

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
EXECUTIVE/FINANCE COMMITTEE MINUTES
MONDAY, OCTOBER 26, 2009
SAN DIEGO INTERNATIONAL AIRPORT
BOARD ROOM**

CALL TO ORDER

Chairperson Watkins called the regular meeting of the Executive/Finance Committee and special Board Meeting to order at 9:00 a.m., Monday, October 26, 2009, in the Board Room of the San Diego International Airport, Commuter Terminal, 3225 N. Harbor Drive, San Diego, CA 92101.

PLEDGE OF ALLEGIANCE

Board Member Panknin led the Pledge of Allegiance.

ROLL CALL

Executive Committee

Present:	Committee Members:	Finnila, Watkins, Young
Present:	Board Members:	Boland, Desmond, Smisek
Absent:	Committee Members:	None

Finance Committee

Present:	Committee Members:	Gleason, Panknin, Watkins, Young
Absent:	Committee Members:	Sheehy (Ex-Officio)
Absent:	Committee Members:	None

Also Present: Thella F. Bowens, President/CEO; Breton Lobner, General Counsel; Tony R. Russell, Director, Corporate Services/Authority Clerk; Sara Real, Assistant Authority Clerk I

PUBLIC COMMENT – None

NEW BUSINESS

1. APPROVAL OF MINUTES:

Board Member Gleason requested that the minutes be amended to reflect that the delegation of authority to invest and manage funds be determined on a fiscal year basis.

RECOMMENDATION: Approve the minutes of the September 25, 2009 Special Committee Meeting.

ACTION: Moved by Board Member Finnila and seconded by Board Member Young to approve the minutes of the September 25, 2009 Special Committee meeting as amended. Motion carried unanimously.

FINANCE COMMITTEE NEW BUSINESS

2. REVIEW OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2009:

Vernon Evans, Vice President, Finance/Treasurer, provided a presentation on the Unaudited Financial Statements for the Three Months Ended September 30, 2009, which included the Economic Update, Employment Lags, Business Cycles, Leading Indicators, Enplanements, Gross Landing Weight Units, Airport Parking Transactions, Car Rental License Fees, Balance Sheets – Unaudited, Liabilities and Net Assets, Operating Revenues for the Three Months Ended September 30, 2009, Financial Summary, and Nonoperating Revenues for the Three Months Ended September 30, 2009.

Thella F. Bowens, President/CEO, stated that while the first quarter numbers are very positive, the winter months are typically slow, and she stated that staff will continue to be diligent in managing the budget.

RECOMMENDATION: Receive the report.

3. REVIEW OF THE AUTHORITY'S INVESTMENT REPORT AS OF SEPTEMBER 30, 2009:

Vernon Evans, Vice President, Finance/Treasurer, provided a presentation on the Authority's Investment Report as of August 31, 2009, which included the Portfolio Strategy, Strategy Through Credit Crisis and Economic Downturn, Total Portfolio Summary, Portfolio Composition by Security Type, Portfolio Maturity Distribution, and Benchmark Comparison.

RECOMMENDATION: Receive the report.

4. REVIEW OF THE SUMMARY OF OUTSTANDING COMMERCIAL PAPER:

Vernon Evans, Vice President, Finance/Treasurer, provided a presentation on the summary of outstanding commercial paper.

RECOMMENDATION: Receive the report.

EXECUTIVE COMMITTEE NEW BUSINESS

5. COMPREHENSIVE GROUND TRANSPORTATION MANAGEMENT PLAN UPDATE:

Vernon Evans, Vice President, Finance/Treasurer, and Matt Johnson and Peter Mandall, Jacobs Consultancy, provided an update on the Comprehensive Ground Transportation Management Plan, which included the Study Goals, Supplemental Objectives, Project Process, Tactics Under Consideration, Consolidate Pick-Up/Drop-Off Functions, Consolidate Employee Lot into Pac Hwy, Demand Management Fees, Incentives for alternative Fuel/Shuttle Consolidation, VFH and Taxi Concession Agreement(s), Cost Recovery, Overview of Methodology Used to Calculate Cost-Recovery Fees, FY 2009 Costs of Accommodating Ground Transportation, Cost-Recovery Fee Calculation, Overall Implementation of the 5-Year Plan, and Next Steps.

Board Member Young requested that a list of stakeholders participating in the development of the plan be provided to the Board. He also requested that future presentations include a map showing all the locations of the ground transportation operations.

In response to Board Member Finnila regarding whether the Authority has looked into the cost of employee parking, Thella F. Bowens, President/CEO, stated that it is not included in this study but that staff is looking into this issue internally and increases to employee parking will be phased in over time.

In response to Board Member Gleason regarding the contract renewal with SAN Park, Ms. Bowens stated that the term of the contract has expired and it is currently operating on a month-to-month basis until the Ground Transportation plan is completed and the new provisions will be included in the RFP.

In response to Board Member Gleason regarding the change in the shuttle incentive program, Ms. Shafer-Payne stated that the draft of the plan will be presented to the Board in December, and hopes to be in place by January.

Chairperson Watkins stated that he would like to see more revenue enhancing options being presented. He also stated that any policy developed should be the same for all transport.

Board Member Gleason stated that revenue must be driven in a fair, market-based way. He urged staff to provide alternatives that have flexibility and options.

Board Member Desmond noted that generating revenue should not be the only factor, and that it is important that customer service levels do not decrease. He also suggested that staff look into any potential job losses.

Board Member Panknin spoke in opposition to the proposed cost recovery fee. He also spoke in support of hotel shuttle routes being consolidated.

Board Member Gleason stated that he would like to see a concession-type of agreement for taxicabs and vehicles for hire. He further stated that he would like to see how independent operators are addressed. He also stated that it is imperative that presentations are received in advance of the meeting.

JOSEPH TEWOLDE, NATIONAL CITY, spoke in support of the recommendations of the ground transportation consultants.

MICHEL ANDERSON, SAN DIEGO, spoke in support of the Board adopting a ground transportation plan. He also expressed concern regarding the timeline for implementation and the allocated share.

MICHAEL ARDELT, SAN DIEGO, urged the Board to not support the pre-trip fee. He stated that hotels do not have dwell times.

SHAHID KAYANI, SAN DIEGO, stated that if a fee is implemented for ground transportation vehicles, it will discourage hotels from providing courtesy shuttles.

NAMARA MERCER, SAN DIEGO, reminded the Board that hotels benefit airports, and that no fees are collected from the customers.

CARELYN REYNOLDS, SAN DIEGO, spoke in support of permit fees and to not implement the AVI system. She also spoke in opposition to concession fees.

RICK EDDY, SAN DIEGO, expressed concern about fee allocation, and questioned why no traffic study has been conducted.

ADRIAN KWIATKOWSKI, SAN DIEGO, questioned the allocation of the costs and stated that SAN Park is a direct competitor with all other parking lots.

KAMRAN HAMIDI, SAN DIEGO, stated that many stakeholders are not included in the process. He requested to provide a presentation to the Board at the November 5 meeting.

RECOMMENDATION: Receive the update.

ACTION: No action taken.

6. CONCESSION DEVELOPMENT PROGRAM UPDATE:

Vernon Evans, Vice President, Finance/Treasurer, and Bhavesh Patel, Real Estate Manager, provided a presentation on the Concession Development Program, which included Lines of Business – Existing Program, Impact on Airport Revenues, Key Terms and Dates, Route Structure, Passenger Demographics, Passengers Who Purchased Food & Beverage, Passengers Who Purchased Retail, Examples of Concession Concept Categories, Vision Statement, Goals and Objectives, Business Strategy, Design Strategy, Optimal Sizing/Demand Analysis, Program Magnitude, and Proposed Schedule Overview.

Board Member Finnila suggested that food and beverage options should be located near the gates for convenience.

Board Member Boland suggested marketing any new restaurant in the community.

Chairperson Watkins noted that 68% of passengers are not using retail, and questioned how to get their business. He questioned if staff is integrating the suggestion of potential concessionaires into the design of the spaces.

Thella F. Bowens, President/CEO, stated that as the program becomes more refined, staff will be proposing a model that will give the Authority more control over the spaces as a business.

Kent Vanden Oever, AirProjects Inc., provided a presentation on Concession Management Evaluation of Approaches, which included Direct Leasing, Master Concessionaire, Multiple Prime Operators, Fee Manager, Private Developer, Hybrid, Top 30 Airports by Sales per Enplanement, Rating Matrix, Benefit/Cost Overview, Short listing Process, Refined Analysis, Preferred Management Approach, and Implementation Needs.

Chairperson Watkins left the dais at 11:40 a.m.

In response to Board Member Desmond regarding increasing staff and airport infrastructure to accommodate this program, Ms. Bowens stated that an increase in staff will be needed but the costs have been budgeted.

In response to Board Member Boland regarding the legal exposures of the hybrid approach to concession management, Mr. Patel stated that the FAA regulation CFR Part 23 prohibits airports from entering into long term exclusive contracts.

Pat Wright, Manager, Small Business Development, provided a presentation on the Opportunities Awareness & Education Plan, which included Local Outreach, Advertising – Local, Outreach Agencies – Local, Chambers and Trade Groups, Briefing Package, Workshops/Classes/Fairs, National Outreach, Trade Groups, Conferences & Conventions, and the San Diego International Airport Concessions Development Program Timetable.

Board Member Young questioned what percentage of the budget is used for advertising in the larger publications versus smaller community publications. He also questioned which model would give the best opportunities to small businesses. Mr. Patel stated that he would research and provide the information to the Board.

In response to Vice Chair Finnila regarding if the same local definition would be used that is being applied to the Terminal Development Program, Breton Lobner, General Counsel, stated that Part 23 prohibits using a preference for local business.

RECOMMENDATION: Receive the update.

ACTION: No action taken.

7. DISCUSSION REGARDING THE PROPOSED 2010 MASTER CALENDAR OF BOARD AND COMMITTEE MEETINGS:

Tony Russell, Director, Corporate Services/Authority Clerk, provided an overview of the proposed 2010 Master Calendar.

Thella F. Bowens, President/CEO, suggested that the Board consider adopting a policy on when meeting dates can be changed.

Board Member Smisek noted that the February 2010 Board Retreat dates conflicts with the President's Day holiday.

RECOMMENDATION: Provide direction to staff and forward the calendar to the Board for acceptance.

ACTION: Moved by Board Member Finnila and seconded by Board Member Young to forward this item to the Board for acceptance. Motion carried unanimously, noting Board Member Watkins as ABSENT.

REVIEW OF FUTURE AGENDAS

8. REVIEW OF THE DRAFT AGENDA FOR THE NOVEMBER 5, 2009 BOARD MEETING:

Thella F. Bowens, President/CEO, provided an overview of the draft agenda for the November 5, 2009 Board Meeting.

Regarding Item 13, amendment to Policy 5.12 regarding Small Business Preference, Board Member Desmond questioned what percentage of San Diego businesses would be used. He stated that a number needs to be placed on how much San Diego business we can employ.

9. REVIEW OF THE DRAFT AGENDA FOR THE NOVEMBER 5, 2009 AIRPORT LAND USE COMMISSION MEETING:

Thella F. Bowens, President/CEO, provided an overview of the draft November 5, 2009 Airport Land Use Commission meeting agenda.


PRESIDENT/CEO REPORT

COMMITTEE MEMBER COMMENTS

ADJOURNMENT


The meeting was adjourned at 12:47 p.m. The next meeting will be held on November 23, 2009, at 9:00 a.m. in the Board Room at the San Diego International Airport, Commuter Terminal, 3225 N. Harbor Drive, San Diego, CA 92101.

APPROVED BY A MOTION OF THE EXECUTIVE COMMITTEE THIS 23rd DAY OF NOVEMBER, 2009.



TONY R. RUSSELL
DIRECTOR, CORPORATE SERVICES/
AUTHORITY CLERK

APPROVED AS TO FORM:



BRETON K. LOBNER
GENERAL COUNSEL