

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD
MINUTES
THURSDAY, JUNE 5, 2008
BOARD ROOM**

CALL TO ORDER:

Chairperson Bersin called the regular meeting of the San Diego County Regional Airport Authority Board to order at 11:51 a.m. Thursday, June 5, 2008, at the San Diego International Airport, Commuter Terminal, 3225 North Harbor Drive, San Diego, CA 92101.

PLEDGE OF ALLEGIANCE: Ted Sexton, Vice President, Regional Airport Business Relations and Services, led the Pledge of Allegiance.

ROLL CALL:

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

ABSENT: Board Members: Sheehan (Ex-Officio), Watkins, Young

ALSO PRESENT: Thella F. Bowens, President/CEO; Breton K. Lobner, General Counsel; Tony R. Russell, Director, Corporate Services/Authority Clerk; Maritza C. Steele, Assistant Authority Clerk II

Board Member Panknin recused himself from Item 35 because of a potential Conflict of Interest.

CLOSED SESSION: The Board recessed into closed session at 11:56 A.M. to hear Items 31, 32, 33, 34 and 35

- 29. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION:**
Initiation of litigation pursuant to California Government Code Section 54956.9(c):
Number of potential cases: 1 (Nazbest-Pacific)
- 30. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION:**
Initiation of litigation pursuant to California Government Code Section 54956.9(c):
Number of potential cases: 1 (Galaxy)

31. **CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION
(Government Code Section 54956.9(b)(d)):**
Number of potential cases: 4 (regarding environmental matters)
32. **CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
(Government Code Section 54956.9(a)):**
Britt v. San Diego County Regional Airport Authority, et al., San Diego Superior Court Case No. 37-2007-00072794-CU-MC-CTL
33. **CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
(Government Code Section 54956.9(a)):**
Regarding the Application of San Diego County Regional Airport Authority, San Diego International Airport (SDIA), Before the Office of Administrative Hearings, State of California, OAH Case No. 2004120097
34. **CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
(Government Code Section 54956.9(a)):**
Hernandez v. San Diego County Regional Airport Authority, San Diego Superior Court Case No. GIC 871979
35. **CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
(Government Code Section 54956.9(a)):**
Jimsair Aviation Services, Inc. v. San Diego County Regional Airport Authority, San Diego Superior Court Case No. GIC 865099
36. **CONFERENCE WITH REAL PROPERTY NEGOTIATORS:**
Property: 2722-2724 Truxtun Road APN 450-841-05-00
Agency Negotiator: Vernon D. Evans, Vice President, Finance/Treasurer and Eric Podnieks, Real Estate Manager
Negotiating Parties: Truxtun LLC and/or First National Bank
Under Negotiation: Perfecting a purchase agreement and terms of agreement and terms of payment

REPORT ON CLOSED SESSION: The Board reconvened into open session at 1:03 P.M. Breton Lobner, General Counsel stated that there was no reportable action.

PRESENTATION (S):

- A. **PRESENTATION OF RETIREMENT PLAQUE TO THEODORE SEXTON, VICE PRESIDENT, REGIONAL AIRPORTS BUSINESS RELATIONS AND SERVICES, IN HONOR OF HIS SERVICE TO THE AIRPORT AUTHORITY:**
Chairperson Bersin presented a certificate to Mr. Sexton in honor of his service to the Airport Authority.

PUBLIC COMMENT (18 MINUTES):

TOM DELAHANTY, SAN DIEGO, stated that Lindbergh Field will be reaching capacity in three to five years, and that it will take fifteen years to build a new airport, and there are no plans for a new airport in San Diego. He stated that East Elliot would be a good location for a new airport.

CYNTHIA CONGER, SAN DIEGO, stated that East Elliot is a viable option for an international airport with two full size runways. She stated that the site contains 64,000 acres of undeveloped land, including Miramar. She urged the Board Members to take a tour of the site.

NEW BUSINESS:

19. RESOLUTION OF SUPPORT FOR ASSEMBLY BILL 3034:

Mike Kulis, Director, Inter-Governmental Relations, provided an overview of the staff report which is seeking the Board's support of Assembly Bill 3034. He stated that approval of the Bill would provide \$9 billion for a high-speed rail system in California.

Sara Katz, California High Speed Rail Authority, spoke in support of the approval of AB 3034, and reviewed the bill's legislative schedule. She stated that approval would be a win/win solution for the state in providing high speed rail for the future. She also provided a short video clip regarding high-speed trains in California as an alternative to driving, improve mobility, and reduce air pollution.

In response to Board Member Zettel regarding whether the train would be electric or maglev, Ms. Katz confirmed that the train would not be maglev.

Brian Hausknecht, California High Speed Rail Authority, stated that the baseline system of the train is designed to connect to existing airports from San Diego, Ontario, Palmdale, and Northern California. He stated that as part of the air-rail study with the San Diego Association of Governments (SANDAG), they are looking at a system that would provide connections to other regional airports, not just LAX, with the potential for additional capacity.

Vice Chair Finnila urged the Board to be cautiously optimistic about this proposal and to look into the issues in order to be better prepared to make the case for San Diego, if the proposal is approved.

Board Member Panknin stated that he hoped that this is considered in the Intermodal and Regional Aviation Strategic Plan (RASP) process.

In response to Chairperson Bersin regarding the difference between this proposal and federal efforts to negotiate for a direct rail line from Anaheim to a new International Airport in Nevada, Ms. Katz stated that the high speed rail system is intended to be built with a number of financing packages, part of which is the \$9 billion bond measure. She stated that federal legislators are currently working on a program that will provide funding for a variety of different rail systems. She stated that projects such as the one in Nevada are potentially eligible for funding under the federal program. She stated that the California High Speed Rail Authority has already received approval for a programmatic environmental document, and are now focusing on regional studies and regional environmental approval.

In response to Board Member Zettel regarding freight travel, Mr. Hausknecht stated that the high speed rail service will not replace the freight trains that run on other lines, however, there are certain types of freight trains that are very compatible with the high speed train operation.

RECOMMENDATION: Adopt Resolution No. 2008-0083, adopting a support position on Assembly Bill 3034, the Safe, Reliable, High-Speed Passenger Train Bond Act for the 21st Century.

ACTION: Moved by Board Member Desmond and seconded by Vice Chair Finnila to approve staff's recommendation. Motion carried by the following vote: YES – Bersin, Boland, Desmond, Finnila, Miller, Panknin, Zettel; NO – None; ABSENT – Watkins, Young. (Weighted Vote Points: YES – 79; NO – 0; ABSENT – 21)

24. CROSS BORDER TERMINAL MARKET DEMAND STUDY:

Keith Wilschetz, Director, Airport Planning, provided a presentation regarding the anticipated passenger demand of a cross border terminal. He provided some background of research conducted on those who will use the service and reviewed the scope of work scope which included: looking at the existing conditions, trends today and in the past of the number and types of people crossing the border to use Tijuana Airport, looking at people from the United States who currently use San Diego International Airport (SDIA) and Tijuana Airport, estimate of future passenger demand, and conducting an economic impact analysis.

In response to Vice Chair Finnila regarding the economic impact for the Otay Mesa-Tijuana region, Jorge Gonzales, Infrastructure Management Group, stated that the economic impact addressed refers to people from the United States going to Tijuana to travel somewhere else, not from Tijuana to come to SDIA. He stated that the study's first priority was to look at people going south, and today it is a fact that people are flying into

Tijuana, and a small percentage from Tijuana come to SDIA. He stated that a large majority of people cross the border by bus and travel by land into the United States.

Mr. Wilschetz stated that once SDIA reaches capacity, there will be changes to the Southern California air transportation system such as increased passenger fares at SDIA. He stated that the percentage of people using the cross border terminal will also increase.

In response to Board Member Zettel regarding projected losses to the region due to a cross border terminal to Tijuana, Mr. Gonzales stated that the region will not suffer any loss. He stated that both airports complement themselves and that SDIA specializes in the U.S. domestic market and Tijuana Airport specializes in the Mexican market. He stated that the only potential conflict would be when SDIA reaches capacity; he stated that would be a relief to SDIA, not a competition.

In regards to the economic impact of a cross border terminal, Board Member Orso-Delgado stated that a consumer market already exists with shuttles coming across the border from Tijuana to San Diego and beyond. He stated that the cross border terminal would facilitate those crossings and make it easier for everyone. He stated that a study conducted by the San Diego Association of Governments (SANDAG) revealed that the economic loss because of wait times at the border is approximately \$8 billion for California, the United States, and Mexico. He stated that a cross border terminal would be of benefit to the region.

Board Member Zettel stated that the cross border terminal would provide easy access to Rodriguez Field, buses would not have to wait at the border winding through Tijuana traffic, and the air would be cleaner.

JIM JANNEY, MAYOR, IMPERIAL BEACH, spoke in support of a cross border terminal.

CYNDI GOMPPER-GRAVES, SOUTH COUNTY ECONOMIC DEVELOPMENT COUNCIL, stated that a cross border terminal would alleviate travel constraints and offer additional flight opportunities. She urged the Board to remain active in this effort and to commit to working collaboratively on a financial feasibility study for this project.

TONY MCCUNE, SOUTH COUNTY ECONOMIC DEVELOPMENT COUNCIL, stated that South County is very supportive of a cross border terminal.

JULIA SIMMS, SOUTH COUNTY ECONOMIC DEVELOPMENT COUNCIL, stated that driving to LAX contributes to air pollution, and that there are more opportunities for Americans to get to Mexico through Rodriguez Field.

DAN BIGGS, SOUTH COUNTY ECONOMIC DEVELOPMENT COUNCIL, stated that the Council would do everything possible to assist the Authority in its efforts for a cross border terminal. He urged the Board to proceed with the economic feasibility study.

MARK ROWSON, OTAY-TIJUANA VENTURES, expressed support for a cross border terminal, and for the Board taking the leadership to conduct a preliminary market analysis.

RUBEN BARRALES, SAN DIEGO REGIONAL CHAMBER OF COMMERCE, spoke in support of a cross border terminal.

JAMES CLARK, MEXICO BUSINESS CENTER, spoke in support of a cross border terminal and people using the terminal for business investments in this region.

ANGELIKA VILLAGRANA, SAN DIEGO REGIONAL CHAMBER OF COMMERCE, urged the Board to move forward with the project because it would continue economic prosperity.

Board Member Panknin encouraged everyone interested in the cross border terminal to continue their efforts. He stated that the studies for the cross border terminal concept are the only thing that the Authority would be able to fund other than within the Regional Aviation Strategic Plan (RASP) to identify capacity needs.

Vice Chair Finnilla encouraged members of the San Diego Regional Chamber of Commerce to support the new security identification card system so that when the border crossing project is completed, a method would already be in place to expedite crossing.

Chairperson Bersin requested that staff explore ways in which the Authority could participate in a working group that would move this project forward by supporting the Chamber and EDC in its efforts. He also requested that staff explore, while not committing fiscally to the project, how the Authority could support public and private partnership in its efforts to build the border crossing.

Board Member Orso-Delgado stated that the private sector will need the assistance of a public agency to assist them with the submittal for a Presidential Permit, and urged that the Authority support them in that effort.

Enrique Alvarez, Manager, Tijuana Airport, spoke in support of the cross border terminal. He stated that the Mexican partners of Grupo Aeroportuario del Pacifico (GAP) have already purchased 62 acres of land in the area. He stated that they are working on projects to not only develop the cross border terminal in the United States, but on other development at Tijuana airport. He stated that a meeting to discuss this issue is schedule for the end of June.

RECOMMENDATION: Adopt Resolution No. 2008-0077, accepting the Cross Border Terminal Market Demand Study.

ACTION: Moved by Board Member Zettel and seconded by Vice Chair Finnila to approve staff's recommendation and further directed staff to proceed in regards to the Regional Aviation System Plan and to explore participation by the Airport Authority in a working group that would propel the project forward. Motion carried by the following vote: YES – Bersin, Boland, Desmond, Finnila, Miller, Panknin, Zettel; NO – None; ABSENT – Watkins, Young. (Weighted Vote Points: YES – 79; NO – 0; ABSENT – 21)

PUBLIC HEARINGS:

16. DISCUSSION AND PROPOSED ADOPTION OF PUBLIC PARKING RATE INCREASE:

Vernon Evans, Vice President, Finance/Treasurer, provided a presentation regarding the proposed parking rate increase which included the airport parking lots, uses of public parking revenue, the Terminal Development Program, proposed parking rates for terminal lots, rates for long term parking, and the projected gross revenue.

Chairperson Bersin stated that on May 15, 2008, the Executive Committee voted to have the matter set for public hearing with the rate increase for October 1, 2008. He stated that today the Board is asked to approve the incremental increase for October 1, 2008.

In response to Vice Chair Finnila regarding the number of times the public was notified of the rate increase, Jim Myhers, Manager, Landside Operations/Ground Transportation, stated that approximately 27,000 flyers regarding the proposed increase were distributed, and only two responses were received.

Board Member Panknin suggested changing the rates to \$3.00 for the first hour with an incremental increase that will be more than valet parking for a 24-hour period, and reviewing the increase one year from now.

Board Member Orso-Delgado questioned whether this proposal was compared to other shuttle and parking lots in the area, and was staff aware of any plans to increase rates.

Ms. Bowens stated that the proposed rates are higher than any of the off-airport parking close to the airport. She stated that this proposal is at market rate and with the increase, other parking facilities may do the same.

Board Member Zettel expressed concern regarding the issue of fairness to the consumers of San Diego. She stated that other parking facilities would make it hard on consumers by increasing their rates. She expressed concern regarding pollution from cars driving around to avoid parking in the lots. She expressed concern with raising the rates for the first hour. She questioned whether the cell phone lot fills up.

Mr. Myhers stated that the cell phone lots are sometimes full, however, there is space available most of the time.

Board Member Panknin stated that the long term rate should be established as a ceiling. He stated that this rate should be the ceiling during peak periods and when there is need to compete with others in the area.

CYNTHIA CONGER, SAN DIEGO, spoke regarding traffic in the area and the impact an increase in traffic would have on the community.

TOM DELAHANTY, SAN DIEGO, expressed concern regarding the construction of a parking structure and people parking in the current parking lot overnight.

Board Member Panknin moved to approve the staff recommendation and at the same time give the President/CEO the flexibility to make changes if necessary. He stated that the motion would give the President/CEO the authority to set short-term parking rates up to \$3.00 an hour up to 12

hours for \$36.00 a day maximum, set long-term parking up to \$16.00, and valet parking up to \$32.00 with the flexibility to move rates as the market demands require. Chairperson Bersin seconded the motion.

Board Member Panknin stated that the motion would provide a ceiling for staff to incorporate the proposed rates, and give them the flexibility to go up or down without coming back to the Board for direction.

Ms. Bowens stated that the reason for maintaining the current valet rates is because this service is new and is not at the break even point. She stated that staff would like people to learn how to use the service before any increases are made.

Vice Chair Finnila stated that she would prefer to see some empirical data that would show that staff is moving in the right direction. She stated that monitoring the rates for one year would be a better strategy because it would allow staff to see any hiccups in the process.

Board Member Boland expressed concern about making a decision without knowing any of the downstream consequences.

Board Member Zettel moved to approve the staff recommendation with the exception of the short term rates, and that the rates be kept a little more consistent with the past. She stated that the 0-30 minutes could be \$0.50, and 30 minutes to one hour at \$2.00, and that one to two hours for the amount being recommended by staff. She stated that staff should be encouraging people to get out of their cars and not be driving around for short term pick-ups and drop-offs. Motion failed for lack of a second.

Board Member Desmond moved to accept the staff recommendation. Vice Chair Finnila seconded the motion.

Board Member Panknin requested that the motion include the flexibility to reduce rates on the long-term parking if necessary.

RECOMMENDATION: Adopt Resolution No. 2008-0084, approving an increase to airport public parking rates by October 1, 2008.

Motion #1

ACTION: Moved by Board Member Panknin and seconded by Chairperson Bersin to authorize the President/CEO to set short-term parking rates up to \$3 an hour up to 12 hours for a maximum of \$36 hours per day, set long-term parking up to \$16 and valet parking up to \$32 with the flexibility to move the rates as the market requires.

Motion failed by the following vote: YES – Desmond, Panknin; NO – Bersin, Boland, Finnila, Miller, Zettel; ABSENT – Watkins, Young. (Weighted Vote Points: YES – 20; NO – 59; ABSENT – 21)

Motion #2

ACTION: Moved by Board Member Desmond and seconded by Vice Chair Finnila to accept staff's recommendation. Motion carried by the following vote: YES – Bersin, Boland, Desmond, Finnila, Miller, Panknin, NO – Zettel; ABSENT – Watkins, Young. (Weighted Vote Points: YES – 71; NO – 8; ABSENT – 21)

Board Member Orso-Delgado left the meeting at 3:05 p.m.

OLD BUSINESS:

17. APPROVAL OF BOARD MEMBER PARTICIPATION AND REPRESENTATION OF THE AUTHORITY AT MEETINGS AND EVENTS AND ACCEPTANCE OF BOARD MEMBERS WRITTEN REPORTS ON THEIR ATTENDANCE AT APPROVED MEETINGS (This item was continued from the May 1, 2008 meeting):

Tony Russell, Director/Authority Clerk, provided an overview of the staff report. He stated that staff met with Chairperson Bersin and Board Member Boland to discuss compensation requirements for Board Members. He stated that meetings as defined by Senate Bill 10 are not compensable unless they are part of noticed Brown Act meetings, and Board or Committee meetings. He stated that liaison meetings are not compensable unless they are part of a noticed Brown Act meeting of a Board or Board committee. He stated that a process was also developed for Board Members to follow when submitting their requests.

Vice Chair Finnila requested that the process include that reports from Board Members will be submitted on a monthly basis.

In response to Board Member Desmond regarding Board Members reporting attendance at SANDAG meetings, Breton Lobner, General Counsel, stated that these meetings will not have to be reported.

In response to Board Member Zettel regarding Board Members reporting meetings of special presentations made by consultants, Chairperson Bersin stated that these meetings would not be compensable. He stated that the number of pre-authorized organizations has been expanded, and if Board Members wanted

the Board to consider other organizations, that issue should be submitted for discussion.

RECOMMENDATION: Adopt Resolution No. 2008-0085, approving Board Member Participation and Representation of the Authority at meetings and events, and accept the reports.

ACTION: Moved by Vice Chair Finnila and seconded by Board Member Desmond to approve staff's recommendation. Motion carried by the following vote: YES – Bersin, Boland, Desmond, Finnila, Miller, Panknin, Zettel; NO – None; ABSENT – Watkins, Young. (Weighted Vote Points: YES – 79; NO – 0; ABSENT – 21)

Chairperson Bersin left the meeting at 3:18 p.m.

The Board recessed at 3:18 p.m. and reconvened at 3:20 p.m.

Vice-Chair Finnila assumed the chair at 3:20 p.m.

18. DISCUSSION AND PROPOSED ADOPTION OF THE OPERATING BUDGET FOR FISCAL YEAR 2009 AND THE CAPITAL IMPROVEMENT PROGRAM:

Vernon Evans, Vice President, Finance/Treasurer, provided a presentation on the Operating Budget for Fiscal Year 2009 and the Capital Improvement Program.

In response to Board Member Panknin regarding how San Diego International Airport (SDIA) compares to other airports of similar size as it relates to the number of employees, Thella F. Bowens, President/CEO, stated that even with additional regional responsibilities, the number of employees at SDIA is considerably lower. She stated that more of the work at SDIA is contracted out while other airports have their own police and fire departments, and janitorial staff.

In response to Board Member Desmond regarding the costs for Destination Lindbergh, Ms. Bowens stated that funds for Destination Lindbergh comes from the overall operating budget and goes into the costs centers, depending upon the nature of the work and on some of those centers. She stated that some cost centers are charged back to the airlines in total. She stated that there is a use agreement that allocates how the cost centers are charged.

In response to Vice Chair Finnila regarding the amount of money spent from 2008-2009 on personnel, Mr. Evans stated that the amount includes any adjustments for current staff, and salary adjustments and positions that may not have been budgeted for the entire year which are fully budgeted this year.

Ms. Bowens stated that the merit pool is broken down into two different payments. She stated that for those employees that are unpaid for performance, the pool itself is four percent. She stated that does not mean that everyone receives a four percent increase. She stated that the remaining portion of that is for employees under the labor contracts, and there are defined amounts that the Authority is required to give for salary increases. She stated that the amount averages out to approximately five percent on an annual basis.

RECOMMENDATION: Adopt Resolution No. 2008-0080, approving the Authority's Annual Operating Budget for Fiscal Year 2009 and the Capital Improvement Program.

ACTION: Moved by Board Member Zettel and seconded by Board Member Desmond to approve staff's recommendation. Motion carried by the following vote: YES – Boland, Desmond, Finnila, Miller, Panknin, Zettel; NO – None; ABSENT – Bersin, Watkins, Young. (Weighted Vote Points: YES – 65; NO – 0; ABSENT – 35)

22. AUTHORIZATION TO AWARD CONTRACT FOR ON-CALL SYSTEM DESIGN AND INTEGRATION SERVICES FOR THE AIRPORT-WIDE SECURITY TECHNOLOGY ENHANCEMENT PROGRAM TO SIEMENS BUILDING TECHNOLOGIES, INC.:

In response to Vice Chair Finnila regarding the process used for the selection of the contractor, and if the selection committee completed a Conflict of Interests form, Iraj, Ghaemi, Director, Facilities, Development, stated that the form was completed by all five members on the committee.

In response to Board Member Zettel regarding whether points are given to local companies, Mr. Ghaemi stated that both companies have local presence in the community. He stated that they would have received the same amount of points if points were given for local presence. He stated that this project will be managed out of the office in San Diego.

RECOMMENDATION: Adopt Resolution No. 2008-0086, authorizing an on-call contract with Siemens Building Technologies, Inc. for a term of 3 years and 6 months, in an amount not-to-exceed \$4,000,000.00 to provide system design and integration for Airport-Wide Security Technology Enhancement Program at San Diego International Airport.

ACTION: Moved by Board Member Zettel and seconded by Board Member Panknin to approve staff's recommendation. Motion carried by the following vote: YES – Boland, Desmond, Finnila, Miller, Panknin, Zettel; NO – None; ABSENT – Bersin, Watkins, Young. (Weighted Vote Points: YES – 65; NO – 0; ABSENT – 35)

23. **AUTHORIZE ADVANCED PLANNING AND DESIGN WORK FOR THE TERMINAL DEVELOPMENT PROGRAM AT SAN DIEGO INTERNATIONAL AIRPORT AND ADOPT THE DESIGN-BUILD PROJECT DELIVERY METHOD FOR PROJECT IMPLEMENTATION:**
Board Member Boland stated that Board Members Panknin and Miller are liaisons with him to the Terminal Development Program, and have participated in discussions with Steve Cornell, Director, Terminal Development Program regarding this issue. He stated that today the Board is being asked to begin advanced planning which is not an approval for anything staff has done to date or will do in the future.

Thella F. Bowens, President/CEO, stated that following approval by the Board, staff will be putting out a Request for Proposal for a firm to assist the Authority in moving forward with the design-build process, with the understanding that staff is aware that no projects have been approved.

In response to Breton Lobner, General Counsel, regarding the program elements, Ms. Bowens stated that staff is aware that there is no approval of any projects, including the parking garage.

RECOMMENDATION: Adopt Resolution No. 2008-0076 (1) authorizing staff to commence advanced planning and design of the project elements of the Terminal Development Program (TDP) at San Diego International Airport and (2) adopt the Design-Build Project Delivery Method for project implementation.

ACTION: Moved by Board Member Boland and seconded by Board Member Zettel to approve staff's recommendation. Motion carried by the following vote: YES – Boland, Desmond, Finnila, Miller, Panknin, Zettel; NO – None; ABSENT – Bersin, Watkins, Young. (Weighted Vote Points: YES – 65; NO – 0; ABSENT – 35)

28. MEMORANDUM OF AGREEMENT (MOA) BETWEEN SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY (SDCRAA) AND SAN DIEGO ASSOCIATION OF GOVERNMENTS (SANDAG) ON THE COORDINATION AND DEVELOPMENT OF THE REGIONAL AVIATION STRATEGIC PLAN (RASP) AND THE AIRPORTS MULTIMODAL ACCESSIBILITY (AMAP):

Ted Sexton, Vice President, Regional Airport Business Relations and Services, provided a presentation regarding the Memorandum of Agreement (MOA) for the integration of the Regional Aviation Strategic Plan (RASP), Airport Multimodal Accessibility Plan (AMAP), and the Regional Transportation Plan (RTP).

Linda Culp, San Diego Association of Governments (SANDAG), stated that the AMAP will address how to connect San Diego to airports in Southern California and Mexico that have excess forecast, and how to make connections by high speed rail. She stated that Phase II will look at how to alleviate short haul demand using high speed rail to free up capacity at Lindbergh Field for international flights. She stated that SANDAG is also working with the California High Speed Rail Authority.

In response to Vice Chair Finnila regarding whether approval was received from SANDAG and the Transportation Committee on Phase I and II of the AMAP, Ms. Culp stated that the Air Rail Network Studies Scope (Phase I) was presented to the Transportation Committee in November and approval was made to move forward. She stated that approval was not received on the AMAP scope from SANDAG or the Transportation Committee, however, both agencies were informed of the MOA last month.

Board Member Boland suggested implementation of the plans together, and to incorporate Destination Lindbergh.

Vice Chair Finnila expressed concern that discussion at the Transportation Committee was not clear that the RASP was a commitment by Senate Bill 10, and that the Board was simply complying with that mandate. She stated that capacity studies and public outreach are costly ventures assumed by the Authority.

RECOMMENDATION: Adopt Resolution No. 2008-0082, approving the Memorandum of Agreement between the San Diego County Regional Airport Authority and the San Diego Association of Governments for the coordination and development of the Regional Aviation Strategic Plan and the Airport Multimodal Accessibility Plan.

ACTION: Moved by Board Member Panknin and seconded by Board Member Miller to approve staff's recommendation. Motion carried by the following vote: YES – Boland, Desmond, Finnila, Miller, Panknin, Zettel; NO – None; ABSENT – Bersin, Watkins, Young. (Weighted Vote Points: YES – 65; NO – 0; ABSENT – 35)

27. ADOPTION OF AN UPDATED AUTHORITY COMPENSATION PHILOSOPHY AND WAGE AND SALARY STRUCTURE:

Jeffrey Woodson, Vice President, Administration, provided a presentation regarding the Authority's wage and salary structure. He stated that staff has been working with a consultant to benchmark salary ranges to the market, and to address recruitment challenges to keep them current and competitive.

Vice Chair Finnila expressed concern regarding the Authority's wages being within 1% of the 50th percentile of market wages, and Dallas/Forth Worth at the 80th percentile level based upon passenger satisfaction. She requested that the consultant not only consider passenger satisfaction when considering changes to the Authority's percentile, but also whether or not there has been revenue generation.

Mr. Lawson stated that relationship to the market is driven by the organization's philosophy. He stated that the 50th percentile is consistent with what has been done at SDIA in the past. He stated that he encouraged the Authority to go from the 60th to 70th percentile at this particular point in time, but there are constraints such as economic impacts and other considerations. He stated that staff felt that a more conservative approach would be appropriate at this time.

Thella F. Bowens, President/CEO, stated that staff is proposing to look at a third of the classifications every year to ascertain where the market is. She stated that staff decided to remain at the 50th percentile as a benchmark because of all that is going on in the industry. She stated that it would not be prudent to move our philosophy of salary setting at a period when our partners are looking at severe constraints. She stated that as the market changes, and as conditions change, particularly classification to classification, staff would be given some flexibility to look at a higher percentile on a case by case basis.

In response to Vice Chair Finnila, Mr. Lawson stated that if trends continue, the survey for the next year would reflect some shift in the market, and a recommendation would be made to make some adjustments in the overall pay structure to reflect the shifts of possibly two to four percent. He stated that if the Authority is having difficulty with

recruitment, it would make sense to give staff the flexibility they need to pay a premium to get people for a particular job.

In response to Board Member Zettel regarding whether the number of passengers served was considered, Mr. Lawson stated that they were. He stated that the strategy document includes a specific list of the airports that are identified as being comparable in terms of type, size, etc.

Ms. Bowens stated that along with the type and size criteria, the document also includes the difference between a hub airport and an origin destination airport, nature of the airport, and governance structure.

RECOMMENDATION: Adopt Resolution No. 2008-0081, approving the updated San Diego County Regional Airport Authority Compensation Philosophy and Strategy and the corresponding salary structure which will reflect a benchmark to the 50th percentile of the defined labor market for Fiscal Year 2009.

ACTION: Moved by Board Member Desmond and seconded by Board Member Zettel to approve staff's recommendation. Motion carried by the following vote: YES – Boland, Desmond, Finnila, Miller, Panknin, Zettel; NO – None; ABSENT – Bersin, Watkins, Young. (Weighted Vote Points: YES – 65; NO – 0; ABSENT – 35)

26. APPOINTMENT OF PUBLIC MEMBERS TO THE AUDIT COMMITTEE:

Vice-Chair Finnila reported on the Audit Committee's process for the selection of public members for the Audit Committee. She stated that at its meeting on May 6, 2008, the Audit Committee interviewed nine potential candidates to serve on the Audit Committee as required by Senate Bill 10. She stated that the interview process was conducted in open session with 30 minutes allotted for each candidate to answer six questions. She stated that one candidate withdrew his application. She stated that following the interview process and deliberations, the following recommendations were made to the Board for appointment: Don Tartre (Initial 3 year term), professional with experience in the field of public finance and budgeting; Kenneth Buck (Initial 2 year term) an architect or civil engineer licensed to practice in this state; and Jack Van Sambeek (initial 1 year term), a person with public or private sector executive level decision making experience. She stated that the new members will be invited to a training session along with the current Committee members.

Board Member Zettel stated that at the last Executive Committee meeting Board Member Watkins suggested that the Board consider the addition of more members to the Audit Committee.

Thella F. Bowens, President/CEO, stated that following the Executive Committee meeting, staff met with Senator Kehoe's representatives regarding the intent of Senate Bill 10. She stated that the Senator's intent was not to have elected officials on the Audit Committee.

Vice Chair Finnila requested that General Counsel review the law concerning this issue.

Breton Lobner, General Counsel, stated that the law states that there shall be three members with staggered terms on the committee, and that the Board has the ability to appoint other members to the Audit Committee who are non-voting, non-compensated ex-officio members. He stated that the law is silent regarding whether an elected official could be designated as one of the three members appointed.

Vice Chair Finnila suggested that this issue be discussed at the next Audit Committee meeting.

RECOMMENDATION: Adopt Resolution No. 2008-0079, appointing public members to the Audit Committee.

ACTION: Moved by Board Member Zettel and seconded by Board Member Boland to approve staff's recommendation. Motion carried by the following vote: YES – Boland, Desmond, Finnila, Miller, Panknin, Zettel; NO – None; ABSENT – Bersin, Watkins, Young. (Weighted Vote Points: YES – 65; NO – 0; ABSENT – 35)

25. **AMENDED AND RESTATED SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY RETIREMENT PLAN AND TRUST OF 2008:** Breton Lobner, General Counsel, provided an overview of the staff report regarding the restated plan. He stated that the intent of this proposal is another step towards the adoption of the group trust to ensure that the Authority's funds are protected and separate in the case of any adverse action.

RECOMMENDATION: Adopt Resolution No. 2008-0078, approving the Amended and Restated San Diego County Regional Airport Authority Retirement Plan and Trust of 2008 to be administered by the San Diego City Employees' Retirement System ("SDCERS").

ACTION: Moved by Board Member Zettel and seconded by Board Member Desmond to approve staff's recommendation. Motion carried by the following vote: YES – Boland, Desmond, Finnila, Miller, Panknin, Zettel; NO – None; ABSENT – Bersin, Watkins, Young. (Weighted Vote Points: YES – 65; NO – 0; ABSENT – 35)

21. AWARD A CONSTRUCTION CONTRACT TO S&L SPECIALTY CONTRACTING, INC., FOR QUIETER HOME PROGRAM PHASE 3, GROUP 6, PROJECT NO. 300306:

Bryan Enarson, Vice President, Development, provided an overview of the staff report regarding the contract.

RECOMMENDATION: Adopt Resolution No. 2008-0075, awarding a construction contract to S & L Specialty Contracting, Inc., in the amount of \$1,788,550.00, for Phase 3, Group 6, Project No. 300306, of the San Diego County Regional Airport Authority's Quieter Home Program.

ACTION: Moved by Board Member Zettel and seconded by Board Member Desmond to approve staff's recommendation. Motion carried by the following vote: YES – Boland, Desmond, Finnila, Miller, Panknin, Zettel; NO – None; ABSENT – Bersin, Watkins, Young. (Weighted Vote Points: YES – 65; NO – 0; ABSENT – 35)

20. AWARD A CONSTRUCTION CONTRACT TO MARCOTTE & HEARNE BUILDERS, INC. FOR GATE 1A RECONFIGURATION – CORRIDOR AND HOLDROOM, AT SAN DIEGO INTERNATIONAL AIRPORT:

Bryan Enarson, Vice President, Development, provided an overview of the staff report regarding the contract.

In response to Board Member Desmond regarding payment for the project, Mr. Enarson stated that the infrastructure is paid for by the Authority. He stated that the Authority owns the jet ways, the bag systems, and the holdrooms. He stated that everything is joint use.

RECOMMENDATION: Adopt Resolution No. 2008-0074, awarding a construction contract to Marcotte & Hearne Builders, Inc., in the amount of \$1,592,277.00, for Project No. 104065, Gate 1A Reconfiguration – Corridor and Holdroom, at San Diego International Airport.

ACTION: Moved by Board Member Zettel and seconded by Board Member Desmond to approve staff's recommendation. Motion carried by the following vote: YES – Boland, Desmond, Finnila, Miller, Panknin, Zettel; NO – None; ABSENT – Bersin, Watkins, Young. (Weighted Vote Points: YES – 65; NO – 0; ABSENT – 35)

CONSENT AGENDA:

Board Member Panknin requested that Item 13 be pulled from the consent agenda so that he can recuse himself from the vote due to a potential conflict of interest.

Board Member Zettel requested that Items 2 and 9 be pulled from the consent agenda for discussion.

ACTION: Moved by Board Member Desmond and seconded by Board Member Zettel to approve the Consent Agenda as amended. Motion carried by the following vote: YES – Boland, Desmond, Finnila, Miller, Panknin, Zettel; NO – None; ABSENT – Bersin, Watkins, Young. (Weighted Vote Points: YES – 65; NO – 0; ABSENT – 35)

1. **APPROVAL OF MINUTES:**
RECOMMENDATION: Approve the minutes of the May 1, 2008 regular meeting.
2. **JUNE 2008 LEGISLATIVE REPORT:**
ACTION: This item was pulled from the Consent Agenda for discussion.
3. **AUTHORIZE THE GRANTING OF AN EASEMENT TO SAN DIEGO GAS AND ELECTRIC (SDG&E) COMPANY FOR ELECTRICAL FACILITIES SERVING SAN DIEGO INTERNATIONAL AIRPORT:**
RECOMMENDATION: Adopt Resolution No. 2008-0066, authorizing the granting of an Easement to San Diego Gas and Electric Company (SDG&E) for electrical service to San Diego International Airport for a term commensurate with the remaining or extended term of the Authority's Lease from the San Diego Unified Port District currently expiring December 31, 2068.

CLAIMS

4. **RESOLUTION AUTHORIZING THE ACCEPTANCE OF THE CLAIM OF TALAL KAMAL:**
RECOMMENDATION: Adopt Resolution No. 2008-0067, authorizing the acceptance of the claim of Talal Kamal.

COMMITTEE RECOMMENDATIONS

5. **EXTERNAL AUDITOR MCGLADREY & PULLEN'S ANNUAL AUDIT PLAN, QUALITY CONTROL REPORT, PEER REVIEW, AND INDEPENDENCE STATEMENT:**
RECOMMENDATION: The Audit Committee recommends that the Board receive the information.
6. **REVISION TO THE FISCAL YEAR 2008 AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:**
RECOMMENDATION: The Audit Committee recommends that the Board receive the information.
7. **QUARTERLY AUDIT ACTIVITIES REPORT – FISCAL YEAR 2008 THIRD QUARTER, AND AUDIT RECOMMENDATIONS FROM THE OFFICE OF THE CHIEF AUDITOR FOR REVIEW AND APPROVAL:**
RECOMMENDATION: The Audit Committee recommends that the Board receive the information.
8. **FISCAL YEAR 2009 AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:**
RECOMMENDATION: The Audit Committee recommends that the Board receive the information.

CONTRACTS AND AGREEMENTS

9. **AWARDED CONTRACTS, APPROVED CHANGE ORDERS FROM MARCH 24, 2008 THROUGH APRIL 27, 2008, AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM MARCH 24, 2008 THROUGH APRIL 27, 2008:**
ACTION: This item was pulled from the Consent Agenda for discussion.
10. **SECOND AMENDMENT TO CONTRACT NO. 2005-0058-SA BETWEEN THE AUTHORITY AND QUATEMAN LLP FOR PROFESSIONAL SERVICES:**
RECOMMENDATION: Adopt Resolution No. 2008-0068, approving the second amendment to Contract No. 2005-0058-SA between the Authority and Quateman LLP, to increase the total number of one-year options to extend the term of the Agreement from two (2) to four (4).

11. **FIRST AMENDMENT TO THE AGREEMENT WITH AURORA INDUSTRIAL HYGIENE:**
RECOMMENDATION: Adopt Resolution No. 2008-0069, approving the First Amendment to the Agreement with Aurora Industrial Hygiene for professional industrial hygiene services (Agreement 2005-0099-SA) extending the term of the Agreement until October 14, 2009, and increasing the contract amount by \$50,000 for a total contract amount of \$200,000.

12. **SECOND AMENDMENT TO THE AGREEMENT BETWEEN THE AUTHORITY AND TRAVELERS AID SOCIETY OF SAN DIEGO, INC.:**
RECOMMENDATION: Adopt Resolution No. 2008-0070, approving the second amendment to the agreement between the Authority and Travelers Aid Society of San Diego, Inc. exercising the last of the two one-year options, increasing the amount of the contract by \$117,240 for a total not-to-exceed amount of \$542,808 and extending the term of the contract by one year to expire no later than June 28, 2009.

AMENDMENTS TO CONTRACTS AND AGREEMENTS EXCEEDING \$1 MILLION

13. **EIGHTH AMENDMENT TO PROFESSIONAL SERVICES CONTRACT WITH MORRISON & FOERSTER, LLP:**
ACTION: This item was pulled from the Consent Agenda to be voted on separately.

14. **AUTHORIZE CHANGE ORDER NO. 2 FOR THE QUIETER HOME PROGRAM, PHASE 3, GROUP 1 PROJECT NO. 300301:**
RECOMMENDATION: Adopt Resolution No. 2008-0072, authorizing Change Order No. 2 to S&L Specialty Contracting, Inc., in the amount of \$120,047.37, to provide sound attenuation for an additional historically designated residence, increasing the current contract total to an amount not to exceed \$1,738,759.51 for Phase 3, Group 1, Project No. 300301 of the San Diego County Regional Airport Authority's Quieter Home Program.

15. **AUTHORIZE FIFTH AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT WITH HNTB, INC. FOR SAN DIEGO INTERNATIONAL AIRPORT MASTER PLAN:**
RECOMMENDATION: Adopt Resolution No. 2008-0073, authorizing a Fifth Amendment to the Professional Services Contract with HNTB, Inc., to increase the contract by \$400,000 for a total contract amount of \$5,800,000 and extend the term of the contract to December 31, 2010 to provide airport planning and environmental review consulting services for San Diego International Airport Master Plan.

ITEMS PULLED FROM THE CONSENT AGENDA FOR DISCUSSION:

9. AWARDED CONTRACTS, APPROVED CHANGE ORDERS FROM MARCH 24, 2008 THROUGH APRIL 27, 2008, AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM MARCH 24, 2008 THROUGH APRIL 27, 2008:

Board Member Zettel questioned the sole source amendment to the contract with Haley and Aldrich. Paul Manasjan, Director, Environmental, stated that Haley and Aldrich is involved in the ongoing cleanup of the Teledyne Ryan property and that the Authority and the San Diego Unified Port District are sharing the cost of the cleanup.

RECOMMENDATION: Receive the report.

ACTION: Moved by Board Member Zettel and seconded by Board Member Desmond to approve staff's recommendation. Motion carried by the following vote: YES – Boland, Desmond, Finnila, Miller, Panknin, Zettel; NO – None; ABSENT – Bersin, Watkins, Young. (Weighted Vote Points: YES – 65; NO – 0; ABSENT – 35)

2. JUNE 2008 LEGISLATIVE REPORT:

Board Member Zettel provided a report on her discussions with the Governors staff regarding the impact of aviation on the State's economy.

Mike Kulis, Director, Inter-Governmental Relations, stated that the report today includes a section that will give staff direction to continue working with the Board and the Governor's office on this issue.

RECOMMENDATION: Adopt Resolution No. 2008-0065, approving the June 2008 Legislative Report.

ACTION: Moved by Board Member Zettel and seconded by Board Member Miller to approve staff's recommendation. Motion carried by the following vote: YES – Boland, Desmond, Finnila, Miller, Panknin, Zettel; NO – None; ABSENT – Bersin, Watkins, Young. (Weighted Vote Points: YES – 65; NO – 0; ABSENT – 35)

Board Member Panknin left the room.

13. EIGHTH AMENDMENT TO PROFESSIONAL SERVICES CONTRACT WITH MORRISON & FOERSTER, LLP:

RECOMMENDATION: Adopt Resolution No. 2008-0071, approving the Eighth Amendment to Contract No. 2004-00090-SA, between the Authority and Morrison & Foerster LLP, to extend the term of the contract by one year to expire no later than July 31, 2009.

ACTION: Moved by Board Member Desmond and seconded by Board Member Miller to approve staff's recommendation. Motion carried by the following vote: YES – Boland, Desmond, Finnila, Miller, Zettel; NO – None; ABSENT – Bersin, Panknin, Watkins, Young. (Weighted Vote Points: YES – 57; NO – 0; ABSENT – 43)

Board Member Panknin returned to the dais.

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

CITIZEN COMMITTEES

STANDING BOARD COMMITTEES

- **AUDIT COMMITTEE:**
Committee Members: Boland, Finnila (Chair), Panknin, Zettel
- **EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE:**
Committee Members: Finnila, Miller, Watkins (Chair)
- **FINANCE COMMITTEE:**
Committee Members: Bersin (Chair), Watkins, Young, Sheehan

LIAISONS

- **AIRPORT MULTI-MODAL ACCESSIBILITY PLAN:**
Liaison: Orso-Delgado
- **EXECUTIVE STEERING LIAISONS FOR MOA - CITY OF SAN DIEGO:**
Liaisons: Bersin (Primary), Boland, Young
- **EXECUTIVE STEERING LIAISONS FOR MOA - SANDAG:**
Liaisons: Desmond (Primary), Zettel, Finnila
- **MILITARY AFFAIRS LIAISONS:**
Liaisons: Boland (Primary), O'Connor, Panknin
- **RASP LIAISONS:**
Liaisons: Miller (Primary), Panknin
- **TERMINAL DEVELOPMENT PROGRAM:**
Liaisons: Boland, Miller, Panknin (Primary)

BOARD REPRESENTATIVES

- **AD HOC AIRPORT REGIONAL POLICY COMMITTEE:**
Liaison: Bersin, Desmond, Zettel (Alternate)
- **SANDAG TRANSPORTATION COMMITTEE REPRESENTATIVE:**
Board Member Zettel reported that the Committee met three times. She reported that at the meeting on May 16, 2008, concern was expressed regarding grade separations. She reported that SANDAG requested funding for grade separations in the County and one of the Supervisors had a concern that the grade separation on Washington Street was not on the Agenda.
- **SCAG AVIATION TASK FORCE:**
Task Force Representatives: Boland (Primary), Zettel (First Alternate), Finnila (Second Alternate)
- **CALTRANS:**
Representative: Orso-Delgado

PRESIDENT/CEO REPORT:

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

Thella F. Bowens, President/CEO, stated that information on these items will be sent to the Board in the Information Packet next week.

She reported that even though the industry continues to show double digit losses in service, the Authority has been very proactive in looking at what it will look like at this airport over the next several months. She stated that Hampton Brown, Manager, Route Service Development, and Brent Buma, Vice President, Marketing and Communications are working with the airlines. She stated that on June 20, 2008, Zoom Airlines will initiate inaugural services at SDIA from London.

PUBLIC COMMENT:

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.***

GENERAL COUNSEL REPORT:


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

BOARD COMMENT:

ADJOURNMENT:

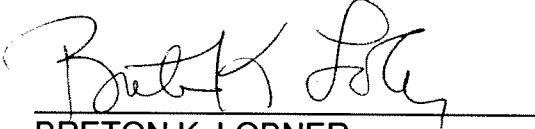
The meeting was adjourned at 4:45 p.m. The next regular meeting will be held on Thursday, July 10, 2008, at 9:00 a.m., in the Board Room at the San Diego International Airport, Commuter Terminal, 3225 N. Harbor Drive, San Diego, CA 92101.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD THIS 10TH DAY OF JULY, 2008.



TONY R. RUSSELL
DIRECTOR, CORPORATE SERVICES/
AUTHORITY CLERK

APPROVED AS TO FORM:



BRETON K. LOBNER
GENERAL COUNSEL