

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD
MINUTES
THURSDAY, OCTOBER 2, 2008
BOARD ROOM**

CALL TO ORDER:

Chairperson Bersin called the regular meeting of the San Diego County Regional Airport Authority Board to order at 9:03 a.m. Thursday, October 2, 2008, at the San Diego International Airport, Commuter Terminal, 3225 North Harbor Drive, San Diego, CA 92101.

PLEDGE OF ALLEGIANCE: Board Member Desmond led the pledge of allegiance.

ROLL CALL:

PRESENT: Board Members: Bersin, Boland, Desmond, Finnila, Miller, O'Connor (Ex-Officio), Orso-Delgado (Ex-Officio), Panknin, Watkins, Young, Zettel

ABSENT: Board Members: None

ALSO PRESENT: Thella F. Bowens, President/CEO; Breton K. Lobner, General Counsel; Tony R. Russell, Director, Corporate Service/Authority Clerk; Sara Real, Assistant Authority Clerk I

Board Member Young arrived during the course of the meeting.

PUBLIC COMMENT:

KEVIN FAULCONER, SAN DIEGO, stated that he had attended two recent Airport Authority outreach sessions in his district, and he voiced his opposition to the proposed parking structure included in the Terminal Development Program. He also expressed concern regarding the proposed AVI trip charge.

CONSENT AGENDA:

Board Member Finnila requested that Item 9 be pulled from the consent agenda for discussion.

ACTION: Moved by Board Member Boland and seconded by Board Member Desmond to approve the Consent Agenda as amended. Motion carried by the following vote: YES – Bersin, Boland, Desmond, Finnila, Miller, Panknin, Watkins, Zettel; NO – None; ABSENT – Young. (Weighted Vote Points: YES – 87; NO – 0; ABSENT – 13)

1. **APPROVAL OF MINUTES:**
RECOMMENDATION: Approve the minutes of the September 4, 2008 regular meeting.
2. **APPOINTMENTS TO THE AIRPORT ADVISORY COMMITTEE:**
RECOMMENDATION: Adopt Resolution No. 2008-0129, approving the appointment of Mike Cully, Brad Gessner, Kenneth Curry, Timothy Hutter and Sharon Cooney as members of the Airport Advisory Committee.
3. **OCTOBER 2008 LEGISLATIVE REPORT:**
RECOMMENDATION: Adopt Resolution No. 2008-0130, approving the October Legislative Report.
4. **ACCEPTANCE OF BOARD MEMBERS WRITTEN REPORTS ON THEIR ATTENDANCE AT APPROVED MEETINGS:**
RECOMMENDATION: Accept the report.

CLAIMS

5. **RESOLUTION AUTHORIZING THE REJECTION OF THE CLAIMS OF PAMELA SENG AND CHRISTINA SENG:**
RECOMMENDATION: Adopt Resolution No. 2008-0131, authorizing the rejection of the claims of Pamela Seng and Christina Seng.

COMMITTEE RECOMMENDATIONS

6. **FISCAL YEAR 2008 – ANNUAL REPORT FROM THE AUDIT COMMITTEE:**
RECOMMENDATION: The Audit Committee recommends that the Board receive the report.
7. **REVISION TO THE FISCAL YEAR 2009 AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:**
RECOMMENDATION: The Audit Committee recommends that the Board receive the report.

CONTRACTS AND AGREEMENTS

8. **AWARDED CONTRACTS, APPROVED CHANGE ORDERS FROM AUGUST 4, 2008 THROUGH SEPTEMBER 7, 2008 AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM AUGUST 4, 2008 THROUGH SEPTEMBER 7, 2008:**
RECOMMENDATION: Receive the report.

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

9. **AUTHORIZE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE A LETTER OF CREDIT WITH A FINANCIAL INSTITUTION TO FUND THE BONDING AND CONTRACT FINANCING ASSISTANCE PROGRAM:**
ACTION: This item was pulled from the Consent Agenda for discussion.

10. **AWARD A CONSTRUCTION CONTRACT TO S&L SPECIALTY CONTRACTING, INC., FOR QUIETER HOME PROGRAM PHASE 4, GROUP 2, PROJECT NO. 380402:**
RECOMMENDATION: Adopt Resolution No. 2008-0133, awarding a construction contract to S&L Specialty Contracting, Inc., in the amount of \$2,158,550.00, for Phase 4, Group 2, Project No. 380402, of the San Diego County Regional Airport Authority's Quieter Home Program.

11. **AWARD A CONSTRUCTION CONTRACT TO KOCH CORPORATION FOR QUIETER HOME PROGRAM PHASE 4, GROUP 3, PROJECT NO. 380403:**
RECOMMENDATION: Adopt Resolution No. 2008-0134, awarding a construction contract to Koch Corporation in the amount of \$1,410,428.00 for Phase 4, Group 3, Project No. 380403, of the San Diego County Regional Airport Authority's Quieter Home Program.

Board Member Young arrived at 9:20 a.m.

ITEM PULLED FROM THE CONSENT AGENDA FOR DISCUSSION:

9. **AUTHORIZE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE A LETTER OF CREDIT WITH A FINANCIAL INSTITUTION TO FUND THE BONDING AND CONTRACT FINANCING ASSISTANCE PROGRAM:**
In response to Board Member Finnilla regarding how many companies have been supported using the Letter of Credit, Bob Silvas, Director, Small Business Development, stated that this is a new program which was approved by the Board, and this is the first Letter of Credit to be implemented.

Chairperson Bersin expressed concern about the risk of default.

Ingrid Merriwether, Merriwether & Williams Insurance Services, stated that her firm has been administering letters of credit for public entities since 1995. She stated that within those 13 years, there has only been one incident of default. She stated that there are a number of risk management procedures in place, such as dual underwriting and third party funds administration.

Thella F. Bowens, President/CEO, noted that this contract was brought forward to open up additional opportunities for small businesses that could otherwise not meet the Authority's bonding requirements.

RECOMMENDATION: Adopt Resolution No. 2008-0132, authorizing the President/CEO to negotiate and execute a Letter of Credit in an amount not to exceed four million dollars (\$4,000,000) with a financial institution, to be used as collateral supporting the issuance of Letters of Credit to bonding companies and lending institutions on behalf of contractors participating in the Bonding and Contract Financing Assistance Program.

ACTION: Moved by Board Member Panknin and seconded by Board Member Zettel to approve staff's recommendation. Motion carried by the following vote: YES – Bersin, Boland, Desmond, Finnila, Miller, Panknin, Watkins, Young, Zettel; NO – None; ABSENT – None. (Weighted Vote Points: YES – 100; NO – 0; ABSENT – 0)

Board Member Finnila stated that she hoped this would go through the Finance Committee.

In response to Chairperson Bersin regarding Item 3, Legislative Report, Michael Kulis, Director, Inter-Governmental Relations, stated that Senate Bill 1510, which cleaned up some minor technicalities in Senate Bill 10, was signed by the Governor.

PUBLIC HEARINGS: None

OLD BUSINESS: None

NEW BUSINESS:

12. AUTHORIZE THE PRESIDENT/CEO TO NEGOTIATE THE TERMS AND CONDITIONS FOR TWO DESIGN-BUILD CONTRACTS FOR: 1) TERMINAL 2 WEST BUILDING AND AIRSIDE EXPANSION AND 2) TERMINAL 2 ELEVATED DEPARTURE CURB / TRANSIT PLAZA / PARKING GARAGE AND LANDSIDE MODIFICATIONS AT SAN DIEGO INTERNATIONAL AIRPORT:

Steve Cornell, Director, Terminal Development Program, and Bryan Enarson, Vice President, Development, provided a presentation on the Terminal Development Program (TDP) Design-Build Selection, which included a Program Overview, Selection Process, No. 1 Teams, and a TDP Briefing. He stated that the No. 1 team for Contract 1 is Turner Construction Company, PCL Construction Services, Inc., Flatiron Construction, and HNTB; and that the No. 1 team for Contract 2 is Kiewit Pacific, Sundt Construction, Inc., Austin Commercial LP, and URS.

In response to Chairperson Bersin regarding how this fits into Destination Lindbergh, Thella F. Bowens, President/CEO, stated that the Memorandum of Agreement with the City of San Diego and SANDAG states that all construction would be deferred on Master Plan projects until after February 28, 2009, when Destination Lindbergh is scheduled to conclude. She stated that this action will not jeopardize any work done by the Ad Hoc Airport Regional Policy Committee.

JAMIE AWFORD, SAN DIEGO, Turner Construction, spoke in support of staff's recommendation.

MIKE LOWE, SAN DIEGO, Kiewit Pacific Construction, spoke in support of staff's recommendation.

Board Member Young questioned if the teams selected would be utilizing San Diego based firms.

Mr. Awford stated that his firm has a community outreach program in place, reaching out to woman-, minority-, and veteran-owned businesses.

Ms. Bowens stated that Bob Silvas, Director, Small Business Development, would be very involved with the contract negotiations and the outreach program.

In response to Board Member Young, Mr. Lowe stated that his firm will be employing a small business administrator, and that they are planning to conduct workshops to encourage small business participation. He stated that his firm has been doing business in San Diego for 20 years and his staff is familiar with the subcontracting culture. He further stated that he plans to shrink some of the work packages to make them more available for small businesses.

Board Member Young stated that the Board must be very diligent when the contracts are awarded to ensure opportunities are given to small businesses within the community.

In response to Board Member Finnilla's suggestion that the Authority tell the citizens why it is moving forward with this project, Ms. Bowens stated that projections show that as early as next year, passenger traffic will begin to increase. She stated that today the Authority is already behind four or five gates to accommodate passenger traffic.

In response to Board Member Miller regarding the definition of design-build, Mr. Cornell stated that design-build is where there is one contract with a design-build firm who has responsibility to design and build the project. He stated that this process provides the shortest duration to complete the project.

Board Member Watkins expressed disappointment that there wasn't one local firm recommended as the prime contractor. He stated that the Authority should ensure that local contractors are used and that it's important for economic development.

RECOMMENDATION:

Adopt Resolution No. 2008-0135, authorizing the President/CEO to negotiate the terms and conditions for a Design-Build Contract for Terminal 2 West Building and Airside Expansion at San Diego International Airport; and

Adopt Resolution No. 2008-0136, authorizing the President/CEO to negotiate the terms and conditions for a Design-Build Contract for Terminal 2 Elevated Departure Curb / Transit Plaza / Parking Garage and Landside Modifications at San Diego International Airport.

ACTION: Moved by Board Member Miller and seconded by Board Member Watkins to approve staff's recommendation. Motion carried by the following vote: YES – Bersin, Boland, Desmond, Finnila, Miller, Panknin, Watkins, Young, Zettel; NO – None; ABSENT – None. (Weighted Vote Points: YES – 100; NO – 0; ABSENT – 0)

13. AUTHORIZE THIRD AMENDMENT TO THE AGREEMENT WITH DMJM AVIATION:

Iraj Ghaemi, Director, Facilities Development, provided a presentation on the third amendment to the agreement with DMJM, which included the Background, Cumulative Budget vs. Expenditures, FDD Airport Baseline Analysis, and Action Requested.

In response to Board Member Zettel in regards to why this amendment is so large compared to the initial contract amount of \$750,000, Mr. Ghaemi stated that the initial contract was only for the first two months to allow transition from the previous program management firm.

In response to Board Member Young regarding why this contract was never put to bid, Breton Lobner, General Counsel, stated that State statutes prohibit bidding on certain types of contracts, such as architects and consultants.

Thella F. Bowens, President/CEO, stated that a competitive process was used and DMJM was selected. She stated that DMJM staff replaces the need for the Authority to hire permanent staff, which reduces costs and provides flexibility.

Board Member Finnila requested that a matrix be developed, outlining and clarifying the various costs associated with contracts and their amendments and included with future reports of this nature.

RECOMMENDATION: Adopt Resolution No. 2008-0137, authorizing the third amendment to fund the DMJM agreement to provide Program Management/Construction Management services in support of the Airport's Capital Improvement Program, Major Maintenance Program, Quieter Home Program, and Terminal Development Program, increasing the current agreement amount of \$37,800,000 by \$38,700,000 for a new total agreement amount not-to-exceed \$76,500,000.

ACTION: Moved by Board Member Panknin and seconded by Board Member Finnila to approve staff's recommendation. Motion carried by the following vote: YES – Bersin, Boland, Desmond, Finnila, Miller, Panknin, Watkins, Young, Zettel; NO – None; ABSENT – None. (Weighted Vote Points: YES – 100; NO – 0; ABSENT – 0)

15. **ANNUAL RENEWAL OF THE EMPLOYEE BENEFIT PROGRAM:**
Jeff Lindeman, Director, Human Resources, and Sue Ebner, Mercer, provided a presentation on the Annual Renewal of the Employee Benefit Program, which included the Objective, Cost Containment, Authority's Utilization, Claims Compared to Fixed Costs, Authority's Claims, Strategy, Consumerism, Renewal Process, and the Proposed Plan for 2009.

In response to Board Member Finnila regarding health risk assessment methods, Mr. Lindeman stated that the provider will conduct screenings and then aggregate the data.

RECOMMENDATION: The Executive Personnel and Compensation Committee recommend that the Board adopt Resolution No. 2008-0138, approving the renewal of the employee benefit program.

ACTION: Moved by Board Member Watkins and seconded by Board Member Finnila to approve staff's recommendation. Motion carried by the following vote: YES – Bersin, Boland, Desmond, Finnila, Miller, Panknin, Watkins, Young, Zettel; NO – None; ABSENT – None. (Weighted Vote Points: YES – 100; NO – 0; ABSENT – 0)

The Board recessed at 10:53 a.m. and reconvened at 11:10 a.m.

14. DISCUSSION OF PROPOSED DRAFT MEMORANDUM OF UNDERSTANDING BY AND BETWEEN CALIFORNIA HIGH-SPEED RAIL AUTHORITY, SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS, SAN DIEGO ASSOCIATION OF GOVERNMENTS, SAN BERNARDINO ASSOCIATED GOVERNMENTS, RIVERSIDE COUNTY TRANSPORTATION COMMISSION, AND SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY FOR PREPARATION OF STUDIES FOR THE LOS ANGELES TO SAN DIEGO VIA RIVERSIDE PROPOSED HIGH-SPEED PASSENGER RAIL CORRIDOR AND THE REGIONAL AIR-RAIL NETWORK:

Ted Anasis, Manager, Airport Planning, and Linda Culp, Senior Transportation Planner, SANDAG, provided a presentation on the Memorandum of Understanding (MOU) with SANDAG for High-Speed Rail Studies, which included a RASP/AMAP Update, and a detailed explanation of the terms of the MOU.

In response to Board Member Watkins regarding the outcome if the high speed rail bill is not approved on November 4, 2008, Ms. Culp stated that in that event, this particular study would have to be scaled back.

In response to Board Member Boland regarding how this project will be funded, Ms. Culp stated that it is funded by the High Speed Rail Authority.

RECOMMENDATION: Receive the briefing on the proposed MOU with SANDAG and other agencies related to studies for the High-Speed Rail.

ACTION: No action taken.

16. STAFF BRIEFING ON GROUND TRANSPORTATION AND OPERATIONS:

Vernon Evans, Vice President, Finance/Treasurer, provided a presentation on the Comprehensive Ground Transportation Management Plan, which included Airport Parking Services, Airport Parking Issues, Shuttle, Limousine and Taxicab Service, Taxicab & Shuttle Issues, and the Comprehensive Ground Transportation Management Plan.

Board Member Watkins noted that hiring a consultant does not add the intimate knowledge needed to understand this issue. He suggested that the staff member assigned to this project be extremely involved and do as much of the work as possible to investigate the issue. He further requested that he be informed of all decisions on this issue.

Chairperson Bersin suggested that a workshop be scheduled to discuss this issue. He stated that the issue is complicated and it needs to be looked at comprehensively. He further stated that a set of principles need to be devised for the Board to consider.

Thella F. Bowens, President/CEO, requested that staff look into this issue further before scheduling a workshop.

RECOMMENDATION: Receive the report and provide direction to staff.

ACTION: No action taken.

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

CITIZEN COMMITTEES

STANDING BOARD COMMITTEES

- **AUDIT COMMITTEE:**
None
- **EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE:**
Board Member Watkins noted that the Executive Personnel and Compensation Committee met on October 1 to discuss the evaluation process for the Executive employees, and to receive an update on Union negotiations.
- **FINANCE COMMITTEE:**
None

LIAISONS

- **AIRPORT MULTI-MODAL ACCESSIBILITY PLAN:**
None
- **MILITARY AFFAIRS LIAISONS:**
Board Member Boland stated that he had an informal meeting with officials at the Marine Corps Recruit Depot on the Gate 5 issues.
- **RASP LIAISONS:**
None
- **TERMINAL DEVELOPMENT PROGRAM:**
None
- **AVIATION TECHNOLOGICAL ADVANCES:**
None

BOARD REPRESENTATIVES

- **AD HOC AIRPORT REGIONAL POLICY COMMITTEE:**
None
- **SANDAG TRANSPORTATION COMMITTEE REPRESENTATIVE:**
Board Member Young stated that he attended the last SANDAG Meeting, and the request for a seat for the Airport Authority was well received. He stated that the members questioned whether the seat would be voting or ad hoc. He stated that an ad hoc seat would give the Authority the ability to have a free discussion, rather than just making a presentation or giving public comment.
- **SCAG AVIATION TASK FORCE:**
None
- **CALTRANS:**
None

PRESIDENT/CEO REPORT:

About the Airport
Destination Lindbergh: The Ultimate Build Out
Terminal Development Program
Regional Aviation Strategic Plan
Public Outreach and Communication
International Air Service
City/SANDAG/Port Collaboration

Thella F. Bowens, President/CEO, reported on the volatility of the financial markets. She stated that she attended the Airport Council International (ACI) Annual Conference, and the focus was on sustainability. She stated that many new standards on air service are being developed within the industry pertaining to sustainability. She reported that she was elected to the Executive Committee of Airports Council International North America as Secretary/Treasurer.

Brent Buma, Vice President, Marketing & Communications, stated that although the aviation forecast is a 9% reduction in capacity and seats, he expects the airport to finish the year even or slightly under. He stated that air carriers are still looking for opportunities, and that Allegiant Air will begin air service out of San Diego next year.

Vernon Evans, Vice President, Finance/Treasurer, provided a report on how the Airport has been affected by the economic issues. He stated that regarding Authority investments, the Authority had money invested with the Primary Reserve Fund, whose Net Asset Value recently dropped dramatically. He stated that efforts are being made to liquidate those monies. He further stated that with regard to the Commercial Paper Program, the Authority currently has \$84 million outstanding. He stated that the options for handling upcoming maturities are currently being discussed with the Financial Advisor.

CLOSED SESSION: The Board recessed into Closed Session at 12:03 p.m. to discuss Items 17, 18, 19, 20, 24, 25 and 26.

17. **PUBLIC EMPLOYEE PERFORMANCE EVALUATION:**
(Government Code Section 54957):
Title: General Counsel
18. **PUBLIC EMPLOYEE PERFORMANCE EVALUATION:**
(Government Code Section 54957):
Title: Chief Auditor
19. **PUBLIC EMPLOYEE PERFORMANCE EVALUATION:**
(Government Code Section 54957):
Title: President/CEO
20. **CONFERENCE WITH LABOR NEGOTIATOR:**
Labor negotiations pursuant to Cal. Gov. Code §54957.6.
Authority Designated Negotiators: Thella F. Bowens, President/CEO and Jeffrey Woodson, Vice President, Administration.
Employee Organization: Teamsters 911.
21. **CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION:**
Initiation of litigation pursuant to Cal. Gov. Code §54956.9(c).
Number of potential cases: 1 (Nazbest-Pacific).
22. **CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION:**
Initiation of litigation pursuant to Cal. Gov. Code §54956.9(c).
Number of potential cases: 1 (Galaxy).
23. **CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION:**
Initiation of litigation pursuant to Cal. Gov. Code §54956.9(b) and (c).
Number of potential cases: 1 (Contract matter – Soltec Pacific).
24. **CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION:**
Significant exposure to litigation pursuant to 54956.9(b)(A),(B) and (E):
Memorandum of Agreement with SANDAG and the City of San Diego
Number of potential cases: 1

- 25. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:**
Real property negotiations pursuant to Cal. Gov. Code §§54954.5(b) and §54956.8.
Property: 2790 Truxtun Road San Diego, CA 92106
Agency Negotiators: Vernon D. Evans, Vice President, Finance/Treasurer and Eric Podnieks, Real Estate Manager.
Negotiating Parties: Davles, LLC
Under Negotiation: Lease and/or Purchase agreement – terms of payment, conditions, and price.
- 26. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:**
Real property negotiations pursuant to Cal. Gov. Code §§54954.5(b) and §54956.8.
Property: 1470 Bay Boulevard, Chula Vista, CA 91911
Agency Negotiators: Vernon D. Evans, Vice President, Finance/Treasurer
Negotiating Parties: GGTW, LLC
Under Negotiation: Lease – terms of payment and conditions.

REPORT ON CLOSED SESSION: The Board reconvened into open session at 1:34 p.m. Breton Lobner, General Counsel, reported that in regards to Item 24, the Board directed the President/CEO to take certain actions.

PUBLIC COMMENT: None

GENERAL COUNSEL REPORT:

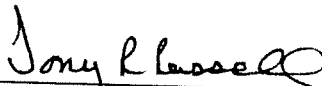
BOARD MEMBER REPORTS ON MEETINGS ATTENDED AT THE EXPENSE OF THE AUTHORITY:

BOARD COMMENT:

ADJOURNMENT:

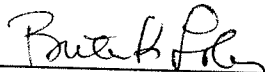
The meeting was adjourned at 1:35 p.m. The next meeting will be held on November 13, 2008 at 9:00 a.m., in the Board Room at the San Diego International Airport, Commuter Terminal, 3225 N. Harbor Drive, San Diego, CA 92101.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD THIS 13th DAY OF NOVEMBER, 2008.



TONY R. RUSSELL
DIRECTOR, CORPORATE SERVICES/
AUTHORITY CLERK

APPROVED AS TO FORM:



BRETON K. LOBNER
GENERAL COUNSEL