



SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY
STAFF REPORT

Item No.
11

Meeting Date: **DECEMBER 13, 2012**

Subject:

Amend Authority Policy 1.50 (5)(c)(v), Expanding The Scope And Changing The Name Of The Board's Terminal Development Committee To The Capital Improvement Program (CIP) Oversight Committee

Recommendation:

The Terminal Development Program Committee recommends that the Board Adopt Resolution No. 2012-0133, amending Authority Policy 1.50 (5)(c)(v) expanding the scope and changing the name of the Board's Terminal Development Program Committee, to the Capital Improvement Program Oversight Committee.

Background/Justification:

On February 5, 2009, the Board adopted Resolution No. 2009-0009, establishing the Terminal Development Program (TDP) Committee as a standing committee of the Board. The mission of the TDP Committee is to oversee the execution of the Green Build and all associated activities (i.e.; community outreach, small business development, auditing, financing, schedule and budget) to ensure successful completion of the project.

The oversight role has proven to be a critical element in keeping the Board and the public informed as to the progress and state of the Green Build Program.

The Authority's Capital Improvement Program (CIP), however, has not been overseen by the TDP Committee. Expanding the role of the Committee to include the CIP would bring to the CIP the same benefits that have been experienced in the Green Build.

Therefore, staff recommends that the Board expand the scope and change the name of the TDP committee to include oversight of the Capital Improvement Program (i.e., Terminal 2 East Improvements, Rental Car Center, and future cargo development) to ensure that the transparent execution of the Authority's Capital Improvement Program continues.

Fiscal Impact:

Not applicable.

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RESOLUTION NO. 2012-0133

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY AMENDING AUTHORITY POLICY 1.50 (5)(C)(V) EXPANDING THE SCOPE AND CHANGING THE NAME OF THE BOARD'S TERMINAL DEVELOPMENT PROGRAM COMMITTEE, TO THE CAPITAL IMPROVEMENT PROGRAM OVERSIGHT COMMITTEE

WHEREAS, on February 5, 2009, the Board adopted Resolution No. 2009-0009, establishing the Terminal Development Committee (TDP) as a standing committee of the Board; and

WHEREAS, the mission of the TDP committee is to oversee the execution of the Green Build and all associated activities (i.e.; community outreach, small business development, auditing, financing, schedule and budget) to ensure successful completion of the project; and

WHEREAS, the oversight role has proven to be a critical element in keeping the Board and the public informed as to the progress and state of the Green Build Program; and

WHEREAS, it is in the best interests of the authority to expand the role of the Committee to include oversight of the authority's Capital Improvement Program and to change the name of the Committee to reflect this expanded role.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby adopts the attached amendment to Authority Policy 1.50 ("Attachment A") to change the name of the TDP Committee to the Capital Improvement Oversight Committee and expand the Committee's scope to include oversight of and ensure the transparent execution of the Authority's Capital Improvement Program; and

BE IT FURTHER RESOLVED that the San Diego County Regional Airport Authority Board ("Board") finds that this Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended; 14 Cal. Code Regs. §15378; This Board action is not a "project" subject to CEQA. Pub. Res. Code §21065; and this Board action is not a "development" as defined by the California Coastal Act; Pub. Res. Code § 30106.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a special meeting this 13TH day of December, 2012, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, CORPORATE SERVICES/
AUTHORITY CLERK

APPROVED AS TO FORM:

BRETON K. LOBNER
GENERAL COUNSEL

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

POLICIES

- ARTICLE 1 - ADMINISTRATION AND GOVERNANCE**
PART 1.5 - GOVERNANCE
SECTION 1.50 - GOVERNANCE AND COMMITTEES
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PURPOSE: To establish the principles and practices for the governance of the San Diego County Regional Airport Authority (the “**Authority**”).

POLICY STATEMENT:

(1) Establishment of Governance Principles and Practices. The Authority is committed to being and operating as a world-class organization, and to that end shall adopt, implement and maintain best-in-class governance principles and practices.

(2) Adoption of Governance Policy. It is in the best interests of the Authority and the public that it serves to adopt this policy to supplement the San Diego County Regional Airport Authority Act, as amended (the “**Authority Act**”), to delineate the respective roles, duties and responsibilities of:

- The Board of Directors (the “**Board**”);
- The Board’s Executive Committee (the “**Executive Committee**”); and
- The President and Chief Executive Officer (the “**President/CEO**”).

(3) Considerations. This policy has been developed based on the following considerations:

- Review of best-in-class governance principles and practices that have been developed and tested in practice by respected airport authorities and other governmental entities;
- A desire to meet the needs of the public that the Authority serves, and the individuals and businesses that use the Authority’s facilities or deal with the Authority; and
- A recognition that the delineation of the respective roles, duties and responsibilities of the Board, the Executive Committee, the President/CEO and the Authority’s officers and employees is essential to assure the transparent, efficient and harmonious operation of the Authority, and the achievement of the purposes for which it was created.

(4) Objectives. The objectives of this policy are to:

- Establish principles and practices to facilitate communication and coordination among the Board, the Executive Committee, the President/CEO and the Authority's officers and employees with respect to the Authority's vision, mission, policy and management;
- Establish clear appropriate roles and functions of the Board, the Executive Committee, the President/CEO and the Authority's officers and employees;
- Provide for the Board's exercise of its authority to set the policies and direction of the Authority and to monitor and evaluate the management of the Authority by the President/CEO and the Authority's officers and employees, without impeding or interfering with the proper conduct of the Authority's operations and affairs;
- Provide for appropriate interface and liaison with other government agencies, particularly (1) the consolidated agency comprised of the San Diego Association of Governments (SANDAG), the Metropolitan Transit Development Board (MTDB) and the North County Transit Development Board (NCTD) created by Public Utilities Code §132350.2, and (2) the San Diego Unified Port District;
- Implement governance principles and practices that are subject to periodic review and modification in order to evolve with the Authority's needs and operations; and
- Through the foregoing, facilitate communication, coordination and cooperation within the Authority, and achieve transparency and accountability in governance, and the confidence of the public in the integrity and responsibility of the Authority.

(5) Board.

(a) Role. The Board's role is to establish, in collaboration with the President/CEO and the Authority's officers and employees through an open, public process, the vision, long-term strategy and goals for the Authority and to provide leadership to attain them.

The Board should refrain from participating in the day-to-day operations of the Authority.

- In the case of Board Members or committees requesting information or assistance without Board authorization, the request must not require more than two hours of staff time, be approved by the President/CEO and copied to all Board Members.

In consultation with the Board Member, the President/CEO can decline (or disallow) such requests that require, in the President/CEO's opinion, a material amount of staff time or funds, or are disruptive.

- Decision or instruction of individual Board Members or committees is binding when specifically authorized by the full Board.

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- The Board should refrain from evaluating, either formally or informally, any staff other than the President/CEO, the General Counsel, or the Auditor. Board feedback on all other employee performance or behavior should be given directly to the President/CEO and not to the employee.

(b) Responsibilities. The Board’s specific duties and responsibilities include the following:

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| <p>Vision and Mission</p> | <ul style="list-style-type: none"> • Formulate, set and evaluate on a periodic basis the vision, long-term strategy and goals for the Authority; • Prepare and adopt a comprehensive plan concerning the future air transportation needs for the County of San Diego, including a review of all options for alternative sites, including, but not limited to, expansion of the existing airport site, and use of current military installations that may become available for civilian and mix-use options to address future airport needs; and • Submit the particular site recommendation chosen by the Board in the form of a local ballot proposition to the San Diego County Registrar of Voters for placement on either the November 2, 2004 or November 7, 2006 countywide election ballot. |
| <p>Policy, Administration and Management</p> | <ul style="list-style-type: none"> • Appoint a representative to the San Diego Association of Governments, in accordance with P.U.C. §132351.4(2) (A). Such representative shall serve until recalled or replaced by the Board. Such representative shall represent the Authority’s views on maintaining a strong focus and commitment to meeting the public transportation needs of the San Diego region, setting transit funding criteria and recommending transit funding levels, and the discharge of transit responsibilities resulting from consolidation; • Maintain and promote open, collaborative relations with all local, regional, state and federal governmental agencies with which it may interact, including especially the San Diego Unified Port District with which the Authority will be a neighbor, and a colleague in economic development and environmental protection, for the benefit of the San Diego region. The Board may appoint one or more Directors to serve as Board liaison with the governing board of such another agency, but without any power to make agreements on behalf of the Authority or to direct Authority staff activity; |

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| | <ul style="list-style-type: none">• Adopt and amend the objectives and service priorities for the Authority and provide guidance to the President/CEO on these matters;• Adopt and amend the Authority’s Policies and Codes from time to time;• Assess on a periodic basis the effectiveness of the Authority’s Policies and Codes, and add new or amend existing Policies and Codes accordingly;• Review recommendations from the President/CEO and the Authority’s officers and employees with respect and care, and consider the implications and future consequences of Board policy decisions;• Review and approve contracts and the making of other major commitments in accordance with the Policies and Codes of the Authority;• Review and approve the Authority’s operating and capital budget and monitor the Authority’s financial performance;• Monitor the performance by the Authority by maintaining effective dialogue and communications with the President/CEO;• Collaborate with the President/CEO in establishing performance standards for the Authority and its officers and employees;• Appraise on a periodic basis the performance of the President/CEO and provide clear written feedback to the President/CEO; and• Respect the President/CEO’s role and responsibility to implement executive responsibilities for the Authority, and therefore avoid micro-management and intervention in specific management and administrative matters of the Authority. |
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(c) Standing Board Committees. The Board shall have the following standing committees with the following functions:

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(i) *Finance Committee* – The Finance Committee will oversee the financial performance and condition of the Authority and review the operating and capital budget and financial plan, and major financial policies or actions of the Authority. The Finance Committee shall meet at least quarterly each year.

(ii) *Audit Committee* – The Audit Committee shall consist of four Board members and three members of the public. Pursuant to a selection policy, appointment procedures, and conflict-of-interest standards established by the Board, the Executive Committee shall oversee the initial screening and recommendation process for the selection of the public members. The Board shall appoint the three public members as voting members of the Audit Committee for staggered three-year terms commencing July 1, 2008. The public members appointed shall be from among the following categories of persons, with no more than one appointee from each category at any one time:

(I) A professional with experience in the field of public finance and budgeting.

(II) An architect or civil engineer licensed to practice in this state.

(III) A professional with experience in the field of real estate or land economics.

(IV) A person with experience in managing construction of large-scale public works projects.

(V) A person with public or private sector executive level decision making experience.

(VI) A person who resides within the airport influence area of the San Diego International Airport (Lindbergh Field).

(VII) A person with experience in environmental justice as it pertains to land use.

Compensation. The three voting public members appointed to the Audit Committee pursuant to the above categories shall be paid for attending Audit Committee meetings at the same rate as that paid for Board members.

Other Members. The Board may appoint other persons to serve as non-voting, non-compensated *ex officio* members on the Audit Committee. The length of the term of office for each such appointment shall be determined by the Board at the time of appointment.

Role of Committee. The Audit 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 cash flows, capital expenditures, regulatory compliance, and operations.

Meetings. The Audit Committee shall meet a minimum of four (4) times per year and shall, at a minimum, do all the following:

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(I) Regularly review the Authority's accounting, audit, and performance monitoring processes.

(II) At the time of contract renewal, recommend to the Executive Committee and the full 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.

(III) Advise the Executive Committee and the Board regarding the selection of the auditor.

(IV) Be responsible for oversight and monitoring of internal and external audit functions, and monitoring performance of, and internal compliance with, Authority policies and procedures.

(V) Be responsible for overseeing the annual audit by the external auditors and any internal audits.

(VI) Make recommendations to the full Board regarding paragraphs (I) to (IV), inclusive.

Voting. An affirmative vote by at least five (5) members of the Audit Committee shall be required for approval of the annual internal and external audits, including performance monitoring, the auditor's annual audit plan for each fiscal year submitted to the Board for approval, and actions recommending or approving debt financing for the Authority. [P.U.C. §170018]

(iii) Executive Personnel and Compensation Committee. This Executive Personnel and Compensation Committee will evaluate the President/CEO, Auditor and General Counsel and make recommendations to the Board concerning their compensation. In addition, the Executive Personnel and Compensation Committee will review and make recommendations regarding Board Member compensation.

(iv) Executive Committee. The Executive Committee's role is to monitor the Authority's implementation of the administrative policy that has been established by the Board and to support the President/CEO in carrying out strategies and policies set by the Board. The Executive Committee's specific duties and responsibilities shall be:

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| <p>MONITOR AUTHORITY IMPLEMENTATION OF BOARD POLICY</p> | <ul style="list-style-type: none"> • The Executive Committee, through the monthly meetings discussed below, will monitor the Authority’s implementation of the administrative policy of the Authority as such policy shall be set by the Board and will report any relevant matters to the full Board, together with any policy recommendations, at a public meeting of the full Board. Provided, however, that neither the Executive Committee, nor any member of the Executive Committee, will be or become involved in the direct operation of the airports under the jurisdiction of the Authority or be included in the chain of command of any such airport or the Authority for emergency purposes; and • Undertake such other duties as the Board may delegate from time-to-time. |
| <p>CONDUCT MONTHLY PUBLIC MEETING WITH PRESIDENT/CEO AND EXECUTIVE STAFF</p> | <ul style="list-style-type: none"> • The Executive Committee will conduct a monthly meeting with the President/CEO and the executive staff to monitor the Authority’s implementation of the administrative policy established by the Board. These Executive Committee meetings shall be open to the public, except as otherwise expressly permitted under the Ralph M. Brown Open Meeting Law; and • Submit any and all policy recommendations to the full Board for consideration at a public meeting of the Board. |

(v) ~~Terminal Development~~Capital Improvement Program Oversight Committee. This committee will oversee the implementation of the ~~Terminal Development~~Capital Improvement Program (“CIP”) to include the investigation and evaluation of the physical/functional, financial, environmental, community aspects, inter-governmental coordination, and public communication/outreach related to all CIP activities.

(6) President/CEO.

- (a) Role. The President/CEO’s role is to (i) support the Board in the planning and implementation of the vision, long-term strategy and goals of the Authority, (ii) carry out the overall strategy and policies duly adopted by the Board and (iii) manage and direct the Authority’s personnel, operations, finances and facilities.
- (b) Responsibilities. The President/CEO’s specific duties and responsibilities include the following:

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| <p>Vision and Mission</p> | <ul style="list-style-type: none"> • Assist in the planning and analysis of, and make recommendations for and implement the vision, long-term strategy and goals as established by the Board; and • Provide executive leadership to the officers and employees of the Authority to implement the Authority's vision, long-term strategy and goals as established by the Board. |
| <p>Policy, Administration and Management</p> | <ul style="list-style-type: none"> • Manage and direct the Authority's operations, finances and facilities professionally, efficiently and fairly; • Administer and carry out the Authority's Policies and Codes, and provide appropriate information and make recommendations to the Board regarding the possible need for new Policies and Codes or amendments to existing Policies and Codes; • Ensure that the Board is fully supported in its responsibility to prepare a comprehensive plan on the future of the air transportation needs for the County of San Diego, including a review of all options for alternative sites, including, but not limited to, expansion of the existing airport site and use of current military installations that may become available for civilian and mix-use options to address future airport needs; • Perform such other functions that may be set forth in the Authority's other Policies and Codes, or that are necessary for the management and operations of the facilities and airports under the jurisdiction of the Authority; • Manage the Authority's programs and services in a manner that is consistent with the Board's vision, long-term strategy, goals, guidelines, Policies and Codes; • Direct the communications and inter-governmental relations strategy of the Authority, and the manner in which it is carried out; • Prepare and recommend to the Board the Authority's operating and capital budget and financial plan; • Maintain effective dialogue and communications with the Board; • Provide appropriate information to the Board to facilitate the Board's assessment of the Authority's programs and services; |

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| | <ul style="list-style-type: none">• Manage and coordinate the Authority’s officers and employees to maintain high standards of professional conduct and to promote the accomplishment of organizational goals with efficiency and economy of resource use;• Monitor and evaluate the Authority’s officers, employees and independent contractors to, among other things, ensure that the officers, employees and independent contractors maintain appropriate performance standards, are attentive to citizen concerns and are responsive to complaints and inquiries;• Support the Board in its appraisal of managerial and organizational performance;• Appoint all officers and employees of the Authority, other than the Authority’s General Counsel and Auditor; and• Maintain and promote open, collaborative relations with all local, regional, state and federal governmental agencies with which the Authority may interact, including especially the San Diego Unified Port District with which the Authority will be a neighbor, and a colleague in economic development and environmental protection, for the benefit of the San Diego region. |
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(7) General Principles of Governance. The Board and the Executive Committee, in discharging their respective powers, duties and responsibilities under this Policy and under any other applicable laws, Policies or Codes, shall act in accordance with the following:

(a) exercise their respective business judgment to act in what they reasonably believe to be in the best interests of the Authority’s constituents and the public that the Authority serves;

(b) act in accordance with the highest ethical standards as set forth in the Authority’s other Policies and Codes;

(c) ensure that other existing and planned future commitments do not interfere with their commitments, duties and responsibilities to the Authority;

(d) except in extraordinary circumstances, attend all duly noticed meetings and spend the time needed and meet as frequently as necessary to properly discharge their powers, duties and responsibilities;

(e) except in extraordinary circumstances, attend any appropriate Board orientation programs, and review Board orientation documentation and other materials that may be distributed to the Board from time to time;

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(f) listen with due regard to the input of each member of the Board and the Executive Committee, as the case may be, and not attempt to dominate the discussions or the decision-making process of the Board and the Executive Committee, as the case may be; and

(g) comply with requirements of law applicable to the Board and the Executive Committee, as the case may be, under all relevant laws (including the Authority Act) and the Authority's other Policies and Codes.

(8) General Provisions - Committees.

(i) Each standing committee of the Board shall include an Executive Committee member.

(ii) All standing committee appointments shall be for one-year terms, except as otherwise prescribed or modified by the Board in its sole discretion.

(iii) The Board may establish or maintain additional standing or *ad hoc* Board committees from time to time as necessary or appropriate in accordance with the Authority's Policies and Codes.

(9) Periodic Evaluation. The Board shall review this policy on a periodic basis to ascertain whether any modification is required to meet the then-current needs of the Authority and to maintain consistency with the best-in-class governance principles and practices of other airport authorities and governmental entities.

[Amended by Resolution No. 2011-0052 dated May 5, 2011]
[Amended by Resolution No. 2010-0008 dated February 4, 2010]
[Amended by Resolution No. 2009-0038 dated April 2, 2009]
[Amended by Resolution No. 2009-0009 dated February 5, 2009]
[Amended by Resolution No. 2008-0029 dated March 6, 2008]
[Amended by Resolution No. 2007-0085 dated July 5, 2007]
[Amended by Resolution No. 2006-0080 dated July 6, 2006]
[Amended by Resolution No. 2004-0033 dated April 5, 2004]
[Amended by Resolution No. 03-060 dated October 2, 2003]
[Amended by Resolution No.03-005R dated February 6, 2003]
[Adopted by Resolution No. 2002-2 dated November 25, 2002.]

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