

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD  
MINUTES  
THURSDAY, NOVEMBER 2, 2017  
SAN DIEGO INTERNATIONAL AIRPORT  
BOARD ROOM**

**CALL TO ORDER:** Chairman Boling called the regular meeting of the San Diego County Regional Airport Authority to order at 9:00 a.m. on Thursday, November 2, 2017, in the Board Room at the San Diego International Airport, Administration Building, 3225 North Harbor Drive, San Diego, CA 92101.

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

**ROLL CALL:**

PRESENT: Board Members: Binns (Ex-Officio), Boling (Chairman),  
Desmond, Gleason, Janney, Kersey,  
Robinson, Schumacher, Sessom, Lt. Col.  
Christopher Robinson (Ex-Officio, for Col.  
Woodworth)

ABSENT: Board Members: Cox, Ortega (Ex Officio)

ALSO PRESENT: Kimberly J. Becker, President/CEO; Amy Gonzalez, General Counsel;  
Tony R. Russell, Director, Corporate and Information  
Governance/Authority Clerk; Stephanie Heying, Assistant Authority  
Clerk II

**NON-AGENDA PUBLIC COMMENT:**

SANDY VALONE, SAN DIEGO, spoke regarding noise in her neighborhood, the flight path and the recent recommendations made by the Airport Noise Advisory Committee (ANAC).

LEONARD GROSS, LA JOLLA, spoke regarding the noise monitoring report and the recent recommendations made by ANAC.

RUSS VALONE, SAN DIEGO, ceded his time to Sandy Valone who continued to speak regarding the flight path and noise in her neighborhood.

BEATRICE PARDO, LA JOLLA, spoke regarding noise in her neighborhood, the flight path and the recent recommendations made by ANAC.

Chairman Boling announced that she was recusing herself on Item 11 due to a potential conflict of interest.

**NEW BUSINESS:**

**11. DISCUSSION AND POSSIBLE ACTION REGARDING STREET PRICING REQUIREMENT CONTAINED IN CONCESSION AGREEMENTS:**

Scott Brickner, Vice President, Finance & Asset Management/Treasurer, Business & Financial Management, provided a presentation regarding the Street Pricing Requirement Contained in Concession Agreements, which included Historical Information; Concessionaire Gross Sales; Concessionaire EBIT (% of sales); and Concessionaire EBIT (%) with Street +15%.

Board Member Desmond reported ex-parte communication with Mr. Lawson, Mr. Dadian and representatives from SSP.

Board Member Schumacher reported ex-parte communication with Mr. Lawson, Mr. Dadian, Mr. Clark, Mr. Welling and representatives from SSP.

Board Member Sessom reported ex-parte communication with Mr. Dadian.

Board Member Gleason reported ex-parte communication with Mr. Lawson and representatives from SSP.

Board Member Kersey reported ex-parte communication with Mr. Lawson and representatives from SSP.

Board Member Robinson reported ex-parte communication with representatives from SSP.

Board Member Janney reported ex-parte communication with representatives from SSP.

SCOTT WELDING, PHOENIX, ARIZONA, REPRESENTING SSP AMERICA, provided a presentation on SSP America at SAN; Cost Increases; Consumer Impact; Proposed Solutions; and their Request of SAN Airport Authority.

KEVIN WESTLYE, TRUCKEE, CALIFORNIA, PRESIDENT OF HIGH FLYING FOODS, spoke in support of staff's recommendation.

Board Member Sessom suggested that the cost for a bottle of water remain at the same price.

In response to Board Member Sessom regarding the type of food that can be brought through the checkpoint, Kimberly Becker, President/CEO, stated staff would work with TSA to identify the types of food that can and cannot be brought through the checkpoint to post on the Authority's website.

Board Member Gleason stated he would not be supporting the motion. He stated that companies are raising prices to cover the minimum wage increase. He also noted that the lease requirements are burdensome when it comes to verifying prices. He stated that this would have a negative impact on our community and customer strategies.

**ACTION: Moved by Board Member Desmond and seconded by Board Member Janney to approve and authorize the President/CEO to amend the Food & Beverage and Retail Concession Leases to allow Street Pricing + 15%, contingent upon the execution of outstanding amendments, effective January 1, 2018. Motion carried by the following votes: YES – Desmond, Janney, Kersey, Robinson, Schumacher, Sessom; NO – Gleason; ABSENT – Boling (Chair), Cox; (Weighted Vote Points: YES – 65; NO – 14; ABSENT – 21).**

**CLOSED SESSION:** The Board recessed into Closed Session at 9:48 a.m. to discuss Item 20.

- 14. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**  
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)  
Name of Case: GGTW LLC v San Diego County Regional Airport Authority, et al., San Diego Superior Court Case No. 37-2016-00032646-CU-BC-CTL
- 15. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**  
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)  
Name of Case: San Diego County Regional Airport Authority v. American Car Rental, Inc., San Diego Superior Court Case No. 37-2016-00024056-CL-BC-CTL
- 16. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**  
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)  
Dryden Oaks, LLC v. San Diego County Regional Airport Authority, et al., San Diego Superior Court, North County, Case No. 37-2014-00004077-CU-EI-NC
- 17. CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION:**  
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)  
Name of Case: K.S.A.N. L.L.C v. San Diego County Regional Airport Authority, et al. San Diego Superior Court Case No. 37-2017-00024982-CU-NP-CTL
- 18. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**  
(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)  
Investigative Order No. R9-2012-0009 by the California Regional Water Quality Control Board pertaining to an investigation of bay sediments at the Downtown Anchorage Area in San Diego.  
Number of potential cases: 1

- 19. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**  
(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)  
Navy Boat Channel Environmental Remediation  
Number of potential cases: 1
- 20. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**  
(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)  
Number of potential cases: 2
- 21. CONFERENCE WITH LEGAL COUNSEL –ANTICIPATED LITIGATION:**  
(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)  
In re Seaport Airlines, Inc., U.S. Bankruptcy Court Case No. 16-30406-rld7  
Number of potential cases: 1
- 22. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**  
(Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Cal. Gov. Code §54956.9)  
Number of cases: 1

**REPORT ON CLOSED SESSION:** The Board reconvened into Open Session at 11:03 a.m. There was no report on the closed session.

*Board Member Desmond left the dais at 11:05 a.m.*

**NEW BUSINESS CONTINUED:**

- 12. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE AN AGREEMENT WITH THE CITY OF SAN DIEGO FOR AIRCRAFT RESCUE AND FIREFIGHTING SERVICES:**  
Dean Robbins, Manager, Air Operations, provided an overview of the staff report and recommendation.

RECOMMENDATION: Adopt Resolution No. 2017-0102, approving and authorizing the President/CEO to execute an agreement with the City of San Diego for a term of three (3) years, with the option for two (2) one-year extensions exercisable at the sole discretion of the President/CEO, in an amount not-to-exceed \$30,872,807 for Aircraft Rescue & Firefighting Services.

**ACTION: Moved by Board Member Gleason and seconded by Board Member Robinson to approve staff's recommendation. Motion carried by the following votes: YES – Boling, Gleason, Janney, Kersey, Robinson, Schumacher, Sessom; NO – None; ABSENT – Cox, Desmond; (Weighted Vote Points: YES – 80; NO – 0; ABSENT – 20).**

**13. STRATEGY FOR COMMERCIAL SPACE AT RENTAL CAR CENTER:**

Dominique Sheck, Associate Real Estate Manager, Business & Financial Management provided a presentation on the Strategy for Commercial Space at the Rental Car Center, which included Historical Efforts; Alternative Use Analysis; and Options Considered.

Board Member Sessom suggested that staff monitor option 2 because there is a new economy evolving.

Board Member Kersey asked if the rental car companies might have use for the space in the future. Eric Podnieks, Program Manager, Business & Financial Management, responded that option is continually evaluated.

RECOMMENDATION: Suspend formal recruitment efforts for the Commercial Space at the Rental Car Center until market conditions improve.

**ACTION: Moved by Board Member Robinson and seconded by Board Member Kersey to approve staff's recommendation. Motion carried by the following votes: YES – Boling, Gleason, Janney, Kersey, Robinson, Schumacher, Sessom; NO – None; ABSENT – Cox, Desmond; (Weighted Vote Points: YES – 80; NO – 0; ABSENT – 20).**

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

***STANDING BOARD COMMITTEES***

- **AUDIT COMMITTEE:** Board Member Robinson reported that the Committee will have a recommendation for a new Chief Auditor in early spring.
- **CAPITAL IMPROVEMENT PROGRAM OVERSIGHT COMMITTEE:** Board Member Janney reported that the Committee met in October and received updates on ongoing projects.
- **EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE:** None.
- **FINANCE COMMITTEE:** Chairman Boling reported that the Finance Committee met last week and received a review of the financial statements, which were forwarded to the Board.

***ADVISORY COMMITTEES***

- **AUTHORITY ADVISORY COMMITTEE:** None.

- **ART ADVISORY COMMITTEE:** Board Member Gleason reported that the performing arts weekly series in Sunset Cove continues on Fridays from 11:30 a.m. – 1:30 p.m. He reported that the Performing Arts Residency, transcenDANCE, will be performing on November 21 and holiday performances will begin around the Thanksgiving weekend through December. He reported that both the Parking Plaza projects are in the fabrication phase. He reported that the Federal Inspection Station (FIS) projects are both moving forward with the Atrium Suspended Artwork and the Glass Partition Wall Artwork. He reported that phase two of the Arts Master Plan project will be completed November 30.

### **LIAISONS**

- **AIRPORT LAND USE COMPATIBILITY PLAN:** None.
- **CALTRANS:** None.
- **INTER-GOVERNMENTAL AFFAIRS:** Mike Kulis, Director, Inter-Governmental Relations, reported that the House of Representatives unveiled a comprehensive tax reform package and Congressional leaders and the Administration are hoping to pass a final tax reform package by the end of the calendar year. He reported that Chairman Boling is scheduled to provide an update on airport issues to the San Diego City Council Economic Development and Intergovernmental Relations Committee on November 9<sup>th</sup>. He reported that on December 1st, Airport Authority staff will provide an airfield tour to committee members of the San Diego County Taxpayers Association.
- **MILITARY AFFAIRS:** None.
- **PORT:** None.
- **WORLD TRADE CENTER:** Board Member Gleason reported that materials from the September meeting, which included the draft for the 2017 Work Plan, were distributed to Board Members. He reported that the Committee would be meeting in the early part of 2018.

### **BOARD REPRESENTATIVES (EXTERNAL)**

- **SANDAG TRANSPORTATION COMMITTEE:** None.

**CHAIR'S REPORT:** Chairman Boling reported that the Harbor Drive Mobility Committee held its third meeting and the Port is conducting a traffic study, which will go to SANDAG for modeling. She also reported that we are moving forward with the ADP.

**PRESIDENT/CEO'S REPORT:** Kimberly Becker, President/CEO, congratulated Susie Prieser and her team for putting on a very successful AirEx on October 25. She reported that about 500 people participated in this massive exercise, which simulates an air disaster and then tests our responses. She reported that the exercise is required by the Federal Aviation Administration (FAA) once every three years to maintain the Airport's operating certificate. She reported that the AirEx was conducted on the former Commuter Terminal ramp, where emergency services agencies from the County responded to the simulated crash landing of a jet liner. She reported that the event also included an exercise at the USO, where a Family Resource Center was set up to provide a place for loved ones to gather while they waited for news on the victims. She reported that staff is now preparing an After Action Report highlighting lessons learned that will be shared with all participating agencies, including the FAA. She reported that the Employee Opinion Survey had an 86 percent participation rate among staff and the survey found the employee engagement level is at 83 percent – which is above the Public Service and U.S. National norms. She reported the next steps are to develop action plans to celebrate the bright spots and address any opportunities for improvements. She reported that the Alaska Airlines' inaugural Mexico City flight takes off on November 6, bringing the number of international markets served to 10. She reported that there is a 9.7 percent increase in seat capacity for the Thanksgiving holiday travel period, and a similar increase is expected for December travel. She reported that the Airport is trending up 6.2 percent in total passenger traffic for the year. She reported that a "Meet the Primes" event was held on October 18<sup>th</sup> with about 400 prime contractors and small businesses in attendance to learn about contracting opportunities and everything the Airport Authority does to support small and underrepresented businesses. She reported that there were over 50 tables staffed by prime contractors from throughout the region, Airport Authority departments and partners, small business support service centers and other agencies. She reported that the Airport Authority received the Industrial Environmental Association's "Environmental Excellence Award" recognizing the Terminal 2 Parking Plaza for the rainwater and condensate capture system. She reported that the runway project has begun and there are hard closures nightly at midnight. She reported that there are three RFPs coming out soon including the Duty Free Store, the Common Use Passenger Lounge, and the Advertising RFP.

**CONSENT AGENDA (Items 1-10):**

**ACTION; Moved by Board Member Gleason and seconded by Board Member Robinson to approve the Consent Agenda. Motion carried by the following votes: YES – Boling, Gleason, Janney, Kersey, Robinson, Schumacher, Sessom; NO – None; ABSENT – Cox, Desmond; (Weighted Vote Points: YES – 80; NO – 0; ABSENT – 20).**

**1. APPROVAL OF MINUTES:**

RECOMMENDATION: Approve the minutes of the October 5, 2017, regular meeting.

**2. ACCEPTANCE OF BOARD AND COMMITTEE MEMBERS WRITTEN REPORTS ON THEIR 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 Board member attendance at other meetings, trainings and events not covered by the current resolution.

**3. AWARDED CONTRACTS, APPROVED CHANGE ORDERS FROM SEPTEMBER 11, 2017 THROUGH OCTOBER 8, 2017 AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM SEPTEMBER 11, 2017 THROUGH OCTOBER 8, 2017:**

RECOMMENDATION: Receive the report.

**4. NOVEMBER 2017 LEGISLATIVE REPORT:**

RECOMMENDATION: Adopt Resolution No. 2017-0097, approving the November 2017 Legislative Report.

***CLAIMS***

**5. REJECT THE CLAIM OF KESHAV LAKSHMANA:**

RECOMMENDATION: Adopt Resolution No. 2017-0098, rejecting the claim of Keshav Lakshmana.

***COMMITTEE RECOMMENDATIONS***

**6. ACCEPTANCE OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017:**

RECOMMENDATION: Accept the report.

**7. ACCEPTANCE OF THE AUTHORITY'S INVESTMENT REPORT FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017:**

RECOMMENDATION: Accept the report.

***CONTRACTS AND AGREEMENTS***

**8. AUTHORIZE REMOVAL OF THE WEST WING MODULAR BUILDING FROM THE AIRPORT PREMISES:**

RECOMMENDATION: Adopt Resolution No. 2017-0099, authorizing the President/CEO to negotiate and execute an agreement with Design Space Modular Buildings for the removal of the West Wing Modular Building from the Airport.

9. **AWARD A CONTRACT TO G&G SPECIALTY CONTRACTORS, INC. FOR QUIETER HOME PROGRAM PHASE 8, GROUP 10, PROJECT NO. 380810, TWELVE (12) HISTORIC SINGLE-FAMILY HOMES ON TWELVE (12) RESIDENTIAL PROPERTIES LOCATED EAST AND WEST OF THE AIRPORT:**  
RECOMMENDATION: Adopt Resolution No. 2017-0100, awarding a contract to G&G Specialty Contractors, Inc. in the amount of \$877,050.00 for Phase 8, Group 10, Project No. 380810, of the San Diego County Regional Airport Authority's Quieter Home Program.

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

10. **APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE ON-CALL INDUSTRIAL HYGIENE SERVICES AGREEMENTS WITH AURORA INDUSTRIAL HYGIENE AND TETRA TECH, INCORPORATED:**  
RECOMMENDATION: Adopt Resolution No. 2017-0101, approving and authorizing the President/CEO to execute On-Call Industrial Hygiene Services Agreements with Aurora Industrial Hygiene and Tetra Tech, Incorporated, each agreement for a term of three years with the option for two one-year extensions exercisable at the sole discretion of the President/CEO, for an aggregate total not-to-exceed amount of \$1,250,000.

*Chairman Boling left the dais at 11:36 a.m.*

**PRESENTATIONS:**

- A. **REVIEW OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017:**  
Kathy Kiefer, Senior Director, Finance and Business Management, provided a presentation on the Unaudited Financial Statements for the Three Months Ended September 30, 2017, which included Operating Revenues; Operating Expenses; Non-operating Revenue & Expenses; Financial Summary; Statement of Net Position, Assets; and Statement of Net Position, Liabilities & Net Position.

**PUBLIC HEARINGS:**

**OLD BUSINESS:**

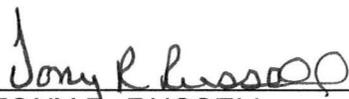
**GENERAL COUNSEL REPORT:** None.

**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:** None.

**ADJOURNMENT:** The meeting adjourned at 11:41 a.m.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT  
AUTHORITY BOARD THIS 7<sup>th</sup> DAY OF DECEMBER, 2017.

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

APPROVED AS TO FORM:

  
\_\_\_\_\_  
AMY GONZALEZ  
GENERAL COUNSEL