

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Board Members

C. April Boling
Chairman

Greg Cox
Jim Desmond
Jim Janney
Mark Kersey
Paul Robinson
Michael Schumacher
Mary Sessom

SPECIAL EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE MEETING and SPECIAL BOARD MEETING

AGENDA

Thursday, January 11, 2018
9:00 A.M.

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

Ex-Officio Board Members

Cory Binns
Eraina Ortega
Col. Jason Woodworth

President / CEO

Kimberly J. Becker

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: Boling, Cox, Desmond (Chair), Kersey, Schumacher

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 28, 2017 special meeting.

2. RECAP OF THE HEALTH & WELFARE BENEFITS OPEN ENROLLMENT FOR 2018 AND MARKET UPDATE:

Presented by Stephanie Alexander, Manager, Talent & Rewards, and Jesus Mendoza, Vice President, Willis Towers Watson

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. 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 31	Thursday	10:00 a.m.	Regular	Board Room

DRAFT
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SPECIAL EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE MEETING
MINUTES
MONDAY, AUGUST 28, 2017
BOARD ROOM

CALL TO ORDER: Board Member Boling called the Special Executive Personnel and Compensation Committee Meeting to order at 9:52 a.m., on Monday, August 28, 2017, in the Board Room of the San Diego International Airport, Administration Building, 3225 N. Harbor Drive, San Diego, CA 92101.

PLEDGE OF ALLEGIANCE:

ROLL CALL:

Executive Personnel and Compensation Committee

Present: Committee Members: Boling, Desmond (Chair), Kersey,
Schumacher

Board Members: Gleason, Robinson, Janney

Absent: Committee Members: Cox

Also Present: Kimberly Becker, President/CEO; Lee Kaminetz, Senior Attorney;
Tony Russell, Director, Corporate and Information Governance/
Authority Clerk; Ariel Levy Mayer, Assistant Authority Clerk I

NEW BUSINESS

1. APPROVAL OF MINUTES:

RECOMMENDATION: Approve the minutes of the May 11, 2017 regular meeting.

ACTION: Moved by Chair Desmond and seconded by Board Member Schumacher to approve staff's recommendation. Motion carried unanimously, noting Board Member Cox as ABSENT.

2. RENEWAL OF THE HEALTH AND WELFARE BENEFITS PROGRAM FOR 2018:

Kurt Gering, Director, Talent, Culture & Capability; and Jesus Mendoza, Vice President, Willis Towers Watson provided a presentation on the Renewal of the Health and Welfare Benefits Program for 2018, which included Executive Summary, Plan Renewal Analysis for Medical, Disability, Dental, Pre-Medicare Retiree and Medicare Enrolled Retiree plans, and Renewal Recommendation.

Regarding the proposed addition of the Trio HMO plan, Chair Desmond stated that he is skeptical of offering another plan because he does not want to take away options from employees in the future.

Board Member Schumacher requested that the benchmarking data between agencies, be presented at the Board meeting.

Board Member Boling requested an explanation of the overall cost vs. the Authority cost at the Board meeting.

RECOMMENDATION: Forward this item to the Board with a recommendation for approval.

ACTION: Moved by Chair Desmond and seconded by Board Member Schumacher to approve staff's recommendation. Motion carried unanimously, noting Board Member Cox as ABSENT.

CLOSED SESSION: The Committee recessed into Closed Session at 10:36 a.m. to discuss Items 3 and 4.

3. CONFERENCE WITH LABOR NEGOTIATOR:

Labor negotiations pursuant to Cal. Gov. Code §54957.6
Authority Designated Negotiators: Kimberly Becker, President/CEO and Kurt Gering, Director Talent, Culture & Capability
Employee Organization: Teamsters 911

4. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:

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

REPORT ON CLOSED SESSION: The Committee adjourned out of Closed Session at 11:50 a.m. There was no reportable action.

COMMITTEE MEMBER COMMENTS: None.

ADJOURNMENT: The meeting adjourned at 11:50 a.m.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE THIS
11th DAY OF JANUARY, 2018.

TONY R. RUSSELL
DIRECTOR, CORPORATE &
INFORMATION GOVERNANCE/
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL



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

EMPLOYEE BENEFITS OPEN ENROLLMENT RECAP AND MARKET UPDATE

Presented by:

Stephanie Alexander | Manager, Talent & Rewards

Jesus Mendoza | Vice President, Willis Towers Watson

January 11, 2018



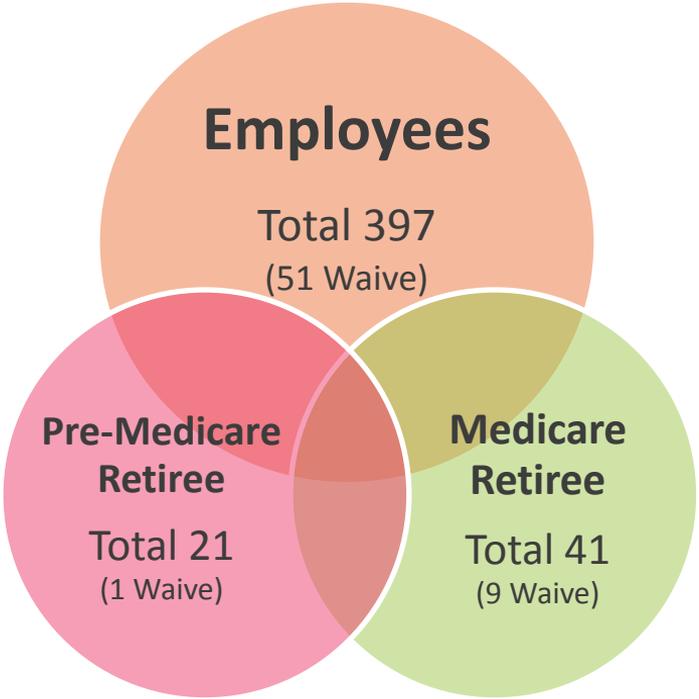
Agenda

- Programs Overview
- 2018 Enrollments
- Healthcare Market Trends
- Benchmarking
- Retiree Programs

Health & Welfare Benefits Programs

	Active Employees	Pre-Medicare Retirees	Medicare Enrolled Retirees
Medical	Blue Shield (HMO, HMO Trio, PPO, HDHP)	Blue Shield (HMO, HMO Trio, PPO, HDHP)	United Healthcare (Medicare Advantage Plan)
Dental – DHMO / PPO	Offered	Offered	Offered
Vision – PPO	Offered	Offered	Offered
Basic Life/AD&D	Offered	Offered	Offered
Employee Assistance Program (EAP)	Offered	Offered	Offered
Health Advocate	Offered	Offered	Offered
Other Ancillary	Disability, FSA , LTC, Legal, Identity Theft, Auto & Home, Voluntary Workplace		

Population





Employee Program

397 Active Only



SAN DIEGO
INTERNATIONAL AIRPORT.
LET'S GO.

Authority Only Budget Summary

Description	CY2017 Costs*	CY2018 Anticipated Costs**	CY Budgeted 2018 Costs	\$ Diff	% Diff
Medical	\$3,828,420	\$4,096,791	\$4,358,136	(\$261,345)	-6.38%
Dental	\$309,918	\$329,752	\$360,990	(\$31,238)	-8.65%
Other lines (Life/AD&D, Short Term Disability, Health Advocate)	\$234,529	\$284,728	\$245,314	\$39,414	16.07%
Total	\$4,372,867	\$4,711,271	\$4,964,440	(\$253,169)	-5.10%

*December 2017 estimate includes vacant positions

**Based on current enrollment, includes employees that waive insurance, includes budgeted vacant positions

***Wellness is included in current and budget, Medical amounts 109,250 for annual assumes everyone gets \$250

2018 Medical Plan Enrollments



19% | PPO

75 Employees enrolled in the traditional PPO plan



3% | High Deductible Health Plan

10 Employees enrolled in High Deductible Health Plan with a Health Savings Account



13% | Waive

51 Employees elected to waive participate in the Airports medical plan



54% | HMO

216 Employees enrolled in the HMO plan



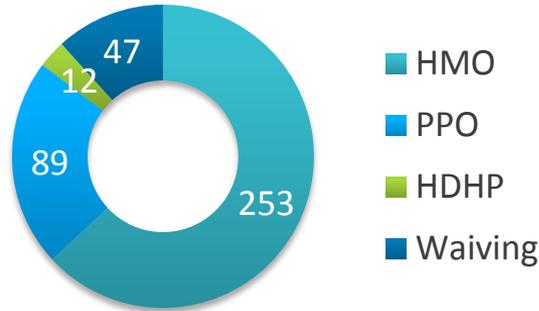
11% | TRIO HMO

45 Employees enrolled in the Trio HMO plan

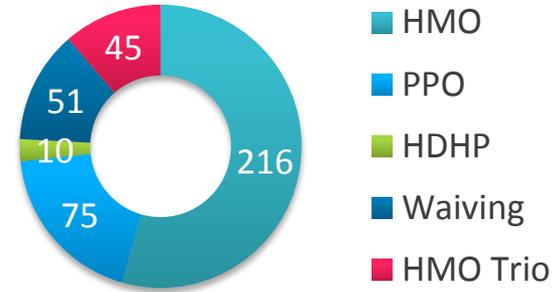
397 Total Employees (Active Only)

2018 Medical Enrollment Shift

2017 Plan Year



2018 Plan Year



- There are 4 less benefit eligible employees in the 2018 plan year
- 45 employees elected the new HMO Trio offering -- mostly shifting from the HMO plan, but some from PPO and HDHP as well

397 Total Employees (Active Only)

2018 Dental Plan Enrollments



73%|PPO

291 Employees enrolled in the dental DPPO plan



20%|HMO

78 Employees enrolled in the dental DHMO plan

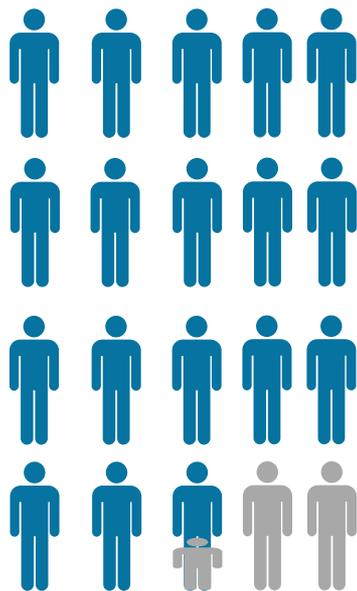


7%|Waive

28 Employees elected to waive dental enrollment

397 Total Employees (Active Only)

Wellness Participation



91% | Employees

Incentives:

- Differential (reduction) equivalent to 5% of the individual premium cost
- \$250 Flexible Spending Account (FSA)/Health Savings Account (HSA)/457 Deferred Compensation Plan deposit

Marketplace Trends: Medical



Health and well-being as a key competitive advantage

Increasingly organizations view their health and well-being program as key factor to attract talent and many organizations plan to broaden their efforts to support employees physical, emotional and financial well-being than they are today



Employee health experience is a priority

Employers seek to make progress over the next 3 years to enrich the employee experience by adding more choice, providing decision-support tools and through enhanced enrollment platforms



Proactive management of pharmacy benefit costs

Employers take more aggressive steps to curb pharmacy costs and utilization (particularly for specialty) by re-examining benefit contracts terms and looking beyond PBMs to integrate with the medical plan



Cost pressures remain

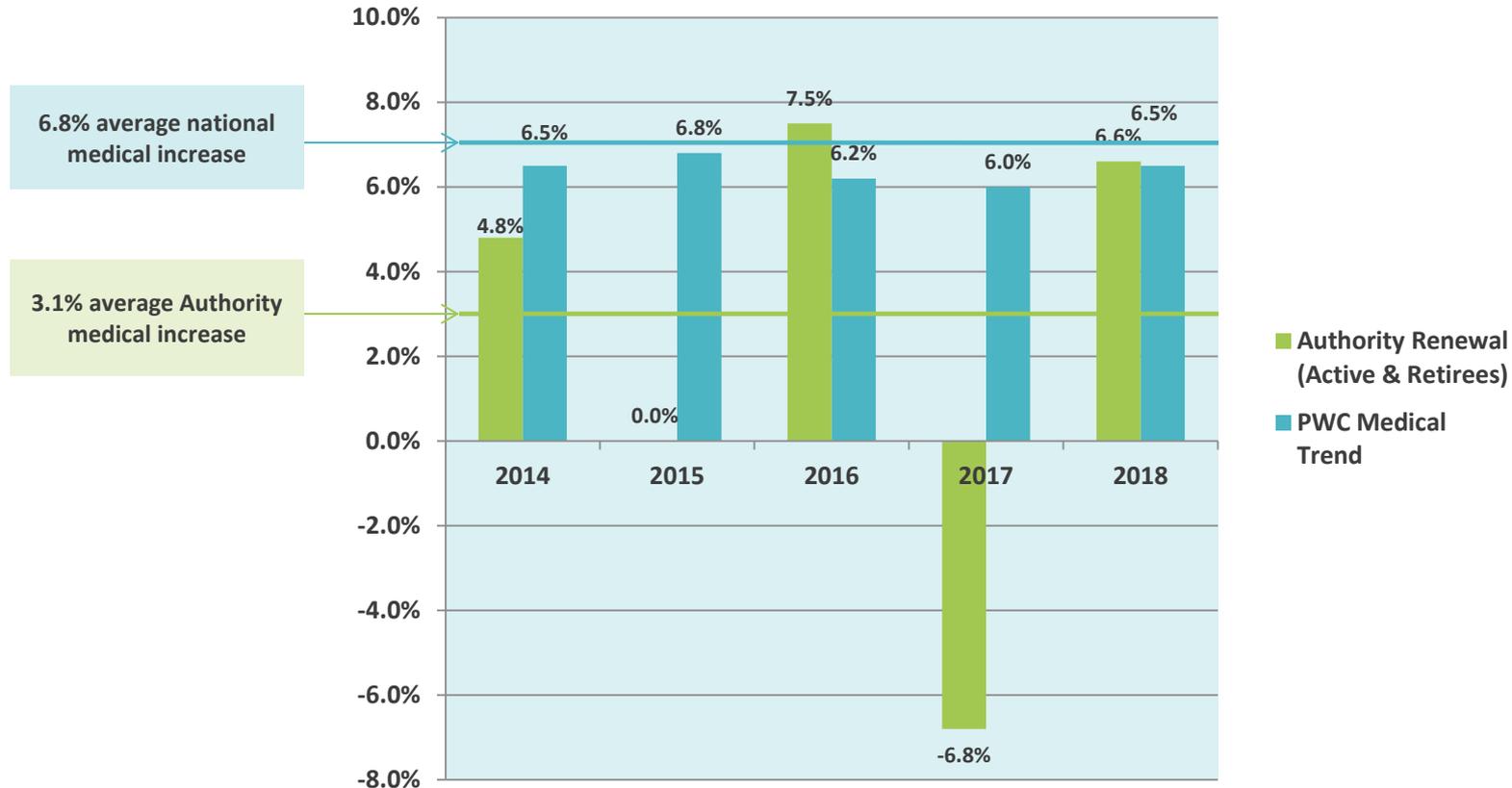
Cost pressures continue to lead employers to make changes to their programs with significant progress to refine subsidies and enhance their vendor/carrier strategies but remaining mindful of affordability

Healthcare Reform

Requirement	Legislative Cost
<p>Transitional Reinsurance Fee Stabilize premiums for individual marketplaces due to removal of pre-existing condition limitation</p>	<p>2017 & Going Forward: No longer applicable</p>
<p>Patient Centered Outcomes Research Institute Fee Funds clinical effectiveness research</p>	<p>2018: \$2.37 Included in insured carrier rates as a pass through cost</p>
<p>Fully Insured Fee Funds federal and state marketplaces/exchanges</p>	<p>2018: 3.0%-5.0% estimate Included in insured carrier rates as a pass through cost</p>
<p>Cadillac Tax Permanent annual tax starting <u>2020</u> on employers that provide high-cost benefits through an employer-sponsored group plan</p>	<p>40% tax on value of employer-sponsored coverage over thresholds. Calculated per participant based on total cost (premium) of participants' selected coverage/tiers.</p> <p>2018 threshold for high risk jobs or pre-65 retirees (to be indexed for 2020 effective date)**</p> <ul style="list-style-type: none"> • \$11,850 single • \$30,950 family

5 Year Review

% Health Benefit Renewal Increase vs. Trend



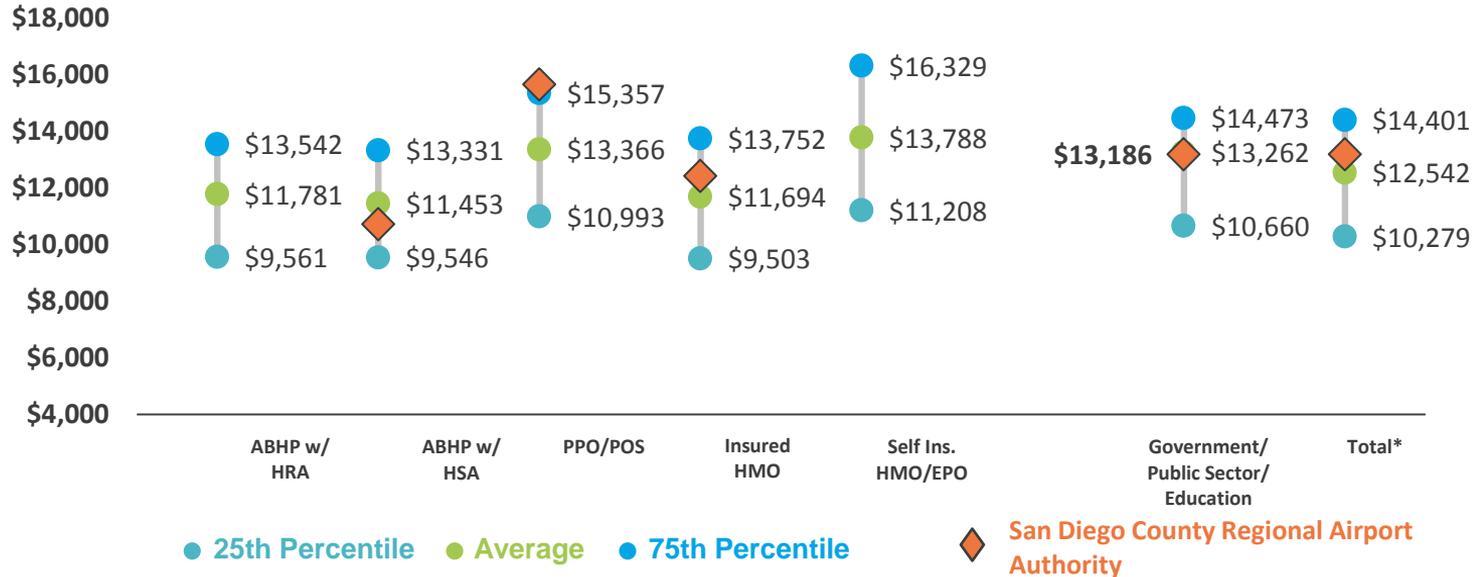
Source: U.S. Medical trend data provided by PWC Health Research Institute

Medical Cost Benchmarks

Total Cost per Covered Employee per Year



How do your plan costs compare? How does enrollment across plan type impact the average cost? Even if total plan costs are favorable, are some plans more exposed to the excise tax?



SDCRAA's actual costs are 1% below the Government/Public Sector/Education industry average and 5% above the general benchmark average.

*Total costs represent an enrollment weighted average of all plan types.



Retiree

41 Medicare Enrolled

21 Pre-Medicare

2018 Medical Enrollments

Pre-Medicare Retirees (21)



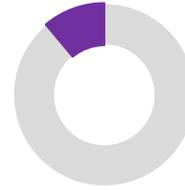
48% | **Blue Shield PPO**

10 pre-Medicare retirees (under age 65) elected PPO coverage



43% | **Blue Shield HMO**

9 pre-Medicare retirees (under age 65) enrolled elected HMO coverage



5% | **Blue Shield TRIO HMO**

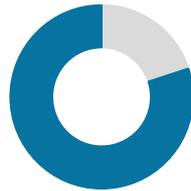
1 pre-Medicare retiree (under age 65) enrolled elected Trio HMO coverage



5% | **Waive**

1 pre-Medicare retiree (under age 65) waived coverage

Medicare Enrolled Retirees (41)



86% | **United Healthcare PPO**

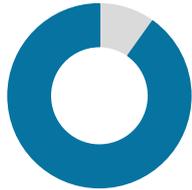
32 Medicare eligible retirees are enrolled



24% | **Waive**

9 Medicare eligible retirees have waived coverage

2018 Dental Enrollments



89%|PPO

55 total retirees enrolled
in the dental DPPO plan



6%|HMO

4 total retirees enrolled
in the dental DHMO plan



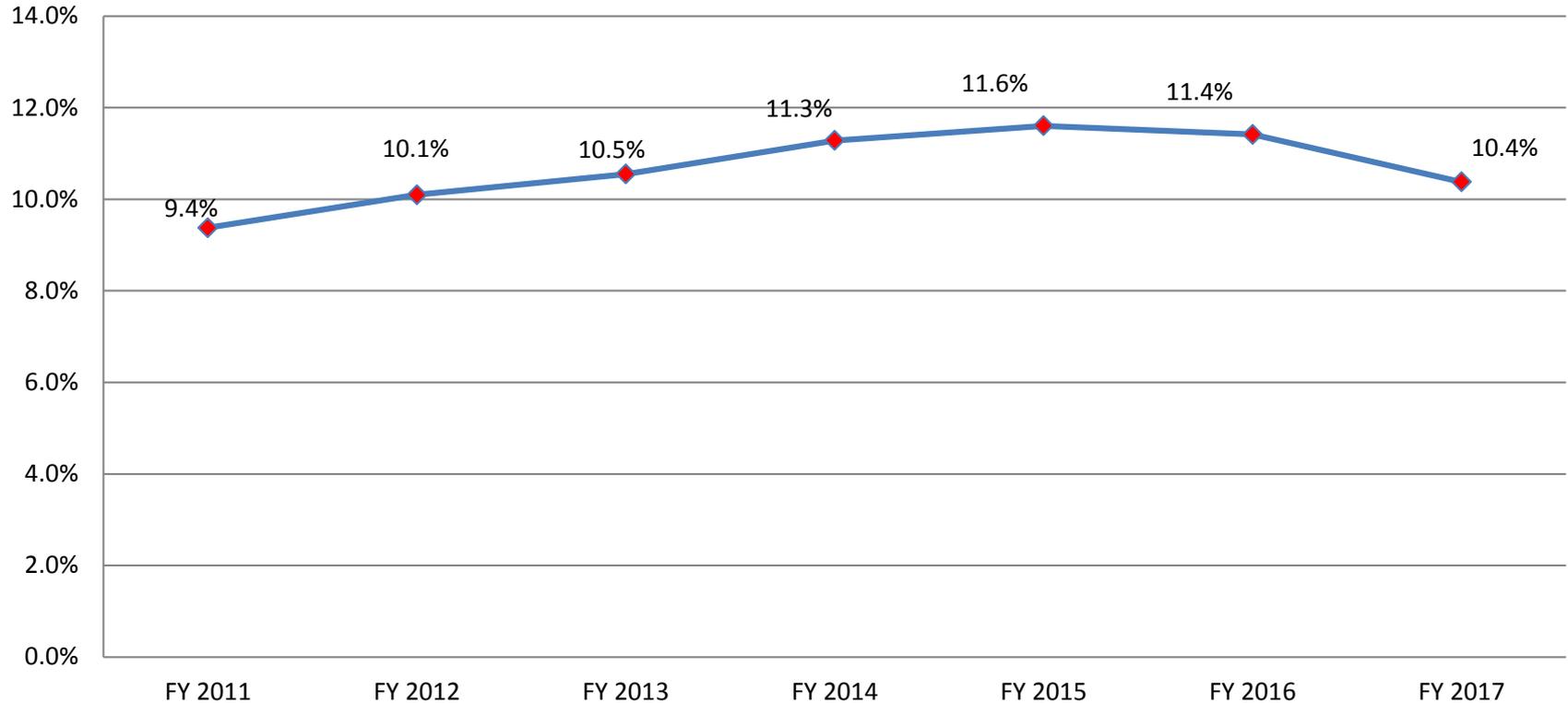
5%|Waive

3 total retirees elected to
waive dental enrollment

Questions?

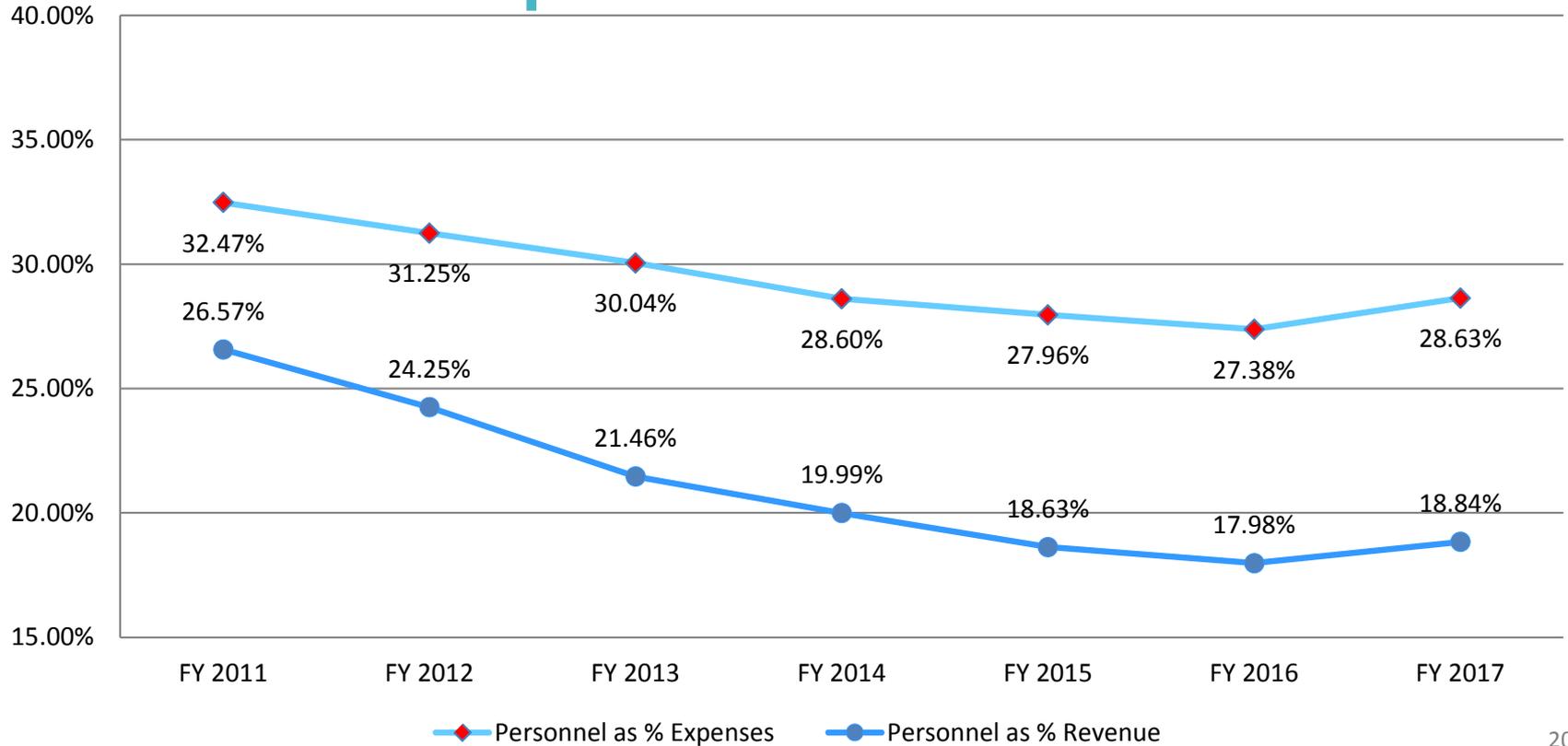


Health Benefit Cost as a % of Payroll



Definition: Gross cost for all medical, dental, prescription drug, MH/SA, vision and hearing benefits for all covered active employees and their dependents divided by the number of enrolled employees. Total gross annual cost includes employee contributions but not employee out-of-pocket expenses.

Personnel Costs as % of Operating Expense/Revenue



Retiree Generation Definitions

Generation 1

Hired Date

Hired prior to May 1, 2006 OR
represented hire prior to October 1,
2008

Service Retirement

Eligible for a SDCERs Retirement benefit and
service retiree from The Airport

Generation 2

All other

Current employees not
meeting the Generation 1
criteria

2nd Generation Retiree Health Account
\$600/year annual deposit

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