

Board Meeting Agenda

Thursday, October 3, 2024
9:00 A.M.

San Diego County Regional Airport Authority
Administration Building
First Floor – Board Room
2417 McCain Road
San Diego, California 92101

Board Members

Gil Cabrera (Chair)
James Sly (Vice-Chair)
Whitney Benzian
Lidia S. Martinez
Monica Montgomery Steppe
Rafael Perez
Esther C. Sanchez
Steve Vaus
Marni von Wilpert

Ex-Officio Board Members

Col. R. Erik Herrmann
Michele Perrault
Everett Townsend

President/CEO

Kimberly J. Becker

Live webcasts of Authority Board meetings can be accessed at
<http://www.san.org/Airport-Authority/Meetings-Agendas/Authority-Board>

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 the Office of the Authority Clerk 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 Office of the Authority Clerk.

PLEASE COMPLETE A SPEAKER SLIP PRIOR TO THE COMMENCEMENT OF THE MEETING AND SUBMIT IT TO THE AUTHORITY CLERK. ***PLEASE REVIEW THE POLICY FOR PUBLIC PARTICIPATION IN BOARD AND BOARD COMMITTEE MEETINGS (PUBLIC COMMENT) LOCATED AT THE END OF THE AGENDA.***

The Authority has identified a local company to provide oral interpreter and translation services for public meetings. If you require oral interpreter or translation services, please telephone the Office of the Authority Clerk Department with your request at (619) 400-2400 at least three (3) working days prior to the meeting.

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CALL TO ORDER:

PLEDGE OF ALLEGIANCE:

ROLL CALL:

PRESENTATIONS:

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

- **AUDIT COMMITTEE:**
Committee Members: Huerta, Newsom (Chair), Montgomery Steppe, Perez, Sanchez, Vaus, Wong Nickerson
- **CAPITAL IMPROVEMENT PROGRAM OVERSIGHT COMMITTEE:**
Committee Members: Benzian, Martinez, Perez, Sanchez, von Wilpert (Chair)
- **EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE:**
Committee Members: Cabrera (Chair), Martinez, Sly
- **FINANCE COMMITTEE:**
Committee Members: Martinez, Sly (Chair), von Wilpert

ADVISORY COMMITTEES

- **AUTHORITY ADVISORY COMMITTEE:**
Liaisons: Benzian, Martinez (Primary)
- **ARTS ADVISORY COMMITTEE:**
Liaison: Martinez

LIAISONS

- **CALTRANS:**
Liaison: Townsend
- **INTER-GOVERNMENTAL AFFAIRS:**
Liaison: Cabrera
- **MILITARY AFFAIRS:**
Liaison: Herrmann
- **PORT:**
Liaisons: Cabrera (Primary), von Wilpert

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- **WORLD TRADE CENTER:**
Representative: Sly

BOARD REPRESENTATIVES (EXTERNAL)

- **SANDAG BOARD OF DIRECTORS:**
Representatives: Cabrera (Primary), Sly
- **SANDAG TRANSPORTATION COMMITTEE:**
Representatives: Sanchez (Primary), Perez

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 – 11):

The consent agenda contains items that are routine in nature and non-controversial. Some items may be referred by a standing Board Committee or approved as part of the budget process. The matters listed under 'Consent Agenda' may be approved by one motion. Any Board Member may remove an item for separate consideration. Items so removed will be heard before the scheduled New Business Items, unless otherwise directed by the Chair.

- 1. APPROVAL OF MINUTES:**
RECOMMENDATION: Approve the minutes of the September 5, 2024, regular 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.

(Office of the Authority Clerk: Annette Fagan Ortiz, Authority Clerk)

3. AWARDED CONTRACTS AND APPROVED CHANGE ORDERS FROM AUGUST 11, 2024, THROUGH SEPTEMBER 8, 2024, AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM AUGUST 11, 2024, THROUGH SEPTEMBER 8, 2024:

RECOMMENDATION: Receive the report.

(Procurement: Jana Vargas, Director)

4. OCTOBER 2024 LEGISLATIVE REPORT:

RECOMMENDATION: Adopt Resolution No. 2024-0080, approving the October 2024 Legislative Report.

(Government Relations: Matt Harris, Director)

5. ANNUAL REVIEW AND NOTIFICATION OF BOARD MEMBER WEIGHTED VOTE POINT ALLOCATION AS REQUIRED BY SECTION 170014 OF THE CALIFORNIA PUBLIC UTILITIES CODE:

RECOMMENDATION: Adopt Resolution No. 2024-0081, accepting the Board Member Weighted Vote Point Allocation as required by Section 170014 of the California Public Utilities Code.

(Authority Clerk Office: Annette Fagan Ortiz, Authority Clerk)

CLAIMS:

COMMITTEE RECOMMENDATIONS:

6. FISCAL YEAR 2024 ANNUAL REPORT FROM THE AUDIT COMMITTEE:

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

(Audit: Lee Parravano, Chief Auditor)

7. FISCAL YEAR 2024 ANNUAL REPORT FROM THE OFFICE OF THE CHIEF AUDITOR:

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

(Audit: Lee Parravano, Chief Auditor)

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- 8. REVISION TO THE CHARTER OF THE AUDIT COMMITTEE:**
RECOMMENDATION: The Audit Committee recommends that the Board adopt resolution 2024-0082, approving the revision to the Charter of the Audit Committee
(Audit: Lee Parravano, Chief Auditor)

- 9. REVISION TO THE CHARTER FOR THE OFFICE OF THE CHIEF AUDITOR:**
RECOMMENDATION: The Audit Committee recommends that the Board adopt resolution 2024-0083, approving the revision to the Charter for the Office of the Chief Auditor.
(Audit: Lee Parravano, Chief Auditor)

- 10. REVISION TO THE FISCAL YEAR 2025 AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:**
RECOMMENDATION: The Audit Committee recommends that the Board adopt Resolution No. 2024-0084, approving the revision to the Fiscal Year 2025 Audit Plan of the Office of the Chief Auditor.
(Audit: Lee Parravano, Chief Auditor)

CONTRACTS AND AGREEMENTS:

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

- 11. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE AN AGREEMENT WITH TSG INDUSTRIES, LLC, TO PROVIDE ONE (1) 6 PLEX MODULAR OFFICE BUILDING FACILITY FOR THE NEW AIRPORT SHUTTLE BUS PARKING LOT AT SAN DIEGO INTERNATIONAL AIRPORT:**
RECOMMENDATION: Adopt Resolution No. 2025-0085, approving and authorizing the President/CEO to negotiate and execute an agreement with TSG Industries, LLC, for one (1) 6Plex modular office building facility, in an amount not-to-exceed \$1,597,068.70 in support of Project No. 413002, Shuttle Lot Relocation at San Diego International Airport.
(Airport Design & Construction: Bob Bolton, Director)

PUBLIC HEARINGS:

OLD BUSINESS:

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NEW BUSINESS:

12. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A MARKETING AND ADVERTISING SERVICES AGREEMENT:

RECOMMENDATION: Adopt Resolution No. 2024-0086, approving and authorizing the President/CEO to execute an Agreement for Marketing and Advertising Services with the Shipyard for a term of three (3) years, with the option for two (2) one-year extensions exercisable at the discretion of the President/CEO, for an aggregate total not-to-exceed amount of \$6 million for five (5) years.

(Marketing, Arts & Air Service Development: Jon Graves, Director)

13. RENEWAL OF THE HEALTH & WELFARE BENEFITS PROGRAM FOR 2025:

RECOMMENDATION: Adopt Resolution No. 2024-0087, approving the renewal of the Health and Welfare Benefits Program for 2025.

(Human Resources: Monty Bell, Director)

14. AUTHORIZE A DIVIDED VOTE ELECTION IN ACCORDANCE WITH SECTION 218(D) OF THE SOCIAL SECURITY ACT:

RECOMMENDATION: Adopt Resolution No. 2024-0088 approving the resolution provided by CalPERS authorizing the Divided Vote Election.

(General Counsel: Amy Gonzalez)

15. APPROVE AN AMENDMENT TO THE DEFINED CONTRIBUTION PLAN:

RECOMMENDATION: Adopt Resolution No. 2024-0089 approving and authorizing the President/CEO to execute an amendment to the Authority's Defined Contribution Plan to increase the Authority's contribution to 8% and eliminate the Authority's match.

(Human Resources: Monty Bell, Director)

CLOSED SESSION:

16. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION:

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

Name of Case: *San Diego County Regional Airport Authority v. AQ US SW Holding Co., et al.*, San Diego Superior Court Case No. 37-2023-00032124-CU-BC-CTL

17. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION:

Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9
Number of potential Cases: 2

18. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION:

Significant exposure of litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9: Number of potential Cases: 2

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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 a speaker slip to the Clerk 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 a speaker slip 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 Airport Administration Building Parking Lot (entrance on the east side of McCain Road). Bring your ticket to the first-floor receptionist for validation.

Visitors can park in the lot from 8:00 a.m. to 5:00 p.m.

You may also reach the SDCRAA Building by using public transit via the San Diego MTS System, Route 923. For route and fare information, please call the San Diego MTS at (619) 233-3004 or 511.

DRAFT
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD
MINUTES
THURSDAY, SEPTEMBER 5, 2024
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
BOARD ROOM

CALL TO ORDER: Chair Cabrera called the meeting of the San Diego County Regional Airport Authority Board to order at 9:05 a.m. on Thursday, September 5, 2024, at the San Diego County Regional Airport Authority, Administration Building, 2417 McCain Road, San Diego, CA 92101.

PLEDGE OF ALLEGIANCE: Chair Cabrera led the pledge of allegiance.

ROLL CALL:

PRESENT: Board Members: Benzian, Cabrera, Martinez,
Montgomery Steppe, Perez, Sanchez, Vaus,
von Wilpert

ABSENT: Board Members: Herrmann (Ex-Officio), Perrault (Ex-Officio),
Sly, Townsend (Ex-Officio)

ALSO PRESENT: Kimberly J. Becker, President/CEO; Lee Kaminetz, Assistant General
Counsel; Annette Fagan Ortiz, Authority Clerk; Patricia Willis, Assistant
Authority Clerk I

Roy Abboud, Acting Deputy District Director of Planning and Local Assistance Division, attended the meeting on behalf of Board Member Townsend.

Matt Harris, Director, Government Relations, introduced and welcomed the new Authority Clerk, Annette Fagan Ortiz.

PRESENTATIONS:

A. REVIEW OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024:

Scott Brickner, Vice President, and Chief Financial Officer provided a presentation on Review of the Unaudited Financial Statements for the Fiscal Year Ended June 30, 2024, that included, Unaudited Operating Revenues; Unaudited Operating Expenses; Non-Operating Revenue and Expenses; Financial Summary; and Unaudited Statement of Net Position.

Board member Sanchez arrived at 9:21 a.m.

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

- **AUDIT COMMITTEE:** Board Member Sanchez reported that the Audit Committee last met on May 6, and the next meeting is scheduled for September 9, 2024.
- **CAPITAL IMPROVEMENT PROGRAM OVERSIGHT COMMITTEE:** Board Member von Wilpert reported that the committee met on July 18, 2024, and at the meeting, a briefing was provided on the Challenges of Electrical Vehicle Fires, New T1 Construction Update, Financial Update, Concessions Update, Parking Plaza Activation and Marketing Update and a Small Business Development Update. She reported that on August 27, 2024, Phase 1 of the Terminal 1 Parking Plaza opened successfully, and on August 28, 2024, there was a press conference.
- **EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE:** None.
- **FINANCE COMMITTEE:** Board Member Martinez reported that the Finance Committee met on August 6, 2024, and at that meeting, the committee reviewed the Unaudited Financial Statements for the Fiscal Year ended June 30, 2024; they also reviewed the Authority Investment Report as of July 31, 2024.

ADVISORY COMMITTEES

- **AUTHORITY ADVISORY COMMITTEE:** Board Member Martinez reported that the Authority Advisory Committee met on July 17, 2024; at that meeting, the committee received a presentation on the Airport Land Use Compatibility Plan Update for San Diego International Airport. She reported that the Advisory Committee also received an update on the New Terminal 1 Parking Plaza Opening.
- **ARTS ADVISORY COMMITTEE:** Board Member Martinez reported that in October 2023, the USO SAN Neil Ash Center requested the removal of the artwork *Connectocracy*. She reported that the Arts Advisory Committee reviewed the situation and, citing excessive maintenance issues and safety concerns, recommended deaccessioning the piece in March 2024 and that the deaccession recommendation was then approved by Kim Becker. She reported that the airport's current temporary exhibition, *Espacios & Lines*, has received local and national attention and that the binational art show affiliated with the 2024 World Design Capital has been featured in at least eleven publications, including *The Points Guy*, *Airport Improvements Magazine*, *KPBS*, and United Airlines' *Hemispheres* magazine.

LIAISONS

- **CALTRANS:** None.
- **INTER-GOVERNMENTAL AFFAIRS:** Chair Cabrera reported that the U.S. Department of Transportation is still considering applications for the awarding of five new beyond perimeter slot pairs at Ronald Reagan Washington National Airport (DCA) under the Federal Aviation Administration (FAA) Reauthorization Act of 2024 and Alaska Airlines has applied for new service between SAN and DCA. He reported that SAN was awarded \$4.3 million to fund the taxiway improvements through the FAA's Airport Improvement Program grant allocations. He reported that it is unlikely that Congress will reach a deal on Fiscal Year 2025 federal appropriations before the end of the fiscal year, and as a result, Congress is expected to pass a continuing resolution of undetermined length before funding runs out. He also reported that in Sacramento, the legislature completed the two-year legislative session on August 31, 2024, and the Governor must decide to sign or veto several hundred bills approved by the legislature before the constitutional deadline of September 30, 2024.
- **MILITARY AFFAIRS:** None.
- **PORT:** None.
- **WORLD TRADE CENTER:** Chair Cabrera reported that the World Trade Center met on July 25, 2024, and at that meeting, the Board Members appointed James Sly as Chair and approved the Conflict-of-Interest Code. He reported that the WTC Board received an Overview of the 2024 Workplan, which includes the WTC Governance Highlights, Budget and Staffing, WTC and San Diego Priorities, a Program Timeline, and the Potential Modules for Global Identity. He also reported that the WTC Director provided an update on the Fiscal Year 2024 Global Competitiveness Council and License Holder Deliverables.

BOARD REPRESENTATIVES (EXTERNAL)

- **SANDAG BOARD OF DIRECTORS:** Chair Cabrera reported that the SANDAG Board of Directors has met twice since the last Board meeting. At the first meeting, the Borders Committee recommended that the Board approve the Federal and Binational Agreements for State Route 11/Otay Mesa East Port of Entry, and at the second meeting, staff presented the 2024 TransNet Independent Taxpayer Oversight Committee Annual Report.

- **SANDAG TRANSPORTATION COMMITTEE:** Board Member Sanchez reported that the SANDAG Transportation Committee has met once since the last Board meeting and at the meeting, the committee was asked to recommend that the Board of Directors accept the draft 2025 Regional Transportation Improvement Program.

CHAIR REPORT: Chair Cabrera reported that the Parking Plaza and New Terminal 1 help drive the regional economy, and continuing that commitment to economic development, the Airport Authority will be hosting the annual Meet the Primes event to help small and local businesses connect, network, and position themselves to compete effectively for upcoming contract opportunities at San Diego International Airport later today. He reported that the Airport Authority hosted a ribbon-cutting ceremony for the opening of the new Terminal 1 Parking Plaza last week, he thanked Board members, Airport Authority staff, and media members that were in attendance, and he gave a special thank you to all who made it a reality including the regional stakeholders and partners, the Federal Aviation Administration, The California Coastal Commission, Swinerton Construction, the Board and Authority Staff. He also reported that the project provides 2,834 parking spaces in this first stage and plenty of amenities to enhance the customer experience.

PRESIDENT/CEO REPORT: Kim Becker, CEO/President, reported that in the first full week of the New T1 Parking Plaza operation, the first two levels of the new Parking Plaza are seeing consistent use and customer feedback has been overwhelmingly positive. She reported that based on the Airport Authority's experience with opening the Terminal 2 Parking Plaza in 2018, it is expected to take at least nine months to reach normal levels, and in the meantime, the Authority would continue to drive awareness and promote reservations, and the Staff will continue to assess and modify if needed, signage and other operational components to make sure that the Airport is creating the best experience for customers. She reported that Phase 1 of the New Terminal 1 Parking Plaza opened just in time for Labor Day weekend. She reported that over the holiday weekend, 450,000 people were traveling through the airport, an average of 75,000 per day; this is a three- to four-percent increase over Labor Day Weekend 2023 and a similar increase over the pre-pandemic 2019 Labor Day Weekend. She reported that the Airport Authority hosted the U.S. Travel at the National Travel Industry Association event last week, which included a Power Hour discussion that included Congressman Scott Peters and Erik Hansen, Senior Vice President of Government Relations for U.S. Travel, and Julie Cooker, CEO of San Diego Tourism Authority. The discussion centered on the industry's major policy priorities, including Lower Visitor Visa Wait Times, Lower Customers Wait Times and Identity Verification Technology, as well as San Diego's unique priorities which included the Tijuana Rivers Sewage Crisis, Affordable Housing, Boarder + Asylum Seekers and Support of Minority-Owned Businesses. She reported that the decisions surrounding DCA have not yet been made despite the Government's desire to expedite the process.

She also reported that the airport will have a new Canadian Airline starting in December, and Porter Airlines which will be the eighteenth airline to provide service from our airport; they will have nonstop service to Toronto four times per week. She reported that the Government Finance Officers Association honored the Airport Authority Finance team with the Certificate of Achievement for Excellence in Financial Reporting for our Fiscal Year 2023 Annual Comprehensive Financial Report and that this is the twenty-first consecutive year that the Finance team has received this recognition. She also reported that the Authority's Procurement team received the Achievement of Excellence in Procurement Award for the 14th consecutive year; this AEP program recognizes public procurement teams that embrace innovation, professionalism, productivity, leadership, e-procurement, and continued organizational improvement. She recognized the Airport Authority employee of the quarter, Brittany Kahaiali'i, the Technical Coordinator on the Airport Design & Construction team. She also reported that Chair Cabrera was honored on September 4, 2024, by the Corporate Directors Forum, where he received an award for the "Not-for-Profit Board Governance Category" in recognition of his extraordinary contributions to the Sharp Board and the San Diego region.

NON-AGENDA PUBLIC COMMENT: None

CONSENT AGENDA (ITEMS 1 - 15):

Chair Cabrera pulled item 15 per staff's request, with no objection from the Board.

ACTION: Moved by Board Member Vaus and seconded by Board Member Perez to approve the Consent Agenda. Motion carried by the following votes: YES – Benzian, Cabrera, Martinez, Montgomery Steppe, Perez, Sanchez, Vaus, von Wilpert; NO – None; ABSENT – Sly. (Weighted Vote Points: YES – 92; NO – 0; ABSENT - 8)

1. **APPROVAL OF MINUTES:**
RECOMMENDATION: Approve the minutes of the July 11, 2024, regular 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 AND APPROVED CHANGE ORDERS FROM JUNE 10, 2024, THROUGH AUGUST 11, 2024, AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM JUNE 10, 2024, THROUGH AUGUST 11, 2024:**
RECOMMENDATION: Receive the report.

4. SEPTEMBER 2024 LEGISLATIVE REPORT:

RECOMMENDATION: Adopt Resolution No. 2024-0069, approving the September 2024 Legislative Report.

5. APPOINTMENT OF AUTHORITY ADVISORY COMMITTEE MEMBERS:

RECOMMENDATION: Adopt Resolution No. 2024-0070, appointing members to the Authority Advisory Committee.

6. AMEND AUTHORITY CODE 7.05 – TRESPASSING:

RECOMMENDATION: Adopt Resolution No. 2024-0079, amending Authority Code 7.05 -Trespassing.

CLAIMS:

COMMITTEE RECOMMENDATIONS:

7. ACCEPT THE UNAUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024:

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

8. ACCEPT THE AUTHORITY INVESTMENT REPORT AS OF JUNE 30, 2024:

RECOMMENDATION: Accept the report.

CONTRACTS AND AGREEMENTS:

9. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A THIRD AMENDMENT TO THE AGREEMENT WITH OPTAVISE:

RECOMMENDATION: Adopt Resolution No. 2024-0071, approving and authorizing the President/CEO to execute a Third Amendment to the Agreement with Optivase LLC, extending the term for six months and increasing the compensation amount.

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

10. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A FIRST AMENDMENT TO THE LEGAL SERVICES AGREEMENT WITH BEST BEST & KRIEGER:

RECOMMENDATION: Adopt Resolution No. 2024-0072, approving and authorizing the President/CEO to execute a First Amendment to the Legal Services Agreement with Best Best & Krieger to increase the compensation amount.

11. AWARD A CONTRACT TO S&L SPECIALTY CONSTRUCTION, INC. FOR QUIETER HOME PROGRAM PHASE 13, GROUP 8, PROJECT NO. 381308 TWENTY-SIX (26) NON-HISTORIC SINGLE-FAMILY AND MULTI-FAMILY UNITS ON TWENTY-FOUR (24) RESIDENTIAL PROPERTIES LOCATED EAST AND WEST OF THE SAN DIEGO INTERNATIONAL AIRPORT:

RECOMMENDATION: Adopt Resolution No. 2024-0073, awarding a contract to S&L Specialty Construction, Inc. in the amount of \$1,366,600 for Phase 13, Group 8, Project No. 381308, of the San Diego County Regional Airport Authority's Quieter Home Program and making a finding that the project is exempt from the California Environmental Quality Act.

12. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE AN ON-CALL PROFESSIONAL ENVIRONMENTAL SITE ASSESSMENT AND REMEDIATION MANAGEMENT SERVICES AGREEMENT WITH KLEINFELDER, INC.:

RECOMMENDATION: Adopt Resolution No. 2024-0074, approving and authorizing the President/CEO to negotiate and execute an On-Call Professional Environmental Site Assessment and Remediation Management Services Agreement with Kleinfelder, Inc., for a term of three (3) years, with the option for two (2) one-year extensions, for an amount not-to-exceed \$3,000,000 and authorize the President/CEO to award an agreement to the next ranked proposer if negotiations with Kleinfelder, Inc. are unsuccessful.

13. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A LANDSCAPE MAINTENANCE AGREEMENT WITH R.P. GENERAL CONSTRUCTION, INC.:

RECOMMENDATION: Adopt Resolution No. 2024-0075, approving and authorizing the President/CEO to execute a landscape maintenance service agreement with R.P. General Construction, Inc., for a term of three (3) years, with the option for two (2) one-year extensions exercisable at the discretion of the President/CEO, for a total not-to-exceed compensation amount of \$3,900,000.

(Facilities Management Department: Stephen Mosca, Director)

14. AWARD OF CONTRACT TO GRAHOVAC CONSTRUCTION COMPANY, INC., TO REFURBISH PASSENGER BOARDING BRIDGES – PHASE 2 AT SAN DIEGO INTERNATIONAL AIRPORT:

RECOMMENDATION: Adopt Resolution No. 2024-0076, awarding a contract to Grahovac Construction Company, Inc., in the amount of \$5,868,192 for Project 104194B, Refurbish Passenger Boarding Bridges – Phase 2, at San Diego International Airport and making a finding that the services under this agreement are exempt from the California Environmental Quality Act.

Item was pulled from the Consent Agenda

15. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE AN AGREEMENT WITH TSG INDUSTRIES, LLC, TO PROVIDE ONE (1) 6 PLEX MODULAR OFFICE BUILDING FACILITY FOR THE NEW AIRPORT SHUTTLE BUS PARKING LOT AT SAN DIEGO INTERNATIONAL AIRPORT:

RECOMMENDATION: Adopt Resolution No. 2024-0077, approving and authorizing the President/CEO to negotiate and execute an agreement with TSG Industries, LLC, for one (1) 6 Plex modular office building facility, in an amount not-to-exceed \$1,191,135.20, in support of Project No. 413002, Shuttle Lot Relocation at San Diego International Airport.

PUBLIC HEARINGS:

OLD BUSINESS:

NEW BUSINESS:

16. AUTHORIZE THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE A LEASE WITH THE DEPARTMENT OF THE NAVY FOR 17.74 ACRES OF NAVY PROPERTY FOR A TERM OF EIGHTEEN (18) YEARS WITH THREE (3) ADDITIONAL TEN (10) YEAR TERMS AND AUTHORIZE THE DEPARTMENT OF THE NAVY'S USE OF 22,145 SQUARE FEET OF AIRPORT PROPERTY:

Susan Diekman, Program Manager, Revenue Generation and Partnership Development, provided a presentation on the Department of Navy Lease that included Historical Background; Negotiations for a Succeeding Lease; and Major Lease Terms.

RECOMMENDATION: Adopt Resolution No. 2024-0078, authorizing the President/CEO to negotiate and execute a lease with the Department of the Navy for 17.74 acres of Navy property for eighteen (18) years with three (3) additional ten (10) year terms and authorize the Department of the Navy's use 22,145 square feet of Airport property.

ACTION: Moved by Board Member Martinez and seconded by Board Member Sanchez to approve a lease with the Department of the Navy. Motion carried by the following votes: YES – Benzian, Cabrera, Martinez, Montgomery Steppe, Perez, Sanchez, Vaus, von Wilpert; NO – None; ABSENT – Sly. (Weighted Vote Points: YES – 92; NO – 0; ABSENT - 8)

The Board recessed at 9:50 a.m. and reconvened at 9:52 a.m.

CLOSED SESSION: The Board recessed into Closed Session at 9:53 a.m. to hear items 17, 18, 19, 20, 21.

Lee Kaminetz reported that there are two potential cases for Item 20. The Authority has received the claim for one of them, which is available upon request to the Clerk's office.

17. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION:

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

Name of Case: *San Diego County Regional Airport Authority v. AQ US SW Holding Co., et al.*, San Diego Superior Court Case No. 37-2023-00032124-CU-BC-CTL

18. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION:

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

Name of Case: *United States of America v. City of San Diego, et al.* and Related Cross Actions, United States District Court Case No. 3:23-CV-00541-LL-BGS

19. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION:

Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9

Number of potential Cases: 1

20. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION:

Significant exposure of litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9: Number of potential Cases: 2

21. CONFERENCE WITH LABOR NEGOTIATORS

Cal. Gov. Code section 54957.6

Agency designated representatives: Monty Bell, Scott Brickner, Lee Parravano, Amy Gonzalez, Lee Kaminetz

Employee organization: California Teamsters Local 911

22. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:

(Government Code §54956.8)

Property: The subject property consists of two parcels (Parcels 1 and 2) of real property located on or next to the west end of Runway 9-27 at San Diego International Airport (SAN). The two parcels contain a combined total of 17.47 acres (761,147 sq. ft). Parcel 1 with 14.03 acres (611,147 sq. ft.) is located at the base of Runway 9-27 on its west end and Parcel 2 with 3.44 acres (150,000 sq. ft.) abuts Runway 9-27 on its north side, east of Parcel 1. The two parcels are 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 negotiators: Hampton Brown, John Dillon, Susan Diekman, Lourdes Bernhard, Jayne Vanderhagen, Matt Harris, Lee Kaminetz, Amy Gonzalez

Negotiating Parties: Gregory Magnuson, David Bixler, Department of Navy, acting by and through the Commander, Naval Facilities Engineering Systems Command Southwest

Under negotiation: Price and terms of payment.

REPORT ON CLOSED SESSION: The meeting adjourned out of Closed Session at 10:45 a.m. There was no reportable action.

GENERAL COUNSEL REPORT:

BOARD COMMENT:

ADJOURNMENT: The meeting adjourned at 10:45 a.m.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD THIS 3rd DAY OF OCTOBER 2024.

ATTEST:

ANNETTE FAGAN ORTIZ
AUTHORITY CLERK

APPROVED AS TO FORM:

LEE KAMINETZ
ASSISTANT GENERAL COUNSEL

Staff Report

Meeting Date: October 3, 2024

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 2024 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:

Annette Fagan Ortiz
Authority Clerk, Office of the Authority Clerk

Attachment A

BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

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

Period Covered:	September 1 through September 30, 2024	
Board Member Name:	Gil Cabrera	
Date:	9/30/24	
Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input checked="" type="checkbox"/> Res. 2019-0074	9/3/2024 - 3:00 - 330pm - Conference Call	Board Chair/CEO pre-Board Briefing
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	9/5/2024 - 9am-11am - SDCRAA Admin Building	SDCRAA Board of Directors and ALUC Meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	9/9/2024 - 10am-12pm - SDCRAA Admin Building	SDCRAA Audit Committee Meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	9/13/2024 - 9am-1130am - SANDAG Board Room	SANDAG Board of Directors Meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	9/19/2024 - 9:00am-11:30am - SDCRAA Admin Building	SDCRAA Exec Personnel and Comp Committee
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	9/23/2024 - 9:00am-11:30am - SDCRAA Admin Building	SDCRAA Executive/Finance Committees Meeting
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input checked="" type="checkbox"/> Res. 2019-0074	9/26/2024 - 1:30pm-11:59pm - JAL Flight SAN to Tokyo	Travel Time for SDEDC Trade Mission
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input checked="" type="checkbox"/> Res. 2019-0074	9/27/2024 - 12am-7am - JAL Flight Toyko to Singapore	Travel Time for SDEDC Trade Mission

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: 2024.09.30 19:46:28 +08'00'

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: September 2024		
Board Member Name: Lidia S Martinez		
Date: 9/23/24		
Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	9/5/24 9am AA Administration Building	Board/ALUC Meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	9/19/24 9am AA Administration Building	Executive Personnel & Compensation Committee Meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	9/23/24 9:00am AA Administration Building	Executive-Finance Committee Meeting
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		

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

Signature: Lidia S Martinez

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: July 1, 2024 - July 31, 2024		
Board Member Name: Monica Montgomery Steppe		
Date: 9/12/24		
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	July 11, 2024 9:00AM 2417 McCain Road San Diego, CA 92101 SDRAA Board Room	SD Regional Airport Authority Board Meeting/ALUC Committee Meeting
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
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<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<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: v mms@sdcounty.ca.gov Digitally signed by
mms@sdcounty.ca.gov
Date: 2024.09.12 22:30:03 -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:	September 1 2024 - September 30 2024	
Board Member Name:	Monica Montgomery Steppe	
Date:	9/23/24	
Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	September 5, 2024 9:00AM 2417 McCain Road San Diego, CA 92101 SDRAA Board Room	SD Regional Airport Authority Board Meeting/ALUC Committee Meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	September 9, 2024 10:00AM 2417 McCain Road San Diego, CA 92101 SDRAA Board Room	Audit Committee Meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	September 23, 2024 9:00AM 2417 McCain Road San Diego, CA 92101 SDRAA Board Room	SD Regional Airport Authority Special Board Meeting (closed session)
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<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: v mms@sdcounty.ca.gov Digitally signed by
mms@sdcounty.ca.gov
Date: 2024.09.23 16:39:20 -0700'

Staff Report

Meeting Date: October 3, 2024

Subject:

Awarded Contracts Approved Change orders from August 11, 2024, through September 8, 2024, and Real Property Agreements Granted and Accepted from August 11, 2024, through September 8, 2024

Recommendation:

Receive the report.

Background/Justification:

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

Fiscal Impact:

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

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

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

Authority Strategies/Focus Areas:

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

Strategies

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Focus Areas

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

Environmental Review:

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

Application of Inclusionary Policies:

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

Prepared by:

Jana Vargas
Director, Procurement

Attachment "A"

AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN AUGUST 11, 2024 THROUGH SEPTEMBER 8, 2024

New Contracts

Date Signed	CIP #	Company	Description	Solicitation Method	Owner	Contract Value	End Date
8/14/2024		SAP Public Services	The Contractor will provide business objects remote software maintenance and license subscription services for the San Diego County Regional Airport Authority.	Informal RFP	Information & Technology Services	\$46,779.63	12/13/2025
8/23/2024		I.D. Systems & Supplies Inc.	The Contractor will provide proximity cards for the San Diego County Regional Airport Authority.	RFB	Aviation Security & Public Safety	\$25,000.00	12/31/2025
8/26/2024		Carahsoft Technology Corp.	The Contractor will provide snowflake cloud data warehouse - business intelligence for the San Diego County Regional Airport Authority.	Consortium RFP	Business Intelligence	\$90,000.00	8/27/2026
8/26/2024		DNN Corp, LLC	The Contractor will provide DNN maintenance and support services for the San Diego County Regional Airport Authority.	Informal RFP	Information & Technology Services	\$39,411.96	11/13/2025
8/28/2024		Malashock Dance	The Contractor will provide 2024-2025 performing arts residency at the San Diego International Airport.	Informal RFP	Marketing, Arts, & Air Service Development	\$15,000.00	6/30/2025
8/28/2024		Poets Underground	The Contractor will provide 2024-2025 performing arts residency at the San Diego International Airport.	Informal RFP	Marketing, Arts, & Air Service Development	\$15,000.00	6/30/2025
8/30/2024		Univision	The Contractor will provide new T1 advertising campaign via radio for the San Diego County Regional Airport Authority.	Informal RFP	Marketing, Arts, & Air Service Development	\$6,859.50	12/31/2024
9/3/2024		Helm Commercial Inc.	The Contractor will provide airport parking marketing services at the San Diego International Airport.	RFP	Revenue Generation & Partnership Development	\$500,000.00	8/20/2027
9/5/2024		Kambrian Corporation	The Contractor will provide cisco hardware for 9500 switches for the San Diego County Regional Airport Authority.	Consortium RFP	Aviation Security & Public Safety	\$256,192.51	9/12/2024

Attachment "A"

AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN AUGUST 11, 2024 THROUGH SEPTEMBER 8, 2024

New Contracts Approved by the Board

Date Signed	CIP #	Company	Description	Solicitation Method	Owner	Contract Value	End Date
8/13/2024	381306	S&L Specialty Construction	The Contract was approved by the Board at the June 6, 2024 Board Meeting. The Contractor will provide sound attenuation treatments to residences surrounding the San Diego International Airport.	RFB	QHP & Noise Mitigation	\$1,707,200.00	6/4/2025
8/15/2024	104300	M.W. Vasquez Construction Inc.	The Contract was approved by the Board at the June 6, 2024 Board Meeting. The Contractor will provide digital sign replacement at the San Diego International Airport.	RFB	Airport Design & Construction	\$1,397,498.00	4/14/2025

Attachment "A"

AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN AUGUST 11, 2024 THROUGH SEPTEMBER 8, 2024

Amendments and Change Orders

Date Signed	CIP #	Company	Description of Change	Owner	Previous Contract Amount	Change Order Value (+ / -)	Change Order Value (%) (+ / -)	New Contract Value	New End Date
8/16/2024		Jacobs Engineering Group, Inc.	This Second Amendment memorializes the rate adjustment in accordance with Secion 4.D. of the Agreement entitled "Hourly Billing Rates." The Contractor provides airside-landside engineering consulting services for the San Diego County Regional Airport Authority.	Airport Design & Construction	\$35,000,000.00	\$0.00	0.0%	\$35,000,000.00	2/24/2025
8/16/2024		Optavise LLC	This Second Amendment increases the amounts payable. The Contractor provides benefits administration system and services for the San Diego County Regional Airport Authority.	Human Resources	\$220,303.00	\$23,472.10	10.7%	\$243,775.10	10/31/2024
8/29/2024	104275	SKIDATA	This Third Amendment extends the contract by Ninety (90) days and increases the total amounts payable. The Contractor provides parking access and revenue control systems at the San Diego International Airport.	Ground Transportation	\$311,061.00	\$10,531.00	3.4%	\$321,592.00	8/29/2024
9/3/2024		Sharp Business Services	This First Amendment adds an additionl desktop printer in Lost & Found. No additional compensation is required. The Contractor provides lease and maintenance of multifunction devices for the San Diego County Regional Airport Authority.	Information & Technology Services	\$900,000.00	\$0.00	0.0%	\$900,000.00	7/31/2028

Attachment "A"

AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN AUGUST 11, 2024 THROUGH SEPTEMBER 8, 2024

Amendments and Change Orders Approved by the Board

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

Attachment "B"

REAL PROPERTY AGREEMENTS EXECUTED FROM August 12, 2024 through September 8, 2024

Real Property Agreements (Per Board Policy 6.01)

Effective Date	Authority Doc. #	Tenant/Company	Agreement Type	Property Location	Use	Property Area (s.f)	Consideration	Comments
8/1/2024 - 10/31/2025	TBD	Romaine Empire, Inc. dba Farmer's Fridge	UOP	All Terminals	Automated F&B Pilot Program	N/A (multiple locations)	5-15% of Gross Revenues	Pilot Program with 7 initial locations to test appetite for Automated F&B
6/1/22-12/31/26	13949	San Diego Unified Port District	ROE	SW corner Sassafras and Pacific Highway	Ingress and egress for testing, monitoring and maintenance of 12k V electrical	NA	None	None
7/1/24-6/30/29	11318	American Red Cross	UOP	On airport near Aircraft Rescue and Fire Fighting Facility	Storage of emergency supplies	102 S.F.	None	None
11/1/23-5/31/25	13956	City of San Diego	License	Anchor Island and W. Laurel	Improvements for new T1 mitigation measures	Not stated in agreement	\$1500 License processing fee. No monthly rent.	None

Real Property Agreement Amendments and Assignments (Per Board Policy 6.01)

Effective Date	Authority Doc. #	Tenant/Company	Agreement Type	Property Location	Use	Property Area (s.f)	Consideration	Comments
5/1/2024	13965	SD Rental Auto Corporation	Amendment	Off-Site Rental Car Company	Non-Exclusive Off-Airport Rental Car Concession	N/A	No change	Amd #1 - Added brand, changed start date of MMG, changed operating address. Executed August 20, 2024
6/1/23-5/31/24	13478	Avis Rent a Car System	Holdover	PMC-Harbor Island Dr. (Yellow Lot)	ADC Employee and guest parking	54,160 S.F.	None	None

Staff Report

Meeting Date: October 3, 2024

Subject:

October 2024 Legislative Report

Recommendation:

Adopt Resolution No. 2024-0080, approving the October 2024 Legislative Report.

Background/Justification:

The Authority's Legislative Advocacy Program Policy requires that staff present the Board with monthly reports concerning the status of legislation with potential impact to the Authority. The Authority Board provides direction to staff on legislative issues by adoption of a monthly Legislative Report (Attachment A). The October 2024 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

As the end of the 2024 Fiscal Year (FY) fast approached in Washington, there remained no finalized agreement on funding for FY 2025. Consequently, discussions in Congress shifted toward legislation that would extend federal government funding beyond the end of the fiscal year deadline, known as a continuing resolution (CR). On September 25, Congress voted to pass a stopgap appropriations measure ahead of the September 30, 2024 funding deadline, which will keep federal agencies funded through December 20, 2024.

The Department of Transportation (DOT) is still considering applications for the awarding of five new beyond perimeter slot pairs at Ronald Reagan Washington National Airport (DCA) under H.R. 3935, the Federal Aviation Administration Reauthorization Act of 2024. Under the law, DOT was required to have awarded new beyond perimeter slot pairs 60 days after enactment on May 16, 2024, but has not yet finalized its decisions. Alaska Airlines has applied for new service between DCA and San Diego International Airport.

Meeting Date: October 3, 2024

The Authority's legislative team continues to actively review and analyze bills for potential impacts on the Authority and San Diego International Airport and does not recommend that the Board adopt any new positions on federal legislation at this time.

State Legislative Action

In Sacramento, August 31 marked the end of the 2023-2024 legislative session. During this year's session, lawmakers introduced over 2,500 measures and in the final two weeks sent hundreds of bills to Governor Newsom for his signature or veto by September 30.

The final month of legislative activity focused on several high-priority measures, including bills to regulate artificial intelligence and autonomous vehicles, reform crime laws, and impose new restrictions on building logistics warehouses. Other high-profile measures did not advance, including two measures aimed at decreasing the costs of wildfire insurance. With the legislative year now concluded, members have returned to their districts. The Legislature will reconvene in Sacramento to kick off a new two-year session on December 2, 2024.

Attention now turns to the upcoming General Election in November in which all 80 Assembly seats and half of the Senate seats are up for election. This election is expected to bring over 20 new legislators. This is a critical time to engage new members on legislative priorities for 2025.

The Authority's legislative team continues to actively review and analyze bills for potential impacts on the Authority and San Diego International Airport and does not recommend that the Board adopt any new positions on state legislation at this time.

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. 2024-0080

A RESOLUTION OF THE BOARD OF THE SAN DIEGO
COUNTY REGIONAL AIRPORT AUTHORITY
APPROVING THE OCTOBER 2024 LEGISLATIVE
REPORT

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

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

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

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

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

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the October 2024 Legislative Report (“Attachment A”); and

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

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

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

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 3rd day of October 2024, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

ANNETTE FAGAN ORTIZ
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

(Attachment A)

October 2024 Legislative Report

State Legislation

None

*Shaded text represents new or updated legislative information

Federal Legislation

New House Bills

None

*Shaded text represents new or updated legislative information

House Bills from Previous Report

Legislation/Topic

H.R.3394 (Thompson): Fund the Transportation Security Administration (TSA) Act

Background/Summary

This bill would end the diversion of September 11th Security Fees away from TSA, increase the fee to \$7.60 per one-way trip, index the fee for inflation, and set aside an additional \$250 million of the fee collections for a new checkpoint technology fund.

Anticipated Impact/Discussion

This bill would end the diversion of September 11th Security Fees, ensuring that all collected fees are used directly for TSA purposes. The bill would increase the fee to \$7.60 per one-way trip and control for inflation, which would provide a stable and growing revenue stream for ongoing security measure enhancements. The bill sets aside an additional \$250 million from existing September 11th Security Fees to establish a new checkpoint technology fund, enabling the TSA to invest in advanced screening technologies. This investment would potentially reduce wait times and improve the effectiveness of threat detection at airports.

Status: 05/17/2024 – Referred to the Subcommittee on Transportation and Maritime Security

Position: Watch (09/05/2024)

*Shaded text represents new or updated legislative information

Legislation/Topic

H.R.8752 (Amodei): Department of Homeland Security Appropriations Act, 2025

Background/Summary

The bill provides Fiscal Year (FY) 2025 appropriations for the Department of Homeland Security (DHS).

Anticipated Impact/Discussion

In support of an industry request, the Airport Authority submitted a programmatic appropriations request of \$34,100,000 through Representative Juan Vargas for the Transportation Security Administration's (TSA) Canine Law Enforcement Officer Other Transaction Agreements under the FY 2025 Department of Homeland Security (DHS) appropriations bill. The requested funding was included in the bill's report language. The bill additionally provides appropriations for Security, Enforcement, and Investigations, including U.S. Customs and Border Protection, U.S. Immigration and Customs Enforcement, the Transportation Security Administration, the U.S. Coast Guard, and the U.S. Secret Service.

Status: 06/28/2024 – Passed the House of Representatives

Position: Watch (09/05/2024)

*Shaded text represents new or updated legislative information

Legislation/Topic

H.R.458 (Cohen): The Transportation Security Administration (TSA) Second Screening Act

Background/Summary

The bill would require the Transportation Security Administration (TSA) to offer passengers a second screening using advanced imaging technology instead of a mandatory physical pat-down. It aims to limit physical interaction between agents and passengers to protect their privacy and screening preferences. It will additionally increase health and safety from diseases like COVID-19.

Anticipated Impact/Discussion

The San Diego International Airport prioritizes safety concerns and the privacy of their passengers. An option for additional screening instead of a pat-down would help passengers feel safer and prevent the spread of communicable diseases. It would also prevent passengers who may feel uncomfortable with being touched from undergoing an unnecessary physical search. However, security wait times could also be affected by the increased screenings.

Status: 02/08/2023 – Referred to the Subcommittee on Transportation and Maritime Security

Position: Watch (04/06/2023)

*Shaded text represents new or updated legislative information

New Senate Bills

None

*Shaded text represents new or updated legislative information

Senate Bills from Previous Report

Legislation/Topic

S.2548 (Cardin) / H.R.3061 (LaLota): Aviation Security Checkpoint Technology Fund Act

Background/Summary

This bill establishes the Aviation Security Checkpoint Technology Fund within the Transportation Security Administration (TSA) to fund the procurement, test, deployment, and post-deployment enhancements of aviation security checkpoint technology. The TSA must fund this program using airport passenger security fees that are currently collected by the TSA.

Anticipated Impact/Discussion

This bill would create a dedicated fund within the TSA to specifically enhance aviation security through improved checkpoint technology through a \$250 million set aside from existing September 11th Security Fees. The bill ensures a continuous financial source for the procurement, deployment, and maintenance of advanced security technologies. This would likely result in upgraded screening equipment at airports, leading to more efficient security processes, enhanced detection capabilities, and an overall improvement in passenger safety and experience at checkpoints.

Status: 07/26/2023 – Read twice and referred to the Committee on Commerce, Science, and Transportation

Position: Support (09/05/2024)

*Shaded text represents new or updated legislative information

Legislation/Topic

S.4905 (Markey): Funding for Aviation Screeners and Threat Elimination Restoration (FASTER) Act

Background/Summary

This bill would eliminate the diversion of September 11th Security Fees away from the Transportation Security Administration (TSA) and provide TSA access to fee revenue to pay Transportation Security Officers (TSOs) in the event of a government shutdown.

Anticipated Impact/Discussion

This bill would strengthen the TSA by ensuring that the September 11th Security Fees are fully allocated to TSA operations rather than diverted to unrelated spending. This would improve the agency's capacity to maintain security measures and respond to threats more effectively. The bill also provides TSA access to fee revenues during a government shutdown, providing continuity of operations and financial stability for TSOs.

Status: 07/31/2024 – Read twice and referred to the Committee on Commerce, Science, and Transportation

Position: Support (09/05/2024)

*Shaded text represents new or updated legislative information

Legislation/Topic

S.66 (Klobuchar): NOTAM Improvement Act

Background/Summary

The bill would require the Federal Aviation Administration (FAA) to establish a task force to strengthen the resiliency and cybersecurity of the Notice to Air Missions (NOTAM) system. The task force would include representatives from air carriers, airports, airline pilots, aircraft dispatchers, and FAA personnel unions, as well as aviation safety and cybersecurity experts. It is the companion legislation to H.R. 346 which was introduced by Rep. Stauber.

Anticipated Impact/Discussion

San Diego International Airport relies on the NOTAM system to receive updates about situations relating to weather, infrastructure, ground conditions or anything else that may affect the safety of flight. Modernizing NOTAM would ensure safer flight routes and help prevent mass system shutdowns or collisions. The task force would additionally assist with improving government oversight and cybersecurity.

Status: 12/13/2023 – Placed on Senate Legislative Calendar under General Orders

Position: Watch (04/06/2023)

*Shaded text represents new or updated legislative information

Legislation/Topic

S.1033 (Schatz): Natural Hazard Resilience for Airports Act

Background/Summary

This bill would ensure that airport projects pertaining to emergency preparedness and natural disasters will be able to receive financing from the Federal Aviation Administration's Airport Improvement Program (AIP). The legislation intends to help airports recover rapidly from storm damage by allowing them to use current Airport Improvement Program funds to prepare for and rebuild after severe weather events.

Anticipated Impact/Discussion

The San Diego International Airport is situated in a region susceptible to severe weather events and would benefit from the expansion of eligible uses of AIP funding. Ensuring that projects related to emergency preparedness and natural disasters would become eligible for AIP funding will benefit the Airport should SAN undertake additional projects to mitigate impacts and harm from severe weather and natural disasters.

Status: 03/29/2023 – Read twice and referred to the Commerce, Science, and Transportation Committee

Position: Support (05/04/2023)

*Shaded text represents new or updated legislative information

Legislation/Topic

S.1055 (Markey) / H.R. 3896 (Cohen): The Airport Infrastructure Resilience Act

Background/Summary

The bill would require the Secretary of Transportation to establish a pilot program to provide airports with funds to increase their climate resilience and ensure airports are prepared to respond to climate change, extreme weather events, and natural disasters.

Anticipated Impact/Discussion

The San Diego International Airport is situated in a location that could be subject to impacts of climate change, severe weather, and natural disasters. This bill would create funds for resilient aviation systems equipped to respond to climate impacts.

Status: 03/29/2023 – Read twice and referred to the Commerce, Science, and Transportation Committee

Position: Support (05/04/2023)

*Shaded text represents new or updated legislative information

Legislation/Topic

S.1058 (Reed): the Protection from Abusive Passengers Act

Background/Summary

This bill would have the TSA create and manage a program to prevent abusive passengers from flying on commercial aircraft. The passengers added to banned fliers list will consist of people who have been convicted of or have received civil penalties for threatening or physical or sexually assaulting aircraft crew members, Federal airport employees and air carrier employees. The bill would provide TSA with flexibility in determining the length of a ban based on the offense and would enable airlines to share data on passengers added to the banned fliers list. The bill is the companion legislation to H.R.2394 sponsored by Rep. Swalwell.

Anticipated Impact/Discussion

The San Diego International Airport would benefit from a nationwide no-fly list to ensure the safety of airport employees and the safety of the airport's environment. If passed, the bill would impact passengers previously convicted or fined for airplane travel incidents and ban them from commercial air travel in the United States.

Status: 03/29/2023 – Read twice and referred to the Commerce, Science, and Transportation Committee

Position: Support (05/04/2023)

*Shaded text represents new or updated legislative information

Legislation/Topic

S.1154 (Peters): Promoting Women in Aviation Act

Background/Summary

This bill would make the Women in Aviation Advisory Board, which was formed in the 2018 FAA Reauthorization bill, a permanent body in the Federal Aviation Administration. In March 2022, the advisory board formed and released a report with recommendations for the FAA, aviation industry, and Congress on how to encourage more women to pursue careers in aviation and remain in the sector but was unable to follow up on the recommendation laid out in the report. Thus, the bill will allow the Board to follow up recommendations.

Anticipated Impact/Discussion

The San Diego International Airport supports the efforts to improve recruitment, retention, and advancement of women across the aviation industry. The work of the Women in Aviation Advisory Board to follow up on its recommendations will support and strengthen the aviation workforce and promote the growth of women in the aviation industry.

Status: 03/30/2023 – Read twice and referred to the Commerce, Science, and Transportation Committee

Position: Support (05/04/2023)

*Shaded text represents new or updated legislative information

Legislation/Topic

S.1433 (Lummis): Airports PFAS Liability Protection Act

Background/Summary

This bill would exempt airports from liability under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) of 1980 for the release of certain per- and polyfluoroalkyl substances (PFAS) substances. The Environmental Protection Agency (EPA) has designated PFAS as hazardous materials and substances under CERCLA, which would open airports, which were required by federal law to use PFAS-contaminated firefighting foam at airports, to CERCLA liability by the EPA or third parties. Thus, the bill will allow airports to have CERCLA liability protection.

Anticipated Impact/Discussion

The San Diego International Airport supports efforts of the aviation industry to transition away from the use of fluorine firefighting foam containing PFAS, as regulated under federal law. The designation of PFAS as hazardous materials under CERCLA could subject the airport to liability claims. The legislation would protect the airport from CERCLA liability claims and recognize that the use of PFAS at airports was due to the airport's compliance with federal fire suppression regulations.

Status: 05/03/2023 – Read twice and referred to the Environment and Public Works Committee

Position: Support (06/01/2023)

*Shaded text represents new or updated legislative information

Staff Report

Meeting Date: October 3, 2024

Subject:

Annual Review and Notification of Board Member Weighted Vote Point Allocation as Required by Section 170014 of the California Public Utilities Code

Recommendation:

Adopt Resolution No. 2024-0081, accepting the Board Member Weighted Vote Point Allocation as required by Section 170014 of the California Public Utilities Code.

Background/Justification:

Section 170014 of the California Public Utilities Code and Authority Policy 1.30(12)(b)(3) require that the allocation of vote points shall be made annually by the Board, based upon the population calculations made by the San Diego Association of Governments (SANDAG). The Quality Assurance team at SANDAG had issues with the data that required them to make some adjustments, thus causing a delay in releasing the data.

Adoption of an ordinance, resolution, or motion requires both a numerical majority vote and a weighted majority vote of the total voting membership of the Board.

NUMERICAL MAJORITY (TALLY VOTE)

A numerical majority requires an affirmative vote of at least five members of the voting membership of the Board.

WEIGHTED MAJORITY (WEIGHTED VOTE)

A weighted majority requires an affirmative vote of Board Members controlling at least 51 of a total of 100 vote points that are allocated among the Board Members.

No jurisdiction may be allocated more than 40 vote points or less than one vote point. There are no fractional vote points. The allocation of vote points is to be made annually by the Board based upon the population calculations made by the SANDAG. The vote points for the City of San Diego are to be divided as equally as possible among its three Board Members (presently 13, 13 and 14 respectively). The Mayor of the City of San Diego makes the determination which City representative is assigned each vote point allocation. The vote points for the County of San Diego are to be divided as equally as possible (presently 8 and 8 respectively) and are allocated by the Chair of the County Board of Supervisors.

When the vote points are determined, they are assigned to individual Board Members.

In accordance with California Public Utilities Code 170014 and Authority Policy 1.30(12)(b)(3) and using the 2023 estimated population calculations made by SANDAG, the weighted vote point allocations beginning October 4, 2024, are as follows:

City of San Diego	Gil Cabrera	14 points
City of San Diego	Lidia S. Martinez	13 Points
City of San Diego	Marni von Wilpert	13 points
County of San Diego	Monica Montgomery Steppe	8 points
County of San Diego	Rafael Perez	8 points
North County Inland	Steve Vaus	12 points
North County Coastal	Esther C. Sanchez	12 points
East County	James Sly	8 points
South County	Whitney Benzian	12 points

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:

Annette Fagan Ortiz
Authority Clerk

RESOLUTION NO. 2024-0081

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, ACCEPTING THE BOARD MEMBER WEIGHTED VOTE POINT ALLOCATION AS REQUIRED BY SECTION 170014 OF THE CALIFORNIA PUBLIC UTILITIES CODE

WHEREAS, Section 170014 of the California Public Utilities Code and Authority Policy 1.30(12)(b)(3) requires that the allocation of vote points shall be calculated annually by the San Diego County Regional Airport Authority Board based upon the population calculations made by the San Diego Association of Governments (“SANDAG”); and

WHEREAS, a weighted majority requires an affirmative vote of Board Members controlling at least 51 of a total 100 vote points that are allocated amongst the Board Members; and

WHEREAS, in accordance with Section 170014 of the California Public Utilities Code and Authority Policy 1.30(12)(b)(3), and using the 2023 estimated population calculations provided by SANDAG, the weighted vote point allocations for the period beginning October 4, 2024, are as follows:

City of San Diego	Gil Cabrera	14 points
City of San Diego	Lidia S. Martinez	13 points
City of San Diego	Marni von Wilpert	13 points
County of San Diego	Monica Montgomery Steppe	8 points
County of San Diego	Rafael Perez	8 points
North County Inland	Steve Vaus	12 points
North County Coastal	Esther C. Sanchez	12 points
East County	James Sly	8 points
South County	Whitney Benzian	12 points

NOW, THEREFORE, BE IT RESOLVED that the Board hereby accepts the Board Member Weighted Vote Point Allocation as required by Section 170014 of the California Public Utilities Code and directs that these weighted vote point allocations be implemented beginning October 4, 2024; and

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

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

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

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 3rd day of October 2024 by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

ANNETTE FAGAN ORTIZ
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

Staff Report

Meeting Date: October 3, 2024

Subject:

Fiscal Year 2024 Annual Report from the Audit Committee

Recommendation:

The Audit Committee recommends that the Board accept the report.

Background/Justification:

The Charter of the Audit Committee was instituted by Board Resolution No. 2003-061 on October 2, 2003, and states the Audit Committee's authority, role, duties, and oversight responsibilities. The Charter of the Audit Committee was most recently revised by Board Resolution No. 2021-0108 on October 7, 2021.

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

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

During its September 9, 2024, meeting, the Chair of the Audit Committee presented the Fiscal Year 2024 Annual Report (Attachment A) for review by the Committee Members. There were no revisions requested by the Audit Committee and a vote was unanimous to forward the annual report to the Board.

Fiscal Impact:

None

Meeting Date: October 3, 2024

Authority Strategies/Focus Areas:

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

Strategies

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Focus Areas

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

Environmental Review:

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

Application of Inclusionary Policies:

Not Applicable

Prepared by:

Lee M. Parravano
Chief Auditor

Board Members

Gil Cabrera (Chair)
James Sly (Vice Chair)
Whitney Benzian
Lidia S. Martinez
Monica Montgomery Steppe
Rafael Perez
Esther C. Sanchez
Steve Vaus
Marni von Wilpert

**Ex-Officio Board
Members**

Col. Thomas Bedell
Michelle Perrault
Everett Townsend

President/CEO

Kimberly J. Becker

September 9, 2024

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

Dear Chair Cabrera:

The Charter of the Audit Committee states the purpose and responsibilities of the Audit Committee including a requirement to annually report to the Authority Board on its activities performed the previous year. This report provides a summary of the work accomplished by the Audit Committee during Fiscal Year 2024, covering the period from July 1, 2023, through June 30, 2024.

WORK PERFORMED

During Fiscal Year 2024, the Audit Committee's activities included reviewing required communications from the Office of the Chief Auditor (OCA), reviewing required communications from the Authority's previous external auditor (FORVIS), recommending a new external audit firm (Plante Moran), and reviewing the Charter of the Audit Committee and the Charter for the Office of the Chief Auditor.

Audit Committee members examined numerous documents and reports pertaining to the activities completed by the OCA. The Audit Committee also received quarterly updates from the OCA which included discussions on internal audits performed and the progress made by Authority management to implement recommendations issued by the OCA.

During Fiscal Year 2024, the Audit Committee members reviewed, approved, or received as information reports and presentations listed here:

- OCA Fiscal Year 2023 Annual Report.
- OCA Fiscal Year 2024 Quarterly Reports and corresponding audit findings and recommendations.
- OCA Audit Reports issued during Fiscal Year 2024, totaling 11.
- OCA recommendations issued during Fiscal Year 2024, totaling 24.
- Management's progress to implement recommendations issued by the OCA.

- Revisions to the Fiscal Year 2024 OCA Audit Plan.
- OCA Fiscal Year 2025 Risk Assessment and Audit Plan.
- OCA Fiscal Year 2025 proposed budget.
- Status on construction audit services.
- Ethics Program and confidential hotline updates.
- Public employee performance evaluation goal setting for the Chief Auditor.
- Results of the Quality Assessment Review of the Office of the Chief Auditor.

Required communications from the external auditor are presented annually during the regularly scheduled May and November Audit Committee Meetings, as a routine. This coincides with the Authority's audit of its financial statements by the external auditor for the fiscal year ending June 30 of that year. The results of the financial audit are presented to the Audit Committee prior to a full review by the Authority Board.

On November 13, 2023, the previous external auditor, FORVIS, gave a detailed presentation to the Audit Committee on the audited financial statements for Fiscal Year-ended June 30, 2023. The reports below were submitted, reviewed, and accepted by the Audit Committee, then forwarded to the Authority Board.

- Audited Financial Statements
- Single Audit Reports
- Passenger Facility Charge (PFC) Compliance Report
- Customer Facility Charge (CFC) Compliance Report
- Letter to the Board
- 2023 Annual Comprehensive Financial Report

The contract for external audit services had expired with completion of the Fiscal Year 2023 audit. As a result, the Authority issued a Request for Proposal in January 2024 to select a new external auditor. On March 25, 2024, the Audit Committee reviewed the evaluation process conducted by staff to select a new external auditor. The Committee concurred with staff's recommendation and nominated Plante Moran to serve as the Authority's new external auditor.

On May 6, 2024, Plante Moran gave a detailed presentation to the Audit Committee on the engagement team, scope, timeline, required communications, and other information related to the Fiscal Year-ended June 30, 2024, financial and compliance audits.

MONITORING AND AUDIT RECOMMENDATIONS

Key to the Audit Committee's monitoring of the Authority's operations are communications from the Chief Auditor and communications from the external auditor during semiannual meeting attendance, as noted previously.

The Audit Committee is regularly informed of the progress made by Authority management toward implementing the recommendations issued by the OCA. At each Committee Meeting, the OCA presents the status of audit report recommendations, specifically, whether implementation is still pending, the length of time a recommendation has been open, or whether the recommendation was completed.

MEETINGS HELD

The Audit Committee met five times in Fiscal Year 2024. The Audit Committee Meeting dates were as follows:

- September 11, 2023 – *Regular Meeting*
- November 13, 2023 – *Regular Meeting*
- February 5, 2024 – *Regular Meeting*
- March 25, 2024 – *Special Meeting (Recommendation of new external auditor)*
- May 6, 2024 – *Regular Meeting*

Minutes of the Audit Committee meetings are on file with the Authority Clerk and may also be found on the San Diego International Airport website www.san.org.

GOVERNANCE DEVELOPMENTS

As a required oversight function of the Audit Committee, the *Charter for the Office of the Chief Auditor* and the *Charter of the Audit Committee* are reviewed annually by the Audit Committee in accordance with best practices, and:

- The Office of the Chief Auditor's Quality Assurance and Improvement Program.
- The requirements that are specified within each of the Charters.

This supervision over the Charters by the Audit Committee ensures that any changes in Authority governance processes, financial, risk management, or developments in internal auditing practices (mandatory and professional), etc. are accurately reflected and that the Charters are revised as needed.

Annual Report
from the Audit
Committee

Page 4 of 4

The annual review performed by staff during Fiscal Year 2024 determined that no revisions were necessary for the Charter of the Audit Committee. The Charter for the Office of the Chief Auditor required one revision to remove the outdated reporting processes for fraudulent or illegal acts. The current reporting process is already included in Authority Code 2.16.

In January 2024, the Institute of Internal Auditors introduced new Global Internal Audit Standards which will guide the work performed the OCA. The new Global Internal Audit Standards are effective January 2025. The Committee will be updated on the relevant changes and the measures being taken by the OCA to comply with the new Standards at an upcoming Committee meeting.

On July 1, 2023, we welcomed the Audit Committee's new Public Member, Claudia Huerta. Claudia Huerta was formally appointed for a 3-year term, which commenced July 1, 2023. Additionally, I accepted the re-appointment of Audit Committee Chair during the June 6, 2024, Board Meeting.

In closing, I look forward to the year ahead as the Audit Committee continues to perform its monitoring responsibilities, with diligence, and to effectively contribute to the success of the Authority.

Sincerely,



Gretchen Newsom
Audit Committee Chair
Public Member

GN/LP

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

Staff Report

Meeting Date: October 3, 2024

Subject:

Fiscal Year 2024 Annual Report from the Office of the Chief Auditor

Recommendation:

The Audit Committee recommends that the Board accept the report.

Background/Justification:

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

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

The Fiscal Year 2024 Annual Report from the Office of the Chief Auditor is submitted to the Audit Committee as Attachment A. The report describes the activities and accomplishments of the OCA during the period July 1, 2023, through June 30, 2024, and includes details on all recommendations completed or in progress during the 4th Quarter of Fiscal Year 2024.

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

During the September 9, 2024, Audit Committee meeting, the Committee unanimously recommended 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 (*select at least one under each area*):

Strategies

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Focus Areas

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

Environmental Review:

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

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

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

Application of Inclusionary Policies:

Not Applicable

Prepared by:

Lee M. Parravano
Chief Auditor

Office of the Chief Auditor Fiscal Year 2024 Annual Report

ATTACHMENT A

SAN DIEGO
COUNTY
REGIONAL
AIRPORT
AUTHORITY



Audit Engagement Progress

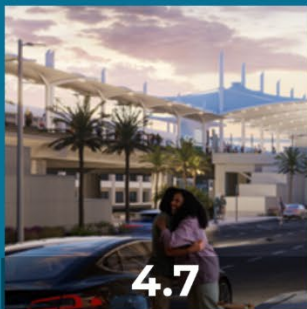


■ Completed (75%)
 ■ In Progress (18.75%)
 ■ Not Started (6.25%)

Audit Engagements Completed vs. Benchmark & Goal



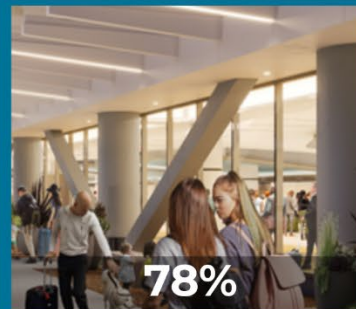
By The Numbers



Customer
Satisfaction
Rating



Engagements
Completed Under
Budget



Auditor Utilization
Percentage



Recommendations
Accepted By
Management



Fiscal Year 2024

ANNUAL REPORT

SAN DIEGO
COUNTY
REGIONAL
AIRPORT
AUTHORITY

Issue Date: September 09, 2024

OFFICE OF THE CHIEF AUDITOR

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Summary

Executive Summary

The purpose of the Fiscal Year 2024 Annual Report is to provide information regarding the activities performed by the Office of the Chief Auditor (OCA) and to communicate required disclosures in conformance with The Institute of Internal Auditors' (IIA) International Standards for the Professional Practice of Internal Auditing (*Standards*).¹

Fiscal Year 2024 was a very productive year for the OCA. Aside from the continued audit assurances, the OCA had several notable accomplishments. In Fiscal Year 2024 we continued our partnership with the outside construction auditing firm Baker Tilly to provide assurances related to the New Terminal 1, transitioned to a new cloud-based audit software, completed an external Quality Assurance Review with no findings, and we issued our second continuous auditing engagement using data analytics on Rental Car Companies which examined over 1 million rental transactions.

Performance Measures

For Fiscal Year 2024, six major performance measures were developed to evaluate the OCA. The OCAs performance against the selected performance measures is displayed in Table 1 below and are presented to the Audit Committee/Board quarterly unless noted otherwise.

Table 1: Status of Performance Measures as of June 30, 2024

#	Performance Measure	Goal	Actual	Benchmark
1	Customer Satisfaction Ratings from: <ul style="list-style-type: none"> i. Audit Committee/Board (reported annually) ii. Executive Management (reported annually) iii. Auditee 	4.0	i) 5.0 ii) 5.0 iii) 4.7	4.0
2	Percentage of audit and consulting engagements completed.	80%	75%	80%
3	Percentage of recommendations accepted.	95%	100%	95%
4	Provide tools and training for staff measured by the percentage of staff meeting CPE requirements (reported annually).	100%	100%	93%
5	Percentage of staff time spent on audit and consulting engagements and general audit activities.	76%	78%	76%
6	Percentage of audit and consulting engagements completed within budget.	70%	75%	66%

¹The *Standards* referenced are the 2017 International Standards for the Professional Practice of Internal Auditing. The Global Internal Audit Standards (GIAS) were issued January 9, 2024, and are effective January 9, 2025.

Customer Satisfaction Rating

The OCA sends surveys to the following three customer categories:

- Authority Board/Audit Committee
- Executive Management
- Auditee

Each survey contains multiple questions, and each response is utilized by the OCA to gauge the performance of audits and activities completed. The OCA gauges customer satisfaction based on scores received on the question, “How would you rate your level of satisfaction with the Office of the Chief Auditor?”. Annually, in the 4th Quarter, the Authority Board, Audit Committee, and the Authority’s Executive Management are surveyed. Auditees are sent a “post-audit” survey questionnaire following the completion of each audit (or consulting engagement). Survey results from the auditees are presented quarterly to the Audit Committee and Board. The OCA tracks each customer category separately. For Fiscal Year 2024 aggregate category scores of 5.0, 5.0, and 4.7, respectively, were received, which exceeded the goal of 4.0 for each category.

Percentage of Audit and Consulting Engagements Completed

The OCA completed 11 audits and 1 consulting engagement for a total of 12 completed engagements. This represents 75%², of audit and consulting engagements on the Fiscal Year 2024 Audit Plan. For the status of all Fiscal Year 2024 Audit Plan activities on June 30, 2024, see Appendix A.

Percentage of Recommendations Accepted

This category helps to evaluate the quality of the findings and recommendations issued by the OCA. Additionally, it helps hold the OCA accountable for the quality of the recommendations issued. In Fiscal Year 2024, management accepted 100% of all audit recommendations.

Percentage of Staff that Meet Continuing Professional Education (CPE) Requirements

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

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

This measure tracks the time spent on audit and consulting engagements and general audit activities.³ The OCAs goal is for staff to spend 76% of their working hours⁴ on audit engagements, consulting engagements, and general audit activities. For Fiscal Year 2024, the OCA spent 78% of working time on audit engagements, consulting engagements, and general audit activities, exceeding the goal established.

² The 75% is equal to 12 completed engagements divided by 16 total engagements anticipated to be completed in Fiscal Year 2024 (18 total audit and consulting engagements minus 2 audits that were approved to be completed in Fiscal Year 2025: 1.) Tenant Lease Administration & Management – FY 2024 Rental Car Companies, 2.) Tenant Lease Administration & Management – ABRM Internal Controls).

³ Appendix A details all planned activities in these categories for Fiscal Year 2024.

⁴ Time Off (e.g., Holidays, Paid Time off) has been excluded from this calculation.

Percentage of Audit and Consulting Engagements Completed within Budgeted Time

This category monitors the efficiency of audit staff in performing audits and consulting engagements. Specifically, audit staff is responsible for the internally prepared budget hours assigned to each audit or consulting engagement. In Fiscal Year 2024, the OCA completed 75% of its projects within the budgeted time, exceeding the benchmark and the OCAs goal.

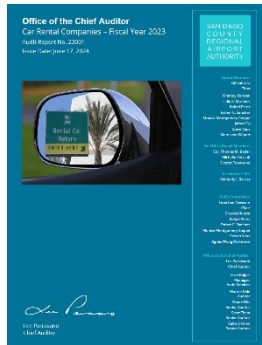
Audit and Consulting Engagements

The Fiscal Year 2024 Audit Plan had 18 total audit and consulting engagements that were to be initiated. Of these, two engagements were not anticipated to be completed in the fiscal year⁵. These two engagements are included in the Fiscal Year 2025 Audit Plan. This left 16 engagements for the OCA to complete.

During Fiscal Year 2024, the OCA completed 12 of the 16 total engagements. This resulted in the OCA completing 75% of engagements, falling short of its 80% goal. All audits not completed in Fiscal Year 2024 will carry over to the Fiscal Year 2025 Audit Plan for completion. An agenda item included in the September 09, 2024, Audit Committee meeting will add the audits to the Fiscal Year 2025 Audit Plan.

Below are highlights from the audits completed by the OCA during the fourth quarter of Fiscal Year 2024. Audits completed in the first three quarters were provided to the Audit Committee and Board in the OCAs quarterly activity reports. Also, when completed, audit reports are distributed electronically by the OCA to specified recipients.

Tenant Lease Admin. & Management - FY 2023 Rental Car Companies: Together with the

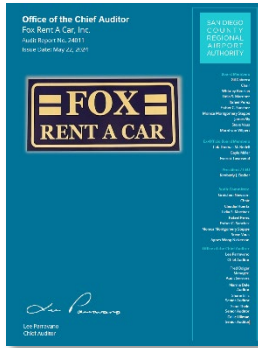


Authority's Business Intelligence Department, the OCA developed a continuous auditing program using data analytics to examine financial data received each month from seven Car Rental Companies (CRCs). Continuous auditing enables the Authority to detect potential issues earlier through automated real time reporting on critical information. The objective of this audit was to determine if concession fees, and Customer Facility Charges (CFCs) and Transportation Facility Charges (TFCs) were accurately paid in all material respects. In total over \$69 million of concessions and CFCs/TFCs were collected by the Authority from these seven CRC. This audit examined over 1 million rental

transactions. The audit concluded that concession fees and CFCs/TFCs were materially accurate for four of the seven CRCs. One of the three CRCs outside of the materiality range established by the OCA has been included in the FY2025 Audit Plan for more comprehensive testing. The other two CRCs were not recommended for an audit due to other mitigating information. The audit provided three recommendations, all of which were accepted by management.

⁵ One of the audits cannot be completed due to the reporting deadline requirements of the auditee and the other audit was not ready for auditor review by the end of the year.

Tenant Lease Admin. & Management - Fox Rent A Car (Fox): The objective of this audit



was to determine if Fox accurately paid concession fees and CFCs for the audit period. The audit determined that Fox underpaid concession fees by \$174,782 and CFCs by \$21,429 due to the misclassification of Airport Customers as Non-Airport Customers. The audit had five recommendations, which were all accepted by management.

Tenant Lease Admin. & Management - Terminal Concessions Compliance: The objective



of this audit was to determine if In-Terminal Concessionaires complied with selected standards of operation of their Lease Agreements and if Revenue Generation & Partnership Development Department (RG&PD) had functioning processes in place to ensure compliance. Audit work determined that Concessionaires complied with three (3) of the five (5) standards tested and that RG&PD actively monitors the Concessionaires but identified two areas for improvement: 1) monitoring of Street Pricing for retail concessions, and 2) concessionaire's compliance with the hours of operations requirement. The audit provided three recommendations, all of which were accepted by management.

Tenant Lease Admin. & Management - 2% Surcharge Program: The objective of the audit



was to determine if In-Terminal Food and Beverage (F&B) concessionaires participating in the 2% Surcharge Program (Program) were complying with the Program requirements. Approximately \$4 million of surcharges were paid to local San Diego region employees over the audit period. The audit found that the F&B concessionaires complied with the requirements of the Program and properly applied the surcharge to F&B purchases and disbursed the surcharge funds to their employees. No recommendations were identified.

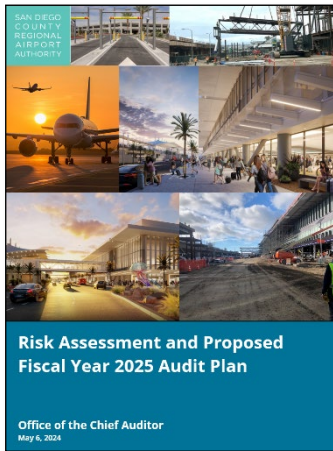
HPD Consulting: The objective of this engagement was to provide management assistance related to the recommendations included in the draft audit report No. 20002. The OCA assisted management in Fiscal Year 2024 and appreciated the opportunity to collaborate with management. The OCA did not make any management decisions or perform any management functions during this engagement. An additional engagement to assist management in Fiscal Year 2025 is included in the Fiscal Year 2025 Audit Plan.

General Audit Activities

In addition to performing audit and consulting engagements, the OCA is involved in other general audit activities that do not result in a formal audit report/opinion being issued. The OCA is either required⁶ to perform these activities or believes completion of these activities to be in the best interest of the Authority. A summary of the *General Audit Activities* is presented below. See Appendix A for a listing of all General Audit Activities.

Risk Assessment and Audit Plan

The OCA is required to submit a risk-based internal Audit Plan to the Audit Committee



annually. Performing the Fiscal Year 2025 Risk Assessment included obtaining input from the Board, Audit Committee, Authority Management, and staff. During Fiscal Year 2024, the OCA worked with Authority Management to identify and rank the likelihood and impact of a risk event occurring for each Key Work Activity within the Authority. The resulting Fiscal Year 2025 Audit Plan was then developed, based on the results of the Risk Assessment process and the discussions with key stakeholders. The Fiscal Year 2025 Risk Assessment and Audit Plan was submitted to the Audit Committee on May 6, 2024, and subsequently approved by the Board on June 6, 2024.

Construction Activities

Construction audit activities for Fiscal Year 2024 consisted of attending meetings regarding the New T1 Terminal & Roadway, the Airport Administration Building, the Airside Improvements, and other airport construction projects. Audits of the New Administration Building, the Terminals and Roadway Project (Insurance), and the Turner-Flatiron Self Perform Work (Self-Perform) were completed as part of the Fiscal Year 2024 OCA Audit Plan. The Insurance and Self-Perform audits were completed in partnership with Baker Tilly, the on-call construction audit consultant.

The OCA Construction Auditor continues to work closely with the Airport Design & Construction team to address any issues with the increase in personnel and with processes, as construction on the New T1 continues to expand. The OCA remains involved with any issues identified by Authority Management, provides assistance, and attends meetings specific to the aspects of the Authority's construction activities.

⁶ Requirements are dictated by the Charter for the Office of the Chief Auditor, Charter of the Audit Committee, or the 2017 International Standards for the Professional Practice of Internal Auditing.

Information Technology Meeting Attendance

Information technology's central role to Authority operations makes meeting attendance on this subject a vital activity for the Chief Auditor.

Development of Data Analytics

As discussed in the Audits and Consulting Engagements section of this report, the OCA partnered with the Authority's Business Intelligence Department to develop a continuous auditing program using data analytics to examine financial data from Rental Car Companies. The OCA is building off the success of this audit to improve the process and decrease the level of effort needed to analyze the data received. The Tenant Lease Admin. & Management – FY 2023 Rental Car Companies audit analyzed over 1 million rental transactions.

Due to the success of the continuous auditing program using data analytics for car rentals, the OCA is planning to expand its data analytics development to other areas within the Authority.

Fraud, Waste, Abuse, and Ethics Program Activities

The OCA manages the Authority's Ethics Program that includes a confidential Fraud, Waste, Abuse, and Ethics (FWA&E) reporting hotline. During Fiscal Year 2024, the OCA received 5 tips/reports that were considered FWA&E related and 38 reports that are not considered FWA&E related⁷. Tips/reports that are not investigated by the OCA are forwarded to management, as appropriate.

The hotline also allows individuals to ask questions about possible ethical matters, thus allowing individuals to make an informed ethical decision. In Fiscal Year 2024, two (2) questions were received. We appreciate the efforts made by individuals aiming to ensure an ethical decision is reached.

A summary of the tips/reports received in Fiscal Year 2024 is shown in Table 2 below.

⁷ Tips/Reports that are Non-FWA&E related are tracked but are not investigated by the OCA. An example of a non-FWA&E related tip/report is a traveler reporting an issue with a water filling station in the terminal. Generally, these tips/reports are forwarded to management to address.

Table 2: Hotline Tips/Reports Received in Fiscal Year 2024

Category	Number of Tips / Reports Received	Investigation Initiated by OCA	Tip/Report was Investigated and was Substantiated
Fraud, Waste, Abuse, & Ethics Tips/Reports			
Business Integrity	2	1	1
Human Resource, Diversity, and Workplace Respect	2	-	-
Misuse or Misappropriation of Assets	1	1	1
Total Fraud, Waste, Abuse, & Ethics Tips/Reports	5	2	2
Non-Fraud, Waste, Abuse, & Ethics Tips/Reports			
Human Resource, Diversity, and Workplace Respect	26	-	-
Environment, Health, and Safety	1	-	-
Business Integrity	6	-	-
Other	5	-	-
Total Non-Fraud, Waste, Abuse, & Ethics Tips/Reports	38	-	-
Total Hotline Tips/Reports	43	2	2

Recommendation Follow-up

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

The Audit Committee is updated each quarter on the status of recommendations. The recommendations that have been remediated by management in prior quarters of Fiscal Year 2024 were presented to the Audit Committee on the following Committee Meeting dates: November 13, 2023, February 5, 2024, and May 6, 2024.

Table 4 below shows the number of recommendations that were *Completed* or *In Progress* as of the fourth quarter of Fiscal Year 2024, along with the estimated/actual implementation timeframes based on the audit report issue date. Of the Completed recommendations, eight were implemented within the initial timeframe identified when the recommendations were

issued. Of the In Progress recommendations, six recommendations were still within the initial timeframe identified for implementation.

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

Table 4: Recommendations with Estimated/Actual Implementation Timeframe

Recommendations	Zero to 7 Months	7 Months to 1 Year	Over 1 Year	Total
Completed	12	2	2	16
In Progress	3	4	3	10

Quality Assurance and Improvement Program

The Institute of Internal Auditors' (IIA) 2017 *Standards* require the OCA to maintain a Quality Assurance and Improvement Program (QAIP). Comprehensive details are included under the *Quality Assurance and Improvement Program* section of this report.

Administrative

The activities that reside within the Administrative classification of the Fiscal Year 2024 Audit Plan include meeting attendance by the OCA, holiday and vacation time, and the fulfillment of Continuing Professional Education (CPE) requirements.

Qualifications and Training

Proficiency and due care for the OCA are the responsibility of the Chief Auditor. Cumulatively, the OCA has over 120 years of auditing experience. The OCA staff maintains 14 professional certifications. The types of professional certifications and number of staff with each certification are as follows:

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



Each of these certifications requires that the holder complete a specified number of hours of CPE. As noted above, all CPE requirements were met for all OCA staff during calendar year 2024.⁸

⁸ Professional organizations track Continuing Professional Education (CPE) either by calendar year or a fiscal year. The OCA verifies CPE compliance on a calendar year basis.

Audit Committee Support

During Fiscal Year 2024, the Audit Committee met five times on the following dates:

- September 11, 2023 – *Regular Meeting*
- November 13, 2023 – *Regular Meeting*
- February 5, 2024 – *Regular Meeting*
- March 25, 2024 – *Special Meeting (Recommendation of new external auditor)*
- May 6, 2024 – *Regular Meeting*

Before each meeting of the Audit Committee the OCA coordinated all activities with the Committee Chair and the Authority Clerk relating to agenda preparation and materials required.

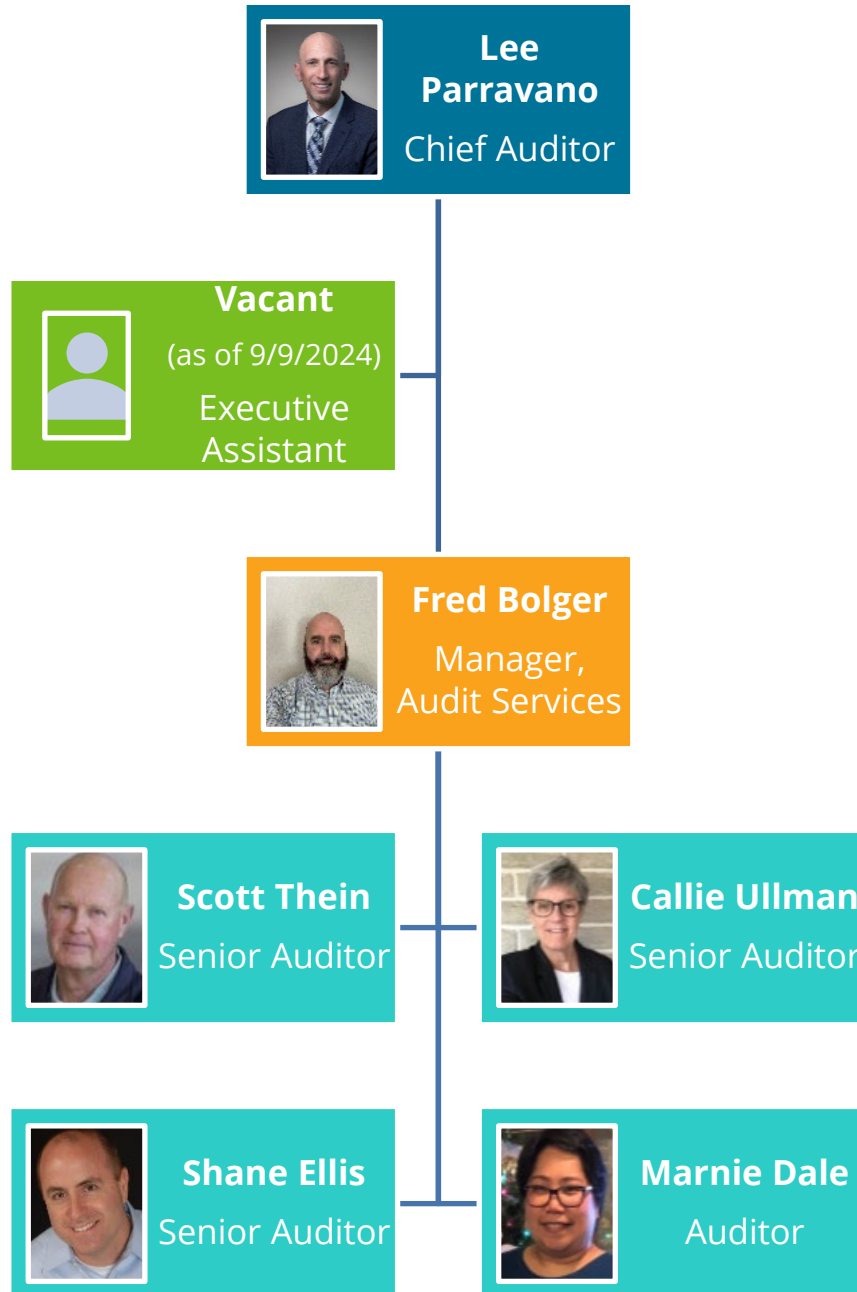
Outside Activities

In addition to the services provided to the Authority, OCA staff are involved in various audit related organizations and activities in their personal time. As of June 30, 2024, OCA staff members served on the following community groups:

- Audit Committee Member for the San Diego Girl Scouts
- Committee Member for the Association of Airport Internal Auditors
- Board of Directors for the University of Philippines Alumni Association - San Diego

Organization Chart

As of June 30, 2024, the OCA organizational structure was as follows.



Quality Assurance and Improvement Program

Background

The 2017 Institute of Internal Auditors' (IIA) International Standards for the Professional Practice of Internal Auditing (*Standards*) require the OCA to maintain a Quality Assurance and Improvement Program that includes external assessments and internal (self) assessments.

- **External Assessment:** Known as a Quality Assessment Review (QAR), or peer review; must be conducted at least once every five years by an independent assessor or an assessment team from outside the organization that is qualified in the practice of internal auditing, as well as the quality assessment process. QAR results are required to be reported to the Board.
- **Internal Assessment:** Comprised of two interrelated parts, 1) ongoing monitoring, and 2) periodic self-assessments. The results of a periodic self-assessment and the level of conformance to the 2017 *Standards* must be reported to the Board at the completion of the self-assessment. The results of ongoing monitoring are required to be reported to the Board at least annually.

The 2017 *Standards* also contain other mandatory reporting requirements as documented in Appendix B.

External Assessment - Quality Assessment Review

The most recent external assessment of the OCA was performed by the Association of Local Government Auditors (ALGA) for the five-year period from July 1, 2018, through June 30, 2023. The external assessment was performed in January 2024, with results presented to the Audit Committee during its May 6, 2024, meeting. The external assessment determined that the OCA is providing reasonable assurance of compliance with the 2017 *Standards*. This is the highest level of conformance an internal audit function can achieve. The external assessment did not issue a letter for improvement. The next external assessment will be required for the five-year period ending June 30, 2028.



Internal Assessment – Self-Assessment & Ongoing Monitoring

In July and August of 2024, the OCA conducted ongoing monitoring related to Fiscal Year 2024 operations, as required by the 2017 *Standards*. The last Self-Assessment was performed in July and August 2023 in connection with the External Assessment performed by ALGA, noted above. The results of the Self-Assessment were shared with the Audit Committee in September 2023. The results of Ongoing Monitoring are provided below.

Scope and Objectives of Ongoing Monitoring

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

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

Results of Ongoing Monitoring

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

QAIP Recommendations/Corrective Actions Plans Identified

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

1. The IIA, on January 9, 2024, issued a newly developed International Professional Practices Framework (IPPF) which includes the new Global Internal Audit Standards (GIAS). The new GIAS is effective starting January 9, 2025, and early implementation is encouraged. The GIAS will be the new guide for the worldwide professional practice of internal auditing and will serve as the basis of evaluating the quality of the internal audit function. To comply with the new GIAS, the OCA recommends incorporating changes required by the new GIAS by updating the following:
 - a. Charter for the Office of the Chief Auditor and Audit Committee to incorporate changes required by the GIAS.
 - b. The OCAs Policies and Procedures Manual
 - c. The OCAs Quality Control checklists (report, wrap-up, etc.)
 - d. Disclosures for the Internal Audit function
2. The OCA identified potential process improvements that could be implemented to improve items such as workpaper referencing and documentation. The OCA is exploring implementing the potential process improvements.

Appendix A – Fiscal Year 2024 Audit Plan

#	Activity	Status as of 6/30/2024	Over/Under Budget
Audit			
1	Tenant Lease Admin. & Management – FY 2023 Rental Car Companies	Completed	Under
2	Turner-Flatiron Self Perform Work	Completed	Under
3	Harbor Police Contract Management – Fiscal Year 2018, 2019, 2020 Costs	In Progress	
4	Employee Benefits – Payroll Deductions	Completed	Over
5	Accounts Payable – Paymode X	Completed	Over
6	Contractor Monitoring – Administration Building	Completed	Under
7	Turner-Flatiron Insurance	Completed	Over
8	Tenant Lease Admin. & Management – FY 2024 Rental Car Companies ⁹	In Progress	
9	Tenant Lease Admin. & Management - In Terminal Concessionaire Compliance	Completed	Under
10	Tenant Lease Admin. & Management – ABRM Internal Controls ⁹	Not Started	
11	Account Provisioning / Deprovisioning	In Progress	
12	Tenant Lease Admin. & Management – Budget	Completed	Under
13	Tenant Lease Admin. & Management – Fast Track	Completed	Under
14	Small Business Management	In Progress	
15	Tenant Lease Admin. & Management – Fox Rent a Car	Completed	Under
16	Tenant Lease Admin. & Management – High Flying Foods Package 7	In Progress	
17	Tenant Lease Admin. & Management – 2% Surcharge	Completed	Under
Consulting			
18	Harbor Police Contract Management	Completed	Under
General Audit			
19	Risk Assessment & Audit Plan	Completed	
20	Construction Meeting Attendance & Coordination	Completed	
21	Information Technology Meeting Attendance	Completed	
22	Development of Data Analytics	Completed	
23	Fraud, Waste, Abuse, and Ethics Program	Completed	
24	Recommendation Follow-up	Completed	
25	Quality Assurance & Improvement Program	Completed	
Administrative			
26	Indirect - Attendance at Staff/Board/Committee Meetings, Continuing Professional Development, and Other	Completed	
27	Benefit - Vacation, Holiday Time, and Other Leave/Time Off	Completed	

⁹ Audit engagement was not anticipated to be completed in Fiscal Year 2024 and was carried forward to Fiscal Year 2025.

Appendix B – Disclosures

The following items are being disclosed in conformance with the 2017 *Standards*.

Purpose, Authority, & Responsibility

The 2017 International Professional Practices Framework (IPPF) Standard 2060 requires the OCA to periodically report on the OCA's purpose, authority & responsibility. These are included in the Charter for the OCA and are listed below for reference.

Purpose

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

Authority

The Chief Auditor is accountable to the Board of Directors under Public Utilities Code §170026, and pursuant to the Chief Auditor's employment agreement. The Chief Auditor will report directly to the Board through the Audit Committee and has unrestricted access to communicate and interact directly with the Audit Committee and Board, including private meetings without management present.

Responsibility

The responsibilities of the Office of the Chief Auditor are outlined in the Charter for the Office of the Chief Auditor. They include but are not limited to submitting a risk-based Audit plan, communicating any fraud or illegal acts that could affect the Authority, ensuring engagements are executed and communicating the results to appropriate parties, following up on engagement findings and recommendations, and ensuring compliance with the 2017 *Standards*.

Organizational Independence

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

- ✓ The OCA reports directly to the Board through the Audit Committee, which provides the independence necessary for the OCA to adequately perform its function, separate from the Airport Authority organization.

Impairments to Independence or Objectivity

If independence or objectivity is impaired in fact or appearance, the details of the impairment must be disclosed based on the 2017 International Professional Practices Framework (IPPF) Standard 1130.

- ✓ There were no audits or consulting engagements conducted during Fiscal Year 2024 that had any impairment of independence or objectivity in fact or appearance.

Disclosure of Nonconformance

Occasionally, circumstances require the completion of projects/engagements in a manner that is not consistent with the 2017 *Standards*. When this occurs, the OCA must disclose the non-conformance and the impact to senior management and the Board.

- ✓ During Fiscal Year 2024 there were no instances in which projects were performed in a manner that did not comply with the 2017 *Standards*.

Resolution of Management's Acceptance of Risks

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

- ✓ There were no such instances related to risk during the 2024 Fiscal Year.

Use of Report

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

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

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

Appendix C - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2024
Completed						
24-18	Audit Report 24011 Issued: May 22, 2024 Title: Fox Rent A Car, Inc. Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	High	RG&PD should communicate with Fox how to correctly calculate concession fees and classify Airport versus Non-Airport Customers.	7/15/2024	6/30/2024	RG&PD and OCA met with Fox to discuss audit findings and Non-Airport customers.
24-01	Audit Report 24003 Issued: November 29, 2023 Title: Fasttrack Rent A Car, Inc. dba Nu Car Rentals Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	High	RG&PD should request the Accounting Department to issue an invoice to Fasttrack in the amount of \$228,901 for the underpayment of concession fees during the audit period.	12/19/2023	6/30/2024	Invoice issued in the amount of \$228,901 and Fasttrack has not paid. Termination letter sent 8/1/24 with termination date 8/15/24.
24-17	Audit Report 24011 Issued: May 22, 2024 Title: Fox Rent A Car, Inc. Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	High	RG&PD should request the Accounting Department to issue an invoice to Fox in the amount of \$174,782 for the underpayment of concession fees.	7/15/2024	6/30/2024	Invoice issued in the amount of \$174,782 for underpayment of concession fees.

Appendix C - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2024
Completed						
22-10	Audit Report 22005 Issued: Nov. 22, 2021 Title: Terminal Space Management Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Medium	Authority staff should cleanup E1 Plat Management and GIS Space Manager for mismatched or incorrect data and perform regular maintenance, review, and reconciliation of the data between E1 Plat Management and GIS Space Manager.	1/2/2023	6/30/2024	MAG adjustments completed on 6/30/24. Amendments to correct SF were executed by 1/31/24.
24-02	Audit Report 24003 Issued: November 29, 2023 Title: Fasttrack Rent A Car, Inc. dba Nu Car Rentals Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Medium	RG&PD should consider charging Fasttrack interest, and the full cost of conducting the audit, in the amounts of \$27,224, and \$34,220, respectively.	12/19/2023	6/30/2024	Invoices issued in the amounts of \$27,224 and \$34,220. Tenant has not paid. Second Termination letter sent 8/1/24 with termination date 8/15/24.
24-19	Audit Report 24011 Issued: May 22, 2024 Title: Fox Rent A Car, Inc. Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Medium	RG&PD should request the Accounting Department to issue an invoice to Fox in the amount of \$21,429 for the underpayment of CFCs during the audit period.	7/15/2024	6/30/2024	Invoice issued in the amount of \$21,429 for underpayment of CFCs.

Appendix C - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2024
Completed						
24-21	Audit Report 24011 Issued: May 22, 2024 Title: Fox Rent A Car, Inc. Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Medium	RG&PD should consider charging Fox interest, and the full cost of conducting the audit, in the amounts of \$47,955, and \$60,336 respectively.	7/15/2024	6/30/2024	Invoices issued in the amounts of \$47,955 and \$60,336.
24-22	Audit Report 23001 Issued: June 17, 2024 Title: Car Rental Companies - Fiscal Year 2023 Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Medium	RG&PD should evaluate the data provided by the OCA, and collaborate with the OCA, to determine if any other Agreement requirements should be included in the proposed audit scope for Hertz.	6/30/2024	6/30/2024	RG&PD has no additional Tenants or requirements that we feel need to be audited.
23-31	Audit Report 23012 Issued: June 30, 2023 Title: New T1 Terminal and Roadway GMP Development Phase Direct Labor Billing Department: AIRPORT DESIGN & CONSTRUCTION	Medium	ADC should determine the most appropriate way to receive the overbilling of \$752 for the unapproved rates.	1/5/2024	6/30/2024	Paid by the JV within Pay App #43.

Appendix C - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2024
Completed						
24-03	Audit Report 24003 Issued: November 29, 2023 Title: Fasttrack Rent A Car, Inc. dba Nu Car Rentals Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Medium	RG&PD should communicate with Fasttrack the accounts that are considered concessionable and non-concessionable per the Concession Agreement.	12/19/2023	4/30/2024	RG&PD and OCA communicated via a series of meetings the concessionable and non-concessionable accounts to tenant.
24-04	Audit Report 24003 Issued: November 29, 2023 Title: Fasttrack Rent A Car, Inc. dba Nu Car Rentals Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Medium	RG&PD should request the Accounting Department to issue a credit to Fasttrack in the amount of \$11,884 for the overpayment of TFCs during the audit period.	12/19/2023	4/30/2024	Credit issued in the amount of \$11,884 and applied to FT account.

Appendix C - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2024
Completed						
24-05	Audit Report 24003 Issued: November 29, 2023 Title: Fasttrack Rent A Car, Inc. dba Nu Car Rentals Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Medium	RG&PD should request Fasttrack to refund car rental customers \$50,957 for the over collection of TFCs.	12/19/2023	4/30/2024	Request issued to FastTrack to refund customers.
24-14	Audit Report 24004 Issued: April 30, 2024 Title: In-Terminal Concession Lease Compliance Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Medium	We recommend that RG&PD review the Annual Pricing Submittals and/or Market Basket surveys with adequate frequency to ensure that Terminal pricing is consistent with “Street Pricing” standards.	9/1/2024	6/30/2024	RGPD has a procedure in place for annual pricing submittals to be remit by March 1 of every year at a minimum. All retail pricing submittals for 2023 and 2024 have been received and reviewed; only 1 tenant is undergoing final confirmation. RGPD is in the initial stages of developing a Quality Assurance Program intended be in place concurrent with New T1 opening.

Appendix C - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2024
Completed						
24-15	<p>Audit Report 24004 Issued: April 30, 2024 Title: In-Terminal Concession Lease Compliance</p> <p>Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT</p>	Medium	We recommend that RG&PD staff periodically check actual opening and closing times for Concessionaires to ensure compliance to required operating hours.	9/1/2024	6/30/2024	Staff continues to conduct site walks three times a week to ensure units are adhering to hours of operations. Closures during normal operating hours are rare now. The unit having the most difficulty with staff (Be Relax) is now permanently closed. The Quality Assurance Program mentioned above would incorporate additional contracted staff to assist in this effort. RGPD now receives reports from the Business Intelligence team which uses sensor technology that tracks movement in areas near concessions at all hours of the day.
24-20	<p>Audit Report 24011 Issued: May 22, 2024 Title: Fox Rent A Car, Inc.</p> <p>Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT</p>	Medium	RG&PD should request Fox to refund car rental customers \$29,160 for the over collection of CFCs.	7/15/2024	6/30/2024	Request issued to Fox to refund customers.

Appendix C - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2024
Completed						
24-06	Audit Report 24003 Issued: November 29, 2023 Title: Fasttrack Rent A Car, Inc. dba Nu Car Rentals Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Low	RG&PD, in addition to monitoring Fasttrack’s compliance with the requirements of the Concession Agreement, should review the security deposit adjustment.	12/19/2023	4/30/2024	LOC (security deposit) amount reviewed per agreement. RG&PD has requested a new LOC multiple times in writing and has not received it. Second Termination letter sent 8/1/24 with termination date 8/15/24.

Appendix C - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2024
In Progress						
22-33	Audit Report 22010 Issued: June 30, 2022 Title: Turner-Flatiron, a Joint Venture, Direct Labor Billing During Validation Phase Department: AIRPORT DESIGN & CONSTRUCTION	High	We recommend that ADC notify the JV of the \$4,814 overcharge for holiday and paid time-off for the JV staff and the \$12,917 overcharge for the consultants to determine the most appropriate method to receive the total incorrectly billed to the Authority.	10/1/2023	8/30/2024	JV to process credit of \$4,216.00 (the remaining unpaid and/or unsupported charges) in the July 2024 pay app.
24-09	Audit Report 23011 Issued: March 14, 2024 Title: Terminal and Roadways Project Insurance Department: AIRPORT DESIGN & CONSTRUCTION	High	ADC should work with the JV, and General Counsel if appropriate, to determine the most appropriate way to receive reimbursement of the \$1,290,000.	9/30/2024	12/31/2024	ADC has met with the JV to discuss the issue identified. Staff will continue to work with the JV to resolve the matter.
24-11	Audit Report 23011 Issued: March 14, 2024 Title: Terminal and Roadways Project Insurance Department: AIRPORT DESIGN & CONSTRUCTION	High	ADC should work with the JV to determine the most appropriate way to receive the credits of \$144,915 for the unapproved administrative fees and \$847,195 for the duplicate coverage.	9/30/2024	12/31/2024	ADC has met with the JV to discuss the issue identified. Staff will continue to work with the JV to resolve the matter.

Appendix C - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2024
In Progress						
22-11	<p>Audit Report 22005 Issued: Nov. 22, 2021 Title: Terminal Space Management</p> <p>Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT</p>	Medium	Authority Management should perform a physical inventory of plats throughout Terminal 2, and the New Terminal 1 when completed, to ensure that the reported attributes of space in the E1 Plat Management and GIS Space Manager reports reflect the physical space in the terminals. Any discrepancies should be timely corrected. Additionally, the written procedures referred to in Recommendation #22-8 should include a procedure for the periodic physical inventory of plats in Terminals 1 and 2.	12/1/2022	11/30/2024	This work is ongoing with the implementation of ABRM which should be completed by November of 2024.
24-12	<p>Audit Report 23011 Issued: March 14, 2024 Title: Terminal and Roadways Project Insurance</p> <p>Department: AIRPORT DESIGN & CONSTRUCTION</p>	Medium	ADC should ensure the JV provides adequate documentation prior to paying costs billed.	9/30/2024	12/31/2024	ADC has met with the JV to discuss the issue identified. Staff will continue to work with the JV to resolve the matter.
23-28	<p>Audit Report 23012 Issued: June 30, 2023 Title: New T1 Terminal and Roadway GMP Development Phase Direct Labor Billing</p> <p>Department: AIRPORT DESIGN & CONSTRUCTION</p>	Medium	We recommend that ADC notify the JV of the overcharge of \$2,594 for holiday time for the JV staff. Additionally, we recommend ADC request all holiday policies, and other records as necessary, from each consultant listed above with the total of \$4,475 to determine if the Authority's approved labor billing rates already included holiday pay and are duplications. Reimbursement should be requested for duplicate costs.	1/5/2024	8/30/2024	JV to process credit of \$1,414.64 (the remaining unpaid and/or unsupported charges) in the July 2024 pay app.

Appendix C - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2024
In Progress						
24-16	Audit Report 24004 Issued: April 30, 2024 Title: In-Terminal Concession Lease Compliance Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Medium	We recommend that RG&PD implement and document a procedure to guide changing the hours of operation.	9/1/2024	9/30/2024	RGPD will have written procedure in the Department file by 9/30/24.
24-23	Audit Report 23001 Issued: June 17, 2024 Title: Car Rental Companies - Fiscal Year 2023 Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Low	RG&PD should educate CRCs on how to accurately report gross revenues, exclusions to gross revenue, Concessionable Revenues, concession fees due, and CFCs/TFCs on the summary reports.	8/15/2024	9/30/2024	RCC Workshop in development to discuss multiple items with corporate and local RAC representatives.
24-24	Audit Report 23001 Issued: June 17, 2024 Title: Car Rental Companies - Fiscal Year 2023 Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Low	RG&PD should educate CRCs on the specific requirements set forth in Section 5.2, including submitting Annual Reports by August 31 of each year, and that the Annual Reports must include an opinion by a CPA.	8/15/2024	9/30/2024	RCC Workshop in development to discuss multiple items with corporate and local RAC representatives.

Appendix C - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2024
In Progress						
24-10	Audit Report 23011 Issued: March 14, 2024 Title: Terminal and Roadways Project Insurance Department: AIRPORT DESIGN & CONSTRUCTION	Low	We recommend ADC seek reimbursement for the audit costs in the amount of \$82,413 from the JV.	4/30/2024	12/31/2024	ADC has met with the JV to discuss the issue identified. Staff will continue to work with the JV to resolve the matter.

Staff Report

Meeting Date: October 3, 2024

Subject:

Revision to the Charter of the Audit Committee

Recommendation:

The Audit Committee recommends that the Board adopt Resolution No. 2024-0082, approving the revision to the Charter of the Audit Committee.

Background/Justification:

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

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

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

The last revision to the Charter of the Audit Committee was made in September 2021 and subsequently approved by Board Resolution No. 2021-0108 on October 7, 2021.

The annual review performed by staff this year has determined that the Charter of the Audit Committee should be updated. On September 9, 2024, during a regular meeting of the Audit Committee, a proposed revision to the Charter of the Audit Committee was presented by staff. The revisions included incorporating language included in the new Model Internal Audit Charter published by the Institute of Internal Auditors and to remove certain language related to legal, ethical, or fraudulent acts. The current process for handling legal, ethical, or fraudulent acts is already included in Authority Code 2.16. Removing the language from the Charter related to legal, ethical, or fraudulent acts will ensure a conflict does not exist between the Authority Code and the Charter of the Audit Committee.

Meeting Date: October 3, 2024

A redlined version of the Charter of the Audit Committee is provided in Attachment A.

The proposed changes to the Charter of the Audit Committee were reviewed and accepted by the Audit Committee on September 9, 2024, by unanimous vote, with a recommendation to obtain the Board's approval of the revisions.

Fiscal Impact:

None

Authority Strategies/Focus Areas:

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

Strategies

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Focus Areas

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

Environmental Review:

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

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

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

Application of Inclusionary Policies:

Not Applicable

Prepared by:

Lee M. Parravano
Chief Auditor

RESOLUTION NO. 2024-0082

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

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

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

WHEREAS, the most recent revision to the Charter of the Audit Committee was approved by Board Resolution No. 2021-0108 on October 7, 2021; and

WHEREAS, on September 9, 2024, during a regular meeting of the Audit Committee, the Committee reviewed a proposed revision to the Charter of the Audit Committee to incorporate language included in the new Model Internal Audit Charter published by the Institute of Internal Auditors and to remove language related to legal, ethical, or fraudulent acts to ensure a conflict does not exist between the Authority Code and the Charter of the Audit Committee.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the revision to the Charter of the Audit Committee (Attachment A); and

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

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

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

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 3rd day of October 2024, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

ANNETTE FAGAN ORTIZ
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

CHARTER OF THE AUDIT COMMITTEE

ORGANIZATIONAL PRINCIPLES

Purpose

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

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

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

Mandate

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

Authority

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

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

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

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

The Committee is empowered to:

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

Composition of the Committee

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

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

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

The Chair and Vice-Chair of the Committee

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

Terms of Office

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

Quorum and Voting

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

OPERATIONAL PRINCIPLES

Committee Values

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

Communications

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

Work Plan

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

Meeting Agenda

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

Information Requirements

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

Executive Sessions

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

Preparation and Attendance

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

Conflict(s) of Interest

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

Orientation and Training

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

OPERATIONAL PROCEDURES AND RESPONSIBILITIES

Meetings

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

Minutes

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

Required Attendance

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

Remuneration of Committee Members

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

Responsibilities

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

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

Values and Ethics

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

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

ORGANIZATIONAL GOVERNANCE

To obtain reasonable assurance with respect to the Authority's governance process, the Committee shall review and provide advice on the governance process established and maintained within the organization and the procedures to ensure that they are operating as intended.

Risk Management

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

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

Fraud

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

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

Control

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

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

Compliance

The Committee shall:

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

OVERSIGHT OF THE INTERNAL AUDIT FUNCTION

Office of the Chief Auditor

To obtain reasonable assurance with respect to work of the Office of the Chief Auditor and to establish, maintain, and ensure that the Office of the Chief Auditor has sufficient authority to fulfill its duties, the Committee shall provide the following oversight functions:

Office of the Chief Auditor Charter and Resources

- Discuss with the Chief Auditor and/or executive management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the Office of the Chief Auditor.
- Discuss with the Chief Auditor other topics that should be included in the Charter for the Office of the Chief Auditor.
- Review, and forward to the Authority Board for approval, the Charter ~~of for~~ the Office of the Chief Auditor at least annually which includes the Office of the Chief Auditor’s mandate, scope, and type of internal audit services. The Charter should be reviewed to consider changes affecting the Authority, such as employment of a new Chief Auditor or changes in the type, severity, and interdependencies of risks to the Authority. ~~ensure that it accurately reflects the Office of the Chief Auditor’s purpose, authority, and responsibility, consistent with the mandatory guidance of The Institute of Internal Auditors’ (IIA) International Professional Practices Framework and the scope and nature of assurance and consulting services, as well as changes in the financial, risk management, and governance processes of the Authority and reflects developments in the professional practice of internal auditing; and~~
- Review the proposed budget of the Office of the Chief Auditor.
- Make appropriate inquiries of the Chief Auditor to determine whether scope or resource limitations are appropriate.
- Advise the Authority Board about increases and decreases to the requested resources to achieve the internal Audit Plan and evaluate whether any additional resources are needed permanently or should be provided through outsourcing.
- Review the Office of the Chief Auditor’s expenses.
- _____

Chief Auditor Performance

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

Internal Audit Strategy and Plan

- Ensure the Chief Auditor has unrestricted access to and communicates and interacts directly with the Audit Committee.
- Review and provide input on the Office of the Chief Auditor’s strategic plan, objectives, performance measures, and outcomes;
- Review and approve the risk-based proposed Audit Plan and make recommendations concerning internal audit special request audits, investigations, and the internal audit resources necessary to achieve the Audit Plan; and
- Review the Office of the Chief Auditor’s performance relative to its Audit Plan.

Internal Audit Engagement and Follow Up

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

Standards Conformance with Global Internal Audit Standards

- ~~Inquire of the Chief Auditor about steps taken to ensure that the Office of the Chief Auditor conforms to The IIA’s International Standards for the Professional Practice of Internal Auditing (Standards);~~
- Ensure ~~that the Office of the Chief Auditor has~~ a quality assurance and improvement program ~~has been established and review the results annually, and that the results of these periodic assessments performed are presented to the Committee;~~
- Ensure that the Office of the Chief Auditor has an external quality assurance review performed every five years;

CHARTER OF THE AUDIT COMMITTEE

- Review the results of the independent external quality assurance review and monitor the implementation of the Office of the Chief Auditor's action plans to address any recommendations; and
- Advise the Authority Board about any recommendations for the continuous improvement of the Office of the Chief Auditor.

|

OVERSIGHT OF THE EXTERNAL AUDIT FUNCTION AND OTHER EXTERNAL ASSURANCE PROVIDERS

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

The Committee shall:

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

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

Financial Statements and Public Accountability Reporting

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

The Committee shall:

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

OTHER DUTIES AND RESPONSIBILITIES

In addition, the Committee shall:

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

REPORTING REQUIREMENTS

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

The report should include:

- A summary of the work the Committee performed to fully discharge its responsibilities during the preceding year;
- A summary of management's progress in addressing the results of internal and external audit reports;

CHARTER OF THE AUDIT COMMITTEE

- Details of meetings, including the number of meetings held during the relevant period; and
- Information required, if any, by new or emerging governance developments.

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

[Amended by Resolution No. 2024-XXX dated XXXXX X, 202X]

[Amended by Resolution No. 2021-0108 dated October 7, 2021]

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

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

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

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

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

Staff Report

Meeting Date: October 3, 2024

Subject:

Revision to the Charter for the Office of the Chief Auditor

Recommendation:

The Audit Committee recommends that the Board adopt Resolution No. 2024-0083, approving the revision to the Charter for the Office of the Chief Auditor.

Background/Justification:

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

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

The most recent revision to the Charter for the Office of the Chief Auditor was approved by Board Resolution No. 2023-0086 on October 5, 2023.

The annual review performed by staff this year has determined that revisions are required. On September 9, 2024, during a regular meeting of the Audit Committee, a proposed revision to the Charter for the Office of the Chief Auditor was presented by staff. The revisions included incorporating language included in the new Model Internal Audit Charter published by the Institute of Internal Auditors. The new Model Internal Audit Charter includes relevant language from the new Global Internal Audit Standards.

A redlined version of the Charter of the Office of the Chief Auditor is provided in Attachment A. A version with all changes incorporated is provided in Attachment B.

The proposed changes to the Charter for the Office of the Chief Auditor were reviewed and accepted by the Audit Committee on September 9, 2024, by unanimous vote, with a recommendation to obtain the Board's approval of the revisions.

Meeting Date: October 3, 2024

Fiscal Impact:

None

Authority Strategies/Focus Areas:

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

Strategies

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Focus Areas

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

Environmental Review:

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

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

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

Application of Inclusionary Policies:

Not Applicable

Prepared by:

Lee M. Parravano
Chief Auditor

RESOLUTION NO. 2024-0083

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

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

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

WHEREAS, the most recent revision to the Charter for the Office of the Chief Auditor was approved by Board Resolution No. 2023-0086 on October 5, 2023; and

WHEREAS, on September 9, 2024, during a regular meeting of the Audit Committee, the Committee reviewed a proposed revision to the Charter for the Office of the Chief Auditor to incorporate language included in the new Model Internal Audit Charter published by the Institute of Internal Auditors. The new Model Internal Audit Charter includes relevant language from the new Global Internal Audit Standards, and to forward the Charter to the Board for approval.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the revision to the Charter for the Office of the Chief Auditor (Attachment A). A version with all changes incorporated is provided in Attachment B; and

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

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

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

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 3rd day of October 2024, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

ANNETTE FAGAN ORTIZ
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

CHARTER FOR THE OFFICE OF THE CHIEF AUDITOR

Purpose and Mission

The purpose of the ~~San Diego County Regional Airport Authority's (Authority) Office of the Chief Auditor~~ is to strengthen the San Diego County Regional Airport Authority's (Authority) ability to create, protect, and sustain value by providing the Board of Directors (Board), Audit Committee, and executive management provide with independent, risk-based, and objective assurance and consulting services designed to add value and improve the Authority's operations advice, insight, and foresight.

~~The Mission of the Office of the Chief Auditor is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. The Office of the Chief Auditor helps the Authority accomplish its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes enhances the Authority's:~~

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

The Office of the Chief Auditor is most effective when:

- Internal auditing is performed by competent professionals in conformance with The Institute of Internal Auditor's (IIA) Global Internal Audit Standards, which are set in the public interest.
- The Office of the Chief Auditor is independently positioned with direct accountability to the Board and Audit Committee.
- Internal auditors are free from undue influence and committed to making objective assessments.

Commitment to Adhering to the Global Internal Audit Standards

The Office of the Chief Auditor will adhere to the mandatory elements of the IIA's International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements. The Chief Auditor will report periodically to the Authority's Audit Committee/Board and executive management regarding the Office of the Chief Auditor's conformance with the Standards, which will be assessed through a quality assurance and improvement program.

Authority

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

Mandate

~~The Chief Auditor shall be accountable to the Board under Public Utilities Code §170026, and pursuant to the Chief Auditor's employment agreement. The Office of the Chief Auditor assists the Audit Committee in discharging the duties described in Public Utilities Code §170018. The Office of the Chief Auditor also assists executive management in achieving Authority objectives. To assist the Audit Committee/Board and executive management, the Office of the Chief Auditor will perform assurance and advisory services on Authority activities. Services include, but are not limited to, reviews of internal controls, operating effectiveness, operating efficiencies, ethical behavior, expenditures, and compliance with Authority Code's, Policies, Standards, and procedures. The sections below provide further details on the mandate of the Office of the Chief Auditor.~~

Authority

~~The Office of the Chief Auditor's authority is created by its direct reporting relationship to the Chief Auditor will report directly to the Board through the Audit Committee. Such authority allows for unrestricted access to the Board and Audit Committee.~~

~~The Board/Audit Committee authorizes the Office of the Chief Auditor to:~~

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

~~of the Board, or its officers~~ internal audit services. Assistance from other departments within the Authority will be coordinated with executive management.

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

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

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

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

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

Standards for the Professional Practice of Internal Auditing

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

Independence, Organizational Position, and Reporting Relationships of the Chief Auditor

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

Changes to Mandate of the Office of the Chief Auditor or Charter

~~Circumstances may justify a follow-up discussion between the Chief Auditor, Board or Audit Committee, and executive management on the Office of the Chief Auditor's mandate or other aspects of the Charter for the Office of the Chief Auditor. Such circumstances may include, but are not limited to:~~

- ~~• A significant change in the Global Internal Audit Standards.~~
- ~~• A significant reorganization within the organization.~~
- ~~• Significant changes in the Chief Auditor, Board or Audit Committee, and/or executive management.~~
- ~~• Significant changes to the Authority's strategies, objectives, risk profile, or the environment in which the Authority operates.~~
- ~~• New laws or regulations that may affect the nature and/or scope of internal audit services.~~

Chief Auditor Roles and Responsibilities

Ethics and Professionalism

The Chief Auditor will ensure that internal auditors:

- Conform with the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the Authority and be able to recognize conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture at the Authority.
- Report Authority behavior that is inconsistent with the Authority's ethical expectations, as described in applicable codes, policies, and procedures.

Objectivity

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

Internal ~~a~~Auditors will maintain an unbiased mental attitude that allows them to perform engagements ~~objectively~~objectively, and in such ~~a manner~~ that they believe in their work product, ~~that do not quality-compromise quality,s are made,~~ and ~~that they~~ do not subordinate their judgement on audit matters to others, in fact or appearance.

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

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

CHARTER FOR THE OFFICE OF THE CHIEF AUDITOR

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

Internal Auditors will:

- Disclose ~~any~~ impairments of independence or objectivity, in fact or appearance, to appropriate parties at least annually, such as the Chief Auditor, Board or Audit Committee, management or others.
- Exhibit professional objectivity in gathering, evaluating, and communicating information ~~about the activity or process being examined.~~
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and unduly influenced by their own interests or by others in forming judgements.

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

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

Responsibility

The Chief Auditor has the responsibility to:

- Submit, a ~~At least annually, develop~~ a risk-based internal Audit Plan for review ~~to that considers the input of the Audit Committee/Board Authority and executive management. Discuss the Audit Plan with the Audit Committee and executive management and submit the Audit Plan to the~~ The risk-based internal Audit Plan will also be submitted to the Audit Committee for review and forwarded to the Board for approval.
- Communicate to the Audit Committee and Authority executive management the impact of resource limitations on the Audit Plan to the Audit Committee/Board and executive management, if applicable.
- ~~Communicate any fraud or illegal acts that the Chief Auditor becomes aware of that could affect the Authority. The process for a confidential, anonymous submission of complaints including, but not limited to, fraud, accounting, auditing, ethics, and code of conduct matters shall be carried out through the Office of the Chief Auditor.~~
- Review and adjust the nature of the internal Audit Plan, as necessary, in response to changes in the Authority's business risks, operations, programs, systems, and controls.
- ~~The Audit Plan may be adjusted to accommodate for special requests by the Audit Committee or Authority management.~~
- Changes to the Audit Plan will occur after consultation with the Chair of the Audit Committee. Changes to the Audit Plan will be presented to the Audit Committee for review and forwarded to the Board for approval.

- ~~Communicate to~~with the Audit Committee/Board and Authority executive management if there are significant ~~any significant~~ interim changes to the Audit Plan.
- Ensure internal audit engagements are performed, documented, and communicated in accordance with Global Internal Audit Standards.
~~that each engagement contained in the Audit Plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of recommendation(s) to appropriate parties.~~
- Follow up on audit engagement findings and confirm ~~the implementation corrective~~of recommendations or action plans and communicate the results of internal audit services to the Audit Committee/Board and executive management quarterly and for each engagement as appropriate. ~~actions taken, and report periodically to the Audit Committee and Authority executive management any corrective actions not effectively implemented.~~
~~Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.~~
- Ensure that the Office of the Chief Auditor collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the Global Internal Audit Standards and fulfill the in the Charter requirements for the Office of the Chief Auditor mandate.
- Identify and ~~Ensure~~consider trends and emerging issues that could impact the Authority ~~are considered~~ and communicated to the Audit Committee/Board and Authority executive management as appropriate.
- Ensure~~Consider~~ emerging trends and successful practices in internal auditing are considered.
- Establish and ensure adherence to the Office of the Chief Auditor's Policies and Procedures / Office Manual designed to guide the Office of the Chief Auditor.
~~Ensure adherence to the Authority's relevant policies and procedures, unless such policies conflict with the Charter for the Office of the Chief Auditor or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the Audit Committee or Board and executive management.~~
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the Chief Auditor cannot achieve an appropriate level of coordination, the issue must be communicated to executive management and if necessary escalated to the Audit Committee or Board.
~~Ensure conformance with the IIA Standards.~~

Scope ~~and Types~~ of Internal Audit Activities

~~The scope of internal audit services covers Authority activities, including all the Authority's operations, assets, and personnel. The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the Board, Audit Committee, and management on the adequacy and effectiveness of governance, risk management, and control processes for the Authority.~~

~~The nature and scope of advisory services may be agreed with executive management, provided the internal audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management. The scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Audit Committee, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for the Authority.~~

Internal audit ~~assessme~~engagements ~~may~~ include evaluating whether:

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

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

- ~~The Office of the Chief Auditor's purpose, authority, and responsibility.~~
- ~~The Office of the Chief Auditor's Audit Plan and performance relative to its Audit Plan.~~

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

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

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

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

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

Responsibility

~~The Chief Auditor has the responsibility to:~~

- ~~• Submit, at least annually, a risk-based internal Audit Plan for review to Authority executive management. The risk-based internal Audit Plan will also be submitted to the Audit Committee for review and forwarded to the Board for approval.~~
- ~~• Communicate to the Audit Committee and Authority executive management the impact of resource limitations on the Audit Plan, if applicable.~~
- ~~• Communicate any fraud or illegal acts that the Chief Auditor becomes aware of that could affect the Authority. The process for a confidential, anonymous submission of complaints including, but not limited to, fraud, accounting, auditing, ethics, and code of conduct matters shall be carried out through the Office of the Chief Auditor.~~

- ~~Review and adjust the nature of the internal Audit Plan, as necessary, in response to changes in the Authority's business risks, operations, programs, systems, and controls.~~
- ~~The Audit Plan may be adjusted to accommodate for special requests by the Audit Committee or Authority management.~~
- ~~Changes to the Audit Plan will occur after consultation with the Chair of the Audit Committee. Changes to the Audit Plan will be presented to the Audit Committee for review and forwarded to the Board for approval.~~
- ~~Communicate to the Audit Committee and Authority executive management any significant interim changes to the Audit Plan.~~
- ~~Ensure that each engagement contained in the Audit Plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of recommendation(s) to appropriate parties.~~
- ~~Follow up on audit engagement findings and the corrective actions taken, and report periodically to the Audit Committee and Authority executive management any corrective actions not effectively implemented.~~
- ~~Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.~~
- ~~Ensure that the Office of the Chief Auditor collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements in the Charter for the Office of the Chief Auditor.~~
- ~~Ensure trends and emerging issues that could impact the Authority are considered and communicated to the Audit Committee and Authority executive management as appropriate.~~
- ~~Ensure emerging trends and successful practices in internal auditing are considered.~~
- ~~Establish and ensure adherence to the Office of the Chief Auditor's Policies and Procedures / Office Manual designed to guide the Office of the Chief Auditor.~~
- ~~Ensure adherence to the Authority's relevant policies and procedures, unless such policies conflict with the Charter for the Office of the Chief Auditor.~~
- ~~Ensure conformance with the IIA Standards.~~

Quality Assurance and Improvement Program

~~The Office of the Chief Auditor will maintain a quality assurance and improvement program that covers all aspects of the Office of the Chief Auditor. The program will~~

CHARTER FOR THE OFFICE OF THE CHIEF AUDITOR

~~include an evaluation of the Office of the Chief Auditor's conformance with the IIA Standards and an evaluation of whether internal auditors apply The Institute of Internal Auditor's Code of Ethics in their conduct. The program will also assess the efficiency and effectiveness of the Office of the Chief Auditor and identify opportunities for improvement.~~

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

~~[Amended by Resolution No. 2024-XXXX dated XXXXXXX X, 2024]~~

~~[Amended by Resolution No. 2023-0086 dated October 5, 2023]~~

~~[Amended by Resolution No. 2021-0109 dated October 7, 2021]~~

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

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

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

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

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

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

CHARTER FOR THE OFFICE OF THE CHIEF AUDITOR

Purpose

The purpose of the Office of the Chief Auditor is to strengthen the San Diego County Regional Airport Authority's (Authority) ability to create, protect, and sustain value by providing the Board of Directors (Board), Audit Committee, and executive management with independent, risk-based, and objective assurance advice, insight, and foresight.

The Office of the Chief Auditor enhances the Authority's:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

The Office of the Chief Auditor is most effective when:

- Internal auditing is performed by competent professionals in conformance with The Institute of Internal Auditor's (IIA) Global Internal Audit Standards, which are set in the public interest.
- The Office of the Chief Auditor is independently positioned with direct accountability to the Board and Audit Committee.
- Internal auditors are free from undue influence and committed to making objective assessments.

Commitment to Adhering to the Global Internal Audit Standards

The Office of the Chief Auditor will adhere to the mandatory elements of the IIA's International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements. The Chief Auditor will report periodically to the Authority's Audit Committee/Board and executive management regarding the Office of the Chief Auditor's conformance with the Standards, which will be assessed through a quality assurance and improvement program.

Mandate

The Chief Auditor shall be accountable to the Board under Public Utilities Code §170026, and pursuant to the Chief Auditor's employment agreement. The Office of the Chief Auditor assists the Audit Committee in discharging the duties described in

Public Utilities Code §170018. The Office of the Chief Auditor also assists executive management in achieving Authority objectives. To assist the Audit Committee/Board and executive management, the Office of the Chief Auditor will perform assurance and advisory services on Authority activities. Services include, but are not limited to, reviews of internal controls, operating effectiveness, operating efficiencies, ethical behavior, expenditures, and compliance with Authority Code's, Policies, Standards, and procedures. The sections below provide further details on the mandate of the Office of the Chief Auditor.

Authority

The Office of the Chief Auditor's authority is created by its direct reporting relationship to the Board through the Audit Committee. Such authority allows for unrestricted access to the Board and Audit Committee.

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

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish objectives.
- Obtain assistance from the necessary personnel of the Authority and other specialized services from within or outside the Authority to complete internal audit services. Assistance from other departments within the Authority will be coordinated with executive management.

Independence, Organizational Position, and Reporting Relationships

Changes to Mandate of the Office of the Chief Auditor or Charter

Circumstances may justify a follow-up discussion between the Chief Auditor, Board or Audit Committee, and executive management on the Office of the Chief Auditor's mandate or other aspects of the Charter for the Office of the Chief Auditor. Such circumstances may include, but are not limited to:

- A significant change in the Global Internal Audit Standards.
- A significant reorganization within the organization.
- Significant changes in the Chief Auditor, Board or Audit Committee, and/or executive management.
- Significant changes to the Authority's strategies, objectives, risk profile, or the environment in which the Authority operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.

Chief Auditor Roles and Responsibilities

Ethics and Professionalism

The Chief Auditor will ensure that internal auditors:

- Conform with the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the Authority and be able to recognize conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture at the Authority.
- Report Authority behavior that is inconsistent with the Authority's ethical expectations, as described in applicable codes, policies, and procedures.

Objectivity

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

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgement on audit matters to others, in fact or appearance.

The Office of the Chief Auditor will have no direct operational responsibility or authority over any of the activities they review. Accordingly, the Office of the Chief Auditor will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgement, including:

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

Internal Auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties at least annually, such as the Chief Auditor, Board or Audit Committee, management or others.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

The Chief Auditor has the responsibility to:

- At least annually, develop a risk-based internal Audit Plan that considers the input of the Audit Committee/Board and executive management. Discuss the Audit Plan with the Audit Committee and executive management and submit the Audit Plan to the Audit Committee for review and forward to the Board for approval.
- Communicate the impact of resource limitations on the Audit Plan to the Audit Committee/Board and executive management, if applicable.
- Review and adjust the internal Audit Plan, as necessary, in response to changes in the Authority's business risks, operations, programs, systems, and controls.
- Changes to the Audit Plan will occur after consultation with the Chair of the Audit Committee. Changes to the Audit Plan will be presented to the Audit Committee for review and forwarded to the Board for approval.
- Communicate with the Audit Committee/Board and Authority executive management if there are significant interim changes to the Audit Plan.
- Ensure internal audit engagements are performed, documented, and communicated in accordance with Global Internal Audit Standards.
- Follow up on audit engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the Audit Committee/Board and executive management quarterly and for each engagement as appropriate.
- Ensure that the Office of the Chief Auditor collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the Global Internal Audit Standards and fulfill the requirements for the Office of the Chief Auditor mandate.
- Identify and consider trends and emerging issues that could impact the Authority and communicate to the Audit Committee/Board and Authority executive management as appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to the Office of the Chief Auditor's Policies and Procedures / Office Manual designed to guide the Office of the Chief Auditor.

- Ensure adherence to the Authority's relevant policies and procedures unless such policies conflict with the Charter for the Office of the Chief Auditor or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the Audit Committee or Board and executive management.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the Chief Auditor cannot achieve an appropriate level of coordination, the issue must be communicated to executive management and if necessary escalated to the Audit Committee or Board.

Scope and Types of Internal Audit Activities

The scope of internal audit services covers Authority activities, including all the Authority's operations, assets, and personnel. The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the Board, Audit Committee, and management on the adequacy and effectiveness of governance, risk management, and control processes for the Authority.

The nature and scope of advisory services may be agreed with executive management, provided the internal audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

Internal audit engagements may include evaluating whether:

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

CHARTER FOR THE OFFICE OF THE CHIEF AUDITOR

[Amended by Resolution No. 2024-XXXX dated XXXXXXX X, 2024]
[Amended by Resolution No. 2023-0086 dated October 5, 2023]
[Amended by Resolution No. 2021-0109 dated October 7, 2021]
[Amended by Resolution No. 2020-0098 dated October 1, 2020]
[Amended by Resolution No. 2018-0117 dated October 4, 2018]
[Amended by Resolution No. 2014-0089 dated September 4, 2014]
[Amended by Resolution No. 2010-0022R dated March 4, 2010]
[Adopted by Resolution No. 2003-062 dated October 2, 2003]

Staff Report

Meeting Date: October 3, 2024

Subject:

Revision to the Fiscal Year 2025 Audit Plan of the Office of the Chief Auditor

Recommendation:

The Audit Committee recommends that the Board adopt Resolution No. 2024-0084, approving the revision to the Fiscal Year 2024 Audit Plan of the Office of the Chief Auditor.

Background/Justification:

The Charter for the Office of the Chief Auditor, instituted by Board Resolution No. 2003-062 on October 2, 2003, and most recently amended on October 5, 2023, per Board Resolution No. 2023-0086, defines the role and requirements of the Office of the Chief Auditor (OCA).

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

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

The OCAs Audit Plan for Fiscal Year 2025 was initially accepted by the Audit Committee during its May 6, 2024, meeting, and was subsequently approved on June 6, 2024, by Board Resolution No. 2024-0042.

During the first quarter of Fiscal Year 2025 a review of the Audit Plan was undertaken by the OCA. On September 9, 2024, the OCA presented a proposed revision to the Audit Committee that precisely accounted for the audits that carried over from Fiscal Year 2024 and adjustments needed to reflect the OCAs current operational requirements. The Audit Committee unanimously recommended to forward the OCAs proposed revision to the Fiscal Year 2025 Audit Plan to the Board for approval.

The proposed revision to the Fiscal Year 2025 Audit Plan is provided as Attachment A.

Meeting Date: October 3, 2024

Fiscal Impact:

Adequate funding for the Fiscal Year 2025 Audit Plan of the Office of the Chief Auditor is included in the adopted FY 2025 Operating Expense Budgets within the Department of the Chief Auditor 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:

Lee M. Parravano
Chief Auditor

RESOLUTION NO. 2024-0084

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, APPROVING THE REVISION TO THE FISCAL YEAR 2025 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 6, 2024, the Audit Committee was presented with the Fiscal Year 2025 Proposed Audit Plan and voted to accept the plan and forward it for Board approval as adopted by Board Resolution No. 2024-0042 on June 6, 2024; and

WHEREAS, on September 9, 2024, during a regularly scheduled meeting of the Audit Committee, the Committee unanimously agreed to revise the Fiscal Year 2025 Audit Plan to precisely account for the audits that carried over from Fiscal Year 2024 and to adjust the allocation of audit hours to reflect the Office of the Chief Auditor's current operational requirements and voted to forward the revision to the Board for approval.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the revision to the Fiscal Year 2025 Audit Plan of the Office of the Chief Auditor (Attachment A); and

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

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

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

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 3rd day of October 2024, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

ANNETTE FAGAN ORTIZ
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

Office of the Chief Auditor
Fiscal Year 2025
Proposed Audit Plan October 3, 2024

ATTACHMENT A

Key Work Activity	Objective ¹	Prior Estimated Hours	Change Requested	Revised Hours
Audit Hours				
Tenant Lease Administration and Management ²	To determine if fiscal year 2024 concessions and Customer Facility Charges (CFC) / Transportation Facilities Charges (TFC) reported to the Authority are accurate for Airport Rental Car Companies. <i>Audit Engagement #24005</i>	300	-	300
Tenant Lease Administration and Management ²	To determine if appropriate internal controls in the property management software (ABRM) are appropriate. <i>Audit Engagement #24008</i>	500	-	500
Tenant Lease Administration and Management	To determine if data is accurate in the property management software (ABRM). <i>Audit Engagement #25001</i>	500	-	500
Tenant Lease Administration and Management	To determine if Sixt Rent a Car accurately paid concessions and Customer Facility Charges (CFC). <i>Audit Engagement #25002</i>	450	-	450
Tenant Lease Administration and Management	To determine if Enterprise Rent a Car accurately paid concessions and Transportation Facility Charges (TFC). <i>Audit Engagement #25003</i>	350	(350)	-
Tenant Lease Administration and Management ³	To determine if fiscal year 2025 concessions and Customer Facility Charges (CFC) / Transportation Facilities Charges (TFC) reported to the Authority are accurate for Airport rental car companies. <i>Audit Engagement #25004</i>	350	-	350
System Security	To evaluate the Authority's security posture by performing testing of the Aviation Security and Public Safety's system. <i>Audit Engagement #25005</i>	300	-	300
Harbor Police Contract Mgmt.	To determine if selected Harbor Police costs or services are appropriate related to fiscal year 2022 and 2023. <i>Audit Engagement #25006</i>	550	(550)	-
ARFF Management	To determine if costs included in ARFF billings are appropriate. <i>Audit Engagement #25007</i>	500	-	500

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

² Audit activity has been carried forward from fiscal year 2024.

³ Audit activity will continue into fiscal year 2025.

Office of the Chief Auditor
Fiscal Year 2025
Proposed Audit Plan October 3, 2024

ATTACHMENT A

Key Work Activity	Objective ¹	Prior Estimated Hours	Change Requested	Revised Hours
Accounts Payable ³	To determine if the controls related to the Accounts Payable automated payment files are appropriate. <i>Audit Engagement #25008</i>	100	-	100
Parking Management Contract Administration	To determine if the parking management contract is administered appropriately. <i>Audit Engagement #25009</i>	600	-	600
Tenant Lease Administration and Management	To determine if Hertz Rent a Car accurately paid concessions and Customer Facility Charges (CFC). <i>Audit Engagement #25010</i>	300	-	300
Account Provisioning /De-Provisioning ²	To determine if account provisioning and de-provisioning are performed timely. <i>Audit Engagement #24009</i>	-	250	250
Tenant Lease Administration and Management ²	To determine if High Flying Foods accurately paid rent based on Gross Receipts related concessions in Package 7. <i>Audit Engagement #24012</i>	-	300	300
Small Business Management ²	To determine if Small Business Management is managed appropriately. <i>Audit Engagement #24001</i>	-	300	300
Harbor Police Contract Mgmt. ²	To determine if selected Harbor Police costs and services are appropriate and equitable for the fiscal years 2018, 2019, and 2020. <i>Audit Engagement #20002</i>	-	50	50
To Be Determined - Construction	To initiate audits related to the New T1 based on a Risk Assessment(s) performed by Baker Tilly.	600	-	600
To Be Determined	To initiate audit(s)/consulting engagements based on risks identified at the discretion of the Chief Auditor.	551	(200)	351
Total Audit Hours		5,951	(200)	5,751

Office of the Chief Auditor
 Fiscal Year 2025
 Proposed Audit Plan October 3, 2024

ATTACHMENT A

Consulting Hours				
Harbor Police Contract Mgmt.	To provide management assistance with recommendations related to the Harbor Police Contract. <i>Consulting Engagement #24011-C</i>	200	-	200
Tenant Lease Administration and Management	To provide management assistance with a new Rent a Car Company related to reporting and payment of concession fees and Customer Facility Charges (CFC) / Transportation Facilities Charges (TFC). <i>Consulting Engagement #24012-C</i>	50	-	50
Total Consulting Hours		250	-	250

Office of the Chief Auditor
Fiscal Year 2025
Proposed Audit Plan October 3, 2024

ATTACHMENT A

General Audit Hours				
Risk Assessment and Audit Plan ⁴	To conduct a Risk Assessment that will identify the high-risk activities to be considered when preparing the annual Audit Plan.	252	-	252
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.	300	-	300
Development of Data Analytics	Develop a data analytics program for inter-terminal concessions or other programs.	200	-	200
Ethics Program ⁴	To review ethics policies, perform training, and investigate reported incidents.	450	-	450
Recommendation Follow-up ⁴	To verify that internal and external audit recommendations have been implemented as intended.	160	-	160
Quality Assurance & Improvement Program ⁴	To assess conformance with the <i>Standards</i> , whether internal auditors apply the Code of Ethics, and allow for the identification of improvement opportunities.	380	200	580
	Total General Audit Hours	1,742	200	1,942
Administrative Hours				
Administrative - Indirect	Attendance at Staff/Board/Committee Meetings, Continuing Professional Development and Other.	2,361	-	2,361
Administrative - Benefit	Vacation, Holiday Time, and Other Time Off.	2,176	-	2,176
	Total Administrative Hours	4,537	-	4,466
	Total Hours	12,480	-	12,480

⁴ Required activity in the Charter for the Office of the Chief Auditor or Charter of the Audit Committee.

Office of the Chief Auditor
Fiscal Year 2025
Proposed Audit Plan October 3, 2024

ATTACHMENT A

Key Work Activity	Objective ⁵	Prior Estimated Hours	Change Requested	Revised Hours
Contingent Audit Hours				
Tenant Lease Administration and Management	To determine if concessions and Customer Facility Charges (CFC) / Transportation Facilities Charges (TFC) reported to the Authority are accurate for a selected Airport Rental Car Company.	400	-	400
Rental Car Shuttle Service Contract Administration	To determine if the Shuttle Service operations are administered appropriately.	650	-	650
Tenant Lease Administration and Management	To determine if the close out process for in terminal concession contracts are administered appropriately.	600	-	600
Parking Management Contract Administration	To determine if Dynamic Pricing is being managed appropriately.	550	-	550
TNC Contract Administration & Revenue Collection	To determine if the TNC contract is administered appropriately.	475	-	475
Leaves of Absence / Catastrophic Leave	To determine leaves of absences are administered appropriately.	525	-	525
Advertising	To determine if the concessions marketing program is managed appropriately.	500	-	500
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.	500	-	500
Tenant Lease Administration and Management	To determine the operations of a new SDIA Rental Car Company Agreement holder.	400	-	400

⁵ Objective may change based on the preliminary survey performed by the OCA.

Office of the Chief Auditor
 Fiscal Year 2025
 Proposed Audit Plan October 3, 2024

ATTACHMENT A

Key Work Activity	Objective	Prior Estimated Hours	Change Requested	Revised Hours
Contingent Audit Hours				
P Card Administration	To determine if the Authority's P Cards are administered appropriately.	500	-	500
Contract Security Personnel Management	To determine if the contract for the Authority's security personnel is administered appropriately.	550	-	550
Runway Maintenance	To determine if the contract for airfield paving is administered appropriately.	500	-	500
Harbor Police Contract Mgmt.	To determine if selected Harbor Police costs or services are appropriate related to fiscal year 2022 and 2023. <i>Audit Engagement #25006</i>	-	550	550
Tenant Lease Administration and Management	To determine if the contract for advertising is administered appropriately.	500	-	500
Total Contingent Audit Hours		6,650	550	7,200

Staff Report

Meeting Date: October 3, 2024

Subject:

Approve and Authorize the President/CEO to Execute an Agreement with TSG Industries, LLC, to Provide one (1) 6 Plex Modular Office Building Facility for the new Airport Shuttle Bus Parking Lot at San Diego International Airport

Recommendation:

Adopt Resolution No. 2024-0085, approving and authorizing the President/CEO to negotiate and execute an agreement with TSG Industries, LLC, for one (1) 6 Plex modular office building facility, in an amount not-to-exceed \$1,597,068.70, in support of Project No. 413002, Shuttle Lot Relocation at San Diego International Airport.

Background/Justification:

The Shuttle Lot Relocation project consists of construction of a new off airport storage and operations facility for the Airport Authority employee electric shuttle bus fleet and the Rental Car Center shuttle bus fleet ("Shuttle Lot"). The new facility will be located on property not contiguous with the airport, along the northeast side of Pacific Highway, between Laurel Street and Palm Street. This site was previously occupied by Specialty Produce, which operated a produce distribution warehouse with surface parking that was previously purchased by the Airport Authority. The Airport Authority requires office space and other facilities which will be used by the Shuttle Lot employees.

The proposed agreement with TSG Industries, LLC, will provide Shuttle Lot employees with one (1) 6 Plex modular office facility, equipment, and appliances on the Shuttle Lot site. This facility includes four (4) each 12'x60' and two (2) each 12'x40' custom fabricated modular trailers combined to form office space with breakroom area, conference rooms, storage/lockers space and women's and men's restrooms (approximately 3,800 total square feet total). The facility location is shown in Exhibit A.

Through its research to identify contracting options, Airport Design & Construction with assistance from the Procurement Department, concluded that the 6 Plex modular building facility can be provided through an Omnia Partners Cooperative Agreement that TSG Industries, LLC, holds with the Region 4 Education Service Center in Houston, Texas.

Authority Policy 5.04(4) permits the use of cooperative arrangements, joint powers agreements or other agreements, with one or more public bodies, or agencies of the United States for the purchase of supplies, materials, equipment, information technology services public projects or maintenance work if: (1) a public competitive selection process was used to secure the underlying contracts for goods, supplies, equipment, information technology services public projects or maintenance work with the lead public agency; (2) the Authority has identified a need for supplies, materials, equipment, information technology services public projects or maintenance work; (3) a copy of the agreement or written proof is secured by the Authority reflecting that a public competitive process was used; and (4) it is determined by the President/CEO or his or her designee to be in the best interest of the Authority to use the alternative contracting method described herein.

The Authority is a participating member of Omnia Partners, a non-profit government purchasing cooperative that assists public agencies in reducing the cost of purchased goods and services through pooling the purchasing power of public agencies nationwide. This is accomplished through competitive solicited contracts for quality products through lead public agencies.

On December 3, 2020, the Region 4 Education Service Center in Houston, Texas, serving as the "Lead Public Agency", advertised a competitive solicitation for Modular Buildings, Portable Storage, and Relocatable Walkways (RFP #21-05) on behalf of itself and other Governmental Agencies and was made available through the Omnia Partners Government Purchasing Alliance. The solicitation was advertised in several publications and posted on multiple solicitation websites. Records of the Solicitation Process, Proof of Advertisement, Contract Award Documents, and other information about this agreement can be found at the link below <https://www.omniapartners.com/suppliers/tsg-industries/public-sector/contract-documents#contract-610>

Procurement reached out to four (4) vendors using Omnia Partners Cooperative Agreement and received two (2) proposals. After review of the cooperative agreement pricing, and the proposal submitted by TSG Industries, LLC, utilizing cooperative pricing for the sale, delivery, and installation of modular facilities, the Authority has determined the total cost of services of \$1,597,068.70 to be fair and reasonable when compared to the cost of utilizing non-Omnia Partners market pricing. TSG Industries utilizes local, woman owned businesses and outreaches to local and minority vendor associates and DBE in the state of Texas. There is no preference applied.

Vendor	Cooperative Agreement #	Cooperative Price
*TSG Industries LLC	Omnia Partners R210502	\$1,597,068.70
Willscot	Omnia Partners R210503	\$1,843,502.86

*Added 15% contingency for unforeseen work.

Based on the above, the staff recommends executing an agreement with TSG Industries, LLC, for the 6 Plex modular building facility, for a total not-to-exceed amount of \$1,597,068.70, which is comprised of charges for trailer sale, delivery, and installation services. Permitting for the establishment of an office with parking on the site has been secured from the City of San Diego, which has land use jurisdiction over the property.

Fiscal Impact:

Adequate funds for Shuttle Lot Relocation are included within the Board adopted FY2025-FY2029 Capital Program Budget in Project No. 413002. The Source of funding for this project is General Airport Revenue Bonds.

Authority Strategies/Focus Areas:

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

Strategies

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Focus Areas

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

Environmental Review:

- A. CEQA: This Board action is for a project that was found by the City of San Diego to be Categorically Exempt from the California Environmental Quality Act (CEQA) under the CEQA Guidelines, 14 Cal. Code Regs §15301, for Class 1 - Existing Facilities, and 14 Cal. Code Regs §15302, for Class 2 - Replacement or Reconstruction.
- B. California Coastal Act Review: This Board action is for a project that was issued a Coastal Development Permit (CDP-2601705) by the City of San Diego on November 20, 2023.
- C. NEPA: This Board action is for a project that was issued a Categorical Exclusion by the Federal Aviation Administration on June 9, 2021.

Staff Report

Meeting Date: October 3, 2024

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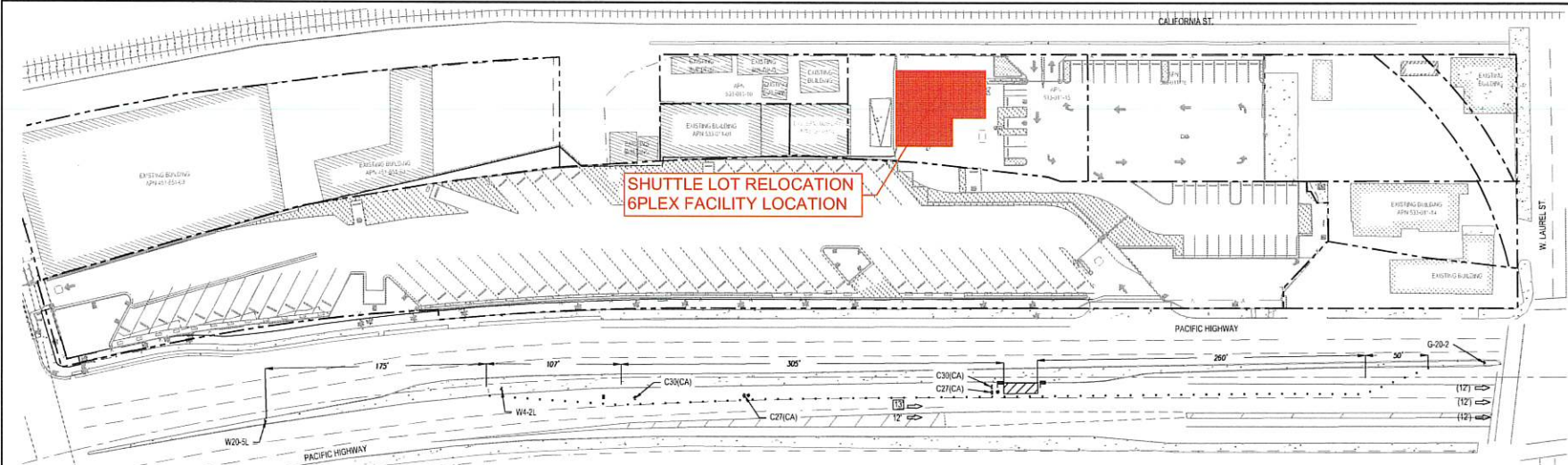
Application of Inclusionary Policies:

Not Applicable.

Prepared by:

Bob Bolton
Director, Airport Design & Construction

Exhibit A



413002 - SHUTTLE LOT RELOCATION
EXHIBIT A - 6PLEX FACILITY LOCATION

RESOLUTION NO. 2024-0085

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, APPROVING AND AUTHORIZING THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE AN AGREEMENT WITH TSG INDUSTRIES, LLC, FOR ONE (1) 6 Plex MODULAR OFFICE BUILDING FACILITY, IN AN AMOUNT NOT-TO-EXCEED \$1,597,068.70 IN SUPPORT OF PROJECT NO. 413002, SHUTTLE LOT RELOCATION AT SAN DIEGO INTERNATIONAL AIRPORT

WHEREAS, the Shuttle Lot Relocation project consists of construction of a new off airport storage and operations facility for the Airport Authority employee electric shuttle bus fleet and the Rental Car Center shuttle bus fleet ("Shuttle Lot"); and

WHEREAS, the new facility will be located off airport property, along the north-east side of Pacific Highway, between Laurel Street and Palm Street; and

WHEREAS, this site was formerly used for offsite Airport parking and has been leased from the San Diego Unified Port District; and

WHEREAS, the Airport Authority requires office space and other facilities which will be used by the Shuttle Lot employees; and

WHEREAS, the proposed agreement with TSG Industries, LLC, will provide Shuttle Lot employees with one (1) 6 Plex modular office facility, equipment, and appliances on the Shuttle Lot site; and

WHEREAS, this facility includes four (4) each 12'x60' and two (2) each 12'x40' custom fabricated modular trailers combined to form office space with breakroom area, conference rooms, storage/lockers space and women's and men's restrooms (approximately 3,800 total square feet total); and

WHEREAS, through its research to identify contracting options, Airport Design & Construction with assistance from the Procurement Department, concluded that the 6 Plex modular building facility can be provided through an Omnia Partners Cooperative Agreement that TSG Industries, LLC, holds with the Region 4 Education Service Center in Houston, Texas; and

WHEREAS, Authority Policy 5.04(4) permits the use of cooperative procurement arrangements, joint powers agreements or other agreements, with one or more public bodies, or agencies of the United States for the purchase of supplies, materials, equipment, information technology services public projects or maintenance work if: (1) a public competitive selection process was used to secure the underlying contract for goods, supplies, equipment, information technology services public projects or maintenance work with the lead public agency; (2) the Authority has identified a need for supplies, materials, equipment, information technology services public projects or maintenance work; (3) a copy of the agreement or other written proof is secured by the Authority reflecting that a public competitive process was used; and (4) it is determined by the President/CEO or his or her designee to be in the best interest of the Authority to use the alternative contracting method described herein; and

WHEREAS, the Authority is a participating member of Omnia Partners, a non-profit government purchasing cooperative that assists public agencies in reducing the cost of purchased goods and services through pooling the purchasing power of public agencies nationwide and this is accomplished through competitive solicited contracts for quality products through lead public agencies; and

WHEREAS, on December 3, 2020, the Region 4 Education Service Center in Houston, Texas, serving as the "Lead Public Agency", advertised a competitive solicitation for Modular Buildings, Portable Storage, and Relocatable Walkways (RFP #21-05) on behalf of itself and other Governmental Agencies and was made available through the Omnia Partners Government Purchasing Alliance; and

WHEREAS, the solicitation was advertised in several publications and posted on multiple solicitation websites; and

WHEREAS, records of the Solicitation Process, Proof of Advertisement, Contract Award Documents, and other information about this agreement can be found at the Omnia Partners website; and

WHEREAS, after review of the cooperative agreement pricing and the proposal submitted by TSG Industries, LLC, utilizing cooperative pricing for the sale, delivery, and installation of modular facilities, the Authority has determined the total cost of services of \$1,597,068.70 to be fair and reasonable when compared to the cost of utilizing non-Omnia Partners market pricing; and

WHEREAS, staff recommends that the Board approve and authorize the President/CEO to enter into an agreement with TSG Industries, LLC for one (1) 6 Plex modular office building facility, for a total not-to-exceed amount of 1,597,068.70, which is comprised of charges for trailer sale, delivery, and installation services in support of Project No. 413002, Shuttle Lot Relocation.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves and authorizes the President/CEO to negotiate and execute an agreement with TSG Industries, LLC, for one (1) 6 Plex modular office building facility, in an amount not-to-exceed \$1,597,068.70, which is comprised of charges for trailer sale, delivery, and installation services in support of Project No. 413002, Shuttle Lot Relocation; and

BE IT FURTHER RESOLVED that the Board finds that this action is for a project that was found by the City of San Diego to be Categorical Exempt from the California Environmental Quality Act (CEQA) under the CEQA Guidelines, 14 Cal. Code Regs §15301, for Class 1 - Existing Facilities, and 14 Cal. Code Regs §15302, for Class 2 - Replacement or Reconstruction; and

BE IT FURTHER RESOLVED that the Board finds that this action is for a project that was issued a Coastal Development Permit (CDP-2601705) by the City of San Diego on November 20, 2023; and

BE IT FURTHER RESOLVED that the Board finds that this action for a project that was issued a Categorical Exclusion by the Federal Aviation Administration on June 9, 2021.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 3rd day of October 2024 by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

ANNETTE FAGAN ORTIZ
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

Staff Report

Meeting Date: October 3, 2024

Subject:

Approve and Authorize the President/CEO to Execute a Marketing and Advertising Services Agreement

Recommendation:

Adopt Resolution No. 2024-0086, approving and authorizing the President/CEO to execute an Agreement for Marketing and Advertising Services with The Shipyard for a term of three (3) years with the option for two (2) one-year extensions exercisable at the discretion of the President/CEO, for an aggregate total not-to-exceed amount of \$6 million for five (5) years.

Background/Justification:

In June 2024, Authority staff issued a Request for Proposals (RFP) to retain a qualified Agency of Record (AOR) to provide services needed for strategic oversight and stewardship of the Airport's brand; direction and design of campaigns and programs; campaign management, reporting, creative design, media planning and buying for advertising campaigns; and other marketing services at San Diego International Airport (SAN). The Authority's current AOR's contract ends October 31, 2024.

One distinction in this solicitation over prior years is the inclusion of advertising dollars built into the AOR services contract value. This allowed for a couple of new efficiencies, both of which benefit the Authority. First, by building the value of advertising dollars into the contract, the Authority can better leverage the AOR's media relationships and effectively gain economies of scale across all aggregate buying. Second, having the AOR do the buying on the Authority's behalf alleviates hundreds of work hours for the Authority's Procurement and Marketing teams, which previously contracted directly with individual media partners for each campaign, including the existing New T1 campaign.

Scope of Work

The Authority's marketing team is focused on four (4) initiatives that align with the Authority's Strategic Plan:

1. Deliver a consistent brand experience for customers
2. Create awareness of the nonstop air service offerings at SAN
3. Plan, create, and execute a concessions marketing program

4. Support the opening of the New T1 and other major projects at the Airport through advertising, event planning and execution

The AOR supports these initiatives through an outlined scope of work, which includes:

- Development, refinement, and stewardship of the airport's brand through strategic planning and execution.
- Ensuring the brand is perceived positively through brand positioning, messaging, and experiences.
- Providing account services to manage projects, provide realistic timelines and costs, facilitate status updates, and produce detailed reports.
- Development of a marketing plan that achieves the goals and objectives set by the Authority.
- Providing strategic direction, media planning, and buying services to increase awareness and support for San Diego International Airport, its products, services, and initiatives that ensure a seamless brand experience for passengers.
- Support the creative development of assets for advertising, campaigns, collateral materials, motion graphics, video production and editing, experiential design, immersive experience design, printing and distribution services, signage, and other marketing activities.
- Manage, monitor, and adjust campaigns to ensure target audiences are being reached; provide analytics and recommend opportunities for improvement based on data collected.
- Identify opportunities for partnerships with airlines, hotels, tourism boards, and other relevant stakeholders to enhance marketing efforts and cross-promotion.

Solicitation Evaluation Criteria

Proposals were evaluated by a Selection Panel based on the evaluation criteria outlined below. Proposers were required to provide information in their proposal regarding the following evaluation criteria:

- **Organization Experience** – Respondents demonstrated at least 10 years of firm's experience in marketing and design for travel, tourism, airport, and/or airline clients. Respondents provided a portfolio of work for up to four clients and included the history of successful performance and implementation of marketing and advertising campaigns for airports and/or other travel-related brands.
- **Primary Staff** – Respondents outlined the team available to provide services to the Authority, including availability, qualifications, and prior and relevant experience.

- **Work Plan** – Respondents described their approach/methodology and provided detailed responses to questions regarding their approach to strategic planning, advertising and campaign development, creative production, media planning and buying, promotional and strategic partnerships, and research and analytics.
- **Proposed Fees/Cost to Authority** – Respondents outlined the costs and fees associated with performing and completing services. Hourly fees and media buying and placement costs were provided.
- **Policy 5.12** - If applicable, Respondents illustrated they are qualified as a small, veteran small business, and a local business to receive preference under Policy 5.12.

SAN Proposal Evaluation Process

Consistent with Authority procurement practice, the scoring methodology was determined by the Selection Panel before receipt of proposals.

Twenty-two (22) proposers submitted responses which closed August 1, 2024. The Selection Panel included representatives from the Authority’s Marketing, Arts, & Air Service Development department (two), Revenue Generation & Partnership Development (one), and External Relations (one). One external panelist (CMO from Oakland International Airport) was also included to provide additional industry knowledge with an outsider’s perspective.

Shortlist, Interview, and Selection

The Selection Panel reviewed and ranked the proposals, selecting four proposers to participate in an interview. Each of the four proposers were provided the Authority’s draft 2024 SAN Marketing & Brand Strategy document, which highlighted key projects and deliverables. The proposers who were interviewed were asked to present to the Selection Panel an understanding of what they knew about the Authority, what excited them about this opportunity, and how they planned to take SAN to the next level by sharing their firm’s approach to developing an umbrella campaign that would carry across the Authority’s many projects. The proposers were also asked to respond to a specific list of questions, prepared by the Selection Panel, which targeted the evaluation criteria presented in the RFP.

Table 1. Final Rankings

	Panelist 1	Panelist 2	Panelist 3	Panelist 4	Panelist 5
62ABOVE	3	2	3	2	3
Karsh Hagan	2	3	2	2	2
Love Communications	4	4	4	4	4
The Shipyard	1	1	1	1	1

Table 2. Final Scoring

	SB	Local	Vet.	Cost	Org. Exp.	Primary Staff	Work Plan	Total
62ABOVE	0	0	0	400	1170	1350	780	3700
Karsh Hagan	0	0	0	800	1290	1110	820	4020
Love Communications	0	0	0	700	690	630	420	2440
The Shipyard	0	0	0	1000	1410	1440	980	4830

Selected Proposer: The Shipyard

The Shipyard is a full-service leading independent agency with nine offices and nearly 400 associates coast-to-coast. It was named one of Adweek’s Fastest Growing Agencies in 2023 and has won several industry awards.

The Shipyard has significant travel and tourism industry experience having worked with country, state, and regional destination and tourism marketing organizations, John Glenn Columbus International Airport and SLO County Airport, airlines including Southwest, British Airways, and JSX, and hotels, attractions, and resorts. The Shipyard has been the agency of record for the San Diego Tourism Authority for the past 17 years and recently secured its business for another five years.

The Shipyard’s offerings include creative, content, and social development, strategic planning and research, paid media and analytics, in-house production for digital, video, and website development, earned media efforts, brand design, and data processing.

The Shipyard was the unanimous choice due to the lowest proposed cost, strength in organization and industry experience, the account management team that will be dedicated to the Authority, its expertise and knowledge of the San Diego brand and economy, and the strong work plan and strategic approach featured throughout the selection process.

Next Steps Following Board Action

The RFP included a draft proposed agreement for Proposers to review and the Authority requested written comment on the agreement provisions. After the award, Authority staff will engage with the selected Proposer to negotiate the final terms of the agreement.

Fiscal Impact:

Adequate funding for The Shipyard contract is included in the adopted FY 2024 and conceptually approved FY 2025 Operating Expense Budgets within the Outside Consultants and Advertising line items. For budget years that have not been adopted/approved, the costs associated with this contract will be included.

Authority Strategies/Focus Areas:

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

Strategies

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Focus Areas

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

Environmental Review:

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

Application of Inclusionary Policies:

The Authority has the following inclusionary programs 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.

Meeting Date: October 3, 2024

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.

In accordance to Policy 5.12, the recommended firm, The Shipyard, did not receive small business, local business, and service-disabled/veteran-owned small business preference.

Prepared by:

Jon Graves
Director, Marketing, Arts, & Air Service Development

RESOLUTION NO. 2024-0086

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY APPROVING AND AUTHORIZING THE PRESIDENT/CEO TO EXECUTE AN AGREEMENT FOR MARKETING AND ADVERTISING SERVICES WITH THE SHIPYARD FOR A TERM OF THREE (3) YEARS WITH AN OPTION FOR TWO (2) ONE-YEAR EXTENSIONS EXERCISABLE AT THE DISCRETION OF THE PRESIDENT/CEO FOR AN AGGREGATE TOTAL NOT-TO-EXCEED AMOUNT OF \$6 MILLION FOR FIVE (5) YEARS

WHEREAS, In June 2024, Authority staff issued a Request for Proposals (RFP) to retain a qualified Agency of Record (AOR) to provide services needed for strategic oversight and stewardship of the Airport's brand; direction and design of campaigns and programs; campaign management, reporting, creative design, media planning and buying for advertising campaigns; and other marketing services at San Diego International Airport (SAN); and

WHEREAS, the Authority's current AOR's contract ends October 31, 2024.; and

WHEREAS, The Shipyard was the unanimous choice due to the lowest proposed cost, strength in organization and industry experience, the account management team that will be dedicated to the Authority, its expertise and knowledge of the San Diego brand and economy, and the strong work plan and strategic approach featured throughout the selection process.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves and authorizes the President/CEO to execute an Agreement for Marketing and Advertising Services with The Shipyard for a term of three years with the option for two one-year extensions exercisable at the discretion of the President/CEO for an aggregate total not-to-exceed amount of \$6 million for five years; and

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

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

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

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 3rd day of October 2024, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

ANNETTE FAGAN ORTIZ
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL



New Marketing
& Advertising Agency

October 3, 2024

Authority's Strategic Initiatives

The Authority's Strategic Plan defines initiatives and areas of focus integral to the success of the airport. The following initiatives serve as the foundation for all marketing efforts:

- Attract domestic and international airlines and passengers
- Define and deliver a seamless, unique, consistent airport experience
- Develop a business plan for non-airline revenue
- Make the community aware of the New T1 construction project

Marketing Goals & Objectives

The Marketing team's long-term goals and objectives are anchored in the Authority's Strategic Plan, including:

- Define and deliver a seamless, unique, consistent airport experience
 - Deliver a seamless brand experience home to gate
- Attract domestic and international airlines and passengers
 - Increase countywide awareness of SAN's nonstop service (leakage)
- Develop a business plan for non-airline revenue
 - Enhance the customer experience and draw more passengers into airport shops and restaurants through a comprehensive concessions marketing program
- Make the community aware of the New T1 construction project
 - Maintain 90%+ awareness of the New T1 project with leisure travelers in San Diego County throughout the duration of the project
 - Successfully celebrate the opening of New T1 and the 100-year anniversary of SAN

What We Were Looking For

- Strength in brand-building and storytelling
- Strength in buying media and ability to leverage media partnerships (stretch dollars)
- Strong experience in the tourism industry and airport business
- Strong understanding of San Diego
- Proven ability to create various experiences and brand activations onsite

In addition to marketing services and paid media strategy, the contract also included the budget for actual advertising spending.

The Shipyard



**San Diego Zoo
Wildlife Alliance**



Holistic Understanding of Full Travel Ecosystem

We have had the good fortune of working with some of the hospitality and travel industry's quintessential brands and international icons. Many of our travel-related relationships are long-term partnerships that date back more than a decade – a testament to our ability to drive consistent, sustained results and business growth.



Recommendation

Adopt Resolution No. 2024-0086, approving and authorizing the President/CEO to execute an Agreement for Marketing and Advertising Services with The Shipyard for a term of three years, with the option for two one-year extensions exercisable at the discretion of the President/CEO, for an aggregate total not-to-exceed amount of \$6 million for five years.

Staff Report

Meeting Date: October 3, 2024

Subject:

Renewal of Health & Welfare Benefits for 2025

Recommendation:

Adopt Resolution No. 2024-0087, approving the renewal of the Health and Welfare Benefits Program for 2025.

Background/Justification:

The San Diego County Regional Airport Authority ("Authority") provides a comprehensive Health and Welfare Benefits Program designed to attract and retain the talent necessary to successfully execute its business strategy and meet its obligations to eligible First-Generation retirees. For the 2025 plan year, staff is recommending the following

- Change the following carriers
 - Anthem-Employee Assistance Program (EAP) to Concern EAP
 - Igoe LifeStyle Savings Account (LSA) to Espresa
- Renew all other existing carriers
- The addition of a bereavement support program through Empathy
- The addition of a concierge Medicare education advisors' program through Alliant Medicare Services (AMS)

This recommendation represents an overall 5% increase in premiums from current year and further supports the Authority's ability to attract and retain top talent by balancing flexible options to meet individual employee needs while demonstrating fiscal prudence. The estimated Authority cost for the recommend medical plan renewal is \$6,257,921 for the 2025 plan year, representing an estimated increase of \$294,848 or 5% over current year premiums. The Authority's Broker of Record, Alliant Insurance Services, once again negotiated a \$70,000 wellness/special ops credit with Cigna for the 2025 plan year.

Active and Budgeted only

Description	Current	recommended Renewal	% Change	Budgeted Costs CY 2025	\$ Difference Between Recommended and Budgeted	% Difference Between Recommended
Medical ¹	\$ 5,963,073	\$ 6,257,921	5%	\$ 6,251,629	\$ 6,292	0%
HSA Funding	\$ 89,600	\$ 92,400	3%	\$ 84,000	\$ 8,400	10%
Dental ³	\$ 318,998	\$ 298,329	-6%	\$ 334,062	\$ (35,733)	-11%
Vision ¹	\$ 48,222	\$ 48,222	0%	\$ 58,560	\$ (10,338)	-18%
Basic Life/AD&D	\$ 59,812	\$ 59,812	0%	\$ 73,348	\$ (13,536)	-18%
Short Term Disability	\$ 142,023	\$ 142,023	0%	\$ 169,930	\$ (27,907)	-16%
LifeStyle Savings Account (LSA) ⁴	\$ 244,000	\$ 292,800	20%	\$ 244,000	\$ 48,800	20%
Other ²	\$ 10,606	\$ 21,424	102%	\$ 11,229	\$ 10,195	91%
TOTAL	\$ 6,876,334	\$ 7,212,931	5%	\$ 7,226,758	\$ (13,827)	0%

¹ Vision includes 100% EEO employer subsidy for those enrolled

² Includes: Dental Waiver Credit and Carrier Change from Anthem to Concern for Employee Assistance Program (EAP)

³ Budgeted headcounts in PPO EEO. HDHP includes HSA Admin fee. Medical includes Cigna & MediExcel Plans.

⁴ Headcount of 488@ \$500 per ee/per year for current vs recommended at \$600/per ee per year

Fiscal Impact:

Adequate funding for Renewal of the Health & Welfare Benefits Program for 2025 is included in the adopted FY 2025 and conceptually approved FY 2026 Operating Expense Budgets within the Employee Benefits line item.

Authority Strategies/Focus Areas:

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

Strategies

- Community Strategy
 Customer Strategy
 Employee Strategy
 Financial Strategy
 Operations Strategy

Focus Areas

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

Environmental Review:

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

Application of Inclusionary Policies:

Not applicable.

Prepared by:

Monty Bell
Director, Human Resources

RESOLUTION NO. 2024-0087

A RESOLUTION OF THE BOARD OF THE SAN DIEGO
COUNTY REGIONAL AIRPORT AUTHORITY,
APPROVING THE RENEWAL OF THE HEALTH AND
WELFARE BENEFITS PROGRAM FOR 2025

WHEREAS, the San Diego County Regional Airport Authority (“Authority”) provides a Health and Welfare Benefits Program for Authority employees and eligible First Generation retirees; and

WHEREAS, the Authority intends to renew the health and welfare benefits program; and

WHEREAS, in order to assist the Board with evaluating options during the renewal process, staff, through the Authority’s Broker of Record, Alliant Insurance Services, has obtained negotiated renewals from insurance carriers and benefit providers and carefully analyzed the renewal; and

WHEREAS, the Board considered the information provided by staff and has reviewed and discussed the various options to provide a comprehensive and competitive benefits program to Authority employees and medical, dental, life insurance and vision care to eligible First Generation retirees.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the renewal of the Health and Welfare Benefit Program for 2025 for eligible participants including: Medical, Dental, Vision and Basic Life Insurance; an Employee Assistance Program (EAP) through Concern EAP; Accidental Death & Dismemberment (AD&D); Short/Long Term Disability; a LifeStyle Spending Account (LSA); and

BE IT FURTHER RESOLVED that the Board approves the replacement of the administration of the LifeStyle Spending accounts only from Igoe to Espresso; the Employee Assistance Program from Anthem Blue Cross to Concern EAP; the addition of a bereavement support program; addition of a Medicare Education and assistance program; maintenance of all other current providers and plan administrators; and

BE IT FURTHER RESOLVED that the Board authorizes the President/CEO to perform any and all administrative assignments and/or transfers required to provide the approved health and welfare benefits with the stated providers and/or their successors as set forth herein; and

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

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

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

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 3rd day of October 2024, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

ANNETTE FAGAN ORTIZ
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL



SAN DIEGO
INTERNATIONAL AIRPORT
LET'S GO.

Health & Welfare Renewal Benefits Program for 2025

Agenda

- Highlights
- Current Program
- Financials & Market Study Results
- Recommendations

Highlights

Medical

- Cigna medical renewal +5%; IRS indexed HDHP/HSA plan modifications; Employer HSA fund to match IRS mods
- Cigna renewal includes \$70K for Special Ops/Wellness funds
- MediExcel medical renewal +0%
- UHC Medicare Advantage renewal +27%

All other plans

- Anthem dental renewal negotiated 6.96% decrease (DHMO 0%, DPPO -7.38%) with DPPO plan enhancement
- VSP vision no increase; EAP 4% increase (rate decreased by 24% in 2024; 2025 rate is 20% below 2020 rates)
- Lincoln Life and Short-Term Disability no increase (rates guaranteed to 2027)
- Lifestyle Spending Account (LSA) Changing vendors and increase funding level by \$100 per EE
- EAP Change from Anthem to Concern

Other New Offerings

- Add Bereavement support through Empathy, a combination of technology and real-time human assistance*
- Add concierge Medicare education and assistance with dedicated advisors for employees & family members



Current Program



Current Program Overview | Plans & Programs

Shared Cost	100% Employer Paid	100% Employee Paid (Optional)
<p>Medical</p> <ul style="list-style-type: none"> – Active & Pre-Medicare Retirees – Medicare Retirees 	<p>Basic Life/AD&D</p> <ul style="list-style-type: none"> – Active & Pre-Medicare Retirees <p>Short-Term Disability</p> <ul style="list-style-type: none"> – Active 	<p>Life/ AD&D</p> <ul style="list-style-type: none"> – Active <p>Long-Term Disability</p> <ul style="list-style-type: none"> – Active
<p>Dental</p> <ul style="list-style-type: none"> – Active & Pre/Post Medicare Retirees <p>Vision</p> <ul style="list-style-type: none"> – Active & Pre/Post-Medicare Retirees 	<p>Employee Assistance Program</p> <ul style="list-style-type: none"> – Active & Pre/Post Medicare Retirees <p>Core Advocacy</p> <ul style="list-style-type: none"> – Active & Pre-Medicare Retirees <p>Wellness</p> <ul style="list-style-type: none"> – Active <p>Lifestyle Savings Account (LSA)</p> <ul style="list-style-type: none"> – Active 	<p>Long-Term Care</p> <ul style="list-style-type: none"> – Active <p>Voluntary Worksite Benefits</p> <ul style="list-style-type: none"> – Active <p>Direct Bill</p> <ul style="list-style-type: none"> – Active & Pre/Post-Medicare Retirees) <ul style="list-style-type: none"> • Legal Shield – Pre-paid Legal coverage • Liberty Mutual – Home & Auto • Nationwide – Pet Insurance
<p>Tax Savings Program</p> <ul style="list-style-type: none"> – Active <ul style="list-style-type: none"> • Commuter Transportation 	<p>Funded Health Reimbursement Account</p> <ul style="list-style-type: none"> – 2nd Generation Retirees 	<p>Tax Savings Program</p> <ul style="list-style-type: none"> – Active <ul style="list-style-type: none"> • Healthcare Flexible Spending Account • Dependent Care Flexible Spending Account



Current Program Overview | Census Summary

Demographics*				
	San Diego County Regional Airport Authority	Region West	Group Size 50-499	Industry Government/Public Sector
Average Age	52	42.3	42.5	43.6
% Male	53%	56.9%	52.9%	56.9%
% Female	47%	43.1%	47.1%	43.1%

*Includes Actives & Pre-Medicare Retirees

of Employees* **488 – active & budgeted**

- 488 - 356 enrolled/ 80 budgeted (52 waived)

of Retirees** **131 – Pre & Post Medicare Retirees:**

- 36 - Pre-Medicare Retirees 31 enrolled / 5 waived
- 95 - Post-Medicare Retirees 78 enrolled / 17 waived



*Enrollment based on Finance headcount report received 02.09.2024

**Enrollment based on census received 04.12.2024

Current Program Overview | Enrollment

Medical Enrollment Summary*

Enrollment by Plan



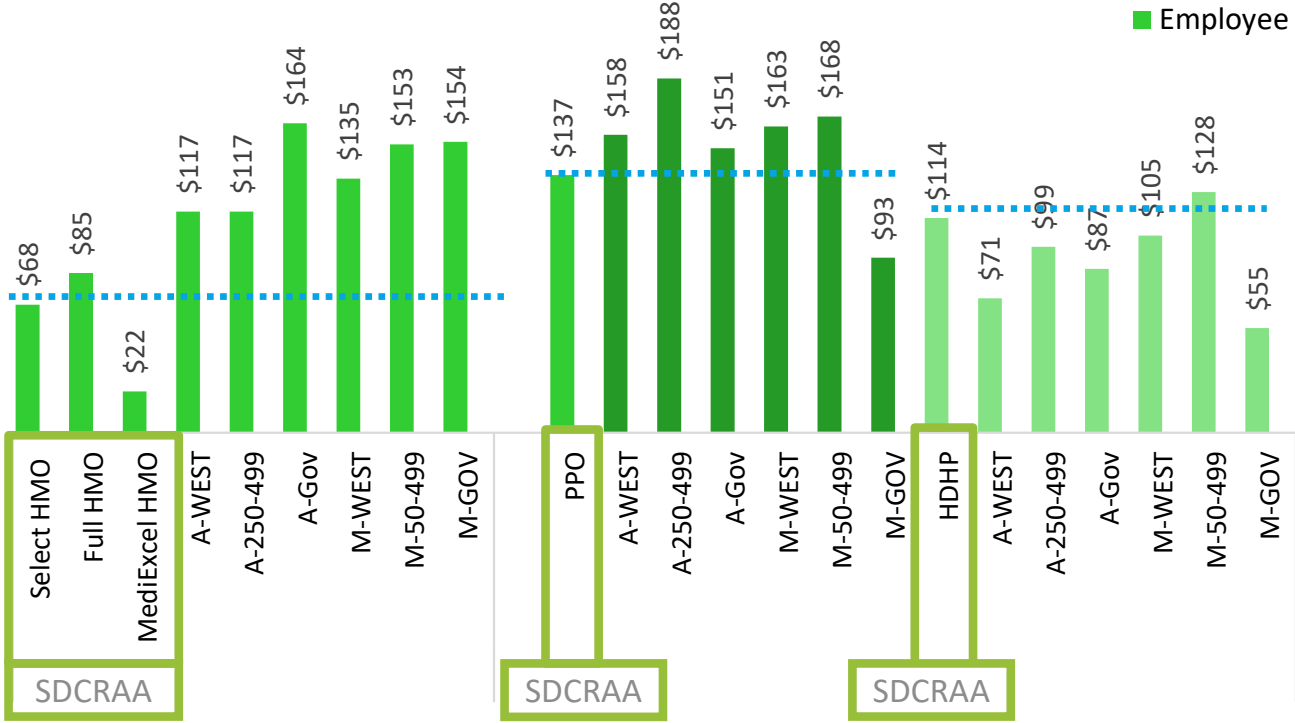
Enrollment by Tier



*Includes Actives & Pre-Medicare Retirees
 Note: The plans and tiers employees enroll in have a significant impact on overall plan cost

Current Program Overview | Employee Cost Share

Plan Cost – Average Monthly Employee Cost Share by Plan Type



Compares the monthly cost our employees pay towards the total medical premium to benchmarks

For the HDHP plan, SDCRAA funds employee HSAs annually:

- Single: \$1,650
- w/Dependents: \$3,300

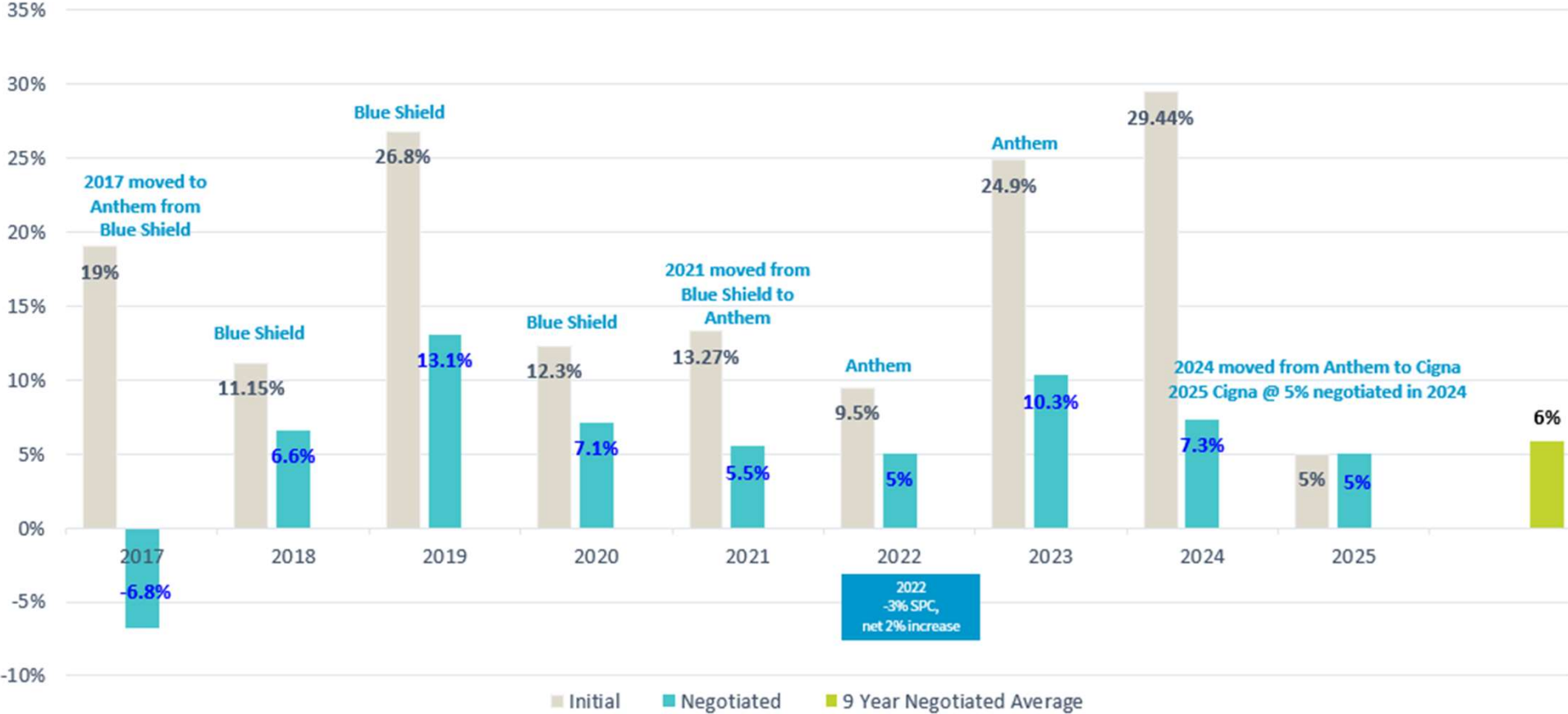


Alliant Book of Business = A-WEST: West, A-250-499: 250-499, A-Gov: Government/Public Sector
 Mercer 2022 National Survey = M-WEST: West, M-50-499: 50-499, M-GOV: Government



Medical Overview

Medical Renewal History*



*Does not include UHC Medicare Retirees or MediExcel Cross-Border enrollment

Medical Renewal | Large Claims (2025 Renewal)

Large Claims Report – All Plans (HMO | PPO | HDHP) (January 2024 paid thru May 2024)

- \$875,000

2024 - 8 claimants account for 31% of Total Annual Premium
(for the same period: January 2024 – May 2024)

2023 - 24 claimants account for \$2.35M in claims or 34% of Total Annual Premium



Medical Market Study Results

PY25 MEDICAL – Active & Pre-Medicare Retirees	
Cigna (Current Carrier)	+5% Wellness and Special Ops Allowance: \$70,000 included
MediExcel (Current Carrier)	+0% (Cross-Border HMO)
PY25 MEDICAL – Post-Medicare Retirees	
UHC (Current Carrier)	+27% (Medicare Advantage PPO)

- PY24 Market Study Results
- PY25 Cigna 5% renewal guarantee was negotiated as part of a two-year agreement
- All PY24 market responses compare to PY23 rates

PY24 MEDICAL MARKETING LIST – Active & Pre-Medicare Retirees	
Anthem (Current Carrier)	Original: +29.44% / Negotiated +23.5%
Aetna	+35%
Blue Shield	+22.37%
Cigna	+7.3% (2024) +5% (2025) Wellness and Special Ops Allowance: \$70,000 included 1 st and 2 nd year
Health Net	+50%
Kaiser	+58.72%
MediExcel (Current Carrier)	+2% (Cross-Border HMO)
Pareto Benefits Captive	Not a good candidate for captive self-funding; lasers on large claims
PRISM - Anthem	+18.14%
Self-Funded	+18% ILLUSTRATIVE
Sharp	Declined
United Healthcare (UHC)	+35%
MEDICAL MARKETING LIST – Post-Medicare Retirees	
UHC (Current Carrier)	+4%

Medical Renewal | Premium By Product

		Enrollment			Renewal (PY2025)				
		Current (PY 2024)			Medical, Dental, Vision, EAP, Life & Disability				
		Carrier			Annual \$				
		Annual \$			Action	Annual \$	\$ Δ	% Δ	
MEDICAL									
Active & Pre-Medicare Retirees									
Narrow HMO	Premium	108	Cigna	\$ 1,541,827	Renew as is	\$ 1,618,920	\$ 77,094	5%	
Expanded HMO	Premium	163	Cigna	\$ 2,929,865	Renew as is	\$ 3,076,360	\$ 146,495	5%	
Traditional PPO	Premium	52	Cigna	\$ 1,207,491	Renew as is	\$ 1,267,865	\$ 60,374	5%	
HDHP (includes HSA administration fee)	HSA ER Funding	47	HSA Bank	\$ 89,600	Increase to match IRS	\$ 92,400	\$ 2,800	3%	
	Premium		Cigna	\$ 818,603	Renew as is	\$ 859,409	\$ 40,805	5%	
Active & Pre-Medicare Retirees		Employer Cost*	370	Cigna		\$ 5,446,357	\$ 257,636	5%	
SUBTOTAL (A)		Employee Cost				\$ 1,398,664	\$ 1,468,597	\$ 69,933	5%
		Premium				\$ 6,497,786	\$ 6,822,554	\$ 324,768	5%
Budgeted		Employer Cost	80	Cigna		\$ 1,240,307	\$ 59,063	5%	
Traditional PPO		Employee Cost				\$ 137,812	\$ 6,563	5%	
SUBTOTAL (B)		Premium				\$ 1,312,493	\$ 1,378,118	\$ 65,626	5%
Active, Pre-Medicare Retirees & Budgeted		Employer Cost*	450	Cigna		\$ 6,686,664	\$ 316,699	4.97%	
SUBTOTAL (A+B)		Employee Cost				\$ 1,529,913	\$ 1,606,409	\$ 76,495	5%
		Premium				\$ 7,810,278	\$ 8,200,673	\$ 390,394	5%
Active		Employer Cost	17	MediExcel		\$ 63,698	\$ -	0%	
Cross Border HMO		Employee Cost				\$ 19,793	\$ -	0%	
SUBTOTAL (C)		Premium				\$ 83,491	\$ 83,491	\$ -	0%
Retirees		Employer Cost	78	UHC		\$ 600,651	\$ 127,536	27%	
Post-Medicare PPO		Employee Cost				\$ 85,482	\$ 108,526	\$ 23,043	27%
SUBTOTAL (D)		Premium				\$ 558,598	\$ 709,177	\$ 150,579	27%
Enrolled + Budgeted		Employer Cost*	545	Cigna, MediExcel & UHC		\$ 7,351,013	\$ 444,235	6.43%	
MEDICAL TOTAL (A+B+C+D)		Employee Cost				\$ 1,635,189	\$ 1,734,727	\$ 99,538	6.09%
		Premium				\$ 8,452,367	\$ 8,993,340	\$ 540,973	6.40%



*Employer cost includes waiver credits, HSA Employer (ER) funding and Other Credits
 **Enrollment includes Active, Budgeted, and Pre-and Post-Medicare Retirees

Medical Contributions | CIGNA & MediExcel

						Cigna Current (2024)		Cigna Renewal (2025)			
HMO						2024 Cigna Select HMO \$250/admit		2025 Cigna Select HMO \$250/admit			
Employer Contributions	Active	Budgeted	Retires	EE Monthly	EE PPP	EE Monthly	EE PPP	EE Mo \$D	EE PPP \$D		
Subscriber Only	56	0	3	\$68.02	\$34.01	\$71.42	\$35.71	\$3.40	\$1.70		
Subscriber + 1 Dependent	17	0	2	\$336.69	\$168.34	\$353.52	\$176.76	\$16.83	\$8.42		
Subscriber + 2 or More Dependents	30	0	0	\$612.16	\$306.08	\$642.77	\$321.38	\$30.61	\$15.30		
HMO						2024 Cigna Full HMO \$250/admit		2025 Cigna Full HMO \$250/admit			
Employer Contributions	Active	Budgeted	Retires	EE Monthly	EE PPP	EE Monthly	EE PPP	EE Mo \$D	EE PPP \$D		
Subscriber Only	79	0	7	\$84.78	\$42.39	\$89.02	\$44.51	\$4.24	\$2.12		
Subscriber + 1 Dependent	26	0	2	\$419.64	\$209.82	\$440.63	\$220.31	\$20.98	\$10.49		
Subscriber + 2 or More Dependents	47	0	0	\$762.99	\$381.49	\$801.14	\$400.57	\$38.15	\$19.07		
PPO						2024 Cigna PPO \$500 Ded		2025 Cigna PPO \$500 Ded			
Employer Contributions	Active	Budgeted	Retires	EE Monthly	EE PPP	EE Monthly	EE PPP	EE Mo \$D	EE PPP \$D		
Subscriber Only	24	80	7	\$136.72	\$68.36	\$143.55	\$71.78	\$6.84	\$3.42		
Subscriber + 1 Dependent	9	0	2	\$676.75	\$338.38	\$710.59	\$355.29	\$33.84	\$16.92		
Subscriber + 2 or More Dependents	4	0	0	\$1,230.46	\$615.23	\$1,291.98	\$645.99	\$61.52	\$30.76		
HDHP						2024 Cigna HDHP \$1,600 Ded (IRS indexed change)		2025 Cigna HDHP \$1,650 Ded (IRS indexed change)			
Employer Contributions	Active	Budgeted	Retires	EE Monthly	EE PPP	EE Monthly	EE PPP	EE Mo \$D	EE PPP \$D		
Subscriber Only	38	0	0	\$114.01	\$57.01	\$119.71	\$59.86	\$5.70	\$2.85		
Subscriber + 1 Dependent	6	0	0	\$566.51	\$283.25	\$594.83	\$297.42	\$28.32	\$14.16		
Subscriber + 2 or More Dependents	3	0	0	\$1,030.02	\$515.01	\$1,081.52	\$540.76	\$51.50	\$25.75		

Employee \$ Difference Per Pay Period

MediExcel
No \$ Difference in employee per pay period



Medical Contributions | MediExcel & UHC

MediExcel – Active Employees Only

MediExcel Renewal (2025)

Employer Contributions	Active	EE Monthly	Monthly Premium	EE Mo \$D	EE PPP \$D
Subscriber Only	9	\$21.95	\$219.48	\$0.00	\$0.00
Subscriber + 1	3	\$138.28	\$526.76	\$0.00	\$0.00
Subscriber + 2 or More	5	\$207.41	\$680.39	\$0.00	\$0.00

Employee \$ Difference from current

UHC Medicare Advantage – Post-Medicare Retirees

Employer Contributions	Post-Medicare	Budgeted	Retirees	Enrollee Monthly	Enrollee Monthly	EE Mo \$D
Medicare Retiree Only	57	0	0	\$47.02	\$59.69	\$12.68
Medicare Retiree +1 Dependent	21	0	0	\$211.59	\$268.63	\$57.04
Medicare Dependent 65+ Only	0	0	0	\$211.59	\$268.63	\$57.04

Enrollee \$ Difference from current



Ancillary Overview



Ancillary Renewal Overview

Line of Coverage	Carrier	Renewal
Dental (DHMO and DPPO)	Anthem	Original DHMO: +4% / Negotiated: 0% / Rate Pass to 2026 Original DPPO: -9% / Negotiated: -7.38% with plan enhancement
Vision	VSP	+0% / Rate Pass to 2026
Long Term Care (Voluntary)	Unum	+0% / Closed Block of Business, No published rate changes for the policy
Employee Assistance Program	Anthem	+4%
Business Travel Accident (BTA)	Cigna	+0%

Line of Coverage	Carrier	Renewal
Basic Life and AD&D	PRISM – Lincoln	+0% / Rate Guarantee to 2027
Life and AD&D (Voluntary)	PRISM – Lincoln	+0% / Rate Guarantee to 2027
Short Term Disability	PRISM – Lincoln	+0% / Rate Guarantee to 2027
Long Term Disability (Voluntary)	PRISM – Lincoln	+0% / Rate Guarantee to 2027

Dental Renewal

Dental Contributions

				Current (2024)		Negotiated Renewal (2025)			
				2024 Anthem Dental PPO		2025 Anthem Dental PPO			
Employer Contributions	Active	Budgeted	Retirees	EE Monthly	EE PPP	EE Monthly	EE PPP	EE Mo \$D	EE PPP \$D
Subscriber Only	220	26	49	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Subscriber + 1 Dependent	60	0	43	\$18.77	\$9.38	\$17.39	\$8.69	-\$1.38	-\$0.69
Subscriber + 2 or More	82	0	5	\$34.01	\$17.00	\$31.50	\$15.75	-\$2.51	-\$1.25
				2024 Anthem Dental HMO		2025 Anthem Dental HMO			
Employer Contributions	Active	Budgeted	Retirees	EE Monthly	EE PPP	EE Monthly	EE PPP	EE Mo \$D	EE PPP \$D
Subscriber Only	38	0	7	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Subscriber + 1 Dependent	15	0	6	\$6.72	\$3.36	\$6.72	\$3.36	\$0.00	\$0.00
Subscriber + 2 or More	16	0	0	\$15.46	\$7.73	\$15.46	\$7.73	\$0.00	\$0.00

Employee \$ Difference from current
 DPPO plan enhancement: 3 cleanings/year

Vision Contributions

No \$ Difference in employee per pay period

				Current (2024)		Renewal (2025)			
				2024 VSP Vision		2025 VSP Vision			
Employer Contributions	Active*	Budgeted	Retirees*	EE Monthly	EE PPP	EE Monthly	EE PPP	EE Mo \$D	EE PPP \$D
Subscriber Only	228	30	32	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Subscriber + 1	78	0	40	\$5.49	\$2.75	\$5.49	\$2.75	\$0.00	\$0.00
Subscriber + 2 or More	77	0	2	\$14.27	\$7.14	\$14.27	\$7.14	\$0.00	\$0.00



*Actives have employer sponsored vision coverage
 Pre-and Post-Medicare Retirees have voluntary coverage

Employee Credits

		Credits	
		Active	Renewal
Waiver Credits	Dental	31	\$ 4.84
	Annual Total	31	\$ 1,800

Current Wellness Program Incentive

- \$200 WellWorks Gift Card for reaching 200 total points by completing activities (Active EE Only)



 **SAN DIEGO**
INTERNATIONAL AIRPORT.
LET'S GO.



Additional Benefits

Lifestyle Spending Account | IGOE

- 43% of the allotted funding has been accessed in the first 5 months of the program
- Top 5 most utilized categories account for \$58,000 or 80% of the spend YTD
- The utilization proves that this program has a direct, positive impact on the every day well-being of the SDCRAA employees

Description	Total Spent
Fuel Dispensers, Automated	\$25,465.64
Grocery Stores, Supermarkets	\$15,737.33
Sporting Goods Stores	\$7,329.13
Membership Clubs	\$5,903.24
Veterinary Services	\$3,642.50
Bicycle Shops - Sales and Service	\$2,351.63
Utilities - Electric, Gas, Water, Sanitary	\$2,342.83

Child Care on Demand | TOOTRiS

Registrations and Support YTD

- 43 Employees registered
- 12 families actively seeking enrollment:
 - 92% with 1 child
 - 8% with 2 children
- 69 Concierge Touchpoints (how families are communicating with the Concierge Team)
 - 38% Calls
 - 62% Emails
- Provider Touchpoints (how families are communicating with providers in TOOTRiS)
 - 43% Requesting messages from providers
 - 14% Requesting to be on waitlists
 - 43% Requesting calls from providers



New Benefits



Bereavement Support | Empathy

Impactful bereavement support

- Emotional support and grief guidance
- Financial and estate settlement guidance
- Funeral and administrative assistance

Combines technology with the human touch

- Personalized care plan
- Dedicated Care Team available on demand
- Care Managers come from social work, behavioral health, and other relevant backgrounds
- Advanced tools streamline life after loss; canceling accounts, writing an obituary and claiming benefits
- Can be shared with family members to delegate and partner on tasks and collaborate while keeping each other informed and updated

Your Care Plan

This week

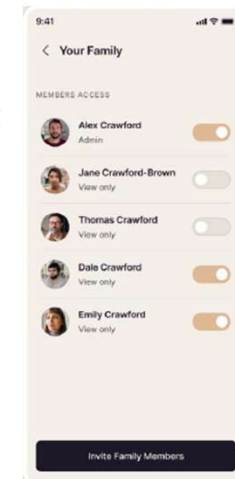
- ✓ Contact a funeral home
Done
- ✓ Prepare the house
Done
- Write an obituary
Next up



Your next call with Rebeca

Review your Care Plan and talk through the biggest challenges you're facing.

12:30-1:00pm



Medicare Concierge | Alliant

Medicare education and enrollment assistance from licensed agents in all 50 states

- Agents are trained on Airport Authority plans to support comprehensive needs analysis and best fit coverage
- Unbiased support and follow-through
- Open to employees, dependents, friends & family



Trained agents
focused on the
Medicare
population



Able to pull
multiple plans
and carriers and
compare



Prescription
Drug analysis
Provider finder



If appropriate,
Electronic
Enrollment

Concern EAP



Better Outcomes for a Modern Workplace

Today's workforce represents a full spectrum of age groups, preferences, cultural diversity, and job types. By combining the best of high-tech and high-touch support, we improve access and outcomes for more organizations and their employees.

White Glove Member Experience

Mobile-first Digital Access

Toll-Free Access Line for Personal Service

Accessible Counseling

Goal-Focused Coaching

Guided Mindfulness Training & Other Partner Apps

Management Consultations

Immediate Crisis Support



Recommendations



Staff Recommendations

- Renew all current carriers
- Lifestyle Spending Account (LSA) increase Authority contribution by \$100 per EE *
- Add Bereavement support through Empathy, a combination of technology and real-time human assistance*
- Add concierge Medicare* education and assistance with dedicated advisors** for employees & family members
- Change Anthem EAP to Concern EAP

*Empathy program cost is an eligible expense covered using Cigna Special Ops/Wellness funds

**Concierge Medicare service using Cigna Special Ops/Wellness funds

Fiscal Impact

Active and Budgeted only

Description	Current	recommended Renewal	% Change	Budgeted Costs CY 2025	\$ Difference Between Recommended and Budgeted	% Difference Between Recommended
Medical ³	\$ 5,963,073	\$ 6,257,921	5%	\$ 6,251,629	\$ 6,292	0%
HSA Funding	\$ 89,600	\$ 92,400	3%	\$ 84,000	\$ 8,400	10%
Dental ³	\$ 318,998	\$ 298,329	-6%	\$ 334,062	\$ (35,733)	-11%
Vision ¹	\$ 48,222	\$ 48,222	0%	\$ 58,560	\$ (10,338)	-18%
Basic Life/AD&D	\$ 59,812	\$ 59,812	0%	\$ 73,348	\$ (13,536)	-18%
Short Term Disability	\$ 142,023	\$ 142,023	0%	\$ 169,930	\$ (27,907)	-16%
LifeStyle Savings Account (LSA) ⁴	\$ 244,000	\$ 292,800	20%	\$ 244,000	\$ 48,800	20%
Other ²	\$ 10,606	\$ 21,424	102%	\$ 11,229	\$ 10,195	91%
TOTAL	\$ 6,876,334	\$ 7,212,931	5%	\$ 7,226,758	\$ (13,827)	0%

¹ Vision includes 100% EEO employer subsidy for those enrolled

² Includes: Dental Waiver Credit and Carrier Change from Anthem to Concern for Employee Assistance Program (EAP)

³ Budgeted headcounts in PPO EEO. HDHP includes HSA Admin fee. Medical includes Cigna & MediExcel Plans.

⁴ Headcount of 488@ \$500 per ee/per year for current vs recommended at \$600/per ee per year

Evolution of Authority Benefits 2021-2022

2021 & 2022 - Modernized Benefits Administration & Employee Experience

- Contracted with Alliant and Optavise in 2021
 - Aligned Benefits Renewal with Finance's budget headcount (↑predictability)
 - Transformed administrative processes
 - EDI/data transmission: built carrier, vendor and payroll file feeds automating data transfer and improving accuracy
 - Billing Consolidation & Reconciliation
 - New Hire Onboarding
 - Dependent Verification
 - Evidence of Insurability
 - Qualifying Life Event management
 - Cobra Administration
 - ACA Reporting & Tracking
 - Employee experience
 - Benefits Supersite
 - Single Sign-On (SSO)
 - Online enrollment, 24/7 access
 - Call Center/Benefits Hotline
 - Simplified employee address/phone #/emergency contacts process
 - Automated Union Dues processing for new hires/terminations
 - Data Management
 - Validated and verified existing data
 - Eliminated most paper processes
 - Upgraded Reporting capability
 - \$35,000 and \$10,000 Wellness and Communication funds from carrier
- Added Benefits 2022
 - MediExcel Cross-Border HMO
 - Added FSA Transit to replace Pronto
 - Repurposed employee only \$8/mo. medical credit to add future benefits
 - Consolidated medical contribution strategy by removing non-wellness tier
 - Rebranded Communications Package
 - Remodeled Active & Retiree Benefit Guides
 - Redesigned digital & print materials
 - Direct Path replaced Health Advocate (Core Advocacy) to improve employee and retiree experience
 - Managed COVID Compliance impacts:
 - Cobra ARPA subsidy and timeline extensions
 - HIPAA Special Enrollment Rights
 - FSA amendments allowed by CAA were evaluated and declined
 - \$35,000 and \$10,000 Wellness and Communication funds from carrier

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Evolution of Authority Benefits 2023-2024

2023 Continued Benefits Program Expansion & Streamlined Processes

- Added Benefits 2023
 - Lincoln VWB (Acc, CI, Hosp)
 - Pathwise Financial Wellness - access to Financial Advisors / no cost
 - Employer-Sponsored vision for Active employees (Pre and Post-Medicare retirees remained voluntary)
 - Parking Cash Out Program (added 9/1/2023)
 - Amended Section 125 plan after ACA Family Glitch fix; allows midyear plan changes giving dependents access to tax subsidies through Exchange
- Moved to PRISM Life & Disability eff 10/2023, guaranteed rates to 2027
 - 5 LOA vendors invited. Selected JJ Keller. Brought LOA Admin in-house
 - Improved employee LOA support
 - Reduced annual premium by \$50,000
 - Standardized Vol Life contract
 - Provided option to continue dependent coverage by allowing employees one-time opportunity to enroll without EOI
 - Dependent coverage requires employee enrollment
 - Spouse coverage cannot exceed 50% of employee election
- Employee Experience
 - Created Benefits Newsletter (monthly publication)
 - Enhanced Tuition Reimbursement Process
 - Arranged Optavise Onsite/Virtual Benefit Educator support
- Automated internal EDI file feeds R-FHRA, Empower, HSA, etc
- \$35,000 and \$10,000 Wellness and Communication funds from carrier

2024 Evolving Benefits Program

- Added Benefits 2024
 - Lifestyle Spending Account (LSA)
 - Limited FSA
 - Paid Family Leave (Parental Leave through Parento and Family Care Leave with a salary continuation for other outlined leaves)
 - Childcare Finder App and Concierge support through TOOTRiS
 - Executive Physicals program modified; LSA funding option
 - Increased HSA employer funding to match higher IRS minimum deductible legislative change
- Repurposed Medical Waiver Credits to fund additional benefits
- Unum GLTC policy anniversary date aligned to January 1
- Automated Optavise Census (weekly file feed)
- Developed method to collect employee feedback on benefit providers
- Core benefit enrollment system automated (PTO, OTH, Auto Allowance)
- Enhanced Communications Package
 - Customized HSA Video education
 - Customized LSA Video education
 - EOI Benefit Educators improved employee and retiree enrollment support
 - Elevated digital design
 - Incorporated text messaging
- Enhanced ESS Dashboard linking all benefits related websites (MyBenSite, Empower, SDCERS, etc) creating a single source for all provider websites
- \$70,000 Special Ops funds from carrier
- Wellworks replaced Health Advocate Wellness Platform

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A photograph of a sunset or sunrise sky. The sky is filled with soft, orange and pink clouds. In the upper left corner, a small airplane is visible, flying towards the right. The overall scene is serene and atmospheric.

Questions?

Staff Report

Meeting Date: October 3, 2024

Subject:

Authorize a Divided Vote in accordance with Section 218(d) of the Social Security Act

Recommendation:

Adopt Resolution No. 2024-0088, authorizing a divided vote election by Authority employees participating in the Defined Benefit Pension Plan regarding Social Security participation.

Background/Justification:

Public agencies that have retirement plans are subject to certain laws related to Social Security. If a public agency's retirement plan is a defined benefit pension plan—where the retirement benefit is guaranteed -- then payment into Social Security is not allowed unless the public agency enters into an agreement with the Social Security Administration (SSA). Authority employees in the Defined Benefit Pension Plan administered by the San Diego City Employees Retirement System (SDCERS) (hereinafter "Defined Benefit Pension Plan") have been paying into Social Security since the Authority's inception in 2003. To protect the Social Security benefits of those who have retired and those who wish to continue contributing to Social Security, the Authority must enter into a voluntary agreement with the SSA – this is called a Section 218 Agreement. Section 218 refers to a section of the Social Security Act that allows a voluntary agreement between the federal government and a local government to allow employees who are participating in a defined benefit pension plan to also participate in Social Security.

Without a 218 Agreement, the Social Security benefits of the current employees and retirees are at risk. This issue can be solved with a Section 218 Agreement. In order to get a Section 218 Agreement, the Airport Authority, with the assistance of CalPERS (the administrator for Social Security in California) must conduct an election or a vote of all active and eligible employees who are participating in the Defined Benefit Pension Plan. The vote can be done in one of two ways: a majority vote or a divided vote. A majority vote requires that a majority of employees vote "yes" in order to preserve Social Security benefits. A divided vote allows each employee to vote whether they want to continue paying into Social Security or not. A "yes" vote in a divided vote means that the employee wishes to continue participating in Social Security.

Meeting Date: October 3, 2024

A “yes” vote continues the status quo. A “no” vote in a divided vote means that the employee does not wish to participate in Social Security. The vote process is conducted by CalPERS. Authority staff has been working closely with CalPERS to prepare for the vote.

The first step in the vote process is for the Board to adopt the Resolution provided by CalPERS. Once the Board adopts the Resolution, a notification will be sent to active and eligible employees in the Defined Benefit Pension Plan informing them of the date of the vote. Once that notification is sent out, the vote cannot take place for at least 90 days during which time there will be informational sessions with CalPERS and the Federal SSA.

Many public agencies have been through this process and successfully corrected this issue. Authority employees have been informed of the need for a vote. The Executive Leadership Team, the General Counsel and CalPERS have held informational sessions for Authority staff. Employees will be provided an on-line informational session, FAQs and an email where they can send questions. In addition, after the notice is sent to employees, CalPERS and the Federal Social Security Administration will present informational sessions and answer employees’ questions.

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

Meeting Date: October 3, 2024

Environmental Review:

- A. CEQA: This Board action is not a project subject to the California Environmental Quality Act ("CEQA"), as amended. 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:

Amy Gonzalez
General Counsel



Official State Social Security Administrator
California Public Employees' Retirement System

P.O. Box 720720, Sacramento, CA 94229-0720 | Phone: (916) 795-0810 | Fax: (916) 795-3005
888 CalPERS (or 888-225-7377) | TTY: (877) 249-7442 | www.calpers.ca.gov/sssa

August 13, 2024

CalPERS ID No.: 4314507171

Amy Gonzalez
General Counsel
San Diego County Regional Airport Authority
2417 McCain Road
San Diego, CA 92101

Dear Amy Gonzalez,

Thank you for contacting the State Social Security Administrator's Office (State Administrator) regarding Social Security coverage for your agency.

Based on the information provided in the Coverage Questionnaire, the San Diego County Regional Airport Authority desires to conduct a divided vote election for employee social security benefits.

In a divided vote election, each employee who is a member of the San Diego City Employees' Retirement System on the election date will make an individual choice as to whether or not they personally want Social Security coverage. All new employees will be automatically covered under Social Security on the date they become members of the retirement system.

The first step is for the San Diego County Regional Airport Authority to adopt a resolution to request permission to conduct an election among eligible members of the retirement system. To do so, please complete and return the enclosed resolution and certification.

These documents should not be modified in any way, as only the content included and provided by this office will be accepted.

If you have any questions regarding the enclosed information, call us at (916) 795-0810.

Sincerely,

A handwritten signature in cursive script that reads 'Liza Lopez'.

Liza Lopez
State Social Security Administrator Program

Enclosures

RESOLUTION NO. 2024-0088

WHEREAS, the San Diego County Regional Airport Authority hereinafter designated as "Public Agency", desires to establish a "deemed" retirement system pursuant to Section 218(d)(6) of the Federal Social Security Act composed of positions of members of the San Diego City Employees' Retirement System hereinafter designated as "Present Retirement System", desiring coverage, and to include services performed by individuals employed by the Public Agency in positions covered by said "deemed" retirement system, as members of a coverage group established by Section 218(d)(4) of said Act, in the California State Social Security Agreement of March 9, 1951, providing for the coverage of public employees under the insurance system established by said Act as amended; and

WHEREAS, State and Federal law and regulations require, as a condition of such coverage, that a division be authorized by the Board of Administration, Public Employees' Retirement System; and

WHEREAS, it is necessary that the "Public Agency" now designate any services which it desires to exclude from coverage with respect to such coverage group under said insurance system; and

WHEREAS, it is necessary for the Public Agency to set forth the modification, if any, of the benefits and contributions under the Present Retirement System that may result from coverage under the said insurance system with respect to such coverage group;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Administration, Public Employees' Retirement System, be and hereby is requested to authorize the foregoing division; and

BE IT FURTHER RESOLVED, that upon receipt of authorization from the Board of Administration a division shall be conducted in accordance with the requirements of Section 218(d) of the Social Security Act, and applicable State and Federal laws and regulations; that each eligible member of the Present Retirement System at the time of the division shall be furnished a form to permit the member to elect whether or not his services should be excluded from or included under the said California State Social Security Agreement as hereinbefore provided; with such coverage effective as to services performed on and after January 1, 2003; and

BE IT FURTHER RESOLVED, that the following services with respect to said coverage group of the Public Agency shall be excluded from coverage under said agreement:

1. All services excluded from coverage under the agreement by Section 218 of the Social Security Act; and
2. Services excluded by option of the Public Agency (**Check a. or b.; fill in part b if checked**):

a. No optional exclusions desired.

b. Service performed: _____

BE IT FURTHER RESOLVED, that with respect to the said coverage group the benefits and contributions of the Present Retirement System shall not be modified in any way; and

BE IT FURTHER RESOLVED, that notice of the division shall be given to members of the Present System not less than ninety days prior to the date of the division; provided, however, that notice shall be given to employees becoming members of the Present Retirement System after the date of such notice up to and including the date of the division on the date on which they attain membership in the system; and that the San Diego County Regional Airport Authority is hereby designated and appointed to conduct such division on behalf of the Public Agency in accordance with law, regulations, and this resolution, including the fixing of the date and the giving of proper notice thereof to members of the Present Retirement System and to all such eligible employees; and

BE IT FURTHER RESOLVED, that the Public Agency will pay and reimburse the State at such time and in such amounts as may be determined by the State the approximate cost of any and all work and services relating to such division.

Presiding Officer

San Diego County Regional Airport Authority
Official Name of Public Agency

Date

CERTIFICATION

I, _____, _____ of the San Diego County Regional Airport Authority, State of California, do hereby certify the foregoing to be a full, true, and correct copy of Resolution No. _____ adopted by the Board of the San Diego County Regional Airport Authority at the regular meeting held on the ____ day of _____, _____, as the same appears of record in my office.

Signature

Presiding Officer Title

Date

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 3rd day of October 2024, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

ANNETTE FAGAN ORTIZ
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

Social Security and 218 Agreement

October 3, 2024



Defined Benefit Pension Plan (DB) and Social Security

- Public Agencies that have retirement plans are subject to certain laws related to Social Security participation
- If a public agency's retirement plan is a defined benefit pension plan – one that guarantees a retirement benefit -- payment into Social Security is not allowed unless the public agency enters into a voluntary agreement with the Social Security Administration
- This voluntary agreement is called a "Section 218" Agreement
- The Airport Authority does not have a 218 Agreement in place.

Vote Required

- Current DB Employees can elect whether to participate in Social Security
 - “Yes” vote means employees continue to participate in Social Security.
- OR
- “No” vote means employee stops participating in Social Security.
-
- Vote preserves Social Security benefits for current employees participating in the DB Plan
 - Vote preserves Social Security benefits for retirees.

Next Steps - Timeline

- Board Action October 3rd meeting
- Notice of vote sent to eligible employees participating in the Defined Benefit Pension Plan
- Information Sessions with CalPERS and Federal Social Security Administration
- At least 90 calendar days after the notice is sent, the vote is administered by CalPERS

A large commercial airplane is flying in the upper left quadrant of the image. The sky is filled with soft, pinkish-orange clouds, suggesting a sunset or sunrise. In the background, a city skyline with various high-rise buildings is visible. The foreground shows a body of water and some greenery on the left side.

Questions?

Staff Report

Meeting Date: October 3, 2024

Subject:

Approve an Amendment to the Defined Contribution Plan

Recommendation:

Adopt Resolution No. 2024-0089, approving and authorizing the President/CEO to execute an amendment to the Authority's Defined Contribution Plan to increase the Authority's contribution to 8% and eliminate the Authority's match.

Background/Justification:

In September 2023, the Board authorized an amendment to the Defined Benefit Pension Plan to allow unrepresented employees hired after January 1, 2024 to choose between the Defined Benefit Pension Plan administered by SDCERS and a defined contribution plan consisting of a 401(a) plan and a 457(b) plan (collectively "Defined Contribution Plan"). Board Resolution No. 2023-0081 authorized the following elements of the Defined Contribution Plan:

- the Authority will make a contribution of 5% of eligible compensation to the employee's 401(a) defined contribution plan. The Authority's 5% contribution is not dependent upon the employee making any employee contribution; and
- in addition to the 5% contribution, if the employee contributes to the 457(b) deferred compensation plan, the Authority will match 100% of that contribution, dollar-for-dollar, up to 3% of the employee's eligible compensation into the employee's 401(a) account; and
- contributions in the 401(a) defined contribution plan will be subject to a three-year vesting schedule, meaning employees will have complete ownership over the Authority's contributions if employed by the Authority for at least three years after hire date; and
- employee contributions to the 457(b) deferred compensation plan are immediately vested and employees will have ownership over contributions from the first date of contribution; and

To allow greater flexibility to unrepresented employees participating in the Defined Contribution Plan, staff recommends that the Defined Contribution Plan be amended to increase the Authority's contribution to the 401(a) plan to 8% of eligible compensation and eliminate the Authority match. By increasing the contribution amount to 8% of eligible compensation, neither the employee nor the Authority is required to contribute to Social Security. Removing the requirement to contribute to Social Security results in 6.2% more in each employee's paycheck. To ensure that employees participating in the Defined Contribution Plan receive the 8% contribution, the amendment, if approved, shall be effective January 1, 2024. All contributions that employees participating in the Defined Contribution Plan have made to Social Security during employment at the Authority shall be returned. The proposed amendments to the Defined Contribution Plan are as follows:

- the Authority will make a contribution of 8% of eligible compensation to the employee's 401(a) defined contribution plan. The Authority's 8% contribution is not dependent upon the employee making any employee contribution; and
- the Authority match is eliminated; and
- contributions in the 401(a) defined contribution plan will be subject to a three-year vesting schedule, meaning employees will have complete ownership over the Authority's contributions if employed by the Authority for at least three years after hire date; and
- employee contributions to the 457(b) deferred compensation plan are immediately vested and employees will have ownership over contributions from the first date of contribution.

Fiscal Impact:

The Fiscal Impact of the amended changes to the Defined Contribution Plan is expected to be nominal. The Authority will save from no longer being required to contribute 6.2% FICA taxes for Defined Contribution Plan participants. Those savings will be partially offset by the 3% increase in the Authority's contribution to participants' Defined Contribution Plan accounts. In addition, the FY 2025 Operating Budget has sufficient funds to cover legal costs of this change in the DC plan.

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:

Monty Bell
Director, Human Resources

RESOLUTION NO. 2024-0089

A RESOLUTION OF THE BOARD OF THE SAN DIEGO
COUNTY REGIONAL AIRPORT AUTHORITY
APPROVING AMENDMENTS TO THE AUTHORITY'S
457(b) and 401(a) DEFINED CONTRIBUTION PLAN

WHEREAS, in September 2023, the Board adopted Resolution No. 2023-0081 amending the Authority's Defined Benefit Pension Plan to allow unrepresented employees hired after January 1, 2024, to choose between the Defined Benefit Pension Plan or the Authority's defined contributions plans consisting of a 457(b) and a 401(a) plan (collectively "Defined Contribution Plan"); and

WHEREAS, Resolution No. 2023-0081 authorized amendments to the Defined Contribution Plan; and

WHEREAS, in order to provide additional flexibility to unrepresented employees hired after January 1, 2024, who are participating in the Defined Contribution Plan, the Board wishes to amend the Defined Contribution Plan to increase the Authority's contribution to the 401(a) Plan to 8% of the employee's pay, eliminate the Authority match and no longer contribute to Social Security; and

WHEREAS, the Board approves amendments to the Defined Contribution Plan as follows:

- the Authority will make a contribution of 8% of eligible compensation to the employee's 401(a) defined contribution plan. The Authority's 8% contribution is not dependent upon the employee making any employee contribution; and
- the Authority match is eliminated; and
- contributions in the 401(a) defined contribution plan will be subject to a three-year vesting schedule, meaning employees will have complete ownership over the Authority's contributions if employed by the Authority for at least three years after hire date; and

- employee contributions to the 457(b) deferred compensation plan are immediately vested and employees will have ownership over contributions from the first date of contribution; and

WHEREAS, the Board finds it is in the best interest of the Authority to amend the Defined Contribution Plan in the manner described herein and for this amendment to be effective January 1, 2024.

NOW THEREFORE BE IT RESOLVED that the Board approves amendments to the Defined Contribution Plan as follows:

- the Authority will make a contribution of 8% of eligible compensation to the employee's 401(a) defined contribution plan. The Authority's 8% contribution is not dependent upon the employee making any employee contribution; and
- the Authority match is eliminated; and
- contributions in the 401(a) defined contribution plan will be subject to a three-year vesting schedule, meaning employees will have complete ownership over the Authority's contributions if employed by the Authority for at least three years after hire date; and
- employee contributions to the 457(b) deferred compensation plan are immediately vested and employees will have ownership over contributions from the first date of contribution; and

BE IT FURTHER RESOLVED that the amendments to the Defined Contribution Plan described herein shall be effective January 1, 2024; and

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

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

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

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 3rd day of October 2024, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

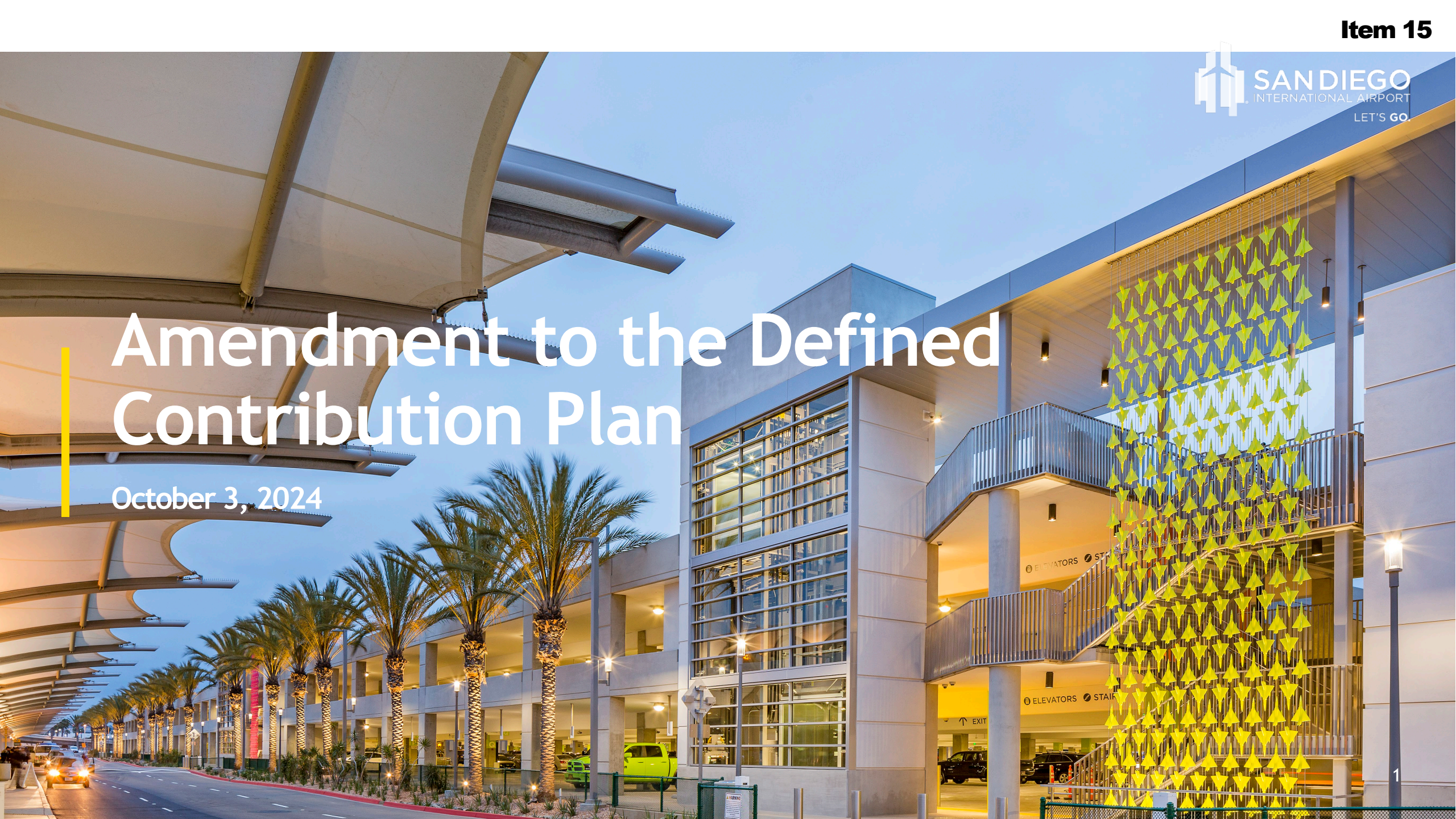
ANNETTE FAGAN ORTIZ
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

Amendment to the Defined Contribution Plan

October 3, 2024



Background

- In September 2023, the Board authorized an amendment to the Defined Benefit Pension Plan to allow unrepresented employees hired after January 1, 2024 to choose between the Defined Benefit Pension Plan administered by SDCERS and a defined contribution plan consisting of a 401(a) plan and a 457(b) plan
- Further more;
 - the Authority will make a contribution of 5% of eligible compensation to the employee's 401(a).
 - the Authority will match 100% of that contribution, dollar-for-dollar, up to 3% of the employee's eligible compensation into the employee's 401(a).
 - the Authority contributions in the 401(a) will be subject to a three-year vesting schedule

Retirement Plans and Social Security

- Social Security participation is mandatory for public agency employees unless they participate in a retirement plan that is deemed a qualified alternative to social security ("alternative retirement plan")
- An “alternative retirement plan” is one where contributions are at least 7.5% of employee pay.
- No requirement for employees to contribute to Social Security as long as total contributions to DC plan are at least 7.5%.
- In order to make the DC Plan an “alternative retirement plan” the Authority will increase contributions to 8% (and eliminate the Authority match).
- Employees in the DC plan will no longer contribute to Social Security.

Staff Recommendation

- Adopt Resolution No. 2024-0089 approving and authorizing the President/CEO to execute an amendment to the Authority's Defined Contribution Plan to increase the Authority's contribution to 8% and eliminate the Authority's match.



Questions?