

Board Meeting Agenda

Thursday, June 3, 2021
9:00 A.M.

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

Board Members

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

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; each of these comments will be read for up to three minutes or for the time determined by the Chair. 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.

Comment on Agenda Items

Public comment on agenda items may be submitted to the Authority clerk at clerk@san.org. Comments 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.

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

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- **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=13945>
- **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.

How to Watch the Meeting

You may also view the meeting online at the following link:

<https://www.san.org/Airport-Authority/Meetings-Agendas/Authority-Board?EntryId=13945>

Requests for Accessibility Modifications or Accommodations

As required by the Americans with Disabilities Act (ADA), requests for agenda information to be made available in alternative formats, and any requests for disability-related modifications or accommodations required to facilitate meeting participation, including requests for alternatives to observing meetings and offering public comment as noted above, may be made by contacting the Authority Clerk at (619) 400-2550 or clerk@san.org. 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. SMALL BUSINESS DEVELOPMENT UPDATE:

Presented by Hampton Brown, Vice President, Revenue, Marketing & Innovation

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

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

AD HOC COMMITTEE

- **DIVERSITY, EQUITY AND INCLUSION AD HOC COMMITTEE:**
Committee Members: Cabrera (Chair), Casillas Salas, Schiavoni, Vargas

ADVISORY COMMITTEES

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

LIAISONS

- **CALTRANS:**
Liaison: Dallarda

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- **INTER-GOVERNMENTAL AFFAIRS:**
Liaison: Cabrera
- **MILITARY AFFAIRS:**
Liaison: Dockery
- **PORT:**
Liaisons: Robinson, Schiavoni (Primary), Vargas
- **WORLD TRADE CENTER:**
Representatives: Robert H. Gleason

BOARD REPRESENTATIVES (EXTERNAL)

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

CHAIR REPORT:

PRESIDENT/CEO REPORT:

NON-AGENDA PUBLIC COMMENT:

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

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

CONSENT AGENDA (ITEMS 1- 15):

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 Special Board meetings on March 30, 2021 and April 15, 2021 and the May 6, 2021 regular Board meeting.

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2. ACCEPTANCE OF BOARD AND COMMITTEE MEMBERS WRITTEN REPORTS ON THEIR ATTENDANCE AT APPROVED MEETINGS AND PRE-APPROVAL OF ATTENDANCE AT OTHER MEETINGS NOT COVERED BY THE CURRENT RESOLUTION:

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

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

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

RECOMMENDATION: Receive the report.

(Procurement: Jana Vargas, Director)

4. JUNE 2021 LEGISLATIVE REPORT:

RECOMMENDATION: Adopt Resolution No. 2021-0052, approving the June 2021 Legislative Report.

(Government Relations: Matt Harris, Director)

5. RESCIND RESOLUTION NO. 2019-0074 AND ADOPT A NEW RESOLUTION FOR THE PRE-APPROVAL OF BOARD MEMBER PARTICIPATION AND REPRESENTATION OF THE AUTHORITY AT MEETINGS, TRAININGS AND EVENTS:

RECOMMENDATION: Rescind Resolution No. 2021-0074 and adopt Resolution No. 2021-0053, pre-approving Board Member participation and representation of the Authority at meetings, trainings and events.

CLAIMS

COMMITTEE RECOMMENDATIONS

6. APPOINTMENT OF PUBLIC MEMBER TO THE AUDIT COMMITTEE:

RECOMMENDATION: The Audit Committee recommends that the Board adopt Resolution No. 2021- 0054, appointing Gretchen Newsom as a public member of the Audit Committee to commence July 2021 for a three-year term.

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

7. ANNUAL REVIEW OF AUTHORITY POLICY 4.20 - GUIDELINES FOR PRUDENT INVESTMENTS AND DELEGATION OF AUTHORITY TO INVEST AND MANAGE AUTHORITY FUNDS TO THE VICE PRESIDENT, CHIEF FINANCIAL OFFICER/TREASURER:

RECOMMENDATION: The Finance Committee recommends that the Board adopt Resolution No. 2021- 0055, approving amendments to Authority Policy 4.20 - Guidelines for Prudent Investments, and delegating authority to invest and manage Authority funds to the Vice President, Chief Financial Officer/Treasurer.

(Financial Management: John Dillon, Director)

8. ANNUAL REVIEW OF AUTHORITY POLICY 4.40 – DEBT ISSUANCE AND MANAGEMENT:

RECOMMENDATION: The Finance Committee recommends that the Board adopt Resolution No. 2021-0056, approving amendments to Authority Policy 4.40 - Debt Issuance and Management.

(Financial Management: John Dillon, Director)

9. ACCEPT THE FISCAL YEAR 2021 THIRD QUARTER REPORT FROM THE OFFICE OF THE CHIEF AUDITOR:

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

(Audit: Lee Parravano, Chief Auditor)

10. APPROVE THE 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. 2021-0057, approving the revision to the Fiscal Year 2021 Audit Plan.

(Audit: Lee Parravano, Chief Auditor)

CONTRACTS AND AGREEMENTS

11. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE A SECOND AMENDMENT TO THE CONCESSION LEASE WITH IN-TER-SPACE SERVICES, INC., DBA CLEAR CHANNEL AIRPORTS:

RECOMMENDATION: Adopt Resolution No 2021-0058, approving and authorizing the President/CEO to negotiate and execute a Second Amendment to the Concession Lease with In-Ter-Space Services, Inc., dba Clear Chanel Airports to waive percentage rent when the Authority pays for advertisement using the Authority's concession marketing fund.

(Revenue Generation & Partnership Development: Susan Diekman, Asset Manager)

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12. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A REIMBURSABLE AGREEMENT WITH THE DEPARTMENT OF TRANSPORTATION FEDERAL AVIATION ADMINISTRATION (FAA) FOR ENGINEERING AND TECHNICAL SUPPORT RELATED TO ADP PACKAGE 2: AIRSIDE IMPROVEMENTS:

RECOMMENDATION: Adopt Resolution No. 2021-0060, approving and authorizing the President/CEO to Execute a Reimbursable Agreement between the Department of Transportation Federal Aviation Administration (FAA) and the San Diego County Regional Airport Authority for engineering and technical support related to ADP Package 2: Airside Improvements.

(Airport Design and Construction: Bob Bolton, Director)

13. APPROVE AND AUTHORIZE AN INCREASE IN THE PRESIDENT/CEO'S CHANGE ORDER AUTHORITY AND INCREASE THE CONTRACT DURATION FOR UPGRADE ENGINEERED MATERIAL ARRESTING SYSTEM (EMAS) AT SAN DIEGO INTERNATIONAL AIRPORT:

RECOMMENDATION: Adopt Resolution No. 2021-0061, approving and authorizing an increase in the President/CEO's change order authority from \$144,879 to an amount not to exceed \$344,879 and an increase in the contract duration from 138 calendar days to 250 calendar days for Project No. 104281 Upgrade Engineered Material Arresting System (EMAS) at San Diego International Airport.

(Airport Design and Construction: Bob Bolton, Director)

14. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE THE FOURTH AMENDMENT TO THE AGREEMENT WITH GATZKE DILLON & BALLANCE LLP:

RECOMMENDATION: Adopt Resolution No. 2021-0062, approving and authorizing the President/CEO to execute the Fourth Amendment to the Agreement with Gatzke Dillon & Ballance LLP for professional Legal Services increasing the compensation amount by \$150,000.

(Legal: Amy Gonzalez, General Counsel)

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

15. AWARD A CONTRACT TO GRAHOVAC CONSTRUCTION TO REFURBISH PASSENGER BOARDING BRIDGES AT TERMINAL 1 WEST, SAN DIEGO INTERNATIONAL AIRPORT:

RECOMMENDATION: Adopt Resolution No. 2021-0059, awarding a contract to Grahovac Construction in the amount of \$1,699,502 for Project No. 104194D, Refurbish Passenger Boarding Bridges (T1W) San Diego International Airport.

(Airport Design and Construction: Bob Bolton, Director)

PUBLIC HEARINGS:

OLD BUSINESS:

NEW BUSINESS:

16. APPROVE THE FISCAL YEAR 2022 PROPOSED AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:

RECOMMENDATION: The Audit Committee recommends that the Board adopt Resolution No. 2021-0063, approving the Fiscal Year 2022 proposed Audit Plan of the Office of the Chief Auditor.

(Audit: Lee Parravano, Chief Auditor)

17. APPROVAL AND ADOPTION OF THE OPERATING BUDGET FOR FISCAL YEAR 2022, THE CAPITAL PROGRAM FOR FISCAL YEARS 2022 - 2026 AND CONCEPTUAL APPROVAL OF THE OPERATING BUDGET FOR FISCAL YEAR 2023:

RECOMMENDATION: : Adopt Resolution No. 2021-0064, approving and adopting the Authority's Annual Operating Budget for Fiscal Year 2022, the Capital Program for Fiscal Years 2022-2026, and conceptually approving the Operating Budget for Fiscal Year 2023.

(Finance & Risk Management: John Dillon, Director; Maya Dayan, Manager)

18. ACCEPT THE TITLE 14 CODE OF FEDERAL REGULATIONS (CFR) PART 150 NOISE COMPATIBILITY STUDY UPDATE AND AUTHORIZE THE PRESIDENT/CEO TO SUBMIT TO THE FAA FOR THEIR REVIEW:

RECOMMENDATION: Adopt Resolution No. 2021-0065, accepting the Title 14 Code of Federal Regulations (CFR) Part 150 Noise Compatibility Study Update and authorizing the President/CEO to submit to the FAA for their review.

(Planning & Environmental Affairs: Brendan Reed, Director)

19. PUBLIC EMPLOYEE COMPENSATION: DISCUSSION AND POSSIBLE ACTION CONCERNING THE COMPENSATION OF THE PRESIDENT/CEO:

RECOMMENDATION: The Board will be discussing and possibly taking action regarding the employment contract of the President/Chief Executive Officer.

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

20. PUBLIC EMPLOYEE COMPENSATION: DISCUSSION AND POSSIBLE ACTION CONCERNING THE COMPENSATION OF THE GENERAL COUNSEL:

RECOMMENDATION: The Board will be discussing and possibly taking action regarding the employment contract of the General Counsel.

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

21. PUBLIC EMPLOYEE COMPENSATION: DISCUSSION AND POSSIBLE ACTION CONCERNING THE COMPENSATION OF THE CHIEF AUDITOR:

RECOMMENDATION: The Board will be discussing and possibly taking action regarding the employment contract of the Chief Auditor.

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

CLOSED SESSION:

22. 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

23. 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

24. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:

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

Name of Case: City of Coronado v. San Diego County Regional Airport Authority, et al.

San Diego Superior Court Case No. 37-2020-00039394-CU-TT-CTL

25. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:

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

Name of case: In re Advantage Holdco, Inc., et al., Case No. 20-11259-JTD

26. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:

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

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

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- 27. 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
- 28. 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
- 29. 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
- 30. 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
- 31. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:**
(Government Code §54956.8)
Property: 2 parcels of land situated in the City of San Diego, County of San Diego, State of California, said parcels being a portion of that 231.21 acre tract of land acquired by Warranty Deed from San Diego Securities Company dated June 4, 1917 and recorded June 9, 1917 in Book 740 at page 61 of Deeds in the Office of the Recorder of San Diego County and a portion of that 180.34 acre tract of land acquired by Deed from the City of San Diego dated December 1, 1916 and recorded September 5, 1917 in Book 739 at page 307 of Deeds In the Office of the Recorder of San Diego County and said parcels being designated for the purpose of this description as Parcel 1 and Parcel 2. Parcel 1- approximately 14.03 acres of land and Parcel 2-approximately 2.39 acres of land as more specifically described in the Lease Agreement between the United States of America and the San Diego County Regional Airport Authority, Authority Lease No. LE-0107.
Agency negotiator: Hampton Brown, Matt Harris, Susan Diekman, Jim DeCock, Amy Gonzalez
Negotiating parties: David Bixler, Michael Oestericher, Russell Rang, Reid Merrill, Curtis Permito- United State of America, Department of the Navy
Under negotiation: Price and terms of payment

- 32. THREAT TO PUBLIC SERVICES OR FACILITIES:**
Consultation with: General Counsel and President/CEO

- 33. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:**
Cal. Gov. Code §54957
Title: President/Chief Executive Officer

- 34. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:**
Cal. Gov. Code §54957
Title: General Counsel

- 35. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:**
Cal. Gov. Code §54957
Title: Chief Auditor

REPORT ON CLOSED SESSION:

GENERAL COUNSEL REPORT:

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

BOARD COMMENT:

ADJOURNMENT:

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

- 1) Persons wishing to address the Board, ALUC, and Committees shall submit an email to the Clerk at clerk@san.org prior to the initiation of the portion of the agenda containing the item to be addressed (e.g., Public Comment and General Items). Failure to submit an email shall not preclude testimony, if permission to address the Board is granted by the Chair.
- 2) The Public Comment Section at the beginning of the agenda is reserved for persons wishing to address the Board, ALUC, and Committees on any matter for which another opportunity to speak is not provided on the Agenda, and on matters that are within the jurisdiction of the Board.
- 3) Persons wishing to speak on specific items listed on the agenda will be afforded an opportunity to speak during the presentation of individual items. Persons wishing to speak on specific items should reserve their comments until the specific item is taken up by the Board, ALUC and Committees.
- 4) If many persons have indicated a desire to address the Board, ALUC and Committees on the same issue, then the Chair may suggest that these persons consolidate their respective testimonies. Testimony by members of the public on any item shall be limited to **three (3) minutes per individual speaker and five (5) minutes for applicants, groups and referring jurisdictions.**
- 5) Pursuant to Authority Policy 1.33 (8), recognized groups must register with the Authority Clerk prior to the meeting.

After a public hearing or the public comment portion of the meeting has been closed, no person shall address the Board, ALUC, and Committees without first obtaining permission to do so.

Additional Meeting Information

NOTE: This information is available in alternative formats upon request. To request an Agenda in an alternative format, or to request a sign language or oral interpreter, or an Assistive Listening Device (ALD) for the meeting, please telephone the Authority Clerk's Office at (619) 400-2550 at least three (3) working days prior to the meeting to ensure availability.

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

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.

ITEM A

Small Business Development Report

June 3, 2021

Jim DeCock
Interim Director,
Revenue Generation & Partnership Development

Maria A. Quiroz
Interim Manager,
Small Business Development



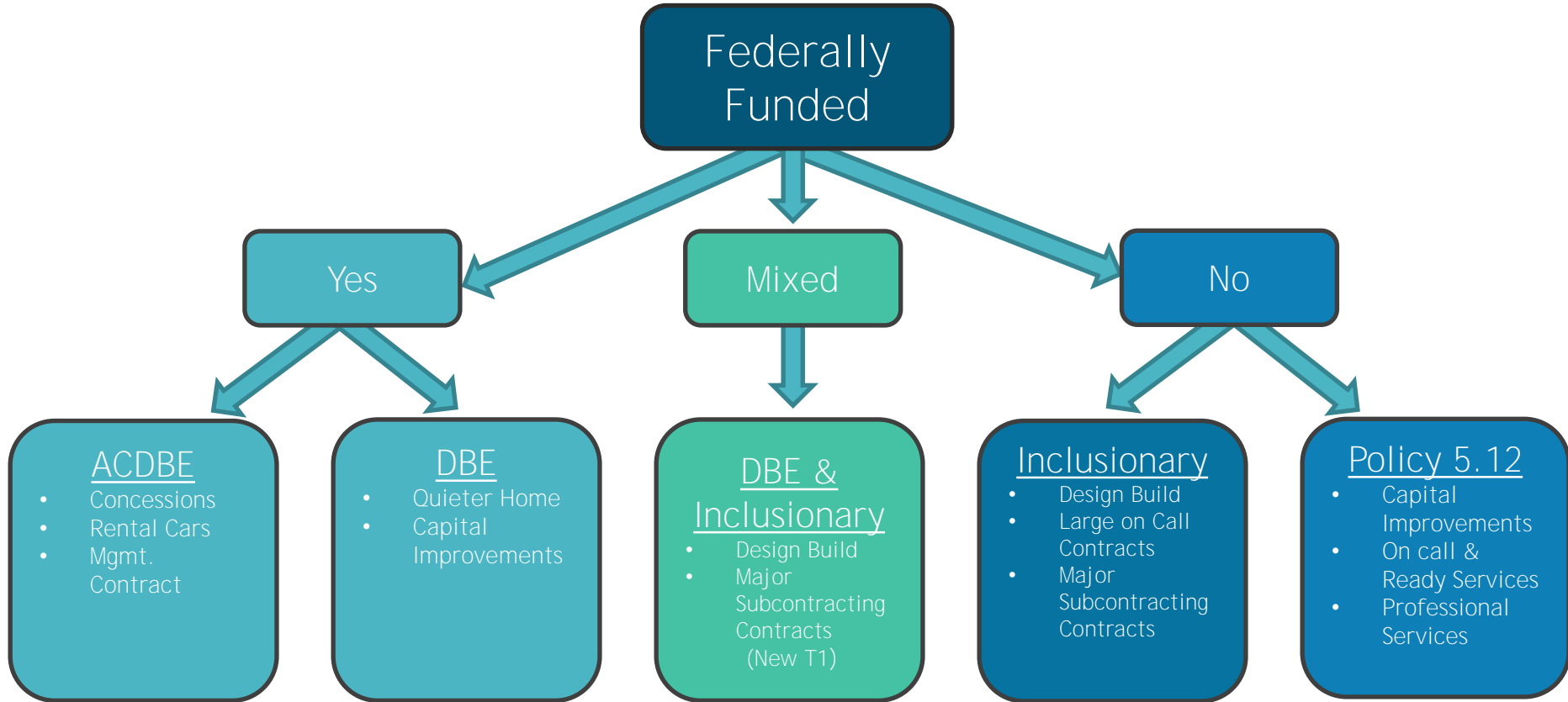


Agenda

- Authority Programs and Policy Determinations
- What are the DBE and ACDBE Programs?
- What is a DBE?
- What is an ACDBE?
- Inclusionary Approach and Policy 5.12
- Mixed Projects
- Certifications & Eligibility
- Assistance & Success Stories

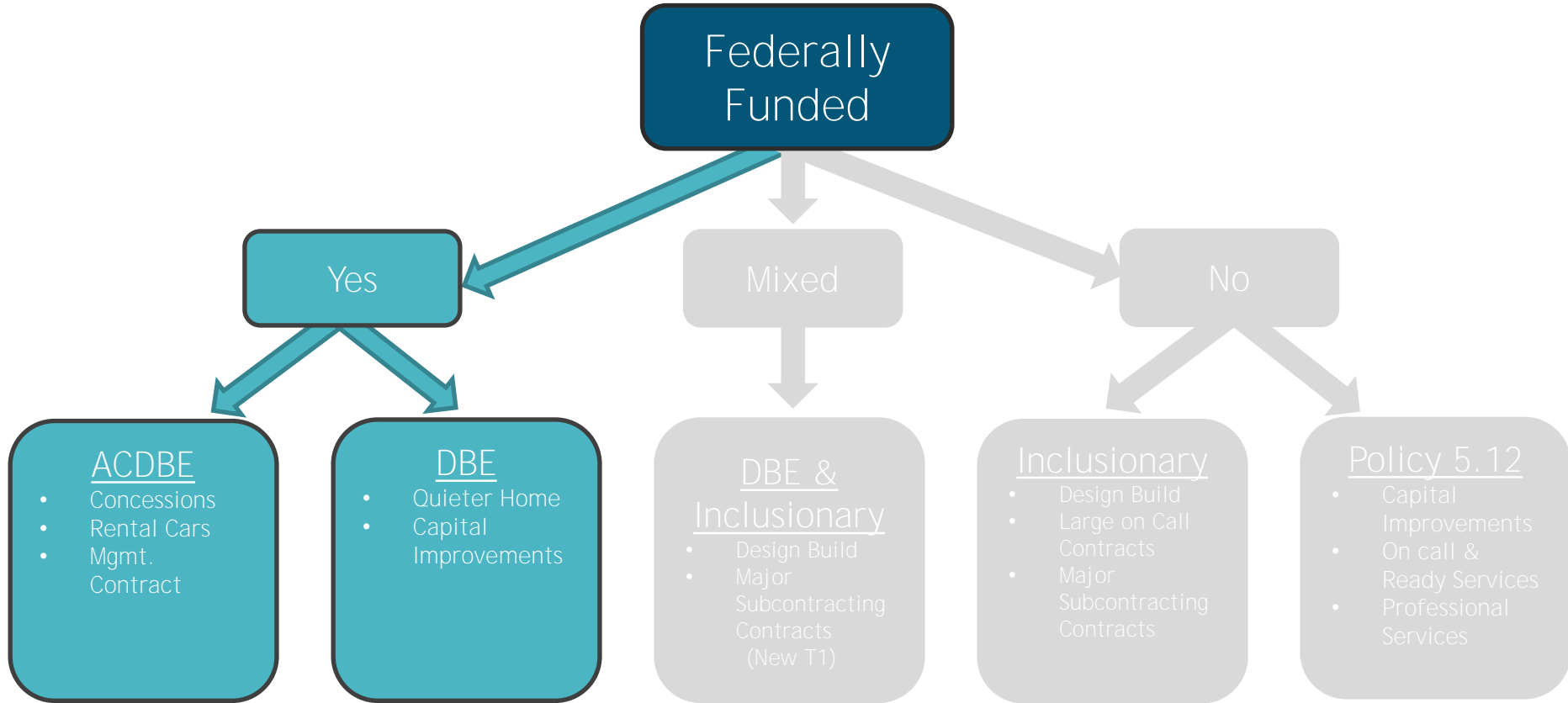


Authority Programs and Policy Determinations



DBE and ACDBE

Authority Programs and Policy Determinations



What are the DBE and ACDBE Programs?

DBE

- Disadvantaged Business Enterprise (DBE) is defined in 49 Code of Federal Regulations (CFR) **Part 26**
- Federal Program - Established 1980 - Title VI Civil Rights Act 1964
- Applies to recipients of Federal Aviation Administration (FAA), Federal Highway Administration (FHWA) and Federal Transit Administration (FTA) funds of **\$250K+ annually** awarded prime contracts
- Recipients (i.e. Airport) must set an overall goal for DBE participation



ACDBE

- Airport Concession Disadvantaged Business Enterprise (ACDBE) is defined in 49 Code of Federal Regulations (CFR) **Part 23**
- **Started in Atlanta in 1970's**
- Applies to primary/commercial service airports that receive Airport Improvement Program funding from FAA & have car rental/non-car rental concession revenues **\$200k+ annually**
- Recipients (i.e. Airport) must set two overall goals for ACDBE participation

What is a DBE?

- Disadvantaged Business Enterprise (DBE) means a for-profit small business concern:
 1. That is at least 51% owned by one or more individuals who are both socially and economically disadvantaged or, in the case of a corporation, in which 51% of the stock is owned by one or more such individuals; and
 2. Whose management and daily business operations are controlled by one or more of the socially and economically disadvantaged individuals who own it.



DBE Program Objectives

- The regulations and the DBE program seek to achieve several objectives:

Level Playing Field

Nondiscrimination

Firms Must Meet
DBE Regulations
for Assistance

Remove Barriers

DBE Federal Program Requirements

DBE Triennial Goal per
Federal Requirement

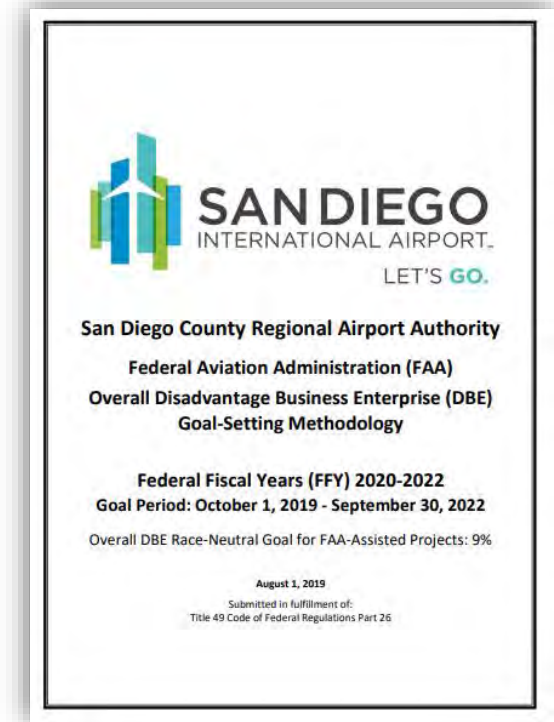
DOT/FAA Accepted
Methodology
FAA Review and Approval

Certification of eligible
DBE firms is key to
program

UCP certifies DBEs

DBE Program Goal

- Every three years, SAN analyzes the availability of DBEs to participate in FAA-assisted project opportunities over the next three-year period.
- Goal setting is done through DOT/FAA-accepted methodology (FAA must review and approve)
- SAN completed this analysis for Federal Fiscal Years 2020-2022 with an overall DBE goal set at: 9%
- DBE participation counted through contracting dollars to DBEs



What is an ACDBE?

- Airport Concession Disadvantaged Business Enterprise (ACDBE) means a concession that is a for-profit small business concern:
 1. That is at least 51% owned by one or more individuals who are both socially and economically disadvantaged or, in the case of a corporation, in which 51% of the stock is owned by one or more such individuals; and
 2. Whose management and daily business operations are controlled by one or more of the socially and economically disadvantaged individuals who own it.



ACDBE Program Objectives

- The regulations and the ACDBE Program seek to achieve several objectives:

Level Playing Field

Nondiscrimination

Firms Fully Meet
ACDBE Eligibility
Standards

Remove Barriers

ACDBE Federal Program Requirements

ACDBE Goal Setting
Federal Requirement

DOT/FAA Accepted
Methodology

FAA Review and Approval

Goal % = ACDBE Revenue & Availability

Absent of Discrimination

Goal Set For:

1. Car Rental Concession Activities
2. Non-Car Rental Concession Activities

ACDBE Program Goals

- Every three years, SAN analyzes the availability of ACDBEs to participate in concession opportunities. This analysis represents all concession opportunities over the next three-year period
- SAN has recently completed this analysis and the overall goals for the next three years (Federal Fiscal Years 2021-2023) are:
 - Car rental concession goal: 2.4%
 - Non-car rental concession goal: 10.1%



What is an Airport Concession?

An airport concession is a for profit business located on the airport and or activities take place on the airport; engaged in sale of goods/services to public under agreement with the airport or another concessionaire.



Car Rental Concessions

Car rental company goods & services

Examples:

- Auto related services and goods
- Body shops
- Auto detailing
- Janitorial services
- Landscaping services
- Office supplies



Non-Car Concessions

Non-car rental concessions

Examples:

- Restaurants
- Retail stores
- Passenger services
- News stands
- Indoor/Outdoor advertising
- Web-Based/electronics

SAN ACDBEs



- Non-Car Rental ACDBE Participation
 - 11 Joint Ventures with ACDBE concessionaire operators
 - 25 ACDBE contracts

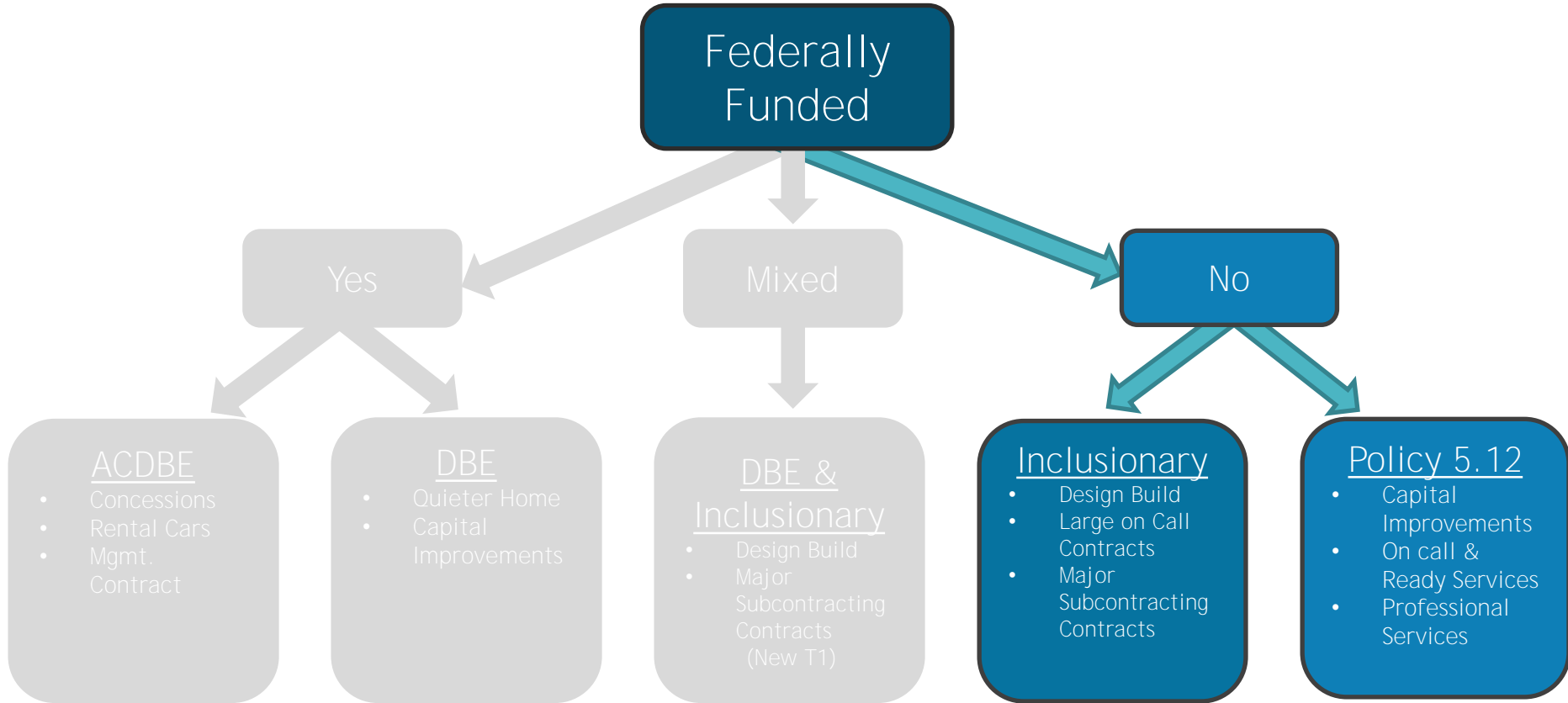


- Car Rental ACDBE Participation
 - 11 ACDBE goods & services vendors



Inclusionary Approach and Policy 5.12

Authority Programs and Policy Determinations



Inclusionary Approach

- Successful method to maximize opportunities for Small, Local and Veteran Owned Small Businesses
- Subcontracting opportunities exist, but not clearly defined
- Prime contractors required to submit to Authority:
 - Monthly reporting of achievements to SBD
 - Outreach Plan - to include key points but not limited:



**Commitments
& Goals**

Unbundling

**Community &
Outreach**

**Past
Achievements**

**Training &
Mentoring**

SB Liaison

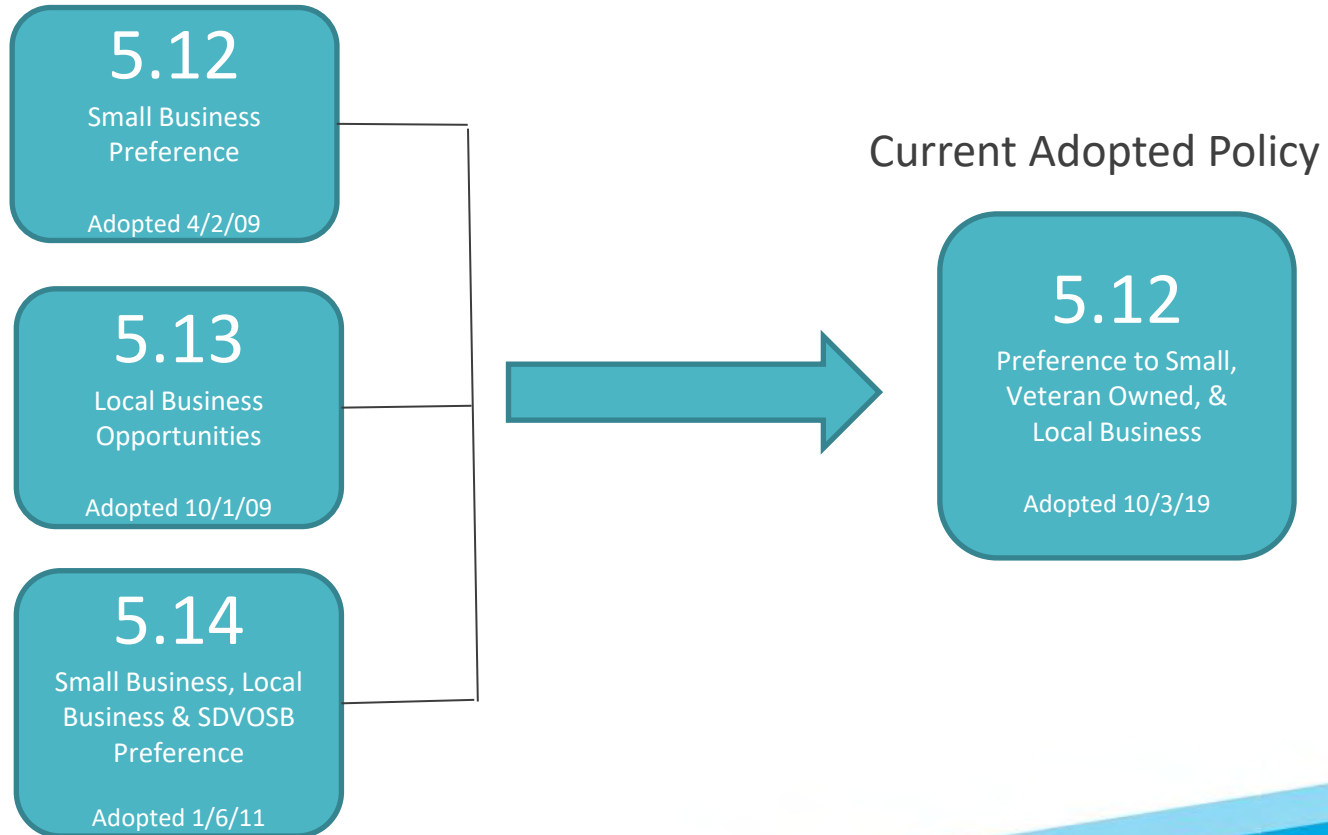
Recent Completed Inclusionary Approach Projects

Project	Commitment		Achievements	
Federal Inspection Station (FIS)	SB	20%	SB	27%
	LB	70%	LB	87%
	Vet.	2%	Vet.	7%
Terminal 2 Parking Plaza	SB	35%	SB	42%
	LB	80%	LB	80.5%
	Vet.	none	Vet.	1.5%
Rental Car Center	SB	30-40%	SB	35%
	LB	80-85%	LB	85%
	Vet.	none	Vet.	4%

Active Inclusionary Approach Projects

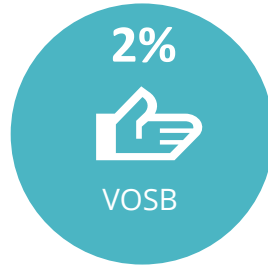
Project	Commitment		Achievements To Date	
Airport Support Facilities	SB/Vet.	35%	SB	40%
	LB	74%	LB	96%
New T1 – Terminal & Roadways	SB	25%		
	LB	80%		
	VOSB	3%		

Policy 5.12



Policy 5.12

- Authority's commitment to SBs, VOSBs and LBs in the award of Authority contracts



- SB, LB, VOSB preference program
- Up to 7% preference(\$200K maximum)

PRIME

- No quantifiable subcontracting opportunities
- Preference if meets any three business classifications

PRIME & SUBS

- Subcontracting opportunities
- Goals for SB, LB and VOSB
- Goal(s) must be met to receive preference

Authority Classifications 5.12

Veteran Owned Small Business (VOSB)

- A small business that has been certified by the U.S. Department of Veteran Affairs or Service Disabled Veteran Owned Small Business

Small Business (SB)

- Participating in Authority Bonding & Contract Financing Assistance Program, or
- Certified DBE/ACDBE by California Unified Certification Program, or
- Possesses valid certification issued by agency approved by Authority; agency verifies firm meets SBA size standards

Local Business (LB)

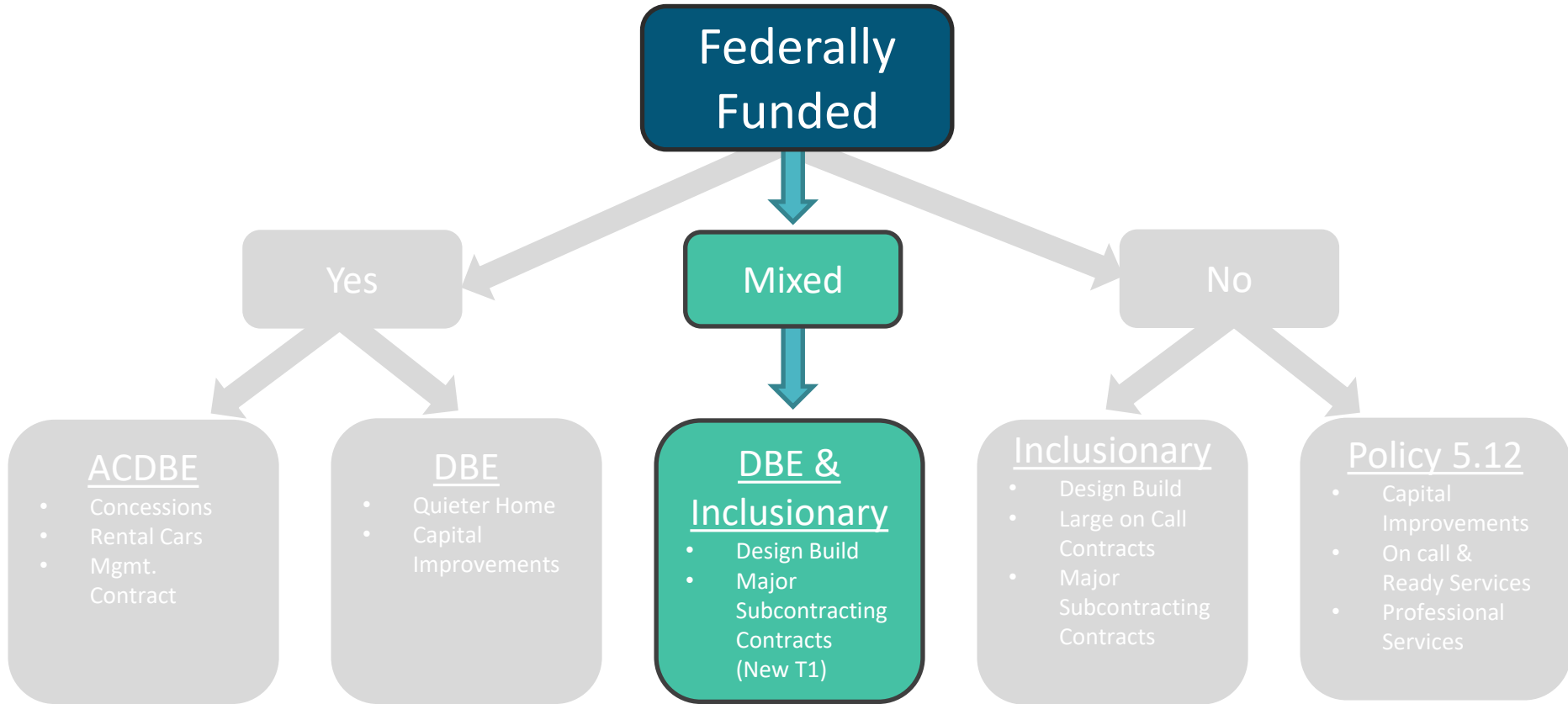
- Complete LB Affidavit
- Has a valid business certificate issued by San Diego County, or a valid business license issued by a city within San Diego County
- Business has been located within the county a minimum of 6 months prior to the release of a solicitation.
- Business is in compliance with all applicable laws relating to licensing and is not delinquent on any San Diego County taxes
- Over fifty percent (50%) of the workforce based in the local office resides in San Diego County; OR
- Headquartered in San Diego County

5.12 Projects

Project	Goals		Commitment		Achievements	
Replace Existing Generator at Central Utility Plant	SB	35%	SB	65%	SB	51%
	VOSB	3%	VOSB	0%	VOSB	0%
Replace Terminal Seating in T1 & T2	SB	16%	SB	11%	SB	4%
	VOSB	3%	VOSB	0%	VOSB	0%

Mixed Projects

Authority Programs and Policy Determinations



Examples of Mixed Projects & Results

- What is a Mixed Project?
 - Instead of applying one program/policy a mixed project utilizes both the Inclusionary Approach and DBE Program
 - Primes to set four goals: SB, LB, VOSB and DBE
- Mixed projects examples:
 - On-Call Engineering Services
 - New T1
- Challenges expected with tracking/payments of federal-funds and non-federal work (B2GNow)
 - FAA DBE attainment report to FAA from New T1 from federal funded portion



Certifications & Eligibility

Authority Certifications

**Airport Concession
Disadvantaged
Business Enterprise
(ACDBE)**

**Disadvantaged
Business Enterprise
(DBE)**

**Local Business
(LB)**

DBE and ACDBE Eligibility Criteria

ROADMAP FOR APPLICANTS	DBE	ACDBE
For-Profit Business that performs or seeks to perform transportation related work for recipient of Fed. Aviation Admin./Fed. Highway Admin./Fed. Transit Admin.	X	X
51%+ Owned by Socially & Economically Disadvantaged Individual(s) Who Controls Firms (Certain groups are rebuttably presumed to be socially and economically disadvantaged: African American male/female, Native American male/female, Pacific Islander male/female, Asian male/female, Hispanic male/female, Anglo females)	X	X
Personal Net Worth (PNW) is no more than \$1.32 million, except equity in owner's primary residence and assets invested in the business	X	X
Disadvantaged Owner(s) U.S. Citizens or Lawfully Admitted Permanent U.S. Residents	X	X
Business owner has the experience, expertise and control of the day-to-day operations	X	X
Meets Small Business Administration's size standards (Firm elect average annual gross receipts over previous 3 or 5 fiscal years. DBEs working on FAA contracts only subject to SBA size standards. DBEs working on FHWA and FTA contracts subject to both SBA size & DBE statutory gross receipts standards)	X	X
Firm's gross annual receipts over previous 5 fiscal years does not exceed \$26.29 million	X	X
Firm's gross annual receipts over previous 5 fiscal years does not exceed \$56.42 million (Other size standards apply for ACDBE that are banks/financial institutions, car rental companies, pay telephone firms, automobile dealer)		X



LB Eligibility Criteria

ROADMAP FOR APPLICANTS

Occupies work space within San Diego County, will submit proof of occupancy demonstrating business has been located within the county for minimum of 6 months prior to Authority solicitation release.

Is in compliance with all applicable laws relating to licensing.

Not delinquent on any San Diego taxes.

At least one of the following:

More than 50% of workforce based in local office resides in San Diego County; and or

Firm headquartered in San Diego

Completes and submits Local Business Affidavit

Enrolled in Authority Local Business Directory (once LB approved)

Other Certifications

- CA State
 - Small Business (SB)
 - Micro small business (MB)
 - Small business for purpose of public works (SB-PW)
- Women Business Enterprise (WBE)
- Disabled Veteran Business Enterprise (DVBE)
- Minority Owned Business (MBE)

Assistance & Outreach

Bonding & Contract Financing Assistance Program

- Firms gain:

Bonding
Capacity

Working Capital
Loans

Increase Viable
Businesses

Creates Regional
Jobs

- Authority benefits: Increasing pool of contractors to contract with the Authority
- 26 contractors assisted with 67 transactions
 - Bid bond guarantees: \$19,664,632
 - Final bond guarantees: \$3,478,271



Outreach, Education & Training

Events over the past 6 months:

1. Joint Venture Compliance Training Webinar
2. OSHA 30-Hours Workshop
3. Turner School of Construction Management Spring 2021
4. Meet the Buyers featuring SDCRAA Webinar
5. Airside Project Opportunity Webinar
6. Airport Rental Car Supplier Diversity Outreach Event
7. Business Incentive Credits Webinar
8. LB Certification Training (New T1)

Upcoming events:

1. San Diego Metropolitan Transit System (MTS) Virtual Outreach Event - June 22, 2021
2. Disabled Veteran Business Alliance - Doing Business with SAN - June 2021
3. Labor Compliance - July 29, 2021
3. OSHA 30 - August 2021
4. 2nd Virtual Meet the Primes 2021
Sept. 14 & 16, 2021 Prime Contractors
Sept. 15, 2021 Matchmaking (Construction)
Sept. 21 & 23, 2021 Authority Departments
Sept. 28, 2021 SAN Concessionaire Operators
Sept. 29, 2021 Matchmaking (Concessions & SAN Depts.)
Sept. 30, 2021 Public Agencies & Support Services
5. Caltrans District 11 Virtual Procurement & Resource Fair Oct. 2021
6. Virtual Veteran Appreciation Luncheon - November 18, 2021



Support Services & Sponsorships



- Provide technical assistance and refer to business support services
- Small Business Development landing page
- Sponsorships (Business support services, trade/civic/community organizations)
 - Airport Minority Advisory Council (AMAC)
 - Airport Experience News (AXN)
 - San Diego Chamber of Commerce (Hispanic, etc.)



Small Business Development

OVERVIEW	SMALL BUSINESS SPOTLIGHT	SMALL BUSINESS RELIEF LOANS	EDUCATION & TRAINING
DBE/ACDBE	MEET THE PRIMES	RESOURCES	

Success Stories

Success Story: Polar Electrical Co.



- DBE certified through SDCRAA-CUCP
- Turner School of Construction Management Graduate (Learned: bidding, connection and relationship building, tenacity)
- Enrolled in Authority Bonding Program
- Workforce growth from 1 to 7 employees
- 40% profit increase
- 6 government/public agency contracts
- Contract values, \$3Mil from \$2,500 when first in business



Success Story: BSE Security Service



SECURITY SERVICE
VETERAN OWNED SAN DIEGO PRIVATE PATROL



- Authority has assisted BSE with:
 - Obtaining large contracts
 - Understanding administration work post contract award
 - Bidding more on commercial jobs
- DBE and ACDBE certified through SDCRAA-CUCP
- 50% growth since 2015 (Contract with Property Mgt. Company)
- 1st contract with Authority - Parking Plaza w/ Swinerton)
- 2nd contract with Authority - Federal Inspection Station
- Turner School of Construction Management Graduate
 - Applied principles of classes to business
 - Relationship building for future joint venture opportunities

Success Story: Dynamic Contracting Services



- Part of On-Call General Construction contract since 2009 to present
- 2 → 24 employees → 4 employees
- 1st public work experience with Authority
- DBE certified since 2010
- Participated in Authority Bonding Program
- 5 staff (2 owners and 3 employees) are Turner School of Construction Management Graduates
- Attended Authority workshops and great support group contributed to their success



Success Story: DuWright Construction Inc.



- Certifications: SB, MBE, DBE, MSB, 8(a)
- 1 to now 7 employees
- Grossing over \$2 million in revenue
- Authority Bonding Program and DBE certification has helped business obtain large public works contracts
- Awardee to Authority On-Call/Ready Service HVAC contract twice
- 800% growth over three years



Questions?

Contact:

Maria A. Quiroz

Interim Manager, Small Business Development

San Diego International Airport

mquiroz@san.org

619-400-2571

DRAFT
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD
MINUTES
TUESDAY, MARCH 30, 2021
SAN DIEGO INTERNATIONAL AIRPORT
BOARD ROOM

CALL TO ORDER: Chair Schiavoni called the special meeting of the San Diego County Regional Airport Authority Board to order at 11:00 a.m. on Tuesday, March 30, 2021, 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:

PRESENT: Board Members: Blakespear, Cabrera, Casillas Salas,
Schiavoni (Chair), Robinson

ABSENT: Board Members: Dallarda (Ex-Officio), Dockery (Ex-Officio),
Lloyd, McNamara, Miller (Ex-Officio),
Vargas, von Wilpert

ALSO PRESENT: Kimberly J. Becker, President/CEO; Amy Gonzalez, General
Counsel; Martha Morales, Assistant Authority Clerk I

BOARD BUSINESS:

**1. PRESENTATION ON SAN'S AIRPORT DEVELOPMENT PROGRAM AND ITS
ROLE IN SAN DIEGO'S ECONOMIC RECOVERY:**

Moderator Mark Cafferty, CEO of San Diego Economic Development Corporation, facilitated a round table discussion on SAN's Airport Development Program and Its Role in San Diego's Economic Recovery.

BOARD COMMENT:

ADJOURNMENT: The meeting adjourned at 12:46 p.m.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY BOARD THIS 3RD DAY OF JUNE, 2021.

ATTEST:

MARTHA MORALES
ASSISTANT AUTHORITY CLERK I

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

DRAFT
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SPECIAL BOARD AND CAPITAL IMPROVEMENT PROGRAM OVERSIGHT
COMMITTEE MEETING MINUTES
THURSDAY, APRIL 15, 2021
BOARD ROOM

CALL TO ORDER: Vice Chair Robinson called the Special Board and Capital Improvement Program Oversight Committee meeting to order at 11:03 a.m., on Thursday, April 15, 2021, 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: Blakespear, Cabrera, Casillas Salas, McNamara, Robinson, von Wilpert

Absent: Dallarda (Ex-Officio), Dockery (Ex-Officio), Lloyd, Miller (Ex-Officio), Schiavoni (Chair), Vargas

Committee

Present: Committee Members: Blakespear, Cabrera, McNamara (Chair), von Wilpert

Absent: Committee Members: Schiavoni

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

NON-AGENDA PUBLIC COMMENT: None.

BOARD WORKSHOP:

1. **PROPOSED CAPITAL PROGRAM BUDGET FISCAL YEARS 2022-2026:** Bob Bolton, Director, Airport Design & Construction and John Dillion, Director, Financial Planning & Budget provided a presentation on the Proposed Capital Program Budget Fiscal Years 2022-2026 that included Current FY2021-2025 Capital Program Project Status, Current CIP Project Schedule, CIP Project Development Process, Prioritization Criteria, Proposed New Capital Projects, ADP Offsite Intersection/Roadway Segment Improvements, Hyoco Digital Sign Replacement at Elevated Departure Roadway, Replace P-01 Perimeter Access Gate, Fleet Conversion to Hybrid or Electric Vehicles, Rehabilitate ARFF Station, Noise

Exposure Map Update, Capital Program Budget Summary, Current/Proposed Capital Program Project Locations, Proposed FY2022 Capital Program Remaining Budget by Phase, Capital Program Budget Summary, Proposed FY2022 – 2026 CIP Program Project Locations, and Proposed FY2022 – 2026 CIP Program Source of Funds.

NEW BUSINESS:

2. APPROVAL OF MINUTES:

RECOMMENDATION: Approve the minutes of the January 14, 2021 regular meeting.

ACTION: Moved by Board Member Cabrera and seconded by Board Member Blakespear to approve staff’s recommendation. Motion carried, noting Board Member Schiavoni ABSENT.

3. AIRPORT DEVELOPMENT PROGRAM UPDATE:

Dennis Probst, Vice President, Development provided an update on Airport Development Program that included the Overall Project Scope as well as discussion of the Terminal and Roadways Program Validation and Maximum Contract Price.

COMMITTEE MEMBER COMMENTS:

ADJOURNMENT: The meeting was adjourned at 12:04 p.m.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD THIS 3RD DAY OF JUNE, 2021.

DENNIS PROBST
VICE PRESIDENT, DEVELOPMENT

ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES/
AUTHORITY CLERK

DRAFT
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD
MINUTES
THURSDAY, MAY 6, 2021
SAN DIEGO INTERNATIONAL AIRPORT
BOARD ROOM

CALL TO ORDER: Chair Schiavoni called the meeting of the San Diego County Regional Airport Authority Board to order at 9:02 a.m. on Thursday, May 6, 2021, 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, Cabrera, Casillas Salas, Dockery (Ex-Officio), Lloyd, McNamara, Robinson, Schiavoni, Vargas

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

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

PRESENTATIONS:

A. REVIEW OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2021:

Scott Brickner, Chief Financial Officer, provided a presentation on the Review of the Unaudited Financial Statements for the Nine Months Ended March 31, 2021 that included Operating Revenues, Operating Expenses, Non-operating Revenue & Expenses, Financial Summary and Statement of Net Position.

B. AIRPORT TRANSIT CONNECTIVITY PLANNING:

Brendan Reed, Director, Planning & Environmental Affairs and Ted Anasis, Manager, Airport Planning provided a presentation on Airport Transit Connectivity Planning that included Current Transit Options, Previous Airport Transit Planning, Airport Development Plan, Ongoing Collaboration with Other Agencies and Next Steps.

Board Member Cabrera requested a report on trend lines for employee and non-employee traffic on transit to the Airport.

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

- **AUDIT COMMITTEE:** Committee Member Vann reported that the Committee met on April 22nd to interview three candidates to replace public member Jack Van Sambeek whose term ends on June 30th. She reported, at this meeting, the

Committee selected a primary and an alternate and that this recommendation will be included in the June 3rd Board Meeting. She also reported that the May 10th meeting will include an update from the external auditor BKD, LLP on the plan for the Fiscal Year 2021 Financial Audit.

- **CAPITAL IMPROVEMENT PROGRAM OVERSIGHT COMMITTEE:** Board Member McNamara reported that on April 15th the Committee received updates on the proposed Capital Program Budget for Fiscal Years 2022-2026 and Airport Development Program.
- **EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE:** None.
- **FINANCE COMMITTEE:** Board Member Lloyd reported that on April 26 the Committee reviewed the unaudited financial statements and investment report as of March 31.

ADVISORY COMMITTEES

- **AUTHORITY ADVISORY COMMITTEE:** None.
- **ART ADVISORY COMMITTEE:** Chris Chalupsky, Senior Manager, Arts Program, reported that the Arts Program is entering into a partnership with KPBS and the GI Film Festival San Diego. He also reported that artist Kaori Fukuyama has been selected for the Airport's new artist mentorship program called Under the Wing. He also acknowledged the departure of Lauren Lockhart, Airport Art Program Manager, Customer Experience Design & Innovation, who will be leaving the Authority and thanked her for her contributions.

LIAISONS

- **CALTRANS:** None.
- **INTER-GOVERNMENTAL AFFAIRS:** Board Member Cabrera reported that President Biden and his Administration continue to negotiate with Congressional leaders on a proposed infrastructure which calls for \$2.5 trillion in new spending of which \$25 billion is proposed for airports. He reported that the Airport Authority's Government Relations, federal consultants, and industry partners continue to advocate for additional funding for San Diego International Airport. He also reported that the U.S. Department of Homeland Security extended the date on which the Transportation Security Administration will enforce the requirement for travelers to have a REAL ID for air travel to May 3, 2023. He also reported that in April, the Transportation Security Administration, at the direction of the White House COVID-19 Task Force, extended the requirement for individuals to wear face masks in airports until September 13, 2021. He reported that April 30th was the deadline to pass fiscal bills from the policy to appropriations committee in the State Legislature and that legislators will now

focus on reviewing and finalizing the state budget by the June 15 constitutional deadline. He also reported that the Governor is expected in mid-May to release the revision of his January Budget proposal. He reported that the Government Relations team has continued outreach to the region's elected officials and their staff, and key stakeholder organizations.

- **MILITARY AFFAIRS:** Board Member Dockery recognized the Authority's Arts Program for highlighting the 2021 GI Film Fest. He also reported that he will be leaving the Airport Authority Board in mid-July.
- **PORT:** None.
- **WORLD TRADE CENTER:** None.

BOARD REPRESENTATIVES (EXTERNAL)

- **SANDAG BOARD OF DIRECTORS:** Chair Schiavoni reported that the Board met three times during April and received updates from panels of experts regarding topics related to the 2021 Regional Transportation Plan at each meeting. She reported that at the first meeting the Board received an update on the role of technology in transportation and the opportunities that technology provides in the Regional Plan's goals for fast, fair and clean mobility; the second panel provided an overview of social equity trends and draft Social Equity Performance Results that support the regional transportation plan's goal for a fair transportation system; the third panel focused on how the Regional Plan supports and aligns with the State's policy and local planning across land use, climate, mobility and equity.
- **SANDAG TRANSPORTATION COMMITTEE:** Board Member Cabrera reported that the Committee received an update on the Comprehensive Fare Ordinance changes, and update on the Mid-Coast Trolley Project and viewed a presentation on the North Coast Corridor Program

CHAIR'S REPORT: Chair Schiavoni reported that the Authority's Environmental Affairs team coordinated several events to demonstrate its commitment to environmental sustainability in honor of Earth Day which included an Airport Collection Event and the 19th Annual Creek to Bay Cleanup. She reported that in early April, Authority staff met with the Regional Task Force on the Homeless to discuss a plan for addressing the increasing number of unsheltered persons at the airport and surrounding area and that on April 22, the San Diego Police Homeless Outreach Team and Harbor Police conducted an outreach event in the Spanish Landing area near the airport on Harbor Drive. She also reported that the Airport Authority will continue to collaborate with the regional task force and other agency partners on strategies the Authority can employ to help it's unsheltered neighbors receive assistance. She reported that the Authority recently held the final meeting for the Citizen and Technical Advisory Committees, which have been helping to address aircraft noise impacts on communities surrounding SAN. She reported that, at this meeting, the Airport Noise Office staff and its consultant

team reviewed the collective progress over the last 2+ years on the Part 150 Study Update and discussed the final 17 recommendations that will be advanced to the upcoming Airport Noise Advisory Committee. She reported that the Airport Authority held its first virtual Airport Rental Car Supplier Diversity Outreach Event on April 27 and that this event was held to provide local small businesses with the tools they need to pursue contracting opportunities with car rental companies located at San Diego International Airport. She reported that the Airport Authority is working with SANDAG and other key agencies, to make mobility a priority as part of the New T1 project.

PRESIDENT/CEO'S REPORT: Kim Becker, President/CEO, reported that the CDC updated its travel guidance for domestic and international travel in April to state that people who are fully vaccinated with an FDA-authorized vaccine can travel safely within the United States, and do not need to get tested before or after travel unless their destination requires it, and do not need to self-quarantine. She reported that fully vaccinated people are still required to wear a mask, social distance, and wash hands often. She also reported that, for international travel, individuals who are fully vaccinated with an FDA-authorized vaccine should get tested 3-5 days after travel, but they do not need to get tested before leaving the U.S. unless the destination requires it and they do not need to self-quarantine after arriving in the U.S. She also reported that all air passengers coming to the United States, including U.S. citizens and fully vaccinated people, are still required to have a negative COVID-19 test result no more than three days before they board a flight to the United States. She reported that on April 11, San Diego International Airport (SAN) hit a new pandemic high of 23,364 people passing through the TSA checkpoints and that SAN passenger traffic ended the month of April down about 49% compared to 2019. She reported that Alaska Airlines will start service to three destinations this month – Bozeman and Kalispell, Montana; and New York City via JFK International Airport. She also reported that Allegiant Air will start service to three destinations this month: Mesa, Arizona; Kalispell, Montana; and Pasco, Washington. She reported that in April, the Authority's External Relations team gave three presentations to community groups about the airport's recovery and plans for the future. She also reported that she participated on a panel with Airports Council International and Building Americas Future called Runways to Economic Growth and Opportunity in celebration of National Infrastructure week. She reported that the endangered California Least Terns received a half-acre expansion of their nesting area in Oval 3-S, as required by the Airline Support Building's coastal development permit, which included the installation of additional chick fence. She reported that the Authority's volunteer Airport Ambassadors are returning, and that more than 140 ambassadors will resume work. She also reported that the Airport Ambassadors will staff information desks and ride around in an electric cart which have both been fitted with plexiglass for protection against COVID-19. She also reported that the pet therapy teams are also slowly returning and that this is just another example of the airport's slow but steady return to normal. She reported that the Authority is continuing to work on plans to begin bringing staff back to the offices once it is safe; and when federal, state and county regulations allow. She reported that a date has yet to be set but the Authority will provide ample notice and would slowly bring workers back over a period of time.

NON-AGENDA PUBLIC COMMENT: None.

CONSENT AGENDA (Items 1-14):

ACTION: Moved by Board Member Robinson and seconded by Board Member Cabrera to approve the Consent Agenda. Motion carried by the following votes: YES – Blakespear, Cabrera, Casillas Salas, Lloyd, McNamara, Robinson, Schiavoni, Vargas; NO – None; ABSENT – von Wilpert; (Weighted Vote Points: YES – 87; NO – 0; ABSENT – 13)

1. APPROVAL OF MINUTES:

RECOMMENDATION: Approve the minutes of the March 12 and 13, 2021 special meeting, March 22, 2021 special meeting and April 1, 2021 regular Board meeting.

2. ACCEPTANCE OF BOARD AND COMMITTEE MEMBERS WRITTEN REPORTS ON THEIR ATTENDANCE AT APPROVED MEETINGS AND PRE-APPROVAL OF ATTENDANCE AT OTHER MEETINGS NOT COVERED BY THE CURRENT RESOLUTION:

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

3. AWARDED CONTRACTS, APPROVED CHANGE ORDERS FROM MARCH 8, 2021 THROUGH APRIL 11, 2021 AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM MARCH 8, 2021 THROUGH APRIL 11, 2021:

RECOMMENDATION: Receive the report.

4. MAY 2021 LEGISLATIVE REPORT:

RECOMMENDATION: Adopt Resolution No. 2021-0043, approving the May 2021 Legislative Report.

CLAIMS

COMMITTEE RECOMMENDATIONS

5. ACCEPT THE UNAUDITED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2021:

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

6. ACCEPT THE AUTHORITY'S INVESTMENT REPORT AS OF MARCH 31, 2021:

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

CONTRACTS AND AGREEMENTS

- 7. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO AWARD PURCHASE ORDERS TO PURCHASE IT EQUIPMENT AND SUPPLIES AS NEEDED FOR REPAIR AND MAINTENANCE:**
RECOMMENDATION: Adopt Resolution No. 2021-0044, approving and authorizing the President/CEO to award purchase orders to ePlus Technology, Inc., GovConnection dba Connection Public Sector Solutions, Logicalis, Inc., and Zones, LLC., for a three-year term with an option for 2 one-year extensions, in a combined amount not-to-exceed \$3,300,000 for the purchase of computer equipment, software, software licensing and maintenance, hardware maintenance and peripherals.
- 8. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE A SECOND AMENDMENT TO THE RENTAL CAR CENTER LEASE AGREEMENT:**
RECOMMENDATION: Adopt Resolution No. 2021-0045, approving and authorizing the President/CEO to negotiate and execute a Second Amendment to the Rental Car Center Lease Agreements to modify the terms to provide adequate funding to the Customer Facility Charge Stabilization Account.
- 9. APPROVE AND AUTHORIZE A CONSENT TO ASSIGNMENT WITH SIGNATURE FLIGHT SUPPORT, LLC:**
RECOMMENDATION: Adopt Resolution No. 2021-0046, approving and authorizing the President/CEO to negotiate and execute a consent to assignment of the Master Lease from Landmark GSO-SAN to Signature Flight Support, LLC

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

- 10. AWARD A CONTRACT TO S&L SPECIALTY CONSTRUCTION, INC. FOR QUIETER HOME PROGRAM PHASE 11, GROUP 1, PROJECT NO. 381101, FORTY-EIGHT (48) SINGLE-FAMILY AND MULTI-FAMILY UNITS ON THIRTY-SEVEN (37) NON-HISTORIC RESIDENTIAL PROPERTIES LOCATED EAST AND WEST OF THE SAN DIEGO INTERNATIONAL AIRPORT:**
RECOMMENDATION: Adopt Resolution No. 2021-0047, awarding a contract to S&L Specialty Construction, Inc. in the amount of \$1,655,268.04 for Phase 11, Group 1, Project No. 381101, of the San Diego County Regional Airport Authority's ("Authority") Quieter Home Program.

11. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE THE THIRD AMENDMENT TO THE AGREEMENT WITH THE JONES PAYNE GROUP, INC. TO CONTINUE ARCHITECTURAL AND ENGINEERING SERVICES FOR THE QUIETER HOME AND NON-RESIDENTIAL PROGRAMS:

RECOMMENDATION: Adopt Resolution No. 2021-0048, approving and authorizing the President/CEO to execute the Third Amendment to the agreement with The Jones Payne Group, Inc. increasing the compensation amount by \$4,500,000 for a new total not-to-exceed amount of \$29,500,000 to continue architectural and engineering services for the Quieter Home and Quieter Non-Residential Programs.

12. RESCIND RESOLUTION NO. 2020-0069, AND APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE A FIRST AMENDMENT TO THE AGREEMENT WITH US BANK NATIONAL ASSOCIATION TO ADD MERCHANT CREDIT CARD SERVICES:

RECOMMENDATION: Adopt Resolution No. 2021-0049, rescinding Resolution No. 2020-0069 and approving and authorizing the President/CEO to negotiate and execute a First Amendment to the agreement with US Bank National Association to add merchant credit card services and increase the contract value by an amount not-to-exceed \$16,000,000.

13. APPROVE AND AUTHORIZE AN INCREASE IN THE PRESIDENT/CEO'S CHANGE ORDER AUTHORITY FOR REHABILITATE CROSS TAXIWAYS C2, C5 & D AT SAN DIEGO INTERNATIONAL AIRPORT:

RECOMMENDATION: Adopt Resolution No. 2021-0050, approving and authorizing an increase in the President/CEO's change order authority from \$139,803.12 to an amount not to exceed \$989,803.12, for Project No. 104255A, Rehabilitate Cross Taxiways C2, C5, & D at San Diego International Airport.

14. APPROVE AND AUTHORIZE AN INCREASE IN THE PRESIDENT/CEO'S CHANGE ORDER AUTHORITY AND INCREASE THE CONTRACT DURATION FOR WEST SOLID WASTE FACILITY AND WEST REFUELER LOADING FACILITY AT SAN DIEGO INTERNATIONAL AIRPORT:

RECOMMENDATION: Adopt Resolution No. 2021-0051, approving and authorizing an increase in the President/CEO's change order authority from \$648,328.32 to an amount not to exceed \$1,648,328.32 and an increase in the contract duration from 330 to 407 calendar days, for Project No. 104274A West Solid Waste Facility and Project No. 104249A West Refueler Loading Facility at San Diego International Airport.

PUBLIC HEARINGS:

OLD BUSINESS:

NEW BUSINESS:

The Board Recessed at 10:17 a.m. and reconvened at 10:21 a.m.

CLOSED SESSION: The Board recessed into Closed Session at 10:22 a.m. to discuss Items 16 and 17.

15. **CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)
Name of Case: Future DB International, Inc. v. San Diego County Regional Airport Authority, et al.
San Diego Superior Court Case No. 37-2018-00001531-CU-CR-CTL
16. **CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)
Name of Case: Quiet Skies San Diego v. San Diego County Regional Airport Authority
San Diego Superior Court Case No. 37-2020-00007998-CU-TT-CTL
17. **CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)
Name of Case: City of Coronado v. San Diego County Regional Airport Authority, et al.
San Diego Superior Court Case No. 37-2020-00039394-CU-TT-CTL
18. **CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)
Name of case: In re Advantage Holdco, Inc., et al., Case No. 20-11259-JTD
19. **CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)
Name of case: Neighbors Against Noise and Traffic v. City of El Cajon, et al.
San Diego Superior Court Case No. 37-2021-00016823-CU-TT-CTL
20. **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
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. THREAT TO PUBLIC SERVICES OR FACILITIES:

Consultation with: General Counsel and President/CEO

REPORT ON CLOSED SESSION: The Board adjourned out of Closed Session at 10:51 a.m. There was no reportable action.

GENERAL COUNSEL REPORT: None.

BUSINESS AND TRAVEL EXPENSE REIMBURSEMENT REPORTS FOR BOARD MEMBERS, PRESIDENT/CEO, CHIEF AUDITOR AND GENERAL COUNSEL WHEN ATTENDING CONFERENCES, MEETINGS, AND TRAINING AT THE EXPENSE OF THE AUTHORITY: None.

BOARD COMMENT: None.

ADJOURNMENT: The meeting adjourned at 10:52 a.m.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD THIS 3rd DAY OF JUNE, 2021.

ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES /
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

Revised 6/2/21

Item No. 2

Staff Report

Meeting Date: June 3, 2021

Subject:

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

Recommendation:

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

Background/Justification:

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

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

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

Fiscal Impact:

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

Application of Inclusionary Policies:

Not applicable.

Prepared by:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES/AUTHORITY CLERK

BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

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

Period Covered: May 2021		
Board Member Name: Catherine Blakespear		
Date: 5/25/21		
Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	May 6, 2021 9:00 a.m. - 12:00 p.m. Teams	Board/ALUC Meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	May 10, 2021 10:00 a.m. - 12:00 p.m. Teams	Audit Committee Meeting
<input type="checkbox"/> Brown Act <input checked="" type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	May 25, 2021 9:00 a.m. - 9:45 a.m. Teams	One-on-One Discussion with SDCRAA Chief Auditor
<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: 2021.05.25 10:20:05 -07'00'



BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

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

Period Covered:		May 1 through May 31, 2021
Board Member Name:		Gil Cabrera
Date:		6/1/21
Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
<input type="checkbox"/> Brown Act <input checked="" type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	May 3, 2021, 11am-1130am. Microsoft Teams	Diversity, Equity & Inclusion Ad Hoc Committee Virtual Meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	May 6, 2021, 9am-12pm. Microsoft Teams	SAN Board of Directors and ALUC Meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	May 7, 2021, 9am-11am. Microsoft Teams	SANDAG Transportation Committee Meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	May 13, 2021, 9am-11am. Microsoft Teams	SAN Board of Directors Budget Workshop
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	May 21, 2021, 9am-11am. Zoom	SANDAG 2021 Regional Plan Workshop
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	May 24, 2021, 9am-10am. Microsoft Teams	SAN Executive and Finance Committee Meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	May 27, 2021, 9am-11am. Microsoft Teams	SAN Exec Personnel and Comp Committee
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		

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

Signature: Gil Cabrera Digitally signed by Gil Cabrera
 Date: 2021.05.27 10:24:22 -07'00'



BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

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

Period Covered:		May 2021
Board Member Name:		Mary Casillas Salas
Date:		5/18/21
Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	May 6, 2021 9:00 am Microsoft Teams Meeting	Board Meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	May 10, 2021 10:00 am Microsoft Teams Meeting	Audit Committee
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	May 13, 2021 9:00 am Microsoft Teams Meeting	Special Board and Budget Workshop
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	May 24, 2021 10:00 am Microsoft Teams Meeting	Executive-Finance Committee
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		

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

Signature: Mary Salas

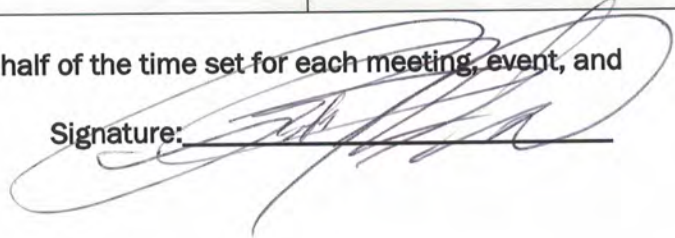


BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

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Period Covered: April /May 2021	
Board Member Name: Robert T Lloyd	
Date: 5/24/21	
Type of Meeting	Date/Time/Location of Event/Meeting/Training
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	4/01/2021
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	5/06/2021
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	05/10/2021
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	05/24/2021
<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:		May 2021
Board Member Name:		Paul McNamara
Date:		5/25/21
Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	5/6/2021/0900/Zoom/Meeting	Board/ALCU Meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	5/13/2021/0900/Zoom/Meeting	Board Budget Workshop
<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 P. McNamara

BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

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Period Covered:		
Board Member Name:		Robinson
Date:		5/1/21
Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	5/6 9:00 a.m Microsoft	SDCRAA BE/ALUC Meetings
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	5/13 9:00 a.m Microsoft	Budget Workshop
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	5/24 10:00 a.m Microsoft	Exec./Finance Comm- mtgs
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	5/27 9:00 a.m Microsoft	EPAC mtg
<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: 

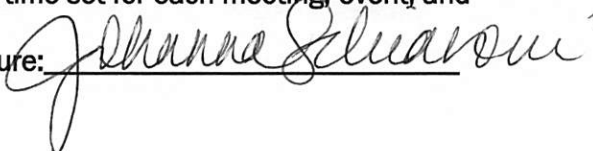


BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

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Period Covered:		
Board Member Name:	Johanna S. Schiavoni	
Date:	5/28/21	
Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input checked="" type="checkbox"/> Res. 2019-0074	5/3/2021, 11:00am, Video conference 5/3/2021, 2:00pm, Video Conference	Ad Hoc Committee on Diversity, Equity, and Inclusion Meet with Chief Auditor L. Parravano
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	5/6/2021, 9:00am, Video conference	SDCRAA Board meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	5/10/2021, 10:00am, Video Conference	SDCRAA Audit Committee
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	5/13/2021, 9:00am, Video conference	SDCRAA Special Board Meeting/Budget Workshop
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input checked="" type="checkbox"/> Res. 2019-0074	5/17/2021, 12:00pm, Video conference	Meet with President/CEO K. Becker
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	5/24/2021, 9:00am, Video conference 5/24/2021, 10:00am, Video conference	Present to City of San Diego Council Committee on COVID-19 Economic Response SDCRAA Executive/Finance Committee
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	5/27/2021, 9:00am, Video conference	SDCRAA Executive Personnel and Compensation Committee
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	5/28/2021, 9:00am, Video conference	SANDAG Board meeting

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

Signature: 

SDCRAA

MAY 12 2021

Board Services

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

Period Covered: MAY 2021

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

BOARD MEMBER NAME:		DATE:
VAN SANBARK JACK		MAY 10 2021
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. 2009-0149R	Date: <u>MAY 10 2021</u> Time: <u>10 AM</u> Location: <u>ZOOM/TEAMS/ Remote</u>	<u>Public Member Audit Committee</u>
<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: Jack Van Sark

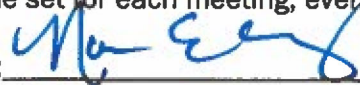


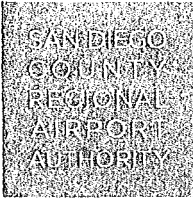
BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

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

Period Covered:		May 2021
Board Member Name:		Nora Vargas
Date:		5/25/21
Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input checked="" type="checkbox"/> Res. 2019-0074	May 6, 2021, 9am, MS Teams, Board/Airport Land Use Commission (ALUC)	BOARD Meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input checked="" type="checkbox"/> Res. 2019-0074	May 10, 2021, 10am, MS Teams, Special Audit Committee Meeting	Fiscal and Audit Review, 2022, 2023 proposed budgets
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
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<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		

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

Signature: 



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:		April, 2021
Board Member Name:		Wong Nidcorson, Agnes
Date:		5/24/21
Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	4/22/21 Special Audit Committee meeting	- interview committee member
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
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<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		

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

Signature:

Staff Report

Meeting Date: June 3, 2021

Subject:

Awarded Contracts Approved Change orders from April 12, 2021 through May 9, 2021 and Real Property Agreements Granted and Accepted from April 12, 2021 through May 9, 2021

Recommendation:

Receive the report.

Background/Justification:

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

Fiscal Impact:

The fiscal impact of these contracts and change orders are reflected in the individual program budget for the execution year and on the next fiscal year budget submission.

Amount to vary depending upon the following factors:

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

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

Authority Strategies/Focus Areas:

This item supports one or more of the following:

Strategies

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Focus Areas

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

Environmental Review:

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

Application of Inclusionary Policies:

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

Prepared by:

JANA VARGAS
DIRECTOR, PROCUREMENT

Attachment "A"

AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN APRIL 12, 2021 to MAY 9, 2021

New Contracts

Date Signed	CIP #	Company	Description	Solicitation Method	Owner	Contract Value	End Date
4/27/2021		Motorola Slutions, Inc.	The Contractor will upgrade and add additional encryption to the Regional Communicaton System Radios for the San Diego County Regional Airport Authority.	Sole Source	Aviation Security & Public Safety	\$19,500.00	6/1/2021
5/6/2021		Empower Retirement, LLC	The Contractor will provide 401(a) and 457 Plan Administrator and Recordkeeping Services for the San Diego County Regional Airport Authority.	RFP	Talent, Culture, and Capability	\$25,000.00	2/28/2026

Attachment "A"

AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN APRIL 12, 2021 to MAY 9, 2021

New Contracts Approved by the Board

Date Signed	CIP #	Company	Description	Solicitation Method	Owner	Contract Value	End Date
4/19/2021		Amy Ellingson Studio LLC	The Contract was approved by the Board on April 1, 2021. The artist will design, fabricate, transport, deliver and consult during the installation of integrated artwork for the Airport Terminal and Roadways Recomposure Area Public Art Project.	RFQ	Customer Experience, Design and Innovation	\$520,000.00	2/17/2026
4/19/2021		Lipski Group, Inc.	The Contract was approved by the Board on April 1, 2021. The artist will design, fabricate, transport, deliver and consult during the installation of integrated artwork for the Airport Terminal and Roadways Family Play Area Public Art Project.	RFQ	Customer Experience, Design and Innovation	\$385,000.00	2/17/2026
4/21/2021		Nova Jiang, LLC	The Contract was approved by the Board on April 1, 2021. The artist will design, fabricate, transport, deliver and consult during the installation of integrated artwork for the Airport Terminal and Roadways Vertical Ticketing Public Art Project.	RFQ	Customer Experience, Design and Innovation	\$640,000.00	2/17/2026
4/27/2021		Paramedia, LLC	The Contract was approved by the Board on April 1, 2021. The artist will design, fabricate, transport, deliver and consult during the installation of integrated artwork for the Airport Terminal and Roadways Food Hall Interactive Public Art Project.	RFQ	Customer Experience, Design and Innovation	\$580,000.00	2/17/2026
4/28/2021		S&L Specialty Construction, Inc. (QHP 10.12)	The Contract was approved by the Board at the April 1, 2021 Board Meeting. The Contractor will provide the sound attenuation for designated residential properties located around the San Diego International Airport.	RFB	Quieter Home Program	\$1,093,339.28	12/20/2021

Attachment "A"

AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN APRIL 12, 2021 to MAY 9, 2021

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
5/6/2021		Kone, Inc.	This Third Amendment covers a cost reduction to services as a result of equipment being put out of service temporarily due to the current COVID-19 situation and as a cost saving measure. This Amendment does not increase the total compensation. The Contractor provides Elevator Maintenance and Support Services for the San Diego County Regional Airport Authority.	Facilities Maintenance	\$ 11,578,970.00	\$0.00	0%	\$ 11,578,970.00	12/31/2021
5/8/2021		TransCore LP	The First Amendment exercises the second and final option to extend the Agreement term by one year and revises the Preventative Maintenance Monthly Fee rates in Exhibit B, maintaining Optional Year 4 prices for the Option Year 5 Maintenance Period. This Amendment does not increase the total compensation. The Contractor provides Automatic Vehicle Identification System Maintenance and Support Services for the San Diego County Regional Airport Authority.	Ground Transportation	\$ 300,000.00	\$0.00	0%	\$ 300,000.00	5/9/2022
5/11/2021		Carahsoft Technology Corp.	The First Amendment is to extend the term by one (1) year and add an additional 172 hours to increase the total amount payable by Forty Three Thousand Dollars (\$43,000.00) . The cost and extension is attributed to hours needed to implement additional customizations to the system, which includes online application support, processing efficiencies and training. The Contractor provides Taxi System Enhancements and Dashboard Professional Services for the San Diego County Regional Airport Authority.	Ground Transportation	\$30,000.00	\$43,000.00	143.3%	\$73,000.00	5/17/2022

Attachment "A"

AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN APRIL 12, 2021 to MAY 9, 2021

Amendments and Change Orders Approved by the Board

Date Signed	CIP #	Company	Description of Change	Owner	Previous Contract Amount	Change Order Value (+ / -)	Change Order Value (%) (+ / -)	New Contract Value	New End Date
4/28/2021		Tetra Tech EM, Inc.	The Second Amendment was approved by the Board on March 4, 2021. The purpose of this Second Amendment is to increase the maximum amount payable by Seven Hundred Seventy-five Thousand Dollars (\$775,000.00) to cover cost increases attributed to the Airport Authority's recently identified need to perform environmental investigations at several off airport properties, which are being considered for the construction of contractor offices and employee parking to advance the Airport Development Program. Similarly, the Authority is considering off airport properties to store and charge its new all-electric shuttle fleet. The Contractor provides On-Call Industrial Hygiene Services for the San Diego County Regional Airport Authority.	Planning & Environmental Affairs	\$ 700,000.00	\$775,000.00	111%	\$ 1,475,000.00	1/28/2022

Attachment "B"

REAL PROPERTY AGREEMENTS EXECUTED FROM April 12, 2021 to May 9, 2021



Real Property Agreements

Begin/End Dates	Authority Doc. #	Tenant/Company	Agreement Type	Property Location	Use	Property Area (s.f)	Consideration	Comments
3/13/2021 - 12/31/2024	TBD	MEX/Ace Rent a Car	LO	Off-Site Rental Car Company	Non-Exclusive Off-Airport Rental Car Concession	N/A	\$1,200/year / 10% revenue	New agreement with existing tenant. Previous agreement expired, new agreement expires 12/31/2024



Real Property Agreement Amendments and Assignments

Effective Date	Authority Doc. #	Tenant/Company	Agreement Type	Property Location	Use	Property Area (s.f)	Consideration	Comments
4/1/2021	LE-0744	Avis Budget Car Rental, LLC	Temporary Rent Forbearance & Abatement Extension 2 Amendment	Rental Car Center	Non-Exclusive On-Airport Rental Car Concession	N/A	N/A	Extends special program in response to COVID 19 Pandemic
4/1/2021	LE-0745	Avis Budget Car Rental, LLC	Temporary Rent Forbearance & Abatement Extension 2 Amendment	Rental Car Center	Rental Car Center Lease Agreement	N/A	N/A	Extends special program in response to COVID 19 Pandemic
4/1/2021	LE-0760	Avis Budget Car Rental, LLC (Budget Brand)	Temporary Rent Forbearance & Abatement Extension 2 Amendment	Rental Car Center	Non-Exclusive On-Airport Rental Car Concession	N/A	N/A	Extends special program in response to COVID 19 Pandemic
4/1/2021	LE-0761	Avis Budget Car Rental, LLC (Budget Brand)	Temporary Rent Forbearance & Abatement Extension 2 Amendment	Rental Car Center	Rental Car Center Lease Agreement	N/A	N/A	Extends special program in response to COVID 19 Pandemic
4/1/2021	LE-0752	Enterprise Rent a Car	Temporary Rent Forbearance & Abatement Extension 2 Amendment	Rental Car Center	Non-Exclusive On-Airport Rental Car Concession	N/A	N/A	Extends special program in response to COVID 19 Pandemic
4/1/2021	LE-0753	Enterprise Rent a Car	Temporary Rent Forbearance & Abatement Extension 2 Amendment	Rental Car Center	Rental Car Center Lease Agreement	N/A	N/A	Extends special program in response to COVID 19 Pandemic
4/1/2021	LE-0750	Fox Rent a Car	Temporary Rent Forbearance & Abatement Extension 2 Amendment	Rental Car Center	Non-Exclusive On-Airport Rental Car Concession	N/A	N/A	Extends special program in response to COVID 19 Pandemic
4/1/2021	LE-0751	Fox Rent a Car	Temporary Rent Forbearance & Abatement Extension 2 Amendment	Rental Car Center	Rental Car Center Lease Agreement	N/A	N/A	Extends special program in response to COVID 19 Pandemic
4/1/2021	LE-0756	Hertz Rent a Car	Temporary Rent Forbearance & Abatement Extension 2 Amendment	Rental Car Center	Non-Exclusive On-Airport Rental Car Concession	N/A	N/A	Extends special program in response to COVID 19 Pandemic
4/1/2021	LE-0757	Hertz Rent a Car	Temporary Rent Forbearance & Abatement Extension 2 Amendment	Rental Car Center	Rental Car Center Lease Agreement	N/A	N/A	Extends special program in response to COVID 19 Pandemic



Real Property Agreement Amendments and Assignments

Effective Date	Authority Doc. #	Tenant/Company	Agreement Type	Property Location	Use	Property Area (s.f)	Consideration	Comments
4/1/2021	LE-0746	Nevada Lease & Rentals dba Payless Rent a Car	Temporary Rent Forbearance & Abatement Extension 2 Amendment	Rental Car Center	Non-Exclusive On-Airport Rental Car Concession	N/A	N/A	Extends special program in response to COVID 19 Pandemic
4/1/2021	LE-0747	Nevada Lease & Rentals dba Payless Rent a Car	Temporary Rent Forbearance & Abatement Extension 2 Amendment	Rental Car Center	Rental Car Center Lease Agreement	N/A	N/A	Extends special program in response to COVID 19 Pandemic
4/1/2021	LE-0758	Sixt Rent a Car	Temporary Rent Forbearance & Abatement Extension 2 Amendment	Rental Car Center	Non-Exclusive On-Airport Rental Car Concession	N/A	N/A	Extends special program in response to COVID 19 Pandemic
4/1/2021	LE-0759	Sixt Rent a Car	Temporary Rent Forbearance & Abatement Extension 2 Amendment	Rental Car Center	Rental Car Center Lease Agreement	N/A	N/A	Extends special program in response to COVID 19 Pandemic
4/1/2021	LE-0880	Certified Folder Display Services, In.	Temporary Rent Forbearance & Abatement Extension 2 Amendment	All Terminals, Information Desks	Operation of Brochure Rack Advertising Concession	N/A	N/A	Extends special program in response to COVID 19 Pandemic
4/1/2021	LE-0933	Denise Pullen dba The Classic Shine	Temporary Rent Forbearance & Abatement Extension 2 Amendment	Post-Security, All Terminals	Operation of Shoeshine Services	N/A	N/A	Extends special program in response to COVID 19 Pandemic
4/1/2021	LE-0782	Smarte Carte, Inc.	Temporary Rent Forbearance & Abatement Extension 2 Amendment	All Terminals	Operation of a Luggage Cart Concession	N/A	N/A	Extends special program in response to COVID 19 Pandemic
4/1/2021	LE-0799	Travel Content, LLC dba ReachTV	Temporary Rent Forbearance & Abatement Extension 2 Amendment	All Terminals, Hold Rooms	Operation of Airport Television Services	N/A	N/A	Extends special program in response to COVID 19 Pandemic
5/3/2021	LE-0649	High Flying Foods San Diego Partnership	Temporary Rent Forebearance & Abatement Extension 3 Amendment	Terminals 1 & 2	Food/Beverage Operations	N/A	N/A	Extends special program in response to COVID 19 Pandemic
5/3/2021	LE-0650	High Flying Foods San Diego Partnership	Temporary Rent Forebearance & Abatement Extension 3 Amendment	Terminals 1 & 2	Food/Beverage Operations	N/A	N/A	Extends special program in response to COVID 19 Pandemic
5/3/2021	LE-0651	Mission Yogurt, Inc.	Temporary Rent Forebearance & Abatement Extension 2 Amendment	Terminals 1 & 2	Food/Beverage Operations	N/A	N/A	Extends special program in response to COVID 19 Pandemic

Staff Report

Meeting Date: June 3, 2021

Subject:

June 2021 Legislative Report

Recommendation:

Adopt Resolution No. 2021-0052, approving the June 2021 Legislative Report.

Background/Justification:

The Authority's Legislative Advocacy Program Policy requires that staff present the Board with monthly reports concerning the status of legislation with potential impact to the Authority. The Authority Board provides direction to staff on legislative issues by adoption of a monthly Legislative Report (Attachment A). The June 2021 Legislative Report updates Board members on legislative activities that have taken place since the previous Board meeting. In directing staff, the Authority Board may take a position on pending or proposed legislation that has been determined to have a potential impact on the Authority's operations and functions.

Federal Legislative Action

The Authority's legislative team recommends that the Board adopt a SUPPORT position on H.R. 2719 (Blumenauer), H.R. 3340 (Garamendi) and S. 1715 (Duckworth).

H.R. 2719 would incrementally increase the Passenger Facility Charge (PFC) cap by \$1.00 annually starting in 2023, until it reaches a level of \$8.50 in 2026. Thereafter, the PFC cap would be adjusted annually for inflation.

H.R. 3340 would expand Transportation Infrastructure Finance and Innovation Act (TIFIA) eligibility to airports.

S. 1715 would allow eligible airport-related projects to participate in the TIFIA program, which provides credit assistance in the form of direct loans, loan guarantees, and standby lines of credit to projects of national or regional significance.

In Washington, the Biden Administration and Congressional leaders continue to negotiate on a possible infrastructure package.

State Legislative Action

In May, the Governor released the May Revision to the annual budget ("May Revise"), unveiling a \$75.7 billion budget surplus and \$27 billion in federal pandemic relief. With extra tax revenues and federal funds, the Governor has proposed spending on boost programs related to affordable housing; homelessness; education including transitional kindergarten; wildfire prevention and readiness; environment; health care; and infrastructure. The May Revise also includes \$95 million to support California's tourism industry. The Legislature has until June 15 to pass the fiscal year 2021-22 budget, and the Governor has until June 30 to sign it.

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. 2021-0052

A RESOLUTION OF THE BOARD OF THE SAN DIEGO
COUNTY REGIONAL AIRPORT AUTHORITY,
APPROVING THE JUNE 2021 LEGISLATIVE REPORT

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

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

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

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

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

NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD HEREBY approves the June 2021 Legislative Report (“Attachment A”); and

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

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

Resolution No. 2021-0052

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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 3rd day of June 2021, 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

June 2021 Legislative Report

State Legislation

New Assembly Bills

No new Assembly bills to report.

*Shaded text represents new or updated legislative information

Assembly Bills from Previous Report

Legislation/Topic

AB 55 (Boerner Horvath) Employment: telecommuting.

Background/Summary

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

Anticipated Impact/Discussion

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

Status: 12/7/20 – Introduced.

Position: Watch (1/7/21)

*Shaded text represents new or updated legislative information

Legislation/Topic

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

Background/Summary

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

Anticipated Impact/Discussion

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

Status: 4/28/21 – This bill is in the Assembly Appropriations Committee.

Position: Watch (1/7/21)

*Shaded text represents new or updated legislative information

Legislation/Topic

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

Background/Summary

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

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

Anticipated Impact/Discussion

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

Status: 5/12/21 – This bill is in the Senate Transportation Committee.

Position: Support (3/18/21)

*Shaded text represents new or updated legislative information

Legislation/Topic**AB 377 (Rivas) Water quality: impaired waters.****Background/Summary**

AB 377 requires, by January 1, 2025, the California State Water Resources Control Board and the Regional Water Quality Control Boards to evaluate impaired state surface waters and report to the Legislature a plan to bring all water segments into attainment by January 1, 2050. Requires, by January 1, 2023, the State Water Board and Regional Water Boards to prioritize enforcement of water quality standard violations that are causing or contributing to an exceedance of a water quality standard in a surface water of the state.

Anticipated Impact/Discussion

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

Status: 4/21/21 – This bill is in the Assembly Appropriations Committee.

Position: Watch (5/6/21)

*Shaded text represents new or updated legislative information

Legislation/Topic

AB 426 (Bauer-Kahan) Toxic air contaminants.

Background/Summary

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

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

Anticipated Impact/Discussion

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

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

Position: Watch (3/4/21)

*Shaded text represents new or updated legislative information

Legislation/Topic

AB 513 (Bigelow) Employment: telecommuting employees.

Background/Summary

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

Anticipated Impact/Discussion

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

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

Position: Watch (3/4/21)

*Shaded text represents new or updated legislative information

Legislation/Topic

AB 538 (Muratsuchi) California Aerospace Commission: establishment.

Background/Summary

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

Anticipated Impact/Discussion

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

Status: 5/12/21 – This bill is in the Assembly Appropriations Committee.

Position: Watch (3/4/21)

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

Background/Summary

This bill would also include, as part of the procedures that the California Coastal Commission is required to adopt, recommendations and guidelines for the identification, assessment, minimization, and mitigation of sea level rise within each local coastal program, as provided. The bill would delete the timeframe specified above by which the commission is required to adopt these procedures. The bill would require the commission to take into account the effects of sea level rise in coastal resource planning and management policies and activities, as provided. In addition, the bill would require state and regional agencies to identify, assess, and, to the extent feasible and consistent with their statutory authorities, minimize and mitigate the impacts of sea level rise. To the extent that a regional agency is a local public agency, this bill would impose a state-mandated local program.

This bill would create within state government the California Sea Level Rise State and Regional Support Collaborative and would require the collaborative to provide state and regional information to the public and support to local, regional, and other state agencies for the identification, assessment, and, where feasible, the mitigation of sea level rise. The bill would require, upon appropriation in the annual Budget Act, the collaborative to expend no more than \$100,000,000 annually from appropriate bond funds and other sources for the purpose of making grants to local governments to update local and regional land use plans to take into account sea level rise and for directly related investments to implement those plans, as provided. Existing law authorizes the Secretary for Environmental Protection to expend up to \$1,500,000 per year for the Environmental Justice Small Grant Program. This bill would instead authorize the secretary to expend up to \$2,000,000 per year for purposes of the grant program and would require up to \$500,000 of that money to be expended by the secretary for grants to organizations working to address and mitigate the effects of sea level rise in disadvantaged communities, as defined, impacted by sea level rise.

Anticipated Impact/Discussion

If enacted, bonds and other sources of funding for the purposes of making grants to local governments could be used to help implement the Authority's goals and efforts to implement the Climate Resilience Plan and airport development plan mitigation efforts. The Authority's legislative team will closely monitor the development of this bill language for any impact on San Diego International Airport (SDIA) and the Airport Authority.

*Shaded text represents new or updated legislative information

Status: 4/14/21 – This bill is currently on the Suspense File in the Senate Appropriations Committee.

Position: Watch (1/7/21)

*Shaded text represents new or updated legislative information

Legislation/Topic

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

Background/Summary

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

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

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

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

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

*Shaded text represents new or updated legislative information

Anticipated Impact/Discussion

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

Status: 5/20/21 – This bill is currently on the Suspense File in the Senate Appropriations Committee.

Position: Watch (1/7/21)

*Shaded text represents new or updated legislative information

Legislation/Topic

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

Background/Summary

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

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

Anticipated Impact/Discussion

Although this legislation in its newly amended form is not expected to have a direct impact on the Airport Authority or San Diego International Airport (SDIA), the Airport Authority's legislative team will continue to monitor as it moves through the legislative process.

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

Position: Watch (1/7/21)

*Shaded text represents new or updated legislative information

Legislation/Topic

SB 285 (McGuire) California Tourism Recovery Act.

Background/Summary

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

Anticipated Impact/Discussion

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

Status: 3/22/21 – This bill is currently in the Senate Appropriations Committee.

Position: Support (3/16/21)

*Shaded text represents new or updated legislative information

Federal Legislation

New House Bills

Legislation/Topic

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

Background/Summary

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

Anticipated Impact/Discussion

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

Status: 4/22/21 – Introduced.

Position: Support (6/3/21)

*Shaded text represents new or updated legislative information

Legislation/Topic

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

Background/Summary

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

Anticipated Impact/Discussion

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

Status: 5/19/21 – Introduced.

Position: Support (6/3/21)

*Shaded text represents new or updated legislative information

Legislation/Topic

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

Background/Summary

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

Anticipated Impact/Discussion

San Diego International Airport has partnered with airports, airlines, sustainable aviation fuel producers and other stakeholders to find ways to reduce greenhouse gas emissions in the aviation sector. The Authority's legislative team will closely monitor the development of this bill language for any impact on San Diego International Airport (SDIA) and the Airport Authority.

Status: 2/4/21 – Introduced.

Position: Watch (4/1/21)

*Shaded text represents new or updated legislative information

Legislation/Topic

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

Background/Summary

In 2013, Congress began diverting one-third of the revenue collected from airline passenger security fees to be deposited into the general fund of the U.S. Treasury. This diversion has caused the Transportation Security Administration (TSA) to forgo an estimated \$19 billion in these fees. H.R. 1813 would repeal the requirement to divert funds and ensure that passenger security fees are used for aviation security purposes. H.R. 1813 would also provide TSA access to September 11 Security Fee revenue in the event of a lapse in appropriations. This means that, in the event of another government shutdown, TSA would be able to continue paying its officers.

Anticipated Impact/Discussion

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

Status: 3/11/21 – Introduced.

Position: Support (4/1/21)

*Shaded text represents new or updated legislative information

New Senate Bills

Legislation/Topic

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

Background/Summary

S. 1715 would allow eligible airport-related projects to participate in the TIFIA program, which provides credit assistance in the form of direct loans, loan guarantees, and standby lines of credit to projects of national or regional significance.

Anticipated Impact/Discussion

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

Status: 4/22/21 – Introduced.

Position: Support (6/3/21)

*Shaded text represents new or updated legislative information

Legislation/Topic

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

Background/Summary

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

Anticipated Impact/Discussion

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

Status: 2/8/21 – Introduced.

Position: Watch (3/4/21)

*Shaded text represents new or updated legislative information

Legislation/Topic

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

Background/Summary

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

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

Anticipated Impact/Discussion

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

Status: 2/25/21 – Introduced.

Position: Support (4/1/21)

*Shaded text represents new or updated legislative information

Staff Report

Meeting Date: June 3, 2021

Subject:

Rescind Resolution No. 2019-0074 and Adopt a New Resolution for the Pre-Approval of Board Member Participation and Representation of the Authority at Meetings, Trainings and Events

Recommendation:

Rescind Resolution No. 2019-0074 and Adopt Resolution No. 2021-0053, pre-approving Board Member participation and representation of the Authority at meetings, trainings and events.

Background/Justification:

California Public Utilities Code §170017 and Authority Policy 1.10 define “day of service” for Board member compensation and outline the requirements for Board member attendance at meetings. In order to be eligible for compensation, a Board Member must be present for at least half of the time set for the meeting, or for the duration of the meeting, whichever is less. (Public Utilities Code §170017(a)). Resolution No. 2019-0074 authorizes Board Member participation and representation of Authority at meetings and events. Certain meetings, events and hearings require pre-approval of the Board in order for attendance to be eligible for compensation. The Board has previously pre-approved attendance at certain identified organizations and has delegated pre-approval authority to the President/CEO and/or the Board’s Chairman by Resolution No. 2019-0074. It is recommended that the list of pre-approved meetings eligible for compensation be expanded.

While representing the Airport Authority, Board Members also attend meetings and events of other public entities not included in the previously pre-approved list of meetings at the request of Authority staff. Where Authority staff requests attendance by a Board Member to a meeting or event affecting the Authority, it is recommended that attendance be pre-approved and eligible for compensation.

A form entitled “Board Member Event/Meeting Report Summary” and procedures have been developed to assist Board Members with reporting their attendance at meetings, events, hearings and training (“meeting”).

The form permits Board Members to report the date, a summary of the meeting and any supporting documentation for each meeting attended that qualifies as a compensated “day of service” as defined by Public Utilities Code §170017, Authority Policy 1.10 and Board Resolution 2019-0074. No more than eight (8) meetings and/or events per month shall be eligible for compensation.

The Board Chair recommends that the list of events and meetings organized by or involving other organizations be expanded to include the following:

- Biocom
- California Department of Transportation (CALTRANS)
- San Diego and Imperial Counties Labor Council
- San Diego Tourism Authority

Approval by the Board of this report and accompanying Resolution will expand the list of pre-approved meetings for which Board member attendance may be compensated.

Fiscal Impact:

Adequate funding for Board Member Compensation is included in the adopted FY 2021 and conceptually approved FY 2022 Operating Expense Budgets within the Board Services Department.

Authority Strategies/Focus Areas:

This item supports one or more of the following:

Strategies

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Focus Areas

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

Environmental Review:

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

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

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:

No Applicable

RESOLUTION NO. 2021-0053

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, RESCINDING RESOLUTION NO. 2019-0074 AND PRE-APPROVING BOARD MEMBER PARTICIPATION AND REPRESENTATION OF THE AUTHORITY AT MEETINGS, TRAINING AND EVENTS

WHEREAS, California Public Utilities Code §170017 authorizes Board Member compensation for representing the Authority at certain meetings and events or attending certain training; and

WHEREAS, Board Members are eligible to receive compensation for each “day of service” in an amount not to exceed two hundred dollars (\$200) per day of service, but (1) may not receive compensation for attending more than one meeting, hearing, event, or training program (defined as a “day of service”) during any one day, and (2) may not receive compensation for more than eight (8) days of service during any one month; and

WHEREAS, in order to be eligible for compensation under §170017, a Board Member must be present for at least half of the time set for the meeting, or for the duration of the meeting, whichever is less; and

WHEREAS, §170017 defines six (6) types of meetings, events and training as constituting a “day of service” and eligible for compensation when attended by Board Members:

- (a) attendance at a meeting of the Authority Board or a Board committee conducted pursuant to the Ralph M. Brown Act;
- (b) representation of the Authority at a public event, if the Board has previously approved the member’s representation at a Board meeting and the member delivers a written report to the Board regarding the member’s representation at the next Board meeting following the public event;

- (c) representation of the Authority at a public meeting or a public hearing conducted by another public agency, if the Board has previously approved the member's representation at a Board meeting and the member delivers a written report to the Board regarding the member's representation at the next Board meeting following the public meeting or public hearing;
- (d) representation of the Authority at a meeting of a public benefit non-profit corporation on whose board the Authority has membership, if the Board has previously approved the member's representation at a Board meeting and the member delivers a written report to the Board regarding the member's representation at the next Board meeting following the corporation's meeting;
- (e) participation in a training program on a topic that is directly related to the Authority, if the Board has previously approved the member's participation at a Board meeting and the member delivers a written report to the Board regarding the member's participation at the next Board meeting following the training program;
- (f) representation of the Authority at an official meeting, if the Board has previously approved the member's representation at a Board meeting and the member delivers a written report to the Board regarding the member's representation at the next Board meeting following the official meeting; and

WHEREAS, Board Members can be compensated for attending meetings of the Authority Board or Board committee conducted pursuant to the Ralph M. Brown Act, without the need to obtain prior Board approval and without filing a written report at the next Board meeting following such a meeting; and

WHEREAS, in order to receive compensation for attending other events, meetings or training, §170017 requires the Board must previously approve the Board Member's representation, participation or attendance at such events, meetings or training; and

WHEREAS, Board Members are not eligible for compensation for attending meetings with Authority staff (except the President/CEO, General Counsel and Chief Auditor), unless the meeting is also a part of an official meeting of the Authority Board or a Board committee and the meeting is held pursuant to the Ralph M. Brown Act.

NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD HEREBY pre-approves Board Member participation and representation of the Authority at meetings, training and events organized by or involving the:

- A Noticed Brown Act meeting of the City Council or a meeting with the Mayor/Chair of the Board of any of the following governmental entities:
 - City of Carlsbad
 - City of Chula Vista
 - City of Coronado
 - City of Del Mar
 - City of El Cajon
 - City of Encinitas
 - City of Escondido
 - City of Imperial Beach
 - City of La Mesa
 - City of Lemon Grove
 - City of National City
 - City of Oceanside
 - City of Poway
 - City of San Diego
 - City of San Marcos
 - City of Santee
 - City of Solana Beach
 - City of Vista
 - County of San Diego
- Asian Business Association
- Biocom
- California Department of Transportation (“CALTRANS”)
- Centre City Development Corporation (“CCDC”)
- Chicano Federation of San Diego County, Inc.
- East County Economic Development Council

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- California Coastal Commission
- California Regional Water Quality Control Board (“RWQCB”)
- California High-Speed Rail Authority
- Department of Defense (All Branches)
- Downtown San Diego Partnership
- Hispanic Chamber of Commerce
- Japan Society of San Diego and Tijuana
- Metropolitan Transit System (“MTS”)
- North County Transit District (“NCTD”)
- San Diego Air and Space Museum
- San Diego and Imperial Counties Labor Council
- San Diego Association of Governments (“SANDAG”)
- San Diego Building Owners and Managers Association (“BOMA”)
- San Diego Convention and Visitors Bureau (“CONVIS”)
- San Diego Convention Center Corporation
- San Diego County Taxpayers Association
- San Diego County Water Authority
- San Diego Economic Development Corporation (“SDEDC”)
- San Diego Hotel/Motel Association
- San Diego Military Affairs Council
- San Diego North Economic Development Council
- San Diego Regional Chamber of Commerce or a regional chamber of commerce in San Diego County
- San Diego Tourism Authority
- San Diego Unified Port District (“SDUPD”)
- San Diego World Trade Center (“WTC”)
- San Marcos Economic Development Council
- South County Economic Development Council
- Southern California Association of Governments (“SCAG”)
- Southern California Regional Airport Authority (“SCRAA”) or its successor organizations

BE IT FURTHER RESOLVED that the Board pre-approves Board Member representation for attending formal public meetings and events held by service and professional organizations, where attendance has been requested and approved by the President/CEO or by the Board Chair, and delegates to the President/CEO and/or the Board Chair the authority to request and approve attendance at such meetings and events to officially represent the Board and Authority; and

BE IT FURTHER RESOLVED that the Board pre-approves Board Member representation for attending a public event or meeting where the Board Member is requested by the Authority's Public Relations Department, by the President/CEO or by the Board Chair to attend a public meeting of any of the following organizations as an invited speaker: Kiwanis, Lions, Elks Club, Rotary, YMCA, YWCA, Optimists, Masons, Knights of Columbus, Boys and Girls Club or other similar non-profit organization; and

BE IT FURTHER RESOLVED that the Board pre-approves Board Member attendance at meetings of Ad Hoc Committees created by the Board when such meeting is to officially represent the Board and Authority; and

BE IT FURTHER RESOLVED that the Board pre-approves Board Member attendance at official meetings with the President/CEO, General Counsel or Chief Auditor; and

BE IT FURTHER RESOLVED that the Board pre-approves Board Member attendance and/or representation at a public meeting where (a) the Board Member was previously requested to attend by the Chair, the President/CEO, or the President/CEO's authorized designee, (b) the meeting is a public meeting, (c) the meeting is held after due public notice is given, and (d) the meeting concerns an issue or program directly related to the San Diego International Airport or the Authority; and

BE IT FURTHER RESOLVED that the Board delegates to the Board Chair the power to pre-approve last-minute, necessary attendance at any public meeting of a public body, an official meeting of a local governmental entity or other civic organization provided attendance relates to the business or interests of the Authority or Board; and

BE IT FURTHER RESOLVED that the Board pre-approves Board Member attendance at training sessions to comply with the requirements of Cal. Gov. Code §53232 et seq. ("AB 1234"), to attend the Authority's Academy 101 course upon taking office, to attend one SDCRAA official media training event during a Member's term of office, or to comply with any training required by the state or federal law; and

BE IT FURTHER RESOLVED that Board Member representation and attendance at events, meetings, training and hearings pursuant to the Board's pre-approval procedures specified above QUALIFIES for compensation provided a written report is submitted to the Board regarding the Board Member's attendance or participation at the next meeting of the board of directors following the event, meeting, training or hearing; and

BE IT FURTHER RESOLVED that Resolution No. 2019-0074 is hereby rescinded; 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.

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PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 3rd day of June, 2021, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES /
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

Staff Report

Meeting Date: June 3, 2021

Subject:

Appointment of Public Member to the Audit Committee

Recommendation:

The Audit Committee recommends that the Board Adopt Resolution No. 2021-0054, appointing Gretchen Newsom as a public member to the Audit Committee to commence July 2021 for a three-year term.

Background/Justification:

Section 170018 of the Public Utilities Code and Authority Policy 1.50 (5)(c)(ii) describe the Audit Committee, its composition, function, oversight responsibilities, membership, and qualifications for public members.

Due to the upcoming expiration of the term of Jack Van Sambeek in June 2021, a Notice of Vacancy on the Audit Committee was posted on March 1, 2021 to fill the vacancy. The recruitment flyer was posted on www.san.org and the official posting board at the Administration Building; published in the San Diego Business Journal and the San Diego Voice and Viewpoint; emailed to all City Clerks within the County for posting; emailed to Authority Art and Advisory Committee members; posted on the Authority's Facebook and Twitter accounts; and emailed to numerous civic, professional, and other stakeholder groups. The deadline to submit applications for the Public Audit Committee Member vacancy was April 2, 2021.

At a special meeting conducted on April 22, 2021, the Audit Committee interviewed a total of three applicants to serve on the Committee and to fill the upcoming vacancy created by the expiration of the term for Jack Van Sambeek. At this meeting, the Audit Committee voted unanimously, noting Board Member Lloyd and Committee Member Van Sambeek as ABSENT, to forward to the Board its recommendation of Gretchen Newsom to fill the upcoming public member vacancy on the Audit Committee and to recommend Jeffery Scott as an alternate, if the Board does not select Gretchen Newsom, to commence July 2021 for a three-year term to replace Jack Van Sambeek once his term expires. Gretchen Newsom meets the following criteria, as required by Policy 1.50 - Governance and Committees: ***A person who resides within the airport influences area of the San Diego International Airport.***

Fiscal Impact:

Legislation limits compensation for Board Members to \$200 per day of service, with a maximum of eight (8) days per month. Adequate funds for Board and Committee Member compensation are included in the Authority Board Department adopted FY 2021 and conceptually approved FY 2022 Operating Expense Budgets.

Authority Strategies/Focus Areas:

This item supports one or more of the following:

Strategies

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Focus Areas

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

Environmental Review:

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

Application of Inclusionary Policies:

No Applicable

Prepared by:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES/AUTHORITY CLERK

RESOLUTION NO. 2021-0054

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, APPOINTING GRETCHEN NEWSOM AS A PUBLIC MEMBER TO THE AUDIT COMMITTEE TO COMMENCE JULY 2021 FOR A THREE-YEAR TERM

WHEREAS, Section 170018 of the Public Utilities Code and Authority Policy 1.50 (5)(c)(ii) outline the requirements for the appointment of public members to the Audit Committee; and

WHEREAS, public member Jack Van Sambeek's term is due to expire June 2021 and he is not eligible to be appointed to another term, per Authority Policy 1.50; and

WHEREAS, at a special meeting conducted on April 22, 2021, the Audit Committee interviewed a total of three applicants to serve on the Committee and to fill the public member vacancy created by the upcoming conclusion of Jack Van Sambeek's term; and

WHEREAS, at its meeting of April 22, 2021, the Audit Committee voted to recommend to the Board the appointment of Gretchen Newsom to fill an upcoming public member vacancy.

NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD HEREBY appoints Gretchen Newsom as a public member to the Audit Committee to commence July 2021 for a three year term; 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

Resolution No. 2021-0054

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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 3rd day of June, 2021, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES /
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

Staff Report

Meeting Date: June 3, 2021

Subject:

Annual Review of Authority Policy 4.20 - Guidelines for Prudent Investments and Delegation of Authority to Invest and Manage Authority Funds to the Vice President, Chief Financial Officer/Treasurer

Recommendation:

The Finance Committee recommends that the Board adopt Resolution No. 2021-0055, approving amendments to Authority Policy 4.20 - Guidelines for Prudent Investments, and delegate authority to invest and manage Authority funds to the Vice President, Chief Financial Officer/Treasurer.

Background/Justification:

The attached Investment Policy (Exhibit A) serves as the foundation of the Authority's investment goals and priorities. The Authority's internal policy guidelines compel the Authority's Treasurer to invest Authority funds in a manner that will provide the highest security of funds while meeting the daily cash flow demands. The foremost stated objective is safety, with the requirement that all transactions are structured to avoid capital losses from issuer or broker/dealer default, or erosion of market value.

State law requires that the objective of return on investment be subordinate to the objectives of safety and liquidity. Therefore, the Investment Policy requires the Authority shall seek to achieve a return on funds throughout all economic cycles, taking into consideration the Authority's investment risk constraints and cash flow requirements. During the Current COVID-19 pandemic and resulting economic fallout the investment policy has helped ensure the Authority maintains healthy liquidity and preserves investment security.

The Authority's Investment Policy was developed in conjunction with our financial and investment advisors, and it adheres to or exceeds the policies and requirements of investment types as authorized by the California Government Code §§ 16429.1 and 53600 et seq. (California Government Code)

As a result of the annual review by staff and the Authority's financial and investment advisors, two changes to Policy 4.20 are recommended:

Adding Asset Backed Securities, Mortgage Backed Securities, Mortgage Pass-Through Securities, and Collateralized Mortgage Obligations to authorized investments. These are securities that are collateralized by an underlying asset e.g., mortgages or other types of loans. California Government Code allows up to 20% of the portfolio to be investment in this type of security, with no more than 5% in a single issuer and rated AA or better. The Policy update proposes allowing up to 10% of the portfolio to be directed to these assets but mirrors the California Government Code in other respects. This change will offer increased diversification and yield opportunities. Definitions for these securities are added to the Policy's glossary of terms.

Existing law generally prohibits a local agency from investing any funds in a security that could result in zero or negative interest if held to maturity. It is recommended that changes in language be made to reflect the recent amendment to the California Government Code that creates an exception to this prohibition by authorizing a local agency to invest in securities issued by, or backed by, the United States government that could result in zero- or negative-interest if held to maturity. Currently, interest rates in the United States have not dropped below zero, but short-term rates currently hover close to zero and in other jurisdictions (e.g., Japan) negative interest rates still prevail. The Authority would only purchase such negative interest securities in exigent circumstances and after all other options have been exhausted and such securities would be purchased with the goal of ensuring the safety and liquidity of the Authority's funds. Further, this provision will sunset on January 1, 2026.

While an annual review and adoption is not required by statute, both the Association of Public Treasurers of the United States and Canada and the Government Finance Officers Association have established policy standards recommending a review be conducted annually.

Since this Investment Policy serves as the guidelines for prudent management of the Authority's investments, the attached resolution and accompanying policy are submitted to ensure a regular review and approval of the Policy by the Authority Board.

In addition, the Board delegates the authority to invest and manage the funds of the Authority to the Authority's Treasurer. Such delegation is on a fiscal year basis and subject to renewal by the Board, at its option. Based on the investment record, the attached resolution requests reappointment of the Vice President, Chief Financial Officer/Treasurer to continue this role for another year.

The existence of an approved investment policy demonstrates that the Authority Board and staff are fiducially responsible, thereby promoting trust and confidence from the public that it serves. This annual review is done to ensure the Authority Board's continued oversight and approval of the policies, rules, and performance regarding the investment of Authority funds.

Fiscal Impact:

Policy changes will support the objectives of protecting principal, ensuring liquidity and seeking investment returns.

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:

SCOTT BRICKNER
VICE PRESIDENT, CHIEF FINANCIAL OFFICER/TREASURER

RESOLUTION NO. 2021-0055

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY APPROVING AMENDMENTS TO AUTHORITY POLICY 4.20 – GUIDELINES FOR PRUDENT INVESTMENTS, AND DELEGATING THE AUTHORITY TO INVEST AND MANAGE AUTHORITY FUNDS TO THE VICE PRESIDENT, CHIEF FINANCIAL OFFICER/TREASURER

WHEREAS, San Diego County Regional Airport Authority Policy 4.20 establishes a policy governing the investment policies and practices of the San Diego County Regional Airport Authority (“Authority”); and

WHEREAS, the Association of Public Treasurers of the United States and Canada and the Government Finance Officers Association established policy standards recommending a review of a local government’s investment policy be conducted annually; and

WHEREAS, Policy 4.20 serves as the guideline for the Authority to ensure prudent management of its investments, having been submitted for regular review and adoption by the Authority Board in a public meeting; and

WHEREAS, Policy 4.20, as amended (EXHIBIT A), has been reviewed and approved by the Authority’s financial and investment advisors; and

WHEREAS, the Board has reviewed the investment record and desires to continue its delegation of authority to invest and manage the funds of the Authority to the Vice President, Chief Financial Officer.

NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD HEREBY approves amendments to Authority policy 4.20 – Guidelines for Prudent Investments, and delegates the authority to invest and manage Authority funds to the Vice President, Chief Financial Officer/Treasurer; and

Resolution No. 2021-0055

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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 3rd day of June, 2021, 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**POLICIES****ARTICLE 4 - FINANCE AND ACCOUNTING**
PART 4.2 - INVESTMENTS
SECTION 4.20 - POLICY GUIDELINES FOR PRUDENT INVESTMENTS

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

POLICY STATEMENT:

It is the policy of the Authority to invest public funds in a manner that will provide the highest security of the funds under management while meeting the daily cash flow demands of the Authority. The investment policies and practices of the Authority are based upon prudent money management and conform to all state and local statutes governing the investment of public funds.

This policy also addresses risk management because risk management is an integral part of managing a fixed income portfolio. To focus only on maximizing return is imprudent; therefore, policy issues will be directed to limiting the investment portfolio’s exposure to each issue and issuer of debt and criteria for establishing minimum credit requirements that firms must have in order to effect security transactions with the Authority.

(1) Scope. This investment policy applies to all the Authority’s investment activities, except for the Employees Retirement and Deferred Compensation funds, which are administered separately. In addition, in the event of a conflict between this policy and permitted investments of bond proceeds as defined by a master indenture or supplemental indenture (“**Indenture**”) associated with any Authority debt issuance, the more restrictive parameters of either Cal. Gov. Code or the Indenture will take precedence. The financial assets of all other Authority funds shall also be administered in accordance with the provisions of this policy.

(2) Objectives.

(a) Safety of Principal. Safety of principal is the Authority’s foremost objective. To accomplish this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio. Each investment transaction shall seek to ensure that capital losses are avoided, whether from issuer default, broker/dealer default or erosion of market value. The Authority shall seek to preserve principal by mitigating credit risk and market risk.

(i) Credit risk is the risk of loss due to failure of the issuer to repay an obligation and shall be mitigated by investing in only the highest quality credits and by diversifying the investment portfolio so that the failure of any one issuer would not unduly harm the Authority's cash flows.

(ii) Market risk is the risk of market value fluctuations due to overall changes in the general level of interest rates and shall be mitigated by:

(A) structuring the portfolio so that securities mature at the same time major cash outflows occur, thereby eliminating the need to sell securities prior to their maturity; and

(B) limiting the average maturity of the Authority's portfolio to three years. Furthermore, no investments will be made in any security with a maturity greater than five years unless the Board has granted its express authority to make such investment specifically or as a part of an investment program approved by the Board no less than three months prior to the investment.

It is explicitly recognized, however, that in a diversified portfolio occasional losses may be inevitable and must be considered within the context of overall investment return.

(b) Liquidity. The Authority's investment portfolio will be structured to provide sufficient liquidity to meet the operating requirements of the Authority.

(c) Return on Investment. State law requires that the objective of return on investment be subordinate to the objectives of safety and liquidity. Therefore, investment officials shall seek to achieve a return on the funds under their control throughout all economic cycles, taking into consideration the Authority's investment risk constraints and cash flow requirements.

(3) Authority to Invest Funds.

(a) Policy principles for investment of Authority funds. Monies entrusted to the Authority will be invested and actively managed pursuant to applicable California statutory limitations and the guidance and limitations set forth in the Authority's written policies. Authority for the management and investment of Authority funds rests with the Authority Board of Directors ("**Board**"). The Board promulgates the policy for investment and management of Authority funds and conducts periodic reviews to ensure compliance with policy and statutory requirements. All persons authorized to make investment decisions for the Authority are trustees of the Authority and owe the Authority a fiduciary duty. All trustees are bound by the prudent investor rule, which requires trustees in making decisions with regards to the Authority's funds to act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.

Trustees of Authority funds are relieved of personal responsibility for an individual security's risk or market price changes where the trustees at all times were acting in accordance with written procedures and this investment policy, exercising due diligence, taking timely and appropriate action to control adverse developments, and provided timely appropriate reports to the Board regarding the adverse developments with an investment.

(b) Delegation of investment authority to Treasurer. The Board delegates the authority to invest and manage the funds of the Authority to the Authority's Treasurer. Such delegation shall be on a fiscal year basis and subject to renewal by the Board, at its option, after appropriate review of the investment record. The Board reserves the right to revoke the delegation of investment authority at its discretion. The Treasurer shall report to the board the status of Authority's investment portfolio in accordance with Sections (10)(a) and (b) of this policy. Whenever a security is sold at a loss, the Treasurer will record the loss as such in the Authority's accounting system. The Treasurer shall designate in writing an officer or employee of the Authority who shall have authority to execute or authorize execution of an investment trade on behalf of the Authority when the Treasurer is not reasonably available and circumstances require timely action.

(c) Treasurer's responsibility for investments. Investment and management of the Authority's funds shall be solely the responsibility of the Authority's Treasurer, who shall take necessary measures to be fully informed on current market conditions and market trends in general and the condition of the Authority's investment portfolio in particular. The Treasurer shall establish and periodically review for currency and adequacy a system of controls to ensure compliance with the applicable statutory requirements and the Authority's investment policies. The system of controls shall also provide for regulation of subordinate officers and employees as well as investment advisors under contract with the Authority.

(d) Execution of trades by authorized investment advisor. Where the Board has approved a contract for a registered independent investment advisor to assist the Treasurer in the discharge of investment responsibilities and where the Treasurer has approved in writing a strategy to guide the investment of Authority funds, the Treasurer may authorize the investment advisor to execute trades on behalf of the Authority to effectuate the approved investment strategy. The Treasurer shall make such delegation via a document that specifies the boundaries of the delegated authorization. The investment advisor designated to execute trades on behalf of the Authority shall be bound by this policy of the Authority and the Treasurer's written approval of the investment strategy. Authorizing the investment advisor to execute trades on behalf of the Authority does not relieve the Treasurer of responsibility for management and oversight of all investment transactions involving Authority funds. The Treasurer or designated Authority officer or employee, as provided in Section 3(b), when the Treasurer is not reasonably available and circumstances require timely action, must approve in writing all investment transactions that exceed a market value of five million dollars (\$5,000,000) prior to execution of the trade. The investment advisor shall not execute any trade through any security broker in whom the investment advisor holds an ownership interest or has a financial interest. The investment advisor shall not take possession of or act as custodian for the cash, securities or other assets. The investment advisor shall provide a written report of all trades made on behalf of the Authority to the Treasurer within twenty-four (24) hours of trade execution.

(4) Ethics and Conflicts of Interest. The Board, Authority officers or Authority employees involved in the investment process shall refrain from any activity that could conflict with proper execution of the investment program or which could impair the Authority's Treasurer's ability to make impartial investment decisions. Authority staff involved with the investment process shall disclose to the Authority's Treasurer any financial interest in financial institutions that conduct business with the Authority and they shall further disclose any personal financial and/or investment positions that could be related to the performance of the Authority's portfolio. Board members, Authority officials and Authority employees shall subordinate their personal investment transactions to those of the Authority, particularly with regard to the time of purchases and sales.

(5) Placement of Trade Execution Orders.

- (a) Whenever possible, investment transactions shall be made via a competitive process to ensure the Authority's security transactions are made on terms most favorable to the Authority. Trade execution shall be only through firms registered with the Financial Industry Regulatory Authority (FINRA) and approved by the Treasurer. To ensure security transactions are made via the most competitive process, solicitation of bids to transact a security trade shall be provided equally to all security dealers approved by the Treasurer pursuant to the section (5)(b) of this policy. When purchasing new issue securities, no competitive process will be required as all dealers in the selling group offer the securities at the same original issue price. This policy permits the Authority to purchase investments directly from approved issuers who require no competitive process (e.g., Local Agency Investment Fund (LAIF), the San Diego County Investment Pool (SDCIP), and Local Government Investment Pools (LGIPs),
- (b) Other than investments with depository institutions and approved pools, the Treasurer shall only execute trades with security dealers that have been approved to execute security trades on behalf of the Authority. Prior to approving a security dealer to execute security trades, the Treasurer shall determine that the dealer is fully qualified to execute security trades for the Authority. In evaluating whether a specific dealer is so qualified, the Treasurer shall evaluate, at a minimum, the dealer's security registration, financial condition, standing in the investment community, and experience with security trades of the nature to be executed on behalf of the Authority. To be qualified, all financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the following information on an annual basis: (1) audited financial statements; (2) proof of Financial Industry Regulatory Authority (FINRA) certification; (3) a trading resolution; (4) proof of California registration; and (5) a completed broker/dealer questionnaire.
- (c) Where the Board has approved a contract for a registered independent investment advisor to assist the Treasurer in the discharge of the investment responsibilities, the Treasurer may rely on the advisor's assurances that specific security dealers are fully qualified to execute trades on behalf of the Authority. The investment advisor shall provide such assurances in writing and shall renew the assurances based on an annual review of the financial condition and registrations of qualified bidders.

(6) Authorized Investments.

The Authority is authorized by the applicable sections of Cal. Gov. Code §16429.1, §53600 *et seq.* and §53630 *et seq.* to invest in the following types of securities, further limited herein:

(a) United States Treasury Bills, Bonds and Notes or those for which the full faith and credit of the United States are pledged for payment of principal and interest. There is no limitation as to the percentage of the portfolio that can be invested in this category. Cal. Gov. Code §53601(b)

(b) Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. There is no limitation as to the percentage of the portfolio that can be invested in this category. Cal. Gov. Code §53601(f)

(c) United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of "AA" or its equivalent or better by an NRSRO and shall not exceed 30 percent of the portfolio. No more than 10% of the portfolio may be invested in a single Supranational issuer. Cal. Gov. Code §53601(q)

(d) Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers acceptances which are eligible for purchase by the Federal Reserve System and are rated in the highest category by a nationally recognized statistical rating organization (NRSRO), may not exceed 180 days to maturity or 40% of the market value of the portfolio. No more than 5% of the market value of the portfolio may be invested in banker's acceptances issued by any one bank. Cal. Gov. Code §53601(g)

(e) Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a NRSRO. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or paragraph (2):

(1) The entity meets the following criteria: (i) Is organized and operating in the United States as a general corporation. (ii) Has total assets in excess of five hundred million dollars (\$500,000,000). (iii) Has debt other than commercial paper, if any, that is rated in a rating category of "A" or its equivalent or higher by a NRSRO.

(2) The entity meets the following criteria: (i) Is organized within the United States as a special purpose corporation, trust, or limited liability company. (ii) Has program wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond. (iii) Has commercial paper that is rated "A-1" or higher, or the equivalent, by a NRSRO.

Eligible commercial paper shall have a maturity of 270 days or less. No more than 25% of the market value of the portfolio may be invested in commercial paper. No more than 5% of the market value of the portfolio may be invested in the commercial paper of any single issuer. The amount invested in commercial paper of any one issuer in combination with any other securities from that issuer shall not exceed 5% of the market value of the portfolio. Cal. Gov. Code §53601(h)

(f) Negotiable Certificates of Deposit (NCDs) issued by a nationally or state-chartered bank, a state or federal savings institution or by a federally licensed or state licensed branch of a foreign bank. The amount invested in Negotiable Certificates of Deposit (NCDs) may not exceed 30% of the market value of the portfolio. NCDs eligible for purchase shall be rated in a rating category of “A” or its equivalent or better by a NRSRO. The maximum term for NCDs shall be five years. The amount invested in NCDs of any one issuer in combination with any other securities from that issuer shall not exceed 5% of the market value of the portfolio. Cal. Gov. Code §53601(i)

(g) Placement Service Deposits (PSDs). Deposits placed through a deposit placement service that meet the requirements of Cal. Gov. Code §53601.8. The full amount of the principal and the interest that may be accrued during the maximum term of each certificate of deposit shall at all times be insured by federal deposit insurance. The maximum term for PSDs shall be three years. The amount invested in Placement Service Deposits (PSDs) may not exceed 30% of the market value of the portfolio. Cal. Gov. Code §53601.8 and 53635.8

(h) Bank Deposits, including, but not limited to, demand deposit accounts, savings accounts, market rate accounts and time certificates of deposits (“TCDs”) in financial institutions located in California. The Authority will invest in financial institutions with a net worth of ten million dollars and total assets in excess of \$50 million. Such deposits in each bank shall be limited to no more than 5% of the total assets of the bank. To be eligible to receive Authority deposits, the financial institution must have received a minimum overall satisfactory rating, under the Community Reinvestment Act, for meeting the credit needs of California Communities in its most recent evaluation. Bank deposits are required to be collateralized as specified under Cal. Gov. Code §53630 *et seq.* The Treasurer may waive the collateralization requirements for any portion that is covered by federal deposit insurance. The Authority shall have a signed agreement with any depository accepting Authority funds per Cal. Gov. Code §53649. The maximum maturity of TCDs is three years. A maximum of 20% of the market value of the portfolio may be invested in TCDs. The amount invested in TCDs of any one issuer in excess of the FDIC limit in combination with any other securities from that issuer shall not exceed 5% of the market value of the portfolio. Cal. Gov. Code §53630 *et seq.*

(i) Medium Term Notes (MTNs), defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States rated in a rating category of “A” or its equivalent or better by a NRSRO and be issued by a corporation organized and operating within the United States. The aggregate total of MTNs may not exceed 20% of the market value of the investment portfolio. The amount invested in MTNs of any one issuer in

combination with any other securities from that issuer shall not exceed 5% of the market value of the portfolio. Cal. Gov. Code §53601(k)

(j) Asset-Backed Securities (ABS) from issuers not defined in sections (a) and (b) of the Authorized Investments section of this policy shall have a credit rating of “AA” or its equivalent or better by a NRSRO. No more than 10% of the portfolio shall be invested in a combination of ABS, MBS, CMOs, and Mortgage Pass-Through Securities. No more than 5% of the portfolio may be invested in a single ABS issuer unless the issuer is the US Treasury or a Federal Agency/GSE. The maturity shall not exceed five years. Cal. Gov. Code §53601 (o).

(k) Mortgage Backed Securities (MBS), Mortgage Pass-Through Securities, and Collateralized Mortgage Obligations (CMOs) from issuers not defined in sections (a) and (b) of the Authorized Investments section of this policy shall have a credit rating of “AA” or its equivalent or better by a NRSRO. No more than 10% of the portfolio shall be invested in a combination of ABS, MBS, CMOs, and Mortgage Pass-Through Securities. No more than 5% of the portfolio may be invested in a single issuer unless the issuer is the US Treasury or a Federal Agency/GSE. The maturity shall not exceed five years. Cal. Gov. Code §53601 (o).

(l) Repurchase agreements (RPAs) shall only be made with financial institutions having a credit rating in the rating category “A” or its equivalent or better by a NRSRO. The Security Industry and Financial Markets Association (SIFMA) master repurchase agreement shall be the Authority’s master repurchase agreement.

The term of the agreement may not exceed one year.

The following collateral restrictions will be observed: Only U.S. Treasury securities or Federal Agency securities, as described in 6(a) and 6(b) above, will be acceptable collateral. All securities underlying Repurchase Agreements must be delivered to the Authority's custodian bank versus payment or be handled under a tri-party repurchase agreement. The total of all collateral for each Repurchase Agreement must equal or exceed, on the basis of market value plus accrued interest, 102% of the total dollar value of the money invested by the Authority for the term of the investment. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102% no later than the next business day. For any Repurchase Agreement with a term of more than one day, the value of the underlying securities must be reviewed on a regular basis.

Market value must be calculated each time there is a substitution of collateral.

The Authority or its trustee shall have a perfected first security interest under the Uniform Commercial Code in all securities subject to Repurchase Agreement. Cal. Gov. Code §53601(j)

(mk) The Local Agency Investment Fund (“**LAIF**”), established by the State Treasurer for the benefit of local agencies and identified under Cal. Gov. Code §16429.1 *et seq.* The market value of the Authority’s investment in LAIF may not exceed the current deposit limit for regular LAIF accounts.

(nl) The San Diego County Investment Pool (“**SDCIP**”) as authorized by Cal. Gov. Code §53684. The market value of the Authority’s investment in SDCIP may not exceed the current deposit limit for regular LAIF accounts.

(om) Shares of beneficial interest issued by a joint powers authority (Local Government Investment Pools or (“LGIPs”)) organized pursuant to Cal. Gov. Code §6509.7 that meet the requirements of the Investment Trust of California (CalTRUST), as authorized by California Government Code §53601(p). The market value of the Authority’s investment in each of the CalTRUST funds may not exceed the current deposit limit for regular LAIF accounts.

(pn) Shares of beneficial interest issued by a joint powers authority (Local Government Investment Pools or (“LGIPs”)) organized pursuant to Cal. Gov. Code §6509.7 that meet the requirements of Cal. Gov. Code §53601(p). The market value of the Authority’s investment in any LGIP may not exceed the LAIF statutory limit. Prior to investing, the Treasurer will complete a thorough investigation of the potential investment. Whenever the Authority has any funds so invested, the Treasurer shall maintain on-going monitoring including the following:

- (i) Establish the investment is a legal investment under Cal. Gov. Code.
- (ii) A description of eligible investment securities, and a written statement of investment policy and objectives. All investments must comply with the eligible investments outlined in this policy. In the event that any investments do not comply with the eligible investments outlined in this Policy, the Treasurer will assess the potential risk of a substantial investment loss related to the investment(s) not in compliance.
- (iii) The issuer must have a current AAAM rating, provide a constant dollar pool with a stated objective of maintaining a \$1 net asset value, meet an asset size of \$1 billion at the time of investment, and provide for third-party custody of portfolio assets.
- (iv) A description of interest calculations and how it is distributed, and how gains and losses are treated.
- (v) A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
- (vi) A description of who may invest in the program, the type and number of governmental participants, investor concentrations, what size deposit and withdrawal are allowed, and what time restrictions are placed on these deposits and withdrawals.
- (vii) A schedule for receiving statements and portfolio listings.
- (viii) Determination of how reserves, retained earnings, etc. are utilized by the fund.
- (ix) A fee schedule, and when and how it is assessed. Cal. Gov. Code §53601(p).

(qe) The Authority may place funds in shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. §80a-1 *et seq.*). Investment in money market funds may not exceed 20% of the market value of the portfolio with

no more than 10% of the market value of the portfolio in any single fund. Additionally, each selected fund shall be large enough that the Authority's investment does not constitute more than 5% of the total fund balance. To be eligible for investment, these companies shall either:

(i) Attain the highest ranking or the highest letter and numerical rating provided by not less than two of the three largest nationally recognized rating services, or

(ii) Retain an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than 5 years' experience managing money market mutual funds with assets under management in excess of \$500,000,000. Cal. Gov. Code §53601(l)

(rp) The Authority may invest in: (i) Registered state warrants or treasury notes or bonds of this state including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of this state; (ii) Registered treasury notes or bonds issued by any of the other 49 States in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any state; and (iii) Bonds, notes, warrants or other evidence of debt issued by a local agency or municipality located within California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency. Securities eligible for investment under this paragraph shall be rated in a rating category of "A" or its equivalent or better by a NRSRO. Purchase of securities authorized by this subdivision may not exceed 20% of the Authority's portfolio. The amount invested with any one issuer shall not exceed 5% of the portfolio. Cal. Gov. Code §53601 (c), (d), (e).

(sq) Permitted Investment for Bond Proceeds. All investment types listed above are authorized investments for bond proceeds. The percentage or dollar limitations listed above do not apply to bond proceeds investments. In addition to the above investments, bond proceeds may be invested in the following:

Investment agreement or guaranteed investment contract (a) with or guaranteed by a national or state chartered bank or savings and loan, an insurance company or other financial institution whose unsecured debt is rated in the highest short-term rating category (if the term of the Investment Agreement is less than three years) or in either of the two highest long-term Rating Categories (if the term of the Investment Agreement is three years or longer) by one or more of the Rating Agencies, or (b) which investment agreement or guaranteed investment contract is fully secured by obligations described in items (a) or (b) of this section which are the following:

(i) Valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to 103% of the principal amount of the investment, together with the interest accrued and unpaid thereon, and

(ii) Held by any Federal Reserve Bank or a depository acceptable to the Treasurer or any Authority bond trustee, and

- (iii) Subject to a perfected first lien on behalf of the Authority or any bond trustee and free and clear from all third-party liens

The Board has expressly granted the Treasurer the authority to invest debt service reserve funds in U.S. Treasury, federal agency, municipal securities and investment agreements (which meet the requirements of this Investment Policy and the Indenture) with maturities exceeding 5 years if it is considered to be in the best interest of the Authority and if the maturity of such investments does not exceed the expected use of the funds. Reserve fund investments beyond 5 years are specifically excluded from the mathematical calculation of the average maturity of the Authority's portfolio.

(7) Prohibited Investments. Investments not described herein, including but not limited to, inverse floating rate notes, range notes, interest-only strips that are derived from a pool of mortgages, and common stocks are prohibited from use in this portfolio. The Authority shall not invest any funds in any security that could result in zero or negative interest accrual ~~and zero discount accretion~~ if held to maturity unless they are securities issued or backed by the U.S. Government under a provision sunseting on January 1, 2026 and the Authority has exhausted all other potential investment options to avoid a zero or negative interest accrual. Cal. Gov. Code §53601.6.

(8) Safekeeping of Securities. To protect against potential losses by the collapse of individual securities dealers, all securities owned by the Authority shall be held in safekeeping by a third person bank trust department acting as agent for the Authority under the terms of a custody agreement executed by the bank and the Authority. All securities will be received and delivered using standard delivery versus payment procedures. The only exception to the foregoing shall be: (i) LAIF; (ii) the SDCIP; (iii) LGIPs; (iv) money market mutual funds, and (v) Deposits (TCDs & PSDs), since the purchased securities are not deliverable. A record of these investments shall be held by the Treasurer.

All investment officers shall be bonded.

(9) Portfolio Limitations. Percentage limits and credit criteria are applied at the time of purchase. If a percentage-of-portfolio limitation is exceeded due to reduction in portfolio size, the affected securities may be held to maturity to avoid losses. When no loss is indicated, the Authority's Treasurer shall consider restructuring the portfolio basing the decision in part on the expected length of time the portfolio will be imbalanced. The Treasurer shall report all such imbalances in the monthly report to the Board. In the event that an investment originally purchased within policy guidelines is downgraded below the policy requirements by any one of the NRSROs, the course of action to be followed by the Treasurer will then be decided on a case-by-case basis, considering such factors as the reason for the downgrade, prognosis for recovery or further rating downgrades, and the market price of the security.

(10) Reporting Requirements.

(a) In accordance with Cal. Gov. Code §53646, on a quarterly basis, the Authority's Treasurer shall prepare in accordance with GAAP and GASB 31 a report detailing investments

and investment activity and transmit same to the Executive Officer, the Internal Auditor and the Board.

- (i) The report shall be submitted within 30 days of the end of the quarter covered by the report.
- (ii) The report shall include the type of investment, issuer, date of maturity, par and dollar amount invested on all securities, investments and monies held by the Authority.
- (iii) The report shall include a description of any funds, investments, or programs that are under the management of contracted persons.
- (iv) The report shall also include a current market value on a market-to-market basis as of the report date using an established identified independent source for the valuation.
- (v) The report shall state compliance of the portfolio to the statement of investment policy or the manner in which it is not in compliance.
- (vi) The report shall state the Authority's ability to meet its budgeted expenditure requirements for the next six months or to explain why sufficient money may not be available.

(b) In accordance with Cal. Gov. Code §53607, the Authority's Treasurer shall make a monthly report of investment transactions to the Board.

(11) Internal Control. The development of internal controls is a function of management. The Authority's Treasurer shall establish and document a system of internal controls that will provide reasonable assurance regarding the achievement of objectives in the following categories:

- Safeguarding assets
- Ensuring validity of financial records and reports
- Promoting adherence to policies, procedures, regulations and laws
- Promoting effectiveness and efficiency of operations

In addition, the Authority's Treasurer shall:

- (a) Establish an annual process of an independent review by an external examiner.
- (b) Develop performance standards. Those performance standards will be reviewed by the Treasurer and presented as an information item to the President/CEO and the Board. On a quarterly basis, as part of the reporting requirements the Authority's Treasurer shall report actual compared to the performance standard and any substantial deviations shall be explained.
- (c) Review the Authority's investment policy annually at a public meeting and obtain Board approval and adoption of the policy to ensure its consistency with the Authority's objectives of preservation of principal, liquidity, rate of return and the policy's relevance to current law and financial and economic trends. The Authority's Treasurer is responsible for maintaining guidance over the Authority's investment policy and ensuring that the Authority can

adapt readily to changing market conditions and shall submit to the Board any modification to the investment policy prior to implementation.

(12) Glossary of Terms.

Asked: The price at which securities are offered (that is, the price at which a firm will sell a security to an investor).

Asset-Backed Securities: Securities supported by pools of installment loans or leases or by pools of revolving lines of credit.

Bankers' Acceptance (BA): A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

Bid: The price offered for securities (that is, the price at which a broker or dealer will pay to purchase a security an investor owns).

Broker: A broker brings buyers and sellers together for a commission paid by the initiator of the transaction or by both sides; he does not take a position. In the money market, brokers are active in markets in which banks buy and sell money and in interdealer markets.

Certificate of Deposit (CD): See: Time Certificate of Deposits, Negotiable Certificates of Deposits.

Collateral: Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

Collateralized Mortgage Obligations: Classes of bonds that redistribute the cash flows of mortgage securities (and whole loans) to create securities that have different levels of prepayment risk, as compared to the underlying mortgage securities.

Commercial Paper (CP) - An unsecured short-term promissory note issued by corporations and local governments, with maturities ranging from 1 to 270 days. Commercial paper is usually issued at a discount from par with a zero coupon. Highly-rated, or "Prime" commercial paper carries a Standard & Poor's rating of A1 or A1+, a Moody's rating of P1, and/or a Fitch rating of F1 or F1+.

Constant Maturity Treasury (CMT) – A calculated average released by the Federal Reserve of all Treasury yields along a specific maturity point. This calculation is frequently used as a benchmark for conservative government portfolios.

Coupon: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value; (b) A certificate attached to a bond evidencing interest due on a payment date.

Dealer: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his or her own account.

Debenture: A bond secured only by the general credit of the issuer.

Delivery versus Payment: There are two methods of delivery of securities: delivery versus payment and delivery versus receipt (also called free delivery). Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

Discount: The difference between the cost price of a security and its value at maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be selling at a discount.

Diversification: Dividing investment funds among a variety of securities offering independent returns.

Federal Farm Credit Bank (FFCB): The Federal Farm Credit Bank System is the oldest of the government sponsored enterprises, created by an act of Congress in 1916. Its mission is to provide a reliable and low cost source of funds to support agriculture in the United States. Unlike commercial banks, System banks do not take deposits. Instead, funds for loans are obtained through the issuance of debt securities. FFCB long-term senior debt ratings have traditionally mirrored those of the U.S. government.

Federal Home Loan Banks: Federal Home Loan Banks provide a source of low cost loan funding to U.S. banks. Within their collective membership, the FHLBank System represents the largest source of home mortgages in the United States. The System does not provide loans directly to individuals, only to other correspondent banks. System banks do not take deposits. Instead, funds for loans are obtained through the issuance of debt securities. FHLB long-term senior debt ratings have traditionally mirrored those of the U.S. government.

Federal Home Loan Mortgage Company (FHLMC or “Freddie Mac”): The Federal Home Loan Mortgage Corporation (FHLMC), commonly referred to as “Freddie Mac”, was created in 1970 to assist its sister company, Fannie Mae, by purchasing mortgage loans in the secondary market, pooling them together, and selling them to investors in the form of mortgage-backed securities. By providing a secondary market for home loans, Freddie Mac increases the amount of money available for mortgage lending. In September 2008, Freddie was placed under Federal government conservatorship as a result of a decline in the underlying market value of the mortgage loans it held and guaranteed. Like Fannie Mae, Freddie Mac issues debt in maturity ranges from one-day to 30 years, and its long-term senior debt rating has traditionally mirrored U.S. Treasury debt due to its reliance on the U.S. government.

Federal National Mortgage Association (FNMA or “Fannie Mae”): The Federal National Mortgage Association (FNMA), commonly referred to as “Fannie Mae”, was

created in 1938 during the Great Depression to provide a secondary market for mortgage loans by purchasing groups of loans from lenders and packaging them into pools of mortgage-backed securities that can then be sold to investors. To facilitate this process, Fannie Mae also issues debt in maturity ranges from one-day to 30 years. The company's long-term senior debt rating has traditionally mirrored U.S. Treasury debt due to its reliance on the U.S. government. Although Fannie Mae had operated as a private company since 1968, it was placed under Federal government conservatorship in September 2008 as a result of a decline in the underlying market value of the mortgage loans it held and guaranteed.

Government National Mortgage Association (GNMA or "Ginnie Mae"): Long-term mortgage-backed securities backed by FHA and VA loans guaranteed by the full faith and credit of the U.S. Treasury. The term "pass-through" is often used to describe Ginnie Mae securities as principal and interest payments from the underlying homeowners are passed along to investors.

Federal Open Market Committee (FOMC): A group of Federal Reserve Officials that meet eight times per year to set U.S. monetary policy (raises and lowers interest rates). The Committee must balance its two primary and often conflicting objectives of achieving stable economic growth and keeping inflation at acceptable levels.

Fed or Federal Reserve Bank: The Central Bank of the U.S. responsible for supervising and regulating member banks, providing banking services, providing information, and setting monetary policy through the FOMC.

International Bank for Reconstruction and Development (IBRD or World Bank). The International Bank for Reconstruction and Development was created in 1944 to help Europe rebuild after World War II. Today, its purpose is to assist with reconstruction and poverty reduction through an inclusive and sustainable globalization. The IBRD is owned and governed by its member governments. The United States is the IBRD's leading shareholder.

International Finance Corporation (IFC): The IFC is a member of the World Bank Group. Its focus is on assisting with private sector development in developing countries. The IFC is owned and governed by its member governments. The United States is the IFC's leading shareholder.

Inter-American Development Bank (IADB): The IADB was established in 1959 to provide financing and expertise for sustainable economic, social, and institutional development in Latin America and the Caribbean. The IADB is owned and governed by its member governments. The United States is the IADB's leading shareholder.

Inverse Floating Rate Note: A debt security with an interest rate stated as a fixed rate minus a variable rate index. This calculation causes the rate on the inverse floater to move in the opposite direction of general interest rates. This instrument generally performs well in a declining interest rate environment but will lose value if rates rise.

Liquidity: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between the bid and asked prices is narrow and reasonable size can be done at those quotes.

Local Government Investment Pools (LGIPs): Shares of beneficial interest issued by a joint powers authority organized pursuant to Cal. Gov. Code §6509.7. LGIPs offer a diversification alternative to LAIF and SDCIP for short-term cash management facilities.

Market Value: The price at which a security is trading and could presumably be sold.

Master Repurchase Agreement: A written contract covering all future transactions between counterparties to repurchase agreements and reverse repurchase agreements that establish each entity's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

Maturity: The date upon which the principal or stated value of an investment becomes due and payable.

Medium Term Notes: A class of debenture that is defined as all corporate and depository debt securities with a maximum remaining maturity of five years or less.

Money Market: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptance, etc.) are issued and traded.

[Mortgage Backed Securities \(MBS\): a bond that is secured by a mortgage or collection of mortgages.](#)

[Mortgage Pass-Through Securities: A securitized participation in the interest and principal cash flows from a specified pool of mortgages. Principal and interest payments made on the mortgages are passed through to the holder of the security.](#)

Nationally Recognized Statistical Rating Organization (NRSRO): A credit rating agency (CRA) that issues credit ratings that the U.S. Securities and Exchange Commission (SEC) permits other financial firms to use for certain regulatory purposes.

Negotiable Certificate of Deposit (NCD): A type of CD that is at least \$100,000 and can also be traded on a highly liquid secondary market.

Placement Service Deposit (PSD): A type of deposit that uses a deposit placement service. The placement service will allow the bank with which the investment is placed to split the initial deposit into multiple pieces that are then distributed among a network of banks, such that the full amount of the deposit is protected by the FDIC insurance of each participating bank.

Portfolio: Collection of securities held by an investor.

Primary Dealer: A group of government securities dealers that submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its oversight. Primary dealers include Securities and Exchange Commission (SEC) registered securities, broker/dealers, banks and a few unregulated firms.

Prudent Investor Standard: A legal doctrine that requires fiduciaries to make investments using the prudence, diligence, and intelligence that would be used by a prudent person in making similar investments.

Rate of Return: A standard performance measurement that considers the coupon interest a security or portfolio of securities receives, along with any realized gain or loss, along with any change in unrealized market gain or loss. Depending on market volatility, the rate of return could differ significantly from the average yield of a portfolio.

Rating Agency: Nationally recognized credit rating agency such as Fitch, Moody's or S&P.

Rating Category: A credit rating assignment by a Rating Agency shall mean (a) with respect to any long-term rating category, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier, and (b) with respect to any short-term or commercial paper rating category, all ratings designated by a particular letter or combination of letters and taking into account any numerical modifier, but not any plus or minus sign or other modifier.

Repurchase Agreement (RP or Repo): A type of financial agreement in which an investor exchanges cash for securities with a primary dealer or bank and earns a fixed rate of interest for a specified period. At the end of the period, securities are returned in exchange for the principal amount, along with accrued interest. Dealers and banks use repo proceeds to finance their inventory positions.

Safekeeping: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

Sec Rule 15C3-1: See Uniform Net Capital Rule.

Securities and Exchange Commission: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

Strip (Bonds): Brokerage-house practice of separating a bond into its principal and interest, which are then sold as zero coupon bonds.

Time Certificate of Deposit (CD): A time deposit with a specific maturity evidenced by a certificate. Large denomination CDs are typically negotiable.

Treasurer: The Vice President/Chief Financial Officer of the Authority or the authorized designee or representative as designated by the President/Chief Executive Officer.

Treasury Bill: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months or one year.

Treasury Bond: Long-term U.S. Treasury security having initial maturities of more than ten years.

Treasury Note: U.S. Treasury security having initial maturities between two and 10 years.

Uniform Net Capital Rule: Securities and Exchange Commission requirement that member firms as well as nonmember broker/dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

Yield: The rate of annual income return on an investment, expressed as a percentage. (A) **Income Yield** is obtained by dividing the current dollar income by the current market price for the security. (B) **Net Yield or Yield to Maturity** is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

[Amended by Resolution No. 2018-0133 dated December 6, 2018.]
[Amended by Resolution No. 2018-0056 dated June 7, 2018]
[Amended by Resolution No. 2017-0049 dated June 1, 2017]
[Amended by Resolution No. 2016-0040 dated May 19, 2016]
[Amended by Resolution No. 2015-0043 dated May 21, 2015]
[Amended by Resolution No. 2014-0051 dated June 5, 2014]
[Amended by Resolution No. 2013-0049 dated June 6, 2013]
[Amended by Resolution No. 2012-0059 dated June 7, 2012]
[Amended by Resolution No. 2011-0064 dated June 2, 2011]
[Amended by Resolution No. 2010-0059 dated June 3, 2010]
[Amended by Resolution No. 2009-0123 dated October 1, 2009]
[Amended by Resolution No. 2008-0118 dated September 4, 2008]
[Amended by Resolution No. 2006-0010 dated February 6, 2006]
[Amended by Resolution No. 2005-0102 dated September 8, 2005]
[Amended by Resolution No. 2004-0133 dated December 6, 2004]
[Amended by Resolution No. 2004-0100 dated October 4, 2004]
[Amended by Resolution No. 2004-0032 dated April 5, 2004]
[Adopted Resolution No. 2002-02 dated September 20, 2002]

San Diego County Regional Airport Authority

Item 7

ANNUAL REVIEW TO AUTHORITY POLICY 4.20

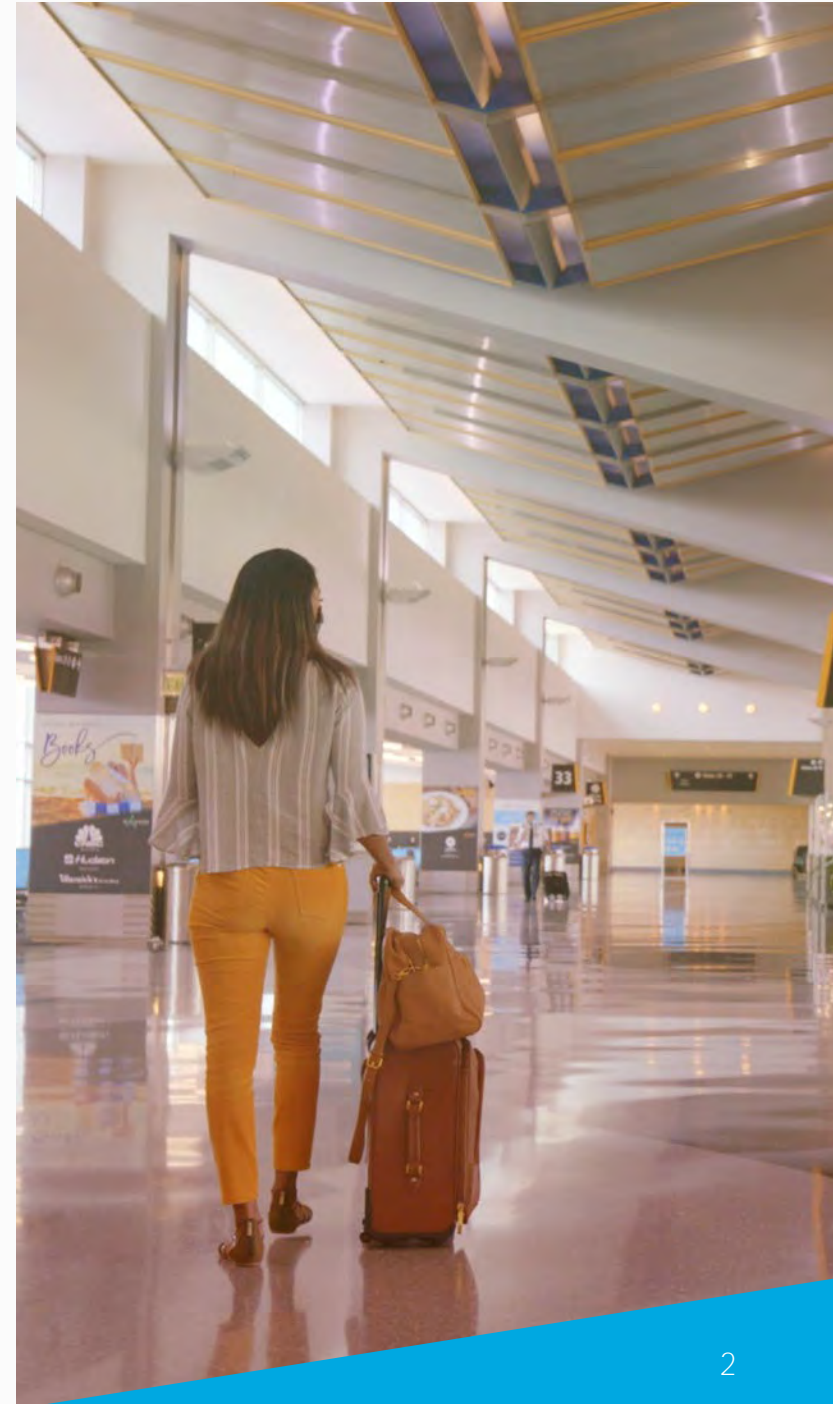
**Review of Investment Policy, Guidelines for Prudent Investments,
and Delegation of Authority to Invest and Manage
Authority Funds to the Vice President, Chief Financial
Officer/Treasurer**

Presented by Geoff Bryant, Finance Manager

June 3, 2021

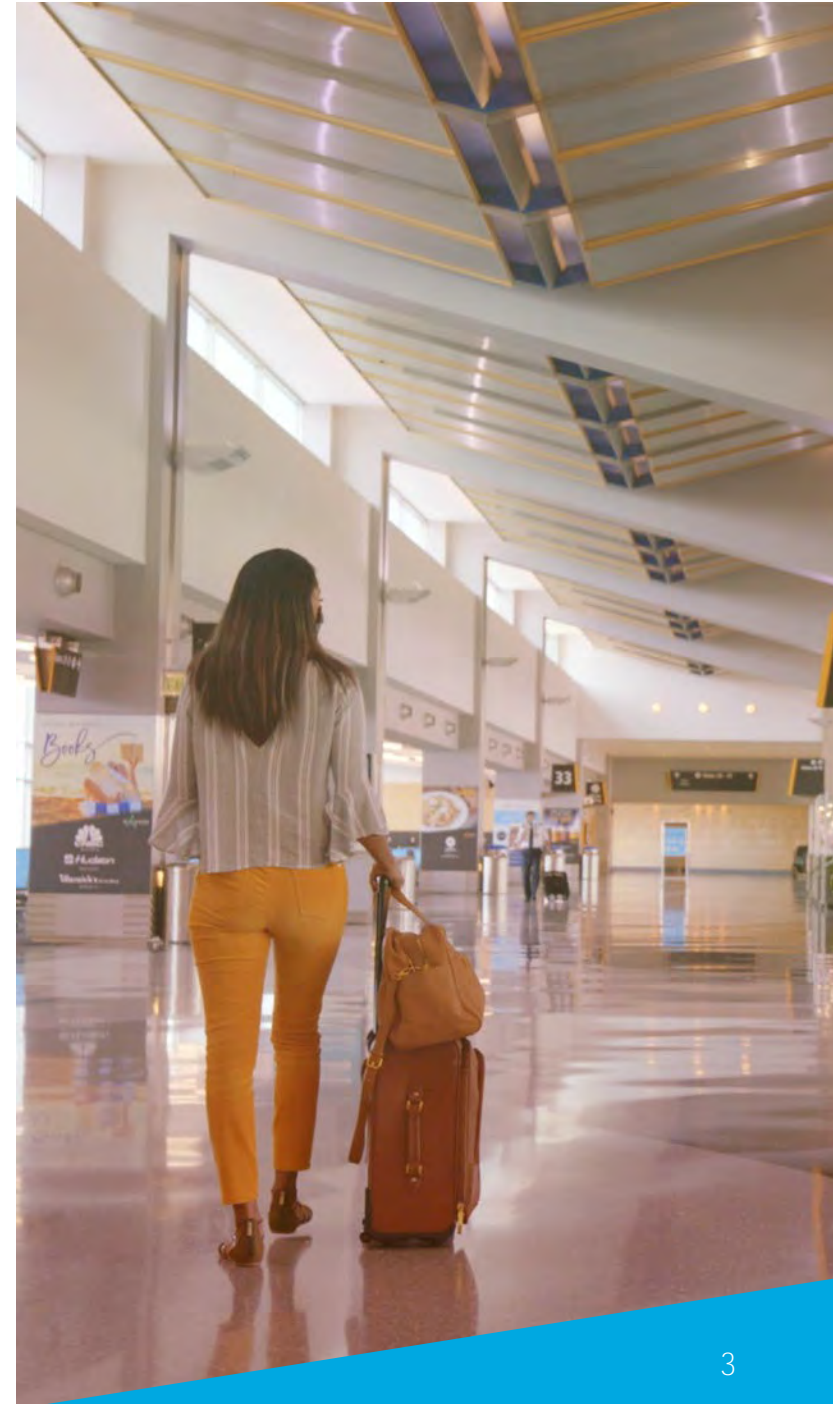
Investment Policy - Overview

- Serves as the foundation of investment goals and objectives
- Mandates investing in a manner that provides the highest security while meeting Authority cash flow needs
- Demonstrates our fiduciary responsibility, thereby promoting trust and confidence from the public we serve
- Adheres to or exceeds the requirements of California Government Code Section 53600 et seq.



Investment Policy - Overview

- Adheres to state law requirements that return on investment be subordinate to safety and liquidity objectives
- Pertinent during current COVID-19 crisis.
- Developed and annually reviewed in conjunction with our financial and investment advisors
- Annual Board review is not required by State Code, but is an Authority practice



Investment Policy 2021 UPDATES

Section (6) Authorized Investments

Added Asset Backed Securities, Mortgage Backed Securities, Mortgage Pass-Through Securities, and Collateralized Mortgage Obligations to Authorized investments

- Securities that are collateralized by an underlying asset e.g., mortgages or other types of loans
- State code allows for 20% of portfolio. Authority Policy will be set at 10%
- Minimum AA rated
- No single issuer greater than 5% (Unless US Treasury)
- Provide portfolio diversification and improved yield opportunity

Investment Policy 2021 UPDATES

Section (7) Prohibited Investments

“Prohibited Investments... The Authority shall not invest any funds in any security that could result in zero **or negative** interest accrual ~~and zero discount accretion~~ if held to maturity **unless they are securities issued or backed by the U.S. Government under a provision sunseting on January 1, 2026 and the Authority has exhausted all other potential investment options to avoid a zero or negative interest accrual.** Cal. Gov. Code §53601.6.”

- State Law amended on January 1, 2021
- These securities would be purchased only in exigent circumstances with the goal of ensuring the safety and liquidity of the Authority’s funds

Delegation of Investment Authority

- The Board delegates the authority to invest and manage funds to the Vice President, Chief Financial Officer/Treasurer
- This delegation is on a fiscal year basis and subject to renewal by the Board

6

Action Requested

Forward Resolution to the Board for approval:

- approving amendments to Authority Policy 4.20– Investment Policy
- delegating the authority to invest and manage funds to the Vice President, Chief Financial Officer/Treasurer

7

Questions?

Staff Report

Meeting Date: June 3, 2021

Subject:

Annual Review of Authority Policy 4.40 – Debt Issuance and Management

Recommendation:

The Finance Committee recommends that the Board adopt Resolution No. 2021-0056, approving amendments to Authority Policy 4.40 - Debt Issuance and Management.

Background/Justification:

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

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

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

Current events and the impacts of the COVID-19 pandemic are unprecedented. Target debt affordability indicators for the Authority were established prior to the impacts of the COVID-19 pandemic. Language was included in last year's Policy update to reflect the uncertain impact of the pandemic and this year's proposed updates seek to clarify the Authority's approach to its debt targets in light of the ongoing pandemic. The proposed Policy changes state:

- The Authority suspended the debt per enplanement target in FY 2020 and this will continue in FY 2021 and FY 2022 and will be regularly reviewed as the New T1 program is advanced and passenger traffic stabilizes.
- The near-term goal (FY2021 and 2022) of meeting rate covenants and maintaining liquidity.
- The Authority will utilize Coronavirus Aid, Relief, and Economic Security Act (CARES Act), Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act), and the American Rescue Plan Act (ARP Act) grants to pay debt service and operating expenses in FY 2021 and FY 2022, as it did in FY 2020.

The proposed Policy was also updated to include:

- SOFR (Secured Overnight Financing Rate) as a benchmark that may be used as a replacement for the LIBOR (London Interbank Offered Rate) which is to be phased out.
- Language to state that the COVID-19 federal relief packages are federal grants and excluded from the definition of Airport Revenues.
- Language regarding the California Debt and Investment Advisory Commission reporting requirements.
- Other Changes recommend in the Policy are minor clarifications and language corrections.

Fiscal Impact:

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

Authority Strategies/Focus Areas:

This item supports one or more of the following:

Strategies

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Focus Areas

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

Environmental Review:

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

Application of Inclusionary Policies:

Not Applicable

Prepared by:

SCOTT BRICKNER
VICE PRESIDENT, CHIEF FINANCIAL OFFICER

RESOLUTION NO. 2021-0056

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

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

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

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

NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD HEREBY approves Authority Policy 4.40, as amended, governing the debt issuance and management policies and practices of the Authority; and

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

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

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

Resolution No. 2021-0056

Page 2 of 2

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 3rd day of June, 2021, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES /
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

EXHIBIT A

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

- ARTICLE 4 - FINANCE AND ACCOUNTING**
PART 4.4 - DEBT
SECTION 4.40 - DEBT ISSUANCE AND MANAGEMENT POLICY
-

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

POLICY STATEMENT:

SECTION I. INTRODUCTION & EXECUTIVE SUMMARY

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

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

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

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

- Comply with all federal and state laws and regulations, as well as bond indenture, federal tax and securities law post-issuance compliance, ~~and~~ reimbursement and revolving credit agreement covenants; and
- Protect the assets and funds entrusted to the Authority.

SECTION II. ROLES AND RESPONSIBILITIES

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

- 1) Board: The Authority is governed by an appointed board of nine members who represent all areas of San Diego County and three *ex-officio* members. The Board approves all bond issuances as well as the policies and guidelines pursuant to which debt is incurred and issued.
- 2) President/CEO and Vice President/CFO: The Vice President/CFO, under the direction of the President/CEO, is (i) responsible for developing, evaluating, implementing and monitoring the financing plan and debt strategies for the Authority in compliance with this policy, subject to Board approvals; (ii) in charge of federal tax and securities law post-issuance compliance with respect to all debt obligations; (iii) responsible for implementing and ensuring compliance with internal control procedures to ensure proceeds of the Authority's debt obligations are directed to the intended use; and (iv) responsible for timely submitting to the California Debt and Investment Advisory Commission any annual debt report required under California Government Code Section 8855(k). As of the date of this Policy, an annual report must be submitted no later than seven (7) months after the end of the immediately preceding "reporting period". A "reporting period" starts on July 1 and ends on June 30.
- 3) Registered Municipal Advisor: The Authority has chosen to deliver a Notice of Representation by Registered Municipal Advisor pursuant to SEC Rule 17 CFR Section 240.15Bal – 1(d)(3)(vi)(B) dated August 27, 2014 to notify investment banking firms that the Authority has retained a ~~F~~financial ~~A~~advisor and, among other things, will rely on advice of the ~~financial~~ ~~Financial A~~advisor for recommendations on the issuance of municipal securities provided by investment banking firms. The Authority may amend or modify this notice from time to time.
- 4) Financial Professionals: All financial professionals performing services for the Authority's debt programs, such as its ~~F~~financial ~~a~~Advisor, ~~B~~bond ~~C~~counsel, ~~d~~Disclosure ~~e~~Counsel, investment advisor and ~~u~~Underwriters, must comply with the policies and procedures set forth herein.

SECTION III. CAPITAL IMPROVEMENTS AND FINANCIAL PLANNING

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

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

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

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

SECTION IV. DEBT TARGETS

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

The following are the target debt affordability indicators for the Authority established prior to the unprecedented impacts of the COVID-19 virus and related economic downturn on the worldwide aviation industry in general, as well as the Authority. While the Authority regularly reviews and re-evaluates certain targets from time to time, particularly as the long-term master plan requirements are defined, it is unclear at this time the impacts of the COVID-19 related downturn on long-term demand for air travel and future traffic levels at the Airport. ~~It is possible, under certain scenarios, that traffic activity may not fully recover to prior levels and that certain industry credit medians, including those related to liquidity, leverage and airline rates, may be materially impacted as a result.~~ As in FY 2020, For for FY 2020-2021 and FY 2021-2022, the main debt policy target for the Authority will be compliance with its rate covenants for its outstanding bonds. Given the unprecedented declines in passenger traffic ~~expected for the fourth quarter of in~~ FY 2020 2021 and which is expected to continue for in FY 2021-2022, ~~enplanement~~-based targets will be suspended as the Authority focuses to meet rate covenants, optimize its liquidity and maintain reasonable rates and charges.

1) Rate Covenants

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

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

“Bonds” are generally defined by the Master Indenture to mean any debt obligation of the Authority including bonds, notes, bond anticipation notes, commercial paper notes and other instruments creating an indebtedness of the Authority, and obligations incurred through lease or installment purchase agreements, other agreements, certificates of participation, and bank repayment obligations. The term “Bonds” does not include Subordinate Obligations (which is defined hereinafter).

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

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

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

2) Additional Bonds Test and Additional Subordinate Obligations Test

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

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

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

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

(C) The Subordinate Net Revenues for the last audited Fiscal Year or for any 12 consecutive months out of the most recent 18 consecutive months immediately

preceding the date of issuance of the proposed Series of Subordinate Obligations were at least equal to 110% of the sum of the Maximum Aggregate Annual Debt Service due and payable with respect to all Outstanding Subordinate Obligations and the proposed Subordinate Obligations to be issued for such applicable period; or

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

3) Annual Debt Service Coverage Target

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

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

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

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

The impacts of the COVID-19 virus and resulting economic repercussions will materially impact passenger traffic forecasts. It is, therefore, anticipated that during Fiscal Year ~~2020 and~~2021 ~~and 2022~~ the Authority will utilize available CARES Act, ~~CRRSA Act and ARP Act~~ grants to pay portions of Debt Service ~~and eligible operating expenses, as in Fiscal Year 2020.~~

4) Airline Costs Per Enplaned Passenger Target

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

~~The Authority will regularly review and monitor CPE and seek to maintain a competitive rate as the New T1 program is advanced and passenger traffic stabilizes. As the Authority advances the new T1 program potential revisions to the CPE targets are anticipated definition and scope of the planned Airport Development Program, the Authority anticipates potential revisions to these CPE targets.~~

~~The impacts of the COVID-19 virus and resulting economic repercussions may have materially impacted long-term FY2021 and will likely impact FY2022 passenger traffic forecasts/volumes. Long-term passenger traffic forecasts may also be materially impacted. If this occurs, the lower level of enplanements may require adjustments for future CPE levels compared to historical medians.~~

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

The Authority had established a debt (excluding special facility financing) per enplaned passenger goal of no more than \$150 ~~prior to the COVID-19 pandemic and prior to the potential implementation of the New T1. This target was suspended in FY 2020. As passenger traffic recovers and stabilizes, a new target for debt per enplaned passenger will be established. As the Authority advances the~~

~~definition and scope of the planned Airport Development Program, the debt (excluding special facility financing) per enplaned passenger (“EPAX”) target will be established that is compatible with the Airport Development Plan of Finance.~~

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

~~The Authority has had established a debt (excluding special facility financing) per enplaned passenger goal of no more than \$150 prior to the COVID-19 pandemic and prior to the potential implementation of the Airport Development Plan (ADP).~~

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

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

6) Liquidity Target

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

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

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

7) Credit Ratings Target

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

SECTION V. TYPES OF FINANCING – DESCRIPTION AND APPROACH

1) Bonds and Subordinate Obligations of the Authority

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

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

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

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

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

2) PFC-Supported Bonds and Subordinate Obligations

The Authority leverages PFCs to support investment in Airport infrastructure and facilities. In order to do this, the Authority may make an irrevocable pledge of PFCs to pay eligible debt service for purposes of compliance with the Additional Bonds Test. The Authority may also deposit additional PFC amounts each year to the debt service

fund to pay debt service on Bonds and Subordinate Obligations that financed PFC eligible projects.

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

3) Special Facility Financings

Special Facilities Obligations may be issued by the Authority to finance capital projects and must be secured by a defined revenue stream derived from or relating to discrete facilities such as cargo terminals or maintenance facilities. Such facilities may be leased to one or more tenants.

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

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

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

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

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

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

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

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

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

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

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

(D) The Airport will not enhance the creditworthiness of Special Facilities Obligations (for example, through the granting of a re-letting provision), unless the Authority determines it is in the best interests of the Airport, taking into account any value the Airport receives from the tenant in return;

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

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

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

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

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

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

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

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

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

4) Bond Anticipation Notes ("BANs") and Grant Anticipation Notes ("GANs")

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

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

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

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

5) Capital Appreciation Bonds and Zero Coupon Bonds

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

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

6) Commercial Paper

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

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

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

The interest rate used for such computation shall be that rate quoted in The Bond Buyer 25 Revenue Bond Index, or such successor or replacement index, for the last week of the month preceding the date of calculation as published by The Bond Buyer, or if that index is no longer published, another similar index selected by the Authority, or if the Authority fails to select a replacement index, that rate determined by a consultant to be a reasonable market rate for fixed rate Subordinate Obligations of a corresponding term issued under the Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Subordinate Obligations bear interest which is or is not excluded from gross income for federal income tax purposes.

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

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

7) Floating Rate Notes and Revolving Credit Facilities

Floating Rate Notes (FRNs), including Revolving Credit Facilities, are notes that have a variable coupon, equal to a money market reference rate, such as SIFMA (Securities Industry and Financial Markets Association) or LIBOR¹ (the London Interbank Offered Rate) or SOFR (Secured Overnight Financing Rate), when effective, or such other industry benchmarks, plus a spread. The spread is a rate that remains constant. At the beginning of each coupon period, the coupon is calculated by taking the fixing of the reference rate for that day and adding the spread. Because the coupon resets based on a short-term index, the issuer is exposed to rising interest rates unless it has swapped the debt to a fixed rate. However, unlike variable rate demand obligations or Commercial Paper, FRNs are not supported by a bank liquidity facility, and therefore do not pose short-range liquidity/refinancing risk to the issuer.

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

8) Equipment Leases

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

9) Installment Payment Agreement

¹ [LIBOR \(1 month US and 3 month US\) will cease to be published after June 30, 2023. Federal regulators have stated that no new financial contracts should utilize LIBOR after December 31, 2021 and any contracts prior to that date should include transition language.](#)

The Authority may also finance certain facilities, including equipment, under an agreement with a third-party whereby the third-party funds the investment in the facility and the Authority agrees to pay the third party as rental/payment for the use and occupancy of the facility specific installment payments. The installment payments would be made from the Authority's available funds after payment of all Operation and Maintenance Expenses, all funds necessary to pay debt service on and to fund the reserves for the Authority's Outstanding Senior and Subordinate Debt Obligations and amounts necessary to fund the Authority's Operation and Maintenance Reserve Subaccount and Renewal and Replacement Subaccount in accordance with the Master Trust Indenture.

10) Direct Loans

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

SECTION VI. FEATURES OF LONG-TERM DEBT

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

1) Selection of Final Maturity and Amortization of Principal

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

2) Use of Capitalized Interest

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

3) Tax Status

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

4) Sizing of Debt Service Reserve Funds

Except in limited circumstances, the Master Indenture and the Master Subordinate Indenture require either the funding of a common Debt Service Reserve Fund in an amount sufficient to satisfy the reserve requirement for all existing and proposed Bonds or Subordinate Obligations under the respective master indenture-participating in such master reserve fund, or the funding of a Debt Service Reserve Fund in an amount

sufficient to satisfy the reserve requirement for only the proposed issue. With each issuance of Bonds or Subordinate Obligations, the Vice President/CFO will compare the costs of funding required increases to the reserve requirement from bond proceeds with the costs of satisfying the reserve requirement through the use of a reserve fund surety. The potential effect on credit ratings will also be considered when comparing reserve requirement funding alternatives.

5) Selection of Redemption Provisions

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

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

6) Use of Discount Bonds

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

7) Use of Premium Bonds

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

8) Minimum Criteria for Debt Financing Equipment Items

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

SECTION VII. REFUNDING OPPORTUNITIES

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

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

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

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

The following considerations apply when the Authority considers refunding opportunities:

1) Monitor Potential Savings:

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

2) Target Savings Amounts:

A present value analysis must be prepared to identify the economic effect of any proposed refunding. To proceed with a refinancing for economic savings, the Authority will evaluate the net present value savings as a percentage of the refunded par amount relative to the time to the first call date of the bonds and the maturity date of the bonds, using the following minimum guidelines:

<i>Years from the date of first call to Maturity Date of the Bonds</i>	Years to the first Call Date		
	After the First Call Date to Up to 90 Days Before	90 Days to 3 Years Before the First Call Date	More than 3 Years Before the First Call Date
0-5 Years	0.5%	1.0%	2.0%
6-10 Years	1.0%	2.5%	4.0%
11-20 Years	3.0%	4.0%	5.0%

For advance refunding or current refunding utilizing forward delivery bonds, the Authority will also evaluate the efficiency of the refunding opportunity as well as the breakeven analyses of the opportunity relative to a hypothetical current refunding.

3) Other Considerations:

Some refundings may be executed for other than economic purposes, such as to restructure debt, to change the type of debt instrument, or to retire a bond issue and indenture for more desirable covenants. In addition, if the benefits outweigh the costs

and the refunding opportunity would otherwise be lost, the Authority may proceed with a refunding that has economic benefit but does not meet the criteria stated above in the “Target Savings Amount” paragraph above.

4) Non-Traditional Refundings:

Refundings executed with non-traditional structures such as swaps, require a full analysis of the benefits and risks, and may require higher economic benefits.

SECTION VIII. ISSUANCE OF VARIABLE RATE DEBT

Variable Rate Debt typically is issued for a term of up to 30 years, although the interest rate on this debt instrument is reset daily, weekly, monthly or less commonly, periodically.

The Authority recognizes that variable rate securities are a useful debt management tool that traditionally has had lower interest rate costs than fixed rate debt. The Authority’s current goal is to maintain a debt program which may include both fixed and variable rate debt, as well as Commercial Paper, FRNs and Revolving Credit Facilities.

1) Purposes of Variable Rate Debt

The Vice President/CFO may recommend that variable rate securities be issued for the following purposes:

(A) Interim Financing Tool

The Authority may consider issuing Variable Rate Debt in connection with its major debt-financed capital projects, especially when interest rates associated with a fixed rate, long term borrowing far exceed the interest rates that can be earned on the construction and capitalized interest funds (resulting in a significant amount of negative arbitrage). Because Variable Rate Debt can be retired or redeemed without penalty, these instruments may better suit circumstances where a refunding or restructuring of a potential debt issue is likely for any reason, (for example, if a change in use of the facility to be funded may reasonably be anticipated, or if grant or another source of funds may be obtained to substitute for bond funding).

Certain variable rate products most notably, Commercial Paper and Revolving Credit Facilities can be issued incrementally as funds are needed to finance current construction, and can reduce the long-term cost of construction financing.

(B) Statement of Net Position Management Tool

The maintenance of Variable Rate Indebtedness, Commercial Paper, FRNs and Revolving Credit Facilities liabilities at a level that takes into consideration the amount of short-term assets maintained by the Authority prudently reduces the Authority’s risk of exposure to changes in interest rates. Since the Authority invests its free cash balances in short term instruments, it is exposed to interest rate fluctuations at the short end of the yield curve. Conversely, a large portion of its liabilities are in the form of

long term, fixed-rated debt. When interest rates fall, the Authority's assets earn less, while its liabilities are fixed. Offsetting this exposure by better matching the variability of earnings on its assets with variable, rather than fixed, rate liabilities serve as a hedge against interest rate risk and reduces the overall cost of funds.

(C) **Diversify Investor Base to Lower Costs**

Typically, variable rate debt is sold to a different segment of investors than long-term fixed rate bonds. By tapping short-term investors, an issuer broadens and diversifies its investor base. By becoming a familiar and respected credit among short-term investors, the Authority will be in a better position to gain access to these buyers at those times when it is less advantageous to borrow in the fixed-rate market.

(D) **Management of Negative Arbitrage**

Issuing debt in a variable rate mode reduces or at times may even eliminate negative arbitrage in Construction, Capitalized Interest and Debt Service Reserve Funds. (See "A" above)

2) **Criteria for Use of Variable Rate Debt**

The Authority's net variable rate debt composition (defined as variable rate debt less unrestricted cash reserves) excluding interim financings (defined as financings the Authority intends to take out with permanent long term financings) will not exceed the greater of 15% of total debt or \$100 million.

Statement of Net Position Risk Mitigation - In determining the appropriate amount of variable rate debt to be issued for risk mitigation purposes, the following factors should be taken into account, and analyzed on the basis of the funds that will be repaying the debt:

- (i) The historic average of cash balances analyzed over the course of several prior fiscal years.
- (ii) Projected cash balances based on known demands on the given fund.
- (iii) Any basis risk, such as differences in the performance or average life of the Authority's investment vehicle (e.g., swaps, as discussed in Section IX) and the variable rate debt instrument.

3) **Diversification of Remarketing Agents and Counterparties**

In selecting remarketing agents for variable rate debt, the Authority will seek to choose a diversity of remarketing agents to better foster competition. For similar reasons, the Authority will seek to diversify its counterparties when selecting institutions to provide liquidity or credit enhancement for Airport variable rate debt.

4) **Budgeting**

The Vice President/CFO will determine the appropriate method for budgeting the interest cost of variable rate debt by considering historic interest rates, projected interest rates and the effect of risk mitigation products such as interest rate swaps or caps.

5) Monitoring and Reporting

The Vice President/CFO will monitor the performance of actual interest rates on variable rate debt and periodically report the results. Reports will be prepared in accordance with Generally Accepted Accounting Principles (GAAP) and with rules promulgated by the General Accounting Standards Board (GASB). With the assistance of its Financial Addvisor, the Vice President/CFO will regularly review the performance of the individual remarketing agents in relation to other remarketing agents, similar programs and market indices.

SECTION IX. DERIVATIVES

The Authority has adopted and will maintain a separate policy for derivatives (Policy 4.21 “Policy Regarding the Use and Management of Derivative Products”).

SECTION X – METHOD FOR SALE OF DEBT

There are two methods of issuing debt obligations: a Competitive Sale and a Negotiated Sale. In a Competitive Sale, Underwriters submit sealed bids, and the Underwriter or Underwriting Syndicate with the lowest True Interest Cost (TIC) is awarded the sale. In a Negotiated Sale, the Underwriter or Underwriting Syndicate is selected through a Request for Proposal (RFP) process. The interest rate and Underwriter’s fee are negotiated prior to the sale, based on market conditions.

It is usually not feasible to issue bonds through a Competitive Sale for certain types of financings, such as Variable Rate Debt, Commercial Paper and specialized financings like Special Facility Revenue Bonds. Further, there are factors (e.g., flexibility as to timing and the mix of the underwriting syndicate) that support the use of a Negotiated Sale. Still, a competitive process should be used to choose the appropriate Underwriter and financing team to ensure the most qualified firms are used for a specific financing. The current policy of the Authority establishes a preference for Negotiated Sales of its Bonds.

Role of Underwriters in Negotiated Sale

The Authority expects its ~~underwriters~~ Underwriters to: 1) participate in a valuable and significant way with respect to the structuring and pricing of each debt issue and sales performance; 2) cooperate fully with other financing team members in a way that provides the maximum benefit to the Authority; and 3) attend meetings, when requested, related to the issuance of debt.

The book running senior manager, in conjunction with the Financial Addvisor, is responsible for developing a time and responsibility schedule that will allow for the timely and successful completion of the financing. The book running senior manager is responsible for communicating the Authority’s plan of finance and timing to the other managing Underwriters in the syndicate.

Underwriter Selection in Negotiated Sale

The Authority may select Underwriters for an individual financing or to serve as part of a pre-qualified pool of Underwriters available for appointment for anticipated financings. In either case, the Authority would conduct a competitive selection process, which should include:

- Developing an RFP that meets the financial and policy goals of the Authority.
- Meeting the Authority procurement requirements.
- Circulating the RFP to a wide range of Underwriters (e.g. national and regional firms, DBE and majority firms, [firms that provide credit to the Authority](#), and firms that specialize in certain types of debt).
- Diligently evaluating the Underwriters' proposals received in response to the RFP.
- Conducting follow-up interviews with any or all of the proposing firms (optional).
- Selecting candidates to be recommended for appointment to an individual financing or to an Underwriter pool.

Should the Board appoint ~~underwriters~~ Underwriters to a pre-qualified pool after an RFP process, the Vice President/CFO may recommend such firms for appointment to specific financings, without a subsequent RFP process.

SECTION XI. INVESTMENT OF BOND PROCEEDS

The Authority shall invest proceeds generated through the issuance of debt in compliance with the terms of eligible investments under the relevant bond indenture and related bond documents; its Investment Policy; and applicable state laws.

SECTION XII. COMPLIANCE WITH FEDERAL TAX LAW AND MARKET DISCLOSURE OBLIGATIONS

1) Compliance with Federal Tax Law

The Vice President/CFO shall establish a system of record keeping and reporting to meet the arbitrage rebate compliance requirements of the ~~Federal~~ federal tax code and ensure compliance with other ~~Federal~~ federal tax regulations and post-issue compliance as required by Bond Counsel at the time of issuance of the debt. This effort shall include tracking expenditures of bond proceeds to ensure such expenditures comply with federal tax law requirements, tracking investment earnings on proceeds, retention of a rebate consultant to prepare and calculate rebate payments in compliance with tax law and remitting any earnings subject to rebate to the ~~Federal~~ federal government in a timely manner in order to preserve the tax-exempt status of the Authority's outstanding debt issues that have been issued on a tax-exempt basis.

The Authority will comply with all covenants contained in tax certificates.

Trustee banks have been appointed for the Authority's outstanding debt. The trustees shall perform all functions and duties required under the terms and conditions set forth

in the respective bond indentures and trust agreements, including maintaining records of fund balances and investments.

2) Initial Disclosure

The Authority acknowledges its responsibilities under the securities laws to avoid material misstatements and omissions in offering documents used in the marketing of Authority debt. The Vice President/CFO shall manage and coordinate the disclosure documentation preparation process and shall establish a system of procedures to ensure the preparation of appropriate disclosure documentation when required, with assistance from the Authority's General Counsel and the Authority's Bond and/or Disclosure Counsel. When necessary, the Vice President/CFO shall provide training covering new developments and disclosure responsibilities to staff members.

3) Continuing Disclosure

To assist Underwriters to comply with Securities and Exchange Commission ("SEC") Rule 15c2-12, the Authority has entered into and expects in the future to enter into additional Continuing Disclosure Undertakings. The Authority is required to provide 1) Annual Reports, containing the Authority's audited financial statements as well as updates of operating and financial data included in the Authority's offering documents, and 2) notices of certain enumerated events.

i) Notice of the occurrence of any of the following events shall be given, or caused to be given by the Authority, with respect to any bonds, not later than ten business days after the occurrence of the event:

- (A) Principal and interest payment delinquencies;
- (B) Unscheduled draws on the Debt Service Reserve Funds reflecting financial difficulties;
- (C) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (D) Substitution of credit or liquidity providers, or their failure to perform;
- (E) Adverse tax opinions with respect to the tax status of any bonds or the issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB) with respect to any bonds;
- (F) Tender offers;
- (G) Defeasances;
- (H) Rating changes;

(I) Bankruptcy, insolvency, receivership or similar event of the obligated person;

(J) Default, event of acceleration, termination event, modification or terms, or other similar events under the terms of a Financial Obligation of the Authority, any of which reflect financial difficulties.

Note: for the purposes of the event identified in subparagraph (I), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(K) Any applicable revision to rule 15c2-12 adopted by the SEC

(ii) Notice of the occurrence of any of the following events with respect to any bonds, if material, shall be given, or caused to be given by the Authority, not later than ten business days after the occurrence of the event:

(A) Unless described in paragraph 3(i)(E), adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of any bonds or other material events affecting the tax status of any bonds;

(B) Modifications to rights of the owners of any bonds;

(C) Optional, unscheduled or contingent bond calls;

(D) Release, substitution or sale of property securing repayment of any bonds;

(E) Non-payment related defaults;

(F) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; and

(G) Appointment of a successor or additional trustee or the change of name of a trustee; or

(H) Incurrence of a Financial Obligation of the Authority, or agreement to covenants, events of default, remedies, priority rights, of other similar terms of a Financial Obligation of the Authority, any of which affect security holders;

(I) Any applicable revision to rule 15c2-12 adopted by the SEC.

SECTION XIII. RATINGS AGENCIES AND INVESTOR RELATIONS

The Vice President/CFO shall be responsible for implementing and managing the Authority's Credit Rating agency relationship. The Authority recognizes the importance of immediate and timely Disclosure of relevant financial and program information concerning its debt programs to the rating agencies and pursuant to its continuing disclosure undertakings. This effort shall include periodic meetings with the rating agencies and shall provide the rating agencies with the Authority's annual budget projections, financial statements and other relevant information.

The Vice President/CFO shall be responsible for implementing and managing the Authority's investor relations program, including the maintenance and periodic updating of the financial information provided on the Authority's web site. The Authority shall attempt to promptly respond to any reasonable inquiry from an institutional or retail investor concerning information generally available to the investing public and in certain circumstances involving significant events affecting the Authority, make voluntary Secondary Market Disclosure pursuant to an EMMA (Electronic Municipal Market Access) filing.

SECTION XIV. AMENDMENTS TO DEBT ISSUANCE AND MANAGEMENT POLICY

The Policy codifies and explains the guidelines and the policies that govern existing and anticipated debt obligations of the Authority. In addition, the Policy sets forth certain financial management practices in capital budgeting that will enhance the Authority's ability to manage its projected debt issuance. The Policy will require changes and modifications over time. The Vice President/CFO shall be responsible for ensuring the policy is current and will review the Policy annually, at a minimum. In the event that changes to the Policy are necessary, the Vice President/CFO shall propose such changes to the President/CEO. Upon President/CEO approval, the proposed amended Policy will be submitted to the Board requesting approval.

GLOSSARY (PROVIDED FOR INFORMATIONAL PURPOSES ONLY)

Additional Bonds Test: The earnings test which must be satisfied under the provisions of a revenue bond contract before bonds of an additional issue having the same lien on a pledged revenue source can be issued. Typically, the test required that historical or future estimated pledged revenues exceed total debt service (existing and proposed) by a certain ratio. The test provides protection to investors that the bond issuer will not issue additional parity bonds without providing ample security to the investors in the previous financing(s).

Advance Refunding: A refunding that occurs more than 90 days in advance of the first optional redemption date. Under current Internal Revenue Code ~~Provisions~~Provisions, no tax exempt bonds may be advance refunded on a tax-exempt basis.

Airline Costs per Enplaned Passenger (“CPE”): A comparative statistic used to demonstrate the affordability of airline operations at an airport. CPE is often used in the process of determining the credit quality of an issue. It is typically calculated as total passenger airline revenue divided by the number of enplaned passengers in any fiscal year.

Airport Revenue Bonds: Airport Revenue Bonds (also known as General Airport Revenue Bonds, or “GARBs”) are bonds issued pursuant to the terms of a trust indenture or ordinance which are secured either by a pledge of gross or net airport revenues.

Alternative Minimum Tax: Interest on tax-exempt private activity bonds (held by individuals, issued after January 1, 2018 is generally subject to the Alternative Minimum Tax (“AMT”) as a specific item of tax preference: provided however certain new money private activity bonds previously issued during the AMT “waiver” period authorized by the American Recovery and Reinvestment Act of 2009 can be current refunded and exempt from AMT.

Amortization: The process of paying the principal amount of an issue of securities by periodic payments either directly to holders of the securities or to a sinking fund for the benefit of security holders.

Arbitrage: With respect to the issuance of municipal securities, arbitrage usually refers to the difference between the interest paid on tax-exempt bonds and the interest earned by investing the proceeds of the bonds in higher-yielding taxable securities. Federal income tax laws generally restrict the ability to earn arbitrage in connection with tax-exempt bonds.

Arbitrage Rebate: A payment made by an issuer to the federal government in connection with an issue of tax-exempt bonds. The payment represents the amount, if any, of arbitrage earnings on bond proceeds and certain other related funds, except for earnings that are not required to be rebated under limited exemptions provided under the Internal Revenue Code. An issuer generally is required to calculate, once every five years during the life of its bonds, whether or not an arbitrage rebate payment must be made.

ARP Act: In March 2021, the President of the United States of America signed the American Rescue Plan Act of 2021, a \$1.9 trillion economic stimulus package designed to help the United States’ economy recover from the adverse impacts of the COVID-10 pandemic. In addition to other economic relief, the ARP Act includes financial relief for certain eligible air carriers and airports.

Balloon Maturity: A bond structure wherein the principal amount becomes due and payable on one date, generally at the end of the bond term.

Basis Point: Yields on bonds are usually quoted in increments of basis points. One basis point is equal to 1/100 of one (1%) percent. For example, the difference between 6.00% and 6.50% is 50 basis points.

Bond Counsel: A law firm retained by the bond issuer to give a legal opinion that the bond issuer is authorized to issue proposed securities, the bond issuer has met all legal requirements necessary for issuance, and interest on the proposed securities will be exempt from federal income taxation and, where applicable, from state and local taxation. Usually, bond counsel will prepare authorizing resolutions and ordinances, trust indentures and other bond documents with the exception of the Official Statement.

Bondholder: The owner of a municipal bond whose name is noted on the bond register.

Bond Insurance: Insurance which provides an additional guarantee of the timely payment of principal and interest of either an entire bond issue or specified maturities. In exchange for payment of the bond insurance premium, a higher credit rating (the rating of the insurer) is assigned to the insured bonds and a lower cost of funds may be attained.

Bond Purchase Agreement: The contract between the Syndicate and the bond issuer setting forth the final terms, prices and conditions upon which the Syndicate will purchase a new issue.

Book Running Senior Manager: The managing underwriter that controls the book of orders for the transaction and is primarily responsible for the successful execution of the transaction.

Broker-Dealer: A securities firm engaged in both buying and selling securities on behalf of customers and also buying and selling securities on behalf of its own account.

Build America Bonds (“BABs”): Taxable municipal bonds that carry special tax credits and federal subsidies for either the bond issuer or the bondholder. The most widely used version was authorized under the American Recovery and Reinvestment Act (“ARRA”) that allowed BABs to be issued in 2009 and 2010 with a 35% of interest subsidy (subsequently reduced under the federal sequestration program) to the issuer received as direct payments from the federal government. The proceeds of BABs authorized under ARRA could only be used to fund non-private activity, governmental purposes.

Bullet Maturity: See Balloon Maturity.

Callable Bond: A bond where the bond issuer is permitted to redeem it before the stated maturity date at a specified price by giving notice of redemption in the manner specified in the bond document.

Capital Appreciation Bond: A municipal security on which the investment return on an initial principal amount is reinvested at a stated compounded rate until maturity, at which time the investor receives a single payment (the “maturity value”) representing both the initial principal amount and the total investment return. It differs from a Zero Coupon Bond in that only the initial

principal amount is counted against an issuer's statutory debt limit, rather than the total par value at maturity.

Capitalized Interest: A portion of the proceeds of an issue which is set-aside to pay interest on the bonds for a specified period of time. Interest is commonly capitalized during the construction period of a revenue-producing project.

CARES Act: [The federal Coronavirus Aid, Relief, and Economic Security Act, which became law on March 27, 2020, is one of the actions taken to address the crisis created by the COVID-19 pandemic. The CARES Act provided grant funding to assist airports.](#)

Commercial Paper: Short-term (1 to 270 days) promissory notes usually issued to provide for interim financing of projects through the construction period and backed by a letter or line of credit from a commercial bank. Following the completion of the projects, principal and interest due on commercial paper is often redeemed through the issuance of long-term refunding bonds.

Competitive Sale: The sale of a new issue of bonds by an issuer through a bidding process where underwriters are awarded the bonds on the basis of offering the lowest cost of funds for the issuer usually as measured on a true interest cost (TIC) basis. The bid parameters for the public sale are established in the notice of sale or notice inviting bids.

CRRSA Act: [The Coronavirus Response and Relief Supplemental Appropriation Act, signed into law on December 27, 2020, includes nearly \\$2 billion in funds to be awarded as economic relief to eligible U.S. airports and eligible concessions at those airports to prevent, prepare for, and respond to the COVID-19 pandemic.](#)

Credit Enhancement: The use of the credit of an entity other than the issuer to provide additional security in a bond or note financing. This term typically is used in the context of bond insurance, letters of credit and other similar facilities.

Credit Ratings: Evaluations of the credit quality of bonds made by independent ratings services such as Moody's Investors Service, Standard & Poor's Ratings Group, Fitch and Kroll. Credit ratings are intended to measure the probability of timely repayment of principal and interest on municipal securities. Credit ratings are assigned before issuance of the bonds and are periodically reviewed or may be amended to reflect changes in the issuer's credit position. Bonds with investment grade ratings are assigned credit ratings between Baa3/BBB- and Aaa/AAA.

Current Refunding: A current refunding involves refunding bonds within 90 days of the bonds first optional redemption. Federal tax law does not limit the number of current refundings of any tax-exempt bond.

Customer Facility Charge (CFC): A fee imposed by a car rental company upon a car rental customer arriving at the airport and renting a vehicle from an on-airport or off-airport car rental company serving the airport. The CFC is collected by the car rental company generally for use by the airport in funding rental car facility-related projects or debt associated with such projects.

Debt Ratios: Comparative statistics showing the relationship between a bond issuer's outstanding debt and factors affecting repayment. Such ratios are often used in the process of determining the credit quality of an issue. Examples of debt ratios applied to airport bonds include:

debt/revenues/costs per enplaned passenger, debt service coverage ratio, utilization per gate, operating ratio and net takedown.

Debt Service: The amount due for repayment of interest and principal on outstanding debt, including required contributions to a sinking fund for term bonds. Debt service may be computed on a bond year, fiscal year or calendar year basis.

Debt Service Coverage: The ratio of Net Revenues annually available to pay debt service on bonds to the annual debt service requirement. This ratio is one indicator of the credit quality of a bond issue. For example, a coverage ratio of "1.50x" means that for every \$1.00 of annual debt service, the bond issuer has \$1.50 of annual net revenues.

Debt Service Reserve Fund: The fund in which moneys are placed which may be used to pay debt service if Net Revenues are insufficient to satisfy the debt service requirements. The size of this fund is generally established by the reserve requirement, which is generally equal to the lesser of: (i) 10% of new issue par, (ii) maximum annual debt service (debt service is amount due on existing and proposed debt for a common debt service reserve fund), and (iii) 125% of average annual debt service (debt service is amount due on existing and proposed debt for a common debt service reserve fund).

Debt Service Reserve Fund Surety Policy: A debt service reserve fund insurance policy provided by a highly-rated municipal bond insurer or a letter of credit provided by a highly-rated commercial bank which guarantees the funding of the reserve requirement.

Defeasance: Bonds for which the payment of debt service has been assured through the structuring of a portfolio of government securities, the principal and interest on which will be sufficient to pay debt service on the outstanding bonds. The rights and interest of the bondholders and of their lien on pledged revenues is terminated in accordance with the bond documents through a defeasance. Defeasance usually occurs through the issuance of refunding bonds.

Disclosure: From the perspective of the bond issuer, it is taken to mean the dissemination of accurate and complete information material to an existing or proposed bond issuance which an investor is likely to consider important in making an investment decision. The material facts pertinent to a new bond offering are disclosed in the Official Statement.

Disclosure Counsel: A law firm retained by the bond issuer to prepare the Official Statement and provide a 10b-5 opinion.

Discount Bond: A bond sold for less than its face value as a result of the yield exceeding the coupon rate.

Financial Advisor: A consultant who advises the bond issuer on matters such as bond structure, timing, marketing, pricing, documentation and credit ratings. The consultant may also provide non-bond related advice relating to capital planning and investment management.

Financial Obligation: shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities (as defined in the securities Act, as amended) as to which final official statement (as define in the rule) has been provided to the MSRB consistent with the Rule.

Fixed Rate Debt: Securities with an interest rate that is established for the life of the securities.

Forward Refunding: A Forward Refunding is an agreement, usually between an issuer and the underwriter, whereby the issuer agrees to issue bonds on a specified future date and an underwriter agrees to purchase such bonds on such date. The proceeds of such bonds, when issued, are generally used to refund the issuer's outstanding bonds.

Group Net Order: An order for bonds submitted by a Syndicate member in which the takedown is distributed to Syndicate members according to their respective liability shares in the issue.

Institutional Order: An order for bonds placed by a bank, pension fund, mutual fund, trust or insurance company, investment bank, hedge fund or similar financial institution.

Interest Rate Risk: The risk associated with changes in general interest rate levels or Yield Curves (see Yield Curves below).

Letter of Credit: A commitment usually made by a commercial bank to honor demands for timely payment of debt service upon compliance with pre-established conditions and/or the occurrence of certain events specified in the agreement between the bank and the issuer of the debt. Letters of credit are often issued as additional sources of security for issues of notes, commercial paper or bonds, with the bank issuing the letter of credit committing to pay debt service on the bonds. Debt issued with a letter of credit may be assigned the credit rating (short- and/or long-term) of the letter of credit provider. Letters of credit may also provide liquidity support for such debt issues.

Master Indenture: The Trust Indenture that governs all the senior lien bond obligations of the issuer.

Master Subordinate Indenture: The Trust Indenture that governs all the subordinate lien bond obligations of the issuer.

Member Order: An order submitted by a syndicate member at the takedown price.

Negotiated Sale: The sale of a new issue of bonds by an issuer through an agreement with an underwriter or underwriting Syndicate selected by the issuer. Bonds are generally sold on a negotiated basis when market conditions, issue structure or issue credit quality indicate that a competitive sale would result in higher borrowing costs for the issuer.

Net Designated Order: An order submitted by a syndicate member on behalf of a buyer on which all or a portion of the takedown is to be credited to certain members of the syndicate. The buyer directs the percentage of the total designation each member will receive in accordance with the terms of the underwriting syndicate.

New T1: [The New Terminal 1 will help the Airport Authority meet the region's passenger demand through the year 2035 by developing a 30-gate replacement facility for Terminal 1 \(11 gate net increase\) at the San Diego International Airport. The new facility will be accompanied with reconfigured and new taxiways, a close-in parking structure, and associated access and circulation](#)

roadway improvements. Collectively, these projects will enhance the passenger experience, improve airport operating efficiency, and lower carbon emissions.

Official Statement: A document published by the bond issuer, and often prepared by Disclosure Counsel, which discloses material information on a new bond issue including the purpose of the issue, source of repayment, bond covenants as well as financial, economic, demographic and legal characteristics of the bond issuer. The Official Statement is used by investors to determine the credit quality of the bond issue. An Official Statement is deemed preliminary prior to the determination of the interest rates on the bond issue.

Other Debt Service: Any debt obligation of Authority other than Bonds and Special Facility Financing, including commercial paper, other indebtedness of Authority, and all other related requirements.

Parity Bonds: Two or more subsequent issues of bonds which have the same priority of claim or lien against pledged revenues.

Passenger Facility Charge (PFC): A fee, in amounts up to \$4.50, assessed to enplaned passengers at commercial airports controlled by public agencies. Airports use these fees to fund FAA-approved projects that enhance safety, security, or capacity; reduce noise; or increase air carrier competition. Federal law limits use of PFC funds strictly to the above categories.

Premium Bond: A bond sold for greater than its face value as a result of the coupon rate exceeding the yield.

Redemption Provisions: Terms set out in the bond documents which give the bond issuer the right or requirement to redeem or “call” all or a portion of an outstanding issue of bonds prior to their stated dates of maturity at a specified price.

Remarketing Agent: A broker-dealer responsible for reselling to new investors securities (such as variable rate demand obligations and other tender option bonds) that have been tendered for purchase by their owner. The remarketing agent also typically is responsible for resetting the interest rate for a variable rate issue and also may act as tender agent.

Retail Order: An order for bonds placed by an individual or, as determined by the bond issuer, a retail order may also include an order placed by a bank trust department or an investment advisor for an individual.

Revolving Credit Facility: An agreement between a financial institution and the Authority that provides the Authority with the flexibility to drawdown, repay and redraw loans. Loans advanced under the revolving Credit Facility have a variable interest rate.

Secondary Market Disclosure: Disclosure of information relating to outstanding municipal securities made following the end of the underwriting period by or on behalf of the issuer of the securities.

Securities and Exchange Commission (SEC): The ~~Federal~~ federal agency responsible for supervising and regulating the securities industry. In general, municipal securities are exempt from the SEC’s registration and reporting requirements. Brokers and dealers in municipal securities, however, are subject to SEC regulation and oversight. The SEC also has responsibility for the approval of Municipal Securities Rulemaking Board (MSRB) rules, and has jurisdiction, pursuant to SEC Rule 10b-5, over fraud in the sale of municipal securities.

SEC Rule 15(c)2-12: A regulation of the SEC which requires underwriters participating in primary offerings of municipal securities of \$1,000,000 or more (i) to obtain, review, and distribute to

investors copies of the issuer's disclosure documents; (ii) to obtain and review a copy of an Official Statement deemed final by an issuer of the securities, except for the omission of specified information; (iii) to make available upon request, in non-competitively bid offerings, the most recent preliminary official statement, if any; (iv) to contract with an issuer of the securities, or its agent, to receive, within specified time periods, sufficient copies of the issuer's final official statement, both to comply with this rule and any rules of the Municipal Securities Rulemaking Board; and (v) to provide, for a specified period of time, copies of final Official Statements to any potential customer upon request. The rule contains exemptions for underwriters participating in certain offerings of municipal securities issued in large denominations that are sold to no more than 35 sophisticated investors, have short-term maturities, or have short-term tender or put features. The release also modifies, in limited respects, a previously published interpretation of the legal obligations of municipal securities underwriters.

Senior Lien Bonds: Bonds which have a prior claim against pledged revenues.

Serial Bonds: Bonds of an issue in which principal is amortized in successive years without interruption.

Subordinate Lien Bonds: Bonds which have a subordinate, or junior, claim against pledged revenues.

Special Facility Obligations: The issuance of bonds by a governmental entity to finance a project with repayment secured by a defined revenue stream derived from or relating to the use of the completed project.

Syndicate: A group of underwriters formed to purchase and re-offer a bond issuer's bonds for sale to the public. The syndicate is organized for the purposes of sharing the risks of underwriting the issue, obtaining sufficient capital to purchase a bond issue and for broader distribution of the issue to the general public. Each syndicate member has a share in the liability of the issue.

Takedown: The total discount at which members of syndicates buy bonds from an issuer.

Tax Events Risk: Risk to the issuer of variable rate bonds created by either a change in the taxable equivalent yield of comparable investments or loss of tax-exempt status. For an issuer of variable rate bonds, a reduction in federal income tax rates would increase interest costs. Re-classification of outstanding variable rate bonds as taxable would also increase interest costs.

Term Bonds: Bonds comprising a large part of the issue which come due in a single maturity. The bond issuer usually makes periodic payments into a sinking fund for mandatory redemption of term bonds before maturity or for payment at maturity.

True Interest Cost: The rate, compounded semi-annually, necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received on the closing date of the bond issue.

Trust Indenture: A contract between a bond issuer and a trustee, for the benefit of bondholders. The trustee administers the funds specified in the indenture and implements the remedies provided in case of default.

Underwriter: A dealer which purchases a new issue of bonds for resale either by negotiation with the issuer or by award on the basis of a competitive bid.

Underwriter's Counsel: A law firm retained by the Underwriter to represent their interests in connection with the negotiated purchase of a new issue of bonds. The firm's duties may include review of all bond documents, preparation of the agreement among Underwriters and negotiation of the bond purchase contract between the Underwriter and the bond issuer.

Underwriter's Gross Spread: In a negotiated sale, the difference between the price the Underwriter pays the bond issuer and the original reoffering price to the public; includes the management fee, expenses, and sales commissions (takedown and concession).

Variable Rate Debt: Securities with an interest rate that changes at intervals according to an index or formula, or is periodically (daily, weekly or monthly) reset at the market clearing rate. Variable rate debt is also known as "floating rate debt".

Yield Curve: Refers to the graphical or tabular representation of interest rates across different maturities. The presentation often starts with the shortest-term rates and extends towards longer maturities. It reflects the market's views about implied inflation/deflation, liquidity, economic and financial activity, and other market forces.

Zero Coupon Bond: An original issue discount bond on which no periodic interest payments are made but which is issued at a deep discount from par, accreting (at the rate represented by the offering yield at issuance) to its full value at maturity.

[Amended by Resolution No. 2021-[] dated _____, 2021.]

- [Amended by Resolution No. 2020-0067 dated June 4, 2020.]
- [Amended by Resolution No. 2019-0056 dated May 30, 2019.]
- [Amended by Resolution No. 2019-0034 dated April 4, 2019.]
- [Amended by Resolution No. 2018-0133 dated December 6, 2018.]
- [Amended by Resolution No. 2017-0050 dated June 1, 2017.]
- [Amended by Resolution No. 2015-0042 dated May 21, 2015.]
- [Amended by Resolution No. 2014-0050 dated June 5, 2014.]
- [Amended by Resolution No. 2013-0048 dated June 6, 2013.]
- [Amended by Resolution No. 2012-0060 dated June 7, 2012.]
- [Amended by Resolution No. 2011-0078 dated July 7, 2011.]
- [Adopted by Resolution. No. 2010-0046 dated May 6, 2010.]

San Diego County Regional Airport Authority

ANNUAL REVIEW AND APPROVAL OF AMENDMENTS TO
AUTHORITY POLICY 4.40

Presented by John Dillon, Director, Finance and Risk Management

June 3, 2021



Debt Policy - Overview

- Governs existing and anticipated debt obligations
- Sets forth certain financial management practices in capital budgeting that supports the Authority's ability to manage its projected debt issuance
- Policy is updated from time to time to reflect changes in the law and the market



Debt Policy - Objectives

- Protect the Authority's assets and funds
- Manage and monitor existing debt to:
 - Optimize financial structure
 - Control costs
 - Ensure compliance with bond financing covenants
- Oversee the issuance of new debt in order to maintain access to capital markets
- Obtain and maintain the highest possible credit ratings on debt

Debt Policy - Objectives

- Explore and implement prudent debt structuring
- Provide the required secondary market disclosure to the rating agencies and investors
- Comply with all federal and state laws and regulations as well as bond indenture and federal tax and securities law compliance

Debt Policy Amendments: COVID-19 impacts

Section (IV) Debt Affordability Targets.

- Current debt affordability targets were established prior to the unprecedented effects of the COVID-19 virus
- Certain industry credit medians may be materially impacted by pandemic
- For FY 2021 and FY 2022, the main debt policy targets for the Authority will be compliance with its rate covenants and optimizing liquidity
- Debt per Enplanement target is suspended in FY 2022
- The Authority will regularly review and update the targets as it evaluates the potential implementation of The New T1 and traffic recovers from the pandemic
- Federal Relief Grants utilized to pay debt service and eligible operating expenses

Debt Policy Amendments

Section (IV) Debt Targets

Simplified debt target language for FY 2022

“ ... it is unclear at this time the impacts of the COVID-19 related downturn on long-term demand for air travel and future traffic levels at the Airport. ~~It is possible, under certain scenarios, that traffic activity may not fully recover to prior levels and that certain industry credit medians, including those related to liquidity, leverage and airline rates, may be materially impacted as a result.~~ As in FY 2020, ~~for FY 2020 2021 and FY 2021 2022~~, the main debt policy target for the Authority will be compliance with its rate covenants for its outstanding bonds”

Debt Policy Amendments

Section (IV) Debt Targets

Added language to confirm enplanement-based targets are suspended for FY 2022

" Given the unprecedented declines in passenger traffic ~~expected for the fourth quarter of~~ in FY ~~2020~~ 2021 ~~and which is expected to continue for~~ in FY ~~2021~~2022, enplanement-based targets will be suspended as the Authority focuses to meet rate covenants, optimize its liquidity and maintain reasonable rates and charges. "

Debt Policy Amendments

Section (IV) (3) Targets for Annual Debt Service Coverage

Added language to state the Authority's intention to continue utilize federal relief grants to pay portions of debt service and operating expenses in FY 2021 and FY 2022 to assist tenants and strengthen coverage levels

" The impacts of the COVID-19 virus and resulting economic repercussions will materially impact passenger traffic forecasts. It is, therefore, anticipated that during **Fiscal Year ~~2020~~ 2021 and 2022** the Authority will utilize available CARES Act, **CRRSA Act and ARP Act** grants to pay portions of debt service **and eligible operating expenses, as in Fiscal Year 2020.** "

Debt Policy Amendments

Section (IV) (4) Airline Costs Per Enplaned Passenger Target

Streamlined language to clarify the Authority's intent to maintain Competitive CPE target

" The Authority will regularly review and monitor CPE and seek to maintain a competitive rate as the New T1 program is advanced and passenger traffic stabilizes. ~~As the Authority advances definition and scope of the planned Airport Development Program, the Authority anticipates potential revisions to these CPE targets.~~

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

Debt Policy Amendments

Section (IV) (5) Debt Per Enplaned Passenger – Target

Clarified language to stating Authority's intention to further evaluate the target when passenger traffic stabilizes

“ The Authority had established a debt (excluding special facility financing) per enplaned passenger goal of no more than \$150 ~~As the Authority advances the definition and scope of the planned Airport Development Program, the debt (excluding special facility financing) per enplaned passenger (“EPAX”) target will be established that is compatible with the Airport Development Plan of Finance.~~ prior to the COVID-19 pandemic and prior to the potential implementation of the New T1. This target was suspended in FY 2020. As passenger traffic recovers and stabilizes, a new target for debt per enplaned passenger will be established.”

Debt Policy Amendments

Section (II) (2) Roles and Responsibilities

Added language regarding the California Debt and Investment Advisory Commission reporting requirements

“ (iv) responsible for timely submitting to the California Debt and Investment Advisory Commission any annual debt report required under California Government Code Section 8855(k). *As of the date of this Policy, an annual report must be submitted no later than seven (7) months after the end of the immediately preceding “reporting period”. A “reporting period” starts on July 1 and ends on June 30.* ”

Debt Policy Amendments

Section (V) (1) Bonds and Subordinate Obligations of the Authority

Added language to state that the COVID-19 federal relief packages are federal grants and excluded from the definition of Airport Revenues

“ Revenues generally include all revenues, income, receipts, and money derived from the ownership and operation of the Airport and all gifts, grants, reimbursements, or payments received from governmental units or public agencies...Among other things, Revenues specifically exclude:

(C) State and/or federal grants (which would include CARES Act, CRRSA Act and ARP Act Grants)”

Debt Policy Amendments

Section (V) (7) Floating Rate Notes and Revolving Credit Facilities

Included the SOFR benchmark in Policy which is the proposed LIBOR replacement

“ Floating Rate Notes (FRNs), including Revolving Credit Facilities, are notes that have a variable coupon, equal to a money market reference rate, such as SIFMA (Securities Industry and Financial Markets Association) or LIBOR¹ (~~the~~ London Interbank Offered Rate) or SOFR (Secured Overnight Financing Rate), when effective, or such other industry benchmarks, plus a spread. ”

“ ¹LIBOR (1 month US and 3 month US) will cease to be published after June 30, 2023. Federal regulators have stated that no new financial contracts should utilize LIBOR after December 31, 2021 and any contracts prior to that date should include transition language. ”

| Next Steps

- Request that Board approve amendments to Authority Policy 4.40 - Debt Issuance and Management to the Board for approval

Questions?

Staff Report

Meeting Date: June 3, 2021

Subject:

Accept the Fiscal Year 2021 Third Quarter Report from the Office of the Chief Auditor

Recommendation:

The Audit Committee recommends that the Board accept the report.

Background/Justification:

The Charter for the Office of the Chief Auditor (OCA), as approved by the San Diego County Regional Airport Authority Board, establishes the roles, responsibilities, and working relationship of the Chief Auditor with the Audit Committee and with Authority management. The Charter directs the OCA to periodically communicate to the Audit Committee on its activities, which includes audits completed, audit findings, and management's response addressing steps taken to resolve a noted issue.

The Fiscal Year 2021 Third Quarter Report (Attachment A) summarizes the undertakings and accomplishments of the OCAs office from January 1, 2021, through March 31, 2021.

On May 10, 2021, a presentation was provided to the Audit Committee by the OCA on its third quarter activities. The Audit Committee Members voted unanimously to forward this item to the Board for acceptance.

Fiscal Impact:

None

Authority Strategies/Focus Areas:

This item supports one or more of the following:

Strategies

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Focus Areas

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

Environmental Review:

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

Application of Inclusionary Policies:

Not applicable.

Prepared by:

LEE M. PARRAVANO
CHIEF AUDITOR

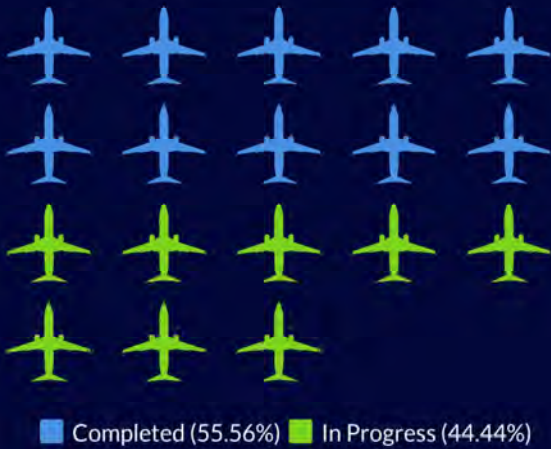
Office of the Chief Auditor Fiscal Year 2021 Third Quarter Report

ATTACHMENT A

SAN DIEGO
COUNTY
REGIONAL
AIRPORT
AUTHORITY



Audit and Consulting Engagement Progress



Audit and Consulting Engagements Completed vs. Benchmark & Goal



FY 2021 - By the Numbers

20

Recommendations Issued

4.5

Customer Satisfaction Rating (Out of 5)

90%

Audit and Consulting Engagements Completed within Budget

70%

Auditor Utilization Percentage

100%

Recommendations Accepted by Management



powered by



Office of the Chief Auditor Fiscal Year 2021 Third Quarter Report

May 10, 2021

SAN DIEGO
COUNTY
REGIONAL
AIRPORT
AUTHORITY

Third Quarter Summary

The Office of the Chief Auditor’s (OCA) Fiscal Year 2021 Audit Plan is comprised of 16 audit engagements, 2 consulting engagements, 7 general audit activities, and administrative activities that are to be completed in the Fiscal Year. 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 supplemented explanation.

Performance Measures

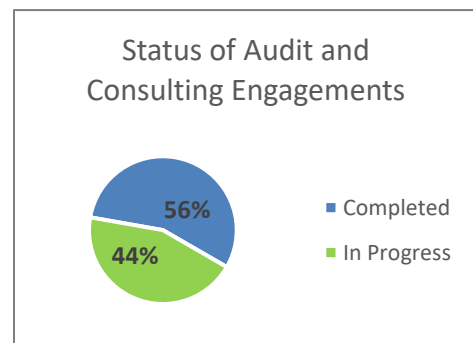
There are six major performance measures to evaluate the OCA¹ in Fiscal Year 2021. The OCAs performance against the selected performance measures is displayed in Figure 1 below.

Figure 1: Status of Performance Measures as of March 31, 2021

#	Performance Measure	Goal	Actual	Benchmark
1	Percentage of audits and consulting engagements completed	60%	56%	60%
2	Number of recommendations	19	20	19
3	Percentage of staff time spent on audit and consulting engagements and general audit activities	70%	70%	70%
4	Percentage of audits and consulting engagements completed within budgeted time	80%	90%	75%
5	Percentage of recommendations accepted	95%	100%	83%
6	Customer satisfaction rating	4.0	4.5	4.0

Percentage of Audits and Consulting Engagements Completed:

As of the third quarter, the OCA completed 9 audit engagements and 1 consulting engagement, or 56%, of the Audit Plan that constitutes these activities (10/18=56%). In addition to the 10 engagements completed, the OCA had 8 engagements in progress as of the end of the third quarter. The engagements completed in the third quarter are summarized in the next section titled *Audits and Consulting Engagements*.



An alternative way to calculate this performance measure is to acknowledge the hours spent on audits and consulting engagements completed and engagements that are in progress, but not yet completed. This calculation results in a completion percentage of 72%. The OCA has spent 4,454 hours on audit and consulting engagements and estimates that 6,149 total hours will be needed to complete all Fiscal Year 2021 audit and consulting engagements (4,454/6,149=72%).

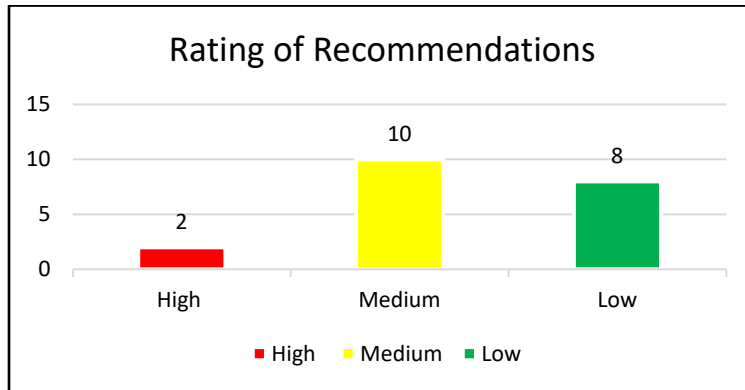
The status of all activities in the Fiscal Year 2021 Audit Plan is included in Appendix A.

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

Number of Recommendations:

One of the OCAs primary objectives is to identify risks that could pose a threat to the Authority and to provide recommendations to remediate those risks. As of March 31, 2021, the OCA has provided 20 recommendations to management to remediate a risk identified or improve a process. Each of the recommendations are rated based on a qualitative level of risk, identified as Low, Medium, or High. A summary of the ratings are shown in Figure 2 below:

Figure 2: Rating of Recommendations Provided in Fiscal Year 2021



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

This measure helps track the time that audit staff spent on audit engagements, consulting engagements, and general audit activities.² The OCAs goal for Fiscal Year 2021 is 70%. As of March 31, 2021, the OCA staff spent 70% of time on audit, consulting, and general audit activities (67% including the Chief Auditor’s time).

Percentage of Audit and Consulting Engagements Completed within Budgeted Time:

This category monitors the efficiency of audit staff in performing audit and consulting engagements. Every engagement has an internally prepared budget that staff is held accountable to uphold. However, we recognize that budgets may need adjustment(s) as additional facts become known during an engagement. In Fiscal Year 2021, the OCA completed 9 out of 10 engagements under budget, or 90%, within budgeted time.

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. As of the end of the third quarter, management accepted 100% of all audit recommendations.

Customer Satisfaction Rating:

After the completion of an audit or consulting engagement surveys are sent to management to obtain customer satisfaction data. The OCAs goal for customer satisfaction is 4.0, on a 1 to 5 scale (with 1 being very dissatisfied and 5 being very satisfied). To date this Fiscal Year we have achieved a score of 4.5.

² Appendix A details all planned activities in these categories for Fiscal Year 2021.

Audits & Consulting Engagements

Issued

The Office of the Chief Auditor (OCA) completed two audits during the third quarter. Below are highlights from these engagements.

Sundt Construction, Inc.: The objective of this audit was to determine if the agreement with Sundt was administered appropriately. The audit concluded that, in general, the agreement was properly administered. However, the audit identified two recommendations. One related to recalculating a performance based incentive and the second, to increasing review procedures on critical supporting documents.

Accounts Payable Process: The objectives of this audit were to determine if the internal controls in the Accounts Payable (A/P) cycle are adequate and appropriate. Specifically, we examined the Accounting Department's A/P procedures from initial vendor setup to vendor payment, to determine if the internal controls are adequate and appropriate. The audit concluded that in general, internal controls in the A/P cycle are adequate and operating as intended. However, the audit identified six recommendations related to improving segregation of duties, alignment with best practices, or adherence to Authority Codes and Policies.

In Progress

At the close of the third quarter there were 8 audits or consulting engagements in progress, representing 44% of the audit and consulting engagements on the Fiscal Year 2021 Audit Plan.

General Audit Activities

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

Construction

Construction audit activity for the third quarter of Fiscal Year 2021 consisted of attending meetings regarding the airport support facilities and the Airport Development Program (ADP). Additionally, a request for proposals (RFP) for on-call construction audit services for the ADP project was developed and advertised. The on-call audit services will assist the OCA staff in assessing risks and developing audit programs for the ADP projects. We received fourteen responses to the RFP, which were under review by the selection panel at the end of the third quarter. The OCA remains involved with issues identified by the Airport Design & Construction team and Authority management, providing assistance and attending meetings specific to the aspects of the Authority's construction activities.

Development of Data Analytics

The OCA has continued to develop, with the assistance of other Authority departments, a data analytics program for rental car concessions. A successful data analytics program would provide relative real-time insight regarding rental car company and in-terminal concession activity at the San Diego International Airport. The OCA plans to utilize this information to identify possible risks early on and to determine if an audit should be initiated. This audit approach would allow the OCA to objectively select audits. Additionally, some data analytic information could be shared with Authority management for their reference and use.

As of the end of the third quarter, the OCAs collaboration with the Revenue Generation & Partnership Development Department, Information & Technology Services, Data Analytics team, and other Authority staff produced a data analytics dashboard and program outline. A plan has been created to audit information provided by the Rent A Car companies beginning in summer of 2021. The same process will be utilized on other audit areas to further enhance the OCAs effectiveness and efficiencies.

Ethics Program

The OCA continues to run the Authority's Ethics Program that includes a confidential reporting hotline. As of March 31, 2021, four tips/reports were received. One required a preliminary investigation that ended with the complaint being withdrawn. Tips/reports that are not investigated by the OCA are forwarded to management, as appropriate. Beginning July 1, 2020, the OCA began categorizing the tips/reports received into specific standardized categories. Tracking tips/reports by standardized categories can reveal both success and gaps in our program and will allow the OCA to benchmark against other organizations. The OCA is utilizing the NAVEX Global⁴ Risk and Compliance Hotline reports as a benchmark. The categories are as follows:

- Accounting, Auditing, and Financial Reporting
- Business Integrity

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

⁴ NAVEX Global is a recognized worldwide leader in integrated risk and compliance management software and services.

- Human Resources, Diversity, and Workplace Respect
- Environment, Health, and Safety
- Misuse and Misappropriation of Assets

A summary of the tips/reports received through the third quarter of Fiscal Year 2021 is shown in Figure 3 below, with the applicable standardized categories listed.

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

	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)
Category					
Human Resource, Diversity, and Workplace Respect	2	-	-	-	-
Environment, Health and Safety – Noise	2	1	-	-	1
Total	4	1	-	-	1

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

Information Technology Meeting Attendance

Information technology activity for Fiscal Year 2021 consisted of attending meetings and providing updates to the Audit Committee and Authority management when appropriate regarding information technology risk assessments and the National Institute of Standards and Technology (NIST) cybersecurity framework.

Quality Assurance & Improvement Program

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

During the first quarter of Fiscal Year 2021, the OCA completed on-going monitoring of its activities and operations performed during Fiscal Year 2020, with results presented in the Fiscal Year 2020 OCA Annual Report. During the third quarter, the OCA continued to monitor activities and operations in order to improve efficiencies and to ensure that quality is delivered.

Recommendation Follow-up

The OCA tracks the status of its recommendations on an on-going basis in order to verify the completion of their implementation. The progress is provided by management when requested by the OCA. Appendix B contains a detailed list of each recommendation and its status as of March 31, 2021.

Figure 4 shows the status of recommendations that were *Completed* or *In Progress* during the third quarter of Fiscal Year 2021. The estimated/actual implementation timeframes are based on the audit report issue date.

Figure 4: Recommendations with Estimated/Actual Implementation Timeframe

Recommendations	Zero to 7 Months	7 Months to 1 Year	Over 1 Year	Total
Completed	9	7	-	16
In Progress	5	5	3	13

Completed: This designation is used for recommendations that the OCA determined to be adequately implemented or for recommendations where alternate action is taken that adequately addresses the risk identified. Of the Completed recommendations, twelve or 75%, were completed within the initial timeframe identified when the recommendations were issued.

In Progress: These recommendations have been partially addressed or where partial corrective action has been taken. This category also includes recommendations from newly issued audit reports, when there has not been adequate time between report issuance and follow-up. Of the In Progress recommendations, nine recommendations were still within the initial timeframe identified for implementation.

The non-completion of the In Progress recommendations should not have a material adverse effect on the Authority, and adequate progress is being made toward implementation of all the tracked recommendations.

Risk Assessment & Audit Plan

The Risk Assessment & Audit Plan is a comprehensive document that is presented in May of each year to the Audit Committee that includes the proposed audit and consulting engagements to be completed for the coming fiscal year. It is the culminating result of data gathering, management discussions, surveys, and data analysis that is conducted over the course of several months prior to its submission to the Audit Committee. The Risk Assessment & Fiscal Year 2022 Audit Plan are included in the May 10, 2021, meeting materials for the Audit Committee.

Administrative Activities

Tracking Budget and Expenses

The OCA expenses totaled approximately \$881,000 through the end of the third quarter, which represents 72% of the Fiscal Year 2021 budget. No unexpected or large outlays occurred within the department during the three quarters of Fiscal Year 2021. The OCA expects to remain on budget through the fiscal year-end.

Continuing Professional Development

OCA staff continues to obtain Continuing Professional Education credits as required annually by their various certifications. For the calendar year-end 2020, all applicable staff met or exceeded the education credits required for the Certified Internal Auditor designation and OCA requirements.

Procedural/Supervisory

One Audit Committee Meeting took place during the third quarter, held on February 10, 2021. The meeting contained all of the regularly scheduled February agenda items, of which the OCA assisted in coordination with the Committee Chair and Board Services.

COVID-19

All OCA staff have been working remotely since March 2020. The pandemic has required the OCA to be flexible with audit timing and engagements due to the resource limitations caused by the pandemic. The pandemic has also created new risks for the organization that has required the OCA to reevaluate and modify the proposed Internal Audit Plan several times. Additionally, the planned engagement procedures have required revising to adapt to this ever changing environment. We have worked, and will continue to work, with management, concessionaires, and other third parties to schedule engagements with consideration to minimize disruptions and maximize assurances.

Appendix A - Fiscal Year 2021 Audit Plan Progress

#	Activity	Status as of 3/31/21	Over/Under Budget	No. of Recom.
Audit Engagement				
1	Business and Real Estate Agreements – RCC Land Lease	Completed	Under	2
2	Contractor Monitoring – Turner	Completed	Under	-
3	Small Business Development Management	Completed	Under	2
4	Internal Controls in Place While Staff is Working Remotely	Completed	Under	-
5	Formal Bidding and Contracting	Completed	Under	2
6	System Security – Information Security Policy	In Progress		
7	System Security – Penetration Testing	In Progress		
8	Harbor Police Contract Management	In Progress		
9	Emergency & Single Source Purchases	In Progress		
10	Traffic Control, Vehicle Insp., Code Comp., Citations & Notice of Violation Admin.	In Progress		
11	Commercial Vehicle Licensing, Permitting, & Revenue Collection – GateKeeper system	Completed	Under	3
12	Contractor Monitoring – Sundt	Completed	Under	2
13	Accounts Payable	Completed	Over	6
14	Employee Benefits	In Progress		
15	Art Program Administration	Completed	Under	3
16	Enterprise Content Management System (ECMS)	In Progress		
Consulting Engagement				
17	COVID -19 – Grant Support	Completed	Under	
18	Calculation and Reconciliation of Concession Rents and Fees	In Progress		
General Audit				
19	Construction Meeting Attendance & External Service Provider Procurement and Coordination	In Progress		
20	Development of Data Analytics	In Progress		
21	Ethics Program ⁵	In Progress		
22	Information Technology Meeting Attendance	In Progress		
23	Quality Assurance & Improvement Program ⁶	In Progress		
24	Recommendation Follow-up ⁶	In Progress		
25	Risk Assessment and Audit Plan ⁶	In Progress		
Administrative				
26	Attendance at Staff/Board/Committee Meetings; Continuing Professional Development; Budget tracking; Supervisory	In Progress		
27	Vacation, Holiday Time, and Other Leave/Time Off	In Progress		

⁵ Required activity in the Charter of the Audit Committee.

⁶ Required Activity in the Charter for the Office of the Chief Auditor.

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 March 31, 2021
Completed						
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	2/28/2021	RG&PD worked with Finance & Risk and developed a responsibility assignment matrix. RG&PD reviewed the current insurance requirements as determined by Risk and confirmed compliance.
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	3/31/2021	RG&PD worked with Accounting and Finance to create a responsibility assignment matrix, which outlines responsibilities for both departments. RG&PD is also working with E1 to see if adjustments can be automated.
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	3/16/2021	RG&PD worked with Accounting, Finance and Risk and developed a process for review. An E1 report will be generated monthly by the RG&PD admin staff and reviewed by Asset Managers. This process will be part of the new procedure manual.

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 March 31, 2021
Completed						
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	3/1/2021	RG&PD worked with Accounting to review the MAG requirements and to determine future processes for MAG adjustments.
21-16	Audit Report 21009 Issued March 24, 2021 Title: Accounts Payable Process Department: ACCOUNTING/ FINANCE	High	We recommend that access to the E1 Treasury role and to the secured drive be limited to those employees whose roles and responsibilities require it. In addition, we recommend that management review and update permissions as roles and responsibilities change. Specifically, we recommend that management disable or deactivate the E1 Treasury role and the secured drive access of the employees that are not in the Finance Department performing Positive Pay processes.	3/15/2021	3/15/2021	The E1 Treasury role and access to the secured drive have been removed from those employees whose roles and responsibilities do not require it. Management will continue to review and update permissions as roles and responsibilities change.
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 worked with Board Services and created a new procedure for the lease naming convention which will assist with cross-referencing.

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 March 31, 2021
Completed						
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	3/30/2021	RG&PD worked with Accounting, Finance and Risk to develop a responsibility assignment matrix.
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 worked with Accounting and Finance to create processes for regular review of accounts and any necessary follow up due by Asset Managers.
21-10	Audit Report 21011 Issued: December 11, 2020 Title: Arts Program Administration Department: ART PROGRAM	Medium	The Arts Staff should include documentation in the Collection Management Plan of the decisions regarding the conservation and maintenance of artwork, to comply with the Art Program Policy.	4/30/2021	4/30/2021	Staff have completed a preliminary outline of proposed conservation projects for the coming year and will finalize and document this plan based on budget allocations.

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 March 31, 2021
Completed						
21-11	Audit Report 21011 Issued: December 11, 2020 Title: Arts Program Administration Department: ART PROGRAM	Medium	The Arts Staff should review all artwork currently on airport property based on the procedures outlined in the Art Program Policy, and provide recommendations if the artwork should be included in the art collection.	4/30/2021	4/30/2021	Staff have verified that the three works in question were purchased by an interior designer/ consultant for the Airport's office renovation in 2002, and did not follow the required protocol for artwork acquisition detailed in Policy 8.50. Staff has prepared a detailed outline based on Policy 8.50 to address the process by which an artwork may be added to the Public Art Collection.
21-12	Audit Report 21011 Issued: December 11, 2020 Title: Arts Program Administration Department: ART PROGRAM	Medium	The Arts Staff should develop a methodology for maintaining a current listing with the appraisal value of all Public Art, and document the value in the Collection Management Plan. The methodology should also include a formal process for documenting artwork that has been deaccessed.	4/30/2021	4/30/2021	Staff have updated Artworks Archive records to include appraisal values and have developed a detailed document based on Policy 8.50 for the formal process by which artwork from the Public Art Collection may be deaccessed.
21-13	Audit Report 21008 Issued: March 1, 2021 Title: Contractor Monitoring - Sundt Construction, Inc. Department: AIRPORT DESIGN & CONSTRUCTION	Medium	ADC should calculate the correct amount of shared savings due based on the percent complete on the next payment application. If the amount overpaid is significant, ADC should consider withholding the overpayment until the contract allows payment.	7/1/2021	3/1/2021	Immediately upon receipt of draft audit report, ADC staff proceeded with recalculating the shared savings and withheld an overpayment of \$9,490.81 from the Sundt Construction payment application.
21-02	Audit Report 20016 Issued: July 6, 2020 Title: Rental Car Center Lease Agreements Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Low	RG&PD should perform the reallocation evaluations for the exclusive use areas of each operator within the RCC, as outlined in the Lease. Documentation of all reallocation evaluations should be maintained, and any reallocations made should be reflected in changes to the Lease Exhibits.	1/29/2021	1/29/2021	A reallocation evaluation was performed and a letter sent to all Rental Car tenants for a comment period. After discussion with the Rental Car tenants and internal staff, the Authority decided not to reallocate any space at this time. A letter confirming the decision was sent to each Rental Car tenant.

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 March 31, 2021
Completed						
21-04	Audit Report 20004 Issued: October 28, 2020 Title: Formal Bidding/Contracting Process Department: PROCUREMENT	Low	Procurement should include the three best practice attributes identified from the National State Auditors Association in their next revised version of the Procurement Manual (i.e., 1. Inspection and audit provisions, 2. Provisions for contract termination, and 3. Provisions to protect the integrity of subcontract bids to ensure that such bids are competitive).	1/15/2021	2/5/2021	Procurement has finalized changes to the Procurement Manual and incorporated the recommended best practices in addition to updates that reflect electronic processes, signatures, and new work flow charts.
21-05	Audit Report 18004 Issued: December 8, 2020 Title: Small Business Development Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Low	Small Business Development should establish procedures to validate information received from Authority contractors, with the Authority's records or personnel, prior to providing that information to the Authority Board.	6/30/2021	3/31/2021	SBD will utilize a software portal called B2GNow on all projects going forward to help validate information provided to the Authority Board.
21-20	Audit Report 21009 Issued March 24, 2021 Title: Accounts Payable Process Department: ACCOUNTING/ FINANCE	Low	We recommend that departments retain written documentation to support payments made to employees if work is performed outside of their official duties/responsibilities, as required by Authority Codes and Policies.	3/15/2021	3/15/2021	The Accounting Department's A/P Team will ensure that proper documentation is provided in the payment request received from departments for any payments made to employees for work performed outside of their official duties/responsibilities.

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 March 31, 2021
In Progress						
20-25	Audit Report 20001 Issued: June 25, 2020 Title: Tenant Lease Administration and Management Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	High	RG&PD should develop and publish a set of universal procedures for lease administration and management, and take active measures to ensure that the manual is updated to remain current.	11/30/20	12/1/2021	RG&PD is working to develop and publish a set of procedures for lease administration and management. Working with ITS on utilizing E1 for lease administration along with setting up demos for other potential property management software.
20-26	Audit Report 20001 Issued: June 25, 2020 Title: Tenant Lease Administration and Management Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	High	RG&PD staff should continue to evaluate the property management software vendors, first by examining the Authority's Real Estate Management Property Management module already in E1, to implement a desired solution.	3/31/22	3/30/2022	RG&PD will investigate utilizing the existing E1 software and determine if other software is needed to more efficiently monitor, maintain, and manage the many tenant lease agreements, for which the department is responsible.
20-27	Audit Report 20001 Issued: June 25, 2020 Title: Tenant Lease Administration and Management Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	High	RG&PD, in cooperation with the Finance & Risk Management Department, should analyze the current security deposits on hand, determine if the security deposits on hand are sufficient to cover the risk to the Authority, make adjustments, and document any exceptions to security deposits, as needed.	3/31/22	3/30/2022	RG&PD will work to implement the recommendations with input from Accounting, Finance, and Risk Management Departments.

Appendix B - Status of Recommendations

Fiscal Year 2021 Third Quarter Report

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of March 31, 2021
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	4/30/2021	RG&PD is working with Accounting, Finance, and Risk to ensure required reports are submitted on a timely basis. RG&PD will complete their system to track reports by 4/30/2021.
20-33	Audit Report 20001 Issued: June 25, 2020 Title: Tenant Lease Administration and Management Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	High	RG&PD should perform periodic analysis of revenues reported and billed to ensure that revenues remitted and rates used to calculate revenues are accurate, complete, and comply with the lease. Additionally, RG&PD should consider performing annual reconciliations for prior fiscal years, and as a result of these reconciliations, remit overpayments and bill underpayments as needed. Lastly, RG&PD should perform annual reconciliations going forward; and, as a result of these reconciliations, remit overpayments or bill underpayments, as needed.	3/31/2021	6/1/2021	RG&PD staff worked with Accounting and Finance to monitor revenues remitted and calculations of rents due. Staff is developing a responsibility assignment matrix for future calculations after the Minimum Annual Guarantee (MAG) abatement period ends.

Appendix B - Status of Recommendations

Fiscal Year 2021 Third Quarter Report

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of March 31, 2021
In Progress						
20-37	Audit Report 20001 Issued: June 25, 2020 Title: Tenant Lease Administration and Management Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	High	Authority Management should review the staff assignments for lease administration duties and ensure that separation of staff duties is sufficient. A review of the staff's system access and authorizations currently held should also be performed to identify possible conflicts and to make adjustments to these as necessary.	11/30/2020	6/1/2021	Authority Management is in the process of reviewing staff duties and assignments. Management and staff is reviewing options for E1 Real Estate software and working on a procedure manual for assignments and duties.
21-15	Audit Report 21009 Issued March 24, 2021 Title: Accounts Payable Process Department: ACCOUNTING/ FINANCE	High	We recommend that the A/P Accountant role in the Authority's E1 financial system be removed from the Accounting Manager. In addition, we recommend that the Authority determine if E1 has the ability to require that when any changes are made to the VMF, they be approved by another individual.	9/30/2021	9/30/2021	At the time of the audit issuance, March 24, 2021, Accounting provided the following: The AP Accountant role in the Authority's E1 financial system has been removed from the Accounting Manager's menu. Accounting will work with the Information and Technology Services Department to determine if E1 has the ability to require that any changes made to the VMF to be approved by another individual. This recommendaiton was from a newly issued audit report. The OCA will perform follow-up activities on this recommendation in subsequent quarters.

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 March 31, 2021
In Progress						
21-14	Audit Report 21008 Issued: March 1, 2021 Title: Contractor Monitoring - Sundt Construction, Inc. Department: AIRPORT DESIGN & CONSTRUCTION	Medium	ADC should more closely review the supporting documentation for all critical documents including amendments and payment applications.	7/1/2021	7/1/2021	ADC staff is currently reviewing its processes for the review of supporting documentation for all critical documents and is developing ways to strengthen the review process.
21-17	Audit Report 21009 Issued March 24, 2021 Title: Accounts Payable Process Department: ACCOUNTING/ FINANCE	Medium	We recommend that the Accounting Manager run and review the Vendor Set-Up Verification Report concurrent with the check run process to capture any vendor changes and to verify that these changes are legitimate. In addition, we recommend that the Authority develop a report that captures changes made in E1 to banking information related to employee and Board/Committee Member reimbursements, thus enabling staff to conduct a review of that report concurrent with the check run process.	9/30/2021	9/30/2021	At the time of the audit issuance, March 24, 2021, Accounting provided the following: Beginning immediately, the Accounting Manager will run and review the Vendor Set-Up Verification Report concurrent with the check run process. Additionally, the Accounting team will develop a report that captures changes made in E1 to banking information related to employee and Board/ Committee Member reimbursements. This recommendaiton was from a newly issued audit report. The OCA will perform follow-up activities on this recommendation in subsequent quarters.

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 March 31, 2021
In Progress						
21-18	Audit Report 21009 Issued March 24, 2021 Title: Accounts Payable Process Department: ACCOUNTING/ FINANCE	Medium	The Accounting Department's A/P Team should perform regular periodic maintenance of the Vendor Master File to identify inactive and duplicate vendors and tag them as inactive.	12/31/2021	12/31/2021	At the time of the audit issuance, March 24, 2021, Accounting provided the following: The Accounting Department's A/P Team will develop a process to conduct an annual review of the Vendor Master File to identify inactive and duplicate vendors, and tag them as inactive. This recommendation was from a newly issued audit report. The OCA will perform follow-up activities on this recommendation in subsequent quarters.
21-19	Audit Report 21009 Issued March 24, 2021 Title: Accounts Payable Process Department: ACCOUNTING/ FINANCE	Medium	We recommend that the Accounting Department adhere to a standard naming convention for vendor entries to prevent multiple entries of the same vendor.	6/30/2021	6/30/2021	At the time of the audit issuance, March 24, 2021, Accounting provided the following: The Accounting Department's A/P Team will develop and adhere to a standard naming convention for vendor entries. This recommendation was from a newly issued audit report. The OCA will perform follow-up activities on this recommendation in subsequent quarters.
21-03	Audit Report 20004 Issued October 28, 2020 Title: Formal Bidding/Contracting Process Department: PROCUREMENT	Low	We recommend that Authority Management evaluate and update Authority Policies 5.01 and 5.02 where necessary.	10/15/2021	10/15/2021	Procurement is working in collaboration with Corporate Governance, Development, and the General Counsel's office to recommend changes to the policies. Final recommendations have been submitted for review.

Appendix B - Status of Recommendations

Fiscal Year 2021 Third Quarter Report

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of March 31, 2021
In Progress						
21-06	Audit Report 18004 Issued: December 8, 2020 Title: Small Business Development Department: SMALL BUSINESS DEVELOPMENT	Low	Small Business Development should examine the cost/benefit of expanding its current software system that monitors DBE and SBE requirements to include LBE, VOSB, and SDVOSB.	6/30/2021	6/30/2021	SBD has added the Veteran Owned Small Business (VOSB) and Service Disabled Veteran Owned Small Business (SDVOSB) directories to B2GNow. The (Local Business Enterprise) LBE is in test mode now with Planetbids and B2GNow for migration and should be done by 6/30/21.

Staff Report

Meeting Date: June 3, 2021

Subject:

Approve the 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. 2021-0057, approving the revision to the Fiscal Year 2021 Audit Plan.

Background/Justification:

The Charter for the Office of the Chief Auditor, instituted by Board Resolution No. 2003-062 on October 2, 2003, and most recently amended on October 1, 2020, per Board Resolution No. 2020-0098, defines the role and requirements of the Office of the Chief Auditor (OCA).

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

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 operational requirements, including to add consulting engagements related to COVID-19, was requested and accepted during the September 10, 2020, Audit Committee Meeting. The revision was subsequently approved on October 1, 2020, by Board Resolution No. 2020-0093.

During the second quarter of Fiscal Year 2021 a revision to the Audit Plan was requested during the November 16, 2020, Audit Committee Meeting to remove intern hours due to a staffing vacancy and to replace a planned audit with a new audit. The changes were also necessitated due to the continuing reduced passenger volumes at San Diego International Airport caused by the COVID-19 pandemic and allowed for a better utilization of staff resources. The revision was subsequently approved on December 3, 2020, by Board Resolution No. 2020-0118.

A revision to the Fiscal Year 2021 Audit Plan was next requested and accepted by the Audit Committee during its February 8, 2021, meeting. The changes included removing 180 General Audit Hours designated for Peer Review Participation and adding 180 Audit Engagement Hours for a discretionary contingent audit. The continuing COVID-19 precautions in place meant that the OCAs anticipated participation in a Quality Assurance Review could not be performed, resulting in the adjustment to Peer Review hours. This revision was subsequently approved during the third quarter of Fiscal Year 2021 on March 4, 2021, by Board Resolution No. 2021-0024.

At this time a revision to the Fiscal Year 2021 Audit Plan is requested. Below is a list of the proposed changes:

1. Delay the audit of the San Diego Unified Port District Harbor Police contract, due to adjustments in operations resulting from the COVID-19 pandemic.
2. Terminate the audit of Employee Benefits. The Talent, Culture, and Capability Department has received budget to fund a new computerized software; therefore, the contemplated process to be audited will be changing dramatically.
3. Initiate an audit of P-Card transactions that includes purchases made during the COVID-19 environment.
4. Initiate an audit of Accounts Receivable/Collections rent abatement program to determine proper administration and compliance with Federal requirements of the COVID-19 relief acts.
5. Initiate an audit of the Engineered Material Arresting System (EMAS) contract. These are the structured blocks at the end of the runway.
6. Reduce the hours allocated to:
 - a. Discretionary audit hours
 - b. Consulting engagement of Calculation and Reconciliation of Concession Rents and Fees
 - c. Development of data analytics

In addition, Contingent Audits on this Audit Plan could be initiated during the final quarter of Fiscal Year 2021 as audit resources and documentation required from auditees become available.

A revised Fiscal Year 2021 Audit Plan with the proposed revisions incorporated is provided as Attachment A.

During a meeting of the Audit Committee on May 10, 2021, a presentation was given by the Chief Auditor detailing the reasons for the proposed revision. The Audit Committee voted unanimously to accept the revised Fiscal Year 2021 Audit Plan and to forward it to the Board for approval.

Fiscal Impact:

Adequate funding for Revised Fiscal Year 2021 Audit Plan is included in the adopted FY 2021 and conceptually approved FY 2022 Operating Expense Budgets within the Budget of the Chief Auditor.

Authority Strategies/Focus Areas:

This item supports one or more of the following:

Strategies

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Focus Areas

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

Environmental Review:

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

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

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

Staff Report

Meeting Date: June 3, 2021

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Application of Inclusionary Policies:

Not applicable.

Prepared by:

LEE M. PARRAVANO
CHIEF AUDITOR

RESOLUTION NO. 2021-0057

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 and voted to accept the plan and forward it to the Board for approval, and it was 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

WHEREAS, on November 16, 2020, during a regular meeting of the Audit Committee, the Committee unanimously agreed to revise the Fiscal Year 2021 Audit Plan to remove Intern hours due to a staffing vacancy, and to remove the audit on Rental Car Shuttle Service Administration due to the continuing reduced passenger volumes at San Diego International Airport caused by the COVID-19 pandemic, and to add the audit of the Enterprise Content Management System, allowing a better utilization of staff resources; and

Resolution No. 2021-0057

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WHEREAS, on February 8, 2021, during a regular meeting of the Audit Committee, the Committee unanimously agreed to revise the Fiscal Year 2021 Audit Plan to Remove General Audit Hours designated for staff's Peer Review Participation that will not be performed due to COVID-19 considerations, and to add Audit Engagement Hours for a discretionary contingent audit; and

WHEREAS, on May 10, 2021, 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 postponement, deletion, or addition of audits resulting from changes in operational requirements or from the unique audit areas surfacing due to COVID-19 and telecommuting.

NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD HEREBY approves the revision to the 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.

Resolution No. 2021-0057

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PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 3rd day of June, 2021, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES /
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

Office of the Chief Auditor
Fiscal Year 2021 Audit Plan
Proposed May 10, 2021

ATTACHMENT A

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.	235
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.	225
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
Commercial Vehicle Licensing, Permitting, & Revenue Collection	To determine the adequacy and accuracy of the GateKeeper 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 (<i>Audit Terminated</i>)	To determine if the processes and controls in place for employee benefit payments are adequate and appropriate.	185
Arts Program Administration	To determine if the Authority's Arts Program is administered appropriately.	475
Enterprise Content Management System (ECMS)	To determine if access rights in ECMS are appropriate.	450
P Card Administration	To determine if P-Card purchases were in compliance with program requirements.	395
Accounts Receivable / Collections ³	To determine if the rent abatement program was properly administered and in compliance with applicable Federal requirements of the COVID-19 relief acts.	300
Contractor Monitoring ³	To determine if the Engineered Materials Arresting System (EMAS) project was properly monitored and managed.	260
To Be Determined	To initiate audit(s)/consulting engagements based on risks identified at the discretion of the Chief Auditor.	-
Total Audit Engagement Hours		6,165

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

² Audit activity has been carried forward from Fiscal Year 2020. Audit has been put on hold until September 2021 due to COVID related delays.

³ Audit activity expected to carry forward into Fiscal Year 2022. The hours indicated are the hours expected to be utilized in Fiscal Year 2021.

Office of the Chief Auditor
Fiscal Year 2021 Audit Plan
Proposed May 10, 2021

ATTACHMENT A

Key Work Activity	Objective ¹	Revised Hours
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.	60
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.	165
	Total Consulting Engagement Hours	225
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.	493
Ethics Program ⁴	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
Quality Assurance & Improvement Program ⁵	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 ⁵	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.	221
	Total General Audit Hours	1,994
Administrative Hours		
Administrative - Indirect	Attendance at Staff/Board/Committee Meetings, Continuing Professional Development, and Other.	2,088
Administrative - Benefit	Vacation, Holiday Time, and Other Leave/Time Off.	2,008
	Total Administrative Hours	4,096
	Total Hours	12,480

⁴ Required activity in the Charter of the Audit Committee.

⁵ Required Activity in the Charter for the Office of the Chief Auditor.

Office of the Chief Auditor
 Fiscal Year 2021 Audit Plan
 Proposed May 10, 2021

ATTACHMENT A

Key Work Activity	Objective ¹	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
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
Rental Car Shuttle Service Contract Administration	To determine if the Rental Car Shuttle Service operations are administered appropriately.	450
Harbor Police Contract Management	To determine if the expenses included in the Fiscal Year 2020 Harbor Police true-up are accurate and adhere to the agreements between the Authority and the Port of San Diego.	400
	Total Contingent Audit Hours	3,925

Staff Report

Meeting Date: June 3, 2021

Subject:

Approve and Authorize the President/CEO to Negotiate and Execute a Second Amendment to the Concession Lease with In-Ter-Space Services, Inc., dba Clear Channel Airports

Recommendation:

Adopt Resolution No. 2021-0058, approving and authorizing the President/CEO to negotiate and execute a Second Amendment to the Concession Lease with In-Ter-Space Services, Inc., dba Clear Channel Airports to waive percentage rent when the Authority pays for advertisement using the Authority's concession marketing fund.

Background/Justification:

On April 5, 2018, the Board of the San Diego County Regional Airport Authority ("Authority") adopted Resolution 2018-0034 granting a ten-year Concession Lease ("Lease") for an in-terminal airport advertisement program to In-Ter-Space Services, Inc. dba Clear Channel Airports ("CCA") for the non-exclusive right to develop, install, operate, maintain, and sell in-terminal advertisement, sponsorships and promotions. The Authority's objectives for the in-terminal advertising program are to optimize revenue and provide an aesthetically pleasing environment that reflects state-of-the-art adverting concepts. This is accomplished by CCA completing a \$1.5M capital investment by installing 75 new digital and static display assets throughout the terminals, setting all adverting rates, and paying the Authority the greater of percentage rent of 65% of gross receipts, or an established Minimum Annual Guarantee.

In an effort to enhance passengers' awareness of the Airport's retail and food and beverage concessions and drive incremental concession revenue, the Marketing & Air Service Development team ("Marketing") recommends promoting the Authority's concessions by entering into a contract with CCA to advertise the concession program on digital advertisement displays using funds from the Concession Marketing Fund ("CMF"). Retail and food and beverage concessionaires contractually contribute 0.5% of concession sales to the CMF. The Marketing team collaborates with the concessionaires to develop and implement marketing campaigns that promote concessions, and they also administer the fund.

In response to the above noted desire to pursue concession marketing opportunities, CCA has developed a concessionaire advertisement program to leverage the newly installed arrival and concourse digital advertisement networks. The program would provide directional advertising designed to grow visitation into the concession locations and showcase multiple concessionaires per terminal through 'ad-stacking' and general branding of all retail and food and beverage concessions. The Authority would enter a contract with CCA for advertising display space and collaborate with CCA to produce the advertisements. Using the example of a 4-week media buy, CCA's current net media rate for a 4-week period for the Authority is \$18,750. The advertisement coverage would include two 10-second advertisement spots on rotating digital screens across an 18-screen network. Per the current provisions of the Lease, the Authority would pay CCA \$18,750 for the 4-week period media buy and then would receive \$12,187 back from CCA as required percentage rent (65%).

The amendment to the Lease recommended by staff waives the percentage rent requirement only when the Authority enters into a contract with CCA using the CMF. Using the example provided above, a 4-week media buy using the CMF would be reduced to \$6,563, thereby creating added value for the concessionaires, and would permit CCA to execute an approximate 12-week campaign for its typical cost of a 4-week campaign. The justification for this amendment is that since the CMF consist of funds acquired contractually from the concessionaires, staff does not believe it should spend CMF in a manner that cycles 65% of those funds back to the Authority. Ultimately, the Authority should receive incremental revenue as concession sales increase with the execution of the concessions advertising campaigns.

Fiscal Impact:

The Authority will not receive percentage rent for advertising purchased through the CMF, there will be not direct increase to non-airline revenue due to the Authority purchased of advertising. Adequate funding for Concessions Marketing is included in the adopted FY 2021 Budget and conceptually approved FY 2022 Operating Expense Budgets within the Marketing Department under CMF.

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:

The Authority has the following inclusionary programs/policies: a Disadvantaged Business Enterprise (DBE) Program, an Airport Concession Disadvantaged Business Enterprise (ACDBE) Program, Policy 5.12 and Policy 5.14. These programs/policies are intended to promote the inclusion of small, local, service disabled veteran owned, historically underrepresented businesses and other business enterprises, on all contracts. Only one of the programs/policies named above can be used in any single contracting opportunity.

The Authority has an Airport Concession Disadvantaged Business Enterprise ("ACDBE") Program Plan as required by the U.S. Department of Transportation, 49 Code of Federal Regulations (CFR) Part 23. The ACDBE Program Plan calls for the Authority to submit a triennial overall goal for ACDBE participation on all concession projects. This is an airport concession opportunity that will be applied toward the Authority's overall ACDBE goal. Clear Channel Airports submitted an ACDBE/Local/Small Business Participation Plan that delineates their commitment to:

1. Mentoring and cultivating small business firms during the construction build-out as well as ongoing operations and management;
2. Utilizing good faith efforts throughout the term of the agreement to seek and contract with local, small, and/or disadvantaged firms; and
3. Assisting eligible firms in achieving ACDBE certification over the full term of the new concession agreement.

Prepared by:

SUSAN C. DIEKMAN
ASSET MANAGER

RESOLUTION NO. 2021-0058

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, APPROVING AND AUTHORIZING THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE A SECOND AMENDMENT TO THE CONCESSION LEASE WITH IN-TER-SPACE SERVICES, INC., DBA CLEAR CHANNEL AIRPORTS TO WAIVE PERCENTAGE RENT WHEN THE AUTHORITY PAYS FOR ADVERTISEMENT USING THE AUTHORITY'S CONCESSION MARKETING FUND

WHEREAS, on April 5, 2018, the Board granted a ten-year Concession Lease ("Lease") for an in-terminal airport advertisement program to In-Ter-Space Services, Inc., dba Clear Channel Airports ("CCA"); and

WHEREAS, CCA has the non-exclusive right to develop, install, operate, maintain and sell in-terminal advertisement, sponsorships and promotions; and

WHEREAS, the Authority's objectives for the in-terminal advertising program are to optimize revenue and provide an aesthetically pleasing environment that reflects state-of-the-art advertising concepts; and

WHEREAS, retail and food and beverage concessionaires contractually contribute 0.05% of concession sales to the Concession Marketing Fund ("CMF"); and

WHEREAS, the Authority staff administers the CMF for the purpose of developing and implementing marketing campaigns that promote concessions that drive incremental concession revenue; and

WHEREAS, the Authority would like to use the CMF to purchase media buys on CCA advertisement assets for the purpose advertising concessions and increasing incremental revenue for the Authority; and

Resolution No. 2021-0058

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WHEREAS, CCA pays the Authority monthly rent that is the greater of one twelfth of the Minimum Annual Guarantee or percentage rent of 65% of gross receipts; and

WHEREAS, the Second Amendment to the Lease waives the percentage rent payment when the Authority enters into a contract with CCA using the CMF; and

WHEREAS, justification for amendment is that since the CMF consist of funds acquired contractually from the concessionaires, staff does not believe it should spend CMF in a manner that cycles 65% of those funds back to the Authority.

NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD HEREBY approves and authorizes the President/CEO to negotiate and execute a Second Amendment to the Concession Lease with In-Ter-Space Services, Inc., dba Clear Channel Airports to waive percentage rent when the Authority pays for advertisement using the authority's concession marketing fund; 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.

Resolution No. 2021-0058

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PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 3rd day of June, 2021, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES /
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

Staff Report

Meeting Date: June 3, 2021

Subject:

Approve and Authorize the President/CEO to Execute a Reimbursable Agreement with the Department of Transportation Federal Aviation Administration (FAA) for Engineering and Technical Support Related to ADP Package 2: Airside Improvements

Recommendation:

Adopt Resolution No. 2021-0060, approving and authorizing the President/CEO to Execute a Reimbursable Agreement between the Department of Transportation Federal Aviation Administration (FAA) and the San Diego County Regional Airport Authority for engineering and technical support related to ADP Package 2: Airside Improvements.

Background/Justification:

On January 9, 2020, the San Diego County Regional Airport Authority ("Authority") Board ("Board") authorized a mid-year adjustment to the FY2020-2024 Capital Program Budget to incorporate the implementation of the Airport Development Plan ("ADP") into the Capital Program at San Diego International Airport ("SDIA").

ADP Package 2: Airside Improvements includes the relocation of Taxiway B and associated modifications to Taxiways B4, B5, B6, B7, B8, B9, and B10. Existing FAA infrastructure within the footprint of the work includes Runway Status Light ("RWSL") systems at Taxiways B4, B6 and B10, and Fiber Optic Transmission Systems ("FOTS") duct bank and cabling. Modifications to the existing FAA infrastructure will be required to accommodate the relocation of Taxiway B and associated taxiway modifications.

In order to allow the FAA's engineering teams to provide engineering and technical support for the relocation of Taxiway B and associated taxiway modifications, the FAA requires that the Authority execute a Reimbursable Agreement with the FAA. The Reimbursable Agreement, in the amount of \$62,982.85, is to fund FAA services, including travel and expenses, required to perform activities including participation in project meetings and construction document design reviews.

The FAA Agreement is written in favor of the FAA and creates significant business risk for the Authority. However, for the Authority to move forward with the proposed airside improvements, Staff advises that the FAA Reimbursable Agreement (RA) is necessary and typical for the type of work we are requesting the FAA to perform. Traditionally, these types of RAs have gone to the Authority's Board of Directors for approval, establishing the authority of the President/CEO and/or the Board. The President/CEO has reviewed the business risks associated with the terms of the agreement and believes them to be acceptable.

Staff requests that the Board approve and authorize the President/CEO to execute a Reimbursable Agreement in the amount of \$62,982.85 between the FAA and the Authority to perform engineering and technical support related to ADP Package 2: Airside Improvements.

Fiscal Impact:

This Reimbursable Agreement will provide reimbursement to the FAA up to \$62,982.85, that will fund FAA services, including travel and expenses, required to perform engineering and technical support included in the Board approved FY 2021-FY2025 Capital Program Budget within Project No. 411001, ADP Airside Improvements. Source of funds for this project will include Airport Improvement Program Grants, General Airport Revenue Bonds, and Passenger Facility Charges.

Authority Strategies/Focus Areas:

This item supports one or more of the following:

Strategies

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Focus Areas

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

Environmental Review:

A. CEQA: This Board action is for a project that received certification and approval for the Airport Development Plan Environmental Impact Report (SCH NO. 2017011053 – SDCRAA # EIR-18-01) on January 9, 2020.

- B. California Coastal Act Review: An application for the Airside Improvements has been submitted to the California Coastal Commission for a Coastal Development Permit.

- C. NEPA: This Board action is a project that involves additional approvals or actions by the Federal Aviation Administration (“FAA”) and, therefore, also requires review under the National Environmental Policy Act (“NEPA”) for its potential environmental impacts. The FAA’s NEPA environmental review process (an Environmental Assessment) will be completed prior to the commencement of any related site preparation or construction activities.

Application of Inclusionary Policies:

Not applicable.

Prepared by:

BOB BOLTON
DIRECTOR, AIRPORT DESIGN & CONSTRUCTION

RESOLUTION NO. 2021-0060

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, APPROVING AND AUTHORIZING THE PRESIDENT/CEO TO EXECUTE A REIMBURSABLE AGREEMENT BETWEEN THE DEPARTMENT OF TRANSPORTATION FEDERAL AVIATION ADMINISTRATION (FAA) AND THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY FOR ENGINEERING AND TECHNICAL SUPPORT RELATED TO ADP PACKAGE 2: AIRSIDE IMPROVEMENTS

WHEREAS, on January 9, 2020, the San Diego County Regional Airport Authority ("Authority") Board ("Board") authorized a mid-year adjustment to the FY2020-2024 Capital Program Budget to incorporate the implementation of the Airport Development Plan ("ADP") into the Capital Program at San Diego International Airport ("SDIA"); and

WHEREAS, ADP Package 2: Airside Improvements includes the relocation of Taxiway B and associated modifications to Taxiways B4, B5, B6, B7, B8, B9, and B10; and

WHEREAS, existing FAA infrastructure within the footprint of the work includes Runway Status Light ("RWSL") systems at Taxiways B4, B6, and B10, and Fiber Optic Transmission Systems ("FOTS") duct bank and cabling; and

WHEREAS, modifications to the existing FAA infrastructure will be required to accommodate the relocation of Taxiway B and associated taxiway modifications; and

WHEREAS, to allow the FAA's engineering teams to provide engineering and technical support for the relocation of Taxiway B and associated taxiway modifications, the FAA requires that the Authority execute a Reimbursable Agreement with the FAA; and

Resolution No. 2021-0060

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WHEREAS, the Reimbursable Agreement, in the amount of \$62,982.85, is to fund FAA services, including travel and expenses, required to perform activities including participation in project meetings and construction document design reviews; and

WHEREAS, the President/CEO has reviewed the business risks associated with the terms of the agreement and believes them to be acceptable and the Authority finds these business risks acceptable.

NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD HEREBY approves and authorizes the President/CEO to execute a Reimbursable Agreement between the Department of Transportation Federal Aviation Administration (FAA) and the San Diego County Regional Airport Authority to perform engineering and technical support related to ADP Package 2: Airside Improvements; and

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

BE IT FURTHER RESOLVED that the Board finds that this action has had an application for the Airside Improvements submitted to the California Coastal Commission for a Coastal Development Permit; and

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

Resolution No. 2021-0060

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PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 3rd day of June, 2021, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES /
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

Staff Report

Meeting Date: June 3, 2021

Subject:

Approve and Authorize an Increase in the President/CEO's Change Order Authority and Increase the Contract Duration for Upgrade Engineered Material Arresting System (EMAS) at San Diego International Airport

Recommendation:

Adopt Resolution No. 2021-0061, approving and authorizing an increase in the President/CEO's change order authority from \$144,879 to an amount not to exceed \$344,879 and an increase in the contract duration from 138 calendar days to 250 calendar days for Project No. 104281 Upgrade Engineered Material Arresting System (EMAS) at San Diego International Airport.

Background/Justification:

On July 9, 2020, the San Diego County Regional Airport Authority ("Authority") Board ("Board") awarded a contract to Hazard Construction Company ("Hazard"), in the amount of \$2,414,650 for Project No. 104281 Upgrade Engineered Material Arresting System (EMAS) (hereinafter the "Project") [Resolution 2020-0074].

The Project is located at the west end of Runway 9-27 and includes the replacement of the existing EMAS bed with a new EMAS installation. The existing EMAS bed received an approved Coastal Development Permit in 2005. A Notice to Proceed letter for the Project was issued to Hazard on December 21, 2020 with an effective date of January 4, 2021. Hazard was directed to suspend construction activities on January 4, 2021 prior to starting onsite work because an application for an amendment to the existing Coastal Development Permit was still under review by the California Coastal Commission. The permit amendment was granted on February 10, 2021 and Hazard was directed to end the construction activity suspension effective February 16, 2021.

The Project also includes the relocation of Federal Aviation Administration ("FAA") underground approach lighting power cables, installation of new concrete encased duct banks, and modifications to two Runway 9 approach light stations. After award of the Project, the FAA required changes to the sequencing of the approach lighting system modifications and required the development of additional submittals by Hazard for review and approval by the FAA.

The added cost to Hazard for the above-described conditions may be as much as \$200,000 which represents 8.3% of Hazard's total construction contract value for the Project. Authority Policy 5.02(4)(b)(ii) requires Board approval for change orders in excess of 6% of the original contract amount on contracts awarded for more than \$1,000,000, which in this case is \$144,879. This change order will exceed the President/CEO's authorized change order capacity by \$55,121.

Staff recommends that Policy 5.02(4)(b)(ii) be waived in this instance and the maximum change order authorization limit for the President/CEO be increased by \$200,000 from \$144,879 to an amount not to exceed \$344,879.

Staff also recommends that the Contract duration be extended from 138 calendar days to 250 calendar days to accommodate the Coastal Development Permit amendment delay, the additional time required to coordinate with the FAA and modify the approach lighting system, and additional time for project closeout. This will extend the contract end date from May 22, 2021 to September 11, 2021.

Fiscal Impact:

Adequate funds for Project No. 104281 Upgrade Engineered Material Arresting System (EMAS) are included within the Board adopted FY2021-FY2025 Capital Program Budget. Sources of funding for this project include General Airport Revenue Bonds and Airport Improvement Program Grants.

Authority Strategies/Focus Areas:

This item supports one or more of the following:

Strategies

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Focus Areas

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

Environmental Review:

A. CEQA: This Board action is for a project that was approved for a California Environmental Quality Act ("CEQA") Categorical Exemption 15301- Existing Facilities - Class 1 and 15304 - Minor Alterations in the Condition of Land - Class 4 on April 14, 2020.

- B. California Coastal Act Review: This Board action is for a project that received an approved Coastal Development Permit in 2005; the California Coastal Commission approved an Immaterial Coastal Development Permit Amendment in February 2021 for the original 2005 Coastal Development Permit.
- C. NEPA: This Board action is for a project that was approved as a Categorical Exclusion on March 20, 2020 by the Federal Aviation Administration ("FAA") under the National Environmental Policy Act ("NEPA").

Application of Inclusionary Policies:

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

The Authority's DBE Program, as required by the U.S. Department of Transportation, 49 Code of Federal Regulations (CFR) Part 26, calls for the Authority to submit a triennial overall goal for DBE participation on all federally funded projects. When federal funds are utilized, the Authority is prohibited from using a program that provides a preference such as those used in Policy 5.12. Therefore, the Authority must utilize other means as provided in the DBE Plan to achieve participation.

This project utilizes federal funds; therefore, it will be applied toward the Authority's overall DBE goal. Hazard Construction did not propose a specific amount for DBE participation, however they anticipate including DBE participation to support the Authority's overall DBE goal.

Prepared by:

BOB BOLTON
DIRECTOR, AIRPORT DESIGN & CONSTRUCTION

RESOLUTION NO. 2021-0061

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY APPROVING AND AUTHORIZING AN INCREASE IN THE PRESIDENT/CEO'S CHANGE ORDER AUTHORITY FROM \$144,879 TO AN AMOUNT NOT TO EXCEED \$344,879 AND AN INCREASE IN THE CONTRACT DURATION FROM 138 CALENDAR DAYS TO 250 CALENDAR DAYS FOR PROJECT NO. 104281 UPGRADE ENGINEERED MATERIAL ARRESTING SYSTEM (EMAS) AT SAN DIEGO INTERNATIONAL AIRPORT

WHEREAS, on July 9, 2020, the San Diego County Regional Airport Authority ("Authority") Board ("Board") awarded a contract to Hazard Construction Company ("Hazard"), in the amount of \$2,414,650 for Project No. 104281 Upgrade Engineered Material Arresting System (EMAS) (hereinafter the "Project") [Resolution 2020-0074]; and

WHEREAS, the Project is located at the west end of Runway 9-27 and includes the replacement of the existing EMAS bed with a new EMAS installation; and

WHEREAS, the existing EMAS bed received an approved Coastal Development Permit in 2005 and a Notice to Proceed letter for the Project was issued to Hazard on December 21, 2020 with an effective date of January 4, 2021; and

WHEREAS, Hazard was directed to suspend construction activities on January 4, 2021 prior to starting onsite work because an application for an amendment to the existing Coastal Development Permit was still under review by the California Coastal Commission; and

WHEREAS, the permit amendment was granted on February 10, 2021 and Hazard was directed to end the construction activity suspension effective February 16, 2021; and

Resolution No. 2021-0061

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WHEREAS, the Project also includes the relocation of Federal Aviation Administration (“FAA”) underground approach lighting power cables, installation of new concrete encased duct banks, and modifications to two Runway 9 approach light stations; and

WHEREAS, after award of the Project, the FAA required changes to the sequencing of the approach lighting system modifications and required the development of additional submittals by Hazard for review and approval by the FAA; and

WHEREAS, the added cost to Hazard for the above-described conditions may be as much as \$200,000 which represents 8.3% of Hazard’s total construction contract value for the Project; and

WHEREAS, Authority Policy 5.02(4)(b)(ii) requires Board approval for change orders in excess of 6% of the original contract amount on contracts awarded for more than \$1,000,000, which in this case is \$144,879; and

WHEREAS, this change order will exceed the President/CEO’s authorized change order capacity by \$55,121; and

WHEREAS, the Board believes it is in the best interest of the Authority and the public it serves, for the Board to waive Policy 5.02(4)(b)(ii) in this instance and authorize the President/CEO to approve change orders in an amount not to exceed \$344,879.

NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD HEREBY approves and authorizes an increase in the President/CEO’s change order authority from \$144,879 to an amount not to exceed \$344,879, and an increase in contract duration from 138 calendar days to 250 calendar days, for Project No. 104281 Upgrade Engineered Material Arresting System (EMAS) at San Diego International Airport; and

BE IT FURTHER RESOLVED that the Authority’s and its officers, employees, and agents hereby authorized, empowered, and directed to do and perform all such acts as may be necessary or appropriated in order to effectuate fully the foregoing resolutions; and

Resolution No. 2021-0061

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BE IT FURTHER RESOLVED that the Board finds that this action is for a project that was approved for a California Environmental Quality Act ("CEQA") Categorical Exemption 15301- Existing Facilities - Class 1 and 15304 - Minor Alterations in the Condition of Land - Class 4 on April 14, 2020; and

BE IT FURTHER RESOLVED that the Board finds that this action is for a project that received an approved Coastal Development Permit in 2005; the California Coastal Commission approved an Immaterial Coastal Development Permit Amendment in February 2021 for the original 2005 Coastal Development Permit; and

BE IT FURTHER RESOLVED that the Board finds that this action is for a project that was approved as a Categorical Exclusion on March 20, 2020 by the Federal Aviation Administration ("FAA") 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 3rd day of June, 2021, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES /
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

Staff Report

Meeting Date: June 3, 2021

Subject:

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

Recommendation:

Adopt Resolution No. 2021-0062, approving and authorizing the President/CEO to execute the Fourth Amendment to the Agreement with Gatzke Dillon & Ballance LLP for professional Legal Services increasing the compensation amount by \$150,000.

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 environmental, land use and airport noise issues at San Diego International Airport.

ADP: 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 ("ADP FEIR") adopted by the Board in January 2020. Law Firm continues to assist in the preparation of the Environmental Assessment ("EA") pursuant to the National Environmental Policy Act ("NEPA") which has required additional work that was not contemplated when the effort began.

NASNI ALUCP: Law Firm assisted the General Counsel in the preparation of the Draft Environmental Impact Report ("NASNI ALUCP DEIR") and the Final Environmental Impact Report for the Airport Land Use Compatibility Plan for Naval Air Station North Island ("NASNI ALUCP FEIR") and the NASNI ALUCP. In October 2020, the Board certified the NASNI ALUCP FEIR and adopted the NASNI ALUCP.

Litigation: On February 7, 2020, Quiet Skies San Diego filed a Petition for Writ of Mandate in San Diego Superior Court challenging the ADP FEIR under the California Environmental Quality Act. On October 29, 2020, the City of Coronado filed a Petition for Writ of Mandate in San Diego Superior Court challenging the NASNI ALUCP FEIR. On April 14, 2021, Neighbors Against Noise and Traffic filed a Petition for Writ of Mandate challenging the ALUC's consistency determination regarding a distribution facility pursuant to the Gillespie Field ALUCP (collectively "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 ADP FEIR; the NASNI ALUCP DEIR and NASNI ALUCP FEIR and the NASNI ALUCP; and its knowledge regarding ALUCPs.

Proposed Amendment: The General Counsel believes it is in the best interest of the Authority for the Law Firm to assist the Authority in the Litigation and to continue to assist in the finalization of the ADP EA. The ongoing and recently filed Litigation and the continuing work on the ADP EA requires additional compensation to be added to the legal services agreement. The agreement has been amended three times: the first amendment exercised the first one-year extension resulting in a termination date of September 30, 2021; the second amendment increased the compensation amount by \$250,000 resulting in a not-to-exceed amount of \$750,000 [Resolution No. 2020-0041]; the third amendment increased the compensation amount by \$200,000 resulting in a not to exceed amount of \$1,025,000 [Resolution No. 2020-0095]; the proposed fourth amendment seeks to increase the compensation amount by \$150,000 for a not to exceed amount of \$1,075,000.

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. It is also included in the proposed FY 2022 Operating Budget.

Authority Strategies/Focus Areas:

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

Strategies

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Focus Areas

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

Environmental Review:

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

Application of Inclusionary Policies:

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. 2021-0062

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY APPROVING AND AUTHORIZING THE PRESIDENT/CEO TO EXECUTE THE FOURTH AMENDMENT TO THE AGREEMENT WITH GATZKE DILLON & BALLANCE LLP FOR PROFESSIONAL LEGAL SERVICES INCREASING THE COMPENSATION AMOUNT BY \$150,000

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), litigation filed in October 2020 by the City of Coronado challenging the Naval Air Station North Island (NASNI) Airport Land Use Compatibility Plan (ALUCP), and most recently, litigation filed in May 2020 by Neighbors Against Noise challenging the ALUC's consistency determination of a distribution facility pursuant to the Gillespie Field ALUCP (hereinafter collectively 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, the Final EIR, the NASNI ALUCP and its expertise related to Airport Land Use Compatibility Plans; 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 three times: 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 the third amendment increased the not-to-exceed compensation amount by \$200,000; 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 HERBY approves and authorizes the President/CEO to execute the Fourth Amendment to the Agreement with Gatzke Dillon & Balance LLP for professional Legal Services increasing the compensation amount by \$150,000; 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 Board meeting this 3rd day of June 2021 by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, CORPORATE
SERVICES/ AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

Staff Report

Meeting Date: June 3, 2021

Subject:

Award a Contract to Grahovac Construction to Refurbish Passenger Boarding Bridges at Terminal 1 West, San Diego International Airport

Recommendation:

Adopt Resolution No. 2021-0059, awarding a contract to Grahovac Construction in the amount of \$1,699,502 for Project No. 104194D, Refurbish Passenger Boarding Bridges (T1W) San Diego International Airport.

Background/Justification:

Project No. 104194A, Refurbish Passenger Boarding Bridges (T1W) is a Board approved project in the San Diego County Regional Airport Authority's ("Authority's") adopted FY2021 Capital Improvement Program ("CIP").

In 2018, the Authority conducted a comprehensive survey of the existing subject Passenger Boarding Bridges ("PBBs") at the Airport. Most of these existing PBBs were installed between 1990 and 2000 and are in need of either refurbishment or replacement due to deterioration from weather and varying degrees of use. The repair and/or replacement of the selected PBBs will enhance passenger experience and decrease repair and maintenance costs.

Pursuant to the survey phasing recommendations, this project will refurbish Passenger Boarding Bridges at Terminals 1 and 2 (Gates 3-9, 11-18, 28, 33-34, 43, 48, and 51), including replacement of Pre-Conditioned Air (PCA), condensation collection tanks, PBB precool units, and associated hoses, swivels, and safety shoes. (Attachment A)

This opportunity was advertised on March 9, 2021, and sealed bids were opened on May 13, 2021. The following bids were received: (Attachment B)

Company	Total Bid
Grahovac Construction	\$ 1,699,502
DuWright Construction	\$ 1,805,294
AERO Bridge Works	\$ 2,007,748.75

The Refurbish Boarding Bridges (T1W) project includes a total of 21 boarding bridges, with an Engineer's Estimate of \$1,000,075. The bid schedule allows the Authority to have visibility of the proposed (competitive) bid price for each boarding bridge, individually. The Authority received three competitive bids and the low bid for the project has a total bid price of \$1,699,502. Because the Authority has recently decided to build the "full Headhouse" in the first phase of the New T1 (ADP), several gates at the existing T1 conflict with the construction of the new terminal building footprint and the Authority will need to shut down and demolish existing gates 1 through 4. The Refurbish Boarding Bridges (T1W) project was advertised and bid, including existing gates 3 & 4, which are now planned to be closed and demolished. Staff proposes awarding the contract, as advertised and bid, followed by a deductive change order reducing the scope/contract value related to gates 3 & 4. This change order will bring the cost inline with the adopted budget of \$2,460,000 of which \$1,419,165 is costs of construction.

The low bid of \$1,699,502 is responsive, and Grahovac Construction is considered responsible. Staff recommends award to Grahovac Construction Company in the amount of \$1,699,502.

Fiscal Impact:

Adequate funds for Refurbish Passenger Boarding Bridges (PBB) are included within the Board adopted FY2021-FY2025 Capital Program Budget in Project No. 104194D. The Source of funding for this project is General Airport Revenue Bonds and Major Maintenance Funds.

Authority Strategies/Focus Areas:

This item supports one or more of the following:

Strategies

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Focus Areas

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

Environmental Review:

- A. CEQA: This Board action is for a project determined to be consistent with a California Environmental Quality Act ("CEQA") Categorical Exemption 15301 - Existing Facilities - Class 1 and 15302 - Replacement or Reconstruction - Class 2.
- 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 and policy: a Disadvantaged Business Enterprise (DBE) Program, an Airport Concession Disadvantaged Business Enterprise (ACDBE) Program and Policy 5.12. These programs and policy are intended to promote the inclusion of small, local, service disabled/veteran owned small businesses, historically underrepresented businesses and other business enterprises, on all contracts. Only one of the programs or policy named above can be used in any single contracting opportunity.

This contract does not utilize federal funds and provides limited opportunities for sub-contractor participation; therefore, at the option of the Authority, Policy 5.12 was applied to promote the participation of qualified small businesses, service disabled/veteran owned small businesses, and local businesses. Policy 5.12 provides a preference of up to seven percent (7%) in the award of selected Authority contracts. When bid price is the primary selection criteria, the maximum amount of the preference cannot exceed \$200,000.00. The preference is only applied in measuring the bid. The final contract award is based on the amount of the original bid.

Meeting Date: June 3, 2021

In accordance to Policy 5.12, the recommended firm Grahovac Construction did not receive small business and veteran owned small business preference due to not meeting the small business and veteran owned small business goals. However, Grahovac Construction met the local business goal of 3% with 31% certified local business participation for 2% local business preference.

Prepared by:

BOB BOLTON
DIRECTOR, AIRPORT DESIGN & CONSTRUCTION

ATTACHMENT A

104194D - Refurbish Passenger Boarding Bridges (T1W) Project Location

TERMINAL 2 WEST
GATE 33-34, 43, 48, AND 51

TERMINAL 2 EAST
GATE 28

TERMINAL 1 WEST
GATES 11-18

TERMINAL 1 EAST
GATES 3-9



BID TABULATION

ATTACHMENT A CIP Number: 104194D
 Project Title: Refurbish Passenger Boarding Bridges - Phase II
 DATE/TIME BIDS OPENED: May 13, 2021

Bidder Number:	1	2	3	
Bidder Name:	ENGINEER'S ESTIMATE	Grahovac Construction	DuWright Construction	AERO Bridge Works
Bidder Address:		8418 La Mesa Blvd. La Mesa, CA 91942	7902 Raytheon Road San Diego, CA 92111	2700 Delk Road SE, Ste 150 Marietta, GA 30067
Guarantee of Good Faith:		United Fire & Casualty	Argonaut Insurance	Liberty Mutual Ins. Co.
Total Unadjusted Bid Price:	\$1,000,075.00	\$1,699,502.00	\$1,805,294.00	\$2,007,748.75
Total Adjusted Bid Price (w/ Policy 5.12):		\$1,659,347.03	???	\$2,007,748.75

Bid Item No.	Bid Item Title	Quantity	Unit Item	Unit Price (In Figures)		Total (In Figures)		Unit Price (In Figures)		Total (In Figures)		Unit Price (In Figures)		Total (In Figures)	
Bid Schedule A - Base Bid															
1	Replace Preconditioned Air Unit (Gate 3)	1	LS	\$ 60,000.00	\$ 60,000.00	\$ 96,477.00	\$ 96,477.00	\$ 112,547.00	\$ 112,547.00	\$ 111,740.00	\$ 111,740.00	\$ 111,740.00	\$ 111,740.00	\$ 111,740.00	\$ 111,740.00
2	Add PBB Precool (Gate 3)	1	LS	\$ 10,000.00	\$ 10,000.00	\$ 19,497.00	\$ 19,497.00	\$ 15,273.00	\$ 15,273.00	\$ 16,668.00	\$ 16,668.00	\$ 16,668.00	\$ 16,668.00	\$ 16,668.00	\$ 16,668.00
3	Replace PCA Hoses (Gate 3)	1	LS	\$ 2,400.00	\$ 2,400.00	\$ 12,028.00	\$ 12,028.00	\$ 6,783.00	\$ 6,783.00	\$ 6,522.00	\$ 6,522.00	\$ 6,522.00	\$ 6,522.00	\$ 6,522.00	\$ 6,522.00
4	Add PCA Hose 4" Swivel (Gate 3)	1	LS	\$ 1,200.00	\$ 1,200.00	\$ 2,035.00	\$ 2,035.00	\$ 900.00	\$ 900.00	\$ 2,522.00	\$ 2,522.00	\$ 2,522.00	\$ 2,522.00	\$ 2,522.00	\$ 2,522.00
5	Add Condensate Collection Tank, Condensate Drain Hose for PBBs at Gates 3 & 4 (Gates 3 & 4)	1	LS	\$ 12,000.00	\$ 12,000.00	\$ 19,863.00	\$ 19,863.00	\$ 14,064.00	\$ 14,064.00	\$ 45,160.00	\$ 45,160.00	\$ 45,160.00	\$ 45,160.00	\$ 45,160.00	\$ 45,160.00
6	Replace Preconditioned Air Unit (Gate 4)	1	LS	\$ 60,000.00	\$ 60,000.00	\$ 96,477.00	\$ 96,477.00	\$ 112,547.00	\$ 112,547.00	\$ 111,740.00	\$ 111,740.00	\$ 111,740.00	\$ 111,740.00	\$ 111,740.00	\$ 111,740.00
7	Add PBB Precool (Gate 4)	1	LS	\$ 10,000.00	\$ 10,000.00	\$ 19,497.00	\$ 19,497.00	\$ 15,273.00	\$ 15,273.00	\$ 16,668.00	\$ 16,668.00	\$ 16,668.00	\$ 16,668.00	\$ 16,668.00	\$ 16,668.00
8	Replace PCA Hoses (Gate 4)	1	LS	\$ 2,400.00	\$ 2,400.00	\$ 12,028.00	\$ 12,028.00	\$ 6,783.00	\$ 6,783.00	\$ 6,522.00	\$ 6,522.00	\$ 6,522.00	\$ 6,522.00	\$ 6,522.00	\$ 6,522.00
9	Add PCA Hose 4" Swivel (Gate 4)	1	LS	\$ 1,200.00	\$ 1,200.00	\$ 2,035.00	\$ 2,035.00	\$ 900.00	\$ 900.00	\$ 2,522.00	\$ 2,522.00	\$ 2,522.00	\$ 2,522.00	\$ 2,522.00	\$ 2,522.00
10	Replace Preconditioned Air Unit (Gate 5)	1	LS	\$ 60,000.00	\$ 60,000.00	\$ 96,477.00	\$ 96,477.00	\$ 112,547.00	\$ 112,547.00	\$ 111,740.00	\$ 111,740.00	\$ 111,740.00	\$ 111,740.00	\$ 111,740.00	\$ 111,740.00
11	Add PBB Precool (Gate 5)	1	LS	\$ 10,000.00	\$ 10,000.00	\$ 19,497.00	\$ 19,497.00	\$ 15,273.00	\$ 15,273.00	\$ 16,668.00	\$ 16,668.00	\$ 16,668.00	\$ 16,668.00	\$ 16,668.00	\$ 16,668.00
12	Replace PCA Hoses (Gate 5)	1	LS	\$ 2,400.00	\$ 2,400.00	\$ 12,028.00	\$ 12,028.00	\$ 6,783.00	\$ 6,783.00	\$ 6,522.00	\$ 6,522.00	\$ 6,522.00	\$ 6,522.00	\$ 6,522.00	\$ 6,522.00
13	Add PCA Hose 4" Swivel (Gate 5)	1	LS	\$ 1,200.00	\$ 1,200.00	\$ 2,035.00	\$ 2,035.00	\$ 900.00	\$ 900.00	\$ 2,522.00	\$ 2,522.00	\$ 2,522.00	\$ 2,522.00	\$ 2,522.00	\$ 2,522.00
14	Add Condensate Collection Tank, Condensate Drain Hose for PBBs at Gates 5 & 6 (Gates 5 & 6)	1	LS	\$ 12,000.00	\$ 12,000.00	\$ 19,863.00	\$ 19,863.00	\$ 13,769.00	\$ 13,769.00	\$ 45,160.00	\$ 45,160.00	\$ 45,160.00	\$ 45,160.00	\$ 45,160.00	\$ 45,160.00
15	Replace Preconditioned Air Unit (Gate 6)	1	LS	\$ 60,000.00	\$ 60,000.00	\$ 96,477.00	\$ 96,477.00	\$ 112,547.00	\$ 112,547.00	\$ 111,740.00	\$ 111,740.00	\$ 111,740.00	\$ 111,740.00	\$ 111,740.00	\$ 111,740.00
16	Add PBB Precool (Gate 6)	1	LS	\$ 10,000.00	\$ 10,000.00	\$ 19,497.00	\$ 19,497.00	\$ 15,273.00	\$ 15,273.00	\$ 16,668.00	\$ 16,668.00	\$ 16,668.00	\$ 16,668.00	\$ 16,668.00	\$ 16,668.00
17	Replace PCA Hoses (Gate 6)	1	LS	\$ 2,400.00	\$ 2,400.00	\$ 12,028.00	\$ 12,028.00	\$ 6,783.00	\$ 6,783.00	\$ 6,522.00	\$ 6,522.00	\$ 6,522.00	\$ 6,522.00	\$ 6,522.00	\$ 6,522.00
18	Add PCA Hose 4" Swivel (Gate 6)	1	LS	\$ 1,200.00	\$ 1,200.00	\$ 2,035.00	\$ 2,035.00	\$ 900.00	\$ 900.00	\$ 2,522.00	\$ 2,522.00	\$ 2,522.00	\$ 2,522.00	\$ 2,522.00	\$ 2,522.00
19	Replace Preconditioned Air Unit (Gate 7)	1	LS	\$ 60,000.00	\$ 60,000.00	\$ 96,477.00	\$ 96,477.00	\$ 112,547.00	\$ 112,547.00	\$ 111,740.00	\$ 111,740.00	\$ 111,740.00	\$ 111,740.00	\$ 111,740.00	\$ 111,740.00
20	Add PBB Precool (Gate 7)	1	LS	\$ 9,800.00	\$ 9,800.00	\$ 19,497.00	\$ 19,497.00	\$ 15,273.00	\$ 15,273.00	\$ 16,668.00	\$ 16,668.00	\$ 16,668.00	\$ 16,668.00	\$ 16,668.00	\$ 16,668.00
21	Replace PCA Hoses (Gate 7)	1	LS	\$ 2,300.00	\$ 2,300.00	\$ 12,028.00	\$ 12,028.00	\$ 6,783.00	\$ 6,783.00	\$ 6,522.00	\$ 6,522.00	\$ 6,522.00	\$ 6,522.00	\$ 6,522.00	\$ 6,522.00
22	Add PCA Hose 4" Swivel (Gate 7)	1	LS	\$ 1,100.00	\$ 1,100.00	\$ 2,035.00	\$ 2,035.00	\$ 900.00	\$ 900.00	\$ 2,522.00	\$ 2,522.00	\$ 2,522.00	\$ 2,522.00	\$ 2,522.00	\$ 2,522.00
23	Add Condensate Collection Tank, Condensate Drain Hose for PBBs at Gates 7 & 8 (Gates 7 & 8)	1	LS	\$ 12,000.00	\$ 12,000.00	\$ 19,863.00	\$ 19,863.00	\$ 15,073.00	\$ 15,073.00	\$ 45,160.00	\$ 45,160.00	\$ 45,160.00	\$ 45,160.00	\$ 45,160.00	\$ 45,160.00
24	Replace Preconditioned Air Unit (Gate 8)	1	LS	\$ 60,000.00	\$ 60,000.00	\$ 96,477.00	\$ 96,477.00	\$ 112,547.00	\$ 112,547.00	\$ 111,740.00	\$ 111,740.00	\$ 111,740.00	\$ 111,740.00	\$ 111,740.00	\$ 111,740.00
25	Add PBB Precool (Gate 8)	1	LS	\$ 10,000.00	\$ 10,000.00	\$ 19,497.00	\$ 19,497.00	\$ 15,273.00	\$ 15,273.00	\$ 16,668.00	\$ 16,668.00	\$ 16,668.00	\$ 16,668.00	\$ 16,668.00	\$ 16,668.00
26	Replace PCA Hoses (Gate 8)	1	LS	\$ 2,300.00	\$ 2,300.00	\$ 12,028.00	\$ 12,028.00	\$ 6,783.00	\$ 6,783.00	\$ 6,522.00	\$ 6,522.00	\$ 6,522.00	\$ 6,522.00	\$ 6,522.00	\$ 6,522.00
27	Add PCA Hose 4" Swivel (Gate 8)	1	LS	\$ 1,200.00	\$ 1,200.00	\$ 2,035.00	\$ 2,035.00	\$ 900.00	\$ 900.00	\$ 2,522.00	\$ 2,522.00	\$ 2,522.00	\$ 2,522.00	\$ 2,522.00	\$ 2,522.00
28	Replace Preconditioned Air Unit (Gate 9)	1	LS	\$ 60,000.00	\$ 60,000.00	\$ 96,477.00	\$ 96,477.00	\$ 112,547.00	\$ 112,547.00	\$ 111,740.00	\$ 111,740.00	\$ 111,740.00	\$ 111,740.00	\$ 111,740.00	\$ 111,740.00
29	Add PBB Precool (Gate 9)	1	LS	\$ 9,800.00	\$ 9,800.00	\$ 19,497.00	\$ 19,497.00	\$ 15,273.00	\$ 15,273.00	\$ 16,668.00	\$ 16,668.00	\$ 16,668.00	\$ 16,668.00	\$ 16,668.00	\$ 16,668.00
30	Replace PCA Hoses (Gate 9)	1	LS	\$ 2,400.00	\$ 2,400.00	\$ 12,028.00	\$ 12,028.00	\$ 6,783.00	\$ 6,783.00	\$ 6,522.00	\$ 6,522.00	\$ 6,522.00	\$ 6,522.00	\$ 6,522.00	\$ 6,522.00
31	Add PCA Hose 4" Swivel (Gate 9)	1	LS	\$ 1,200.00	\$ 1,200.00	\$ 2,035.00	\$ 2,035.00	\$ 900.00	\$ 900.00	\$ 2,522.00	\$ 2,522.00	\$ 2,522.00	\$ 2,522.00	\$ 2,522.00	\$ 2,522.00
32	Add Condensate Collection Tank, Condensate Drain Hose for PBB at Gate 9 (Gate 9)	1	LS	\$ 8,000.00	\$ 8,000.00	\$ 19,863.00	\$ 19,863.00	\$ 10,583.00	\$ 10,583.00	\$ 45,160.00	\$ 45,160.00	\$ 45,160.00	\$ 45,160.00	\$ 45,160.00	\$ 45,160.00
33	Add Safety Shoe (Gate 11)	1	LS	\$ 2,800.00	\$ 2,800.00	\$ 7,346.00	\$ 7,346.00	\$ 12,682.00	\$ 12,682.00	\$ 12,124.00	\$ 12,124.00	\$ 12,124.00	\$ 12,124.00	\$ 12,124.00	\$ 12,124.00
34	Add Condensate Collection Tank, Condensate Drain Hose for PBB at Gate 12 (Gate 12)	1	LS	\$ 8,000.00	\$ 8,000.00	\$ 19,863.00	\$ 19,863.00	\$ 10,583.00	\$ 10,583.00	\$ 45,160.00	\$ 45,160.00	\$ 45,160.00	\$ 45,160.00	\$ 45,160.00	\$ 45,160.00
35	Add Safety Shoe (Gate 12)	1	LS	\$ 2,800.00	\$ 2,800.00	\$ 7,346.00	\$ 7,346.00	\$ 12,682.00	\$ 12,682.00	\$ 12,124.00	\$ 12,124.00	\$ 12,124.00	\$ 12,124.00	\$ 12,124.00	\$ 12,124.00
36	Add Condensate Collection Tank, Condensate Drain Hose for PBBs at Gates 13 & 14 (Gates 13 & 14)	1	LS	\$ 12,000.00	\$ 12,000.00	\$ 19,863.00	\$ 19,863.00	\$ 14,864.00	\$ 14,864.00	\$ 45,160.00	\$ 45,160.00	\$ 45,160.00	\$ 45,160.00	\$ 45,160.00	\$ 45,160.00
37	Add Safety Shoe (Gate 13)	1	LS	\$ 3,000.00	\$ 3,000.00	\$ 7,346.00	\$ 7,346.00	\$ 12,682.00	\$ 12,682.00	\$ 12,124.00	\$ 12,124.00	\$ 12,124.00	\$ 12,124.00	\$ 12,124.00	\$ 12,124.00
38	Add Safety Shoe (Gate 14)	1	LS	\$ 3,000.00	\$ 3,000.00	\$ 7,346.00	\$ 7,346.00	\$ 12,682.00	\$ 12,682.00	\$ 12,124.00	\$ 12,124.00	\$ 12,124.00	\$ 12,124.00	\$ 12,124.00	\$ 12,124.00
39	Add Condensate Collection Tank, Condensate Drain Hose for PBBs at Gates 15 & 16 (Gates 15 & 16)	1	LS	\$ 12,000.00	\$ 12,000.00	\$ 19,863.00	\$ 19,863.00	\$ 15,064.00	\$ 15,064.00	\$ 45,160.00	\$ 45,160.00	\$ 45,160.00	\$ 45,160.00	\$ 45,160.00	\$ 45,160.00
40	Add Safety Shoe (Gate 15)	1	LS	\$ 2,800.00	\$ 2,800.00	\$ 7,346.00	\$ 7,346.00	\$ 12,682.00	\$ 12,682.00	\$ 12,124.00	\$ 12,124.00	\$ 12,124.00	\$ 12,124.00	\$ 12,124.00	\$ 12,124.00
41	Add Condensate Collection Tank, Condensate Drain Hose for PBBs at Gates 17 & 18 (Gates 17 & 18)	1	LS	\$ 12,000.00	\$ 12,000.00	\$ 19,863.00	\$ 19,863.00	\$ 15,064.00	\$ 15,064.00	\$ 45,160.00	\$ 45,160.00	\$ 45,160.00	\$ 45,160.00	\$ 45,160.00	\$ 45,160.00
42	Add Safety Shoe (Gate 17)	1	LS	\$ 2,500.00	\$ 2,500.00	\$ 7,346.00	\$ 7,346.00	\$ 12,682.00	\$ 12,682.00	\$ 12,124.00	\$ 12,124.00	\$ 12,124.00	\$ 12,124.00	\$ 12,124.00	\$ 12,124.00
43	Add Safety Shoe (Gate 18)	1	LS	\$ 2,500.00	\$ 2,500.00	\$ 7,346.00	\$ 7,346.00	\$ 12,682.00	\$ 12,682.00	\$ 12,124.00	\$ 12,124.00	\$ 12,124.00	\$ 12,124.00	\$ 12,124.00	\$ 12,124.00
44	Add Safety Shoe (Gate 28)	1	LS	\$ 2,500.00	\$ 2,500.00	\$ 7,346.00	\$ 7,346.00	\$ 12,682.00	\$ 12,682.00	\$ 12,124.00	\$ 12,124.00	\$ 12,124.00	\$ 12,124.00	\$ 12,124.00	\$ 12,124.00
45	Add Safety Shoe (Gate 33)	1	LS	\$ 2,500.00	\$ 2,500.00	\$ 7,346.00	\$ 7,346.00	\$ 12,682.00	\$ 12,682.00	\$ 12,124.00	\$ 12,124.00	\$ 12,124.00	\$ 12,124.00	\$ 12,124.00	\$ 12,124.00
46	Add Safety Shoe (Gate 34)	1	LS	\$ 2,500.00	\$ 2,500.00	\$ 7,346.00	\$ 7,346.00	\$ 12,682.00	\$ 12,682.00	\$ 12,124.00	\$ 12,124.00	\$ 12,124.00	\$ 12,124.00	\$ 12,124.00	\$ 12,124.00
47	Replace 400Hz Ground Power Unit (Gate 43)	1	LS	\$ 44,000.00	\$ 44,000.00	\$ 45,382.00	\$ 45,382.00	\$ 53,425.00	\$ 53,425.00	\$ 55,121.00	\$ 55,121.00	\$ 55,121.00	\$ 55,121.00	\$ 55,121.00	\$ 55,121.00
48	Add Safety Shoe (Gate 43)	1	LS	\$ 2,800.00	\$ 2,800.00	\$ 7,346.00	\$ 7,346.00	\$ 12,682.00	\$ 12,682.00	\$ 12,124.00	\$ 12,124.00	\$ 12,124.00	\$ 12,124.00	\$ 12,124.00	\$ 12,124.00
49	Replace 400Hz Ground Power Unit (Gate 48)	1	LS	\$ 44,275.00	\$ 44,275.00	\$ 68,164.00	\$ 68,164.00	\$ 88,959.00	\$ 88,959.00	\$ 74,015.00	\$ 74,015.00	\$ 74,015.00	\$ 74,015.0		

BID TABULATION

Project Title: Refurbish Passenger Boarding Bridges - Phase II
 DATE/TIME BIDS OPENED: May 13, 2021

Bidder Number:				1		2		3			
Bidder Name:				ENGINEER'S ESTIMATE		Grahovac Construction		DuWright Construction		AERO Bridge Works	
Bidder Address:						8418 La Mesa Blvd. La Mesa, CA 91942		7902 Raytheon Road San Diego, CA 92111		2700 Delk Road SE, Ste 150 Marietta, GA 30067	
Guarantee of Good Faith:						United Fire & Casualty		Argonaut Insurance		Liberty Mutual Ins. Co.	
Total Unadjusted Bid Price:				\$1,000,075.00		\$1,699,502.00		\$1,805,294.00		\$2,007,748.75	
Total Adjusted Bid Price (w/ Policy 5.12):				\$1,659,347.03		\$1,659,347.03		???		\$2,007,748.75	
Bid Item No.	Bid Item Title	Quantity	Unit Item	Unit Price (In Figures)	Total (In Figures)	Unit Price (In Figures)	Total (In Figures)	Unit Price (In Figures)	Total (In Figures)	Unit Price (In Figures)	Total (In Figures)
Step 4 - Policy 5.12 Preference Application											
	Small Business?					\$0.00		???		\$0.00	
	Local Business?					\$40,154.98		???		\$0.00	
	Veteran Owned Small Business?					\$0.00		???		\$0.00	
Total Adjusted Bid Price (w/ Policy 5.12)						\$1,659,347.03		???		\$2,007,748.75	

- Distribution:
 Project Bid Review Checklist (Original)
 Staff Report
 ADC Estimator (Excel File)
 Director, Small Business (PDF copy)
 Program Coordinator, Small Business (PDF copy)
 Project Procurement Analyst (PDF copy)

RESOLUTION NO. 2021-0059

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY AWARDING A CONTRACT TO GRAHOVOC CONSTRUCTION IN THE AMOUNT OF \$1,699,502 FOR PROJECT NO. 104194D, REFURBISH PASSENGER BOARDING BRIDGES (T1W) SAN DIEGO INTERNATIONAL AIRPORT

WHEREAS, Project No. 104194A, Refurbish Passenger Boarding Bridges (T1W) is a Board approved project in the San Diego County Regional Airport Authority's ("Authority's") adopted FY2021-FY2025 Capital Improvement Program ("CIP"); and

WHEREAS, in 2018, the Authority conducted a comprehensive survey of existing subject Passenger Boarding Bridges (PBBs) at the Airport; and

WHEREAS, most of these existing PBBs were installed between 1990 and 2000 and are in need of either refurbishment or replacement due to deterioration from weather and varying degrees of use; and

WHEREAS, the repair and/or replacement of the selected PBBs will enhance passenger experience and decrease repair and maintenance costs; and

WHEREAS, Pursuant to the survey phasing recommendations, this project will refurbish Passenger Boarding Bridges at Terminals 1 and 2 (Gates 3-9, 11-18, 28, 33-34, 43, 48, and 51), including replacement of Pre-Conditioned Air (PCA), condensation collection tanks, PBB precool units, and associated hoses, swivels, and safety shoes; and

WHEREAS, the Request for Bids for this project was advertised on March 9, 2021; and

WHEREAS, on May 13, 2021, the Authority opened sealed bids received in response to the Bid Solicitation Package; and

Resolution No. 2021-0059

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WHEREAS, the low bidder, Grahovac Construction, submitted a bid in the amount of \$1,699,502; and

WHEREAS, the Refurbish Boarding Bridges (T1W) project includes a total of 21 boarding bridges, with an Engineer's Estimate of \$1,075,000; and

WHEREAS, the bid schedule allows the Authority to have visibility of the proposed (competitive) bid price for each boarding bridge, individually; and

WHEREAS, because the Authority has recently decided to build the "full Headhouse" in the first phase of the New T1 (ADP), several gates at the existing T1 conflict with the construction of the new terminal building footprint and the Authority will need to shut down and demolish existing gates 1 through 4; and

WHEREAS, the Refurbish Boarding Bridges (T1W) project was advertised and bid, including existing gates 3 & 4, which are now planned to be closed and demolished; and

WHEREAS, Staff proposes awarding the contract, as advertised and bid, followed by a deductive change order reducing the scope/contract value related to gates 3 & 4; and

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

WHEREAS, the Board believes that it is in the best interest of the Authority and the public that it serves to award Grahovac Construction the contract for Project No. 104194D, Refurbish Passenger Boarding Bridges (T1W) upon the terms and conditions set forth in the Bid Solicitation Package.

NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD HEREBY awards a contract to Grahovac Construction, in the amount of \$1,699,502, for Project No. 104194D, Refurbish Passenger Boarding Bridges (T1W) at San Diego International Airport; and

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

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

BE IT FURTHER RESOLVED that the Board finds that this action is determined to be consistent with a California Environmental Quality Act ("CEQA") Categorical Exemption 15301 - Existing Facilities - Class 1 and 15302 - Replacement or Reconstruction - Class 2; 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.

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PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 3rd day of June, 2021, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES /
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

Staff Report

Meeting Date: June 3, 2021

Subject:

Approve the Fiscal Year 2022 Proposed Audit Plan of the Office of the Chief Auditor

Recommendation:

The Audit Committee recommends that the Board adopt Resolution No. 2021-0063, approving the Fiscal Year 2022 proposed Audit Plan of the Office of the Chief Auditor.

Background/Justification:

As directed in the Charter for the Office of the Chief Auditor (OCA), a risk-based internal Audit Plan shall be submitted, at least annually, to the Audit Committee and forwarded to the San Diego County Regional Airport Authority Board for approval.

The Fiscal Year 2022 Proposed Audit Plan was prepared by the Chief Auditor based on the following elements: a comprehensive Risk Assessment; input from the Board Members and Audit Committee; input from Authority management; and, the review of staff resources available. Details on the Risk Assessment methodology are included in Attachment A.

On May 10, 2021, during a regularly scheduled meeting of the Audit Committee, the Fiscal Year 2022 Proposed Audit Plan was presented by the Chief Auditor. Following the presentation the Audit Committee voted unanimously to forward the Fiscal Year 2022 Proposed Audit Plan, Attachment 1, to the Board for approval.

Fiscal Impact:

Adequate funding for Fiscal Year 2022 Audit Plan is included in the conceptually approved FY 2022 Operating Expense Budget within the Audit Department Budget. Adequate funds for the New T1 Construction Services is included in the Board Approved FY 2021-FY2025 Capital Program Budget in the New T1 Project Budget.

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 PARRAVANO
CHIEF AUDITOR

RESOLUTION NO. 2021-0063

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

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

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

WHEREAS, at its regular meeting on May 10, 2021, the Audit Committee was presented with the Fiscal Year 2022 Proposed Audit Plan and voted to accept the plan and forward it for Board approval.

NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD HEREBY approves the Fiscal Year 2022 proposed Audit Plan of the Office of the Chief Auditor (Attachment A); and

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

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

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

Resolution No. 2021-0063

Page 2 of 2

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 3rd day of June, 2021, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES /
AUTHORITY CLERK

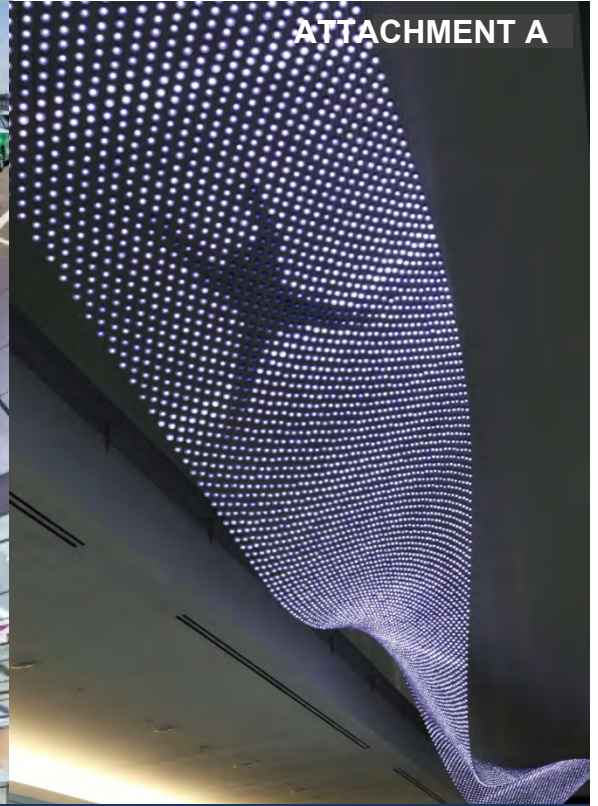
APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

SAN DIEGO
COUNTY
REGIONAL
AIRPORT
AUTHORITY



ATTACHMENT A



Risk Assessment and Proposed Fiscal Year 2022 Audit Plan

Office of the Chief Auditor
May 10, 2021



Office of the Chief Auditor
Risk Assessment and Proposed Fiscal Year 2022 Audit Plan

INTRODUCTION

The International Standards for the Professional Practice of Internal Auditing (*Standards*) and the Charter for the Office of the Chief Auditor (OCA) require the OCA to establish a risk-based approach to determine the priorities for internal audit activities.

A risk assessment for audit planning is a process of systematically scoring (or rating) the relative impact of a variety of “risk factors”. A risk factor is an observable or measurable indicator of conditions or events that could adversely affect the San Diego County Regional Airport Authority (Authority). This Risk Assessment and Audit Plan were prepared to help identify, measure, and prioritize potential activities based on the level of risk to the Authority. The risk assessment results combined with input from the Authority Board, Audit Committee, and management were utilized in preparing the Audit Plan for fiscal year 2022. The Proposed Audit Plan is designed to cover high risk activities or areas where the OCA could have the greatest impact, while limiting the scope of work to what can realistically be accomplished during the fiscal year.

The risk assessment methodology utilized by the OCA to construct the Fiscal Year 2022 Audit Plan is a five-part process consisting of:

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

DEVELOPING THE RISK ASSESSMENT FRAMEWORK

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

DEFINING THE AUDIT UNIVERSE

The first step in performing the risk assessment is to define the audit universe. The audit universe is a listing of all the potential audits that can be performed for the Authority. This list of potential audits was created by surveying management and asking them to list all the Key Work Activities within their specific departments in the Authority. Key Work Activities are the major functions/activities carried out by the Authority. An example of an Accounting Department Key Work Activity is Bank Reconciliations. Key Work Activities do not include items like checking email.

IDENTIFYING AND RANKING RISKS

The next step is to identify and rank major risks associated with each Key Work Activity. To achieve this, the management questionnaire that was developed measured several risk factors examining the Likelihood and Impact each risk factor could have on the Authority. The questionnaire used the seven risk factors shown in Table 1 below.

Office of the Chief Auditor
Risk Assessment and Fiscal Year 2022 Proposed Audit Plan

Table 1

Risk Factor	Description
Likelihood	
Complexity of Operations or Regulations	What is the <i>likelihood</i> of something going wrong due to the complexity of this Key Work Activity?
Change Stability	What is the <i>likelihood</i> of something going wrong due to a change in the process or the personnel carrying out this Key Work Activity?
Controls	How effective are the internal controls in place over this Key Work Activity?
Impact	
Fiscal Impact	What is the dollar <i>impact</i> if something were to go wrong with this Key Work Activity?
Travel Experience Impact	How would a traveler be <i>impacted</i> if something were to go wrong with this Key Work Activity?
Strategic / Operational Impact	How would the Authority's Strategic Objectives be <i>impacted</i> if something were to go wrong with this Key Work Activity?
Reputation	How would the Authority's reputation be <i>impacted</i> if something were to go wrong with this Key Work Activity?

Management scored the level of risk/control of each Key Work Activity from Low to High. An integral step to complete the Risk Assessment was to calculate the total Likelihood and Impact for each Key Work Activity, in order from highest risk score to the lowest. The Key Work Activities with the highest risk score within each Authority Division is provided in **Attachment 3**.

INTERPRETING THE RISK ASSESSMENT RESULTS

The Key Work Activities ranked with a high likelihood or impact indicates that these activities are by nature a high risk, because of such factors as having complex or highly regulated transactions, or could have a material impact on the Authority if a risk event were to occur. A high risk rank does not mean that an activity is being managed ineffectively.

DEVELOPING THE AUDIT PLAN

The Audit Plan reflects the results of a continuous Risk Assessment process gathered from various sources including, but not limited to, management questionnaires, interviews with staff, and results of previous audits and consulting engagements. Additionally, selection of activities for the Audit Plan includes examining various factors, such as: time of last audit engagement, velocity of impact if a risk event were to occur, relevant or current events, areas where the OCA can have the greatest impact, requests by management or Board, resource limitations that may exist, and if outsourcing or co-sourcing arrangements are available to supplement the Audit Plan. This can result in the OCA selecting activities for inclusion in the Audit Plan that may not have the highest likelihood or impact scores. The Audit Plan reflects consideration given to all of these factors. The Audit Plan is included as **Attachment 1**.

Office of the Chief Auditor
Risk Assessment and Fiscal Year 2022 Proposed Audit Plan

AUDIT RESOURCES

An Audit Plan is highly dependent upon the nature of the risks identified and the availability of internal audit resources. Such availability is identified through the budgeting process and examination of audit resources. The fiscal year 2022 budget for the OCA includes six full-time auditors and one executive assistant. The Audit Plan anticipates that 12,480 staff hours will be available, as calculated below in Table 2, and as detailed in Attachment 1.

Table 2

Office of the Chief Auditor	Number of Staff	Hours per Staff	Hours Available
Full Time Auditors	6	2,080	12,480
Hours Available for Audit Activities			12,480

Actual hours incurred will be monitored for the purpose of budgeting future audit activities. In the event that all planned activities are completed, additional activities will be initiated based on the results of the Risk Assessment and the professional judgment of the OCA.

In fiscal year 2022 the OCA plans to partner with an on-call construction audit service provider to audit activities related to the Airport Development Program. The OCA plans to utilize the construction audit service provider to supplement current staff capabilities and the Audit Plan in Attachment 1. Audits conducted by the construction audit service provider will be based on Risk Assessments performed and will only occur after the OCA has approved the scope and associated costs.

CONTINGENT AUDIT ACTIVITIES

The OCA has also included contingent audit activities for the Fiscal Year 2022 Proposed Audit Plan that will be started if all planned activities for the fiscal year are completed. If these contingent audit activities are not started in fiscal year 2022, they will be considered when completing the fiscal year 2023 Audit Plan. Contingent audit activities are included as **Attachment 2**.

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

AMENDMENTS TO THE AUDIT PLAN

Requests to amend the Audit Plan will be presented to the Audit Committee. Priority will be given to those requests that have the potential for significant financial savings and issues of integrity. The Board must approve the amendment.

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

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

² Audit Activity has been carried forward from Fiscal Year 2021.

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

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

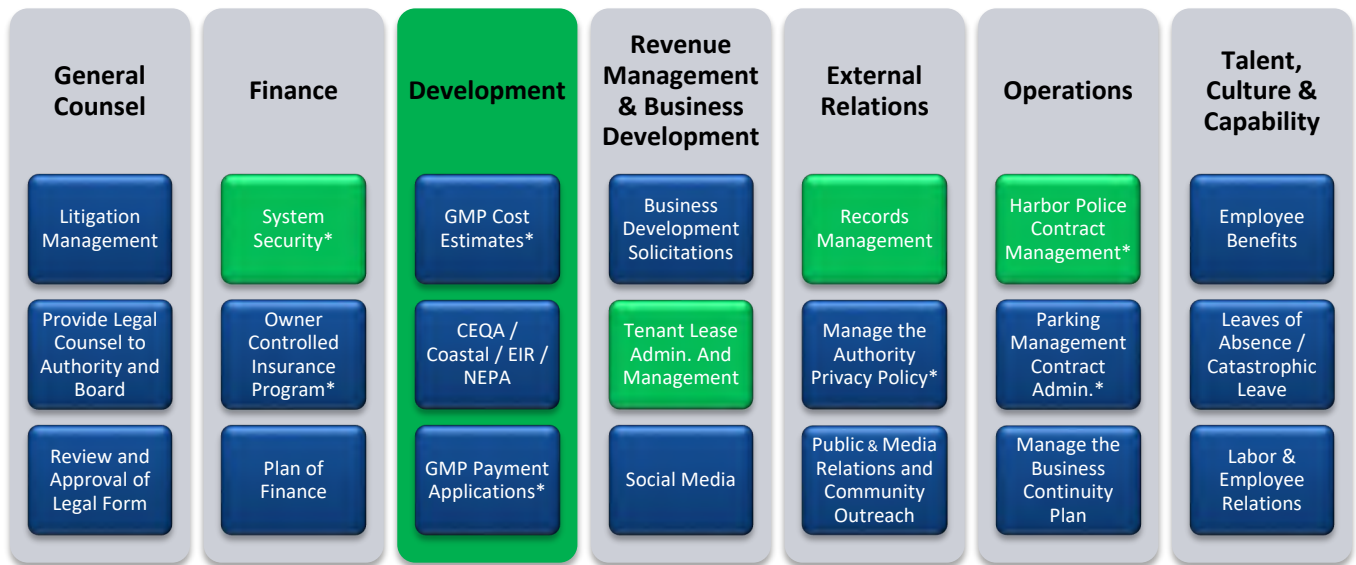
⁴ Required activity in the Charter of the Audit Committee.

Office of the Chief Auditor
Fiscal Year 2022 Contingent Audit Activities

ATTACHMENT 2

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

⁵ Objective may change based on the preliminary survey performed by the OCA.



* Indicates this Key Work Activity or components of this Key Work Activity have been audited within the last five fiscal years.

Indicates this Key Work Activity or components of this Key Work Activity are included in the Fiscal Year 2022 Audit Plan.

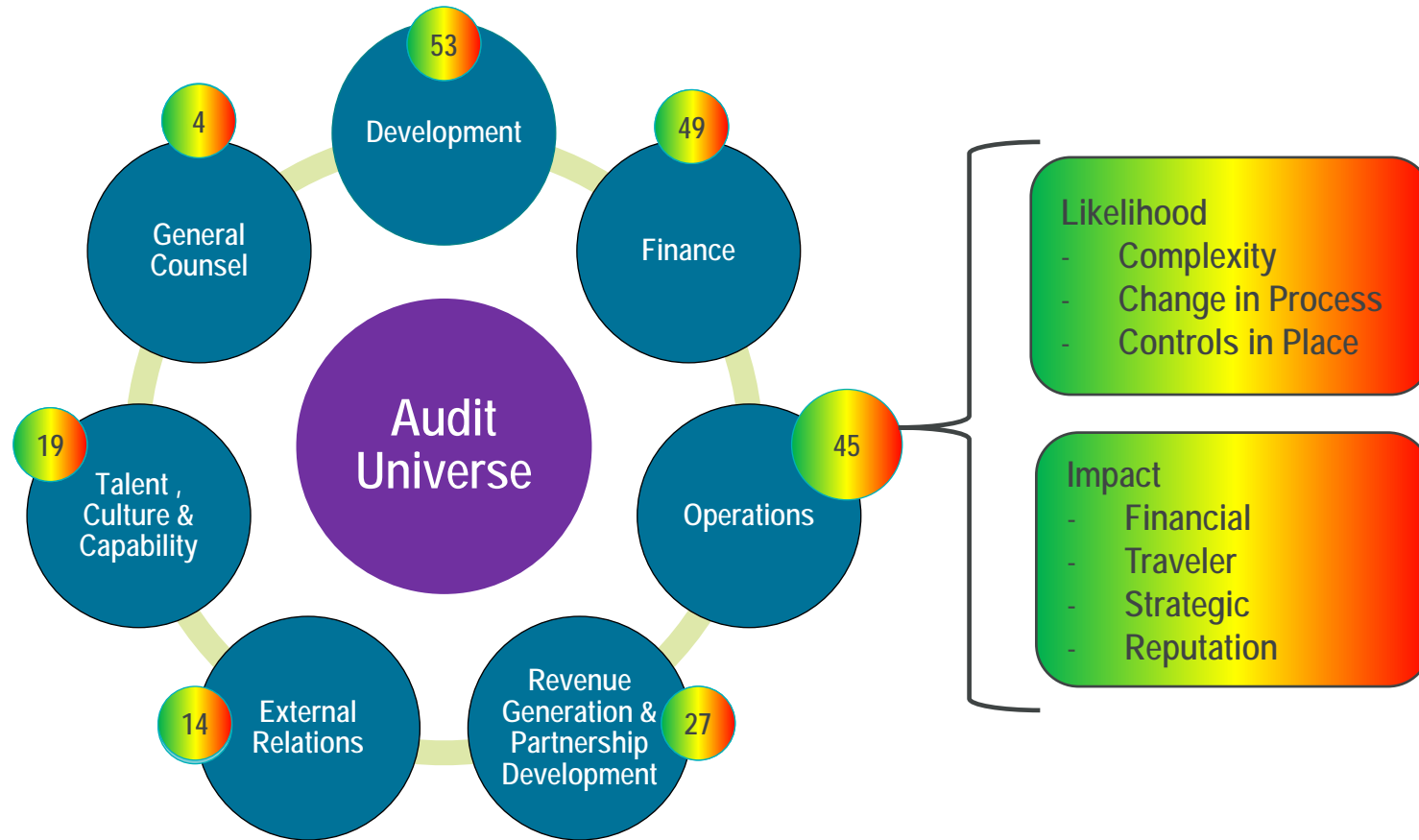
Risk Assessment and Fiscal Year 2022 Proposed Audit Plan of the Office of the Chief Auditor

June 3, 2021

Defining the Audit Universe



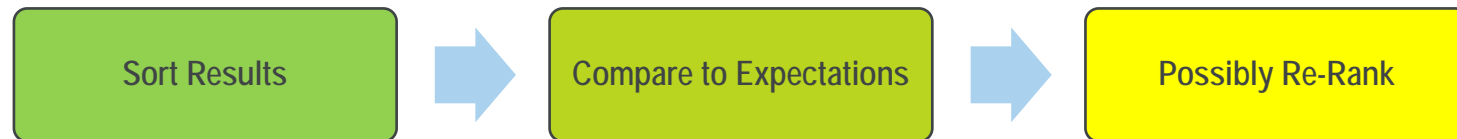
Identify & Rank Risks



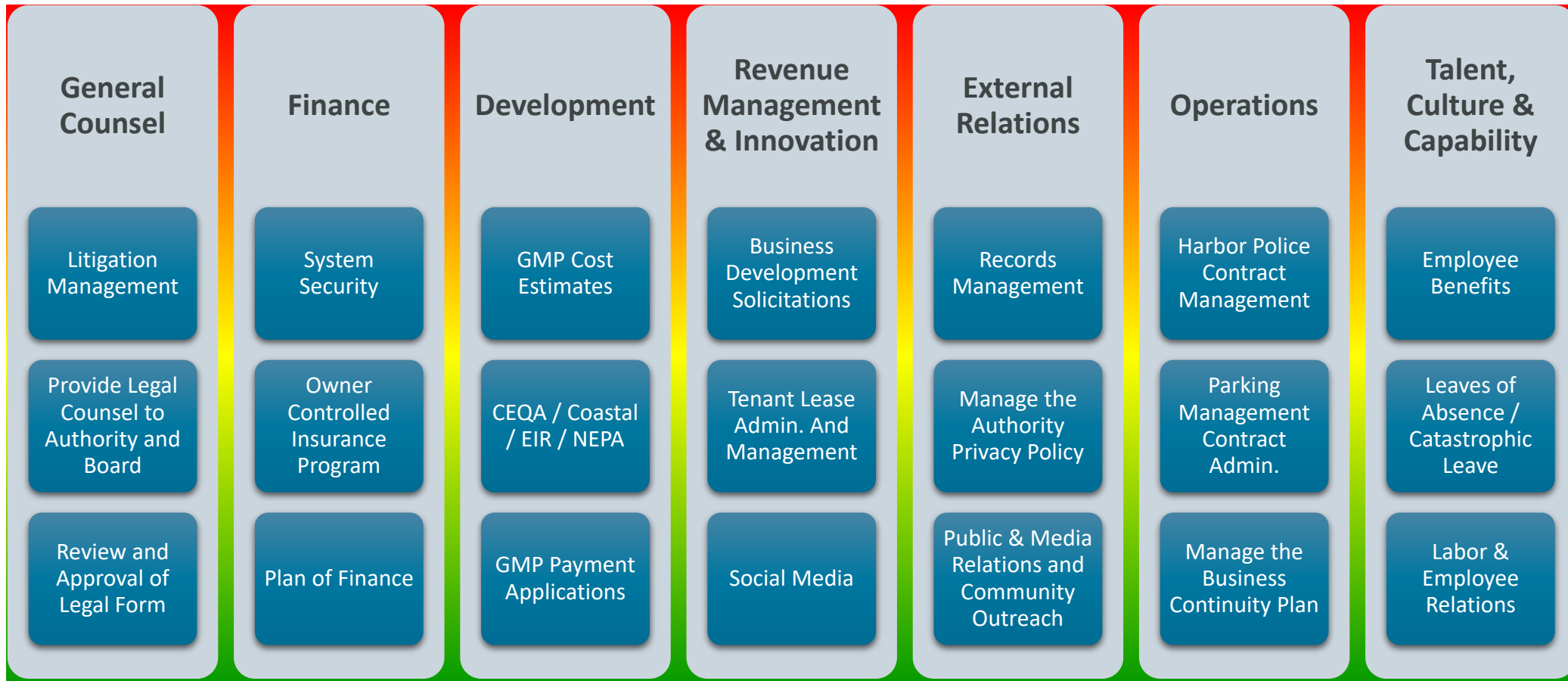
Interpreting the Risk Assessment Results

San Diego County Regional Airport Authority Risk Assessment Fiscal Year 2022

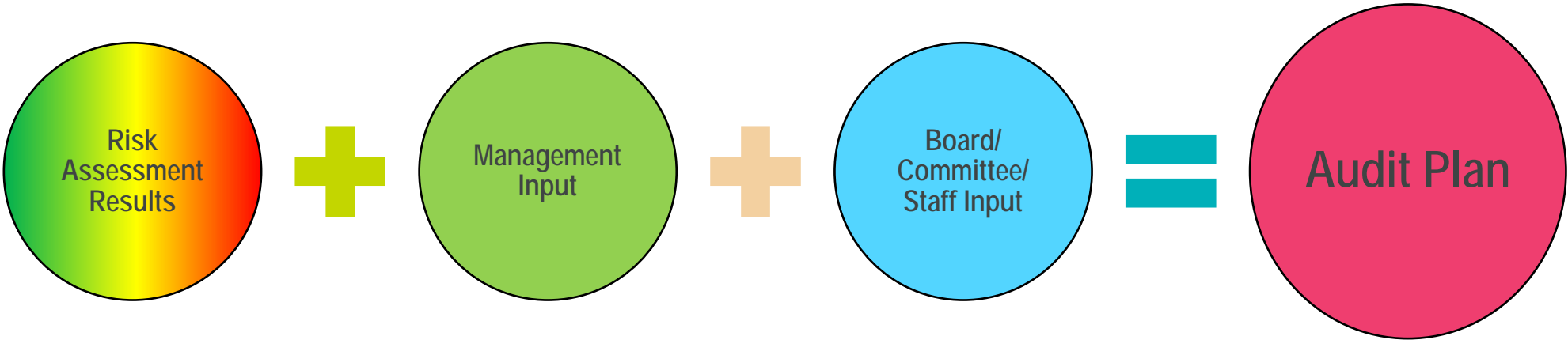
Department	Division	Key Work Activity	Likelihood	Impact
Talent, Culture & Capability	Talent, Culture & Capability	Employee Benefits	Medium to High	Low to Medium
Talent, Culture & Capability	Talent, Culture & Capability	Leaves of Absence/Catastrophic Leave	Medium	Low to Medium
Talent, Culture & Capability	Talent, Culture & Capability	Labor & Employee Relations	Low to Medium	Low to Medium
Talent, Culture & Capability	Talent, Culture & Capability	Personnel Recruitment	Low to Medium	Low to Medium
Talent, Culture & Capability	Talent, Culture & Capability	Employee Training & Development (non-regulatory)	Low to Medium	Low to Medium



Top Risks by Division

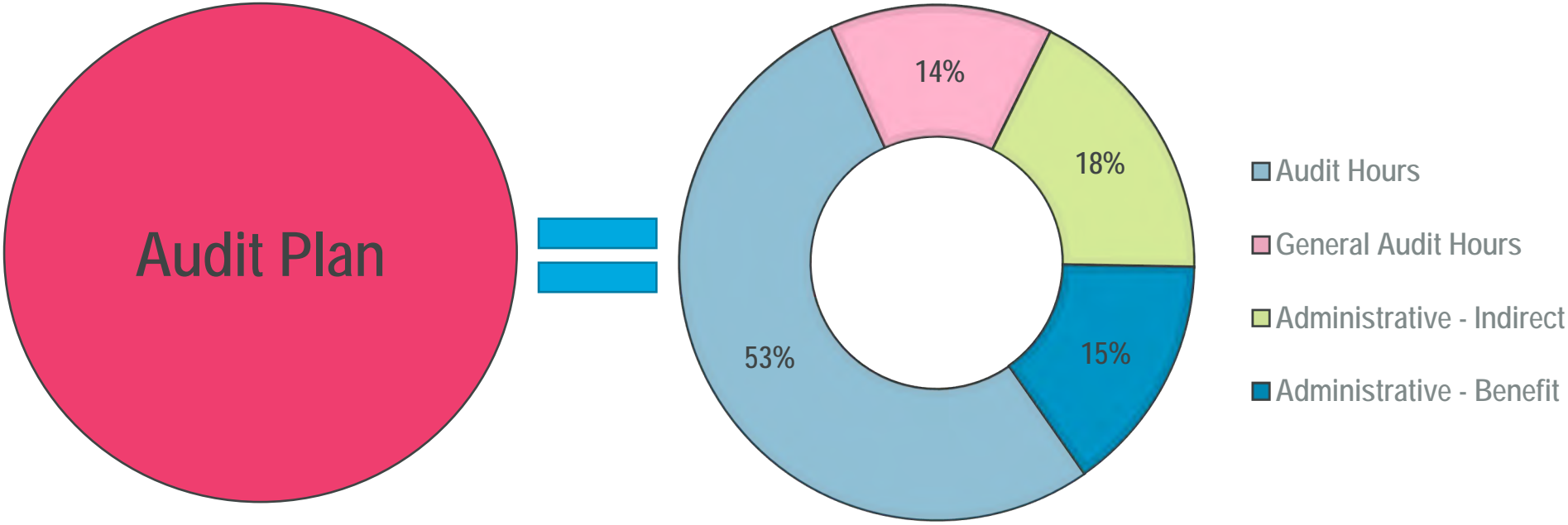


Audit Plan Development



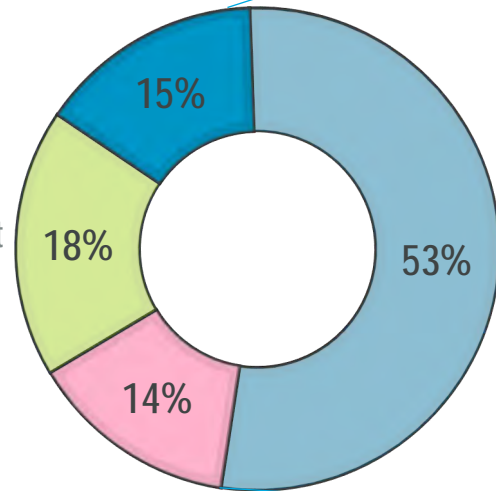
Audit Resources (Internal)

6 Full Time Auditors = 12,480 Hours
Excludes On-Call Construction Audit Service Provider



Proposed Audits & Hours

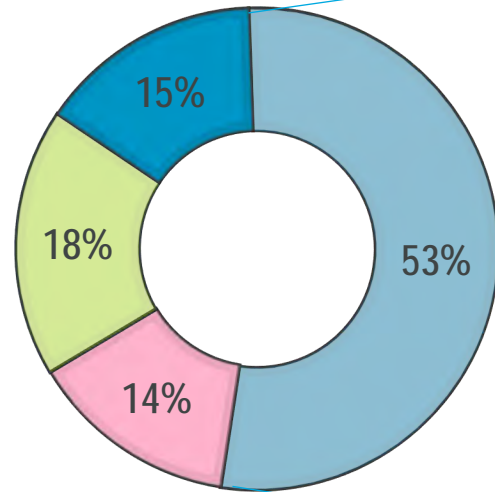
- Audit Hours
- General Audit Hours
- Administrative - Indirect
- Admin. - Benefit



Audit	Hours
Harbor Police Contract Management	400
System Security - Penetration Testing AVSEC	120
Records Management - ECMS	30
Accounts Receivable / Collections - COVID-19 Abatement Program	400
Contractor Monitoring - EMAS Project	140
Harbor Police Contract Management - FY 2020	500
Tenant Lease Administration and Management - Audit of All Rent A Car Companies	1,400

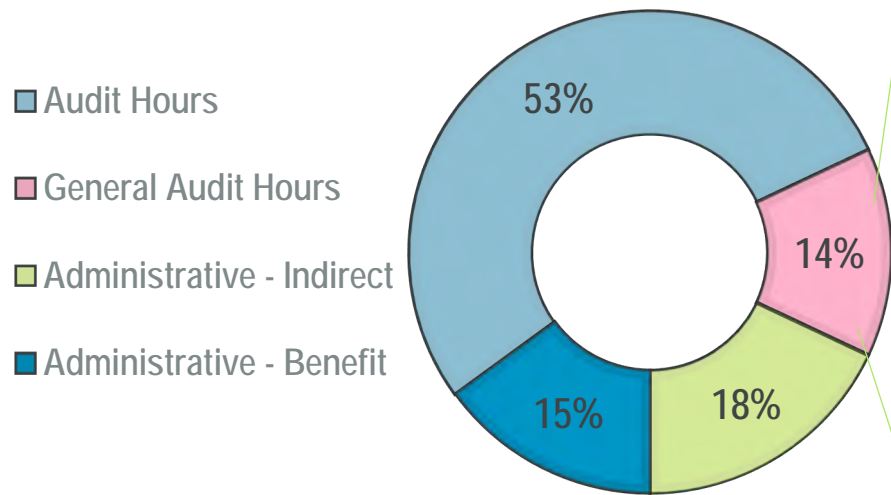
Proposed Audits & Hours

- Audit Hours
- General Audit Hours
- Administrative - Indirect
- Administrative - Benefit



Audit	Hours
System Security - Penetration testing SAN Website	325
Employee Training and Development	525
Tenant Lease Administration and Management - Audit of Airport Terminal Space	525
Airfield Operations Management - Amadeus	500
<i>Construction Auditing - Scope To Be Determined</i>	1,203
<i>To Be Determined - Discretionary</i>	473
Total Audit Hours	6,541

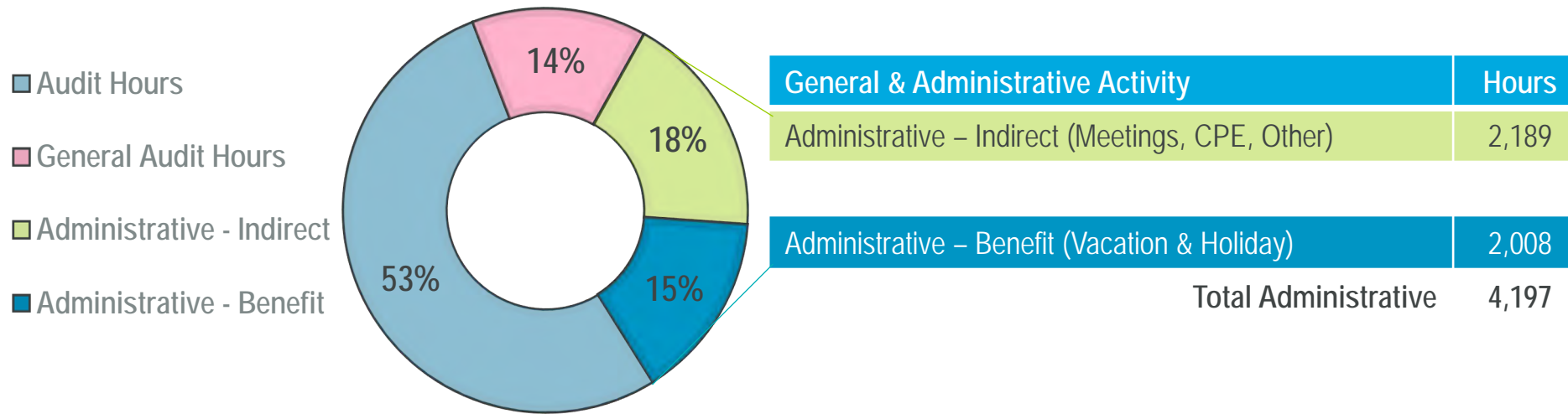
Proposed General Audit Activities & Hours



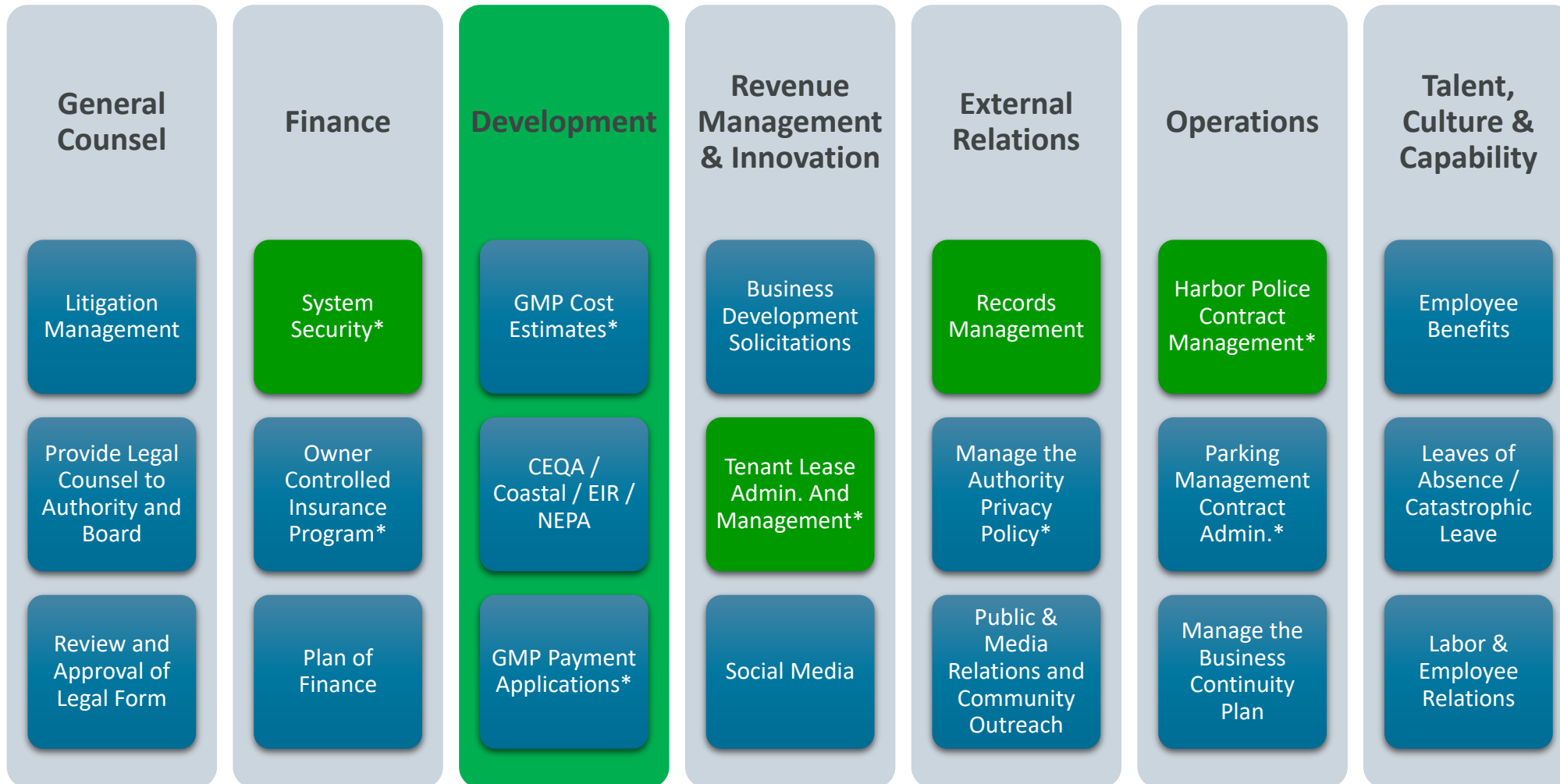
General Audit Activity	Hours
Construction Activities	380
Development of Data Analytics	220
Ethics Program*	210
Information Technology Meeting Attendance	80
Peer Review Participation	180
Quality Assurance & Improvement Program**	320
Recommendation Follow-up**	140
Risk Assessment and Proposed Audit Plan**	212
Total General Audit Hours	1,742

*Required activity in the Audit Committee Charter or **Charter for the Office of the Chief Auditor

Proposed Administrative Hours



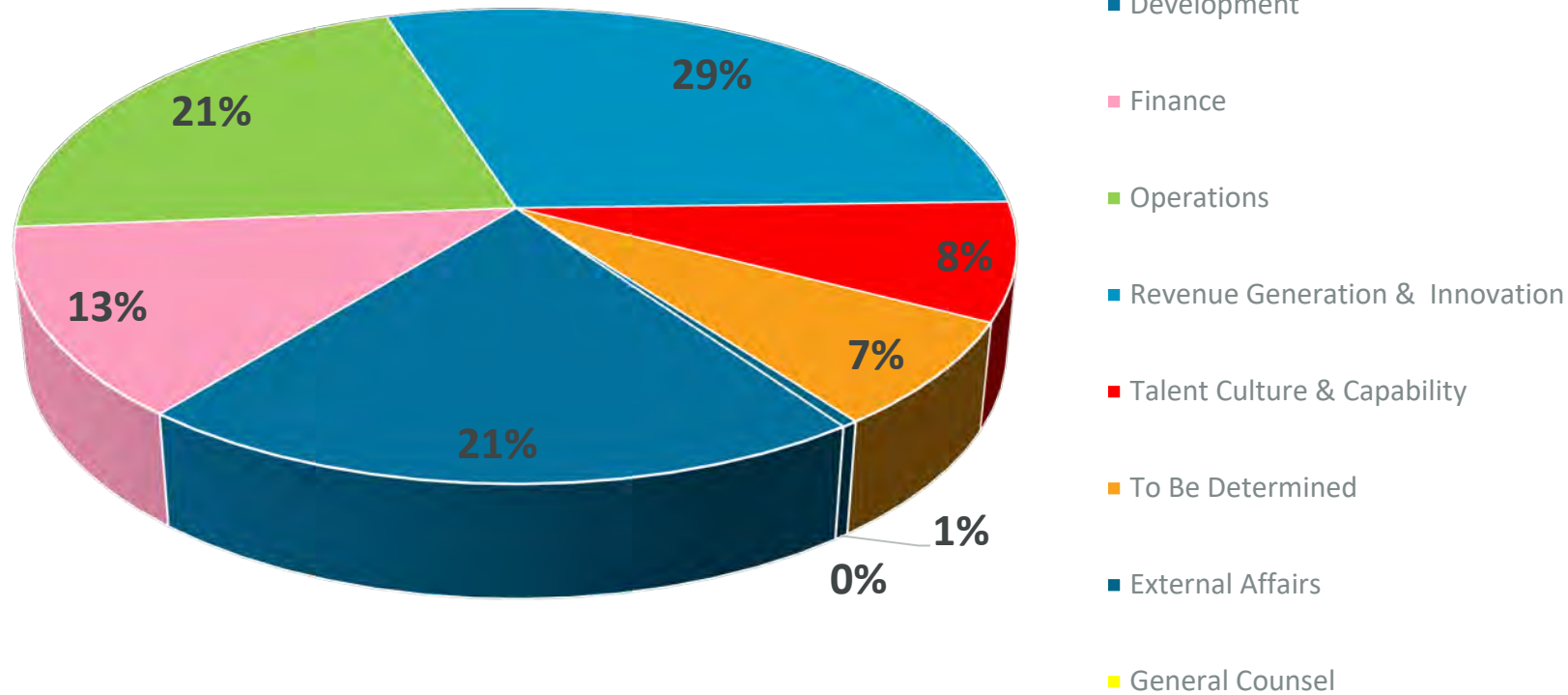
Top Risks by Division



*Indicates this Key Work Activity or components of this Key Work Activity have been audited in the last 5 fiscal years
 Indicates this Key Work Activity or components of this Key Work Activity are included in the Fiscal Year 2022 Audit Plan

Proposed Audit Hours by Department

Proposed Audit Plan



Proposed Contingent Audits & Hours

Audit	Hours
Airport Ground Transportation Operations Management – Automated License Plate Reader	500
Owner Controlled Insurance Program	500
Social Media / Website / Webmaster	450
Management of ALUC, Board, and Standing Board Committee Meetings	400
Account Provisioning / De-Provisioning	450
Rental Car Shuttle Service Contract Administration	650
TNC Contract Administration & Revenue Collection	475
Employee Parking Card and Policy Administration	550
Leaves of Absence / Catastrophic Leave	525
Innovation Lab Operations	600
Total Contingent Hours	5,100



Thank You!

SAN DIEGO
COUNTY
REGIONAL
AIRPORT
AUTHORITY

Staff Report

Meeting Date: June 3, 2021

Subject:

Approval and Adoption of the Operating Budget for Fiscal Year 2022, the Capital Program for Fiscal Years 2022-2026, and Conceptual Approval of the Operating Budget for Fiscal Year 2023

Recommendation:

Adopt Resolution No. 2021-0064, approving and adopting the Authority's Annual Operating Budget for Fiscal Year 2022, the Capital Program for Fiscal Years 2022-2026, and conceptually approving the Operating Budget for Fiscal Year 2023.

Background/Justification:

On May 13, 2021, the Board participated in a Workshop that reviewed the proposed Operating and Conceptual Expense Budgets for Fiscal Year 2022 and Fiscal Year 2023 respectively and Fiscal Year 2022 – Fiscal Year 2026 Capital Program. After an in-depth presentation and discussion, the proposed Fiscal Year 2022 Operating Expense Budget and Fiscal Year 2022 – Fiscal Year 2026 Capital Improvement Program were forwarded for Board approval and adoption at the June 3, 2021 Board meeting. In addition, the proposed FY 2023 Conceptual Operating Expense Budget was forwarded for approval at the June 3, 2021 Board meeting. Per Authority Policy 4.01, the Authority's Board of Directors determined that the preparation and adoption of an annual budget will assist in (a) determining the Authority's short-term and long-term strategic and financial planning needs, and (b) effectively managing the facilities and airport under the jurisdiction of the Authority.

The proposed Fiscal Year 2022 Operating Expense Budget ("Budget") of \$295.9 million marks the Authority's nineteenth fiscal year operating budget. The Budget includes funds for essential operational expenses to manage the Airport through the recovery from COVID-19 pandemic and preserves the Authority's financial position by continued implementation of the financial resilience plan and cost containment efforts. The personnel is budget calculated based on the Authority's publicly available pay schedule (see Exhibit A) that shows the pensionable compensation provided to similarly situated members of the same group or class of employment for services rendered on a full-time basis and the approved Memoranda of Agreements (MOAs) for represented employees. The proposed personnel budget is consistent with the existing MOAs between the Authority and the California Teamsters Local 911 (Teamsters Local 911). The Authority is presently in good faith contract negotiations with the Teamsters Local 911. As these negotiations are ongoing, the Board may be required to amend the FY22 personnel budget to reflect any modifications to the terms and conditions of employment that result from the Authority's negotiation with Teamsters Local 911. Any future adjustments to the personnel budget during the Fiscal Year 2022 must be approved by Board prior to implementation.

The Budget also provides necessary resources to proceed with the New T1 and advance a feasible five-year Capital Plan. The Authority will continue to assess and refine the revenue forecast and spending plan based on the changing economic environment.

Once approved and adopted by the Board, the Budget will become the spending plan (and spending limit) for the Authority for FY 2022. Actual revenues and expenditures will be monitored during the year and reported to the Board at least quarterly. The Budget may be modified by the Board to reflect new assumptions or events based on periodic reporting and good cause.

This Expense Budget reflects a total increase of \$7.5 million, or 2.6%, over the FY 2021 Budget. The increase is primarily attributed to New T1 related expenses, \$4.5 million in non-personnel and \$200 thousand in personnel expenses, which represent limited duration positions to support the New T1 project. In addition, the increase is driven by \$2.2 million in Quieter Home Program (QHP), \$1.5 million in Port District law enforcement – Harbor Police Department, and \$1.0 million in Rental Car Center buses partially offset by a decrease of \$1.9 million in debt service and \$1.7 million in parking and shuttle operations.

The Revenue Budget of \$397.3 million is an increase of \$21.2 million, or 5.6%, over the FY 2021 Budget. The increase over the FY 2021 Budget reflects an increase of \$30.3 million in non-operating revenue and interest income. This increase is partially offset by decreases of \$5.7 million in non-airline revenue and \$3.3 million in airline revenue.

The decrease of \$5.7 million in non-airline revenue consists of reductions of \$8.0 million in terminal concessions revenue reflecting revenue based on gross sales, \$4.0 million in rental car license fees, and \$2.5 million in ground transportation. These decreases are partially offset by an increase of \$4.3 million in ground rental revenue, \$3.6 million in parking, and \$0.7 million in license fees.

Total FY 2022 airline revenue is projected to be \$140.9 million as compared to \$144.3 million in the FY 2021 Budget, a \$3.3 million decrease. The majority of the decrease is attributable to the projected air service incentive to the airlines of \$2.7 million, as well as use of \$10.3 million in federal relief funds to reduce airlines costs.

The net increase of \$30.3 million in non-operating revenue predominantly consists of increases of \$25.7 million in federal relief from the American Rescue Plan Act, \$3.2 million in the Quieter Home Program (QHP), and \$2.8 million in interest income. These increases are partially offset by a decrease of \$1.0 million in Capital Grant Contributions.

The Capital Improvement Program (CIP) is a rolling five-year program which provides for critical improvements and asset preservation for the Authority. The program includes projects that address airfield safety and capacity, environmental protection, terminal enhancements, and landside infrastructure and access improvements, as well as budget for New T1 development. The FY 2022 – FY 2026 proposed Capital Program total is \$3,649.9 million.

Funding sources for the projects include Airport Improvement Program (AIP) grants, TSA grants, PFCs, CFCs, airport cash, airport system revenue bonds, major maintenance fund and may include short-term borrowing using bank facility or other short-term financing vehicles.

Use of Funds (in millions):

Terminal	\$ 2,353.0
Landside & Ancillary	683.3
Airside	421.9
Administrative	<u>191.7</u>
Total Use of Funds	\$ 3,649.9

Source of Funds (in millions):

Airport Revenue Bonds	\$ 3,019.5
Airport Cash	336.4
Major Maintenance Fund	141.6
Federal Grants	94.9
Other	48.3
PFC Revenues	<u>9.2</u>
Total Use of Funds	\$ 3,649.9

In summary, the Operating Budget and Capital Program as presented are consistent with Board policy and were developed under the guidance of the Authority's President/Chief Executive Officer and Chief Financial Officer. The Budget reflects the revenues available to the Authority, and how these funds will be spent to navigate through the COVID-19 pandemic recovery and preserves the Authority's financial position.

Maintaining a strong and resilient financial position of the Authority is paramount and this budget accomplishes that initiative. In addition, to the extent possible without jeopardizing the Authority's financial health, this budget provides financial assistance to airline partners, concessionaires, and other airport stakeholders through fee reductions, waivers, and deferrals. The Authority used a broad-based approach in the utilization of America Rescue Plan Act funds.

The Authority also embarked on its eleventh year of preparing a biennial budget. As such, a budget for FY 2023 was developed and proposed for conceptual approval.

The proposed FY 2023 Expense Budget total to \$313.8 million. This Budget reflects a total increase of \$17.9 million, or 6.0%, above the proposed FY 2022 Budget. This increase is mainly attributed to \$12.0 million in non-personnel operating expenses, \$3.8 million in personnel costs, and \$2.0 million in debt service costs. Assumed increases in activity levels and the New T1 activity comprise the majority of increased expenses.

The proposed FY 2023 Revenue Budget of \$462.9 million are an increase of \$65.7 million, or 16.5%, over the proposed FY 2022 Budget. This net increase reflects increases of \$71.7 million in airline revenue and \$25.4 million in non-airline revenue. These increases are partially offset by a decrease of \$31.4 million in non-operating revenue.

The status of the airline industry recovery and the on-going economic effects of COVID-19 will be considered next year to revise the FY 2023 conceptual budget and create the final proposed FY 2023 budget, which will be brought back to the Board for adoption.

Fiscal Impact:

If the proposed FY 2022 Budget is approved and adopted and the proposed FY 2023 Budget is conceptually approved, funding of \$295.9 million will be authorized for FY 2022 and funding of \$313.8 million will be established as the framework for the FY 2023 Budget, which will be brought back to the Board next year for review, revisions, and adoption in June 2022. If the Capital Program is approved, \$3,649.9million will become the authorized spending level.

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:

SCOTT M. BRICKNER
VICE PRESIDENT, CHIEF FINANCIAL OFFICER

Exhibit A:

Classification Title	Annual Salary Range	
	Salary Minimum	Annual Salary Maximum
President/CEO	Pay is Per Contract	
General Counsel		
Chief Auditor		
	Annual Salary Minimum	Annual Salary Maximum
Vice President, Treasurer & Chief Financial Officer	\$135,864	\$244,557
Vice President & Chief Development Officer		
Vice President, Marketing, Innovation Chief Revenue Officer		
Vice President & Chief Operating Officer		
	Annual Salary Minimum	Annual Salary Maximum
Senior Director, External Relations	\$115,156	\$201,523
Senior Director, Finance & Asset Management		
	Annual Salary Minimum	Annual Salary Maximum
Director, Airport Planning & Environmental Affairs	\$106,962	\$187,185
Director, Counsel Services		
Director, Airport Design & Construction		
Director, Information & Technology Services		
Director, Talent, Culture & Capability		
Director, Revenue Management		
	Annual Salary Minimum	Annual Salary Maximum
Director, Terminal & Airside Operations	\$101,984	\$173,373
Director, Aviation Security & Public Safety		
Director, Facilities Management		
Director, Financial Planning & Budget		
Director, Customer Experience & Innovation		
Director, Communications		
Senior Director, Marketing & Air Service Development		

Classification Title	Annual Salary Range	
	Annual Salary Minimum	Annual Salary Maximum
Director, Ground Transportation	\$96,427	\$163,925
Director, Procurement		
Senior Attorney		
Senior Program Manager		
Director, Government Relations		
	Annual Salary Minimum	Annual Salary Maximum
Director, Authority Clerk	\$90,869	\$155,249
Attorney		
Program Manager		
Senior Manager, Airport Finance		
Senior Manager, Construction Services		
Senior Manager, Information Technology		
Senior Manager, Talent & Organization Development		
	Annual Salary Minimum	Annual Salary Maximum
Manager, Business Analytics	\$85,178	\$140,544
Manager, Airport Finance		
Manager, Airport Planning		
Manager, Airside Operations		
Manager, Audit Services		
Manager, Aviation Security & Law Enforcement		
Manager, Business & Systems Applications		
Manager, Customer Experience Design		
Manager, Energy & Water Management		
Manager, ER Preparedness & Public Safety		
Manager, Facilities Management		
Manager, Ground Transportation		
Manager, Infrastructure Operations		
Manager, Insurance & Construction Risk		
Manager, Procurement & Contract Services		
Manager, Small Business Development		
Manager, Terminal Operations		
Manager, Safety & Wellness		
Manager, Service Desk & IT Terminal Operations		
Project Manager		
Senior Manager, Accounting		
Senior Manager, Arts Program		
Senior Manager, Marketing		
Manager, Safety & Labor Compliance		

Classification Title	Annual Salary Range	
	Annual Salary Minimum	Annual Salary Maximum
Accounting Manager	\$77,633	\$128,094
Innovation Program Manager		
Estimator		
Manager, Contracts		
Manager, Environmental Affairs		
Manager, Learning & Capability		
Manager, Terminal Concessions		
Asset Manager		
Senior Auditor		
Senior Financial Analyst		
Senior Project Management Systems Analyst		
Construction Manager	\$85,178	\$140,544
Quality Control Manager		
	Annual Salary Minimum	Annual Salary Maximum
Air Service Program Manager	\$77,633	\$128,094
Construction Safety Program Manager		
GIS/CAD Systems Manager		
Government Relations Manager		
Senior Human Resources Business Partner		
Airside & Terminal Resource Systems Manager		
	Annual Salary Minimum	Annual Salary Maximum
Aviation Systems Program Specialist	\$72,690	\$116,361
Cyber Security Specialist		
Construction Project Coordinator		
Database Administrator		
Maintenance Projects Planner		
Senior Airside Operations Duty Manager		
Senior Applications Development Analyst		
Senior Marketing Specialist		
Senior Risk Management Analyst		
Senior Systems Support Analyst		
Senior Terminal Operations Coordinator		
Technical Coordinator		

Classification Title	Annual Salary Range	
	Annual Salary Minimum	Annual Salary Maximum
Administrative Services Manager	\$67,570	\$108,164
Airport Art Program Manager		
Airport Properties Operations Coordinator		
Airside Operations Duty Manager II		
Applications Development Analyst		
Assistant Authority Clerk II		
Associate Asset Manager		
Customer Relations Manager		
Document Control Manager		
Financial Analyst II		
Fleet Supervisor		
Government Relations Specialist		
Human Resources Business Partner II		
Maintenance Supervisor		
Marketing Specialist II		
Project Management Systems Analyst		
Records & Information Manager		
Safety & Loss Prevention Analyst II		
Security & Public Safety Analyst II		
Senior Accountant		
Senior Aircraft Noise Specialist		
Senior Airport Planner		
Senior Airport Traffic Supervisor		
Senior Communication Specialist		
Senior Cost Analyst		
Senior Environmental Specialist		
Senior Human Resource Analyst		
Senior Management Analyst		
Senior Procurement Analyst		
Senior Security Specialist		
Senior Culture & OD Analyst		
Small Business Development Program Manager		

Classification Title	Annual Salary Range	
	Annual Salary Minimum	Annual Salary Maximum
Accountant	\$62,450	\$99,969
Airport Art Program Coordinator II		
Airport Operations Duty Manager I		
Associate Airport Planner		
Associate Engineer		
Associate Environmental Specialist		
Auditor		
Business Systems Analyst		
Communication Specialist II		
Cost Analyst		
Customer Relations Coordinator		
Culture & OD Analyst		
Facilities Commissioning Coordinator		
Human Resources Information Systems Analyst II		
Human Resources Analyst II		
Human Resources Business Partner I		
Management Analyst		
Marketing Specialist I		
Paralegal		
Quieter Home Program Coordinator		
Risk Management Analyst II		
Safety & Loss Prevention Analyst I		
Security & Public Safety Analyst I		
Senior Airport Communications Center Specialist		
Senior Engineering Technician II (BIM/CAD)		
Small Business Development Program Coordinator		
Systems Support Analyst II		
Terminal Operations Coordinator		
External Relations Specialist		
Labor Compliance Supervisor		
	Annual Salary Minimum	Annual Salary Maximum
Ground Transportation Specialist	\$60,234	\$90,352
Information Technology Services Project Coordinator		
Project Analyst		
Quality Control Coordinator		
Senior Engineering Technician		
Procurement Analyst II		

Classification Title	Annual Salary Range	
	Annual Salary Minimum	Annual Salary Maximum
Aircraft Noise Specialist	\$53,451	\$80,176
Assistant Environmental Specialist		
Communication Specialist I		
Financial Analyst I		
Human Resources Analyst I		
Procurement Analyst I		
Purchasing Card Program Analyst		
Risk Management Analyst I		
Systems Support Analyst I		
	Annual Salary Minimum	Annual Salary Maximum
Airport Art Program Coordinator I	\$53,451	\$80,176
Airport Communications Center Specialist		
Capital Project Assistant		
Credit & Collections Specialist		
Document Control Coordinator		
Executive Assistant		
Labor Compliance Technician II		
Records & Information Management Specialist II		
Security Specialist II		
Security & Emergency Response Coordinator		
Senior Construction Inspector		
Senior Maintenance Project Inspector		
Strategic Planning Outreach Coordinator		
Talent, Culture & Capability Coordinator		
	Annual Salary Minimum	Annual Salary Maximum
Assistant Airport Planner	\$46,068	\$64,539
Assistant Authority Clerk I		
Engineering Technician		
Help Desk Technician		
Labor Compliance Technician I		
Procurement Coordinator		
Senior Administrative Assistant		
Maintenance Project Inspector		

Classification Title	Annual Salary Range	
	Annual Salary Minimum	Annual Salary Maximum
Accounting Technician	\$42,031	\$58,887
Administrative Assistant II		
Payroll Technician		
Records & Information Management Specialist I		
Security Specialist I		
Staff Assistant		
	Annual Salary Minimum	Annual Salary Maximum
Administrative Assistant I	\$37,995	\$53,228
Corporate Information Assistant		
Storage & Distribution Technician		

RESOLUTION NO. 2021-0064

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY APPROVING AND ADOPTING THE AUTHORITY'S ANNUAL OPERATING BUDGET FOR FISCAL YEAR 2022, THE CAPITAL PROGRAM FOR FISCAL YEARS 2022 - 2026, AND CONCEPTUALLY APPROVING THE ANNUAL OPERATING BUDGET FOR FISCAL YEAR 2023

WHEREAS, Authority management prepared and presented the Proposed Fiscal Year 2022 and 2023 Conceptual Operating Budgets and the Capital Program to the Authority Board for review at a duly noticed public workshop on May 13, 2021; and

WHEREAS, the Board provided opportunities at its meetings for members of the public to comment on and ask questions concerning the Proposed Fiscal Year 2022 and 2023 Operating Budgets and Capital Program; and

WHEREAS, the Proposed Fiscal Year 2022 and 2023 Conceptual Operating Budgets present a financial operating expenditure budget of \$295.9 million and \$313.8 million, respectively, and a Capital Program for the next five (5) years of \$3,649.9 million, providing adequate resources to address the operating and infrastructure requirements of San Diego International Airport and the regional responsibilities of the Authority for Fiscal Years 2022 and 2023; and

WHEREAS, the Proposed Fiscal Year 2022 and 2023 Conceptual Operating Budgets include the Authority's publicly available pay schedule that shows the pensionable compensation provided to similarly situated members of the same group or class of employment for services rendered on a full-time basis and the Authority Board hereby approves and adopts the pay schedule included in the adopted budget and further authorizes the President/CEO to make any necessary changes thereto and notify the Board of any such changes; and

Resolution No. 2021-0064

Page 2 of 3

WHEREAS, the Proposed Fiscal Year 2022 Operating Budget and 2023 Conceptual Operating Budget includes costs for limited duration staffing to support the New T1 Project. This staffing is outside the authorized headcount and the duration ends at the completion of the New T1; and

WHEREAS, the Proposed Fiscal Year 2022 and 2023 Conceptual Operating Budgets present forecasted operating revenues and other funding to meet a balanced budget and other financial requirements as outlined under the Authority's Bond Master Trust Indenture; and

WHEREAS, the Board has reviewed the Proposed Fiscal Year 2022 and 2023 Conceptual Operating Budgets and the Capital Program and believes that the approval and adoption in the forms presented to the Board at the public meetings on May 13, 2021 and June 3, 2021, is in the best interests of the Authority and the public that it serves.

NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD HEREBY approves and adopts the Fiscal Year 2022 Proposed Operating Budget and Capital Program and conceptually approves the Fiscal Year 2023 Proposed Budget; and

BE IT FURTHER RESOLVED that the Authority and all of its officers, employees and agents are hereby authorized, empowered and directed to do and perform all such acts as may be necessary or appropriate to implement the Adopted Annual Operating Budget for Fiscal Year 2022 and the Capital Program; and

BE IT FURTHER RESOLVED that the Board authorizes the President/CEO to modify parking rates for promotional programs not to exceed the Board approved rates; and

BE IT FURTHER RESOLVED that the Board approves and adopts the pay schedule included in the budget pursuant to California Government Code §7522.34(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

Resolution No. 2021-0064

Page 3 of 3

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 3rd day of June, 2021, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES /
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

San Diego County Regional Airport Authority FY 2022 Proposed Budget & FY 2023 Proposed Conceptual Budget

June 3, 2021

SAN DIEGO
COUNTY
REGIONAL
AIRPORT
AUTHORITY

Agenda

- Budget Overview
 - Revenue
 - Expenses
 - Budget Summary
- Capital Program Budget
- Plan of Finance FY 2022-2026
- Conclusion





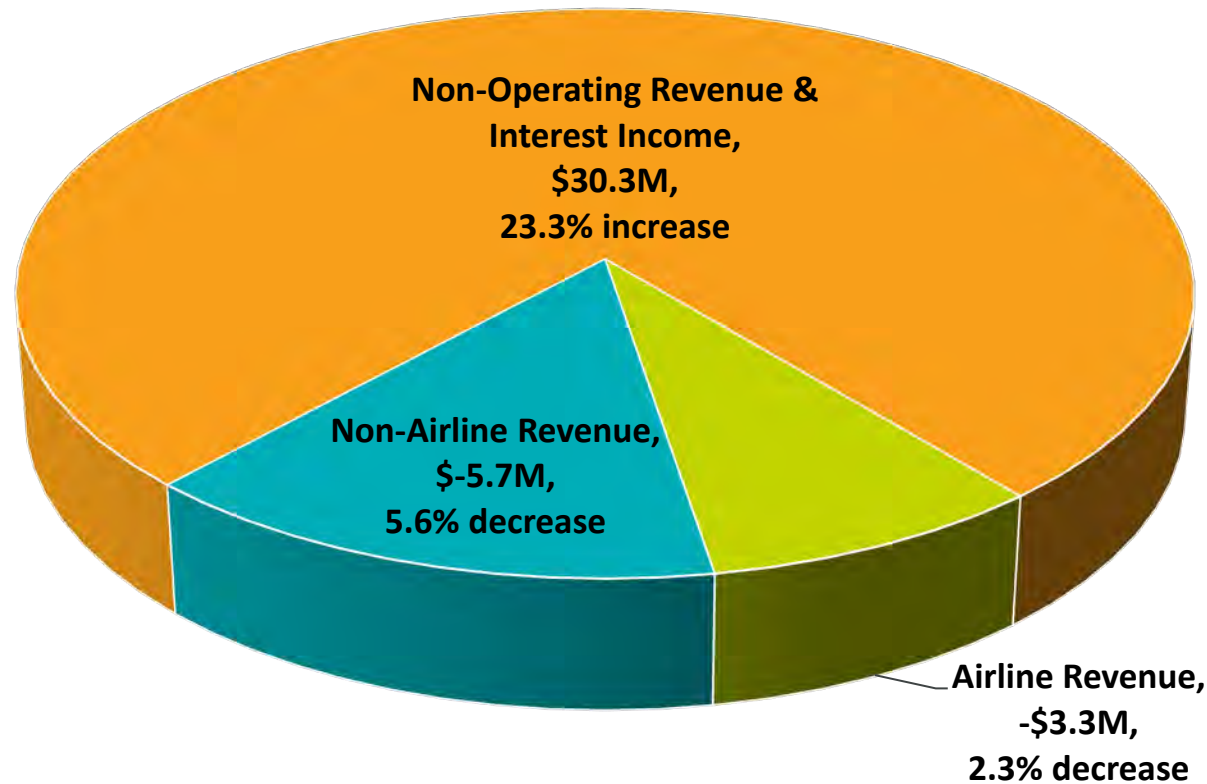
Budget Overview



Revenue Budget Overview

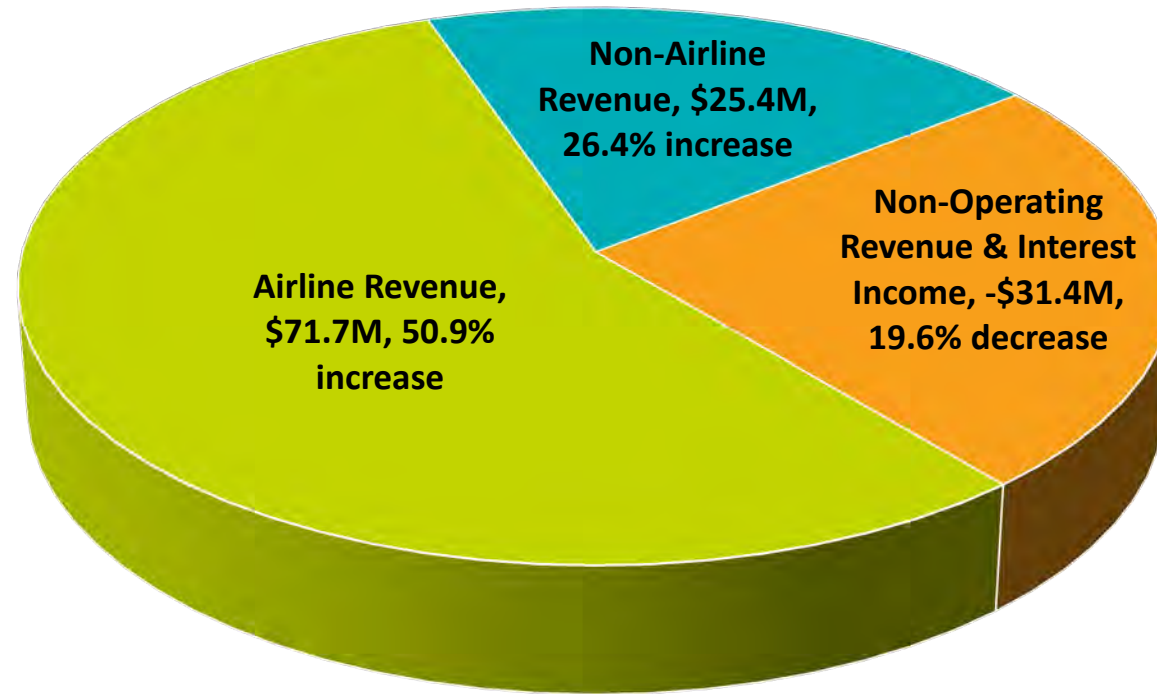
FY 2022 Budget Revenue Increase vs. FY 2021 Budget

\$21.2M (5.6%)



Total FY 2022 Budget is \$397.3M

FY 2023 Budget Revenue Increase vs. FY 2022 Budget \$65.7M (16.5%)



Total FY 2023 Budget is \$462.9M

FY 2022 - FY 2023 Revenue Budget Summary

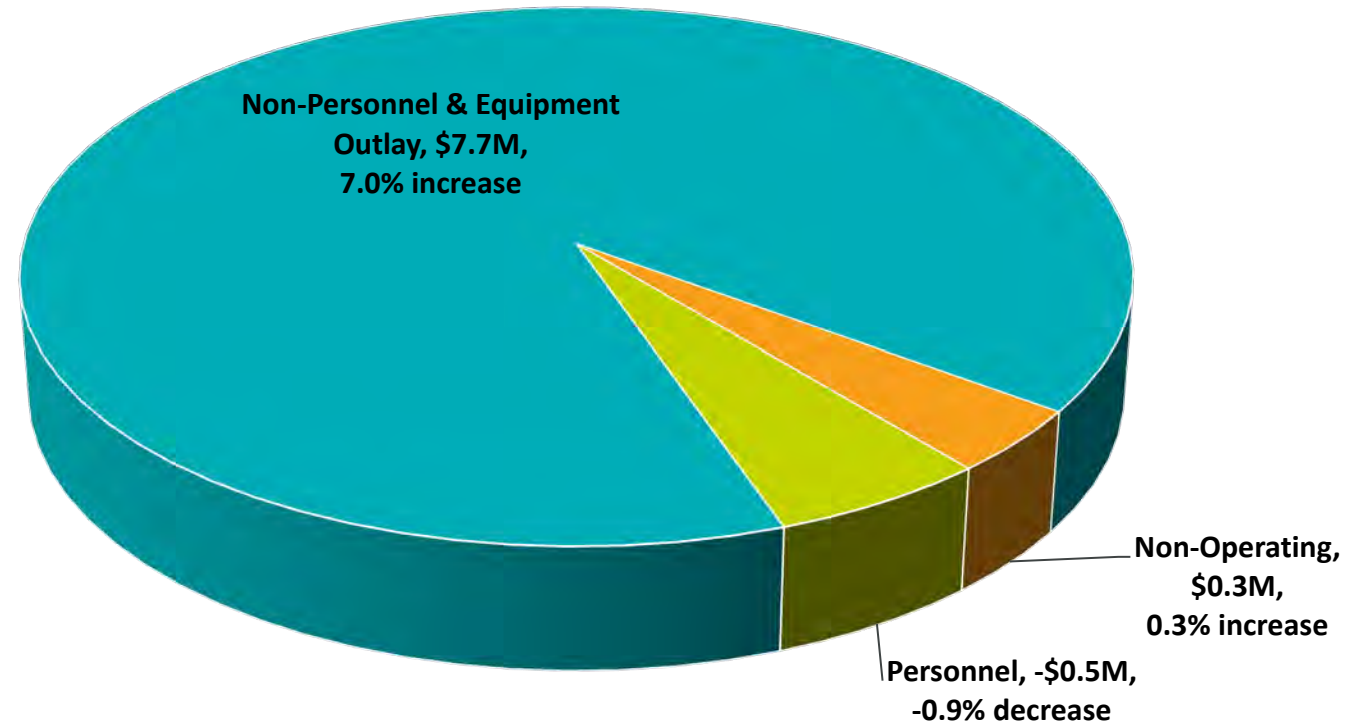
(in thousands)

	FY2022 Proposed Budget	FY2023 Conceptual Budget
Operating Revenue		
Airline Revenue		
Landing Fees	\$ 33,619	\$ 54,141
Aircraft Parking Fees	8,466	13,535
Building Rentals	93,420	139,297
Common Use Fees	7,927	11,008
Incentive Program	(2,671)	(5,521)
Other Aviation Revenue	171	174
Total Airline Revenue	140,932	212,634
Non-Airline Revenue		
Terminal Rent Non-Airline	2,608	2,600
Terminal Concessions	13,236	18,889
Rental Car License Fees	18,711	24,372
License Fees - Other	4,235	4,894
Parking Revenue	26,061	33,599
Ground Transportation Permits and Citations	7,197	13,012
Ground Rentals	22,616	22,751
Grant Reimbursements	386	296
Other Operating Revenue	1,059	1,065
Total Non-Airline Revenue	96,108	121,478
Total Operating Revenue	237,040	334,112
Interest Income	10,388	23,273
Non-Operating Revenue		
Passenger Facility Charges	23,962	33,740
Customer Facility Charges	20,609	29,098
Quieter Home Program	15,347	13,437
BAB Interest Rebate	-	-
Federal Relief	80,000	-
Capital Grant Contributions	9,912	29,284
Other Non Operating Revenue	-	-
Total Non-Operating Revenue	149,831	105,559
Total Revenue	\$ 397,258	\$ 462,943



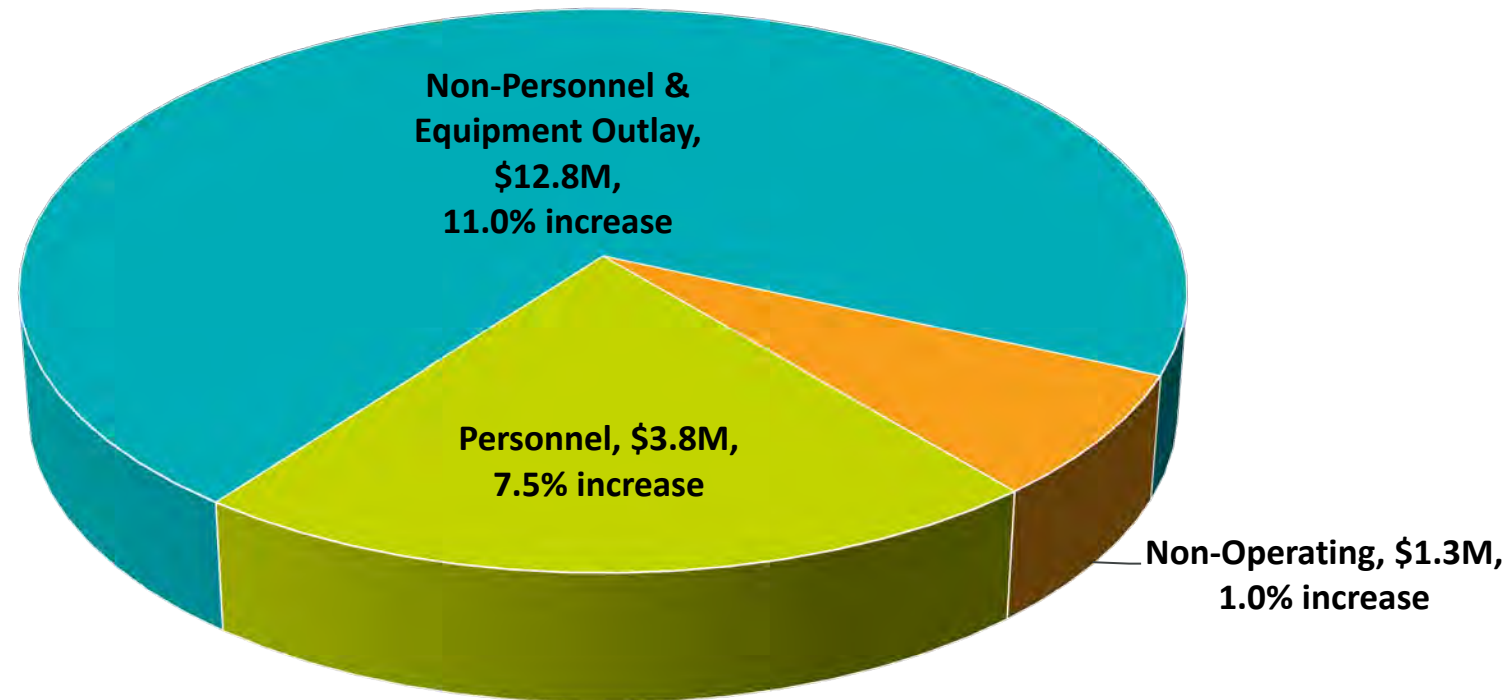
Expense Budget Overview

FY 2022 Budget Expense Increase vs. FY 2021 Budget \$7.5M (2.6%)



Total FY 2022 Budget is \$295.9M

FY 2023 Budget Expense Increase vs. FY 2022 Budget \$17.9M (6.0%)



Total FY 2023 Budget is \$313.8M

FY 2022 - FY 2023 Budget Expense Summary

(In Thousands)

	FY2022 Proposed Budget	FY2023 Conceptual Budget
Operating Expenses		
Salaries	\$ 37,099	\$ 39,866
Benefits	20,023	21,701
Subtotal	57,121	61,567
Less: Capitalized Labor Recharge	(5,125)	(5,711)
Less: QHP Labor Recharge	(641)	(670)
Total Personnel Costs	51,355	55,186
Contractual Services	33,128	42,480
Safety and Security	36,385	37,739
Space Rental	10,652	10,655
Utilities	14,693	15,460
Maintenance	11,342	11,584
Operating Equipment & Systems	302	355
Operating Supplies	618	686
Insurance	1,813	1,994
Employee Development	803	827
Business Development	1,849	2,557
Equipment Rentals and Repairs	3,952	4,033
Tenant Improvements	336	350
Total Non-Personnel Costs	115,873	128,719
Total Operating Expenses	167,228	183,904
Joint Studies / Sound Attenuation	17,504	16,763
Debt Service	110,473	112,503
Legal Settlement Expense	10	10
Total Non-Operating Expenses	127,987	129,276
Total Expenses	295,215	313,180
Equipment Outlay Expenditures	686	620
Total Authority Expenses Incl Equip Outlay	\$ 295,901	\$ 313,800



Budget Summary

Budget Summary

Statement of Activity

<i>(In Thousands)</i>	FY 2019	FY 2020	FY 2021	FY 2021	Inc / (Dec)	%	FY 2022	Inc / (Dec)	%	FY 2023	Inc / (Dec)	%
	Actuals	Actuals	Budget	Forecast	FY21 Forecast	Change	Proposed	FY22 Budget	Change	Conceptual	FY23 Budget	Change
					vs FY21 Budget		Budget	vs FY21 Budget		Budget	vs FY22 Budget	
Airline Revenue	\$ 134,354	\$ 131,838	\$ 144,269	\$ 126,217	\$ (18,052)	-12.5%	\$ 140,932	\$ (3,337)	-2.3%	\$ 212,634	\$ 71,702	50.9%
Non-Airline Revenue	159,325	131,198	101,836	75,886	(25,950)	-25.5%	96,108	(5,728)	-5.6%	121,478	25,370	26.4%
Total Operating Revenue	293,679	263,036	246,105	202,104	(44,002)	-17.9%	237,040	(9,065)	-3.7%	334,112	97,072	41.0%
Total Operating Expenses before Depreciation & Amortization	177,219	162,251	160,465	149,567	(10,898)	-6.8%	167,228	6,763	4.2%	183,904	16,676	10.0%
Income from Operations before Depreciation & Amortization	116,460	100,785	85,640	52,536	(33,104)	-38.7%	69,812	(15,829)	-18.5%	150,208	80,396	115.2%
Total Other Non-Operating Revenue, Net	43,033	21,597	(25,970)	(34,823)	(8,852)	34.1%	(18,032)	7,938	-30.6%	13,386	31,418	-174.2%
Income before Capital Grant Contributions and Federal Relief	159,493	122,383	59,670	17,714	(41,956)	-70.3%	51,779	(7,891)	-13.2%	163,593	111,814	215.9%
Capital Grant Contributions	8,213	4,072	10,912	15,476	4,564	41.8%	9,912	(1,000)	-9.2%	29,284	19,372	195.4%
Federal Relief	-	36,895	54,326	77,219	22,892	42.1%	80,000	25,674	47.3%	-	(80,000)	-100.0%
Net Income before Depreciation, Principal & Capital Outlay	\$ 167,707	\$ 163,350	\$ 124,909	\$ 110,409	\$ (14,500)	-11.6%	\$ 141,691	16,783	13.4%	\$ 192,878	51,186	36.1%



Capital Program Budget Fiscal Years 2022 - 2026

Capital Program Budget Summary

(in thousands)

Total FY 2021 - 2025 Beginning Capital Program Budget	\$ 3,728,201
Airline Support Building Tenant Improvements	21,300
FY 2021 - 2025 Project Closeouts	(93,409)
FY 2021 - 2025 Project Adjustments	<u>(35,304)</u>
FY 2021 - 2025 Ending Capital Program Balance	\$ 3,620,788
Proposed FY 2022 - 2026 Capital Projects	\$ <u>29,166*</u>
Proposed FY 2022 - 2026 Capital Program Budget	\$ <u>3,649,954</u>

* Pending Board approval



Plan of Finance Fiscal Years 2022 - 2026

Uses of Funds

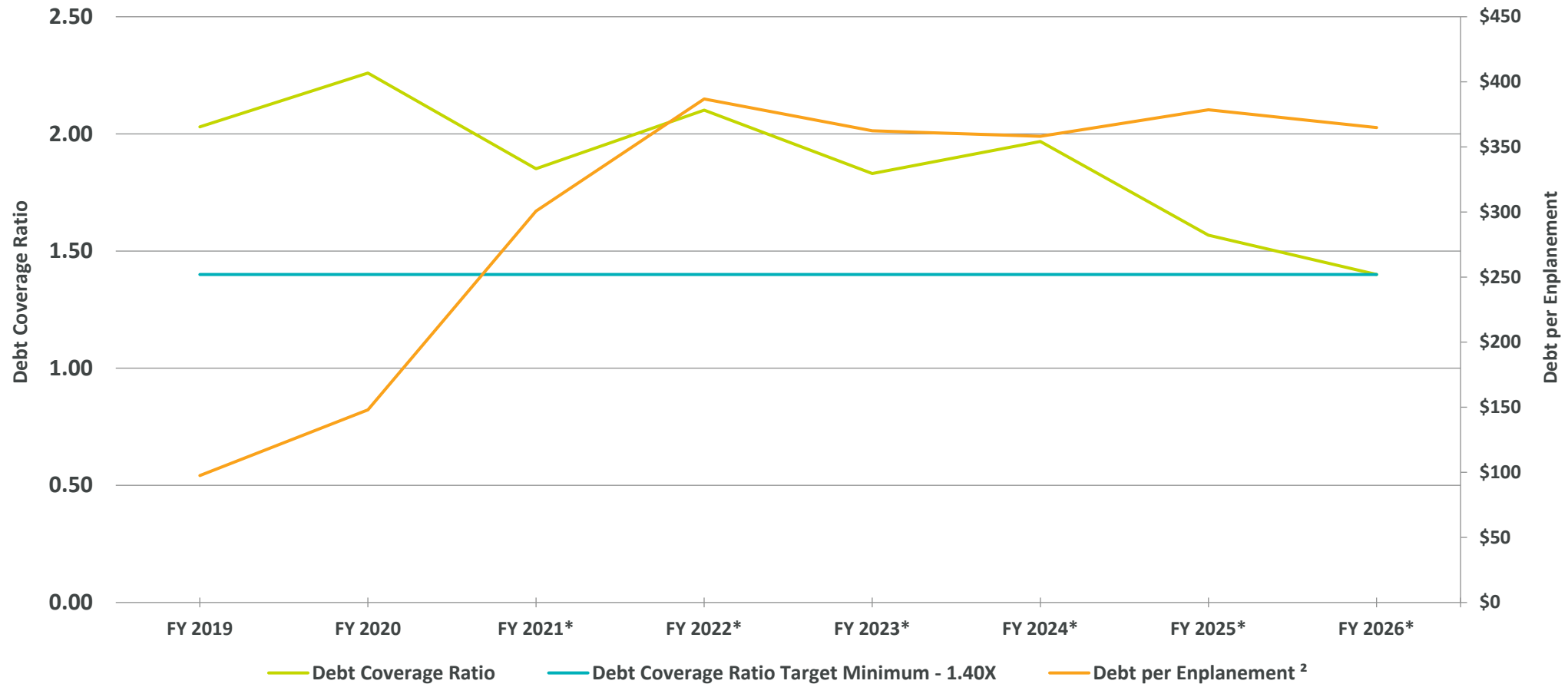
(in thousands)

	<u>Total Use of Funds</u>						
	Pre FY2022	FY2022	FY2023	FY2024	FY2025	FY2026	Total
ADP	\$ 104,151	\$ 391,842	\$ 734,473	\$ 700,373	\$ 502,150	\$ 567,011	\$ 3,000,000
CIP Program	278,929	83,692	88,287	77,848	75,874	45,324	649,954
Total	\$ 383,080	\$ 475,534	\$ 822,760	\$ 778,221	\$ 578,024	\$ 612,335	\$ 3,649,954

Sources of Funds

	<u>CIP Total Sources of Funds</u>						
	Pre FY2022	FY2022	FY2023	FY2024	FY2025	FY2026	Total
Airport Revenue Bonds	\$ 148,545	\$ 356,169	\$ 753,208	\$ 699,472	\$ 495,956	\$ 566,145	\$ 3,019,495
Airport Cash	199,739	65,076	3,931	18,392	39,462	9,824	336,424
Major Maintenance Fund	15,622	21,974	20,679	28,728	25,047	29,594	141,644
Federal Grants	9,269	9,137	29,284	24,488	15,965	6,771	94,914
Other	8,439	23,178	14,698	385	1,595	-	48,295
Passenger Facility Charges	1,466	-	959	6,757	-	-	9,181
TOTAL SOURCES OF FUNDS	\$ 383,080	\$ 475,534	\$ 822,760	\$ 778,221	\$ 578,024	\$ 612,335	\$ 3,649,954

Coverage Ratio and Debt Per Enplanement ¹



¹ Debt excludes special facility bonds

² Debt per Enplanement target of \$150 was temporarily suspended

* Forecasted FY 2021- FY 2026

The background of the slide features a photograph of an airplane in flight against a clear sky. In the foreground, the silhouettes of three people are visible, with their hands raised as if waving. The scene is set against a cityscape, likely San Diego, with buildings and a coastline visible in the distance. A large, semi-transparent teal rectangle is overlaid on the left side of the image, containing the word "Conclusion" in white text.

Conclusion

SAN DIEGO
COUNTY
REGIONAL
AIRPORT
AUTHORITY

Conclusion

- Follows the Authority's legislative and regulatory mandates
- Includes funds for essential operational expenses to manage the Airport through recovery from COVID-19 pandemic
- Reflects collaboration with business stakeholders
- Preserves Authority's financial position through the financial resilience plan measures and cost containment efforts
- Demonstrates the discipline necessary to remain a sustainable enterprise
- Supports continued efforts to advance a feasible five-year Capital Plan
- Provides necessary resources to proceed with the New T1
- Includes resources to maintain employee safety, confidence and engagement
- The Authority will continue to assess and refine the revenue forecast and spending plan based on changing economic environment

Questions?



SAN DIEGO
COUNTY
REGIONAL
AIRPORT
AUTHORITY

Staff Report

Meeting Date: June 3, 2021

Subject:

Accept the Title 14 Code of Federal Regulations (CFR) Part 150 Noise Compatibility Study Update and Authorize the President/CEO to Submit to the FAA for its Review

Recommendation:

Adopt Resolution No. 2021-0065, accepting the Title 14 Code of Federal Regulations (CFR) Part 150 Noise Compatibility Study Update and authorizing the President/CEO to submit to the FAA for their review.

Background/Justification:

FAA Metroplex Project & ANAC Recommendations

In late 2016 and early 2017, the Federal Aviation Administration (FAA) implemented a series of new departure and arrival procedures for San Diego International Airport (SDIA), as part of a larger project called Metroplex. The FAA's goal in the Metroplex project was to create new procedures based on the latest satellite-based technology to replace those reliant on older, ground-based technology. The FAA used existing flight paths to create the new routes, but the new flight paths follow a much more precise and concentrated path, whereas the ground-based procedures had a more dispersed path over a larger area.

These new flight paths raised many concerns for residents surrounding SDIA. As a result, the Airport Authority created a temporary subcommittee to the Airport Noise Advisory Committee (ANAC), comprised of residents from communities expressing concerns, and conducted twelve meetings with the group to develop recommendations on how to address their aircraft noise concerns. Airport Authority noise staff then created an action plan to address these recommendations and the ANAC accepted this plan in October 2017.

The recommendations were divided into two groups:

1. *Recommendations without significant technical analysis.* These were 10 items that staff could implement relatively quickly with minor technical analysis or stakeholder outreach. Examples of some of these recommendations include: providing public access to the FAA's Southern California Terminal Radar Approach Control (SoCal TRACON) live radio communication via a website; modifying ANAC membership to include more community members and industry stakeholders; using departure curfew violation fines to provide additional funding for the Quieter Home Program; and gathering additional statistical information that is posted monthly online. These recommendations (if feasible) were completed by 2018 and presented to ANAC.
2. *Recommendations that required substantial technical analysis.* The remaining 11 ANAC recommendations focused on flight path procedures, which require significant noise modeling and analyses. For ANAC recommendations concerning noise outside of the 65 decibel (dB) Community Noise Equivalent Level (CNEL) contour, the Airport Authority initiated and completed a Flight Procedures Study¹, which evaluated over 20 procedures and resulted in four being submitted, on behalf of ANAC, to the FAA for further review. For those recommendations that concerned noise within the 65 dB CNEL, it was determined that conducting a Title 14 CFR Part 150 Noise Compatibility Study (Part 150 Study) update would be the most successful way to review and potentially implement any feasible ANAC recommendations.

Part 150 Study Update

A Part 150 Study is a formal FAA-supported process to develop a balanced and cost-effective plan for reducing noise exposure for non-compatible land uses (defined by the 65 dB CNEL and greater noise levels), where practical, and to limit additional noise impacts in the future. A Part 150 Study is a voluntary effort that an airport sponsor can undertake to help decrease noise impacts in communities surrounding their airport. A Part 150 Study creates aircraft noise exposure maps for current year and future (five-year) conditions and evaluates measures for addressing noise concerns. FAA-accepted measures can be eligible for future federal funding.

SDIA has a long history of Part 150 Study efforts. In 1988, the San Diego Unified Port District conducted one of the first Part 150 Studies in the nation, which was subsequently updated by the Airport Authority in 2011. Staff planned to initiate a third Part 150 Study update in 2019, but it was decided to begin the multi-year study early in order to address the technical ANAC recommendations.

¹ A copy of the Flight Procedure Study report can be found on this website: <https://www.san.org/Airport-Noise/FAR-Part-150?EntryId=13636>

Citizen Advisory Committee & Technical Advisory Committee

To provide input to the Part 150 Study update process and create a productive dialogue between community members and industry stakeholders, a Citizen Advisory Committee (CAC) and Technical Advisory Committee (TAC) were established. Applications were posted online for residents, who wished to represent their community to serve on the CAC.

Applications were also sent to all residents, who submitted noise concerns in the previous six months. Over 40 residents applied from 12 communities surrounding SDIA. Ranked parameters were created to select the 15 representatives from those communities. The TAC membership also included airline representatives, local planning agencies, military, and FAA staff. ANAC also selected two of its community members to sit on the TAC to further represent the community concerns in the Part 150 Study update.

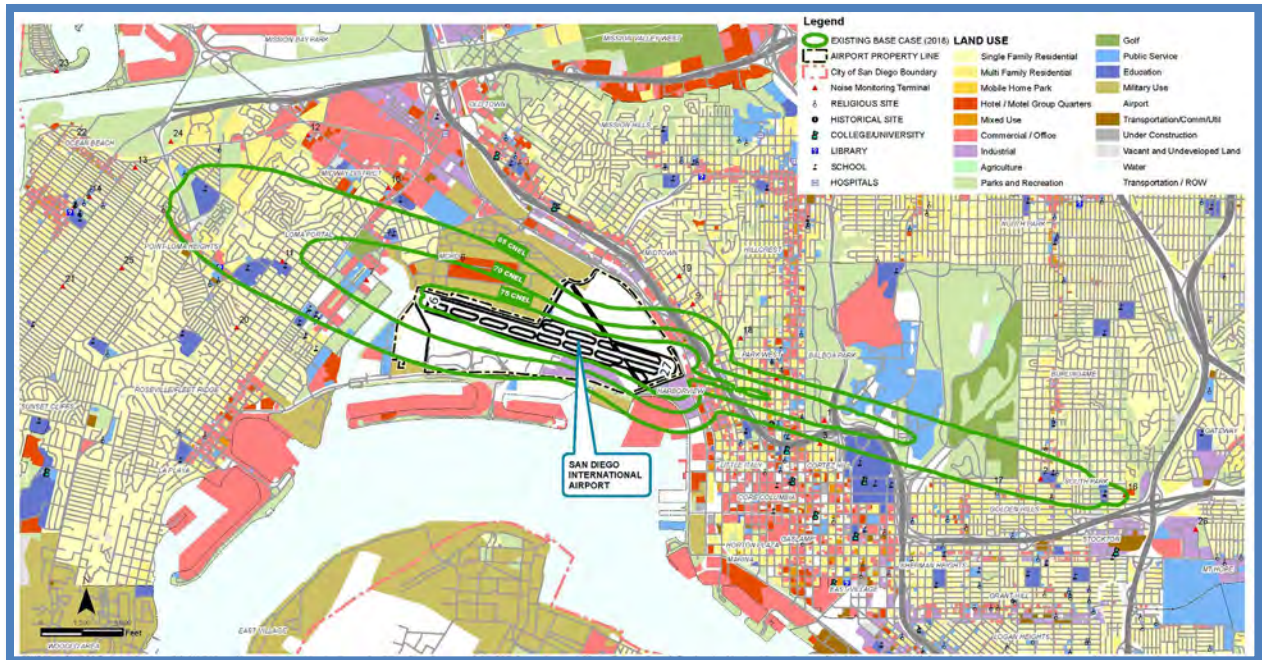
Noise Exposure Maps

The FAA has an established framework for conducting a Part 150 Study. There are two components: a Noise Exposure Map (NEM) and Noise Compatibility Program (NCP). To complete the NEM, the Airport Authority and its consultant team collected base-case noise information, such as the physical nature of the airport (runway/taxiways), aircraft operations (types of aircraft flown), runway usage, weather conditions, and terrain data to help develop the modeling inputs for the existing (2018) and future (2026) noise contours.

Typically, new forecasts are generated to help guide future year operational activity for a Part 150 Study's NEM. However, since the Airport Authority had a forecast already developed and approved by the FAA as part of the Airport Development Plan (ADP), that forecast was used to inform the SDIA Part 150 Study update. Even with the recent COVID-19 pandemic impacts to aircraft operations, the FAA indicated that SDIA's approved forecast was still appropriate for its Part 150 Study update.

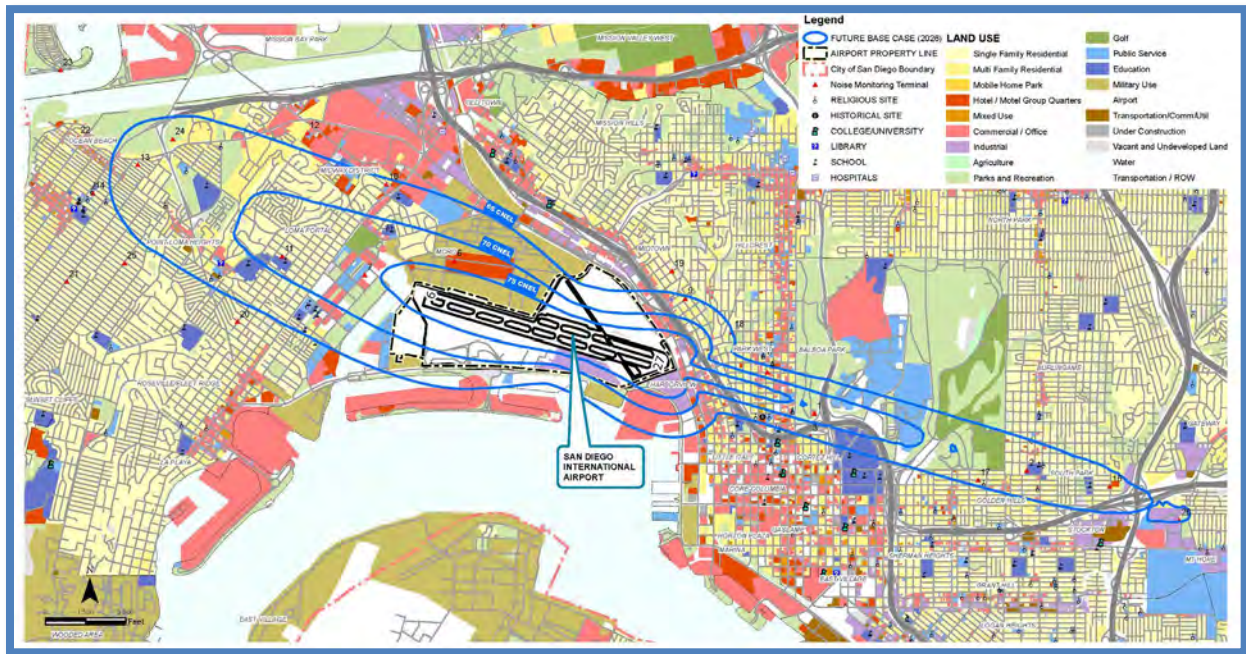
Once the noise contours were modeled, land use data was collected based on the U.S. Census to show the population and housing units within the contours. Below are the existing and future condition NEMs, as well as the related land use data table.

Draft Existing 2018 Noise Contours



Source: Mead & Hunt, Inc.

Draft Future 2026 Noise Contours



Source: Mead & Hunt, Inc.

Land Use Analysis 2018 and 2026

2018	Population	Housing Units
65 dB CNEL and greater	16,188	7,805
70 dB CNEL and greater	1,907	1,236
75 dB CNEL and greater	178	131

2026	Population	Housing Units
65 dB CNEL and greater	30,976	15,149
70 dB CNEL and greater	5,173	2,642
75 dB CNEL and greater	699	515

Source: Mead & Hunt, Inc., US Census 2010 and HMMH analysis.

Note: These numbers include homes that have already been sound insulated or were built after October 1, 1998, which would make them ineligible for sound insulation treatments.

Noise Compatibility Program

As mentioned, the second component of a Part 150 Study is the Noise Compatibility Program, which outlines opportunities to reduce and mitigate noise within the future condition’s noise contours. Part 150 regulations require the evaluation of alternatives based on the following criteria: a) reduce existing non-compatible uses and prevent any new non-compatible uses; and b) do not impact the safe use of the airspace. There is a long list of alternatives that Part 150 regulations require, many of which have already been reviewed, implemented, or deemed infeasible in previous Part 150 Studies at SDIA. In addition to those required by the FAA, the Airport Authority’s consultants reviewed the remaining technical ANAC recommendations for feasibility and consideration, as well as alternatives suggested by the TAC & CAC.

Examples of alternatives that were reviewed are:

- *Airport & Airspace Use Restrictions* – these include limiting access to the airport based on the noise level of an aircraft, implementing additional landing fees, restricting types of operations, or a curfew. SDIA already has a “grandfathered” nighttime departure curfew from 11:30 p.m. until 6:30 a.m. New restrictions require significant and costly analysis and are very rarely approved by the FAA.
- *Airport Infrastructure or Airport Facilities Alternatives* – these include noise barriers, new runways/extensions, or other facility improvements.
- *Land Use Alternatives* – these include land acquisition, sound insulation, noise monitoring, or other land use controls.
- *Operational Alternatives* – these alternatives include ways aircraft can fly differently (thrust cutback, different flight paths, quiet approach settings) to reduce noise on departure and arrival.

As a result of this extensive analysis, 17 recommendations were determined feasible to put into the Part 150 Study update for the FAA's review. A summary of these recommendations is below.

Recommendations

The following two recommendations are new:

1. Implement a Ground Based Augmentation System (GBAS), which is a technology both in the aircraft and on the airport that provides aircraft more precise and repeatable landing guidance. This could reduce the need for leveling (requiring engine thrust) during descent and could provide a minor reduction in noise east of the Airport. However, this is a new technology and not many airlines have equipped their aircraft with GBAS to date. If this recommendation is approved, the Airport Authority would apply for a grant to start the feasibility analysis to fund the airport-based equipment for GBAS; and
2. Implement a Noise Abatement Departure Procedure (NADP), which is a steeper climb profile with a thrust cutback at a specified altitude on departure, which may provide some noise level reduction in residents west of the airport. Since NADP's are already approved by the FAA, the Airport Authority can start to work with the airlines to review the climb profile currently used on departure, west of the airport, to request they use this new profile.

The following 15 recommendations are a continuation and update, if needed, from SDIA's previous Part 150 Study:

1. Continue daily efforts of aircraft noise office to analyze daily aircraft noise and flight operational data;
2. Update, as needed, the airport noise and operations monitoring system (ANOMS);
3. Based on noise concerns, communicate with airlines for potential noise reduction solutions;
4. Monitor and enforce airport use regulations (curfew);
5. Continue completing California quarterly noise reports;
6. Update Noise Exposure Maps, every five (5) years;
7. Update NCP, as needed;
8. Continue Fly Quiet Program (ranking air carrier operators on how quietly they fly out of SDIA) with updates;
9. Continue ANAC;
10. Implement portable noise monitoring;
11. Support compatible land use development: local jurisdictions;
12. Compatibility Planning Process: local jurisdictions;
13. Support San Diego County Airport Land Use Commission (ALUC);
14. Continue Residential Sound Insulation Program; and
15. Continue Non-Residential Sound Insulation Program (ex. Places of worship, schools).

Public Engagement

Throughout the Part 150 Study process, members of the community were encouraged to participate in the study. Engagement included:

- A study website (www.sannoisestudy.com), where comments could be submitted, documents were available for review, and information was provided to learn about the Part 150 Study throughout the process;
- A total of 12 meetings with CAC and TAC were held, where 17 members of the public served alongside industry stakeholders to allow for an engaged and informed dialogue, with the general public invited to observe the meetings;
- Three public workshops and one public hearing, allowing the public to learn more about the draft noise contours, the draft alternatives, and other components of the study;
- Availability of the draft updated Part 150 Study for a formal public comment period from March 8th through April 21st, 2021; and
- The Airport Authority and its consultant team provided updates at six ANAC Meetings throughout the study process, allowing discussion and questions from ANAC committee members, as well as public comment at each meeting.

On May 5, 2021, ANAC voted unanimously (with one abstention) to accept the updated Part 150 Study and send it to the Airport Authority Board for acceptance and submittal to the FAA. Once the updated Part 150 Study is submitted, the FAA will review the Part 150 Study update and categorize each measure, as approved or disapproved. Approved recommendations will then be eligible for future federal funding.

The updated Part 150 Study, including all technical appendices, is available at: <https://www.san.org/Airport-Noise/FAR-Part-150>.

Fiscal Impact:

As mentioned, the majority of the Part 150 Study recommendations are related to continuing and updating, in some cases, the Airport Authority's various aircraft noise management programs and projects. Adequate funding for these initiatives is included in the FY2021, proposed FY2022, and conceptual FY2023 Operating Budgets within the Planning & Environmental Affairs Department, as well as the 5-Year Capital Improvement Program. Funding for this program comes from Airport Improvement Program grants and Passenger Facility Charges.

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 a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") under Title 14 Code of Federal Regulations (CFR) Part 150; however, no formal review under the National Environmental Policy Act ("NEPA") is required.

Application of Inclusionary Policies:

Not applicable.

Prepared by:

BRENDAN REED
DIRECTOR, PLANNING & ENVIRONMENTAL AFFAIRS

RESOLUTION NO. 2021-0065

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, ACCEPTING THE TITLE 14 CODE OF FEDERAL REGULATIONS (CFR) PART 150 NOISE COMPATIBILITY STUDY UPDATE AND AUTHORIZING THE PRESIDENT/CEO TO SUBMIT TO THE FAA FOR THEIR REVIEW

WHEREAS, in late 2016 and early 2017 the FAA implemented new departure and arrival procedures at San Diego International Airport (SDIA) as a part of their larger project, Metroplex. These procedures follow a more precise and concentrated path and raised many concerns for residents surrounding SDIA; and

WHEREAS, a temporary subcommittee to the Airport Noise Advisory Committee (ANAC) was created with residents expressing concerns tasked to develop recommendations on how to address their aircraft noise concerns. Airport Authority staff created an action plan to address these recommendations and ANAC accepted this plan in October of 2017; and

WHEREAS, the action plan divided the recommendations into two groups: a) 10 recommendations without significant technical analysis that staff completed (if feasible) by 2018, and b) 11 recommendations that required substantial technical analysis that were analyzed in two studies one concerning noise outside the 65 decibel (dB) Community Noise Equivalent Level (CNEL) contour, the Flight Procedures Study, and a second study looking at recommendations for noise within the 65 dB CNEL contour, a Title 14 CFR Part 150 Noise Compatibility Study (Part 150 Study) update; and

WHEREAS, a Part 150 Study is a voluntary effort that an airport sponsor can undertake to help decrease noise impacts in communities surrounding their airport; and

Resolution No. 2021-0065

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WHEREAS, a Part 150 Study is a formal FAA-supported process to develop a balanced and cost-effective plan for reducing noise exposure for non-compatible land uses (defined by the 65 dB CNEL and greater noise levels), where practical, and to limit additional noise impacts in the future; and

WHEREAS, SDIA has a long history of Part 150 Study efforts, starting in 1988 with the last study update being completed by the Airport Authority in 2011; and

WHEREAS, the Airport Authority started the Part 150 Study update in the fall of 2018 and created a Citizen Advisory Committee and Technical Advisory Committee (CAC and TAC) to provide input to the Part 150 Study update process and create a productive dialogue between community members and industry stakeholders; and

WHEREAS, the FAA has an established framework for conducting a Part 150 Study. There are two components: a Noise Exposure Map (NEM) and Noise Compatibility Program (NCP). The NEM is a collection of noise information including the physical nature of the airport (runway/taxiways), aircraft operations (types of aircraft flown), runway usage, weather conditions, and terrain data to help develop the modeling inputs for the existing (2018) and future (2026) noise contours; and

WHEREAS, typically, new forecast are generated to help guide future year operational activities for a part 150 Study's NEM. However, since the Airport Authority had a forecast already developed and approved by the FAA as part of the Airport Development Plan (ADP), that forecast was used to inform the SDIA Part 150 Study update. Even with the recent COVID-19 pandemic impacts to aircraft operations, the FAA indicated that SDIA's approved forecast was still appropriate for its Part 150 Study update; and

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WHEREAS, a NCP outlines opportunities to reduce and mitigate noise within the future condition's noise contours. Part 150 regulations require the evaluation of alternatives based on the following criteria: a) reduce existing non-compatible uses and prevent any new non-compatible uses; and b) do not impact the safe use of the airspace. In addition to those required by the FAA, the Airport Authority's consultants reviewed the remaining technical ANAC recommendations for feasibility and consideration, as well as alternatives suggested by the TAC & CAC; and

WHEREAS, as a result of this extensive analysis, 17 recommendations were determined feasible to put into the Part 150 Study update for the FAA's review. Two recommendations are new, implementing a Ground Based Augmentation System (GBAS) and implementing a Noise Abatement Departure Procedure (NADP). The remaining 15 recommendations are a continuation and update, if needed, from SDIA's previous Part 150 Study; and

WHEREAS, throughout the Part 150 Study process, members of the community were encouraged to participate in the study by using a study website, attending CAC & TAC meetings, public workshops, a public hearing and several ANAC meeting briefings. The draft Part 150 Study document was available to the public for comment from March 8 through April 21, 2021. On May 5, 2021, ANAC voted unanimously (with one abstention) to accept the updated Part 150 Study and send it to the Airport Authority Board for acceptance and submittal to the FAA.

NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD HEREBY accepts the Title 14 Code of Federal Regulations (CFR) Part 150 Noise Compatibility Study Update and authorizes the President/CEO to submit to the FAA for its review.

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

Resolution No. 2021-0065

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BE IT FURTHER RESOLVED BE IT FURTHER RESOLVED that the Board finds that this action is a project that involves additional approvals or actions by the Federal Aviation Administration (“FAA”) under Title 14 Code of Federal Regulations (CFR) Part 150; however, 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 3rd day of June, 2021, 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

Part 150 Study Update

Board Meeting - June 3, 2021

Sjohnna Knack, Program Manager
Planning & Environmental Affairs



SAN DIEGO
COUNTY
REGIONAL
AIRPORT
AUTHORITY

Agenda

- Background
- Purpose of Part 150 Study
- Citizen Advisory & Technical Advisory Committees
- Noise Exposure Map
- Noise Compatibility Program
- Recommendations
- Public Engagement



Background

ANAC
Subcommittee

Created in 2016 to address increases in noise concerns surrounding the airport.



Recommendations

21 recommendations from the subcommittee were accepted by the Airport Noise Advisory Committee (ANAC) and then the Board. Recommendations were either completed by staff or moved on for technical analysis.



Flight Procedure
Analysis and Part
150 Study Update

Technical analysis to review feasibility of recommendations, prior to sending to the FAA for their review.

Part 150 Study Update

Purpose

Develops a plan to reduce noise exposure for non-compatible land uses (residential, schools, places of worship) and limit those incompatible land uses in the future.

NEM

Noise Exposure Map (NEM)

- Detailed information on noise impacts within 65 decibel (dB) Community Noise Equivalent Level (CNEL) or higher
- Existing and 5-year contours

NCP

Noise Compatibility Program (NCP)

- Descriptions and evaluations
- Noise abatement and noise mitigation programs



The Part 150 Noise Study has been updated **three times** in the last **30 years**

Citizen Advisory & Technical Advisory Committees

Created to provide input into the Part 150 Study update process and create a productive dialogue between community members and industry stakeholders.



Over **two years**,
14 public meetings
have been held



10 noise impacted San Diego communities have been represented in those discussions

Communities Represented:

- Loma Portal - Liberty Station (2)
- Point Loma – Sunset Cliffs
- Ocean Beach (2)
- Mission Beach
- Pacific Beach
- La Jolla – Birdrock
- La Jolla – Muirlands
- La Jolla – La Jolla Shores
- Golden Hill
- East County – La Mesa

Industry Stakeholders:

- Airport Authority
- San Diego County Airports & Planning
- City of San Diego Airports & Planning
- National Business Aviation Association
- US Navy
- Airlines (Alaska & Skywest)

Part 150 Update - Noise Exposure Map

FAA requires 65 dB CNEL contours for existing year and five years in the future.



Contours include information about the airfield, aircraft operations, runway usage, weather conditions and terrain.



For future year aviation activity, used FAA-approved forecasts. Even with recent COVID-19 pandemic impacts, FAA confirmed they are appropriate for the Part 150 Study update.



Once the contours were modeled, land use data was collected to show the population and housing units within the contours.

Land Use Analysis 2018 and 2026

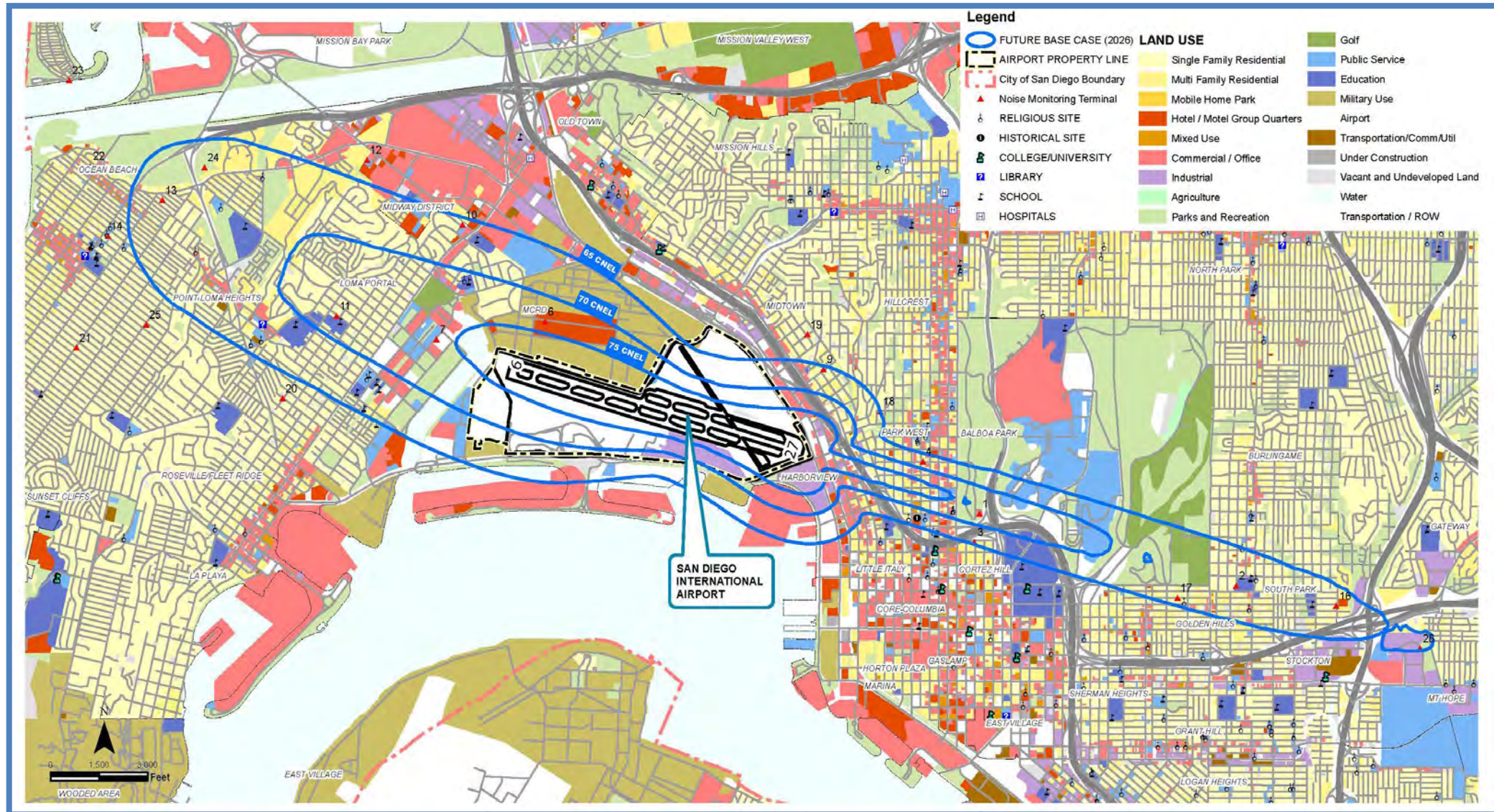
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Source: Mead & Hunt, Inc., US Census 2010 and HMMH analysis.

Note: These numbers include homes that have already been sound insulated or were built after October 1, 1998, which would make them ineligible for sound insulation treatments.

Draft Future 2026 Noise Contours



Part 150 Update - Noise Compatibility Program



Recommendations to reduce noise or mitigate noise must:

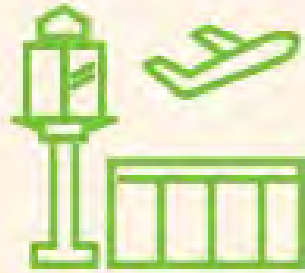
- Reduce existing non-compatible uses and prevent any new non-compatible uses
- Have no impact to the safe use of the airspace

15 of the recommendations are a continuation and update, if needed, from SAN's existing Part 150 Study.

Examples of Recommendations

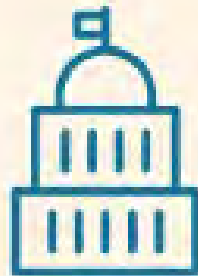


Continue the **Quieter Home Program** with updated contours



Obtain a **Ground Based Augmentation System (GBAS)** which helps pilots fly a more precise route in inclement weather

Encourage the Federal Aviation Administration to **reduce aircraft noise impacts** by **using emerging technology** and flying published flight routes



Work with airlines to develop a **Noise Abatement Departure Procedure (NADP)** to use when flying out of San Diego International Airport



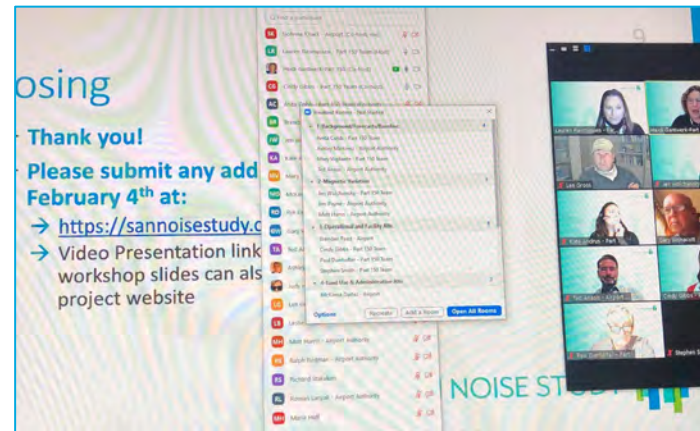
Recommendations approved by the FAA may be eligible for federal funding.

Public Engagement Process

Throughout the Part 150 Study update, members of the community were encouraged to participate in the process. Engagement included:



Created a study website for the public to provide comments, review documents, and other information



Conducted over 17 meetings with CAC, TAC and ANAC members along with three public workshops (including a public hearing)



Provided the draft Part 150 Study update for public comment from March 8th through April 21st

On May 5, 2021, ANAC Approved the Part 150 Study Update and Recommended Sending it the Board

Board Action

Requesting Board accept the Part 150 Study update and authorize the President/CEO to submit to the FAA for its review.





Thank You

SAN DIEGO
COUNTY
REGIONAL
AIRPORT
AUTHORITY