

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
AIRPORT ADVISORY COMMITTEE MEETING MINUTES
Thursday, July 16, 2009
COURTYARD MARRIOTT AT LIBERTY STATION**

CALL TO ORDER

Chair Bella Heule, President/ CEO at the San Diego World Trade Center, called the meeting of the Airport Advisory Committee of the San Diego County Regional Airport Authority to order at 1:22 p.m. The meeting was held on Thursday, July 16, 2009, at the Courtyard Marriott at Liberty Station, 2592 Laning Road, San Diego, CA 92106.

PLEDGE OF ALLEGIANCE

ROLL CALL

Committee Members Present:

Rick Alexander	East County EDC
Christian Anderson	Alternate for Mike Tussey, Airport Division, City of San Diego
Barbara Baker	Chair, Miramar Technical Advisory Committee
Barry Bardack	Alternate for Clifford Leary, Gillespie Field Development Council
Brad Barnum	Vice President Government Relations, AGC
Richard Beach	President, Community Airfields Association of San Diego
Laurie Berman	Chief Deputy Director of Project Delivery, Caltrans
Sharon Bernie-Cloward	Executive Director, Port Tenants Association
Victor Bianchini	Vice Chair, Veteran's Village of San Diego
Clara Carter	President/Founder, Multi-Cultural Convention Services Network
William Clevenger	South County EDC
Sharon Cooney	Director of Multimodal Operations, Metropolitan Transit System – Taxicab Administration
Mike Cully	CEO/President, San Diego East County Chamber of Commerce
Peter Drinkwater	Airports Director, San Diego County
Chris Duggan	Alternate for Julie Meier Wright, San Diego Regional Economic Development Corporation
Oris Dunham	Airport Industry Consultant
Doug Eatros	FedEx Representative
Genevieve DePerio Fong	Alternate for Southeastern Economic Development Corporation
Gary Geis	Alternate for Ken Curry, Jet Source, Inc.
Brad Gessner	General Manager, San Diego Convention Center
JoAnne Golden	San Diego Taxpayers Association
Chuck Hansen	Cruise Consortium
John Hawkins	President/CEO, Cloud 9 Shuttle
Bella Heule	President/CEO, San Diego World Trade Center
Jimmy Jackson	Alternate for Larry Stambaugh, Calando Pharmaceuticals Alternate for Joe Panetta, BIOCMM
Suhail Khalil	Board Member, Peninsula Community Planning Board
Ramona Salisbury Kiltz	SANDAG Regional Comprehensive Plan Stakeholders Group Members & County League of Women's Voters Representative

Gary Knight	North County EDC
Bob Leiter	Alternate for Gary Gallegos, SANDAG
Richard Miller	San Diego Chapter Sierra Club
Julianne Nygaard	North County Transit District
Carelyn Reynolds	President, Coronado Livery, Inc.
Carmen Sandoval	Alternate for Ruben Barrales, San Diego Regional Chamber of Commerce
Elsa Saxod	International Committee, San Diego Chamber of Commerce
Major General Bob Scurlock	Member of Board of Overseers, UCSD
Joseph Seibel	Golden Hill Community Representative
Sandor Shapery	President, Shapery Enterprises
Amy Weaver	Alternate for Peter B. Houghton, Southwest Airlines

Regional Airport Authority Representatives Present:

Ted Anasis, Manger of Airport Planning
Thella Bowens, President/CEO
Peggy L. Cooper, Strategic Planning Coordinator
Steve Cornell, Director of Terminal Development Program
Bryan Enarson, Vice President of Development
Vernon Evans, Vice President – Finance/Treasurer
Mary De Felice, Public, Community & Customer Relations Assistant
Dan Frazee, Director of Airport Noise Mitigation
Matt Harris, Senior Director of Executive Office
Bret Lobner, General Counsel
Bhavesh Patel, Real Estate Manager

Regional Airport Authority Board Members Present:

Jim Pankin
Bob Watkins

Welcome Remarks from Chair Bella Heule

Chair Heule welcomed the members to the July 16 meeting. She asked Committee members, alternates and staff to introduce themselves and their affiliation.

Welcome Remarks from Authority Board Member Bob Watkins

Mr. Bob Watkins introduced himself and thanked the Committee for its participation. He reminded the Committee that the Board welcomes and invites feedback. He encouraged Committee members to become more active with the Airport Authority and suggested attending Board meetings to allow for two-way dialogue and participation with Board members. He also encouraged those attending as alternates to have their members attend Committee meetings more regularly.

Mr. Watkins introduced a video of the July 8, 2009 groundbreaking ceremony to kick off “The Green Build,” formerly known as the Terminal Development Program. Committee members watched a video capturing the ceremony and providing an overview of the project.

Approval of Minutes

The July 16, 2009 Airport Advisory Committee meeting minutes were approved without revision.

Comments from Chair Bella Heule

Chair Heule thanked the Committee members for electing her. She said that she has met with a few Committee members about their participation on the Committee and looks forward to an opportunity to meet in small groups with the entire Committee. To increase meeting efficiency and participation, she and the vice-chairs met with staff members to introduce some changes to the meetings to spur interaction and further discussion. For instance, the meeting room layout was changed to seat voting members in one group and alternatives in another. Other changes include conducting future Committee meetings from 2 to 4 p.m., with 15 minutes for networking prior to the start time. She also reminded Committee members to RSVP for future meetings as soon as possible after receiving notice.

In addition, she said the Committee will strive to serve in more of an advisory capacity to the Authority Board. The Board will make efforts to alert the Committee prior to issue-related measures so members may properly prepare input and feedback. An invitation to participate and provide input on these topics will take place in Committee ad-hoc workshops. In order to understand the expertise of the Committee and get to know each other, she invited members to accept her invitation to small group meetings in the coming months.

Ms. Heule welcomed Committee comment in regards to the changes of the meetings and the new direction of the Committee. There was no comment.

Committee members welcomed Lois Rosas of San Diego State University. Ms. Rosas is an intern in the Public, Community and Customer Relations Department at the Airport Authority.

NEW BUSINESS:

1. Chair Joseph Seibel provided an update on the Sustainability Subcommittee. He introduced San Diego Convention Center General Manager Brad Gessner as the new Chair for the Sustainability Subcommittee. The Subcommittee will begin to meet ad-hoc and will work closely with Mr. Matt Harris of the Authority Executive Office. Their last meeting was held at the U.S. Navy's Sustainability Showroom, where they received an informational presentation about Qualcomm's sustainability initiatives. They later received a tour of the Sustainability Showroom, providing models of how recycled materials can be incorporated into a modern design at the office.

Chair Oris Dunham followed with an update on the Regional Aviation Strategic Plan (RASP) Subcommittee. Mr. Dunham shared an overview of the findings and analysis completed by staff members and the project team. They looked at data from the 16

airports in San Diego County to identify strengths, weaknesses, barriers, challenges and future opportunities for expansion and improvements. The four military airports will not be included in the plan, and the project team decided to include the Tijuana International Airport as it serves San Diego County residents. At their next meeting the Subcommittee will look at the demand model and the development strategies to carry out the RASP.

2. Airport Authority President/CEO Thella Bowens introduced the Concession Program. In the past, Airport Authority programs were introduced quickly, resulting in miscommunication among Committee members. Today, she hopes the Committee provides feedback and understands why the Airport Authority has decided to take a new direction in regards to concessions. The existing concession program will end in 2012 and under FAA requirements the Airport Authority is required to have a public process to establish who will operate in the concession spaces at San Diego International Airport (SDIA). This process is currently underway and the concession program will work to coincide with the opening of the new terminal.

Vice President of Finance and Treasurer Vernon Evans provided an overview of the Concession Program. Currently, 29% of SDIA's operating revenue stems from concessions. The Green Build and Concession Development Program (CDP) will begin at the end of 2012. The CDP is a fresh dynamic, first class concession program that will engage the art and interior designs of the new terminal. The Airport Authority's current concession operator has maintained a 44 year long contract. CDP will encourage local and Disadvantage Business Enterprise (DBE) businesses an opportunity to work with the Airport Authority.

Real Estate Manager Bavesh Patel provided more detail about the CDP. Mr. Patel defined the various types of concessions, shared the goals of the CDP as well as local passenger demographic information. CDP will address ways to ensure cost-effectiveness, while requiring recycling efforts from its vendors. Pricing is a concern that continually is mentioned, and a fair, competitive pricing policy will be implemented. The Airport Authority is also looking to create an environment that offers a local and favorable impression. Because many passengers dwell at the Airport, gathering places, lighting and artwork will be carefully thought out. Mr. Patel shared early design concepts of what the new concessions area will look like. Currently the CDP will allow concessions to grow roughly 67%, increasing the square footage by 89% and a revenue increase of 46%. The RFP will be released during the fourth quarter of 2010. At this time, vendors may compete for concession contracts.

- Mr. Bred Gessner asked how long existing contracts are and how the project team plans on utilizing the Advisory Committee during the planning process. He also asked how long the project team anticipates new contracts to last.
 - Manager of Concession Development Nyle Marmion said the original contracts with the current concessionaire operator started in 1994.

- Mr. Patel said new contract lengths are being determined. Ten years will be the maximum length of a contract. The Advisory Committee will be a great resource to assist the Airport Authority with the outreach of the CDP, because it will bring forward potential local tenants to submit when the RFP process begins.
- Mr. Sandor Shapery said a ten year span is a short time to recuperate capital investments for specialty restaurants.
 - Mr. Patel said the Airport Authority would provide most of the costly infrastructure requirements including mechanical, electrical and plumbing. The tenant will be responsible for designing the interior space.
 - Mr. Shapery is concerned with this small timeframe and believes that this is too small of a window.
 - Mr. Patel said that he will look forward to working with Mr. Shapery on the cost-analysis for large specialty restaurants.
- Mr. Peter Drinkwater asked if there was going to be a pricing structure implemented.
 - Mr. Patel said that pricing is extremely important and the new lease documents to be created will have strict language about pricing. Analysis and changes will be made to address this concern in the new program.
- Mr. Bob Scurlock said that the team should look into the lessons learned at Old Town when the concessions were awarded to a different concessionaire.
- Ms. Sharon Bernie-Cloward said that the Port Tenants Association has different lengths of leases depending upon what the business is. Recently they revised the structure of their leases and began implementing a tenant in good standing initiative. This incentive has resulted in the Port receiving more revenue.
 - Ms. Bowens said that the Federal Aviation Administration (FAA) restricts the Airport Authority from implementing a program like this. The FAA strictly regulates the Airport Authority on how to manage their leases.
- Mr. Shapery asked if the reasoning for the lack of a sit down restaurant at the Airport is a result of the strict vigilance from the FAA. He asked if the Airport Authority could set aside more tenant improvement dollars to recover the tenant's initial investment.
 - Mr. Patel said the tenant does not have to build a business or a restaurant from the ground up, as the infrastructure is already in place, at the cost of the Airport Authority. Vendors can be viable, and vendors like the project team study those models that have succeeded to ensure investments are returned.
 - Ms. Bowens said the Airport Authority provides more amenities than shopping malls. Allocating additional money for tenant improvement projects would be difficult as the FAA would require the Airport Authority to provide the same improvements for all of their tenants. Therefore, this would not work. One often finds the same vendors at every airport, because these businesses know the rules and mastered operating at an

- airport. CDP will make it easier for local vendors to operate their businesses at the Airport, giving SDIA a more local flavor.
- Ms. Heule asked if there was an airport that has a world-class concession program to seek ideas from.
 - Mr. Patel said that there is not a particular airport that sticks out, although airports in Portland, Seattle, San Francisco and Los Angeles are currently updating their concession programs. These airports have lessons that can be learned, and the project team is working to overcome those challenges.
 - Ms. Barbara Baker asked how size is regulated by the FAA and how that is determined.
 - Mr. Patel said determining size is a demanding process and requires a careful analysis per tenant. Passenger demographic, volume and the type of service is information that is analyzed closely. Food, newspapers, books and medicine are mandatory concessions that are required, while specialty retail spaces and restaurants are secondary and granted only if there is space is available.
 - Ms. Carelyn Reynolds asked when the FAA resumed control of concessions and how far does the FAA control extend.
 - Mr. Bret Lobner said this control began in 1982 with the FAA Act. Concession control has been amended over again since the 1980s. Since the federal government issues grants to airport, the FAA has very specific requirements that must be met. If they are not met, grant money can be withheld from the Airport Authority prohibiting their ability to operate.
3. Mr. Bryan Enarson provided an update to the terminal development program, now referred to as the Green Build. This \$865 million project was approved by the Board and will expand Terminal 2 by adding an additional ten gates. In addition, this project will expand the concession areas, alter the design and feel of the terminal, and will increase efficiency at the Airport. Part of the project's goal is to ensure that customers have the best first and last impression of San Diego.

The Board recently approved the initial design concept and the project team is currently working to complete the full design. Mr. Enarson shared the designs of the new terminal with the Committee including a few simulated tours of the terminal's exterior, ticket hall, concourse and concessions area. He also shared renderings of the terminal gates, traffic plans, roadway configurations, outdoor ticketing area and early renderings of the terminal's facade. Mr. Enarson said the goal of these improvements is to optimize efficiency, while ensuring passengers have an enjoyable and pleasant experience at the Airport. Aesthetic improvements are planned to ensure passengers feel comfortable in the terminal. Such changes include the addition of an open space courtyard, more plaza areas and allowing more natural light to enter into the terminal. To speed the check in process, conveyance belt check in booths will be added to prevent clerks from lifting bags,

extra security lines will be added to a total of 14 lines and additional electronic ticketing booths will be added to the ticketing area.

- Mr. Drinkwater asked how much of this project is funded by the FAA.
 - Mr. Evans said that of the \$800 million allocated to this project, the FAA is contributing some money for this project, while 5% of this sum is grant money and 84% of this is paid for by bonds.
 - Ms. Bowens said most of the FAA money is delegated to airfield related improvements, such as the apron. Very little money goes to the landside and terminal related expenses.
- Ms. Carelyn Reynolds asked how the team determined two bridges to be enough to accommodate the ground traffic, as LAX has many more.
 - Mr. Enarson said SDIA does not have a complicated terminal like LAX. Two bridges would serve as a direct access into each terminal. At LAX, the bridges serve as a shortcuts.
- Mr. Suhail Khalil asked Mr. Enarson to clarify the costs for an additional gate. He also requested an update on the parking proposal and when a decision would be made on this. Then he asked Mr. Evans to clarify how the Airport Authority will be financing this \$1.3 billion project. Finally, he asked if this terminal will be LEED certified and how the Airport Authority plans to reduce its carbon footprint.
 - Mr. Enarson said that the cost per a gate is \$40 million. This is a standard expense at any airport.
 - Ms. Bowens said that the Airport Authority entered into a MOA with the City of San Diego and SANDAG to not build a parking garage at this time. If the Airport Authority decides to pursue the development of a parking garage, a separate environmental process is required before construction commences. At this time, the Board has made no decision on the parking garage, except that it will not to be included with this project.
 - Mr. Evans said the amount to fund this project is actually \$1 billion. The additional \$300 million Mr. Khalil is referring to are the funds needed for the capital improvement program which is connected to this project.
 - Mr. Cornell said that the project team is using the U.S. Green Building Council criteria to seek LEED certification. Airports do not normally meet this kind of criteria, but the project team is working to meet these standards. The team is working with SDG&E to store electricity and lower energy consumption. Currently, please include creating a chilled water storage facility to store energy. Low-flow restrooms and incorporating recycled materials into the infrastructure is also planned. Additionally, the project team is considering a storm water or grey water system for irrigation, and incorporating drought tolerant plants into the design.
 - Mr. Enarson said the Airport Authority already reduces their carbon footprint with a number of water, recycling and electric conservation programs.
- Ms. Carelyn Reynolds asked if the project team anticipates pedestrian traffic to continue into the parking lot. She also asked if there are plans for a tram system.

- Mr. Enarson said he anticipates foot traffic in the crosswalks, and there are plans to create an additional crosswalk.
- Mr. William Clevenger asked how the passenger parking needs be accommodated for with the addition of more gates.
 - Mr. Enarson said there is not enough parking now. There are plans to add additional parking on the north side of the field adjacent to General Dynamics, but parking will be challenging with the addition of the gates.
- Ms. Barbara Baker said the 1998 Terminal 2 improvements included materials imported from all over the world. She is concerned with the imported materials mixing to achieve a local aesthetic. She is also concerned with the placement of smoking areas. When she was at the Hawai'i airport, she noted that the smoking area was located adjacent to the transit plaza resolving this challenge. She would like the project team to further investigate this option.
 - Ms. Bowens said the project team has looked into a way to resolve this challenge before. The FAA recently issued new rules that may help resolve this. She said that placing the smoking area by the transit plaza is a great idea and they will evaluate this. She added that they will be looking at purchasing supplies from the United States, and will not import materials if they can help it.
- Mr. Peter Drinkwater supported the infrastructure ideas proposed. He asked what these designs mean to the rates and charges at the Airport.
 - Mr. Evans said that these improvements will definitely increase the rates, fees and charges to increase revenue.
- Ms. Bowens added that the Airport Authority currently has permits only to build the apron. The Airport Authority is working with the Coastal Commission to acquire the permits for the other terminal improvement projects and is confident that will obtain those permits this summer.
- Ms. Amy Weaver is a representative of the airline industry and worked with the Airport Authority to develop these plans. She said the Airport Authority was very receptive to their ideas and said that this kind of dialogue does not happen very often. The airline industry has provided tremendous support to the Airport Authority, even before it was presented to the Board.

PUBLIC COMMENTS:

Mr. Jarvis Ross said most of the public does not object to the terminal, as they think it is a good design. He said there is no representation of Ocean Beach or Point Loma on the Advisory Committee. He expressed dissatisfaction of the public art showcased at SDIA. He thinks the art should be more representative of aviation instead.

COMMITTEE MEMBER COMMENTS:

Mr. Sandor Shapery said that he was surprised to learn 29% of the Airport's revenue stems from concessions. He encouraged the project team to speak with

national brokerage firms to have them make recommendations on leases to ensure that the concession program is more profitable for the Airport Authority.

ADJOURNMENT:

The Airport Advisory Committee adjourned at 3:41 p.m. The next regular meeting will be held on Thursday, October 8, 2009 at 2 p.m. at the Courtyard Marriott at Liberty Station, Liberty Hall, San Diego, CA 92106.

APPROVED BY A MOTION OF THE ADVISORY COMMITTEE THIS 8TH DAY OF OCTOBER 2009.

DAN FRAZEE
DIRECTOR, AIRPORT NOISE MITIGATION