

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Board Members

Robert H. Gleason
Board Chair

David Alvarez
C. April Boling
Greg Cox
Jim Desmond
Lloyd B. Hubbs
Jim Janney
Paul Robinson
Mary Sessom

SPECIAL EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE MEETING and SPECIAL BOARD MEETING *

AGENDA

Tuesday, January 19, 2016
9:00 A.M.

San Diego International Airport
SDCRAA Administration Building -- Third Floor
(Formerly Commuter Terminal)
Board Room
3225 N. Harbor Drive
San Diego, CA 92101

Ex-Officio Board Members

Laurie Berman
Eraina Ortega
Col. Jason G. Woodworth

President / CEO

Thella F. Bowens

This Agenda contains a brief general description of each item to be considered. The indication of a recommended action does not indicate what action (if any) may be taken. If comments are made to the Committee without prior notice or are not listed on the Agenda, no specific answers or responses should be expected at this meeting pursuant to State law. ***Please note that agenda items may be taken out of order.***

Staff Reports and documentation relating to each item of business on the Agenda are on file in Corporate & Information Governance and are available for public inspection.

***NOTE:** This Committee Meeting also is noticed as a Special Meeting of the Board to (1) foster communication among Board members in compliance with the Brown Act; and (2) preserve the advisory function of the Committee.

Board members who are not members of this Committee may attend and participate in Committee discussions. Since sometimes more than a quorum of the Board may be in attendance, to comply with the Brown Act, this Committee meeting also is noticed as a Special Meeting of the Board.

To preserve the proper function of the Committee, only members officially assigned to this Committee are entitled to vote on any item before the Committee. This Committee only has the power to review items and make recommendations to the Board. Accordingly, this Committee cannot, and will not, take any final action that is binding on the Board or the Authority, even if a quorum of the Board is present.

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

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

Committee Members: Cox, Desmond (Chair), Hubbs, Janney, Sessom

NON-AGENDA PUBLIC COMMENT

Non-Agenda Public Comment is reserved for members of the public wishing to address the Committee on matters for which another opportunity to speak **is not provided on the Agenda**, and which is within the jurisdiction of the Committee. Please submit a completed speaker slip to the Authority Clerk. *Each individual speaker is limited to three (3) minutes. Applicants, groups and jurisdictions referring items to the Board for action are limited to five (5) minutes.*

Note: Persons wishing to speak on specific items should reserve their comments until the specific item is taken up by the Board.

NEW BUSINESS

1. APPROVAL OF MINUTES:

RECOMMENDATION: Approve the minutes of the August 20, 2015 special meeting.

2. RECAP OF EMPLOYEE BENEFITS OPEN ENROLLMENT FOR 2016 AND MARKET UPDATE:

Presented by Kurt Gering, Director, Talent, Culture & Capability and Christie Barr, Senior Vice President, Willis Insurance Services, San Diego

CLOSED SESSION

3. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:

Cal. Gov. Code §54957
Title: President/Chief Executive Officer

4. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:

Cal. Gov. Code §54957
Title: General Counsel

5. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:

Cal. Gov. Code §54957
Title: Chief Auditor

REPORT ON CLOSED SESSION

COMMITTEE MEMBER COMMENTS

ADJOURNMENT

Policy for Public Participation in Board, Airport Land Use Commission (ALUC), and Committee Meetings (Public Comment)

- 1) Persons wishing to address the Board, ALUC, and Committees shall complete a "Request to Speak" form prior to the initiation of the portion of the agenda containing the item to be addressed (e.g., Public Comment and General Items). Failure to complete a form shall not preclude testimony, if permission to address the Board is granted by the Chair.
- 2) The Public Comment Section at the beginning of the agenda is limited to eighteen (18) minutes and is reserved for persons wishing to address the Board, ALUC, and Committees on any matter for which another opportunity to speak is not provided on the Agenda, and on matters that are within the jurisdiction of the Board. A second Public Comment period is reserved for general public comment later in the meeting for those who could not be heard during the first Public Comment period.
- 3) Persons wishing to speak on specific items listed on the agenda will be afforded an opportunity to speak during the presentation of individual items. Persons wishing to speak on specific items should reserve their comments until the specific item is taken up by the Board, ALUC and Committees. Public comment on specific items is limited to twenty (20) minutes – ten (10) minutes for those in favor and ten (10) minutes for those in opposition of an item. Each individual speaker will be allowed three (3) minutes, and applicants and groups will be allowed five (5) minutes.
- 4) If many persons have indicated a desire to address the Board, ALUC and Committees on the same issue, then the Chair may suggest that these persons consolidate their respective testimonies. Testimony by members of the public on any item shall be limited to **three (3) minutes per individual speaker and five (5) minutes for applicants, groups and referring jurisdictions.**
- 5) Pursuant to Authority Policy 1.33 (8), recognized groups must register with the Authority Clerk prior to the meeting.
- 6) After a public hearing or the public comment portion of the meeting has been closed, no person shall address the Board, ALUC, and Committees without first obtaining permission to do so.

Additional Meeting Information

NOTE: This information is available in alternative formats upon request. To request an Agenda in an alternative format, or to request a sign language or oral interpreter, or an Assistive Listening Device (ALD) for the meeting, please telephone the Authority Clerk's Office at (619) 400-2400 at least three (3) working days prior to the meeting to ensure availability.

For your convenience, the agenda is also available to you on our website at www.san.org.

For those planning to attend the Board meeting, parking is available in the public parking lot located directly in front of the Administration Building (formerly the Commuter Terminal). Bring your ticket to the third floor receptionist for validation.

You may also reach the Administration Building by using public transit via the San Diego Metropolitan Transit System, Route 992. The MTS bus stop at Terminal 1 is a very short walking distance from the Administration Building. ADA paratransit operations will continue to serve the Administration Building as required by Federal regulation. For MTS route, fare and paratransit information, please call the San Diego MTS at (619) 233-3004 or 511. For other Airport related ground transportation questions, please call (619) 400- 2685.

UPCOMING MEETING SCHEDULE

<i>Date</i>	<i>Day</i>	<i>Time</i>	<i>Meeting Type</i>	<i>Location</i>
May 25	Wednesday	9:00 a.m.	Regular	Board Room

ITEM 1

DRAFT
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SPECIAL EXECUTIVE PERSONNEL AND
COMPENSATION COMMITTEE MEETING
MINUTES
THURSDAY, AUGUST 20, 2015
BOARD ROOM

CALL TO ORDER:

Chair Desmond called the special meeting of the Executive Personnel and Compensation Committee and special meeting of the Board to order at 9:03 a.m. on Thursday, August 20, 2015, in the Board Room at the San Diego International Airport, Commuter Terminal, 3225 N. Harbor Drive, San Diego, CA 92101.

PLEDGE OF ALLEGIANCE:

ROLL CALL:

PRESENT: Committee Members: Desmond, Hubbs, Janney

 Board Members: Gleason

ABSENT: Committee Members: Cox, Sessom

ALSO PRESENT: Thella F. Bowens, President/CEO; Breton Lobner, General Counsel;
 Lorraine Bennett, Assistant Authority Clerk II; Sara Real, Assistant
 Authority Clerk I

NON-AGENDA PUBLIC COMMENT

NEW BUSINESS

1. APPROVAL OF MINUTES:

RECOMMENDATION: Approve the minutes of the June 17, 2015 special meeting.

ACTION: Moved by Board Member Hubbs and seconded by Board Member Janney to approve staff's recommendation. Motion carried unanimously, noting Board Members Cox and Sessom as ABSENT.

2. PROPOSED AMENDMENT TO CORRECT THE DEFINITION OF BASE PAY USED FOR CALCULATION OF RETIREMENT BENEFIT IN THE AMENDED AND RESTATED SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY RETIREMENT PLAN AND TRUST OF 2013:

RECOMMENDATION: Staff recommends that the Executive Personnel and Compensation Committee forward this item to the Board for approval.

Kurt Gering, Director, Talent, Culture & Capability, provided a presentation on Definition of Final Compensation, which included If the Plan is Amended to Correct the Definition of Final Compensation for Classic Members; Definition of a One-Year Period; and Proposed Correction.

ACTION: Moved by Board Member Hubbs and seconded by Board Member Janney to approve staff's recommendation. Motion carried unanimously, noting Board Members Cox and Sessom as ABSENT.

COMMITTEE MEMBER COMMENTS - None

ADJOURNMENT: The meeting was adjourned at 9:07 a.m.

APPROVED BY A MOTION OF THE EXECUTIVE PERSONNEL AND
COMPENSATION COMMITTEE OF THE SAN DIEGO COUNTY REGIONAL
AIRPORT AUTHORITY THIS 19TH DAY OF JANUARY, 2016.

JEFF LINDEMAN
SENIOR DIRECTOR,
TALENT & ENGAGEMENT

APPROVED AS TO FORM:

LORRAINE BENNETT,
ASSISTANT AUTHORITY CLERK II



RECAP OF EMPLOYEE BENEFITS OPEN ENROLLMENT FOR 2016 AND MARKET UPDATE

Presented By:

Kurt Gering | Director | Talent, Culture & Capability

Christie Barr | Sr. Vice President | Willis Insurance Services

January 21, 2016

Recap of Benefits Renewal (2016)



Health & Dental Benefit Program Changes:

- Renewed medical with Anthem Blue Cross at 7.5%
- Renewed dental with Delta at 2.8% with 2 yr. rate lock
- Only mandatory PPO/HDHP plan changes on acupuncture, chiropractic, physical therapy & inpatient services
- Re-tiered PPO/HDHP over 2 yr. period to avoid Cadillac Tax



Financial and Cost Share Model:

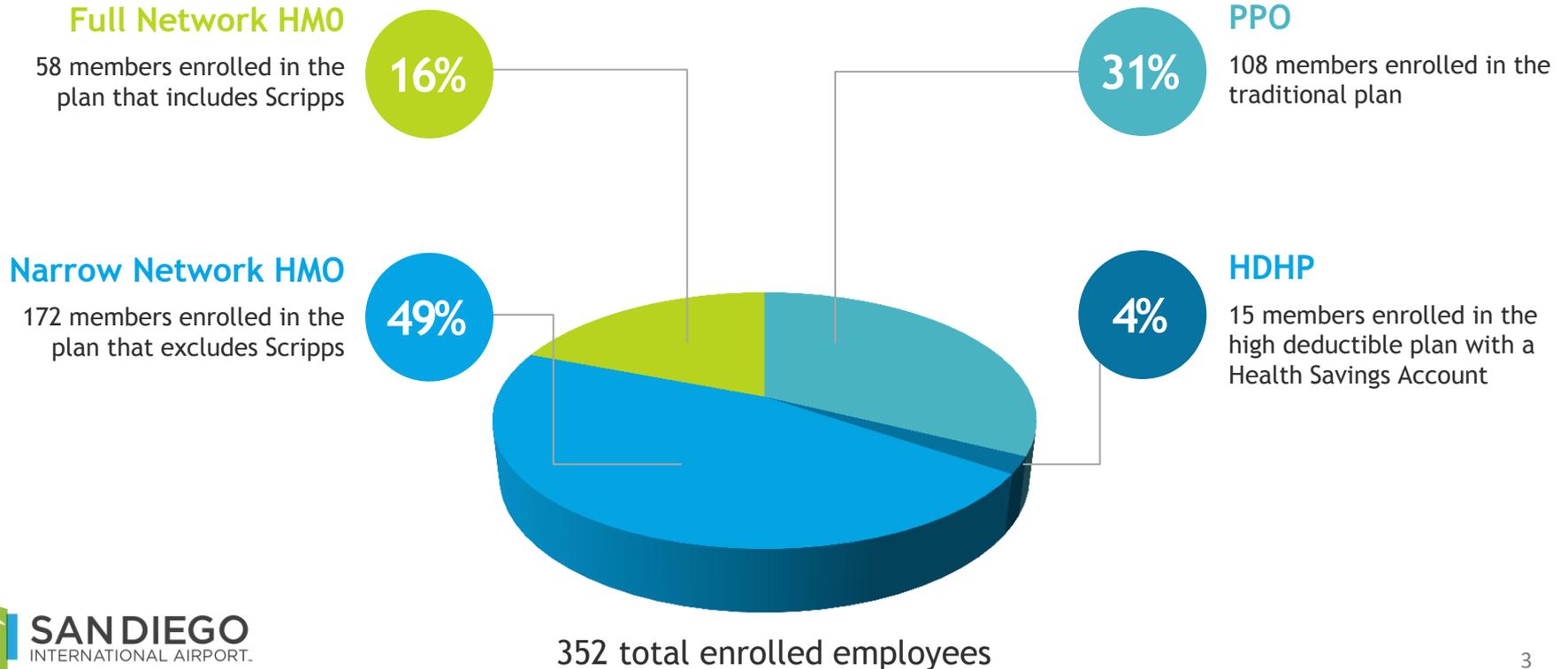
- Sustained medical government sector aggregate benchmark
 - Authority 79% (\$4,188,290)
 - Employees 21% (\$1,094,382)



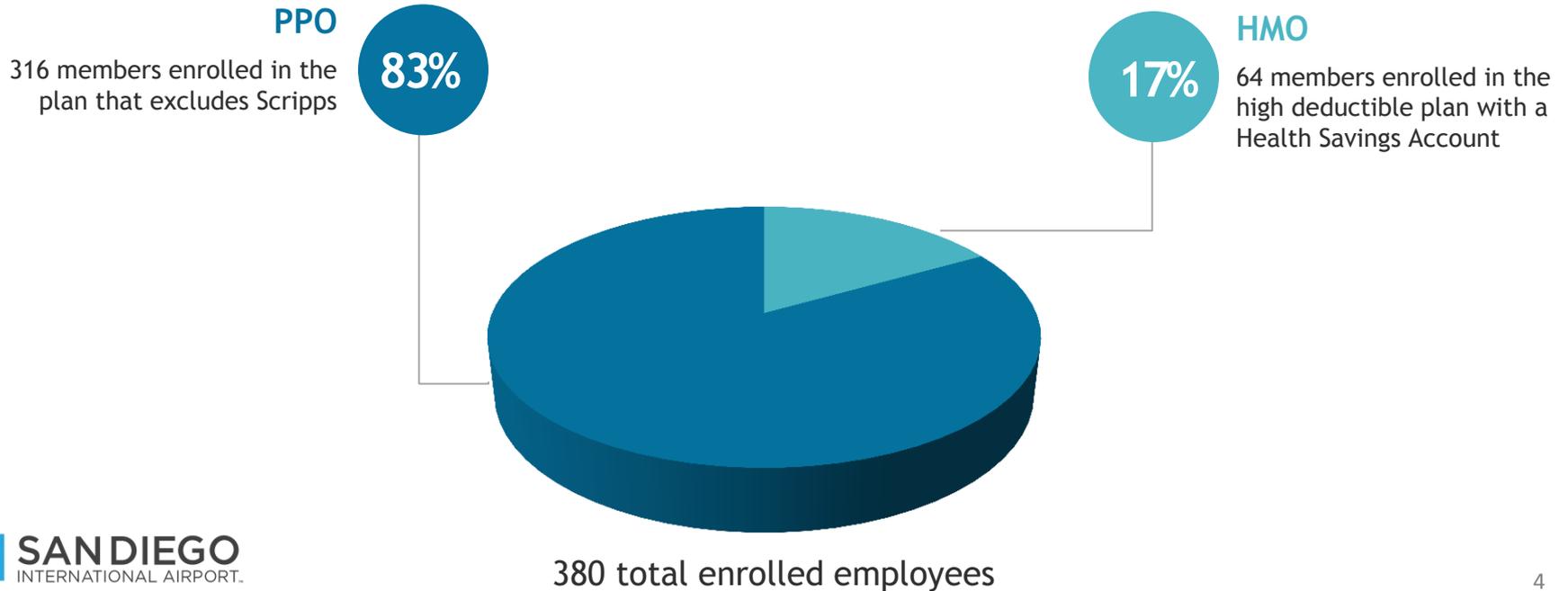
Wellness Program Components:

- Maintain PHP and biometric data collection
- Incent individual (\$250) and spouse (\$200) with deposit in FSA/HSA/457
- Continue Health Advocate challenges and coaching
- Leverage data analysis to inform Wellness initiatives and investments

Medical Plan Enrollments



Dental Plan Enrollments



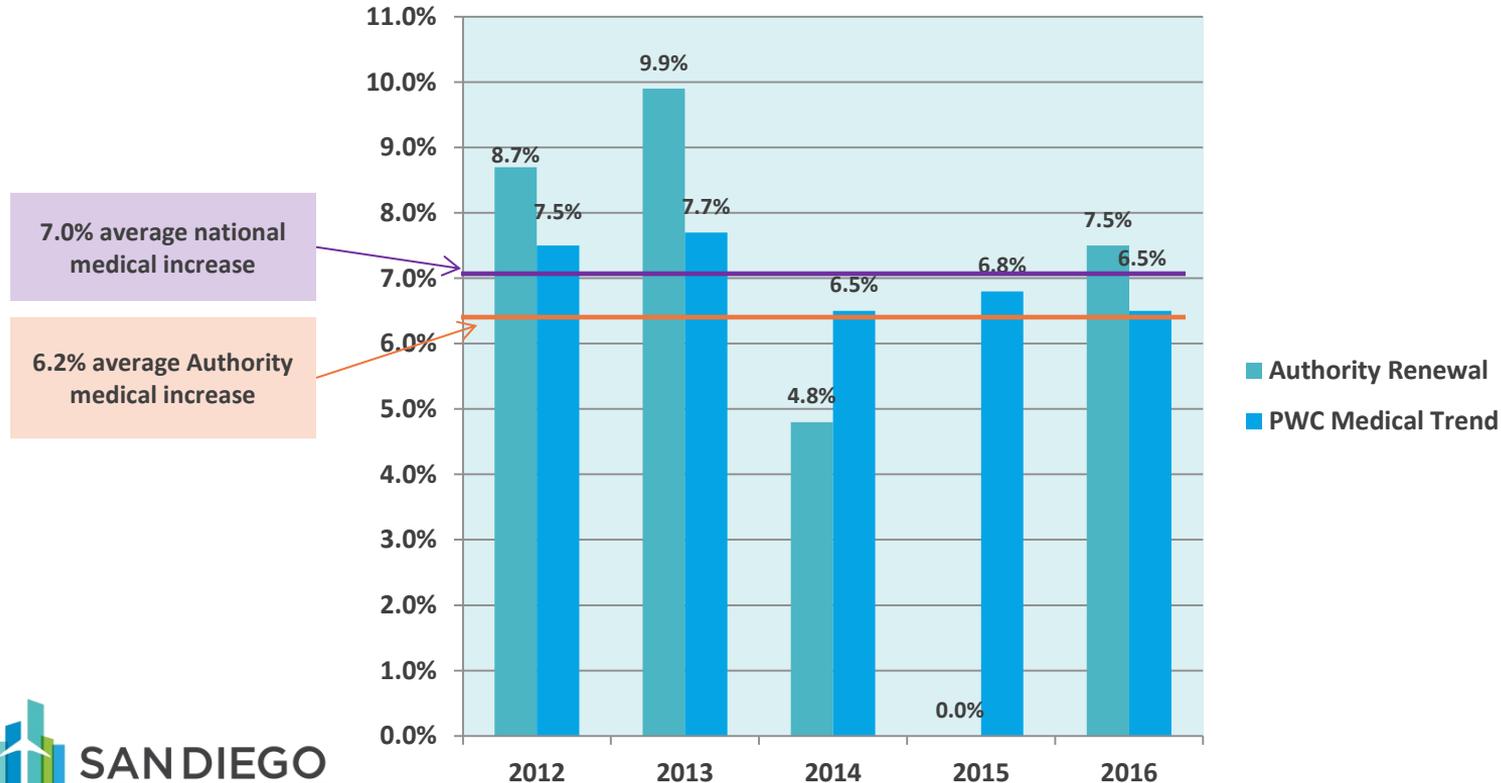
Authority Only Cost

Description	CY Budgeted 2016 Costs	Proposed Costs (enrollment estimates)	Budget v. Proposed (\$ Diff)	Budget v. Proposed (% Diff)	CY Estimated Costs (actual enrollments)	Estimated vs. Budget (\$ Diff)	Estimated vs. Budget (% Diff)
Medical	\$4,603,254	\$4,431,094	(\$172,160)	(3.74%)	\$4,188,290	(\$414,964)	(9.01%)
Dental	\$345,294	\$335,672	(\$9,622)	(2.79%)	\$340,924	(\$4,370)	(6.38%)
Other lines (Life, Disability, HealthAdvocate)	\$272,411	\$259,536	(\$12,875)	(4.73%)	\$259,536*	(\$12,875)	(4.73%)
TOTAL	\$5,220,959	\$5,026,302	(\$194,657)	(3.73%)	\$4,788,750	(\$432,209)	(8.28%)

* Estimated

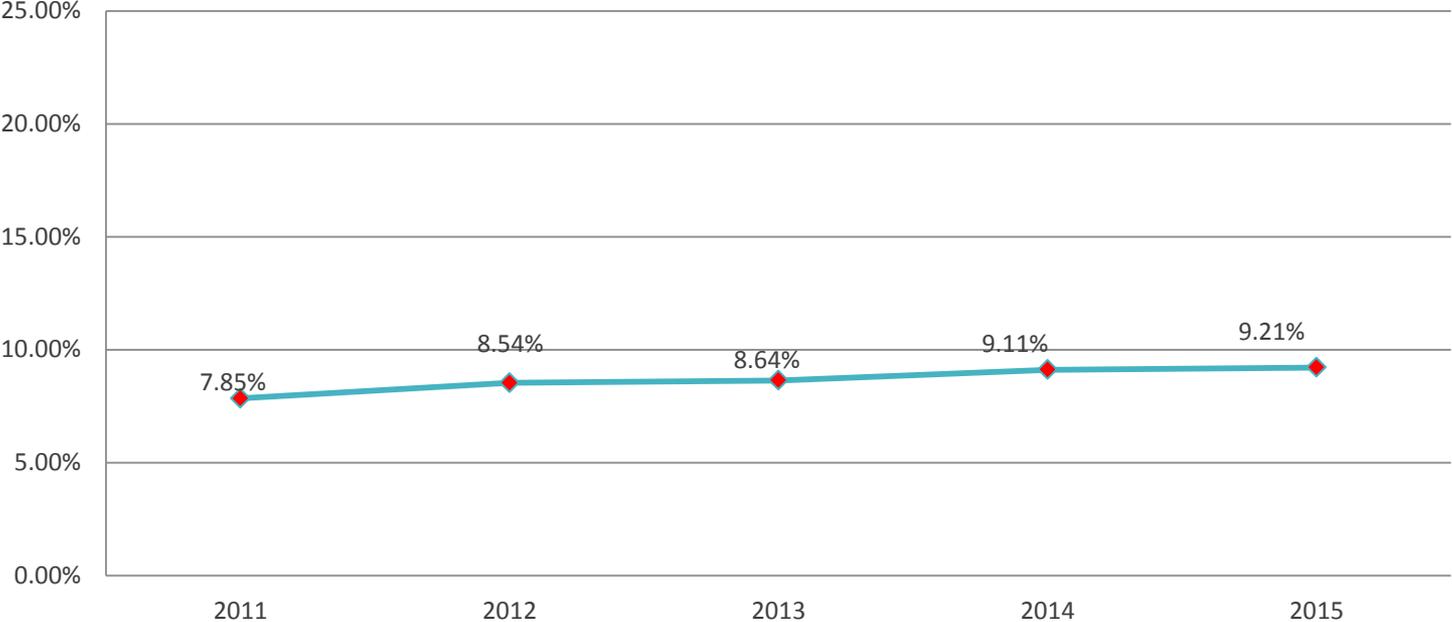
5 Year Review

% Health Benefit Renewal Increase

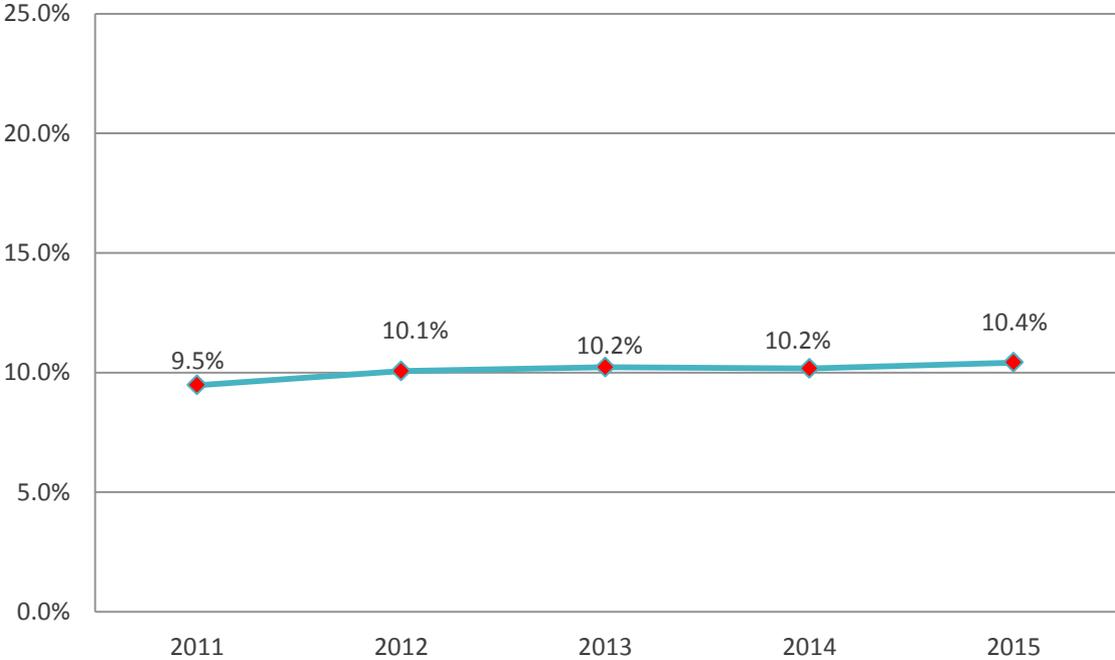


Source: U.S. Medical trend data provided by PWC Health Research Institute

Medical & Dental Costs as a % of Payroll



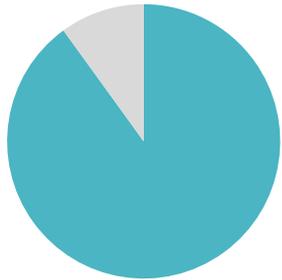
Health Benefit Cost as a % of Payroll



Mercer 2014 Benchmarks	
Government	21.1%
California	14.0%
West	14.2%
National (All)	13.5%

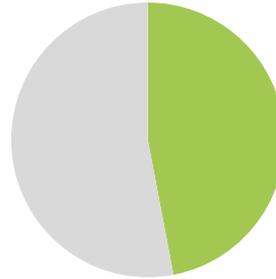
Wellness Participation

The Wellness Program requires a biometric screening on-site or via a fax back from a preferred provider and completion of a Personal Health Profile (PHP) with the HealthAdvocate



86% of Employees

Individuals who participate receive a differential (reduction) in monthly premiums equivalent to 5% of the individual premium cost and a \$250 incentive deposit into a Flexible Spending Account (FSA)/Health Savings Account (HSA)/457 Deferred Compensation Plan



26% of Spouses or Domestic Partners

This was the third year that a spouse/domestic partner incentive was offered. The incentive was a \$200 deposit into a Flexible Spending Account (FSA)/Health Savings Account (HSA)/457 Deferred Compensation Plan

4 Year Wellness Plan

2016

- Visible middle management support
- Education/awareness
- Incentives for participation
- Behavioral Change Programs
- Communications Strategy

2017

- Integrated leadership support
- Education/awareness
- Incentives for participation
- Behavioral Change Programs
- Communications Strategy
- Explore introducing 1st outcomes based incentive (ex. High Cholesterol)

2018

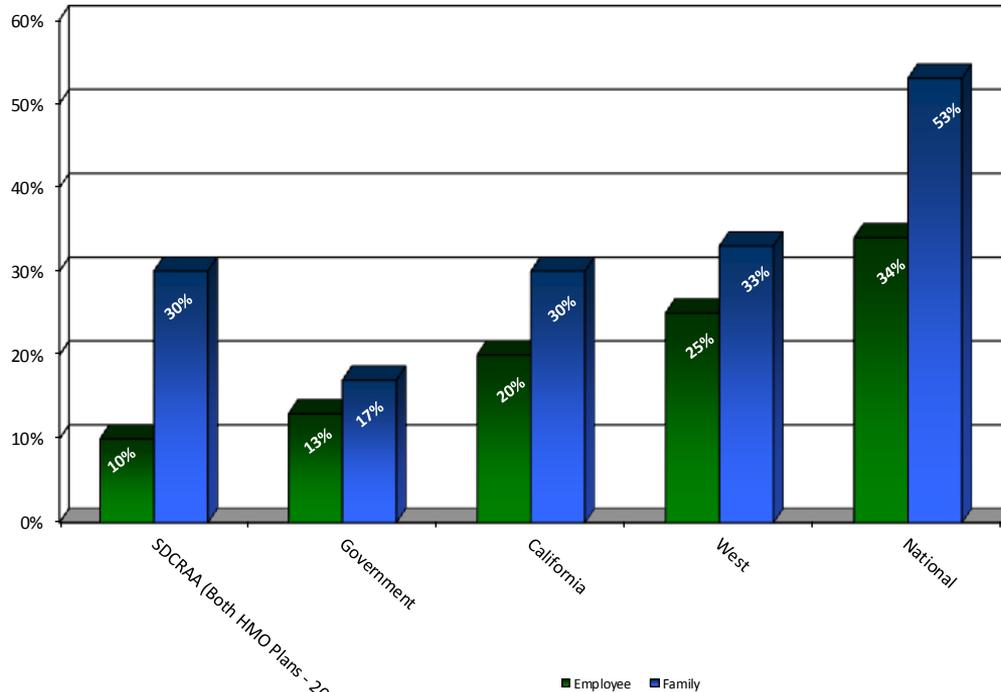
- Education/Awareness
- Introduce 2nd outcomes based incentive (ex. BMI)
- Identify targeted initiatives using biometric data & offer coaching
- Tie incentives for outcomes (e.g. non-smoking) along with existing biometrics/HSA (payroll incentive)

2019

- Education/Awareness
- Identify targeted initiatives using biometric data & offer coaching
- Tie incentives for outcomes (e.g. non-smoking) along with existing biometrics/HSA (payroll incentive)

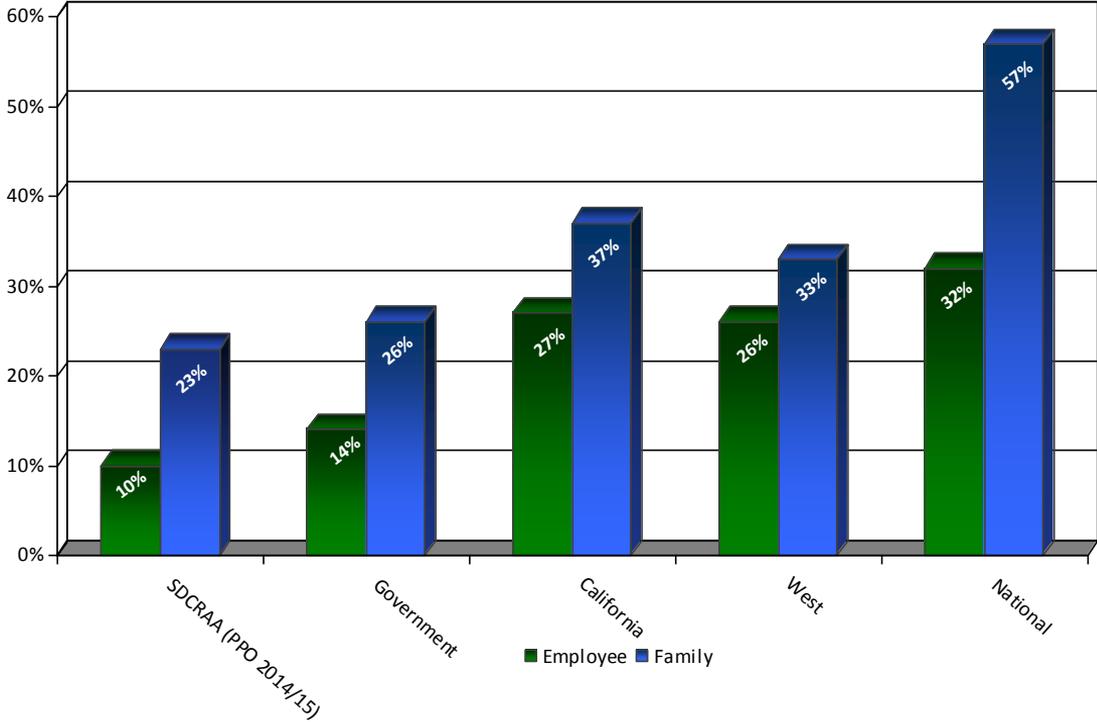
*Measure Value on Investment (VOI)

Average HMO Employee Contributions As a Percentage of Premiums



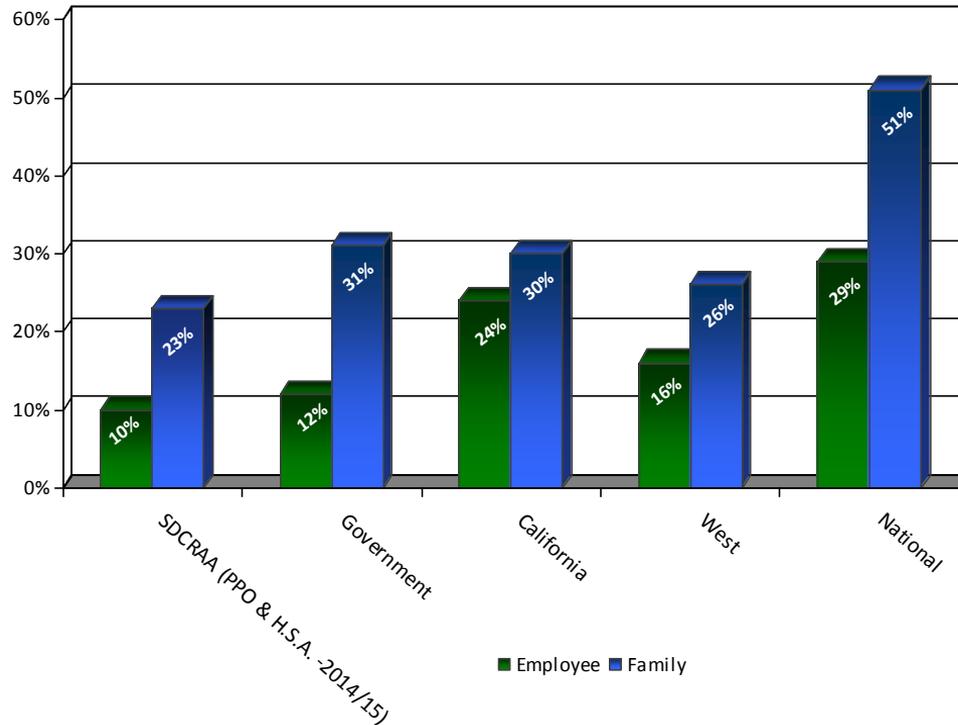
Benchmark data from the Mercer National Survey, 2014.

Average PPO Employee Contributions As a Percentage of Premiums



Benchmark data from the Mercer National Survey, 2014.

Average HDHP/HSA Employee Contributions As a Percentage of Premiums



Benchmark data from the Mercer National Survey, 2014.

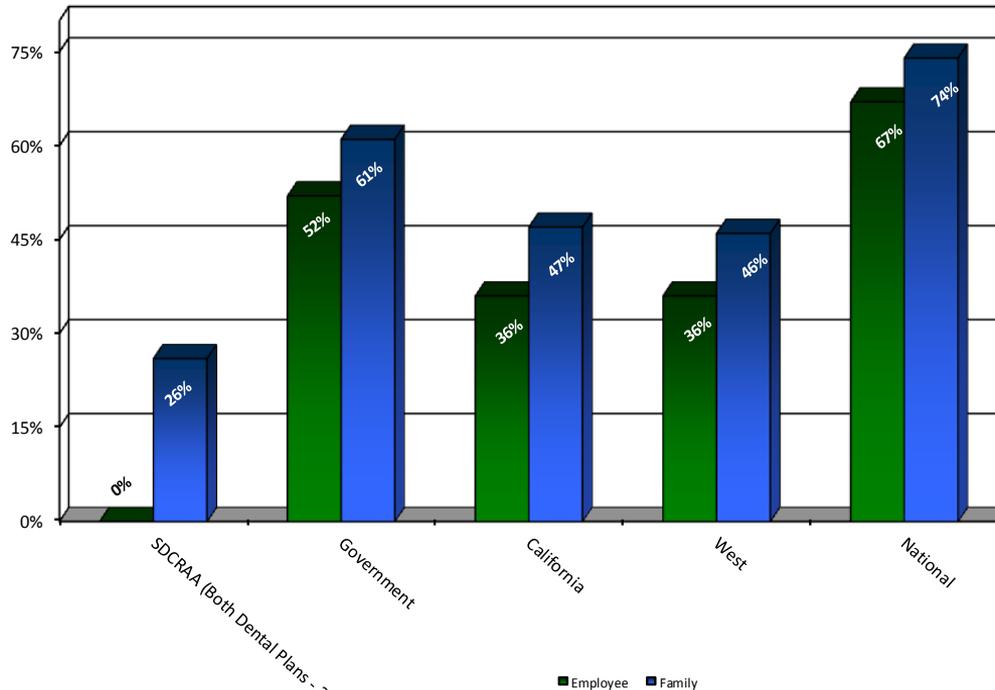
Benchmarking (2014): Total Cost Share Analysis

(10% Employee Cost Share for Authority)

Benchmarking Cut	Total Premium	Employer Contribution	Employee Contribution
Authority (2014/15)	\$5,096,487	81% (\$4,110,744)	19% (\$985,743)
Government	\$4,793,328	84% (\$4,005,279)	16% (\$788,049)
California	\$4,674,902	73% (\$3,389,685)	27% (\$1,285,217)
West	\$4,652,159	71% (\$3,318,802)	29% (\$1,333,357)
National	\$4,251,877	58% (\$2,445,137)	42% (\$1,806,740)
Authority (2016)	\$5,282,673	79% (\$4,188,290)	21% (\$1,094,382)

Authority Costs based on 2014 premium with 2015 budgeted and actual headcount. Anthem rates were the same in 2014 & 2015. Benchmark data from the Mercer National Survey, 2014.

Average Dental Employee Contributions As a Percentage of Premiums



Benchmark data from the Mercer National Survey, 2014.

Retiree Generation Definitions

Generation 1 (Gen 1)

- Non-represented hire prior to May 1, 2006 OR represented hire prior to October 1, 2008
- Service Retire from the Authority
- Eligible for a SDCERs Retirement benefit
- Max Gen 1 population = 240
(Estimated 341 members)

Generation 2 (Gen 2)

- All other current employees
- VEBA Account (\$600/year)

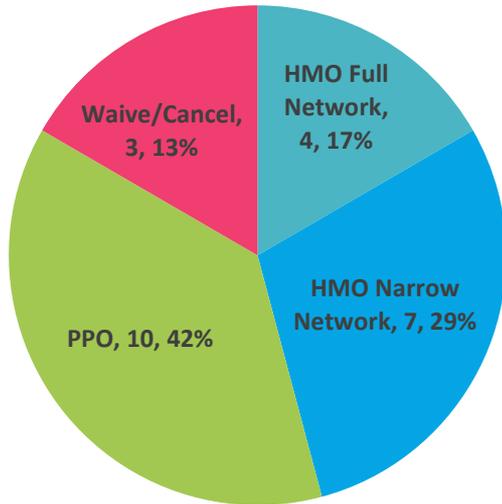
Gen 1 Eligibility

- An employee who service retires from the Authority and meets all other 1st Generation definitions
- Enrolled continuously since retirement or allowed to re-enroll in plans subject to a qualifying event AND evidence of continuous coverage since retirement in another qualified plan
- At age 65 or upon Medicare eligibility, maintain enrollment in Medicare Parts A, B and D as required and pay for any related premiums
- If plans are dropped at any time, a retiree is not allowed to re-enroll except under qualifying event provision
- New dependents may be added to a retirees health and welfare plans only when a qualifying event occurs with evidence of continuous coverage for the dependent
- Retiree must maintain premium payments as defined in the annual benefits cost share plan

2016 Retiree Enrollments

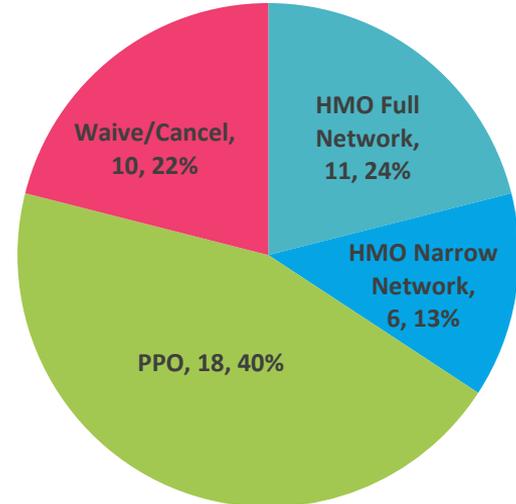
Pre-Medicare (under 65)

Members carried on active employee plan



Medicare Eligible (65+)

Members on supplemental plan that retains hearing aid/footwear rider



69 total members
(retirees + dependents)

Marketplace Trends: Medical



Virtual health is gaining popularity as a valuable and cost effective tool

- 48% of employers made telehealth services available to employees in 2015
- An estimated 800,000 primary care consults were done remotely in 2015



Health Care Reform Legislative Changes

- Cadillac Tax originally scheduled for 2018 is delayed until 2020. Additionally, the 40% tax will be tax deductible for employers.
- Employer IRS filings requirements(1094 & 1095 forms) delayed by 2 months



Defined Contributions & Private Exchanges: 2 year projections

- More than 50% of employers are considering moving to a defined contribution approach
- 44% of employers are considering moving to a private exchange (2% already have this)



Carrier Consolidation in 2015/16

- Anthem acquires Cigna
- Aetna acquires Humana
- Centrix acquires Health Net

Recommended Next Steps

- Engage stakeholders to explore available options:
 - EBTF to provide employee perspective on market options
 - Alumni Communication Team (ACT) to provide retiree perspective
 - Senior Medical Plans (PPO) for Post-Medicare Retirees (over age 65) once membership reaches 50
 - Additional Options (e.g. Private Exchanges for Retirees, Defined Contribution)
- Assess dental cost share models
- Proceed with 2016 Wellness approach
- Develop 2016 - 17 staff education and communication plan
- Prepare for opening of next labor contract in 2017

With high-quality care at a sustainable price, Health & Wellness benefits attract and retain the best and brightest talent.

Any Questions?

