

Special Audit Committee and Special Board Meeting Agenda

Monday, March 25, 2024

**9:30 A.M. or immediately following the
Executive/Finance Committee Meeting**

San Diego County Regional Airport Authority
Administration Building
First Floor – Board Room
2417 McCain Road
San Diego, California 92101

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 Board Services 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.**

Board Members

Gil Cabrera (Chair)
James Sly (Vice-Chair)
Whitney Benzian
Lidia S. Martinez
Monica Montgomery Steppe
Rafael Perez
Esther C. Sanchez
Steve Vaus
Marni von Wilpert

Ex-Officio Board Members

Col. Thomas Bedell
Michele Perrault
Everett Townsend

President/CEO

Kimberly J. Becker

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CALL TO ORDER:

PLEDGE OF ALLEGIANCE:

ROLL CALL:

Committee Members: Huerta, Montgomery Steppe, Newsom (Chair), Perez, Sanchez, Vaus, Wong Nickerson

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 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.***

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

NEW BUSINESS:

1. AWARD A CONTRACT TO PLANTE & MORAN, PLLC FOR EXTERNAL AUDIT SERVICES:

RECOMMENDATION: Staff recommends that the Audit Committee forward to the Board its recommendation to award Plante & Moran, PLLC an contract for external audit services in an amount not to exceed One Million Two Hundred Thousand Dollars (\$1,200,000) for a three-year term with an option for two (2) one-year extensions.

(Presented by: Elizabeth Stewart, Director, Accounting)

COMMITTEE MEMBER COMMENTS:

ADJOURNMENT:

Monday, March 25, 2024

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 submit 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 submit 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 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.
- 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.
- 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.

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) 400-2550 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 Commission meeting, parking is available in the Airport Administration Building Parking Lot (entrance on the east side of McCain Road). Visitors can park in the lot from 8:00 a.m. to 5:00 p.m.

You may also reach the SDCRAA Building by using public transit via the San Diego MTS System, Route 923. For route and fare information, please call the San Diego MTS at (619) 233-3004 or 511.

Audit Committee Report

Meeting Date: March 25, 2024

Subject:

Award a Contract to Plante & Moran, PLLC for External Audit Services

Recommendation:

Staff recommends that the Audit Committee forward to the Board its recommendation to award Plante & Moran, PLLC a contract for external audit services in an amount not to exceed One Million Two Hundred Thousand Dollars (\$1,200,000) for a three-year term with an option for two (2) one-year extensions.

Background/Justification:

Pursuant to Public Utilities Code §170018 and the Charter of the Audit Committee, the Audit Committee is responsible for recommending to the Authority Board its nomination for an external auditor and the compensation of that auditor. Additionally, the Audit Committee should consider at least every three (3) years, whether there should be a rotation of the audit firm or the lead partner to ensure continuing auditor independence. Outlined below is a detailed evaluation of the external auditor selection process that has been conducted.

The Authority issued a Request for Proposals (RFP) for Financial Audit Services on January 25, 2024. Notice of the solicitation was advertised in the *San Diego Daily Transcript* and on the Authority's Website. Eighty-nine (89) vendors were notified of the opportunity and twenty-three (23) firms viewed the opportunity. The Authority received seven (7) proposals on February 22, 2024, from the following candidates:

- 1) Crowe, LLP
- 2) Eide Bailly, LLP
- 3) Macias, Gini & O'Connell, LLP
- 4) Moss Adams, LLP
- 5) Plante & Moran, PLLC
- 6) Sotomayor & Associates, LLP
- 7) The Pun Group, LLP

Meeting Date: March 25, 2024

The Evaluation Panel consisted of staff from the Accounting and Finance Departments. In addition, the Office of Chief Auditor served as a non-voting advisor. The panel found the seven proposals to be responsive. On February 28, 2024, the evaluation panel met to evaluate the proposals received.

Evaluation criteria utilized in selection of short-listed respondents included:

- Organizational Experience and Expertise;
- Primary Staff Capabilities;
- Work Plan and Technical Approach;
- Proposed Fees/Cost to Authority;
- Small Business Preference;
- Veteran Owned Small Business; and
- Local Business.

The evaluation panel's shortlisted rankings of the proposals are presented below:

Shortlist Rankings	Panelist 1	Panelist 2	Panelist 3	Panelist 4	Total	Rank
Crowe LLP	2	2	4	1	9	2
Eide Bailly LLP	6	5	5	5	21	5
Macias Gini & O-Connell LLP	4	4	3	4	15	4
Moss Adams LLP	3	3	2	3	11	3
Plante & Moran PLLC	1	1	1	2	5	1
Sotomayor & Associates LLP	5	6	6	6	23	6
The Pun Group LLP	6	7	7	6	26	7

Combined Shortlist Scores	SB	Local	Vet.	Proposed Fees	Organization Experience and Expertise	Primary Staff Capabilities	Work Plan and Technical Approach	Total
Crowe LLP	0	0	0	800	960	850	850	3460
Eide Bailly LLP	0	0	0	720	720	650	600	2690
Macias Gini & O-Connell LLP	0	0	0	720	900	750	700	3070
Moss Adams LLP	0	0	0	720	1050	775	800	3345
Plante & Moran PLLC	0	0	0	640	1140	900	900	3580
Sotomayor & Associates LLP	120	0	0	720	270	425	425	1960
The Pun Group LLP	0	0	0	720	300	375	425	1820

The proposal evaluations resulted in the three highest ranking firms to be invited to interview. The top three candidates were:

- 1) Crowe, LLP
- 2) Moss Adams, LLP
- 3) Plante & Moran, PLLC

In person interviews were held on March 12, 2024. The Respondents were asked to address a specific list of topics as part of their presentation to the panel during their interview. The Respondents were also asked to respond to a specific list of questions, prepared by the evaluation panel, which targeted the evaluation criteria presented in the solicitation. The panelist's rankings of the respondents are presented below:

Meeting Date: March 25, 2024

Final Rankings	Panelist 1	Panelist 2	Panelist 3	Panelist 4	Total	Rank
Crowe LLP	2	2	2	2	8	2
Moss Adams LLP	3	3	3	3	12	3
Plante & Moran PLLC	1	1	1	1	4	1

Combined Final Scores	SB	Local	Vet.	Proposed Fees	Organization Experience and Expertise	Primary Staff Capabilities	Work Plan and Technical Approach	Total
Crowe LLP	0	0	0	1000	510	1050	1020	3580
Moss Adams LLP	0	0	0	900	375	720	750	2745
Plante & Moran PLLC	0	0	0	800	570	1170	1140	3680

Recommendation:

Staff recommends Plante & Moran, PLLC for the Authority’s external auditor. The following provides additional information about Plante & Moran and support for this recommendation:

- Plante & Moran is the 15th largest CPA firm in the U.S. with more than 380 partners and principals across 23 domestic and international offices, serving clients in all 50 states and 150 countries.
- Plante & Moran has national expertise in serving airports, having provided audit services to than 40 airports.
- Plante & Moran presented a highly skilled professional staff on multiple levels with airport, capital improvement, passenger facility charges and consolidated rental car experience.
- Plante & Moran has extensive single audit experience and is one of the top auditors of Airport Improvement Program expenditures.
- Plante & Moran demonstrated their strong commitment to being airport industry experts with their national governmental airport practice, in which they have developed a team who work to focus on and address issues specific to airports.
- Plante & Moran’s national airport team members are active in airport industry associations and public sector organizations and regularly serve as guest speakers and subject matter experts on important technical issues.
- Plante & Moran provides continuing education programs that they offer to the Airport Authority professional staff. They conduct an annual Auditing 101 webinar to address new technical pronouncements and provide their clients with tools that aid with GASB implementations.
- Plante & Moran’s large pool of airport experienced professionals at all levels will provide the Authority the opportunity to rotate staff every few years.
- Plante & Moran will provide the Authority access to top audit professionals and information resources available nationally at a competitive contract price.

Fiscal Impact:

Adequate funding for the contract with Plante & Moran, PLLC to provide the Authority's financial audit services is included in the proposed FY 2025 Budget and FY 2026 Conceptual Budget within the Services-Auditing line item. Expenses that will impact budget years not yet adopted by the Board will be included in future year budget requests.

Authority Strategies/Focus Areas:

This item supports one or more of the following:

Strategies

- Community Strategy Customer Strategy Employee Strategy Financial Strategy Operations Strategy

Focus Areas

- Advance the Airport Development Plan Transform the Customer Journey Optimize Ongoing Business

Environmental Review:

- A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act ("CEQA"), as amended. 14 Cal. Code Regs. §15378. This Board action is not a "project" subject to CEQA. Cal. Pub. Res. Code §21065.
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.
- C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

Application of Inclusionary Policies:

The Authority has the following inclusionary programs and policies: a Disadvantaged Business Enterprise (DBE) Program, an Airport Concession Disadvantaged Business Enterprise (ACDBE) Program, Policy 5.12. These programs and policies are intended to promote the inclusion of small, local, service disabled/veteran owned small businesses, historically underrepresented businesses and other business enterprises, on all contracts. Only one of the programs and policies named above can be used in any single contracting opportunity.

This contract does not utilize federal funds and provides limited opportunities for sub-contractor participation; therefore; at the option of the Authority, Policy 5.12 was applied to promote the participation of qualified small businesses, service disabled/veteran owned small businesses, and local businesses. Policy 5.12 provides a preference of up to seven percent (7%) in the award of selected Authority contracts and when selection is based on a scoring matrix the resulting points shall be added to the total points, provided that it does not exceed the total allowable preference.

Prepared by:

Elizabeth Stewart
Director, Accounting

Process and Selection of the External Auditor Plante & Moran, PLLC for External Audit Services



SAN DIEGO
INTERNATIONAL AIRPORT
LET'S **GO.**

Presented by:
Elizabeth Stewart
Director, Accounting

March 25, 2024

Audit Services RFP Timeline

January 25	February 22	February 28	March 12	March 25
<p>Request for Proposals issued</p> <hr/> <p>89 firms notified</p>	<p>Deadline for submittal of proposals</p> <hr/> <p>7 proposals received</p>	<p>Panel proposal evaluations</p> <hr/> <p>7 firms evaluated</p>	<p>In-person interviews held</p> <hr/> <p>4 firms interviewed</p>	<p>Presentation to Audit Committee</p> <hr/> <p>1 firm recommended</p>

Evaluation Panel

Elizabeth Stewart – Director, Accounting

John Dillon – Director, Finance

Mathew Pett – Accounting Manager

Hinali Danawala – Senior Accountant

Advisor (Non-voting)

Lee Parravano – Chief Auditor

Audit Services Proposals Received

Proposals were received from:

- Crowe, LLP
- Eide Bailly, LLP
- Macias Gini & O'Connell, LLP
- Moss Adams, LLP
- Plante & Moran, PLLC
- Sotomayor & Associates, LLP
- The Pun Group, LLP

Evaluation Criteria

Evaluation criteria utilized in the review of the proposals included:

- Organizational Experience and Expertise
- Primary Staff Capabilities
- Work Plan and Technical Approach
- Proposed Fees/Cost to Authority
- Small Business Preference
- Veteran Owned Small Business and
- Local Business

Shortlist Evaluation Results

- Plante & Moran, PLLC
- Crowe, LLP
- Moss Adams, LLP

In-person Interview

Interviews were conducted on March 12, 2024

- Respondents were provided 15 minutes for introductions and to present their audit work plan, and were asked to discuss:
 - Their processes for determining the reliance they will place on prior year and opening balances.
 - What support or tools they have developed to assist clients with continuing accounting and reporting requirements or GASB 87, 94 and 96.
- Respondents were then asked specific questions prepared by the evaluation panel to target the evaluation criteria.

Plante & Moran, PLLC

- National CPA firm serving clients in all 50 states and internationally
- Demonstrated expertise in serving airports, more than 40 airports
- Highly skilled professional staff on multiple levels with airport, capital improvement, passenger facility charges and consolidated rental car experience
- Extensive single audit experience, a top auditor of all FAA AIP expenditures
- Commitment to being airport industry experts with a national governmental airport practice
- Active leader in all major airport industry and public sector organizations
- Provides professional continuing education programs to the Airport Authority
- Large pool of airport experienced professionals for partner and staff rotation
- Access to top audit professionals and information resources at a competitive price



Fiscal Year Ending June 30, 2024 Audit Schedule

Upon approval and signature of this contract Accounting will schedule the interim fieldwork and year end audit as follows:

- Interim to begin late May or June
- Year end audit to be conducted August through mid-October



Recommendation

Staff recommends that the Audit Committee forward to the Board its recommendation to award Plante & Moran, PLLC an agreement for external audit services in an amount not to exceed One Million Two Hundred Thousand Dollars (\$1,200,000) for a three-year term with an option for two (2) one-year extensions.

QUESTIONS ?

