

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Board Members

C. April Boling
Chairman

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

BOARD MEETING **AGENDA**

Thursday, October 1, 2020
9:00 A.M. or immediately following the ALUC Meeting

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

Ex-Officio Board Members

Gustavo Dallarda
Col. Charles B. Dockery
Gayle Miller

President / CEO

Kimberly J. Becker

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

Comment on Non-Agenda Items

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

Public comments on agenda items received no later than 8:00 a.m. on the day of the meeting will be distributed to the Board and included in the record.

Comment on Agenda Items

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

- **Step 1:** Fill out the online [Request to Speak Form](#) to speak during the meeting via teleconference. The form must be submitted by 4 p.m. the day before the meeting or by 4:00 p.m. the Friday before a Monday meeting. After completing the form, you'll get instructions on how to call in to the meeting.
- **Step 2:** Watch the meeting via the Webcast located at the following link, <https://www.san.org/Airport-Authority/Meetings-Agendas/Authority-Board?EntryId=13363>

- **Step 3:** When the Board begins to discuss the agenda item you want to comment on, call in to the conference line, you will be placed in a waiting area. ***Please do not call until the item you want to comment on is being discussed.***
- **Step 4:** When it is time for public comments on the item you want to comment on, Authority Clerk staff will invite you into the meeting and unmute your phone. Staff will then ask you to state your name and begin your comments.

You may also view the meeting online at the following link: <https://www.san.org/Airport-Authority/Meetings-Agendas/Authority-Board?EntryId=13363>

REQUESTS FOR ACCESSIBILITY MODIFICATIONS OR ACCOMMODATIONS

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

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

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

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

CALL TO ORDER:

ROLL CALL:

PRESENTATIONS:

A. CONCESSION MANAGEMENT APPROACH SOLICITATIONS:

Presented by Hampton Brown, Interim Vice President, Revenue Generation & Partnership Development and Eric Podnieks, Program Manager, Revenue Generation & Partnership Development

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

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

ADVISORY COMMITTEES

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

LIAISONS

- **CALTRANS:**
Liaison: Dallarda
- **INTER-GOVERNMENTAL AFFAIRS:**
Liaison: Cox
- **MILITARY AFFAIRS:**
Liaison: Dockery
- **PORT:**
Liaisons: Boling (Primary), Cox, Robinson

- **WORLD TRADE CENTER:**
Representatives: Robert H. Gleason

BOARD REPRESENTATIVES (EXTERNAL)

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

CHAIR'S REPORT:

PRESIDENT/CEO'S REPORT:

NON-AGENDA PUBLIC COMMENT:

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

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

CONSENT AGENDA (Items 1 - 12):

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 August 24, 2020 special and September 3, 2020 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.

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

3. **AWARDED CONTRACTS, APPROVED CHANGE ORDERS FROM AUGUST 10, 2020 THROUGH SEPTEMBER 3, 2020 AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM AUGUST 10, 2020 THROUGH SEPTEMBER 3, 2020:**
RECOMMENDATION: Receive the report.
(Procurement: Jana Vargas, Director)
4. **OCTOBER 2020 LEGISLATIVE REPORT:**
RECOMMENDATION: Adopt Resolution No. 2020-0091, approving the October 2020 Legislative Report.
(Government Relations: Matt Harris, Director)
5. **AMEND THE AUTHORITY RECORDS RETENTION SCHEDULE FOR AUTOMATED LICENCE PLATE RECOGNITION (ALPR) DATA:**
RECOMMENDATION: Adopt Resolution No. 2020-0092, authorizing the President/CEO to amend the Authority Record Retention Schedule for Automated License Plate Recognition (ALPR) data from one (1) year to six (6) months.
(Ground Transportation: Marc Nichols, Director)

CLAIMS

COMMITTEE RECOMMENDATIONS

6. **FISCAL YEAR 2020 ANNUAL REPORT FROM THE AUDIT COMMITTEE:**
RECOMMENDATION: The Audit Committee recommends that the Board accept the report.
(Audit: Lee Parravano, Chief Auditor)
7. **FISCAL YEAR 2020 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. **ANNUAL REVIEW OF THE CHARTER OF THE AUDIT COMMITTEE:**
RECOMMENDATION: The Audit Committee recommends that the Board adopt Resolution No. 2020-0097, approving the revision to the Charter of the Audit Committee.
(Audit: Lee Parravano, Chief Auditor)
9. **ANNUAL REVIEW OF THE CHARTER FOR THE OFFICE OF THE CHIEF AUDITOR:**
RECOMMENDATION: The Audit Committee recommends that the Board adopt Resolution No. 2020-0098, approving the revision to the Charter for the Office of the Chief Auditor.
(Audit: Lee Parravano, Chief Auditor)

10. REVISION TO THE FISCAL YEAR 2021 AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:

RECOMMENDATION: The Audit Committee recommends that the Board adopt Resolution No. 2020-0093, approving the revision to the Fiscal Year 2021 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 A LICENSING AGREEMENT WITH JET-SET OFFSET FOR THE ADMINISTRATION OF “THE GOOD TRAVELER” CARBON OFFSET PROGRAM AND THE SUPPLY OF CARBON OFFSETS:

RECOMMENDATION: Adopt Resolution No. 2020-0094, approving and authorizing the President/CEO to execute a licensing agreement with Jet-Set Offset for the administration of ‘The Good Traveler’ program and the supply of carbon offsets.

(Planning & Environmental Affairs: Brendan Reed, Director)

12. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE AN AMENDMENT TO THE AGREEMENT WITH GATZKE DILLON & BALANCE LLP:

RECOMMENDATION: Adopt Resolution No. 2020-0095, approving and authorizing the President/CEO to execute an Amendment to the Agreement with Gatzke Dillon & Ballance LLP for Professional Legal Services increasing the compensation amount by \$200,000 for a total not-to-exceed amount of \$1,025,000.

(Legal: Amy Gonzalez, General Counsel)

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

PUBLIC HEARINGS:

OLD BUSINESS:

NEW BUSINESS:

13. AUTHORIZE THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE A FOURTH AMENDMENT TO THE RENTAL CAR CENTER (“RCC”) SHUTTLE BUS OPERATIONS AGREEMENT WITH SP PLUS:

RECOMMENDATION: Adopt Resolution No. 2020-0096, authorizing the President/CEO to negotiate and execute a Fourth Amendment to the Rental Car Center (“RCC”) Shuttle Bus Operations Agreement with SP Plus Corporation to: (1) Memorialize COVID-19 budget revisions; (2) Extend the contract term nine (9) months to expire on September 30, 2021; and (3) Increase the total maximum amount payable from \$45,000,000 to \$46,300,000.

(Ground Transportation: Marc Nichols, Director)

CLOSED SESSION:

- 14. 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
- 15. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)
Name of Case: Park Assist LLC v. San Diego County Regional Airport Authority, et al.
United States District Court Case No. 18 CV2068 LAB MDD
- 16. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)
Name of Case: M.W. Vasquez Construction Co. Inc. v. San Diego County Regional Airport Authority, et al.
San Diego Superior Court Case No. 37-2019-00021
- 17. 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
- 18. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**
(Paragraph (1) of subdivision (d) of Section 54956.9)
Name of case: In re Hertz Global Holdings, Inc., Case No. 20-11219-MFW
- 19. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**
(Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Cal. Gov. Code §54956.9)
Number of cases: 2
- 20. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**
(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)
Investigative Order No. R9-2012-0009 by the California Regional Water Quality Control Board pertaining to an investigation of bay sediments at the Downtown Anchorage Area in San Diego.
Number of potential cases: 1
- 21. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**
(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)
Number of potential cases: 1

- 22. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**
(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)
Order No. WQ 2019-0005-DWQ by the State Water Resources Control Board pertaining to PFAS
Number of potential cases: 1
- 23. 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
- 24. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:**
(Government Code §54956.8)
Property: 2554-2610 California Street, San Diego CA 92101
Agency negotiator: Hampton Brown, Eric Podnieks
Negotiating parties: Ryan King, Voit Estate Services
Under negotiation: Price and terms of payment
- 25. THREAT TO PUBLIC SERVICES OR FACILITIES:**
Consultation with: General Counsel and President/CEO

REPORT ON CLOSED SESSION:

GENERAL COUNSEL REPORT:

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

BOARD COMMENT:

ADJOURNMENT:

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

- 1) Persons wishing to address the Board, ALUC, and Committees shall submit an email to the Clerk at 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.
- 6) After a public hearing or the public comment portion of the meeting has been closed, no person shall address the Board, ALUC, and Committees without first obtaining permission to do so.

Additional Meeting Information

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

For your convenience, the agenda is also available to you on our website at www.san.org.

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

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

Revised 9.30.20

October 1, 2020

Board Meeting

**NON-AGENDA
PUBLIC COMMENT**

From: Belal Qargha <belalqargha4442@hotmail.com>

Sent: Thursday, September 3, 2020 10:51 PM

To: SDCRAA clerk <clerk@san.org>

Subject: In regards of Grandfathering Airport

To respected Board Members,

Hello, my name is Belal Qargha and I have been working at the airport for 27 years now. I wanted to write this email regarding the grandfather. As we know there is a total of 450 permits operating in the Airport for right now. To add on, 1 permit works for 15 days a month in the Airport which is reasonable. Though if this amount is decreased to, for example, 6 days a month, it is not reasonable because we have a lot of expenses due. Not only that but when the airport opens in January 2021, there will be chaos. There will be a lot of people applying for the permit. Due to the crowdedness, we are worried that we may lose the day that we work in the Airport and therefore I am requesting a grandfather. Furthermore, the MTS rule and regulation states that whoever has the sheriff license, are the only one able to operate the taxi. This means that for 24 days my cab will be uselessly parked outside and beside me, none of my family members are able to use the car. If we were to operate for less than 15 days a month, no money will be made, we will be financially destroyed and drivers will easily give up. Therefore, I kindly request you to grandfather us; give us more time to work at the Airport. The Airport drivers and I have been working really hard for a long time to give the best service possible to all the visitors of the San Diego Airport. We will make sure to continue this type of service in the future as well. Also, the drivers and I have always obeyed/respected the rules and regulations of the Airport without any complaints. I believe that we are the first priority due to our hard work and this request should be taken under serious consideration. By grandfathering us, it will be a big favor and will be fair to all drivers to pay back our time and dedication. Thank you and take care.

Sincerely,
BQ Cab 715



September 30, 2020

Chair C. April Boling and Authority Board Members
San Diego County Regional Airport Authority
P.O. Box 82776
San Diego, CA 92138

OCTOBER 1st AIRPORT AUTHORITY BOARD MEETING PUBLIC COMMENTS

Dear Chair Boling and Authority Board Members,

On behalf of our members the San Diego Transportation Association (SDTA), San Diego Taxi Association (SDTXA) and Independent Cab Owners Association (ICOA), we are submitting our recommend operations for the open taxi system at San Diego International Airport starting January 1, 2021.

1. Maintain the annual (one year) permit cycle, no in or out privileges during the permit year.
2. Maintain the "All day" sticker including the one-time transfer. If surrendered after the transfer, the sticker converts to an A or B day sticker
3. Maintain the "A and B day" sticker and eliminate all operational variations, i.e. after 6:00 pm etc.
4. Maintain the MOA, or organized associations, with the airport authority
5. Phase in new operators at a 25% per quarter matrix during 2021 to manage economic realities

Please contact us if you have any questions. We look forward to hearing from you.

Sincerely,

Adrian Kwiatkowski
President CEO
TAG

Tony Hueso
President
SDTA

Nasser Tehrani
President
SDTXA

Safaa Saleh
Representative
ICOA

CC: Kimberly Becker, President & CEO
Angela Shafer-Payne, Vice President & COO
Marc Nichols, Ground Transportation Director

**October 1, 2020 San Diego County Regional Airport Authority Board Meeting
Non-Agenda Public Comment from Kamran Hamidi:**

Dear Chair Boling and Board members,

I hope you are continuing to stay safe during this pandemic. Thank you for your extra efforts.

The airport taxi transition of 2021 is coming up based on the July 1, 2019 Board Directives.

For newer Board members, the background is that after many years of contentious taxi related Board meetings, an Ad Hoc committee was formed and met regularly during 2018 and 2019 in conference rooms and at various hotel ballrooms around San Diego. During the meetings a large and diverse group of Committee members in the transportation industry sat around big circular tables with whiteboards and sharpies with 3 Board members who generously contributed a very large portion of time over many months to research and recommend a better ground transportation system for San Diego Airport.

The end result was a categorized list of Board Directives that was approved on July 1, 2019, which included software solutions and incentive programs.

Solutions are ready for San Diego Airport passengers based on the July 1, 2019 Board Directives, including all the software solutions requested and additional safety solutions for COVID19.

MOAs open to any group able to respond to the Board Directives can ensure quality standards in the Board Directives are achieved in a fair & orderly manner. Current MOAs expire on December 31 after the latest 3 year MOA term.

The next date listed in the Board timeline is November 30, 2020, which is the Board Directive to verify MTS taxi permit holders that are in good standing. Inclusion of the quality standards listed in the July 1, 2019 Board Directives in new MOAs for the next 3 years can allow good solutions for SAN passengers.

Thank you to Board members and staff members who are working towards great execution for all the taxis in San Diego.

Regards,

Kamran Hamidi
Airport Dispatch



Informational Item: Concession Management Approach Solicitations

Presented by: Hampton Brown
Eric Podnieks

October 1, 2020

Background

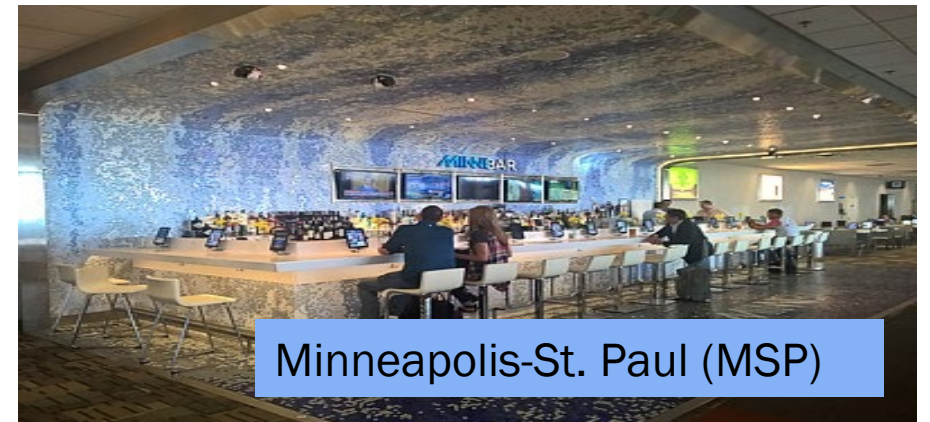
- Airport Development Program advancing
- Current concession leases ending within the next few years
- Opportunity to review success of current concession model program as well as explore additional models to consider for the future program.
 - Multiple Prime Model
Extensive Internal Data from existing program
 - Developer Model
Researched other US airports known to have this model
 - Fee Management Model
- Staff determined that each airport has unique environment and that an evaluation process is needed for SAN to properly evaluate the most appropriate future model.

Multiple Prime Model

- Authority secures multiple third-party prime concessionaires to construct, operate, and manage a package of venues
- Concessionaire finances capital build-out and operates venues
- “Packages” can contain as few as one (1) venue, or have many
- Authority grants leasehold interest to Concessionaire
 - typically 5 to 10 year term
- Concessionaire pays concession fees based on sales
- ACDBE participation is secured through either a Joint-Venture with larger concessionaire or direct lease of a package
- Business equity/profit/loss position placed on Concessionaire



Sacramento (SMF)



Minneapolis-St. Paul (MSP)



San Diego (SAN)

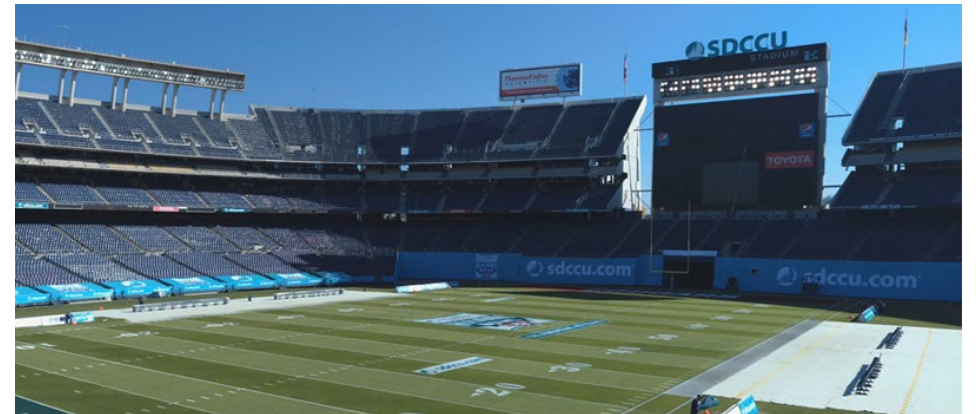
Developer Model

- Authority secures a third-party Developer to construct, operate, and manage the program
- Developer invests in capital improvements and secures the subtenants to operate concession venues
- Authority grants leasehold interest to Developer
 - typically 10 to 20 year term
- Developer pays concession fees to Authority based on sales
- ACDBE participation is identified in Authority lease with Developer
- Business equity/profit/loss position placed on Developer

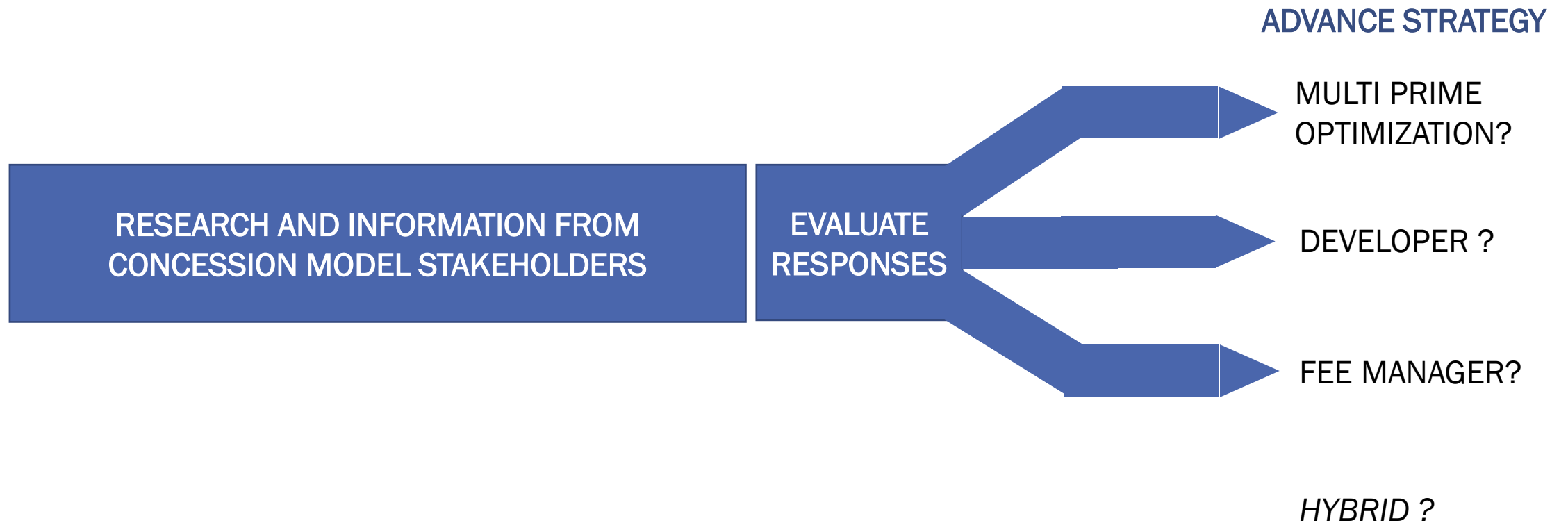


Fee Management Model

- Authority secures a third party Management Firm to operate all venues through a management contract
 - real property leasehold interests not granted
- Management Firm optimizes concession venue types, brands, pricing, and operations
 - Authority retains approval rights
- Authority pays management fee and reimburses all operating and capital expenses through sales proceeds and/or direct payment
- DBE and small local businesses are suppliers to the program and potential subcontractors to manage program
 - no equity/profit/loss position granted
 - management fees paid (similar to SAN Parking)
- Authority retains equity/profit/loss position
 - business risk & business profit retained by Authority
- Entertainment and hospitality venues use model frequently



Staff needs more Information from Interested Parties to determine optimal Concessions Strategy



Formal Solicitation Process Advanced

Solicitations Issued August 10, 2020

- Request for Information (RFI) for Multiple Prime Model
 - Information gathering for optimizing our current approach
- Request for Qualifications (RFQ) for Developer Model
- Request for Qualifications (RFQ) for Fee Management Model

- RFQs are intend to gather formal data to evaluate merits of each model if applied at SAN

- Deadline for Submission of Responses November 6, 2020

Formal Solicitations - Desired Outcome

- Allow staff to determine the merits of each business model
- Identify Qualified Firms in the event Developer or Fee Management model is determined as the optimal model
(Developers and Fee Managers must answer to be pre-qualified for a future potential RFP on a formal selection)
- This RFI / RFQ Process does NOT
 - Identify specific concessionaires for specific venues
 - Presuppose a desired model
 - Result in the formal selection of a Developer or Fee Management firm
 - Potential subsequent RFP would be issued for next step in Developer or Fee Manager process

Solicitation Requested Information in Ten (10) Areas

Information Request	Type of Information Requested
1. Program Performance	sales/epax; sales/sq.ft.; Revenue to the Airport/epax; customer service scores; and any other recognized industry metrics. Approach to determining an optimally sized program and mix of venues
2. ACDBE / Local Participation	approach and specific achievements relating to: Local Operators; Local Concepts; and ACDBE Participation. Approach to optimal ACDBE and Local concepts program requirements
3. Community Representation	How do you ensure your proposed concession program represents the community the Airport serves? Specific program performance requirement related to addressing metrics and performance requirement for customer experience and establishing a community represented program?
4. Stakeholder Relationships	optimizing relationships with labor unions, local business owners and other stakeholders. How have you ensured labor peace during construction and operation of concession programs?
5. Transitioning Methodologies	what consideration and requirements relating to transiting from existing program/leases to a new program/leases do you recommend the Authority place within a potential contracts?

Solicitation Requested Information in Ten (10) Areas

Information Request	Type of Information Requested
6. Capital Investment	identify methods and means the Authority can use to ensure the program is maintained and repaired to represent an “opening day new” condition and operated in a first class manner throughout the term of the contract
7. Customer Experience	identify methods and means the Authority can implement to ensure the utmost customer service levels as well as ensure prices imposed by concessionaires on the traveling public are not excessive and are in-line with commercially reasonable prices
8. General Business Model and Business Risk	What enhancements and modifications would you recommend the Authority to consider with the general business model approach to the concession program (e.g. the airport receives a % of sales versus a Minimum Annual Guarantee) to ensure there is an appropriate balance of business risk and enjoyment of business profits
9. Information to be competitive	What information do you require from the Authority to enable you to develop your most competitive proposal to an RFP? What contingencies can the Authority address or alleviate to allow you to make the most competitive proposal?

Solicitation Requested Information in Ten (10) Areas

Information Request	Type of Information Requested
10. Additional Advice	The Authority is committed to learning and implementing industry best practices in an effort to pursue its vision of “providing good feelings; non-stop”. The Authority is interested in the experiences Respondent has had with other firms/airports with similar concession programs, specifically, what went well and what could have been improved. What advice would you have given to ensure a better selection and development process of their concession program?

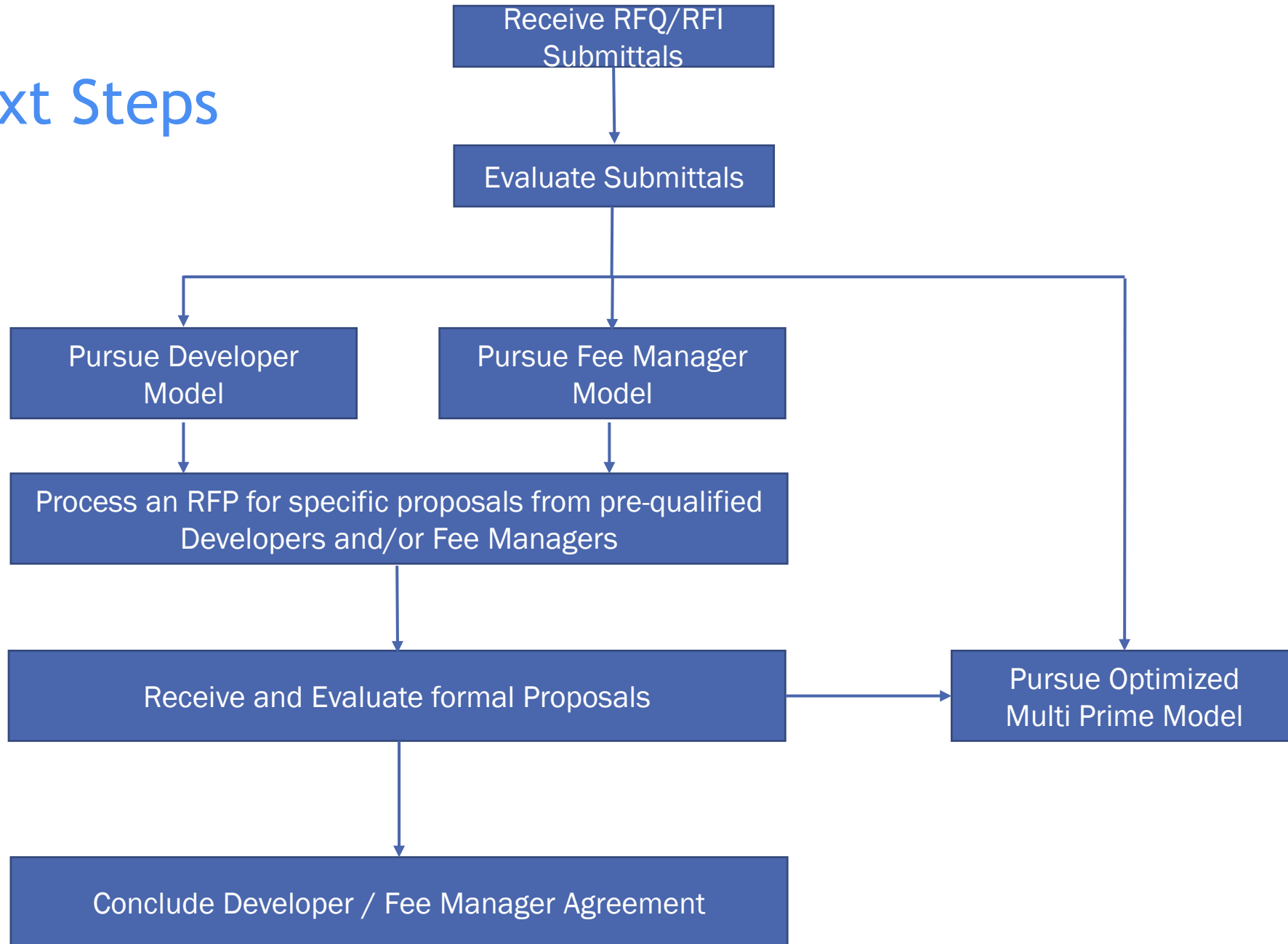
Participation Encouraged

Solicitations Intentionally Structured to:

- Allow all interested parties to submit input
- Provide a formal conduit to provide the rationale and data to support interested parties' perspective
- Allow Authority staff to identify the optimal approach for the concession business model with the benefit of broad industry input
- Ensure all interested parties have an opportunity to provide input and data in the process to inform the Authority decision making process



Next Steps





Questions

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SPECIAL BOARD AND
EXECUTIVE-FINANCE COMMITTEE MEETING MINUTES
MONDAY, AUGUST 24, 2020
BOARD ROOM**

CALL TO ORDER: Chairman Boling called the Special Board and Executive - Finance Committee meeting to order at 9:00 a.m., on Monday, August 24, 2020, electronically and via teleconference pursuant to Executive Order N-29-20, at the San Diego International Airport, Administration Building, 3225 N. Harbor Drive, San Diego, CA 92101.

ROLL CALL:

Board

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

Absent: Board Members: Cox, Dallarda (Ex Officio), Dockery (Ex Officio), Lloyd, Miller (Ex Officio)

Executive Committee

Present: Committee Members: Boling (Chairman), Robinson

Absent: Committee Members: Lloyd

Finance Committee

Present: Committee Members: Blakespear, Kersey (Chairman), McNamara, Schiavoni

Absent: Committee Members: None

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

NON-AGENDA PUBLIC COMMENT: None

NEW BUSINESS:

1. APPROVAL OF MINUTES:

RECOMMENDATION: Approve the minutes of the June 22, 2020 regular meeting.

ACTION: Moved by Board Member Robinson and seconded by Chairman Boling to approve staff's recommendation. Motion carried unanimously, noting Board Member Lloyd as ABSENT.

FINANCE COMMITTEE NEW BUSINESS:

2. REVIEW OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2020:

Scott Brickner, Vice President/CFO, provided a presentation on the Review of the Unaudited Financial Statements for the Fiscal Year Ended June 30, 2020 that included Enplanements, Gross Landing Weight Units, Total Operating Revenue, Total Operating Expenses, Operating Revenues, Operating Expenses, Net Operating Income Summary, Nonoperating Revenues & Expenses and Statements of Net Position.

RECOMMENDATION: Forward to the Board with a recommendation for acceptance.

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

3. REVIEW OF THE AUTHORITY'S INVESTMENT REPORT AS OF JULY 31, 2020:

Geoff Bryant, Manager, Airport Finance, provided a presentation on the Investment Report that included Portfolio Characteristics, Sector Distribution, Quality and Maturity Distribution, Investment Performance and Bond Proceeds.

RECOMMENDATION: Forward to the Board with a recommendation for acceptance.

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

4. PRELIMINARY AIRPORT DEVELOPMENT PLAN CASH FLOW AND FUNDING PLAN:

Scott Brickner, Vice President/CFO, provided a presentation on the Airport Development Plan Cash Flow and Funding Plan that included Preliminary ADP Financing Plan, Preliminary ADP Funding Sources and Revenues to Pay ADP Debt Service

In response to Chairman Boling, regarding what may be a concern for staff as it forecasts and makes assumptions for the ADP's source of funds, meeting expenditures and accessibility to short-term debt, Mr. Brickner stated that although the Authority does have cash on hand to offset for a while, there would be concern if there is difficulty in accessing the bond market. He also stated that if enplanement forecasts do not materialize as planned, that portion of related project expenditure would place a burden on the airlines, based on the requirements of the Airline Operating Agreement.

Kim Becker, President/CEO, stated that the way staff is proceeding through this process gives staff time to understand in real time what is happening in the market. She stated that should the Board approve the contract and validation phase services agreement at its September meeting; there would be several months ahead to gain a better understanding of the airline and market conditions. She stated that staff will provide updates to the Board.

EXECUTIVE COMMITTEE NEW BUSINESS:

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

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

ACTION: Moved by Board Member Robinson and seconded by Chairman Boling to approve the recommendation. Motion carried unanimously, noting Board Member Lloyd as ABSENT.

6. PRE-APPROVAL OF SET DOLLAR AMOUNTS FOR IN-TOWN BUSINESS EXPENSES OF THE PRESIDENT/CEO, GENERAL COUNSEL AND CHIEF AUDITOR FOR FISCAL YEAR 2021:

RECOMMENDATION: Pre-approve the following set dollar amounts for routine, in-town business expenses to be used during Fiscal Year 2021: \$2,000 for the President/CEO; \$1,000 for the General Counsel; and \$1,000 for the Chief Auditor.

ACTION: Moved by Board Member Robinson and seconded by Chairman Boling to approve the recommendation. Motion carried unanimously, noting Board Member Lloyd as ABSENT.

REVIEW OF FUTURE AGENDAS:

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

Kimberly J. Becker, President/CEO, provided an overview of the September 3, 2020 Draft Board Agenda. She requested to add an item to the agenda to rescind the resolution related to the lease with Aviation Facilities Company, Inc. to design, build, finance and operate the Air Cargo facility at San Diego International Airport.

The Committee concurred with the revision to the agenda.

8. REVIEW OF THE DRAFT AGENDA FOR THE SEPTEMBER 3, 2020 AIRPORT LAND USE COMMISSION MEETING:

Kimberly J. Becker, President/CEO, provided an overview of the September 3, 2020 Draft Airport Land Use Commission meeting agenda. She stated that the information for Item 3, Certification of the Environmental Impact Report for the Naval Air Station North Island Airport Land Use Compatibility Plan and Adoption of the Naval Air Station North Island Airport Land Use Compatibility Plan, will be split into two items, with the Certification of the Environmental Impact Report being placed under Public Hearings and the Adoption of the Plan being placed under New Business. The Committee concurred with the revisions to the agenda.

BOARD CLOSED SESSION: The Board recessed into Closed Session at 10:07 a.m. to discuss Item 9.

9. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:

(Government Code §54956.8)

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

Agency negotiator: Hampton Brown, Eric Podnieks

Negotiating parties: Ryan King, Voit Estate Services

Under negotiation: Price and terms of payment

REPORT ON CLOSED SESSION: The Board adjourned out of Closed Session at 10:26 a.m. There was no reportable action.

COMMITTEE MEMBER COMMENTS: None.

ADJOURNMENT: The meeting adjourned at 10:26 a.m.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD THIS 1st DAY OF OCTOBER, 2020.

ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES/
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD
MINUTES
THURSDAY, SEPTEMBER 3, 2020
SAN DIEGO INTERNATIONAL AIRPORT
BOARD ROOM**

CALL TO ORDER: Chairman Boling called the meeting of the San Diego County Regional Airport Authority Board to order at 9:05 a.m. on Thursday, September 3, 2020, electronically and via teleconference pursuant to Executive Order N-29-20 at the San Diego International Airport, Administration Building, 3225 North Harbor Drive, San Diego, CA 92101.

ROLL CALL:

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

ABSENT: Board Members: Miller (Ex-Officio)

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

The Board recessed at 9:07 and reconvened at 9:28 a.m.

PRESENTATIONS:

A. REVIEW OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2020:

Scott Brickner, Vice President/Chief Financial Officer, provided a presentation titled Review of the Unaudited Financial Statements for the Fiscal Year Ended June 30, 2020 that included Operating Revenues, Operating Expenses, Non-Operating Revenue & Expenses, Financial Summary, Statement of Net Position as of June 30, 2020 (Unaudited) Assets and Statements of Net Position as of June 30, 2020 (Unaudited) Liabilities & Net Position.

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

- **CAPITAL IMPROVEMENT PROGRAM OVERSIGHT COMMITTEE:** None.
- **EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE:** None.
- **FINANCE COMMITTEE:** Board Member Kersey reported that the Finance Committee last met on August 24th where they reviewed the Unaudited Financial Statements for the fiscal year ended June 30, 2020 as well as the Authority's Investment Report as of June 30, 2020. He also reported that the Committee

also received a presentation on the preliminary Airport Development Plan Cash Flow and Funding Plan.

- **AUDIT COMMITTEE:** Board Member Kersey reported that at their September 10, 2020 meeting their new public member, Agnes Wong-Nickerson, will be in attendance.

ADVISORY COMMITTEES

- **AUTHORITY ADVISORY COMMITTEE:** None.
- **ART ADVISORY COMMITTEE:** Chris Chalupsky, Senior Manager, Art & Community Partnership, reported that interviews with finalists, which include four individuals, for the ADP Lead Artist opportunity are expected to take place in late September. He also reported that the latest mural on Admiral Boland Way was completed by local artist Aaron Glasson and that the artwork design features imagery of the airport architecture and local landscapes combined with abstract forms. He reported that the Airport's Fall Performing Arts Residency program is underway and features artist Margaret Noble who is creating interactive digital "scrolls" for customers and community members to access via arts.san.org. He also reported that San Diego Design Week (SDDW) will be through September 9 to 13 and that it is a virtual event organized by the Mingei Museum that celebrates interdisciplinary design in San Diego. He reported that one highlight created for the event is a self-guided tour of public artworks on the airport campus that can be viewed without ever leaving your car and that staff created a downloadable tour map that's available on the Arts Program website, along with a curated playlist of 27 songs featuring local musicians who have performed regularly at SAN which can be streamed during the tour.

LIAISONS

- **CALTRANS:** Board Member Dallarda reported that they continued to monitor traffic on State highways during the month of August and there was approximately 85% of normal volume for this time of year which is a 5% increase from the last report. He also reported that CALTRANS maintenance is concentrating on vegetation control on high-risk areas for wildfire and litter removal and that the SANDAG Board of Directors created a subcommittee, chaired by Mayor Blakespear, which is focused on litter reduction.
- **INTER-GOVERNMENTAL AFFAIRS:** Board Member Cox reported that on Tuesday September 1, 2020 the Department of Transportation announced more than \$1.2 billion in infrastructure grants for airports and that San Diego International Airport received \$18 million of that amount for noise mitigation measures for the 65-69 DNL contour. He also reported that the \$18 million is an increase from the \$14 million received by the airport in the last fiscal year and includes a 100% local match due to the CARES Act. He reported that leaders in both parties, along with the Administration continue negotiations on a COVID-19

relief package and that there is about a \$1 trillion gap between what the House and Senate Democrats are requesting versus the amount that the White House and Senate Republicans want. He also reported that since July, the Government Relations team has briefed staff from the offices of U.S. Senator Dianne Feinstein and Kamala Harris; staff from the offices of House Representatives Scott Peters and Susan Davis and others about the need for additional resources for the Airport and partners to be included in the next relief package. He also reported that August 31, 2020 marked the end of the 2020 California State Legislative Session and that the Governor has until September 30, 2020 to act on bills passed by the legislature. He reported that prior to the end of session, they did hear that there was a slight possibility that the Governor would call a Special Session of the Legislature to consider economic recovery proposals related to COVID-19, however there has not been any confirmation at this point. He also reported that in collaboration with the California Airports Council and state legislative representatives, proposals were shared in April and May with the Governor's office and that they will continue to advocate for additional resources for the airport now and moving forward. He reported that through July and August, in addition to our federal representatives, staff briefed State Senator Ben Hueso; Chula Vista City Councilmember and California Coastal Commission Chairman Steve Padilla; Poway Mayor Steve Vaus; San Diego County Board of Supervisors candidate Nora Vargas; San Diego City Council candidates Kelvin Barrios and Toni Duran; and San Diego Regional East County Chamber of Commerce CEO Rick Wilson.

- **MILITARY AFFAIRS:** Board Member Dockery reported that Marine Corps Air Station Miramar received the Nancy Dix Achievement Award by the San Diego Military Advisory Council (SDMAC) for their work during the federal quarantines. He also reported that in the absence of a live airshow, a virtual airshow video will be released in the first week of October 2020. He reported that they are working with the Blue Angels to finalize a feasibility of support for the potential visit the week of the 28th of September 2020 and that this will not be an airshow and members of the public would not be invited to participate.
- **PORT:** None.
- **WORLD TRADE CENTER:** Hampton Brown, Interim Vice President, Revenue Generation & Innovation, reported that the last meeting was held on July 13, 2020 where there was a status report on license holder deliverables as well as a discussion on the strategic work of the World Trade Center in the context of the current economic environment. He also reported that an update was provided on the Global Competiveness Council second quarter meeting where there was a discussion of the current state of the regional economy lead by Mark Cafferty, who indicated that certain segments of the economy have not been as impacted as others. He also reported that the MetroConnect Program added 15 new companies virtually in the next cohort.

BOARD REPRESENTATIVES (EXTERNAL)

- **SANDAG BOARD OF DIRECTORS:** Chairman Boling state that there have been three SANDAG Board Meetings since the last meeting and that during the first meeting, the Board adopted the final Regional Housing Needs Assessment Plan. She also reported that there was a panel discussion on the regional economic and transportation impacts of COVID-19. She reported that at SANDAG's August 14, 2020 Board meeting, staff gave a detailed presentation outlining the vision for the agency's 2021 Regional Transportation Plan (RTP) that covered the five big moves and the goals of the RTP. She also reported that the total, 30-year cost of the plan was estimated at \$177 billion. She also reported that final adoption of the RTP is expected in fall 2021.
- **SANDAG TRANSPORTATION COMMITTEE:** Board Member Schiavoni reported the Transportation Committee met twice since the last meeting. She reported that at the first meeting, the Committee adopted the 2020 Coordinated Public Transit and Human Services Plan, which is a five-year specialized transportation plan focused on the specific transportation needs of the senior, disabled, and low-income populations in the San Diego region. She also reported that, at the same meeting, a joint meeting with other SANDAG Policy Advisory Committees held a panel discussion titled "What We Are Learning from COVID-19 and How it Could Impact Transportation Planning in the San Diego Region," that included staff from SANDAG and the region's two transit agencies, the Metropolitan Transit System and the North County Transit District. She reported that the second meeting was held in August 2020, where there was a joint meeting with other Policy Advisory Committees to hear the staff's presentation on the Regional Transportation Plan vision which was a preview of the presentation to the full SANDAG Board.

CHAIR'S REPORT: Chairman Boling reported that the Airport Authority received the prestigious Airports Council International-North America 2020 Environmental Achievement Award for outreach, education and communication for the Airport Development Plan and that the award recognizes the Authority's extensive efforts to work with the community and regional partners to revise the Airport Development Plan and come up with a plan that works for the Airport Authority and customers. She also reported that this distinction honors the Airport Authority as an industry leader that consistently challenges itself to innovate and adopt sustainable practices, and a commitment to serving as a responsible community partner. She commended Authority staff for their efforts to respond to the countywide call to reduce energy demand, and conserve energy during the recent heat wave and that the Facilities Management Department team responded by launching an unprecedented energy reduction strategy that included raising HVAC set points and reducing lighting levels in buildings at SAN over the course of three days. She reported that the result was a one-megawatt reduction of energy use during peak periods each day. She also expressed appreciation to the entire Airport Authority team for their resilience and the efforts to find savings and cut costs, to see the region's airport through the crisis, and to continue capital projects that enhance the customer experience.

PRESIDENT/CEO'S REPORT: Kim Becker, President/CEO, stated that since the pandemic, there has been much focus on Heating, Ventilation, and Air Conditioning (HVAC), that all HVAC systems at SAN were designed to meet American Society of Heating, Refrigerating and Air-Conditioning Engineers requirements. She reported that airport HVAC systems meet or exceed industry filtration standards, meaning we filter the air at a recommended level between "Superior Commercial Buildings" and "Hospital Inpatient Care." She also reported that 60% of air handlers installed in the airport contain ultraviolet light which provides extra protection to kill bacteria and viruses and that a study has been commissioned to review the Airport's entire HVAC system to understand if there are ways to further protect employees and passengers. She also reported that the Airport is participating in Airports Council International's Health Accreditation Program which provides a third-party verification and recognition of professional excellence in maintaining safe hygienic facilities and promotes best practices and aligns efforts across the industry. She reported that there have been a total of fifty-eight tenant employees and two Airport Authority employees have tested positive for COVID-19. She also reported that the Airport Authority has followed Center for Disease Control protocols in response to the cases. She reported that the Airport Authority was able to avoid a shutdown of rideshare operations last month due to a California appeals court extending the length of time Uber and Lyft will have to comply with an order to reclassify rideshare drivers as employees under AB 5. She also reported that passenger numbers continue to rise at the airport and that in August, the number of people going through TSA checkpoints were down 71% from last year, which is an improvement as the Airport was down as much as 95% in April. She also reported that on August 16, 2020, 14,806 passengers passed through the TSA checkpoint, which is a record for the pandemic. She stated that international travel to and from SAN remains severely restricted. She also reported that British Airways is currently selling seats for nonstop service five days a week to London Heathrow beginning next month, but their ability to execute this service will depend on government restrictions being lifted and that the Authority is working to allow SAN to be one of the 15 entry point airports across the country. She also reported that the Airport Authority is hoping Lufthansa will resume nonstop service to Frankfurt, Germany in the spring/summer of 2021. She reported that in coordination with the San Diego Tourism Authority and San Diego Regional Economic Development Corporation, the Authority has asked local businesses to engage in a letter-writing campaign to demonstrate the community's need and support for our nonstop international flights that have been currently suspended due to the pandemic and government restrictions. She also reported that the Authority is also partnering with the San Diego Regional Economic Development Corporation to deploy a survey to local business to gauge their future travel needs which will help us identify where we should focus our efforts on obtaining routes. She reported that in regards to reopening of Authority administrative offices, she had previously reported that a tentative return-to-work date had been set for August 17, 2020. She reported that due to the uptick of cases in July and into August, as well as County of San Diego health orders, that telecommuting employees should continue to telecommute at least through the end of the year. She also reported that the team continues to work on developing a reopening plan and has promised to provide employees with a 30-day notice for any anticipated return to the office date.

NON-AGENDA PUBLIC COMMENT: Tony R. Russell, Authority Clerk, reported that all non-agenda public comments received by the Authority Clerk via e-mail were sent to the Board. He read the following comments into the record.

EDRIS WAHAB, requested that the Board postpone opening the airports to all taxis to allow time for the current permit holders to recover from the impacts of COVID-19.

KEITH JONES, acknowledged the teamwork and leadership of both the San Diego County Regional Airport Authority and ACE Parking teams.

KARAN HAMIDI, requested that the Board continue industry outreach in response to opening the airports to all taxis.

ABDULLAH MUSTAFA, requested that the Board postpone opening the airports to all taxis to allow time for the current permit holders to recover from the impacts of COVID-19.

CONSENT AGENDA (Items 1-15):

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

1. APPROVAL OF MINUTES:

RECOMMENDATION: Approve the minutes of the July 9, 2020 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 15, 2020 THROUGH AUGUST 9, 2020 AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM JUNE 15, 2020 THROUGH AUGUST 9, 2020:

RECOMMENDATION: Receive the report.

4. SEPTEMBER 2020 LEGISLATIVE REPORT:

RECOMMENDATION: Adopt Resolution No. 2020-0080, approving the September 2020 Legislative Report.

- 5. BIENNIAL REVIEW AND AMENDMENT OF AUTHORITY CODE SECTION 2.30 – CONFLICTS OF INTEREST CODE:**
RECOMMENDATION: Adopt Resolution No. 2020-0081, amending Authority Code Section 2.30 – Conflict of Interest Code.
- 6. APPOINTMENT OF AUTHORITY ADVISORY COMMITTEE MEMBERS:**
RECOMMENDATION: Adopt Resolution No. 2020-0082, appointing members to the Authority Advisory Committee.
- 7. CONTINUE THE DECLARATION OF THE EXISTENCE OF A LOCAL EMERGENCY IN RESPONSE TO THE SERIOUS AND IMMINENT THREAT OF THE NOVEL CORONAVIRUS (COVID-19):**
RECOMMENDATION: Adopt Resolution Number 2020-0083, confirming the Need to Continue the Declaration of a Local Emergency in response to COVID-19.

CLAIMS

COMMITTEE RECOMMENDATIONS

- 8. ACCEPT THE UNAUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2020:**
RECOMMENDATION: The Board is requested to accept the report.
- 9. ACCEPT THE AUTHORITY'S INVESTMENT REPORT AS OF JUNE 30, 2020:**
RECOMMENDATION: The Finance Committee recommends that the Board accept the report.
- 10. RENEWAL OF THE HEALTH & WELFARE BENEFITS PROGRAM FOR 2021:**
RECOMMENDATION: Adopt Resolution No. 2020-0084, approving the Renewal of the Health and Welfare Benefits Program for 2021.

CONTRACTS AND AGREEMENTS

- 11. RESCIND RESOLUTION NO. 2018-0036 WHICH AUTHORIZED STAFF TO NEGOTIATE A LEASE WITH AVIATION FACILITIES COMPANY, INC. TO DESIGN, BUILD, FINANCE, OPERATE, MAINTAIN AND SUBLEASE AN AIR CARGO FACILITY:**
RECOMMENDATION: Adopt Resolution No. 2020-0085, rescinding Resolution No. 2018-0036.

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

12. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE AN ON-CALL PROGRAM MANAGEMENT, STAFFING AND CONSULTING SERVICES AGREEMENT:

RECOMMENDATION: Adopt Resolution No. 2020-0086, approving and authorizing the President/CEO to execute an On-Call Program Management, Staffing and Consulting Services Agreement with Faithful+Gould, Inc., in an amount not-to-exceed \$3,000,000, for a term of three years, with the option for two one-year extensions exercisable at the discretion of the President/CEO in support of the Major Maintenance Program, at San Diego International Airport.

13. APPROVE AND AUTHORIZE AN INCREASE IN THE PRESIDENT/CEO'S CHANGE ORDER AUTHORITY FOR QUIETER HOME PROGRAM PHASE 9, GROUP 12 WITH G&G SPECIALTY CONTRACTORS, INC.:

RECOMMENDATION Adopt Resolution No. 2020-0087, authorizing an increase in the President/CEO's change order authority for Quieter Home Program Phase 9, Group 12, with G&G Specialty Contractors, Inc., in the amount of \$8,054.14, to a new total contract value of \$1,295,559.60.

14. AWARD A CONTRACT TO S&L SPECIALTY CONSTRUCTION, INC. FOR QUIETER HOME PROGRAM PHASE 10, GROUP 9, PROJECT NO. 381009, SEVENTEEN (17) SINGLE-FAMILY AND MULTI-FAMILY UNITS ON TEN (10) HISTORIC AND ONE (1) NON-HISTORIC RESIDENTIAL PROPERTIES LOCATED EAST AND WEST OF THE SAN DIEGO INTERNATIONAL AIRPORT:

RECOMMENDATION: Adopt Resolution No. 2020-0088, awarding a contract to S&L Specialty Construction, Inc. in the amount of \$1,292,604.51 for Phase 10, Group 9, Project No. 381009, of the San Diego County Regional Airport Authority's ("Authority") Quieter Home Program.

15. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE AN ON-CALL COMMISSIONING AUTHORITY CONSULTING SERVICES AGREEMENT AT SAN DIEGO INTERNATIONAL AIRPORT:

RECOMMENDATION: Adopt Resolution No. 2020-0089, approving and authorizing the President/CEO to negotiate and execute an On-Call Commissioning Authority Consulting Services Agreement with CriticalArc, for a term of five years, with the option for two one-year extensions, in an amount not-to-exceed \$9,000,000, in support of the Capital Improvement Program, Airport Development Plan, and other sustainability and facility operations initiatives at San Diego International Airport.

PUBLIC HEARINGS:

OLD BUSINESS:

NEW BUSINESS:

16. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE A CONTRACT AND VALIDATION PHASE SERVICES AGREEMENT WITH TURNER-FLATIRON, A JOINT VENTURE, FOR DESIGN AND CONSTRUCTION OF AIRPORT DEVELOPMENT PLAN PACKAGE 1 – TERMINAL & ROADWAYS:

Dennis Probst, Vice President & Chief Development Officer, Development and Scott Brickner, Vice President/Chief Financial Officer, presented a presentation titled ADP Terminal and Roadways that included Alternative 4 – Overall Project Scope, ADP Anticipated Timeline, Procurement Timeline, Design-Build Core Team, Key Staff, Validation Phase Services Agreement, ADP Cash Flow Forecast FY2021, Preliminary ADP Financing Plan, Preliminary ADP Funding Sources and Revenues to Pay ADP Debt Services.

RECOMMENDATION: Adopt Resolution No. 2020-0090, approving and authorizing the President/CEO to negotiate and execute (1) a Contract; and (2) a Validation Phase Services Agreement for validation phase services, design concept and documentation, early procurement work, and early construction in an amount not to exceed \$80,000,000 with Turner-Flatiron, a Joint Venture for design and construction of Airport Development Plan Package 1 Terminal and Roadways.

Kim Becker, President/CEO, stated that the Authority will be working with the Design Build Team and a representative from the airlines for the next nine months to find the most cost effective way of delivering the project. She also reported that, at the end of the nine months, the Authority will have a better understanding of the state of the industry, refined cost for the program and will be in a better position to determine if the project should move forward.

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

CLOSED SESSION: The Board recessed into Closed Session at 11:00 a.m. to discuss Items 20 and 26.

17. 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

18. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:

(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)
Name of Case: Park Assist LLC v. San Diego County Regional Airport Authority, et al.
United States District Court Case No. 18 CV2068 LAB MDD

- 19. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)
Name of Case: M.W. Vasquez Construction Co. Inc. v. San Diego County Regional Airport Authority, et al.
San Diego Superior Court Case No. 37-2019-00021
- 20. 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
- 21. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**
(Paragraph (1) of subdivision (d) of Section 54956.9)
Name of case: In re Hertz Global Holdings, Inc., Case No. 20-11219-MFW
- 22. 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
- 23. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**
(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)
Investigative Order No. R9-2012-0009 by the California Regional Water Quality Control Board pertaining to an investigation of bay sediments at the Downtown Anchorage Area in San Diego.
Number of potential cases: 1
- 24. 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
- 25. 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
- 26. 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

27. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:

(Government Code §54956.8)

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

Agency negotiator: Hampton Brown, Eric Podnieks

Negotiating parties: Ryan King, Voit Estate Services

Under negotiation: Price and terms of payment

28. 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 12:00 p.m.

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 12:00 p.m.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD THIS 1ST DAY OF OCTOBER, 2020.

ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES /
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Item No.
2

STAFF REPORT

Meeting Date: **OCTOBER 1, 2020**

Subject:

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

Recommendation:

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

Background/Justification:

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

Pursuant to Authority Policy 1.10, Board Members are required to deliver to the Board a written report regarding their participation in meetings for which they are compensated. Their report is to be delivered at the next Board meeting following the specific meeting and/or training attended. The reports (Attachment A) were reviewed pursuant to Authority Policy 1.10 Section 5 (g), which defines a “day of service”. The reports were also reviewed pursuant to Board Resolution No. 2019-0074, which granted approval of Board Member representation for attending events and meetings.

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

Fiscal Impact:

Board and Committee Member Compensation is included in the FY 2021 Budget

Authority Strategies/Focus Areas:

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

Strategies

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

Focus Areas

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

Environmental Review:

- A. This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act (CEQA), as amended. 14 Cal. Code Regs. Section 15378. This Board action is not a "project" subject to CEQA. Pub. Res. Code Section 21065.
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act, Pub. Res. Code Section 30106.
- C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

Application of Inclusionary Policies:

Not applicable.

Prepared by:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES/AUTHORITY CLERK

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:	September 1- 21, 2020	
Board Member Name:	Catherine Blakespear	
Date:	9/21/20	
Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	September 3, 2020 9:00 a.m. - 1:00 p.m. Teleconference	Board/ALUC Meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	September 10, 2020 10:00 a.m. - 12:00 p.m. Teleconference	Audit Committee Meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	September 21, 2020 9:00 - 11:00 a.m. Teleconference	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		

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

Signature: Catherine Blakespear Digitally signed by Catherine Blakespear
Date: 2020.09.21 13:28:58 -0700'



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: SEPTEMBER, 2020		
Board Member Name: C. APRIL BOLING		
Date: 9/25/2020		
Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	9/03/20 9:00 VIA VIDEO CONFERENCE	Board/ALUC Meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	9/18/20 9:00 VIA VIDEO CONFERENCE	Special SANDAG BOD Meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	9/21/20 9:00 VIA VIDEO CONFERENCE	Executive Finance Comm. Meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	9/25/20 9:00 VIA VIDEO CONFERENCE	SANDAG BOD 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		

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

Signature:

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

Period Covered: SEPTEMBER 1-30, 2020

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

BOARD MEMBER NAME: (Please print)		DATE OF THIS REPORT:
GREG COX		SEPTEMBER, 2020
TYPE OF MEETING	DATE/TIME/LOCATION OF EVENT/MEETING/TRAINING	SUMMARY AND DESCRIPTION OF THE EVENT/MEETING/TRAINING
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R	Date: SEPT. 3, 2020 Time: 9:00 am Location: ZOOM MEETING	SDCRAA BOARD MEETING AIRPORT LAND USE COMMISSION MEETING
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R	Date: SEPT. 21, 2020 Time: 9:00 am Location: ZOOM MEETING	EXECUTIVE/FINANCE COMMITTEE SPECIAL BOARD MEETING
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R	Date: Time: Location:	
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R	Date: Time: Location:	
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R	Date: Time: Location:	
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R	Date: Time: Location:	
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R	Date: Time: Location:	
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R	Date: Time: Location:	
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2009-0149R	Date: Time: Location:	

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

Signature: Greg Cox



SAN DIEGO
INTERNATIONAL
AIRPORT

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:		
Date:		
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		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		

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

Signature:  _____



BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

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Period Covered: Sept 2020		
Board Member Name:	Robert T Lloyd	
Date:	9/21/20	
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 3rd 2020 / Virtual	Monthly BOD / ALUC meeting
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	Sept 21 2020 / Virtual	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:



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:	September 2020	
Board Member Name:	Paul McNamara	
Date:	9/22/20	
Event/Meeting/Training Report		
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	9/21/2020/0900/Zoom	Exec-Finance Committee Meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	9/10/2020/1000/Zoom	Audit Committee Meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	9/3/2020/0900/Zoom	Board/ALCU Meeting
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		

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

Signature: Paul McNamara Digitally signed by Paul McNamara
Date: 2020.09.22 10:20:27 -0700'

SAN DIEGO
COUNTY
REGIONAL
AIRPORT
AUTHORITY

BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

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Period Covered:		
Board Member Name:		Robinson
Date:		9/1/20
Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	9:00am 9/3/20 Micro Soft Mtg	SPARRAB & ALVA Mtgs.
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	9/10/20 10:00am MicroSoft Mtg	Audit Comm Mtg.
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	9/21/20 9:00am MicroSoft Mtg	Exec. Finance Comm Mtgs
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		

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

Signature: PERL



BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

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Period Covered:		9/3/2020-9/21/2020
Board Member Name:		Johanna S. Schiavoni
Date:		9/21/20
Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	9/3/2020, 9:00am	SDCRAA Board meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	9/4/2020, 9:00am	SANDAG Transportation Committee meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	9/21/2020, 9:00am	SDCRAA Finance Committee meeting
<input checked="" 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

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Period Covered:	05/15/20 - 09/23/20	
Board Member Name:	Carmen Vann	
Date:	9/23/20	
Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	09/10/20/10:00AM/Virtual Meeting via Teams Meeting	San Diego Airport Audit Committee Meeting
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		

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

Signature: Carmen D. Vann

Digitally signed by Carmen D. Vann
DN: C=US, E=Carmen.Vann@BNBuilders.com,
CN=Carmen D. Vann
Date: 2020.09.23 12:59:22-07'00'



BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

SDCRAA

SEP 14 2020

Board Services/

Directions: This Form permits Board Members to report their attendance at meetings, events, and training that qualifies for "day of service" compensation pursuant to Cal. Pub. Util. Code §170017, Board Policy 1.10 and Board Resolution 2019-0074 Unless attending a meeting held pursuant to the Brown Act, attendance must be pre-approved by the Board prior to attendance and a written report delivered at the next Board meeting. After completing this Form, please forward it to Board Services, Authority Clerk Staff.

Period Covered:		
Board Member Name: JACK VAN SAMBOEK		
Date: Sept 10 2020		
Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	10 AM BOARD ROOM	Audit Comm meeting
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		

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

Signature: Jack Van Samboek



BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

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Period Covered: September		
Board Member Name: Mark West		
Date: 9/21/20		
Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	Date: 9/3/2020 Time: 9-1 pm Location: Microsoft Teams	Board/ALUC mtg
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	Date: 9/10/2020 Time: 10-12 am Location: MS Teams	Audit cmte mtg
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	Date: 9/14/2020 Time: 4-6 pm Location: Microsoft Teams	NASNI ALUC Briefing
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	Date: 9/15/2020 Time: 12-2 pm Location: Microsoft Teams	NASNI ALUC Briefing w/ Coronado Councilmember Heinz.
<input type="checkbox"/> Brown Act <input checked="" type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	Date: 9/23/2020 Time: 9-1 pm Location: Virtual	P3 Airport Summit
<input type="checkbox"/> Brown Act <input checked="" type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	Date: 9/24/2020 Time: 9-1 pm Location: Virtual	P3 Airport Summit
<input type="checkbox"/> Brown Act <input checked="" type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	Date: 9/25/2020 Time: 9-1 pm Location: Virtual	P3 Airport Summit
<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: mark west Digitally signed by mark west
Date: 2020.09.23 11:29:25 -0700

STAFF REPORT

Meeting Date: **OCTOBER 1, 2020**

Subject:

Awarded Contracts, Approved Change Orders from August 10, 2020 through September 3, 2020 and Real Property Agreements Granted and Accepted from August 10, 2020 through September 3, 2020

Recommendation:

Receive the Report.

Background/Justification:

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

Fiscal Impact:

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

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

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

Authority Strategies/Focus Areas:

This item supports one or more of the following:

Strategies

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Focus Areas

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

Environmental Review:

- A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code §21065.
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.
- C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

Application of Inclusionary Policies:

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

Prepared by:

JANA VARGAS
DIRECTOR, PROCUREMENT

Attachment "A"

AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN August 10, 2020 to September 3, 2020

New Contracts

Date Signed	CIP #	Company	Description	Solicitation Method	Owner	Contract Value	End Date
8/11/2020		Stanford Sign & Awning, Inc.	This Contractor will provide mural printing and installation for the Admiral Boland Way Mural Project at the San Diego International Airport.	Informal RFP	Customer Experience Design & Innovation	\$19,500.00	10/20/2021
8/20/2020		A-Advance Locksmiths	This Contractor will provide locksmith services for the San Diego County Regional Airport Authority.	RFP	Facilities Management	\$300,000.00	8/6/2023

Attachment "A"

AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN August 10, 2020 to September 3, 2020

New Contracts Approved by the Board

Date Signed	CIP #	Company	Description	Solicitation Method	Owner	Contract Value	End Date
8/12/2020	104281	Runway Safe Inc.	This Agreement was approved by the Board at the July 9, 2020 Board Meeting. This Contractor will provide the Engineered Materials Arresting System at the west end of Runway 9/27 at the San Diego International Airport. This Contractor is the only source of EMAS products that meet the requirements of the FAA at this time.	Sole Source	Airport Design & Construction	\$9,152,500.00	5/31/2021

Attachment "A"

AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN August 10, 2020 to September 3, 2020

Amendments and Change Orders

Date Signed	CIP #	Company	Description of Change	Owner	Previous Contract Amount	Change Order Value (+ / -)	Change Order Value (%) (+ / -)	New Contract Value	New End Date
8/11/2020		Kone	The 1st Amendment decreases the total compensation by \$95,313.00 as a result of equipment being pulled out of service temporarily due to the Covid-19 situation and as a cost saving measure. This Contractor provides elevator and escalator maintenance and repair services at the San Diego International Airport.	Facilities Management	\$11,578,970.00	-\$95,313.00	-1%	\$11,483,657.00	12/31/2021
8/13/2020		Clarity Ventures, Inc.	The 2nd Amendment extends the Agreement term by ninety (90) days. No additional monies are required. This Contractor provides on-call technical support services for the intranet and internet websites for the San Diego County Regional Airport Authority.	Information & Technology Services	\$99,920.00	\$0.00	0%	\$99,920.00	12/29/2020
8/14/2020		Britton M. Neubacher	The 1st Amendment increases the total maximum amount by \$300.00 and extends the term one (1) year. The Artist is participating in the "2019 Temporary Exhibition: Force of Nature" at San Diego International Airport.	Customer Experience Design & Innovation	\$500.00	\$300.00	60%	\$800.00	7/31/2021
8/19/2020		Gail Matlin	The 1st Amendment increases the total maximum amount by \$300.00 and extends the term one (1) year. The Artist is participating in the "2019 Temporary Exhibition: Force of Nature" at San Diego International Airport.	Customer Experience Design & Innovation	\$500.00	\$300.00	60%	\$800.00	7/31/2021
8/26/2020		ASKREPLY, INC., dba B2Gnow	The 2nd Amendment increases the total maximum amount by \$30,000.00 and extends the Agreement term by two (2) years. This Contractor provides contract management compliance and tracking software system services for the San Diego County Regional Airport Authority.	Small Business Development	\$70,000.00	\$30,000.00	43%	\$100,000.00	4/13/2022
8/26/2020		Naseem Navab-Gojrati	The 1st Amendment extends the term by one (1) year. There is no increase in total compensation. The Artist is participating in the "Make Yourself at Home" Exhibition at San Diego International Airport.	Customer Experience Design & Innovation	\$600.00	\$0.00	0%	\$600.00	7/1/2021
8/26/2020		Stone Paper Scissors	The 1st Amendment extends the term by one (1) year. There is no increase in total compensation. The Artist is participating in the "Make Yourself at Home" Exhibition at San Diego International Airport.	Customer Experience Design & Innovation	\$600.00	\$0.00	0%	\$600.00	7/1/2021

Attachment "A"

AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN August 10, 2020 to September 3, 2020

Amendments and Change Orders Approved by the Board

Date Signed	CIP #	Company	Description of Change	Owner	Previous Contract Amount	Change Order Value (+ / -)	Change Order Value (%) (+ / -)	New Contract Value	New End Date
			NO AWARDED AMENDMENTS APPROVED BY THE BOARD.						

Attachment "B"

REAL PROPERTY AGREEMENTS EXECUTED FROM AUGUST 10, 2020 through SEPTEMBER 3, 2020



Real Property Agreements

Begin/End Dates	Authority Doc. #	Tenant/Company	Agreement Type	Property Location	Use	Property Area (s.f)	Consideration	Comments
7/1/2020 - 12/31/2020	LE-1073	Prepango, LLC	UOP (Pilot Program)	T1 & T2 Bag Claim, T2E & T2W Ticket Counters	PPE Vending Machines	N/A	Percentage Rent, 20% of gross receipts	6-month pilot program for pre-security vending machines to sell PPE



Real Property Agreement Amendments and Assignments

Effective Date	Authority Doc. #	Tenant/Company	Agreement Type	Property Location	Use	Property Area (s.f)	Consideration	Comments
8/12/20	LE 0647	Paradies	Amendment	N/A	N/A	N/A	N/A	Rent Abatement
8/19/20	LE 0656	InMotion	Amendment	N/A	N/A	N/A	N/A	Rent Abatement
9/4/20	LE 0665	PGC-PCI	Amendment	N/A	N/A	N/A	N/A	Rent Abatement
8/27/20	LE 0659	Spa Didacus	Amendment	N/A	N/A	N/A	N/A	Rent Abatement
8/11/20	LE-0651	Mission Yogurt, Inc	Sixth Amendment to Concession Lease Package 4 F&B	Terminals 1 and 2	Operation of a Food and Beverage Concession	N/A	unchanged	Amendment to extend lease expiration date due to excessive midterm refurbishment investment
5/27/20	LE-1000	Baggage Nanny, LLC	Amendment	T1 Bag Claim, T2 Bag Claim	Operation of a Luggage Pick-Up and Drop-Off Concession	N/A	N/A	Amendment #1, Exhibit B2 deleted in its entirety and replaced with updated Exhibit B2 to allow for multi-location reporting
6/30/20	LE-0760	BW-Budget-SDA, LLC	Assignment	Rental Car Center	Non-Exclusive On-Airport Rental Car Concession	N/A	N/A	Agreement assigned to Avis Budget Car Rental, LLC
6/30/20	LE-0761	BW-Budget-SDA, LLC	Assignment	Rental Car Center	Rental Car Center Lease Agreement	N/A	N/A	Agreement assigned to Avis Budget Car Rental, LLC
7/9/20	LE-1000	Baggage Nanny, LLC	Notice of Term Extension	T1 Bag Claim, T2 Bag Claim	Operation of a Luggage Pick-Up and Drop-Off Concession	N/A	No MAG, Percentage Rent of 10% of gross receipts	Exercised first 1-year term extension option
7/23/20	LE-0933	Denise Pullen dba The Classic Shine Company	Amendment	T1E, T1W, T2E, T2W	Operation of Shoeshine Services	N/A	N/A	Amendment #1, Exhibit A deleted in its entirety and replaced with updated Exhibit A to reflect current locations

STAFF REPORT

Meeting Date: **OCTOBER 1, 2020**

Subject:

October 2020 Legislative Report

Recommendation:

Adopt Resolution No. 2020-0091, approving the October 2020 Legislative Report

Background/Justification:

The Authority's Legislative Advocacy Program Policy requires that staff present the Board with monthly reports concerning the status of legislation with potential impact to the Authority. The Authority Board provides direction to staff on legislative issues by adoption of a monthly Legislative Report (Attachment A). The October 2020 Legislative Report updates Board members on legislative activities that have taken place since the previous Board meeting. In directing staff, the Authority Board may take a position on pending or proposed legislation that has been determined to have a potential impact on the Authority's operations and functions.

Federal Legislative Action

In Washington, Congress and the White House have made little progress in their negotiations on another COVID-19 relief package. 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.

There has been progress on negotiations on an extension of government funding for the new fiscal year that begins October 1. It appears that Congress will likely pass legislation to fund the government at FY 2020 levels through the first three to five months of the Federal fiscal year 2021.

Customs and Border Protection's Trusted Traveler enrollment centers reopened in mid-September with new health and safety measures, including mask requirements, plexiglass barriers and/or face shields at service counters, more frequent disinfection of counters, and reduced and staggered appointments. The enrollment centers have been closed since March, and people who had been conditionally approved for Global Entry can now complete in-person interviews. CBP NEXUS and U.S.-Canada FAST interviews remain suspended due to temporary restrictions on non-essential travel at the northern border and SENTRI and FAST-South enrollments on the southern border are currently limited.

State Legislative Action

In August, the State Legislature concluded its 2020 legislative session. The following bills on the Legislative Report (Attachment A) are on the Governor's desk awaiting action:

AB 685 (Reyes), which would require a public or private employer to provide notifications to its employees, the Division of Occupational Safety and Health, and the State Department of Public Health, relating to the exposure of its employees to COVID-19 that the employer knew of or should have reasonably known of.

AB 2731, which would streamline the California Environmental Quality Act (CEQA) regulations for the development of the NAVWAR site adjacent to the Old Town Transit Center. This bill would authorize the San Diego Association of Governments (SANDAG) to obtain site control to support the redevelopment of the Old Town Center site, including a transit and transportation facilities project, in the City of San Diego before completing the environmental review for those actions.

AB 3216 (Kalra), which would require an employer to offer its laid-off employees specified information about job positions that become available for which the laid-off employees are qualified, and to offer positions to those laid-off employees based on a preference system, in accordance with specified timelines and procedures.

SB 1044 (Allen), which prohibits the manufacture, sale, distribution, and use of class B firefighting foam containing per- and polyfluoroalkyl substances (PFAS chemicals) by January 1, 2022, with some exceptions, and requires notification of the presence of PFAS in the protective equipment of firefighters.

SB 1159 (Hill), which would define "injury" for a critical worker, as specified, to include illness or death that results from exposure to coronavirus disease 2019 (COVID-19) under specified circumstances and would create a disputable presumption that an injury that develops or manifests itself while a critical worker is employed arose out of and in the course of the employment.

The Governor has until September 30, 2020, to sign or veto legislation. The Government Relations staff will provide a comprehensive update on the Governor's final actions in the November Legislative Report to the Board.

The remaining bills on Attachment A are no longer active but may be reintroduced as new legislation when the 2021 legislative session convenes in December 2020. Government Relations staff will continue to monitor the Governor's actions on bills and discussions related to bills for the 2021 legislative session.

In addition to taking action on bills, the Governor's Office has focused on continuing to contain the spread of COVID-19 and wildfires statewide.

To address the spread of COVID-19, the Governor's Administration released new reopening guidelines. Instead of using a county monitoring list, the California Department of Public Health (CDPH) has created a four-tiered color-coded system for monitoring virus conditions based on case rate, test positivity, and commitment to health equity.

Beginning on September 8, county by county tier status is assessed weekly by CDPH and counties that fail to meet its current tier's metrics for two consecutive weeks will be required to move back a tier. As was the case previously, local public health orders take precedence over state guidance and can be more restrictive but never less restrictive.

Airport Authority staff continues to monitor San Diego County's status within the state's tier system to ensure that the Airport Authority and San Diego International Airport's operations are compliant with all federal, local and state regulations.

Fiscal Impact:

Not applicable.

Authority Strategies/Focus Areas:

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

Strategies

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

Focus Areas

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

Environmental Review:

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

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

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

Application of Inclusionary Policies:

Not applicable.

Prepared by:

MATT HARRIS
DIRECTOR, GOVERNMENT RELATIONS

RESOLUTION NO. 2020-0091

A RESOLUTION OF THE BOARD OF THE SAN DIEGO
COUNTY REGIONAL AIRPORT AUTHORITY APPROVING
THE OCTOBER 2020 LEGISLATIVE REPORT

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

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

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

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

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

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the October 2020 Legislative Report (“Attachment A”); and

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

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

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

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 1st day of October 2020, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY RUSSELL
DIRECTOR, BOARD SERVICES/
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

October 2020 Legislative Report

State Legislation

New Assembly Bills

There are no new Assembly Bills to report.

*Shaded text represents new or updated legislative information

Assembly Bills from Previous Report

Legislation/Topic

AB 245 (Muratsuchi) – California Aerospace and Aviation Commission

Background/Summary

AB 245 would establish a 15-member California Aerospace and Aviation Commission (Commission) within the Governor’s Office of Business and Economic Development. The Commission would serve as a central point of contact for businesses engaged in the aerospace and aviation industries and support the health and competitiveness of these industries in California. AB 245 would require the Commission to make recommendations on legislative and administration action that may be necessary or helpful to maintain or improve the state’s aerospace and aviation industries and would require the Commission to report and provide recommendations to the Governor and State Legislature.

Anticipated Impact/Discussion

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

Status: 08/31/20 – This bill did not move forward in the 2020 Legislative Session.

Position: Watch (03/14/19)

*Shaded text represents new or updated legislative information

Legislation/Topic

AB 685 (Reyes) – Occupational Safety: COVID-19 Exposure: Notification

Background/Summary

This bill would require a public or private employer to provide specified notifications to its employees, the Division of Occupational Safety and Health, and the State Department of Public Health, relating to the exposure of its employees to COVID-19 that the employer knew of or should have reasonably known of, as specified. The bill would define “exposure to COVID-19.” The bill would make it a misdemeanor if an employer violates the notification requirements of these provisions. Because a violation of these provisions would be a crime, this bill would impose a state-mandated local program. The bill would require the Division of Occupational Safety and Health and the State Department of Public Health to make the information publicly available on their internet websites, as specified.

Anticipated Impact/Discussion

Although the Airport Authority has implemented notification and contact tracing protocols under the guidance and direction of federal, local and state health orders, this bill could create duplicative requirements that may differ from the various health agency directives. The Airport Authority’s legislative team is working with the California Airports Council, which is seeking to amend the bill to exempt public sector employers if they are otherwise working to develop or have implemented notification and contact tracing protocols under the guidance and direction of their county health department.

Status: 09/08/20 – This bill was passed by the State Legislature and is now on the Governor’s desk.

Position: Watch (09/03/20)

*Shaded text represents new or updated legislative information

Legislation/Topic

AB 1112 (Friedman) – Motorized Scooters

Background/Summary

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

Anticipated Impact/Discussion

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

Status: 08/31/20 – This bill did not move forward in the 2020 Legislative Session.

Position: Watch (05/02/19)

*Shaded text represents new or updated legislative information

Legislation/Topic

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

Background/Summary

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

Anticipated Impact/Discussion

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

Status: 08/31/20 – This bill did not move forward in the 2020 Legislative Session.

Position: Watch (03/14/19)

*Shaded text represents new or updated legislative information

Legislation/Topic

AB 1782 (Chau) – Personal information: contact tracing.

Background/Summary

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

This bill was amended to generally regulate public health entities and businesses that provide technology-assisted contact tracing (TACT) services. The amended language would require a business or public health entity offering TACT to provide a simple mechanism for a user to revoke consent for the collection, use, maintenance, or disclosure of data and permit revocation at any time.

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: 08/31/20 – This bill did not move forward in the 2020 Legislative Session.

Position: Watch (03/14/19)

*Shaded text represents new or updated legislative information

Legislation/Topic

AB 1850 (Gonzalez) – Employee Classification

Background/Summary

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

Anticipated Impact/Discussion

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

Status: 08/31/20 – This bill did not move forward in the 2020 Legislative Session.

Position: Watch (03/05/20)

*Shaded text represents new or updated legislative information

Legislation/Topic

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

Background/Summary

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

Anticipated Impact/Discussion

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

Status: 08/31/20 – This bill did not move forward in the 2020 Legislative Session.

Position: Watch (03/05/20)

*Shaded text represents new or updated legislative information

Legislation/Topic

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

Background/Summary

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

Anticipated Impact/Discussion

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

Status: 08/31/20 – This bill did not move forward in the 2020 Legislative Session.

Position: Watch (03/05/20)

*Shaded text represents new or updated legislative information

Legislation/Topic

AB 2138 (Chau) – California Public Records Act

Background/Summary

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

Anticipated Impact/Discussion

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

Status: 08/31/20 – This bill did not move forward in the 2020 Legislative Session.

Position: Watch (03/05/20)

*Shaded text represents new or updated legislative information

Legislation/Topic

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

Background/Summary

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

Anticipated Impact/Discussion

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

Status: 08/31/20 – This bill did not move forward in the 2020 Legislative Session.

Position: Watch (03/05/20)

*Shaded text represents new or updated legislative information

Legislation/Topic

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

Background/Summary

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

Anticipated Impact/Discussion

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

Status: 08/31/20 – This bill did not move forward in the 2020 Legislative Session.

Position: Watch (03/05/20)

*Shaded text represents new or updated legislative information

Legislation/Topic

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

Background/Summary

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

Anticipated Impact/Discussion

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

Status: 08/31/20 – This bill did not move forward in the 2020 Legislative Session.

Position: Watch (03/23/20)

*Shaded text represents new or updated legislative information

Legislation/Topic

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

Background/Summary

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

Anticipated Impact/Discussion

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

Status: 08/31/20 – This bill was passed by the State Legislature and is now on the Governor's desk.

Position: Watch (06/04/20)

*Shaded text represents new or updated legislative information

Legislation/Topic

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

Background/Summary

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

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

Anticipated Impact/Discussion

San Diego International Airport has a robust art program that includes several temporary art installations throughout the airport. If enacted as currently drafted, this legislation could require additional approval from other public and non-public entities prior to the removal of these art installations. As drafted, this additional approval process could create delays in the removal of art installations throughout the airport. In June, the Author's office confirmed that the bill will not move forward in the 2020 Legislative Session. The Authority's legislative team will continue to monitor the issue.

Status: 08/31/20 – This bill did not move forward in the 2020 Legislative Session.

Position: Watch (03/23/20)

*Shaded text represents new or updated legislative information

Legislation/Topic

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

Background/Summary

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

Anticipated Impact/Discussion

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

Status: 08/31/20 – This bill did not move forward in the 2020 Legislative Session.

Position: Watch (03/23/20)

*Shaded text represents new or updated legislative information

Legislation/Topic

AB 3216 (Kalra) – Unemployment: Rehiring and Retention: State of Emergency

Background/Summary

AB 3216 would require an employer to offer its laid-off employees specified information about job positions that become available for which the laid-off employees are qualified, and to offer positions to those laid-off employees based on a preference system, in accordance with specified timelines and procedures. The bill would also require an incumbent employer, within 15 days after the execution of a transfer document, to provide to the successor employer specified information pertaining to eligible employees and would require the successor employer to maintain and hire from a preferential hiring list for a specified time period. The bill would authorize an employee to enforce violations of these provisions by filing an action with the Division of Labor Standards or bringing a civil action, as specified, and would authorize various remedies, including hiring and reinstatement rights and awarding of back pay.

Anticipated Impact/Discussion

AB 3216 specifically includes airports and airport hospitality operations, among other industries, as employers subject to this proposed new law. The Airport Authority's Government Relations staff is working with the California Airports Council and our State Legislative Consultants to determine any impacts this bill will have on the Airport Authority and San Diego International Airport (SDIA). The legislative team will continue to monitor as the bill moves through the legislative process.

Status: 09/04/20 – This bill was passed by the State Legislature and is now on the Governor's desk.

Position: Watch (03/23/20)

*Shaded text represents new or updated legislative information

Legislation/Topic

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

Background/Summary

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

Anticipated Impact/Discussion

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

Status: 08/31/20 – This bill did not move forward in the 2020 Legislative Session.

Position: Watch (03/23/20)

*Shaded text represents new or updated legislative information

New Senate Bills

There are no new Senate Bills to report.

*Shaded text represents new or updated legislative information

Senate Bills from Previous Report

Legislation/Topic

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

Background/Summary

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

Anticipated Impact/Discussion

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

Status: 08/31/20 – This bill did not move forward in the 2020 Legislative Session.

Position: Watch (03/14/19)

*Shaded text represents new or updated legislative information

Legislation/Topic

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

Background/Summary

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

Anticipated Impact/Discussion

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

Status: 08/31/20 – This bill did not move forward in the 2020 Legislative Session.

Position: Watch (03/05/20)

*Shaded text represents new or updated legislative information

Legislation/Topic

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

Background/Summary

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

Anticipated Impact/Discussion

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

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

Status: 08/31/20 – This bill did not move forward in the 2020 Legislative Session.

Position: Watch (03/05/20)

*Shaded text represents new or updated legislative information

Legislation/Topic

SB 988 (McGuire) – Aviation Fuel

Background/Summary

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

Anticipated Impact/Discussion

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

Status: 08/31/20 – This bill did not move forward in the 2020 Legislative Session.

Position: Watch (03/05/20)

*Shaded text represents new or updated legislative information

Legislation/Topic

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

Background/Summary

This bill, commencing January 1, 2022, would require any person, including a manufacturer, as defined, that sells firefighter personal protective equipment to any person or public entity to provide a written notice to the purchaser at the time of sale if the firefighter personal protective equipment contains perfluoroalkyl and polyfluoroalkyl substances (PFAS), and would provide that a violation of this requirement is punishable by a specified civil penalty.

The bill, commencing January 1, 2022, would prohibit a manufacturer of class B firefighting foam from manufacturing, or knowingly selling, offering for sale, distributing for sale, or distributing for use in this state class B firefighting foam to which PFAS chemicals have been intentionally added, and would provide that a violation of this prohibition is punishable by a specified civil penalty. The bill would require a manufacturer to provide a specified notice to persons that sell the manufacturer's products in the state and to recall prohibited products, as provided. The bill would require the State Fire Marshal to develop guidance, provide information, and offer resources relating to this prohibition to assist public entities, as provided. The bill, commencing January 1, 2022, would prohibit a person or public entity from discharging or otherwise using for training purposes class B firefighting foam that contains intentionally added PFAS chemicals, and would provide that a violation of this prohibition is punishable by a specified civil penalty.

The bill was amended on August 5, 2020, to address concerns from airports regarding the transition period to switch from the current firefighting foam to the alternative when it becomes available. Specifically, the bill states that if a federal requirement to include PFAS in class B firefighting foam is revoked after the enactment of this bill, the prohibition on manufacture, sale, distribution, or use shall not apply for six months after the requirement is revoked.

Anticipated Impact/Discussion

Although SB 1044 provides an exemption for entities that are required by federal law to use PFAS in their firefighting foam, the Authority's legislative team will continue to engage with the California Airports Council (CAC) to develop an industry wide position on this bill and will continue to monitor as it moves through the process. The final version of the bill that is now on the Governor's desk includes the transition period for airports as mentioned above.

Status: 09/10/20 – This bill was passed by the State Legislature and is now on the Governor's desk.

Position: Watch (03/23/20)

*Shaded text represents new or updated legislative information

Legislation/Topic

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

Background/Summary

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

Anticipated Impact/Discussion

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

Status: 08/31/20 – This bill did not move forward in the 2020 Legislative Session.

Position: Watch (03/23/20)

*Shaded text represents new or updated legislative information

Legislation/Topic

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

Background/Summary

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

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

Anticipated Impact/Discussion

If enacted, bonds and other sources of funding for the purposes of making grants to local governments could be used to help implement the Authority's goals and efforts to implement the Climate Resilience Plan and airport development plan mitigation efforts. SB 1100 was pulled back from Senate policy committees on May 12, 2020. The Government Relations team will continue to monitor throughout the remainder of the session.

Status: 08/31/20 – This bill did not move forward in the 2020 Legislative Session.

Position: Watch (03/05/20)

*Shaded text represents new or updated legislative information

Legislation/Topic

SB 1159 (Hill) – Workers’ Compensation: COVID-19: Critical Workers

Background/Summary

This bill would define “injury” for a critical worker, as specified, to include illness or death that results from exposure to coronavirus disease 2019 (COVID-19) under specified circumstances. The bill would create a disputable presumption, as specified, that an injury that develops or manifests itself while a critical worker is employed arose out of and in the course of the employment.

Anticipated Impact/Discussion

Although this legislation is not expected to have a negative impact on the Airport Authority or San Diego International Airport (SDIA), the legislative team will continue to work with the California Airports Council and our State Legislative Consultants to monitor as it moves through the legislative process.

Status: 09/08/20 – This bill was passed by the State Legislature and is now on the Governor’s desk.

Position: Watch (09/03/20)

*Shaded text represents new or updated legislative information

Federal Legislation

New House Bills

There are no new House Bills to report.

*Shaded text represents new or updated legislative information

House Bills from Previous Report

Legislation/Topic

H.R. 2 (DeFazio) Moving Forward Act

Background/Summary

H.R. 2 is a \$1.5 trillion infrastructure proposal that includes investments in airports, roads, bridges, transit, rail, schools, housing, broadband, drinking and wastewater systems, the postal service, clean energy and health care infrastructure. Specifically related to airports, the proposal increases authorization for the regular Airport Improvement Program (AIP) to \$4 billion for fiscal years 2021-2025 and holds enplanements for future entitlement calculations to calendar year 2019 if traffic has not yet recovered to those levels.

The proposal authorizes new supplemental funding programs for airports, subject to appropriations from the general fund, including up to \$4 billion annually to help airports pay for COVID-19 related expenses and capital needs.

Anticipated Impact/Discussion

H.R. 2 would provide additional funding for airport projects, stimulating local economic growth through additional funding for infrastructure related projects. The Legislative team is monitoring the status of this bill and working with industry partners and associations to advocate for additional airport funding and resources.

Status: 07/20/20 – This bill passed the House on a 233 – 188 vote and is now in the Senate.

Position: Support (07/09/20)

*Shaded text represents new or updated legislative information

Legislation/Topic

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

Background/Summary

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

Anticipated Impact/Discussion

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

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

Position: Watch (02/06/20)

*Shaded text represents new or updated legislative information

Legislation/Topic

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

Background/Summary

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

Anticipated Impact/Discussion

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

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

Position: Support (03/14/19)

*Shaded text represents new or updated legislative information

Legislation/Topic

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

Background/Summary

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

Anticipated Impact/Discussion

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

Status: 03/27/19 – The bill is before the full House for consideration.

Position: Support (03/14/19)

*Shaded text represents new or updated legislative information

Legislation/Topic

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

Background/Summary

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

Anticipated Impact/Discussion

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

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

Position: Support (03/14/19)

*Shaded text represents new or updated legislative information

Legislation/Topic

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

Background/Summary

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

Anticipated Impact/Discussion

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

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

Position: Support (03/14/19)

*Shaded text represents new or updated legislative information

Legislation/Topic

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

Background/Summary

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

Anticipated Impact/Discussion

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

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

Position: Watch

*Shaded text represents new or updated legislative information

Legislation/Topic

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

Background/Summary

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

Anticipated Impact/Discussion

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

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

Position: Watch

*Shaded text represents new or updated legislative information

Legislation/Topic

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

Background/Summary

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

Anticipated Impact/Discussion

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

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

Position: Watch

*Shaded text represents new or updated legislative information

Legislation/Topic

H.R. 7523 (Garamendi) TIFIA for Airports Act

Background/Summary

H.R. 7523 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. 7523 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 during and 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: 07/09/20 – Introduced in the House of Representatives.

Position: Support (09/03/20)

*Shaded text represents new or updated legislative information

New Senate Bills

There are no new Senate Bills to report.

*Shaded text represents new or updated legislative information

Senate Bills from Previous Report

Legislation/Topic

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

Background/Summary

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

Anticipated Impact/Discussion

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

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

Position: Support (05/02/19)

*Shaded text represents new or updated legislative information

Legislation/Topic

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

Background/Summary

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

Anticipated Impact/Discussion

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

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

Position: Support (05/02/19)

Legislation/Topic

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

Background/Summary

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

Anticipated Impact/Discussion

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

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

Position: Watch

*Shaded text represents new or updated legislative information

Legislation/Topic

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

Background/Summary

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

Anticipated Impact/Discussion

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

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

Position: Watch

*Shaded text represents new or updated legislative information

Legislation/Topic

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

Background/Summary

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

Anticipated Impact/Discussion

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

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

Position: Support (06/04/20)

*Shaded text represents new or updated legislative information

STAFF REPORT

Meeting Date: **OCTOBER 1, 2020**

Subject:

Amend the Authority Records Retention Schedule for Automated License Plate Recognition (ALPR) Data

Recommendation:

Adopt Resolution No. 2020-0092, authorizing the President/CEO to amend the Authority Record Retention Schedule for Automated License Plate Recognition (ALPR) data from one (1) year to six (6) months.

Background/Justification:

Automated License Plate Recognition systems, also known as ALPR, provide automated imaging, digitization, recording, and reporting of vehicle license plate numbers. ALPR systems typically use two distinct technologies – stationary systems and mobile systems. The Authority currently uses both types of systems in Authority parking lots as part of parking operations.

1. Stationary systems are installed at the entry and exit lanes of the Terminal Two Parking Plaza.
2. Mobile systems are used in other parking lots.
 - a. Until the opening of the Terminal Two Parking Plaza (Plaza), the San Diego County Regional Airport Authority (“Authority” or “End User”) and its Parking Contractor (“Operator”) only used a mobile ALPR system. A special camera, mounted on the Operator’s vehicle, systematically traverses the parking lots collecting license plate data. This process, performed each night, gathers and records parked vehicle license plate numbers.

Approved Uses of ALPR Information

ALPR use is restricted for the purposes described within the ALPR Procedures. These procedures are outlined in ATTACHMENT A.

ALPR Operator and End User personnel do not use or allow others to use the equipment or database records for any unauthorized purpose. The collection, use and retention of license plate numbers through the ALPR system by the End User and Operator are performed to:

1. Verify and document revenue control for lost or contested parking tickets;
2. Process vehicles parked in Authority Parking Lots exceeding 60 days to request vehicle identification/ownership from Harbor Police Department and issue an

- impending Intent to Tow Notice to the vehicle's owner pursuant to California Vehicle Code § 22852;
3. Reconcile overnight parking inventories with the Parking Access and Revenue Control System;
 4. Respond to Authority or law enforcement agency inquiries regarding stolen or suspicious vehicles; and
 5. Identify a passenger's vehicle location.

License plate information collected by the ALPR system is considered Personal Information (PI); and will not be provided, sold and/or exchanged outside these provisions under any circumstances or conditions without the consent of the Authority's Board of Directors or as required by law. License plate numbers will not be photographed, copied or in any way reproduced, except as authorized in this procedure.

ALPR Regulation

The Authority has used ALPR in parking lots for many years in compliance with applicable laws. In October 2015, the State of California amended its breach notification statute to expand the definition of personal information ("PI") to include automatically collected license plate data. This change by the state prompted an amendment to Authority Policy 8.63. In September 2016, the Board updated the policy to align with the requirements of California Civil Codes §1798.25- 1798.29 and §1798.90.5 – 1798.90.55.

At the same meeting, the Board also authorized the President/CEO, with the assistance of the General Counsel, to take all necessary and required actions to comply with applicable laws before the ALPR is used, including -

1. Maintaining reasonable security procedures and practices, including operational, administrative, technical, and physical safeguards, to protect ALPR information from unauthorized access, destruction, use, modification, or disclosure.
2. Implementing a usage and privacy policy which shall be available to the public in writing, and, posted conspicuously on the Authority's Internet Web site.

The Authority and its parking operations contractor are in compliance with these directives and updated the Authority Code Section 8.63, which is available at www.san.org; and Ace's Privacy and ALPR Policies which are both available on Ace's website front page at www.aceparking.com. Signage informing customers on the use of ALPR is displayed at the entry lanes to all Airport parking lots.

ALPR Records Retention

ALPR images and data collected by the ALPR system are the property and possession of the Authority. License plate numbers collected by the ALPR system are for official use only by authorized Authority personnel, the authorized ALPR Operator, or law enforcement agencies.

ALPR information collected by the systems is PI and is subject to the Authority Privacy Policy and the Authority Records Retentions Schedule. ALPR information is to be

retained and deleted according to the Authority's records retention policies for the Operator and End User. The current retention schedule for ALPR data is set at one year as displayed below –

CATEGORY CODE	RECORD TYPE DESCRIPTION	OFFICE OF RECORD	RETENTION	VITAL?	CITATION
1110-40	Automatic License Recognition Image Files	Ground Transportation	CY + 1	no	GC 34090 GC 60201 PUC 170046

ALPR Audit Finding – Audit Report 19023

As part of an audit of the Authority ALPR Systems and procedures - Audit 19023 conducted in July 2019 - it was identified that the Operator (Ace Parking), was retaining ALPR information for six months. GT staff was aware of this practice, as this had been the standard for many years, and had not previously identified the variance from the Authority Records Retention Schedule. The audit finding from Audit Report 19023 is shown below:

Finding #3: Ace's Data Retention Policy Does Not Comply with Civil Codes
Priority Rating: Medium

California Civil Codes state that data obtained through an ALPR system should be retained for a length of time consistent with agency standards. The Authority's Data Retention Schedule states that data specifically collected through an ALPR system should be held for the current year, plus one full year. Audit work determined that ALPR data is only retained for six months, rather than the current year plus one full year as required.

Recommendation #3: ALPR data should be retained for the length of time indicated on the Authority's Data Retention Schedule.

Since the finding and recommendation were published in the Audit Report, Ground Transportation (GT) staff has been investigating the retention discrepancy and evaluating solutions to ensure compliance.

GT Staff Recommendation

After examining the issue and conferring with Ace Parking, General Counsel, Board Services, Information Technology and Services, and others – GT recommends that rather than changing operational practice to store ALPR data for one year, the Authority Retention Schedule should be amended to reduce the retention requirement to six (6) months. There are many reasons for this recommendation as outlined below -

1. The Authority may set the retention requirement for ALPR data at its discretion.
2. The operational practice has always been to only store ALPR data for 6 months.
3. ALPR data should not be stored longer than necessary to meet the operational need for use of the data.
4. There is NO operational need to store ALPR data for more than 6 months.

- 5. Since ALPR data is considered Personal Information (PI), storing this data for a longer period than necessary to support operations may increase data breach potential and liability exposure.
- 6. When the Terminal 2 Parking Plaza Sentry/Skidata Parking and Revenue Control System (PARCS) and Parking Guidance System (PGS) was activated and commissioned, it was decided to only retain ALPR data for only 6 months –
 - a. As had been the historical practice.
 - b. ALPR data is stored on Authority owned virtual servers, within the Authority network.
 - c. Significant additional server storage space would have been/will be required to store the ALPR data for an extended period.
 - d. There are associated additional costs, between \$30,000 to \$50,000 to acquire additional storage space (virtual servers), configure and maintain the software, and ensure additional security compliance measures are implemented.
- 7. Signage is displayed in all of the parking lot entry lanes stating that the Authority collects ALPR information and retains it for 6 months.

Recommendation

Staff recommends that the board Adopt Resolution No. 2020-0092, authorizing the President/CEO to amend the Authority Records Retention Schedule for Automated License Plate Recognition (ALPR) data from one year to six months.

Fiscal Impact:

There is no fiscal impact.

Authority Strategies/Focus Areas:

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

Strategies

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

Focus Areas

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

Environmental Review:

- A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code §21065.
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.
- C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, nor formal review under the National Environmental Policy Act ("NEPA") is required.

Application of Inclusionary Policies:

Not applicable

Prepared by:

MARC NICHOLS
DIRECTOR – GROUND TRANSPORTATION

AUTOMATED LICENSE PLATE RECOGNITION SYSTEMS AT SAN DIEGO INTERNATIONAL AIRPORT

SECURITY PROCEDURES AND PRACTICES

PURPOSE AND SCOPE

Public agencies using an automated license plate recognitions system (“ALPR system”) are required to comply with California Civil Code §§1798.25- 1798.29 and §§1798.90.5 – 1798.90.55. These Security Procedures and Practices (“ALPR Procedures”) outline the primary use and restrictions of ALPR systems at San Diego International Airport (“SAN”).

ALPR systems, also known as License Plate Recognition, provide automated imaging, digitization, recording and reporting of vehicle license plate numbers. ALPR systems have two distinct technologies: 1) Stationary systems using fixed cameras to collect and process digitized license plate numbers and 2) Mobile systems that rely on portable cameras to collect and process digitized license plate numbers.

The San Diego County Regional Airport Authority (“Authority” or “End User”) and its Parking Contractor (“Operator”) currently use a mobile ALPR system. A special camera, mounted on the Operator’s vehicle, systematically traverses the parking lots collecting license plate data. This process, performed each night, gathers and records parked vehicle license plate numbers.

These ALPR Procedures are consistent with Authority Policy 8.63 concerning privacy of personal information, which may be accessed at the following link:

http://www.san.org/Portals/0/Documents/Policies/SDCRAA_Policies_4-21-2016.pdf

AUTHORIZED PURPOSES FOR ACCESSING AND USING ALPR INFORMATION

The collection, use and retention of license plate numbers through the ALPR system by End User and Operator will be performed to:

1. Verify and document revenue control for lost or contested parking tickets;
2. Process vehicles parked in Authority Parking Lots exceeding 60 days to request vehicle identification/ownership from Harbor Police Department and issue an impending Intent to Tow Notice to the vehicle’s owner pursuant to California Vehicle Code § 22852;
3. Reconcile overnight parking inventories with the Parking Access and Revenue Control System;
4. Respond to Authority or law enforcement agency inquiries regarding stolen or suspicious vehicles; and
5. Identify a passenger’s vehicle location.

License plate information collected by the ALPR system will not be provided, sold and/or exchanged outside these provisions under any circumstances or conditions without the consent of the Authority’s Board of Directors or as required by law. License plate numbers will not be photographed, copied or in any way reproduced, except as authorized in this procedure.

ALPR OVERVIEW

The ALPR system at SAN collects license plate numbers using specially-designed mobile cameras affixed to a moving vehicle to accurately capture a vehicle's license plate number, convert the plate's alphanumeric characters into a digital image using optical character recognition technology and store the number in an electronic file. The ALPR Operator follows a prescribed route nightly to collect and process license plate images. The ALPR Operator confirms the digitized image is accurate before accepting it into the file, while performing the ALPR license plate collection. ALPR files are transmitted wirelessly to a central computer database (located in the SAN's Parking Management Office) where they are retained and accessed for approved use until deleted.

ALPR ADMINISTRATION

The Authority retains control and ownership of the license plate information collected from the ALPR system as the official custodian of its records. Requests for records containing information from the ALPR system under the California Public Records Act or other legal process outside the authorized uses described in this ALPR Procedure will be processed by the Authority. The Operator performs and manages all tasks associated with the ALPR operation including equipment specification, installation, operation and maintenance as well as the collection, control, archival and destruction of license plate number information. The Operator is responsible for ensuring only authorized persons (approved by the Authority) access, operate and/or maintain the ALPR equipment. The Authority further approves individual access and administrative rights to the ALPR applications. The Authority approves the procedures and practices for license plate number collection, storage, retention, archival and deletion.

ALPR USE RESTRICTIONS

ALPR use is restricted for the purposes described within these ALPR Procedures. ALPR Operator and End User personnel do not use or allow others to use the equipment or database records for any unauthorized purpose. The following restrictions apply:

1. License plate numbers collected with the ALPR system are for official and approved Authority business.
2. License plate numbers collected with the ALPR system may be used in conjunction with Authority-related investigations that require fact-finding or data collection.
3. Operator or End User personnel may not operate ALPR system equipment or access the license plate numbers without first completing training approved by the Authority's Ground Transportation Department.

ALPR LICENSE PLATE NUMBER COLLECTION AND RETENTION

Data and images of license plate numbers collected by the ALPR system are the property and possession of the Authority. License plate numbers collected by the ALPR system are for official use only by authorized Authority personnel, the authorized ALPR Operator or law enforcement agencies. License plate numbers collected by the ALPR system are retained and deleted according to the Authority's records retention policies for the Operator and End User.

ALPR SYSTEM QUALITY AND ACCURACY

The Authority will take reasonable measures to ensure the accuracy of license plate numbers collected by the Operator and other authorized personnel. The Operator and Authority correct mistaken translation and other database errors when identified.

The Authority acknowledges that, in rare instances, the ALPR system may inadvertently capture information contrary to the collection guidelines set forth in this policy. Such records will be purged upon identification.

AUTHORIZED USERS

Authority personnel authorized to obtain and use the ALPR system and/or to request ALPR system information from the Operator are:

1. The Vice President, Operations, as the Authority official and custodian accountable for all compliance with Authority Policy 8.63; and
2. The Director, Ground Transportation and the Manager, Ground Transportation as the Authority officials responsible for the Personal Information Implementation and Maintenance Procedures, the interface/liaison with law enforcement agencies, the interface/liaison with the ALPR Operator and the implementation of the Authority's ALPR procedures.

Law enforcement agencies (whether local, county, state or Federal) may also obtain information from the ALPR system through the Authority's Ground Transportation Department as part of a law enforcement investigation either in person (with identification) or through a written notice (agency letterhead). Except under exigent circumstances (as determined in the sole discretion of the Authority), two signatures from a law enforcement agency are required before information from the ALPR system is provided to law enforcement.

TRAINING

Training requirements for those with access to and use of the ALPR system are consistent with those defined in the Authority's Personal Information Policy Implementation and Maintenance Procedures. This training is conducted annually to review Authority Policy 8.63 and these ALPR Procedures. Records acknowledging completion of the training with the employee's signature will be maintained by the Authority. Access to the Authority's ALPR system is limited to persons who have successfully completed the training.

MONITORING AND COMPLIANCE

Procedural and technological measures will safeguard and protect information from the ALPR system at all times. These safeguards are followed to access and use information from the ALPR system:

1. All non-law enforcement requests to access stored information from the ALPR system will be referred to the Authority's Ground Transportation Director and processed in accordance with these ALPR Procedures.
2. All information from the ALPR system downloaded to the Operator's mobile workstation will be sent via a secure protocol to a server accessible only through a login/password-protected system and capable of documenting all access of information by name, date and time.

3. All information from the ALPR system is collected and retained by the Operator. The End User will verify the license plate information with the Operator prior to any action being taken.
4. Persons accessing information from the ALPR system will be permitted to use the information only for purposes authorized in these ALPR Procedures.
5. Information from the ALPR system may be released to verified law enforcement officials and agencies at any time for legitimate law enforcement purposes.

Annual ALPR system audits will be conducted to ensure compliance with these ALPR Procedures.

RESOLUTION NO. 2020-0092

A RESOLUTION OF THE BOARD OF THE
SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY, AUTHORIZING THE PRESIDENT/CEO
TO AMEND THE AUTHORITY RECORDS
RETENTION SCHEDULE FOR AUTOMATED
LICENSE PLATE RECOGNITION (ALPR) DATA
FROM ONE (1) YEAR TO SIX (6) MONTHS

WHEREAS, California Civil Code §1798.90.55 requires a public agency that operates or intends to operate an Automated License Plate Recognition (“ALPR”) system to provide an opportunity for public comment at a public hearing before implementing the program; and

WHEREAS, on July 11, 2016, the Authority held a public hearing at a publicly noticed meeting to provide an opportunity for public comment regarding the use of an ALPR system at San Diego International Airport; and

WHEREAS, the Board finds it is in the best interest of the Authority to use an APLR system at the Airport to allow the Authority’s parking management service provider to (1) determine the correct parking fee for lost tickets; (2) identify abandoned vehicles; (3) verify overnight vehicle counts; and (4) respond to inquiries of law enforcement agencies; and

WHEREAS, the Authority Records Retention schedule dictates the required retention time for ALPR data; and that retention is currently identified as Calendar Year plus 1 year (CY+1); and

WHEREAS, the Authority has determined that there is no operational or legal requirement to store ALPR data for a period greater than six (6) months; and

WHEREAS, the Authority intends to mitigate its data breach and personal information liability.

NOW THEREFORE BE IT RESOLVED THAT the Board hereby authorizes the President/CEO to amend the Authority Retention Schedule for Automated License Plate Recognition (ALPR) data from one (1) year to six (6) months; and

BE IT FURTHER RESOLVED THAT the Board authorizes the President/CEO with the assistance of the General Counsel to take all necessary and required actions to amend the Records Retention Schedule for ALPR data consistent with the above-findings and authorization; 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”).

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 1st day of October, 2020, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES /
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

STAFF REPORT

Meeting Date: **OCTOBER 1, 2020**

Subject:

Fiscal Year 2020 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. These duties and responsibilities are further detailed in Authority Policy Article 1, Section 1.50 (5)(c)(ii).

The Charter of the Audit Committee and was most recently revised by Board Resolution No. 2018-0116 on October 4, 2018.

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

The Audit Committee's Annual Report for Fiscal Year 2020 (Attachment A) was presented by the Chair of the Committee for review during its September 10, 2020, meeting; and, the Audit Committee voted unanimously to forward the 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

C. April Boling
Chairman

September 10, 2020

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

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

Dear. Ms. Boling:

Ex-Officio Board Members

Gustavo Dallarda
Col. Charles B. Dockery
Gayle Miller

As required by the Charter of the Audit Committee, the activities and duties performed by the Audit Committee for the period July 1, 2019, through June 30, 2020, are detailed in this Audit Committee Annual Report for Fiscal Year 2020.

President / CEO

Kimberly J. Becker

The Audit Committee met four times during Fiscal Year 2020. All San Diego County Regional Airport Authority (Authority) Board and Audit Committee Meetings are managed by the Authority Clerk and Board Services Department. Particular diligence was required during the third quarter of Fiscal Year 2020 when the COVID-19 pandemic arose, resulting in the necessary transition for Committee meetings to be conducted through the internet and also telephonically. The May 14, 2020, Audit Committee Meeting was successfully run in this manner. In addition, the Audit Committee Members displayed flexibility in their participation while maintaining their commitment to perform their duties.

Meeting minutes for the Authority Board and Committee 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. Following is a list of the Audit Committee Meetings that took place, or were scheduled to take place, in Fiscal Year 2020.

- September 9, 2019 – *Regular Meeting (Rescheduled)*
- September 12, 2019 – *Special Meeting (Canceled due to lack of quorum)*
- **November 4, 2019 – Regular Meeting**
- **January 16, 2020 –Special Meeting (Selection of Public Members)**
- February 10, 2020 –*Regular Meeting (Rescheduled)*
- **February 13, 2020 –Special Meeting**
- May 11, 2020 – *Regular Meeting (Rescheduled)*
- **May 14, 2020 – Special Meeting**

Audit Committee Members examined numerous documents and reports in preparation for their Committee Meetings, to perform analysis and to safeguard the Authority through their input and guidance.

Following are highlights from the Fiscal Year 2020 Audit Committee Meetings.

September 2019

A September meeting could not be held due to a lack of quorum. Agenda items requiring a quorum include the submission or the revision to an Audit Plan from the Office of the Chief Auditor (OCA), and the proposed budget from the OCA. During September the qualifying number of attendees were not available; therefore, all agenda items were moved to the November meeting.

November 2019

Annually, the November Audit Committee Meeting includes the Committee's review of the Authority's audited financials, an important part of the Audit Committee's responsibilities. In November 2019, the Authority's audited financial statements and other reports for Fiscal Year Ended June 30, 2019, were presented by external auditors BKD, LLP, to the Audit Committee for examination:

- Audited Financial Statements
- Compliance (single audit) Report
- Passenger Facility Charge (PFC) Compliance Report
- Customer Facility Charge (CFC) Compliance Report
- Report to the Audit Committee
- 2019 Comprehensive Annual Financial Report (CAFR)

In addition, an examination of both the Audit Committee Charter and the Charter for the Office of the Chief Auditor were performed. Lastly, changes to Authority Policy 1.50 were reviewed to state term limits for Public Members on the Audit Committee, which did not exist previously.

January 2020

A Special Audit Committee Meeting was held in January 2020 to interview candidates for Public Member vacancies on the Audit Committee. The interviews were a culmination of the solicitation process that began in October 2019 incorporating input and efforts from Authority staff and the Audit Committee Members to ensure a large well-qualified candidate pool. A selection of two new Public Members was made. The Audit Committee has since welcomed Carmen D. Vann and Agnes Wong Nickerson as Public Members. Both are exceptionally experienced in managing construction of large-scale public works projects. Ms. Wong Nickerson is also a professional in the field of public finance and budgeting. The Audit Committee is very fortunate to have them on the Committee and looks forward to their participation.

February 2020

Each year on February 1st, appointments to the Board's standing committees take effect. In 2020, my role as the new Audit Committee Chair commenced. Also two new Board Members joined the Audit Committee with the member rotation. Additionally, a newly appointed Public Member began their term in February, filling a vacant position.

Adhering to Charter of the Audit Committee, Public Utilities Code §170018, and best practice, the rotation of the Authority's external auditor lead partner from BKD, LLP, was one of the agenda items reported upon during the February 2020 Audit Committee Meeting. Renewal of the BKD contract in 2020 precipitated the fresh change in leadership.

May 2020

New procedures and etiquette were followed to hold the May 2020 Audit Committee Meeting due to the federal, state, and county-wide guidance and/or restrictions brought forth by COVID-19. As noted previously, the May Audit Committee Meeting was successfully conducted through the internet and telephonically. Committee Meetings are continuing to be held in this manner indefinitely.

An agenda discussion topic in May related to the OCAs proposed Fiscal Year 2021 budget and the Authority's Airport Development Plan (ADP). To provide the construction auditing required for a project the magnitude of the ADP, the Audit Committee will take under consideration, and make a budget recommendation in the future to the Board, to hire an expert firm in construction auditing for the ADP. The Chief Auditor's Office would hire and oversee the construction auditing firm. Estimated cost for an external construction audit firm is \$1.5M over 3 to 7 years.

Significant to new work being performed by the OCA is their effort directed to utilize data analytics in the performance of audit work. As discussed during the May 2020 Audit Committee Meeting, this work will both increase audit efficiency and enhance the operational performance of the department. The Audit Committee supports this effort and looks forward to the changes to be achieved by the OCA through data analytics.

Each Audit Committee Meeting the Chief Auditor reports on the OCAs activities and on the results of audits that were performed by the department. Authority operations are communicated to the Audit Committee, in part, through the audits performed by the OCA. During Audit Committee meetings held in Fiscal Year 2020, the Committee reviewed, approved, or received as information, on the following reports and presentations:

- Fiscal Year 2019 Annual Report of the OCA
- Fiscal Year 2020 Quarterly Reports and corresponding audit recommendations
- OCA Audit Reports issued during Fiscal Year 2020, totaling 15

Annual Report
from the Audit
Committee

Page 4 of 4

- OCA Recommendations issued during Fiscal Year 2020, totaling 37
- Management's progress in addressing recommendations issued by the OCA and the Authority's external auditor
- Revisions to the Fiscal Year 2020 OCA Audit Plan
- Fiscal Year 2021 Risk Assessment, Audit Plan, and Proposed Budget for the OCA
- Cybersecurity Updates
- Ethics Program and Confidential Hotline Updates
- Public Employee Performance Evaluation Goal Setting for the Chief Auditor

The current COVID-19 environment has affected all of us and has tremendously impacted the Airport Authority. The Audit Committee remains committed to performing its responsibilities throughout its duration and forward, with resilience and steadfastness.

Sincerely,



Mark Kersey
Audit Committee Chair

MK/LP/sro

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

STAFF REPORT

Meeting Date: **OCTOBER 1, 2020**

Subject:

Fiscal Year 2020 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 annually report to the Board pertaining to audits completed, findings identified, corrective actions provided, and the implementation status on recommendations.

Additionally, the Charter for the Office of the Chief Auditor defines the role and requirements of the Office of the Chief Auditor (OCA) and outlines the working relationship and responsibilities of the Chief Auditor to the Audit Committee and to Authority management. The Charter was instituted by Board Resolution No. 2003-062 on October 2, 2003, and most recently revised on October 4, 2018, during a regular meeting of the Board, by Resolution No. 2018-0117.

The Fiscal Year 2020 OCA Annual Report (Attachment A) was presented to the Audit Committee on September 10, 2020, during a regular meeting of the Committee. The report provides an account of activities and accomplishments of the OCA during the period July 1, 2019, through June 30, 2020, and includes details on all recommendations completed or in progress during the 4th Quarter of Fiscal Year 2020.

In addition, the Fiscal Year 2020 OCA Annual Report provides required disclosures in conformance with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.

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:

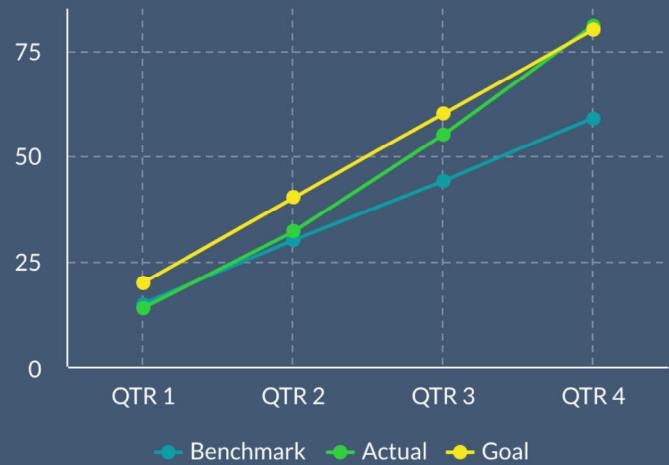
LEE M. PARRAVANO
CHIEF AUDITOR



Audit and Consulting Engagement Progress



Audit and Consulting Engagement Progress vs. Benchmark & Goal



FY 2020 - By the Numbers

37

Recommendations Issued
Rating: 18 High, 13 Medium, 6 Low

4.6

Customer Satisfaction Rating (Out of 5)

59%

Audit and Consulting Engagements Completed within Budget

67%

Auditor Utilization Percentage

100%

Recommendations Accepted by Management





SAN DIEGO
INTERNATIONAL AIRPORT
LET'S GO.

September 10, 2020

Mark Kersey, Chair
Audit Committee
San Diego County Regional Airport Authority
P.O. Box 82776
San Diego, California 92138-2776

Dear Mr. Kersey:

Subject: Fiscal Year 2020 Annual Report

The Office of the Chief Auditor (OCA) presents our Fiscal Year 2020 Annual Report that details the activities of the OCA and the results of the Quality Assurance and Improvement Program.

Fiscal Year 2020 was a productive year for the OCA that included issuing 15 audit reports and 37 recommendations. We exceeded our audit and consulting engagement completion goal for the fiscal year, monitored construction activities, began development of a data analytics program, and administered the San Diego County Regional Airport Authority's (Authority) Ethics Program.

Along with the whole Authority the OCA faced new challenges requiring versatility and adjustment when the COVID-19 pandemic arose. The OCA continues to be diligent in meeting its work requirements while aspiring to be an effective contributor to the optimization of the Authority.

Respectfully submitted,

Lee Parravano
Chief Auditor

LP/SE/sro

Attachment

cc: SDCRAA Audit Committee
SDCRAA Board Members
Kimberly J. Becker, President/Chief Executive Officer
Amy Gonzalez, General Counsel
Scott Brickner, Vice President/Treasurer & Chief Financial Officer
Hampton Brown, Vice President Marketing & Innovation (ad interim)
Dennis Probst, Vice President & Chief Development Officer
Angela Shafer-Payne, Vice President & Chief Operating Officer
Matt Harris, Director, Government Relations
Tony Russell, Director, Authority Clerk
Assistants Specified by Board Members and SDCRAA



Fiscal Year 2020

ANNUAL REPORT

SAN DIEGO
COUNTY
REGIONAL
AIRPORT
AUTHORITY

Issue Date: September 10, 2020

OFFICE OF THE CHIEF AUDITOR

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Summary

Executive Summary

The purpose of the Fiscal Year 2020 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*).

The Fiscal Year 2020 Audit Plan was comprised of 20 audits engagements, 2 consulting engagements, 7 general audit activities, and administrative activities. The OCA tracks its progress relative to the Audit Plan and several key performance measures to gauge the success of the office. Each performance measure is detailed below along with a supplemented explanation.

Performance Measures

For Fiscal Year 2020, six major performance measures were developed to evaluate the OCA.¹ The OCAs performance against the selected performance measures is displayed in Figure 1 below and are presented to the Audit Committee/Board quarterly unless noted otherwise.

Figure 1: Status of Performance Measures as of June 30, 2020

#	Performance Measure	Goal	Actual	Benchmark
1	Conduct engagements that add value measured by:			
	a) Customer Satisfaction Ratings from			
	i. Audit Committee/Board (reported annually)	4.0	i) 5.0	4.0
	ii. Executive Management (reported annually)		ii) 4.5	
	iii. Auditee		iii) 4.6	
	b) Number of Recommendations	25	37	25
2	Percentage of audit and consulting engagements completed	80%	81%	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%	67% / 70% including/excluding Chief Auditor	70%
6	Percentage of audit and consulting engagements completed within budget	80%	59%	75%

¹ The OCA tracks additional performance measures that are not shown above. Their results are compiled and shared with the Audit Committee annually. Appendix D contains historical data on performance measures, including changes implemented by the new Chief Auditor in Fiscal Year 2019.

Customer Satisfaction Rating:

Customer satisfaction surveys were provided and ratings received from three customer categories as follows:

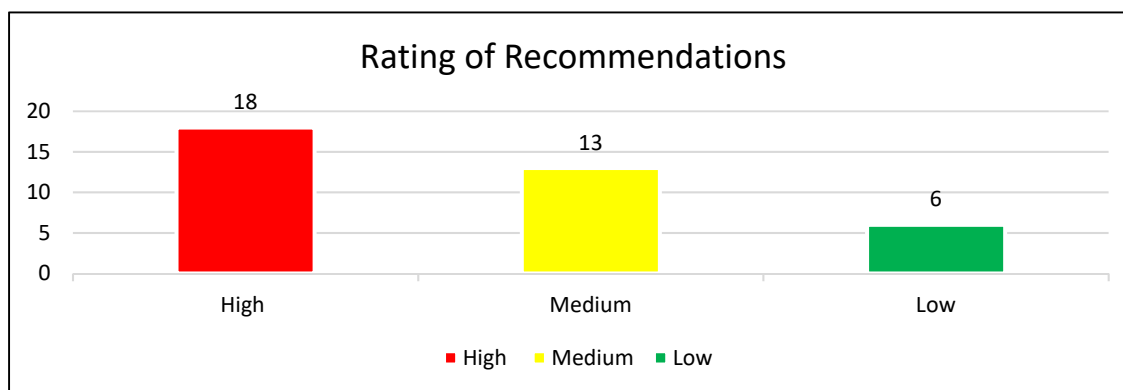
- Authority Board/Audit Committee
- Executive Management
- Auditee

The Authority Board/Audit Committee and Executive Management are surveyed annually and results are reported annually to the Audit Committee. Whereas, surveys are sent to auditees following the completion of each audit (or consulting engagement) to obtain customer satisfaction data and results are presented quarterly to the Audit Committee. The OCA tracks each customer category separately; and, in Fiscal Year 2020 received aggregate scores of 5.0, 4.5, 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 37 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 15 audit reports and 2 consulting engagements, or 81%², of the Fiscal Year 2020 audit and consulting engagements (17/21 = 81%) on the Audit Plan.

An alternative way to calculate the OCAs progress is to acknowledge the hours spent on audit and consulting engagements in progress, but not yet completed. This method uses the total hours expended on all audit and consulting work to date (completed and those in progress) and the total hours expected to complete all audit and consulting engagements in the Fiscal Year 2020 Audit Plan. This calculation results in a completion percentage of 84%. Specifically, the OCA expended 7,272 hours conducting audit and consulting work, and estimates 8,665 total hours will be needed to complete all Fiscal Year 2020 audit and consulting engagements (7,272/8,665 = 84%).

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

² The 81% is equal to (15 completed audits + 2 consulting engagements) / (22 total audit and consulting engagements - 1 audit that was moved to Fiscal Year 2021 – Harbor Police Contract Management). See Appendix A for the Fiscal Year 2020 Audit Plan.

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 2020, 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 2020 the OCA provided 6.1 hours of training per staff. Training has included topics such as confidentiality of working papers, Quality Assurance and Improvements Programs, internal audit software, data analytics, and independence.

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.³ The OCAs goal for Fiscal Year 2020 is 70%. The OCA spent 67% of time on audit and consulting engagements and general audit activities, which includes the Chief Auditor's time (70% excluding 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 project. In Fiscal Year 2020, the OCA completed 59% of its projects within the budgeted time, which is below the OCAs goal. During the year we encountered numerous projects that were more complicated than originally forecasted in allocated audit hours. Audit hours highly correlate to the number of findings and recommendations issued. As noted above the OCA issued 37 recommendations, resulting in projects exceeding the budget originally established.



Additional Revenue/Cost Savings Identified through Audit and Consulting Engagements:

While the value of an audit or consulting engagement cannot be adequately assessed by this performance measure, it does provide quantifiable values for completed projects. During Fiscal Year 2020, the OCA identified \$34,094 in cost savings/additional revenues. Going forward, as requested by the Audit Committee, the revenue/cost savings identified information will no longer be included as a Performance Measure.

³ Appendix A details all planned activities in these categories for Fiscal Year 2020.

Audit and Consulting Engagements

In total during Fiscal Year 2020, the OCA completed 15 audits, 2 consulting engagements, and issued 37 recommendations. The OCA exceeded its goal by completing 81% of the audit and consulting engagements on the Audit Plan; although, there were five planned audits that were not completed as of June 30, 2020. The OCA is carrying these five audits forward to the Fiscal Year 2021 Audit Plan.⁴

Below are highlights from the audits and consulting engagements completed during the fourth quarter of Fiscal Year 2020. 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.

Tenant Lease Administration and Management: The objective of this audit was to determine if management effectively and efficiently tracks and manages contract and lease requirements within the Revenue Generation and Partnership Development Department (RG&PD). The audit concluded that the current processes to manage leases assigned to RG&PD are ineffective and inefficient. However, the audit noted that management was already in the process of looking at solutions to rectify the issues. The audit provided 13 recommendations.

Change Order Procedures: The objective of this audit was to determine if management's Change Order process aligns with best practices and if management was following best practices. The audit concluded that management has Change Order policies and procedures that align with best practices and is following best practices as well. No recommendations were provided.

Ace Parking Management, Inc. (Ace) Expenditures for Parking Management and Airport Shuttle Services: The objective of this audit was to determine if the payments made to Ace for parking management and shuttle services complied with the agreements. The audit concluded that the payments made to Ace were in compliance with the agreements; however, we noted the Authority was under billed by \$6,790 in shuttle services. The audit provided one recommendation.

Tenant Lease Administration and Management – Best Practices for Contract Terms Managed by Revenue Generation & Partnership Development (RG&PD): The objective of this consulting engagement was to provide advice on contracts managed by RG&PD. The advice was based on historical knowledge and expertise from audits previously performed by the OCA and from an examination of other airport concession contracts.

COVID-19 – Consulting Engagement: The objective of this consulting engagement was to provide assistance to management related to COVID-19. The OCA provided advice on a variety of topics, consultation on grant funding, and other administrative support to management related to COVID-19 matters.

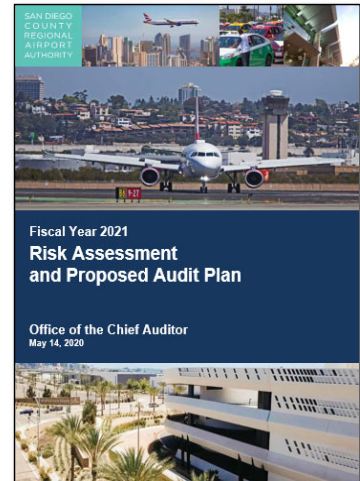
⁴ Subject to approval.

General Audit Activities

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 required⁵ 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. The Fiscal Year 2021 Risk Assessment and Audit Plan process included input from the Board, Audit Committee, Authority management, and staff. 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. In total, 214 Key Work Activities were identified and included in the Risk Assessment. The resulting Fiscal Year 2021 Audit Plan was developed based on the results of the Risk Assessment and discussions with key stakeholders. The Fiscal Year 2021 Risk Assessment and Audit Plan was submitted to the Audit Committee on May 14, 2020, and subsequently approved by the Board on June 4, 2020.



Construction Activities

Throughout Fiscal Year 2020, the OCA continued monitoring the Authority's construction activity. The OCA attended meetings regarding the Federal Inspection Service project, the airport support facilities, the Airport Development Program, and other airport construction projects. The OCA remains involved with issues identified by the Airport Design and Construction team and Authority management, providing assistance and attending meetings specific to the aspects of the Authority's construction activity.

Additionally, to obtain assurance that the Design Build Agreement related to the Airport Development Plan contained adequate safeguards and best practice language, the OCA hired a construction auditing firm to perform a comprehensive review of the draft contract agreement. Recommendations to strengthen agreement language were provided to both General Counsel and the Airport Design and Construction Department for consideration.

Information Technology Meeting Attendance

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

Development of Data Analytics

The OCA set out this fiscal year to determine the feasibility of developing a data analytics program for rental car concessions. A successful data analytics program would provide real-time insight regarding rental car company activity at the San Diego International Airport. The OCA would utilize this information to identify possible risks early on and to determine if an audit should be

⁵ Requirements are dictated by the Office of the Chief Auditor Charter, Charter for the Audit Committee, or the International Standards for the Professional Practice of Internal Auditing (*Standards*).

initiated. This audit approach would allow the OCA to objectively select audits. Additionally, data analytic information could be shared with Authority management for their reference and use.

As of the end of the fiscal year, the OCA had collaborated with the Revenue Generation & Partnership Development Department, Information & Technology Services, the Data Analytics team, and other Authority staff. The OCA provided the Data Analytics team sample test data for preliminary analysis. That sample data was utilized by the Data Analytics team to create a preliminary analytics dashboard. In Fiscal Year 2021 the OCA intends to examine the preliminary dashboard, make modifications as necessary, and further develop this program. We continue to be optimistic about the success of the data analytics program for rental car concessions.

Ethics Program Activities

The OCA continues to run the Authority Ethics Program and confidential hotline. During Fiscal Year 2020, 28 total tips/reports were received, one of which was a potential code violation, and was investigated. The Ethics Officer continues to receive and respond to employee-related concerns. The category with the most tips/reports was Workplace Practices and Behavior with a total of 24; none of these were a potential code violation. See Appendix C for a summary of all tips/reports received during Fiscal Year 2020.

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 the status of 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 progress being made to implement the recommendations.

During Fiscal Year 2020, the OCA issued 37 recommendations that will be tracked for implementation along with open recommendations issued in 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 quarterly on the status of recommendations. Recommendations issued in prior quarters that have been remediated by management were presented to the Audit Committee on November 4, 2019, February 13, 2020, and May 14, 2020, of Fiscal Year 2020.

Table 1 below shows the status of recommendations that were *Completed* or *In Progress* as of the fourth quarter of Fiscal Year 2020, along with the estimated/actual implemetation timeframe based on the audit report issue date. Of the completed recommendations, three were completed within the initial timeframe identified when the recommendations were issued. Of the in progress recommendations, 14 recommendations were still within the initial timeframe identified for implementation.

Table 1: Recommendations with Estimated/Actual Implementation Timeframe

Recommendations	Zero to 7 Months	7 Months to 1 Year	Over 1 Year	Total
Completed	2	3	2	7
In Progress	8	6	3	17

Quality Assurance and Improvement Program

The Institute of Internal Auditors' (IIA) *Standards* require the OCA to maintain a Quality Assurance and Improvement Program. Comprehensive details of this General Audit Activity are included under the Quality Assurance and Improvement Program Section of this report.

Audit Committee Support

During Fiscal Year 2020, the Audit Committee met four times, which occurred on:

- November 4, 2019
- January 16, 2020 (Special Meeting – Selection of Public Members)
- February 13, 2020
- May 14, 2020

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

Administrative

The activities that reside within this 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 102 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)

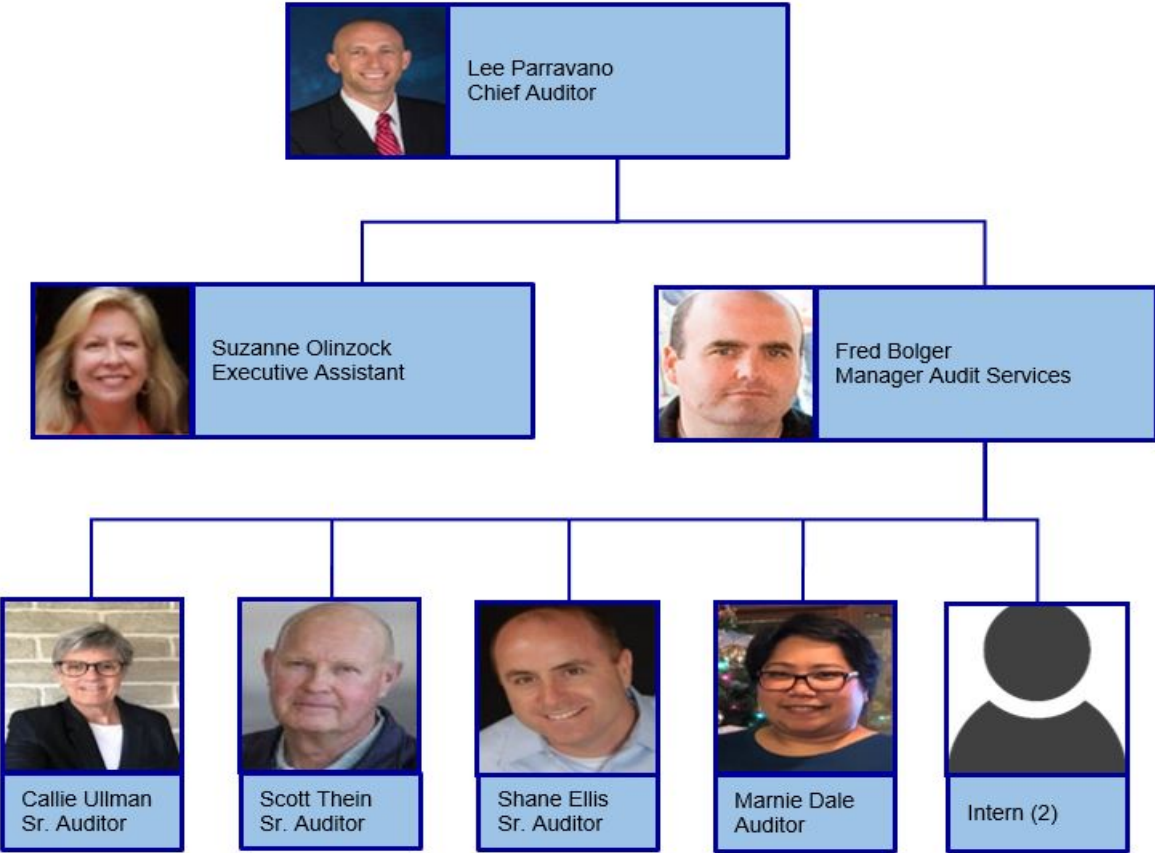


Each of these certifications requires that the holder complete a specified number of hours of CPE. As noted above, all CPE requirements were met for all OCA staff during calendar year 2019.⁶

⁶ 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.

Organization Chart

As of June 30, 2020, the OCA organizational structure was as follows. For Fiscal Year 2021, the Intern positions have been 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 assessments, known as a Quality Assessment Review (QAR), or peer review, must be conducted at least once every five (5) 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 assessments are 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 E.

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 noted.



Internal Assessment - On-Going Monitoring

In July 2020, the OCA conducted an assessment of its Fiscal Year 2020 operations, as required by the *Standards* for on-going monitoring. The results of our on-going monitoring are provided below.

Scope and Objectives of On-Going Monitoring

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

1. Performance Measures
2. General Audit Practices
3. Engagement Planning and Supervision
4. Standard Working Practices
5. Work paper Reviews and Sign-offs
6. Report Reviews
7. Feedback from Audit Clients
8. Prior Recommendations

Results of On-Going Monitoring

There are numerous processes in place to ensure that quality is consistently delivered on each audit engagement. There were no items identified that would impact audit report quality. However, we did identify some administrative items to improve our audit process and documentation. Detailed information on performance measures and recommendations identified by the OCA are provided below.

QAIP Recommendations Identified

The QAIP identified three recommendations detailed below.

1. The OCA is required to review the Audit Committee Charter annually and recommend amendments as necessary. The OCA has reviewed the Charter and is recommending minor modifications to the Charter of the Audit Committee.
2. The OCA is required to review the OCA's Charter annually and recommend amendments as necessary. The OCA has reviewed the Charter and is recommending minor modifications to the Charter for the Office of the Chief Auditor.
3. During the QAIP process, the OCA identified opportunities for improving current administrative operations or updating documentation, including the following:
 - Updates to OCA Policy & Procedures manual
 - Improvements to audit work papers and documentation
 - Enhancements to audit planning & entrance conference objectives
 - Improvements to Customer Satisfaction Survey results documentation

OCA Response

Recommendations 1 and 2 will be provided to the Audit Committee for consideration at its September 10, 2020, meeting. The OCA has begun to implement recommendation 3 in Fiscal Year 2021.

Appendix A – Fiscal Year 2020 Audit Plan

#	Activity	Status as of 6/30/2020	Over/Under Budget	No. of Recs.	Revenue / Cost Savings Identified
Audit Engagement					
1	Owner Controlled Insurance Program (OCIP) Management	Completed	Over	-	\$-
2	IT Asset Acquisition & Implementation	Completed	Over	4	-
3	Capital and Maintenance Project Selection and Planning	Completed	Under	-	-
4	Transportation Network Company (TNC) Reviews and Assistance	Completed	Over	-	-
5	Small Business Development Management	In Progress			
6	Automated License Plate Reader (ALPR) System – Ace Parking	Completed	Over	5	-
7	Leigh Fisher & Associates	Completed	Under	2	35,174
8	Tenant Lease Admin. and Management – Revenue Generation & Partnership Development Contract and Agreement Requirements	Completed	Over	13	-
9	Harbor Police Contract Management	In Progress			
10	Account Provisioning and De-Provisioning	Completed	Over	6	-
11	Formal Bidding and Contracting	In Progress			
12	Rental Car Shuttle Service Contract Administration	Completed	Under	-	-
13	Contractor Monitoring - AECOM	Completed	Under	1	-
14	Contractor Monitoring - Turner	In Progress			
15	Tenant Lease Admin. and Management – Nevada Lease and Rental	Completed	Under	3	5,890
16	Tenant Lease Administration and Management – Off-Airport Rental Car Companies	Completed	Under	2	-
17	Change Orders	Completed	Under	-	-
18	Maintenance & Airport Service Requests	Completed	Under	-	-
19	Parking Management Contract Admin–Ace Parking	Completed	Under	1	(\$6,970)
20	Business and Real Estate Agreements – Rental Car Facility Land Lease	In Progress			
	Totals			37	\$34,094
Consulting Engagement					
21	Tenant Lease Admin. and Management – Best Practices for Contract Terms Managed by Revenue Generation & Partnership Development	Completed	Over		
22	COVID-19	Completed	Under		
General Audit					
23	Risk Assessment & Audit Plan	Completed			
24	Construction Meeting Attendance	Completed			
25	Information Technology Meeting Attendance	Completed			
26	Development of Data Analytics	Completed			
27	Ethics Hotline	Completed			
28	Recommendation Follow-up	Completed			
29	Quality Assurance & Improvement Program	Completed			
Administrative					
30	Attendance at Staff/Board/Committee Meetings, Vacation, Holiday Time, Continuing Professional Development, and Other.	Completed			

Appendix B – Status of OCA Recommendations

This appendix contains the status on recommendations awaiting implementation as of the 4th Quarter of Fiscal Year 2020. 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.

Within this report recommendations are classified into the following categories:

Completed: This designation is used for recommendations that the OCA has determined to be adequately implemented or for recommendations where alternate action is taken that adequately addresses the risk identified.

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

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

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, 2020
Completed						
20-10	Audit Report 19006 Issued: November 27, 2019 Title: Acquisition & Implementation of Information Technology Assets Department: INFORMATION & TECHNOLOGY SERVICES	High	Information & Technology Services (I&TS) should implement and utilize the updated version of Track-it to consolidate and centralize all Information Technology (IT) asset databases and maintain a perpetual inventory of all IT assets. In addition, I&Ts should determine the type of information to track for each IT asset.	3/1/2020	5/30/2020	I&TS has completed upgrading the Track-it asset management tool to centralize the location of all IT assets and enhance reporting functionality.
19-16	Audit Report 18038 Issued: Feb. 26, 2019 Title: San Diego Unified Port District Harbor Police Billings - FY2017 Department: AVIATION SECURITY AND PUBLIC SAFETY (AVSEC)	Medium	We recommend that Authority Management, together with the Port, review and decide on the criteria and process of the classification of Workers' Compensation claims by considering the location, type of loss, and the labor hours the employee worked. In addition, Authority Management should request the Port to provide the Authority with a list of claims that include their pertinent information and their corresponding classification, as soon as the claims are reported by HPD Officers/staff, for the Authority to have a better understanding of the nature of the claims and how they should be classified.	6/30/2019	7/1/2020	Risk Management continued to attempt to obtain information pertaining to injuries being charged to the Authority; however, the information is unavailable. The Risk team will review the claims as they come in as part of the year end audit data from the Port.

Appendix B - Status of Recommendations

Fiscal Year 2020 Annual Report

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2020
Completed						
19-19	Audit Report 18010R Issued: March 11, 2019 Title: Ace Parking Management, Inc. - Expenditures for Parking Management and Airport Shuttle Services Agreements, and Ground Transportation's Administration of the Parking Card Program Department: GROUND TRANSPORTATION (GT)	Medium	We recommended that GT consider reviewing the expenses submitted by Ace for reimbursement during the audit period January 1, 2016, to December 31, 2017, in order to verify that all expenses submitted for reimbursement are allowable per the agreements and have the appropriate supporting documentation. GT should consider the level of effort, cost of the review, and the monetary value of any potential disallowed expenses. GT should request Ace to refund any disallowed expenses as a result of the review.	6/30/2019	6/30/2020	Ground Transportation staff reviewed 3 months between June and December 2016. A total of 4 discrepancies were found for a negligible amount of money and taking staff over 25 hours to complete. Importantly, these additional audits triggered a conversation from paper to electronic for all billing, thereby providing staff with better tools, by which to track costs. Further, electronic submittal allows the vendor to complete a scorecard prior to submitting, which allows the vendors to perform a review prior to submitting the invoice. Staff has concluded that additional audits would not produce significant findings and given the work necessary to complete, are not warranted at this time.
20-06	Audit Report 18015 Issued: September 4, 2019 Title: LeighFisher, Inc. Department: PLANNING & ENVIRONMENTAL AFFAIRS	Medium	Planning & Environmental Affairs should request that the Accounting Department bill LeighFisher \$35,174 for the reimbursed invoicing expenses.	9/30/2019	4/14/2020	In a Final Dispensation Letter dated 4/14/20, LeighFisher agreed to remit an agreed upon underpayment based on the audit and subsequent information. Additionally, LeighFisher agreed to no longer attempt to invoice the Authority for certain impermissible activities.

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, 2020
Completed						
20-07	Audit Report 18015 Issued: September 4, 2019 Title: LeighFisher, Inc. Department: PLANNING & ENVIRONMENTAL AFFAIRS	Medium	Planning & Environmental Affairs should require that LeighFisher provide detailed support for each of the charges that were for invoicing and another activity. Upon receipt of that support, Planning should evaluate and determine if the activities charged were allowed under the Agreement. If the charges are impermissible, Planning should request that the Accounting Department bill LeighFisher for those activities.	12/30/2019	4/14/2020	In a Final Dispensation Letter dated 4/14/20, LeighFisher agreed to remit an agreed upon underpayment based on the audit and subsequent information. Additionally, LeighFisher agreed to no longer attempt to invoice the Authority for certain impermissible activities.
20-21	Audit Report 20009 Issued: March 30, 2020 Title: Nevada Lease and Rentals Inc. dba Payless Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Low	The Revenue Generation & Partnership Development Department should request that the Accounting department issue a payment to Nevada in the amount of \$13,703 for the overpayment of concession fees.	5/1/2020	5/1/2020	The tenant has been invoiced the balance due of \$5,890.
20-22	Audit Report 20009 Issued: March 30, 2020 Title: Nevada Lease and Rentals Inc. dba Payless Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Low	The Revenue Generation & Partnership Development Department should request that the Accounting department issue an invoice to Nevada in the amount of \$19,593 for the underpayment of CFCs during the audit period.	5/1/2020	5/1/2020	The tenant has been invoiced the balance due of \$5,890.

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, 2020
In Progress						
20-09	Audit Report 19006 Issued: November 27, 2019 Title: Acquisition & Implementation of Information Technology Assets Department: INFORMATION & TECHNOLOGY SERVICES	High	Information & Technology Services (I&TS) should conduct an inventory of all Information Technology (IT) assets currently in use and in storage, which exceed the Authority's dollar threshold, to verify accuracy of I&TSs asset list and the general ledger fixed asset report. Additionally, on a periodic basis, a physical inventory of all IT assets should take place.	6/1/2020	7/30/2020	I&TS continues with its inventory of IT assets in use and in storage that have a value exceeding \$5,000. As this requires I&TS to physically inventory the assets in the office and datacenter, more time will be necessary due to the recommendation for distancing.
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	11/30/2020	RG&PD will develop and publish a set of universal procedures for lease administration and management. RG&PD will implement an annual process to update the procedures. RG&PD will investigate utilizing E1 for lease administration and the possible implementation of a new or supplemental Real Estate 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	3/31/2022	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 for which the department is responsible.

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, 2020
In Progress						
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	3/31/2022	RG&PD will work to implement the recommendations with input from Accounting, Finance and Risk Management Departments.
20-28	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 examine the insurance coverage of RG&PD leases, verify if they comply with the insurance requirements, and require the tenants, if needed, to update their insurance to cover the risk to the Authority.	12/31/2020	12/31/2020	RG&PD will work to implement the recommendations with input from the Finance and Risk Management Departments.
20-29	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 Accounting Department, should create a system to track and adjust rent amounts that are subject to a Consumer Price Index (CPI) adjustment.	12/31/2020	12/31/2020	RG&PD will work to implement the recommendations with input from Accounting Department.

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, 2020
In Progress						
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	12/31/2020	RG&PD will work to implement the recommendations with input from Accounting, Finance and Risk Management Departments.
20-31	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 timely issue holdover letters. Additionally, RG&PD should confirm the lease status in E1, ensuring all leases assigned to them are accurate and up to date.	3/31/2021	3/31/2021	RG&PD will work to implement the recommendations with input from Accounting, Finance and Risk Management Departments.
20-32	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 Accounting Department, should review the Minimum Annual Guarantee (MAG) requirements of their leases and adjust the MAG, as applicable.	9/30/2020	9/30/2020	RG&PD will work to implement the recommendations with input from Accounting and Finance 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, 2020
In Progress						
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	3/31/2021	RG&PD will work to implement the recommendations with input from Accounting and Finance Departments.
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	11/30/2020	RG&PD will work to implement the recommendations with input from Accounting, Finance and Risk Management Departments.
20-03	Audit Report 19023 Issued: August 22, 2019 Title: Automated License Plate Recognition (ALPR) System - Ace Parking Department: GROUND TRANSPORTATION	Medium	ALPR data should be retained for the length of time indicated on the Authority's Data Retention Schedule.	10/31/2019	9/30/2020	Staff is recommending adjusting Board Policy of ALPR data from two years to six months. Staff will bring this item to a future Board Meeting.

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, 2020
In Progress						
20-34	Audit Report 20001 Issued: June 25, 2020 Title: Tenant Lease Administration and Management Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Medium	RG&PD should update the lease information contained in E1 to reflect current information and, in addition, through the coordination of necessary Authority departments, develop a methodology to allow cross-referencing of the different naming conventions in use at the Authority.	2/28/2021	2/28/2021	RG&PD will work to implement the recommendations with input from Accounting, Finance and Risk Management Departments.
20-35	Audit Report 20001 Issued: June 25, 2020 Title: Tenant Lease Administration and Management Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Medium	RG&PD should develop a list of requirements (certificates of insurance, MAGs, security deposits, etc.) that they need from ancillary departments and coordinate with these departments on how to have access to these requirements in the most efficient way.	3/31/2021	3/31/2021	RG&PD will work to implement the recommendations with input from Accounting, Finance and Risk Management Departments.
20-36	Audit Report 20001 Issued: June 25, 2020 Title: Tenant Lease Administration and Management Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Medium	The Authority Credit and Collections team should create a collections process that allows RG&PD asset managers to see efforts taken to collect from their lessee(s).	1/31/2021	1/31/2021	RG&PD will work to implement the recommendations with input from Accounting and Finance 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, 2020
In Progress						
20-23	Audit Report 20009 Issued: March 30, 2020 Title: Nevada Lease and Rentals Inc. dba Payless Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Low	The Revenue Generation & Partnership Development Department should consider requesting that the Accounting Department invoice Nevada, in the amount of \$500, for each non-compliance with Article 4.2.2 regarding the annual reports for 2018 and 2019.	5/1/2020	7/31/2020	Tenant notified of non-compliance. Next steps under review.
20-24	Audit Report 20015 Issued: June 23, 2020 Title: Ace Parking Management, Inc. - Expenditures for Parking Management and Airport Shuttle Services Department: GROUND TRANSPORTATION	Low	Ground Transportation should request Ace bill the Authority for underpaid shuttle expenses in the amount of \$6,970 that resulted from the miscalculation of shuttle hours.	7/31/2020	7/31/2020	Ground Transportation is working with Ace to invoice the Authority for the underpayment.

Appendix C – Ethics Program Summary

	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)
Non Authority Related Concerns					
TSA/Homeland Security Practices and Behavior	1	0	0	n/a	1
Security Issue	1	0	0	n/a	0
Noise	1	0	0	n/a	0
General Workplace Concerns					
Workplace Equitability	1	0	0	n/a	0
Workplace Practices/Behavior	24	1	1	1	0

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

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

Preliminary Investigation Required: The number of tips or reports that required a preliminary investigation.

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

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

Response: This column represents the number of responses back to the original non-anonymous tipper/reporter.

Appendix D – Performance Measures Historical Data

Performance Measure	Fiscal Year					
	2015	2016	2017	2018	2019	2020
Customer satisfaction ratings from: i. Audit Committee/Board ii. Executive management iii. Auditee ⁷					i) ii) iii) 4.6	i) 5.0 ii) 4.5 iii) 4.6
Number of recommendations ⁸	29	15	17	28	35	37
Percentage of audit and consulting engagements completed annually	86%	84%	83%	72%	76%	81%
Percentage of audit recommendations accepted ⁹				100%	100%	100%
Percentage of staff meeting educational requirements ¹⁰					100%	100%
Number of non-CPE training hours per staff ¹¹						6.1
Percentage of staff time spent on audit and consulting engagements and general audit activities ¹²					65%	67%
Percentage of audit and consulting engagements completed within budget	81%	83%	86%	52%	45%	59%

⁷ This performance measure was added in Fiscal Year 2019. In Fiscal Year 2020 the OCA implemented Audit Committee/Board and Executive Management surveys.

⁸ This performance measure was added in Fiscal Year 2020. Historical information was available and is comparable to the current performance measure.

⁹ This performance measure was added in Fiscal Year 2019. Historical information was available for FY 2018 and is comparable to the current performance measure.

¹⁰ This performance measure was added in Fiscal Year 2019.

¹¹ This performance measure was added in Fiscal Year 2020.

¹² Beginning in Fiscal Year 2019 all staff hours (audit, consulting, general audit hours, and administrative hours) were tracked, accounted for, and included in this measure. Prior years excluded certain hours and certain staff; therefore, prior years have been excluded as they are not a good comparison.

Appendix E – Disclosures

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 job 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 2020 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 applicable standards. When this occurs, the OCA must disclose the non-conformance and the impact to senior management and the Board.

During the 2020 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 will 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 2020 Fiscal Year.

STAFF REPORT

Meeting Date: **OCTOBER 1, 2020**

Subject:

Annual Review of the Charter of the Audit Committee

Recommendation:

The Audit Committee recommends that the Board adopt Resolution No. 2020-0097, approving the revision to the Charter of the Audit Committee.

Background/Justification:

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

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.

The Board adopted Resolution No. 2003-061 on October 2, 2003, instituting the Charter of the Audit Committee. Subsequent revisions to the Charter of the Audit Committee took place as follows:

June 13, 2006, the first revision was approved by the Audit and Performance Monitoring Committee; and approved by Board Resolution No. 2006-0080 dated July 6, 2006.

February 8, 2010, the Charter of the Audit Committee was revised during a regular meeting of the Audit Committee to expand upon, update, and to reflect then-current operational practices; and approved by Board Resolution No. 2010-0023 on March 4, 2010.

On September 10, 2018, during a regular meeting of the Audit Committee, the Charter of the Audit Committee was revised to incorporate relevant sections of the Public Utilities Code, model pertinent Audit Committee practices, and to reflect the current operational practices. Board Resolution No. 2018-0116 approved these changes on October 4, 2018.

An annual review of the Charter of the Audit Committee took place during the November 4, 2019, Audit Committee Meeting and no revisions were necessary.

The latest annual review of the Charter of the Audit Committee took place on September 10, 2020, during a meeting of the Audit Committee, where staff recommended the following revisions to the Charter:

Page 2 of 2

- Update the number of terms a public member of the Audit Committee may serve
- Include details regarding remuneration of Committee members
- Remove duplication of content
- Include model Audit Committee practices, and make grammatical changes

During the September 10, 2020, Audit Committee Meeting, the Committee voted unanimously to accept the proposed revisions to the Charter of the Audit Committee (Attachment A) and to forward the item to the Board, recommending its approval.

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. 2020-0097

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, 2018, during a regular meeting of the Audit Committee. The Committee unanimously agreed to incorporate relevant sections of the Public Utilities Code, model pertinent Audit Committee practices, make revisions to reflect the current operational practices, and to forward it to the Board for approval, as adopted by Board Resolution No. 2018-0116; and

WHEREAS, 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; and

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 1st day of October, 2020, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES /
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY 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 ~~Charter~~ 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 or his/her 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 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 ~~m~~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 ~~m~~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 ~~formal~~ 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 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; and
- ~~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.
- ~~Establish procedures for the receipt, retention, investigation, and treatment of complaints including, but not limited to, fraud, accounting, auditing, ethics, and code of conduct matters. The Committee shall maintain a process for the confidential, anonymous submission of such complaints by Authority employees and other individuals.~~

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;

CHARTER OF THE AUDIT COMMITTEE

- 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 s 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;
- ~~Review the reasonableness of fees, the quality of any prior audits, the composition of the audit team; evaluate the experience and qualifications of the external auditor's lead partner and the senior members of the audit team;~~

~~examine the results of the audit firm's last internal quality control or peer review, any issues raised by the annual auditor's report, the status of any significant regulatory or litigation problems that may affect the external auditor, and the amount of non-audit services provided by the audit firm;~~

- Advise the Authority Board when ~~any major staffing change occurs in the audit firm engaged as the principal external auditor, when any other~~ 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;
- ~~Review the external auditor's most recent internal quality control or peer review report. The external auditor shall report any steps taken to deal with issues identified in the internal quality control or peer review report. The external auditor shall also submit such a report to the Committee promptly after any review, inquiry, or investigation referred to it by the Committee, any Authority Board member, or the President/CEO; and~~
- 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 Financial Report (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 internal control reports (management letters) submitted by the external auditor; and~~

- ~~Review matters required to be communicated by the external auditor to the Committee under generally accepted auditing standards, including but not limited to, any difficulties encountered in the course of the work, any restriction on the scope of the external auditor's activities, or on access to requested information, and any significant disagreements with management.~~

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.

CHARTER OF THE AUDIT COMMITTEE

| [Amended by Resolution No. 2020-XXXX dated XXXXber X, 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 1, 2020**

Subject:

Annual Review of the Charter for the Office of the Chief Auditor

Recommendation:

The Audit Committee recommends that the Board adopt Resolution No. 2020-0098, approving the revision to the Charter for the Office of the Chief Auditor.

Background/Justification:

The Charter for the Office of the Chief Auditor (OCA) is reviewed by the Audit Committee on an annual basis 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 Charter for the OCA establishes the purpose, authority, and responsibilities of the OCA. The Charter was first adopted on October 2, 2003, by Board approved Resolution No. 2003-062. The Charter for the OCA has subsequently been amended as follows:

June 1, 2004, the Audit and Performance Monitoring Committee revised the Charter for the OCA pertaining to the Committee's approval authority of the external auditor's work program and to define the Chief Auditor's role in reviewing both the draft and the final submission of the external auditor's annual financial statements.

March 4, 2010, per Board Resolution No. 2010-0022R, the Charter for the OCA was amended to reflect operational practices covering the review and approval of amendments to the OCA Audit Plan, the retention of audit work papers, the request to access Authority information and records, and the process for handling responses to audit recommendations, amongst others.

September 4, 2014, per Board Resolution No. 2014-0089, the Charter for the OCA was amended to reflect operational practices and to incorporate recommendations provided by an External Quality Control Review related to consulting services performed by the OCA.

September 10, 2018, during a regular meeting of the Audit Committee, the Charter for the OCA was revised to incorporate model Charter practices and to reflect current operational procedures. Board Resolution No. 2018-0117 approved these changes on October 4, 2018.

The Audit Committee reviewed the Charter for the Office of the Chief Auditor on November 4, 2019, and no revisions were necessary.

Page 2 of 2

The latest annual review was performed by the Audit Committee on September 10, 2020, where staff recommended the following revisions to the Charter:

- Include a requirement for the OCA to communicate the results of the Quality Assurance and Improvement Program.
- Perform grammatical title changes.

During the September 10, 2020, Audit Committee Meeting, the Committee voted unanimously to accept the proposed revisions to the Charter of the Audit Committee (Attachment A) and to forward the item to the Board, recommending its approval.

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. 2020-0098

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 during a regular meeting of the Audit Committee on September 10, 2018; the Committee unanimously agreed to revise the Charter for the Office of the Chief Auditor to reflect current operational practices and to incorporate model Charter practices, and to forward it to the Board for approval, as adopted by Board Resolution No. 2018-0117; and

WHEREAS, 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; and

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 1st day of October, 2020, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES /
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY 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 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.

CHARTER FOR THE OFFICE OF THE CHIEF AUDITOR

- 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 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.

CHARTER FOR THE OFFICE OF THE CHIEF AUDITOR

- 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:

- 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, ~~engagements~~ or other activities.

CHARTER FOR THE OFFICE OF THE CHIEF AUDITOR

- 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 ~~Audit committee Charter~~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

CHARTER FOR THE OFFICE OF THE CHIEF AUDITOR

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 ~~of~~in the Charter for the Office of the Chief Auditor-~~Charter~~.
- 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 ~~Manual/Desk 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-~~Charter~~.
- 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.

[Amended by Resolution No. 2020-XXXX dated XXXXber X, 2020]

CHARTER FOR THE OFFICE OF THE CHIEF AUDITOR

[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 1, 2020**

Subject:

Revision to the Fiscal Year 2021 Audit Plan of the Office of the Chief Auditor

Recommendation:

The Audit Committee recommends that the Board adopt Resolution No. 2020-0093, approving the revision to the Fiscal Year 2021 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 4, 2018, per Board Resolution No. 2018-0117, defines the role and requirements of the Office of the Chief Auditor (OCA).

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

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

The OCAs proposed Audit Plan for Fiscal Year 2021 was approved by the Audit Committee during its May 14, 2020, meeting and was subsequently approved on June 4, 2020, by Board Resolution No. 2020-0066. The Fiscal Year 2021 Audit Plan approved in May included the anticipated audit hours necessary to complete audits still in work from the Fiscal Year 2020 Audit Plan.

During the first quarter of Fiscal Year 2021 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:

- 1) ADD audit hours required to finish the Fiscal Year 2020 Audit Plan.
- 2) ADD consulting engagement hours related to COVID-19 and to the Calculation and Reconciliation of Concession Rents and Fees.
- 3) REDUCE Audit Plan discretionary hours.

During the September 10, 2020, Audit Committee Meeting, the proposed revision to the Fiscal Year 2021 Audit Plan was presented to the Committee for their review (Attachment A). The Audit Committee voted unanimously to accept the revision to the

Fiscal Year 2021 Audit Plan and to forward the item to the Board, recommending its approval.

Fiscal Impact:

The Chief Auditor Department’s adopted Operating Expense Budget for Fiscal Year 2021 and conceptually approved budget for Fiscal Year 2022 meet the allotted budget requirements for the proposed revision to the Fiscal Year 2021 Audit Plan.

Authority Strategies/Focus Areas:

This item supports one or more of the following:

Strategies

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

Focus Areas

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

Environmental Review:

- A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act (“CEQA”), as amended. 14 Cal. Code Regs. §15378. This Board action is not a “project” subject to CEQA. Cal. Pub. Res. Code §21065.
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.
- C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration (“FAA”) and, therefore, no formal review under the National Environmental Policy Act (“NEPA”) is required.

Application of Inclusionary Policies:

Not Applicable

Prepared by:

LEE M. PARRAVANO
CHIEF AUDITOR

RESOLUTION NO. 2020-0093

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, APPROVING THE REVISION TO THE FISCAL YEAR 2021 AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR

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

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

WHEREAS, at its regular meeting on May 14, 2020, the Audit Committee was presented with the Fiscal Year 2021 Proposed Audit Plan that included the anticipated audit hours necessary to complete the Fiscal Year 2020 audits still in progress, and voted to accept the plan and forward it for Board approval, as adopted by Board Resolution No. 2020-0066 on June 4, 2020; and

WHEREAS, on September 10, 2020, during a regular meeting of the Audit Committee, the Committee unanimously agreed to revise the Fiscal Year 2021 Audit Plan to adjust the allocation of audit hours to reflect the Office of the Chief Auditor's current operational requirements, and to add consulting engagements related to COVID-19 and the Calculation and Reconciliation of Concession Rents and Fees; and

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the Revised Fiscal Year 2021 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 1st day of October, 2020, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES /
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

Key Work Activity	Objective ¹	Revised Hours
Audit Engagement Hours		
Business and Real Estate Agreements ²	To determine if the RCC land lease is administered appropriately.	20
Contractor Monitoring ²	To determine if the contract with Turner is administered appropriately.	75
Small Business Development Management ²	Review controls, compliance, and performance related to Small Business Development management.	100
Internal Controls in Place While Staff is Working Remotely	To determine if the key internal controls in place are adequate or appropriate when staff is working remotely.	325
Formal Bidding and Contracting ²	To determine if bidding procedures align with best practices and/or Authority needs and if bidding procedures are being administered effectively and efficiently.	400
System Security	To determine the level of compliance with the Authority's information security policies.	495
System Security	To evaluate the Authority's security posture by performing penetration testing.	250
Harbor Police Contract Management ²	To determine if Harbor Police costs and services are appropriate and equitable.	500
Parking Management Contract Administration ²	To determine if the amounts paid by the Authority for the shuttle and parking contracts administered by Ace are in accordance with the agreements.	-
Emergency & Single Source Purchases	To determine if purchases made during an emergency or from sole sources are appropriate and reasonable.	425
Traffic Control, Vehicle Insp., Code Comp., Citations & Notice of Violation Admin.	To determine if the processes and controls in place for automobile citations are adequate and appropriate.	450
Rental Car Shuttle Service Contract Administration	To determine if the Rental Car Shuttle Service operations are administered appropriately.	450
Commercial Vehicle Licensing, Permitting, & Revenue Collection	To determine the adequacy and accuracy of the Gate Keeper system.	450
Contractor Monitoring	To determine if the contract with Sundt is administered appropriately.	500
Accounts Payable	To determine if the internal controls in the procurement to pay cycle are adequate and appropriate.	475
Employee Benefits	To determine if the processes and controls in place for employee benefit payments are adequate and appropriate.	450
Arts Program Administration	To determine if the Authority's Arts Program is administered appropriately.	475
To Be Determined	To initiate audit(s)/consulting engagements based on risks identified at the discretion of the Chief Auditor.	192
Total Audit Engagement Hours		6,032
Consulting Engagement Hours		
COVID-19	To provide assistance to management related to COVID-19. Assistance may include, but is not limited to, counsel, advice, facilitation, and training.	150

¹ Objective may change based on the preliminary survey performed by the OCA.

² Audit Activity has been carried forward from Fiscal Year 2020.

Office of the Chief Auditor
Fiscal Year 2021 Audit Plan
Revised September 10, 2020

ATTACHMENT A

Key Work Activity	Objective ¹	Revised Hours
Calculation and Reconciliation of Concession Rents and Fees	To provide assistance to management related to the calculation and reconciliation of the rents and fees of Airport Food and Beverage and Retail Concessionaires for Fiscal Year 2020. Assistance may include, but is not limited to, counsel, advice, facilitation, and training.	300
	Total Consulting Engagement Hours	450
General Audit Hours		
Construction Meeting Attendance & External Service Provider Procurement and Coordination	Attend various construction meetings and incorporate knowledge into ongoing risk assessments, and initiate audits if needed. Additionally, evaluate OCA construction auditing expertise needed for Airport Development Plan. Procure services as needed.	380
Development of Data Analytics	Develop a data analytics program for rental car concessions and potentially in-terminal concessions.	600
Ethics Hotline ³	To review ethics policies, provide training, and investigate reported incidents.	330
Information Technology Meeting Attendance	Attend various Information Technology meetings, incorporate knowledge into ongoing risk assessments, and initiate audits if needed.	130
Peer Review Participation	To satisfy the Association of Local Government Auditors (ALGA) reciprocal requirement for the OCA to volunteer two audit staff to serve on a Quality Assurance Review for another organization.	180
Quality Assurance & Improvement Program ³	To assess OCAs conformance with the <i>Standards</i> , whether internal auditors apply the Code of Ethics, and to allow for the identification of improvement opportunities.	300
Recommendation Follow-up ³	To verify that internal and external audit recommendations have been implemented as intended.	140
Risk Assessment and Audit Plan	To conduct a Risk Assessment that will identify the high risk activities to be considered when preparing the annual Audit Plan.	225
	Total General Audit Hours	2,285
Administrative Hours		
Administrative - Indirect	Attendance at Staff/Board/Committee Meetings, Continuing Professional Development, and Other.	2,145
Administrative - Benefit	Vacation, Holiday Time, and Other Leave/Time Off.	2,008
	Total Administrative Hours	4,153
	Total Hours	12,920

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

Office of the Chief Auditor
 Fiscal Year 2021 Contingent Audit Activities
 Revised September 10, 2020

ATTACHMENT A

Key Work Activity	Objective	Revised Hours
Contingent Audit Hours		
Manage the Business Continuity Plan	To determine if the Business Continuity Plan adequately addresses risks and contains an adequate response plan.	450
TNC Contract Administration & Revenue Collection	To determine if the Transportation Network Company (TNC) Contract is administered appropriately.	475
Advertising	To determine if the marketing program for concessions is administered appropriately.	425
Pension Funding	To determine if the census data sent to SDCERS is accurate and if the retirement plan is administered appropriately by the Authority.	500
Accounts Receivable / Collections	To evaluate the deferral of revenues related to the COVID-19 pandemic.	400
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
Maintenance Service Contracts Oversight	To determine if the processes and controls in place for labor compliance are adequate and appropriate.	450
Account Provisioning /De-Provisioning	To determine if account provisioning and de-provisioning are performed timely.	375
	Total Contingent Audit Hours	3,475

STAFF REPORT

Meeting Date: **OCTOBER 1, 2020**

Subject:

Approve and Authorize the President/CEO to Execute a Licensing Agreement with Jet-Set Offset for the Administration of 'The Good Traveler' Carbon Offset Program and the Supply of Carbon Offsets

Recommendation:

Adopt Resolution No. 2020-0094, approving and authorizing the President/CEO to execute a licensing agreement with Jet-Set Offset for the administration of 'The Good Traveler' program and the supply of carbon offsets

Background/Justification:

Climate change, caused by the burning of fossil fuels and other human activities that emit greenhouse gases (GHG), is becoming an increasingly important societal and regulatory topic in the world, state, and region. The Airport Authority has implemented a variety of programs and policies to reduce GHG emissions at the San Diego International Airport, many of which were identified in the 2008 Memorandum of Understanding with the State of California Attorney General. The Airport Authority has also developed a suite of seven distinct sustainability plans under its Sustainability Management Program that includes a strategy and roadmap for installing solar photovoltaic arrays and battery energy storage, transitioning fleet and ground transportation vehicles to alternative fuels, facilitating the use of public transit, recycling and composting waste, assessing new projects for climate vulnerability, and promoting regional biodiversity. Most recently, the San Diego International Airport became one of only two North American airports to be officially recertified as Level 3+ "Carbon Neutrality" through the Airport Carbon Accreditation program for effectively managing and reducing Authority-controlled emissions.

In 2015, the San Diego County Regional Airport Authority developed and launched The Good Traveler (United States Patent and Trademark Office Reg. No. 5,186,238), a carbon offsetting program designed to encourage sustainable travel by enabling individuals to offset the environmental impact of their journey in an affordable, easy and meaningful way. Through The Good Traveler program, individuals can purchase carbon offsets and merchandise online at www.thegoodtraveler.org or at select locations, with proceeds going toward conservation projects that help counteract the effect of greenhouse gas emissions on the environment.

Table 2: Combined Final Scores by Evaluation Criterion

Combined Final Scores	Small Business	Local	Vet.	Cost	Offset Projects	Sales Ability	Business Development Ability	Corporate Alignment & Longevity	Support for the Environment & Sustainable Travel	Sustainability	Total
Cadmus	0	0	0	810	1040	900	1100	660	96	144	4750
Jet-Set Offset	0	0	0	810	1100	1000	1125	660	94	135	4924
Offset Alliance	180	120	0	360	620	520	475	390	68	117	2850

Jet-Set Offset is a green travel brand and voluntary offsetting tool for air travel. The company has developed a green flight booking tool that is able to integrate with online travel agencies, aviation content platforms, and airline booking sites. Jet-Set Offset partners with 501c3 non-profit environmental organizations working to combat climate change to deliver credible, high-quality, and hyper-local projects across the United States. Jet-Set Offset will partner with Bluesource, the largest and oldest developer of carbon offsets in North America to supply high quality offsets to The Good Traveler program. Jet-Set Offset also has built a carbon offset option in SAP Concur's app center, serving over 40,000 companies with 67 million end users across the world.

The contemplated licensing agreement will allow Jet-Set Offset, as approved by the Authority, to use The Good Traveler brand and trademarks in the administration of the program and the related sale, marketing, and merchandising of carbon offsets. Jet-Set Offset will be responsible for further growing the program by refining the program website to facilitate increased carbon offset transactions, fostering partnerships and business development opportunities at the national and international level, facilitating program advisory group meetings, supplying highly cost-competitive offsets for retail and bulk purchases, and verifying the proper retirement of purchased offsets. These core services will be provided at no-cost to the Authority; instead, costs are supported through the sale of offsets by Jet-Set Offset and potentially fees paid by other participating airports. Finally, Jet-Set Offset shares the Authority's vision for The Good Traveler program serving as a centralized platform dedicated to decarbonizing the aviation industry. Should staff be unable to reach agreement on the terms and conditions of a licensing agreement with Jet-Set Offset, staff seeks Board approval to allow the President/CEO to negotiate and award a licensing agreement to the next highest ranked proposer. In the event that a license is awarded to the next highest ranked proposer, the Board will be notified via a Board report.

Fiscal Impact:

There is no fiscal impact to the Airport Authority. Under the contract, Jet-Set Offset will cover all costs related to administering The Good Traveler program.

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/policy: a Disadvantaged Business Enterprise (DBE) Program, an Airport Concession Disadvantaged Business Enterprise (ACDBE) Program and Policy 5.12. These programs/policy are intended to promote the inclusion of small, local, veteran owned small businesses, historically underrepresented businesses and other business enterprises, on all contracts. Only one of the programs/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. Policy 5.12 provides a preference of up to seven percent (7%) to small businesses in the award of selected Authority contracts. When bid price is the primary selection criteria, the maximum amount of the preference cannot exceed \$200,000. The

preference is only applied in measuring the bid. The final contract award is based on the amount of the original bid.

In accordance with Policy 5.12, Jet-Set Offset did not receive small business, local business, or veteran owned small business preferences.

Prepared by:

BRENDAN REED
DIRECTOR OF PLANNING & ENVIRONMENTAL AFFAIRS

RESOLUTION NO. 2020-0094

A RESOLUTION OF THE BOARD OF THE
SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY, APPROVING AND AUTHORIZING THE
PRESIDENT/CEO TO EXECUTE A LICENSING
AGREEMENT WITH JET-SET OFFSET FOR THE
ADMINISTRATION OF 'THE GOOD TRAVELER'
PROGRAM AND THE SUPPLY OF CARBON
OFFSETS

WHEREAS, climate change, caused by the burning of fossil fuels and other human activities that emit greenhouse gases, is becoming an increasingly important societal and regulatory topic; and

WHEREAS, the Airport Authority launched a program in 2015, known as The Good Traveler, to help interested passengers and community members to offset the carbon emissions from their flights; and

WHEREAS, The Good Traveler program has experienced significant growth in the past three years in terms of program participation and collective miles offset; and

WHEREAS, the program currently comprises 17 formal Program Members (i.e. Airports) in North America that have collectively offset nearly 600 million miles of travel; and

WHEREAS, the Authority released a Request for Proposals (RFP) on July 22, 2020 for a third-party operator to administer the program, expand it to other interested airports, and provide high-quality carbon offsets for program participants; and

WHEREAS, the Authority received three proposals in response to the RFP, which were thoroughly reviewed and scored by a multi-agency evaluation panel; and

WHEREAS, Jet-Set Offset, which is a green travel brand and voluntary offsetting tool for air travel, was selected as the top candidate; and

WHEREAS, Jet-Set Offset shares the Authority's vision for The Good Traveler program serving as a centralized platform dedicated to decarbonizing the aviation industry; and

WHEREAS, the Authority and Jet-Set Offset will support each other in realizing this vision through the sale of carbon offsets, renewable energy credits, and other potential 'in-sector' carbon reduction measures, such as airport energy efficiency, sustainable aviation fuels, and carbon sequestration technologies; and

WHEREAS, the licensing agreement will allow Jet-Set Offset, as approved by the Authority, to use The Good Traveler brand and trademarks in the administration of the program and the related sale, marketing, and merchandising of carbon offsets; and

WHEREAS, these core services will be provided at no-cost to the Authority, instead being solely supported through the sale of offsets by Jet-Set Offset and potentially fees paid by other participating airports; and

WHEREAS, the Board finds it is in the best interest of the Authority to authorize the President/CEO to negotiate and award a licensing agreement to the next highest ranked proposer should staff be unable to reach agreement with Jet-Set Offset.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves and authorizes the President/CEO to execute a licensing agreement with Jet-Set Offset for the administration of 'The Good Traveler' program and the supply of carbon offsets; and

BE IT FURTHER RESOLVED that the Board authorizes the President/CEO to negotiate and award a licensing agreement consistent with this Resolution with the next highest ranked proposer should negotiations with Jet-Set Offset be unsuccessful; and

BE IT FURTHER RESOLVED that the Authority and its officers, employees, and agents hereby are authorized to do and perform all such acts as may be necessary or appropriate in order to effectuate fully the foregoing resolution; 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 1st day of October, 2020, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES /
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

STAFF REPORT

Meeting Date: **OCTOBER 1, 2020**

Subject:

Approve and Authorize the President/CEO to execute an Amendment to the Agreement with Gatzke Dillon & Ballance LLP

Recommendation:

Adopt Resolution No. 2020-0095, approving and authorizing the President/CEO to execute an Amendment to the Agreement with Gatzke Dillon & Ballance LLP for professional Legal Services increasing the compensation amount by \$200,000 for a total not-to-exceed amount of \$1,025,000.

Background/Justification:

On September 27, 2017, the Authority Board approved and authorized the President/CEO to negotiate and execute an agreement for professional legal services with Gatzke Dillon & Ballance LLP (Law Firm) for a term of three years with two one-year options to renew and with a compensation amount not to exceed \$500,000. Law Firm has assisted the General Counsel with the state and federal environmental documents for the Airport Development Plan (ADP), the Authority's largest planning effort to date, the Airport Land Use Plan for Naval Air Station North Island, the Part 150 study, and the recently filed litigation regarding the ADP.

Airport Development Plan: Law Firm has assisted the General Counsel's office with both the state and federal environmental documents for the Airport Development Plan (ADP). The ADP is the Authority's largest planning effort to date. Specifically, Law Firm assisted in the preparation of the 2018 Airport Development Plan Draft Environmental Impact Report (2018 ADP DEIR), the 2019 Recirculated Airport Development Plan Draft Environmental Impact Report (2019 RDEIR) and the Final Recirculated Airport Development Plan Environmental Impact Report (FEIR) adopted by the Board in January, 2020. The Law Firm continues to assist the Authority in the ongoing preparation of the Environmental Assessment (EA) required under the National Environmental Policy Act (NEPA).

Airport Land Use Plans: In addition, Law Firm assisted the General Counsel in the preparation of the Draft Environmental Impact Report (DEIR) for the Airport Land Use Compatibility Plan for Naval Air Station North Island (NASNI ALUCP). The DEIR for the NASNI ALUCP was issued in December of 2019 and the comment period has closed. At its October 1st meeting, the Airport Land Use Commission will be requested to certify the EIR for NASNI ALUCP and adopt the NASNI ALUCP. It should be noted that Law Firm has unique qualifications in the

area of Airport Land Use as it co-authored the Caltrans Handbook which ALUC's are required to be guided by when adopting ALUCPs.

ADP Litigation: Law Firm is also assisting the General Counsel's office in pending litigation regarding the ADP EIR. On February 7, 2020, Quiet Skies San Diego filed a Petition for Writ of Mandate in San Diego Superior Court challenging the the FEIR under the California Environmental Quality Act (hereinafter "the Litigation"). Law Firm is uniquely qualified to assist the Authority in the Litigation because of its knowledge of and involvement in the preparation of the 2018 ADP DEIR, 2019 RDEIR and the FEIR. The Litigation to date involves, among other things, the review and production of an enormous number of documents. Due to the additional work effort required in the Litigation and to continue the preparation of the ADP EA, additional funds are needed to continue to allow Law Firm to assist the General Counsel in the efforts detailed above.

The Agreement has been amended twice: the first amendment exercised the first one-year extension to the term resulting in a termination date of September 30, 2021 and increased the not-to-exceed compensation amount to \$750,000; the second amendment increased the not-to-exceed compensation amount to \$825,000. The General Counsel believes it is in the best interest of the Authority for the Law Firm to continue to assist the Authority in the ADP EA, NASNI ALUCP and the Litigation.

Fiscal Impact:

Adequate funding for this agreement is included in the adopted FY 2021 and conceptually approved FY 2022 Operating Expense Budgets within the Contractual 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, nor formal review under the National Environmental Policy Act ("NEPA") is required.

Application of Inclusionary Policies:

Policy 5.12 was applied to this solicitation. None of the firms that submitted proposals qualified as a small business.

Prepared by:

AMY GONZALEZ
GENERAL COUNSEL

RESOLUTION NO. 2020-0095

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, APPROVING AND AUTHORIZING THE PRESIDENT/CEO TO EXECUTE AN AMENDMENT TO THE AGREEMENT WITH GATZKE DILLON & BALLANCE LLP FOR PROFESSIONAL LEGAL SERVICES INCREASING THE COMPENSATION AMOUNT BY \$200,000 FOR A TOTAL NOT-TO-EXCEED AMOUNT OF \$1,025,000

WHEREAS, on September 27, 2017, the Authority Board approved and authorized the President/CEO to negotiate and execute an agreement for professional legal services with Gatzke Dillon & Ballance LLP (Law Firm) for a term of three years with two one-year options to renew and with a compensation amount not to exceed \$500,000; and

WHEREAS, Law Firm has assisted the General Counsel with the state and federal environmental documents for the Airport Development Plan (ADP), the Authority's largest planning effort to date, the Airport Land Use Compatibility Plan for Naval Air Station North Island, the Part 150 study, and various other environmental, land use and noise issues; and

WHEREAS, Law Firm represents the Authority in the litigation filed by Quiet Skies San Diego challenging the ADP Environmental Impact Report (EIR) (hereinafter the Litigation); and

WHEREAS, Law Firm is uniquely qualified to assist the Authority in the Litigation because of its knowledge of and involvement in the preparation of the 2018 ADP Draft EIR, 2019 Recirculated Draft EIR and the Final EIR; and

WHEREAS, due to the additional work effort required in the Litigation and to continue the preparation of the ADP Environmental Assessment (EA) under the National Environmental Policy Act, additional funds are needed to continue to allow Law Firm to assist the General Counsel in the efforts detailed in the staff report and herein; and

WHEREAS, the Agreement has been amended twice: the first amendment exercised the first one-year extension to the term resulting in a termination date of September 30, 2021 and increased the not-to-exceed compensation amount to \$750,000; the second amendment increased the not-to-exceed compensation amount to \$825,000; and

WHEREAS, the Board finds it is in the best interest of the Authority for the Law Firm to continue to assist the Authority in the preparation of the ADP EA and the Litigation.

NOW THERE FORE BE IT RESOLVED that the Board hereby approves and authorizes the President/CEO to execute an Amendment to the Agreement with Gatzke Dillon & Balance LLP for Professional Legal Services increasing the compensation amount by two hundred thousand (\$200,000) for a total not-to-exceed amount of one million twenty five thousand dollars(\$1,025,000); and

BE IT FURTHER RESOLVED that 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; and

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

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

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 1st day of October, 2020, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES /
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

STAFF REPORT

Meeting Date: **OCTOBER 1, 2020**

Subject:

Authorize the President/CEO to Negotiate and Execute a Fourth Amendment to the Rental Car Center (“RCC”) Shuttle Bus Operations Agreement with SP Plus:

Recommendation:

Adopt Resolution No. 2020-0096, authorizing the President/CEO to negotiate and execute a Fourth Amendment to the Rental Car Center (“RCC”) Shuttle Bus Operations Agreement with SP Plus to: (1) Memorialize COVID-19 related budget revisions; (2) Extend the contract term nine (9) months to expire on September 30, 2021; and (3) Increase the total maximum amount payable from \$45,000,000 to \$46,300,000.

Background/Justification:

The RCC at San Diego International Airport began operations in January 2016. In conjunction with the startup of the RCC, the RCC Shuttle Transit System was initiated to transport passengers between the Terminals and the RCC.

After a competitive RFP process, SP Plus was awarded a multi-year contract in 2014 to procure and then operate the RCC shuttle buses. The contract includes provisions for bus procurement, bus startup, bus operations management, monthly reporting, management fee, and a per mile rate fee.

SP Plus Contract Cost Elements

There are three main components of the contract cost on the Rental Car Center bus operations contract –

1. In-service miles;
2. In-service mileage rate; and
3. Management fees.

Customer Facility Charge

Like all Rental Car Center related capital and transportation system costs, funding for the purchase and operations of the Rental Car Center and transit buses comes from the Customer Facility Charge (“CFC”) collected with each rental car transaction. The current CFC amount collected is \$9.00 per day for the first five days of each car rental contract.

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COVID-19 Operational Impact

A summary of 2020 Year to Date RCC related activity reductions through July is presented below with comparison to the prior year. This table shows the significant activity level reductions due to COVID-19.

Table 1 – YTD RCC Related Activity - Comparative

Enplanements							
<i>Year/Month</i>	<i>Jan</i>	<i>Feb</i>	<i>Mar</i>	<i>Apr</i>	<i>May</i>	<i>Jun</i>	<i>Jul</i>
CY-19 Enplanements	895,859	847,912	1,056,861	1,052,524	1,070,628	1,147,974	1,238,315
CY-20 Enplanements	953,280	899,877	486,659	36,839	95,386	210,238	305,716
<i>% Change from Prior Year</i>	<i>6.4%</i>	<i>6.1%</i>	<i>-54.0%</i>	<i>-96.5%</i>	<i>-91.1%</i>	<i>-81.7%</i>	<i>-75.3%</i>
Rental Car Transactions							
<i>Year/Month</i>	<i>Jan</i>	<i>Feb</i>	<i>Mar</i>	<i>Apr</i>	<i>May</i>	<i>Jun</i>	<i>Jul</i>
CY-19 Rental Car Trxns	103,220	104,475	125,950	122,308	116,879	106,569	122,534
CY-20 Rental Car Trxns	100,882	107,825	58,657	6,339	12,686	23,366	29,857
<i>% Change from Prior Year</i>	<i>-2.3%</i>	<i>3.2%</i>	<i>-53.4%</i>	<i>-94.8%</i>	<i>-89.1%</i>	<i>-78.1%</i>	<i>-75.6%</i>
RCC Bus Passengers							
<i>Year/Month</i>	<i>Jan</i>	<i>Feb</i>	<i>Mar</i>	<i>Apr</i>	<i>May</i>	<i>Jun</i>	<i>Jul</i>
CY-19 Bus Passengers	352,993	355,067	446,998	433,172	404,974	458,612	454,831
CY-20 Bus Passengers	351,338	361,378	193,503	11,583	25,912	62,070	96,097
<i>% Change from Prior Year</i>	<i>-0.5%</i>	<i>1.8%</i>	<i>-56.7%</i>	<i>-97.3%</i>	<i>-93.6%</i>	<i>-86.5%</i>	<i>-78.9%</i>
RCC Bus Mileage							
<i>Year/Month</i>	<i>Jan</i>	<i>Feb</i>	<i>Mar</i>	<i>Apr</i>	<i>May</i>	<i>Jun</i>	<i>Jul</i>
CY-19 Bus Mileage	132,468	120,841	133,992	132,293	138,336	129,108	130,488
CY-20 Bus Mileage	122,661	118,013	89,149	17,859	24,838	35,039	55,085
<i>% Change from Prior Year</i>	<i>-7.4%</i>	<i>-2.3%</i>	<i>-33.5%</i>	<i>-86.5%</i>	<i>-82.0%</i>	<i>-72.9%</i>	<i>-57.8%</i>
RCC Contract Expense							
<i>Year/Month</i>	<i>Jan</i>	<i>Feb</i>	<i>Mar</i>	<i>Apr</i>	<i>May</i>	<i>Jun</i>	<i>Jul</i>
CY 2019	\$ 821,503	\$ 764,154	\$ 829,835	\$ 821,443	\$ 851,494	\$ 891,724	\$ 899,515
CY 2020	\$ 878,674	\$ 850,914	\$ 685,853	\$ 298,287	\$ 297,272	\$ 297,272	\$ 477,433
<i>% of Prior Year</i>	<i>7.0%</i>	<i>11.4%</i>	<i>-17.4%</i>	<i>-63.7%</i>	<i>-65.1%</i>	<i>-66.7%</i>	<i>-46.9%</i>

COVID-19 Cost Saving and Operational Adjustments

At the onset of COVID-19, SP Plus immediately responded to the pandemic by working with Staff to implement cost savings and COVID-19 operational adjustments.

SP Plus worked diligently with Staff to right-size service and implement savings to reduce the Authority's contract payment expenses. As a result, adjusted FY 2021 costs are expected to be \$1,913,295 less than FY 2020. For consensus, these service reductions were developed and presented to the RCC car rental companies. Items adjusted to save cost are summarized below -

1. Reduction in the number of miles driven;
2. Reduction in management staff and drivers; and
3. Adjustments in service levels with potential increases in passenger wait times.

Specific cost saving and operational adjustments are listed below -

1. Provided multiple cost scenarios to allow Staff to evaluate and build multiple budget forecast options;
2. Proactively worked with Staff and the car rental companies to establish new service levels to meet the needs of customers within budgetary targets constraints;
3. Implemented deep cleaning and disinfectant procedures on shuttles;
4. Implemented a 50% max shuttle capacity procedure to maintain social distancing in shuttle operations as recommended by San Diego County guidelines;
5. Implemented Personal Protection Equipment, ("PPE") procedures for drivers and staff;
6. Implemented customer signage and way finding to direct and educate customers on social distancing while queueing and riding buses; and
7. Implemented staff reductions to meet cost saving objectives.

SP Plus continues to work proactively with Staff and rental car companies during the COVID-19 pandemic as information and requirements change. SP Plus is very responsive to Authority's needs and is committed to providing an optimal customer experience.

Request to Memorialize Contract Amendments Made Pursuant to the President/CEO's Emergency Powers

Staff has revised SP Plus's operational budget and incorporated corresponding cost adjustments into the Board approved FY 2021 budget. Amounts presented above reflect detailed changes to the contract compensation schedule items listed below - which have already been implemented and which Staff requests be memorialized in the proposed Amendment.

1. An amendment to the Shuttle Service fee schedule for the period from April 1, 2020 to June 30, 2020 that adjusts the rate per mile and the management fee to a combined maximum amount of \$297,272.00.
2. For the period from July 1, 2020 to June 30, 2021, the Contractor shall be paid a fixed rate of \$6.43 per mile. If the Authority directs the Contractor to operate at a level greater than 89,500 miles per month (70% of CY 2019 levels) in one month, the rate will be discounted to \$5.93 per mile.
3. For the period from July 1, 2021 to September 30, 2021, the Contractor shall be paid a fixed rate of \$6.55 per mile. If the Authority directs the Contractor to operate at a level greater than 89,500 miles (70% of CY 2019 levels) in one month, the rate will be discounted to \$6.04 per mile.

4. For the period from July 1, 2020 to June 30, 2021, the Contractor shall be paid a monthly fixed fee of \$123,063.00 for each month while performing Shuttle Vehicle Service. If the Authority directs the Contractor to operate at a level greater than 89,500 miles (70% of CY 2019 levels) in one month, the rate will be increased to \$170,360.00 per month.
5. For the period from July 1, 2021 to September 30, 2021, the Contractor shall be paid a monthly fixed fee of \$125,524.00 for each month while performing Shuttle Vehicle Service. If the Authority directs the Contractor to operate at a level greater than 89,500 miles (70% of CY 2019 levels) in one month, the rate will be increased to \$173,767.00 per month.

Requested Contract Term Extension

Staff recommends a nine (9) month extension to the Contract term resulting in a new termination date of September 30, 2021. This extension will allow Staff additional time to monitor, evaluate, and plan for the ongoing impacts of COVID-19. This extension will allow further evaluation of the dynamic operating environment, passenger activity level increases, potential operational changes and additional expenses that may be incurred as we adjust to the long-term impacts of the COVID-19 pandemic.

Requested Increase to Total Contract Value

The maximum amount payable under the Contract is \$45,000,000.

SP Plus is currently operating at or under the revised operating expense levels each month. At current adjusted service levels, total contract expenditures are estimated to be \$40,478,123 for the current contract term which ends December 31, 2020.

Staff estimates revised monthly expense at \$558,889 per month to meet the agreed-upon service levels, which equates to \$5,030,001 through the extended contract end date. The additional nine (9) months of contract expense will exceed the current contract maximum amount payable of \$45,000,000 by \$508,124.

Table 2 – Summary of Contract Expenditures

Current Total Contract Value	End Date - 12/31/20	\$ 45,000,000
Actual contract expenditures	Through 08/30/20	\$ (38,253,366)
Projected additional expense	Through 12/31/20	\$ (2,224,757)
Additional 9 month contract expenditures (at \$558,889 per month for 9 months)	Through 09/30/21	\$ (5,030,001)
Total projected contract expense	Through 09/30/21	\$ (45,508,124)
Projected Contract Value Deficit	Through 09/30/21	\$ (508,124)

As reminder, these additional months of operating expense are in alignment with anticipated activity level reductions and are included as part of the Authority's approved budget.

Page 5 of 7

In addition, it is recommended that the Authority include additional contract contingency reserves of \$791,876. This amount will accommodate potential operational changes and service level increases.

Table 3 – Contract Contingency Reserve

Increase to Maximum Amount Payable	\$ 1,300,000
Projected Contract Value Deficit	\$ (508,124)
Contract Contingency Reserve	<u>\$ 791,876</u>

To fund the 9-month extension and the additional reserves, Staff recommends that the maximum amount payable of \$45,000,000 be increased by \$1,300,000 to \$46,300,000.

Table 4 - Increased in Maximum Amount Payable

Current Total Contract Value	\$ 45,000,000
Increase to Maximum Amount Payable	\$ 1,300,000
New Total Contract Value	<u>\$ 46,300,000</u>

Postpone the Request for Proposal (RFP) Process

Currently there are two (2) shuttle contractors and contracts at San Diego International Airport. One, as described above, provides the shuttle service for passengers from the RCC. The parking and employee shuttle contract provides shuttle service for the SAN operated customer revenue lots, employee lots, and inter-terminal shuttle service.

The second contract term ends on September 30, 2021. By synchronizing the end date of these two contracts the Authority will have the flexibility to combine both shuttle and bussing agreements, thereby creating the opportunity to recognize cost savings and operational efficiencies.

It will be very difficult to execute a robust, reliable, and accurate RFP process for this Contract in the current volatile operating environment. Staff anticipates more reliable and stable projections next year, along with a better understanding of future enplanements, rental car transactions, passenger ridership, and shuttle activity requirements.

More reliable data will allow potential respondents to prepare - and the Authority to evaluate - a more accurate analysis of proposals and draft contract terms. Staff would like to better understand future activity and the likelihood of drastic changes so it may include suitable flexibility in a future agreement that could trigger discounts or premiums depending on activity levels.

Staff would also like to understand evolving COVID-19 best practices around limiting the maximum capacity of shuttles. Currently a 50% maximum capacity has been implemented. It is unclear whether this maximum will be maintained long-term, or if it will fluctuate based on pandemic response. This will be a major driver in shuttle contract

costs. The load factor greatly impacts the number of shuttles, drivers, and miles that generate contract expense.

Proposed RFP and Award Schedule Detail

A recommended RFP schedule for a new shuttle contract to be in place by September 2021, for operations beginning October 1st, 2021 is outlined below –

- March 2021 - Begin RFP Statement of Work preparation based on projected operations and activity levels.
- April 2021 – Develop RFP
- May 2021 - Release RFP to the public
- June 2021 - Review and rank RFP proposals
- July 2021 - Make a recommendation to Board to authorize the President/CEO to negotiate and execute a new agreement
- August 2021 - President/CEO negotiate and execute new agreement
- October 2021 – Begin operations under new contract

Fiscal Impact:

The proposed RCC Bus Contract amendment expenses are included in the Board adopted Fiscal 2021 and conceptually approved Fiscal 2022 Operating Expense Budgets within the Contractual Services line item.

- For FY 2021, proposed expense is \$6,595,513. Authority approved budget expense is \$6,834,064.
- For FY 2022, proposed expense for the first 3 months is \$1,692,875. Authority Conceptual budget expense for the first 3 months is approx. \$1,750,000.

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:

MARC NICHOLS
DIRECTOR – GROUND TRANSPORTATION

RESOLUTION NO. 2020-0096

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 RENTAL CAR CENTER SHUTTLE BUS OPERATIONS AGREEMENT WITH SP PLUS CORPORATION TO : (1) MEMORIALIZE COVID-19 RELATED REVISIONS; (2) EXTEND THE CONTRACT TERM NINE (9) MONTHS TO EXPIRE ON SEPTEMBER 30, 2021; AND (3) INCREASE THE TOTAL MAXIMUM AMOUNT PAYABLE FROM \$45,000,000 TO \$46,300,000.

WHEREAS, the San Diego County Regional Airport Authority ("Authority") has constructed a consolidated rental car center ("RCC") on the north side of San Diego International Airport ("Airport") to serve the rental car industry and its customers, and which began operations in January 2016; and

WHEREAS, the Authority provides a consolidated shuttle bus service to transport rental car customers and the public between the RCC and the terminals at the Airport; and

WHEREAS, the shuttle buses serving the RCC provide regular and continuing transportation service to the public between the RCC and the Airport Terminals and are part of a "transit system" owned and operated by the Authority; and

WHEREAS, the Board has approved the Airport's Short-Range Transit Plan ("Plan") describing the Airport's transit system and its operation; and

WHEREAS, the Authority determined the need for a qualified firm to procure the RCC shuttle buses and to manage the RCC Bus operation between the Rental Car Center and the Airport terminals; and

WHEREAS, the Board found it in the best interests of the Authority and the public that it serves for the Board to award an agreement to SP Plus Corporation (SP Plus) for a term of 6.5 years for RCC Shuttle Services (1.5 years to procure and test the RCC buses plus 5 years to operate the buses), upon the Terms and conditions set forth in the agreement ("Agreement"); and

WHEREAS, the Board authorized the President/CEO to execute the Agreement on September 1, 2014 for a period of 76 months to expire on December 31, 2020, with a maximum amount payable of \$29,208,723 over the entire term of the Agreement; and

WHEREAS, the Agreement was executed on August 19, 2014; and

WHEREAS, a First Amendment to the Agreement was executed on March 29, 2016 to revise the Scope of Work and increase the maximum amount payable by \$1,168,000 to \$30,376,723, to allow for the integration and operation of temporary shuttle service; and

WHEREAS, a Second Amendment to the Agreement was executed on January 6, 2017, to revise the Scope of Work, and to modify the per mile rate, to allow the operation of additional buses and the employment of additional personnel to meet the desired customer wait time of five (5) minutes or less; and

WHEREAS, a Third Amendment to the Agreement was executed on June 25, 2019, to revise the Scope of Work, and to modify the per mile rate, to increase the management fee, and to increase the maximum amount payable to \$45,000,000; and

WHEREAS, the COVID-19 pandemic has significantly affected operations and activity levels at the Airport; and

WHEREAS, the Authority Board has declared a state of emergency for the Airport; and

WHEREAS, it is necessary for the Authority Board to authorize the President CEO to negotiate and execute a Fourth Amendment to the Agreement to respond to the impacts of COVID-19.

NOW THEREFORE BE IT RESOLVED that the Board hereby authorizes the President/CEO to negotiate and execute a Fourth Amendment to the Rental Car Center Shuttle Bus Operations Agreement with SP Plus Corporation; and

BE IT FURTHER RESOLVED that this amendment will memorialize certain COVID-19 related budget revisions and cost saving adjustments which have been implemented pursuant to the emergency powers granted to the President/CEO; and

BE IT FURTHER RESOLVED that the Board authorizes the President/CEO to extend the Agreement term nine (9) months to expire on September 30, 2021; and

BE IT FURTHER RESOLVED that the Board authorizes the President/CEO to increase the maximum amount payable from \$45,000,000 to \$46,300,000; and

BE IT FURTHER RESOLVED that the President/CEO or her designee hereby is authorized, upon approval as to form by the General Counsel, to execute and deliver such an amendment to the Agreement; and

BE IT FURTHER RESOLVED that the Authority and its officers, employees and agents hereby are authorized, empowered and directed to do and perform all such acts as may be necessary or appropriate in order to affect fully the foregoing resolutions.

BE IT FURTHER RESOLVED that the Board finds that this Board action is not a "project" as defined by the California Environmental Quality Act ("CEQA") [Cal. Pub. Res. Code §21065]; and

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

BE IT FURTHER RESOLVED that the Board finds this 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 1st day of October, 2020, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES /
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY L. GONZALEZ
GENERAL COUNSEL



Rental Car Center Bus Operations Contract Amendment

Marc Nichols

Director, Ground Transportation

October 1, 2020

Contract Elements

- In-service Miles
- In-Service Mileage Rate
- Management Fees
- Pass-through costs

COVID-19 Activity Level Reductions

<u>Enplanements</u>							
<i>Year/Month</i>	<i>Jan</i>	<i>Feb</i>	<i>Mar</i>	<i>Apr</i>	<i>May</i>	<i>Jun</i>	<i>Jul</i>
CY-19 Enplanements	895,859	847,912	1,056,861	1,052,524	1,070,628	1,147,974	1,238,315
CY-20 Enplanements	953,280	899,877	486,659	36,839	95,386	210,238	305,716
<i>% Change from Prior Year</i>	<i>6.4%</i>	<i>6.1%</i>	<i>-54.0%</i>	<i>-96.5%</i>	<i>-91.1%</i>	<i>-81.7%</i>	<i>-75.3%</i>
<u>Rental Car Transactions</u>							
<i>Year/Month</i>	<i>Jan</i>	<i>Feb</i>	<i>Mar</i>	<i>Apr</i>	<i>May</i>	<i>Jun</i>	<i>Jul</i>
CY-19 Rental Car Trxns	103,220	104,475	125,950	122,308	116,879	106,569	122,534
CY-20 Rental Car Trxns	100,882	107,825	58,657	6,339	12,686	23,366	29,857
<i>% Change from Prior Year</i>	<i>-2.3%</i>	<i>3.2%</i>	<i>-53.4%</i>	<i>-94.8%</i>	<i>-89.1%</i>	<i>-78.1%</i>	<i>-75.6%</i>
<u>RCC Bus Passengers</u>							
<i>Year/Month</i>	<i>Jan</i>	<i>Feb</i>	<i>Mar</i>	<i>Apr</i>	<i>May</i>	<i>Jun</i>	<i>Jul</i>
CY-19 Bus Passengers	352,993	355,067	446,998	433,172	404,974	458,612	454,831
CY-20 Bus Passengers	351,338	361,378	193,503	11,583	25,912	62,070	96,097
<i>% Change from Prior Year</i>	<i>-0.5%</i>	<i>1.8%</i>	<i>-56.7%</i>	<i>-97.3%</i>	<i>-93.6%</i>	<i>-86.5%</i>	<i>-78.9%</i>
<u>RCC Bus Mileage</u>							
<i>Year/Month</i>	<i>Jan</i>	<i>Feb</i>	<i>Mar</i>	<i>Apr</i>	<i>May</i>	<i>Jun</i>	<i>Jul</i>
CY-19 Bus Mileage	132,468	120,841	133,992	132,293	138,336	129,108	130,488
CY-20 Bus Mileage	122,661	118,013	89,149	17,859	24,838	35,039	55,085
<i>% Change from Prior Year</i>	<i>-7.4%</i>	<i>-2.3%</i>	<i>-33.5%</i>	<i>-86.5%</i>	<i>-82.0%</i>	<i>-72.9%</i>	<i>-57.8%</i>
<u>RCC Contract Expense</u>							
<i>Year/Month</i>	<i>Jan</i>	<i>Feb</i>	<i>Mar</i>	<i>Apr</i>	<i>May</i>	<i>Jun</i>	<i>Jul</i>
CY 2019	\$ 821,503	\$ 764,154	\$ 829,835	\$ 821,443	\$ 851,494	\$ 891,724	\$ 899,515
CY 2020	\$ 878,674	\$ 850,914	\$ 685,853	\$ 298,287	\$ 297,272	\$ 297,272	\$ 477,433
<i>% of Prior Year</i>	<i>7.0%</i>	<i>11.4%</i>	<i>-17.4%</i>	<i>-63.7%</i>	<i>-65.1%</i>	<i>-66.7%</i>	<i>-46.9%</i>

Cost Savings and Operation Adjustments

1. Updated cost scenarios & budget revisions
2. Updated, reduced service levels
3. Deep cleaning and disinfecting
4. 50% max shuttle capacity;
5. PPE for drivers and staff;
6. Customer signage for social distancing
7. Staff reductions

Current Contract Projected Expenditures

Current Total Contract Value	<i>End Date - 12/31/20</i>	\$ 45,000,000
Actual contract expenditures	<i>Through 08/30/20</i>	\$ (38,253,366)
Projected additional expense	<i>Through 12/31/20</i>	\$ (2,224,757)
Additional 9 month contract expenditures	<i>Through 09/30/21</i>	\$ (5,030,001)
<i>(at \$558,889 per month for 9 months)</i>		
Total projected contract expense	<i>Through 09/30/21</i>	\$ (45,508,124)
Projected Contract Value Deficit	<i>Through 09/30/21</i>	<u>\$ (508,124)</u>



Proposed Amendment Expenses are in line with Budget

- For FY 2021, proposed expense is \$6,595,513. Authority approved budget expense is \$6,834,064.
- For FY 2022, proposed expense for the first 3 months \$1,692,875. Authority Conceptual budget expense for the first 3 months is approx. \$1,750,000.

Recommended Increase to Contract Value

Current Total Contract Value	\$ 45,000,000
Increase to Maximum Amount Payable	\$ 1,300,000
New Total Contract Value	<u>\$ 46,300,000</u>

Recommended Contract Contingency Reserve

Increase to Maximum Amount Payable	\$ 1,300,000
Projected Contract Value Deficit	\$ (508,124)
Contract Contingency Reserve	<u>\$ 791,876</u>

Recommendation

Adopt Resolution No. 2020-xxxx authorizing the President/CEO to negotiate and execute a Fourth Amendment to the Rental Car Center (“RCC”) Shuttle Bus Operations Agreement to:

1. Memorialize COVID-19 budget revisions
2. Extend the contract term nine (9) months to expire on September 30, 2021
3. Increase the total maximum amount payable amount from \$45,000,000 to \$46,300,000.

2021 RFP Timeline

- March 2021 - Begin RFP Statement of Work preparation based on projected operations and activity levels.
- April 2021 – Develop RFP
- May 2021 - Release RFP to the public
- June 2021 - Review and rank RFP proposals
- July 2021 - Make a recommendation to Board to authorize the President/CEO to negotiate and execute a new agreement
- August 2021 - President/CEO negotiate and execute new agreement
- October 2021 – Begin operations under new contract



Rental Car Center Bus Contract
Amendment

Questions?