without management present.

The Audit Committee authorizes the Office of the Chief Auditor to:

- Have full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement except for legally privileged and/or legally confidential information. All contracts with outside contractors and subcontractors shall provide for auditor access to all relevant personnel, financial and performance-related records, property, and equipment where Authority funds were expended or Authority facilities were used.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.
- Obtain assistance from the necessary personnel of the Authority, as well as other specialized services from within or outside the Authority, in order to complete the audit engagement, subject to budget limitations and the contracting policies of the Authority. A contractor performing an audit should have no financial or other interests in the affairs of the Authority, any member of the Board, or its officers.

### **Standards for the Professional Practice of Internal Auditing**

The Office of the Chief Auditor will govern itself by adherence to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the *International Standards for the Professional Practice of Internal Auditing*, and the Definition of Internal Auditing. The Chief Auditor will report periodically to the Authority's Audit Committee and executive management regarding the Office of the Chief Auditor's conformance to the Code of Ethics and the *Standards*.

### **Independence of the Chief Auditor**

The Chief Auditor will ensure that the Office of the Chief Auditor remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the Chief Auditor determines that independence or objectivity may be impaired, in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal Auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively, and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgement matters to others.

The Office of the Chief Auditor will have no direct operational responsibility or authority over any of the activities audited. Accordingly, the Office of the Chief Auditor will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair ~~his/her~~an auditor's judgement, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing any operational duties.
- Initiating or approving transaction(s) external to the Office of the Chief Auditor.
- Directing the activities of any Authority employee not employed by the Office of the Chief Auditor, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors.

Where the Office of the Chief Auditor has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity. Internal Auditors will:

- Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties.
- Exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgements.

The Chief Auditor will confirm to the Audit Committee, at least annually, the organizational independence of the Office of the Chief Auditor.

The Chief Auditor will disclose to the Audit Committee any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

### **Scope of Internal Audit Activities**

The scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Audit Committee, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for the Authority. Internal audit assessments include evaluating whether:

## CHARTER FOR THE OFFICE OF THE CHIEF AUDITOR

- Risks relating to the achievement of the Authority's strategic objectives are appropriately identified and managed.
- The actions of the Authority's officers, directors, employees and contractors are in compliance with Authority policies, procedures and applicable laws, regulations, and governance standards.
- The results of operations or programs are consistent with established goals and objectives.
- Operations or programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the Authority.
- Information and the means used to identify, measure, analyze, classify, and report such information are reliable and have credibility.
- Resources and assets are acquired economically, used efficiently, and protected adequately.

The Chief Auditor will report periodically to the Audit Committee and Authority executive management regarding:

- The Office of the Chief Auditor's purpose, authority, and responsibility.
- The Office of the Chief Auditor's Audit Plan and performance relative to its Audit Plan.
- The Office of the Chief Auditor's conformance with the Institute of Internal Auditor's Code of Ethics and *Standards*, and action plans to address any significant conformance issues.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the Audit Committee.
- Results of audits, consulting services, or other activities.
- Resource requirements.
- Any response to risk by management that may be unacceptable by the Authority.

The Chief Auditor also coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed.

The Chief Auditor will assist the Audit Committee to ensure its responsibilities listed in the Charter of the Audit Committee are met.

The Office of the Chief Auditor may perform advisory and related client service activities, the nature and scope of which will be agreed with the client, provided the Office of the Chief Auditor does not assume management responsibility.

Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during audits or consulting engagements. These opportunities will be communicated to the appropriate level of management.

## **Responsibility**

The Chief Auditor has the responsibility to:

- Submit, at least annually, a risk-based internal Audit Plan for review to Authority executive management. The risk-based internal Audit Plan will also be submitted to the Audit Committee for review and forwarded to the Board for approval.
- Communicate to the Audit Committee and Authority executive management the impact of resource limitations on the Audit Plan, if applicable.
- Communicate any fraud or illegal acts that the Chief Auditor becomes aware of that could affect the Authority. The Chief Auditor shall report the irregularities to the Chair of the Audit Committee, the General Counsel, and the President/Chief Executive Officer. Where one or more of the aforementioned persons is or is believed to be a responsible or culpable party, the Chief Auditor shall report the matter to the full Board in Closed Session called for that purpose in accordance with the requirements of the Ralph M. Brown Act. The process for a confidential, anonymous submission of complaints including, but not limited to, fraud, accounting, auditing, ethics, and code of conduct matters shall be carried out through the Office of the Chief Auditor.
- Review and adjust the nature of the internal Audit Plan, as necessary, in response to changes in the Authority's business risks, operations, programs, systems, and controls.
- The Audit Plan may be adjusted to accommodate for special requests by the Audit Committee or Authority management.
- Changes to the Audit Plan will occur after consultation with the Chair of the Audit Committee. Changes to the Audit Plan will be presented to the Audit Committee for review and forwarded to the Board for approval.
- Communicate to the Audit Committee and Authority executive management any significant interim changes to the Audit Plan.
- Ensure that each engagement contained in the Audit Plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work



programs and testing results, and the communication of recommendation(s) to appropriate parties.

- Follow up on audit engagement findings and the corrective actions taken, and report periodically to the Audit Committee and Authority executive management any corrective actions not effectively implemented.
- Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
- Ensure that the Office of the Chief Auditor collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements in the Charter for the Office of the Chief Auditor.
- Ensure trends and emerging issues that could impact the Authority are considered and communicated to the Audit Committee and Authority executive management as appropriate.
- Ensure emerging trends and successful practices in internal auditing are considered.
- Establish and ensure adherence to the Office of the Chief Auditor's Policies and Procedures / Office Manual designed to guide the Office of the Chief Auditor.
- Ensure adherence to the Authority's relevant policies and procedures, unless such policies conflict with the Charter for the Office of the Chief Auditor.
- Ensure conformance with the IIA *Standards*.

### **Quality Assurance and Improvement Program**

The Office of the Chief Auditor will maintain a quality assurance and improvement program that covers all aspects of the Office of the Chief Auditor. The program will include an evaluation of the Office of the Chief Auditor's conformance with the IIA *Standards* and an evaluation of whether internal auditors apply The Institute of Internal Auditor's Code of Ethics in their conduct. The program will also assess the efficiency and effectiveness of the Office of the Chief Auditor and identify opportunities for improvement.

The Office of the Chief Auditor will communicate to executive management and the Audit Committee on the Office of the Chief Auditor's quality assurance and improvement program, including results of internal assessments (both ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside the Authority.

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[Amended by Resolution No. 2020-0098 dated October 1, 2020]

[Amended by Resolution No. 2018-0117 dated October 4, 2018]

[Amended by Resolution No. 2014-0089 dated September 4, 2014]

[Amended by Resolution No. 2010-0022R dated March 4, 2010]

[Adopted by Resolution No. 2003-062 dated October 2, 2003]

## Staff Report

**Meeting Date: October 7, 2021**

### Subject:

#### **Revision to the Fiscal Year 2022 Audit Plan of the Office of the Chief Auditor**

#### **Recommendation:**

The Audit Committee recommends that the Board Adopt Resolution No. 2021-0110, approving the revision to the Fiscal Year 2022 Audit Plan of the Office of the Chief Auditor.

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

The Charter for the Office of the Chief Auditor, instituted by Board Resolution No. 2003-062 on October 2, 2003, and most recently amended on October 1, 2020, per Board Resolution No. 2020-0098, 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 the 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 initial Audit Plan for Fiscal Year 2022 was accepted by the Audit Committee during its May 10, 2021, meeting, and was subsequently approved on June 3, 2021, by Board Resolution No. 2021-0063.

During the first quarter of Fiscal Year 2022 a review of the Audit Plan was undertaken by the OCA. A revision to adjust the allocation of audit hours to reflect the OCAs current operational requirements is requested at this time. The proposed changes include:

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- 1) Removing 260 Audit Hours designated for Tenant Lease Administration and Management related to rental car concessions and Customer Facility Charge (CFC)/ Transportation Facility Charge (TFC) reporting.
- 2) Adding 260 Audit Hours to complete the audit for Records Management related to the Enterprise Content Management System (ECMS), which was carried forward from Fiscal Year 2021.

During the September 13, 2021, regular meeting of the Audit Committee, the Committee reviewed the proposed revision to the Audit Plan, as presented by staff, and voted unanimously to forward this item to the Board for approval. The Fiscal Year 2022 Audit Plan with all changes incorporated is provided as Attachment A.

### Fiscal Impact:

Adequate funding for FY 2022 Revised Audit Plan is included in the adopted FY 2022 and conceptually approved FY 2023 Operating Expense Budgets within the Office of the Chief Auditors department.

### 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.

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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. 2021-0110

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, APPROVING THE REVISION TO THE FISCAL YEAR 2022 AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR

**WHEREAS**, California Public Utilities Code §170018 specifies the San Diego County Regional Airport Authority's Audit Committee membership (consisting of board members and public members), terms, and its responsibilities; and

**WHEREAS**, §170018(g) of the California Public Utilities Code and the Authority Charter for 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 10, 2021, the Audit Committee was presented with the Fiscal Year 2022 Proposed Audit Plan and voted to accept the plan and forward it to the Board for approval, as adopted by Board Resolution No. 2021-0063 on June 3, 2021; and

**WHEREAS**, on September 13, 2021, during a regular meeting of the Audit Committee, the Committee unanimously voted to revise the Fiscal Year 2022 Audit Plan to adjust the allocation of audit hours to reflect the Office of the Chief Auditor's current operational requirements, removing audit hours designated for rental car concessions and adding the same number of audit hours to Enterprise Content Management System, and to forward the revision to the Board for approval.

**NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD HEREBY** approves the revision to the Fiscal Year 2022 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 7<sup>th</sup> day of October, 2021, by the following vote:

**AYES:** Board Members:

**NOES:** Board Members:

**ABSENT:** Board Members:

**ATTEST:**

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TONY R. RUSSELL  
DIRECTOR, BOARD SERVICES /  
AUTHORITY CLERK

**APPROVED AS TO FORM:**

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AMY GONZALEZ  
GENERAL COUNSEL

Office of the Chief Auditor  
Fiscal Year 2022  
Proposed Audit Plan September 13, 2021

ATTACHMENT A

Key Work Activity	Objective <sup>1</sup>	Original Estimated Hours	Change Requested	Revised Hours
<b>Audit Hours</b>				
Harbor Police Contract Management <sup>2</sup>	To determine if Harbor Police costs and services are appropriate and equitable.	400	-	400
System Security <sup>2</sup>	To evaluate the Authority's security posture by performing penetration testing of the Authority's Aviation Security and Public Safety's system.	120	-	120
Records Management <sup>2</sup>	To determine if access rights in the Authority's Enterprise Content Management System (ECMS) are appropriate.	30	260	290
Accounts Receivable / Collections <sup>2</sup>	To determine if the rent abatement program was properly administered and in compliance with applicable Federal requirements of the COVID-19 relief acts.	400	-	400
Contractor Monitoring <sup>2</sup>	To determine if the Engineered Materials Arresting System (EMAS) project was properly monitored and managed.	140	-	140
Harbor Police Contract Management	To determine if Harbor Police costs and services are appropriate related to the Fiscal Year 2020 True-Up.	500	-	500
Tenant Lease Administration and Management	To determine if the concessions, Customer Facility Charge (CFC)/ Transportation Facility Charge (TFC) reported to the Authority are accurate for all Airport rental car companies.	1,400	(260)	1,140
System Security	To evaluate the Authority's security posture by performing penetration testing of the Authority's website.	325	-	325
Employee Training and Development	To determine if employee trainings are administered appropriately.	525	-	525
Tenant Lease Administration & Management	To determine if terminal airport space is managed and billed appropriately.	525	-	525
Airfield Operations Management	To determine the gate software (Amadeus) matches Airline landing fees reported.	500	-	500
To be Determined	To initiate audits related to construction activities based on a Risk Assessment(s) performed by the External Construction Auditor.	1,203	-	1,203
To Be Determined	To initiate audit(s)/consulting engagements based on risks identified at the discretion of the Chief Auditor.	473	-	473
<b>Total Audit Hours</b>		<b>6,541</b>	<b>-</b>	<b>6,541</b>

<sup>1</sup> Objective may change based on the preliminary survey performed by the OCA.

<sup>2</sup> Audit Activity has been carried forward from Fiscal Year 2021.



Office of the Chief Auditor  
Fiscal Year 2022  
Proposed Audit Plan September 13, 2021

ATTACHMENT A

Key Work Activity	Objective <sup>3</sup>	Original Estimated Hours	Change Requested	Revised Hours
<b>General Audit Hours</b>				
Risk Assessment and Audit Plan <sup>4</sup>	To conduct a Risk Assessment that will identify the high risk activities to be considered when preparing the annual Audit Plan.	212	-	212
Construction Meeting Attendance & External Construction Auditor Coordination	Attend various construction meetings and incorporate knowledge into ongoing risk assessments and management of the Construction Auditor.	380	-	380
Information Technology Meeting Attendance	Attend various Information Technology meetings, incorporate knowledge into ongoing risk assessments, and initiate audits if needed.	80	-	80
Development of Data Analytics	Develop a data analytics program for in terminal concessions or other programs.	220	-	220
Ethics Hotline <sup>4</sup>	To review ethics policies and investigate reported incidents.	210	-	210
Recommendation Follow-up <sup>4</sup>	To verify that internal and external audit recommendations have been implemented as intended.	140	-	140
Quality Assurance & Improvement Program <sup>4</sup>	To assess conformance with the <i>Standards</i> , whether internal auditors apply the Code of Ethics, and allow for the identification of improvement opportunities.	320	-	320
Peer Review Participation	To satisfy the Association of Local Government Auditors (ALGA) requirement for the OCA to volunteer two audit staff to serve on a Quality Assurance Review for another organization.	180	-	180
	<b>Total General Audit Hours</b>	<b>1,742</b>	<b>-</b>	<b>1,742</b>
<b>Administrative Hours</b>				
Administrative - Indirect	Attendance at Staff/Board/Committee Meetings, Continuing Professional Development and Other.	2,189	-	2,189
Administrative - Benefit	Vacation, Holiday Time and Other Time Off.	2,008	-	2,008
	<b>Total Administrative</b>	<b>4,197</b>	<b>-</b>	<b>4,197</b>
	<b>Total Hours</b>	<b>12,480</b>	<b>-</b>	<b>12,480</b>

<sup>3</sup> Objective may change based on the preliminary survey performed by the OCA.

<sup>4</sup> Required activity in the Charter for the Office of the Chief Auditor.

Office of the Chief Auditor  
Fiscal Year 2022  
Proposed Audit Plan September 13, 2021

ATTACHMENT A

Key Work Activity	Objective <sup>5</sup>	Original Estimated Hours	Change Requested	Revised Hours
<b>Contingent Audit Hours</b>				
Airport Ground Transportation Operations Management	To determine if the privacy and personal information security procedures and practices related to the Automated License Plate Reader (ALPR) system are adequate.	500	-	500
OCIP	To determine if the Owner Controlled Insurance Program (OCIP) is administered appropriately.	500	-	500
Social Media/Website / Webmaster	To determine if the controls around social media and/or website administration are appropriate and adequate.	450	-	450
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	-	400
Account Provisioning /De-Provisioning	To determine if account provisioning and de-provisioning are performed timely.	450	-	450
Rental Car Shuttle Service Contract Administration	To determine if the Shuttle Service operations are administered appropriately.	650	-	650
TNC Contract Administration & Revenue Collection	To determine if the Transportation Network Companies (TNC) Contract is administered appropriately.	475	-	475
Employee Parking Card and Policy Administration	To determine if Parking Cards are administered appropriately.	550	-	550
Leaves of Absence / Catastrophic Leave	To determine if leaves of absence are administered appropriately.	525	-	525
Innovation Lab Operations	To determine if the Innovation Lab is administered appropriately.	600	-	600
	<b>Total Contingent Audit Hours</b>	<b>5,100</b>	<b>-</b>	<b>5,100</b>

<sup>5</sup> Objective may change based on the preliminary survey performed by the OCA.

# **ITEM 11**

**APPROVE AND AUTHORIZE THE  
PRESIDENT/CEO TO EXECUTE LEGAL  
SERVICES AGREEMENTS FOR BOND  
AND DISCLOSURE COUNSEL**

**There are no materials for  
this item**

# **ITEM 12**

**APPROVE AND AUTHORIZE THE  
PRESIDENT/CEO TO EXECUTE  
AGREEMENTS FOR ENVIRONMENTAL  
LEGAL COUNSEL**

**There are no materials for  
this item**

## Staff Report

Meeting Date: October 7, 2021

### Subject:

**Authorize the President/CEO to Negotiate and Execute a Fourth Amendment to the Citation Device and Software Services Agreement with Schweers Technologies Inc.**

### Recommendation:

Adopt Resolution No. 2021-0113, authorizing the President/CEO to negotiate and execute a Fourth Amendment to the Agreement with Schweers Technologies Inc. for Citation Device and Software Services to extend the contract term for one hundred and seventy (170) days to expire on March 31, 2022.

### Background/Justification:

#### Citation Processes

The roadways, parking lots, curbsides, and plazas at the San Diego International Airport (SDIA) fall under the purview of the Ground Transportation Department (GT). The safe and efficient operation of SDIA requires that vehicle traffic and parking for Authority and SDIA customers, staff, and vendors is regulated. GT Airport Traffic Officers (ATOs) patrol parking lots, assist motorists, and issue parking citations. Two of the tools that ATOs use for enforcement are citations and notices of violation (NOVs). ATOs may issue automobile citations for violations of both Authority Codes and certain sections of the California Vehicle Code. ATOs are not Law Enforcement Officers (LEOs) and therefore have no authority to issue moving violations.

#### Second Generation Mobile Citation devices

Before the implementation of the Schweers Technologies Inc. (Schweers) citation and device software, the ATOs utilized an electronic ticketing device called Autocite. Due to the antiquated dial-up connection that suffered from inconsistent performance, this bulky and unreliable equipment was replaced with a lighter, more modern touchpad proprietary device provided by Schweers called RugGear™.

After a competitive RFP process, Schweers was awarded a multi-year contract to provide hardware and software, along with ongoing support, that included access to a hosted online service that uploads citations daily from the remote devices. After upload to the Schweers website, citations are transmitted to the City of San Diego for administration, payment processing, and collection.

The City of San Diego processes citations for numerous agencies in San Diego County, using Duncan Solutions, Inc. software.

As a part of its contract, the Authority tasked Schweers with the following requirements:

1. Provide fifty-five (55) new RugGear RG730 Smartphone handheld wireless ticketing devices including chargers and software licenses,
2. Provide web-hosted online set up and service,
3. Provide project management services to manage, implement, and install required software applications on Authority computer systems,
4. Supply citation paper stock,
5. Provide equipment and software system maintenance with periodic upgrades, and
6. Provide software and equipment training.

## Ongoing Software and Hardware Support and Development

As part of the Rug Gear rollout, Schweers committed to developing software that would enable the issuance of Notice of Violations (NOVs), allow electronic signoff of NOVs after inspection, and allow the issuance of warnings. Additionally, Schweers was required to:

1. Replace or repair all malfunctioning RugGear devices and printers,
2. Perform all software patches and system upgrades,
3. Exchange any faulty or expired batteries for RugGear devices, and
4. Maintain citation ticket data information online 24/7.

## Contract Amendments

Throughout the five-year contract term, operational and enforcement needs have changed. With the prevalence of Transportation Network Companies (TNCs), hardware and software technology changes, Authority code and vehicle code updates, internal Authority processes and regulatory updates - GT has worked with Schweers to customize the software. To accommodate these operational changes, the original contract was amended several times as outlined below.

The First Amendment to the contract was executed on March 14, 2019. This amendment increased the maximum amount payable by \$150,000.00 to \$305,000.00. It allowed the purchase of additional RugGear devices to accommodate increases in ATO staffing. Additionally, startup of the TNC operations at the Airport required software updates to establish a monthly TNC violation report that compiles detailed TNC violation data that is sent to the TNC companies for citation revenue collections. The Authority also purchased a ticketing device protection plan to maintain and support devices at a fixed quarterly cost amount.

The Second Amendment to the contract was executed on June 30, 2021. This amendment preserved the citation process and prevented disruption to the citation appeal process. It also allowed GT to explore process improvements and administration cost reductions with the City of San Diego to reduce overall expenditures.

The Third Amendment to the contract was executed on September 21, 2021. This amendment corrected a typo in the Second Amendment to correct the contract termination date to October 12, 2021.

The table below displays the schedule of contract amendments

***Schweers Citation and Software Contract Amendments***

Date of Action	Action	Contract Start	Contract End	Increase	Maximum Amount Payable	Reason
07/15/16	Original Contract	07/15/16	07/14/21	\$ -	\$ 155,000	
03/14/19	FIRST Amendment	...	07/14/21	\$150,000	\$ 305,000	Increase contract amount
06/30/21	SECOND Amendment	...	09/16/21	\$ -	\$ 305,000	Extend contract
09/21/21	THIRD Amendment	...	10/12/21	\$ -	\$ 305,000	Correct end-date
10/07/21	FOURTH Amendment	...	03/31/22	\$ -	\$ 305,000	Extend contract

Selection of New Citation Hardware and Software

While the partnership with Schweers has been adequate, there are new technologies and software services available that can provide a more streamlined, reliable, and cost-effective solution for the ATO Unit. For several months, GT has been investigating possible new providers for Citation and NOV hardware and software for the following reasons –

1. Current RugGear devices are nearing end of life and are not supported by Schweers.
2. Next generation citation devices will be cellular and WiFi based for redundancy. The current RugGear devices are WiFi only; and drop signal very frequently causing unreliable service and frustration for Airport customers and visitors.
  - a. Current RugGear devices frequently lose connection to SAN WiFi and to the portable Bluetooth printers.
3. Citation device software is now available on any consumer cell phone device. Proprietary configured devices are not the current industry standard.

- a. Next generation software is now available that be uploaded onto any user-obtained, non-proprietary cell phone, thus allowing an organization to purchase its own devices on existing cell phone plans.
  - b. Application based software tools are available, but they are not compatible with the current RugGear devices.
  - c. Cell phones may also be loaded with other applications that can support enforcement, operations, administrative, or incident management processes.
4. New software is available that can directly interface with City of San Diego systems for reliability, automatic upload instead of batch processing, and citation resolution, accountability, error-checking, and appeals process improvements.

## Staff recommendations

Staff recommends an extension to the Schweers contract for 170 days to extend the expiration date to March 31, 2022. This extension will allow GT staff time to select a new provider for next generation citation hardware devices and software services.

The current contract maximum amount payable of \$305,000.00 does not need to be increased. Current contract expenditures run approximately \$5,000.00 each month, and with remaining funds on the contract of \$110, 731.33, there are sufficient funds remaining to carry GT operations through the extended contract expiration date of March 31, 2022.

## **Fiscal Impact:**

Adequate funding for Schweers Citation Device and Software Contract extension is included in the adopted FY 2022 and conceptually approved FY 2023 Operating Expense Budgets within the Contract Services line item.

## **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:

The Authority has the following inclusionary programs/policies: a Disadvantaged Business Enterprise (DBE) Program, an Airport Concession Disadvantaged Business Enterprise (ACDBE) Program and Policy 5.12. These programs/policies are intended to promote the inclusion of small, local, service-disabled veteran owned, historically underrepresented businesses and other business enterprises, on all contracts. Only one of the programs/policies named above can be used in any single contracting opportunity.

This contract does not utilize federal funds and provides limited opportunities for subcontractor participation; therefore, at the option of the Authority, Policy 5.12 was applied to promote the participation of qualified small businesses.

In accordance to Policy 5.12, the recommended firm Schweers Technologies Inc. did not receive the small business preference.

## Prepared by:

Marc Nichols  
Director, Ground Transportation

RESOLUTION NO. 2021-0113

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, AUTHORIZING THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE A FOURTH AMENDMENT TO THE AGREEMENT WITH SCHWEERS TECHNOLOGIES INC. FOR CITATION DEVICE AND SOFTWARE SERVICES TO EXTEND THE CONTRACT TERM FOR ONE HUNDRED AND SEVENTY (170) DAYS TO EXPIRE ON MARCH 31, 2022

**WHEREAS**, the Authority and Scweers Technologies Inc. are parties to an agreement to provide hardware and software, along with ongoing support, that includes access to a hosted online service that uploads citations daily from the remote devices for a term beginning July 15, 2016 and expiring July 14, 2021; and

**WHEREAS**, the agreement has been amended three times; and

**WHEREAS**, staff recommends that the Board authorize a Fourth Amendment to the agreement extending the term to expire no later than March 31, 2022; and

**WHEREAS**, the Board finds it in the best interest of the Authority to approve and authorize a Fourth Amendment to the agreement to extend the term.

**NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD HEREBY** authorizes the President/CEO to negotiate and execute a Fourth Amendment to the Agreement with Schweers Technologies Inc. for Citation Device and Software Services to extend the contract term one hundred seventy (170) days to expire on March 31, 2022; 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 7<sup>th</sup> day of October, 2021, by the following vote:

**AYES:** Board Members:

**NOES:** Board Members:

**ABSENT:** Board Members:

**ATTEST:**

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TONY R. RUSSELL  
DIRECTOR, BOARD SERVICES /  
AUTHORITY CLERK

**APPROVED AS TO FORM:**

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AMY GONZALEZ  
GENERAL COUNSEL

## Staff Report

**Meeting Date: October 7, 2021**

### **Subject:**

**Award a Contract to Hazard Construction for Widen Sassafras Intersection at San Diego International Airport**

### **Recommendation:**

Adopt Resolution No. 2021-0114, awarding a contract to Hazard Construction in the amount of \$1,728,000, for Project No. 104205, Widen Sassafras Intersection at San Diego International Airport.

### **Background/Justification:**

Project No. 104205, Widen Sassafras Intersection is a San Diego County Regional Airport Authority ("Authority") Board ("Board") approved project in the FY2022 Capital Improvement Program ("CIP").

Sassafras Street is the gateway into the Rental Car Center (RCC), Fixed Base Operations (FBO), SAN Park economy parking lot, and Cargo Center. The Widen Sassafras Street project is needed to mitigate traffic impacts that have developed since the RCC has opened, the FBO traffic increases, and the Cargo Facility use intensifies.

This project will improve traffic flow on Sassafras Street by adding a second eastbound lane between Pacific Highway and Kettner Boulevard, rebuilding the medians, and reconstructing the sidewalk along the north side of the street.

In addition, this project includes enhancements to the railroad crossing such as new and replacement signals, new pedestrian ramps, gates, and railings. (Attachment A)

This opportunity was advertised on July 22, 2021, and sealed bids were opened on August 26, 2021. The following bids were received:

Company	Total Bid
Hazard Construction	\$1,728,000
West Coast General Group	\$1,980,502
LB Civil Construction	\$2,187,000
Blue Pacific Engineering and Construction	Non-responsive

The Engineer's estimate for this project is \$1,500,000.

Hazard Construction was the apparent low bidder. Blue Pacific Engineering and Construction, the fourth lowest bidder, submitted an incomplete bid and only included bid pricing on three of the eight items required by the Request for Bids ("RFB"), therefore, its bid was found to be non-responsive.

Hazard Construction filed a records request. The Authority provided Hazard Construction with copies of all responsive records requested.

The low bid of \$1,728,000 is responsive, and Hazard Construction is considered responsible. Staff recommends award to Hazard Construction, in the amount of \$1,728,000.

### Fiscal Impact:

Adequate funds for Widen Sassafras Intersection are included within the Board adopted FY2022-FY2026 Capital Program Budget in Project No. 104205. The Source of funding for this project is Airport Bonds.

### 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 for a project that received certification and approval for the Environmental Impact Report (SCH No. 2005091105 - SDCRAA #EIR-06-01) on May 1, 2008, received certification and approval for the Airport Master Plan Northside Improvements Supplemental Environmental Impact Report (SCH NO. 2005091105 – SDCRAA # EIR-10-01 ) on September 1, 2011, and received certification and approval for the Airport Development Plan Environmental Impact Report (SCH NO. 2017011053 – SDCRAA # EIR-18-01) on January 9, 2020.
- B. California Coastal Act Review: This Board action is for a project that is a development not in the jurisdiction of the Airport Authority. The City of San Diego would be the permitting entity for Coastal Development Permit approval. A Coastal Development Permit will be issued prior to the commencement of any related site preparation or construction activities.
- 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:

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.

# Staff Report

Meeting Date: October 7, 2021

Page 4 of 4

In accordance with Policy 5.12, the recommended firm Hazard Construction did not receive small business, local business, and service disabled/veteran owned small business preference.

**Prepared by:**

Bob Bolton  
Director, Airport Design & Construction



PROJECT SITE

KETTNER BLVD

SASKATCHEWAN STREET

RAILROAD

INTERSTATE 5

PACIFIC COAST HIGHWAY

AIRPORT BOUNDARY

ATTACHMENT "A"



RESOLUTION NO. 2021-0114

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, AWARDING A CONTRACT TO HAZARD CONSTRUCTION IN THE AMOUNT OF \$1,728,000, FOR PROJECT NO. 104205, WIDEN SASSAFRAS INTERSECTION AT SAN DIEGO INTERNATIONAL AIRPORT

**WHEREAS**, Project No. 104205, Widen Sassafras Intersection is a San Diego County Regional Airport Authority ("Authority") Board ("Board") approved project in the FY2022 Capital Improvement Program ("CIP"); and

**WHEREAS**, Sassafras Street is the gateway into the Rental Car Center (RCC), Fixed Base Operations (FBO), SAN Park economy parking lot, and Cargo Center; and

**WHEREAS**, the Widen Sassafras Street project is needed to mitigate traffic impacts that have developed since the RCC has opened, the FBO traffic increases, and the Cargo Facility use intensifies; and

**WHEREAS**, this project will improve traffic flow on Sassafras Street by adding a second eastbound lane between Pacific Highway and Kettner Boulevard, rebuilding the medians, and reconstructing the sidewalk along the north side of the street; and

**WHEREAS**, this project includes enhancements to the railroad crossing such as new and replacement signals, new pedestrian ramps, gates, and railings; and

**WHEREAS**, the Request for Bids for this project was advertised on July 22, 2021; and

**WHEREAS**, on August 26, 2021, the Authority opened sealed bids received in response to the Bid Solicitation package; and

**WHEREAS**, the low bidder, Hazard Construction, submitted a bid in the amount of \$1,728,000; and

**WHEREAS**, the Authority staff has duly considered Hazard Construction's bid, and has determined Hazard Construction, is responsible and that its bid is responsive in all material respects; and

**WHEREAS**, the Board believes that it is in the best interest of the Authority and the public that it serves to authorize the President/CEO to award Hazard Construction, the contract for Project No. 104205, Widen Sassafras Intersection upon the terms and conditions set forth in the Bid Solicitation Package.

**NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD HEREBY** authorizes the President/CEO to award a contract to Hazard Construction in the amount of \$1,728,000, for Project No. 104205, Widen Sassafras Intersection at San Diego International Airport; and

**BE IT FURTHER RESOLVED** that the Board authorizes the President/CEO or designee to execute and deliver such contract to Hazard Construction; and

**BE IT FURTHER RESOLVED** that the San Diego County Regional Airport Authority and its officers, employee, and agents are hereby authorized, empowered, and directed to do and perform such acts as may be necessary or appropriate in order to effectuate fully this resolution; and

**BE IT FURTHER RESOLVED** that the Board finds that this action is for a project that received certification and approval for the Environmental Impact Report (SCH No. 2005091105 - SDCRAA #EIR-06-01) on May 1, 2008, received certification and approval for the Airport Master Plan Northside Improvements Supplemental Environmental Impact Report (SCH NO. 2005091105 – SDCRAA # EIR-10-01 ) on September 1, 2011, and received certification and approval for the Airport Development Plan Environmental Impact Report (SCH NO. 2017011053 – SDCRAA # EIR-18-01) on January 9, 2020; and

**BE IT FURTHER RESOLVED** that the Board finds that this action is for a project that is a development not in the jurisdiction of the Airport Authority. The City of San Diego would be the permitting entity for Coastal Development Permit approval. A Coastal Development Permit will be issued prior to the commencement of any related site preparation or construction activities; 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 7<sup>th</sup> day of October, 2021, by the following vote:

**AYES:** Board Members:

**NOES:** Board Members:

**ABSENT:** Board Members:

**ATTEST:**

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TONY R. RUSSELL  
DIRECTOR, BOARD SERVICES /  
AUTHORITY CLERK

**APPROVED AS TO FORM:**

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AMY GONZALEZ  
GENERAL COUNSEL

## Staff Report

Meeting Date: October 7, 2021

### Subject:

**Approve and Authorize the President/CEO to Negotiate and Execute the Validation Amendment to the Turner-Flatiron, a Joint Venture Contract for Airport Development Program Terminal and Roadways and to Negotiate and Execute a Future Guaranteed Maximum Price Amendment**

### Recommendation:

Adopt Resolution No. 2021-0115, approving and authorizing the President/CEO to negotiate and execute: (1) a Validation Amendment establishing a Maximum Contract Price not to exceed \$2,610,417,181 and a Master Project Schedule to the Contract with Turner-Flatiron, a Joint Venture for the design and construction of Airport Development Program Package 1, Terminal and Roadways; and (2) a Guaranteed Maximum Price Amendment within the Maximum Contract Price after the issuance of the Validation Amendment; and (3) future change orders using uncommitted program contingency funds within the New T1 Program Budget.

### Background/Justification:

In 2012, the San Diego County Regional Airport Authority ("Authority") began the next master-planning effort for San Diego International Airport ("SDIA") known as the Airport Development Plan ("ADP"). In 2019, the Authority published a draft Environmental Impact Report ("EIR") and in January 2020 the Authority Board ("Board") certified the Final EIR and authorized an increase to the Authority Capital Program Budget to implement the ADP (the overall program to implement the ADP is referred to in the remainder of this Staff Report as "New T1").

In September 2020, the Board authorized the selection of Turner-Flatiron, a Joint Venture ("JV") as the design build contractor for the ADP Package 1, Terminal and Roadways ("Terminal and Roadways") and authorized the JV to perform Validation Phase services. In July 2021, the Board authorized the extension of the Validation Phase. This Staff Report requests Board authorization for full implementation of the Terminal and Roadways package.

The Board has taken the following actions related to the Terminal and Roadways project:

1. On January 9, 2020, the Board adopted the following: (1) Resolution No. 2020-0001R, certifying the Final EIR for SDIA ADP and adopting a Mitigation Monitoring and Reporting Program, a Statement of Overriding Considerations, and California Environmental Quality Act ("CEQA") Findings of Fact; (2) Resolution No. 2020-0002, adopting ADP Alternative 4; and (3) Resolution 2020-0003 approving and adopting a mid-year adjustment of \$3,000,000,000 to the Fiscal Year 2020-2024 Capital Program Budget to incorporate implementation of ADP Alternative 4.
2. On September 3, 2020, the Board adopted Resolution No. 2020-0090, approving and authorizing the President/CEO to negotiate and execute a contract and a Validation Phase Services Agreement with the JV for validation phase services, design concept and documentation, early procurement work, and early construction related to the Terminal and Roadways project in an amount not to exceed \$80,000,000.
3. On July 1, 2021, the Board adopted Resolution No. 2021-0081, approving and authorizing the President/CEO to negotiate and execute an Amendment to the Contract with Turner-Flatiron, a Joint Venture, extending the Validation Phase Services Agreement by 107 days from 300 days to 407 days and increasing the contract price by \$78,000,000 from \$80,000,000 to \$158,000,000 for validation phase services, extended design, early procurement, early construction, and select abatement and demolition activities.

## **Terminal and Roadways Validation Phase**

The Terminal and Roadways project is being implemented using a design-build delivery method that emphasizes and relies on exceptional performance, physical co-location, team alignment, transparency, and collaboration to achieve results that meet or exceed the Authority's expectations including those of functionality, efficiency, aesthetics, customer experience, sustainability, and positive environmental and community impacts. Cost and schedule guarantees for the work are developed progressively beginning with the validation of the program and continuing through the development of the design.

After contract execution in September 2020, the JV began the Validation Phase. The Validation Phase served as a transitional phase from the Authority's planning and programming to the JV's implementation of the project and provided the JV with an opportunity to examine and evaluate the requirements of the scope of work, including the Program Definition Document ("PDD"). The PDD is the information provided to the JV by the Authority that presents the Authority's vision, goals, objectives, criteria, and standards and to which, as amended, the JV will be held accountable.

During the Validation Phase, the JV conducted the conceptual design, studies, and investigations necessary to verify site conditions and solidify the scope, budget, and schedule of the program in conformance with the PDD. Specifically, the JV:

1. conducted meetings with staff and internal and external stakeholders to understand and validate the requirements of the PDD and to present design concepts;
2. conducted significant site investigations to determine existing conditions including underground utilities, geotechnical borings, and supplemental environmental assessments;
3. performed studies and prepared reports to facilitate early design work;
4. coordinated with local and regional agencies including the City of San Diego, San Diego Association of Governments ("SANDAG"), and the San Diego Unified Port District;
5. coordinated with multiple federal governmental agencies;
6. advanced design of the project to a level of completion that facilitated the preparation of a Maximum Contract Price ("MCP") and Master Project Schedule ("MPS");
7. developed schematic design and an aesthetic concept for the terminal building façade in collaboration with the Lead Artist;
8. developed parking plaza, landscape and roadway schematic designs;
9. developed drawings and documentation for Coastal Development Permit applications for various parts of the project;
10. developed implementation plans to document project implementation processes;
11. designed, procured and began construction of project management office complex modular trailers for Authority and JV project staff; and
12. negotiated a project labor agreement consistent with Board actions.

Authority staff and consultants worked collaboratively with the JV to facilitate Validation Phase work and reviewed the documentation prepared by the JV.

The proposed design of the terminal incorporates the following features:

- A two-story terminal building of over one million square feet with 30 aircraft gates for Group III aircraft (e.g. Boeing 737 and Airbus A320) and capability for five widebody aircraft.
- A South façade that is approximately 75 feet high and 800 feet long and incorporates a design that integrates curved glass and sun shading devices based on extensive collaboration between the architects and the Lead Artist
- Baggage handling system with-in-line explosive detection system that can process up to 2,000 bags per hour during peak passenger activity on opening day and can expand to up to 2,500 bags per hour in the future.
- A concession program of over 77,000 square feet with light-filled high-ceiling food halls on the east and west concourses and an outdoor deck accessed from the east food hall that provides views to the downtown skyline.

- State of the art common use passenger processing system allowing dynamic allocation of check-in facilities to multiple airlines.
- State of the art security screening checkpoint fitted out with 13 automated screening lanes that will be capable of processing up to 3,200 passengers per hour on opening day and will be expandable to 16 lanes and processing up to 4,100 passengers per hour in the future.
- Shell spaces for airline tenant spaces including two airline club lounges with provisions for outdoor seating decks overlooking the airfield.
- Ample seating for passengers throughout the terminal building including at passenger holdrooms, baggage claim and ticketing lobbies.

The roadways include an on-airport access roadway that will remove traffic serving both Terminal 1 and Terminal 2 ("T2") from Harbor Drive and facilitate passenger travel to the terminal facilities. In addition, the roadway will facilitate travel by Metropolitan Transit Service ("MTS") buses and rental car center and employee shuttle buses. The roadways portion of the work includes an elevated departure roadway similar to that serving T2. Passengers arriving at the facility will, similar to T2, be able to check-in remotely and will also have the option to check-in inside the terminal. Departing passengers will then cross pedestrian bridges into the ticketing lobby and security checkpoint.

The project includes a Parking Plaza with approximately 5,200 parking spaces that will replace the close-in parking spaces that will be lost due to project construction. The Parking Plaza will provide similar customer amenities to those introduced in the T2 Parking Plaza and will include lightwells, clear wayfinding within the parking plaza, extensive use of technology to facilitate passenger entry and exit, electric vehicle chargers for 5% of the parking spaces in the parking plaza, and over 260 bicycle parking spaces in the pedestrian plaza adjacent to the parking plaza.

In addition, Authority staff has been coordinating with SANDAG staff as SANDAG develops plans for a future regional transit solution that will serve SDIA. The Terminal and Roadways project includes preparation of a site west of the Parking Plaza where SANDAG will be able to implement a future transit station that will provide convenient access to both Terminal 1 and T2.

## **MCP and Market Volatility**

At the beginning of the Validation Phase, construction activity across the country and the region had slowed significantly due to the COVID-19 pandemic. At that time, both the supply and demand for construction materials was reduced. In the last few months, however, the demand for construction materials has risen very quickly, outpacing supply, and causing a high amount of price volatility. In addition, the active San Diego subcontractor labor market has added additional pricing volatility.

As the JV proceeded with development of its MCP estimate, they reached out to various sources, both internal to the JV and external trade and manufacturing partners, that were able to confirm construction material price increases that would likely impact the project. The JV has incorporated the impacts of market volatility into its cost estimate.

Concurrently, the Authority and the JV embarked on a detailed process of refining the scope reflected in the PDD and in the JV's preliminary design documents. This process maintained the essential defining performance and experiential characteristics of the project while reducing scope items that were impacting the MCP estimate without affecting the function and performance of the project.

The JV submitted its initial MCP proposal of \$2,669,000,000 on May 21, 2021. With the support of independent third-party cost estimators and schedulers, staff performed an extensive review and reconciliation of the JV's MCP, MPS, project scope, and assumptions and clarifications. The JV submitted a revised MCP proposal on August 20, 2021. Authority staff continued to review the proposal and agreed to recommend approval by the Board of an MCP of \$2,610,417,181.

The recommended negotiated MCP includes the \$158 million previously authorized as part of the Validation Phase Services Agreement. The MCP is divided into the following components:

Description	Budgeted Amount
JV Design Costs	\$ 226,343,604
JV Construction Costs	\$ 2,056,773,720
JV staff, Fee, Insurance, Bond	\$ 327,299,857
Terminal & Roadways Maximum Contract Price	\$ 2,610,417,181

The MPS identifies how the JV proposes to schedule the sequence of the design and construction of the project to meet the MCP and key milestone completion dates established for the project.

The Authority, assisted by independent schedulers, reviewed the JV's proposed MPS. A summary of key schedule milestones is presented below:

Anticipated Milestone Event	Planned Date
Start Construction of Landside and First 19 Gates	November 2021
Substantial Completion of Construction First 19 Gates	June 2025
New Terminal First 19 Gates Operational	July 2025
Substantial Completion of Construction final 11 Gates	October 2027
Contract Final Acceptance & Completion	June 2028



**Validation Amendment**

Upon Board authorization, the results of the Validation Phase will be memorialized in the Validation Amendment which includes the MCP and MPS, as well as other deliverables stipulated in the contract. At that point, the JV will assume all risks, costs, and responsibilities associated with any changes in scope arising from or relating to the Contract Documents or site conditions that could have been reasonably identified or anticipated based on the information reviewed and the site investigations performed during the Validation Phase.

Upon execution of this Validation Amendment, the project will enter the Guaranteed Maximum Price ("GMP") Development Phase. During this phase, the JV will continue with design and issuing and awarding construction trade packages and begin construction as needed to meet the schedule. When the design has progressed such that the scope is sufficiently complete and reliable, a GMP will be established, subject to an open book review, in an amount less than or equal to the MCP.

Upon completion of the GMP Development Phase, the project will move into the GMP Phase which consists of the remainder of design and construction up to substantial completion and final acceptance.

**Terminal and Roadways Project Budget**

The overall budget for the Terminal and Roadways project is as follows:

Description	Budget Amount
Terminal & Roadways Maximum Contract Price	\$ 2,610,417,181
Total Authority Costs (Program Management, Authority Departmental Support, Insurance, Permit Fees)	\$ 202,866,502
Terminal and Roadways Project Budget	\$ 2,813,283,683

Additional discussion related to the New T1 funding and Plan of Finance can be found in the Fiscal Impact section of this Staff Report as well as in the Fiscal Impact section of the corresponding New T1 Plan of Finance and Capital Program Budget Amendment agenda item being considered by the Board during this same October 7, 2021 Board meeting.

**Requested Authorizations**

Staff requests that the Board approve and authorize the President/CEO to negotiate and execute a Validation Amendment to the Contract with Turner-Flatiron, a Joint Venture, establishing an MCP of \$2,610,417,181 and a Final Acceptance and Completion date of June 2028.

Meeting Date: October 7, 2021

Staff further requests that the Board approve and authorize the President/CEO to negotiate and execute a future GMP Amendment within the MCP with Turner-Flatiron, a Joint Venture after the issuance of the Validation Amendment to allow the completion of 100% design and construction.

The New T1 program budget consists of project budgets for the Terminal and Roadways, New Administration Building, Airside Improvements, and Shuttle Lot Relocation projects. Each project budget includes costs for design, construction, and Authority costs such as program management, Authority departmental support, insurance, and permit fees. The New T1 program budget also includes an Authority controlled program contingency of \$227,251,907 that is outside of each project budget and is shared across the New T1 program as necessary.

Authority Policy 5.02(4)(b)(iii) requires Board approval for any increase in the contract amount should that amount exceed 4% of the contract value. In the case of the Terminal and Roadways contract, the contract value is the MCP if the Board authorizes the Validation Amendment or the amount of the GMP Amendment once it is established. Staff requests that the Board waive this requirement and authorize the President/CEO to negotiate and execute increases to the contract price of up to \$227,251,907 using remaining uncommitted funds from the New T1 program contingency.

## **Fiscal Impact:**

Upon approval of the corresponding resolution for the New T1 Plan of Finance and Capital Program Budget Amendment agenda item being considered at this same October 7, 2021, Board meeting, adequate funds for the Turner-Flatiron Validation Amendment are included within the Board approved and amended FY2022-FY2026 Capital Program Budget within the New T1 line item. Sources of funding for the Terminal and Roadways components of the New T1 Program are Airport Revenue Bonds, Airport Cash, the Authority's short-term credit facility, and potentially AIP Grants.

## 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 for a project that received certification and approval for the Airport Development Plan Environmental Impact Report (SCH NO. 2017011053 – SDCRAA # EIR-18-01) on January 9, 2020;
- B. California Coastal Act Review: This Board action is for a project that received Coastal Development Permit approval at the California Coastal Commission’s September 10, 2021 meeting and is awaiting permit issuance, pending completion of numerous Special Conditions. The Coastal Development Permit will be issued prior to the commencement of any related site preparation or construction activities.
- C. NEPA: This Board action is for a project that involves additional approvals or actions by the Federal Aviation Administration (“FAA”) and, therefore, also requires review under the National Environmental Policy Act (“NEPA”) for its potential environmental impacts. The FAA’s NEPA environmental review process (an Environmental Assessment) will be completed prior to the commencement of any related site preparation or construction activities.

### Application of Inclusionary Policies:

The Authority has the following inclusionary programs/policies/approach: a Disadvantaged Business Enterprise (DBE) Program, an Airport Concession Disadvantaged Business Enterprise (ACDBE) Program, Policy 5.12 and the Inclusionary Approach. These programs/policy/approach, are intended to promote the inclusion of small, local, service disabled veteran owned, historically underrepresented businesses and other business enterprises, on all contracts.

Meeting Date: October 7, 2021

The Terminal and Roadways contract is funded both by federal and non-federal dollars (mixed funded) therefore the DBE Program and Inclusionary Approach applies. DBE participation on the federally funded work will be counted towards the Authority's overall DBE goal. No preferences were applied to the award of the contract; however, Turner-Flatiron submitted an Inclusionary Outreach Plan which delineates their commitment to working with the Authority to maximize participation by small, local, veteran owned small businesses and disadvantaged business enterprises.

**Prepared by:**

Dennis Probst

Development: Vice President & Chief Development Officer

RESOLUTION NO. 2021-0115

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, APPROVING AND AUTHORIZING THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE: (1) A VALIDATION AMENDMENT ESTABLISHING A MAXIMUM CONTRACT PRICE NOT TO EXCEED \$2,610,417,181 AND A MASTER PROJECT SCHEDULE TO THE CONTRACT WITH TURNER-FLATIRON, A JOINT VENTURE FOR THE DESIGN AND CONSTRUCTION OF AIRPORT DEVELOPMENT PROGRAM PACKAGE 1, TERMINAL AND ROADWAYS; AND (2) A GUARANTEED MAXIMUM PRICE AMENDMENT WITHIN THE MAXIMUM CONTRACT PRICE AFTER THE ISSUANCE OF THE VALIDATION AMENDMENT; AND (3) FUTURE CHANGE ORDERS USING UNCOMMITTED PROGRAM CONTINGENCY FUNDS WITHIN THE NEW T1 PROGRAM BUDGET

**WHEREAS**, in 2012, the San Diego County Regional Airport Authority (“Authority”) began a master-planning effort for San Diego International Airport (“SDIA”) known as the Airport Development Plan (“ADP”); and

**WHEREAS**, in 2019, the Authority published a draft Environmental Impact Report (“EIR”); and

**WHEREAS**, on January 9, 2020, the Authority Board (“Board”) adopted the following: (1) Resolution No. 2020-0001R, certifying the Final EIR for SDIA ADP and adopting a Mitigation Monitoring and Reporting Program, a Statement of Overriding Considerations, and California Environmental Quality Act (“CEQA”) Findings of Fact; (2) Resolution No. 2020-0002, adopting ADP Alternative 4; and (3) Resolution 2020-0003 approving and adopting a mid-year adjustment of \$3,000,000,000 to the Fiscal Year 2020-2024 Capital Program Budget to incorporate implementation of ADP Alternative 4; and

**WHEREAS**, on September 3, 2020, the Board adopted Resolution No. 2020-0090, approving and authorizing the President/CEO to negotiate and execute a contract and a Validation Phase Services Agreement with Turner-Flatiron, a Joint Venture (“JV”) for validation phase services, design concept and documentation, early procurement work, and early construction related to the Terminal and Roadways project in an amount not to exceed \$80,000,000 for ADP Package 1, Terminal and Roadways (“New T1”); and

**WHEREAS**, on July 1, 2021, the Board adopted Resolution No. 2021-0081, approving and authorizing the President/CEO to negotiate and execute an Amendment to the Contract with the JV, extending the Validation Phase Services Agreement by 107 days from 300 days to 407 days and increasing the contract price by \$78,000,000 from \$80,000,000 to \$158,000,000 for validation phase services, extended design, early procurement, early construction, and select abatement and demolition activities; and

**WHEREAS**, the Terminal and Roadways project is being implemented using a design-build delivery method that emphasizes and relies on exceptional performance, physical co-location, team alignment, transparency, and collaboration to achieve results that meet or exceed the Authority’s expectations including those of functionality, efficiency, aesthetics, customer experience, sustainability, and positive environmental and community impacts; and

**WHEREAS**, cost and schedule guarantees for the work are developed progressively beginning with the validation of the program and continuing through the development of the design; and

**WHEREAS**, after contract execution in September 2020, the JV began the Validation Phase; and

**WHEREAS**, the Validation Phase served as a transitional phase from the Authority’s planning and programming to the JV’s implementation of the project and provided the JV with an opportunity to examine and evaluate the requirements of the scope of work, including the Program Definition Document (“PDD”); and

**WHEREAS**, the PDD is the information provided to the JV by the Authority that presents the Authority's vision, goals, objectives, criteria, and standards and to which, as amended, the JV will be held accountable.

**WHEREAS**, during the Validation Phase, the JV conducted the conceptual design, studies, and investigations necessary to verify site conditions; solidified the scope, budget, and schedule of the program in conformance with the PDD; conducted meetings with staff and internal and external stakeholders to understand and validate the requirements of the PDD and to present design concepts; conducted significant site investigations to determine existing conditions including underground utilities, geotechnical borings, and supplemental environmental assessments; performed studies and prepared reports to facilitate early design work; coordinated with local and regional agencies, and with multiple federal government departments; developed drawings and documentation for Coastal Development Permit applications for various parts of the project; developed project implementation plans; designed, procured, and began construction of project management office complex modular trailers for Authority and JV project staff; and negotiated a project labor agreement consistent with Board actions; and

**WHEREAS**, Authority staff and consultants worked collaboratively with the JV to facilitate Validation Phase work and reviewed the documentation prepared by the JV; and

**WHEREAS**, the New T1 project scope includes a two story terminal building with 30 aircraft gates, baggage handling systems with in-line explosive detection system, a concessions program, state-of-the-art common use passenger processing and security screening checkpoint system, airline tenant spaces, and ample seating for passengers; and

**WHEREAS**, the project includes an on-airport access roadway that will remove traffic serving both Terminal 1 and Terminal 2 ("T2") from Harbor Drive, facilitate travel by Metropolitan Transit Service ("MTS") buses, rental car center, employee shuttle buses; and

**WHEREAS**, the project also includes a Parking Plaza with over 5,200 parking spaces that will replace the close-in parking spaces lost due to project construction, electric vehicle chargers for 5% of the parking spaces in the Parking Plaza, over 260 bicycle parking spaces; and

**WHEREAS**, Authority staff has been coordinating with San Diego Association of Governments (“SANDAG”) staff as SANDAG develops plans for a future regional transit solution that will serve SDIA; and

**WHEREAS**, the Terminal and Roadways project includes preparation of a site west of the Parking Plaza where SANDAG will be able to implement a future transit station that will provide convenient access to both Terminal 1 and T2; and

**WHEREAS**, at the beginning of the Validation Phase, construction activity across the country and the region had slowed significantly due to the COVID-19 pandemic and at that time, both the supply and demand for construction materials was reduced; and

**WHEREAS**, in the last few months, the demand for construction materials has risen very quickly, outpacing supply, and causing a high amount of price volatility; and

**WHEREAS**, the active San Diego subcontractor labor market, has added additional pricing volatility; and

**WHEREAS**, as the JV proceeded with development of their MCP estimate, they were able to confirm construction material price increases that were occurring and would likely impact the project, and incorporated the impacts of market volatility into its cost estimate; and

**WHEREAS**, concurrently, the Authority and the JV embarked on a detailed process of refining the scope reflected in the PDD and in the JV’s preliminary design documents, and were able to maintain the essential defining performance and experiential characteristics of the project while reducing scope items that were impacting the MCP estimate without affecting the function and performance of the project; and



**WHEREAS**, the JV submitted its initial MCP proposal of \$2,669,000,000 on May 21, 2021; and

**WHEREAS**, with the support of independent third-party cost estimators and schedulers, staff performed an extensive review and reconciliation of the JV's MCP, MPS, project scope, and assumptions and clarifications; and

**WHEREAS**, the JV submitted a revised MCP proposal on August 20, 2021; and

**WHEREAS**, Authority staff continued to review and reconcile the proposal and agreed to recommend to the Board an MCP of \$2,610,417,181 with the JV; and

**WHEREAS**, the final recommended negotiated MCP includes the \$158 million previously authorized as part of the Validation Phase Services Agreement; and

**WHEREAS**, the MPS identifies how the Contractor proposes to schedule the sequence of the design and construction of the project to meet the MCP and key milestone completion dates established for the project; and

**WHEREAS**, the Authority, assisted by independent schedulers, reviewed the JV's proposed MPS; and

**WHEREAS**, upon Board authorization, the results of the Validation Phase will be memorialized in the Validation Amendment which includes the MCP and MPS, as well as other deliverables stipulated in the contract; and

**WHEREAS**, after execution of the Validation Amendment, the JV will assume all risks, costs, and responsibilities associated with any changes in scope arising from or relating to the Contract Documents or site conditions that could have been reasonably identified or anticipated based on the information reviewed and the site investigations performed during the Validation Phase; and

**WHEREAS**, upon execution of the Validation Amendment, the project will enter the Guaranteed Maximum Price (“GMP”) Development Phase and during this phase, the JV will continue with design and issuing and awarding construction trade packages as needed to meet the schedule; and

**WHEREAS**, when the design has progressed, such that the scope is sufficiently complete and reliable, a GMP will be established, subject to an open book review, in an amount less than or equal to the MCP; and

**WHEREAS**, upon completion of the GMP Development Phase, the project will move into the GMP Phase which consists of the remainder of design and construction up to substantial completion and final acceptance; and

**WHEREAS**, Staff requests that the Board approve and authorize the President/CEO to negotiate and execute a Validation Amendment to the Contract with Turner-Flatiron, a Joint Venture, establishing an MCP of \$2,610,417,181 and a Final Acceptance and Completion date of June 2028; and

**WHEREAS**, Staff further requests that the Board approve and authorize the President/CEO to negotiate and execute a future GMP Amendment within the MCP with Turner-Flatiron, a Joint Venture after the issuance of the Validation Amendment in order to allow the completion of 100% design and construction of New T1; and

**WHEREAS**, the New T1 program budget consists of project budgets for the Terminal and Roadways, New Administration Building, Airside Improvements, and Shuttle Lot Relocation projects. Each project budget includes costs for design, construction, and Authority costs such as program management, Authority departmental support, insurance, and permit fees. The New T1 program budget also includes an Authority controlled program contingency of \$227,251,907 that is outside of each project budget and is shared across the New T1 program as necessary; and

**WHEREAS**, Authority Policy 5.02(4)(b)(iii) requires Board approval for any increase in the contract amount should that amount exceed 4% of the contract value; and

**WHEREAS**, in the case of the Termina Roadways contract, the contract value is the MCP if the Board authorizes the Validation Amendment or the amount of the GMP Amendment once it is established; and

**WHEREAS**, Staff requests that the Board waive Policy 5.02(4)(b)(iii) and authorize the President/CEO to negotiate and execute increases to the contract price of up to \$227,251,907 using remaining uncommitted funds from the New T1 program contingency.

**NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD HEREBY** approves and authorizes the President/CEO to negotiate and execute a Validation Amendment establishing a Maximum Contract Price not to exceed \$2,610,417,181 and a Master Project Schedule to the Contract with Turner-Flatiron, a Joint Venture for the design and construction of Airport Development Program Package 1, Terminal and Roadways; and

**BE IT FURTHER RESOLVED** that the Board approves and authorizes the President/CEO to negotiate and execute a Guaranteed Maximum Price Amendment within the Maximum Contract Price after the issuance of the Validation Amendment; and

**BE IT FURTHER RESOLVED BE IT FURTHER RESOLVED** that the Board waives Authority Policy 5.02(4)(b)(iii) and approves and authorizes the President/CEO to negotiate and execute future change orders up to \$227,251,907 using uncommitted funds from the New T1 Program Budget; and

**BE IT FURTHER RESOLVED** that the Board finds that this action is for a project that received certification and approval for the Airport Development Plan Environmental Impact Report (SCH NO. 2017011053 – SDCRAA # EIR-18-01) on January 9, 2020; and

**BE IT FURTHER RESOLVED** that the Board finds that this action is for a project that received Coastal Development Permit approval at the California Coastal Commission's September 10, 2021, meeting and is awaiting permit issuance, pending completion of numerous Special Conditions. The Coastal Development Permit will be issued prior to the commencement of any related site preparation or construction activities; and

**BE IT FURTHER RESOLVED** that the Board finds that this action is for a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, also requires review under the National Environmental Policy Act ("NEPA") for its potential environmental impacts. The FAA's NEPA environmental review process (an Environmental Assessment) will be completed prior to the commencement of any related site preparation or construction activities.

**PASSED, ADOPTED, AND APPROVED** by the Board of the San Diego County Regional Airport Authority at a regular meeting this 7<sup>th</sup> day of October, 2021, by the following vote:

**AYES:** Board Members:

**NOES:** Board Members:

**ABSENT:** Board Members:

**ATTEST:**

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TONY R. RUSSELL  
DIRECTOR, BOARD SERVICES /  
AUTHORITY CLERK

**APPROVED AS TO FORM:**

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AMY GONZALEZ  
GENERAL COUNSEL



# Airport Development Program Validation Amendment and Future Guaranteed Maximum Price Amount

Presented by Dennis Probst, Vice President Development

Oct 7, 2021



# Project Milestones

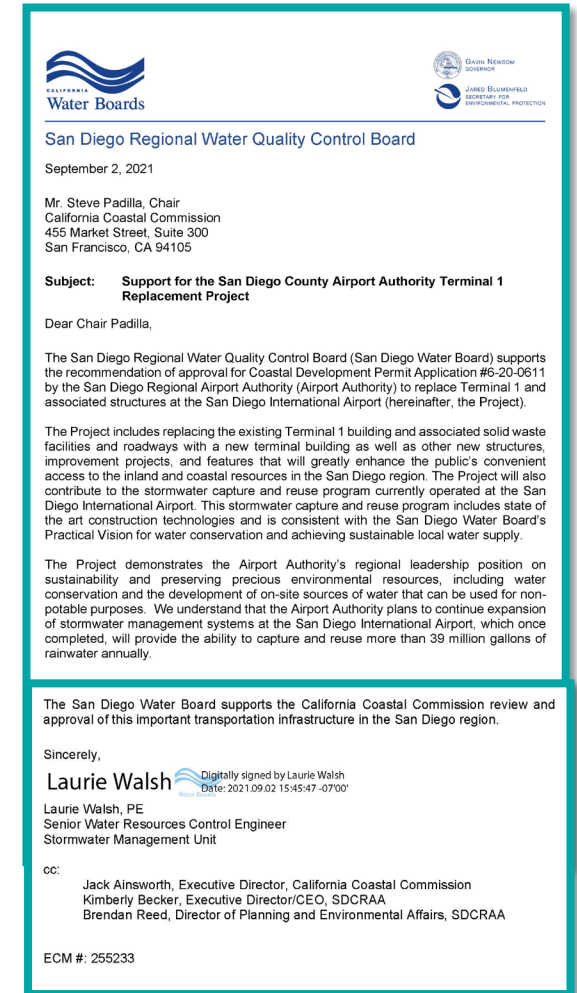
Approvals	Date
CEQA Certification	January 2020
Award of Terminal & Roadway Validation/MCP Contract	September 2020
Award of Administration Building Design/Build Contract	July 2021
California Coastal Commission Project Approvals	October 2021

Pending Approvals	Date
Terminal & Roadways Full Contract Approval	October 2021
Airside Design/Bid/Build Contract Approval	October 2021
NEPA Environmental Assessment/Finding of No Significant Impact/Record of Decision (FONZI/ROD)	October 2021
Project Ground Breaking	November 2021

# Coastal Commission Letters of Support

## September 10, 2021

- Senator Toni G. Atkins – Senate President pro Tempore
- Chair Nathan Fletcher – San Diego County Board of Supervisors
- Mayor Todd Gloria – City of San Diego
- San Diego & Imperial County Labor Council
- San Diego County Building & Construction Trades Council
- IBEW Local 569
- San Diego Regional Water Quality Control Board
- SANDAG
- Downtown San Diego Partnership
- San Diego Convention Center
- San Diego Regional Chamber of Commerce
- San Diego Regional EDC
- San Diego Tourism Authority




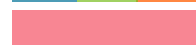


# New Administration Building





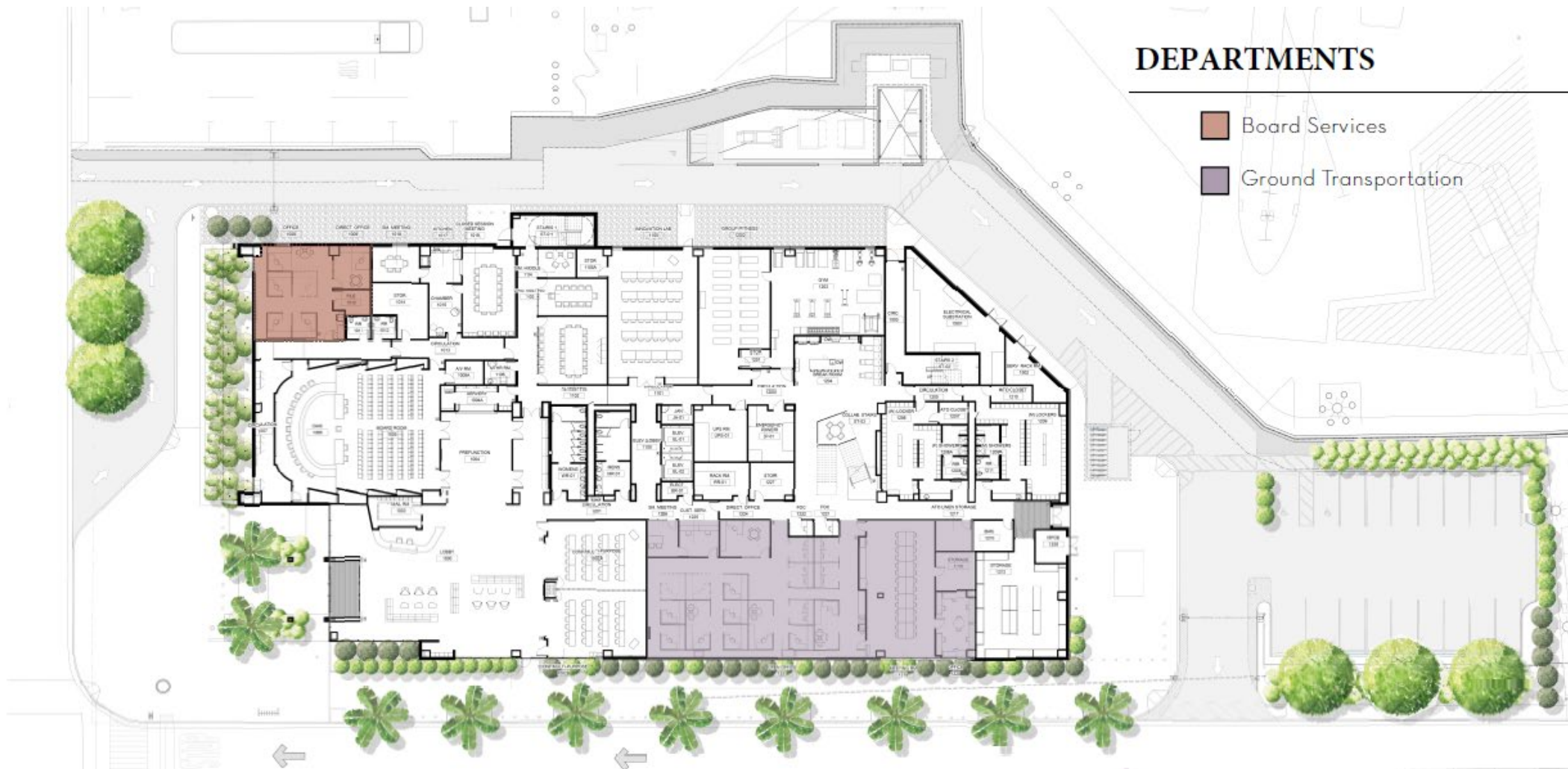
# Airport Development Plan (ADP)

## OVERALL PROGRAM SCOPE

-  Package 1 – Terminal and Roadways
-  Package 2 – Airside Improvements
-  Package 3 – Administration Building
-  Future Transit Station



# Site Plan



## DEPARTMENTS

Board Services

Ground Transportation

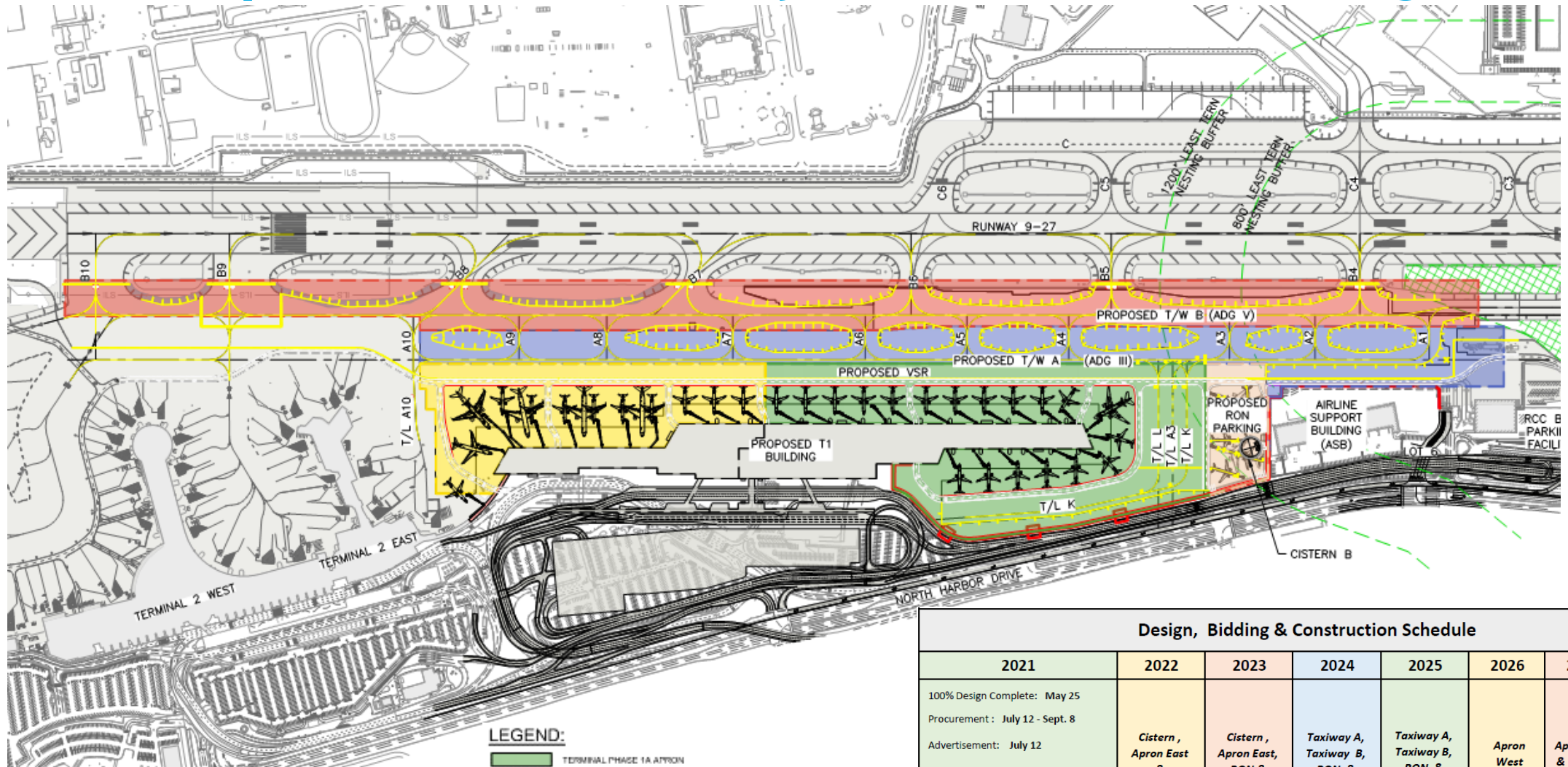
# View from McCain Road



# Airside Improvements



# Airside Apron and Taxiway Pavement Phasing



**LEGEND:**

- TERMINAL PHASE 1A APRON
- TAXIWAY A
- TAXIWAY B
- EAST RON APRON
- TERMINAL PHASE 1B APRON
- TERMINAL AND ROADWAY CONSTRUCTION (NOT PART OF PROJECT SCOPE)

**Design, Bidding & Construction Schedule**

	2021	2022	2023	2024	2025	2026	2027	2028
100% Design Complete:	May 25							
Procurement:	July 12 - Sept. 8							
Advertisement:	July 12							
Bid Opening:	Sept. 8							
Board Meeting:	Oct. 7							
Notice To Proceed:	Nov. 15							
	<i>Design, Bidding &amp; Award</i>	<i>Construction</i>						
		<i>Cistern, Apron East &amp; Taxiway A</i>	<i>Cistern, Apron East, &amp; Taxiway A</i>	<i>Taxiway A, Taxiway B, RON &amp; Apron East</i>	<i>Taxiway A, Taxiway B, RON &amp; Apron West</i>	<i>Apron West</i>	<i>Apron West &amp; Taxiway B</i>	<i>Taxiway B</i>

# Bid Results

Company	Total Bid
Griffith Company	\$ 251,671,315
Security Paving Company Inc.	\$ 255,106,667.10
Walsh Construction	\$ 265,999,929
Granite Construction Company	\$ 266,662,000
Skanska-Coffman - A Joint Venture	\$ 271,450,000
Flatiron West, Inc.	\$ 273,413,345
Kiewit Infrastructure West	\$ 280,251,891.38

# Airside Budget & Schedule

## Overall Budget

Description	Budget Amount
Construction Contract Price	\$ 251,671,315
Total Authority Costs (Design Consultants, Program Management, Authority Departmental Support, Insurance, & Permit Fees)	\$ 54,328,685
Total Budget	\$ 306,000,000

## Overall Schedule

Description	Date
Board Award	October 7, 2021
Notice to Proceed	November 15, 2021
Substantial Completion	June 1, 2027

# Recommendation:

Adopt Resolution No. 2021-\_\_\_\_\_, awarding a contract to Griffith Company in the amount of \$251,671,315 for Project No. 411001, ADP Airside Improvements at San Diego International Airport.



# Terminal & Roadways



# Airport Development Plan (ADP)

## OVERALL PROGRAM SCOPE

- Package 1 – Terminal and Roadways
- Package 2 – Airside Improvements
- Package 3 – Administration Building
- Future Transit Station



# New T1RP Campus Building Massing



# T1RP New T1 Campus



# T1RP New T1 Campus



# | T1RP Elevated Departures Roadway (EDR)



# Terminal & Roadways Budget & Schedule

Description	Budget Amount
JV Design Costs	\$226,343,604
JV Construction Costs	\$2,056,773,720
JV staff, Fee, Insurance, Bond	\$327,299,857
Terminal & Roadways Maximum Contract Price	\$2,610,417,181

# Terminal & Roadways Budget & Schedule

## Overall Budget

Description		Budget Amount
Contractor Maximum Contract Price	\$	2,610,417,181
Total Authority Costs (Program Management, Authority Departmental Support, Insurance, & Permit Fees)	\$	202,866,502
Total Budget	\$	2,813,283,683

## Overall Schedule

Description	Date
Construction Start First 19 Gates and Landside	Expected November 2021
Construction Substantial Completion First 19 Gates	Expected June 2025
New T1 First 19 Gates Operational	Expected July 2025
Start of Construction Remaining 11 Gates	Expected July 2025
Construction Substantial Completion Element B	Expected October 2027
Contract Final Acceptance & Completion	Expected June 2028



# Overall ADP Budget

Project Description	Original Budget	Current Budget
Terminal and Roadways MCP	\$ 2,265,000,000	\$ 2,610,417,181
Airfield Improvements Construction Contract Price	\$ 174,003,516	\$ 251,671,315
Taxiway A & B Construction Budget	\$ 89,300,000	Included in Above
New Administration Building MCP	\$ 94,840,629	\$ 91,379,967
Shuttle Lot Relocation Construction Budget	\$ 0	\$ 7,603,000
Total Authority Costs (Design Consultants, Program Management, Authority Departmental Support, Insurance, & Permit Fees)	\$ 292,155,855	\$ 275,976,629
Program Contingency	\$ 174,000,000	\$ 227,251,907
Total ADP + Taxiways	\$ 3,089,300,000	\$ 3,464,300,000

# Recommendation:

Adopt Resolution No. 2021-\_\_\_\_, approving and authorizing the President/CEO to negotiate and execute: (1) a Validation Amendment establishing a Maximum Contract Price not to exceed \$2,610,417,181 and a Master Project Schedule to the Contract with Turner-Flatiron, a Joint Venture for the design and construction of Airport Development Program Package 1, Terminal and Roadways; (2) a Guaranteed Maximum Price Amendment within the Maximum Contract Price after the issuance of the Validation Amendment; and (3) future change orders using uncommitted program contingency funds within the New T1 Program Budget.



# Questions?

## Staff Report

Meeting Date: October 7, 2021

### Subject:

**Award a Contract to Griffith Company, Inc. for Airport Development Program ADP Airside Improvements at San Diego International Airport**

### Recommendation:

Adopt Resolution No. 2021-0116, awarding a contract to Griffith Company Inc., in the amount of \$251,671,315, for Project No. 411001 ADP Airside Improvements at San Diego International Airport.

### Background/Justification:

On January 9, 2020, the Authority Board authorized a mid-year adjustment to the FY2020-2024 Capital Program Budget, Resolution No. 2020-0003, to incorporate the implementation of the Airport Development Plan ("ADP") into the Capital Program at the San Diego International Airport ("SDIA"). The projects required for the implementation of the ADP are referred to in this Staff Report as New T1.

This project will include all airfield related components to allow for operation of the new terminal, improve overall airfield operations, and the increase the safety and efficiency of aircraft movements. Federal funding through a Federal Aviation Administration ("FAA") grant is expected and as such the design meets FAA criteria and standards. This project will be constructed over a seven-year period that will include multiple construction phases to ensure minimal impact to ongoing airfield operations.

The major elements of this project include a new aircraft apron to support the New T1, Remain Overnight (RON) parking aprons for Group III to Group V aircraft, a new Taxiway A parallel to Taxiway B, and realignment and improvements to the existing Taxiway B that provide the FAA required 400 ft. clearance from Runway 9-27.

Meeting Date: October 7, 2021

Other major project elements include a 1.5-million-gallon cistern that is part of the SDIA storm water capture and reuse system, new connectors for portions of Taxiway A, new taxi lanes, reconstruction of a portion of the Runway 27 connector to Taxiway B and relocated vehicle service road.

Additional scope of work includes pavement and utility demolition, grading and earthwork, pavement base courses, concrete and asphalt paving, pavement marking, perimeter fencing and wall, jet blast fencing, storm drainage infrastructure for the stormwater storage and reuse facilities, airfield lighting and signage, high mast lighting, and new utility infrastructure.

This opportunity was advertised for bids on July 12, 2021 and included an engineer's estimate of \$270,025,540. Sealed bids were opened on September 8, 2021. The following bids were received:

<b>Company</b>	<b>Total Bid</b>
Griffith Company	\$ 251,671,315
Security Paving Company, Inc,	\$ 255,106,667.10
Walsh Construction	\$ 265,999,929
Granite Construction Company	\$ 266,662,000
Skanksa-Coffman – A Joint Venture	\$ 271,450,000
Flatiron West, Inc.	\$ 273,413,345
Kiewit Infrastructure West	\$ 280,251,891.38

Griffith Company was the apparent low bidder. Griffith Company's bid of \$251,671,315 is responsive, and Griffith Company is considered responsible.

Following the bid opening, Walsh Construction filed a bid protest. Authority staff followed the protest procedures set forth in the Request for Bids and duly considered the protest. The protest was denied on September 27, 2021. The protest procedures permit Walsh Construction to submit an appeal to the denial of the protest within five calendar days of the rejection of the protest. As of the writing of this Staff Report, Walsh Construction has not submitted an appeal.

Staff recommends that the Board authorize the President/CEO to award this contract to Griffith Construction in the amount of \$251,671,315. In the event Walsh Construction submits an appeal, and its protest is upheld on appeal, staff will return to the Board seeking further direction.

Meeting Date: October 7, 2021

The Board Adopted Fiscal Years 2022 – 2026 Capital Program Budget includes the New T1 Airside Improvements, Construct Taxiway A with a budget of \$38.9 million, Relocate Taxiway B with a budget of \$30.9 million, and Stormwater Infiltration Beds with a budget of \$19.6 million. To increase efficiencies in design and construction, the work for these projects will be consolidated under the New T1 Program Budget. This will increase the Airside Improvement project budget by \$89.3 million and reduce the Capital Improvement Program by \$89.3 million.

## Fiscal Impact:

Upon approval of the Board resolution for the New T1 Plan of Finance and Capital Program Budget Amendment agenda item being considered at this same October 7, 2021, Board meeting, adequate funds for the Griffith Company contract are included within the Board approved and amended FY2022-FY2026 Capital Program Budget within the New T1 line item. Sources of funding for the Airside components of the New T1 Program are Airport Revenue Bonds, Airport Cash, the Authority's short-term credit facility, and potentially AIP Grants.

## 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 for a project that received certification and approval for the Airport Development Plan Environmental Impact Report (SCH NO. 2017011053 – SDCRAA # EIR-18-01) on January 9, 2020;
- B. California Coastal Act Review: This Board action is for a project that received Coastal Development Permit approval at the California Coastal Commission's June 10, 2021, meeting and is awaiting permit issuance. The Coastal Development Permit will be issued prior to the commencement of any related site preparation or construction activities.

- C. NEPA: This Board action is for a project that involves additional approvals or actions by the Federal Aviation Administration (“FAA”) and therefore, also requires review under the National Environmental Policy Act (“NEPA”) for its potential environmental impacts. The FAA’s NEPA environmental review process (an Environmental Assessment) will be completed prior to the commencement of any related site preparation or construction activities.

## **Application of 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 and policy named above can be used in any single contracting opportunity.

The Authority’s DBE Program, as required by the U.S. Department of Transportation, 49 Code of Federal Regulations (CFR) Part 26, calls for the Authority to submit a triennial overall goal for DBE participation on all federally funded projects. When federal funds are utilized, the Authority is prohibited from using a program that provides a preference such as those used in Policy 5.12. Therefore, the Authority must utilize other means as provided in the DBE Plan to achieve participation.

This project utilizes federal funds; therefore, DBE participation will be applied towards the Authority's overall DBE goal. Griffith Company agrees to ensure that DBEs have the maximum opportunity to participate in the performance of the work for this project and will take all necessary and reasonable steps in accordance with the contract documents to ensure DBEs have the maximum opportunity to complete for and perform subcontracted work. Griffith Company shall cooperate with the Authority and will demonstrate that it intends to subcontract to certified DBEs in accordance with FAA-approved DBE Program for the Authority.

## **Prepared by:**

Dennis Probst  
Development: Vice President & Chief Development Officer

RESOLUTION NO. 2021-0116

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, AWARDING A CONTRACT TO GRIFFITH COMPANY INC., IN THE AMOUNT OF \$251,671,315, FOR PROJECT NO. 411001 ADP AIRSIDE IMPROVEMENTS AT SAN DIEGO INTERNATIONAL AIRPORT

**WHEREAS**, on January 9, 2020, the Authority Board authorized a mid-year adjustment to the FY2020-2024 Capital Program Budget, Resolution No. 2020-0003, to incorporate the implementation of the Airport Development Plan (“ADP”) into the Capital Program at the San Diego International Airport (“SDIA”); and

**WHEREAS**, the projects required for the implementation of the ADP are referred to in this Resolution as New T1; and

**WHEREAS**, this project will include all airfield related components to allow for operation of the new terminal, improve overall airfield operations, and the increase the safety and efficiency of aircraft movements; and

**WHEREAS**, federal funding through a Federal Aviation Administration (“FAA”) grant is expected and as such the design meets FAA criteria and standards; and

**WHEREAS**, this project will be constructed over a seven-year period that will include multiple construction phases to ensure minimal impact to ongoing airfield operations; and

**WHEREAS**, the major elements of this project include a new aircraft apron to support the New T1, Remain Overnight (RON) parking aprons for Group III to Group V aircraft, a new Taxiway A parallel to Taxiway B, and realignment and improvements to the existing Taxiway B that provide the FAA required 400 ft. clearance from Runway 9-27; and



**WHEREAS**, other major project elements include a 1.5-million-gallon cistern that is part of the SDIA storm water capture and reuse system, new connectors for portions of Taxiway A, new taxi lanes, reconstruction of a portion of the Runway 27 connector to Taxiway B and relocated vehicle service road; and

**WHEREAS**, additional scope of work includes pavement and utility demolition, grading and earthwork, pavement base courses, concrete and asphalt paving, pavement marking, perimeter fencing and wall, jet blast fencing, storm drainage infrastructure for the stormwater storage and reuse facilities, airfield lighting and signage, high mast lighting, and new utility infrastructure; and

**WHEREAS**, the Request for Bids for this project was advertised on July 12, 2021 and included an engineer's estimate of \$270,025,540; and

**WHEREAS**, on September 8, 2021, the Authority opened sealed bids received in response to the Request for Bids; and

**WHEREAS**, the low bidder, Griffith Company, submitted a bid in the amount of \$251,671,315; and

**WHEREAS**, the Authority staff has duly considered Griffith Company's bid, and has determined Griffith Company, is responsible and that its bid is responsive in all material respects; and

**WHEREAS**, following the bid opening, Walsh Construction filed a bid protest; and

**WHEREAS**, Authority staff followed the protest procedures set forth in the Request for Bids and duly considered the protest; and

**WHEREAS**, the protest was denied on September 27, 2021; and

**WHEREAS**, the protest procedures permit Walsh Construction to submit an appeal to the denial of the protest within five calendar days of the rejection of the protest; and

**WHEREAS**, as of the writing of this Staff Report, Walsh Construction has not submitted an appeal; and

**WHEREAS**, in the event Walsh Construction submits an appeal, and its protest is upheld on appeal, Authority staff will return to the Board seeking further direction; and

**WHEREAS**, the Board believes that it is in the best interest of the Authority and the public that it serves to authorize the President/CEO to award Griffith Company, the contract for Project No. 411001, ADP Airside Improvements upon the terms and conditions set forth in the Bid Solicitation Package.

**NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD HEREBY** authorizes the President/CEO to award a contract to Griffith Company Inc., in the amount of \$251,671,315, for Project No. 411001 ADP Airside Improvements at San Diego International Airport; and

**BE IT FURTHER RESOLVED** that the Board authorizes the President/CEO or designee to execute and deliver such contract to Griffith Company; and

**BE IT FURTHER RESOLVED** that the San Diego County Regional Airport Authority and its officers, employee, and agents are hereby authorized, empowered, and directed to do and perform such acts as may be necessary or appropriate in order to effectuate fully this resolution; and

**BE IT FURTHER RESOLVED** that the Board finds that this action is for a project that received certification and approval for the Airport Development Plan Environmental Impact Report (SCH NO. 2017011053 – SDCRAA # EIR-18-01) on January 9, 2020; and

**BE IT FURTHER RESOLVED** that the Board finds that this action is for a project that received Coastal Development Permit approval at the California Coastal Commission's June 10, 2021, meeting and is awaiting permit issuance. The Coastal Development Permit will be issued prior to the commencement of any related site preparation or construction activities; and

**BE IT FURTHER RESOLVED** that the Board finds that this action is for a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and therefore, also requires review under the National Environmental Policy Act ("NEPA") for its potential environmental impacts. The FAA's NEPA environmental review process (an Environmental Assessment) will be completed prior to the commencement of any related site preparation or construction activities.

**PASSED, ADOPTED, AND APPROVED** by the Board of the San Diego County Regional Airport Authority at a regular meeting this 7<sup>th</sup> day of October, 2021, by the following vote:

**AYES:** Board Members:

**NOES:** Board Members:

**ABSENT:** Board Members:

**ATTEST:**

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TONY R. RUSSELL  
DIRECTOR, BOARD SERVICES /  
AUTHORITY CLERK

**APPROVED AS TO FORM:**

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AMY GONZALEZ  
GENERAL COUNSEL

## Staff Report

**Meeting Date: October 7, 2021**

**Subject:**

**Approve an Amendment to the Capital Improvement Program for Fiscal Years 2022-2026 and the New T1 Program Plan of Finance:**

**Recommendation:**

Adopt Resolution No. 2021-0117, amending the Fiscal Year 2022 through Fiscal Year 2026 Capital Improvement Program to increase the New T1 Program Budget by \$375,000,000 and approving the New T1 Plan of Finance.

**Background/Justification:**

The Capital Program is a rolling five-year program that provides for critical improvements and asset preservation for the Airport Authority. The Capital Program includes: 1) the \$649.9 million Capital Improvement Program (“CIP”) that addresses airfield safety and capacity, environmental protection, terminal enhancements, landside infrastructure, and access improvements; and 2) the \$3.0 billion New Terminal 1 (New T1) Program that will replace Terminal 1 with a larger, more efficient facility that enhances the airport experience and will also include airfield enhancements, major improvements to roadways serving the airport, and a designated transit station area on airport property. The total Fiscal Year 2022 – Fiscal Year 2026 Capital Program budget is \$3,649.9 million and was adopted at the Board’s June 3, 2021, meeting.

This Staff Report requests that the Board amend the Fiscal Year 2022 – Fiscal Year 2026 Capital Program budget to increase the New T1 Program budget by \$375.0 million to make the total Capital Program budget \$4.025 billion and approve the Plan of Finance for the New T1 Program.

**New T1 Program Budget Increase:**

As described in the corresponding staff report regarding the Validation Amendment to the Turner-Flatiron Joint Venture Contract for Terminal and Roadways, the high demand and limited supply of construction commodities and subcontractor labor has increased the costs above the original adopted New T1 budget of \$3.0 billion. As a result, the new budget amount to complete this project is \$3.375 Billion, an increase of \$375 million. In addition,

the existing CIP contains three airside projects (with a total cost of \$89 million) that will be consolidated into the New T1 Program (i.e. a transfer of \$89 million from the CIP to the New T1 budget). Including the scope of these projects within the New T1 Program will increase efficiencies in design and construction. Further discussion of the budget variance and consolidation of airside projects are in the staff reports regarding the following two agenda items being presented during this same October 7<sup>th</sup> Board meeting: 1) the Validation Amendment to the Turner-Flatiron Joint Venture Contract for Terminal and Roadways; and 2) awarding a Contract to Griffith Company for ADP Airside Improvements. Below is a table of the updated budget of \$3.464 billion compared to the original adopted budget of \$3.0 billion.

(in millions)

<b>Project Description</b>	<b>Adopted Budget</b>	<b>Revised Proposed Budget</b>	<b>Change</b>
Terminal and Roadways MCP	\$2,265	\$2,610	\$345
Airfield Improvements *	174	252	78
New Administration Building MCP	95	91	(3)
Shuttle Lot Relocation Construction Budget	0	8	8
Total Authority Costs (Design Consultants, Program Management, Authority Departmental Support, Insurance, & Permit Fees)	292	276	(16)
Program Contingency	174	227	53
<b>Total New T1 Program</b>	<b>\$3,000</b>	<b>\$3,464</b>	<b>\$464</b>
CIP Budget in Adopted FY 2022 - FY 2026 : Taxiway A & B Construction	89	0	(89)
<b>Total New T1 + Taxiways</b>	<b>\$3,089</b>	<b>\$3,464</b>	<b>\$375</b>
CIP FY 2022 - FY 2026	561	561	0
<b>Total Capital Program</b>	<b>\$3,650</b>	<b>\$4,025</b>	<b>\$375</b>

\* Includes Taxiway A & B Construction projects transferred from CIP

## Plan of Finance:

As part of the upcoming debt issuance, the Authority has assigned a consultant to develop a Feasibility Report that will be included in the debt offering documents. This report will provide a detailed financial analysis and forecast of the impacts of issuing debt to fund the New T1 Program. It is standard practice to include such a report when issuing new debt to fund projects. This staff report includes preliminary forecasts and metrics from the Feasibility Report, which are not expected to substantially change between now and when the final report will be completed. Staff anticipates presenting the forecast and metrics within the final Feasibility Report at the October 26<sup>th</sup> Executive/Finance Committee meeting and the November 4<sup>th</sup> Board meeting as part of the item to request Board authorization to issue debt for the New T1 Program.

The key metrics of the Authority include Enplanements, Days Cash on Hand (DCOH), Cost per Enplanement (CPE), and Debt Service Coverage (DSC). The following information is from the preliminary analyses developed to date for the Feasibility Report.

**Days Cash on Hand (DCOH):**

This metric illustrates how long the Authority's cash reserves can support paying its operating costs. Rating analysts and airport bond investors view higher cash reserves as a positive. The Airline Operating and Lease Agreement (AOLA) provides that the Authority maintains at least 600 DCOH, with cash above that level used to either pay down debt or forego issuing more debt. Staff expects DCOH to remain above 1,000 days through FY 2024, at which time any excess over 600 days will be used to pay down debt.

**Cost per Enplanement (CPE):**

CPE is the metric that measures the average cost per enplaned passenger at the airport. The airlines pay fees and rents to use the airport, which are set to recover the operating and debt service costs of the Authority allocated to airline cost centers. CPE is based upon both these costs as well as the number of passengers. The preliminary feasibility report includes a base and a low enplanement forecast. Once the New T1 is placed in service, CPE estimates range from \$24-\$26 during the forecast period for the base forecast and \$26-\$29 for the low forecast.

Enplanements	Projected					
	2022	2023	2024	2025	2026	2027
Base	9,014,181	10,137,826	11,111,169	11,852,226	12,451,075	12,634,375
Low	8,495,011	9,429,560	10,346,951	11,045,408	11,609,832	12,083,575

Cost Per Enplanement	Projected					
	2022	2023	2024	2025	2026	2027
Base	\$15	\$20	\$19	\$19	\$26	\$24
Low	\$16	\$22	\$21	\$20	\$29	\$26

**Debt Service Coverage (DSC):**

This metric shows the Authority's ability to service its outstanding debt. Under the Authority's bond indentures, the minimum Senior Lien Debt coverage requirement is 1.25x, and the minimum Subordinate Lien requirement is 1.10x. In addition, the Airlines have agreed in the AOLA to guarantee at least 1.40x coverage. The preliminary feasibility report's forecast of coverage does not go below 1.40x through FY 2027.

Debt Service Coverage	Projected					
	2022	2023	2024	2025	2026	2027
Base	2.11	1.81	1.88	2.16	1.40	1.40
Low	2.08	1.75	1.81	2.09	1.40	1.40

In summary, based on the data developed to date for the preliminary Feasibility Report forecast, the Authority is expected to maintain a solid financial position and a competitive cost structure. Over the past 20 months, Authority Staff met with our airline partners on the evolving budget for the New T1 Project. Since January 2021, staff met monthly with the airlines to discuss the terminal building and airside design, other projects occurring at the airport, and the developing Plan of Finance. Throughout this process, the airlines have provided input. After the meeting on September 14<sup>th</sup>, where the final budget and estimated airlines costs were reviewed, the airlines stated their support for fully proceeding with the New T1 Program.

## Fiscal Impact:

The following tables provide the sources of funds for the amended FY 2022 – 2026 Capital Program budget of \$4.025 billion:

<b>Capital Improvement Program</b>	<b>TOTAL</b>
Airport Revenue Bonds	\$ 257
Airport Cash	111
Major Maintenance Funds	122
Federal Grants	20
Other	48
Passenger Facility Charges	1
Sub-Total Capital Improvement Program	<u>561</u>
<b>New T1 Program</b>	
Airport Revenue Bonds	3,139
Airport Cash	220
Federal Grants	78
Major Maintenance Funds	20
Passenger Facility Charges	8
Sub-Total New T1 Program	<u>3,464</u>
Grand Total	<u>\$ 4,025</u>

As presented above, the Authority's financial metrics are forecasted to remain within Board approved targets of at least 600 DCOH, 1.4x DSC, and a competitive CPE, demonstrating a viable Plan of Finance.

## 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 for a project that received certification and approval for the Airport Development Plan Environmental Impact Report (SCH NO. 2017011053 – SDCRAA # EIR-18-01) on January 9, 2020;
- B. California Coastal Act Review: This Board action is for a project that received Coastal Development Permit approval at the California Coastal Commission's September 10, 2021 meeting and is awaiting permit issuance, pending completion of numerous Special Conditions, and that the California Coastal Commission also approved a Coastal Development Permit for the ADP Airside Improvements on June 10, 2021 and is awaiting permit issuance, and that the California Coastal Commission also approved a Coastal Development Permit for the ADP Administration Building on August 27, 2021 and is awaiting permit issuance. Coastal Development Permits will be issued prior to the commencement of any related site preparation or construction activities related to these project elements.
- C. NEPA: This Board action is for a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, also requires review under the National Environmental Policy Act ("NEPA") for its potential environmental impacts. The FAA's NEPA environmental review process (an Environmental Assessment) will be completed prior to the commencement of any related site preparation or construction activities.

## Application of Inclusionary Policies:

Not Applicable

## Prepared by:

John Dillion  
Finance & Risk Management, Director



RESOLUTION NO. 2021-0117

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, AMENDING THE FISCAL YEAR 2022 THROUGH FISCAL YEAR 2026 CAPITAL IMPROVEMENT PROGRAM TO INCREASE THE NEW T1 PROGRAM BUDGET BY \$375,000,000 AND APPROVING THE NEW T1 PLAN OF FINANCE

**WHEREAS**, through the validation phase of the New T1 Terminal and Roadways Contract, Authority staff and the Turner-Flatiron Joint Venture (“JV”) worked on the 30% design of the project; and

**WHEREAS**, during the last two years, the construction commodities market saw significant volatility that, along with a tight labor market, increased projected construction costs above the budget originally adopted by the Board for this project; and

**WHEREAS**, these factors resulted in a projected \$375,000,000 increase to the previously Board-approved budget; and

**WHEREAS**, the Plan of Finance supports the total amended Capital Budget of \$4.025 billion, by meeting the Board targets of 600 days cash on hand and maintaining a 1.40X debt service coverage.

**NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD HEREBY** amends the fiscal year 2022 through fiscal year 2026 Capital Improvement Program budget, increasing it by \$375,000,000 for a total Capital Improvement Program budget of \$4.025 billion; and

**BE IT FURTHER RESOLVED** that the Board approves the plan of finance for the New T1 Program; and

**BE IT FURTHER RESOLVED** that the Board finds that this action is for a project that received certification and approval for the Airport Development Plan Environmental Impact Report (SCH NO. 2017011053 – SDCRAA # EIR-18-01) on January 9, 2020; and

**BE IT FURTHER RESOLVED** that the Board finds that this action is for a project that received Coastal Development Permit approval at the California Coastal Commission's September 10, 2021 meeting and is awaiting permit issuance, pending completion of numerous Special Conditions, and that the California Coastal Commission also approved a Coastal Development Permit for the ADP Airside Improvements on June 10, 2021 and is awaiting permit issuance, and that the California Coastal Commission also approved a Coastal Development for the ADP Administration Building on August 27, 2021 and is awaiting permit issuance. Coastal Development Permits will be issued prior to the commencement of any related site preparation or construction activities related to these project elements.

**BE IT FURTHER RESOLVED** that the Board finds that this action is for a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, also requires review under the National Environmental Policy Act ("NEPA") for its potential environmental impacts. The FAA's NEPA environmental review process (an Environmental Assessment) will be completed prior to the commencement of any related site preparation or construction activities.

**PASSED, ADOPTED, AND APPROVED** by the Board of the San Diego County Regional Airport Authority at a regular meeting this 7<sup>th</sup> day of October, 2021, by the following vote:

**AYES:** Board Members:

**NOES:** Board Members:

**ABSENT:** Board Members:

**ATTEST:**

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TONY R. RUSSELL  
DIRECTOR, BOARD SERVICES /  
AUTHORITY CLERK

**APPROVED AS TO FORM:**

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AMY GONZALEZ  
GENERAL COUNSEL



# New T1 Plan of Finance

# Proposed Capital Budget Amendment

(in millions)

Project Description	Adopted Budget	Revised Proposed Budget	Change
<b>New T1 Program</b>			
Terminal and Roadways MCP	2,265	2,610	345
Airfield Improvements *	174	252	78
New Administration Building MCP	95	91	(3)
Shuttle Lot Relocation Construction Budget	0	8	8
Total Authority Costs **	292	276	(16)
Program Contingency	174	227	53
<i>Transfer from CIP: Taxiway A &amp; B Construction</i>	89	0	(89)
<b>Total New T1 Program</b>	<b>\$3,089</b>	<b>\$3,464</b>	<b>\$375</b>
<b>Capital Improvement Program (CIP)</b>			
CIP FY 2022 - FY 2026 excluding Taxiway A & B	561	561	0
<b>Total CIP</b>	<b>\$561</b>	<b>\$561</b>	<b>\$0</b>
<b>Total Capital Program <sup>1</sup></b>	<b>\$3,650</b>	<b>\$4,025</b>	<b>\$375</b>

\* Includes Taxiway A & B Construction projects transferred from CIP

\*\* Design Consultants, Program Management, Authority Departmental Support, Insurance & Permit Fees

<sup>1</sup> Total may differ due to rounding

# Sources of Funds

(in millions)

	Pre FY 2022	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026 **	TOTAL
<b>New T1 Program</b>							
Airport Revenue Bonds	-	377	790	790	619	563	<b>3,139</b>
Airport Cash ^	74	( 55)	58	83	60	-	<b>220</b>
Federal Grants	-	12	29	23	10	3	<b>78</b>
Major Maintenance Funds	-	1	4	7	7	-	<b>20</b>
Passenger Facility Charges	-	-	1	7	-	-	<b>8</b>
Short-Term Debt ^	-	80	-	( 80)	-	-	-
<b>New T1 Program Total <sup>1</sup></b>	<b>74</b>	<b>415</b>	<b>883</b>	<b>830</b>	<b>696</b>	<b>567</b>	<b>3,464</b>
<b>Capital Improvement Program (CIP)</b>							
Airport Revenue Bonds	\$ 149	\$ 94	\$ 14	-	-	-	<b>\$ 257</b>
Airport Cash ^	76	( 36)	4	18	39	10	<b>111</b>
Major Maintenance Funds	16	21	16	22	18	30	<b>122</b>
Federal Grants	9	-	-	1	6	4	<b>20</b>
Other *	8	23	15	-	2	-	<b>48</b>
Passenger Facility Charges	1	-	-	-	-	-	<b>1</b>
<b>CIP Total <sup>1</sup></b>	<b>259</b>	<b>102</b>	<b>49</b>	<b>41</b>	<b>65</b>	<b>43</b>	<b>561</b>
<b>Total Capital Program <sup>1</sup></b>	<b>\$ 333</b>	<b>\$ 517</b>	<b>\$ 932</b>	<b>\$ 871</b>	<b>\$ 761</b>	<b>\$ 610</b>	<b>\$ 4,025</b>

\* Primarily includes Fuel Consortium contribution

\*\* New T1 program in FY 2026 includes \$241M of airport revenue bonds used in FY 27-29

^ Negative amounts are reimbursements of interim funding sources

<sup>1</sup> Total may differ due to rounding

# Planned Debt Issuance

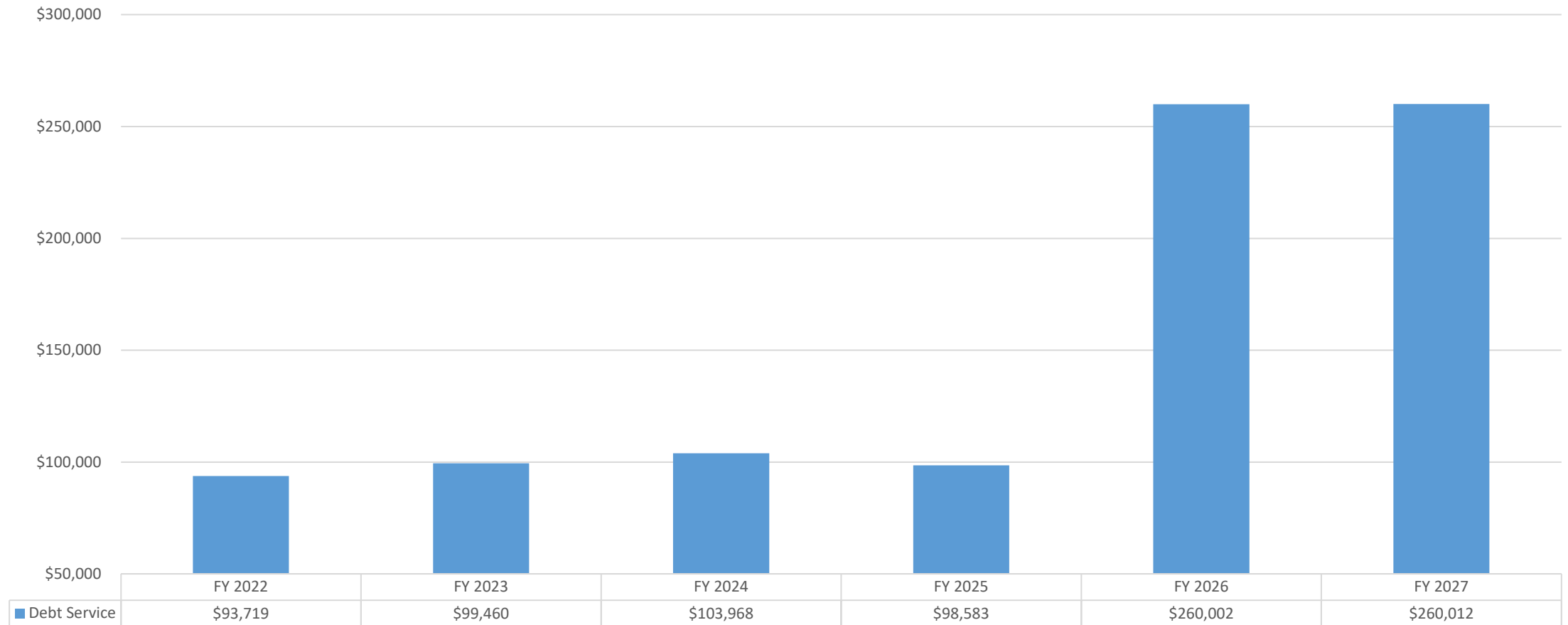
(in millions)

	Calendar Year 2021	Calendar Year 2023	Calendar Year 2024	Calendar Year 2025	Total
Par	\$ 1,058	\$ 529	\$ 764	\$ 885	\$ 3,236
Premium / (Discount)	216	119	172	199	706
<b>Total Sources <sup>1</sup></b>	<b>\$ 1,274</b>	<b>\$ 648</b>	<b>\$ 935</b>	<b>\$ 1,084</b>	<b>\$ 3,942</b>
Project Funds	998	503	779	830	3,109
Capitalized Interest Fund Deposit	179	95	84	170	527
Reserve Fund Deposit	89	46	66	77	278
Costs of Issuance	8	5	7	8	27
<b>Total Uses <sup>1</sup></b>	<b>\$ 1,274</b>	<b>\$ 648</b>	<b>\$ 935</b>	<b>\$ 1,084</b>	<b>\$ 3,942</b>

<sup>1</sup> Total may differ due to rounding

# Gross Debt Service

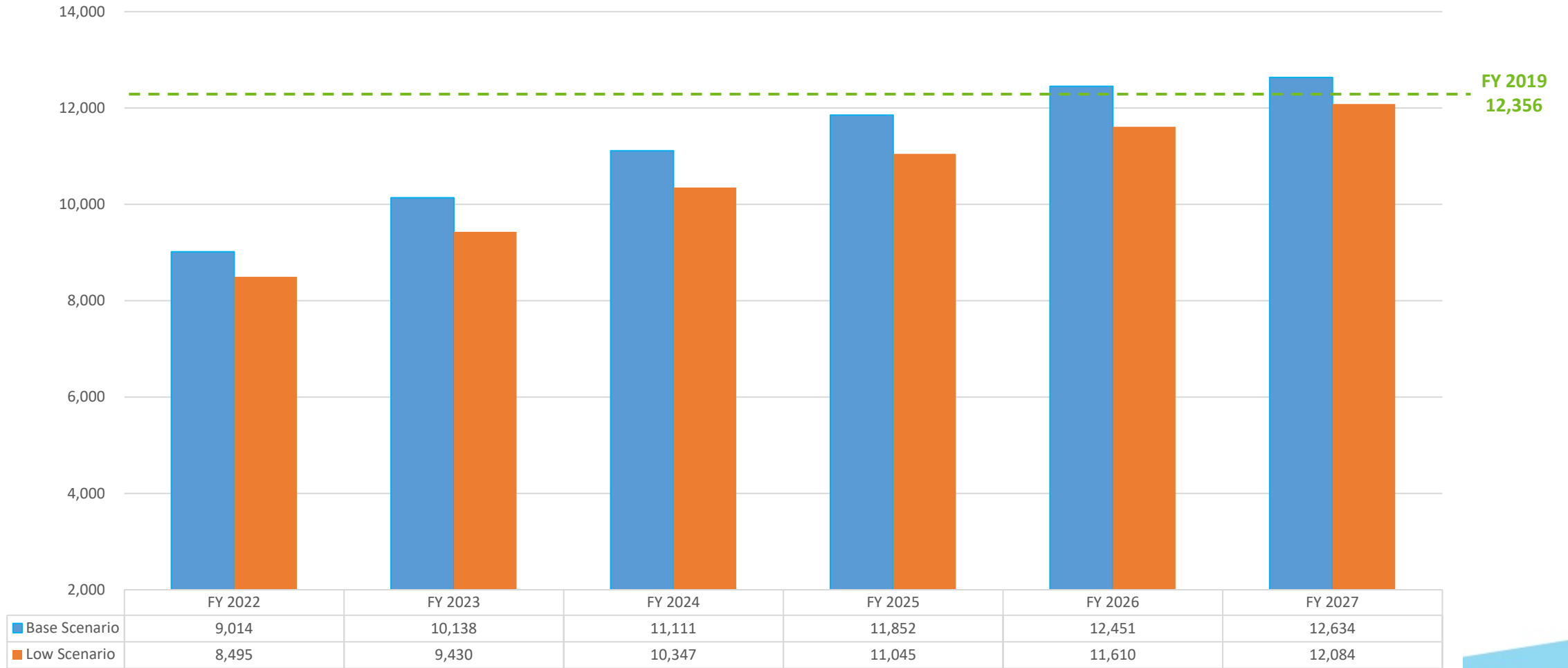
(in thousands)



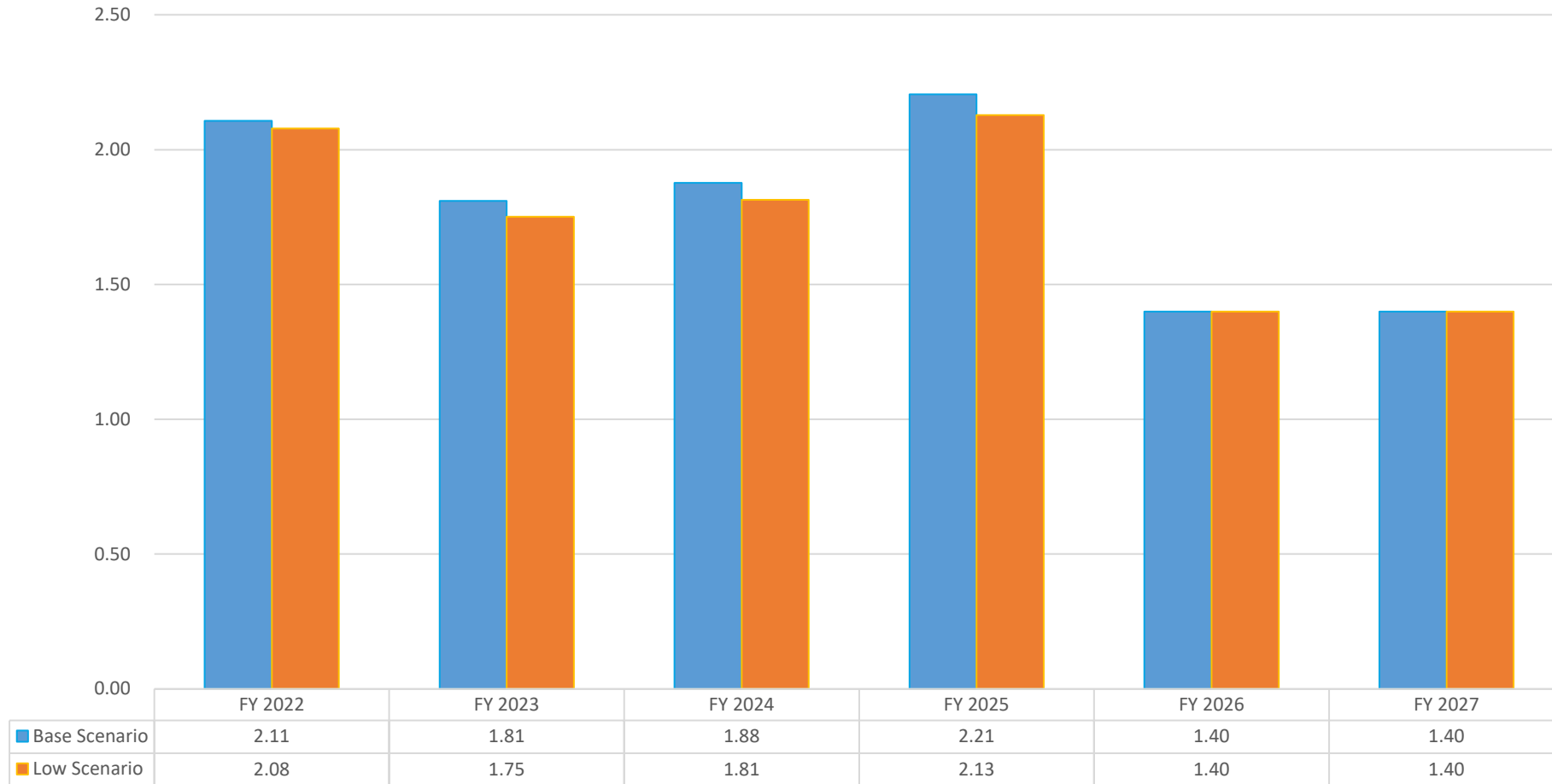


# Enplanements Forecast

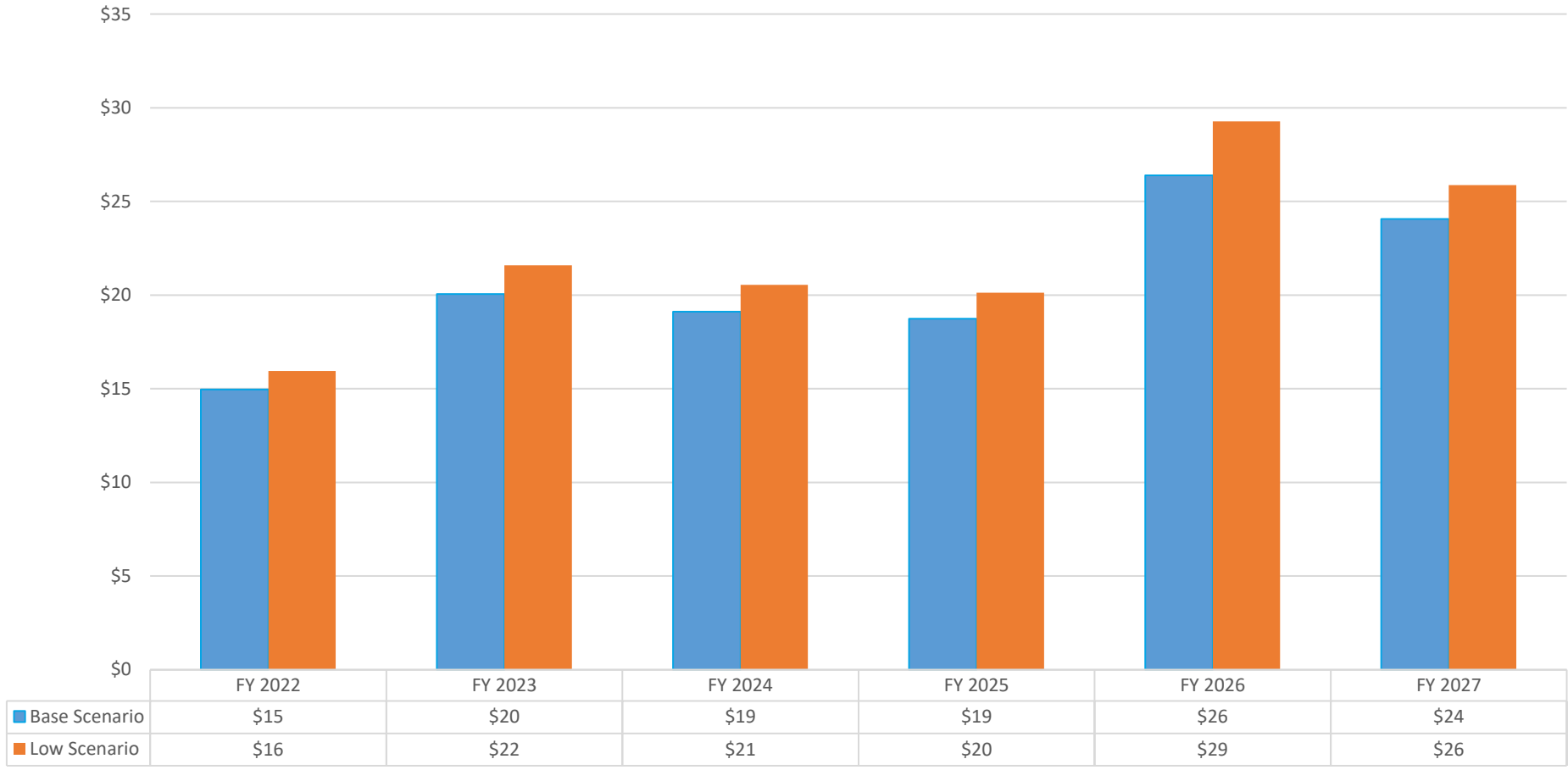
(in thousands)



# Debt Service Coverage



# Cost Per Enplaned passenger (CPE)



# Days Cash on Hand (DCOH)

- DCOH metric illustrates how long the Authority's cash reserves can support paying its operating costs
- Rating analysts and airport bond investors view higher cash reserves as a positive
- The AOLA agreement provides that the Authority maintains at least 600 DCOH, with cash above that level used to either pay down debt or forego issuing more debt
- Debt Policy includes a target of 600 DCOH
- Staff expects DCOH to remain above 1,000 days through FY 2024. After bond issuances any excess over 600 days will be used to pay down debt

# Summary

- Authority is expected to maintain a solid financial position and a competitive cost structure through the New T1 program.
- Financial metrics are forecasted to remain within board approved targets of at least 600 DCOH, 1.4x DSC, and a competitive CPE.
- Authority Staff met with airline partners on the evolving budget for the New T1 Program and Plan of Finance. At the September 14<sup>th</sup> meeting the final budget and estimated airlines costs were reviewed, the airlines stated their support for moving the New T1 Program forward.

# Staff Recommends

Adopt Resolution No. 2021-\_\_\_\_\_, Amending the Fiscal Year 2022 through Fiscal Year 2026 Capital Program to increase the New T1 Program by \$375,000,000 and approving the New T1 Plan of Finance.



Questions?

## Staff Report

Meeting Date: October 7, 2021

### Subject:

**Approve and Authorize the President/CEO To Enter Into a Real Property Purchase Agreement and Escrow With California Street Creative House 1, LLC for the Purchase of 2554-2610 California Street, San Diego, California**

### Recommendation:

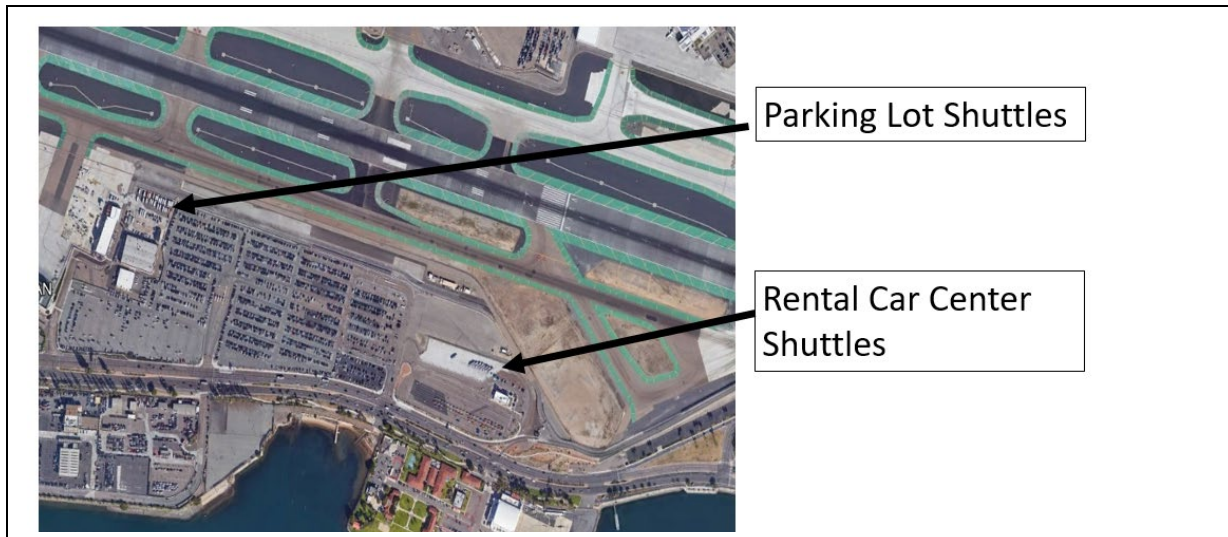
Adopt Resolution No. 2021- 0118, authorizing the President/CEO to enter into a real property purchase agreement and escrow with California Street Creative House 1, LLC for the purchase of 2554-2610 California Street, San Diego, California for the sum of Three Million Two Hundred Fifty Thousand and 00/100 Dollars (\$3,250,000.00) subject to the terms and conditions of the real property purchase agreement and escrow instructions.

### Background/Justification:

The Airport Authority seeks to relocate two existing airport shuttle bus dispatch/storage lots (one for parking shuttle buses and another for rental car center buses) and consolidate to a single bus operations center with electric vehicle recharging infrastructure ("Airport Shuttle Bus Operations Center" or "Proposed Project"). The proposed Airport Shuttle Bus Operations Center would be consolidated at a location that is presently covered with asphalt pavement and a small warehouse with a concrete foundation. The Proposed Project site consists of two parcels of approximately 136,784 square feet on State Tidelands. The proposed Airport Shuttle Bus Operations Center will consolidate all parking for 60 airport shuttle buses and 74 employee parking spaces. The site would be repaved as a part of the Proposed Project. The Airport Shuttle Bus Operations Center will provide electric charging infrastructure for up to 59 shuttle bus parking spaces to support the conversion of the Airport's bus shuttle fleet to electric shuttle buses that transport airport passengers and employees between remote parking lots, the rental car center, and the terminals.



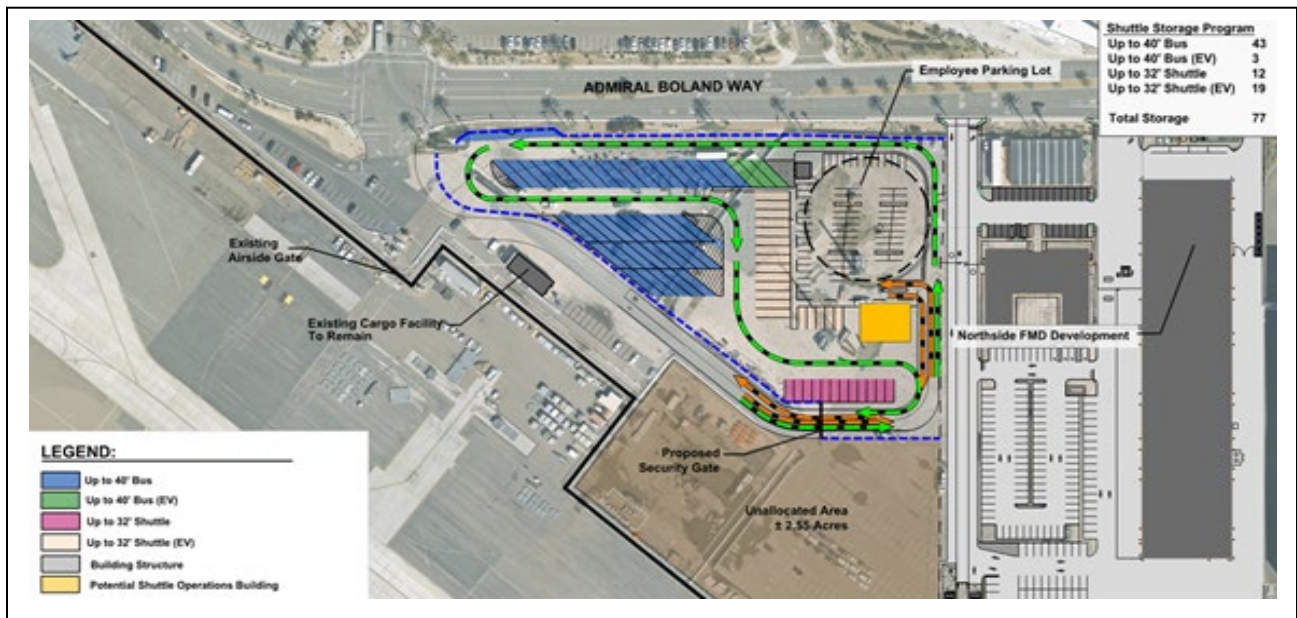
Below is an image that shows the location of the existing shuttle bus operation center.



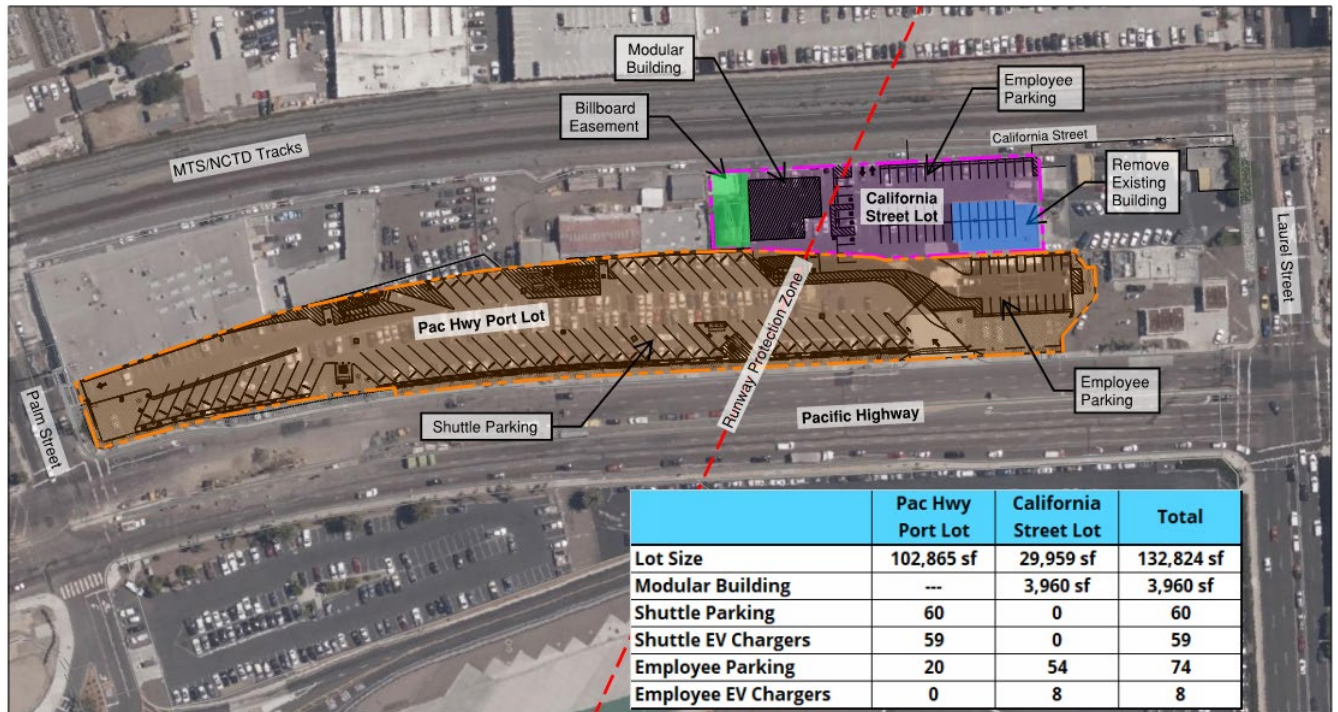
The Airport Shuttle Bus Operations Center general program requirements for a new site area are: 60 shuttle bus parking stalls, 74 employee parking spaces; and construction of up to 4,000 square feet of office space for management, dispatch, shuttle bus driver break rooms and related uses.

Authority staff evaluated options to locate the Airport Shuttle Bus Operations Center on Airport property as well as an option to secure an off-airport site. The two sites evaluated are:

On-Airport Option:



Off-Airport Option:



The Off-Airport option requires the Airport Authority to lease property from the San Diego Unified Port District (“Port”) as well as acquire, via purchase or lease, a neighboring property from a private owner (“CA Street Property”). Based on evaluation of the options, securing the off-airport site was determined optimal.

The below table summarizes several of the key determining factors supporting a finding that the off-airport site is the preferred site.

	On-Airport Option	Off-Airport Option
Initial Capital Cost Estimate:	\$20.8 Million	\$10.7 Million (includes related CA Street Property acquisition)
New Lease Payments to Port	N/A as an on-airport parcel	\$314K annually subject to future CPI
Site Area	3.24 acres	3.13 acres (includes Port lease and neighboring CA Street Property acquisition)
Opportunity Costs	3.24 acres of airfield adjacent land remain available for aviation use	
On-Going Operating Costs	Similar among options	Similar among options
Estimated Net Present Value Cost to the Airport Authority (using a 5% discount rate over a 20-year period)	\$20.8 Million (presumes the available land generates \$0 revenue over the 20-year period to the Airport Authority)	Approximately \$15 Million (presumes the related CA Street Property has \$0 residual value at the end of the 20-year period)

In January 2021, to advance the Airport Shuttle Bus Operation Center, the Authority entered into a 2-year lease agreement with California Street Creative House 1, LLC (CA Street) and continued to negotiate for the purchase of the property. Here are the key business terms for the existing lease of the CA Street property:

Term	2 years (January 2021-December 2022)
Premises	33,919 sq. ft.
Rent	January 2021 \$2,158.94(prorated for 7 days) Feb.-Dec. 2021 \$9,561.00 plus taxes and operating expenses Jan.-Dec. 2022 \$9,848.00 plus taxes and operating expenses
Security Deposit	\$9,848.00

In April 2021 staff requested and received Board approval to secure a 20-year lease with the Port for the parcel shown in the “Off-Airport Option” depicted above. This lease was executed on June 1, 2021 and included approximately 104,830 sq. ft. of space for up to 60 airport shuttle bus parking spaces and 20 employee parking spaces. There will also be infrastructure for electric charging stations to support the conversion of the Airport’s bus shuttle fleet to electric shuttle busses.

In September 2021, staff and CA Street reached a tentative agreement on the proposed purchase of the CA Street Property (the “PSA”). That PSA provides, among other things, that the Authority may terminate the agreement without penalty if the Board fails to approve the purchase by October 8, 2021. The key business terms of the proposed purchase are as follows:

Proposed Property for Purchase	2554 and 2610 California Street San Diego, CA 92101
Proposed Purchase Price	\$3,250,000.00
Premises	33,919 sq. ft.
Annual taxes	\$33,935.00 based on 2020/2021 assessed values

The CA Street property will provide parking spaces for up to 54 employees and have infrastructure to support electrical charging stations for employee parking along with an approximately 3,960 sq. ft. module building for office space for management, dispatch, shuttle bus driver break rooms and related uses, as shown in the “Off-Airport Option” depicted above.

As a part of its due diligence, the Authority conducted two appraisals of the CA Street Property. The proposed purchase price is between the range of the two appraisals and staff believes it is in the best interest of the Authority to purchase the property at this price. The Authority has also secured a title search and land title survey of the CA Street Property. The PSA will require removal by the seller of all monetary liens attached to the CA Street Property.

The Authority's Planning and Environmental Affairs Department hired an environmental consultant, Kleinfelder, to complete Phase I and Phase II Environmental Assessments of the CA Street Property along with a Hazardous Building Materials Survey. All three of these reports are dated January 25, 2021. The assessments revealed that since 1949 the CA Street Property has been used for various commercial and industrial purposes including trucking services and truck repair, freight shipping and equipment and car rentals. One 10,000 gallon gasoline underground storage tank was removed from the site in 1988. Sampling indicates that the concentrations of chemicals remaining in the soils at the site associated with the historical uses did not exceed regulatory risk screening thresholds for commercial land use. A thorough review of these assessments by staff found environmental issues consistent with the known former uses of the site and which are not expected to conflict with the Authority's intended future use of the CA Street Property.

The CA Street Property also includes a perpetual billboard easement (the "Billboard Easement"), which gives the easement holder, currently First Glendora Partners, LTD, the right to use and maintain a billboard at an existing location on the CA Street Property. The Billboard Easement includes, among other things, a utility easement, access easement and visibility easement in support of the billboard use. The Authority's purchase of the CA Street Property would be subject to this Billboard Easement. Staff has reviewed the Billboard Easement and advises that it will not affect the ability of the Authority to utilize the CA Street Property for its intended use.

There is a portion of the CA Street Property which falls within the Runway 9 Departure Runway Protection Zone (RPZ). The FAA requires airport operators, where feasible, to acquire and clear land within the RPZ to enhance the protection of people and property on the ground. As such, the Authority will be required to demolish the existing building on the CA Street Property, which is consistent with the Authority's use plan. The Authority's planned surface vehicle parking is an allowed use within the RPZ.

The Federal Aviation Administration (FAA) issued a National Environmental Policy Act (NEPA) Categorical Exclusion in June 2021 for the Authority's potential purchase and use of the CA Street property. The Planning and Environmental Affairs Department will submit an updated Airport Layout Plan (ALP) if the purchase is completed.

## **Fiscal Impact:**

Adequate funds for purchase of the California Street Property is included within the Board approved FY2022-FY2026 Capital Program Budget in the New T1 Program Budget. Sources of funding for this project: Airport Revenue Bonds.

## 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 for a project that a Notice of Exemption was prepared and filed with the County of San Diego Clerk on April 1, 2021, determining that the project was categorically exempt under CEQA Sections 15301 – Existing Facilities - Class 1, 15302 – Reconstruction or Replacement – Class 2, and 15304 – Minor Alterations to Land – Class 4.
- B. California Coastal Act Review: This Board action is for a project that a coastal development permit (CDP No. 2021-05) was approved and issued on July 2, 2021.
- C. NEPA: This Board action is for a project that received a Categorical Exclusion by the Federal Aviation Administration (“FAA”) on June 9, 2021 and, therefore, no additional formal review under the National Environmental Policy Act (“NEPA”) is required.

## Application of Inclusionary Policies:

Not applicable.

## Prepared by:

Jim DeCock  
Director, (interim) Revenue Generation & Partnership Development

RESOLUTION NO. 2021-0118

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, AUTHORIZING THE PRESIDENT/CEO TO ENTER INTO A REAL PROPERTY PURCHASE AGREEMENT AND ESCROW WITH CALIFORNIA STREET CREATIVE HOUSE 1, LLC FOR THE PURCHASE OF 2554-2610 CALIFORNIA STREET, SAN DIEGO, CALIFORNIA FOR THE SUM OF THREE MILLION TWO HUNDRED FIFTY THOUSAND AND 00/100 DOLLARS (\$3,250,000.00) SUBJECT TO THE TERMS AND CONDITIONS OF THE REAL PROPERTY PURCHASE AGREEMENT AND ESCROW INSTRUCTIONS

**WHEREAS**, the Airport Authority seeks to relocate two existing airport shuttle bus dispatch/storage lots (one for parking shuttle buses and another for rental car center buses) and consolidate to a single bus operations center with electric vehicle recharging infrastructure (“Airport Shuttle Bus Operations Center” or “Proposed Project”); and

**WHEREAS**, Authority staff evaluated options to locate the Airport Shuttle Bus Operations Center on Airport property as well as an option to secure an off-airport site; and

**WHEREAS**, the review of alternatives resulted in a determination by Authority staff that the optimal location to place the relocated Airport Shuttle Bus Operations Center is an off-airport site that consists of two parcels: the first of which has been leased by the Authority from the San Diego Unified Port District, and the second of which can be purchased from the California Street Creative House 1, LLC (“CA Street Property” or “Premises”); and

**WHEREAS**, the California Street Property consists of a parcel of approximately 33,919 square feet on State Tideland (the “Premises”) and will be used for up to 54 employee parking spaces; and

**WHEREAS**, the Authority's plan for the Premises includes infrastructure to support electrical charging stations for employee parking; and

**WHEREAS**, the Authority's plan for the Premises also includes an approximately 3,960 sq. ft. module building for office space for management, dispatch, shuttle bus driver breakrooms and related uses; and

**WHEREAS**, as a part of its due diligence, the Authority sought two appraisals of the CA Street Property; and

**WHEREAS**, the proposed purchase price for the Premises of Three Million Two Hundred Fifty Thousand Dollars (\$3,250,000.00) (the "Proposed Price") is between the range of the two appraisals received by the Authority; and

**WHEREAS**, the Authority hired an environmental consulting firm, Kleinfelder, to complete a Phase I and Phase II Environmental Assessments of the Premises and a Hazardous Building Materials survey; and

**WHEREAS**, the Kleinfelder reports were provided to the Authority on January 25, 2021 for its review; and

**WHEREAS**, the Kleinfelder reports reveal that since 1949 the property has been used for various commercial and industrial purposes and included one 10,000 gallon gasoline underground storage tank which was removed from the site in 1988; and

**WHEREAS**, the Kleinfelder reports reveal concentrations of chemicals in the soils at the Premises associated with the historical uses that did not exceed regulatory risk screening thresholds for commercial land use and therefore are not expected to adversely impact the Authority's intended use of the Premises; and

**WHEREAS**, the CA Street Property also includes a perpetual billboard easement (the "Billboard Easement"), which gives the easement holder the right to use and maintain a billboard at an existing location on the CA Street Property; and

**WHEREAS**, the Billboard Easement includes, among other things, a utility easement, access easement and visibility easement in support of the billboard use; and

**WHEREAS**, the Authority's purchase of the CA Street Property would be subject to this Billboard Easement; however, staff has reviewed the Billboard Easement and advises that it will not affect the ability of the Authority to utilize the CA Street Property for its intended use; and

**WHEREAS**, there is a portion of the CA Street Property which falls within the Runway 9 Departure Runway Protection Zone (RPZ) and the FAA requires airport operators, where feasible, to acquire and clear land within the RPZ to enhance the protection of people and property on the ground; and

**WHEREAS**, this will require demolition of the existing building on the CA Street Property, which is consistent with the Authority's intended use plan for surface vehicle parking, which is an allowed use within the RPZ; and

**WHEREAS**, the Federal Aviation Administration (FAA) issued a National Environmental Policy Act (NEPA) Categorical Exclusion in June 2021 for the purchase of the CA Street property and the Authority's Planning and Environmental Affairs Department will submit an updated Airport Layout Plan (ALP) if the purchase is completed.

**NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD HEREBY** authorizes the President/CEO to enter into a real property purchase agreement and escrow with California Street Creative House 1, LLC, for approximately 33,919 square feet of land area located at 2554 and 2610 California Street in the City of San Diego, California for the Proposed Price; and

**BE IT FURTHER RESOLVED** that the Board FINDS that the Proposed Price represents fair market value for the Premises and that its purchase as contemplated in this Resolution is in the best interests of the Authority; and



**BE IT FURTHER RESOLVED** that the Board authorizes the President/CEO to take all related actions she finds necessary to finalize negotiation, execution and purchase of the Premises in accordance with the Purchase Agreement attached hereto as Exhibit A, and to advance any other permitting necessary to properly activate the Premises for use as the Airport Shuttle Bus Operations Center; and

**BE IT FURTHER RESOLVED** that this Board action is for a project that a Notice of Exemption was prepared and filed with the County of San Diego Clerk on April 1, 2021, determining that the project was categorically exempt under CEQA Sections 15301 – Existing Facilities - Class 1, 15302 – Reconstruction or Replacement – Class 2, and 15304 – Minor Alterations to Land – Class 4; and

**BE IT FURTHER RESOLVED** that this Board action is for a project for which a coastal development permit (CDP No. 2021-05) was approved and issued on July 2, 2021; and

**BE IT FURTHER RESOLVED** that the Board finds that this action is for a project that received a Categorical Exclusion by the Federal Aviation Administration (“FAA”) on June 9, 2021 and, therefore, no additional 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 7th day of October, 2021, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

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TONY R. RUSSELL  
DIRECTOR, BOARD SERVICES /  
AUTHORITY CLERK

APPROVED AS TO FORM:

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AMY GONZALEZ  
GENERAL COUNSEL

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**PURCHASE AND SALE AGREEMENT**

between

**California Street Creative House 1 LLC, Seller**

and

**San Diego County Regional Airport Authority, Purchaser**

dated as of

September 30, 2021

## PURCHASE AND SALE AGREEMENT

This PURCHASE AND SALE AGREEMENT (this "**Agreement**"), dated as of the 30<sup>th</sup> day of September, 2021 (the "**Effective Date**"), is entered into between California Street Creative House 1, LLC, a California limited liability corporation ("**Seller**"), and San Diego County Regional Airport Authority, a local governmental entity of regional government ("**Purchaser**").

### RECITALS

WHEREAS, Seller is the owner of the Property; and

WHEREAS, subject to the terms and conditions hereof, Seller desires to sell to Purchaser the Property and Purchaser desires to purchase the Property from Seller.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

### ARTICLE I DEFINITIONS

The following terms have the meanings specified or referred to in this Article I:

"**Agreement**" has the meaning set forth in the preamble.

"**Assumed Permits and Licenses**" has the meaning set forth in Section Section 2.01(f).

"**Assumed Warranties and Guaranties**" has the meaning set forth in Section Section 2.01(g).

"**Bring Down Certificate**" has the meaning set forth in Section Section 5.02(g).

"**Broker**" has the meaning set forth in Section 14.01.

"**Business Day**" has the meaning set forth in Section Section 15.03.

"**Closing**" has the meaning set forth in Section Section 5.01.

"**Closing Date**" has the meaning set forth in Section Section 5.01.

"**Closing Statement**" has the meaning set forth in Section Section 5.06.

"**Confidential Information**" has the meaning set forth in Section Section 13.01.

"**Contracts**" means service, maintenance, supply, management, listing, or similar contracts that Seller has for the Property.

"**Deed**" has the meaning set forth in Section Section 5.02(a).

"**Deposit**" has the meaning set forth in Section Section 3.01(a).

"**Due Diligence Delivery Date**" has the meaning set forth in Section Section 4.01.

"**Due Diligence Materials**" has the meaning set forth in Section Section 4.01.

"**Due Diligence Period**" has the meaning set forth in Section Section 4.02.

"**Effective Date**" has the meaning set forth in the preamble.

"**Environmental Laws**" has the meaning set forth in Section Section 7.01(i).

"**Escrow Holder**" means Chicago Title Company .

"**Escrow Instructions**" has the meaning set forth in Section Section 5.01.

"**Hazardous Materials**" has the meaning set forth in Section Section 7.01(i).

"**Improvements**" has the meaning set forth in Section Section 2.01(b).

"**Independent Consideration**" has the meaning set forth in Section Section 3.01(c).

"**Inspections**" has the meaning set forth in Section Section 4.02.

"**Land**" has the meaning set forth in Section Section 2.01(a).

"**Natural Hazard Disclosure**" has the meaning set forth in Section Section 4.03.

"**Natural Hazard Expert**" shall mean a natural hazard consultant retained by Seller or Broker to examine the maps and other information specifically made available to the public by government agencies for the purposes of enabling Seller and Seller's Broker, if any, to fulfill its disclosure obligations, if and to the extent such obligations exist, with respect to the natural hazards referred to in California Civil Code Sections 1103 to 1103.15.

"**Notices**" has the meaning set forth in Section Section 10.01.

"**Official Records**" has the meaning set forth in Section Section 5.07(a).

"**Permitted Exceptions**" has the meaning set forth in Section Section 6.01(b).

"**Plans and Surveys**" has the meaning set forth in Section Section 2.01(e).

"**Property**" has the meaning set forth in Section Section 2.01.

"**Purchase Price**" has the meaning set forth in Section Section 3.01.

"**Purchaser**" has the meaning set forth in the preamble.

"**Purchaser Default**" has the meaning set forth in Section Section 11.01(a).

"**Purchaser's Closing Deliverables**" has the meaning set forth in Section Section 5.03.

"**Seller**" has the meaning set forth in the preamble.

"**Seller Default**" has the meaning set forth in Section Section 11.01(b).

"**Seller's Closing Deliverables**" has the meaning set forth in Section Section 5.02.

"**Survey**" has the meaning set forth in Section Section 6.01(a)(ii).

"**Title Company**" means Chicago Title Company.

"**Title Policy**" has the meaning set forth in Section Section 6.01(b).

"**Transaction Parties**" has the meaning set forth in Section Section 13.01.

"**Violations**" has the meaning set forth in Section 6.02.

## ARTICLE II CONVEYANCE OF THE PROPERTY

**Section 2.01 Subject of Conveyance.** Seller agrees to sell and convey to Purchaser and Purchaser agrees to purchase from Seller, upon the terms and conditions hereinafter set forth, all right, title, and interest of Seller in and to the following (collectively referred to herein as the "**Property**"):

(a) all that certain real property located at 2554-2610 California Street, City of San Diego, County of San Diego, State of California, 92108, APN #533-011-15, 553-011-16 (the "**Land**");

(b) all buildings and improvements located on the Land, and any and all fixtures attached thereto (collectively, the "**Improvements**");

(c) all rights appurtenant to the Land, if any, including without limitation, any strips and gores abutting the Land, and any land lying in the bed of any street, road, or avenue in front of, or adjoining the Land, to the center line thereof;

(d) all other rights, privileges, easements, licenses, appurtenances, and hereditaments relating to the Property;

(e) all plans, specifications, surveys, architectural, and engineering drawings, and other rights relating to the construction of the Property (collectively, the "**Plans and Surveys**");

(f) any permit, entitlement, governmental approval, certificate of occupancy, license, or other form of authorization or approval issued by a government agency or authority and legally required for the construction, ownership, operation, and use of the

Property to the extent transferable with the sale of the Property and to the extent in Seller's possession (collectively, the "**Assumed Permits and Licenses**"); and

(g) any warranty, guaranty, or other obligation from any contractor, manufacturer, or vendor to any improvements, furnishings, fixture, or equipment located at the Property, to the extent assignable in connection with the sale of the Property and to the extent in Seller's possession ("**Assumed Warranties and Guaranties**").

### **ARTICLE III PURCHASE PRICE**

**Section 3.01 Purchase Price and Deposit.** The purchase price to be paid by Purchaser to Seller through escrow for the Property is Three Million Two Hundred Fifty Thousand and 00/100 Dollars (\$3,250,000) (the "**Purchase Price**"). The Purchase Price shall be payable as follows:

(a) Within two (2) Business Days after the execution and delivery of this Agreement by Purchaser, Purchaser shall deposit the sum of Seventy Thousand and 00/100 Dollars (\$70,000) (the "**Deposit**") by Purchaser's wire transfer of immediately available funds to an account at such bank as designated by Escrow Holder. Escrow Holder agrees to hold the Deposit in escrow pursuant to the terms of this Agreement. The Deposit shall be non-refundable to Purchaser upon receipt by escrow, except as provided in Sections 3.02, 3.03 and 4.06 of this Agreement. Any interest earned on the Deposit shall be deemed to be part of the Deposit and shall be paid together with the Deposit, it being understood and agreed that if the transaction contemplated under this Agreement closes, any interest earned on the Deposit shall be credited to the Purchase Price upon the Closing.

(b) The balance of the Purchase Price in the amount of Three Million One Hundred Eighty Thousand Dollars and 00/100 Dollars (\$3,180,000) shall be deposited by Purchaser's wire transfer of immediately available funds with Escrow Holder on or before the Closing Date, subject to any credits or apportionments as provided for under the terms of this Agreement.

(c) Notwithstanding anything in this Agreement to the contrary, One Hundred Dollars and No/100 (\$100.00) of the Deposit shall be paid to Seller as independent consideration for Seller's performance under this Agreement (the "**Independent Consideration**"). The Independent Consideration shall be disbursed to Seller immediately following Purchaser's delivery of the Deposit into escrow. The Independent Consideration is independent of and in addition to any other consideration provided hereunder, shall be fully earned by Seller upon the Effective Date hereof, and is not refundable under any circumstances notwithstanding any other provision of this Agreement to the contrary and shall not be applied against the Purchase Price at Closing. Purchaser and Seller expressly acknowledge and agree that: (i) the Independent Consideration, plus Purchaser's agreement to pay the costs provided in this Agreement, has been bargained for as consideration for Seller's execution and delivery of this Agreement; and (ii) such consideration is adequate for all purposes under any applicable law or judicial decision. In all instances under this Agreement in which Purchaser elects to terminate or is deemed to have terminated this



Agreement and the Purchaser is entitled to a return of the Deposit pursuant to the terms of this Agreement, the Seller shall retain the Independent Consideration and Escrow Holder shall return the balance of the Deposit to Purchaser.

**Section 3.02 Title Contingency.** Prior to the Closing, Seller shall remove or cause Title Company to remove, all monetary liens and encumbrances from the Property, including, without limitation mechanics' and materialmen's liens, and the following exceptions to title listed on that certain Preliminary Title Report dated March 23, 2020, Title No. 73720004828-RCM (the "Seller Cure Items"):

(a) Exception Nos. 1-8, relating to property taxes shall be paid current as of the Closing Date.

(b) Exception No. 17, a deed of trust recorded May 7, 2019 as document no 2019-0170644 in Official Records, shall be released at or prior to Closing.

(c) Exception No. 18, a deed of trust recorded May 1, 2019 as document no 2019-0170645 in Official Records, shall be released at or prior to Closing.

(d) Exception No. 21, a deed of trust recorded February 13, 2020 as document no 2020-0074622 in Official Records, shall be released at or prior to Closing.

(e) Seller shall deliver an Owner's Affidavit to Title Company for the purpose causing Exception Nos. 24 and 26.

If the Seller Cure Items are not removed from title, as reflected on the Title Policy, at or before Closing, Buyer shall have the right to terminate this Agreement by giving written notice of Purchaser's election to do so to Seller and Escrow Holder. If Purchaser elects to terminate this Agreement as provided in this Section 2.02, Escrow Holder shall return the Deposit to Purchaser, and upon such refund being made, this Agreement shall terminate, and the parties shall have no further liability hereunder (except with respect to those obligations hereunder which survive the termination of this Agreement).

**Section 3.03 Board Approval.** Purchaser and Seller expressly acknowledge and agree that Purchaser's obligations to pay the Purchase Price and otherwise consummate the transactions contemplated hereby are fully conditioned upon Purchaser's ability to obtain the approval, evidenced by an adopted Resolution, of the Board of the San Diego County Regional Airport Authority ("Board"). If Purchaser does not receive Board approval on or before October 8, 2021, then Purchaser shall have the right to terminate this Agreement by giving written notice of Purchaser's election to do so to Seller and Escrow Holder on or before 5:00 p.m. October 8, 2021. If Purchaser elects to terminate this Agreement as provided in this Section 3.03, Escrow Holder shall return the Deposit to Purchaser, and upon such refund being made, this Agreement shall terminate, and the parties shall have no further liability hereunder (except with respect to those obligations hereunder which survive the termination of this Agreement).

**ARTICLE IV**  
**INVESTIGATION OF THE PROPERTY; CONDITIONS PRECEDENT TO THE**  
**CLOSING**

**Section 4.01 Due Diligence Materials.** Within ten (10) days after the Effective Date (the "**Due Diligence Delivery Date**"), Seller shall, if not already made available to Purchaser, deliver, cause to be delivered, or make available, copies of the following documents and materials pertaining to the Property, to the extent in Seller's possession: any existing surveys; any existing site plans and specifications; any existing architectural plans; any existing inspection reports; any existing environmental and hazardous material reports; any existing soils reports; any existing governmental permits and approvals; utility letters; legible copies of all other agreements ("Other Agreements") known to Seller that will affect the Property after Closing; a Natural Hazards Disclosure Statement; data required to be disclosed by Seller pursuant to the California Energy Commission; other materials relating to the physical and environmental condition of the Property in Seller's possession (collectively, the "**Due Diligence Materials**").

**Section 4.02 Due Diligence Period.** Purchaser has already conducted or caused to be conducted its due diligence investigations (collectively, the "**Inspections**"). Accordingly, such Inspections are not contingencies to Purchaser's obligation to pay the Purchase Price and consummate the transaction contemplated hereby, and Purchaser waives any and all right to terminate this Agreement based thereon.

**Section 4.03 Natural Hazard Disclosures.** Seller shall disclose, through Escrow, if any of the Property lies within the following natural hazard areas or zones: (a) a special flood hazard area designated by the Federal Emergency Management Agency; (b) an area of potential flooding; (c) a very high fire hazard severity zone; (d) a wild land area that may contain substantial forest fire risks and hazards; (e) an earthquake fault or special studies zone; or (f) a seismic hazard zone. Purchaser waives any and all right to terminate this Agreement based on on any such disclosures.

**Section 4.04 Tenant.** Purchaser currently occupies the Property as Seller's tenant pursuant to that certain Standard Industrial/Commercial Single-Tenant Lease – Net dated November 9, 2017 ("Lease") and the Assumption of Lease dated February 15, 2021. Upon Closing, the Lease shall terminate and any security deposit due to Purchaser under the Lease shall be credited to Purchaser through escrow at Closing.

**Section 4.05 Conditions Precedent to Purchaser's Obligations.** Purchaser's obligations with respect to the transactions contemplated by this Agreement are subject to the timely satisfaction (or waiver by Purchaser) of the following conditions on or before the Closing Date:

(a) Title Company shall have irrevocably committed to issue to Purchaser the Title Policy, reflecting removal of the Seller Cure Items, subject to the satisfaction of the Title Company's standard conditions to the issuance thereof.

(b) Seller shall have duly performed in all material respects each and every covenant of Seller hereunder.

(c) All representations and warranties made by Seller hereunder shall be true and correct in all material respects as if made on and as of the Closing Date.

(d) Seller shall have delivered to Escrow Holder each of the items required to be delivered by Seller pursuant to Section 5.02 of this Agreement.

(e) Other than as set forth in Sections 3.02, 3.03 and this Section 4.05, there are no other conditions or contingencies to Purchaser's obligation to pay the Purchase Price and consummate the transaction contemplated hereby.

**Section 4.06 Failure of Conditions Precedent to Purchaser's Obligations.** If any one or more of the conditions set forth in Section 4.05(a) - (d) are not satisfied or otherwise expressly waived in writing by Purchaser on or prior to the Closing Date, Purchaser may elect, in Purchaser's sole and absolute discretion, to terminate this Agreement in which event Escrow Holder shall return the Deposit to Purchaser, upon such refund being made this Agreement shall terminate, and the parties shall have no further liability hereunder except with respect to those obligations hereunder which expressly survive the termination of this Agreement.

**Section 4.07 Conditions Precedent to Seller's Obligations.** Seller's obligations with respect to the transactions contemplated by this Agreement are subject to the timely satisfaction (or waiver by Seller) of the following conditions on or before the Closing Date:

(a) Purchaser shall have duly performed in all material respects each and every covenant of Purchaser hereunder.

(b) Purchaser's representations and warranties set forth in this Agreement shall be true and correct in all material respects as of the Closing Date as if made on and as of the Closing Date.

(c) Purchaser shall have delivered to Escrow each of the items, including the balance of the Purchase Price, required to be delivered by Purchaser pursuant to Section 5.03 below.

**Section 4.08 Failure of Conditions Precedent to Seller's Obligations.** If any one or more of the conditions set forth in Section 4.07 are not satisfied or otherwise expressly waived in writing by Seller on or prior to the Closing Date, Seller may elect, in Seller's sole and absolute discretion, to terminate this Agreement, in which event Escrow Holder shall tender the Deposit to Seller and, upon such tender being made, this Agreement shall terminate, and the parties shall have no further liability hereunder except with respect to those obligations which expressly survive the termination of this Agreement.

**Section 4.09 Effect of Closing.** The Closing shall constitute conclusive evidence that Seller and Purchaser have respectively waived any conditions set forth in Section 4.05 and Section 4.07 above which are not satisfied as of the Closing.

## ARTICLE V CLOSING

**Section 5.01 Closing Date.** The closing of the transaction contemplated by this Agreement (the "**Closing**") shall occur at no later than 5:00 p.m. (Pacific Time) on October 20, 2021 (the "**Closing Date**") through an escrow closing with the Escrow Holder in accordance with this Article V and instructions to the Escrow Holder, which must be consistent with the terms of this Agreement ("**Escrow Instructions**"). In the event of any conflict between the provisions of this Agreement and any supplementary instructions, the terms of this Agreement shall control. Notwithstanding the Closing Date, the parties to this Agreement agree to use commercially reasonable efforts to complete Closing on or before October 15, 2021.

**Section 5.02 Seller's Closing Deliverables.** No later than Five Business Days prior to the Closing Date, Seller shall deliver or cause to be delivered to the Escrow Holder, one (1) original (unless otherwise indicated) of the following (collectively, the "**Seller's Closing Deliverables**"):

(a) A grant deed ("**Deed**") duly executed by Seller with the appropriate acknowledgment form and otherwise in proper form for recording so as to convey title of the Property to Purchaser as required by this Agreement.

(b) A certification that Seller is not a "foreign person" as such term is defined in Section 1445 of the Internal Revenue Code, as amended and the regulations thereunder, and an FTB Form 593, as applicable, each duly executed by Seller.

(c) If the Property is located in California, an affidavit executed by Seller to the effect that Seller is not a "nonresident" within the meaning of California Revenue and Tax Code Section 18662 or successor statutes. If Seller does not provide such affidavit in a form reasonably satisfactory to Purchaser within three (3) Business Days prior to Closing Date, Escrow Holder shall at the Closing Date deduct from Seller's proceeds and remit to the Franchise Tax Board such sum as is required by statute.

(d) If available to Seller, originals, or copies certified by Seller as being complete, of all applicable bills, invoices, utility readings, and other items that shall be prorated as of the Closing Date.

(e) An owner's affidavit in a form reasonably acceptable to Purchaser and to the Title Company, duly executed by Seller.

(f) A duly executed LLC resolution authorizing the execution of this Agreement and the sale of the Property.

(g) A certificate from Seller in a form reasonably acceptable to Purchaser stating that all representations and warranties contained in Section 7.01 remain, as of the Closing Date, true, correct, and complete in all material respects as when first made hereunder,

subject only to permitted changes occurring in accordance with this Agreement (the "**Bring Down Certificate**").

(h) An original or electronically signed copy of the Closing Statement prepared by Escrow Holder under Section 5.07 of this Agreement for Seller, executed by Seller.

(i) All keys, key cards, and access codes to any portion of the Property to the extent in Seller's possession.

(j) Evidence of termination of all Contracts, together with proof of payment in full by Seller of any and all liabilities, fees, costs, or other expenses of Seller resulting from the Contracts, the termination thereof and the release of the counterparties thereto, all of the foregoing in a form and substance reasonably acceptable to Purchaser.

(k) Originals or, if originals are not in the possession or control of Seller, copies of Plans and Surveys, to the extent the same are in Seller's possession or under Seller's control.

(l) All other documents reasonably necessary or otherwise reasonably required by the Escrow Holder or the Title Company to consummate the transaction contemplated by this Agreement.

**Section 5.03 Purchaser's Closing Deliverables.** No later than one (1) Business Day prior to the Closing Date, Purchaser shall deliver or cause to be delivered to the Escrow Holder in Escrow one (1) original (unless otherwise indicated) of the following, except for the balance of the Purchase Price which, at Purchaser's election, can be delivered to the Escrow Holder in escrow on the Closing Date (collectively, the "**Purchaser's Closing Deliverables**"):

(a) The balance of the Purchase Price, as adjusted for prorations pursuant to Section 5.06 of this Agreement.

(b) A Resolution adopted by the Board of Purchaser authorizing the transaction contemplated hereby and the execution and delivery of the documents required to be executed and delivered hereunder.

(c) An original or electronically signed copy of the Closing Statement prepared by Escrow Holder under Section 5.07 of this Agreement for Purchaser, executed by Purchaser.

(d) All other documents reasonably necessary or otherwise required by the Escrow Holder and the Title Company to consummate the transactions contemplated by this Agreement.

**Section 5.04 Closing Costs.**

(a) Seller shall pay: (i) all recording charges; (ii) that portion of the Title Policy premium for standard ALTA owner's coverage; (iii) all documentary transfer taxes assessed

by the County of San Diego and one-half (1/2) of the transfer taxes assessed by the City of San Diego, in connection with the recordation of the Deed; and (iv) one-half (1/2) of the Escrow Holder's fee. In addition, Seller shall pay outside of escrow all legal and professional fees and costs of attorneys and other consultants and agents retained by Seller.

(b) Purchaser shall pay: (i) the additional Title Policy premium for ALTA extended coverage and any title endorsements requested by Purchaser; (ii) one-half (1/2) of the Escrow Holder's fee; (iii) one-half (1/2) of the transfer taxes assessed by the City of San Diego; and (iv) all charges incurred by Purchaser for any update to the Survey required by the Title Company. Purchaser shall pay outside of Escrow all costs and expenses related to the Inspections, and all legal and professional fees and costs of attorneys and other consultants and agents retained by Purchaser.

**Section 5.05 Apportionments.** The following shall be prorated as of 11:59 p.m. of the date immediately preceding the Closing Date, unless expressly provided for otherwise:

(a) All real estate and personal property taxes and assessments attributable to the Property. Seller shall be charged with all such taxes up to, but not including, the Closing Date. If the applicable tax rate and assessments for the Property have not been established for the year in which Closing occurs, the proration of real estate taxes, personal property taxes and assessments, as the case may be at Closing, will be based upon the rate and assessments for the preceding year. All taxes imposed because of a change of use of the Property after Closing will be paid by Purchaser. Real property tax refunds and credits received after the Closing which are attributable to a fiscal tax year prior to the fiscal tax year in which the Closing occurs shall belong to Seller, and those which are attributable to the fiscal tax year in which the Closing occurs shall be prorated based upon the date of Closing. Notwithstanding the foregoing, to the extent any real estate and/or personal property taxes and assessments are payable by Purchaser, as tenant under the Lease, such taxes and assessments shall not be prorated and shall be paid by Purchaser.

(b) All utility charges based on most recently issued bills, unless the meters are read on the date immediately preceding the Closing Date; provided, however, that if any such charges are payable by Purchaser, as tenant under the Lease, such charges shall not be prorated and shall be paid by Purchaser.

(c) All other costs, operating expenses or other items pertaining to the Property that are customarily prorated in connection with the sale of a building substantially similar to the Property in the City of San Diego, and County of San Diego, California unless such costs, expenses, and items are payable by Purchaser as tenant under the Lease, then Purchaser shall pay for the same.

(d) If applicable, utilities and operating expenses shall be prorated as of the date of Closing, unless such expenses are payable by Purchaser as tenant under the Lease, then Purchaser shall pay for the same.

**Section 5.06 Closing Statement.** At least two (2) Business Days prior to the Closing Date, the parties shall agree upon all of the prorations to be made and submit that information to Escrow Holder. At least one (1) Business Day prior to the Closing Date, Escrow Holder shall prepare and deliver for Seller's and Purchaser's review and approval a final closing statement for each party reflecting the prorations and adjustments agreed to by Seller and Purchaser, together with all remaining charges, credits, and adjustments and the balance of the Purchase Price due Seller (each, a "**Closing Statement**"). In the event that any prorations, apportionments, or computations made under this Article V require final adjustment, then the parties shall make the appropriate adjustments promptly when accurate information becomes available and either party hereto shall be entitled to an adjustment to correct the same. Any corrected adjustment or proration shall be paid in cash to the party entitled thereto. The provisions of this Section 5.07 shall survive the Closing.

**Section 5.07 Disbursements and Other Actions by Escrow Holder.** At the Closing, Escrow Holder shall promptly undertake all of the following in the manner indicated:

(a) Record the Deed in the Official Records of San Diego County, California (the "**Official Records**") with no intervening liens between the effective date of the Title Commitment and the recording of the Deed;

(b) Disburse the funds deposited with Escrow Holder in accordance with each party's respective Closing Statement;

(c) Deliver to Purchaser (i) a conformed copy of the Deed showing the applicable recording information thereon; (ii) a copy of the final Closing Statement; and (iii) originals (or copies where originals are not available) of each other non-recorded documents submitted into escrow by Purchaser and Seller; and

(d) Deliver to Purchaser the Title Policy.

## **ARTICLE VI TITLE MATTERS AND REVIEW**

### **Section 6.01 Title.**

(a) Within ten (10) days following the Effective Date, Escrow shall cause the Title Company to deliver to Purchaser:

(i) a preliminary title report or title insurance commitment for the Property from the Title Company, together with true, legible (to the extent available), and complete copies of any exceptions to title to the Property (collectively, the "**Title Commitment**"); and

(ii) a copy of Seller's most recent survey for the Property ("**Survey**"), which Purchaser may cause to be updated at Purchaser's expense.

(b) At the Closing, the Title Company shall issue to Purchaser a 2006 ALTA extended coverage owner's policy of title insurance (the "**Title Policy**"), with liability in the amount of the Purchase Price, showing title to the Property vested in Purchaser, subject only to the following (collectively, the "**Permitted Exceptions**"): (i) exceptions approved by Purchaser pursuant to this Section; (ii) nondelinquent real property taxes and special assessments; and (iii) any exceptions arising from Purchaser's actions, including without limitation Purchaser's due diligence investigations.

**Section 6.02 Violations.** Prior to Closing, Seller shall pay all existing fines and penalties assessed against the Property for violations of law, or municipal ordinances, orders, designations, or requirements whatsoever noted in or issued by any federal, state, municipal, or other governmental department, agency, bureau, or any other governmental authority having jurisdiction over the Property (collectively, "**Violations**"), unless Purchaser is required to pay the same per the Lease and, in such case, Purchaser shall pay the same.

## **ARTICLE VII REPRESENTATIONS AND WARRANTIES**

**Section 7.01 Seller's Representations and Warranties.** Seller represents and warrants to Purchaser on and as of the date of this Agreement and on and as of the Closing Date, which such representations and warranties shall survive the Closing, as follows:

(a) Seller is a Limited Liability Company duly formed, validly existing, and in good standing under the laws of the State of California and has the requisite power and authority to enter into this Agreement and the instruments referenced herein, and to consummate the transactions contemplated hereby.

(b) The execution, delivery, and performance of this Agreement by Seller and all agreements, instruments, and documents herein provided to be executed by Seller on the Closing Date: (i) do not violate the corporate rules or bylaws of Seller, or any contract, agreement, commitment, lease, order, judgment, or decree to which Seller is a party; and (ii) have been duly authorized by the resolutions/consent of the directors/shareholders/members/limited partners of Seller and the appropriate and necessary action has been taken by such directors/shareholders/members/limited partners on the part of Seller. The individual(s) executing this Agreement and the instruments referenced herein on behalf of Seller have the legal power, right, and actual authority to bind Seller to the terms and conditions hereof and thereof. This Agreement is valid and binding upon Seller, subject to bankruptcy, reorganization, and other similar laws affecting the enforcement of creditors' rights generally.

(c) Neither the execution, delivery, or performance of this Agreement, nor the consummation of the transactions contemplated hereby is prohibited by, or requires Seller to obtain any consent, authorization, approval, or registration under any law, statute, rule, regulation, judgment, order, writ, injunction, or decree which is binding upon Seller which has not been previously obtained.



(d) Seller is not a "foreign person" as such term is defined in Section 1445 of the Internal Revenue Code or any regulations promulgated thereunder, as amended, and is fully exempt from withholding pursuant to California FTB Form 593.

(e) There is no litigation, arbitration, or other legal or administrative suit, action, proceeding, or investigation pending or threatened against or involving Seller or the ownership or operation of the Property, including, but not limited to, any condemnation action relating to the Property.

(f) Seller has not entered into any Contracts which will be binding upon Purchaser after the Closing. Seller knows of no fact or circumstance that has occurred which, by itself or with the passage of time or the giving of notice or both, would constitute a default by any party under any of the Contracts. Seller has delivered to Purchaser true, correct, and complete copies of all Contracts in its possession.

(g) Seller has not received notice of any Violation of any law or municipal ordinance, order, or requirement noted or issued against the Property by any governmental authority having jurisdiction over the Property, that has not been cured, corrected, or waived as of the Effective Date.

(h) Seller has or will deliver or make available to Purchaser complete copies of all the Due Diligence Materials to the extent in Seller's possession or under Seller's control with regard to the Property, and, to Seller's knowledge, there are no other material documents or information included within the definition of Due Diligence Materials that have not been provided to Purchaser. To Seller's knowledge, none of such Due Diligence Materials contains any untrue statement of a material fact or omits to state a fact necessary to make the statement of fact contained therein not misleading in any material respect. Seller believes said documents to be accurate, but Purchaser is advised to retain appropriate consultants to review said documents and investigate the Property.

(i) Except as disclosed to Purchaser in reports or other documents, Seller has not placed any, and Seller does not know of any, Hazardous Materials installed, stored in, or otherwise existing at, on, in, or under the Property in violation of any Environmental Laws. "**Hazardous Materials**" means any pollutants, contaminants, hazardous, dangerous or toxic chemicals, materials, substances or wastes (including petroleum, petroleum by-products, radon, asbestos and asbestos containing materials, per- and polyfluoroalkyl substances, polychlorinated biphenyls ("PCBs"), PCB-containing equipment, radioactive elements, infectious agents, and urea formaldehyde), as such terms may be used in any Environmental Laws any other substances regulated because of their effect or potential effect on public health and the environment, including mold pursuant to California Health & Safety Code § 26140, lead paint, putrescible materials, and methamphetamine contamination pursuant to California Health & Safety Code § 25400.28 (but excluding solvents, cleaning fluids, and other lawful substances used in the ordinary operation and maintenance of the Property). "**Environmental Laws**" means, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986 (42 U.S.C. §§ 9601 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. §§ 6901 et seq.), the Federal Water Pollution

Control Act, as amended by the Clean Water Act (33 U.S.C. §§ 1251 et seq.), the Safe Drinking Water Act (42 U.S.C. §§ 300f et seq.), the Clean Air Act (42 U.S.C. §§ 7401 et seq.), the Occupational Safety and Health Act (29 U.S.C. §§ 651 et seq.), the Toxic Substances Control Act, as amended (15 U.S.C. §§ 2601 et seq.), Emergency Planning and Community Right-to-Know Act of 1986 (42 U.S.C. §§ 11001 et seq.), the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. §§ 136 et seq.), the Hazardous Material Transportation Act, as amended (49 U.S.C. §§ 5101 et seq.), the California Hazardous Waste Control Law (California Health & Safety Code §§ 25100 et seq.), the Porter-Cologne Water Quality Control Act (California Water Code §§ 13000 et seq.), and the Safe Drinking Water and Toxic Enforcement Act of 1986 (California Health & Safety Code §§ 25249.5 et seq.), as the same are amended, any other applicable federal, state, and local laws, and any and all rules and regulations which have become effective prior to the date of this Agreement under any and all of the aforementioned laws, and other federal, state, and local environmental laws, rules, statutes, codes, ordinances, regulations, common law, orders, regulatory directives, guidance documents, consent decrees, permits, and other requirements of governmental authorities governing or relating to the transportation, protection, preservation, conservation, or regulation of Hazardous Materials or the environment. Seller recommends that Purchaser obtain a Hazardous Substance Conditions Report concerning the Property and relevant adjoining properties.

(j) Seller has not: (i) filed any voluntary or had involuntarily filed against it in any court or with any governmental body pursuant to any statute either of the US or of any US state, a petition in bankruptcy or insolvency or seeking to effect any plan or other arrangement with creditors, or seeking the appointment of a receiver; (ii) had a receiver, conservator, or liquidating agent or similar person appointed for all or a substantial portion of its assets; (iii) suffered the attachment or other judicial seizure of all, or substantially all, of its assets; (iv) given notice to any person or governmental body of insolvency; or (v) made an assignment for the benefit of its creditors or taken any other similar action for the protection or benefit of its creditors. Seller is not insolvent and will not be rendered insolvent by the performance of its obligations under this Agreement.

(k) Seller has not filed a tax appeal for the Property and no tax appeal is currently pending for the Property.

(l) The Property consists of APN #533-011-15 and 553-011-16. To Seller's knowledge the Property is not encumbered by a declaration or other agreement transferring any development rights or air rights appurtenant to the Property to any other property. Seller has not (i) transferred or granted any options to purchase any development rights, including air rights, applicable to the Property; and (ii) made any filings with any municipal agency or department for any construction on the Property.

(m) Seller is not, and will not become, a person or entity with whom United States persons or entities are restricted or prohibited from doing business under regulations of the Office of Foreign Asset Control ("OFAC") of the Department of the Treasury (including those named on OFAC's specially designated and blocked persons list) or under any statute, executive order (including the Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001, as amended, and relating to Blocking Property and Prohibiting

Transactions With Persons Who Commit, Threaten to Commit or Support Terrorism), or other governmental action and is not and will not engage in any dealings or transactions or be otherwise associated with such persons or entities.

(n) Subject to the terms and conditions of Article XI, the representations and warranties of Seller set forth in this Section 7.01 shall survive the Closing.

**Section 7.02 Purchaser's Representations and Warranties.** Purchaser represents and warrants to Seller on and as of the date of this Agreement and on and as of the Closing Date as follows:

(a) Purchaser is a local governmental entity duly formed, validly existing, and in good standing under the laws of the State of California, is qualified to conduct business in the State of California, and has the requisite power and authority to enter into this Agreement and the instruments referenced herein, and to consummate the transactions contemplated hereby.

(b) The execution, delivery, and performance of this Agreement by Purchaser and all agreements, instruments, and documents herein provided to be executed by Purchaser on the Closing Date: (i) do not violate the policies and codes of Purchaser, or any contract, agreement, commitment, lease, order, judgment, or decree to which Purchaser is a party; and (ii) have been duly authorized by the President/CEO of Purchaser and the appropriate and necessary action has been taken by such President/CEO on the part of Purchaser. The individual(s) executing this Agreement and the instruments referenced herein on behalf of Purchaser have the legal power, right, and actual authority to bind Purchaser to the terms and conditions hereof and thereof. This Agreement is valid and binding upon Purchaser, subject to bankruptcy, reorganization, and other similar laws affecting the enforcement of creditors' rights generally.

(c) Purchaser is not, and will not become, a person or entity with whom United States persons or entities are restricted or prohibited from doing business under regulations OFAC (including those named on OFAC's specially designated and blocked persons list) or under any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action and is not and will not engage in any dealings or transactions or be otherwise associated with such persons or entities.

(d) Purchaser hereby acknowledges that, except as otherwise stated in this Agreement, Purchaser is purchasing the Property in its existing condition and has waived all inspections of the Property. The parties acknowledge that except as otherwise stated in this Agreement, no representations, inducements, promises, agreements, assurances, oral or written, concerning the Property, or any aspect of the occupational safety and health laws, Hazardous Substance laws, or any other act, ordinance or law, have been made by either party or Brokers, or relied upon by either party hereto.

(e) Any environmental reports, soils reports, surveys, and other similar documents which were prepared by third party consultants and provided to Purchaser by Seller or Seller's representatives, have been delivered as an accommodation to Purchaser and without any representation or warranty as to the sufficiency, accuracy, completeness, and/or validity of said documents, all of which Purchaser relies on at its own risk. Seller believes said documents to be accurate, but Purchaser is advised to retain appropriate consultants to review said documents and investigate the Property.

(f) Purchaser acknowledges that it has received a copy of the Billboard Easement dated September 18, 2019 prior to the Effective Date of this Agreement.

(g) The representations and warranties set forth in this Section 7.02 shall survive the Closing.

## **ARTICLE VIII SELLER'S COVENANTS**

**Section 8.01 Leases.** During the period from the Effective Date until the Closing Date, Seller shall not:

(a) Enter into any new lease with respect to the Property, submit or consider any proposal for a new lease.

(b) Enter into any new agreements with any brokers in connection with any new leases from the date of this Agreement through the Closing Date, without Purchaser's prior written consent.

**Section 8.02 Maintenance and Repairs.** During the period from the Effective Date until the Closing Date, Seller shall cause the Property, and the Improvements, to be maintained in substantially the same manner as prior to the date of this Agreement pursuant to Seller's normal course of business, except to the extent that such maintenance duties are required by Purchaser, as the tenant under the Lease, and, in such event, Purchaser shall perform such maintenance duties. Seller and Purchaser shall not demolish or cause or make any new improvements or alterations to the Property.

**Section 8.03 Contracts.** During the period from the Effective Date until the Closing Date, Seller shall not enter into any new Contract which is not terminable on thirty (30) days prior notice without Purchaser's prior written consent, which may be withheld in Purchaser's sole discretion. On or before to the Closing, Seller shall, at its sole cost and expense, terminate all Contracts, except for those Contracts (including any new Contracts entered into by Seller in accordance with this Section 8.03) which Purchaser elects, in its sole discretion, to assume (the "Assumed Contracts"), by written notice to Seller

**Section 8.04 No Transfers.** During the period from the Effective Date until the Closing Date, Seller will not: (a) transfer or grant options to purchase, any development rights, including air rights, applicable to the Property; (b) make any filings with any governmental agency or department for any construction on the Property; (c) subject the

Property to any additional liens, encumbrances, covenants, or easement (whether by action or inaction), (d) sell, transfer, encumber, or change the status of title of all or any portion of the Property; (e) change or attempt to change, directly or indirectly, the current zoning of the Property; and (f) cancel, amend, or modify any certificate, approval, license or permit held by Seller with respect to the Property or any part thereof which would be binding upon Purchaser after the Closing.

## **ARTICLE IX RISK OF LOSS**

**Section 9.01 Risk of Loss.** Promptly upon learning thereof but in any event no later than three (3) days after receiving notification thereof, Seller shall give Purchaser written notice of any condemnation, damage, or destruction of the Property occurring prior to the Closing (the "**Casualty Notification Date**"). If, prior to the Closing, any portion of the Property is condemned (or subjected to a bona fide threat of condemnation or becomes the subject of any proceedings, judicial, administrative, or otherwise, with respect to a taking by eminent domain or condemnation), Purchaser shall have the right, at its election to terminate the Agreement. If, prior to the Closing, the Property is damaged or destroyed and the cost to repair or cure would be \$10,000 or less, then Seller shall repair or cure the loss prior to Closing, unless Purchaser has such repair or cure duty as tenant under the Lease and, in such case, Purchaser shall be liable for the same. If the cost to repair or cure the damage or destruction would be more than \$10,000 and if Purchaser has no duty to repair or cure the damage or destruction as tenant under the Lease, then Seller may elect to repair or cure the loss prior to Closing and, if Seller elects to repair or cure the damage or destruction, such cure or repair must be fully completed prior to Closing and the Property restored to substantially the same condition as it was in prior to the damage or destruction. If Seller does not elect to make such repair or cure or if Seller fails to fully cure or repair the damage or destruction before the Closing and, provided Purchaser does not have any duty to repair or cure as tenant under the Lease, then Purchaser may elect to terminate the Agreement. If Purchaser elects to terminate the Agreement pursuant to its termination rights under this Section 9.01, then Purchaser shall deliver written notice of its election to Seller and Escrow Holder within ten (10) days after the Casualty Notification Date with respect to such condemnation, damage, or destruction (the Closing being deemed extended for such ten (10) day period). If Purchaser fails to notify Seller of its election prior to the end of such ten (10) day period, Purchaser shall be deemed to have terminated the Agreement. If Purchaser elects to terminate the Agreement in accordance with this Section 9.01, then Escrow Holder shall refund to Purchaser the Deposit less the Independent Consideration paid by Escrow Holder to Seller and, upon such refund being made, the Agreement shall terminate and have no further force or effect and neither party shall have any further rights or obligations with respect to each other or the Agreement, except for any obligations that expressly survive termination. If Purchaser elects not to terminate the Agreement pursuant to this Section 9.01, then the Agreement shall remain in full force and effect and Purchaser shall acquire the Property upon the terms and conditions set forth in the Agreement; provided, however, Purchaser shall (x) receive a credit against the Purchase Price in an amount equal to the proceeds received by Seller (minus any sums used in connection with the cure or repair of the damage or destruction) from (i) any condemnation award; or (ii) insurance policies; and

(y) Seller shall assign to Purchaser all of Seller's right, title, and interest in any unpaid condemnation or insurance proceeds at the time of Closing, if any. Purchaser and Seller hereby irrevocably waive the provisions of any statute that provides for a different outcome or treatment in the event the Property shall be taken or damaged or destroyed by fire of other casualty.

## **ARTICLE X NOTICES**

**Section 10.01 Delivery of Notices.** Unless specifically stated otherwise in this Agreement, all notices, demands, requests, consents, approvals, waivers, or other communications (for purposes of this Section 10.01 collectively referred to as "**Notices**") shall be in writing and delivered to Purchaser, Seller or Escrow Holder, at the addresses set forth in Section 10.02 below, by one the following methods:

- (a) personal delivery, whereby delivery is deemed to have occurred at the time of delivery;
- (b) overnight delivery by a nationally recognized overnight courier company, whereby delivery is deemed to have occurred the Business Day following deposit with the courier;
- (c) registered or certified mail, postage prepaid, return receipt requested, whereby delivery is deemed to have occurred on the third Business Day following deposit with the US Postal Service; or
- (d) electronic transmission (facsimile or email) provided that such transmission is completed no later than 5:00 p.m. (Pacific Time) on a Business Day.

### **Section 10.02 Parties' Addresses.**

- (a) Unless changed in accordance with Section 10.01 of this Agreement, the addresses for all communications and notices shall be as follows:

**If to Seller:**

Name: California Street Creative House 1, LLC

Address: 989 West Kalmia

San Diego, California 92101

Attention: Douglas Hamm

Email: douglas@urbanca.com

Facsimile:

**With a copy to:**

Name: Miranda Bordson  
Address: 350 10<sup>th</sup> Ave., Suite 1000, San Diego,  
CA 92101  
Attention:  
Email: miranda@bordsonlawgroup.com  
Facsimile: 619-870-3400

**If to Purchaser:**

Name: San Diego County Regional Airport  
Authority  
Address: 3225 North Harbor Drive, San Diego,  
CA 92101  
Attention: Hampton Brown  
Email: hbrown@san.org  
Facsimile:

**With a copy to:**

Name: Amy Gonzalez  
Address: 3225 North Harbor Drive, San Diego,  
CA 92101  
Attention:  
Email: agonzale@san.org  
Facsimile:

**If to Escrow Holder:**

Name: Chicago Title  
Address: 2365 Northside Drive, Suite 600, San  
Diego, CA 92108  
Attention: Lindy Jeffers  
Email: Lindy.Jeffers@ctt.com  
Facsimile:

(b) Any party may, by notice given in accordance with this Article, designate a different address or person for receipt of all communications or notices.

(c) Any notice under this Agreement may be given by the attorneys of the respective parties who are hereby authorized to do so on their behalf.

**ARTICLE XI  
REMEDIES**

**Section 11.01 Remedies.**

(a) Except as set forth in Sections 3.02, 3.03 and 4.06, if the Closing does not occur, Seller's sole and exclusive remedy shall be to retain the Deposit plus any accrued

interest thereon, if any, as and for full and complete liquidated and agreed damages for the Closing failure, and the parties shall be released from further liability to each other hereunder, except for those obligations and liabilities that are expressly stated to survive termination of this Agreement. **SELLER AND PURCHASER AGREE THAT IT WOULD BE IMPRACTICAL AND EXTREMELY DIFFICULT TO ESTIMATE THE DAMAGES WHICH SELLER MAY SUFFER UPON THE FAILURE OF THE CLOSING AND THAT THE DEPOSIT AND ANY INTEREST EARNED THEREON, AS THE CASE MAY BE, REPRESENTS A REASONABLE ESTIMATE OF THE TOTAL NET DETRIMENT THAT SELLER WOULD SUFFER UPON SUCH CLOSING FAILURE. SUCH LIQUIDATED AND AGREED DAMAGES ARE NOT INTENDED AS A FORFEITURE OR A PENALTY WITHIN THE MEANING OF APPLICABLE LAW, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLER PURSUANT TO CALIFORNIA CIVIL CODE SECTIONS 1671, 1676, AND 1677. BY PLACING ITS INITIALS BELOW, EACH PARTY SPECIFICALLY CONFIRMS THE ACCURACY OF THE STATEMENTS MADE ABOVE AND THE FACT THAT EACH PARTY WAS REPRESENTED BY LEGAL COUNSEL WHO EXPLAINED, AT THE TIME THIS AGREEMENT WAS MADE, THE MEANING, THE EFFECT, AND THE CONSEQUENCES OF THIS LIQUIDATED DAMAGES PROVISION.**

*DH*  
DH

\_\_\_\_\_  
Seller's Initials

*KJB*

\_\_\_\_\_  
Purchaser's Initials

(b) If Seller breaches any of its representations or warranties or fails to perform any of the covenants or agreements contained herein which are to be performed by Seller ("**Seller Default**"), or if Closing fails to occur by the Closing Date through no fault of Purchaser, Purchaser shall have the right to exercise any or all of the following remedies: (i) waive such failure and proceed to the Closing with no reduction in the Purchase Price; provided, however, that this provision will not limit Purchaser's right to receive reimbursement for attorneys' fees in connection with any legal proceedings instituted by either party or Escrow Holder with respect to the enforcement of this Agreement, nor waive or affect Seller's indemnity obligations under this Agreement or Purchaser's rights to enforce those indemnity obligations, nor waive or affect any of Seller's other obligations under this Agreement to be performed after the Closing or Purchaser's rights to enforce those obligations; (ii) exercise any of its other rights or remedies Purchaser may have at law or in equity, including without limitation the filing of an action for specific performance to cause Seller to convey the Property to Purchaser pursuant to the terms and conditions of this Agreement; or (iii) terminate this Agreement by notice to Seller and Escrow Holder to that effect, to recover the full amount of the Deposit and all earnings thereon, and to recover all damages and seek such other relief at law or in equity to which Purchaser may be entitled as a result of Seller's breach.



**ARTICLE XII**  
**ESCROW**

**Section 12.01 Escrow Holder's Duties and Responsibilities.** Escrow Holder shall hold and disburse the Deposit and the Purchase Price in accordance with the following provisions and subject to the Escrow Instructions:

(a) Escrow Holder has signed this Agreement for the sole purpose of agreeing to act as Escrow Holder in accordance with this Article. Escrow Holder shall have no duties or responsibilities except those set forth in this Article.

(b) Escrow Holder shall be protected in relying upon the accuracy, acting in reliance upon the contents, and assuming the genuineness of any notice, demand, certificate, signature, instrument, or other document which is given to Escrow Holder without verifying the truth or accuracy of any such notice, demand, certificate, signature, instrument, or other document.

(c) The parties acknowledge that Escrow Holder is acting solely as a stakeholder at their request and for their convenience, that the duties of the Escrow Holder hereunder are purely ministerial in nature. Escrow Holder shall not be liable for any action taken or omitted by Escrow Holder in good faith and believed by Escrow Holder to be authorized or within its rights or powers conferred upon it by this Agreement, except for any damage caused by Escrow Holder's own negligence or willful default. Escrow Holder shall not have any liability or obligation for loss of all or any portion of the Deposit by reason of the insolvency or failure of the institution of depository with whom the escrow account is maintained. Upon the disbursement of the Deposit in accordance with this Agreement, Escrow Holder shall be relieved and released from any liability under this Agreement, except in connection with Escrow Holder's gross negligence or willful misconduct.

(d) In the event that a dispute shall arise in connection with this Agreement, or as to the rights of the parties in and to, or the disposition of any funds, including without limitation, the Purchase Price and the Deposit, Escrow Holder shall have the right to: (i) refuse to comply with any claims or demands on it and continue to hold all funds, including without limitation, the Purchase Price and the Deposit, until Escrow Holder receives written notice signed by Seller and Purchaser directing the disbursement of such funds, in which case Escrow Holder shall promptly disburse the Deposit in accordance with such direction, and Escrow Holder shall not be or become liable in any way or to any person for its refusal to comply with such claims or demand; or (ii) take such affirmative steps as it may, at its option, elect in order to deposit any such funds, including without limitation, the Purchase Price and the Deposit, in a court of competent jurisdiction and commence an action for interpleader or to substitute another impartial party to hold such funds.

(e) Escrow Holder has acknowledged its agreement to this Article by signing in the place indicated on the signature page of this Agreement.

**Section 12.02 Indemnification of Escrow Holder.** Seller and Purchaser hereby agree to, jointly and severally, indemnify, defend, and hold harmless Escrow Holder from

and against any liabilities, damages, losses, costs, or expenses incurred by, or claims or charges made against Escrow Holder (including reasonable attorneys' fees and disbursements) by reason of Escrow Holder acting or failing to act in connection with any of the matters contemplated by this Agreement or in carrying out the terms of this Agreement, except for those matters arising as a result of Escrow Holder's negligence or willful misconduct.

**Section 12.03 Survival.** This Article shall survive the Closing or the termination of this Agreement.

### **ARTICLE XIII CONFIDENTIALITY AND PRESS RELEASE**

**Section 13.01 Confidential Information.** Each party covenants and agrees not to communicate: (a) the terms or any aspect of this Agreement and the transactions contemplated hereby; and (b) the content of any and all information in respect of the Property which is supplied by either party (collectively, the "**Confidential Information**") to any person or entity, without the express written consent of such party; provided, however, that a party may, without consent, disclose the Confidential Information: (i) to its respective advisors, consultants, attorneys, accountants, partners, investors, and lenders (the "**Transaction Parties**") without the express written consent of the disclosing party, so long as any such Transaction Parties to whom disclosure is made shall also agree to keep all such information confidential in accordance with the terms hereof; and (ii) if disclosure is required by law or by regulatory or judicial process or pursuant to any regulations promulgated by the New York Stock Exchange or other public exchange for the sale and purchase of securities, provided that in such event the disclosing party shall notify the other party in writing of such required disclosure, shall exercise all commercially reasonable efforts to preserve the confidentiality of the Confidential Information, including, without limitation, reasonably cooperating with the other party to obtain an appropriate order or other reliable assurance that confidential treatment will be accorded such Confidential Information by such tribunal, and shall disclose only that portion of the Confidential Information which it is legally required to disclose. The foregoing confidentiality obligations shall not apply to the extent that any such Confidential Information is a matter of public record or is provided in other sources readily available to the real property industry other than as a result of disclosure by a party or its Transaction Parties. Each party shall indemnify, defend, and hold the other party harmless from, any and all claims, losses, damages, liabilities, and expenses (including, without limitation, reasonable attorneys' fees and disbursements) arising in connection with such party's obligations under this Section 13.01 and/or the disclosure of any Confidential Information by such party and/or by such party's Transaction Parties in violation of this Section 13.01. Seller expressly consents to Purchaser providing any and all Confidential Information to Purchaser's Board, including at a public meeting, in furtherance of Purchaser seeking Board approval as contemplated in Section 3.03 of this Agreement.

**Section 13.02 Return or Destruction of Confidential Information.** In the event of a termination of this Agreement prior to the Closing, all Confidential Information shall be

promptly destroyed by the nondisclosing party, with any such destruction confirmed in writing.

**Section 13.03 No Press Release; Publicity.** Prior to the Closing Date: (a) no press releases or public statements shall be issued or made by either Seller or Purchaser with respect to the transactions contemplated by this Agreement; and (b) Purchaser and Seller shall confer and agree on a press release to be issued jointly by Purchaser and Seller disclosing the transaction and the appropriate time for making such release. At no time, whether prior to or following the Closing Date, shall either Purchaser or Seller issue any press releases (or other public statements) with respect to the transactions contemplated in this Agreement which disclose the Purchase Price or contain any mention of the other party to this Agreement without the approval of such other party, which approval may be withheld in such other party's sole and absolute discretion. This prohibition shall not apply to any agenda, staff report or resolution, which is made public as a part of Purchaser's seeking Board approval as contemplated in Section 3.03 of this Agreement.

**Section 13.04 Survival.** The provisions of this Article shall survive the Closing or earlier termination of this Agreement.

#### **ARTICLE XIV BROKERS**

**Section 14.01 Brokers.** Purchaser and Seller each represent and warrant to each other that they dealt with no broker in connection with, nor has any broker had any part in bringing about, this transaction other than Kipp Gstettenbauer and Ryan King (collectively, the "**Broker**"). Seller shall pay the brokerage commission due Broker in accordance with the terms and conditions of a separate written agreement between Seller and its Broker. Purchaser is not liable for any Broker commissions. Seller shall each indemnify, defend, and hold harmless Purchaser from and against any claim of any broker, including Seller's Broker, or any other person for any brokerage commissions, finder's fees, or other compensation in connection with this transaction if such claim is based in whole or in part by, through, or on account of, any acts of the indemnifying party or its agents, employees, or representatives and from all losses, liabilities, costs, and expenses in connection with such claim, including without limitation, reasonable attorneys' fees, court costs, and interest.

**Section 14.02 Survival.** The provisions of this Article XIV shall survive the Closing, or the termination of this Agreement prior to the Closing.

#### **ARTICLE XV MISCELLANEOUS**

**Section 15.01 Governing Law.** This Agreement shall be governed by, interpreted under, and construed and enforced in accordance with the laws of the State of California.

**Section 15.02 Entire Agreement; No Merger; No Representations.** The parties agree that all exhibits and schedules attached hereto are incorporated herein. This Agreement constitutes the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein and supersedes all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter.

**Section 15.03 Business Days.** Whenever any action must be taken (including the giving of notices) under this Agreement during a certain time period (or by a particular date) that ends or occurs on a nonbusiness day, then such period (or date) shall be extended until the next succeeding business day. As used herein, the term "**Business Day**" shall mean any day other than a Saturday, a Sunday, or a legal holiday on which national banks are not open for general business in the State of California.

**Section 15.04 Modifications and Amendments.** This Agreement cannot under any circumstance be modified or amended orally and no agreement shall be effective to waive, change, modify, terminate, or discharge this Agreement, in whole or in part, unless such agreement is in writing and is signed by both Seller and Purchaser.

**Section 15.05 No Recording.** Neither this Agreement, nor any memorandum of this Agreement, shall be recorded.

**Section 15.06 Successors and Assigns; Assignment.** This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs or successors and permitted assigns. Purchaser shall have the right assign, transfer, or convey its rights and obligations under this Agreement or in the Property to an affiliated entity without the prior written consent of Seller, provided that any such assignee shall assume all of Purchaser's obligations hereunder and succeed to all of Purchaser's rights and remedies hereunder and written notice to Seller of the assignment and assumption must be delivered to Seller prior to the Closing. If an assignee assumes all of Purchaser's obligations under this Agreement in writing, then upon the effective date of the assignment of this Agreement to such assignee, Purchaser shall be released from all obligations under this Agreement accruing after the date of the assignment. If Purchaser desires to assign, transfer, or convey its rights and obligations under this Agreement or in the Property to a person or entity that is not affiliated with Purchaser, then Purchaser shall first obtain Seller's written consent, which shall not be unreasonably withheld.

**Section 15.07 Severability.** If any term or provision of this Agreement is invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability shall not affect, invalidate, or render unenforceable any other term or provision of this Agreement. Upon such determination that any term or other provision is invalid, illegal, or unenforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated by this Agreement be consummated as originally contemplated to the greatest extent possible.

**Section 15.08 Further Assurances.** Each of the parties hereto shall execute and deliver such additional documents, instruments, conveyances, and assurances and take such

further actions as may be required to carry out the provisions of this Agreement and give effect to the transactions contemplated hereby, provided such documents are customarily delivered in real property transactions in the State of California and do not impose any material cost or obligation upon any party hereunder except as set forth in this Agreement.

**Section 15.09 Counterparts.** This Agreement may be executed by the parties in separate counterparts, each of which when so executed and delivered shall be an original for all purposes, but all such counterparts shall together constitute but one and the same instrument.

**Section 15.10 Headings.** The captions or paragraph titles contained in this Agreement are for convenience and reference only and shall not be deemed a part of the text of this Agreement.

**Section 15.11 No Waivers.** No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party providing the waiver. No waiver by either party of any failure or refusal to comply with any obligations under this Agreement shall be deemed a waiver of any other or subsequent failure or refusal to so comply.

**Section 15.12 No Offer.** This Agreement shall not be deemed an offer or binding upon Seller or Purchaser until this Agreement is fully executed and delivered by Seller and Purchaser.

**Section 15.13 Attorneys' Fees; Litigation Costs and Expenses.** If any party institutes any legal suit, action, or proceeding against the other party to enforce this Agreement or seeks to obtain any other relief or remedy regarding any controversy, claim, or dispute between the parties arising out of, relating to, or in connection with this Agreement or the breach thereof, the prevailing party shall be entitled to receive, and the non-prevailing party shall pay, in addition to all other remedies to which the prevailing party may be entitled, the costs and expenses incurred by the prevailing party in conducting the suit, action, or proceeding, including reasonable attorneys' fees and expenses, expert witness fees, and court costs, even if not recoverable by law (including, without limitation, all fees, taxes, costs, and expenses incident to appellate, bankruptcy, and post-judgment proceedings). A party shall be deemed to have prevailed in any such action or proceeding if such action is dismissed upon the payment by the other party of the sums allegedly due or the performance of obligations allegedly not complied with, or performance of the covenant allegedly breached by it in the action, irrespective of whether such action is prosecuted to final judgment or determination, or if such party obtains substantially the relief sought by it or defeats the claim by the other party, whether by compromise, settlement, judgment, assertion of an affirmative defense, or the abandonment by the other party of its claim or defense.

**Section 15.14 Time of the Essence.** The parties hereto acknowledge and agree that, except as otherwise expressly provided in this Agreement, **TIME IS OF THE ESSENCE** for the performance of all actions (including, without limitation, the giving of notices, the delivery of documents, and the funding of money) required or permitted to be

taken under this Agreement. Whenever action must be taken (including, without limitation, the giving of notice, the delivery of documents, or the funding of money) under this Agreement, prior to the expiration of, by no later than, or on a particular date, unless otherwise expressly provided in this Agreement, such action must be completed by 5p.m. (Pacific Time) on such date. However, notwithstanding anything to the contrary herein, whenever action must be taken (including, without limitation, the giving of Notice, the delivery of documents, or the funding of money) under this Agreement prior to the expiration of, by no later than, or on a particular date that is not a Business Day, then such date shall be extended until the immediately following Business Day.

**Section 15.15 1031 Exchange.** Both Seller and Buyer agree to cooperate reasonably with each other in the event that either or both wish to participate in a 1031 exchange. Any party initiating an exchange shall bear all costs of such exchange. The cooperating Party shall not have any liability (special or otherwise) for damages to the exchanging Party in the event that the sale is delayed and/or that the sale otherwise fails to qualify as a 1031 exchange. The exchanging Party covenants that any proposed 1031 exchange will not delay the close of the sale contemplated in this Agreement nor cause the cooperating Party any additional expenses. The Parties further agree that the sale contemplated in this Agreement is in no way contingent upon any Party's qualifying for a 1031 exchange.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above.

**APPROVED AS TO FORM**

Lee Kaminetz

Name: Lee Kaminetz,  
Title: Director Counsel Services

**PURCHASER:**

SAN DIEGO COUNTY REGIONAL  
AIRPORT AUTHORITY

By: Kim B. Becker  
Kim B. Becker (Sep 30, 2021 19:32 EDT)

Name: Kimberly J. Becker  
Title: President/CEO

**SELLER:**

CALIFORNIA STREET CREATIVE HOUSE  
1 LLC

By: Douglas Hamm

Name: Douglas Hamm  
Title: Sole Member/Manager

The Escrow Holder is executing this Agreement to evidence its agreement to act as escrow holder in accordance with the terms and conditions of this Agreement.

**ESCROW HOLDER:**

CHICAGO TITLE COMPANY

By: Lindy Jeffers  
Lindy Jeffers (Sep 30, 2021 19:27 PDT)

Name: Lindy Jeffers  
Title: Escrow Specialist

### SCHEDULES AND EXHIBITS

Schedule [NUMBER]	[TITLE]
Schedule [NUMBER]	[TITLE]
Schedule [NUMBER]	[TITLE]
Exhibit [LETTER]	[TITLE]
Exhibit [LETTER]	[TITLE]
Exhibit [LETTER]	[TITLE]



# Proposed Purchase of California Street Property



October 7, 2021

# Agenda

- Background/Justification
- Options
- Proposed Purchase Key Terms
- Funding
- Recommendation



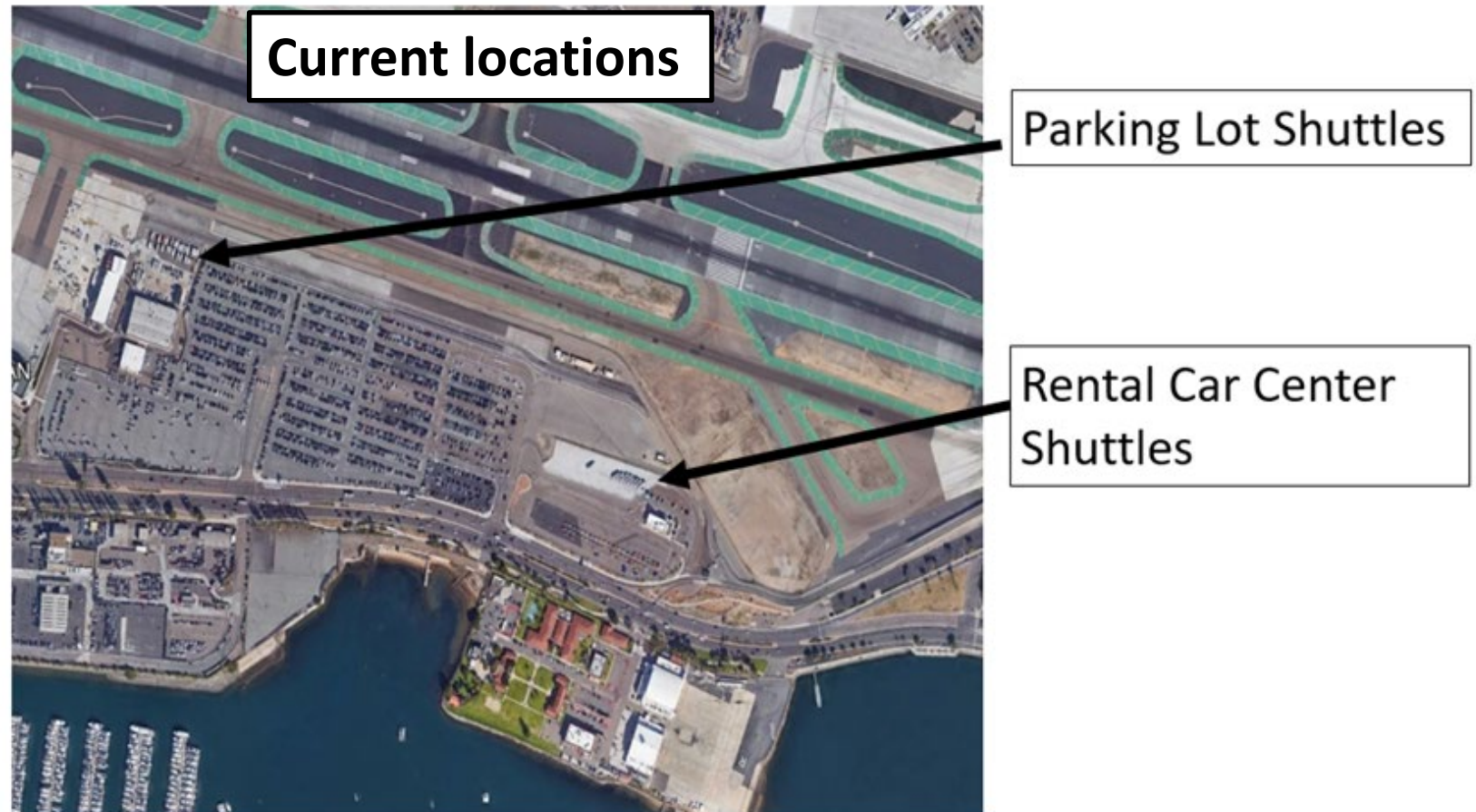
# California Street Property

## Background/Justification

- Relocation of two airport shuttle bus dispatch/storage lots
- Consolidate into single bus operations center
  - Parking for 60 airport shuttle busses
  - Parking for 74 employees
- Provide electric vehicle recharging infrastructure
  - Up to 59 shuttle busses
  - Up to 8 employee vehicles

# California Street Property

## Background/Justification



# California Street Property

## Background/Justification

- On site
  - Northside of property
- Off site
  - Lease property from Port
  - Lease/purchase property from private owner

# California Street Property

## Options

### On-Airport Option



# California Street Property

## Options



Port Property

Off-Airport Option

California Street Property

# California Street Property

## Options

	On-Airport Option	Off-Airport Option
<b>Initial Capital Cost Estimate:</b>	\$20.8 Million	\$10.7 Million (includes related CA Street Property acquisition)
<b>New Lease Payments to Port</b>	N/A as an on-airport parcel	\$314K annually subject to future CPI
<b>Site Area</b>	3.24 acres	3.13 acres (includes Port lease and neighboring CA Street Property acquisition)
<b>Opportunity Costs</b>	3.24 acres of airfield adjacent land remain available for aviation use	
<b>On-Going Operating Costs</b>	Similar among options	Similar among options
<b>Estimated Net Present Value Cost to the Airport Authority (using a 5% discount rate over a 20-year period)</b>	\$20.8 Million (presumes the available land generates \$0 revenue over the 20-year period to the Airport Authority)	Approximately \$15 Million (presumes the related CA Street Property has \$0 residual value at the end of the 20-year period)



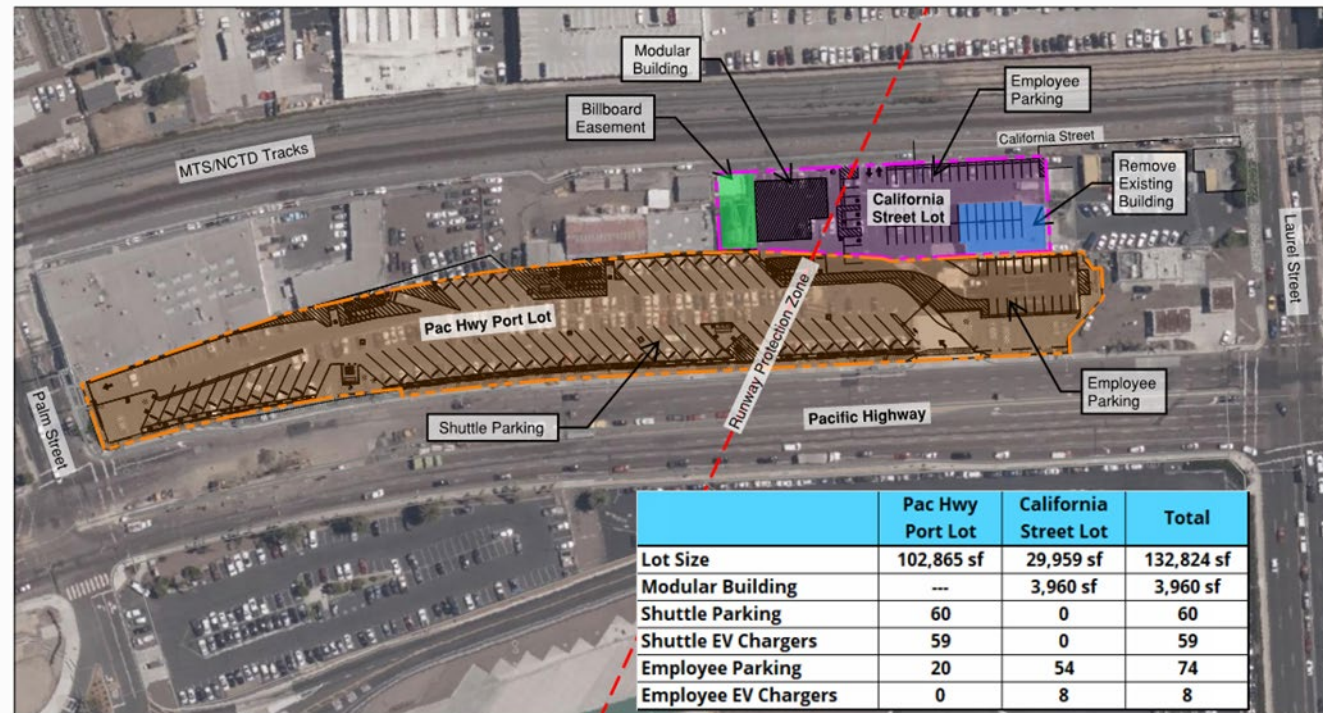
# California Street Property

## Timeline

- November 2020
  - Tentative Purchase Agreement with California Street Creative House 1, LLC
  - Could not reach agreement
- January 2021
  - 2-year lease with California Street Creative House 1, LLC
  - Continue negotiations for purchase of property
- April 2021
  - Board approved 20-year lease with Port for 104,830 sf. adjacent to CA Street property
- September 2021
  - Reached tentative Purchase Agreement for purchase of CA Street property

# California Street Property

## Map of Site and Proposed Usage



# California Street Property

## CA Street Proposed Use

- 54 employee parking spaces
- 8 employee EV chargers
- 3,960 sf modular building for offices and break rooms

# California Street Property

## Pre-work Completed

- Conducted two appraisals
- Secured title search and land title survey
- Approval from FAA
  - Portion of property in Runway Protection Zone(RPZ)
- Conducted Phase I and Phase II environmental & Hazard Building Materials
- Property includes perpetual easement for billboard

# California Street Property

## CA Street Key Terms:

<b>Proposed Property for Purchase</b>	<b>2554 and 2610 California Street San Diego, CA 92101</b>
<b>Proposed Purchase Price</b>	<b>\$3,250,000.00</b>
<b>Premises</b>	<b>33,919 sq. ft. (includes a 3,960 sq. ft. building)</b>
<b>Annual taxes</b>	<b>\$33,935.00 based on 2020/2021 assessed values</b>

# California Street Property

## Funding

- Funds for purchase included in FY2022-FY2026 Capital Program Budget, New T1
- Sources for funds: Airport Revenue Bonds

# California Street Property

## Recommendation

- **Adopt Resolution 2021- \_\_\_\_\_ authorizing the President/CEO to enter into a real property purchase agreement and escrow with California Street Creative House 1, LLC for the purchase of 2554-2610 California Street, San Diego, California for the sum of Three Million Two Hundred Fifty Thousand and 00/100 Dollars (\$3,250,000.00) subject to the terms and conditions of the real property purchase agreement and escrow instructions.**

Thank You!



## Staff Report

Meeting Date: October 7, 2021

### Subject:

### Ratify One Year Extension Agreements with California Teamsters Local 911

#### Recommendation:

Adopt Resolution No. 2021-0119, ratifying: (1) one year extension agreements between the Authority and California Teamsters Local 911 for Facilities Maintenance, Operations, & Crafts; Airport Traffic Officers; and General Supervisor Units, effective October 1, 2021 through September 30, 2022; (2) a two percent general wage increase for all three bargaining units; and (3) a fifty cent per hour increase in the night shift differential for the swing and graveyard shifts for all three bargaining units.

#### Background/Justification:

Pursuant to Authority Policy 3.02, entitled "Employer-Employee Relations Policy," the Authority has formally recognized California Teamsters Public, Professional & Medical Employees Union, Local 911 ("Teamsters Local 911") as the sole employee organization representing the employees in the Facilities Maintenance, Operations, & Crafts Unit; Airport Traffic Officers Unit; and General Supervisors Unit. The Authority and Teamsters Local 911 are parties to three Memoranda of Agreements ("MOAs") for the term of October 1, 2017 through September 30, 2020, for the Facilities Maintenance, Operations, & Crafts Unit ("FMD Unit"), the Airport Traffic Officers Unit ("ATO Unit"), and the General Supervisor Unit.

In November 2020, the Authority and Teamsters Local 911 ratified a one-year extension of the current MOAs with no material changes. In April 2021, the Board directed staff to negotiate with Teamsters Local 911 on behalf of the Board. In accordance with Policy 3.02, Authority staff met and conferred in good faith with Teamsters Local 911 regarding matters that directly affected the wages, hours, and other terms and conditions of employment of employees in the FMD Unit, ATO Unit and General Supervisors Unit. Because of the impacts of COVID-10, the parties agreed to extend the current MOAs for a term of one year, from October 1, 2021 through September 30, 2022, on the terms set forth below:

- a. Each MOA will be extended from October 1, 2021 to September 30, 2022.
- b. There will be a two percent (2%) general salary increase for all employees under an MOA effective, October 1, 2021.
- c. As to those employees in the FMD Unit and the ATO Unit who are not at the top step of their wage scale, those employees shall remain eligible to receive their step increases during this one-year extension period as provided in the applicable MOA.
- d. There will be no stipends for any employee under any MOA during this one-year extension period.
- e. The night differential in all three MOAs shall be increased from \$1.75 per hour to \$2.25 per hour for the "swing" shift, and from \$2.22 per hour to \$2.50 per hour for the "graveyard" shift.

There will be no other changes to the MOAs during this one-year extension period. The parties will commence negotiations for new MOAs in 2022 at a time to be agreed upon.

### Fiscal Impact:

Adequate funding for the one-year extension and associated terms between the Teamsters 911 and Authority is included in the adopted FY 2022 and conceptually approved FY 2023 Operating Expense Budgets within the Employee expense line items.

### 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:

Lola Barnes  
Senior HR Business Partner

RESOLUTION NO. 2021-0119

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, RATIFYING: (1) ONE YEAR EXTENSION AGREEMENTS BETWEEN THE AUTHORITY AND CALIFORNIA TEAMSTERS LOCAL 911 FOR FACILITIES MAINTENANCE, OPERATIONS, & CRAFTS; AIRPORT TRAFFIC OFFICERS; AND GENERAL SUPERVISOR UNITS, EFFECTIVE OCTOBER 1, 2021 THROUGH SEPTEMBER 30, 2022; (2) A TWO PERCENT GENERAL WAGE INCREASE FOR ALL THREE BARGAINING UNITS; AND (3) A FIFTY CENT PER HOUR INCREASE IN THE NIGHT SHIFT DIFFERENTIAL FOR THE SWING AND GRAVEYARD SHIFTS FOR ALL THREE BARGAINING UNITS

**WHEREAS**, on April 3, 2003, San Diego County Regional Airport Authority (“Authority”) adopted Policy 3.02, Employer-Employee Relations Policy; and

**WHEREAS**, in accordance with this policy, the Authority formally has recognized California Teamsters Public, Professional & Medical Employees Union, Local 911 (“Teamsters Local 911”) as the sole employee organization representing the employees in the Facilities Maintenance, Operations & Crafts unit; Airport Traffic Officers unit; and General Supervisors unit; and

**WHEREAS**, the Board directed staff to negotiate with Teamsters Local 911 on behalf of the Board beginning April 2021; and

**WHEREAS**, in accordance with Policy 3.02, Authority staff met and conferred in good faith with Teamsters Local 911 regarding matters that directly affected the wages, hours, and other terms and conditions of employment of employees in the Facilities Maintenance, Operations & Crafts unit; Airport Traffic Officers unit; and General Supervisors unit; and

**WHEREAS**, proposed new extension agreements (“Extension Agreements”) with each bargaining unit were reached in September 2021; and

**WHEREAS**, on September 15, 2021, Teamsters Local 911 ratified the proposed Extension Agreements for each of the aforementioned bargaining units.

**NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD HEREBY** adopts and approves the Extension Agreements between the Authority and California Teamsters 911 for the Facilities Maintenance, Operations & Crafts ; Airport Traffic Officers ; and General Supervisors units as summarized in the attached document (Attachment A); and

**BE IT FURTHER RESOLVED** that the Board hereby Authorizes the President/CEO or her designee to execute the Extension Agreements; 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 7<sup>th</sup> day of October 2021, by the following vote:

**AYES:** Board Members:

**NOES:** Board Members:

**ABSENT:** Board Members:

**ATTEST:**

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TONY R. RUSSELL  
DIRECTOR, BOARD SERVICES /  
AUTHORITY CLERK

**APPROVED AS TO FORM:**

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AMY GONZALEZ  
GENERAL COUNSEL

**Tentative Agreement**

**Between the**

**San Diego County Regional Airport Authority**

**and**

**California Teamsters Public, Professional  
& Medical Employees Union, Local 911**

**Recitals**

A. The San Diego County Regional Airport Authority (the "Authority") and California Teamsters Public, Professional & Medical Employees Union, Local 911 (the "Union") are parties to three Memoranda of Agreements ("MOAs") for the term of October 1, 2017 through September 30, 2020, for the Facilities Maintenance, Operations, & Crafts Unit ("FMD unit"), the Airport Traffic Officers Unit ("ATO unit"), and the General Supervisor unit.

B. The parties had planned to engage in regular collective bargaining negotiations beginning in April 2020, but the COVID-19 pandemic caused a State of Emergency to be declared in March 2020, and the pandemic had a significant impact on air travel, and thus on the Authority.

C. As a result, the parties agreed to extend the 2017 to 2020 MOAs for a term of one year, from October 1, 2020 through September 30, 2021, pursuant to a Contract Extension Agreement that became effective October 1, 2020.

D. Because the pandemic is continuing to have a negative impact on the Authority's financial situation in 2021, the parties have agreed to another contract extension, on the terms and conditions set forth below.

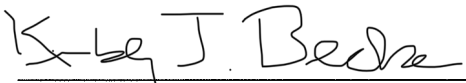
Wherefore, the parties have agreed to the following.

**Agreement**

1. The three MOAs between the Authority and the Union for the FMD unit, the ATO unit, and the General Supervisor unit, dated October 1, 2017 through September 30, 2020, shall for be extended until September 30, 2022, on the conditions set forth below.
2. Each MOA will be extended from October 1, 2021 through September 30, 2022.

3. Effective October 1, 2021, the Authority will provide a two percent (2%) general wage increase to all employees in the FMD unit, the ATO unit and the General Supervisor unit.
4. As to those employees in the FMD unit and the ATO unit who are not at the top step of their wage scale, those employees shall remain eligible to receive their step increases during this one year extension period as provided in the applicable MOA.
5. There will be no stipends for any employee under any MOA during this one year extension period.
6. The Night Shift Differential in all three MOAs shall be increased from \$1.75 per hour to \$2.25 per hour for the "swing" shift, and from \$2.00 per hour to \$2.50 per hour for the "graveyard" shift. There will be no change to the language in the Night Shift Differential sections of the MOAs. The only changes shall be the insertion of these hourly rate changes in those sections of each MOA.
7. There will be no other changes to the MOAs during this extension period.

**San Diego County Regional  
Airport Authority**

  
\_\_\_\_\_  
Kimberly J. Becker, President/CEO

**California Teamsters Local 911**

  
\_\_\_\_\_  
Neil Sholander, Business Representative



## Board Communication

Date: October 7, 2021  
To: Board Members  
From: Tony R. Russell, Director, Board Services/ Authority Clerk  
Subject: Business and Travel Expense Reimbursement Reports for Board Members, President/CEO, Chief Auditor and General Counsel When Attending Conferences, Meetings, and Training at the Expense of the Authority

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Authority Policy 3.30 (3)(b) and (4) require that travel and business expense reimbursements of Board Members, the President/CEO, the Chief Auditor and the General Counsel be approved or pre-approved by the Executive Committee and presented to the Board for its information at its next regularly scheduled meeting.

On August 23, 2021, the Executive Committee pre-approved set dollar amounts for routine, in-town business expenses to be used during Fiscal Year 2021 for the President/CEO, General Counsel and Chief Auditor as authorized in Policy 3.30(3)(b)(i)(C).

The attached reports are being presented to comply with the requirements of Policy 3.30.

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY  
OUT-OF-TOWN TRAVEL REQUEST**

**GENERAL INSTRUCTIONS:**

- A. All out-of-town travel requests must conform to applicable provisions of [Policy 3.30](#).
- B. Once traveler completes form, submit to the traveler's Administrator for approval (for Board Members, President/CEO, General Counsel and Chief Auditor, Administrator is Board Executive Committee).

**TRAVELER INFORMATION:**

Traveler Name: Kimberly J. Becker Department: Executive, BU6  
 Position:  Board Member  President/CEO  General Counsel  Chief Auditor  
 All Other Authority Employees

DATE OF REQUEST: 08/20/2021 DATE OF DEPARTURE/RETURN: 11/29/2021 / 11/30/2021

**DESTINATION / BUSINESS PURPOSE:**

Destination: Seattle, WA Business Purpose: Alaska Airlines Headquarters Visit

**PROJECTED OUT-OF-TOWN TRAVEL EXPENSES:**

A. Transportation Costs:	
• Airfare <input checked="" type="checkbox"/> <i>check box for business class or equivalent (international only)</i>	\$ <u>400.00</u>
• Rental Car	\$ _____
• Other Transportation (Taxi, TNC, Train, Bus)	\$ <u>50.00</u>
• Auto (Gas, Parking/Tolls, Mileage)	\$ _____
B. Lodging	\$ <u>\$250.00</u>
C. Meals and Incidental Expenses (Per Diem)	\$ <u>100.00</u>
D. Seminar and Conference Fees	\$ _____
E. Entertainment	\$ _____
<b>TOTAL PROJECTED TRAVEL EXPENSES</b>	<b>\$ <u>800.00</u></b>

**CERTIFICATION BY TRAVELER**

By my signature below, I certify the following:

1. The above-listed projected out-of-town travel expenses conform to Policy 3.30, are reasonable and directly related to Authority business; and
2. I have attended training regarding my responsibilities pursuant to Policy 3.30 within the past two years.

Travelers Signature:  Date: Aug 20, 2021

**CERTIFICATION BY ADMINISTRATOR** (If Administrator is Executive Committee, Clerk certifies below.)

By my signature below, I certify the following:

1. I have reviewed this out-of-town travel request and made inquiries to determine that the out-of-town travel and identified expenses are directly related to and necessary for the advancement of the Authority's business and reasonable in comparison to the anticipated benefits to the Authority; and
2. I have attended training regarding my responsibilities pursuant to Policy 3.30 within the past two years.

Administrator's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**AUTHORITY CLERK CERTIFICATION ON BEHALF OF EXECUTIVE COMMITTEE**

I, \_\_\_\_\_, (Name of Clerk) certify that this document was approved by the Executive Committee at its \_\_\_\_\_ meeting. (Meeting Date)

## Casey Diane

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**From:** D'Amico Brian  
**Sent:** Friday, August 20, 2021 10:28 AM  
**To:** Brown Hampton; Casey Diane  
**Cc:** Hawthorne Cynthia; Platt Robyn  
**Subject:** RE: SAN HQ Visit

Hi Di – we got confirmation from Alaska for an HQ visit. Can you please reserve November 29 -30 on Kim's calendar. Plan would be to fly up morning of 11/29, meet with Alaska 1400- 1530 in the afternoon, and then ask them out to dinner. We would return morning of 11/30.

Thanks,  
Brian

**From:** Brown Hampton <[hbrown@san.org](mailto:hbrown@san.org)>  
**Sent:** Friday, August 20, 2021 10:24 AM  
**To:** D'Amico Brian <[bdamico@san.org](mailto:bdamico@san.org)>  
**Cc:** Hawthorne Cynthia <[chawthor@san.org](mailto:chawthor@san.org)>; Platt Robyn <[rpplatt@san.org](mailto:rpplatt@san.org)>  
**Subject:** Re: SAN HQ Visit

Let's put a hold for these dates on her calendar via Di

Best regards,  
H

On Aug 20, 2021, at 10:18, D'Amico Brian <[bdamico@san.org](mailto:bdamico@san.org)> wrote:

Hi Hampton,

Please see below confirmation from Alaska Airlines on an HQ visit for the afternoon on November 29. Did we want to treat them to a dinner? We could fly up either on the 7AM or 850AM departures arriving 10:10 / noon into SEA. Our meeting is at 1400. We could then invite them to dinner and depart morning of 30<sup>th</sup>? Does that work to propose to Kim?

Thanks,  
Brian

**From:** Kevin Lemme <[Kevin.Lemme@alaskaair.com](mailto:Kevin.Lemme@alaskaair.com)>  
**Sent:** Friday, August 20, 2021 9:22 AM  
**To:** D'Amico Brian <[bdamico@san.org](mailto:bdamico@san.org)>  
**Cc:** Platt Robyn <[rpplatt@san.org](mailto:rpplatt@san.org)>  
**Subject:** RE: SAN HQ Visit

Brian – All set for 29/Nov 1400-1530, attendees as follows:

1400-1530

Mike Britman, Director Network

David Carlisle, Manager Network  
Mike Ostler, Director Scheduling  
Kevin Lemme, Principal Network Strategy  
Joost Vlek, Manager Airport Affairs

1400-1500

Brett Catlin, VP Network + Alliances  
Shane Jones, VP Airport Affairs

1430-1500

Andrew Harrison, EVP and CCO

**From:** D'Amico Brian <[bdamico@san.org](mailto:bdamico@san.org)>  
**Sent:** Thursday, August 19, 2021 15:46  
**To:** Kevin Lemme <[Kevin.Lemme@alaskaair.com](mailto:Kevin.Lemme@alaskaair.com)>  
**Cc:** Platt Robyn <[rplatt@san.org](mailto:rplatt@san.org)>  
**Subject:** RE: SAN HQ Visit

**[EXTERNAL SENDER]**

Hey Kevin,

We'll check internally to make sure we have the gate and schedule info we needed and get back to you, our ops guy who's been collecting that is on PTO right now.

We had selected dates that ourselves, Kim and Hampton could attend. So it would be the four of us. A good representation from your full team would be appreciated in that instance 😊.

Hope that helps.

Thanks,  
Brian

**From:** Kevin Lemme <[Kevin.Lemme@alaskaair.com](mailto:Kevin.Lemme@alaskaair.com)>  
**Sent:** Thursday, August 19, 2021 3:38 PM  
**To:** D'Amico Brian <[bdamico@san.org](mailto:bdamico@san.org)>  
**Cc:** Platt Robyn <[rplatt@san.org](mailto:rplatt@san.org)>  
**Subject:** RE: SAN HQ Visit

Brian – good to hear from you.

Follow-up on my end, did planning provide you the gate stuff you had needed? I thought they had closed the loop.

Looking at dates, trying to gauge audience to invite. Will it be you two, is Kim going to join? Others?

Best,  
Kevin

**From:** D'Amico Brian <[bdamico@san.org](mailto:bdamico@san.org)>  
**Sent:** Thursday, August 19, 2021 11:53  
**To:** Kevin Lemme <[Kevin.Lemme@alaskaair.com](mailto:Kevin.Lemme@alaskaair.com)>

**Cc:** Platt Robyn <[rplatt@san.org](mailto:rplatt@san.org)>  
**Subject:** SAN HQ Visit

**[EXTERNAL SENDER]**

Hi Kevin,

Hope all is well and that you've been able to enjoy the summer since Routes Americas in Orlando. We know we discussed a Fall HQ visit at that time so wanted to follow up on that and see if possibly November 29 or 30 or December 6 or 7 could work for you guys? Let us know. We'd love to set a date to come up ahead of finalizing Summer 2022 plans.

Best,  
Brian

**Brian D'Amico**

**Program Manager, Air Service Development**

**Office** 619.400.2872

[bdamico@san.org](mailto:bdamico@san.org)

**SAN.ORG**

<image001.jpg>



# FY 2021 Per Diem Rates for Seattle, Washington

Meals & Incidentals (M&IE) Breakdown

Primary Destination	County	M&IE Total	Continental Breakfast/Breakfast	Lunch	Dinner	Incidental Expenses	First & LastDay of Travel
Seattle	King	\$76	\$18	\$19	\$34	\$5	\$57.00