

**DRAFT
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD
MINUTES
THURSDAY, SEPTEMBER 2, 2010
BOARD ROOM**

CALL TO ORDER: Chair Gleason called the meeting of the San Diego County Regional Airport Authority Board to order at 9:12 a.m. on Thursday, September 2, 2010 in the Board Room at the San Diego International Airport, Commuter Terminal, 3225 North Harbor Drive, San Diego, CA 92101.

PLEDGE OF ALLEGIANCE: Board Member Panknin led the Pledge of Allegiance.

ROLL CALL:

PRESENT: Board Members: Boland, Cox, Desmond, Finnila, Gleason, Panknin, Col. Richie (Ex Officio), Robinson, Smisek, Young

ABSENT: Board Members: Berman (Ex Officio)

ALSO PRESENT: Thella F. Bowens, President/CEO; Breton K. Lobner, General Counsel; Tony R. Russell, Director, Corporate Services/Authority Clerk; Sara Real, Assistant Authority Clerk I

Chair Gleason noted that today's Board Meeting is dedicated in the memory of former Board Member, Robert Maxwell, and called for a moment of silence.

Bryan Enarson, Vice President, Development, introduced the new Director of the Terminal Development Program, David Brush.

Chair Gleason noted that some agenda items would be taken out of order, with Item 19 being heard first.

NEW BUSINESS:

19. DISCUSSION AND POSSIBLE DIRECTION REGARDING TAXICAB AND VEHICLES FOR HIRE CONCESSIONS:

Vernon Evans, Vice President, Finance/Treasurer, provided a presentation on the Ground Transportation Concession Update, which included the Comprehensive Ground Transportation Management Plan (CGTMP), Taxicab / Shuttle Concession Opportunity, Three Approaches to Addressing Concession Opportunity, Approach No. 1 – Contract with Concessionaire, Financial Evaluation of Concession Approach, Concession Revenue Evaluation – Taxicabs, Concession Revenue Evaluation – Shuttles, Approach No. 2 – Partner with the Industry, Ground Transportation Service Improvement

Plan – Approach No. 2, Approach No. 3 – Maintain Status Quo with Improvements, Financial Evaluation of Status Quo with Improvements, Industry Outreach and Status, and Next Steps.

In response to Board Member Panknin regarding co-ops, Thella F. Bowers, President/CEO, stated that co-ops could be formed, and she stated that the individual that runs the co-op would not be required to be a permit holder.

Board Member Boland expressed his support for Approach No. 2. He suggested that on page 4 of the staff report, under Benefits (4), the statement 'if the Authority acts in the future to declare airport permits are non-transferable', to change 'if' to 'when'.

In response to Board Member Finnila regarding expanding formal driver training, Mr. Evans stated that the training will be mandatory.

Board Member Desmond expressed support for Approach No. 2. He suggested that all vehicles should be required to be "clean air" instead of implementing fees for non-clean air vehicles. He further stated that he did not see a need for a common vehicle appearance, and that a date and time needs to be set for when permits are to become non-transferable.

Ms. Bowers noted that "clean vehicles" are addressed in the Air Quality Management Plan adopted by the Board, including time tables and fee structures.

Board Member Robinson stated that the current cost recovery for the taxi trip fee is not acceptable, and that the trip charges need to be programmed on the meter. He spoke in support of encouraging the City of San Diego to allow the trip fee to be programmed on the meter.

Chair Gleason stated that the concessions process needs clarity and speed. He stated that he would like to see action on this issue this fiscal year.

Chair Gleason and Board Members Boland, Cox, Desmond, Panknin, Robinson, Smisek and Young reported ex-parte communications with Mike McDade.

MIKE MCDADE, SAN DIEGO TRANSPORTATION ASSOCIATION, provided a presentation titled Precious Cargo: Ensuring a Thriving Future at San Diego International Airport, which included Who We Are, Success of the Transportation System in Place, Benefits of an Improved Current Model, and the Fruits of Partnership.

JEFF MARSTON, SAN DIEGO TRANSPORTATION ASSOCIATION, urged the Board to consider an extended time frame for transitioning to a concession.

CARELYN REYNOLDS, SAN DIEGO, commended the Board on their work on this issue.

IDRIS WAHAB, SAN DIEGO, spoke in opposition to a concession.

KAMRAN HAMIDI, SAN DIEGO, made several suggestions to improve staff's recommended Approach No. 2.

ALEX GEBRESALASSIE, SAN DIEGO, spoke in support of Approach No. 2 and requested more time for implementation.

JOHN HAWKINS, SAN DIEGO, stated that the system currently in place does not need to be changed and made several suggestions for improvement.

TONY HUESO, SAN DIEGO, spoke in support of Approach No. 2.

MARGO TANQUAY, SAN DIEGO, spoke in support of Approach No. 2.

JOE TERZI, SAN DIEGO, San Diego Convention & Visitors Bureau, spoke in support of Approach No. 2, and urged the Board to ensure measures are in place to give tourists a good experience when arriving in San Diego.

MICHEL ANDERSON, SAN DIEGO, spoke in support of Approach No. 2.

Board Member Cox spoke in support of Approach No. 2. He suggested that instead of an onsite dispatch, an independent third party controlled by the Authority be employed. He stated that the program should be phased in quickly but correctly.

Board Member Panknin reported ex-parte communications with Kamran Hamidi and Yellow Cab representatives.

Board Member Panknin spoke in support of staff's recommendation, and he stated that in order to partner with our stakeholders, the Authority should assist with the cost. He suggested considering group insurance for drivers to improve their ability to make a living. He further stated that the Authority should carefully consider the idea of making permits non-transferable.

Board Member Robinson moved to accept staff's recommendation, changing "if" to "when" regarding permit transfers outlined in the staff report, to maintain the six month window for implementation and include the "10 points" outlined in the letter of June 25, 2010 from Vernon Evans. Board Member Desmond seconded the motion.

In response to Board Member Young regarding how interactions with the industry will be conducted, Ms. Bowens stated that there will be a solicitation process, and all interested parties will be invited to submit a proposal. She further stated that each group has representatives and the Authority will continue to meet with them.

Board Member Young requested regular updates on the process, and he commended staff on their outstanding performance on this issue. He also spoke in support of the motion but stated that six months may be too soon for implementation.

Board Member Cox suggested that the on-site dispatcher be industry funded instead of industry provided. Board Member Robinson concurred.

Chair Gleason stated that timing is a very important factor with this issue in terms of customer service and availability. He suggested that staff return to the Board in March 2011 with an update. He stated that the number of entities that will be allowed is not being set at this time, and that what has been currently scheduled needs to be in place. He further stated that regarding the "10 points", the changes on the dispatcher and the permit transfers are needed to ensure a more fair system. He further stated that staff needs to investigate the suggestions made by Board Members, as well as the ideas that were brought up under public comment today.

RECOMMENDATION: Partner with the ground transportation industry in implementing service improvements at SDIA; provide timeframe for industry to establish business entities and sign MOUs with Authority governing new operational relationships; if performance does not improve, authorize staff to prepare a solicitation for concession services.

ACTION: Moved by Board Member Robinson and seconded by Board Member Desmond to direct staff to proceed with the requested recommendation, changing 'if' to 'when' regarding permit transfers outlined in the staff report, to maintain the six month window for implementation and include the "10 points" outlined in the letter of June 25, 2010 from Vernon Evans. Motion carried by the following vote: YES – Boland, Cox, Desmond, Finnilla, Gleason, Panknin, Robinson, Smisek, Young; NO – None; ABSENT – None. (Weighted Vote Points: YES – 100; NO – 0; ABSENT– 0)

The Board recessed at 10:46 a.m. and reconvened at 10:56 a.m.

22. APPROVE POLICY 9.40 - "WORKER RETENTION FOR EMPLOYEES OF CONTRACTORS AND SUBCONTRACTORS PROVIDING SERVICES AT SAN DIEGO INTERNATIONAL AIRPORT":

Jeff Woodson, Vice President, Administration, and Jana Vargas, Director, Procurement, provided a presentation on Worker Retention for Employees of Contractors and Subcontractors at SDIA, which included Board Timeline, Policy Background, Policy Definitions, Policy Administration, Policy Enforcement, Policy Exemptions, Fiscal Impact, and Conclusion.

Chair Gleason expressed concern regarding the extensive amount of changes being presented. He suggested that more time is needed for staff to work with legal counsel and the stakeholders. He stated that the policy is over complicated and needs to be simplified.

Board Member Young expressed concern regarding the wage cap, and also expressed concern regarding certain job training exclusions. He stated that there are training programs that could be helpful. He further stated that staff needs to get input from the stakeholders regarding the 90 day transition.

Board Member Young moved to continue this item to the October Board Meeting. Chair Gleason seconded the motion.

Board Member Boland expressed concern regarding approving the worker retention policy before understanding where the Authority is in regards to concessions. He stated that the policy is too broad.

Board Member Desmond noted that Union employees were not addressed, and he expressed concern that the policy raises more questions than it answers.

Board Member Finnila expressed concern with the proposed policy and that the policy exposes the Authority to legal issues.

CHRISTINE SWANSON, SAN DIEGO, spoke in support of the proposed policy.

Thella F. Bowens, President/CEO, noted that this policy was developed at the request of the Board, and stated that staff needs clarity to proceed. She suggested that the item be heard again to allow another discussion.

Board Member Boland suggested that this issue be delayed until after the workshop on concessions.

Board Member Cox stated that he would like to see better alternatives at the next Board Meeting, and a recommendations from staff.

Board Member Young suggested that the proposed policy could be brought back for further discussion to include a recommendation from staff based on the Board discussions at this meeting.

Chair Gleason provided an overview of the discussions and on the history of this issue. He stated that everyone seems to share some of the general values and goals, and the discussion is how to make them happen. He agreed that the proposed policy should be presented again so that the Board has something to discuss.

Board Member Robinson suggested that an alternative policy be developed that includes incentives.

RECOMMENDATION: Adopt Resolution No. 2010-0100, approving Policy 9.40 - "Worker Retention for Employees of Contractors and Subcontractors Providing Services at San Diego International Airport".

ACTION: Moved by Board Member Young and seconded by Chair Gleason to continue this item to the October 7, 2010 Board Meeting. Motion carried by the following vote: YES – Boland, Cox, Desmond, Finnilla, Gleason, Panknin, Robinson, Smisek, Young; NO – None; ABSENT – None. (Weighted Vote Points: YES – 100; NO – 0; ABSENT– 0)

23. DISCUSSION AND POSSIBLE DIRECTION REGARDING EMPLOYEE PURCHASES OF SERVICE CREDITS FROM THE SAN DIEGO CITY RETIREMENT SYSTEM (SDCERS):

Jeff Lindeman, Director, Human Resources, provided a report on this item.

Mark Hovey, Chief Executive Officer, San Diego City Employee's Retirement System (SDCERS), provided an overview of this issue. He stated that members have been posing many questions to SDCERS about this issue, and he is developing a Frequently Asked Questions document to post on the SDCERS website. He stated that questions have arisen such as if employee's individual contracts will be honored, regardless of the issue. He stated that all of the answers have been reviewed by the tax counsel and fiduciary counsel. He further stated that a public meeting will be held on September 16, 2010 to give interested members and stakeholders an opportunity to ask questions.

STEVE CORNELL, SAN DIEGO, expressed concern regarding the purchase of service credits.

Board Member Finnilla moved that the Authority take no action to cover the amount underfunded. The item was tabled.

In response to Chair Gleason regarding potential liability in regards to the pricing on service credits, Breton Lobner, General Counsel, stated that the City of San Diego is not guaranteeing SDCERS for the Authority's retirement plan. He stated that there were communications to the Authority employees who are affected that the plan was underfunded at the time of this issue, and it becomes a question of negligence on behalf of SDCERS.

Mr. Lobner noted that the City of San Diego cannot make any payment on this issue as they are prohibited by code. He stated that all codes indicate that the purchase of service credits falls to the employee. He further stated that there are tax implications in the event that the Authority wishes to make the payment, which could put the Authority's tax exempt status in jeopardy.

Board Member Boland suggested that the motion be tabled until the SDCERS Board addresses the issue. Board Member Finnila concurred.

Board Member Cox suggested that when this issue comes before the Board again, all the numbers need to be clearly explained so that the Board can understand the magnitude of the costs.

Board Member Robinson requested that the tax counsel finalize their opinion regarding this issue before the next meeting.

RECOMMENDATION: Receive an update on the outcome of litigation between the City of San Diego and the San Diego City Employees' Retirement System (SDCERS), and possibly provide direction to staff.

ACTION: No action taken.

CLOSED SESSION:

SUHAIL KHALIL, SAN DIEGO, spoke regarding the Part 150 Study and the supplemental EIR for the Authority.

KEN LOUNSBERY, SAN DIEGO, representing JC Decaux, spoke in support of General Counsel's recommended settlement.

The Board recessed into Closed Session at 12:19 p.m. to discuss Items 26, 28, 29, 30, 31 and 32.

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- 25. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION:**
(Government Code Section 54956.9 (a)):
San Diego Unified Port District v. TDY Industries, Inc., et al., and related cross-
actions. U.S. District Court, Southern District Case No. 03 CV 1146-B (POR).
- 26. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:**
Real Property Negotiations pursuant to Cal. Gov. Code sections 54954.5(b)
and section 54956.8.
Property: 1.15 acre parcel located at the northern terminus of 13th Street in
Imperial Beach
Agency Negotiators: Vernon D. Evans, Vice President, Finance/Treasurer
Under Negotiation: Sale – Terms of Payment and Conditions.
- 27. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:**
Real property negotiations pursuant to Cal. Gov. Code Sections 54954.5(b)
and section 54956.8.
Property: Salt Plant – 17 acre parcel located at 1470 Bay Boulevard, San
Diego
Agency Negotiators: Vernon D. Evans, Vice President, Finance/Treasurer
Negotiating Parties: United States Fish and Wildlife Service, GGTW, LLC
(current tenant) and/or other interested parties
Under Negotiation: Sale – terms and conditions.
- 28. CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION:**
Pursuant to Government Code Section 54956.9(a):
Save Our Heritage Organization v. San Diego Unified Port District, et al.,
San Diego Superior Court Case No. 37-2009-00097828-CU-TT-CTL
- 29. CONFERENCE WITH LEGAL COUNSEL--EXISTING LITIGATION:**
(Cal. Gov. Code Section 54956.9(a)):
San Diego Unified Port District v. Argonaut Insurance Company, et al, L.A.S.C.
GIC 874394
- 30. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:**
Real Property Negotiations pursuant to Cal Gov. Code §§ 54954.5(b) and
54956.8
Property: 3.76 acre easement across MCRD and San Diego Unified Port
District property located on the Washington Street extension south of Pacific
Highway, in the City of San Diego, CA.
Agency negotiators: Vernon Evans, Vice President, Finance/Treasurer and
Troy Leech, Director, Real Estate Management.
Under Negotiation: Consideration of MCRD's request for exclusive use of
portion of the easement; possible realignment of access and rights; acquisition
of easement or right of way from the San Diego Unified Port District.

31. **CONFERENCE WITH LEGAL COUNSEL--EXISTING LITIGATION:**
(Cal. Gov. Code Section 54956.9(a)):
City of San Diego, Historical Resources Board: In re: Western Salt Company Salt Works, Report No. HRB-08-005
32. **CONFERENCE WITH LEGAL COUNSEL: INITIATION OF LITIGATION:**
Pursuant to Cal. Gov. Code section 54956.9(c)
Potential Cases: 1 (JCDecaux)

REPORT ON CLOSED SESSION: The Board reconvened into open session at 1:02 p.m. There was no reportable action.

CONSENT AGENDA (Items 1-18):

Chair Gleason registered his NO vote on Item 12.

ACTION: Moved by Board Member Cox and seconded by Board Member Smisek to approve the Consent Agenda. Motion carried by the following vote: YES – Boland, Cox, Desmond, Finnilla, Gleason, Panknin, Robinson, Smisek, Young; NO – None; ABSENT – None. (Weighted Vote Points: YES – 100; NO – 0; ABSENT– 0)

1. **APPROVAL OF MINUTES:**
RECOMMENDATION: Approve the minutes of the June 21, 2010 Special Board meeting, and the July 1, 2010 regular meeting.
2. **ACCEPTANCE OF BOARD AND COMMITTEE MEMBERS' WRITTEN REPORTS ON ATTENDANCE AT APPROVED MEETINGS AND PRE-APPROVAL OF ATTENDANCE AT OTHER MEETINGS NOT COVERED BY THE CURRENT RESOLUTION:**
RECOMMENDATION: Accept the reports and pre-approve attendance at other meetings, trainings and events not covered by the current resolution.
3. **SEPTEMBER 2010 LEGISLATIVE REPORT:**
RECOMMENDATION: Adopt Resolution No. 2010-0089, approving the September 2010 Legislative report.
4. **NOTIFICATION OF BOARD MEMBER WEIGHTED VOTE POINT ALLOCATION AS REQUIRED BY SECTION 170014 OF THE PUBLIC UTILITIES CODE:**
RECOMMENDATION: Accept the report.

5. AMEND AUTHORITY CODE SECTION 2.30 (C)(1) – CONFLICT OF INTEREST CODE:

RECOMMENDATION: Adopt Resolution No. 2010-0090, amending Authority Code Section 2.30 (c) (1) – Conflict of Interest Code, updating the list of designated employees.

CLAIMS

COMMITTEE RECOMMENDATIONS

6. RECEIVE THE UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010:

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

7. RECEIVE THE AUTHORITY'S INVESTMENT REPORT AS OF JUNE 30, 2010:

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

8. REQUIRED COMMUNICATIONS FROM THE EXTERNAL AUDITOR TO THE AUDIT COMMITTEE:

RECOMMENDATION: The Audit Committee recommends that the Board receive the information.

9. FISCAL YEAR 2010 – ANNUAL REPORT FROM THE AUDIT COMMITTEE:

RECOMMENDATION: The Audit Committee recommends that the Board receive the information.

10. FISCAL YEAR 2010 – ANNUAL AUDIT ACTIVITIES REPORT AND AUDIT RECOMMENDATIONS FROM THE OFFICE OF THE CHIEF AUDITOR:

RECOMMENDATION: The Audit Committee recommends that the Board receive the information.

CONTRACTS AND AGREEMENTS

11. AWARDED CONTRACTS, APPROVED CHANGE ORDERS FROM JUNE 7, 2010 THROUGH AUGUST 8, 2010 AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM JUNE 7, 2010 THROUGH AUGUST 8, 2010:

RECOMMENDATION: Receive the report.

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- 12. APPROVE THE SECOND AMENDMENT TO AGREEMENT WITH ALL STAR EVENT PRODUCTIONS, INC., DBA ALL STAR GROUP, FOR HOLIDAY DECORATING SERVICES:**
RECOMMENDATION: Adopt Resolution No. 2010-0091, approving the Second Amendment to the Agreement with All Star Event Productions, Inc., DBA All Star Group, authorizing the President/CEO to exercise the agreement's option to extend the term for two additional years, and increasing the amount payable by \$160,000 for a total not-to-exceed amount of \$250,000.
- 13. AUTHORIZE THE PRESIDENT/CEO TO AWARD A CONTRACT TO STRONG TOWER CONSTRUCTION, LLC, DBA KOCH CORPORATION, FOR QUIETER HOME PROGRAM PHASE 5, GROUP 9A (25 WEST SIDE, NON-HISTORIC, UNITS ON 5 RESIDENTIAL PROPERTIES):**
RECOMMENDATION: Adopt Resolution No. 2010-0092, authorizing the President/CEO to award a contract to Strong Tower Construction, LLC, DBA Koch Corporation, in the amount of \$459,519.00, for Phase 5, Group 9A, Project No. 380509A, of the San Diego County Regional Airport Authority's Quieter Home Program.
- 14. AUTHORIZE THE AWARD OF AN AGREEMENT FOR BOND DISCLOSURE LEGAL SERVICES TO QUATEMAN, LLP:**
RECOMMENDATION: Adopt Resolution No. 2010-0093, authorizing the award of an agreement for bond disclosure legal services to Quateman, LLP for a term of three (3) years with two (2) one-year options to extend the term for one (1) additional year and with a maximum amount payable of \$300,000.
- 15. AUTHORIZATION TO EXECUTE A MEMORANDUM OF AGREEMENT WITH THE FEDERAL AVIATION ADMINISTRATION COVERING NAVIGATIONAL AIDS AT SAN DIEGO INTERNATIONAL AIRPORT:**
RECOMMENDATION: Adopt Resolution No. 2010-0101, authorizing the President/CEO to enter into a Memorandum of Agreement with the Federal Aviation Administration (FAA) covering all FAA-owned and operated navigational aids at San Diego International Airport.

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

- 16. AUTHORIZE THE PRESIDENT/CEO TO AWARD ON-CALL GENERAL CONSTRUCTION SERVICES AGREEMENTS TO APEX CONTRACTING & RESTORATION, INC.; DYNAMIC CONTRACTING SERVICES, INC.; MW CONSTRUCTION, INC.; CALDERON BUILDERS, INC.; AND THE VASQUEZ COMPANY:**

RECOMMENDATION: Adopt Resolution No. 2010-0095, authorizing the President/CEO to award On-Call General Construction Services Agreements to: Apex Contracting & Restoration, Inc.; Dynamic Contracting Services, Inc.; MW Construction, Inc.; Calderon Builders, Inc.; and The Vasquez Company - each agreement for a three-year term and a not-to-exceed amount of \$3,000,000.00, to provide general construction services support for the San Diego International Airport's ("SDIA's") Capital Major Maintenance Program.

- 17. AUTHORIZE THE PRESIDENT/CEO TO AWARD ON-CALL ELECTRICAL SERVICES AGREEMENTS TO LASER ELECTRIC, INC.; ENSLEY ELECTRIC, INC.; ACCURATE ENGINEERING INTEGRATED CONSTRUCTION SERVICES, INC.; NEAL ELECTRIC CORP.; AND SADLER ELECTRIC, INC.:**

RECOMMENDATION: Adopt Resolution No. 2010-0096, authorizing the President/CEO to award On-Call Electrical Services Agreements to: Laser Electric, Inc.; Ensley Electric, Inc.; Accurate Engineering Integrated Construction Services, Inc.; Neal Electric Corp.; and Sadler Electric, Inc. - each agreement for a three-year term and a not-to-exceed amount of \$3,000,000.00, to provide electrical services support for the San Diego International Airport's Capital Major Maintenance Program.

- 18. AWARD OF CONTRACT TO RICONDO & ASSOCIATES, INC. FOR TECHNICAL SERVICES IN THE DEVELOPMENT OF AIRPORT LAND USE COMPATIBILITY PLANS FOR SAN DIEGO INTERNATIONAL AIRPORT, NAVAL AIR STATION NORTH ISLAND, AND NAVAL OUTLYING FIELD IMPERIAL BEACH IN AN AMOUNT NOT TO EXCEED \$2.3 MILLION:**

RECOMMENDATION: Adopt Resolution No. 2010-0094, approving the award of a contract to Ricondo & Associates, Inc. to provide technical services in the development of Airport Land Use Compatibility Plans (ALUCPs) for San Diego International Airport (SDIA), Naval Air Station (NAS) North Island, and Naval Outlying Field (NOLF) Imperial Beach, and for the completion of a GIS Implementation Tool for all 16 ALUCPs, in an amount not to exceed \$2,300,000.

PRESENTATION(s):

A. SDCRAA BUSINESS CONTINUITY PLAN AND DISASTER RECOVERY PLAN (EDUCATIONAL ITEM):

David Boenitz, Director, Business Planning, provided a presentation on the Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP), which included Definitions, Background, Airport Emergency Plan (AEP) versus Business Continuity Plan, BCP Planning – "R" We Ready?, Recognize, Respond, Recover, Resume, Revisit, and What's Next?

In response to Chair Gleason regarding Board Member notifications, Thella F. Bowens, President/CEO, stated that the protocols for notifying Board Members are incorporated in the Communications Plan. She stated that the FAA requires that certain powers be given to the Executive Director in case of emergency.

B. CENTRAL RECEIVING & DISTRIBUTION CENTER/AUTHORITY WAREHOUSE DEVELOPMENT AND FINANCING UPDATE:

Vernon Evans, Vice President, Finance/Treasurer, provided a presentation on the Central Receiving and Distribution Center (CRDC)/Authority Warehouse Development and Financing Update, which included Potential Northside Development, CRDC/Authority Warehouse Site Plan, Conceptual Floor Plan, Development/Financing Options, Framework for Development/Financing Options, and Next Steps.

In response to Board Member Panknin regarding additional work needed to prepare for this facility, Angela Shafer-Payne, Vice President, Planning & Operations, stated that a Supplemental Environmental Impact Report (EIR) is being developed.

C. UPDATE ON THE LIFE CYCLE MANAGEMENT PROGRAM:

Wayne Harvey, Director, Facilities Management, provided a presentation on the Life Cycle Management Program, which included Water Savings, Electrical Savings, Commissioning, Leadership in Energy and Environmental Design (LEED) Certification, and Financial Impact.

D. AUTHORITY'S FINANCIAL UPDATE:

Vernon Evans, Vice President, Finance/Treasurer, provided an update on the Authority's Financial Condition.

E. UPDATE ON BOND ISSUANCE:

Vernon Evans, Vice President, Finance/Treasurer, provided an update on bond issuance. Mr. Evans stated that he has met with the bond insurer and rating agencies as well.

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

STANDING BOARD COMMITTEES

- **AUDIT COMMITTEE:**
Board Member Smisek reported that the Committee met on August 30, 2010, and forwarded items to the Board for acceptance.
- **EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE:**
Board Member Desmond reported that the Committee will be meeting on September 21, 2010 at 8:30 a.m.
- **FINANCE COMMITTEE:** None
- **TERMINAL DEVELOPMENT PROGRAM COMMITTEE:**
Board Member Boland reported that the Committee met on August 23, 2010.
- **REGIONAL AVIATION STRATEGIC PLAN COMMITTEE:**
Board Member Finnilla stated that the Committee met on August 30, 2010. She reported that she will be making four public appearances in the County during September to promote the RASP.

ADVISORY COMMITTEES

- **AIRPORT ADVISORY COMMITTEE:**
Board Member Panknin reported that the Committee will be meeting on September 16, 2010.
- **PUBLIC ART ADVISORY COMMITTEE:** None

LIAISONS

- **CALTRANS:** None
- **MILITARY AFFAIRS:** None
- **PORT:**
Chair Gleason reported that he and Board Member Robinson met with the Port Commissioners on August 19, 2010.

BOARD REPRESENTATIVES (EXTERNAL)

- **SANDAG TRANSPORTATION COMMITTEE:**
Board Member Smisek reported that the Committee did not meet in August and would have its next meeting on September 3, 2010.

- **SCAG AVIATION TASK FORCE:** None
- **WORLD TRADE CENTER:** None

CHAIR'S REPORT:

Chair Gleason reported that the Authority received an award from the Airport Minority Advisory Council Award for small business outreach efforts. He also reported that the Authority received an award for its outstanding contribution toward and in support of San Diego subcontracting community interests and issues from the San Diego Chapter of the American Subcontracting Association. He reminded the Board that a Retreat will be held on September 17 and 18 in the Board Room. He also reported that he and Board Member Robinson would be attending the Chamber DC delegation trip at the end of September.

PRESIDENT/CEO REPORT:

Thella F. Bowens, President/CEO, reported that on October 1, there will be new nonstop air service from San Diego to Maui on Alaska Air daily. She also reported that a new route from San Diego to Puerto Vallarta will be beginning daily service on November 12. She also reported that in January, a new nonstop route will begin three times weekly from San Diego to Omaha via Frontier Airlines.

Board Member Young left the dais at 1:47 p.m.

NEW BUSINESS (cont.):

20. AUTHORIZE THE PRESIDENT/CEO TO EXECUTE AN AGREEMENT WITH HSS, INC., FOR CONTRACT SECURITY SERVICES:

George Condon, Director, Aviation Operations and Public Safety, provided a report on the award for contract security services.

JOHN DADIAN, SAN DIEGO, Dadian & Associates, spoke in opposition to staff's recommendation. He stated that the original bid amount for Heritage Security was lower than the awardee, and that Heritage is the only San Diego-based firm on the short list.

Board Member Boland reported ex-parte communications with John Dadian.

In response to Board Member Boland in regards to the reduction in price, Thella F. Bowens, President/CEO, stated that it is standard practice for the Authority to negotiate the price after a vendor is selected.

Board Member Desmond reported ex-parte communications with John Dadian.

In response to Board Member Desmond regarding the importance of selecting a local business, Mr. Condon stated that no points were allocated for local businesses.

Board Member Panknin stated that this is a local preference issue, and he suggested that a policy be developed where points are awarded for local businesses.

In response to Board Member Cox regarding how the contract was awarded, Mr. Condon stated that it was determined through a blending of the five evaluation criteria.

MIKE LANHAM, Vice President of Aviation Security Services, HHS Inc., stated that his firm has a very large California operation, and that it places a large emphasis on community involvement, and that his company is committed to opening a satellite office in San Diego.

Breton Lobner, General Counsel, noted that the award must be based on all of the evaluation criteria, not on local preference.

Board Member Boland expressed concern regarding the Request for Proposal (RFP) process and protests.

Chair Gleason expressed concern regarding the lack of detail in the report, taking into consideration the amount of the contract. He stated that the report should have been much more robust and the evaluation matrixes should have been included.

In response to Board Member Desmond regarding consideration being given for local businesses in future contract awards, Mr. Lobner stated that local preference is not permissible in contracts using federal funding.

Amy Gonzalez, Director, Counsel Services, stated that to award a contract based on local preference, there has to be a rationale presented.

Board Member Desmond requested a future agenda item about using the local business preference criteria in contract awards, when permissible.

Board Member Cox expressed support for establishing a policy to award points based on local preference. He further stated that all RFP's should address how worker retention will be handled.

RECOMMENDATION: Adopt Resolution No. 2010-0097, authorizing the President/CEO to execute an agreement with HSS, Inc., for contract security services for five (5) years, including two (2) one-year options to extend the agreement in a not-to-exceed amount of \$15,000,000.

ACTION: Moved by Board Member Desmond and seconded by Board Member Finnila to approve staff's recommendation. Motion FAILED by the following vote: YES – Cox, Desmond, Finnila, Smisek; NO – Boland, Gleason, Panknin, Robinson; ABSENT – Young. (Weighted Vote Points: YES – 44; NO – 43; ABSENT– 13)

Angela Shafer-Payne, Vice President, Planning & Operations, stated that the current security contract does not expire until May 2011 so no award is mandatory at this time.

Chair Gleason requested that staff provide a more detailed report to be discussed at the September Executive Committee Meeting.

Board Member Robinson requested to see the rating matrix for this award.

21. AUTHORIZE PRESIDENT/CEO TO EXECUTE WORK AUTHORIZATIONS FOR CONSTRUCTION PHASE SERVICES FOR THE TERMINAL DEVELOPMENT PROGRAM/THE GREEN BUILD:

Bryan Enarson, Vice President, Development, provided a presentation on the Green Build Work and Task Authorizations for Construction Phase Services, which included an overview of Contracts 1 and 2, and the requested Board action.

RECOMMENDATION:

The Terminal Development Program Committee recommends that the Board adopt Resolution No. 2010-0098, authorizing the President/CEO to execute Work Authorizations for construction phase services and release funding in an amount not-to-exceed \$104,000,000 under Contract 1 (Terminal 2 West Building and Airside Expansion at San Diego International Airport); and

ACTION: Moved by Board Member Boland and seconded by Board Member Panknin to approve staff's recommendation. Motion carried by the following vote: YES – Boland, Cox, Desmond, Finnila, Gleason, Panknin, Robinson, Smisek; NO – None; ABSENT – Young. (Weighted Vote Points: YES – 87; NO – 0; ABSENT– 13)

The Terminal Development Program Committee recommends that the Board adopt Resolution No. 2010-0099, authorizing the President/CEO to execute Work Authorizations for construction phase services and release funding in an amount not-to-exceed \$30,000,000 under Contract 2 (Terminal 2 Elevated Departure Curb / Transit Plaza and Landside Modifications at San Diego International Airport).

ACTION: Moved by Board Member Boland and seconded by Board Member Panknin to approve staff's recommendation. Motion carried by the following vote: YES – Boland, Cox, Desmond, Finnilla, Gleason, Panknin, Robinson, Smisek; NO – None; ABSENT – Young. (Weighted Vote Points: YES – 87; NO – 0; ABSENT– 13)

NON-AGENDA PUBLIC COMMENT: None

GENERAL COUNSEL REPORT: None

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

BOARD COMMENT:

ADJOURNMENT: The meeting was adjourned at 2:53 P.M.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD THIS 7th DAY OF OCTOBER, 2010.

TONY R. RUSSELL
DIRECTOR, CORPORATE SERVICES/
AUTHORITY CLERK

APPROVED AS TO FORM:

BRETON K. LOBNER
GENERAL COUNSEL

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