

Board Members

Gil Cabrera (Chair)
Paul Robinson (Vice Chair)
Catherine Blakespear
Mary Casillas Salas
Robert T. Lloyd
Paul McNamara
Johanna Schiavoni
Nora E. Vargas
Marni von Wilpert

Board Meeting Agenda

Thursday, December 2, 2021
9:00 A.M.

San Diego International Airport
SDCRAA Administration Building
3225 N. Harbor Drive
San Diego, California 92101

Ex-Officio Board Members

Col. Thomas M. Bedell
Gustavo Dallarda
Gayle Miller

President/CEO

Kimberly J. Becker

This meeting of the San Diego County Regional Airport Authority Board will be conducted pursuant to the provisions of California Assembly Bill 361 which suspends certain requirements of the Ralph M. Brown Act. On November 4, 2021, the San Diego County Regional Airport Authority Board adopted Resolution Number 2021-0123 finding that as a result of the continuing State of Emergency and the fact that local officials have recommended measures to promote social distancing and a finding that meeting in person continues to present imminent risks to the health and safety of attendees, it is in the best interest of the Authority and the public to continue to conduct meetings of the Board virtually pursuant to AB 361. Therefore, in the interest of public health, all Board Members will be participating in the meeting electronically. In accordance with Assembly Bill 361 and Authority Board Resolution No. 2021-0123, there will be no members of the public in attendance at the Board Meeting. We are providing alternatives to in-person attendance for viewing and participating in the meeting. In lieu of in-person attendance, members of the public may submit their comments in the following manner.

Public Comment during Board/Committee Meetings

If you'd like to speak live during the meeting, please follow these steps to request to speak:

- **Step 1:** Watch the meeting via the live Webcast located at the following link, <https://www.san.org/Airport-Authority/Meetings-Agendas/authority-board?EntryId=13949>
PLEASE NOTE: There is approximately 20 seconds of lag time between the meeting and the Webcast.
- **Step 2:** When the Chair introduces the item that you would like to comment on, (*or indicates that it is time for Non-Agenda Public Comment*), call into the public comment line by following the following directions:
REMINDER: Please do not call until the item you want to comment on is being discussed.
 1. **Dial 1-619-737-2396**
 2. **When prompted, input Conference ID: [351 129 685#](tel:351129685)**
 3. **You will then hear: "If you're the meeting organizer, press star now. You are now joining the meeting." Ignore this message.**

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4. ***After a few seconds, you will hear: "Please wait for the leader to admit you into the meeting, thank you for your patience." This is an indication that you are in the waiting room, Authority staff will admit you into the meeting when it is your time to speak.***
5. ***After being admitted into the meeting, your microphone will be live, please turn off your webcast to avoid feedback. Staff will then ask you to state your name and begin your comments.***

Written Non-Agenda Public comment and/or Public Comment on agenda items may also be submitted to the Authority clerk at clerk@san.org. Comments received no later than 8:30 a.m. on the day of the meeting will be distributed to the Board or Committee and included in the record.

How to Watch the Meeting

You may also view the meeting online at the following link: <https://www.san.org/Airport-Authority/Meetings-Agendas/authority-board?EntryId=13949>

Requests for Accessibility Modifications or Accommodations

As required by the Americans with Disabilities Act (ADA), requests for agenda information to be made available in alternative formats, and any requests for disability-related modifications or accommodations required to facilitate meeting participation, including requests for alternatives to observing meetings and offering public comment as noted above, may be made by contacting the Authority Clerk at (619) 400-2550 or clerk@san.org. The Authority is committed to resolving accessibility requests swiftly in order to maximize accessibility.

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. ***Please note that agenda items may be taken out of order.*** If comments are made to the Board 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.

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: Pursuant to Authority Code Section 2.15, all Lobbyists shall register as an Authority Lobbyist with the Authority Clerk within ten (10) days of qualifying as a lobbyist. A qualifying lobbyist is any individual who receives \$100 or more in any calendar month to lobby any Board Member or employee of the Authority for the purpose of influencing any action of the Authority. To obtain Lobbyist Registration Statement Forms, contact the Board Services/Authority Clerk Department.

CALL TO ORDER:

ROLL CALL:

NEW BUSINESS:

1. **CONSIDERATION OF WHETHER TO CONTINUE VIRTUAL MEETINGS FOR AUTHORITY BOARD AND COMMITTEE MEETINGS PURSUANT TO AB 361:**
RECOMMENDATION: Adopt Resolution No. 2021-0133, finding that it is in the best interest of the Authority and the public it serves to continue to hold virtual public meetings of the Board and its Committees because a declared state of emergency is ongoing and continues to directly impact the ability of the Board and its Committees to meet safely in person and state and local officials recommend measures to promote social distancing.
(Legal: Amy Gonzalez, General Counsel)

PRESENTATIONS:

- A. **2021 BOND SALE OUTCOME:**
Presented by John Dillon, Director, Finance & Risk Management

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

- **AUDIT COMMITTEE:**
Committee Members: Blakespear, Casillas Salas, Lloyd, Vann (Chair), Newsom, Vargas, Wong Nickerson
- **CAPITAL IMPROVEMENT PROGRAM OVERSIGHT COMMITTEE:**
Committee Members: Blakespear, Cabrera, McNamara (Chair), Schiavoni, von Wilpert
- **EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE:**
Committee Members: McNamara, Robinson (Chair), Schiavoni, Vargas
- **FINANCE COMMITTEE:**
Committee Members: Casillas Salas, Lloyd (Chair), Schiavoni, von Wilpert

ADVISORY COMMITTEES

- **AUTHORITY ADVISORY COMMITTEE:**
Liaison: Casillas Salas (Primary), Robinson
- **ARTS ADVISORY COMMITTEE:**
Liaison: Schiavoni

LIAISONS

- **CALTRANS:**
Liaison: Dallarda
- **INTER-GOVERNMENTAL AFFAIRS:**
Liaison: Cabrera
- **MILITARY AFFAIRS:**
Liaison: Bedell
- **PORT:**
Liaisons: Robinson, Cabrera (Primary), Vargas
- **WORLD TRADE CENTER:**
Representatives: Robert H. Gleason

BOARD REPRESENTATIVES (EXTERNAL)

- **SANDAG BOARD OF DIRECTORS:**
Representative: Cabrera (Primary), Schiavoni
- **SANDAG TRANSPORTATION COMMITTEE:**
Representatives: Lloyd (Primary), Robinson

CHAIR REPORT:

PRESIDENT/CEO REPORT:

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NON-AGENDA PUBLIC COMMENT:

Non-Agenda Public Comment is reserved for members of the public wishing to address the Board 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 Board.

CONSENT AGENDA (ITEMS 1- 20):

The consent agenda contains items that are routine in nature and non-controversial. Some items may be referred by a standing Board Committee or approved as part of the budget process. The matters listed under 'Consent Agenda' may be approved by one motion. Any Board Member may remove an item for separate consideration. Items so removed will be heard before the scheduled New Business Items, unless otherwise directed by the Chair.

2. APPROVAL OF MINUTES:

RECOMMENDATION: Approve the minutes of the November 4, 2021, regular Board meetings.

3. 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.

(Board Services: Tony R. Russell, Director/Authority Clerk)

4. AWARDED CONTRACTS, APPROVED CHANGE ORDERS FROM OCTOBER 11, 2021 THROUGH NOVEMBER 7, 2021 AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM OCTOBER 11, 2021 THROUGH NOVEMBER 7, 2021:

RECOMMENDATION: Receive the report.

(Procurement: Jana Vargas, Director)

5. DECEMBER 2021 LEGISLATIVE REPORT:

RECOMMENDATION: Adopt Resolution No. 2021-0134, approving the December 2021 Legislative Report.

(Government Relations: Matt Harris, Director)

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6. APPOINTMENTS TO BOARD COMMITTEES, LIAISON POSITIONS, OTHER REPRESENTATIVE AND ALTERNATE POSITIONS:

RECOMMENDATION: Adopt Resolution No. 2021-0135, appointing Gil Cabrera as the primary advisory member and Johanna Schiavoni as the alternate advisory member to the SANDAG Board of Directors.

(Board Services: Tony R. Russell, Director/Authority Clerk)

CLAIMS

7. REJECT THE CLAIM OF JENNIFER ADAMS:

RECOMMENDATION: Adopt Resolution No. 2021-0145, rejecting the claim of Jennifer Adams.

(Legal: Amy Gonzalez, General Counsel)

COMMITTEE RECOMMENDATIONS

8. ESTABLISH THE DATE AND TIME OF BOARD AND ALUC MEETINGS FOR 2022, AS INDICATED ON THE PROPOSED 2022 MASTER CALENDAR OF BOARD AND COMMITTEE MEETINGS:

RECOMMENDATION: The Executive Committee recommends that the Board adopt Resolution No. 2021-0136, establishing the date and time of Board and ALUC meetings; and Committee meetings for 2022 as indicated on the proposed 2022 Master Calendar of Board and Committee Meetings.

(Board Services: Tony R. Russell, Director/Authority Clerk)

9. FISCAL YEAR 2022 FIRST QUARTER REPORT FROM THE OFFICE OF THE CHIEF AUDITOR:

RECOMMENDATION: The Audit Committee recommends that the Board accept the report.

(Audit: Lee Parravano, Chief Auditor)

10. REVISION TO THE FISCAL YEAR 2022 AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:

RECOMMENDATION: The Audit Committee recommends that the Board Adopt Resolution No. 2021-0137, approving the revision to the Fiscal Year 2022 Audit Plan.

(Audit: Lee Parravano, Chief Auditor)

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- 11. EXTERNAL AUDITORS FISCAL YEARS ENDED JUNE 30, 2021 REPORT: A) AUDITED FINANCIAL STATEMENTS, B) SINGLE AUDIT REPORTS, C) PASSENGER FACILITY CHARGES COMPLIANCE REPORT, D) CUSTOMER FACILITY CHARGE COMPLIANCE REPORT, AND E) LETTER TO THE BOARD:**

RECOMMENDATION: The Audit Committee recommends that the Board accept the report.

(Scott Brickner, Vice President/CFO)

- 12. REVIEW OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) FOR THE FISCAL YEAR ENDED JUNE 30, 2021:**

RECOMMENDATION: The Audit Committee recommends that the Board accept the report.

(Scott Brickner, Vice President/CFO)

CONTRACTS AND AGREEMENTS

- 13. AUTHORIZE THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE A SIXTH AMENDMENT TO AGREEMENT 209162-OS WITH SP PLUS CORPORATION FOR RENTAL CAR CENTER (RCC) BUS OPERATIONS:**

RECOMMENDATION: Adopt Resolution No. 2021-0138, authorizing the President/CEO to negotiate and execute a Sixth Amendment to Agreement 209162-OS with SP Plus Corporation for Rental Car Center (RCC) Bus Operations to: 1) Extend the contract to September 30, 2022; 2) modify the per mile rate; 3) modify the management fee; and 4) Increase the maximum amount payable by \$8,000,000.00; from \$49,000,000 to \$57,000,000.

(Ground Transportation: Marc Nichols, Director)

- 14. AUTHORIZE THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE A SECOND AMENDMENT TO AGREEMENT 210753-OS WITH ACE PARKING MANAGEMENT, INC. FOR AIRPORT SHUTTLE SERVICES:**

RECOMMENDATION: Adopt Resolution No. 2021-0139, authorizing the President/CEO to negotiate and execute a Second Amendment to Agreement 210753-OS with Ace Parking Management, Inc. for Airport Shuttle Services to: 1) Extend the contract to September 30, 2022; and 2) Revise the Scope of Work to add the San Diego Flyer shuttle route.

(Ground Transportation: Marc Nichols, Director)

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- 15. GRANT AN EASEMENT FOR DRAINAGE FACILITIES TO THE CITY OF SAN DIEGO:**
RECOMMENDATION: Adopt Resolution No. 2021-0140, approving and authorizing the President/CEO to negotiate and execute an easement for drainage facilities with the City of San Diego for the relocation of a portion of existing City owned storm drain infrastructure in support of the New T1 Airside Improvements project.
(Airport Design and Construction: Bob Bolton, Director)

- 16. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE AN AMENDMENT TO A REIMBURSABLE AGREEMENT WITH THE DEPARTMENT OF TRANSPORTATION FEDERAL AVIATION ADMINISTRATION (FAA) FOR ENGINEERING AND TECHNICAL SUPPORT RELATED TO NEW T1 AIRSIDE IMPROVEMENTS:**
RECOMMENDATION: Adopt Resolution No. 2021-0141, approving and authorizing the President/CEO to Negotiate and Execute an Amendment to a Reimbursable Agreement between the Department of Transportation Federal Aviation Administration (FAA) and the San Diego County Regional Airport Authority for engineering and technical support related to New T1 Airside Improvements.
(Airport Design and Construction: Bob Bolton, Director)

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

- 17. AWARD A CONTRACT TO S&L SPECIALTY CONSTRUCTION, INC. FOR QUIETER HOME PROGRAM PHASE 11, GROUP 7, PROJECT NO. 381107 FIFTY-THREE (53) NON-HISTORIC SINGLE-FAMILY & MULTI-FAMILY UNITS ON THIRTY-SIX (36) RESIDENTIAL PROPERTIES LOCATED EAST AND WEST OF THE SAN DIEGO INTERNATIONAL AIRPORT:**
RECOMMENDATION: Adopt Resolution No. 2021-0142, awarding a contract to S&L Specialty Construction, Inc. in the amount of \$1,653,249.76 for Phase 11, Group 7, Project No. 381107, of the San Diego County Regional Airport Authority's ("Authority") Quieter Home Program.
(Planning & Environmental Affairs: Brendan Reed, Director)

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- 18. AWARD A CONTRACT TO G&G SPECIALTY CONTRACTORS, INC. FOR QUIETER HOME PROGRAM PHASE 11, GROUP 8, PROJECT NO. 381108 CONSISTING OF ONE-HUNDRED-TWELVE (112) NON-HISTORIC MULTI-FAMILY UNITS ON ONE (1) RESIDENTIAL PROPERTY LOCATED EAST OF THE SAN DIEGO INTERNATIONAL AIRPORT:**

RECOMMENDATION: Adopt Resolution No. 2021-0143, awarding a contract to G&G Specialty Contractors, Inc. in the amount of \$2,651,337.95 for Phase 11, Group 8, Project No. 381108, of the San Diego County Regional Airport Authority's ("Authority") Quieter Home Program.

(Planning & Environmental Affairs: Brendan Reed, Director)

- 19. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE AN ON-CALL AGREEMENT FOR ARCHITECTURAL AND ENGINEERING CONSULTING SERVICES WITH THE JONES PAYNE GROUP, INC., FOR THE QUIETER HOME PROGRAM AND QUIETER NON-RESIDENTIAL PROGRAM:**

RECOMMENDATION: Adopt Resolution No. 2021-0144, approving and authorizing the President/CEO to negotiate and execute an on-call architectural and engineering consultant services agreement with The Jones Payne Group, Inc., for an amount not-to-exceed \$30,000,000 for a term of three years, with the option for two one-year extensions exercisable at the discretion of the President/CEO in support of the Quieter Home Program and Quieter Non-Residential Program.

(Planning & Environmental Affairs: Brendan Reed, Director)

- 20. AUTHORIZE AN INCREASE IN THE PRESIDENT/CEO'S AUTHORITY TO NEGOTIATE AND EXECUTE A CONTRACT TO BIND COVERAGE FOR THE OWNER CONTROLLED INSURANCE PROGRAM:**

RECOMMENDATION: Adopt Resolution No. 2021-0146, authorizing an increase in the President/CEO's authority to negotiate and execute a contract for the Owner Controlled Insurance Program from \$20,000,000 to \$25,000,000.

(Finance & Risk Management: John Dillon, Director)

PUBLIC HEARINGS:

OLD BUSINESS:

NEW BUSINESS (Continued):

CLOSED SESSION:

- 21. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)
Name of Case: Reya-Bolanos b. San Diego County Regional Airport Authority
San Diego Superior Court Case No. 37-2020-00015247-CU-PO-CTL
- 22. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)
Name of Case: Future DB International, Inc. v. San Diego County Regional Airport Authority, et al.
San Diego Superior Court Case No. 37-2018-00001531-CU-CR-CTL
- 23. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)
Name of case: Neighbors Against Noise and Traffic v. City of El Cajon, et al., San Diego Superior Court Case No. 37-2021-00016823-CU-TT-CTL
- 24. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**
(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)
Order No. WQ 2019-0005-DWQ by the State Water Resources Control Board
pertaining to PFAS
Number of potential cases: 1
- 25. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**
(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)
Name of Case: John Van De Walker v. Brian K. Widener, et al., United States District Court Case No. 21-cv-1829-BAS-BGS

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26. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:

(Government Code §54956.8)

Property: 2 parcels of land situated in the City of San Diego, County of San Diego, State of California, said parcels being a portion of that 231.21 acre tract of land acquired by Warranty Deed from San Diego Securities Company dated June 4, 1917 and recorded June 9, 1917 in Book 740 at page 61 of Deeds in the Office of the Recorder of San Diego County and a portion of that 180.34 acre tract of land acquired by Deed from the City of San Diego dated December 1, 1916 and recorded September 5, 1917 in Book 739 at page 307 of Deeds In the Office of the Recorder of San Diego County and said parcels being designated for the purpose of this description as Parcel 1 and Parcel 2. Parcel 1- approximately 14.03 acres of land and Parcel 2-approximately 2.39 acres of land as more specifically described in the Lease Agreement between the United States of America and the San Diego County Regional Airport Authority, Authority Lease No. LE-0107.

Agency negotiator: Hampton Brown, Matt Harris, Susan Diekman, Jim DeCock, Amy Gonzalez

Negotiating parties: David Bixler, Michael Oestericher, Russell Rang, Reid Merrill, Curtis Permito- United State of America, Department of the Navy

Under negotiation: Price and terms of payment

REPORT ON CLOSED SESSION:

GENERAL COUNSEL REPORT:

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:

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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 an email to the Clerk at clerk@san.org 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 an email 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 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 SDCRAA Building by using public transit via the San Diego MTS System, Route 992. For route and fare information, please call the San Diego MTS at (619) 233-3004 or 511.

Staff Report

Meeting Date: December 2, 2021

Subject:

Consideration of Whether to Continue Virtual Meetings for Authority Board and Committee Meetings Pursuant to AB 361

Recommendation:

Adopt Resolution No. 2021-0133, finding that it is in the best interest of the Authority and the public it serves to continue to hold virtual public meetings of the Board and its Committees because a declared state of emergency is ongoing and continues to directly impact the ability of the Board and its Committees to meet safely in person and state and local officials recommend measures to promote social distancing.

Background/Justification:

California Government Code §54953(e), added by Assembly Bill 361, allows local agencies to use teleconferencing and to provide the public an opportunity to address local agencies via a call-in option or an internet-based service option, during a proclaimed state of emergency when measures to promote social distancing are in effect or the local agency has determined meeting in person would present imminent risks to the health or safety of attendees. To benefit from AB 361's provisions, a legislative body such as the Authority must make findings that meeting in person would result in imminent risk to the health and safety of attendees. The Authority must reconsider the findings every 30 days to continue conducting its public meetings virtually.

Currently, the Brown Act provides that if a legislative body elects to use teleconferencing, then it must identify each teleconference location in the public notice and agenda and post agendas at all teleconference locations. All teleconference locations must be publicly accessible and there must be an opportunity for public comment at each teleconference location. Additionally, a quorum of the members of the legislative body must participate from locations physically within the jurisdictional boundaries of the agency. (See Government Code §54953(b)(3).)

Meeting Date: December 2, 2021

Governor Newsom issued Executive Orders suspending these requirements during the COVID-19 pandemic to facilitate social distancing measures and the remote work environment. (See Executive Orders N-29-20, Paragraph 3, and N-08-21, Paragraph 42.) These Executive Orders expired on Sept. 30, 2021 and AB 361 replaced them.

The Authority and its standing committees, may elect to use AB 361's teleconferencing procedures where a state of emergency has been formally proclaimed, and if:

1. State or local officials have imposed or recommended measures to promote social distancing at the time the legislative body holds the meeting (Government Code §54953(e)(1)(A); or
2. The legislative body holds a meeting for the first time for the purpose of determining by majority vote whether, as a result of the proclaimed state of emergency, meeting in person would present imminent risks to the health and safety of attendees (Government Code §54953(e)(1)(B)), or
3. The legislative body has determined (per #2 above) that, as a result of the proclaimed state of emergency, meeting in person would continue to present imminent risks to the health or safety of attendees (Government Code § 54953(e)(1)(C)).

AB 361 further imposes on local legislative bodies a duty to make factual findings to justify its election to continue to use AB 361's teleconferencing procedures. (Government Code §54953(e)(3)). Local legislative bodies who wish to consider using AB 361's teleconferencing procedures must make the following factual findings within 30 days after teleconferencing for the first time under the provisions of AB 361 and every 30 days thereafter:

1. The legislative body has reconsidered the circumstances of the state of emergency.
2. Either of the following circumstances exist:
 - a. The state of emergency continues to directly impact the ability of the members to meet safely in person.
 - b. State or local officials continue to impose or recommend measures to promote social distancing.

On September 23, 2021, Dr. Wilma Wooten, the Public Health Officer for the County of San Diego, issued a "Health Officer Teleconferencing Recommendation" finding that:

1. COVID-19 disease prevention measures, endorsed by the Centers for Disease Control and Prevention, include physical distancing.
2. Using technology to allow for virtual participation in public meetings is a social distancing measure that may help control the transmission of the SARS-CoV virus.
3. Public meetings bring together many individuals (both vaccinated and potentially unvaccinated), from multiple households, in a single indoor space for an extended time.

4. For those at increased risk for infection, or subject to isolation or quarantine order, teleconferencing allows for full participation in public meetings, while protecting themselves and others from the COVID-19 Virus.
5. Utilizing teleconferencing options for public meetings is an effective and recommended social distancing measure to facilitate participation in public affairs and encourage participants to protect themselves and others from the COVID-19 disease. [See, Health Officer Teleconference Recommendation attached as Exhibit 1].

On November 4, 2021, the Board adopted Resolution No. 2021-0123 finding that it is in the Authority's best interest to continue to hold virtual public meetings of the Board and its standing committees because a declared state of emergency is ongoing and continues to directly impact the ability of the Board and its committees to meet safely in person and local officials recommend measures to promote social distancing.

On November 10, 2021, Governor Newsom signed Executive Order N-21-21 allowing out-of-state healthcare workers to supplement staffing at healthcare facilities across California noting that "California has stopped recording week over week declines in COVID-19 cases and hospitalizations, which demonstrates a plateau and the potential beginning of a new surge of COVID-19 cases." Governor Newsom recently stated, "COVID cases are beginning to rise — winter months mean people indoors & more possibilities for spread. The unvaccinated are now almost 7 [times] more likely to get COVID, 10 times more likely to be hospitalized—and 18 [times] more likely to die."

Under AB 361, the Authority has the following options: (1) adopt a resolution making findings that it is in the interest of public health to continue holding virtual public meetings until January 3, 2022; or (2) direct staff to commence holding in-person public meetings beginning January 3, 2022.

As a result of the continued State of Emergency, the fact that local officials have imposed or recommended measures to promote social distancing, and a finding that meeting in person would continue to present imminent risks to the health or safety of attendees, staff recommends that the Board continue to conduct meetings of the Authority Board and its standing committees virtually pursuant to the provisions of AB 361.

Fiscal Impact:

Adequate funding for Online Board Meetings is included in the adopted FY 2022 and conceptually approved FY 2023 Operating Expense Budgets within the Board Services Department.

Authority Strategies/Focus Areas:

This item supports one or more of the following (*select at least one under each area*):

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:

Not Applicable.

Prepared by:

Amy Gonzalez
General Counsel

RESOLUTION NO. 2021-0133

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY FINDING THAT IT IS IN THE BEST INTEREST OF THE AUTHORITY AND THE PUBLIC IT SERVES TO CONTINUE TO HOLD VIRTUAL PUBLIC MEETINGS OF THE BOARD AND ITS COMMITTEES BECAUSE A DECLARED STATE OF EMERGENCY IS ONGOING AND CONTINUES TO DIRECTLY IMPACT THE ABILITY OF THE BOARD AND ITS COMMITTEES TO MEET SAFELY IN PERSON AND LOCAL OFFICIALS RECOMMEND MEASURES TO PROMOTE SOCIAL DISTANCING

WHEREAS, California Government Code §54953(e), added by Assembly Bill 361, allows local agencies to use teleconferencing and to provide the public an opportunity to address local agencies via a call-in option or an internet-based service option, during a proclaimed state of emergency when measures to promote social distancing are in effect or the local agency has determined meeting in person would present imminent risks to the health or safety of attendees; and

WHEREAS, to benefit from AB 361's provisions, a legislative body such as the Authority must make findings that meeting in person would result in imminent risk to the health and safety of attendees; and

WHEREAS, on November 4, 2021, the Board adopted Resolution No. 2021-0123 finding that it is in the Authority's best interest to continue to hold virtual public meetings of the Board and its standing committees because a declared state of emergency is ongoing and continues to directly impact the ability of the Board and its committees to meet safely in person and local officials recommend measures to promote social distancing; and

WHEREAS, the findings of Resolution No. 2021-0123 are incorporated herein; and

WHEREAS, the Authority must reconsider the findings every 30 days to continue conducting its public meetings virtually; and

WHEREAS, the Authority and its standing committees, may elect to use AB 361's teleconferencing procedures where a state of emergency has been formally proclaimed, and if:

1.State or local officials have imposed or recommended measures to promote social distancing at the time the legislative body holds the meeting (Government Code §54953(e)(1)(A) or

2.The legislative body holds a meeting for the first time for the purpose of determining by majority vote whether, as a result of the proclaimed state of emergency, meeting in person would present imminent risks to the health and safety of attendees (Government Code §54953(e)(1)(B)) or

3.The legislative body has determined that, as a result of the proclaimed state of emergency, meeting in person would continue to present imminent risks to the health or safety of attendees (Government Code § 54953(e)(1)(C)); and

WHEREAS, on September 23, 2021, Dr. Wilma Wooten, the Public Health Officer for the County of San Diego, issued a "Health Officer Teleconferencing Recommendation" finding that:

1.COVID-19 disease prevention measures, endorsed by the Centers for Disease Control and Prevention, include physical distancing.

2.Using technology to allow for virtual participation in public meetings is a social distancing measure that may help control the transmission of the SARS-CoV virus.

3.Public meetings bring together many individuals (both vaccinated and potentially unvaccinated), from multiple households, in a single indoor space for an extended time;

4.For those at increased risk for infection, or subject to isolation or quarantine order, teleconferencing allows for full participation in public meetings, while protecting themselves and others from the COVID-19 Virus.

5.Utilizing teleconferencing options for public meetings is an effective and recommended social distancing measure to facilitate participation in public affairs and encourage participants to protect themselves and others from the COVID-19 disease. [See, Health Officer Teleconference Recommendation attached as Exhibit 1]; and

WHEREAS, on November 10, 2021, Governor Newsom signed Executive Order N-21-21 allowing out-of-state healthcare workers to supplement staffing at healthcare facilities across California noting that “California has stopped recording week over week declines in COVID-19 cases and hospitalizations, which demonstrates a plateau and the potential beginning of a new surge of COVID-19 cases;” and

WHEREAS, Governor Newsom recently noted that COVID cases are beginning to rise — winter months mean people indoors and more possibilities for spread; and

WHEREAS, as a result of the continued State of Emergency, the fact that local officials have imposed or recommended measures to promote social distancing, and a finding that meeting in person would continue to present imminent risks to the health or safety of attendees, the Board finds it is in the best interest of the Authority to continue to conduct meetings of the Authority Board and its standing committees virtually pursuant to the provisions of AB 361.

NOW THEREFORE BE IT RESLOVED that meetings of the Authority Board and its standing committees shall continue to be held virtually pursuant to the provisions of AB 361 because a State of Emergency is ongoing and local officials have recommended measures to promote social distancing and meeting in person would continue to present imminent risks to the health and safety of attendees; and

BE IT FURTHER RESOLVED that the Board finds that this action is not a “project” as defined by the California Environmental Quality Act (“CEQA”) (California Public Resources Code § 21065); and

BE IT FURTHER RESOLVED that the Board finds that this action is not a “development” as defined by the California Coastal Act (California Public Resources Code § 30106); and

BE IT FURTHER RESOLVED that the Board finds that this 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.

PASSED, ADOPTED AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular Board meeting this 2nd day of December 2021 by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, CORPORATE
SERVICES/ AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL



County of San Diego

NICK MACCHIONE, FACHE
AGENCY DIRECTOR

HEALTH AND HUMAN SERVICES AGENCY
PUBLIC HEALTH SERVICES

WILMA J. WOOTEN, M.D.
PUBLIC HEALTH OFFICER

HEALTH OFFICER TELECONFERENCING RECOMMENDATION

COVID-19 disease prevention measures, endorsed by the Centers for Disease Control and Prevention, include vaccinations, facial coverings, increased indoor ventilation, handwashing, and physical distancing (particularly indoors).

Since March 2020, local legislative bodies—such as commissions, committees, boards, and councils—have successfully held public meetings with teleconferencing as authorized by Executive Orders issued by the Governor. Using technology to allow for virtual participation in public meetings is a social distancing measure that may help control transmission of the SARS-CoV-2 virus. Public meetings bring together many individuals (both vaccinated and potentially unvaccinated), from multiple households, in a single indoor space for an extended time. For those at increased risk for infection, or subject to an isolation or quarantine order, teleconferencing allows for full participation in public meetings, while protecting themselves and others from the COVID-19 virus.

Utilizing teleconferencing options for public meetings is an effective and recommended social distancing measure to facilitate participation in public affairs and encourage participants to protect themselves and others from the COVID-19 disease. This recommendation is further intended to satisfy the requirement of the Brown Act (specifically Gov't Code Section 54953(e)(1)(A)), which allows local legislative bodies in the County of San Diego to use certain available teleconferencing options set forth in the Brown Act.

September 23, 2021



Wilma J. Wooten, M.D., M.P.H.
Public Health Officer
County of San Diego

ITEM A
2021 BOND SALE
OUTCOME

There are no materials for this item

DRAFT
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD
MINUTES
THURSDAY, NOVEMBER 4, 2021
SAN DIEGO INTERNATIONAL AIRPORT
BOARD ROOM

CALL TO ORDER: Chair Cabrera called the meeting of the San Diego County Regional Airport Authority Board to order at 9:00 a.m. on Thursday, November 4, 2021, electronically and via teleconference pursuant to the provisions of California Assembly Bill 361 at the San Diego International Airport, Administration Building, 3225 North Harbor Drive, San Diego, CA 92101.

ROLL CALL:

PRESENT: Board Members: Blakespear, Cabrera, Casillas Salas, Dallarda (Ex-Officio), Lloyd, McNamara, Robinson, Schiavoni, Vargas, von Wilpert

ABSENT: Board Members: Bedell (Ex-Officio), Miller (Ex-Officio)

ALSO PRESENT: Kimberly J. Becker, President/CEO; Amy Gonzalez, General Counsel; Tony R. Russell, Director, Board Services/Authority Clerk; Dustin Heck, Assistant Authority Clerk I

Chair Cabrera announced that Item 6 would be removed from the Consent Agenda and heard before Presentations.

ITEM REMOVED FROM THE CONSENT AGENDA:

6. CONSIDERATION OF WHETHER TO CONTINUE VIRTUAL MEETINGS FOR AUTHORITY BOARD AND COMMITTEE MEETINGS PURSUANT TO AB 361:

Amy Gonzalez, General Counsel, provided an overview of the Staff Report.

RECOMMENDATION: Adopt Resolution No. 2021-0123, finding that it is in the best interest of the Authority and the public it serves to continue to hold virtual public meetings of the Board and its Committees because a declared state of emergency is ongoing and continues to directly impact the ability of the Board and its Committees to meet safely in person and state and local officials recommend measures to promote social distancing.

ACTION: Moved by Board Member Vargas and seconded by Board Member Schiavoni to approve staff's recommendation. Motion carried by the following votes: YES – Blakespear, Cabrera, Lloyd, McNamara, Robinson, Casillas Salas, Schiavoni, Vargas; NO – None; ABSENT – von Wilpert; (Weighted Vote Points: YES – 87; NO – 0; ABSENT – 13)

PRESENTATIONS:

A. REVIEW OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2021:

Scott Brickner, Vice President/Chief Financial Officer, provided a presentation on the Review of the Unaudited Financial Statements for the Three Months Ended September 30, 2021 that included Operating Revenues, Operating Expenses, Non-operating Revenue & Expenses, Financial Summary, Statement of Net Position, 2021 Assets and Deferred Outflow of Resources and Statement of Net Position, 2021 Liabilities and Deferred Outflow of Resources & Net Position.

Board Member von Wilpert joined the meeting at 9:20 a.m.

B. 2020-2021 AIRPORT AUTHORITY SUSTAINABILITY REPORT:

Michelle Brega, Senior Director, External Relations, provided a presentation on the 2021-2021 Airport Authority Sustainability Report that included Measuring Our Sustainable Progress, Social Sustainability Goals and Progress, Economic Sustainability Goals and Progress, Environmental Sustainability Goals and Progress.

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

- **AUDIT COMMITTEE:** None.
- **CAPITAL IMPROVEMENT PROGRAM OVERSIGHT COMMITTEE:** None.
- **EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE:** None.

- **FINANCE COMMITTEE:** Board Member Lloyd reported that on October 14th the Finance Committee reviewed and forwarded to the Board for approval the Financial Statements and Investment Report for the three months ending September 30th 2021, heard an update on the Authority's Revolving Credit Facility and Outstanding Balances. He reported that the Finance also forwarded to the Board with a recommendation for acceptance the sale of \$2.5 billion of Subordinate Airport Revenue and Revenue Refunding Bonds.

ADVISORY COMMITTEES

- **AUTHORITY ADVISORY COMMITTEE:** Board Member Casillas Salas reported that on October 20th the Advisory Committee heard an update on the New Terminal 1 Development Program, the Authority's Community Sound Insulation Program, and the 2021 Airport Authority Sustainability Report.
- **ARTS ADVISORY COMMITTEE:** Chris Chalupsky, Senior Manager, Arts Program, reported that the "Running Man" statue, in front of Terminal 1, will be temporarily relocated to storage in coordination with the demolition of Gates 1 and 1A.

LIAISONS

- **CALTRANS:** Board Member Dallarda reported that on November 8th, Customs and Border Protection, will start allowing vaccinated foreigners to come to the United States through the Port of Entry.
- **INTER-GOVERNMENTAL AFFAIRS:** Chair Cabrera reported that the White House continues negotiations with Congressional leaders on the reconciliation bill. He reported the President recently unveiled a new \$1.75 trillion framework and urged Congress to vote on both the new package and the \$1.2 trillion infrastructure proposal. He also reported that the infrastructure package includes an additional \$25 billion for aviation, of which approximately \$20 billion is proposed for airport related infrastructure projects. He reported that State Legislature has adjourned until January 3rd, when the second year of the 2021-22 legislation session resumes.
- **MILITARY AFFAIRS:** None.

- **PORT:** None.
- **WORLD TRADE CENTER:** None.

BOARD REPRESENTATIVES (EXTERNAL)

- **SANDAG BOARD OF DIRECTORS:** Chair Cabrera reported that the SANDAG Board of Directors met three times since the last Board meeting and that at the first meeting, the Board of Directors provided updates on actions related to the agency's salaries and compensation audit. He reported that, during the second meeting, the Board approved an amendment to the Fiscal Year 2022 Program Budget to create the Early Action Transit Pilot project, and program \$2.13 million of Congestion Mitigation and Air Quality Improvement funds to fund the project. He reported that, at the third meeting, staff presented updates that will be reflected in the proposed final 2021 Regional Plan in response to public comments.
- **SANDAG TRANSPORTATION COMMITTEE:** Board Member Lloyd reported that the SANDAG Transportation Committee met once since the last Board Meeting and provided a status update on the North Coast Corridor Program and recommended that the Board of Directors approve additional funding for the Transnet Environmental Mitigation Program for the 2022 fiscal year.

CHAIR'S REPORT Chair Cabrera reported that on October 22nd, the FAA published its Finding of No Significant Impact and Record of Decision for the proposed Airfield Improvements and Terminal 1 Replacement Project. He thanked Sharon Cooney, CEO, San Diego Metropolitan Transit System, for hosting a trial run of the Mid-Coast Trolley's UCSD Blue Line light rail extension for about a dozen Airport Authority staff in October. He also reported that the Blue Line officially open on November 21st and that the grand opening coincides with the launch of the all-electric vehicle shuttle called Air Bus, that will take transit riders from the Old Town Transit Center directly to the airport.

PRESIDENT/CEO'S REPORT: Kim Becker, President/CEO, reported that on November 8th, fully vaccinated foreign travelers will be able to visit the U.S. and that they will need to provide proof of vaccination and a negative COVID-19 test within three days of departing for the United States. She reported that three inaugurals were celebrated in October: WestJet resumed service to Calgary, Alberta, Canada on October 3rd; British Airways resumed service to London, England on October 13th; and Swoop began flights to Edmonton, Alberta, Canada

on October 31st. She also reported that Southwest Airlines will resume flights to New Orleans, Louisiana on November 7th and will begin new nonstop service to Bozeman, Montana beginning November 23rd. She reported that, on September 9th President Biden signed an Executive Order that included requirements for employees of entities that enter or extend existing contracts with the Federal Government to be fully vaccinated by December 8th, 2021. She reported that the Authority is currently developing protocols for contractors and visitors to the Airport Authority offices. She also reported that there could be a potential shortage of Transportation Security Administration employees at SAN and across the nation due to the federal COVID-19 vaccine mandate. She reported that the Airport Authority's Sustainability Management Program and summary document have been recognized by the Association of Environmental Professionals as a co-winner in its "Outstanding Innovation in Resilient or Sustainable Design" category. She congratulated Jana Vargas, Director, Procurement, on receiving the 2021 David Wagner Distinguished Service Award from the Airport Purchasing Group. She congratulated Tony Russell, Director, Board Services/Authority Clerk, on being recognized as United Way of San Diego County volunteer of the year. She reported that the Airport Planning & Environmental Affairs department conducted its annual airport collection event in October where 14 pallets of electronic waste were collected, and six bins of items were sent to Goodwill for donation.

NON-AGENDA PUBLIC COMMENT:

CONSENT AGENDA (Items 1-5, 7-12):

ACTION: Moved by Board Member Robinson and seconded by Board Member Lloyd to approve the Consent Agenda as amended. Motion carried by the following votes: YES – Blakespear, Cabrera, Lloyd, McNamara, Robinson, Casillas Salas, Schiavoni, Vargas, von Wilpert; NO – None; ABSENT – None; (Weighted Vote Points: YES – 100; NO – 0; ABSENT – 0)

1. APPROVAL OF MINUTES:

RECOMMENDATION: Approve the minutes of the September 27, 2021, special and October 7, 2021, regular Board meetings.

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 13, 2021, THROUGH OCTOBER 10, 2021, AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM SEPTEMBER 13, 2021, THROUGH OCTOBER 10, 2021:

RECOMMENDATION: Receive the report.

4. NOVEMBER 2021 LEGISLATIVE REPORT:

RECOMMENDATION: Adopt Resolution No. 2021-0121, approving the November 2021 Legislative Report.

5. APPROVE AN AMENDMENT TO THE AMENDED AND RESTATED SUBORDINATED, PROMISSORY NOTE BETWEEN THE SAN DIEGO UNIFIED PORT DISTRICT AND SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY:

RECOMMENDATION: Adopt Resolution No. 2021-0122, approving an amendment to the amended and restated subordinated, promissory note between the San Diego Unified Port District and San Diego County Regional Airport Authority.

6. CONSIDERATION OF WHETHER TO CONTINUE VIRTUAL MEETINGS FOR AUTHORITY BOARD AND COMMITTEE MEETINGS PURSUANT TO AB 361: ACTION: This item was removed from the Consent Agenda for discussion.

CLAIMS

COMMITTEE RECOMMENDATIONS

7. ACCEPT THE UNAUDITED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2021:

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

8. ACCEPT THE AUTHORITY'S INVESTMENT REPORT AS OF SEPTEMBER 30, 2021:

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

CONTRACTS AND AGREEMENTS

9. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE A THIRD AMENDMENT TO THE CONCESSION LEASE WITH IN-TER-SPACE SERVICES, INC., DBA CLEAR CHANNEL AIRPORTS:

RECOMMENDATION: Adopt Resolution No. 2021-0124, approving and authorizing the President/CEO to negotiate and execute a Third Amendment to the Concession Lease with In-Ter-Space Services, Inc., dba Clear Channel Airports.

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

10. AWARD A CONTRACT TO S&L SPECIALTY CONSTRUCTION, INC. FOR QUIETER HOME PROGRAM PHASE 11, GROUP 5, PROJECT NO. 381105 THIRTY-FOUR (34) NON-HISTORIC SINGLE FAMILY AND MULTI-FAMILY UNITS ON NINETEEN (19) RESIDENTIAL PROPERTIES LOCATED EAST AND WEST OF THE SAN DIEGO INTERNATIONAL AIRPORT:

RECOMMENDATION: Adopt Resolution No. 2021-0125, awarding a contract to S&L Specialty Construction, Inc. in the amount of \$1,419,951.90 for Phase 11, Group 5, Project No. 381105, of the San Diego County Regional Airport Authority's ("Authority") Quieter Home Program.

11. AUTHORIZE THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE A CONTRACT FOR THE OWNER CONTROLLED INSURANCE PROGRAM:

RECOMMENDATION: Adopt Resolution No. 2021-0126, authorizing the President/CEO to negotiate and execute a contract to bind coverage for the Owner Controlled Insurance Program (OCIP) in an amount not-to-exceed \$20,000,000 for seven (7) years.

12. AUTHORIZE THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE A CONTRACT FOR THE BUILDERS RISK INSURANCE POLICY:

RECOMMENDATION: Adopt Resolution No. 2021-0127, authorizing the President/CEO to negotiate and execute a contract to bind coverage for the Builders Risk Insurance Policy in an amount not-to-exceed \$15,000,000 for seven (7) years.

PUBLIC HEARINGS:

OLD BUSINESS:

NEW BUSINESS:

Board Member Casillas Salas left the meeting at 10:00 a.m.

Board Member Vargas left the meeting at 10:23 a.m.

13. AUTHORIZATION AND APPROVAL OF THE SALE OF UP TO \$2.5 BILLION OF SUBORDINATE AIRPORT REVENUE AND REVENUE REFUNDING BONDS, INCLUDING DELEGATION OF PRICING AUTHORITY AND APPROVAL OF RELATED DOCUMENTS, TO FUND THE NEW T1 PROJECTS AND TO REFUND THE AUTHORITY'S OUTSTANDING SENIOR SERIES 2013 BONDS:

Scott Brickner, Vice President/Chief Financial Officer, and Geoff Bryant, Manager, Airport Finance provided a presentation on Subordinate Airport Revenue Bond Series 2021 A (Non-AMT), Subordinate Airport Revenue Bond Series 2021B (AMT), Subordinate Airport Revenue Refunding Bonds Series 2021C (Taxable) that included The New T1, Municipal Bonds Yield Environment, Planned Debt Issuance, 2013 Bonds Refunding Opportunity, Taxable Bonds Yield Environment, Existing Debt Profile, Projected Debt Profile, Principal Documents of the GARB Sale, The Authority's Team and Preliminary Timeline.

RECOMMENDATION: The Finance Committee recommends that the Board adopt Resolution No. 2021-0128, authorizing the issuance and sale of not-to-exceed \$2.5 billion in aggregate principal amount of one or more series of San Diego County Regional Airport Authority Subordinate Airport Revenue and Revenue Refunding Bonds; Approving the forms of a Ninth Supplemental Subordinate Trust Indenture, Preliminary and Final Official Statements, a Purchase Contract, an Escrow Agreement, a Continuing Disclosure Certificate, and certain related matters.

ACTION: Moved by Board Member von Wilpert and seconded by Board Member Schiavoni to approve staff's recommendation. Motion carried by the following votes: YES – Blakespear, Cabrera, Lloyd, McNamara, Robinson, Schiavoni, von Wilpert; NO – None; ABSENT – Casillas Salas, Vargas; (Weighted Vote Points: YES – 80; NO – 0; ABSENT – 20)

14. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE A TELECOMMUNICATION LICENSE AGREEMENT TO CELLCO PARTNERSHIP DBA VERIZON WIRELESS TO FINANCE, DESIGN, BUILD, OPERATE AND MAINTAIN AN AIRPORT CAMPUS-WIDE CELLULAR SERVICE INFRASTRUCTURE:

Susan Diekman, Asset Manager, Revenue Generation provided a presentation on Telecommunications License Agreement that included Background, Business Model, RFP and Proposers, and Benefits.

RECOMMENDATION: Adopt Resolution No. 2021-0129, authorizing the President/CEO to negotiate and execute a Telecommunication License Agreement to Cellco Partnership dba Verizon Wireless to finance, design, build, operate, and maintain an Airport Campus-wide Cellular Service Infrastructure for a term of 15-years, with the option for one 5-year extension at the discretion of either Party.

ACTION: Moved by Board Member Robinson and seconded by Board Member Blakespear to approve staff's recommendation. Motion carried by the following votes: YES - Blakespear, Cabrera, Lloyd, McNamara, Robinson, Schiavoni, von Wilpert; NO - None; ABSENT - Casillas Salas, Vargas; (Weighted Vote Points: YES - 80; NO - 0; ABSENT - 20)

15. AWARD A TEN-YEAR CONCESSION LEASE TO AD PARTNERSHIP, LLC DBA AIRPORT DIMENSIONS TO DESIGN, BUILD AND OPERATE A COMMON USE LOUNGE WITHIN TERMINAL 2 WEST:

Dominique Sheck, Asset Manager, Revenue Generation & Partnership Development, provided a presentation on the Terminal 2 West Common Lounge that included Background, Lounge Location, Proposal Evaluation Criteria, Evaluation Panel Recommendation, Airport Dimensions Proposed Design and Schedule.

RECOMMENDATION: Adopt Resolution No. 2021-0130, awarding a non-exclusive concession lease to AD Partnership, LLC dba Airport Dimensions to design, build and operate an airport lounge within Terminal 2 West at San Diego International Airport for a term not to exceed ten (10) years with rent of the greater of 30% gross revenues or the required Minimum Annual Guarantee for each year and authorizing the President/CEO to take all necessary actions to execute the concession lease.

ACTION: Moved by Board Member von Wilpert and seconded by Board Member McNamara to approve staff's recommendation. Motion carried by the following votes: YES - Blakespear, Cabrera, Lloyd, McNamara, Robinson, Schiavoni, von Wilpert; NO - None; ABSENT - Casillas Salas, Vargas; (Weighted Vote Points: YES - 80; NO - 0; ABSENT - 20)

16. AUTHORIZE FOOD & BEVERAGE CONCESSIONAIRES TO ADD A 2% SURCHARGE TO BE USED FOR EMPLOYEE COMPENSATION AND RETENTION:

Jim DeCock, Interim Director, Revenue Generation & Partnership Development, provided a presentation on the Proposed Surcharge for all Food & Beverage Concessions that included Purpose of Surcharge, Overview, Conditions and Financial Impact.

RECOMMENDATION: Adopt Resolution No. 2021-0131, authorizing the President/CEO to execute amendments to Food & Beverage Concession Leases to allow Food & Beverage Concessionaires to voluntarily add a surcharge of 2% to be used for employee compensation and retention.

ACTION: Moved by Board Member Robinson and seconded by Board Member Lloyd to approve staff's recommendation. Motion carried by the following votes: YES – Blakespear, Cabrera, Lloyd, McNamara, Robinson, Schiavoni, von Wilpert; NO – None; ABSENT – Casillas Salas, Vargas; (Weighted Vote Points: YES – 80; NO – 0; ABSENT – 20)

Board Member von Wilpert left the meeting at 11:09 a.m.

The Board recessed at 11:10 a.m. and reconvened at 11:15 a.m.

CLOSED SESSION: The Board did not meet in Closed Session.

17. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:

(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)
Name of Case: Reyna-Bolanos v. San Diego County Regional Airport Authority
San Diego Superior Court Case No. 37-2020-00015247-CU-PO-CTL

18. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:

(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)
Name of Case: Future DB International, Inc. v. San Diego County Regional Airport Authority, et al.
San Diego Superior Court Case No. 37-2018-00001531-CU-CR-CTL

19. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:

(Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9)
Name of case: Neighbors Against Noise and Traffic v. City of El Cajon, et al., San Diego Superior Court Case No. 37-2021-00016823-CU-TT-CTL

20. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:

(Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Cal. Gov. Code §54956.9)

Order No. WQ 2019-0005-DWQ by the State Water Resources Control Board pertaining to PFAS

Number of potential cases: 1

21. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:

(Government Code §54956.8)

Property: 2 parcels of land situated in the City of San Diego, County of San Diego, State of California, said parcels being a portion of that 231.21 acre tract of land acquired by Warranty Deed from San Diego Securities Company dated June 4, 1917 and recorded June 9, 1917 in Book 740 at page 61 of Deeds in the Office of the Recorder of San Diego County and a portion of that 180.34 acre tract of land acquired by Deed from the City of San Diego dated December 1, 1916 and recorded September 5, 1917 in Book 739 at page 307 of Deeds In the Office of the Recorder of San Diego County and said parcels being designated for the purpose of this description as Parcel 1 and Parcel 2. Parcel 1- approximately 14.03 acres of land and Parcel 2-approximately 2.39 acres of land as more specifically described in the Lease Agreement between the United States of America and the San Diego County Regional Airport Authority, Authority Lease No. LE-0107.

Agency negotiator: Hampton Brown, Matt Harris, Susan Diekman, Jim DeCock, Amy Gonzalez

Negotiating parties: David Bixler, Michael Oestericher, Russell Rang, Reid Merrill, Curtis Permito- United State of America, Department of the Navy

Under negotiation: Price and terms of payment

REPORT ON CLOSED SESSION: 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: None.

BOARD COMMENT: None.

ADJOURNMENT: The meeting adjourned at 11:15 a.m.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT
AUTHORITY BOARD THIS 2nd DAY OF DECEMBER, 2021.

ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES /
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

Item No. 3

Staff Report

Meeting Date: December 2, 2021

Subject:

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.

Background/Justification:

Authority Policy 1.10 defines a “day of service” for Board Member compensation and outlines the requirements for Board Member attendance at meetings.

Pursuant to Authority Policy 1.10, Board Members are required to deliver to the Board a written report regarding their participation in meetings for which they are compensated. Their report is to be delivered at the next Board meeting following the specific meeting and/or training attended. The reports (Attachment A) were reviewed pursuant to Authority Policy 1.10 Section 5 (g), which defines a “day of service”. The reports were also reviewed pursuant to Board Resolution No. 2019-0074, which granted approval of Board Member representation for attending events and meetings.

The attached reports are being presented to comply with the requirements of Policy 1.10 and the Authority Act.

Fiscal Impact:

Board and Committee Member Compensation is included in the FY 2022 Budget

Authority Strategies/Focus Areas:

This item supports one or more of the following (*select at least one under each area*):

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:

Not applicable.

Prepared by:

Tony R. Russell
Director, Board Services/Authority Clerk

BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

Directions: This Form permits Board Members to report their attendance at meetings, events, and training that qualifies for “day of service” compensation pursuant to Cal. Pub. Util. Code §170017, Board Policy 1.10 and Board Resolution 2019-0074 Unless attending a meeting held pursuant to the Brown Act, attendance must be pre-approved by the Board prior to attendance and a written report delivered at the next Board meeting. After completing this Form, please forward it to Board Services, Authority Clerk Staff.

Period Covered:		November 2021
Board Member Name:		Catherine Blakespear
Date:		11/22/21
Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	Thursday, November 4, 2021 9:00 AM-12:00 PM	Board/ALUC Meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	Monday, November 15, 2021 10:00 AM-12:00 PM	Audit Committee Meeting
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
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<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		

I certify that I was present for at least half of the time set for each meeting, event, and training listed herein.

Signature: Catherine Blakespear Digitally signed by Catherine Blakespear
Date: 2021.11.22 11:25:33 -0800'

BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

Directions: This Form permits Board Members to report their attendance at meetings, events, and training that qualifies for "day of service" compensation pursuant to Cal. Pub. Util. Code §170017, Board Policy 1.10 and Board Resolution 2019-0074. Unless attending a meeting held pursuant to the Brown Act, attendance must be pre-approved by the Board prior to attendance and a written report delivered at the next Board meeting. After completing this Form, please forward it to Board Services, Authority Clerk Staff.

Period Covered:		November 1-22, 2021
Board Member Name:		Gil Cabrera
Date:		11/22/21
Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	11/4/2021 - 9am-noon - Teams	SDCRAA Board of Directors Meeting
<input type="checkbox"/> Brown Act <input checked="" type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	11/9/2021 - 2pm-3pm - Zoom	Presentation to EDC Strategic Roundtable
<input type="checkbox"/> Brown Act <input checked="" type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	11/11/2021 - 9am-10am - Teams	Quarterly Meeting with SDCRAA Chief Auditor
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	11/15/2021 - 10am-1130am - Teams	SDCRAA Audit Committee Meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	11/17/2021 - 2pm-4pm - Zoom	Presentation at City Council ED&IR Committee
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	11/19/2021 - 9am-12pm - Zoom	SANDAG Board of Directors Meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		

I certify that I was present for at least half of the time set for each meeting, event, and training listed herein.

Signature: Gil Cabrera Digitally signed by Gil Cabrera
Date: 2021.11.22 10:34:47 -0800

BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

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Period Covered: November 2021		
Board Member Name:	Mary Helen Salas	
Date:	11/16/20	
Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	November 4, 2021 Sam Microsoft Teams	Board Meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	November 15, 2021 10am Microsoft Teams	Audit Committee Meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		

I certify that I was present for at least half of the time set for each meeting, event, and training listed herein.

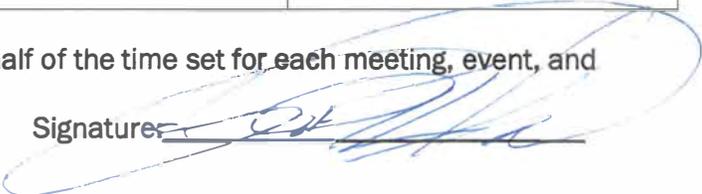
Signature: Mary Salas

BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

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Period Covered:		Nov 2021
Board Member Name:		Robert T Lloyd
Date:		11/22/21
Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	Nov 4th , Virtual 9:00 AM	BOD / ALUC
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	Nov 22nd Exec/ Finance 9:00am Virtual	Bond summary
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		

I certify that I was present for at least half of the time set for each meeting, event, and training listed herein.

Signature: 

BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

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Period Covered:	November 2021	
Board Member Name:	Paul McNamara	
Date:	11/29/21	
Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	11/4/2021/0900/Zoom/Meeting	Monthly Board Meeting
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		

I certify that I was present for at least half of the time set for each meeting, event, and training listed herein.

Signature: Paul McNamara Digitally signed by Paul McNamara
Date: 2021.11.29 09:47:01 -08'00'



BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

Directions: This Form permits Board Members to report their attendance at meetings, events, and training that qualifies for "day of service" compensation pursuant to Cal. Pub. Util. Code §170017, Board Policy 1.10 and Board Resolution 2019-0074. Unless attending a meeting held pursuant to the Brown Act, attendance must be pre-approved by the Board prior to attendance and a written report delivered at the next Board meeting. After completing this Form, please forward it to Board Services, Authority Clerk Staff.

Period Covered:		
Board Member Name:	Robinson	
Date:	11/1/21	
Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	11/4/21 Microsoft	SDRAA Bd Mtg ALVC
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	11/12/21 Zoom Mtg	SANDAG Transportation Comm. Mtg.
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	11/22/21 Microsoft Mtg.	Exec./Finance Comm. Mtg's.
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		

I certify that I was present for at least half of the time set for each meeting, event, and training listed herein.

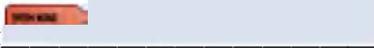
Signature: *Karl B. Robinson*

BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

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Period Covered:	10/27/2021-11/23/2021	
Board Member Name:	Johanna S. Schiavoni	
Date:	11/23/21	
Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	11/4/2021, 9:00am video conference	SDCRAA Board Meeting
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input checked="" type="checkbox"/> Res. 2019-0074	11/10/2021, 6:30pm, Quaryard	Attend Circulate San Diego event for SDCRAA
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074	11/15/2021, 10:00am, video conference	SDCRAA Audit Committee
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input checked="" type="checkbox"/> Res. 2019-0074	11/21/2021, 11am, Warren Field	MTS Mid-Coast trolley line opening
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		

I certify that I was present for at least half of the time set for each meeting, event, and training listed herein.

Signature: 

Johanna S. Schiavoni

BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

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Period Covered:	November 2021	
Board Member Name:	Nora Vargas	
Date:	11/23/21	
Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input checked="" type="checkbox"/> Res. 2019-0074	November 4, 2021, 9am, MS Teams, Board/ALUC Meeting	Board and Airport Land Use Commission meeting
<input checked="" type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input checked="" type="checkbox"/> Res. 2019-0074	November 15, 2021, 10am, MS Teams, Audit Committee	Audit Report, Annual Comprehensive Financial Report, FY 22 First Quarter Report, Audit Plan
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
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<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		

I certify that I was present for at least half of the time set for each meeting, event, and training listed herein.

Signature: Nora Vargas Digitally signed by Nora Vargas
Date: 2021.11.29 12:11:00 -08'00'

BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

Directions: This Form permits Board Members to report their attendance at meetings, events, and training that qualifies for “day of service” compensation pursuant to Cal. Pub. Util. Code §170017, Board Policy 1.10 and Board Resolution 2019-0074 Unless attending a meeting held pursuant to the Brown Act, attendance must be pre-approved by the Board prior to attendance and a written report delivered at the next Board meeting. After completing this Form, please forward it to Board Services, Authority Clerk Staff.

Period Covered:		
Board Member Name:		
Date:		
Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
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<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		
<input type="checkbox"/> Brown Act <input type="checkbox"/> Pre-approved <input type="checkbox"/> Res. 2019-0074		

I certify that I was present for at least half of the time set for each meeting, event, and training listed herein.

Signature: *Mari Weller*

Staff Report

Meeting Date: December 2, 2021

Subject:

Awarded Contracts, Approved Change orders from October 11, 2021 through November 7, 2021 and Real Property Agreements Granted and Accepted from October 11, 2021 through November 7, 2021

Recommendation:

Receive the report

Background/Justification:

Policy Section Nos. 5.01, Procurement of Services, Consulting, Materials, and Equipment, 5.02, Procurement of Contracts for Public Works, and 6.01, Leasing Policy, require staff to provide a list of contracts, change orders, and real property agreements that were awarded and approved by the President/CEO or her designee. Staff has compiled a list of all contracts, change orders (Attachment A) and real property agreements (Attachment B) that were awarded, granted, accepted, or approved by the President/CEO or her designee since the previous Board meeting.

Fiscal Impact:

The fiscal impact of these contracts and change orders are reflected in the individual program budget for the execution year and on the next fiscal year budget submission.

Amount to vary depending upon the following factors:

1. Contracts issued on a multi-year basis; and
2. Contracts issued on a Not-to-Exceed basis.
3. General fiscal impact of lease agreements reflects market conditions.

The fiscal impact of each reported real property agreement is identified for consideration on Attachment B.

Authority Strategies/Focus Areas:

This item supports one or more of the following (*select at least one under each area*):

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:

Inclusionary Policy requirements were included during the solicitation process prior to the contract award.

Prepared by:

Jana Vargas
Director, Procurement

Attachment "A"

AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN October 11, 2021 to November 7, 2021

New Contracts

Date Signed	CIP #	Company	Description	Solicitation Method	Owner	Contract Value	End Date
10/13/2021		GCR Inc. dba Civix	The Contractor will migrate the AirportIQ Safety and Operations Compliance System (ASOCS) to the San Diego County Regional Airport Authority's new virtual environment. GCR Inc. is the sole proprietor and only authorized company to provide maintenance, upgrades and service to the Authority's existing ASOCS program.	Sole Source	Airside & Terminal Operations	\$37,660.00	9/30/2022
10/13/2021		Steer Davies and Gleave, Inc. dba Steer	The Contractor will provide professional aviation industry consulting services to the San Diego County Regional Airport Authority. Steve Van Beek, Director. Steer Group was selected because his expertise in aviation and his longstanding partnership and understanding of San Diego International Airport (SDIA). His previous research on conditions effecting SDIA and benchmarking studies make him uniquely qualified and will allow for consistency in data presented and reduce the expense of historical data collection.	Sole Source	Board Services	\$90,000.00	10/31/2024
10/20/2021		Raymond Handling Solutions, Inc.	The Contractor will install new Kardex remstar lektriever filing cabinet systems for the San Diego County Regional Airport Authority. Kardex remstar lektriever is the only unit compatible with the existing Remstar units currently located in the ACO and Raymond Handling Solutions, Inc., is the sole distributor in Southern California for the relocation and installation of Lektriever filing cabinets.	Sole Source	Aviation Security & Public Safety	\$12,363.68	11/1/2021
10/21/2021		Insight Public Sector	The Contractor will provide Microsoft Enterprise licenses for the San Diego County Regional Airport Authority.	Informal RFP	Aviation Security & Public Safety	\$12,364.68	11/2/2021
11/5/2021		Unistar-Sparco Computer's Inc.	The Contractor will provide DNN Evoq software maintenance subscription services for the San Diego County Regional Airport Authority.	Informal RFP	Information & Technology Services	\$13,154.02	11/13/2022
11/5/2021		AHEAD	The Contractor will provide Dell VxRail solutions hardware & support Services for San Diego County Regional Airport Authority.	RFB	Information & Technology Services	\$363,099.74	2/16/2022

Attachment "A"

AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN October 11, 2021 to November 7, 2021

New Contracts Approved by the Board

Date Signed	CIP #	Company	Description	Solicitation Method	Owner	Contract Value	End Date
9/3/2021		SOLPAC Construction Inc., dba Soltek Pacific Construction Company	The Contract was approved by the Board on July 15, 2021. The contractor will construct Solid and Liquid Waste Facilities for the San Diego County Regional Airport Authority.	RFB	Airport Design & Construction	\$19,385,223.00	8/25/2023
10/6/2021		University Mechanical & Engineering Contractors, Inc.,	The Contract was approved by the Board on September 2, 2021. The contractor will replace T2E Roof Hydronic Pipe Insulations for the San Diego County Regional Airport Authority.	RFB	Airport Design & Construction	\$933,479.10	5/7/2022
10/26/2021		Dynamic Contracting Services, Inc	The Contract was approved by the Board on September 2, 2021. This Contractor is one of four pre-qualified and approved to bid for On-call general construction services for the San Diego County Regional Airport Authority. The contract value reflects the total not to exceed cost for the entire pool of contractors for this service.	RFQ	Facilities Maintenance Management	\$4,000,000.00	10/31/2024
10/26/2021		Evergreen Construction & Consulting, Inc.	The Contract was approved by the Board on September 2, 2021. This Contractor is one of four pre-qualified and approved to bid for On-call general construction services for the San Diego County Regional Airport Authority. The contract value reflects the total not to exceed cost for the entire pool of contractors for this service.	RFQ	Facilities Maintenance Management	\$4,000,000.00	10/31/2024
10/28/2021		M.W. Vasquez Construction Co., Inc. dba Vasquez Construction Company	The Contract was approved by the Board on September 2, 2021. This Contractor is one of four pre-qualified and approved to bid for On-call general construction services for the San Diego County Regional Airport Authority. The contract value reflects the total not to exceed cost for the entire pool of contractors for this service.	RFQ	Facilities Maintenance Management	\$4,000,000.00	10/31/2024
10/28/2021		Modern Painting Inc.	The Contract was approved by the Board on September 2, 2021. This Contractor is one of three pre-qualified and approved to bid for On-call painting services for the San Diego County Regional Airport Authority. The contract value reflects the total not to exceed cost for the entire pool of contractors for this service.	RFQ	Facilities Maintenance Management	\$2,000,000.00	11/30/2024
11/3/2021		Grahovac Construction Company, Inc.	The Contract was approved by the Board on September 2, 2021. This Contractor is one of four pre-qualified and approved to bid for On-call general construction services for the San Diego County Regional Airport Authority. The contract value reflects the total not to exceed cost for the entire pool of contractors for this service.	RFQ	Facilities Maintenance Management	\$4,000,000.00	10/31/2024

Attachment "A"

AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN October 11, 2021 to November 7, 2021

Amendments and Change Orders

Date Signed	CIP #	Company	Description of Change	Owner	Previous Contract Amount	Change Order Value (+ / -)	Change Order Value (%) (+ / -)	New Contract Value	New End Date
10/8/2021		The Jones Payne Group, Inc.	The Second Amendment extends the term of the contract by ninety (90) days to allow time for a new solicitation. There is no increase in total compensation. The contractor provides Architectural & Engineering Services for the Quieter Home Program for the San Diego County Regional Airport Authority.	Quieter Home Program	\$29,500,000.00	\$0.00	0.0%	\$29,500,000.00	3/31/2022
10/15/2021		LNRS Data Services Inc	The First Amendment reflects the Contractor changing its name from Reed Business Information, Inc. to LNRS Data Services Inc. No increase in total compensation. The contractor provides aviation data services for the San Diego County Regional Airport Authority.	Marketing & Air Service Development	\$215,000.00	\$0.00	0.0%	\$215,000.00	5/31/2022
10/22/2021		UniFirst Corporation	The Second Amendment extends the term of the contract by ninety (90) days to allow time for a new solicitation. There is no increase in total compensation. The contractor provides uniform supply, rental, maintenance and laundering services for the San Diego County Regional Airport Authority.	Facilities Management	\$500,000.00	\$0.00	0.0%	\$500,000.00	2/11/2022
11/3/2021		Bradford Airport Logistics	The Second Amendment revises the equipment to be purchased under the "Capital Investment" clause of the Agreement to better serve the needs and operations of Bradford and the Authority and to adjust the "Buyout Schedule". There is no increase in total compensation. The contractor is the operator of the Central and Receiving Distribution Center for the San Diego County Regional Airport Authority.	Revenue Generation & Partnership Development	\$12,900,000.00	\$0.00	0.0%	\$12,900,000.00	9/18/2022

Attachment "A"

AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN October 11, 2021 to November 7, 2021

Amendments and Change Orders Approved by the Board

Date Signed	CIP #	Company	Description of Change	Owner	Previous Contract Amount	Change Order Value (+ / -)	Change Order Value (%) (+ / -)	New Contract Value	New End Date
10/28/2021		SP PLUS Corporation	The Fifth Amendment was approved by the Board on September 2, 2021. The Fifth Amendment extends the term by ninety two (92) days and increases the total compensation amount by \$2,700,000. The contractor provides rental car shuttle services for the San Diego County Regional Airport Authority.	Ground Transportation	\$46,300,000.00	\$2,700,000.00	5.8%	\$49,000,000.00	12/31/2021
11/1/2021		Schweers Technologies, Inc.	The Fourth Amendment was approved by the Board on October 7, 2021. The Fourth Amendment extends the term by one hundred seventy days (170) days to allow for a new solicitation. There is no increase in total compensation. The contractor provides hand held devices for citation and software services for the San Diego County Regional Airport Authority.	Ground Transportation	\$305,000.00	\$0.00	0.0%	\$305,000.00	3/31/2022

Attachment "B"

REAL PROPERTY AGREEMENTS EXECUTED FROM October 11, 2021 through November 7, 2021

**Real Property Agreements**

Begin/End Dates	Authority Doc. #	Tenant/Company	Agreement Type	Property Location	Use	Property Area (s.f)	Consideration	Comments

**Real Property Agreement Amendments and Assignments**

Effective Date	Authority Doc. #	Tenant/Company	Agreement Type	Property Location	Use	Property Area (s.f)	Consideration	Comments
9/15/2021		ConRAC Solutions, LLC	Operating Agreement Amendment	Rental Car Center	Facilities Maintenance Services	N/A	N/A	Extends term of existing OA through 12/13/21
1/15/2021	13479	Benson Pacific, LLC	Hanger Permit	Fixed Base Operator	Renting space from Signature Flight Support, LLC	10,234 SF	None to the Authority	Consent to SFS' Permit
12/1/2020	13480	Certified Aviation Services, LLC	Office Permit	Fixed Base Operator	Renting space from Signature Flight Support, LLC	141 SF	None to the Authority	Consent to SFS' Permit
8/1/2021	13481	Clean Before Flight, LLC	Office Permit	Fixed Base Operator	Renting space from Signature Flight Support, LLC	269 SF	None to the Authority	Consent to SFS' Permit
6/1/2021	10743	Executive Jet Management	Hanger Permit	Fixed Base Operator	Renting space from Signature Flight Support, LLC	7,135 SF	None to the Authority	Consent to SFS' Permit
5/1/2021	10741	Jet Aviation Business Jets Hong Kong	Hanger and Office Permit	Fixed Base Operator	Renting space from Signature Flight Support, LLC	11,997 SF	None to the Authority	Consent to SFS' Permit
9/1/2021	10727	M Investment	Hanger Permit	Fixed Base Operator	Renting space from Signature Flight Support, LLC	4,165 SF	None to the Authority	Consent to SFS' Permit



Real Property Agreement Amendments and Assignments

Effective Date	Authority Doc. #	Tenant/Company	Agreement Type	Property Location	Use	Property Area (s.f)	Consideration	Comments
7/1/2021	13482	Operaciones Aviacion SA DE CV	Space/Hanger Permit	Fixed Base Operator	Renting space from Signature Flight Support, LLC	9,800 SF	None to the Authority	Consent to SFS' Permit
8/1/2021	13483	SAS Service Group, Inc.	Office Permit	Fixed Base Operator	Renting space from Signature Flight Support, LLC	126 SF	None to the Authority	Consent to SFS' Permit
12/1/2020	13484	San Diego Jet Maintenance, LLC	Office Permit	Fixed Base Operator	Renting space from Signature Flight Support, LLC	410 SF	None to the Authority	Consent to SFS' Permit
1/1/2021	13485	Service Aircraft Maintenance, LLC	Office Permit	Fixed Base Operator	Renting space from Signature Flight Support, LLC	128 SF	None to the Authority	Consent to SFS' Permit
3/1/2021	13485	Security Services Northwest, Inc.	Office Permit	Fixed Base Operator	Renting space from Signature Flight Support, LLC	191 SF	None to the Authority	Consent to SFS' Permit
11/3/2021	LE-0651	Mission Yogurt, Inc.	Temporary Rent Forebearance & Abatement Extension 5 Amendment	Terminals 1 & 2	Food/Beverage Operations	N/A	N/A	response to COVID19 Pandemic
11/4/2021	LE-0649	High Flying Foods San Diego Partnership	Temporary Rent Forebearance & Abatement Extension 5 Amendment	Terminals 1 & 2	Food/Beverage Operations	N/A	N/A	response to COVID19 Pandemic
11/4/2021	LE-0650	High Flying Foods San Diego Partnership	Temporary Rent Forebearance & Abatement Extension 5 Amendment	Terminals 1 & 2	Food/Beverage Operations	N/A	N/A	response to COVID19 Pandemic

Staff Report

December 2, 2021

Subject:

December 2021 Legislative Report

Recommendation:

Adopt Resolution No. 2021-0134, approving the December 2021 Legislative Report.

Background/Justification:

The Authority's Legislative Advocacy Program Policy requires that staff present the Board with monthly reports concerning the status of legislation with potential impact to the Authority. The Authority Board provides direction to staff on legislative issues by adoption of a monthly Legislative Report (Attachment A). The December 2021 Legislative Report updates Board members on legislative activities that have taken place since the previous Board meeting. In directing staff, the Authority Board may take a position on pending or proposed legislation that has been determined to have a potential impact on the Authority's operations and functions.

Federal Legislative Action

On November 15, President Biden signed the \$1.2 trillion infrastructure bill, which includes \$20 billion in funding for airports over five years: \$15 billion in enplanement-based formula grant funding; and \$5 billion for a competitive Terminal Projects grant program. The Airport Authority's Government Relations staff and Federal legislative consultants are currently working with industry associations and other aviation stakeholders to encourage the Federal Aviation Administration (FAA) to disburse the first year's funds as soon as possible.

In Congress, the House passed the Build Back Better Act, a \$1.68 trillion spending plan proposed by the White House in October 2021. The proposal now goes to the Senate where negotiations will continue. The Airport Authority Government Relations staff and Federal legislative consultants are closely monitoring the progress of this proposal, including a new tax credit to support the creation and usage of Sustainable Aviation Fuel (SAF).

State Legislative Action

The Legislature resumes session on January 3, 2022.

Government Relations staff is working with the Authority's Federal and State legislative consultants, the California Airports Council, and other aviation stakeholders on the Airport Authority's 2022 Legislative Agenda which will be presented to the Board for its consideration at its January 2022 meeting.

Fiscal Impact:

Not applicable.

Authority Strategies/Focus Areas:

This item supports one or more of the following (*select at least one under each area*):

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:

Not applicable.

Prepared by:

Matt Harris
Director, Government Relations

RESOLUTION NO. 2021-0134

A RESOLUTION OF THE BOARD OF THE SAN DIEGO
COUNTY REGIONAL AIRPORT AUTHORITY,
APPROVING THE DECEMBER 2021 LEGISLATIVE
REPORT

WHEREAS, the San Diego County Regional Airport Authority (“Authority”) operates San Diego International Airport and plans for necessary improvements to the regional air transportation system in San Diego County, including serving as the responsible agency for airport land use planning within the County; and

WHEREAS, the Authority has a responsibility to promote public policies consistent with the Authority’s mandates and objectives; and

WHEREAS, Authority staff works locally and coordinates with legislative advocates in Sacramento and Washington, D.C. to identify and pursue legislative opportunities in defense and support of initiatives and programs of interest to the Authority; and

WHEREAS, under the Authority’s Legislative Advocacy Program Policy, the Authority Board provides direction to Authority staff on pending legislation; and

WHEREAS, the Authority Board, in directing staff, may adopt positions on legislation that has been determined to have a potential impact on the Authority’s operations and functions.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the December 2021 Legislative Report (“Attachment A”); and

BE IT FURTHER RESOLVED that the Board finds that this action is not a “project” as defined by the California Environmental Quality Act (“CEQA”) (California Public Resources Code §21065); and

BE IT FURTHER RESOLVED that the Board finds that this action is not a “development” as defined by the California Coastal Act (California Public Resources Code §30106); and

BE IT FURTHER RESOLVED that the Board finds that this 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.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 2nd day of December 2021, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES /
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

December 2021 Legislative Report

State Legislation

New Assembly Bills

No new Assembly bills to report.

*Shaded text represents new or updated legislative information

Assembly Bills from Previous Report

Legislation/Topic

AB 55 (Boerner Horvath) Employment: telecommuting.

Background/Summary

AB 55 is a placeholder (spot bill) This bill would declare the intent of the Legislature to enact future legislation to ensure certain rights and benefits for telecommuting employees.

Anticipated Impact/Discussion

The Authority's legislative team will closely monitor the development of this bill language for any impact on San Diego International Airport (SDIA) and the Airport Authority.

Status: 12/7/20 – Introduced.

Position: Watch (1/7/21)

*Shaded text represents new or updated legislative information

Legislation/Topic

AB 377 (Rivas) Water quality: impaired waters.

Background/Summary

AB 337 requires, by January 1, 2025, the California State Water Resources Control Board and the Regional Water Quality Control Boards to evaluate impaired state surface waters and report to the Legislature a plan to bring all water segments into attainment by January 1, 2050. Requires, by January 1, 2023, the State Water Board and Regional Water Boards to prioritize enforcement of water quality standard violations that are causing or contributing to an exceedance of a water quality standard in a surface water of the state.

Anticipated Impact/Discussion

The Airport Authority's legislative team will work with the California Airports Council (CAC) to determine an industry-wide position and will closely monitor the development of this bill language for any impact on San Diego International Airport (SDIA) and the Airport Authority.

Status: 5/20/21 – This bill is in the Assembly Appropriations Committee.

Position: Watch (5/6/21)

*Shaded text represents new or updated legislative information

Legislation/Topic

AB 426 (Bauer-Kahan) Toxic air contaminants.

Background/Summary

Existing law authorizes local air pollution control districts and air quality management districts, in carrying out their responsibilities with respect to the attainment of state ambient air quality standards, to adopt and implement regulations that accomplish certain objectives.

This bill would additionally authorize the districts to adopt and implement regulations to require data regarding air pollution within the district's jurisdiction from area wide stationary sources of air pollution, including mobile sources drawn by those stationary sources, to enable the calculation of health risks from toxic air contaminants. This bill would additionally authorize the districts to adopt and implement regulations to accomplish these objectives in carrying out their responsibilities with respect to the reduction of health risks from toxic air contaminants.

Anticipated Impact/Discussion

The Airport Authority's legislative team will work with the California Airports Council (CAC) to determine an industry-wide position and will closely monitor the development of this bill language for any impact on San Diego International Airport (SDIA) and the Airport Authority.

Status: 4/14/21 – This bill is in the Assembly Natural Resources Committee.

Position: Watch (3/4/21)

*Shaded text represents new or updated legislative information

Legislation/Topic

AB 513 (Bigelow) Employment: telecommuting employees.

Background/Summary

AB 513 would authorize an employee working from home to receive legally required notices and postings electronically and sign certain documents electronically. The bill would also require that a working from home employee's wages due at the time of separation of employment be deemed to have been paid on the date that the wages are mailed to the employee.

Anticipated Impact/Discussion

The Authority's legislative team will closely monitor the development of this bill language for any impact on San Diego International Airport (SDIA) and the Airport Authority.

Status: 3/18/21 – This bill was referred to the Assembly Labor and Employment Committee.

Position: Watch (3/4/21)

*Shaded text represents new or updated legislative information

Legislation/Topic

AB 538 (Muratsuchi) California Aerospace Commission: establishment.

Background/Summary

AB 538 would establish, within the office, the California Aerospace Commission consisting of 15 members, as specified, to serve as a central point of contact for businesses engaged in the aerospace industry and to support the health and competitiveness of this industry in California. The bill would require the commission to make recommendations on legislative and administrative action that may be necessary or helpful to maintain or improve the state's aerospace industry and would authorize the commission to engage in various other activities in undertaking its mission and responsibilities, as specified.

Anticipated Impact/Discussion

Although this legislation is not expected to have any significant impact on the Airport Authority or San Diego International Airport (SDIA), if the bill were enacted, the Airport Authority's legislative team would work with the California Airports Council to identify any potential opportunities to engage with the Commission on actions that could impact California airports.

Status: 8/26/21 – This bill is in the Senate Appropriations Committee.

Position: Watch (3/4/21)

*Shaded text represents new or updated legislative information

New Senate Bills

No new Senate bills to report.

*Shaded text represents new or updated legislative information

Senate Bills from Previous Report

Legislation/Topic

SB 37 (Cortese) Contaminated Site Cleanup and Safety Act.

Background/Summary

Existing law requires the Department of Toxic Substances Control to compile a list of specified information, including, but not limited to, hazardous waste facilities where the department took, or contracted for the taking of, corrective action to remedy or prevent, for example, an imminent substantial danger to public health. Existing law requires the State Department of Health Care Services to compile a list of all public drinking water wells that contain detectable levels of organic contaminants and that are subject to water analysis by local health officers.

This bill would enact the Dominic Cortese “Cortese List” Act of 2021 and would recodify the above-described provisions with certain revisions. The bill would require the Department of Toxic Substances Control to also list hazardous waste facilities where the department issued an order for corrective action after determining that there is or has been a release of hazardous waste or constituents into the environment from a facility. The bill would require the State Water Resources Control Board, instead of the State Department of Health Care Services, to compile and update a list of all public drinking water wells that contain detectable levels of organic contaminants and that are subject to water analysis by local health officers. The bill would require the Secretary for Environmental Protection to post the information on the California Environmental Protection Agency’s internet website.

On March 11, 2021, SB 37 was amended to replace “Dominic Cortese “Cortese List” Act of 2021” to “Hazardous Waste Site Cleanup and Safety Act.”

On April 13, 2021, SB 37 was amended to remove the requirement that the Department of Toxic Substances Control to also list hazardous waste facilities where the department issued an order for corrective action after determining that there is or has been a release of hazardous waste or constituents into the environment from a facility. The amendments also remove the requirement that the State Water Resources Control Board, instead of the State Department of Health Care Services, to compile and update a list of all public drinking water wells that contain detectable levels of organic contaminants and that are subject to water analysis by local health officers.

The April 13, 2021 amendments require the Secretary for Environmental Protection to post the list or links to the information on the California Environmental Protection Agency’s internet website of all solid waste disposal facilities from which there is a known migration of hazardous waste.

*Shaded text represents new or updated legislative information

Anticipated Impact/Discussion

SB 37 could have an impact on San Diego International Airport (SDIA) as airports are federally mandated to store certain chemicals, including perfluoroalkyl and polyfluoroalkyl (PFAS) for firefighting purposes. The Airport Authority's legislative team will work with the California Airports Council (CAC) to determine an industry wide position, if applicable, and will closely monitor the development of this bill language for any impact on San Diego International Airport (SDIA) and the Airport Authority.

Status: 9/08/21 – Ordered to inactive file and will become a two-year bill.

Position: Watch (1/7/21)

*Shaded text represents new or updated legislative information

Legislation/Topic

SB 46 (Stern) American Rescue Plan Act funds: federal recovery funds: funded projects.

Background/Summary

This bill would state the intent of the Legislature to enact legislation that would require an employer to develop and implement contact tracing and safety policies for its employees, including requiring notice to the employer when an employee receives a positive COVID-19 test.

On March 10, 2021, this bill was amended to require a state agency that receives and disburses American Rescue Plan funds or other federal recovery funds, to the extent authorized by federal law, to consider projects' potential impact on specified goals, including, among other things, restoring frontline communities and rapidly accelerating achievement of environmental justice and climate goals, including, but not limited to, climate, environmental, and biodiversity protection and stimulating growth.

Anticipated Impact/Discussion

Although this legislation in its newly amended form is not expected to have a direct impact on the Airport Authority or San Diego International Airport (SDIA), the Airport Authority's legislative team will continue to monitor as it moves through the legislative process.

Status: 3/18/21 – Referred to the Assembly Government Organization and Labor, Public Employment, and Retirement Committees.

Position: Watch (1/7/21)

*Shaded text represents new or updated legislative information

Legislation/Topic

SB 285 (McGuire) California Tourism Recovery Act.

Background/Summary

SB 285 would require the California Travel and Tourism Commission to, upon a determination by the Department of Public Health that it is safe to resume travel in California, implement a strategic media and jobs recovery campaign known as the “Calling All Californians” program for the purpose of reversing the impact of the COVID-19 pandemic on the travel and tourism industry in California, as specified. The bill would require the commission to report to the Legislature, on or before January 1, 2024, regarding the cost of the program and the impact of the program on the tourism industry in California. The bill would require, only upon appropriation by the Legislature, the Controller to transfer \$45,000,000 to the commission for the purpose of implementing the “Calling all Californians” program.

Anticipated Impact/Discussion

California’s travel industry is one of the largest economic drivers for the state. Domestic and international travelers spend an estimated \$145 billion annually at California businesses, generating \$12.3 billion in state and local tax revenues. International travelers spent \$28.1 billion in California in 2019, making travel the state’s largest export. This bill would provide necessary funding to promote the State and the San Diego region to in-state and out-of-state travelers, benefiting operations at San Diego International Airport (SDIA) and the regional economy.

Status: 5/28/21 – This bill was ordered to the Senate Inactive File at the request of Senator McGuire.

Position: Support (3/16/21)

*Shaded text represents new or updated legislative information

Legislation/Topic

SB 612 (Portantino) Ratepayer Equity

Background/Summary

SB 612 requires electric investor-owned utilities (IOUs) to offer an allocation of certain electrical resources to other load-serving entities (LSEs), specifically, community choice aggregators (CCAs) and electric service providers (ESPs), that serve departing load customers who bear cost responsibility for those resources. These electrical resources include product attributes to comply with resource adequacy (RA), Renewable Portfolio Standard (RPS) program, and others.

Anticipated Impact/Discussion

Over the next few months, the Airport Authority will be joining San Diego Community Power (SDCP), a new Community Choice Aggregation (CCA) program that serves customers within the cities of Chula Vista, Encinitas, Imperial Beach, La Mesa, and San Diego. All CCAs are subject to a departing load charge from the Investor-Owned Utility (IOU) -- also known as a Power Charge Indifference Adjustment (PCIA) -- because San Diego Gas and Electric (SDG&E) originally purchased energy generation contracts to serve its customers. In theory, the PCIA makes SDG&E whole. However, SDCP will be subject to fluctuating PCIA costs on an annual basis and paying the departing load doesn't provide the CCA access to the generation contracts that will provide resource adequacy to its customers. SDCP aspires to keep rates competitive to SDG&E but paying the departing load charge (PCIA) without the assurance of getting access to SDG&E's long-term contracts is not in the best interest of SDCP's customers as the PCIA cost is passed on to customers. As one of those customers, the Airport Authority will be subject to a fluctuating PCIA on an annual basis, but that cost may be in addition to the cost the Authority will pay for 100% grid-delivered renewable electricity to power the airport campus.

Status: 6/28/21 – This bill is in the Assembly Utilities and Energy Committee

Position: Support (6/22/21)

*Shaded text represents new or updated legislative information

Federal Legislation

New House Bills

No new House bills to report.

*Shaded text represents new or updated legislative information

Legislation/Topic

H.R. 741 (Brownley) Sustainable Aviation Fuel Act.

Background/Summary

This bill would establish a national goal for the U.S. aviation sector to achieve a net 35% reduction in GHG emissions by 2035 and net zero emissions by 2050. The bill authorizes \$1 billion over five years, in competitive grants and costing sharing agreements to carry out projects in the U.S. to produce, transport, blend or store sustainable aviation fuel (SAF). The bill also requires EPA to establish an aviation-only Low Carbon Fuel Standard (LCFS) that regulates aviation fuel producers and importers.

Anticipated Impact/Discussion

San Diego International Airport has partnered with airports, airlines, sustainable aviation fuel producers and other stakeholders to find ways to reduce greenhouse gas emissions in the aviation sector. The Authority's legislative team will closely monitor the development of this bill language for any impact on San Diego International Airport (SDIA) and the Airport Authority.

Status: 2/4/21 – Introduced.

Position: Watch (4/1/21)

*Shaded text represents new or updated legislative information

Legislation/Topic

H.R. 1346 (Horsford) / S. 477 (Cortez Masto) Hospitality and Commerce Job Recovery Act of 2021.

Background/Summary

H.R. 1346 and S. 477 would provide federal tax credits to support the travel, convention, trade show, entertainment, tourism, and hospitality industries. Specifically, these legislative proposals allow a convention and trade show restart tax credit; extend the employee retention tax credit through 2021; suspend for taxable years 2021 through 2022, the limitation on entertainment expenses related to a trade or business; allow a restaurant and dining restart credit for businesses closed or forced to reduce services due to COVID-19 (i.e., coronavirus disease 2019); allow a 50% tax credit for travel expenditures; and allow a tax credit for unmerchantable inventory for the period between December 31, 2019, and before April 1, 2021.

Anticipated Impact/Discussion

H.R. 1346 and S. 477 are identical pieces of legislation that would provide temporary tax incentives to help restore business travel.

The COVID-19 pandemic has had a devastating impact on the hospitality and travel industries. In California, tourism spending dropped \$59 billion in 2020, and overall travel-related spending in the State is not expected to reach pre-COVID-19 levels until 2025. H.R. 1346 and S. 477 could provide a much-needed stimulus to promote travel growth, jobs and help accelerate the recovery of the tourism industry, benefiting operations at San Diego International Airport (SDIA) and the regional economy.

Status: 2/25/21 – Introduced.

Position: Support (9/2/21)

*Shaded text represents new or updated legislative information

Legislation/Topic

H.R. 1813 (DeFazio) Funding for Aviation Screeners and Threat Elimination Restoration (FASTER) Act.

Background/Summary

In 2013, Congress began diverting one-third of the revenue collected from airline passenger security fees to be deposited into the general fund of the U.S. Treasury. This diversion has caused the Transportation Security Administration (TSA) to forgo an estimated \$19 billion in these fees. H.R. 1813 would repeal the requirement to divert funds and ensure that passenger security fees are used for aviation security purposes. H.R. 1813 would also provide TSA access to September 11 Security Fee revenue in the event of a lapse in appropriations. This means that, in the event of another government shutdown, TSA would be able to continue paying its officers.

Anticipated Impact/Discussion

Providing TSA access to the full amount of airline passenger security fee revenue would allow TSA to invest in new equipment as well as hire additional staff to better serve passengers, airlines, and airports, including San Diego International Airport (SDIA). This bill would also help minimize the impact of another government shutdown on SDIA by ensuring that there would be no disruption in TSA operations due to a lack of appropriations.

Status: 3/11/21 – Introduced.

Position: Support (4/1/21)

*Shaded text represents new or updated legislative information

Legislation/Topic

H.R. 2719 (Blumenauer) Rebuilding America's Airport Infrastructure Act.

Background/Summary

This bill would incrementally increase the Passenger Facility Charge (PFC) cap by \$1.00 annually starting in 2023, until it reaches a level of \$8.50 in 2026. Thereafter, the PFC cap would be adjusted annually for inflation.

Anticipated Impact/Discussion

The Passenger Facility Charge Program allows commercial airports controlled by public agencies to collect up to \$4.50 for every eligible passenger. Airports use these fees to fund FAA-approved projects, including those that enhance safety, security or capacity; reduce noise; or increase air carrier competition. This bill would increase the PFC and these fees could be used to fund FAA-approved projects, including infrastructure upgrades that improve the overall passenger experience. This bill could provide additional funding for San Diego International Airport infrastructure development projects.

Status: 4/22/21 – Introduced.

Position: Support (6/3/21)

*Shaded text represents new or updated legislative information

Legislation/Topic

H.R. 3340 (Garamendi) The TIFIA Airport Act.

Background/Summary

H.R. 3340 would expand Transportation Infrastructure Finance and Innovation Act (TIFIA) eligibility to airports. As of the end of Fiscal Year 2019, approximately \$1.88 billion of federal financing is available. Privately owned airports or general aviation airport projects are not eligible.

Anticipated Impact/Discussion

H.R. 3340 would provide an additional low-interest federal funding option for airport projects, including the Airport Authority's Airport Development Plan (ADP) and other capital projects. These projects stimulate local economic growth that is desperately needed post-COVID-19 pandemic. The Legislative team is monitoring the status of this bill and working with industry partners and associations to support this measure and any other additional sources of airport funding and resources.

Status: 5/20/21 – Referred to the Subcommittee on Highways and Transit.

Position: Support (6/3/21)

*Shaded text represents new or updated legislative information

Legislation/Topic

H.R. 3440 (Schneider) Sustainable Skies Act

Background/Summary

H.R. 3440 would create a new tax credit specifically aimed at incentivizing the production and use of low-carbon Sustainable Aviation Fuel (SAF). Under the proposal, SAF that achieves a 50% or greater reduction in lifecycle greenhouse gas (GHG) emissions as compared to conventional jet fuel would be eligible to receive a tax credit ranging from \$1.50/gallon up to \$2.00/gallon for fuels that achieve a 100% GHG emissions reduction. Eligible fuels would receive an additional \$0.01/gallon of tax credit for each percentage point of additional GHG reductions the fuel achieves beyond 50%. The tax credit would sunset after 10 years, and aviation fuel would no longer be eligible to receive the existing Biodiesel/Renewable Diesel Blender's Tax Credit.

Anticipated Impact/Discussion

San Diego International Airport has partnered with airports, airlines, sustainable aviation fuel producers and other stakeholders to advocate for policies that would increase the use of low-carbon Sustainable Aviation Fuel to reduce greenhouse gas emissions in the aviation sector. The Airport Authority's Legislative team is monitoring the status of this bill and is working with industry partners and associations to support this measure and any additional sources of funding to incentivize the use of SAF.

Status: 5/20/21 – Introduced.

Position: Support (11/4/21)

*Shaded text represents new or updated legislative information

Legislation/Topic

H.R. 4892 (Meng) Quiet Communities Act of 2021.

Background/Summary

This bill would reestablish the Environmental Protection Agency's (EPA) Office of Noise Abatement and Control (ONAC) and require it to study aircraft noise. H.R. 4892 would authorize ONAC to be funded at a level of \$21 million for each of fiscal years 2022 through 2026 and would require the EPA Administrator to conduct a study of aircraft noise and the effects of that noise on surrounding communities. The EPA would be required to submit its noise study to Congress within two years with specific recommendations on new measures that can be implemented to mitigate the impact of aircraft noise on surrounding communities.

Anticipated Impact/Discussion

While this bill is not anticipated to have a direct impact on operations at San Diego International Airport (SDIA), the information collected by the study may be useful in helping the community and the Airport Authority assess any environmental and health impacts of air traffic noise and pollution.

Status: 7/30/21 – Introduced.

Position: Watch (10/7/21)

*Shaded text represents new or updated legislative information

New Senate Bills

No new Senate bills to report.

*Shaded text represents new or updated legislative information

Legislation/Topic

S. 303 (Blumenthal) Essential Transportation Employee Safety Act of 2021.

Background/Summary

This bill would require the Secretary of Transportation to work with the Centers for Disease Control and Prevention (CDC) and the Federal Emergency Management Agency (FEMA) to support the efforts of state and local governments to provide for priority testing of transportation workers. The bill would also implement personal protective equipment and cleaning, disinfection, and sanitization requirements for owners and operators of equipment or facilities used by certain transportation employers, including airports. The bill would also codify the mask mandate Executive Order requiring face mask usage in airports, on airplanes, as well as on other forms of public transportation for the duration of the pandemic.

Anticipated Impact/Discussion

As critical infrastructure to the San Diego Region, airport employees have continuously served travelers throughout the COVID-19 pandemic. This bill would ensure basic health safety measures, such as mask wearing, would continue through the duration of the pandemic.

Status: 2/8/21 – Introduced.

Position: Watch (3/4/21)

*Shaded text represents new or updated legislative information

Legislation/Topic

S. 479 (Wicker) Lifting Our Communities through Advance Liquidity for Infrastructure (LOCAL Infrastructure) Act

Background/Summary

States and local governments issue debt as municipal bonds, specifically to fund and support infrastructure and other capital improvement projects. Bonds are usually federally tax-exempt and when interest rates drop, states and local governments oftentimes opt to refinance bonds at a lower rate and therefore allow them to save money. Advance refunding is a mechanism that allows states and local governments to save a substantial amount of capital but was repealed in the 2017 Tax Cuts and Jobs Act.

Specifically, S. 479 amends Section 149(d) of the Tax Code to restore advance funding and make capital available for use by states and local governments. As a result of this legislation, states and local governments would be able to access advance funding and refinance municipal bonds in a way that allows for more favorable rates, similar to refinancing one's mortgage at a lower interest rate. Statistics show that advance refunding has allowed states and local governments to save billions, but the mechanism has not been available to them since January 2018.

Anticipated Impact/Discussion

S. 479 would provide the Airport Authority additional flexibility to refinance existing debt and potentially achieve significant interest savings if an advance refunding is executed due to the ability to refund with tax-exempt rather than taxable debt.

Status: 2/25/21 – Introduced.

Position: Support (4/1/21)

*Shaded text represents new or updated legislative information

Legislation/Topic

S. 1715 (Duckworth) Transportation Infrastructure Finance and Innovation Act (TIFIA) for Airports.

Background/Summary

S. 1715 would allow eligible airport-related projects to participate in the TIFIA program which provides credit assistance in the form of direct loans, loan guarantees, and standby lines of credit to projects of national or regional significance.

Anticipated Impact/Discussion

In enacted, the Airport Authority could apply for loans through the TIFIA program to pay for certain projects related to the Airport Development Plan (ADP). These loans would significantly decrease the Airport Authority's interest expenses and thus reduce the total cost of the ADP.

Status: 5/19/21 – Referred to the Committee on Environment and Public Works.

Position: Support (6/3/21)

*Shaded text represents new or updated legislative information

*Shaded text represents new or updated legislative information

Staff Report

Meeting Date: December 2, 2021

Subject:

Appointments to Board Committees, Liaison Positions, Other Representative and Alternate Positions

Recommendation:

Adopt Resolution No. 2021-0135, appointing Gil Cabrera as the primary advisory member and Johanna Schiavoni as the alternate advisory member to the SANDAG Board of Directors.

Background/Justification:

On October 26, 2018, the SANDAG Board of Directors approved adding a representative of the San Diego County Regional Airport Authority Board to the SANDAG Board of Directors as an advisory member. SANDAG Board Policy: 002, requires the SANDAG member agencies to appoint members to the SANDAG Board of Directors and submit those appointments in writing to the Clerk of the Board by January 10.

Pursuant to California Code Regulation Section 18702.5, *Materiality Standard: Economic Interest in Personal Finances*, the Authority is now required to post on its website, an F.P.P.C. Form 806 (See Exhibit A), listing all paid appointed positions on boards, committees, or commissions of a public agency, prior to the appointments being made.

Chair Gil Cabrera was appointed as the primary advisory member in September 2021 to serve the remainder of the term of Board Member Johanna Schiavoni, which expires December 31, 2021. Board Member Johanna Schiavoni was appointed as the alternate member to serve the remainder of the term of Board Member Paul Robinson, which expires December 31, 2021. It is recommended that Gil Cabrera be appointed as the primary advisory member and Johanna Schiavoni as the alternate advisory member to the SANDAG Board of Directors for a new term beginning January 1, 2022 and ending December 31, 2022.

Fiscal Impact:

Legislation limits compensation for Board Members to \$200 per day of service, with a maximum of eight (8) days per month. Adequate funds for Board Member compensation are included in the Authority Board Department adopted FY 2022 and conceptually approved FY 2023 Operating Expense Budgets.

Authority Strategies/Focus Areas:

This item supports one or more of the following (*select at least one under each area*):

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:

Not Applicable.

Prepared by:

Tony R. Russell
Director, Board Services/Authority Clerk

**Agency Report of:
Public Official Appointments**

A Public Document

1. Agency Name			California Form 806 For Official Use Only
Division, Department, or Region <i>(If Applicable)</i>			Date Posted: <i>(Month, Day, Year)</i>
Designated Agency Contact <i>(Name, Title)</i>			
Area Code/Phone Number	E-mail	Page ____ of ____	

2. Appointments

Agency Boards and Commissions	Name of Appointed Person	Appt Date and Length of Term	Per Meeting/Annual Salary/Stipend
	▶ Name _____ <i>(Last, First)</i> Alternate, if any _____ <i>(Last, First)</i>	▶ _____/_____/_____ <i>Appt Date</i> ▶ _____ <i>Length of Term</i>	▶ Per Meeting: \$ _____ ▶ Estimated Annual: \$0-\$1,000 \$2,001-\$3,000 \$1,001-\$2,000 _____ <i>Other</i>
	▶ Name _____ <i>(Last, First)</i> Alternate, if any _____ <i>(Last, First)</i>	▶ _____/_____/_____ <i>Appt Date</i> ▶ _____ <i>Length of Term</i>	▶ Per Meeting: \$ _____ ▶ Estimated Annual: \$0-\$1,000 \$2,001-\$3,000 \$1,001-\$2,000 _____ <i>Other</i>
	▶ Name _____ <i>(Last, First)</i> Alternate, if any _____ <i>(Last, First)</i>	▶ _____/_____/_____ <i>Appt Date</i> ▶ _____ <i>Length of Term</i>	▶ Per Meeting: \$ _____ ▶ Estimated Annual: \$0-\$1,000 \$2,001-\$3,000 \$1,001-\$2,000 _____ <i>Other</i>
	▶ Name _____ <i>(Last, First)</i> Alternate, if any _____ <i>(Last, First)</i>	▶ _____/_____/_____ <i>Appt Date</i> ▶ _____ <i>Length of Term</i>	▶ Per Meeting: \$ _____ ▶ Estimated Annual: \$0-\$1,000 \$2,001-\$3,000 \$1,001-\$2,000 _____ <i>Other</i>

3. Verification

I have read and understand FPPC Regulation 18702.5. I have verified that the appointment and information identified above is true to the best of my information and belief.

Tony R Russell _____
Signature of Agency Head or Designee Print Name Title (Month, Day, Year)

Comment: _____

RESOLUTION NO. 2021-0135

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, APPOINTING GIL CABRERA AS THE PRIMARY ADVISORY MEMBER AND JOHANNA SCHIAVONI AS THE ALTERNATE ADVISORY MEMBER TO THE SANDAG BOARD OF DIRECTORS

WHEREAS, on October 26, 2018, the SANDAG Board of Directors approved adding a representative of the San Diego County Regional Airport Authority Board to the SANDAG Board of Directors as an advisory member; and

WHEREAS, the Board wishes to appoint Gil Cabrera as the primary advisory member and Johanna Schiavoni as the alternate advisory member to the SANDAG Board of Directors for a new term beginning January 2022 and ending December 2022; and

WHEREAS, pursuant to California Code Regulation Section 18702.5, *Materiality Standard: Economic Interest in Personal Finances*, the Authority is now required to post on its website F.P.P.C. Form 806, listing all the paid appointed positions on boards, committees, or commissions of a public agency; and

WHEREAS, in accordance with the requirements of the California Code of Regulations §18702.5, FPPC Form 806, outlining the appointments was posted on the Authority website with the staff report.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby appoints Gil Cabrera as the primary advisory member and Johanna Schiavoni as the alternate advisory member to the SANDAG Board of Directors for a new term beginning January 1, 2022 and ending December 31, 2022; and

BE IT FURTHER RESOLVED that the Board finds that this action is not a "project" as defined by the California Environmental Quality Act ("CEQA") (California Public Resources Code §21065); and

BE IT FURTHER RESOLVED that the Board finds that this action is not a “development” as defined by the California Coastal Act (California Public Resources Code §30106); and

BE IT FURTHER RESOLVED that the Board finds that this 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.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 2nd day of December, 2021, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES/
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

Staff Report

Meeting Date: December 2, 2021

Subject:

Reject Claim of Jennifer Adams

Recommendation:

Adopt Resolution No. 2021-0145 rejecting the claim of Jennifer Adams.

Background/Justification:

On November 10, 2021, Jennifer Adams filed a claim ("Attachment A") with the San Diego County Regional Airport Authority ("Authority"). Specifically, Adams alleges that on May 15, 2021, while walking in the Rental Car Center at San Diego International Airport, she tripped and fell on a raised surface or speed bump. Adams claims damages in an unspecified amount over \$10,000 to cover various injuries.

As described above, Adams alleges that on May 15, 2021, she rented a vehicle at Enterprise Rental Car at the Rental Car Center just before noon. As she walked away from that office, Adams claims she tripped and fell on a raised metal ridge or speed bump between sections of concrete. She further claims there was poor lighting and no warning of the metal ridge. In falling, Adams claims to have injured her left wrist, face, teeth, nose, left foot, both knees and her left breast implant. Claimant does not specify a particular area, but includes a photograph in Attachment A.

Adams's claim should be denied. An investigation into the alleged incident revealed no notice of an unsafe or dangerous condition. Claimant did not alert anyone in the facility at the time of the incident. No injury report was taken at the time and the paramedics' log lists no call for assistance. Claimant drove herself out of the facility in her rented vehicle. An inspection of the facility revealed no trip hazard in the vicinity of the Enterprise office or the pedestrian aisles where the ready-for-rent vehicles are located. The facility was well-lit. The photograph included in the claim depicts a roadway used by staff to drive vehicles to and from the car wash areas in between rentals. It is not in the vicinity of the Enterprise office or their fleet of available cars, nor is it an area Claimant would have had to transit to obtain her rental car after leaving the office. The General Counsel has reviewed the claim and recommends rejection.

Fiscal Impact:

Not applicable.

Authority Strategies/Focus Areas:

This item supports one or more of the following (*select at least one under each area*):

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:

Not applicable.

Prepared by:

AMY GONZALEZ
GENERAL COUNSEL



ACCIDENT OR DAMAGE

CLAIM FORM

Please complete all sections. Incomplete submittals will be returned, unprocessed. Use a typewriter or print in ink.

FOR AUTHORITY USE ONLY	
Document No.:	_____
Filed:	_____

1) Claimant Name: <u>JENNIFER ADAMS</u>	
2) Address to which correspondence regarding this claim should be sent: <u>LAW OFFICES OF WILLIAM E WEISS</u> <u>140 GEARY ST 7th FLOOR</u> <u>SAN FRANCISCO, CA 94108</u>	
Telephone No.: <u>415-235-7060</u>	Date: <u>11/8/2021</u>
3) Date and time of incident: <u>MAY 15, 2021</u>	
4) Location of incident: <u>3355 ADMIRAL BOLAND WAY / SAN DIEGO, CA</u>	
5) Description of incident resulting in claim: <u>CLAIMANT HAD JUST RENTED A CAR FROM ENTERPRISE CAR RENTAL IN THE BUILDING LOCATED AT 3355 ADMIRAL BOLAND WAY. AS SHE WALKED AWAY FROM THAT OFFICE SHE TRIPPED AND FELL ON WHAT APPEARS TO BE A RAISED METAL RIDGE THAT SERVED AS A SPEED BUMB OR CONNECTOR OF SOME SORT BETWEEN SECTIONS OF THE CONCRETE FLOOR. THERE WAS POOR LIGHTING IN THE AREA & NO WARNING OF THIS METAL RIDGE. IT CONSTITUTES A DANGEROUS CONDITION OF PUBLIC PROPERTY.</u>	
6) Name(s) of the Authority employee(s) causing the injury, damage or loss, if known: <u>CURRENTLY UNKNOWN</u>	
7) Persons having firsthand knowledge of incident:	
Witness (es) <u>DAVID ADAMS</u>	Physician(s): <u>SEE ATTACHED LIST</u>
Name:	Name:
Address: <u>395 SAN LEONARD WAY</u> <u>SAN FRANCISCO, CA 94122</u>	Address:
Phone: <u>CONTACT THROUGH ATTORNEY</u> <u>WILLIAM E WEISS</u> <u>415-235-7060</u>	Phone:

ATTACHMENT A

8) Describe property damage or personal injury claimed:
CLAIMANT INJURED HER LEFT WRIST, FACE, TEETH, NOSE (FRACTURE) LEFT FOOT, BOTH KNEES, DEPLETED LEFT BREAST IMPLANT
9) Owner and location of damaged property or name/address of person injured:
JENNIFER ADAMS 395 SAN LEANDRO WAY SAN FRANCISCO, CA 94122
10) Detailed list and amount of damages claimed as of date of presentation of claim, including prospective damages. If amount exceeds \$10,000.00, a specific amount need not be included.
AMOUNT EXCEEDS \$10,000

Dated: 11/9/2021

Claimant:

William Stein
(Signature)
Attorney for Claimant

Notice to Claimant:

Where space is insufficient, please use additional paper and identify information by proper section number.

Mail completed original form to:

OR

Deliver completed original form in person to:

Claims
San Diego County Regional Airport Authority
P.O. Box 82776
San Diego, CA 92138-2776

San Diego County Regional Airport Authority
Administration Reception Desk
3225 N. Harbor Drive, 3rd Floor
San Diego, CA 92101

ATTACHMENT A



ATTACHMENT A

Dr. James Giblin - Dentist
907 San Ramon Valley Blvd # 204
Danville, CA 94526
925-820-8686 June 8

~~XXXXXXXXXXXXXXXXXXXX~~
Dr. Sibel Deviren - Spine Center
400 Parnassus Ave. # 3rd floor
San Francisco, CA 94143
415-353-2739 June 22

Dr. Kulveen Sachdeva - Neurologist
5401 Morris Canyon Rd # 110
San Ramon, CA 94583
925-866-7252 July 1

Dr. Andrew Barnett - Plastic Surgeon
450 Sutter St # 1123
San Francisco CA 94108 June 11
415-362-1221 June

Dr. Schroeder - orthopaedic
1500 Owens Street
San Francisco, CA 94143 over
415-353-9400 June 24 ↓

Sharp Memorial Hospital
May 16 ER
7901 Frost St.
San Diego, CA 92123
858-939-3400

~~_____~~

RESOLUTION NO. 2021-0145

A RESOLUTION OF THE BOARD OF THE SAN DIEGO
COUNTY REGIONAL AIRPORT AUTHORITY,
REJECTING THE CLAIM OF JENNIFER ADAMS

WHEREAS, on November 10, 2021, Jennifer Adams, filed a claim with the San Diego County Regional Airport Authority (“Authority”) for losses she claims were the result of slipping and falling at the Rental Car Center at San Diego International Airport; and

WHEREAS, at its regular meeting on December 2, 2021, the Board considered the claim filed by Jennifer Adams and the report submitted to the Board, and found that the claim should be rejected.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby rejects the claim of Jennifer Adams; and

BE IT FURTHER RESOLVED that the Board finds that this action is not a “project” as defined by the California Environmental Quality Act (“CEQA”) (California Public Resources Code §21065); and

BE IT FURTHER RESOLVED that the Board finds that this action is not a “development” as defined by the California Coastal Act (California Public Resources Code §30106); and

BE IT FURTHER RESOLVED that the Board finds that this 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.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 2nd day of December, 2021, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES /
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

Staff Report

Meeting Date: December 2, 2021

Subject:

Establish the Date and Time of Board and ALUC Meetings for 2022, as Indicated on the Proposed 2022 Master Calendar of Board and Committee Meetings

Recommendation:

The Executive Committee recommends that the Board adopt Resolution No. 2021-0136, establishing the date and time of Board and ALUC meetings; and Committee meetings for 2022 as indicated on the proposed 2022 Master Calendar of Board and Committee Meetings.

Background/Justification:

Pursuant to the Ralph M. Brown Act (Cal. Gov. Code (§54954(a)), a legislative body shall provide for the time and place for holding regular meetings by ordinance, resolution, or by-laws. Authority Policy 1.30(2) establishes criteria for scheduling regular meetings of the Board and the Airport Land Use Commission and Authority Policy 1.20(2)(a) establishes the criteria for scheduling the time and date of Committee meetings.

The proposed calendar was developed in accordance with the Ralph M. Brown Act and the criteria adopted by the Board. The objective is to provide consistency for public participation and the dissemination of information.

Meetings for the Audit Committee and the Executive Personnel and Compensation Committee are scheduled to accommodate review of external audits, and for the performance evaluations for the President/CEO, Chief Auditor and General Counsel.

A Special Board Meeting is scheduled in March, to accommodate a possible Board Retreat.

The proposed 2022 Master Calendar of Board and Committee meetings is attached as Exhibit A.

Staff presented the proposed calendar to the Executive Committee during its November 22, 2021 meeting and the Committee voted unanimously, noting Chair Cabrera as ABSENT, to forward the calendar to the Board for approval.

Fiscal Impact:

Not Applicable.

Authority Strategies/Focus Areas:

This item supports one or more of the following (*select at least one under each area*):

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:

Not applicable.

Prepared by:

Tony R. Russell
Director, Board Services/Authority Clerk

RESOLUTION NO. 2021-0136

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, ESTABLISHING THE DATE AND TIME OF BOARD AND ALUC MEETINGS AND COMMITTEE MEETINGS FOR 2022 AS INDICATED ON THE PROPOSED 2022 MASTER CALENDAR OF BOARD AND COMMITTEE MEETINGS

WHEREAS, pursuant to the Ralph M. Brown Act (Cal. Gov. Code §54954(a)), a legislative body shall provide for the time and place for holding regular meetings by ordinance, resolution, or by-laws; and

WHEREAS, in accordance with Authority Policy 1.30(2) and 1.20(2)(a), regular meetings shall be held at least once each month and regular meeting dates, time and location shall be set annually by Board resolution; and

WHEREAS, notice of the meetings shall be provided to the media and public as required by law; and

WHEREAS, the proposed calendar was developed in accordance with the Brown Act and the criteria adopted by the Board, with the objective of providing consistency for public participation and the dissemination of information.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the date and time of Board and ALUC meetings and Committee meetings for 2022, as indicated on the proposed 2022 Master Calendar of Board and Committee Meetings (Exhibit A attached hereto); and

BE IT FURTHER RESOLVED that the Board finds that this action is not a “project” as defined by the California Environmental Quality Act (“CEQA”) (California Public Resources Code §21065); and

BE IT FURTHER RESOLVED that the Board finds that this action is not a “development” as defined by the California Coastal Act (California Public Resources Code §30106); and

BE IT FURTHER RESOLVED that the Board finds that this 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.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 2nd day of December, 2021, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES/
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

DRAFT - 2022 MASTER CALENDAR OF BOARD AND COMMITTEE MEETINGS

	ALUC/BOARD 1 st Thursday of Month	EXECUTIVE/FINANCE COMMITTEES (Monday of the Week Preceding the Board meeting)	AUDIT COMMITTEE Monday (Quarterly)	EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE Thursday	CAPITAL IMPROVEMENT PROGRAM OVERSIGHT COMMITTEE Quarterly Thursday
Month	9:00 AM	9:00 AM	10:00 AM	9:00 AM	10:00AM
January	6	24		27	20
February	3	17	7		
March	3	28		24	
March	18 & 19 Board Retreat				
April	7	25			21 Special Board Meeting Capital Budget Workshop
May	5	23	9	26	
May	12 Budget Workshop				
June	2	27			
July	7				21
August		22		25	
September	1	26	12		
October	6	24			20
November	3	21	14		
December	1	22			

**BOLD - Denotes a change in the regular schedule due to holidays and conflicts with other Board or Committee meetings.
2022 Holidays - (Jan. 1; Jan. 17; Feb. 21; Mar. 31, May 30; Jul. 4; Sept. 5; Nov. 11; Nov. 24 & 25; Dec. 23 & 26; Dec. 30)**

Staff Report

Meeting Date: December 2, 2021

Subject:

Fiscal Year 2022 First Quarter Report from the Office of the Chief Auditor

Recommendation:

The Audit Committee recommends that the Board accept the report.

Background/Justification:

As directed in the Charter for the Office of the Chief Auditor, the Chief Auditor shall communicate to the Authority's Audit Committee and executive management on the performance relative to the Office of the Chief Auditor's (OCA) Audit Plan, results of audit engagements or other activities completed, and to report any risk exposures or control issues identified.

The attached Fiscal Year 2022 First Quarter Report from the OCA (Attachment A) is submitted to the Board to provide an account of activities and undertakings of the OCA during the period July 1, 2021, through September 30, 2021, and includes details on all recommendations completed or in progress during the first quarter.

On November 15, 2021, during a regular meeting of the Audit Committee, a report on the first quarter activities of the OCA was provided to the Committee by the Chief Auditor. Upon review of the Fiscal Year 2022 First Quarter Report, the Audit Committee unanimously voted to forward the report to the Board for acceptance.

Fiscal Impact:

None

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:

Not Applicable

Prepared by:

Lee M. Parravano
Chief Auditor

Office of the Chief Auditor

Fiscal Year 2022 1st Quarter Report

ATTACHMENT A

SAN DIEGO
COUNTY
REGIONAL
AIRPORT
AUTHORITY



By The Numbers



Recommendations
Issued



Customer
Satisfaction
Rating



Audit Engagements
Completed Under
Budget



Auditor Utilization
Percentage



Recommendations
Accepted By
Management

Audit Engagement Progress



Completed (9.09%) In Progress (63.64%)
Not Started (27.27%)

Audit Engagements Completed vs. Benchmark & Goal





Fiscal Year 2022

First Quarter Report

SAN DIEGO
COUNTY
REGIONAL
AIRPORT
AUTHORITY

Issue Date: November 15, 2021

OFFICE OF THE CHIEF AUDITOR

First Quarter Summary

Executive Summary

During the first quarter we initiated our Fiscal Year 2022 Audit Plan and launched several new audits. At the end of the first quarter we completed 9% of planned audits and have approximately 65% of our planned audits in progress. Several audits in progress are awaiting final documentation and are expected to be issued in the upcoming months. We also completed our ongoing monitoring that is required by our Quality Assurance and Improvement Program and reported those results to the Audit Committee in September. The results of ongoing monitoring resulted in several changes, including changes to the Charter of the Audit Committee, Charter for the Office of the Chief Auditor, and to the Office of the Chief Auditor's (OCA) Policies and Procedures Manual.

Performance Measures

For Fiscal Year 2022, six major performance measures were developed to evaluate the OCA. The OCAs performance against the selected performance measures is displayed in Table 1.¹

Table 1: Status of Performance Measures as of September 30, 2021

#	Performance Measure	Goal	Actual	Benchmark
1	Customer satisfaction ratings from auditee	4.0	5.0	4.0
2	Number of recommendations	6	7	6
3	Percentage of audit engagements completed	20%	9%	20%
4	Percentage of recommendations accepted	95%	100%	83%
5	Percentage of staff time spent on audit engagements and general audit activities	70%	66%	70%
6	Percentage of audit engagements completed within budget	80%	100%	75%

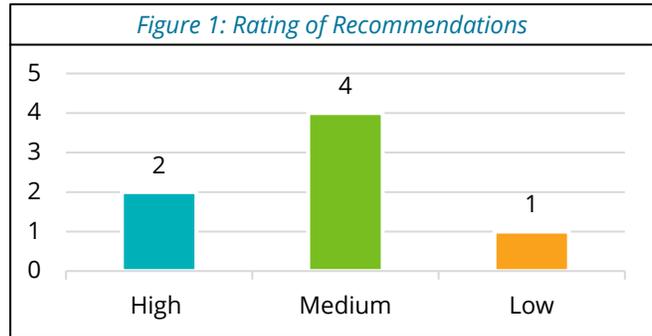
Customer Satisfaction Rating:

After the completion of an audit engagement, a survey is sent to obtain customer satisfaction data. The OCAs goal for customer satisfaction is 4.0, on a 1 to 5 scale (with 1 being very dissatisfied and 5 being very satisfied). To date this Fiscal Year we have achieved a score of 5.0.

¹ The OCA tracks additional performance measures that are not shown above. Their results are compiled and shared with the Audit Committee annually.

Number of Recommendations:

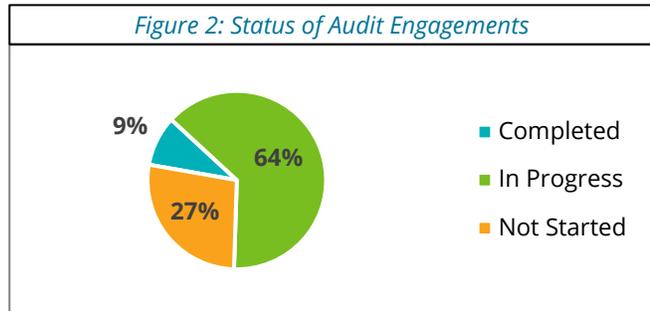
One of the OCAs primary objectives is to identify risks that could pose a threat to the Authority. As of September 30, 2021, the OCA provided seven recommendations to management to remediate a risk identified. Each of the recommendations are rated based on a qualitative value of risk, identified as Low, Medium, or High. A summary of the ratings are shown in Figure 1.



Percentage of Audit Engagements Completed:

As of the first quarter, the OCA completed one audit engagement, or 9%, of audit engagements (1/11 = 9%) on the Fiscal Year 2022 Audit Plan. In addition to the one engagement completed, the OCA had seven engagements in progress as of the end of the first quarter as shown in Figure 2. The engagement completed in the first quarter is summarized in the section titled Audit Engagements.

An alternative way to calculate this performance measure is to acknowledge the hours spent on audits engagements completed and engagements that are in progress, but not yet completed. This calculation results in a completion percentage of 31%.²



The status of all activities in the Fiscal Year 2022 Audit Plan is included in Appendix A.

Percentage of Recommendations Accepted:

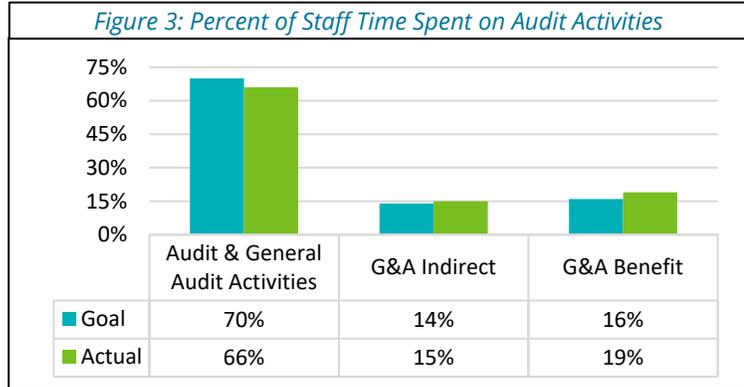
This category helps to evaluate the quality of the findings and recommendations issued by the OCA. Additionally, it helps hold the OCA accountable for the quality of the recommendations issued. As of the first quarter, management accepted 100% of all audit recommendations.

² The OCA has spent 1,488 hours on audit engagements and estimates 4,865 total hours will be needed to complete all Fiscal Year 2022 planned audit and consulting engagements (1,488/4,865=31%). The 31% and total hours of 4,865 exclude the hours for audits that have not been identified yet. These are labeled as "To Be Determined" on Appendix A. To Be Determined Hours total 1,676 (1,203 + 473 = 1,676).

Percentage of Staff Time Spent on Audit Engagements and General Audit Activities:

This measure tracks the time spent on audit engagements and general audit activities.³ The OCAs goal for Fiscal Year 2022 is 70%. The OCA is currently below the established goal, spending 66% of time on audit and general audit activities.

This is largely due to staff using accrued vacation time that they were unable to utilize during the COVID-19 pandemic. As shown in Figure 3, 19% of staff time was utilized on “G&A Benefit” time, which includes vacation and holiday time used by OCA staff. This is above the amount planned by 3%.



Percentage of Audit and Consulting Engagements Completed within Budgeted Time:

This category monitors the efficiency of audit staff in performing audits and consulting engagements. Specifically, audit staff is responsible for the internally prepared budget hours assigned to each audit or consulting engagement. In the first quarter of Fiscal Year 2022, the OCA completed 100% of its projects within the budgeted time, which exceeded the OCAs goal.

³ Appendix A details all planned activities in these categories for Fiscal Year 2022.

Audit Engagements

Issued

The Office of the Chief Auditor completed one audit during the first quarter. Below is a summary of this engagement.

Enterprise Content Management System Access Controls:

The objective of this audit was to determine if access controls within the OpenText Content Server, or as is commonly referred, the Enterprise Content Management System (ECMS) are appropriate. The audit concluded that in general, access controls within ECMS were appropriate. The audit provided seven recommendations. Management's responsiveness to this audit resulted in several of the recommendations being implemented prior to the report being issued.



In Progress

At the close of the first quarter there were seven audit engagements in progress, representing 64% of the audit engagements on the Fiscal Year 2022 Audit Plan. The audits in progress are listed here:

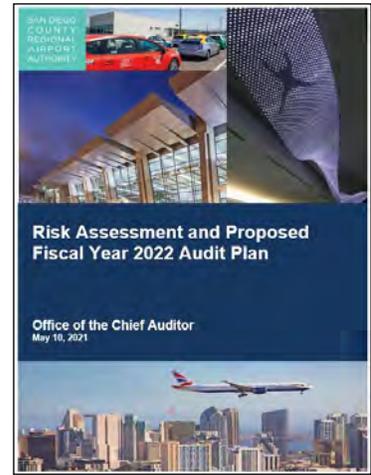
- Harbor Police Contract Management – Appropriate & Equitable
- System Security – AVSEC Penetration Test
- Accounts Receivable / Collections - Abatement Program
- Contractor Monitoring – Engineered Materials Arresting System
- Harbor Police Contract Management – Fiscal Year 2020 True-Up
- Tenant Lease Administration and Management – Rental Car Companies
- Tenant Lease Administration & Management – Terminal Space

General Audit Activities

In addition to performing audit engagements, the OCA is involved in other general audit activities that do not result in a formal audit report/opinion being issued. The OCA is either required⁴ to perform these activities, or believes completion of these activities to be in the best interest of the Authority. A summary of the *General Audit Activities* is presented below.

Risk Assessment and Audit Plan

The OCA is required to submit a risk-based internal Audit Plan to the Audit Committee annually. The Risk Assessment & Audit Plan is the culminating result of data gathering, management discussions, surveys, and data analysis, which is conducted over the course of the year. The Risk Assessment & Audit Plan is presented in May of each year to the Audit Committee for the following fiscal year.



Construction Activities

Construction audit activity for the first quarter of Fiscal Year 2022 consisted of attending meetings regarding the airport support facilities, the Airport Development Program (ADP) terminal and roadways, and new administration building projects. The first task authorization was issued to Baker Tilly, U.S., LLP (Baker Tilly) for development of the risk assessment of the validation phase of the ADP terminal and roadways project. The OCAs Construction Auditor has been working with Baker Tilly on the scope and development of the proposed risk assessment for these construction activities. The OCA remains involved with issues identified by the Airport Design and Construction team and Authority management, providing assistance and attending meetings specific to the aspects of the Authority's construction activity.

Information Technology Meeting Attendance

Information technology's central role to Authority operations makes meeting attendance on this subject a vital activity for the Chief Auditor. In Fiscal Year 2022 meetings have been focused on penetration testing that will take place. The results of these tests will be provided when completed.

Development of Data Analytics

The OCA is actively exploring options to increase the audit coverage through data analytics. Currently, the OCA has a data analytics audit related to Rental Car Companies that was initiated after consultation with various departments at the Authority. The Rental Car Company audit will serve as a foundation to explore other areas where data analytics could benefit the Authority and the OCA.

⁴ Requirements are dictated by the Charter for the Office of the Chief Auditor, Charter of the Audit Committee, or the International Standards for the Professional Practice of Internal Auditing.

Ethics Program Activities

The OCA manages the Authority’s Ethics Program that includes a confidential reporting hotline. During Fiscal Year 2022, thirteen tips/reports were received. All were evaluated as Human Resource, Diversity, and Workplace Respect issues. Tips/reports that are not investigated by the OCA are forwarded to management, as appropriate.

A summary of the tips/reports received in Fiscal Year 2022 is shown in Table 2 below.

Table 2: Ethics Hotline Tips/Reports Received in Fiscal Year 2022

	Number of Tips / Reports Received	Preliminary Investigation Required	Full Investigation Initiated	Investigation Results Supported Code Violation (Ethics or Workplace)*	Response (email or phone to non-anonymous reports)
Category					
Human Resource, Diversity, and Workplace Respect	13	-	-	-	-
Total	13	-	-	-	-

*As required by the Charter for the Office of the Chief Auditor, any fraud or illegal acts that the Chief Auditor becomes aware of are communicated to the Chair of the Audit Committee, General Counsel, and the President/CEO.

Recommendation Follow-up

The OCA is mandated by its Charter to track the recommendations issued in audit reports and to report their implementation status to the Audit Committee on a periodic basis. The OCA tracks recommendations through regular inquiries made to the audited departments or to the owner of the specific recommendation(s) (See Appendix B). These inquiries allow the OCA to determine how many recommendations have been completed, as well as to obtain the status on progress being made to implement the recommendations.

Table 3 below shows the number of recommendations that were *Completed* or *In Progress* as of the first quarter of Fiscal Year 2022, along with the estimated/actual implementation timeframes based on the audit report issue date. Of the Completed recommendations, three were implemented within the initial timeframe identified when the recommendations were issued. Of the In Progress recommendations, 19 recommendations were still within the initial timeframe identified for implementation.

In general, the OCA is satisfied with the progress that Authority departments are currently making with the implementation, as based upon our inquiries during the tracking process.

Table 3: Recommendations with Estimated/Actual Implementation Timeframe

Recommendations	Zero to 7 Months	7 Months to 1 Year	Over 1 Year	Total
Completed	3	-	-	3
In Progress	9	8	6	23

Quality Assurance and Improvement Program

The Institute of Internal Auditors' (IIA) *Standards* require the OCA to maintain a Quality Assurance and Improvement Program (QAIP) that includes internal (self) assessments, ongoing monitoring, and external assessments (required every 5 years). The objective of ongoing monitoring is to provide assurance that the OCAs processes in place are working effectively, to ensure that quality is derived on an audit-by-audit basis.

During the first quarter of Fiscal Year 2022, the OCA completed ongoing monitoring of its activities and operations performed during Fiscal Year 2021. The results were included in the Fiscal Year 2021 OCA Annual Report that was presented during the September 13, 2021, Audit Committee Meeting.

Peer Review Participation

The OCA is required to participate on a peer review team(s) as part of a reciprocal agreement with the Association of Local Government Auditors (ALGA). In this agreement, OCA auditors would participate on a team assigned to assess another organization's compliance with Institute of Internal Auditors' (IIA) *Standards*. The OCA has contacted the regional coordinator of ALGA to schedule staff on an appropriate peer review team.

Administrative

The activities that reside within the Administrative classification include meetings attended by the OCA, holiday and vacation time, and the fulfillment of Continuing Professional Education (CPE) requirements.

Tracking Budget and Expenses

The OCA expenses totaled approximately \$270,000 through the end of the first quarter, which represents 22% of the Fiscal Year 2022 budget. No unexpected or large outlays occurred within the department during the first quarter of Fiscal Year 2022. The OCA expects to remain on budget through the fiscal year-end.

Continuing Professional Development

OCA staff continues to obtain Continuing Professional Education credits as required by their various certifications. During the first quarter, staff attended training on topics that included cybersecurity, Diversity Equity & Inclusion, Internal Controls for cash receipts, ethics, active directory controls, risk, and fraud.

Procedural/Supervisory

One Audit Committee Meeting took place during the first quarter, which occurred on September 13, 2021. The meeting contained all of the regularly scheduled September agenda items, of which the OCA assisted in coordination with the Committee Chair and Board Services.

COVID-19

All OCA staff have been working remotely since March 2020. The pandemic has required the OCA to be flexible with the timing of audit engagements due to the resource limitations caused by the pandemic. At this time, the OCA is preparing to transition back to the office. This will allow for additional opportunities to collaborate, engage with other stakeholders, and allow auditors to synchronize workpapers on a more consistent basis.

Use of Report

The information in this report is intended solely for the use of the San Diego County Regional Airport Authority's (SDCRAA) Audit Committee, Board, and management and is not intended to be, and should not be, used by anyone other than the specified parties.

This report has been authorized for distribution to the Audit Committee and as specified:

- Board Members
- President/Chief Executive Officer
- General Counsel
- Vice Presidents
- Director, Authority Clerk
- Director, Government Relations
- Assistants specified by Board Members and SDCRAA

Appendix A – Fiscal Year 2022 Audit Plan

#	Activity	Status as of 9/30/2021	Over/Under Budget	No. of Recs.
Audit Engagement				
1	Harbor Police Contract Management – Appropriate & Equitable	In Progress		-
2	System Security – AVSEC Penetration Test	In Progress		-
3	Enterprise Content Management System (ECMS)	Completed	Under	7
4	Accounts Receivable / Collections - Abatement Program	In Progress		-
5	Contractor Monitoring – Engineered Materials Arresting System	In Progress		-
6	Harbor Police Contract Management – Fiscal Year 2020 True-Up	In Progress		-
7	Tenant Lease Administration and Management – Rental Car Companies	In Progress		
8	System Security – SAN.org website	Not Started		-
9	Employee Training and Development	Not Started		-
10	Tenant Lease Administration & Management – Terminal Space	In Progress		-
11	Airfield Operations - Amadeus	Not Started		-
12	To Be Determined – Construction	N/A		-
13	To Be Determined - Discretionary	N/A		-
	Totals			7
General Audit				
14	Risk Assessment & Audit Plan	In Progress		
15	Construction Meeting Attendance & Construction Auditor Coordination	In Progress		
16	Information Technology Meeting Attendance	In Progress		
17	Development of Data Analytics	In Progress		
18	Ethics Program	In Progress		
19	Recommendation Follow-up	In Progress		
20	Quality Assurance & Improvement Program	In Progress		
21	Peer Review Participation			
Administrative				
28	Indirect - Attendance at Staff/Board/Committee Meetings, Continuing Professional Development, and Other	In Progress		
29	Benefit - Vacation, Holiday Time, and Other Leave/Time Off	In Progress		

Appendix B - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of September 30, 2021
Completed						
22-2	Audit Report 21014 Issued: Sept. 22, 2021 Title: Enterprise Content Management System Access Controls Department: BOARD SERVICES	High	Access to sensitive information should be removed for the group that does not require it to perform their job function. Update on Recommendation #2: During our audit, we notified Management and the ECMS Administrator immediately corrected the situation by removing the specific group from accessing the file folders with sensitive information.	9/22/2021	9/22/2021	During our audit, we notified Management and the ECMS Administrator immediately corrected the situation by removing the specific group from accessing the file folders with sensitive information.
22-3	Audit Report 21014 Issued: Sept. 22, 2021 Title: Enterprise Content Management System Access Controls Department: BOARD SERVICES	Medium	Access should be removed to prevent all Authority users from viewing documents within the Authority department identified. Update on Recommendation #3: During our audit, we notified Management of documents visible to all Authority users, and the ECMS Administrator immediately rectified the situation by removing access.	9/22/2021	9/22/2021	During our audit, we notified Management of documents visible to all Authority users, and the ECMS Administrator immediately rectified the situation by removing access.

Appendix B - Status of Recommendations

Fiscal Year 2022 First Quarter Report

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of September 30, 2021
Completed						
22-4	Audit Report 21014 Issued: Sept. 22, 2021 Title: Enterprise Content Management System Access Controls Department: BOARD SERVICES	Medium	ECMS access should be removed from a specified employee and access removed from testing/administrative user IDs no longer required. Update on Recommendation #4: During our audit, we notified Management of unneeded user access and IDs, and I&TS staff expeditiously deactivated the specified employee's access and removed the testing/administrative user IDs that were no longer required.	9/22/2021	9/22/2021	During our audit, we notified Management of unneeded user access and IDs, and I&TS staff expeditiously deactivated the specified employee's access and removed the testing/administrative user IDs that were no longer required.

Appendix B - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of September 30, 2021
In Progress						
20-25	Audit Report 20001 Issued: June 25, 2020 Title: Tenant Lease Administration and Management Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	High	RG&PD should develop and publish a set of universal procedures for lease administration and management, and take active measures to ensure that the manual is updated to remain current.	11/30/20	12/31/2021	RG&PD is working on developing and publishing a set of procedures for lease administration and management. Working with I&TS on utilizing E1 for lease administration along with setting up demos for other potential property management software.
20-26	Audit Report 20001 Issued: June 25, 2020 Title: Tenant Lease Administration and Management Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	High	RG&PD staff should continue to evaluate the property management software vendors, first by examining the Authority's Real Estate Management Property Management module already in E1, to implement a desired solution.	3/31/22	3/31/2022	RG&PD will investigate utilizing the existing E1 software and determine if other software is needed to more efficiently monitor, maintain, and manage the many tenant lease agreements, which the department is responsible.
20-27	Audit Report 20001 Issued: June 25, 2020 Title: Tenant Lease Administration and Management Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	High	RG&PD, in cooperation with the Finance & Risk Management Department, should analyze the current security deposits on hand, determine if the security deposits on hand are sufficient to cover the risk to the Authority, make adjustments, and document any exceptions to security deposits, as needed.	3/31/22	3/31/2022	RG&PD will work to implement the recommendations with input from Accounting, Finance, and Risk Management Departments.

Appendix B - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of September 30, 2021
In Progress						
21-15	Audit Report 21009 Issued March 24, 2021 Title: Accounts Payable Process Department: ACCOUNTING/ FINANCE	High	A) We recommend that the A/P Accountant role in the Authority's E1 financial system be removed from the Accounting Manager. B) In addition, we recommend that the Authority determine if E1 has the ability to require that when any changes are made to the VMF, they be approved by another individual.	9/30/2021	6/30/2022	Partially Completed A) Completed - Accounting had previously removed the AP Accountant role in the Authority's E1 financial system from the Accounting Manager's menu. B) In Progress - IT made inquiries with Oracle regarding E1 capabilities. Further internal evaluations need to be done within I&TS to determine if this can be implemented. A subsequent procedures document will need to be developed to document the process.
21-31	Audit Report 21005 Issued: June 30, 2021 Title: Automobile Citations Department: GROUND TRANSPORTATION	High	GT should coordinate with COSD to identify the cause of the \$54,687 in underpayments and the \$26,082 in duplicate fees charged, and work to ensure that the issues are corrected and that the Authority is properly paid for their citations issued.	9/30/2021	3/31/2022	1. GT will attempt to reconcile the the cause of the \$54,867 in underpayments and \$26,082 in duplicate fees charged. 2. GT will examine the current process and include reconciliation steps in the monthly reconciliation SOP to prevent errors in the future. 3. GT will use the monthly reconciliation SOP to analyze the average amount of deficient citation revenue received, and compare that to fees charged for processing, payment plan, NSF, State of CA Fees, etc. 4. Going forward, GT will use the monthly reconciliations and KPI examinations to identify trends in citation revenue deficiencies. 5. GT will examine the option to move to a different processor who can specifically identify citation revenue and charges and provide accurate reconciliations.

Appendix B - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of September 30, 2021
In Progress						
21-32	Audit Report 21005 Issued: June 30, 2021 Title: Automobile Citations Department: GROUND TRANSPORTATION	High	GT should coordinate with COSD to obtain detailed support of the gross figures provided monthly by COSD and reconcile the amounts of citations paid against the amount remitted to the Authority.	9/30/2021	9/30/2021	1. As part of the monthly reconciliation process defined in the SOP, GT will request detailed support for the gross figures provided monthly by CoSD to reconcile the amounts of citations paid to the amount remitted as citation revenue to the Authority.
22-1	Audit Report 21014 Issued: Sept. 22, 2021 Title: Enterprise Content Management System Access Controls Department: BOARD SERVICES	High	The ECMS Administrator should coordinate with Department Records Coordinators to conduct, periodic reviews of access rights and group permissions to enforce the practice of least privilege, and maintain documentation to show the review was performed by appropriate individuals.	6/30/2022	6/30/2022	This recommendation was issued on September 22, 2021. As mentioned in the audit report, management responsible for the ECMS was recently transferred to Board Services. Due to the short time between when the report was issued and the deadline to submit the status update, no steps have been taken at this time. Once Board Services gets up to speed, we are confident that we will complete this recommendation by the Initial Estimated Completion Date.

Appendix B - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of September 30, 2021
In Progress						
21-17	Audit Report 21009 Issued March 24, 2021 Title: Accounts Payable Process Department: ACCOUNTING/ FINANCE	Medium	A) We recommend that the Accounting Manager run and review the Vendor Set-Up Verification Report concurrent with the check run process to capture any vendor changes and to verify that these changes are legitimate. B) In addition, we recommend that the Authority develop a report that captures changes made in E1 to banking information related to employee and Board/Committee Member reimbursements, thus enabling staff to conduct a review of that report concurrent with the check run process.	9/30/2021	6/30/2022	Partially Completed A) Completed - The Vendor setup verification report has been run concurrent with the check run effective April 27th. B) In Progress - Accounting currently reviews the banking information for employees and Board Members. Accounting has been working with I&TS to modify an existing report to capture changes to employee and Board Member banking information.
21-18	Audit Report 21009 Issued March 24, 2021 Title: Accounts Payable Process Department: ACCOUNTING/ FINANCE	Medium	The Accounting Department's A/P Team should perform regular periodic maintenance of the Vendor Master File to identify inactive and duplicate vendors and tag them as inactive.	12/31/2021	12/31/2021	Accounting is actively working to deactivate duplicate and inactive vendors. This is expected to be completed by 12/31/21.
21-25	Audit Report 21005 Issued: June 30, 2021 Title: Automobile Citations Department: GROUND TRANSPORTATION	Medium	GT should develop written procedures for all components of the automobile citation process. Specifically, GT should develop written procedures for the export/upload process, reconciliations, and appeals process.	9/30/2021	12/31/2021	1. GT will develop Standard Operating Procedures (SOP) for all aspects of the citation process: a) Issuance process, b) Export/upload process, c) Monthly reconciliations, d) Appeals process, and e) Quarterly management review.

Appendix B - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of September 30, 2021
In Progress						
21-26	Audit Report 21005 Issued: June 30, 2021 Title: Automobile Citations Department: GROUND TRANSPORTATION	Medium	GT should develop KPIs to measure performance of the automobile citation process, and measure actual performance against KPIs on a regular basis.	9/30/2021	12/31/2021	1. GT will develop the following KPIs: a) % of citations uploaded on time, b) % of citations with errors, c) % of citations appealed, d) # of citations successfully appealed, e) \$ amount of citations issued each month, f) Type and amount of citations issued each month, g) List of citation infraction type, h) List of upload errors and troubleshooting by citation device, i) Additional KPIs will be developed and reported as identified and warranted.
21-28	Audit Report 21005 Issued: June 30, 2021 Title: Automobile Citations Department: GROUND TRANSPORTATION	Medium	GT should develop a methodology to reconcile citations issued by the Authority, transferred to the COSD, and citations charged a processing fee; and, implement the reconciliation to be performed monthly and any discrepancies be corrected.	9/30/2021	3/31/2022	1. As part of the monthly reconciliation SOP GT will establish a requirement and methodology to reconcile: a) Monthly citations issued by the Authority to those received by CoSD, b) Monthly \$ amount of citations issued by the Authority to those received by CoSD, c) Monthly \$ amount of citation fees charged by CoSD to number of citations received by CoSD.
21-29	Audit Report 21005 Issued: June 30, 2021 Title: Automobile Citations Department: GROUND TRANSPORTATION	Medium	GT should analyze the 317 tickets identified that were never received by COSD. GT should either a) resubmit to the COSD for billing, or b) disregard these tickets, considering the length of time elapsed and the impact to cited motorists.	9/30/2021	12/31/2021	1. GT will examine these 317 tickets for disposition to ensure that no payment funds were received. 2. GT will disregard these tickets, considering time elapsed and impact to cited motorists.

Appendix B - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of September 30, 2021
In Progress						
21-30	Audit Report 21005 Issued: June 30, 2021 Title: Automobile Citations Department: GROUND TRANSPORTATION	Medium	GT should develop and implement a methodology to review citation fine amounts periodically and adjust the amounts as appropriate.	9/30/2021	12/31/2021	1. As part of the citation issuance SOP, GT will specify that citation amounts are reviewed annually and benchmarked against other County of San Diego agencies and other California Airports. 2. The initial review will occur in November 2021. 3. Subsequent annual review and benchmarking examinations will occur in April each year thereafter.
22-5	Audit Report 21014 Issued: Sept. 22, 2021 Title: Enterprise Content Management System Access Controls Department: BOARD SERVICES	Medium	Employee and test/administrative IDs should be reviewed periodically to ensure unneeded user IDs are eliminated timely and that access is removed.	12/31/2021	12/31/2021	This recommendation was issued on September 22, 2021. As mentioned in the audit report, management responsible for the ECMS was recently transferred to Board Services. Due to the short time between when the report was issued and the deadline to submit the status update, no steps have been taken at this time. Once Board Services gets up to speed, we are confident that we will complete this recommendation by the Initial Estimated Completion Date.
22-6	Audit Report 21014 Issued: Sept. 22, 2021 Title: Enterprise Content Management System Access Controls Department: BOARD SERVICES	Medium	A formal procedure that includes a documented process for granting and changing access rights should be developed. Documentation should be retained for audit purposes.	2/28/2022	2/28/2022	This recommendation was issued on September 22, 2021. As mentioned in the audit report, management responsible for the ECMS was recently transferred to Board Services. Due to the short time between when the report was issued and the deadline to submit the status update, no steps have been taken at this time. Once Board Services gets up to speed, we are confident that we will complete this recommendation by the Initial Estimated Completion Date.

Appendix B - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of September 30, 2021
In Progress						
21-03	Audit Report 20004 Issued October 28, 2020 Title: Formal Bidding/Contracting Process Department: PROCUREMENT	Low	We recommend that Authority Management evaluate and update Authority Policies 5.01 and 5.02 where necessary.	10/15/2021	1/21/2022	Procurement is working in collaboration with Corporate Governance, Development, and the General Counsel's office to recommend changes to the policies. Final recommendations have been submitted for review.
21-06	Audit Report 18004 Issued: December 8, 2020 Title: Small Business Development Department: SMALL BUSINESS DEVELOPMENT	Low	Small Business Development should examine the cost/benefit of expanding its current software system that monitors DBE and SBE requirements to include LBE, VOSB, and SDVOSB.	6/30/2021	11/30/2021	The implementation with B2Gnow has been completed as of 9/30/21 and we are just working on a few minor details. Testing should be completed within the next couple of weeks.
21-23	Audit Report 21002 Issued: April 6, 2021 Title: SAN Information Security Program Compliance Department: INFORMATION & TECHNOLOGY SERVICES	Low	We recommend that I&TS update Standard D-08 Computers, Electronic Media & Monitoring to include all of the prohibited actions, and on an annual basis all Authority computer system users be provided with, and acknowledge receipt of, Standard D-08 Computers, Electronic Media & Monitoring.	6/30/2021	12/31/2021	The Standard D-08 Computers, Electronic Media & Monitoring form has been updated. I&TS is publishing this form via LMS (the Authority's training software) this month for staff to read and acknowledge along with the annual cyber security training modules. The completion of his recommendation is awaiting completion and acknowledgment from Authority staff, which should occur in the 2nd quarter.
21-24	Audit Report 21004 Issued: June 2, 2021 Title: Emergency and Sole Source Procurement Department: PROCUREMENT	Low	The Procurement Department should update the Sole Source Justification Form, modifying the approval process to include Procurement, and maintain a dedicated listing of all sole source purchases made.	9/3/2021	11/5/2021	Procurement has revised the Sole Source Justification Form. The new form can be found in the public folder and is accessible Authority-wide. Revision are being made to the instructions prior to rolling out the new form to Senior staff.

Appendix B - Status of Recommendations

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of September 30, 2021
In Progress						
21-27	Audit Report 21005 Issued: June 30, 2021 Title: Automobile Citations Department: GROUND TRANSPORTATION	Low	GT should establish a written goal to upload all citations within a specified time period (e.g., 24 or 48 hours). Further, GT should implement a system to measure upload time, identify issues with citation uploads, and troubleshoot issues.	9/30/2021	3/21/2022	1. As part of the Export/Upload SOP GT will establish a goal to upload all citations within 48 hours of issuance. 2. GT will issue reports on % of citations uploaded daily and within/without 48 hours. 3. GT will issue exception reports for citations processing issues and troubleshooting issues.
21-33	Audit Report 21005 Issued: June 30, 2021 Title: Automobile Citations Department: GROUND TRANSPORTATION	Low	GT should implement a formal documented approval of all decisions reached within the appeals process.	9/30/2021	9/30/2021	1. As part of the Appeals Process SOP GT will establish and implement a formal, documented approval form for all decisions reached within the appeals process. This form will include: a) Date of citation, b) Date of citation appeal, c) Date of appeal review, d) Appeal decision - by party independent of appeal processor, e) Manager review signature and date, and f) Director review signature and date.
22-7	Audit Report 21014 Issued: Sept. 22, 2021 Title: Enterprise Content Management System Access Controls Department: BOARD SERVICES	Low	The ECMS Administrator should consider utilizing a software tool or other methodology to identify confidential or sensitive information within ECMS to determine if the information is properly safeguarded and only accessible to those with the logical need for that information.	6/30/2022	6/30/2022	This recommendation was issued on September 22, 2021. As mentioned in the audit report, management responsible for the ECMS was recently transferred to Board Services. Due to the short time between when the report was issued and the deadline to submit the status update, no steps have been taken at this time. Once Board Services gets up to speed, we are confident that we will complete this recommendation by the Initial Estimated Completion Date.

Staff Report

Meeting Date: December 2, 2021

Subject:

Revision to the Fiscal Year 2022 Audit Plan of the Office of the Chief Auditor

Recommendation:

The Audit Committee recommends that the Board Adopt Resolution No. 2021-0137, approving the revision to the Fiscal Year 2022 Audit Plan of the Office of the Chief Officer.

Background/Justification:

The Charter for the Office of the Chief Auditor, instituted by Board Resolution No. 2003-062 on October 2, 2003, and most recently amended on October 7, 2021, per Board Resolution No. 2021-0109, defines the role and requirements of the Office of the Chief Auditor (OCA).

As directed in the Charter, the Chief Auditor shall submit, at least annually, a risk-based Audit Plan to the Audit Committee and to Authority executive management, and shall review and adjust the Audit Plan, as necessary, responding to changes in business risks, operations, special requests, programs, systems, and controls. All changes to the Audit Plan shall be communicated to the Audit Committee prior to being submitted to the Board for approval.

Additionally, International Standards for the Professional Practice of Internal Auditing require that the Chief Auditor review and adjust the Audit Plan, as necessary.

The OCAs initial Audit Plan for Fiscal Year 2022 was approved by the Audit Committee during its May 10, 2021, meeting, and was subsequently approved on June 3, 2021, by Board Resolution No. 2021-0063.

During the first quarter of Fiscal Year 2022 a review of the Audit Plan was undertaken by the OCA. A revision to adjust the allocation of audit hours to reflect the OCAs operational requirements was approved by the Board on October 7, 2021, by Resolution No. 2021-0110.

At this time a revision to the Fiscal Year 2022 Audit Plan is requested. The OCA identified an audit engagement related to fire extinguishers located at the Authority during the course of the second quarter. Upon notification to management, and with preliminary approval, an audit scope was developed. The preliminary objective of the audit engagement is to determine if the fire extinguishers at the Authority are in compliance with inspection and other requirements.

The resulting proposed changes to the Fiscal Year 2022 Audit Plan include:

- 1) Add an audit of Terminal Maintenance - Fire Extinguishers to the Audit Plan with 275 audit engagement hours.
- 2) Remove 275 discretionary audit hours to initiate the audit engagement of Terminal Maintenance - Fire Extinguishers.

Additionally, the OCA has completed its preliminary audit work on the Tenant Lease Administration and Management audit related to Rental Car Companies. Based on that preliminary audit work, the OCA has determined that the Tenant Lease Administration and Management audit related to Rental Car Companies is not projected for completion in Fiscal Year 2022. It will be carried forward to Fiscal Year 2023. The audit is being carried forward because reports that are submitted by the Rental Car Companies, which contain necessary data to complete the audit, are not available until August 2022, which is after the close of this fiscal year.

The proposed revision to the Fiscal Year 2022 Audit Plan (Attachment A) was presented to the Audit Committee on November 15, 2021, by the Authority's Chief Auditor. The Committee subsequently voted unanimously to accept the revision to the Fiscal Year 2022 Audit Plan and forward the item to the Board for approval.

Fiscal Impact:

Adequate funding for Fiscal 2022 Audit Plan is included in the adopted FY 2022 and conceptually approved FY 2023 Operating Expense Budgets within the Office of the Chief Auditors budget.

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:

Not Applicable

Prepared by:

Lee M. Parravano
Chief Auditor

RESOLUTION NO. 2021-0137

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, APPROVING THE REVISION TO THE FISCAL YEAR 2022 AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR

WHEREAS, California Public Utilities Code §170018 specifies the San Diego County Regional Airport Authority's Audit Committee membership (consisting of board members and public members), terms, and its responsibilities; and

WHEREAS, §170018(g) of the California Public Utilities Code and the Authority Charter for the Office of the Chief Auditor require the Audit Committee to approve the annual internal and external audits, including the auditor's annual audit plan for each fiscal year, and submit the same to the Board for approval; and

WHEREAS, at its regular meeting on May 10, 2021, the Audit Committee was presented with the Fiscal Year 2022 Proposed Audit Plan and voted to accept the plan and forward it to the Board for approval, as adopted by Board Resolution No. 2021-0063 on June 3, 2021; and

WHEREAS, on September 13, 2021, during a regular meeting of the Audit Committee, the Committee unanimously agreed to revise the Fiscal Year 2022 Audit Plan to adjust the allocation of audit hours and reflect the Office of the Chief Auditor's current operational requirements, and voted to forward the revision to the Board for approval, as adopted by Board Resolution No. 2021-0110 on October 7, 2021; and

WHEREAS, on November 15, 2021, during a regular meeting of the Audit Committee, the Committee unanimously agreed to revise the Fiscal Year 2022 Audit Plan to adjust the allocation of audit hours to include an additional audit, and voted to forward the revision to the Board for approval.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the revision to the Fiscal Year 2022 Audit Plan of the Office of the Chief Auditor (Attachment A); and

BE IT FURTHER RESOLVED that the Board finds that this action is not a “project” as defined by the California Environmental Quality Act (“CEQA”) (California Public Resources Code §21065); and

BE IT FURTHER RESOLVED that the Board finds that this action is not a “development” as defined by the California Coastal Act (California Public Resources Code §30106); and

BE IT FURTHER RESOLVED that the Board finds that this 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.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 2nd day of December, 2021, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES /
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

Office of the Chief Auditor
Fiscal Year 2022
Revised December 2, 2021

ATTACHMENT A

Key Work Activity	Objective ¹	Prior Estimated Hours	Change Requested	Revised Hours
Audit Hours				
Harbor Police Contract Management ²	To determine if Harbor Police costs and services are appropriate and equitable.	400	-	400
System Security ²	To evaluate the Authority's security posture by performing penetration testing of the Authority's Aviation Security and Public Safety's system.	120	-	120
Records Management ²	To determine if access rights in the Authority's Enterprise Content Management System (ECMS) are appropriate.	290	-	290
Accounts Receivable / Collections ²	To determine if the rent abatement program was properly administered and in compliance with applicable Fed requirements of COVID-19 relief acts.	400	-	400
Contractor Monitoring ²	To determine if the Engineered Materials Arresting System (EMAS) project was properly monitored and managed.	140	-	140
Harbor Police Contract Management	To determine if Harbor Police costs and services are appropriate related to the Fiscal Year 2020 True-Up.	500	-	500
Tenant Lease Administration and Management ³	To determine if the concessions, CFC/TFCs reported to the Authority are accurate for all Airport Rental Car Companies.	1,140	-	1,140
System Security	To evaluate the Authority's security posture by performing penetration testing of the Authority's website.	325	-	325
Employee Training and Development	To determine if employee trainings are administered appropriately.	525	-	525
Tenant Lease Administration & Management	To determine if terminal airport space is managed and billed appropriately.	525	-	525
Airfield Operations Management	To determine the gate software (Amadeus) matches Airline landing fees reported.	500	-	500
Terminal Maintenance	To determine if fire extinguishers are in compliance with inspection and other requirements.		275	275
To Be Determined	To initiate audits related to construction activities based on a Risk Assessment(s) performed by the External Construction Auditor.	1,203	-	1,203
To Be Determined	To initiate audit(s)/consulting engagements based on risks identified at the discretion of the Chief Auditor.	473	(275)	198
Total Audit Hours		6,541	-	6,541

¹ Objective may change based on the preliminary survey performed by the OCA.

² Audit Activity has been carried forward from Fiscal Year 2021.

³ Audit engagement is not anticipated to be completed in Fiscal Year 2022 and will be carried forward to Fiscal Year 2023. The hours budgeted in Fiscal Year 2022 are 1,140. An additional 375 hours will be needed in Fiscal Year 2023 to complete. The total budget for this audit engagement is 1,515.

Office of the Chief Auditor
Fiscal Year 2022
Revised December 2, 2021

ATTACHMENT A

Key Work Activity	Objective ⁴	Original Estimated Hours	Change Requested	Revised Hours
General Audit Hours				
Risk Assessment and Audit Plan ⁵	To conduct a Risk Assessment that will identify the high risk activities to be considered when preparing the annual Audit Plan.	212	-	212
Construction Meeting Attendance & External Construction Auditor Coordination	Attend various construction meetings and incorporate knowledge into ongoing risk assessments and management of the Construction Auditor.	380	-	380
Information Technology Meeting Attendance	Attend various Information Technology meetings, incorporate knowledge into ongoing risk assessments, and initiate audits if needed.	80	-	80
Development of Data Analytics	Develop a data analytics program for in terminal concessions or other programs.	220	-	220
Ethics Hotline ⁴	To review ethics policies and investigate reported incidents.	210	-	210
Recommendation Follow-up ⁴	To verify that internal and external audit recommendations have been implemented as intended.	140	-	140
Quality Assurance & Improvement Program ⁴	To assess conformance with the <i>Standards</i> , whether internal auditors apply the Code of Ethics, and allow for the identification of improvement opportunities.	320	-	320
Peer Review Participation	To satisfy the Association of Local Government Auditors (ALGA) requirement for the OCA to volunteer two audit staff to serve on a Quality Assurance Review for another organization.	180	-	180
	Total General Audit Hours	1,742	-	1,742
Administrative Hours				
Administrative - Indirect	Attendance at Staff/Board/Committee Meetings, Continuing Professional Development and Other.	2,189	-	2,189
Administrative - Benefit	Vacation, Holiday Time and Other Time Off.	2,008	-	2,008
	Total Administrative	4,197	-	4,197
	Total Hours	12,480	-	12,480

⁴ Objective may change based on the preliminary survey performed by the OCA.

⁵ Required activity in the Charter for the Office of the Chief Auditor.

Office of the Chief Auditor
Fiscal Year 2022
Revised December 2, 2021

ATTACHMENT A

Key Work Activity	Objective ⁶	Original Estimated Hours	Change Requested	Revised Hours
Contingent Audit Hours				
Airport Ground Transportation Operations Management	To determine if the privacy and personal information security procedures and practices related to the Automated License Plate Reader (ALPR) system are adequate.	500	-	500
OCIP	To determine if the Owner Controlled Insurance Program (OCIP) is administered appropriately.	500	-	500
Social Media/Website / Webmaster	To determine if the controls around social media and/or website administration are appropriate and adequate.	450	-	450
Management of ALUC, Board, and Standing Board Committee Meetings	To determine if the processes and technology utilized for Board, Airport Land Use Commission (ALUC), and Committee meetings are efficient and appropriate.	400	-	400
Account Provisioning /De-Provisioning	To determine if account provisioning and de-provisioning are performed timely.	450	-	450
Rental Car Shuttle Service Contract Administration	To determine if the Shuttle Service operations are administered appropriately.	650	-	650
TNC Contract Administration & Revenue Collection	To determine if the TNC Contract is administered appropriately.	475	-	475
Employee Parking Card and Policy Administration	To determine if Parking Cards are administered appropriately.	550	-	550
Leaves of Absence / Catastrophic Leave	To determine leaves of absences are administered appropriately.	525	-	525
Innovation Lab Operations	To determine if the Innovation Lab is administered appropriately.	600	-	600
Total Contingent Audit Hours		5,100	-	5,100

⁶ Objective may change based on the preliminary survey performed by the OCA.

Staff Report

Meeting Date: December 2, 2021

Subject:

External Auditors Fiscal Years Ended June 30, 2021 Report: A) Audited Financial Statements, B) Single Audit Reports, C) Passenger Facility Charges Compliance Report, D) Customer Facility Charge Compliance Report, and E) Letter to the Board

Recommendation:

The Audit Committee recommends that the Board accept the reports.

Background/Justification:

Government auditing standards and generally accepted auditing standards require that, annually, an independent external auditor perform an audit of the San Diego County Regional Airport Authority (Authority) financial statements.

As per Section 170018 (f) (5) of the *Public Utilities Code*, the Audit Committee is responsible for overseeing the Authority's annual audit by the external auditor and for any internal audits performed.

The Charter of the Audit Committee directs the Audit Committee to review the Annual Comprehensive Financial Report (ACFR) and other external annual reports and forward them to the San Diego County Regional Airport Authority Board. The Charter of the Audit Committee encompasses the compliance and regulatory oversight responsibilities of the Audit Committee regarding the engagement of the Authority's external auditor and the disclosure of financial matters.

On April 4, 2019, the Board adopted Resolution No. 2019-0035, approving and authorizing the President/CEO to execute an agreement with BKD, LLP, as the Authority's external auditor for a three-year term with an option for two (2) one-year extensions.

On November 15, 2021, the Authority's external auditor, BKD, LLP, presented the fiscal year ended June 30, 2021, audited financial statements and reports (Attachments A through E) to the Audit Committee for their review and acceptance.

Fiscal Impact:

Adequate funding for the audit conducted by BKD, LLP, is included in the adopted and approved Fiscal Year 2021 and Fiscal Year 2022 Operating Expense Budgets within the Accounting Department Services – Auditing line item.

Authority Strategies/Focus Areas:

This item supports one or more of the following (*select at least one under each area*):

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:

Not Applicable.

Prepared by:

Scott Brickner
Vice President / Chief Financial Officer

San Diego County Regional Airport Authority

Financial Statements

For the Fiscal Years Ended June 30, 2021 and 2020

San Diego County Regional Airport Authority

June 30, 2021 and 2020

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Independent Auditor's Report

To the Members of the Board
San Diego County Regional Airport Authority
San Diego, CA

We have audited the accompanying financial statements of the San Diego County Regional Airport Authority (Airport Authority) as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Airport Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Airport Authority as of June 30, 2021 and 2020, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension and other postemployment benefit information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the San Diego County Regional Airport Authority's basic financial statements. The Introductory and Statistical Sections as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

BKD, LLP

Dallas, Texas
October 22, 2021

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Management's Discussion and Analysis

For The Years Ended June 30, 2021 and 2020

INTRODUCTION

The San Diego County Regional Airport Authority (Airport Authority) was established on January 1, 2002, as an independent agency. On January 1, 2003, the operations and assets of San Diego International Airport (SDIA) transferred from the San Diego Unified Port District (District) to the Airport Authority.

The Airport Authority is a self-sustaining entity receiving most of its revenues through user fees and rents from airline and non-airline business partners operating at SDIA. Since the Airport Authority is not funded by tax revenues, accounts are maintained in an enterprise fund on the accrual basis of accounting. Under accrual accounting, revenues are recognized as soon as they are earned, and expenses are recognized as soon as a liability is incurred, regardless of the timing of related cash inflows and outflows. Users of SDIA's facilities provide most of the revenues to operate, maintain, and acquire necessary services and facilities.

SAN DIEGO INTERNATIONAL AIRPORT

History of Ownership

The public policy decision to transfer responsibility for SDIA from the District to the newly created Airport Authority emanated from recommendations made by the San Diego Regional Efficiency Commission (Commission). The Commission was established to evaluate regional governance in San Diego County and report recommended improvement measures to the California State Legislature.

Because of the significant regional consequences of airport development and operations, the Commission concluded that a regional decision-making process should address the future development of airport facilities in San Diego County. In October 2001, the enabling legislation, Assembly Bill 93 (AB 93) established the composition and jurisdiction of the Airport Authority's governing body in a manner that is designed to reflect the collective interests of the entire San Diego region.

Legislative Background

AB 93 was signed into California State law in October 2001. The AB 93 Act established the Airport Authority on January 1, 2002, as a local agency of regional government with jurisdiction throughout the County of San Diego. Subsequent legislative changes to AB 93 were introduced and passed in California Senate Bill 1896 (Act). The amendment addresses several points pertaining to the transfer of aviation employees, date of transfer, property leases, property acquisition, and purchase of services from the District.

On January 1, 2008, Senate Bill 10 (SB 10), the San Diego County Regional Airport Authority Reform Act, was enacted into law expanding the responsibilities of the Airport Authority. The Airport Authority is vested with five principal responsibilities:

1. Operation of SDIA;
2. Planning and operation of any future airport that could be developed as a supplement or replacement to SDIA;
3. Development of comprehensive airport land use plans for the airports in the county;
4. Serving as the region's Airport Land Use Commission; and
5. In accordance with SB 10, preparing a Regional Aviation Strategic Plan (completed in fiscal year 2011).

In August 2013, Assembly Bill 1058 was signed into law. This bill made minor clarifying and technical changes to the Airport Authority Act.

Airport Activities Highlights (2019 – 2021)

The Airport Authority continued to be impacted by the COVID-19 pandemic through the current fiscal year. This followed the trend seen at most commercial airports across the country.

The changes in the SDIA’s major activities for the three years are as follows:

	FY 2019	FY 2020	FY 2021
Enplaned passengers	12,356,286	9,235,459	4,860,931
% change from prior year	5.3%	-25.3%	-47.4%
Total passengers	24,691,673	18,450,599	9,701,311
% change from prior year	5.4%	-25.3%	-47.4%
Aircraft operations	228,093	190,746	130,017
% change from prior year	4.3%	-16.4%	-31.8%
Freight and mail (in tons)	186,469	154,380	151,327
% change from prior year	-2.5%	-17.2%	-2.0%
Landed weight (in millions pounds)	14,481	12,053	7,780
% change from prior year	5.2%	-16.8%	-35.5%

Following the sharp decline beginning in March 2020 caused by the COVID-19 pandemic, enplaned passenger traffic levels have improved each month; ultimately though, fiscal year 2021 ended lower than fiscal year 2020 by 47.4 percent. Looking ahead, it is expected SDIA’s major activities will slowly recover as the U.S. economy reopens. This is due in part because SDIA is an origin and destination airport and is not a hub for any airlines. Further, there is a balanced mixture of leisure and business travelers at SDIA. These factors generally add to the stability of SDIA enplanements in comparison to most airports.

Statement of Revenues, Expenses, and Changes in Net Position (in thousands)

The metric ‘Changes in Net Position’ is an indicator of whether the Airport Authority’s overall financial condition has improved or deteriorated during the fiscal year. Net position increased 5.4 percent in 2019, followed by an additional increase of 3.7 percent in 2020. Despite the negative effects of the pandemic, the Airport Authority was able to manage a modest decrease of only 0.7 percent in 2021, due to the significant dollars received from federal relief grants. The following is a summary of the statements of revenues, expenses, and changes in net position (in thousands):

	FY 2019	FY 2020	FY 2021
Operating revenues	\$ 293,679	\$ 263,036	\$ 215,944
Operating expenses	(301,548)	(293,837)	(283,349)
Nonoperating revenues, net	43,033	58,493	47,254
Capital contributions and grants	8,213	4,072	13,932
Increase (Decrease) in net position	43,377	31,764	(6,219)
Net position, beginning of year	809,925	853,302	885,066
Net position, end of year	\$ 853,302	\$ 885,066	\$ 878,847

FINANCIAL HIGHLIGHTS

Operating Revenues (in thousands)

	FY 2020	FY 2021	From 2020 to 2021	
			Increase (Decrease)	% Change
Airline revenue:				
Landing fees	\$ 33,242	\$ 34,046	\$ 804	2.4%
Aircraft parking fees	8,354	8,542	188	2.3%
Building rentals	82,453	83,090	637	0.8%
Other aviation revenue	7,789	8,192	403	5.2%
Total airline revenue	131,838	133,870	2,032	1.5%
Concession revenue	57,243	31,097	(26,146)	(45.7%)
Parking and ground transportation revenue	50,751	27,447	(23,304)	(45.9%)
Ground rentals	21,386	21,849	463	2.2%
Other operating revenue	1,818	1,681	(137)	(7.5%)
Total operating revenue	\$ 263,036	\$ 215,944	\$ (47,092)	(17.9%)

	FY 2019	FY 2020	From 2019 to 2020	
			Increase (Decrease)	% Change
Airline revenue:				
Landing fees	\$ 24,816	\$ 33,242	\$ 8,426	34.0%
Aircraft parking fees	3,471	8,354	4,883	140.7%
Building rentals	70,912	82,453	11,541	16.3%
Security surcharge	33,559	-	(33,559)	(100.0%)
Other aviation revenue	1,596	7,789	6,193	388.0%
Total airline revenue	134,354	131,838	(2,516)	(1.9%)
Concession revenue	71,256	57,243	(14,013)	(19.7%)
Parking and ground transportation revenue	62,818	50,751	(12,067)	(19.2%)
Ground rentals	22,810	21,386	(1,424)	(6.2%)
Other operating revenue	2,441	1,818	(623)	(25.5%)
Total operating revenue	\$ 293,679	\$ 263,036	\$ (30,643)	(10.4%)

Fiscal year 2021 compared to 2020: Total airline revenues increased by \$2.0 million, or 1.5 percent, primarily due to increased cost recovery from the airlines in fiscal year 2021, which was a result of higher debt service and lower federal relief grants applied towards airlines cost centers, offset by a decrease in recoverable operating expenses. Landing fees increased \$804 thousand or 2.4 percent. Aircraft parking fees increase \$188 thousand or 2.3 percent. Building rentals increased by \$637 thousand or 0.8 percent. Other aviation revenue increased by \$403 thousand or 5.2 percent, primarily due to the Signatory air carriers not meeting the minimum guarantee in the Airline Operating and Lease Agreement.

On July 1, 2019, the Airport Authority entered into ten-year Airline Operating and Lease Agreements (AOLAs) with passenger airlines and cargo carriers operating at SAN. The AOLAs cover the use of and rate-setting mechanisms for the airfield and terminal facilities at SAN. Under the terms of the AOLA, landing fees and aircraft parking fees are calculated based on a residual rate-setting methodology, in which all costs of the facility and services are recovered from the airlines, and the airlines assume the financial risk. Terminal rental rates are based on a compensatory rate-setting methodology, in which the airlines each pay for only the actual cost of facilities and services they use; financial risk and control is assumed by the airport.

The AOLA also includes signatory and non-signatory rate structures. Air Carriers that signed a non-signatory agreement are charged a 120 percent premium on all signatory rates, fees and charges, except for the Federal Inspection Services fee, which all airlines pay the same rate for use of the immigration and customs facilities. The agreement has no provisions that grant the airlines direct approval rights over capital projects, with the limited exception of certain transportation projects that exceed a \$350 million threshold, as defined in the AOLA. It also allows flexibility to meet the demands of changing airline activity and to accommodate new entrant carriers. Terms of the new agreement financially support execution of the New T1, formerly referred to as the Airport Development Program.

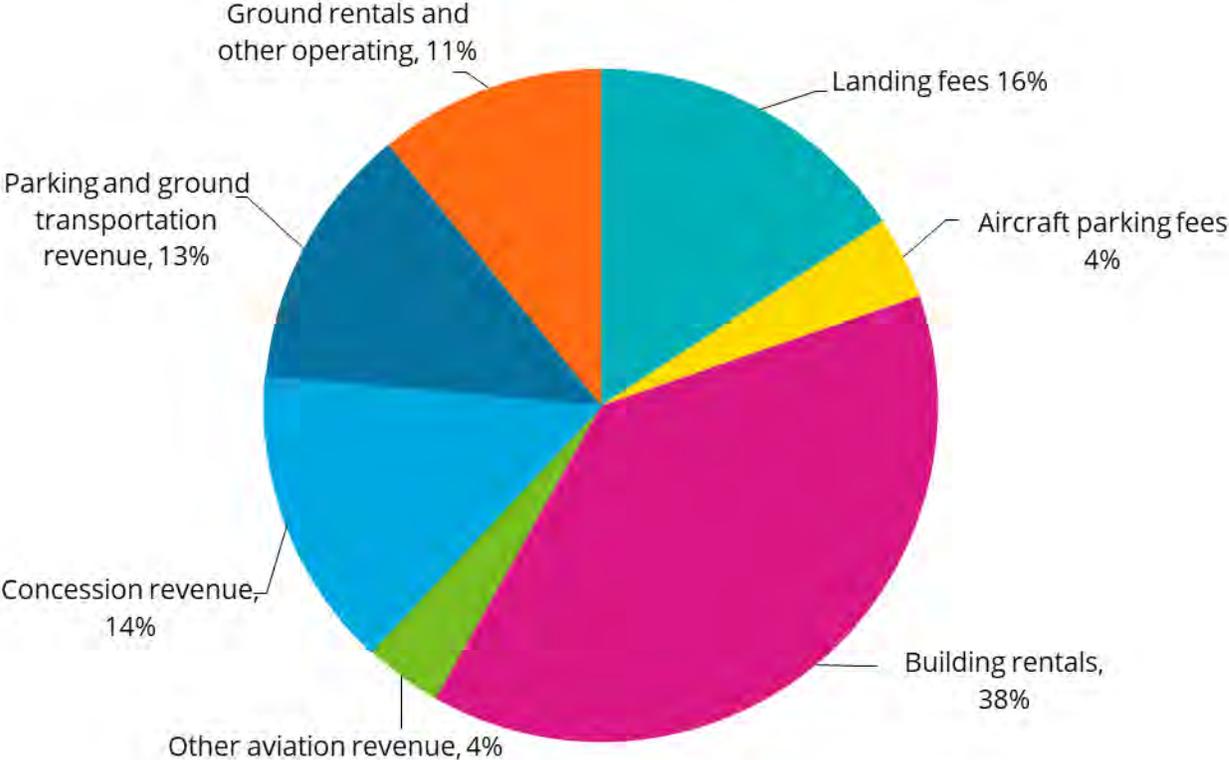
Concession revenue (terminal and rental car) decreased by \$26.1 million or 45.7 percent. This is due to the Airport Authority's Rent Forbearance and Abatement Program, which is available to qualifying non-airline tenants because of the continued impact of the COVID-19 pandemic. This Board approved program primarily provides short-term abatement of monthly minimum annual guaranteed payments for tenants that satisfy the terms and conditions during the program. Parking and ground transportation revenue decreased by \$23.3 million or 45.9 percent, primarily due to lower enplanements. Ground rentals increased by \$463 thousand or 2.2 percent, primarily due to scheduled CPI rent increases and revenue recognized from reimbursements related to Hydrant Fueling projects under the fuel lease with SAN Fuel Company, LLC.

Fiscal year 2020 compared to 2019: Total airline revenues decreased by \$2.5 million, or 1.9 percent, primarily due to the global economic downturn that started in March 2020 which resulted in lower cost recovery from airline tenants. Recoverable expenses were reduced due to activation of the Airport Authority's Financial Resilience Plan which implemented a hiring freeze and limited expenses to essential spending only. In addition, the Airport Authority received a \$91.2 million CARES Act relief grant award and used a portion of the proceeds to pay for certain expenses charged to airline cost centers.

Landing fees increased by \$8.4 million or 34.0 percent due to airfield security costs being recovered under landing fees pursuant to the new AOLA. Aircraft parking fees increased by \$4.9 million or 140.7 percent. Building rentals increased by \$11.5 million or 16.3 percent due to terminal security costs being recovered under building rentals pursuant the new AOLA. Security surcharges decreased by \$33.6 million or 100 percent, reflecting the new AOLA classification of security expenses in landing fees and building rental categories. Other aviation revenue increased by \$6.2 million or 388.0 percent, due to the recovery of common use space costs under the new AOLA.

Concession and rental car revenue decreased by \$14.0 million or 19.7 percent, reflecting decreased concessionaire sales for March through June and fee abatements granted due to the decline in passenger traffic caused by the pandemic. Parking and ground transportation decreased by \$12.1 million or 19.2 percent, also due to lower enplanements reflecting an impact of the pandemic. Ground and non-airline terminal rentals decreased by \$1.4 million or 6.2 percent. This is primarily due to transferring cargo carriers' apron rent to landing fees based on the terms of the new AOLA and the completion of cost recovery for the Fuel Farm. This decrease was partially offset by scheduled CPI rent increases. Other operating revenue decreased by \$623 thousand or 25.5 percent, primarily due to a decrease in curfew violations and service charges.

**San Diego County Regional Airport Authority
Fiscal Year Ended June 30, 2021
Operating Revenues**



Operating Expenses (in thousands)

	FY 2020	FY 2021	From 2020 to 2021	
			Increase (Decrease)	% Change
Salaries and benefits	\$ 51,667	\$ 52,922	\$ 1,255	2.4%
Contractual services	37,694	24,977	(12,717)	(33.7%)
Safety and security	29,457	35,086	5,629	19.1%
Space rental	10,207	10,267	60	0.6%
Utilities	12,748	11,730	(1,018)	(8.0%)
Maintenance	11,584	9,111	(2,473)	(21.3%)
Equipment and systems	336	424	88	26.2%
Materials and supplies	651	450	(201)	(30.9%)
Insurance	1,308	1,518	210	16.1%
Employee development and support	967	441	(526)	(54.4%)
Business development	2,033	209	(1,824)	(89.7%)
Equipment rentals and repairs	3,598	3,380	(218)	(6.1%)
Total operating expenses before depreciation	162,250	150,515	(11,735)	(7.2%)
Depreciation	131,587	132,834	1,247	0.9%
Total operating expense	\$ 293,837	\$ 283,349	\$ (10,488)	(3.6%)

	FY 2019	FY 2020	From 2019 to 2020	
			Increase (Decrease)	% Change
Salaries and benefits	\$ 49,578	\$ 51,667	\$ 2,089	4.2%
Contractual services	49,903	37,694	(12,209)	(24.5%)
Safety and security	31,397	29,457	(1,940)	(6.2%)
Space rental	10,191	10,207	16	0.2%
Utilities	13,194	12,748	(446)	(3.4%)
Maintenance	13,436	11,584	(1,852)	(13.8%)
Equipment and systems	375	336	(39)	(10.4%)
Materials and supplies	656	651	(5)	(0.8%)
Insurance	1,200	1,308	108	9.0%
Employee development and support	1,045	967	(78)	(7.5%)
Business development	2,630	2,033	(597)	(22.7%)
Equipment rentals and repairs	3,614	3,598	(16)	(0.4%)
Total operating expenses before depreciation	177,219	162,250	(14,969)	(8.4%)
Depreciation	124,329	131,587	7,258	5.8%
Total operating expense	\$ 301,548	\$ 293,837	\$ (7,711)	(2.6%)

Fiscal year 2021 compared to 2020: Total fiscal year 2021 operating expenses decreased by \$10.5 million or 3.6 percent. The Airport Authority continued to operate under its Financial Resilience Plan that was activated in March 2020 and eliminated, delayed, or reduced non-essential operating and capital expenditures.

Contractual services decreased by \$12.7 million or 33.7 percent, mainly due to lower expenses in shuttle services, planning and environmental services, terminal operation services, legal services, and IT services. Utilities decreased by \$1.0 million or 8.0 percent due to decreased gas & electric usage. Maintenance expenses decreased by \$2.5 million, or 21.3 percent, due to a decrease in annual and major maintenance. Business Development decreased by \$1.8 million or 89.7 percent due to a decrease in Airport Authority marketing and promotional activity expenses.

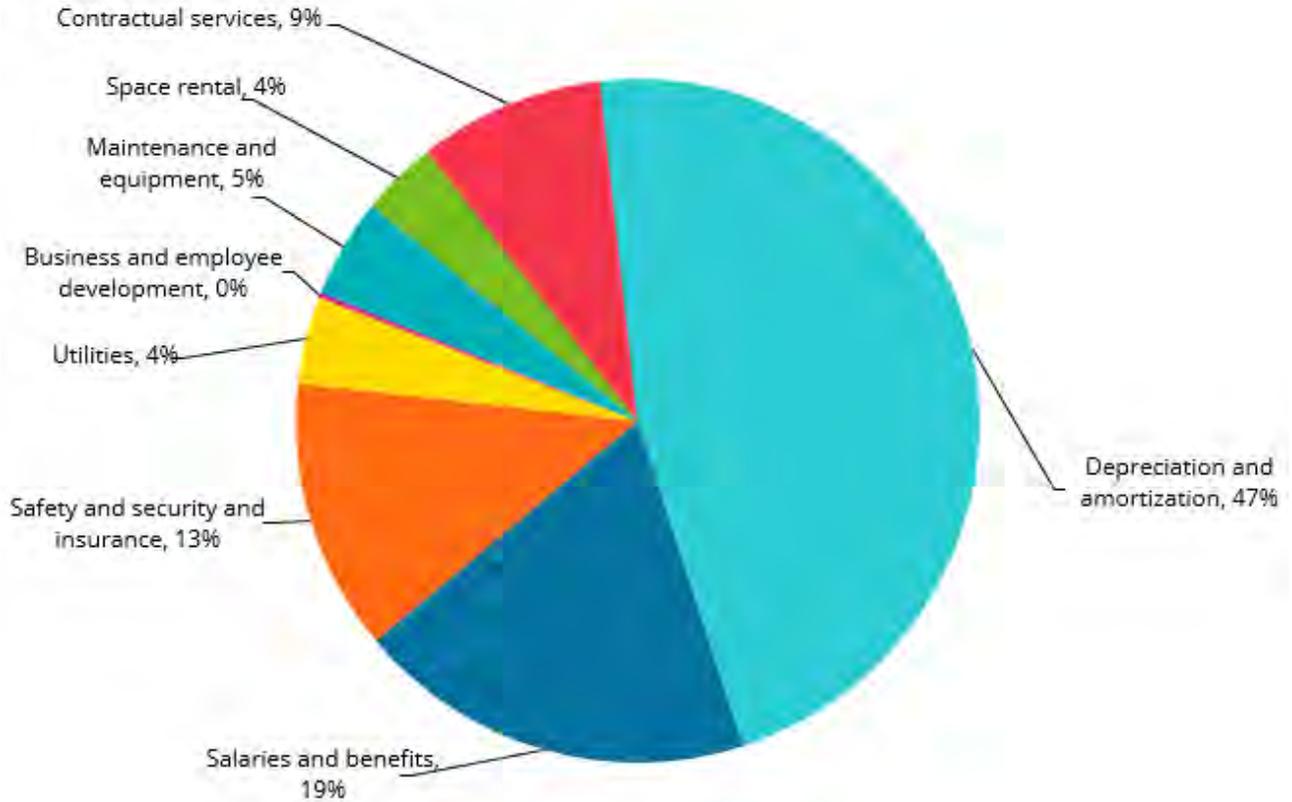
Partially offsetting the decrease in operating expenses described above, salaries and benefits, increased by \$1.3 million or 2.4 percent, due to additional pension expense. In addition, safety and security increased by \$5.6 million or 19.1 percent due to increase in expenses for law enforcement, aircraft rescue, and firefighting and emergency medical services

Fiscal year 2020 compared to 2019: Total fiscal year 2020 operating expenses decreased by \$7.7 million or 2.6 percent. In March 2020, the Airport Authority took action to implement its Financial Resilience Plan, eliminating, delaying, or reducing non-essential operating and capital expenditures.

Contractual services decreased by \$12.2 million or 24.5 percent, mainly due to lower expenses in shuttle services, planning and environmental services, terminal operation services, legal services, and IT services. Safety and security decreased by \$1.9 million or 6.2 percent due to decreased rates and overhead for law enforcement and emergency services. Maintenance expenses decreased by \$1.9 million, or 13.8 percent, due to a decrease in annual and major maintenance.

Partially offsetting the decrease in operating expenses described above were increases in salaries and benefits, increasing by \$2.1 million or 4.2 percent, due to additional pension expense. Depreciation also increased by \$7.3 million or 5.8 percent, due to additional depreciation for capital projects placed in service in fiscal years 2020 and 2019.

**San Diego County Regional Airport Authority
Fiscal Year Ended June 30, 2021
Operating Expenses**



Nonoperating Revenues (Expenses) (in thousands)

	FY 2020	FY 2021	From 2020 to 2021	
			Increase (Decrease)	% Change
Passenger facility charges	\$ 34,393	\$ 22,110	\$ (12,283)	(35.7%)
Customer facility charges	30,240	15,755	(14,485)	(47.9%)
Federal Relief Grants	36,895	77,219	40,324	109.3%
Quieter Home Program, net	(3,295)	(3,233)	62	1.9%
Investment income	32,430	4,175	(28,255)	(87.1%)
Interest expense, net	(73,612)	(68,067)	5,545	7.5%
Other nonoperating income (expenses)	1,442	(705)	(2,147)	148.9%
Nonoperating revenues, net	\$ 58,493	\$ 47,254	\$ (11,239)	(19.2%)

	FY 2019	FY 2020	From 2019 to 2020	
			Increase (Decrease)	% Change
Passenger facility charges	\$ 49,198	\$ 34,393	\$ (14,805)	(30.1%)
Customer facility charges	41,918	30,240	(11,678)	(27.9%)
Federal Relief Grants	-	36,895	36,895	-
Quieter Home Program, net	(3,192)	(3,295)	(103)	(3.2%)
Joint studies program	(99)	-	99	100.0%
Investment income	25,533	32,430	6,897	27.0%
Interest expense, net	(69,815)	(73,612)	(3,797)	(5.4%)
Other nonoperating income (expenses)	\$ (510)	\$ 1,442	\$ 1,952	382.7%
Nonoperating revenues, net	\$ 43,033	\$ 58,493	\$ 15,460	35.9%

Passenger Facility Charges (PFCs) were established by Congress in 1990 as part of the *Aviation Safety and Capacity Expansion Act of 1990*. The Airport Authority collects a \$4.50 PFC from revenue enplaned passengers to pay for the cost to design and construct eligible Airport capital projects, contribute to the Airport Authority's noise mitigation (Quieter Home Program), or to repay debt service issued to build eligible capital projects. PFCs are collected by the air carriers when passengers purchase their tickets and are remitted to the Airport Authority the month following collection less a \$0.11 administration fee.

Customer Facility Charges (CFCs) are authorized under Section 1949 of the California Civil Code and approved by legislation under Senate Bill 1510. The revenues collected have been used to plan and construct a consolidated rental car facility and operate the related ground transportation system. The rental car agencies remit to the Airport Authority collection of the fee monthly. The current CFC fee is \$9.00 per day, up to five days for rental car transactions that originate at the Rental Car Center. For car rental transactions of non-RCC tenants, the CFC rate is \$3.41 per day, up to five days for rental car transactions.

Federal Relief Grants include *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act) grants and *Coronavirus Response and Relief Supplemental Appropriation Act* (CRRSAA) funds received from the federal government. CARES Act was approved by the United States Congress and signed into law by the President on March 27, 2020. It was a legislative action to address the crisis created by the COVID-19 pandemic and included direct aid in the form of grants for airports as well as direct aid, loans and loan guarantees for passenger and cargo airlines. The Airport Authority was awarded \$91.2 million in CARES Act grant funds, The Airport Authority drew \$54.3 million in fiscal year 2021 and \$36.9 million in fiscal year 2020.

CRRSAA was signed into law on December 27, 2020, and included nearly \$2 billion in funds to be awarded as economic relief to eligible U.S. airports and eligible concessions at those airports to prevent, prepare for, and respond to the coronavirus disease pandemic. To distribute these funds, the FAA established the *Airport Coronavirus Response Grant Program* (ACRGP) to make grants to all airports that are part of the national airport system, including all commercial service airports, all reliever airports, and some public-owned general aviation airports. The Airport Authority was awarded \$22.9 million on March 26, 2021. As of June 30, 2021, \$20.2 million of the award had been received and 2.7 million was recorded as grants receivable.

Quieter Home Program includes sound attenuation construction improvements at all eligible single-family and multi-family dwellings located in the Year 2020 65 dB Community Noise Equivalent Level contour. The project is eligible for the FAA's Airport Improvement Program (AIP) which awards grants for certain eligible Airport Authority expenditures. The \$3.2 million of expenses represents the authority's cost, net of the grant funds utilized in FY21. From inception through the end of fiscal year 2021, the Airport Authority has spent \$244.9 million and received reimbursement for \$195.4 million.

Investment income is derived from interest earned by the Airport Authority on investments and notes receivable, and also includes unrealized gain (loss) on investments.

Interest expense includes interest paid and accrued on the Bonds, Variable Debt, and Lease Interest. As of June 30, 2021 and 2020, interest expense was \$68.1 million and \$75.7 million, respectively. The 2010 Series C Bonds were issued as Build America Bonds and, as such, the Airport Authority received a cash subsidy from the U.S. Treasury equal to 32.7 percent of the interest payable. The Build America Bonds were defeased in December 2019. The interest subsidy for the fiscal year ended 2020 was \$2.1 million.

Other nonoperating income (expense) includes proceeds and expenses for legal settlements, gain (loss) on the sale of assets, and other miscellaneous revenue and expenses.

Fiscal year 2021 compared to 2020: Nonoperating revenues (net) decreased by \$11.2 million or 19.2 percent. The increase in Federal Relief Grant income in fiscal year 2021 was \$40.3 million or 109.3 percent. The increase in federal relief grant income was partially offset by decreases in PFCs and CFCs due to reduced enplaned passengers caused by the pandemic. PFCs decreased by \$12.3 million or 35.7 percent, and CFCs decreased by \$14.5 million or 47.9 percent. Investment income decreased by \$28.3 million or 87.1 percent, this was caused by a combination of lower yields on investments that resulted in \$6.2 million decrease in interest income and \$22.1 million reversal of prior years' unrealized gains due to market fluctuations. Other nonoperating income (expenses) decreased by \$2.1 million or 148.9 percent, primarily due to the swing in legal settlement income received in fiscal year 2020 as opposed to non-operating expense recognized in fiscal year 2021.

Fiscal year 2020 compared to 2019: Nonoperating revenues (net) increased by \$15.5 million or 35.9 percent. Federal Relief Grant income in fiscal year 2020 was \$36.9 million. Investment income increased by \$6.9 million or 27.0 percent, due to higher investment returns. Other nonoperating income (expenses) increased by \$1.9 million or 382.7 percent, primarily due to legal settlement income.

The increases noted above were partially offset by decreases in PFCs and CFCs due to reduced enplaned passengers caused by the pandemic. PFCs decreased by \$14.8 million or 30.1 percent, and CFCs decreased by \$11.7 million or 27.9 percent.

Federal Grant Contributions (in thousands)

	FY 2020	FY 2021	From 2020 to 2021	
			Increase (Decrease)	% Change
Federal grants	\$ 4,072	\$ 13,932	\$ 9,860	242.1%

	FY 2019	FY 2020	From 2019 to 2020	
			Increase (Decrease)	% Change
Federal grants	\$ 8,213	\$ 4,072	\$ (4,141)	(50.4%)

Federal Grant Contributions are comprised of Airport Improvement Project (AIP) entitlement and discretionary grants through the Federal Aviation Administration (FAA) and other Federal and state organizations. These funds are recognized as revenue as the work is completed on the eligible projects. In fiscal year 2021 federal grant contributions increased by \$9.9 million, or 242.1 percent compared to fiscal year 2020. This was primarily due to a delay from fiscal year 2020 to fiscal year 2021 of a grant funded Cross-Taxiway project. In fiscal year 2020, federal grant contributions decreased by \$4.1 million, or 50.4 percent compared to fiscal year 2019.

Assets, Liabilities, and Net Position (in thousands)

The statements of net position present the financial position of the Airport Authority as of a period in time. The statements include all assets, deferred outflows, liabilities, deferred inflows, and net position of the Airport Authority. A summary comparison of the Airport Authority's assets, liabilities, and net position at June 30, 2019, 2020, and 2021, is as follows:

	FY 2019	FY 2020	FY 2021
Assets and Deferred Outflows of Resources			
Current assets	\$ 244,592	\$ 349,617	\$ 416,818
Capital assets, net	1,722,150	1,788,601	1,829,708
Noncurrent assets	598,156	773,751	607,194
Total assets	2,564,898	2,911,969	2,853,719
Deferred outflows of resources	26,681	22,761	33,472
Total assets and deferred outflows of resources	2,591,579	2,934,730	2,887,191
Liabilities and Deferred Inflows of Resources			
Current liabilities	131,085	162,269	153,448
Long-term liabilities	1,600,230	1,875,514	1,847,870
Total liabilities	1,731,315	2,037,783	2,001,318
Deferred inflows of resources	6,961	11,881	7,026
Total liabilities and deferred inflows of resources	1,738,276	2,049,664	2,008,344
Net Position			
Net investment in capital assets	281,491	266,213	327,216
Restricted	246,508	211,329	192,484
Unrestricted	325,303	407,524	359,147
Total net position	\$ 853,302	\$ 885,066	\$ 878,847

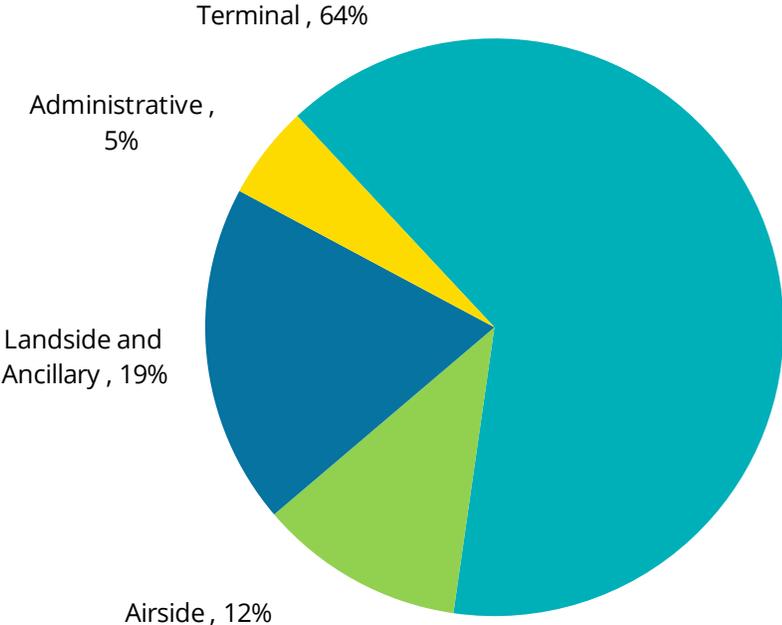
As of June 30, 2021, the Airport Authority's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$879 million. This reflects a \$6.2 million or .7 percent decrease in net position from June 30, 2020. The Airport Authority uses capital assets to provide services to its passengers and other users of SDIA; consequently, these assets cannot be sold or otherwise liquidated. Although the Airport Authority's investment in its capital assets is reported net of related debt, the funds required to repay this debt must be provided annually from operations. The unrestricted net position of \$359.1 million as of June 30, 2021, may be used to meet any of the Airport Authority's ongoing obligations. As of June 30, 2021, 2020, and 2019, management has designated unrestricted funds in the amount of \$22.5 million, \$43.4 million, and \$26.2 million, respectively, for capital contract commitments funded by Airport Authority cash, earthquake insurance and operating contingency.

Capital Program

The Capital Program is a rolling five-year program that provides critical improvements and asset additions. The program includes capital projects that address federal security requirements, airfield security, environmental remediation, terminal upgrades, and development. Funding sources for the projects include the Federal Aviation Administration’s Airport Improvement Program, Transportation Security Agency grants, Passenger Facility Charges, Customer Facility Charges, airport operating revenues, airport revenue bonds, special facility bonds, and short-term borrowing using revolving lines of credit and drawdown bonds.

The current Capital Program, which includes projects through 2026, consists of \$422 million for airside projects, \$683 million for landside and ancillary projects, \$2.4 billion for terminal projects, which includes the replacement of Terminal 1, and \$192 million for administrative projects.

Capital Program Projects by Type



Additional information of the Airport Authority’s capital assets can be found in *Note 4* to the financial statements.

Capital Financing and Debt Management

On January 30, 2013, the Airport Authority issued \$379.6 million of Senior Airport Revenue Bonds Series 2013 A and B (Series 2013 Bonds). The Senior Series 2013 Bonds were issued to finance certain capital improvements at SDIA, fund a portion of the interest accrued on the senior Series 2013 Bonds, fund the senior reserve fund, and pay the costs of issuance of the Senior Series 2013 Bonds.

The Series 2013 Bonds were structured as serial and term bonds that bear interest at rates ranging from 3.00 percent to 5.00 percent and mature in fiscal years 2016 to 2044. The bonds were issued at a premium of \$55.9 million, which is being amortized over the life of the bonds. Interest on the Senior Series 2013 Bonds is payable semiannually on January 1 and July 1 of each year. Interest expense for the fiscal year ended June 30, 2021, amounted to \$17.69 million, including accrued interest of \$8.84 million. The principal balance on the Series 2013 Bonds as of June 30, 2021, was \$360.8 million.

The Senior Series 2013 Bonds are special obligations of the Airport Authority, payable solely from and secured by: (a) a pledge of net revenues, which include certain income and revenue received by the Airport Authority from the operation of the airport system, less all amounts that are required to pay the operation and maintenance expenses of the airport system and (b) certain funds and accounts held by the senior trustee under the senior indenture.

As senior lien bonds, the Series 2013 Bonds require that charges for services be set each fiscal year at rates sufficient to produce pledged revenues at least 125 percent times the senior debt service for that year. In addition, the Series 2013 Bonds require the Airport Authority to maintain a reserve account with the bond trustee and to reserve certain amounts in the Airport Authority's books, as shown in *Note 2*.

On February 19, 2014, the Airport Authority issued \$305.3 million of Series A and B Senior Special Facilities Revenue Bonds (Series 2014 Bonds). The Series 2014 Bonds were issued to finance a portion of the costs of the development and construction of a consolidated rental car facility and related improvements at SDIA, fund a portion of the interest on the Series 2014 Bonds, fund deposits to the senior reserve fund, the rolling coverage fund, and pay the costs of issuance of the Series 2014 Bonds.

The Series 2014 A Bonds were structured as tax-exempt non-AMT term bonds that bear interest at 5.00 percent. The Series 2014 B Bonds were structured as federally taxable bonds that bear interest at rates ranging from 2.54 percent to 5.59 percent and mature in fiscal years 2019 to 2045. Interest expense for the fiscal year ended June 30, 2021, amounted to \$15.8 million, including accrued interest of \$7.9 million. As of June 30, 2021, the principal balance on the Series 2014 Bonds was \$288.0 million.

The Series 2014 Bonds are special limited obligations of the Airport Authority, payable solely from and secured by a pledge of the Trust Estate, which includes, among other things, Customer Facility Charges collected from the rental car companies operating at the Airport and remitted to the Trustee. No revenues of the Airport Authority other than the Customer Facility Charges and the Bond Funding Supplemental Consideration (as defined in the Indenture), are pledged to the payment of the Series 2014 Bonds.

On August 3, 2017, the Airport Authority issued \$291.2 million of Series A and B Subordinate Airport Revenue Bonds (Series 2017 Bonds). The Series 2017 Bonds were issued to finance certain capital improvements at SDIA including the Parking Plaza and the FIS facility, fund a portion of the interest accruing on the subordinate Series 2017 Bonds, refund \$32.6 million of the Airport Authority's outstanding variable rate debt, which was issued during 2017, fund the subordinate reserve fund and pay the costs of issuance of the subordinate Series 2017 Bonds. The Series 2017 Bonds are structured as serial and term bonds that bear interest at rates ranging from 4.00 percent to 5.00 percent and mature in fiscal years 2019 to 2048. The bonds were issued at a premium of \$48.4 million, which is being amortized over the life of the bonds. Interest on the senior Series 2017 Bonds is payable semiannually on January 1 and July 1, of each year. Interest expense for the fiscal year ended June 30, 2021, amounted to \$13.9 million, including accrued interest of \$6.92 million. As of June 30, 2021, the principal balance on the Series 2017 was \$276.9 million.

On December 11, 2019, the Airport Authority issued \$338.8 million of Series A Subordinate Airport Revenue and Revenue Refunding Bonds and \$124.9 million of Series B Subordinate Airport Revenue Bonds (Series 2019 Bonds). The Subordinate Series 2019 Bonds were issued to finance certain capital improvements at SDIA including a new facilities maintenance building and storm water capture and reuse projects, fund a portion of the interest accruing on the subordinate Series 2019 Bonds, refund \$34.3 million of the Airport Authority's outstanding variable rate debt, fund the Series 2010C Escrow account, account to refund the 2010C bonds, fund the subordinate reserve fund, and pay the costs of issuance of the subordinate Series 2017 Bonds. The Series 2019 Bonds are structured as serial and term bonds that bear interest at rates ranging from 4.00 percent to 5.00 percent and mature in fiscal years 2021 to 2050. The bonds were issued at a premium of \$96.9 million, which is being amortized over the life of the bonds. Interest on the Series 2019 Bonds is payable semiannually on January 1 and July 1 of each year. Interest for the fiscal year ended June 30, 2021, amounted to \$22.3 million, including accrued interest of \$11.1 million. The principal balance on the subordinate Series 2019 Bonds as of June 30, 2021, was \$462.4 million.

The Airport Authority issued \$241.6 million of Series A, B, and C Subordinate Airport Revenue Refunding Bonds (Series 2020 Bonds). The Authority entered into a Forward Delivery Purchase Contract on December 11, 2019, and delivered the 2020 Bonds Proceeds on April 8, 2020. Proceeds from the sale of the 2020 Bonds were used to fund the Series 2010 A and B Bonds escrow accounts to refund the 2010 A/B bonds and pay the costs of issuance of the subordinate Series 2020 Bonds. The Series 2020 Bonds are structured as serial bonds that bear interest rates of 5.00 percent and mature in fiscal years 2021 to 2041. The bonds were issued at a premium of \$49.4 million, which is being amortized over the life of the bonds. Interest on the Series 2020 Bonds is payable semiannually on January 1 and July 1 of each year. Interest for the fiscal years ended June 30, 2021, amounted to \$12.0 million, including accrued interest of \$6.0 million. The principal balance on the subordinate Series 2020 Bonds as of June 30, 2020, was \$240.8 million.

Interest expense on the Series 2010, 2013, 2014, 2017, 2019, and 2020 Bonds for fiscal years ended June 30, 2021 and 2020, of \$81.7 million and \$81.3 million, respectively, was offset by bond premium amortization of \$14.1 million in fiscal year 2021 and \$9.6 million in fiscal year 2020.

As of June 30, 2021 the Airport Authority did not maintain a short-term debt program. Subsequent to fiscal year 2021, on July 19, 2021, the Airport Authority entered into an agreement with Bank of America N.A. to establish a Revolving Line of Credit for \$200,000,000. The agreement is for a term of three years and is a subordinate obligation of the Authority.

Additional information of the Airport Authority's long-term debt can be found in *Note 5* to the financial statements.

The SDIA's PFC program was established in 1994, and currently authorizes the imposition of a \$4.50 fee on enplaning passengers. There are currently four active applications which provide authority to impose and use PFC revenue through May 1, 2040.

FAA entitlement and discretionary grants are awarded on a federal fiscal year running October 1 through September 30. The Airport Authority has received approximately \$131.6 million in grant awards for the federal fiscal year ended September 30, 2021, as compared to \$119.9 million for 2020. Grant awards are recognized as nonoperating revenue or capital contributions as eligible expenses are incurred.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Airport Authority's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed in writing to the Accounting Department, P.O. Box 82776, San Diego, CA 92138. The Accounting Department can also be reached at (619) 400-2822. A copy of the financial report is available at www.san.org

San Diego County Regional Airport Authority

Statements of Net Position June 30, 2021 and 2020

Assets and Deferred Outflows of Resources	2021	2020
Current Assets		
Unrestricted:		
Cash and cash equivalents (<i>Note 2</i>)	\$ 40,910,032	\$ 36,935,136
Investments (<i>Notes 2 and 11</i>)	241,485,681	159,562,631
Tenant lease receivables, net	23,041,393	22,826,211
Grants receivable	7,665,691	25,467,263
Note receivable, current portion (<i>Note 3</i>)	2,243,644	2,123,843
Other current assets	8,280,970	9,216,212
Total unrestricted current assets	323,627,411	256,131,296
Restricted cash, cash equivalents and investments with trustees (<i>Notes 2 and 5</i>)	93,190,368	93,486,053
Total current assets	416,817,779	349,617,349
Noncurrent Assets		
Restricted assets (<i>Notes 2 and 5</i>):		
Restricted cash, cash equivalents and investments not with trustees	142,401,039	174,924,058
Restricted cash, cash equivalents and investments with trustees	338,135,700	360,941,845
Passenger facility charges receivable (<i>Note 1</i>)	5,762,062	428,687
Customer facility charges receivable (<i>Note 1</i>)	2,384,282	1,135,327
Other restricted assets	5,075,109	5,519,914
Total restricted assets	493,758,192	542,949,831
Other noncurrent assets:		
Investments, noncurrent (<i>Note 2</i>)	39,904,555	137,429,307
Note receivable, long-term portion (<i>Note 3</i>)	24,965,223	27,208,867
Cash and cash equivalents designated for specific capital projects and other commitments (<i>Notes 2 and 11</i>)	46,916,337	64,026,034
Net OPEB asset (<i>Note 9</i>)	1,649,215	2,136,494
Total other noncurrent assets	113,435,330	230,800,702
Capital assets (<i>Note 4</i>):		
Land, land improvements and nondepreciable assets	186,378,344	136,757,114
Buildings and structures	1,885,767,510	1,747,847,784
Machinery and equipment	122,982,559	135,435,875
Runways, roads and parking lots	719,974,821	708,999,286
Construction in progress	248,535,465	288,353,299
	3,163,638,699	3,017,393,358
Less accumulated depreciation	(1,333,930,303)	(1,228,792,352)
Capital assets, net	1,829,708,396	1,788,601,006
Total noncurrent assets	2,436,901,918	2,562,351,539
Total assets	2,853,719,697	2,911,968,888
Deferred outflows of resources:		
Deferred pension outflows (<i>Note 6 and 7</i>)	31,657,453	21,647,509
Deferred OPEB outflows (<i>Note 9</i>)	1,813,895	1,113,811
Total deferred outflows of resources	33,471,348	22,761,320
Total assets and deferred outflows of resources	\$ 2,887,191,045	\$ 2,934,730,208

(Continued)

San Diego County Regional Airport Authority

Statements of Net Position, Continued June 30, 2021 and 2020

Liabilities, Deferred Inflows of Resources and Net Position	2021	2020
Current Liabilities		
Payable from unrestricted assets:		
Accounts payable	\$ 6,671,722	\$ 11,144,310
Accrued liabilities	44,766,955	31,209,234
Compensated absences, current portion (<i>Note 5</i>)	2,538,532	2,847,306
Other current liabilities	5,757,420	23,312,345
Long-term debt, current portion (<i>Note 5</i>)	323,293	269,427
Total payable from unrestricted assets	60,057,922	68,782,622
Payable from restricted assets:		
Accounts payable	11,726,364	6,595,678
Accrued liabilities	4,096,308	15,618,238
Long-term debt, current portion (<i>Note 5</i>)	36,720,000	31,560,000
Accrued interest on variable rate debt and bonds (<i>Note 5</i>)	40,847,696	39,712,137
Total payable from restricted assets	93,390,368	93,486,053
Total current liabilities	153,448,290	162,268,675
Long-Term Liabilities		
Compensated absences, net of current portion (<i>Note 5</i>)	2,223,411	1,241,278
Other noncurrent liabilities	4,426,248	668,290
Long-term debt, net of current portion (<i>Note 5</i>)	1,804,756,564	1,855,876,151
Net pension liability (<i>Note 6 and 7</i>)	36,464,210	17,728,734
Total long-term liabilities	1,847,870,433	1,875,514,453
Total liabilities	2,001,318,723	2,037,783,128
Deferred inflows of resources		
Deferred pension inflows (<i>Note 6 and 7</i>)	2,266,382	6,409,312
Deferred OPEB inflows (<i>Note 9</i>)	890,973	1,400,369
Deferred gain on refunding	3,868,146	4,071,732
Total deferred inflows of resources	7,025,501	11,881,413
Total liabilities and deferred inflows of resources	\$ 2,008,344,224	\$ 2,049,664,541
Net Position		
Net investment in capital assets	327,215,879	266,212,751
Restricted:		
Debt Service	83,213,762	75,586,323
Construction	86,078,848	109,650,020
OPEB	1,649,215	2,136,494
Operation and maintenance expenses	14,245,003	14,436,251
Small business bond guarantee	2,222,300	4,000,000
OCIP loss reserve	5,075,108	5,519,913
Total restricted net position	192,484,236	211,329,001
Unrestricted net position	359,146,706	407,523,915
Total net position	\$ 878,846,821	\$ 885,065,667

See Notes to Financial Statements

San Diego County Regional Airport Authority

Statements of Revenues, Expenses, and Changes in Net Position June 30, 2021 and 2020

	2021	2020
Operating Revenues:		
Airline revenue:		
Landing fees	\$ 34,046,303	\$ 33,241,410
Aircraft parking fees	8,541,663	8,354,052
Building rentals (<i>Note 12</i>)	83,090,210	82,453,273
Other aviation revenue	8,191,525	7,788,791
Concession revenue	31,096,870	57,243,328
Parking and ground transportation revenue	27,446,678	50,750,966
Ground and non-airline terminal rentals (<i>Note 12</i>)	21,848,936	21,386,342
Other operating revenue	1,682,151	1,817,810
Total operating revenues	215,944,336	263,035,972
Operating Expenses:		
Salaries and benefits (<i>Notes 6, 7, and 8</i>)	52,922,356	51,666,850
Contractual services (<i>Note 14</i>)	24,976,596	37,693,633
Safety and security	35,085,809	29,456,872
Space rental (<i>Note 13</i>)	10,266,657	10,207,066
Utilities	11,729,710	12,747,899
Maintenance	9,110,601	11,584,303
Equipment and systems	424,500	336,469
Materials and supplies	449,999	650,975
Insurance	1,518,538	1,308,471
Employee development and support	441,883	966,575
Business development	208,731	2,033,120
Equipment rentals and repairs	3,380,121	3,598,348
Total operating expenses before depreciation	150,515,501	162,250,581
Income from operations before depreciation	65,428,835	100,785,391
Depreciation expense	132,833,789	131,587,039
Operating loss	\$ (67,404,954)	\$ (30,801,648)

(Continued)

San Diego County Regional Airport Authority

Statements of Revenues, Expenses, and Changes in Net Position, Continued June 30, 2021 and 2020

	2021	2020
Nonoperating Revenues (Expenses):		
Passenger facility charges	\$ 22,109,906	\$ 34,392,981
Customer facility charges	15,755,254	30,239,698
Federal relief grants	77,218,785	36,895,488
Quieter Home Program grant revenue (<i>Note 1</i>)	12,292,767	12,155,776
Quieter Home Program expenses (<i>Note 1</i>)	(15,525,646)	(15,450,983)
Investment income	4,175,353	32,429,489
Interest expense (<i>Note 5</i>)	(68,067,154)	(75,700,970)
Build America Bonds subsidy (<i>Note 5</i>)	-	2,089,397
Other revenues (expenses), net	(704,894)	1,442,102
Nonoperating revenue, net	47,254,371	58,492,978
Income before federal grants	(20,150,583)	27,691,330
Federal Grants (<i>Note 1</i>)	13,931,737	4,071,980
Change in net position	(6,218,846)	31,763,310
Net position, beginning of year	885,065,667	853,302,357
Net position, end of year	\$ 878,846,821	\$ 885,065,667

San Diego County Regional Airport Authority

Statements of Cash Flows June 30, 2021 and 2020

	2021	2020
Cash Flows From Operating Activities		
Receipts from customers	\$ 200,250,036	\$ 265,194,930
Payments to suppliers	(86,798,975)	(103,828,307)
Payments to employees	(48,665,421)	(52,578,787)
Other receipts	1,683,852	1,699,331
Net cash provided by operating activities	66,469,492	110,487,167
Cash Flows From Noncapital Financing Activities		
Settlement receipts (payments)	(704,894)	1,442,102
Quieter Home Program grant receipts	16,387,129	7,252,520
Quieter Home Program payments	(15,525,646)	(15,450,983)
Net cash provided by (used in) noncapital financing activities	156,589	(6,756,361)
Cash Flows From Capital and Related Financing Activities		
Capital outlay	(180,332,423)	(197,716,114)
Proceeds on Build America Bonds subsidy	-	2,089,397
Proceeds from variable rate debt	-	34,040,000
Payment of variable rate debt	-	(47,759,000)
Federal grants received (excluding Quieter Home Program)	104,857,732	24,552,219
Proceeds from passenger facility charges	16,776,531	40,924,276
Proceeds from customer facility charges	14,506,299	33,443,563
Payment of principal on bonds	(31,560,000)	(528,735,000)
Proceeds from issuance of Series 2019 Bonds	-	610,021,863
Proceeds from issuance of Series 2020 Bonds	-	241,640,000
Payment of capital lease	(295,134)	(323,243)
Interest and debt fees paid	(81,239,634)	(94,444,671)
Net cash provided by (used in) capital and related financing activities	(157,286,629)	117,733,290
Cash Flows From Investing Activities		
Sales and maturities of investments	359,672,049	407,557,391
Purchases of investments	(312,867,581)	(599,747,577)
Interest received on investments and note receivable	4,175,353	33,186,340
Principal payments received on notes receivable	2,123,843	2,006,052
Net cash provided by (used in) investing activities	53,103,664	(156,997,794)
Net increase (decrease) in cash and cash equivalents	(37,556,884)	64,466,302
Cash and cash equivalents, beginning of year	100,961,170	36,494,868
Cash and cash equivalents, end of year	\$ 63,404,286	\$ 100,961,170

(Continued)

San Diego County Regional Airport Authority

Statements of Cash Flows, Continued June 30, 2021 and 2020

	2021	2020
Reconciliation of Cash and Cash Equivalents to the Statements of Net Position		
Unrestricted cash and cash equivalents	\$ 40,910,032	\$ 36,935,136
Cash and cash equivalents designated for specific capital projects and other commitments	46,916,337	64,026,034
Total cash and cash equivalents	<u>\$ 87,826,369</u>	<u>\$ 100,961,170</u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities		
Operating loss	\$ (67,404,954)	\$ (30,801,648)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation expense	132,833,789	131,587,039
Change in pensions/OPEB liability/asset	19,222,755	(4,042,556)
Change in deferred outflows related to pensions/OPEB	(10,710,028)	3,919,532
Change in deferred inflows related to pensions/OPEB	(4,652,326)	848,671
Changes in assets and liabilities:		
Tenant lease receivables	(215,182)	(10,335,110)
Other assets	1,380,047	(3,065,871)
Accounts payable	(4,472,588)	5,473,307
Accrued liabilities	13,557,721	2,107,367
Compensated absences	673,359	538,373
Other liabilities	(13,743,101)	14,258,063
Net cash provided by operating activities	<u>\$ 66,469,492</u>	<u>\$ 110,487,167</u>
Supplemental Disclosure of Noncash Investing, Capital and Financing Activities		
Additions to capital assets included in accounts payable	\$ 15,822,672	\$ 22,213,916

San Diego County Regional Airport Authority

Note 1. Nature of Organization and Summary of Significant Accounting Policies

Reporting entity: The San Diego County Regional Airport Authority (the Airport Authority), an autonomous public agency, was established in accordance with, Assembly Bill 93 (2001), as modified by Senate Bill 1896 (2002), which together comprise the *San Diego County Regional Airport Authority Act* (the Act). The Act required, among other things, the transfer of the assets and operations of the San Diego International Airport (SDIA) from the San Diego Unified Port District (the District) to the Airport Authority. Effective January 1, 2003 (inception), the District transferred all airport operations and certain related assets and liabilities to the Airport Authority, pursuant to the Act and the Memorandum of Understanding (MOU) dated as of December 31, 2002, between the Airport Authority and the District, which implemented the Act.

Senate Bill 10 (SB 10), the *San Diego County Regional Airport Authority Reform Act*, was effective January 1, 2008. Responsibilities of the Airport Authority include, among other things, the operation, maintenance, development, management, and regulation of SDIA and its facilities. In addition, the Airport Authority has the responsibility to plan or to expand the existing SDIA. Under one of the requirements of SB 10, the Airport Authority completed a Regional Aviation Strategic Plan and the Airport Authority prepared and adopted an Airport Multimodal Accessibility Plan. In addition, the Airport Authority acts as the Airport Land Use Commission within San Diego County.

In accordance with the Codification of Governmental Accounting and Financial Reporting Standards, the basic financial statements should include all organizations, agencies, boards, commissions, and authorities for which the Airport Authority is financially accountable. The Airport Authority has also considered all other potential organizations for which the nature and significance of their relationships with the Airport Authority are such that exclusion would cause the Airport Authority's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. Based on these criteria, there are no other organizations or agencies which should be included in these basic financial statements.

The Airport Authority is governed by a nine-member, appointed Board of Directors (Board), representing all areas of San Diego County and three additional members serving as non-voting, ex-officio Board members. Three Board members are appointed by the Mayor of the City of San Diego (the City). Two Board members are appointed by the San Diego County Board of Supervisors. The remaining four Board members are each appointed by the Mayors of the following defined jurisdictions: the east county cities, south county cities, north coastal area cities, and north county inland cities. The Board members serve three-year terms in accordance with California SB 10.

Measurement focus and basis of accounting: The accounting policies of the Airport Authority conform to accounting principles generally accepted in the United States of America applicable to state and local government agencies, and as such, the Airport Authority is accounted for as a proprietary fund. The basic financial statements presented are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. This measurement focus emphasizes the determination of the change in Airport Authority net position.

Use of estimates: The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, as well as the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents: For purposes of the statements of cash flows, cash and cash equivalents includes unrestricted (including designated) cash on hand, demand deposits, and investment securities with original maturities of three months or less from the date of acquisition.

San Diego County Regional Airport Authority

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Investments: Investments in the state and county investment pools are recorded at net asset value and money market mutual funds and non-negotiable certificates of deposit are recorded at amortized cost. All other investments are stated at fair value based on quoted market prices.

Tenant lease receivables: Tenant lease receivables are carried at the original invoice amount for fixed-rent tenants and at estimated invoice amount for concession (variable) tenants, less an estimate made for doubtful receivables for both fixed-rent and concession tenants. Management determines the allowance for doubtful accounts by evaluating individual tenant receivables and considering a tenant's financial condition and credit history and current economic conditions. Tenant lease receivables are written off when deemed uncollectible. Recoveries of tenant lease receivables previously written off are recorded when received.

Federal grants: Outlays for airport capital improvements and certain airport nonoperating expenses, primarily those relating to the Airport Authority's Quieter Home Program, are subject to reimbursement from federal grant programs. Funding provided from government grants is considered earned as the related approved capital outlays or expenses are incurred. Costs claimed for reimbursement are subject to audit and acceptance by the granting agency.

Airport Improvement Program (AIP): AIP grants are authorized and disbursed by the FAA under the *Airway Improvement Act of 1982*, as amended, which provides funding for airport planning and development projects at airports included in the National Plan of Integrated Airport Systems. As such, the AIP grants must be used to pay for the allowable costs of approved projects. As of June 30, 2021 and 2020, the Airport Authority recovered \$13,931,737 and \$4,071,980, respectively, for approved capital projects and \$12,292,767 and \$12,155,776, respectively, for the Quieter Home Program.

CARES Act: The *Coronavirus Aid, Relief, and Economic Security Act (CARES)*, was signed into law on March 27, 2020, to address the crisis created by the COVID-19 pandemic and includes among its relief measures direct aid in the form of grants for airports as well as direct aid, loans and loan guarantees for passenger and cargo airlines. As of June 30, 2021 and 2020, the Airport Authority drew \$54.3M and \$36.9M, respectively.

CRRSAA: The *Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA)*, was signed into law on December 27, 2020, and includes nearly \$2 billion in funds to be awarded as economic relief to eligible U.S. airports and eligible concessions at those airports to prevent, prepare for, and respond to the coronavirus disease pandemic. To distribute these funds, the FAA established the *Airport Coronavirus Response Grant Program (ACRGP)* to make grants to all airports that are part of the national airport system, including all commercial service airports, all reliever airports, and some public-owned general aviation airports. The Airport Authority was awarded \$22.9 million on March 26, 2021. As of June 30, 2021, \$20.2 million of the award had been received and \$2.7 million was recorded as grants receivable..

Passenger facility charges (PFC): The PFC program is authorized by the *Aviation Safety and Capacity Expansion Act of 1990* (the Expansion Act). In accordance with the Expansion Act, the Airport Authority's AIP Passenger Entitlement Apportionment is reduced by certain percentages, dependent upon the level of PFC received by the Airport Authority.

In accordance with the program, PFC revenue must be used to pay allowable costs for approved capital projects, contribute to the Airport Authority's noise mitigation (Quieter Home Program), or to repay debt service issued to build eligible capital projects. As of June 30, 2021 and 2020, accrued PFC receivables totaled \$5,762,062 and \$428,687 respectively, and there were \$51,233,055 and \$65,034,830 PFC amounts collected but not yet applied for approved capital projects as of June 30, 2021 and 2020, respectively.

San Diego County Regional Airport Authority

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

On May 20, 2003, the FAA approved an increase in the Airport Authority's PFC charge per enplaned passenger from \$3.00 to \$4.50, beginning August 2003. Currently, there are four active applications that allow the Airport Authority to impose and use \$1.2 billion in PFC revenue through April 2040.

The latest application was approved by the FAA in February 2019 (as amended in August 2020) providing collection authority with a charge effective date through April 2040. In accordance with the *Aviation Investment Reform Act* (AIR-21), airports imposing a \$4.50 collection level are required to reduce AIP Passenger Entitlement Apportionment to 75 percent.

Customer facility charges (CFC): The Airport Authority received approval in May 2009 from the State of California under Section 1936 of the California Civil Code to impose a \$10.00 CFC per contract on rental cars at SDIA.

In accordance with the program, the CFC revenue must be used to pay allowable costs for approved capital projects and operate the related ground transportation system. The current CFC rate, which has been in effect since January 1, 2017, is \$9.00 per day for a maximum of five days. As of June 30, 2021 and 2020, accrued CFC receivables totaled \$2,384,282 and \$1,135,327, respectively. CFC amounts collected, including interest, but not yet applied for approved capital projects as of June 30, 2021 and 2020, were \$26,299,449 and \$43,051,177, respectively.

Deferred Outflows/Inflows of Resources: In addition to assets and liabilities, the statement of net position may report a separate section for deferred outflows of resources and deferred inflows of resources, respectively. These separate financial statement elements represent the consumption or addition to net position that applies to a future reporting period(s) and as such will not be recognized as flows of resources (expenses/revenues) until then.

- Employer Contributions – Pensions and OPEB– These contributions are those made after the measurement date through the fiscal year end (July 1st – June 30th) resulting in a cash outlay not yet recognized under GASB 68 or GASB 75. This amount is deferred and recognized in the following fiscal year. This item is presented as a deferred outflow of resources.
- Investment difference – Pensions and OPEB – These amounts represent the difference in projected and actual earnings on pension/OPEB plan assets. These differences are deferred and amortized over a closed five-year period. This item can be presented as both a deferred outflow and deferred inflow of resources and is combined annually as a single net unamortized balance.
- Experience difference – Pensions and OPEB – These amounts represent the difference in expected and actual pension/OPEB experience. These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period. This item can be presented as both a deferred outflow and deferred inflow of resources but may not be shown net if there are unamortized balances for categories.
- Assumption changes – Pensions and OPEB – These amounts represent the difference resulting from a change in assumptions used to measure the underlying net pension/OPEB liability/asset. These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period. This item can be presented as both a deferred outflow and deferred inflow of resources but may not be shown net if there are unamortized balances for categories.

San Diego County Regional Airport Authority

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

- Debt Refunding - These amounts represent the gain or loss from the refunding of debt. These differences are deferred and recognized as interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. This item can be presented as both a deferred outflow and deferred inflow of resources but may not be shown net if there are unamortized balances for categories.

Capital assets: Capital assets are recorded at cost, except for capital assets contributed by third parties, which are recorded at acquisition value as of the date of acquisition. The Airport Authority capitalizes incremental overhead costs and interest cost associated with the construction of capital assets. Capital assets are defined by the Airport Authority as assets with an initial, individual cost of more than \$5,000 and an initial useful life of one year or greater.

The Airport Authority recognizes lessee-financed improvements as capital assets based upon the asset's estimated value at the time the asset reverts to the Airport Authority.

Depreciation is computed by use of the straight-line method over the following estimated useful lives:

Asset Category	Useful Life (Years)
Land improvements	30-40
Runways, roadways, and parking lots	
Lighting, security, and minor improvements	3-10
Airfield and parking lots and improvements	12-25
Drainage systems, gas lines, and pedestrian bridges	30
Roadways, bridges and infrastructure	40-50
Buildings and structures	
Passenger loading bridges, security systems, general upgrades, and remodels	3-10
Baggage handling systems, HVAC, structural improvements, fuel, and storage facility	12-20
Buildings and smart curb improvements	25-50
Machinery and equipment	
Vehicles and emergency vehicles	3-15
Office furniture and equipment	3-10
Communication and electronic systems	3-20
Works of art	15-30

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are expensed as incurred. Major outlays for capital assets and improvements are capitalized as construction in progress as projects are constructed. The Airport Authority no longer capitalizes interest due to the adoption of GASB No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* that eliminated the requirement to capitalize interest.

San Diego County Regional Airport Authority

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Capital asset impairment: The Airport Authority's capital assets include property, equipment and infrastructure assets. A capital asset is considered impaired if both the decline in service utility of the capital asset is large in magnitude and the event or change in circumstances is outside the normal life cycle of the capital asset. The Airport Authority evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. Common indicators of impairment include evidence of physical damage where restoration efforts are needed to restore service utility, enactment, or approval of laws or regulations setting standards that the capital asset would not be able to meet, technological development or evidence of obsolescence, a change in the manner or expected duration of use of a capital asset or construction stoppage. The Airport Authority reports the effects of capital asset impairments in its financial statements when they occur and accounts for insurance recoveries in the same manner. The Airport Authority's management has determined that no impairments of capital assets currently exist.

Retentions payable: The Airport Authority enters into construction contracts that may include retention provisions such that a certain percentage of the contract amount is held for payment until completion of the contract and acceptance by the Airport Authority. The Airport Authority's policy is to record the retention payable only after completion of the work and acceptance of the contractor invoices have occurred. Retentions payable on completed contracts are included with accounts payable on the accompanying statements of net position. Amounts related to unpaid retentions on uncompleted contracts are included in accrued liabilities.

Compensated absences: All employees of the Airport Authority earn annual leave that is paid upon termination or retirement. Annual leave is accrued at current rates of compensation and based on assumptions concerning the probability that certain employees will become eligible to receive these benefits in the future.

Bond discounts, premiums, and issuance costs: Bond discounts and premiums are deferred and amortized over the term of the respective bonds using the effective interest method. Bond issuance costs are expensed as incurred.

Airport Authority net position: Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net investment in capital assets includes unspent debt proceeds.

Restricted net position represents amounts that are appropriated or legally segregated for a specific purpose. The Airport Authority's net position is reported as restricted when there are limitations imposed on its use, either through the enabling legislation adopted by the Airport Authority or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

Unrestricted net position as of June 30, 2021 and 2020, includes designations of net position that represent tentative management plans that are subject to change, consisting of:

	2021	2020
Operating contingency	\$ 2,000,000	\$ 2,000,000
Insurance contingency	12,403,950	11,685,954
Capital projects and other commitments	8,090,304	29,675,668
Total designated net position	<u>\$ 22,494,254</u>	<u>\$ 43,361,622</u>

When both restricted and unrestricted resources are available for use, it is the Airport Authority's policy to use restricted resources first and then unrestricted resources as they are needed.

San Diego County Regional Airport Authority

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Revenue and expense recognition: Revenues from airlines, concessionaires, lessees and parking are reported as operating revenues. Operating expenses include the cost of administering the airport system, including depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions and grants.

Concentrations: A significant portion of the Airport Authority's earnings and revenues are directly or indirectly attributed to the activity of a number of major airlines. The Airport Authority's earnings and revenues could be materially and adversely affected should any of these major airlines discontinue operations and should the Airport Authority be unable to replace those airlines with similar activity. The level of operations is determined based upon the relative share of enplaned passengers.

The five largest airlines in terms of enplaned passengers are as follows:

	2021	2020
Southwest Airlines	33.5%	37.6%
Alaska Airlines	16.6%	14.3%
American Airlines	15.8%	12.2%
United Airlines	12.3%	12.0%
Delta Airlines	11.7%	12.7%

Defined Benefit Pension Plan: The Airport Authority has a single-employer defined benefit pension plan (Plan) administered through San Diego City Employee Retirement System (SDCERS). For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Additionally, the Airport Authority has a single-employer defined benefit preservation of benefit pension plan administered through San Diego City Employee Retirement System (SDCERS). For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefit Plan: The Airport Authority provides an agent multiple-employer defined benefit postemployment benefit plan (the OPEB Plan). The OPEB Plan funds are managed by California Public Employees Retirement System (CalPERS) under the California Employer's Retiree Benefit Trust (CERBT) fund. For purposes of measuring the net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

San Diego County Regional Airport Authority

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Accounting pronouncements adopted: The Airport Authority has adopted and implemented the following GASB statements, which had no impact on previously reported net position, during the year ended June 30, 2021:

- GASB Statement No. 84, *Fiduciary Activities*, effective for the Airport Authority's year ending June 30, 2021
- GASB Statement No. 90, *Majority Equity Interests*, an amendment of GASB Statements No. 14 and No. 61, effective for the Airport Authority's year ended June 30, 2021.
- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, effective for the Airport Authority's year ending June 30, 2021.

Accounting pronouncements issued but not yet adopted: GASB has issued several pronouncements that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the Airport Authority:

- GASB Statement No. 87, *Leases*, effective for the Airport Authority's year ending June 30, 2022
- GASB Statement No. 91, *Conduit Debt Obligations*, effective for the Airport Authority's year ended June 30, 2023.

Reclassifications: Certain reclassifications have been made to the 2020 financial statements to conform to the 2021 presentation. The reclassifications had no effect on the changes in net position.

Note 2. Cash, Cash Equivalents and Investments

Summary of cash, cash equivalents and investments: Cash, cash equivalents, and investments are reported in the accompanying statements of net position as follows at June 30:

	2021	2020
Unrestricted and Undesignated:		
Cash and cash equivalents	\$ 40,910,032	\$ 36,935,136
Current investments	241,485,681	159,562,631
Noncurrent investments	39,904,555	137,429,307
Total unrestricted and undesignated	<u>322,300,268</u>	<u>333,927,074</u>
Designated for specific capital projects and other commitments: cash and cash equivalents	<u>46,916,337</u>	64,026,034
Restricted:		
Current cash, cash equivalents and investments, with trustees	93,190,368	93,486,053
Noncurrent cash, cash equivalents and investments, not with trustees	142,401,039	174,924,058
Noncurrent cash, cash equivalents and investments, with trustees	338,135,700	360,941,845
Total restricted cash, cash equivalents and investments	<u>573,727,107</u>	<u>629,351,956</u>
Total cash, cash equivalents and investments	<u>\$ 942,943,712</u>	<u>\$ 1,027,305,064</u>

San Diego County Regional Airport Authority

Note 2. Cash, Cash Equivalents, and Investments (Continued)

The components of restricted cash, cash equivalents, and investments at June 30, are summarized below:

	2021	2020
Restricted cash, cash equivalents, and investments:		
Bond reserves:		
Operation and maintenance reserve subaccount	\$ 42,735,010	\$ 43,308,755
Operation and maintenance subaccount	14,245,003	14,436,251
Renewal and replacement account	5,400,000	5,400,000
Total bonds reserves	62,380,013	63,145,006
Passenger facility charges unapplied	51,233,055	65,034,830
Customer facility charges unapplied	26,699,449	43,051,177
Small business development bond guarantee	2,222,300	4,000,000
2010 Series debt service reserve fund	3	30,146,892
2010 Series debt service account	-	11,344,678
2013 Series construction fund	87	87
2013 Series debt service reserve fund	34,307,365	34,260,842
2013 Series debt service account	17,157,962	16,981,079
2014 Series construction fund	2,848	3,031
2014 Series debt service reserve fund	22,305,314	22,796,477
2014 Series debt service account	14,156,186	14,130,702
2014 Series rolling coverage fund	7,170,595	7,133,754
2014 Series renew and replace	9,428,461	7,452,635
2017 Series construction fund	478,587	2,352,993
2017 Series debt service reserve fund	12,241,130	12,537,440
2017 Series debt service account	14,897,086	15,077,845
2019 Series construction fund	199,855,483	222,216,692
2019 Series debt service account	12,275,954	7,990,051
2019 Series debt service reserve fund	29,607,535	29,918,507
2019 Series CAP interest fund	6,797,251	16,110,292
2019 Series cost of issuance	-	3,224
2020 Series cost of issuance	-	57,969
2020 Series debt services	20,095,215	3,605,753
2020 Service debt service reserve fund	30,415,228	-
Total restricted cash, cash equivalents, and investments	\$ 573,727,107	\$ 629,351,956

San Diego County Regional Airport Authority

Note 2. Cash, Cash Equivalents, and Investments (Continued)

Investments authorized in accordance with California Government Code Section 53601 and under the provisions of the Airport Authority's investment policy: The table that follows identifies the investment types that are authorized by the Airport Authority's investment policy and State Government Code. The table also identifies certain provisions of the Airport Authority's investment policy that address interest rate risk, credit risk, and concentration of credit risk.

This table does not address investments of bond proceeds held by the bond trustee that are governed by provisions of debt agreements of the Airport Authority, in addition to the general provisions of the Airport Authority's investment policy and State Government Code.

Authorized Investment Type	Maximum Maturity	Minimum Quality Requirements	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury obligations	5 years	N/A	None	None
U.S. agency securities	5 years	N/A	None	None
Supranationals	5 years	AA	30 percent	10 percent
Bankers' acceptances	180 days	AAA/Aaa	40 percent	5 percent
Commercial paper	270 days	A-1; P-1; F-1	25 percent	5 percent
Negotiable certificates of deposit	5 years	A	30 percent	5 percent
Medium-term notes	5 years	A	20 percent	5 percent
Money market mutual funds	N/A	AAA/Aaa	20 percent	5 percent
Repurchase agreements	1 year	A	None	None
Local Agency Investment Fund	N/A	N/A	None	\$75 million
San Diego County Investment Pool	N/A	N/A	None	\$75 million
Local Government Investment Pool	N/A	N/A	None	\$75 million
U.S. State and California agency indebtedness	5 years	A	20 percent	5 percent
Placement service certificates of deposits	3 years	N/A	30 percent	5 percent
Time certificates of deposit	3 years	*	20 percent	5 percent
Bank deposits	N/A	*	None	None
Asset-Backed Securities	5 years	AA	10 Percent	5 percent
Mortgage Backed Securities	5 years	AA	10 Percent	5 percent
Mortgage Pass-through Securities	5 years	AA	10 Percent	5 percent
Collateralized Mortgage Obligation	5 years	AA	10 Percent	5 percent

* Financial institution must have at least an overall satisfactory rating under the *Community Reinvestment Act* for meeting the credit needs of California communities in its most recent evaluation. Collateralization required per Cal. Gov. Code Section 53630 et seq.

San Diego County Regional Airport Authority

Note 2. Cash, Cash Equivalents, and Investments (Continued)

Investment in state investment pools: The Airport Authority is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The Airport Authority's investments in this pool are reported in the accompanying financial statements at fair value based upon the Airport Authority's pro rata share of the amortized cost basis provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of each portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF.

Investment in county investment pool: The Airport Authority is a voluntary participant in the San Diego County Investment Pool (SDCIP) that is regulated by California Government Code Section 16429 under the oversight of the County Treasurer of San Diego. The Airport Authority's investments in this pool are reported in the accompanying financial statements at fair value based upon the Airport Authority's pro rata share of the amortized cost basis provided by SDCIP for the entire SDCIP portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by SDCIP.

Investments authorized by debt agreements: Investments held by the bond trustee are governed by the provisions of the debt agreement, in addition to the general provisions of the California Government Code and the Airport Authority's investment policy. The table below identifies the investment types that are authorized for investments held by the bond trustee, according to the Master Trust Indenture. In the event of a conflict between the Airport Authority's investment policy and permitted investments associated with any Airport Authority debt issuance, the debt agreement shall control. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Minimum Quality Requirements	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury obligations	None	N/A	None	None
U.S. agency securities	None	N/A	None	None
State Obligations	None	AAA/Aaa	None	None
Commercial paper	None	A-1; P-1; F-1	None	None
Negotiable certificates of deposit	None	AAA/Aaa	None	None
Long term and Medium-term notes	None	Two highest ratings	None	None
Money market mutual funds	None	Two highest ratings	None	None
Municipal bonds	None	Two highest ratings	None	None
Repurchase agreements	None	BBB*	None	None
Investment agreements	None	N/A	None	None
Local Agency Investment Fund	None	N/A	None	None
San Diego County Investment Pool	None	N/A	None	None
Deposit accounts	None	N/A	None	None

Any other investment which is a permitted investment of the Authority in accordance with the laws of the State.

*Investment requires collateralization

San Diego County Regional Airport Authority

Note 2. Cash, Cash Equivalents, and Investments (Continued)

The primary objective of the Airport Authority's investment policy is to invest public funds in a manner that will provide the highest security of the funds under management while meeting the daily cash flow demands of the Airport Authority. Assets of the Airport Authority that are not bond proceeds, which are invested in securities as permitted in the bond indenture, are described in the preceding table. In addition, there are various credit criteria as defined in the Airport Authority's investment policy as depicted in the previous section entitled "Investments authorized in accordance with California Government Code Section 53601 and under the provisions of the Airport Authority's investment policy."

Investments held by Trustee: The Airport Authority has monies held by trustees pledged for the security and payment of certain debt instruments, the payment of bond interest during construction and the payment of capital project costs.

Disclosures related to interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, investments with longer maturities have greater fair value sensitivity to changes in market interest rates. One of the ways the Airport Authority manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities. These staggered maturities also provide consistent cash flow and fulfill liquidity needs for operations. The Airport Authority monitors interest rate risk inherent in its portfolio by measuring the segmented time distribution of its portfolio. The Airport Authority has no specific limitations with respect to this metric.

Custodial credit risk (deposits): Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Airport Authority maintains deposits at several institutions in order to minimize custodial credit risk. These deposits are collateralized by various instruments such as U.S. government securities (guaranteed) or U.S. agency securities (government sponsored). California Government Code requires that a financial institution secure deposits made by a state or local government by pledging securities in an undivided collateral pool held by a depository regulated under state law. The fair value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure Airport Authority deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured deposits.

Insurance through the Federal Deposit Insurance Corporation (FDIC) may be applicable to the first \$250,000 of institutional deposit accounts, with any balance above this amount covered by the collateralization requirement. Certificates of deposit held by the Airport Authority's third-party custodians are fully insured by the FDIC, as the individual amounts do not exceed the FDIC-insured limits or are collateralized in accordance with the California Government Code.

Custodial credit risk (investments): Custodial credit risk for investments is the risk that the Airport Authority will not be able to recover the value of its investments in the event of a counterparty failure. The Airport Authority uses third-party banks' custody and safekeeping services for its registered investment securities. Securities are held in custody at third-party banks registered in the name of the Airport Authority and are segregated from securities owned by those institutions or held in custody by those institutions.

Disclosures related to credit risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of an investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. California Government Code Section 53601 (as referenced previously in this note) limits the types of investment instruments that may be purchased by the Airport Authority.

San Diego County Regional Airport Authority

Note 2. Cash, Cash Equivalents, and Investments (Continued)

The maturity ranges and credit ratings for the Airport Authority's investment securities as of June 30 are presented in the following tables:

Investment Maturity and Ratings Schedule

Investment Type	2021				Ratings
	Total	Investment Maturities (in Years)			
		0 - 1	1 - 2	2 - 5	
Investments subject to credit and interest rate risk:					
U.S. Treasury obligations	\$ 111,584,806	\$ 62,013,108	\$ 43,647,786	\$ 5,923,912	AA+
U.S. Agency securities	129,121,554	32,018,617	28,272,388	68,830,549	AA+
Supranationals	2,025,740	2,025,740	-	-	AAA
	5,536,955	5,536,955	-	-	Not rated
Medium-term notes	3,000,720	3,000,720	-	-	AAA
	6,270,120	-	6,270,120	-	AA
	12,502,610	3,009,030	7,421,280	2,072,300	A+
	21,236,805	5,051,320	5,684,385	10,501,100	A
	2,027,160	2,027,160	-	-	A-
	4,047,720	4,047,720	-	-	AA+
Municipal Bonds	5,194,250	-	-	5,194,250	AA+
Negotiable Certificates of deposit	2,222,300	2,222,300	-	-	
Money market mutual funds	117,578,335	117,578,335	-	-	
Local Agency Investment Fund	192,705,889	192,705,889	-	-	Not rated
San Diego County Investment Pool	270,367,612	270,367,612	-	-	AAA
CalTrust Fund	16,410,450	16,410,450	-	-	AAA
Total investments subject to credit and interest rate risk:	901,833,026	718,014,956	91,295,959	92,522,111	
Investments not subject to credit or interest rate risk:					
Nonnegotiable certificates of deposit	16,615,890				
Total Investments	<u>\$ 918,448,916</u>				

Investment Type	2020				Ratings
	Total	Investment Maturities (in Years)			
		0 - 1	1 - 2	2 - 5	
Investments subject to credit and interest rate risk:					
U.S. Treasury obligations	\$ 152,277,194	\$ 38,947,897	\$ 54,461,073	\$ 58,868,224	AA+
U.S. Agency securities	147,157,246	22,271,155	32,673,767	92,212,324	AA+
	6,810,765	-	-	6,810,765	Not rated
Supranationals	4,199,896	2,148,056	2,051,840	-	AAA
	5,610,140	-	-	5,610,140	Not rated
Commercial Paper	2,499,500	2,499,500	-	-	A-1
Medium-term notes	3,041,070	3,041,070	-	-	AAA
	22,040,080	4,048,800	4,115,480	13,875,800	AA
	39,801,962	5,335,102	13,705,980	20,760,880	A
	5,176,600	-	-	5,176,600	AA+
	4,028,440	4,028,440	-	-	A+
Municipal Bonds	4,000,000	4,000,000	-	-	A-1+
Money market mutual funds	110,878,565	110,878,565	-	-	AAA
Local Agency Investment Fund	146,314,756	146,314,756	-	-	Not rated
San Diego County Investment Pool	293,587,647	293,587,647	-	-	AAA
CalTrust Fund	16,362,863	16,362,863	-	-	AA
Total investments subject to credit and interest rate risk:	963,786,724	560,021,237	107,008,140	203,314,732	
Investments not subject to credit or interest rate risk:					
Nonnegotiable certificates of deposit	16,271,235				
Total Investments	<u>\$ 980,057,959</u>				

Ratings per Standard and Poor's

San Diego County Regional Airport Authority

Note 2. Cash, Cash Equivalents, and Investments (Continued)

Concentration of credit risk: The investment policy of the Airport Authority contains no limitations on the amount that can be invested by any one issuer beyond that stated in the table provided earlier in this note. The Airport Authority requires a diversified investment portfolio to avoid risk of losses resulting from an over-concentration of assets in a specific maturity, issuer or class of securities. The Airport Authority had no concentrations of credit risk at June 30, 2021 and 2020.

Foreign currency risk: The Airport Authority's investment policy does not allow investments in foreign securities.

Note 3. Note Receivable

As part of the transfer of airport operations from the District to the Airport Authority, and pursuant to the associated MOU, the District issued a \$50,000,000 unsecured promissory note to the Airport Authority. According to an agreement with the District that commenced on January 1, 2006, the note will be amortized over 25 years, maturing on December 31, 2030. The note is subordinate to all bond indebtedness of the District and carries a fixed interest rate of 5.5 percent per annum. At June 30, 2021 and 2020, the balance of the note receivable was \$27,208,867 and \$29,332,710, respectively.

The required principal payments owed from the District for note receivable for the fiscal years ending June 30 are as follows:

Years Ending June 30,	Amount
2022	\$ 2,243,644
2023	2,370,203
2024	2,500,653
2025	2,644,957
2026	2,794,153
2027-2031	14,655,257
	<u>\$ 27,208,867</u>

San Diego County Regional Airport Authority

Note 4. Capital Assets

Capital asset activity for the years ended June 30, 2021 and 2020, are as follows:

	Balance at June 30, 2020	Increases	Decreases	Balance at June 30, 2021
Nondepreciable assets:				
Land	\$ 22,167,594	\$ -	\$ -	\$ 22,167,594
Construction in progress	288,353,299	173,459,061	(213,276,895)	248,535,465
Intangible asset	440,000	-	-	440,000
Total nondepreciable assets	310,960,893	173,459,061	(213,276,895)	271,143,059
Depreciable assets:				
Land improvements	114,589,520	49,181,230	-	163,770,750
Buildings and structures (1)	1,747,407,784	148,946,010	(10,586,284)	1,885,767,510
Machinery and equipment	135,435,875	3,324,571	(15,777,887)	122,982,559
Runways, roads and parking lots	708,999,286	12,709,855	(1,734,320)	719,974,821
Total capital assets being depreciated	2,706,432,465	214,161,666	(28,098,491)	2,892,495,640
Less accumulated depreciation for:				
Land improvements	(35,941,711)	(9,533,871)	-	(45,475,582)
Building and structures	(752,724,619)	(81,869,287)	10,586,287	(824,007,619)
Machinery and equipment	(84,805,802)	(11,671,187)	15,540,927	(80,936,062)
Runways, roads and parking lots	(355,320,220)	(29,759,445)	1,568,624	(383,511,041)
Total accumulated depreciation	(1,228,792,352)	(132,833,789)	27,695,839	(1,333,930,303)
Total capital assets being depreciated, net	1,477,640,113	81,327,877	(402,653)	1,558,565,337
Capital assets, net	\$ 1,788,601,006	\$ 254,786,938	\$ (213,679,548)	\$ 1,829,708,396

(1) Includes capitalized lease of building with a net present value of future lease payments of \$6,201,975

	Balance at June 30, 2019	Increases	Decreases	Balance at June 30, 2020
Nondepreciable assets:				
Land	\$ 22,167,594	\$ -	\$ -	\$ 22,167,594
Construction in progress	144,432,325	197,072,893	(53,151,919)	288,353,299
Intangible asset	440,000	-	-	440,000
Total nondepreciable assets	167,039,919	197,072,893	(53,151,919)	310,960,893
Depreciable assets:				
Land improvements	113,682,793	906,727	-	114,589,520
Buildings and structures (1)	1,708,864,802	38,542,982	-	1,747,407,784
Machinery and equipment	131,172,226	4,263,649	-	135,435,875
Runways, roads and parking lots	698,595,118	10,297,728	106,440	708,999,286
Total capital assets being depreciated	2,652,314,939	54,011,086	106,440	2,706,432,465
Less accumulated depreciation for:				
Land improvements	(28,301,823)	(7,639,888)	-	(35,941,711)
Building and structures	(670,750,529)	(81,974,090)	-	(752,724,619)
Machinery and equipment	(72,553,452)	(12,252,350)	-	(84,805,802)
Runways, roads and parking lots	(325,599,509)	(29,720,711)	-	(355,320,220)
Total accumulated depreciation	(1,097,205,313)	(131,587,039)	-	(1,228,792,352)
Total capital assets being depreciated, net	1,555,109,626	(77,575,953)	106,440	1,477,640,113
Capital assets, net	\$ 1,722,149,545	\$ 119,496,940	\$ (53,045,479)	\$ 1,788,601,006

(1) Includes capitalized lease of building with a net present value of future lease payments of \$6,497,109

San Diego County Regional Airport Authority

Note 5. Long-Term Liabilities

The following is a summary of changes in the long-term liability activity for the years ended June 30, 2021 and 2020:

	Principal Balance at June 30, 2020	Additions /New Issuances	Reductions/ Repayments	Principal Balance at June 30, 2021	Due Within One Year
Bonds payable:					
Series 2010 Bonds	\$ 10,865,000	\$ -	\$ (10,865,000)	\$ -	\$ -
Series 2013 Bonds	368,750,000	-	(7,925,000)	360,825,000	8,315,000
Series 2014 Bonds	293,985,000	-	(5,890,000)	288,095,000	6,090,000
Series 2017 Bonds	281,810,000	-	(4,825,000)	276,985,000	5,070,000
Series 2019 Bonds	463,680,000	-	(1,235,000)	462,445,000	3,420,000
Series 2020 Bonds	241,640,000	-	(820,000)	240,820,000	13,825,000
Bond premiums	220,478,470	-	(14,050,587)	206,427,883	-
Total bonds payable	1,881,208,470	-	(45,610,587)	1,835,597,883	36,720,000
Capital leases	6,497,108	-	(295,134)	6,201,974	323,293
Total debt obligations	1,887,705,578	-	(45,905,721)	1,841,799,857	37,043,293
Compensated absences	4,088,584	3,211,891	(2,538,532)	4,761,943	2,538,532
Total long-term liabilities	\$ 1,891,794,162	\$ 3,211,891	\$ (48,444,253)	\$ 1,846,561,800	\$ 39,581,825

	Principal Balance at June 30, 2019	Additions /New Issuances	Reductions/ Repayments	Principal Balance at June 30, 2020	Due Within One Year
Variable Rate Debt					
Series B tax-exempt	\$ 13,719,000	\$ -	\$ (13,719,000)	\$ -	\$ -
Revolv LOC	-	34,040,000	(34,040,000)	-	-
Total variable rate debt	13,719,000	34,040,000	(47,759,000)	-	-
Bonds payable:					
Series 2010 Bonds	527,100,000	-	(516,235,000)	10,865,000	10,865,000
Series 2013 Bonds	371,070,000	-	(2,320,000)	368,750,000	7,925,000
Series 2014 Bonds	299,705,000	-	(5,720,000)	293,985,000	5,890,000
Series 2017 Bonds	286,270,000	-	(4,460,000)	281,810,000	4,825,000
Series 2019 Bonds	-	463,680,000	-	463,680,000	1,235,000
Series 2020 Bonds	-	241,640,000	-	241,640,000	820,000
Bond premiums	97,483,919	146,341,863	(23,347,312)	220,478,470	-
Total bonds payable	1,581,628,919	851,661,863	(552,082,312)	1,881,208,470	31,560,000
Capital leases	6,820,351	-	(323,243)	6,497,108	269,427
Total debt obligations	1,602,168,270	885,701,863	(600,164,555)	1,887,705,578	31,829,427
Compensated absences	3,550,211	3,385,678	(2,847,305)	4,088,584	2,847,306
Total long-term liabilities	\$ 1,605,718,481	\$ 889,087,541	\$ (603,011,860)	\$ 1,891,794,162	\$ 34,676,733

San Diego County Regional Airport Authority

Note 5. Long-Term Liabilities (Continued)

Senior Lien Airport Revenue Bonds, Series 2005 and Refunded Series 1995: The California Maritime Infrastructure Authority issued \$76,690,000 of Airport Revenue Bonds (Series 1995 Bonds) for the District, pursuant to a trust agreement dated December 1, 1995. The proceeds of the Series 1995 Bonds were used solely to pay a portion of the construction and installation of the West Terminal Expansion at SDIA, fund a Reserve Account, and pay certain expenses in connection with the issuance of the Series 1995 Bonds. In conjunction with the transfer of airport operations to the Airport Authority on January 1, 2003, these bond obligations were assumed by the Airport Authority.

On November 9, 2005, the Airport Authority issued \$56,270,000 of senior lien Series 2005 bonds to refund all of the then-outstanding Series 1995 Bonds, fund a debt service reserve account and pay cost of issuance.

On December 21, 2012, the Airport Authority defeased all of its outstanding Series 2005 Bonds, by depositing proceeds of Subordinate CP Notes and certain other available monies into an irrevocable escrow fund. The amounts on deposit in the escrow fund will be used to pay the principal of and interest on the Series 2005 Bonds until their final maturity date of July 1, 2020. As of June 30, 2021 and 2020, the amount held in escrow by the trustee was \$0 and \$5,226,683, respectively, and the amount of the defeased Series 2005 Bonds still outstanding was \$0 and \$5,125,000, respectively.

Senior Lien Airport Revenue Bonds, Series 2013: On January 30, 2013, the Airport Authority issued \$379,585,000 of Series A and B Senior Airport Revenue Bonds (Series 2013 Bonds). The Series 2013 Bonds were issued to finance certain capital improvements at SDIA, fund a portion of the interest accruing on the Series 2013 Bonds through and including July 1, 2015, fund the senior reserve fund and pay the costs of issuance of the Series 2013 Bonds.

The Series 2013 Bonds were structured as serial and term bonds that bear interest at rates ranging from 3.00 percent to 5.00 percent and mature in fiscal years 2016 to 2044. The bonds were issued at a premium of \$55,934,101, which is being amortized over the life of the bonds. Interest on the senior Series 2013 Bonds is payable semiannually on January 1 and July 1, of each year. Interest for the fiscal years ended June 30, 2021 and 2020, was \$17,685,100 and \$18,081,350, respectively, including accrued interest of \$8,842,550 and \$9,040,675 for fiscal years ending June 30, 2021 and 2020, respectively. The principal balance on the Series 2013 Bonds as of June 30, 2021 and 2020, was \$360,825,000 and \$368,750,000, respectively.

The senior Series 2013 Bonds are special obligations of the Airport Authority, payable solely from and secured by: (a) a pledge of net revenues, which include certain income and revenue received by the Airport Authority from the operation of the airport system, less all amounts that are required to pay the operation and maintenance expenses of the airport system; and (b) certain funds and accounts held by the senior trustee under the senior indenture.

As senior lien bonds, the Series 2013 Bonds require that charges for services be set each fiscal year at rates sufficient to produce pledged revenues at least 125 percent times the senior debt service for that year. In addition, the Series 2013 Bonds require the Airport Authority to maintain a debt service reserve account with the bond trustee and to reserve certain additional amounts in the Airport Authority's books, as shown previously in the notes. For the fiscal years ended June 30, 2021 and 2020, the amount held by the trustee was \$51,465,414 and \$51,242,009, respectively, which included the July 1 payment and the debt service reserve fund. The total additional amounts held by the Airport Authority for Operating and Maintenance, and Renewal and Replacements reserves for fiscal years 2021 and 2020 was \$62,380,013 and \$63,145,006, respectively. The public ratings of the Series 2013 Bonds as of June 30, 2021, are A/A1/AA- by Standard & Poor's, Moody's Investors Service and Fitch Ratings.

San Diego County Regional Airport Authority

Note 5. Long-Term Liabilities (Continued)

The required debt service payments for the Series 2013 Bonds for the fiscal years ending June 30 are as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 8,315,000	\$ 17,477,225	\$ 25,792,225
2023	8,725,000	17,051,225	25,776,225
2024	9,170,000	16,603,850	25,773,850
2025	9,625,000	16,133,975	25,758,975
2026	10,105,000	15,640,725	25,745,725
2027-2031	58,435,000	70,163,750	128,598,750
2032-2036	25,815,000	60,048,125	85,863,125
2037-2041	46,130,000	51,281,250	97,411,250
2042-2044	184,505,000	13,792,875	198,297,875
	<u>\$ 360,825,000</u>	<u>\$ 278,193,000</u>	<u>\$ 639,018,000</u>

Subordinate Lien Series 2010, 2017, 2019, and 2020 Bonds: On October 5, 2010, the Airport Authority issued \$572,565,000 of Series A, B, and C Subordinate Airport Revenue Bonds (Series 2010 Bonds). The subordinate Series 2010 Bonds were issued to finance certain capital improvements at SDIA, fund a portion of the interest accruing on the subordinate Series 2010 Bonds through and including January 1, 2013, refund \$142,176,000 of the Airport Authority's then outstanding commercial paper notes, fund the subordinate reserve fund and pay the costs of issuance of the subordinate Series 2010 Bonds.

The Subordinate Series 2010 C Bonds were refunded and defeased on December 11, 2019, when the Airport Authority issued Subordinate Series 2019A Revenue Refunding Bonds. The proceeds of the Series 2019 Bonds included an amount to fund the escrow which was used to pay the principal and interest of the Series 2010C Bonds. As of June 30, 2021, the balance of the 2010C escrow fund was \$0. Subordinate Series 2010 A and B (except series maturing July 1, 2020) were refunded and defeased on April 8, 2020, when the Airport Authority Issued Series 2020A, 2020B, and 2020C Revenue Refunding Bonds. The proceeds of the Subordinate Series 2020 Bonds included an amount to fund the escrow which was used to pay the principal and interest of the Series 2010A and 2010B Bonds. As of June 30, 2021, the balance of the 2010A escrow fund was \$0 and the balance of the 2010B escrow fund was \$0. Amount on deposit in the escrow funds was used to pay the redemption price and interest on the Refunded Series 2010 Bonds on July 1, 2020.

As a result of the refunding, the Airport Authority reduced its total debt service requirements by \$142.8 million, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately \$100.0 million.

Interest for the fiscal years ended June 30, 2021 and 2020, amounted to \$407,438 and \$17,869,205, respectively, including accrued interest of \$0 and \$407,438, respectively. The principal balance on the subordinate Series 2010 Bonds as of June 30, 2021 and 2020, was \$0 and \$10,865,000, respectively.

San Diego County Regional Airport Authority

Note 5. Long-Term Liabilities (Continued)

The Airport Authority issued \$291,210,000 of Series A and B Subordinate Airport Revenue Bonds on August 3, 2017. The Subordinate Series 2017 Bonds were issued to finance certain capital improvements at SDIA including the Parking Plaza and the FIS facility, fund a portion of the interest accruing on the subordinate Series 2017 Bonds, refund \$32,550,000 of the Airport Authority's outstanding variable rate debt, fund the subordinate reserve fund and pay the costs of issuance of the subordinate Series 2017 Bonds. The Series 2017 Bonds are structured as serial and term bonds that bear interest at rates ranging from 4.00 percent to 5.00 percent and mature in fiscal years 2019 to 2048. The bonds were issued at a premium of \$48,423,688, which is being amortized over the life of the bonds. Interest on the Series 2017 Bonds is payable semiannually on January 1 and July 1 of each year.

Interest for the fiscal years ended June 30, 2021 and 2020, amounted to \$13,849,250 and \$14,090,500, respectively, including accrued interest of \$6,924,625 and \$7,045,250, respectively. The principal balance on the subordinate Series 2017 Bonds as of June 30, 2021 and 2020, was \$276,985,000 and \$281,810,000, respectively.

The required debt service payments for the Series 2017 Bonds for the fiscal years ending June 30 are as follows:

Years Ending June 30,	Principal	Interest	Total
2022	\$ 5,070,000	\$ 13,722,500	\$ 18,792,500
2023	5,320,000	13,462,750	18,782,750
2024	5,585,000	13,190,125	18,775,125
2025	5,865,000	12,903,875	18,768,875
2026	6,155,000	12,603,375	18,758,375
2027-2031	35,730,000	57,955,500	93,685,500
2032-2036	45,600,000	47,836,750	93,436,750
2037-2041	58,200,000	34,923,500	93,123,500
2042-2046	74,290,000	18,440,500	92,730,500
2047-2048	35,170,000	1,780,000	36,950,000
	<u>\$ 276,985,000</u>	<u>\$ 226,818,875</u>	<u>\$ 503,803,875</u>

The Airport Authority issued \$338,775,000 of Series A Subordinate Airport Revenue and Revenue Refunding Bonds and \$124,905,000 of Series B Subordinate Airport Revenue Bonds on December 11, 2019 (Series 2019 Bonds). The Subordinate Series 2019 Bonds were issued to finance certain capital improvements at SDIA including a new facilities maintenance building and storm water capture and reuse projects, fund a portion of the interest accruing on the subordinate Series 2019 Bonds, refund \$34,321,000 of the Airport Authority's outstanding variable rate debt, fund the Series 2010C Escrow account, fund the subordinate reserve fund, and pay the costs of issuance of the subordinate Series 2017 Bonds. The Series 2019 Bonds are structured as serial and term bonds that bear interest at rates ranging from 4.00 percent to 5.00 percent and mature in fiscal years 2021 to 2050. The bonds were issued at a premium of \$96,927,688, which is being amortized over the life of the bonds. Interest on the Series 2019 Bonds is payable semiannually on January 1 and July 1 of each year.

Interest for the fiscal years ended June 30, 2021 and 2020, amounted to \$22,292,100 and \$12,418,806, respectively, including accrued interest of \$11,146,051 and \$12,418,806, respectively. The principal balance on the subordinate Series 2019 Bonds as of June 30, 2021 and 2020, was \$462,445,000 and \$463,680,000, respectively.

San Diego County Regional Airport Authority

Note 5. Long-Term Liabilities (Continued)

The required debt service payments for the Series 2019 Bonds for the fiscal years ending June 30 are as follows:

Years Ending June 30,	Principal	Interest	Total
2022	\$ 3,420,000	\$ 22,292,100	\$ 25,712,100
2023	4,440,000	22,121,100	26,561,100
2024	6,095,000	21,899,100	27,994,100
2025	6,400,000	21,594,350	27,994,350
2026	5,615,000	21,274,350	26,889,350
2027-2031	32,580,000	101,868,500	134,448,500
2032-2036	108,750,000	87,243,000	195,993,000
2037-2041	163,700,000	55,332,800	219,032,800
2042-2046	66,135,000	25,957,200	92,092,200
2047-2051	65,310,000	8,362,500	73,672,500
	<u>\$ 462,445,000</u>	<u>\$ 387,945,000</u>	<u>\$ 850,390,000</u>

The Airport Authority issued \$241,640,000 of Series A, B, and C Subordinate Airport Revenue Refunding Bonds (Series 2020 Bonds). The Airport Authority entered into a Forward Delivery Purchase Contract on December 11, 2019 and delivered the 2020 Bonds Proceeds on April 8, 2020. Proceeds from the sale of the 2020 Bonds were used to fund the Series 2010 A and B bonds escrow accounts and pay the costs of issuance of the subordinate Series 2020 Bonds. The Series 2020 Bonds are structured as serial bonds that bear interest rates of 5.00 percent and mature in fiscal years 2021 to 2041. The bonds were issued at a premium of \$49,414,175, which is being amortized over the life of the bonds. Interest on the Series 2020 Bonds is payable semiannually on January 1 and July 1 of each year.

Interest for the fiscal years ended June 30, 2021 and 2020, amounted to \$12,041,000 and \$2,785,572, respectively, including accrued interest of \$6,020,500 and \$2,785,572, respectively. The principal balance on the subordinate Series 2020 Bonds as of June 30, 2021 and 2020, was \$240,820,000 and \$241,640,000, respectively.

The required debt service payments for the Series 2020 Bonds for the fiscal years ending June 30 are as follows:

Years Ending June 30,	Principal	Interest	Total
2022	\$ 13,825,000	\$ 12,041,000	\$ 25,866,000
2023	14,520,000	11,349,750	25,869,750
2024	15,240,000	10,623,750	25,863,750
2025	16,005,000	9,861,750	25,866,750
2026	11,275,000	9,061,500	20,336,500
2027-2031	65,395,000	36,268,750	101,663,750
2032-2036	57,755,000	19,881,250	77,636,250
2037-2041	46,805,000	7,250,250	54,055,250
	<u>\$ 240,820,000</u>	<u>\$ 116,338,000</u>	<u>\$ 357,158,000</u>

San Diego County Regional Airport Authority

Note 5. Long-Term Liabilities (Continued)

The subordinate Series Bonds are special obligations of the Airport Authority, payable solely from and secured by: (a) a pledge of subordinate net revenues, which include certain income and revenue received by the Airport Authority from the operation of the airport system, less all amounts that are required to pay the operation and maintenance expenses of the airport system and all amounts necessary to pay debt service on and fund the reserves for the senior bonds; and (b) certain funds and accounts held by the

subordinate trustee under the subordinate indenture. The subordinate Series Bonds were issued with a pledge of and lien on subordinate net revenues.

As subordinate lien bonds, the Series 2017, 2019, and 2020 Bonds require that charges for services be set each fiscal year at rates sufficient to produce pledged revenues at least 110 percent times the subordinate debt service for that year. In addition, the subordinate Bonds require the Airport Authority to maintain a reserve account with the bond trustee. At June 30, 2021 and 2020, the amount held by the trustee was \$326,663,469 and \$351,362,336, respectively, which included the July 1 payment, a debt service reserve fund, construction fund, and a capitalized interest fund. The public ratings of the Subordinate Series 2010, 2017, 2019, and 2020 Bonds as of June 30, 2020, are A-/A2/A+ by Standard & Poor's, Moody's Investors Service and Fitch Ratings.

Senior Lien Special Facilities Revenue Bonds, Series 2014: On February 19, 2014, the Airport Authority issued \$305,285,000 of Series A and B Senior Special Facilities Revenue Bonds (Series 2014 Bonds). The Series 2014 Bonds were issued to finance a portion of the costs of the development and construction of a consolidated rental car facility and related improvements at SDIA, fund a portion of the interest accruing on the Series 2014 Bonds, fund deposits to the senior reserve fund and pay the costs of issuance of the Series 2014 Bonds.

The Series 2014 A Bonds were structured as tax-exempt and non-AMT term bonds that bear interest at 5.00 percent. The Series 2014 B Bonds were structured as federally taxable bonds that bear interest at rates ranging from 2.54 percent to 5.59 percent. The bonds were issued at a premium of \$594,226, which is amortized over the life of the bonds. Interest on the Series 2014 Bonds is payable semiannually on January 1 and July 1 of each year. Interest for fiscal years ended June 30, 2021 and 2020, was \$15,827,940 and \$16,028,789, respectively, including accrued interest of \$7,913,970 and \$8,014,395, respectively. The principal balance on the Series 2014 Bonds for fiscal years ended June 30, 2021 and 2020 was \$288,095,000 and \$293,985,000, respectively.

The Series 2014 Bonds are special limited obligations of the Airport Authority, payable solely from and secured by a pledge of the Trust Estate, which includes, among other things, customer facility charges collected from the rental car companies operating at the Airport and remitted to the Trustee. No revenues of the Airport Authority other than the customer facility charges and the Bond Funding Supplemental Consideration (as defined in the bond indenture), are pledged to the payment of the Series 2014 Bonds.

The Series 2014 Bonds require the Airport Authority to maintain a debt service reserve account with the bond trustee and to reserve certain additional amounts in the Airport Authority's net position, as shown previously in the notes. For the fiscal years ended June 30, 2021 and 2020, the amount held by the trustee was \$53,063,404 and \$51,516,600, respectively, which included the July 1 payment, the debt service reserve fund, and the rolling coverage fund.

The public ratings of the Senior Series Special Facility 2014 Bonds as of June 30, 2019, are BBB+/A3 by Standard & Poor's and Moody's Investors Service.

San Diego County Regional Airport Authority

Note 5. Long-Term Liabilities (Continued)

The required debt service payments for the Series 2014 Bonds for the fiscal years ending June 30 are as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 6,090,000	\$ 15,714,362	\$ 21,804,362
2023	6,320,000	15,424,013	21,744,013
2024	6,670,000	15,060,682	21,730,682
2025	7,045,000	14,677,074	21,722,074
2026	7,440,000	14,271,928	21,711,928
2027-2031	43,925,000	64,443,360	108,368,360
2032-2036	57,665,000	50,319,070	107,984,070
2037-2041	75,700,000	31,777,897	107,477,897
2042-2045	77,240,000	8,370,662	85,610,662
	<u>\$ 288,095,000</u>	<u>\$ 230,059,047</u>	<u>\$ 518,154,047</u>

Interest expense on the Series 2010, 2013, 2014, 2017, 2019, and 2020 Bonds for fiscal years ended June 30, 2021 and 2020, of \$81.7 million and \$81.3 million, respectively, was offset by bond premium amortization of \$14.1 million in fiscal year 2021 and \$9.6 million in fiscal year 2020.

Line of credit: In fiscal year 2021, the Airport Authority maintained a \$2,000,000 line of credit held with US Bank, which is collateralized with a Treasury bond. This line is utilized to issue letters of credit to surety companies who are partnering with the Airport Authority to provide bonding assistance to contractors accepted into the bonding assistance program at the Airport Authority. As of June 30, 2021, nothing had been drawn on the line of credit and there are no outstanding letters of credit.

The Airport Authority had the following used and unused balances in line of credit type debt instruments as of June 30, 2021 and 2020:

	<u>June 30, 2021</u>		<u>June 30, 2020</u>	
	<u>Used</u>	<u>Unused</u>	<u>Used</u>	<u>Unused</u>
Line of credit	\$ -	\$ 2,000,000	\$ -	\$ 4,000,000
	<u>\$ -</u>	<u>\$ 2,000,000</u>	<u>\$ -</u>	<u>\$ 4,000,000</u>

Subordinate Short-Term Debt Program: As at June 30, 2021, the Authority did not maintain a short-term debt program. Subsequent to fiscal year 2021, on July 19, 2021, the Authority entered into an agreement with Bank of America N.A. to establish a Revolving Line of Credit for \$200,000,000.

Event of Default: In the event of default of all general airport revenue bonds issued by the Airport Authority, acceleration is not a remedy. For the Letter of Credit and Reimbursement Agreement, an event of default could result in either an acceleration or an interest rate increase of 3.00 – 7.00 percent in addition to the base rate. Other than this, there are no significant finance-related consequences in the event of default on other debt instruments. The Airport Authority's Letter of Credit and Reimbursement Agreement is collateralized with a \$2,222,000 Treasury bond. Excluding general airport revenue bonds, special facility bonds, and capital leases, no other assets have been pledged or collateralized for any other debt instruments. General Airport revenue bonds are secured by a pledge of Net Revenues which are generally defined as all revenues and other cash receipts of the Airport Authority's operations less amounts required to pay for operations and maintenance expenses of the airport (net revenues do not include cash received from PFC's, CFC's or Federal Grants). The special facility bonds are secured by a pledge of the Trust Estate.

San Diego County Regional Airport Authority

Note 5. Long-Term Liabilities (Continued)

Capital Leases

Receiving distribution center lease: The Airport Authority entered into an installment purchase agreement for a receiving and distribution center (RDC) in fiscal year 2013. This agreement has been determined to be a capital lease and requires monthly lease payments of \$73,108. The Airport Authority will become the owner of the RDC at the conclusion of the 20-year installment purchase agreement.

The following is a schedule of future lease payments applicable to the RDC installment purchase agreement, the office equipment capital leases, and the net present value of the future lease payments at June 30, 2021:

<u>Years Ending June 30,</u>	<u>Amount</u>
2022	\$ 877,298
2023	877,298
2024	877,298
2025	877,298
2026	877,298
2027-2031	4,386,489
2032-2033	1,242,839
Total Lease Payments	<u>10,015,817</u>
Less amount representing interest	<u>(3,813,843)</u>
Present value of future lease payments	<u>\$ 6,201,974</u>

Note 6. Defined Benefit Plan

Introduction: The Airport Authority has two defined benefit pension plans which cumulatively represent the net pension liability and related deferred inflows and deferred outflows of resource balances as reported on the statement of net position. The below schedule represents aggregating information as of June 30, 2021 and 2020:

	Defined Benefit Plan (GASB No. 68)	Preservation of Benefits Trust Plan (GASB No. 73)	Total
Balances as of 6/30/2021			
Pension expense	\$ 12,879,899	\$ 338,696	\$ 13,218,595
Net pension liability	34,018,795	2,445,415	36,464,210
Deferred outflows of resources	30,748,781	908,672	31,657,453
Deferred inflows of resources	2,065,506	200,876	2,266,382
Balances as of 6/30/2020			
Pension expense	\$ 9,905,772	\$ 214,006	\$ 10,219,778
Net pension liability	15,961,502	1,767,232	17,728,734
Deferred outflows of resources	21,105,307	542,202	21,647,509
Deferred inflows of resources	6,190,685	218,627	6,409,312

San Diego County Regional Airport Authority

Note 6. Defined Benefit Plan (Continued)

Plan description: The Airport Authority's single-employer defined benefit pension plan (Plan), administered by SDCERS, provides service retirement, disability benefits, death benefits, and survivor benefits to Plan members and beneficiaries. SDCERS is a multi-employer public employee retirement system that acts as a common investment and administrative agent for three separate single-employer defined benefit pension plans for the City, the District, and Airport Authority.

From January 1, 2003 through June 30, 2007, SDCERS administered a qualified employer defined benefit plan for the City, the District, and Airport Authority. However, as of July 1, 2007, the City, the District and the Airport Authority plans were separated into independent, qualified, single-employer governmental defined benefit plans, and trusts. The assets of the three separate plans and trusts were pooled in the SDCERS Group Trust, which was established as of July 1, 2007. SDCERS invests and administers the Group Trust as a common investment fund and accounts separately for the proportional interest of each plan and trust that participates in the Group Trust.

SDCERS is governed by a 13-member Board, responsible for the administration of retirement benefits for the City, the District, and the Airport Authority and for overseeing the investment portfolio of the retirement system's trust fund. The Board is comprised of seven appointed members, four active members, one retired member, and one ex-officio member.

SDCERS acts as a common, independent investment and administrative agent for the City, the District, and the Airport Authority, whose plans cover all eligible employees. In a defined benefit plan, pension benefits are actuarially determined by a member's age at retirement, number of years of service credit and final compensation, typically based on the highest salary earned over a one-year or three-year period. Airport Authority members who are participants under the California Public Employees' Pension Reform Act (PEPRA) are subject to pensionable compensation caps.

The San Diego City Charter Section 144 and San Diego Municipal Code Sections 24.0100 et seq. assign the authority to establish and amend the benefit provisions of the plans that participate in SDCERS to the SDCERS Board. The Airport Authority contributes to the Federal Social Security Program. The SDCERS Board issues a publicly available financial report that includes financial statements and required supplementary information for SDCERS. The financial report may be found on the San Diego City Employees' Retirement System website at www.sdcers.org.

Benefits provided: The Airport Authority provides retirement, disability, and death benefits.

There are two types of participants, the classic participants and the PEPRA participants. A classic participant means any member who is not a PEPRA participant. A PEPRA participant is any member hired on or after January 1, 2013, who has never been a member of a public retirement system or who had a break in service of more than six months before their Airport Authority hire date.

The classic participant retirement benefit is calculated by using monthly salary amounts based on the highest continuous 26 bi-weekly pay periods divided by 12. The eligibility of the classic participants begins at age 62 with five years of service, or age 55 with 20 years of service.

The PEPRA participant's benefit is calculated by using monthly salary amounts based on the highest 36 consecutive months divided by 36. Base salary cannot exceed 100 percent of the Social Security contribution and benefit base, indexed to the CPI-U. The eligibility of the PEPRA participants begins at age 52 with five years of service.

San Diego County Regional Airport Authority

Note 6. Defined Benefit Plan (Continued)

The Airport Authority provides monthly payments for the life of the member, with 50 percent continuance to the eligible spouse or registered-domestic partner upon the member's death. If there is no eligible spouse, the member may receive either a lump sum payment equal to the accumulated surviving spouse contributions or an actuarially equivalent annuity. Members may also choose to receive a reduced lifetime monthly benefit and, upon death, leave more than 50 percent to their spouse or registered domestic partner, or to provide a continuance to a non-spouse.

Employees with ten years of continuous service are eligible to receive non-industrial disability and employees with no service requirement can receive industrial disability.

The death benefit for non-industrial death before the employee is eligible to retire is a refund of the employee contributions, with interest plus one month's salary for each completed year of service to a maximum of six months' salary. A non-industrial death benefit after the employee is eligible to retire from service is 50 percent of earned benefit payable to eligible surviving spouse, domestic partner, or dependent child under 21 years of age. The industrial death benefit is 50 percent of the final average compensation preceding death, payable to eligible surviving spouse, domestic partner, or dependent child under 21 years of age.

As of the measurement dates June 30, 2020 and June 30, 2019, Plan membership was as follows:

	<u>2020</u>	<u>2019</u>
Active employees	414	407
Inactive employees entitled to but not yet receiving benefits	149	143
Inactive employees or beneficiaries currently receiving benefits	132	117
Total	<u>695</u>	<u>667</u>

Contributions: SDCERS uses actuarial developed methods and assumptions to determine what level of contributions are required to achieve and maintain an appropriate funded status for the Plan. The actuarial process uses a funding method that attempts to create a pattern of contributions that is both stable and predictable. The actual employer and member contribution rates in effect each year are based upon actuarial valuations performed by an independent actuary and adopted by the SDCERS Board annually.

The actuarial valuation is completed as of June 30 of each year. Once accepted by the SDCERS Board, the approved rates for Airport Authority apply to the fiscal year beginning 12 months after the valuation date. For June 30, 2021, the actuarially determined contribution rates for plan sponsors and members were developed in the June 30, 2019, actuarial valuation.

The funding objective of SDCERS is to fully fund the plan's actuarially accrued liability with contributions, which over time will remain as a level percent of payroll for the Airport Authority. Under this approach, the contribution rate is based on the normal cost rate and an amortization of any unfunded actuarial liability.

For the years ended June 30, 2021 and 2020, employees contributed \$3,123,119 and \$3,321,661 respectively, and the Airport Authority contributed \$8,522,311 and \$8,355,880, respectively, to the Plan. Under the Plan, the Airport Authority pays a portion of the classic participant's contribution, referred to as the "off-set". The off-set is equal to 7.00 percent or 8.50 percent of the general classic members' base compensation and 9.55 percent of the executive classic members' base compensation. These contributions are included in the employee contribution. There is no off-set for PEPRAs participants.

San Diego County Regional Airport Authority

Note 6. Defined Benefit Plan (Continued)

Net Pension Liability: The Airport Authority's net pension liability as of June 30, 2021, is measured as the total pension liability, less the pension plan's fiduciary net position. The total pension liability as of June 30, 2021, is measured as of June 30, 2020. The annual valuation used is as of June 30, 2019, rolled forward to June 30, 2020, using standard update procedures. A summary of the principal assumptions and methods used to determine the net pension liability follow.

Actuarial Assumptions: The total pension liability in the June 30, 2020 and 2019, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	June 30, 2020	June 30, 2019
Valuation date	June 30, 2019	June 30, 2018
Measurement date	June 30, 2020	June 30, 2019
Actuarial cost method	Entry-age normal funding method	Entry-age normal funding method
Asset valuation method	Expected value with smoothing	Expected value with smoothing
Actuarial assumptions:		
Investment rate of return ⁽¹⁾	6.50%	6.50%
Inflation Rate	3.05%	3.05%
Interest Credited to Member Contributions	6.50%	6.50%
Projected salary increase ⁽²⁾	3.05%	3.05%
Cost-of-living adjustment	1.9% per annum, compounded	1.9% per annum, compounded
Termination rate ⁽³⁾	2.0% - 16.0%	3.0% - 11.0%
Disability rate ⁽⁴⁾	0.01% - 0.20%	0.01% - 0.30%
Mortality ⁽⁵⁾	0.02% - 13.54%	0.02% - 13.54%

⁽¹⁾ Net of investment expense

⁽²⁾ Net plus merit component based on employee classification and years of service

⁽³⁾ Based on years of service

⁽⁴⁾ Based on age

⁽⁵⁾ All active and retired healthy members: CalPERS Mortality Tables from the CalPERS January 2014 Experience Study

Further details about the actuarial assumptions can be found in the SDCERS June 30, 2020 and June 30, 2019 actuarial reports.

Discount Rate: For the June 30, 2020 and 2019 actuarial valuations, the discount rate used to measure the total pension liability was 6.50 percent. Based on plan funding expectations, no actuarial projection of cash flows was made as the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability (asset).

San Diego County Regional Airport Authority

Note 6. Defined Benefit Plan (Continued)

The long-term expected rate of return estimates for equity and fixed income are developed using a geometric (long-term compounded) building block approach: 1) expected returns based on observable information in the equity and fixed income markets and consensus estimates for major economic and capital market inputs, such as earnings and inflation; and 2) where necessary, judgment-based modifications are made to these inputs. Return assumptions for other assets classes are based on historical returns, current market characteristics, and professional judgements from SDCERS general investment consultant specialist research teams. Best estimates of geometric long-term real rates and nominal rates of return for each major asset class are summarized below:

Asset Class	Target Allocation	Long-term Expected Real Rates of Return	Long-term Expected Nominal Rates of Return
Domestic equity	17.2%	4.7%	6.9%
International equity	14.2%	5.7%	7.9%
Global equity	8.0%	5.3%	7.5%
Domestic fixed income	21.6%	-0.3%	1.8%
Emerging market debt	5.0%	2.5%	4.6%
Real estate	11.0%	4.3%	6.5%
Private equity and infrastructure	13.0%	7.6%	9.9%
Opportunity fund	10.0%	4.3%	6.5%
	<u>100.0%</u>		

Changes in the Net Pension Liability: Changes in the total pension liability, plan fiduciary net position, and the net pension liability through the year ended June 30, 2021, were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances as of June 30, 2020	\$ 218,788,911	\$ 202,827,408	\$ 15,961,503
Changes for the year:			
Service cost	7,857,035	-	7,857,035
Interest on total pension liability	14,257,205	-	14,257,205
Difference between expected and actual experience	925,862	-	925,862
Changes in assumptions	6,767,001	-	6,767,001
Employer contributions	-	8,424,834	(8,424,834)
Member contributions	-	3,321,661	(3,321,661)
Net investment income	-	390,013	(390,013)
Benefit payments	(6,733,942)	(6,733,942)	-
Administrative expense	-	(386,697)	386,697
Net changes	<u>23,073,161</u>	<u>5,015,869</u>	<u>18,057,292</u>
Balances as of June 30, 2021	<u>\$ 241,862,072</u>	<u>\$ 207,843,277</u>	<u>\$ 34,018,795</u>

San Diego County Regional Airport Authority

Note 6. Defined Benefit Plan (Continued)

Changes in the total pension liability, plan fiduciary net position and the net pension liability through the year ended June 30, 2020, were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances as of June 30, 2019	\$ 204,875,918	\$ 186,502,637	\$ 18,373,281
Changes for the year:			
Service cost	7,632,696	-	7,632,696
Interest on total pension liability	13,355,418	-	13,355,418
Difference between expected and actual experience	(645,462)	-	(645,462)
Changes in assumptions	-	-	-
Employer contributions	-	7,848,712	(7,848,712)
Member contributions	-	3,178,464	(3,178,464)
Net investment income	-	12,086,349	(12,086,349)
Benefit payments	(6,429,659)	(6,429,659)	-
Administrative expense	-	(359,095)	359,095
Net changes	<u>13,912,993</u>	<u>16,324,771</u>	<u>(2,411,778)</u>
Balances as of June 30, 2020	<u>\$ 218,788,911</u>	<u>\$ 202,827,408</u>	<u>\$ 15,961,503</u>

Sensitivity of the Net Pension Liability to Discount Rate Changes: The following presents the resulting net pension liability calculated using the discount rate of 6.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate for the fiscal years ended June 30, 2021:

	1% Decrease 5.50%	Current 6.50%	1% Increase 7.50%
Total pension liability	\$ 276,438,379	\$ 241,862,072	\$ 213,625,853
Plan fiduciary net position	<u>207,843,276</u>	<u>207,843,277</u>	<u>207,843,276</u>
Net pension liability	<u>\$ 68,595,103</u>	<u>\$ 34,018,795</u>	<u>\$ 5,782,577</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>75.2%</u>	<u>85.9%</u>	<u>97.3%</u>

San Diego County Regional Airport Authority

Note 6. Defined Benefit Plan (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Plan: For the years ended June 30, 2021 and 2020, the Airport Authority recognized pension expense, as measured in accordance with GASB Statement No. 68, of \$12,879,899 and \$9,905,772, respectively. At June 30, 2021 and 2020, the Airport Authority reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

June 30, 2021	Deferred of Resources	Deferred of Resources
Differences between expected and actual experience	\$ 2,065,699	\$ 2,065,506
Net difference between projected and actual earnings	7,836,405	-
Changes in assumptions	12,324,366	-
Employer contributions made subsequent to June 30, 2020 measurement date	8,522,311	-
Total	<u>\$ 30,748,781</u>	<u>\$ 2,065,506</u>

June 30, 2020	Deferred of Resources	Deferred of Resources
Differences between expected and actual experience	\$ 2,045,125	\$ 2,996,068
Net difference between projected and actual earnings	-	3,194,617
Changes in assumptions	10,704,298	-
Employer contributions made subsequent to June 30, 2019 measurement date	8,355,884	-
Total	<u>\$ 21,105,307</u>	<u>\$ 6,190,685</u>

The deferred outflows of resources, at June 30, 2021 and 2020, resulting from Airport Authority contributions subsequent to the measurement date and prior to year-end will be recognized as a reduction of the net pension liability at June 30, 2022 and 2021, respectively.

Other amounts reported as deferred outflows/inflows of resources related to the plan at June 30, 2021, will be recognized in pension expense as follows:

Years Ended June 30,	
2022	\$ 5,409,170
2023	5,869,695
2024	4,721,590
2025	4,160,509
	<u>\$ 20,160,964</u>

San Diego County Regional Airport Authority

Note 7. Preservation of Benefits Trust Plan (GASB No. 73)

POB description: The Airport Authority's single-employer defined benefit pension plan under the provisions of GASB 73 established as the preservation of benefits and trust plan (POB), administered by SDCERS, provides benefits to POB members and beneficiaries. The POB was established on January 1, 2003, for the purpose of providing benefits to POB members in excess of San Diego City Charter, Code Section 415(b) limitations. Information regarding SDCERS is included in *Note 6*.

The San Diego City Charter Section 144 and San Diego Municipal Code Sections 24.1601 et seq. assign the authority to establish and amend the benefit provisions of the plans that participate in SDCERS to the SDCERS Board.

Benefits provided: The Airport Authority provides retirement benefits.

Retirement benefits are provided to POB members with retirement benefits in excess of Code Section 415(b) who have participated in in the Plan since establishment of the POB. Participation ends for a portion of a plan year in which the retirement benefit of a retiree or beneficiary is not limited by Code Section 415(b) or when all benefit obligations to the retiree or beneficiary have been satisfied. Benefit payments are equal to the amount of retirement income that would have been payable, less the amount payable by the Plan. Benefit payments for the years ended June 30, 2021 and 2020, were \$43,301 and \$47,081, respectively. The POB is unfunded and provides benefits on an annual basis as determined by SDCERS.

As of the measurement dates of June 30, 2020 and 2019, Plan membership was as follows:

	<u>2020</u>	<u>2019</u>
Active employees	2	2
Inactive employees or beneficiaries currently receiving benefits	2	2
Total	<u>4</u>	<u>4</u>

Total Pension Liability: The Airport Authority's total pension liability as of June 30, 2021 and 2020, was \$2,445,415 and \$1,767,232, respectively. The pension liability as of June 30, 2021, is measured as of June 30, 2020, using an annual actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020, using standard update procedures. A summary of the principal assumptions and methods used to determine the net pension liability follow.

Actuarial Assumptions: The total pension liability in the June 30, 2020 and 2019, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Valuation date	June 30, 2019	June 30, 2018
Measurement date	June 30, 2020	June 30, 2019
Actuarial cost method	Entry-age normal	Entry-age normal
Actuarial assumptions:		
Discount rate	2.21%	3.50%
Inflation rate	3.05%	3.05%
Interest credited to member contributions	6.50%	6.50%
Projected salary increases	3.05%	3.05%

San Diego County Regional Airport Authority

Note 7. Preservation of Benefits Trust Plan (GASB No. 73) (Continued)

Changes in the Total Pension Liability: Changes in the total pension liability through the year ended June 30, 2021, was as follows:

	<u>Total Pension Liability</u>
Balances as of June 30, 2020	\$ 1,767,232
Changes for the year:	
Service cost	55,276
Interest on total pension liability	62,061
Difference between expected and actual experience	(57,318)
Changes in assumptions	661,465
Benefit payments	(43,301)
Net changes	<u>678,183</u>
Balances as of June 30, 2021	<u>\$ 2,445,415</u>

Changes in the total pension liability through the year ended June 30, 2020, was as follows:

	<u>Total Pension Liability</u>
Balances as of June 30, 2019	\$ 1,656,062
Changes for the year:	
Service cost	49,343
Interest on total pension liability	64,133
Difference between expected and actual experience	(64,295)
Changes in assumptions	109,070
Benefit payments	(47,081)
Net changes	<u>111,170</u>
Balances as of June 30, 2020	<u>\$ 1,767,232</u>

Sensitivity of the Total Pension Liability to Discount Rate Changes: The following presents the resulting total pension liability calculated using the discount rate of 2.21 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate for the fiscal year ended June 30, 2021:

	<u>1% Decrease</u> <u>1.21%</u>	<u>Current Rate</u> <u>2.21%</u>	<u>1% Increase</u> <u>3.21%</u>
Total pension liability	\$ 2,984,375	\$ 2,445,415	\$ 1,492,635

San Diego County Regional Airport Authority

Note 7. Preservation of Benefits Trust Plan (GASB No. 73) (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the POB: For the year ended June 30, 2021 and 2020, the Airport Authority recognized pension expense, as measured in accordance with GASB Statement No. 73, of \$338,696 and \$214,006. At June 30, 2021 and 2020, the Airport Authority reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

June 30, 2021	<u>Deferred of Resources</u>	<u>Deferred of Resources</u>
Differences between expected and actual experience	\$ 225,947	\$ 84,431
Changes in assumptions	640,043	116,445
Employer contributions subsequent to June 30, 2020 measurement date	42,682	-
Total	<u>\$ 908,672</u>	<u>\$ 200,876</u>

June 30, 2020	<u>Deferred of Resources</u>	<u>Deferred of Resources</u>
Differences between expected and actual experience	\$ 322,838	\$ 51,436
Changes in assumptions	178,115	167,191
Employer contributions subsequent to June 30, 2019 measurement date	41,249	-
Total	<u>\$ 542,202</u>	<u>\$ 218,627</u>

The deferred outflows of resources, at June 30, 2021, resulting from Airport Authority contributions subsequent to the measurement date and prior to year-end will be recognized as a reduction of the net pension liability at June 30, 2022.

Amounts reported as deferred outflows/inflows of resources related to the plan will be recognized in pension expense as follows:

<u>Years Ended June 30,</u>	
2022	\$ 175,925
2023	147,000
2024	120,831
	<u>\$ 443,756</u>

San Diego County Regional Airport Authority

Note 8. Employees' Deferred Compensation Plan

The Airport Authority offers its employees a deferred compensation plan, which was created in accordance with Internal Revenue Code (IRC) Section 457. The Plan, which is available to all full-time Airport Authority employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, total disability, death, or unforeseeable emergency.

The plan is administered by the Airport Authority and contracted to an unrelated financial institution. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are held in trust for employees.

Employee assets to be held in the IRC Section 457 plans are not the property of the Airport Authority and are not subject to the claims of the Airport Authority's general creditors. Accordingly, employee assets are not reflected in the Airport Authority's financial statements.

Note 9. Other Postemployment Benefits

The Airport Authority provides an agent multiple-employer defined benefit postemployment benefit plan (the OPEB Plan). The OPEB Plan provides post-retirement medical, dental, vision and life insurance benefits for nonunion employees hired prior to May 1, 2006, and union employees hired prior to October 1, 2008. The employees are eligible for these benefits if they retire from active employment after age 55 with 20 years of service or age 62 with five years of service.

Plan description: As of May 8, 2009, the Board approved entering into an agreement with the California Employer's Retiree Benefit Trust (CERBT) fund. This is managed by California Public Employees Retirement System (CalPERS). CalPERS administers pension and health benefits for approximately 2 million California public employees, retirees, and their families. CalPERS was founded in 1932 and is the largest public pension fund in the United States, managing more than \$392 billion in assets for more than 2,890 California employers. In 1988 and 2007, enabling statutes and regulations were enacted which permitted CalPERS to form the CERBT fund, an irrevocable Section 115 Trust, for the purpose of receiving employer contributions that will prefund health and other postemployment benefit costs for retirees and their beneficiaries. Financial statements for CERBT may be obtained from CalPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

Funding policy: CERBT requires a valuation of the liabilities and annual costs for benefits by an approved actuarial consulting firm. It is the Airport Authority's intent to budget and prefund the actuarially determined contributions (ADCs). As of May 9, 2009, the agreement with CERBT was approved. The retirees' contribution rate was raised from 5 percent to 10 percent of plan costs for single coverage and the entire cost of vision benefits, lowering the OPEB liabilities of the Airport Authority. Annually, the Airport Authority's goal is to fund 100 percent of the actuarially calculated ADC for its OPEB. In previous years, the Airport Authority has made contributions above the annual ADC which has resulted in a net OPEB asset. During the fiscal years ended June 30, 2021 and 2020, the Airport Authority's contributions were \$919,462 and \$784,845, respectively.

A measurement date of June 30, 2020 and 2019, was used for the June 30, 2021 and June 2020, OPEB assets and expenses. The information that follows was determined as of a valuation date of June 30, 2020 and June 30, 2019, respectively. Assumptions used in the June 30, 2020 valuation were rolled forward from the June 30, 2019 valuation.

San Diego County Regional Airport Authority

Note 9. Other Postemployment Benefits (Continued)

Membership in the OPEB by membership class at June 30, 2020 and 2019, is as follows:

	<u>2020</u>	<u>2019</u>
Active employees	141	151
Inactive employees entitles to but not receiving benefits	1	-
Inactive employees or beneficiaries currently receiving benefits	86	79
Total	<u>228</u>	<u>230</u>

Actuarial Assumptions: The total OPEB liability in the June 30, 2020 and 2019, actuarial valuations was determined using the following actuarial assumptions, applied to all period included in the measurement:

Actuarial Valuation Date	June 30, 2019
Contribution Policy	Authority contributes at least the full ADC
Inflation	2.75%
Projected salary increase	3.00%
Investment rate of return	6.75%; Expected Authority contributions projected to keep sufficient plan assets to pay all benefits from trust
Actuarial cost method	Entry Age Normal Level Percent of Pay
Asset valuation method	5 year asset smoothing
Retirement age	SDCERS 2010-2015 Experience Study
Mortality	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2019
Medical Trend	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4% in 2076; Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4.0% in 2076
Healthcare Participation of Future Retirees	90%
Spousal Assumption for Future Retirees	Currently covered - 2-party coverage if currently have 2 party or family coverage; Currently waived - 80% cover spouses at retirement

The long-term expected rate of return on the OPEB Plan investments was based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information. The target allocation and best estimates of rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rates of Return
Global Equity	59%	4.82%
Fixed Income	25%	1.47%
REITs	8%	3.76%
TIPS	5%	1.29%
Commodities	3%	0.84%
	<u>100%</u>	

San Diego County Regional Airport Authority

Note 9. Other Postemployment Benefits (Continued)

Discount Rate: The discount rate used to measure the net OPEB liability (asset) at June 30, 2021 and 2020, was 6.75 percent and 6.75 percent. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the net OPEB liability.

Changes in the Net OPEB Liability (Asset): Changes in the total OPEB liability, plan fiduciary net position, and the net OPEB asset through the year ended June 30, 2021, were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability/ (Asset)
Balances as of June 30, 2020	\$ 25,660,994	\$ 27,797,488	\$ (2,136,494)
Changes for the year:			
Service cost	501,198	-	501,198
Interest on total OPEB liability	1,739,459	-	1,739,459
Difference between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Employer contributions	-	784,845	(784,845)
Member contributions	-	-	-
Net investment income	-	982,113	(982,113)
Benefit payments	(784,845)	(784,845)	-
Administrative expense	-	(13,580)	13,580
Net changes	1,455,812	968,533	487,279
Balances as of June 30, 2021	<u>\$ 27,116,806</u>	<u>\$ 28,766,021</u>	<u>\$ (1,649,215)</u>

San Diego County Regional Airport Authority

Note 9. Other Postemployment Benefits (Continued)

Changes in the total OPEB liability, plan fiduciary net position and the net OPEB liability (asset) through the year ended June 30, 2020, were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability/ (Asset)
Balances as of June 30, 2019	\$ 25,804,494	\$ 26,199,041	\$ (394,547)
Changes for the year:			
Service cost	449,596	-	449,596
Interest on total OPEB liability	1,883,080	-	1,883,080
Difference between expected and actual experience	(169,582)	-	(169,582)
Changes in assumptions	(1,531,369)	-	(1,531,369)
Employer contributions	-	775,225	(775,225)
Member contributions	-	-	-
Net investment income	-	1,604,058	(1,604,058)
Benefit payments	(775,225)	(775,225)	-
Administrative expense	-	(5,611)	5,611
Net changes	(143,500)	1,598,447	(1,741,947)
Balances as of June 30, 2020	<u>\$ 25,660,994</u>	<u>\$ 27,797,488</u>	<u>\$ (2,136,494)</u>

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate and Health Care Cost Trend Rates: The net OPEB liability (asset) of the Authority has been calculated using a discount rate of 6.75 percent. The following presents the net OPEB liability (asset) using a discount rate 1 percent higher and 1 percent lower than the current discount rate.

	1% Decrease 5.75%	Current Rate 6.75%	1% Increase 7.75%
Net OPEB liability (asset)	<u>\$ 2,174,982</u>	<u>\$ (1,649,215)</u>	<u>\$ (4,804,196)</u>

The net OPEB liability (asset) of the Authority has been calculated using health care cost trend rates of 7.25 percent decreasing to 4.0 percent in 2076 and thereafter for non-Medicare and 6.3 percent decreasing to 4.0 percent in 2076 for Medicare. The following presents the net OPEB liability (asset) using health care cost trend rates 1 percent higher and 1 percent lower than the current health care cost trend rates.

	1% Decrease	Trend Rate	1% Increase
Net OPEB liability (asset)	<u>\$ (5,163,937)</u>	<u>\$ (1,649,215)</u>	<u>\$ 2,636,278</u>

San Diego County Regional Airport Authority

Note 9. Other Postemployment Benefits (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the OPEB: For the years ended June 30, 2021 and 2020, the Airport Authority recognized OPEB expense, as measured in accordance with GASB Statement No. 75, of \$197,770 and \$71,854, respectively, and reported deferred inflows of resources and deferred outflows of resources related to the OPEB from the following sources:

June 30, 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings	\$ 710,743	\$ -
Net difference between expected and actual experience	-	88,828
Changes in assumptions	183,690	802,145
Employer contributions made subsequent to June 30, 2020 measurement date	919,462	-
Total	<u>\$ 1,813,895</u>	<u>\$ 890,973</u>

June 30, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings	\$ -	\$ 104,407
Net difference between expected and actual experience	-	129,205
Changes in assumptions	329,475	1,166,757
Employer contributions made subsequent to June 30, 2019 measurement date	784,336	-
Total	<u>\$ 1,113,811</u>	<u>\$ 1,400,369</u>

The deferred outflows of resources at June 30, 2021 related to OPEB resulting from Airport Authority contributions subsequent the measurement date and prior to year-end will be recognized as an addition to the net OPEB asset at June 30, 2022.

Amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2021, related to the OPEB will be recognized in OPEB expense as follows:

Years Ended June 30,	
2022	\$ (180,596)
2023	(153,056)
2024	158,361
2025	178,751
Total	<u>\$ 3,460</u>

San Diego County Regional Airport Authority

Note 10. Risk Management

The Airport Authority has a comprehensive Risk Management Program comprised of commercial insurance, self-insurance, loss mitigation/prevention, loss control, and claims administration. The Airport Authority's coverage includes a variety of retentions or deductibles.

Commercially issued insurance:

- The Airport Authority maintains a minimum of \$500 million in limits for general liability insurance.
- The Airport Authority maintains a property insurance policy with minimum limits of \$750 million providing all risk and flood coverage for physical assets.
- The Airport Authority also maintains policies for workers' compensation, commercial auto, fiduciary liability, privacy and network security, crime, and public entity and employment practices liability, among others.

Self-insurance: Due to the exorbitant cost of earthquake insurance, the Airport Authority self-insures for losses due to earthquake damage. Effective July 1, 2007, the Airport Authority removed the purchase of commercial earthquake insurance from the Risk Management Program and increased reliance on the laws designed to assist public entities through the Federal Emergency Management Agency and the California Disaster Assistance Act. As of June 30, 2021 and 2020, the Airport Authority has designated \$12,403,950 and \$11,685,954, respectively, from its net position, as an insurance contingency.

A \$2,000,000 reserve has been established within unrestricted net position by the Airport Authority's management to respond to uninsured and underinsured catastrophic losses. This fund is maintained pursuant to Board action only; there is no requirement that it be maintained.

Loss prevention: The Airport Authority has an active loss prevention program, staffed by a full-time risk manager, one risk analyst, a safety manager, and two safety analysts. In addition, third party loss control engineers conduct safety surveys on an annual basis. Employees receive regular safety training and claims are monitored using a claims information system.

During fiscal year 2021, there were no significant reductions in insurance coverage from the prior year. For each of the past three fiscal years, settlements have not exceeded insurance coverage.

Note 11. Fair Value of Assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

San Diego County Regional Airport Authority

Note 11. Fair Value of Assets (Continued)

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at the fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2021 and 2020:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2021				
Investments by fair value level				
U.S. Treasury obligations	\$ 111,584,806	\$ 111,584,806	\$ -	\$ -
U.S. agency securities	129,121,554	-	129,121,554	-
Non-U.S. Securities	7,562,695	7,562,695	-	-
Negotiable certificates of deposit	2,222,300	-	2,222,300	-
Municipal Bonds	5,194,250	-	5,194,250	-
Medium-term notes	49,085,135	-	49,085,135	-
Total investments by fair value level	<u>304,770,740</u>	<u>\$ 119,147,501</u>	<u>\$ 185,623,239</u>	<u>\$ -</u>
Investments measured at amortized cost				
Money Market Mutual funds	117,578,335			
Non-negotiable certificate of deposit	16,615,890			
Investments measured at net asset value				
Caltrust	16,410,450			
Local Agency Investment Fund	192,705,889			
San Diego County Investment Pool	<u>270,367,612</u>			
Total investments	<u>\$ 918,448,916</u>			
June 30, 2020				
Investments by fair value level				
U.S. Treasury obligations	\$ 152,277,194	\$ 152,277,194	\$ -	\$ -
U.S. agency securities	153,968,011	-	153,968,011	-
Non-U.S. Securities	9,810,036	9,810,036	-	-
Commercial Paper	2,499,500	-	2,499,500	-
Negotiable certificates of deposit	8,028,440	-	8,028,440	-
Municipal Bonds	5,176,600	-	5,176,600	-
Medium-term notes	64,883,112	-	64,883,112	-
Total investments by fair value level	<u>396,642,893</u>	<u>\$ 162,087,230</u>	<u>\$ 234,555,663</u>	<u>\$ -</u>
Investments measured at amortized cost				
Money Market Mutual funds	110,878,565			
Non-negotiable certificate of deposit	16,271,235			
Investments measured at net asset value				
Caltrust	16,362,863			
Local Agency Investment Fund	146,314,756			
San Diego County Investment Pool	<u>293,587,647</u>			
Total investments	<u>\$ 980,057,959</u>			

San Diego County Regional Airport Authority

Note 12. Lease Revenues

Substantially all capital assets held by the Airport Authority are for the purpose of rental and related use.

Certain capital assets, such as loading bridges, airfield, and building space, are leased to signatory and non-signatory airlines. A policy statement issued by the Federal Aviation Administration governs the Airport Authority's Airline Operating Lease Agreement (AOLA) of these assets and as such, rates are determined each year based upon a combination of residual and compensatory rate setting methodologies, which do not exceed actual costs of operating the airport. Such costs are allocated to each signatory airline based upon factors such as landed weights, enplanements, square footage, acres, etc. Costs are offset by payments from non-signatory airlines for the usage of those assets. The Airport Authority's current AOLA is effective July 1, 2019 through June 30, 2029.

Other capital assets are leased to terminal and rental car concessionaires. Concession lease payments for space within the terminals are typically based on the greater of a percentage of tenant sales or an agreed upon minimum guarantee. Prior to the start of the economic downturn brought on by the COVID-19 pandemic, the Airport Authority had 85 retail and dining concessions open, all designed to provide a world class shopping and dining experience for the millions of passengers who use SDIA. Many locations closed temporarily due to the effects of the pandemic.

Over the year, enplanements have continued to increase month over month and many of the shops and restaurants that temporarily closed have since reopened. As of June 30, 2021, there are 54 terminal food service and retail concession locations open. However, total enplanements for the year are 47.4 percent lower than the previous year. Therefore, in October 2020, January 2021, and April 2021 the Board approved three-month extensions of the Rent Forbearance and Abatement Program. This program, and its extensions, have provided abatement of certain rents and fees to qualifying concessionaires and rental car companies, for a period beginning April 1, 2020 through June 30, 2021. The Airport Authority will continue to evaluate the possibility of additional extensions as the economy recovers.

The Airport Authority's CFC revenues and Bonds funded construction of the Rental Car Center facility (RCC), which was completed and placed in service on January 20, 2016. The RCC facility sits on 24.85 acres of land and houses all the major and many small operator rental car tenants. The land rent leases for the RCC commenced on the opening date of the facility and are non-cancellable. Once the Bonds are repaid or defeased, in addition to Land Rent, the rental car operators will also pay Facility Rent.

The minimum future lease payments to be received under the Airport Authority's non-cancelable lease agreements, including known minimum escalations, as of June 30, 2021, are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2022	\$ 32,077,713
2023	28,854,700
2024	25,576,029
2025	18,889,541
2026	16,037,534
2027-2031	83,924,750
2032-2036	91,000,736
2037-2041	99,404,788
2042-2046	109,386,165
2047-2051	48,382,433
2052-2056	724,440
2057-2061	724,440
2062-2066	724,440
2067-2071	362,220
	<u>\$ 556,069,929</u>

San Diego County Regional Airport Authority

Note 12. Lease Revenues (Continued)

Airline regulated lease payments, amounts exceeding the minimum guarantee, and the lease abatements mentioned in the preceding paragraphs are not reflected in this schedule.

Note 13. Lease Commitments

Operating Leases

General Dynamics lease: The Airport Authority is required, by legislation mandating the transfer of airport operations from the District, to lease from the District 89.75 acres of the former General Dynamics property on Pacific Highway adjacent to SDIA for 66 years commencing January 1, 2003. The lease agreement as amended calls for rent payments of \$6,750,000 annually through December 31, 2068. A portion of the land is leased back to the District for employee parking at the same fair market value rent paid by the Airport Authority.

SDIA lease: The Airport Authority is leasing from the District 480 acres of land on North Harbor Drive for an annual rent of \$1 per year under a lease that expires December 31, 2068.

Teledyne Ryan lease: The Airport Authority is leasing from the District 46.88 acres on North Harbor Drive referred to as the Teledyne Ryan lease that commenced on January 1, 2005 and expires December 31, 2068, for \$3 million in annual rent.

SDUPD North Harbor Drive lease: The Airport Authority is leasing from the District approximately 135,521 square feet of land area located at 3032 North Harbor Drive under a lease that commenced on June 1, 2021, and expires May 31, 2026, for an annual rent of \$406,563.

SDUPD Harbor Island Drive lease: The Airport Authority is leasing from the District approximately 60,958 square feet of land area located on the east side of Harbor Island Drive near North Harbor Drive and 277,456 square feet of land are located north easterly of the neck of Harbor Island Drive and adjacent easterly to 1380 Harbor Island Drive under a lease that commenced on June 1, 2021 and expires August 30, 2025, for an annual rent of \$966,264.

SDUPD Pacific Highway lease: The Airport Authority is leasing property from the District located at 2535 Pacific under a lease that commenced on June 1, 2021, and expires May 31, 2041, for an annual rent of \$314,490.

California Street Lease Assumption: The Airport Authority is leasing property located at 2554 California Street under a lease that commenced on January 25, 2021, and expires December 31, 2022, for an annual rent of \$114,732.

Under current law, in the event SDIA is relocated and the District leases are no longer used by the Airport Authority for airport purposes, all District leases will terminate and use of the property will revert to the District.

San Diego County Regional Airport Authority

Note 13. Lease Commitments (Continued)

The future rental commitment under the above operating lease agreements as of June 30 are due as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2022	\$ 11,978,709
2023	11,921,343
2024	11,863,977
2025	11,863,977
2026	11,024,877
2027-2031	52,447,014
2032-2036	52,447,014
2037-2041	52,447,014
2042-2046	50,883,300
2047-2051	50,883,300
2052-2056	50,883,300
2057-2061	50,883,300
2061-2066	50,883,300
2067-2068	15,264,990
	<u>\$ 485,675,415</u>

The total rental expense charged to operations for the years ended June 30 consists of the following:

	<u>2021</u>	<u>2020</u>
Rental payments made	<u>\$ 10,266,658</u>	<u>\$ 10,207,066</u>

Note 14. Commitments and Contingencies

Commitments: As of June 30, 2021 and 2020, the Airport Authority had significant commitments for capital expenditures and other matters as described below:

- i. The Airport Authority has funds which have been classified as noncurrent assets, primarily for the unpaid contractual portion of capital projects that are currently in progress and will not be funded by grants or additional debt but will be funded through Airport Authority cash. These amounts are for the estimated cost of capital projects that have been authorized by the Board for construction planning to proceed and for the contractual costs of upgrading certain major equipment. At June 30, 2021 and 2020, these funds totaled approximately \$8.1 million and \$29.7 million, respectively, and are classified on the accompanying statements of net position as cash and investments designated for specific capital projects and other commitments.

San Diego County Regional Airport Authority

Note 14. Commitments and Contingencies (Continued)

- ii. Support services. As part of the MOU, services provided by the District Harbor Police are required to be purchased by the Airport Authority as long as SDIA continues to operate at the current location. At the time of the transfer, the Airport Authority entered into a Master Services Agreement, a Police Services Agreement, and a Communications Services Agreement with the District, which described the services that the Airport Authority could purchase and the manner of calculating the payments for such services. The largest amount that became payable under any of these agreements is under the Police Services Agreement, which is for Harbor Police services. The District provides monthly billings to the Airport Authority, with payment generally due 30 days after the date of the invoice, and provision of appropriate supporting documentation. During the years ended June 30, 2021 and 2020, the Airport Authority expensed \$22,242,854 and \$16,723,815, respectively, for these services.
- iii. In fiscal year 2019, the Board approved \$38 million contract with Ace Parking Management Inc., for parking management services. As of June 30, 2021, \$13.6 million has been spent and the contract is scheduled for completion in fiscal year 2023.
- iv. In fiscal year 2019, the Board approved \$45 million contract with Ace Parking Management Inc., for airport shuttle services. As of June 30, 2021, \$13.8 million has been spent for shuttle services and the contract is scheduled for completion in fiscal year 2022.
- v. In fiscal year 2015, the Board approved a \$29.2 million contract with SP Plus Corporation to transport rental car companies' customers between the Rental Car Center facility and the terminals. The contract scope also includes the operation, management and maintenance of the shuttle vehicles. In fiscal years 2016, 2019, and 2021, the Board approved an additional \$1.2 million, \$14.6 million and \$1.3 million. As of June 30, 2021, \$44 million had been spent and the contract is scheduled for completion in fiscal year 2022.
- vi. In fiscal year 2019, the Board approved a \$19.5 million contract with AECOM Technical Services, Inc. for on call program management, staffing support, and consulting services. In fiscal year 2020, the board approved additional \$134.8 million. As of June 30, 2021, \$31.9 million has been spent and the contract is scheduled for completion in fiscal year 2024.
- vii. In fiscal year 2019, the Board approved a \$40.9 million contract with Granite Construction Company to provide a new hydrant fueling infrastructure on the north side of the runway. As of June 30, 2021, \$39.5 million had been spent and the contract was completed in fiscal year 2021.
- viii. In fiscal year 2021, the Board approved a \$16.2 million contract with Granite Construction Company to provide a Construction of the West Refueler Loading Facility and the West Solid Waste Facility. As of June 30, 2021, \$640K had been spent and the contract is scheduled for completion in fiscal year 2022.
- ix. In fiscal year 2019, the Board approved a \$152.9 million contract with Sundt Construction, Inc. for the design and construction of Airport Support Facilities. As of June 30, 2021, \$144.8 million had been spent and the contract is scheduled for completion in early fiscal year 2022.
- x. In fiscal year 2021, the Board approved an \$80 million contract with Turner-Flatiron, A Joint Venture for the design-build of terminal and roadways. As of June 30, 2021, \$36 million had been spent and the contract is scheduled for completion in early fiscal year 2022.

San Diego County Regional Airport Authority

Note 14. Commitments and Contingencies (Continued)

- x. In fiscal year 2019, the Board approved an \$11.7 million contract with Pacific Rim Mechanical for HVAC repair and maintenance services. As of June 30, 2021, \$6.1 million had been spent and the contract is scheduled for completion in fiscal year 2022.
- xii. In fiscal years 2012 through 2018, the Board had approved a total of \$9.4 million with LeighFisher for a SDIA development plan consultant. In fiscal year 2019 and 2020 the Board approved an additional \$2.3 million and \$800,000. As of June 30, 2021, \$11.8 million had been spent and the contract is scheduled for completion in fiscal year 2022.
- xiii. In fiscal year 2020, the Board approved a \$35 million contract with Jacobs Engineering Group, Inc. to provide Airside-Landside Engineering consulting services. As of June 30, 2021, \$19.8 million had been spent and the contract is scheduled for completion in fiscal year 2025.

Contingencies: As of June 30, 2021, the Airport Authority is subject to contingencies arising from matters as described below:

The Airport Authority has leases and operating agreements with various tenants. These agreements typically include provisions requiring the tenants/operators to indemnify the Airport Authority for any damage to property or losses to the Airport Authority as a result of the tenant's operations. Also, the leases and operating agreements typically require the Airport Authority to be named as an additional insured under certain insurance policies of the tenants/operators. The Airport Authority also tenders these claims to its own insurers once they become asserted claims. When these types of claims are asserted against the Airport Authority, the Airport Authority not only vigorously opposes them but also vigorously seeks contribution and/or indemnity from all tenants/operators involved, from the tenants'/operators' insurers and from its own insurers. The Airport Authority's legal counsel cannot predict the net exposure to the Airport Authority with respect to these matters, or the probability or remoteness of any outcome.

The Airport Authority invests in various investment securities. Investment securities are exposed to various risks such as interest rate risk, market risks, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of net position.

The dynamic nature of the COVID-19 pandemic is the cause of numerous uncertainties, some of which include the ultimate duration or extent of the pandemic; the duration or expansion of travel restrictions and warnings; to what extent the COVID-19 pandemic will continue to disrupt the local or global economy; the extent to which such disruption will adversely impact construction, or other operations at SAN; actions that may be taken by governmental authorities to contain the outbreak or to treat its impact; and duration or extent to which any of the foregoing may have a material adverse effect on the financial position, results of operations and cash flows of the Airport Authority, including reduction in the overall investment position and declines in passenger traffic. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

San Diego County Regional Airport Authority

Note 15. Subsequent Events

On July 19, 2021 the Authority entered into an agreement with Bank of America N.A. to establish a Revolving Line of Credit for \$200,000,000. The agreement is for a term of three years and is a subordinate obligation of the Authority. Tax exempt interest is calculated as a 50 basis point spread on the SIFMA index and taxable interest is calculated as a 62 basis point spread on the BSBY index. Unutilized fees are 30 basis points up to 40 percent utilization and 0 percent thereafter.

On July 1, 2021, the Authority Board approved a contract with Sundt Construction Company Inc., for a maximum contract price not to exceed \$91,379,967 for the design and construction of Airport Development Program New Administration Building project.

On August 10, 2021, pursuant to the American Rescue Plan Act of 2021, the Authority was awarded a \$78.8 million Federal Aviation Administration (FAA) Airport Rescue Grant. These funds provide economic assistance to eligible U.S. airports to prevent, prepare for, and respond to the COVID-19 pandemic. Funds provided under this grant must only be used for airport operational expenses or debt service payments. An additional \$10.8 million has been allocated to SAN to provide relief from rent and minimum annual guarantees to eligible in-terminal airport concessions. The award of this grant is pending development of guidance by the FAA for use of concessions relief grants.

On October 7, 2021, the Authority Board approved an amendment to the contract with TurnerFlatiron, a Joint Venture establishing a maximum contract price not to exceed \$2,610,417,181 for the design and construction of Airport Development Program Terminal and Roadways project.

On October 7, 2021, the Authority Board approved a contract with Griffith Company Inc., in the amount of \$251,671,315 for the Airport Development Program Airside Improvements project.

On October 15, 2021, the Airport Authority purchased real property located at 2554-2610 California Street, San Diego, California for \$3,250,000.

San Diego County Regional Airport Authority

Required Supplementary Information (Unaudited) Fiscal Year Ended June 30, 2021

Schedule of Changes in the Net Pension Liability and Related Ratios Last 10 Fiscal Years (Plan Year Reported in Subsequent Fiscal Year) Defined Benefit Plan

	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:							
Service cost	\$ 7,857,035	\$ 7,632,696	\$ 7,390,428	\$ 6,996,180	\$ 6,205,263	\$ 6,154,579	\$ 6,099,481
Interest (includes interest on service cost)	14,257,205	13,355,418	12,621,226	11,416,679	10,277,610	9,327,538	8,465,485
Differences between expected and actual experience	925,862	(645,462)	(2,630,285)	3,975,029	(2,178,527)	345,661	-
Effect of changes of assumptions	6,767,001	-	6,416,088	5,871,218	10,473,890	-	-
Benefit payments, including refunds of member contributions	(6,733,942)	(6,429,659)	(4,462,751)	(4,669,787)	(3,023,391)	(2,482,523)	(2,913,221)
Net change in total pension liability	23,073,161	13,912,993	19,334,706	23,589,319	21,754,845	13,345,255	11,651,745
Total pension liability - beginning	218,788,911	204,875,918	185,541,212	161,951,893	140,197,048	126,851,793	115,200,048
Total pension liability - ending	\$ 241,862,072	\$ 218,788,911	\$ 204,875,918	\$ 185,541,212	\$ 161,951,893	\$ 140,197,048	\$ 126,851,793
Plan Fiduciary Net Position:							
Contributions - employer	\$ 8,424,834	\$ 7,848,712	\$ 7,318,546	\$ 5,480,984	\$ 4,047,780	\$ 3,897,545	\$ 3,924,988
Contributions - employee	3,321,661	3,178,464	3,162,781	2,990,317	2,967,269	2,840,236	2,765,079
Net investment income	390,013	12,086,349	14,036,710	19,480,875	1,651,283	4,390,185	18,302,683
Benefit payments, including refunds of member contributions	(6,733,942)	(6,429,659)	(4,462,751)	(4,669,786)	(3,023,391)	(2,482,523)	(2,913,221)
Administrative expense	(386,697)	(359,094)	(350,408)	(325,042)	(318,817)	(332,290)	(332,645)
Net change in plan fiduciary net position	5,015,869	16,324,772	19,704,878	22,957,348	5,324,124	8,313,153	21,746,884
Plan fiduciary net position - beginning	202,827,409	186,502,637	166,797,759	143,840,411	138,516,287	130,203,134	108,456,250
Plan fiduciary net position - ending	\$ 207,843,278	\$ 202,827,409	\$ 186,502,637	\$ 166,797,759	\$ 143,840,411	\$ 138,516,287	\$ 130,203,134
Net pension liability (asset) - ending	\$ 34,018,794	\$ 15,961,502	\$ 18,373,281	\$ 18,743,453	\$ 18,111,482	\$ 1,680,761	\$ (3,351,341)
Plan fiduciary net position as a percentage of the total pension liability	85.93%	92.70%	91.03%	89.90%	88.82%	98.80%	102.64%
Covered payroll	\$ 32,828,449	\$ 31,584,841	\$ 31,628,301	\$ 31,131,795	\$ 29,189,357	\$ 27,955,455	\$ 26,380,323
Net pension liability as a percentage of covered payroll	103.63%	50.54%	58.17%	60.21%	62.05%	6.01%	(12.70%)

Note to schedule: This schedule is intended to display the most recent 10 years of data for annual changes in the net pension liability. Until such time has elapsed after implementing GASB Statement No. 68, this schedule will only present information from those years that are available.

San Diego County Regional Airport Authority

Required Supplementary Information (Unaudited) Fiscal Year Ended June 30, 2021

Schedule of Contributions (Pensions), Last 10 Fiscal Years (Dollars in Thousands): Defined Benefit Plan

	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 6,125	\$ 6,159	\$ 5,740	\$ 5,416	\$ 3,765
Contributions in relation to the actuarially determined contribution	8,522	8,356	7,783	7,247	5,421
Contribution deficiency (excess)	\$ (2,397)	\$ (2,197)	\$ (2,043)	\$ (1,831)	\$ (1,656)
Covered payroll	\$ 31,296	\$ 32,828	\$ 31,585	\$ 31,628	\$ 31,506
Contributions as a percentage of covered payroll	27.23%	25.45%	24.64%	22.91%	17.21%

	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 3,666	\$ 3,823	\$ 2,900	\$ 2,600	\$ 3,800
Contributions in relation to the actuarially determined contribution	3,948	3,823	3,728	2,600	3,800
Contribution deficiency (excess)	\$ (282)	\$ -	\$ (828)	\$ -	\$ -
Covered payroll	\$ 29,189	\$ 27,955	\$ 26,380	\$ 24,840	\$ 25,148
Contributions as a percentage of covered payroll	13.53%	13.68%	14.13%	10.47%	15.11%

* This schedule is presented for the fiscal year.

San Diego County Regional Airport Authority

Required Supplementary Information (Unaudited) Fiscal Year Ended June 30, 2021

Schedule of Changes in the Net Pension Liability and Related Ratios Last 10 Fiscal Years (Plan Year Reported in Subsequent Fiscal Year)

Preservation of Benefits Trust Plan

	2021	2020	2019	2018	2017
Total Pension Liability					
Service cost	\$ 55,276	\$ 49,343	\$ 51,774	\$ 60,994	\$ 29,270
Interest cost	62,061	64,133	53,311	35,323	34,173
Differences between expected and actual experience	(57,318)	(64,295)	193,013	388,329	-
Changes of assumptions	661,465	109,070	(89,712)	(214,765)	272,579
Benefit Payments	(43,301)	(47,081)	(31,329)	-	
Net Change in Total Pension Liability	678,183	111,170	177,057	269,881	336,022
Total pension liability -beginning	1,767,232	1,656,062	1,479,005	1,209,124	873,102
Total pension liability - ending	\$ 2,445,415	\$ 1,767,232	\$ 1,656,062	\$ 1,479,005	\$ 1,209,124
Covered payroll	\$ 32,828,449	\$ 31,584,841	\$ 31,628,301	\$ 31,131,795	\$ 29,189,357
Net Pension Liability as a percentage of payroll	7.45%	5.60%	5.24%	4.75%	4.14%

Note to schedule: This schedule is intended to display the most recent 10 years of data for annual changes in the total pension liability. Until such time has elapsed after implementing GASB Statement No. 73, this schedule will only present information from those years that are available.

San Diego County Regional Airport Authority

Required Supplementary Information (Unaudited) Fiscal Year Ended June 30, 2021

Schedule of Contributions (Pensions), Last 10 Fiscal Years: Preservation of Benefits Trust Plan

	2021	2020	2019	2018
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	42,682	41,249	45,353	56,513
Contribution deficiency (excess)	<u>\$ (42,682)</u>	<u>\$ (41,249)</u>	<u>\$ (45,353)</u>	<u>\$ (56,513)</u>
Covered payroll	\$ 31,295,787	\$ 32,828,449	\$ 31,584,841	\$ 31,628,301
Contributions as a percentage of covered payroll	0.14%	0.13%	0.14%	0.18%

* This schedule is presented for the fiscal year.

Note to schedule: This schedule is intended to display the most recent 10 years of data for annual pension contributions. Until such time has elapsed after implementing GASB Statement No. 73, this schedule will only present information from those years that are available.

San Diego County Regional Airport Authority

Required Supplementary Information (Unaudited) Fiscal Year Ended June 30, 2021

Schedule of Changes in the Net OPEB Liability (Asset) and Related Ratios Last 10 Fiscal Years (Plan Year Reported in Subsequent Fiscal Year) Other Postemployment Benefits

	2021	2020	2019	2018
Total OPEB Liability				
Service Cost	\$ 501,198	\$ 449,596	\$ 436,501	\$ 411,052
Interest Cost	1,739,459	1,883,080	1,772,578	1,606,959
Difference between expected and actual experience	-	(169,582)	-	-
Changes of Assumptions	-	(1,531,369)	-	766,830
Benefit Payments	(784,845)	(775,225)	(622,425)	(451,189)
Net Change in Total OPEB Liability	1,455,812	(143,500)	1,586,654	2,333,652
Total OPEB Liability (Beginning)	25,660,994	25,804,494	24,217,840	21,884,188
Total OPEB Liability (Ending)	\$ 27,116,806	\$ 25,660,994	\$ 25,804,494	\$ 24,217,840
Plan Fiduciary Net Position				
Contributions—Employer	\$ 784,845	\$ 775,225	\$ 622,425	\$ 2,012,419
Net Investment Income	982,113	1,604,058	1,896,351	2,175,582
Benefit Payments	(784,845)	(775,225)	(622,425)	(451,189)
Administrative Expense	(13,580)	(5,611)	(12,568)	(10,578)
Net Change in Plan Fiduciary Net Position	968,533	1,598,447	1,883,783	3,726,234
Plan Fiduciary Net Position (Beginning)	27,797,488	26,199,041	24,315,258	20,589,024
Plan Fiduciary Net Position (Ending)	\$ 28,766,021	\$ 27,797,488	\$ 26,199,041	\$ 24,315,258
Net OPEB Asset	\$ (1,649,215)	\$ (2,136,494)	\$ (394,547)	\$ (97,418)
Net Position as a Percentage of OPEB Liability	106.08%	108.33%	101.53%	100.40%
Covered Payroll	\$ 14,608,940	\$ 13,869,000	\$ 16,625,857	\$ 16,141,609
Net OPEB Asset as a Percentage of Payroll	(11.29%)	(15.40%)	(2.37%)	(0.60%)

Note to schedule: This schedule is intended to display the most recent 10 years of data for annual changes in the net OPEB liability (asset). Until such time has elapsed after implementing GASB Statement No. 75, this schedule will only present information from those years that are available.

San Diego County Regional Airport Authority

Required Supplementary Information (Unaudited) Fiscal Year Ended June 30, 2021

Schedule of Contributions (OPEB), Last 10 Fiscal Years (Dollars in Thousands): Other Postemployment Benefits

	2021	2020	2019	2018
Actuarially determined contribution	\$ 365	\$ 427	\$ 486	\$ 472
Contributions in relation to the actuarially determined contribution	919	785	339	462
Contribution deficiency (excess)	\$ (554)	\$ (358)	\$ 147	\$ 10
Covered payroll	\$ 12,786	\$ 14,609	\$ 13,869	\$ 15,674
Contributions as a percentage of covered payroll	7.19%	5.37%	2.44%	2.95%

* This schedule is presented for the fiscal year.

Note to schedule: This schedule is intended to display the most recent 10 years of data for annual OPEB contributions. Until such time has elapsed after implementing GASB Statement No. 75, this schedule will only present information from those years that are available.

San Diego County Regional Airport Authority

Single Audit Reports

June 30, 2021

San Diego County Regional Airport Authority

June 30, 2021

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San Diego County Regional Airport Authority
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass - Through Grantor/Program or Cluster Title	Assistance Listing Number	Other Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<u>U.S. Department of Transportation - Federal Aviation Administration:</u>				
Direct Programs:				
Airport Improvement Program (AIP)	20.106	3-06-0214-80	\$ -	\$ 470,648
Airport Improvement Program (AIP)	20.106	3-06-0214-81	-	2,977,332
Airport Improvement Program (AIP)	20.106	3-06-0214-83	-	2,684,844
Airport Improvement Program (AIP)	20.106	3-06-0214-84	-	6,302,823
Airport Improvement Program (AIP)	20.106	3-06-0214-85	-	156,776
Airport Improvement Program (AIP)	20.106	3-06-0214-86	-	3,977,434
Airport Improvement Program (AIP)	20.106	3-06-0214-87	-	5,582,314
Airport Improvement Program (AIP)	20.106	3-06-0214-89	-	1,306,151
Airport Improvement Program (AIP)	20.106	3-06-0214-90	-	1,706,465
ACRGP – Airport Improvement Program (AIP)	20.106	3-06-0214-91	-	20,183,359
ACRGP – Airport Improvement Program (AIP)	20.106	3-06-0214-92	-	2,709,020
COVID-19 – Airport Improvement Program (AIP)	20.106	3-06-0214-88	-	<u>54,326,406</u>
Total Airport Improvement Program (AIP)				102,383,572
Law Enforcement Officer Reimbursement Agreement Program	97.090		-	343,680
TSA Airport Checked Baggage Inspection System Program – (ARRA)	97.117		-	<u>1,059,721</u>
Total U.S. Department of Transportation - Federal Aviation Administration			<u>\$ -</u>	<u>\$ 103,786,973</u>

The accompanying notes are an integral part of this Schedule.

Notes to Schedule:

1. The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of San Diego County Regional Airport Authority (Airport Authority) under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Airport Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Airport Authority.
2. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Airport Authority has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance with
Government Auditing Standards**

Independent Auditor's Report

Members of the Board
San Diego County Regional Airport Authority
San Diego, CA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the San Diego County Regional Airport Authority (Airport Authority), which comprise the statement of net position as of June 30, 2021, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 22, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Airport Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Airport Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Airport Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Airport Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Airport Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Airport Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Dallas, Texas
October 22, 2021

**Report on Compliance for the Major Federal Program;
Report on Internal Control Over Compliance;
and Report on Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance**

Independent Auditor's Report

Members of the Board
San Diego County Regional Airport Authority
San Diego, CA

Report on Compliance for the Major Federal Program

We have audited San Diego County Regional Airport Authority's (Airport Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Airport Authority's major federal program for the year ended June 30, 2021. The Airport Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Airport Authority's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Airport Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Airport Authority's compliance.

Opinion on the Major Federal Program

In our opinion, the Airport Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Airport Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Airport Authority's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Airport Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Airport Authority as of and for the year ended June 30, 2021, and have issued our report thereon dated October 22, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

BKD, LLP

Dallas, Texas
October 22, 2021

San Diego County Regional Airport Authority
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2021

7. The Airport Authority's major program was:

Cluster/Program	Assistance Listing Number
Airport Improvement Program (including ACRGP and COVID-19)	20.106

8. The threshold used to distinguish between Type A and Type B programs was \$3,000,000.

9. The Organization qualified as a low-risk auditee? Yes No

San Diego County Regional Airport Authority
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2021

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
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No matters are reportable.

Findings Required to be Reported by the Uniform Guidance

Reference Number	Finding
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No matters are reportable.

San Diego County Regional Airport Authority
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2021

Reference Number	Summary of Finding	Status
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No matters are reportable.

San Diego County Regional Airport Authority

Passenger Facility Charge Program

Compliance Report

Year Ended June 30, 2021

(With Independent Auditor's Report Thereon)

San Diego County Regional Airport Authority

Passenger Facility Charge Program

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San Diego County Regional Airport Authority
Passenger Facility Charge Program
Schedule of Passenger Facility Charge Collections and Expenditures
Year Ended June 30, 2021

Revenues	Date Approved	Amount Approved For Use	Cumulative Total – June 30, 2020	Quarter Ended				Year Ended June 30, 2021	Cumulative Total – June 30, 2021
				September 30, 2020	December 31, 2020	March 31, 2021	June 30, 2021		
Passenger facility charge collections			\$ 786,771,085	\$ 1,605,660	\$ 3,874,564	\$ 3,326,658	\$ 7,971,648	\$ 16,778,530	\$ 803,549,615
Interest earned			16,438,823	142,991	122,403	111,969	2,755,208	3,132,571	19,571,394
Total passenger facility charge revenue received			\$ 803,209,908	\$ 1,748,651	\$ 3,996,967	\$ 3,438,627	\$ 10,726,856	\$ 19,911,101	\$ 823,121,009
Expenditures									
Application 95-01-C-04-SAN	7/26/1995	\$ 103,804,864	\$ 103,804,864	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 103,804,864
Application 98-02-C-04-SAN	7/24/1998	45,496,665	45,496,665	-	-	-	-	-	45,496,665
Application 03-03-C-01-SAN	5/20/2003	65,058,035	65,058,035	-	-	-	-	-	65,058,035
Application 05-04-C-01-SAN	11/22/2005	44,822,518	44,822,518	-	-	-	-	-	44,822,518
Application 08-05-C-01-SAN	6/27/2008	19,031,690	19,031,690	-	-	-	-	-	19,031,690
Application 09-07-C-00-SAN	9/30/2009	85,181,950	79,489,990	-	-	-	-	-	79,489,990
Application 10-08-C-00-SAN	11/24/2010	1,118,567,229	288,917,503	5,001,333	5,001,333	5,001,333	5,001,333	20,005,332	308,922,835
Application 12-10-C-00-SAN	7/3/2012	27,835,280	25,858,133	-	-	-	-	-	25,858,133
Application 15-11-U-00-SAN	7/1/2008	1,391,894	1,391,894	-	-	-	-	-	1,391,894
Application 16-12-C-00-SAN	10/28/2016	43,795,768	24,304,291	529,928	620,947	518,336	938,336	2,607,547	26,911,838
Application 19-13-C-00-SAN	2/14/2019	40,000,000	40,000,000	11,100,000	-	-	-	11,100,000	51,100,000
Total passenger facility charge revenue expended		\$ 1,594,985,893	\$ 738,175,583	\$ 16,631,261	\$ 5,622,280	\$ 5,519,669	\$ 5,939,669	\$ 33,712,879	\$ 771,888,462

See Notes to Schedule of Passenger Facility Charge Collections and Expenditures

San Diego County Regional Airport Authority
Passenger Facility Charge Program
Notes to Schedule of Passenger Facility Charge Collections and Expenditures
Year Ended June 30, 2021

Note 1: General

This schedule includes the Passenger Facility Charge (PFC) Program activity of the San Diego County Regional Airport Authority (Airport Authority) and is presented on the modified cash basis of accounting. Under the modified cash basis of accounting, PFC revenues are recognized when received rather than when earned and eligible expenditures are recognized when the related goods or services are provided or incurred. The information in this schedule is presented in accordance with the requirements of the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements of the Airport Authority.

PFC expenditures may consist of direct project costs, administrative costs, debt service, and bond financing costs, as applicable to active applications. The accompanying schedule of Passenger Facility Charge Collections and Expenditures includes eligible expenditures that have been applied against PFCs collected as of June 30, 2021.

Note 2: Interest Earned

The quarter ended June 30, 2021, includes \$2,368,021 of interest earned in prior periods that has been maintained by the Airport Authority for PFC activity but was not reported in the prior quarters' Total Passenger Facility Charge Revenue Received.

**Report on Compliance for the Passenger Facility Charge Program;
Report on Internal Control Over Compliance; and Report
on Schedule of Passenger Facility Charge Collections and Expenditures**

Independent Auditor's Report

Members of the Board
San Diego County Regional Airport Authority
San Diego, CA

Report on Compliance for Passenger Facility Charge Program

We have audited San Diego County Regional Airport Authority's (Airport Authority) compliance with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* (Guide) that could have a direct and material effect on the passenger facility charge program for the year ended June 30, 2021.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions applicable to its passenger facility charge program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Airport Authority's passenger facility charge program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the Airport Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the passenger facility charge program. However, our audit does not provide a legal determination of the Airport Authority's compliance.

Opinion on Passenger Facility Charge Program

In our opinion, the San Diego County Regional Airport Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its passenger facility charge program for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Airport Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Airport Authority's internal control over compliance with the types of requirements that could have a direct and material effect on the passenger facility charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Airport Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the passenger facility charge program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of the passenger facility charge program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of the passenger facility charge program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Passenger Facility Charge Collections and Expenditures

We have audited the financial statements of the Airport Authority as of and for the year ended June 30, 2021, and have issued our report thereon dated October 22, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying *Schedule of Passenger Facility Charge Collections and Expenditures* is presented for purposes of additional analysis, as specified in the Guide, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *Schedule of Passenger Facility Charge Collections and Expenditures* is fairly stated in all material respects in relation to the financial statements as a whole.

BKD, LLP

Dallas, Texas
October 22, 2021

San Diego County Regional Airport Authority
Passenger Facility Charge Program Audit Summary
Year Ended June 30, 2021

Summary of Auditor's Results

- | | | | |
|--|--|------------------------------------|---|
| 1. Type of report issued on PFC financial statements. | <input checked="" type="checkbox"/> Unmodified | <input type="checkbox"/> Qualified | |
| 2. Type of report on PFC compliance. | <input checked="" type="checkbox"/> Unmodified | <input type="checkbox"/> Qualified | |
| 3. Quarterly revenue and expenditures reconcile with submitted quarterly reports and reported un-liquidated revenue matches actual amounts. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No | |
| 4. PFC revenue and interest is accurately reported on FAA Form 5100-127. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No | |
| 5. The Public Agency maintains a separate financial accounting record for each application. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No | |
| 6. Funds disbursed were for PFC eligible items as identified in the FAA decision to pay only for the allowable costs of the project. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No | |
| 7. Monthly carrier receipts were reconciled with quarterly carrier reports. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No | |
| 8. PFC revenues were maintained in a separate interest-bearing capital account or commingled only with other interest-bearing airport capital funds. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No | |
| 9. Serving carriers were notified of PFC program actions/changes approved by the FAA. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No | |
| 10. Quarterly reports were transmitted (or available via website) to remitting carriers. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No | |
| 11. The Public Agency is in compliance with Assurances 5, 6, 7, and 8. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No | |
| 12. Project design and implementation is carried out in accordance with Assurance 9. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No | |
| 13. Program administration is carried out in accordance with Assurance 10. | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No | |
| 14. For those public agencies with excess revenue, a plan for the use of this revenue has been submitted to the FAA for review and concurrence. | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input checked="" type="checkbox"/> N/A |

San Diego County Regional Airport Authority
Schedule of Passenger Facility Charge Program
Findings and Questioned Costs
Year Ended June 30, 2021

Findings Required to be Reported by the Guide

Reference Number	Finding
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No matters are reportable.

San Diego County Regional Airport Authority
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2021

Reference Number	Summary of Finding	Status
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No matters are reportable.

San Diego County Regional Airport Authority

Customer Facility Charge Program

Compliance Report

Year Ended June 30, 2021

(With Independent Auditor's Report Thereon)

San Diego County Regional Airport Authority
Customer Facility Charge Program
June 30, 2021

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San Diego County Regional Airport Authority
Customer Facility Charge Program
Schedule of Customer Facility Charge Collections and Expenditures
Year Ended June 30, 2021

Description	Beginning Balance, Unapplied CFC	CFC Collections	Interest Earned	Expenditures	Ending Balance, Unapplied CFC
Collections and expenditures, quarter ended September 30, 2020	\$ 42,808,810	\$ 2,765,945	\$ 103,601	\$ 7,010,414	\$ 38,667,942
Collections and expenditures, quarter ended December 31, 2020	\$ 38,667,942	3,697,570	101,717	7,881,216	\$ 34,586,013
Collections and expenditures, quarter ended March 31, 2021	\$ 34,586,013	2,697,144	96,784	7,879,840	\$ 29,500,101
Collections and expenditures, quarter ended June 30, 2021	\$ 29,500,101	<u>5,204,611</u>	<u>92,769</u>	<u>8,167,218</u>	\$ 26,630,263
		<u>\$ 14,365,270</u>	<u>\$ 394,871</u>	<u>\$ 30,938,688</u>	

See Notes to Schedule of Customer Facility Charge Collections and Expenditures

San Diego County Regional Airport Authority
Customer Facility Charge Program
Notes to Schedule of Customer Facility Charge Collections and Expenditures
Year Ended June 30, 2021

Note 1: General

In May 2009, Assembly Bill 491 of the 2001-2002 California Legislature (codified in California Civil Code Section 1939 et seq.) authorized the San Diego County Regional Airport Authority (Airport Authority) to impose a \$10 Customer Facility Charge (CFC) per contract on rental cars at the San Diego International Airport.

On October 4, 2012, the Airport Authority Board of Directors approved an alternative CFC rate modification from the \$10 CFC rate per contract to \$6.00 per day (up to a maximum of five days) to allow for the collection of sufficient CFC funds to cover the future costs of the anticipated consolidated rental car facility and centralized bussing system. Effective January 1, 2014, the CFC fee increased from \$6.00 to \$7.50 per day up to a maximum of five days. As of June 30, 2016, a CFC forecast was examined to collect an alternative fee. This resulted in a CFC increase from \$7.50 to \$9.00 per day up to a maximum of five days, effective as of January 1, 2017.

In accordance with the program, the CFC revenue must be used to pay allowable costs for approved capital projects and operations. The Airport Authority is utilizing CFC revenue for the development and operation of a consolidated rental car facility. The primary objectives of this project are to reduce vehicle traffic volume on terminal curb front and Harbor Drive, provide a long-term rental car facility and site for airport passengers and rental car concessionaires, and implement a common use bussing system.

Note 2: Basis of Presentation

The accompanying *Schedule of Customer Facility Charge Collections and Expenditures* includes the CFC activity of the Airport Authority and is presented on the modified cash basis of accounting. Under the modified cash basis of accounting, CFC revenues are recognized when received rather than when earned (collections) and eligible expenditures are recognized when the related goods or services are provided or incurred. The information in this schedule is presented for purposes of additional analysis, as specified in California Civil Code Section 1939.

CFC expenditures may consist of direct project costs, administrative costs, debt service, and related financing costs. The accompanying Schedule of Customer Facility Charge Collections and Expenditures includes the eligible expenditures that have been applied against CFCs collected as of June 30, 2021.

**Report on Compliance for the Customer Facility Charge Program;
Report on Internal Control Over Compliance; and Report on
Schedule of Customer Facility Charge Collections and Expenditures**

Independent Auditor's Report

Members of the Board
San Diego County Regional Airport Authority
San Diego, CA

Report on Compliance for Customer Facility Charge Program

We have audited San Diego County Regional Airport Authority's (Airport Authority) compliance with the types of compliance requirements described in the *California Civil Code Section 1939* (Code) that could have a direct and material effect on the customer facility charge program for the year ended June 30, 2021.

Management's Responsibility

Management is responsible for compliance with the requirements of state statutes, regulations, and terms and conditions applicable to its customer facility charge program.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance of the Airport Authority based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Code. Those standards and the Code require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the customer facility charge program occurred. An audit includes examining, on a test basis, evidence about the Airport Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with the Code. However, our audit does not provide a legal determination on the Airport Authority's compliance.

Opinion on Customer Facility Charge Program

In our opinion, the San Diego County Regional Airport Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its customer facility charge program for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Airport Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Airport Authority's internal control over compliance with the requirements that could have a direct and material effect on the customer facility charge program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Code, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Airport Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the customer facility charge program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of the customer facility charge program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of the customer facility charge program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the customer facility charge program. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Customer Facility Charge Collections and Expenditures

We have audited the financial statements of the Airport Authority as of and for the year ended June 30, 2021, and have issued our report thereon, dated October 22, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Customer Facility Charge Collections and Expenditures is presented for purposes of additional analysis, as specified in the Code, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *Schedule of Customer Facility Charge Collections and Expenditures* is fairly stated in all material respects in relation to the financial statements as a whole.

BKD, LLP

Dallas, Texas
October 22, 2021



14241 Dallas Parkway, Suite 1100 | Dallas, TX 75254-2961
972.702.8262 | Fax 972.702.0673 | bkd.com

To the Members of the Board
San Diego County of Regional Airport Authority
San Diego, CA

As part of our audits of the financial statements and compliance of the San Diego County Regional Airport Authority (Airport Authority) as of and for the year ended June 30, 2021, we wish to communicate the following to you.

AUDIT SCOPE AND RESULTS

Auditor's Responsibility Under Auditing Standards Generally Accepted in the United States of America and the Standards Applicable to Financial Audits Contained in *Government Auditing Standards* Issued by the Comptroller General of the United States; U.S. Office of Management and Budget (OMB) Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); the *Passenger Facility Charge Audit Guide for Public Agencies* (Guide) Issued by the Federal Aviation Administration, and the *California Civil Code Section 1939* (Code), an ordinance of the State of California

An audit performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and U.S. Office of Management and Budget (OMB) Uniform Guidance, the Guide and the Code is designed to obtain reasonable, rather than absolute, assurance about the financial statements and about whether noncompliance with the types of compliance requirements described in the OMB Compliance Supplement, the Guide and the Code that could have a direct and material effect on the major federal program, the passenger facility charge program or the customer facility charge program occurred. In performing auditing procedures, we establish scopes of audit tests in relation to the financial statements taken as a whole. Our engagement does not include a detailed audit of every transaction. Our contract more specifically describes our responsibilities.

These standards require communication of significant matters related to the financial statement and compliance audits that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. Such matters are communicated in the remainder of this letter or have previously been communicated during other phases of the audit. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.

Audits of the financial statements and compliance do not relieve management or those charged with governance of their responsibilities. Our contract more specifically describes your responsibilities.

Qualitative Aspects of Significant Accounting Policies and Practices

Significant Accounting Policies

The Airport Authority's significant accounting policies are described in *Note 1* of the Annual Comprehensive Financial Report (ACFR).

GASB 84, *Fiduciary Activities*

Effective July 1, 2020, the Airport Authority adopted GASB 84, *Fiduciary Activities*. GASB 84 established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria is generally on: (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. The Airport does not have any fiduciary activities required to be reported in the ACFR.

Alternative Accounting Treatments

No matters are reportable.

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. The following areas involve significant estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates:

- Fair market value of investments
- Valuation allowance for various receivables
- Estimated useful lives of capital assets

Financial Statement Disclosures

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- Cash, cash equivalents and investments
- Long-term liabilities
- Defined benefit and other postemployment benefit plans
- Disclosures about fair value of assets
- Commitments and contingencies

Audit Adjustments

No matters are reportable.

Difficulties Encountered in Performing the Audit

Our audit requires cooperative effort between management and the audit team. There were no difficulties encountered during the course of our audit. Management of the Airport Authority assisted with all audit requests in a timely manner.

Other Material Communications

Listed below are other material communications between management and us related to the audit:

- Management representation letter (*attached*)
- We orally communicated to management a deficiency in internal control identified during our audit of Passenger Facility Charges that is not considered a material weakness or significant deficiency.

OTHER MATTERS

We observed the following matter related to ongoing standard setting by the GASB. We can discuss these matters further at your convenience and may provide implementation assistance for changes or improvements.

GASB Statement No. 87, Leases (GASB 87)

GASB 87 provides a new framework for accounting for leases under the principle that leases are financings. No longer will leases be classified between capital and operating. Lessees will recognize an intangible asset and a corresponding liability. The liability will be based on the payments expected to be paid over the lease term, which includes an evaluation of the likelihood of exercising renewal or termination options in the lease. Lessors will recognize a lease receivable and related deferred inflow of resources. Lessors will not derecognize the underlying asset. An exception to the general model is provided for short-term leases that cannot last more than 12 months. Contracts that contain lease and non-lease components will need to be separated so each component is accounted for accordingly.

GASB 87 is effective for fiscal year 2022. Governments will be allowed to transition using the facts and circumstances in place at the time of adoption, rather than retroactive to the time each lease was begun. The Airport Authority is currently in the process of implementing the standard.

This communication is intended solely for the information and use of the Audit Committee, Members of the Board, and management and is not intended to be, and should not be, used by anyone other than these specified parties.

BKD, LLP

October 22, 2021



Representation of:
San Diego County Regional Airport Authority
Third Floor, Commuter Terminal
3225 North Harbor Drive
San Diego, California 92101

Provided to:
BKD, LLP
Certified Public Accountants
14241 Dallas Parkway, Suite 1100
Dallas, Texas 75254

The undersigned (“We”) are providing this letter in connection with BKD’s audits of our financial statements as of and for the years ended June 30, 2021 and 2020 and your audit of our compliance with requirements applicable to our major federal awards program as of and for the year ended June 30, 2021.

Our representations are current and effective as of the date of BKD’s report: October 22, 2021.

Our engagement with BKD is based on our contract for services dated: April 22, 2021.

Our Responsibility and Consideration of Material Matters

We confirm that we are responsible for the fair presentation of the financial statements subject to BKD’s report in conformity with accounting principles generally accepted in the United States of America.

We are also responsible for adopting sound accounting policies; establishing and maintaining effective internal control over financial reporting, operations, and compliance; and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Confirmation of Matters Specific to the Subject Matter of BKD’s Report

We confirm, to the best of our knowledge and belief, the following:

1. We have fulfilled our responsibilities, as set out in the terms of our contract, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.

2. We acknowledge our responsibility for the design, implementation, and maintenance of:
 - a. Internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
 - b. Internal control to prevent and detect fraud.
3. We have reviewed and approved a draft of the financial statements and related notes referred to above, which you prepared in connection with your audit of our financial statements. We acknowledge that we are responsible for the fair presentation of the financial statements and related notes.
4. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the San Diego County Regional Airport Authority (Airport Authority) from whom you determined it necessary to obtain audit evidence.
 - d. All minutes of meetings of the governing body held through the date of this letter or summaries of actions of recent meetings for which minutes have not yet been prepared. All unsigned copies of minutes provided to you are copies of our original minutes approved by the governing body, if applicable, and maintained as part of our records.
 - e. All significant contracts and grants.
5. All transactions have been recorded in the accounting records and are reflected in the financial statements.
6. We have informed you of all current risks of a material amount that are not adequately prevented or detected by our procedures with respect to:
 - a. Misappropriation of assets.
 - b. Misrepresented or misstated assets, deferred outflows of resources, liabilities, deferred inflows of resources, or net position.
7. We have no knowledge of any known or suspected fraudulent financial reporting or misappropriation of assets involving:
 - a. Management or employees who have significant roles in internal control, or
 - b. Others, where activities of others could have a material effect on the financial

statements.

8. We have no knowledge of any allegations of fraud or suspected fraud affecting the Airport Authority received in communications from employees, customers, regulators, suppliers, or others.
9. We have assessed the risk that the financial statements may be materially misstated as a result of fraud and disclosed to you any such risk identified.
10. We have disclosed to you the identity of the Airport Authority's related parties and all the related party relationships and transactions of which we are aware. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.

We understand that the term related party refers to an affiliate, management and members of their immediate families, component units, and any other party with which the entity may deal if the entity can significantly influence, or be influenced by, the management or operating policies of the other. The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with, the entity.

11. Except as reflected in the financial statements, there are no:
 - a. Plans or intentions that may materially affect carrying values or classifications of assets and liabilities.
 - b. Material transactions omitted or improperly recorded in the financial records.
 - c. Material gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.
 - d. Events occurring subsequent to the statement of net position date through the date of this letter requiring adjustment or disclosure in the financial statements.
 - e. Agreements to purchase assets previously sold.
 - f. Restrictions on cash balances or compensating balance agreements.
 - g. Guarantees, whether written or oral, under which the Airport Authority is contingently liable.
12. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
13. We have no reason to believe the Airport Authority owes any penalties or payments under the Employer Shared Responsibility Provisions of the *Patient Protection and Affordable Care Act* nor have we received any correspondence from the IRS or other agencies indicating such payments may be due.

14. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.
15. Adequate provisions and allowances have been accrued for any material losses from:
 - a. Uncollectible receivables.
 - b. Sales/lease/service commitments, including those unable to be fulfilled.
 - c. Purchase commitments in excess of normal requirements or above prevailing market prices.
16. Except as disclosed in the financial statements, the Airport Authority has:
 - a. Satisfactory title to all recorded assets, and they are not subject to any liens, pledges, or other encumbrances.
 - b. Complied with all aspects of contractual and grant agreements, for which noncompliance would materially affect the financial statements.
17. The financial statements disclose all significant estimates and material concentrations known to us. Significant estimates are estimates at the statement of net position date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur that would significantly disrupt normal finances within the next year. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
18. The fair values of financial and nonfinancial assets and liabilities, if any, recognized in the financial statements or disclosed in the notes thereto are reasonable estimates based on the methods and assumptions used. The methods and significant assumptions used result in measurements of fair value appropriate for financial statement recognition and disclosure purposes and have been applied consistently from period to period, taking into account any changes in circumstances. The significant assumptions appropriately reflect market participant assumptions.
19. Except as already disclosed, we have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.
20. With respect to any nonattest services you have provided us during the year, including assisting with the preparation of the annual comprehensive financial report (ACFR) and assistance with submission of our data collection form to the Federal Audit Clearinghouse:
 - a. We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.

- b. We have established and monitored the performance of the nonattest services to ensure they meet our objectives.
 - c. We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.
 - d. We have evaluated the adequacy of the services performed and any findings that resulted.
21. We have notified you of any instances of noncompliance with applicable disclosure requirements of the SEC Rule 15c2-12 and applicable state laws.
22. With regard to deposit and investment activities:
- a. All deposit and investment transactions have been made in accordance with legal and contractual requirements.
 - b. Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.
 - c. We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.
23. As an entity subject to *Government Auditing Standards*:
- a. We acknowledge that we are responsible for compliance with applicable laws, regulations, and provisions of contracts and grant agreements.
 - b. We have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that have a direct and material effect on the determination of amounts in our financial statements or other financial data significant to the audit objectives.
 - c. We have identified and disclosed to you any violations or possible violations of laws, regulations, and provisions of contracts and grant agreements whose effects should be considered for recognition and/or disclosure in the financial statements or for your reporting on noncompliance.
 - d. We have taken or will take timely and appropriate steps to remedy any fraud, abuse, illegal acts, or violations of provisions of contracts or grant agreements that you or other auditors report.
 - e. We have a process to track the status of audit findings and recommendations.
 - f. We have identified to you any previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of your audit and the

corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements, or other studies.

24. We have provided our views on any findings, conclusions, and recommendations, as well as our planned corrective actions with respect thereto, to you for inclusion in the findings and recommendations referred to in your report on internal control over financial reporting and on compliance and other matters based on your audit of the financial statements performed in accordance with *Government Auditing Standards*.
25. With regard to federal awards, passenger facility charge and customer facility charge programs:
 - a. We have identified in the schedule of expenditures of federal awards all assistance provided (either directly or passed through other entities) by federal agencies in the form of grants, contracts, loans, loan guarantees, property, cooperative agreements, interest subsidies, commodities, insurance, direct appropriations, or in any other form.
 - b. We have identified the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* regarding activities allowed or unallowed; allowable costs/cost principles; cash management; eligibility; equipment and real property management; matching, level of effort, earmarking; period of performance of federal funds; procurement and suspension and debarment; program income; reporting; subrecipient monitoring; and special tests and provisions that are applicable to each of our federal awards programs. We have identified to you our interpretation of any applicable compliance requirements subject to varying interpretations. We have also identified all compliance requirements of the passenger facility charge and customer facility charge programs.
 - c. We are responsible for complying, and have complied, with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), the Passenger Facility Charge Audit Guide for Public Agencies, and California Code 1949, as applicable to our Customer Facility Charge program..
 - d. We are responsible to understand and comply with the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal awards programs and have disclosed to you any and all instances of noncompliance with those requirements occurring during the period of your audit or subsequent thereto to the date of this letter of which we are aware. Except for any instances of noncompliance we have disclosed to you, we believe the Airport Authority has complied with all applicable compliance requirements.
 - e. We are responsible for establishing and maintaining effective internal control over compliance to provide reasonable assurance we have administered each of our federal awards, passenger facility charge and customer facility charge programs in compliance with federal statutes, regulations, and the terms and conditions of the federal awards and passenger facility charge and customer facility charge programs.

- f. We have made available to you all federal awards (including amendments, if any) and any other correspondence or documentation relevant to each of our federal awards programs and to our compliance with applicable requirements of those programs.
 - g. The information presented in federal awards program financial reports and claims for advances and reimbursements is supported by the books and records from which our financial statements have been prepared.
 - h. The costs charged to federal awards are in accordance with applicable cost principles.
 - i. The reports provided to you related to federal awards programs are true copies of reports submitted or electronically transmitted to the federal awarding agency and , the applicable payment system
 - j. Amounts claimed or used for matching were determined in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) regarding cost principles.
 - k. We have disclosed to you any communications from federal awarding agencies concerning possible noncompliance with the applicable compliance requirements for each of our federal awards programs, including any communications received from the end of the period of your audit through the date of this letter.
 - l. We have identified to you any previous compliance audits, attestation engagements, and internal or external monitoring related to the objectives of your compliance audit, including findings received and corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements, or other monitoring.
 - m. The reporting package does not contain any protected personally identifiable information.
26. The supplementary information required by the Governmental Accounting Standards Board, consisting of management's discussion and analysis and pension/other post-employment benefit information, has been prepared and is measured and presented in conformity with the applicable GASB pronouncements, and we acknowledge our responsibility for the information. The information contained therein is based on all facts, decisions, and conditions currently known to us and is measured using the same methods and assumptions as were used in the preparation of the financial statements. We believe the significant assumptions underlying the measurement and/or presentation of the information are reasonable and appropriate. There has been no change from the preceding period in the methods of measurement and presentation.
27. With regard to supplementary information:
- a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with the applicable criteria.

- b. We believe the supplementary information is fairly presented, both in form and content, in accordance with the applicable criteria.
 - c. The methods of measurement and presentation of the supplementary information are unchanged from those used in the prior period.
 - d. We believe the significant assumptions or interpretations underlying the measurement and/or presentation of the supplementary information are reasonable and appropriate.
 - e. If the supplementary information is not presented with the audited financial statements, we acknowledge we will make the audited financial statements readily available to intended users of the supplementary information no later than the date such information and the related auditor's report are issued.
28. We acknowledge that you have no responsibility for future changes caused by the current economic environment and the resulting impact on the Airport Authority's financial statements. Further, management and governance are solely responsible for all aspects of managing the Airport Authority, including questioning the quality and valuation of investments and other assets; reviewing allowances for uncollectible amounts; evaluating capital needs and liquidity plans.
29. We have disclosed all fiduciary activities and related information for the evaluation and determination of the required presentation related to GASB 84, Fiduciary Activities in our Annual Comprehensive Financial Report.

Elizabeth Stewart

Elizabeth M. Stewart, Interim Director,
Accounting

Staff Report

Meeting Date: December 2, 2021

Subject:

Review of the Annual Comprehensive Financial Report (ACFR) for the Fiscal Year Ended June 30, 2021

Recommendation:

The Audit Committee recommends that the Board accept the report.

Background/Justification:

An Annual Comprehensive Financial Report (ACFR) is a set of U.S. government financial statements that encompass the financial report of a state, municipal, or other governmental entity that conforms with the accounting requirements of the Governmental Accounting Standards Board (GASB).

The ACFR provides a measure of financial transparency on local and state government spending. It is a more thorough report when compared to the audited financial statements, and includes three major sections: the introductory section, which provides general information on the Authority's organization structure; the financial section, which includes the Authority's audited financial statements; and the statistical section, which provides data trends.

The Charter of the Audit Committee directs the Committee to review the ACFR and other external auditor annual reports, and to forward them to the San Diego County Regional Airport Authority Board.

The Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2021, is submitted as Attachment A.

Fiscal Impact:

Adequate funding for the audit conducted by BKD, LLP, is included in the adopted and approved Fiscal Year 2021 and Fiscal Year 2022 Operating Expense Budgets within the Accounting Department Services – Other line item.

Authority Strategies/Focus Areas:

This item supports one or more of the following (*select at least one under each area*):

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:

Not Applicable.

Prepared by:

Scott Brickner
Vice President / Chief Financial Officer

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SAN DIEGO, CALIFORNIA

**ANNUAL COMPREHENSIVE
FINANCIAL
REPORT**

FISCAL YEARS ENDED JUNE 30, 2021 & 2020





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SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY
SAN DIEGO, CALIFORNIA

ANNUAL COMPREHENSIVE
**FINANCIAL
REPORT**

FISCAL YEARS ENDED JUNE 30, 2021 & 2020

PREPARED BY

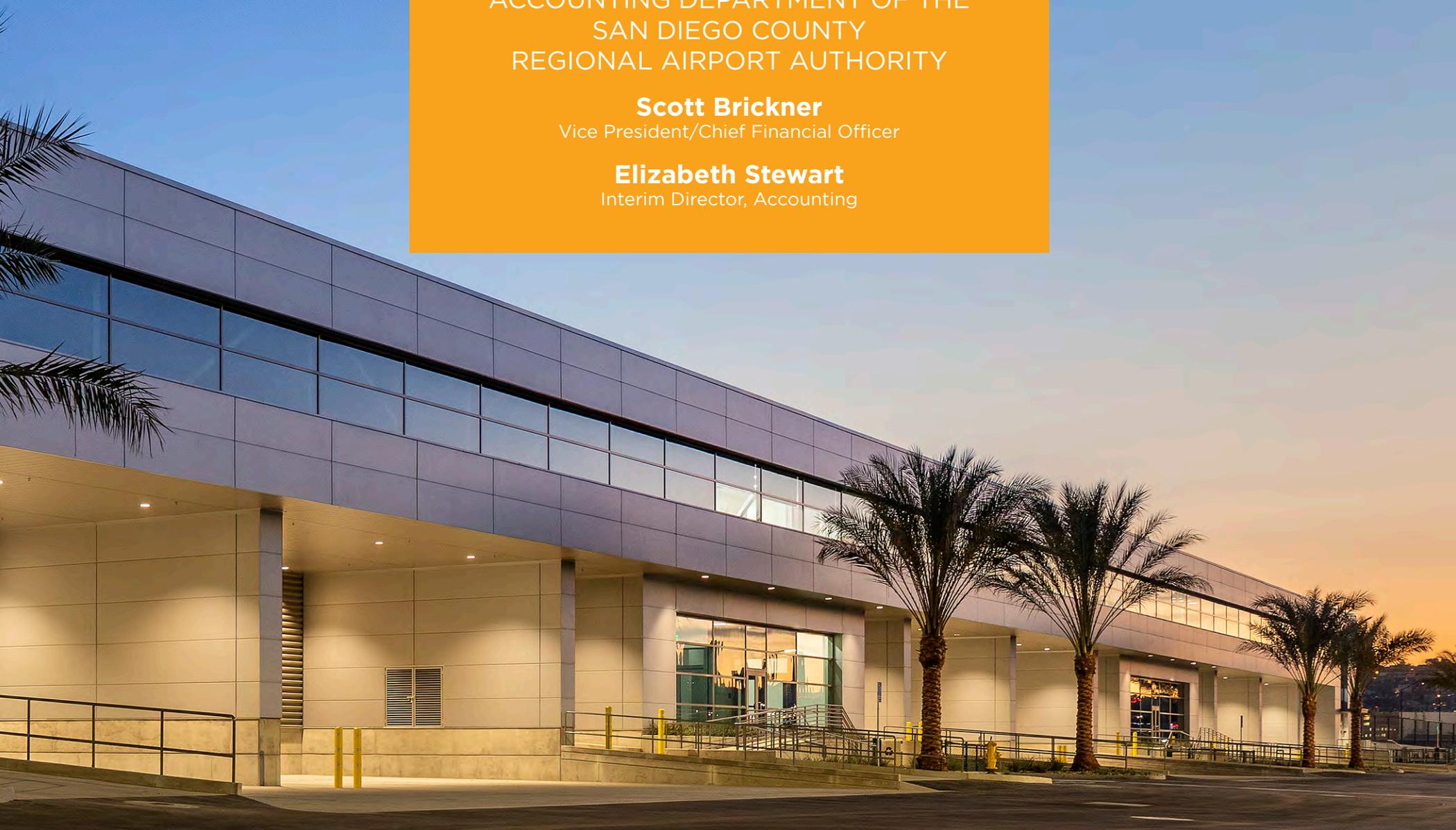
ACCOUNTING DEPARTMENT OF THE
SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY

Scott Brickner

Vice President/Chief Financial Officer

Elizabeth Stewart

Interim Director, Accounting



SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
SAN DIEGO, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 & 2020

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INTRODUCTORY SECTION

LETTER OF TRANSMITTAL

AUTHORITY ORGANIZATION CHART

AUTHORITY BOARD MEMBERS AND EXECUTIVE STAFF

GFOA CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING





October 20, 2021

To Members of the Board and the Public:

We are pleased to present the Annual Comprehensive Financial Report of the San Diego County Regional Airport Authority (“Airport Authority”) for the fiscal years ended June 30, 2021 and 2020. The purpose of this report is to provide the Airport Authority Board, the public and other interested parties with reliable information concerning the financial condition and results of the operations of the Airport Authority. The Airport Authority’s Accounting Department prepared this report following the guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA). Responsibility for the accuracy, completeness and fairness of the presented data, including all disclosures, rests with the Airport Authority management.

To the best of our knowledge and belief, this report fairly presents and fully discloses the Airport Authority’s financial position, changes in financial position, results of operations and cash flows in accordance with generally accepted accounting principles (GAAP) in the United States of America.

The Airport Authority has established and maintains a comprehensive framework of internal controls to provide reasonable assurance that assets are properly safeguarded, transactions are properly executed, and the financial statements are free from material misstatement.

The Airport Authority engaged the Certified Public Accounting firm BKD, LLP to perform the annual independent audit of the basic financial statements contained in this report. The auditors issued an unmodified (or clean) opinion on the Airport Authority’s financial statements for the fiscal years ended June 30, 2021 and 2020.

GAAP requires that management provide a narrative overview and analysis to accompany the financial statements in the form of a Management’s Discussion and Analysis (MD&A) section. This letter of transmittal should be read in conjunction with the MD&A, which can be found immediately following the report of the independent auditors in the Financial Section of this report.

**PROFILE OF AIRPORT
AUTHORITY AND
ORGANIZATIONAL STRUCTURE**

The Airport Authority began operations on January 1, 2003, as an independent agency to manage the operations of San Diego International Airport (SAN) and address the region’s long-term air transportation needs.

The legislation that created the Airport Authority mandates three main responsibilities:

- Operate San Diego International Airport
- Plan for the future air transportation needs of the region
- Serve as the region’s Airport Land Use Commission – and ensure the adoption of land use plans that protect public health and safety surrounding all 16 of the county’s airports

The Airport Authority is governed by an appointed Board of Directors of nine members representing

all areas of San Diego County and three additional members serving as non-voting, ex-officio Board members. Three Board members serve as the Executive Committee consisting of one Board member from each of the following “defined jurisdictions”: the City of San Diego, the County of San Diego, and one Board member from among the east county cities, south county cities, north county coastal or north county inland cities. The Board members serve three-year terms.

The management and operations of SAN are carried out by a staff headed by the President/ Chief Executive Officer, who is appointed by and reports directly to the Airport Authority Board of Directors (“Board”).

In addition to overwhelming health and economic impacts, the COVID-19 pandemic caused an unprecedented global transportation crisis. Many of years of sustained growth abruptly ended in March of 2020, throwing the air travel industry into survival mode due to the devastating loss of passenger traffic and revenues. Yet, as travel and tourism are both dependent upon, and vital pieces of, the global economy, the industry is expected to recover. Signs of the recovery are well under way, but how long recovery to pre-pandemic numbers will take is still unknown.

In March 2021, we began to see an increase in passengers and activity. Japan Airlines resumed its nonstop service between SAN and Tokyo in March 2021. A combination of people being more confident to travel, new destination offerings being added, and pent-up demand contributed to monthly passenger increases through the spring and summer months. By the end of FY 2021, most domestic, Canadian, and Mexican routes had been recovered and some of the lost international service was supplanted with additional new domestic routes. The Air Trade Area for SAN includes San Diego County as well as portions of neighboring Orange, Imperial and Riverside Counties, and Baja California, Mexico.

US Gross Domestic Product (GDP) growth in the first two quarters of 2021 was 6.3 percent and 6.6 percent respectively. The increase in second quarter GDP reflected the continued economic recovery, reopening of establishments, and continued government response related to the COVID-19 pandemic.

The Census Bureau estimates the population of San Diego County to be 3.32 million as of July 1, 2021. The county is the second largest in California, in terms of population, and the City of San Diego ranks as the second largest city in the state. The majority of the county's population is concentrated in its western portion adjacent to the ocean. The largest cities in the county are San Diego (42 percent), Chula Vista (8 percent), Oceanside (5 percent), Escondido (5 percent), Carlsbad (3 percent), El Cajon (3 percent), and Vista (3 percent). The combined San Diego/Tijuana metropolitan population is estimated to be approximately 5.4 million inhabitants.

Although the impact from the COVID-19 pandemic was pervasive and substantial, San Diego County's economic climate has remained relatively stable. According to the U.S. Bureau of Labor Statistics, the county's average unemployment rate for June

2021 was 7.0 percent compared to 13.8 percent in June 2020. California's unemployment rate was 7.7 percent in June 2021 and 13.7 percent in June 2020, and the national unemployment rate was 5.9 percent as of June 2021 compared to 10.5 percent as of June 2020. See the Statistical Section for additional economic information.

San Diego has always been a desirable place to visit and do business and the Airport Authority is optimistic that with vaccinations available and continued health and safety measures being implemented, the public will continue to gain confidence and take to the skies again. The Authority implemented our Financial Resilience Plan at the beginning of the pandemic, which included a hiring freeze, delay of capital project implementation, and focus on essential spending only, among other measures. While some of these measures have been relaxed with the increase in passenger traffic, the Authority will continue to ensure our financial stability through conservative spending, careful monitoring and responsible planning.



MAJOR INITIATIVES, AWARDS, AND ACCOMPLISHMENTS

SAN ADDS SEVERAL NEW AIR SERVICE ROUTES

Despite the challenges brought on by COVID-19, San Diego International Airport welcomed several new air service routes and restored many that had been suspended in FY 2021. Today SAN offers more service to Hawaii than ever before.

Southwest Airlines continued to be the number one carrier at SAN. In addition to new nonstop service to Norfolk, Virginia, in November 2020, Southwest celebrated the inaugural nonstop flight to Honolulu, Hawaii and later added three new flights to Kahului, Maui, Kona, Island of Hawaii and Lihue, Kauai.

Alaska Airlines service continues to grow and now has 33 nonstop destinations from SAN. New routes include nonstop service to Missoula, Montana, New York City and Fort Lauderdale, Florida. The airline also added nonstop service to Santa Barbara, along with seasonal non-stop flights to Jackson Hole, Wyoming, Bozeman and Kalispell, Montana. Alaska was also the first carrier to resume international service to Mexico and added a new route to Cancún.

Allegiant Air added five new seasonal routes to Kalispell, Montana, Pasco, Washington, Bozeman, Montana, Des Moines, Iowa and Mesa Arizona. JetBlue began nonstop service to Newark, New

Jersey in August 2020, marking the first new route following the start of the pandemic in March 2020.

In March 2021 after a year for being suspended, Japan Airlines resumed nonstop flights between Tokyo, Japan and British Airways' flights to London returned in October 2021.

Looking ahead to fall 2021, SAN will welcome Canadian-based ultra-low-cost carrier Swoop, through seasonal service from Edmonton, Alberta, Canada from October to April 2022.

SAN DIEGO INTERNATIONAL AIRPORT PERSEVERES THROUGH THE PANDEMIC

2020 was a difficult year for the aviation industry, with sudden and lasting decreases in passenger numbers. Throughout the pandemic, the airport remained open as a critical piece of the nation's transportation infrastructure. The Airport Authority's work to restore confidence in air travel, maintain the health and safety of the traveling public, employees and the community remained the top priority throughout the year.

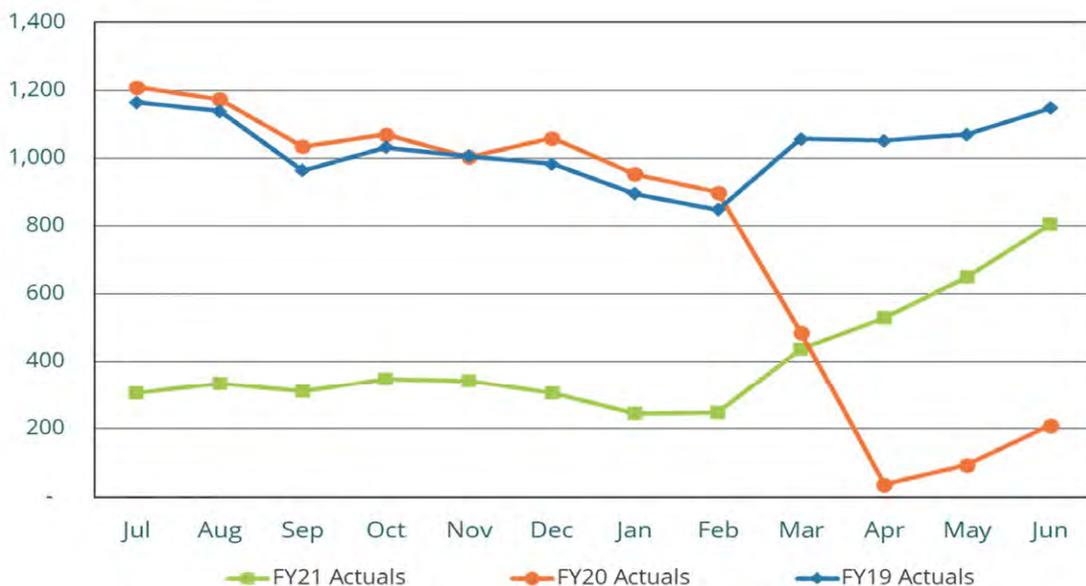
The Airport Authority implemented several operational modifications and efficiencies to help the airport maintain a high level of customer service and ensure the health and safety of passengers, most notably through the launch of the "Let's Go Safely" program. The Authority also quickly implemented its Financial Resilience Plan to counteract the financial impacts from the pandemic and ensure the financial stability.

Enplanements for twelve months after the pandemic began from March 2020 through February 2021, were 74% below the previous twelve-month period. Beginning in March 2021, as the vaccines became more widely available,

enplanements gradually increased each month. By June 2021, they had improved to 30% below June 2019 numbers. Slight improvements continued into the remaining summer months.

Enplanements

In thousands



SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY RECEIVES ENVIRONMENTAL EXCELLENCE AWARD

The Industrial Environmental Association (IEA) selected the San Diego County Regional Airport Authority as a 2020 Environmental Excellence Award winner for the Northside Stormwater Capture Cistern. Award winners were evaluated by a panel of industry experts from the IEA and the California Manufacturers and Technology Association on projects that demonstrate science driven environmental leadership and best practices.

The Northside Stormwater Capture Cistern is the first element of the Stormwater Capture and Reuse System to come from the Airport Authority Water Stewardship Plan. The storage

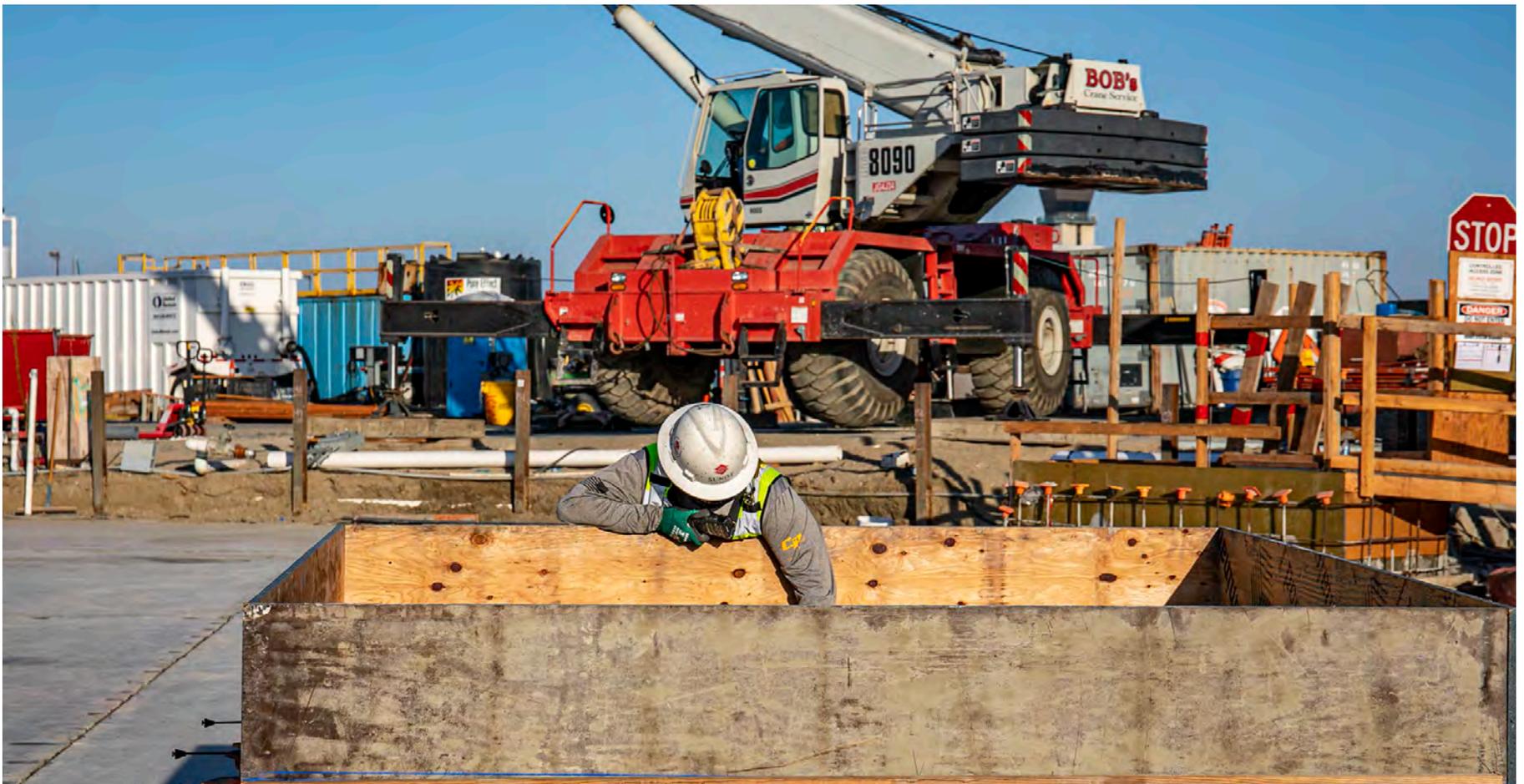
capacity for the Stormwater Capture and Reuse System was conceived as three separate elements of approximately three million gallons each. The first of these three elements to be constructed is the Northside Stormwater Capture Cistern.

The Northside Stormwater Capture Cistern has been constructed to capture stormwater runoff from 80 acres of airport property on the north side of the airport runway, approximately 16 million gallons annually. The captured stormwater will be used to wash cars at the nearby Rental Car Center where an average of 4,000 cars are washed daily.

Development of the Northside Cistern is driven by scientific analysis and provides an innovative response to regional permit requirements for both stormwater pollution prevention and post-construction requirements for development/

redevelopment, while creating a new source of water in San Diego's drought-prone arid environment.

Environmental stewardship is a hallmark of operations at the San Diego International Airport. The Airport Authority instituted one of the first sustainability policies for a major airport in the United States. The Airport Authority is committed to building and operating sustainably and strives to protect the wide variety of natural resources that exist at SAN's location. For more information about SAN's sustainability policy and our sustainability report, please visit sustain.san.org.



AIRPORT INNOVATION LAB'S FIFTH GROUP TESTS UNIQUE CONCEPTS TO ENHANCE PASSENGER HEALTH AND SAFETY

COVID forced airports around the world, including San Diego International Airport (SAN), to re-evaluate health and safety protocols to mitigate spreading the virus. At SAN, the fifth cohort of the Airport Innovation Lab was focused specifically on identifying companies with solutions that could enhance the touchless journey, enhance cleanliness and sanitation or advance queue management.

Six companies were invited into the 16-week program to test and refine ideas in a real-life airport environment.

Each of the companies and concepts invited into the fifth cohort have the potential to shape the future airport customer experience and support

recovery efforts. Those innovations that succeed at SAN in the midst of the pandemic will allow the airport to be ready for when passenger volumes return to normal.

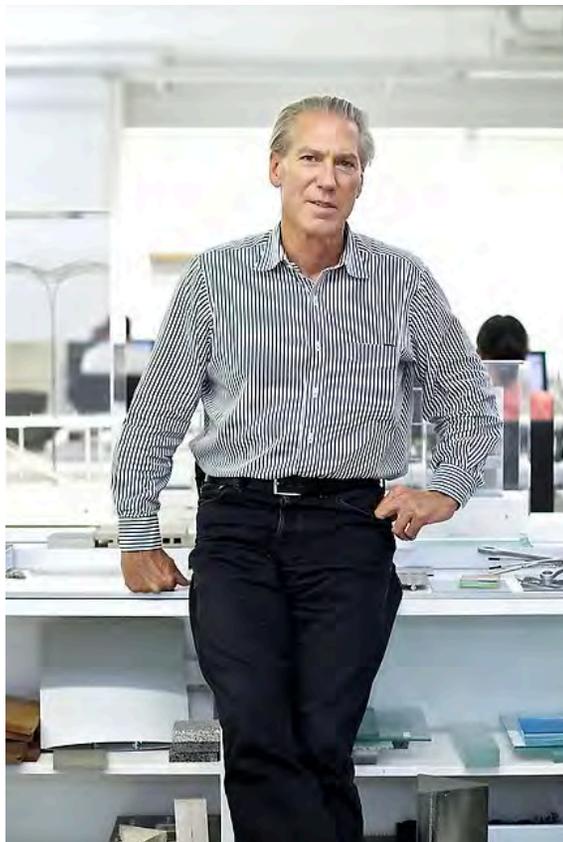
Pre-pandemic, participating companies tested and developed their concepts in this 3,500-square-foot space which offers a functional mini-terminal area with ticket counters and a bag claim carousel, all without passenger or security concern to work around. With the onset of the pandemic, the program shifted to a full-virtual format which included online workshops, sessions with subject matter experts from the Airport Authority and potentially live testing in the airport as health and safety restrictions allowed.

Companies work diligently throughout the program to have the opportunity to win a contract from the Airport Authority and/or gain entry to other airports and analogous businesses including other transportation hubs, convention centers,



shopping malls and other large venues such as ballparks, theme parks and hotels.

The unique Airport Innovation Lab was launched to reduce barriers for innovators to break into the aviation industry. For more information, go to www.innovate.san.org.



RENOWNED ARTIST JAMES CARPENTER SELECTED AS LEAD ARTIST FOR AIRPORT'S NEW TERMINAL 1 (NEW T1)

San Diego International Airport's planned replacement for the aging Terminal 1 will be a unique integration of art and architecture, with the façade being designed by renowned artist James Carpenter.

From the beginning, the San Diego County Regional Airport Authority's Board has been committed to incorporating art into the New T1 project. As a result, Carpenter will be an integral member of the Board-approved design-build team, which includes Turner-Flatiron and Gensler. Typically, artists are commissioned to design original works of art inside and outside the building, but this collaboration is the first of its kind for the Airport Authority. Carpenter and team have been charged with developing a design for the building itself, focusing on its south façade.

The goal of this approach is to develop a design that harnesses the abundance of sunshine San Diego enjoys, creating a warm and welcoming feeling for passengers. Carpenter and his team aspire to transform the interior of the New T1 space through a varying play of light and color that occurs throughout the day. Their design will celebrate the changing character of the sky from sunrise to sunset, using a variety of design elements he refers to as "light interventions."

Carpenter and his studio are also committed to sustainability in their practice, which aligns with the Airport Authority's ongoing focus on environmental stewardship. The new Terminal 1 building design will be climate-resilient and adaptive; and will utilize both renewable electricity and a stormwater capture and reuse system.

Construction on the New T1 is scheduled to begin in early 2022, pending National Environmental Protection Act (NEPA) approval, with completion anticipated by late 2026.

AIRPORT AUTHORITY HOSTS 2020 “MEET THE PRIMES” VIRTUAL EVENT TO CONNECT BUSINESSES

“Meet the Primes” is one of several outreach events lead by the Airport Authority’s Small Business Department to ensure the local, small, historically underutilized, service-disabled veteran and emerging businesses have every opportunity to do business with the Airport Authority.

Due to the ongoing challenges of COVID-19, the San Diego County Regional Airport Authority (Airport Authority) hosted its annual “Meet the Primes” event virtually in the fall. First introduced in 2015, the event is designed to introduce small and disadvantaged businesses to representatives

of the Airport Authority, other public agencies, and construction and concessionaire prime contractors. Despite the pandemic and shift to the virtual format, the Airport Authority had more than 400 participants this year.

Participants were provided the unique opportunity to attend presentations that provided information on successful business strategies, learn about doing business with the Airport Authority, how to apply for the Authority’s Local Business Enterprise (LBE) certification, how to be informed about future projects and available small business opportunities. Several other San Diego County agencies participated in the event to provide attendees with other regional contracting opportunities and share available resources

provided by support services centers and organizations within Southern California.



SAN DIEGO INTERNATIONAL AIRPORT WELCOMES PERFORMING ARTS RESIDENCY PROGRAM ARTIST MARGARET NOBLE

The San Diego International Airport Arts Program includes performing arts, public art, and temporary exhibitions components which are aimed at engaging travelers and creating an ambiance unique to the culture of San Diego. The Performing Arts Residency Program cultivates the local performing arts community by inviting artists to develop and perform new work over the course of five months that simultaneously enriches the airport experience for customers.

In late 2020, Performing Arts Residency Program featured Margaret Noble and her work [Sky] [Muse]. Born in Texas and raised in California, Noble’s experimental artworks have been exhibited nationally and internationally. Her interdisciplinary work resides at the intersection of sound, sculpture, and performance and is influenced by the dynamic, dance music cultures of southern California.

Through her Performing Arts Residency, Noble presented a series of audio-visual works designed to ignite, delight, and reframe the airport



experience. Inspired by Brian Eno’s seminal work Music for Airports and the historical art traditions of visual music and graphical notation, [Sky][Muse] is a collection of animated graphics accessible and experienced through personal devices. For

passengers preparing to move through portals, time zones, and geographies these short, digital works were designed to enhance their travel by elevating their sensory experiences of color, light, and sound.



SAN DIEGO INTERNATIONAL AIRPORT RECEIVES \$18 MILLION IN FEDERAL GRANT FOR NOISE MITIGATION MEASURES

In the fall of 2020, it was announced that the San Diego International Airport would receive a total of \$18,023,885 in two airport safety and infrastructure grants through the Federal Aviation Administration (FAA) for noise mitigation measures. The \$18 million in grants marks the largest annual amount given to SAN by the FAA for its Quieter Home Program, the airport's residential sound insulation program.

The FAA has determined that residences within the 65 to 69 decibel level contour map around SAN may be eligible for sound insulation treatments to mitigate aircraft noise. The FAA has set a goal of reducing interior noise levels for eligible residents by at least five decibels inside the home, providing a noticeable reduction in noise. The Airport Authority's Quieter Home Program is the means to obtain that goal.

Primarily, the funds go towards sound insulating approximately 200 to 400 homes per year, depending on the size of the home, in the areas most impacted by aircraft noise. Through the program, homes may receive retrofitted exterior

doors and windows, installation of a ventilation system, and other items such as weather stripping and caulking around openings. Since its inception, the Quieter Home Program has retrofitted more than 4,300 single-family and multi-family residences immediately east and west of the airport.

This year the Airport Authority also began a non-residential program to sound insulate noise-sensitive properties such as schools and churches. It is estimated that once the program is initiated, one non-residential noise-sensitive property can be sound insulated each year.



AIRPORT AUTHORITY RECEIVES GFOA DISTINGUISHED BUDGET PRESENTATION AWARD FOR 16TH CONSECUTIVE YEAR

The Authority received its fifteenth consecutive Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA) for its annual budget for the fiscal year beginning July 1, 2020. The GFOA Distinguished Budget Presentation Awards Program (Budget Awards Program) was established to encourage and assist

state and local governments to prepare budget documents of the very highest quality that reflect both the guidelines established by the National Advisory Council on State and Local Budgeting, and the GFOA's best practices on budgeting, and then to recognize individual governments that succeed in achieving that goal. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device. This award is valid for a period of one year only.

AIRPORT AUTHORITY AWARDED ACHIEVEMENT OF EXCELLENCE IN PROCUREMENT

The Airport Authority was awarded the Achievement of Excellence in Procurement® (AEP) for 2021 from the National Procurement Institute, Inc. (NPI). The award recognizes organizations that demonstrate excellence in innovation, professionalism, productivity, leadership and

e-procurement. The AEP program encourages the development of excellence as well as continued organizational improvement to earn the award annually. This was the eleventh consecutive year the Airport Authority earned this award.



AIRPORT AUTHORITY AWARDED CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to San Diego County Regional Airport Authority for its Annual Comprehensive Financial Report (Annual Report) for the fiscal year

ended June 30, 2019. It is judged by an impartial panel to meet the high standards of the program, which includes demonstrating a constructive "spirit of full disclosure" to clearly communicate its financial story and motivate potential users and user groups to read the Annual Report. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

The Airport Authority submitted an application for the Certificate of Achievement Award for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020 and believe that it meets the program's requirements. Due the pandemic, the certification process is taking longer than usual.

Annually, the Airport Authority prepares a five-year capital program budget, an operating budget for the upcoming fiscal year and a conceptual budget for the following fiscal year. The capital program provides for critical improvements and asset preservation. Security, asset preservation, environmental remediation, terminal upgrades and development are the main focus of the capital program. The budget process begins in

the fall with senior management collaborating with the Board to update, review and formulate the strategies and initiatives that drive business performance. The management team engages in cross-functional discussions to arrive at key decisions and agreements. The effort is designed to align divisional requirements with the Airport Authority's overall strategies and initiatives.

FINANCIAL INFORMATION



The Airport Authority Board sets policy that enables implementation of appropriate internal controls and provides oversight to ensure that the assets of the Airport Authority are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to allow for preparation of financial statements in conformity with GAAP. Internal controls are designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the valuation of costs and benefits requires estimates and judgments by management.

The Airport Authority derives its operating revenue from two sources: airline and non-airline revenue. Airline revenue is derived primarily from landing fees, aircraft parking fees, building rentals, common use fees and other aviation revenue. Primary sources of non-airline revenue are terminal and rental car concessions, airport parking and ground transportation.

Non-operating revenue of the Airport Authority is comprised of interest income, Passenger

Facility Charges, Customer Facility Charges and grant reimbursements (including the Coronavirus Aid, Relief, and Economic Security Act and Airport Coronavirus Response Grant Program funding's in fiscal year 2020 and 2021).

The Airport Authority's debt management policy was developed to ensure compliance with the master and subordinate bond indentures, which dictate the terms of the Airport Authority's outstanding debt and establishes various reserves. Funding of the required reserve balances affects the fund equity portion of the budget and rate-setting process.

The Airport Authority completed fiscal year 2021 with operating income (before depreciation) of \$65.4 million, a decrease of 35.1 percent compared to fiscal year 2020. Enplanements decreased 47.4 percent, and airport operations decreased 31.8 percent in fiscal year 2021 compared to fiscal year 2020. These decreases were a direct result of the COVID-19 impact on the economy and transportation industry. The accompanying Management's Discussion and Analysis provides a detailed narrative overview.

The preparation of the Annual Comprehensive Financial Report was made possible by the dedicated service and efforts of the Airport Authority's Accounting, Financial Management and Marketing staff. We wish to express our sincere appreciation for their dedication to ensure fiscal transparency and accountability and to maintain and present the Airport Authority's financial statements in conformance with the highest professional standards.

Finally we would like to thank members of the Airport Authority Board for their continued leadership, guidance and support towards the execution of our Mission to plan for and provide air transportation services to the region with safe, effective facilities that exceed customer expectations. We are committed to operating San Diego's air transportation gateways in a manner that promotes the region's prosperity and protects its quality of life.

Respectfully submitted,



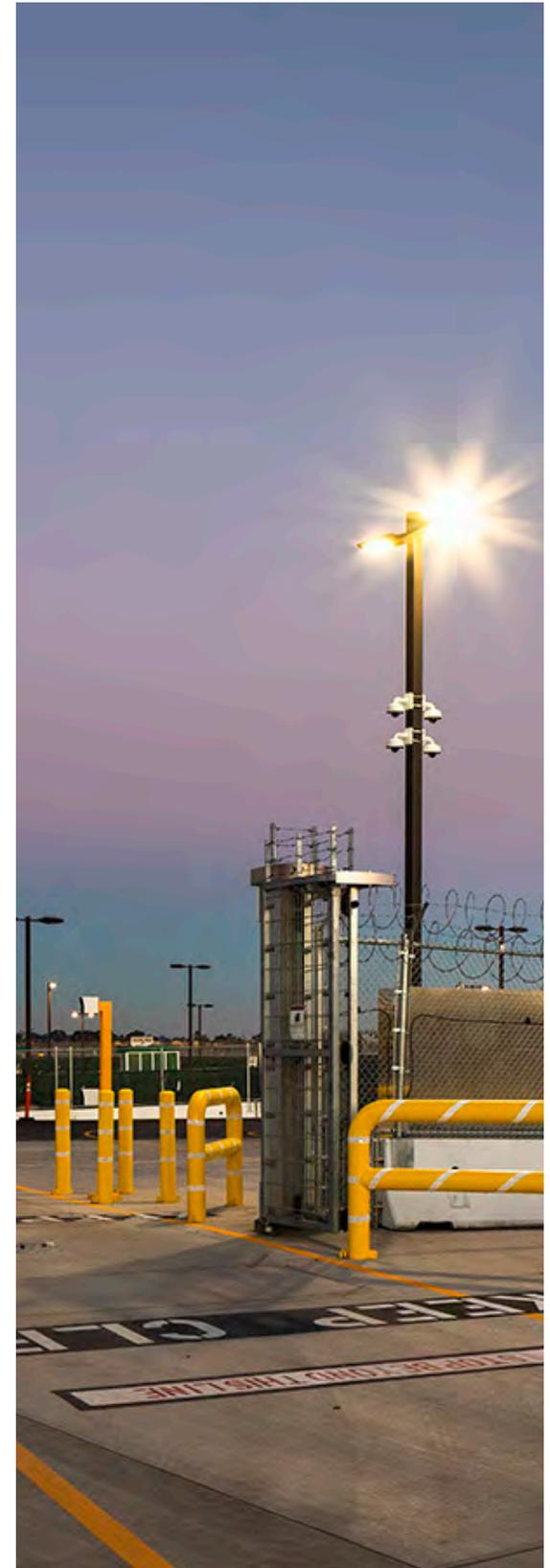
Kimberly J. Becker
President | Chief Executive Officer

A handwritten signature in black ink that reads "Kimberly J. Becker".

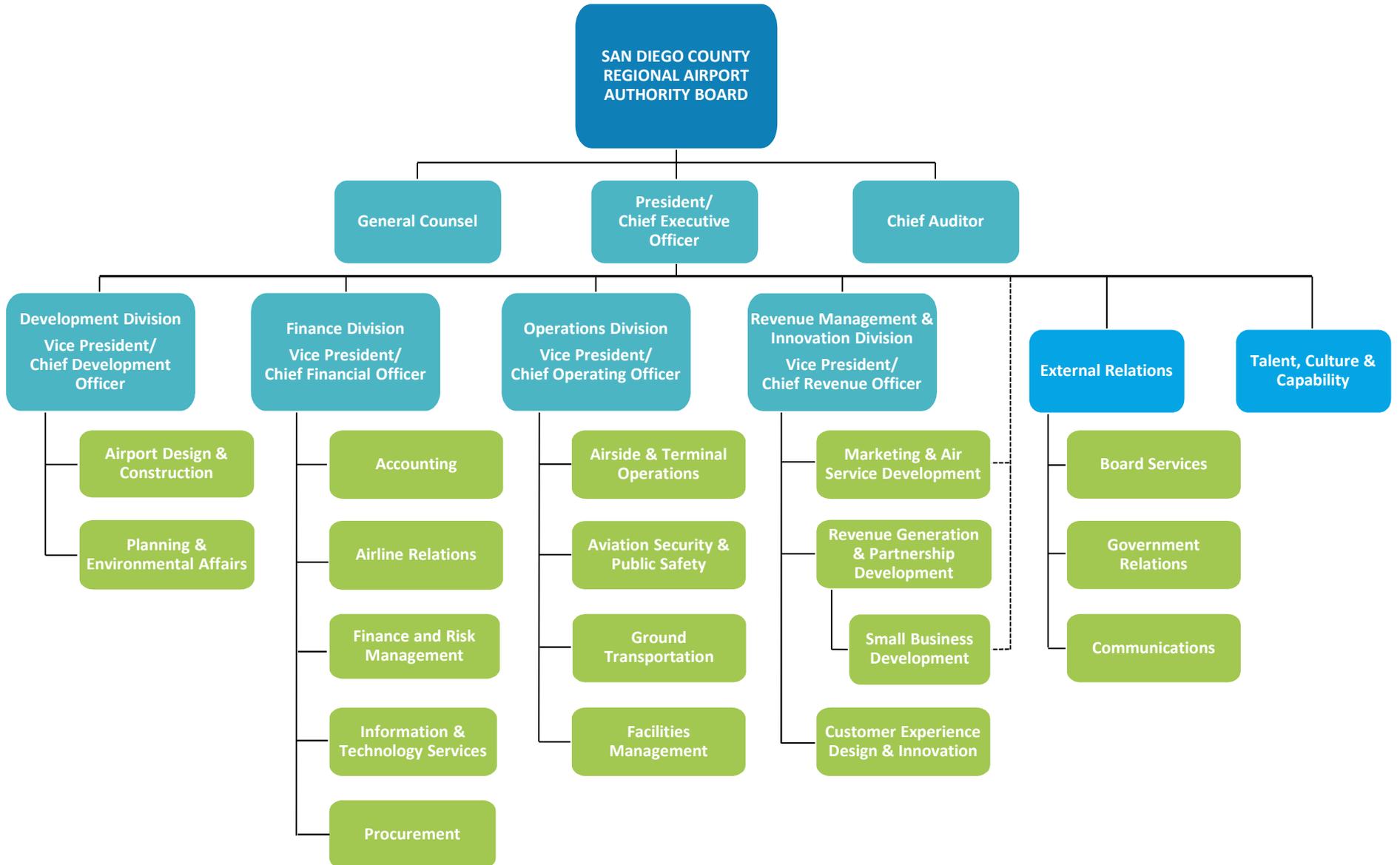


Scott Brickner, CPA
Vice President | Chief Financial Officer

A handwritten signature in black ink that reads "Scott Brickner".



ORGANIZATION CHART



AIRPORT AUTHORITY BOARD

EXECUTIVE MEMBERS:

JOHANNA SCHIAVONI, BOARD CHAIR

PAUL ROBINSON, VICE CHAIR

GENERAL MEMBERS:

CATHERINE BLAKESPEAR

GIL CABRERA

ROBERT T. LLOYD

PAUL MCNAMARA

MARY CASILLAS SALAS

NORA VARGAS

MARNI VON WILPERT

EX-OFFICIO MEMBERS:

COLONEL THOMAS M. BEDELL

GUSTAVO DALLARDA

GAYLE MILLER



EXECUTIVE STAFF

KIMBERLY J. BECKER, PRESIDENT/CHIEF EXECUTIVE OFFICER

AMY GONZALEZ, GENERAL COUNSEL

LEE PARRAVANO, CHIEF AUDITOR

SCOTT M. BRICKNER, VICE PRESIDENT/CHIEF FINANCIAL OFFICER

HAMPTON BROWN, VICE PRESIDENT/CHIEF REVENUE OFFICER

DENNIS PROBST, VICE PRESIDENT/CHIEF DEVELOPMENT OFFICER

ANGELA SHAFER-PAYNE, VICE PRESIDENT/CHIEF OPERATING OFFICER



The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to San Diego County Regional Airport Authority for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2019. This was the seventeenth consecutive year that the Airport Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. The report must

satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Airport Authority submitted an application for the Certificate of Achievement Award for its Annual Report for the fiscal year ended June 30, 2020. Due the pandemic, the certification process has been delayed. We plan to submit the June 30, 2021 Annual Report to the GFOA to determine eligibility for another certificate.



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**San Diego County
Regional Airport Authority
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO



FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

MANAGEMENT'S DISCUSSION & ANALYSIS (UNAUDITED)

BASIC FINANCIAL STATEMENTS:

- Statements of Net Position
- Statements of Revenues, Expenses and Changes in Net Position
- Statements of Cash Flows
- Notes to Financial Statements

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)





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Independent Auditor's Report

To the Members of the Board
San Diego County Regional Airport Authority
San Diego, CA

Report on the Financial Statements

We have audited the accompanying financial statements of the San Diego County Regional Airport Authority (Airport Authority) as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Airport Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

To the Members of the Board
San Diego County Regional Airport Authority
Page 2

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Airport Authority as of June 30, 2021 and 2020, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension and other postemployment benefit information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2021, on our consideration of the Airport Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Airport Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Airport Authority's internal control over financial reporting and compliance.

BKD, LLP

Dallas, Texas
October 22, 2021





MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Years Ended June 30, 2021 and 2020

INTRODUCTION

The San Diego County Regional Airport Authority (Airport Authority) was established on January 1, 2002, as an independent agency. On January 1, 2003, the operations and assets of San Diego International Airport (SDIA) transferred from the San Diego Unified Port District (District) to the Airport Authority.

The Airport Authority is a self-sustaining entity receiving most of its revenues through user fees and rents from airline and non-airline business partners operating at SDIA. Since the Airport

Authority is not funded by tax revenues, accounts are maintained in an enterprise fund on the accrual basis of accounting. Under accrual accounting, revenues are recognized as soon as they are earned, and expenses are recognized as soon as a liability is incurred, regardless of the timing of related cash inflows and outflows. Users of SDIA's facilities provide most of the revenues to operate, maintain, and acquire necessary services and facilities.

HISTORY OF OWNERSHIP

The public policy decision to transfer responsibility for SDIA from the District to the newly created Airport Authority emanated from recommendations made by the San Diego Regional Efficiency Commission (Commission). The Commission was established to evaluate regional governance in San Diego County and report recommended improvement measures to the California State Legislature.

Because of the significant regional consequences of airport development and operations, the Commission concluded that a regional decision-making process should address the future development of airport facilities in San Diego County. In October 2001, the enabling legislation, Assembly Bill 93 (AB 93) established the composition and jurisdiction of the Airport Authority's governing body in a manner that is designed to reflect the collective interests of the entire San Diego region.

**SAN DIEGO
INTERNATIONAL AIRPORT**

LEGISLATIVE BACKGROUND

AB 93 was signed into California State law in October 2001. The AB 93 Act established the Airport Authority on January 1, 2002, as a local agency of regional government with jurisdiction throughout the County of San Diego. Subsequent legislative changes to AB 93 were introduced and passed in California Senate Bill 1896 (Act). The amendment addresses several points pertaining to the transfer of aviation employees, date of transfer, property leases, property acquisition and purchase of services from the District.

On January 1, 2008, Senate Bill 10 (SB 10), the San Diego County Regional Airport Authority Reform Act, was enacted into law expanding the responsibilities of the Airport Authority. The

Airport Authority is vested with five principal responsibilities:

1. Operation of SDIA;
2. Planning and operation of any future airport that could be developed as a supplement or replacement to SDIA;
3. Development of comprehensive airport land use plans for the airports in the county;
4. Serving as the region's Airport Land Use Commission; and
5. In accordance with SB 10, preparing a Regional Aviation Strategic Plan (completed in fiscal year 2011).

In August 2013, Assembly Bill 1058 was signed into law. This bill made minor clarifying and technical changes to the Airport Authority Act.

AIRPORT ACTIVITIES HIGHLIGHTS (2019 – 2021)

AIRPORT ACTIVITIES HIGHLIGHTS (2019 – 2021)

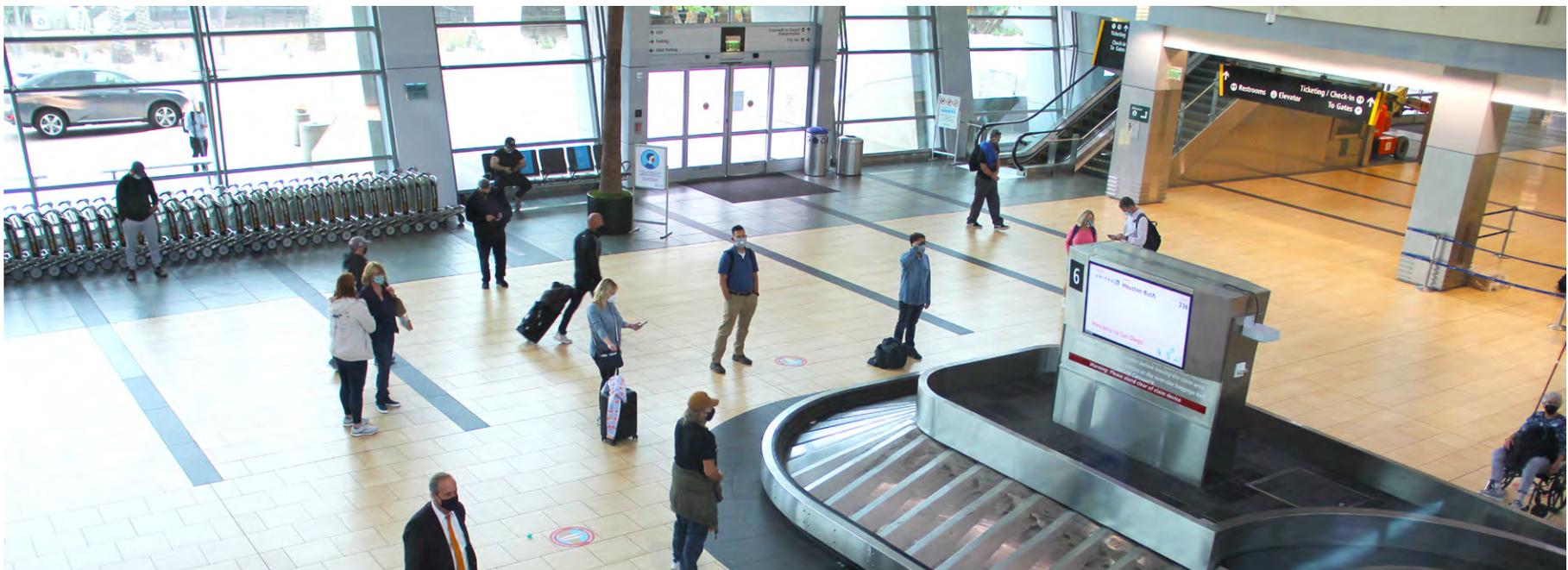
The Airport Authority continued to be impacted by the COVID-19 pandemic through the current fiscal year. This followed the trend seen at most commercial airports across the country.

The changes in the SDIA's major activities for the three years are as follows:

	FY 2019	FY 2020	FY 2021
Enplaned passengers	12,356,286	9,235,459	4,860,931
% change from prior year	5.3%	-25.3%	-47.4%
Total passengers	24,691,673	18,450,599	9,701,311
% change from prior year	5.4%	-25.3%	-47.4%
Aircraft operations	228,093	190,746	130,017
% change from prior year	4.3%	-16.4%	-31.8%
Freight and mail (in tons)	186,469	154,380	151,327
% change from prior year	-2.5%	-17.2%	-2.0%
Landed weight (in millions pounds)	14,481	12,053	7,780
% change from prior year	5.2%	-16.8%	-35.5%

Following the sharp decline beginning in March 2020 caused by the COVID-19 pandemic, enplaned passenger traffic levels have improved each month; ultimately though, fiscal year 2021 ended lower than fiscal year 2020 by 47.4 percent. Looking ahead, it is expected SDIA's major activities will slowly recover as the U.S. economy

reopens. This is due in part because SDIA is an origin and destination airport and is not a hub for any airlines. Further, there is a balanced mixture of leisure and business travelers at SDIA. These factors generally add to the stability of SDIA enplanements in comparison to most airports.



**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
(IN THOUSANDS)**

The metric ‘Changes in Net Position’ is an indicator of whether the Airport Authority’s overall financial condition has improved or deteriorated during the fiscal year. Net position increased 5.4 percent in 2019, followed by an additional increase of 3.7 percent in 2020. Despite the negative effects of the pandemic, the Airport Authority was able to manage a modest decrease of only 0.7 percent in 2021, due to the significant dollars received from federal relief grants. The following is a summary of the statements of revenues, expenses and changes in net position (in thousands):

	FY 2019	FY 2020	FY 2021
Operating revenues	\$ 293,679	\$ 263,036	\$ 215,944
Operating expenses	(301,548)	(293,837)	(283,349)
Nonoperating revenues, net	43,033	58,493	47,254
Capital contributions and grants	8,213	4,072	13,932
Increase (Decrease) in net position	43,377	31,764	(6,219)
Net position, beginning of year	809,925	853,302	885,066
Net position, end of year	\$ 853,302	\$ 885,066	\$ 878,847

**OPERATING REVENUES
(IN THOUSANDS)**



OPERATING REVENUES
(IN THOUSANDS)

	FY 2020	FY 2021	From 2020 to 2021	
			Increase (Decrease)	% Change
Airline revenue:				
Landing fees	\$ 33,242	\$ 34,046	\$ 804	2.4%
Aircraft parking fees	8,354	8,542	188	2.3%
Building rentals	82,453	83,090	637	0.8%
Other aviation revenue	7,789	8,192	403	5.2%
Total airline revenue	131,838	133,870	2,032	1.5%
Concession revenue	57,243	31,097	(26,146)	(45.7%)
Parking and ground transportation revenue	50,751	27,446	(23,305)	(45.9%)
Ground rentals	21,386	21,849	463	2.2%
Other operating revenue	1,818	1,682	(136)	(7.5%)
Total operating revenue	\$ 263,036	\$ 215,944	\$ (47,092)	(17.9%)

	FY 2019	FY 2020	From 2019 to 2020	
			Increase (Decrease)	% Change
Airline revenue:				
Landing fees	\$ 24,816	\$ 33,242	\$ 8,426	34.0%
Aircraft parking fees	3,471	8,354	4,883	140.7%
Building rentals	70,912	82,453	11,541	16.3%
Security surcharge	33,559	-	(33,559)	(100.0%)
Other aviation revenue	1,596	7,789	6,193	388.0%
Total airline revenue	134,354	131,838	(2,516)	(1.9%)
Concession revenue	71,256	57,243	(14,013)	(19.7%)
Parking and ground transportation revenue	62,818	50,751	(12,067)	(19.2%)
Ground rentals	22,810	21,386	(1,424)	(6.2%)
Other operating revenue	2,441	1,818	(623)	(25.5%)
Total operating revenue	\$ 293,679	\$ 263,036	\$ (30,643)	(10.4%)

FISCAL YEAR 2021 COMPARED TO 2020:

Total airline revenues increased by \$2.0 million, or 1.5 percent, primarily due to increased cost recovery from the airlines in fiscal year 2021, which was a result of higher debt service and lower federal relief grants applied towards airlines cost centers, offset by a decrease in recoverable operating expenses. Landing fees increased \$804 thousand or 2.4 percent. Aircraft parking fees increased \$188 thousand or 2.3 percent. Building rentals

increased by \$637 thousand or 0.8 percent. Other aviation revenue increased by \$403 thousand or 5.2 percent, primarily due to the Signatory air carriers not meeting the minimum guarantee in the Airline Operating and Lease Agreement.

On July 1, 2019, the Airport Authority entered into ten-year Airline Operating and Lease Agreements (AOLAs) with passenger airlines and cargo carriers operating at SAN. The AOLAs cover the use of and

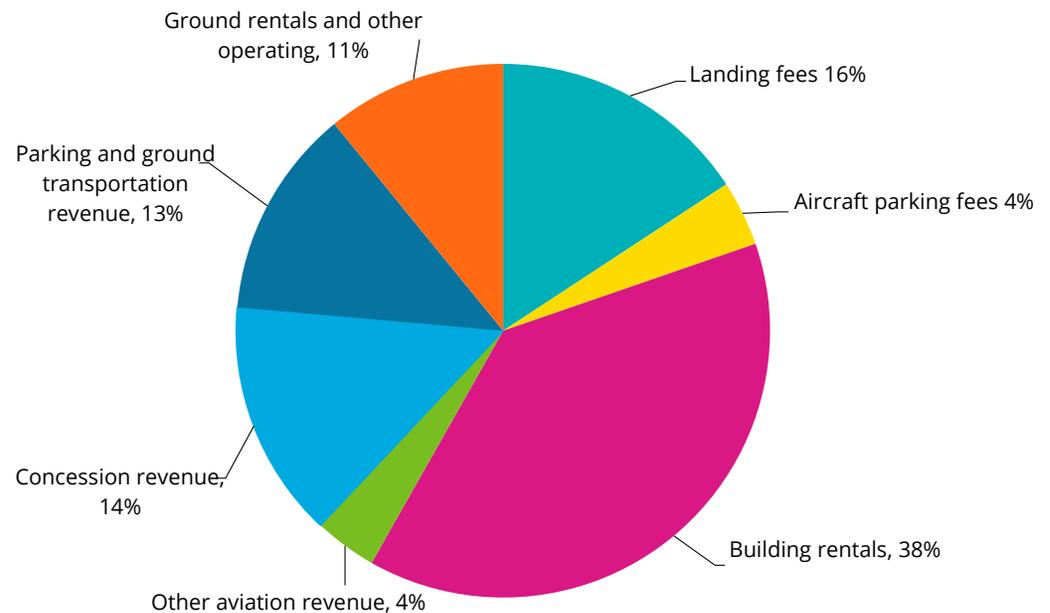


rate-setting mechanisms for the airfield and terminal facilities at SAN. Under the terms of the AOLA, landing fees and aircraft parking fees are calculated based on a residual rate-setting methodology, in which all costs of the facility and services are recovered from the airlines, and the airlines assume the financial risk. Terminal rental rates are based on a compensatory rate-setting methodology, in which the airlines each pay for only the actual cost of facilities and services they use; financial risk and control is assumed by the airport.

The AOLA also includes signatory and non-signatory rate structures. Air Carriers that signed a non-signatory agreement are charged a 120 percent premium on all signatory rates, fees and charges, except for the Federal Inspection Services fee, which all airlines pay the same rate for use of the immigration and customs facilities. The agreement has no provisions that grant the airlines direct approval rights over capital projects, with the limited exception of certain transportation projects that exceed a \$350 million threshold, as defined in the AOLA. It also allows flexibility to meet the demands of changing airline activity and to accommodate new entrant carriers. Terms of the new agreement financially support execution of the New T1, formerly referred to as the Airport Development Program.

Concession revenue (terminal and rental car) decreased by \$26.1 million or 45.7 percent. This is due to the Airport Authority's Rent Forbearance and Abatement Program, which is available to qualifying non-airline tenants because of the continued impact of the COVID-19 pandemic. This Board approved program primarily provides short-term abatement of monthly minimum annual guaranteed payments for tenants that satisfy the terms and conditions during the program. Parking and ground transportation revenue decreased by \$23.3 million or 45.9 percent, primarily due to lower enplanements. Ground rentals increased by \$463 thousand or 2.2 percent, primarily due to scheduled CPI rent increases and revenue recognized from reimbursements related to Hydrant Fueling projects under the fuel lease with SAN Fuel Company, LLC.

OPERATING REVENUES (CONTINUED)



FISCAL YEAR 2020 COMPARED TO 2019:

Total airline revenues decreased by \$2.5 million, or 1.9 percent, primarily due to the global economic downturn that started in March 2020 which resulted in lower cost recovery from airline tenants.

Recoverable expenses were reduced due to activation of the Airport Authority's Financial Resilience Plan which implemented a hiring freeze and limited expenses to essential spending only. In addition, the Airport Authority received a \$91.2 million CARES Act relief grant award and used a portion of the proceeds to pay for certain expenses charged to airline cost centers.

Landing fees increased by \$8.4 million or 34.0 percent due to airfield security costs being recovered under landing fees pursuant to the new AOLA. Aircraft parking fees increased by \$4.9 million or 140.7 percent. Building rentals increased by \$11.5 million or 16.3 percent due to terminal security costs being recovered under building rentals pursuant the new AOLA. Security surcharges decreased by \$33.6 million or 100 percent, reflecting the new AOLA classification of

security expenses in landing fees and building rental categories. Other aviation revenue increased by \$6.2 million or 388.0 percent, due to the recovery of common use space costs under the new AOLA.

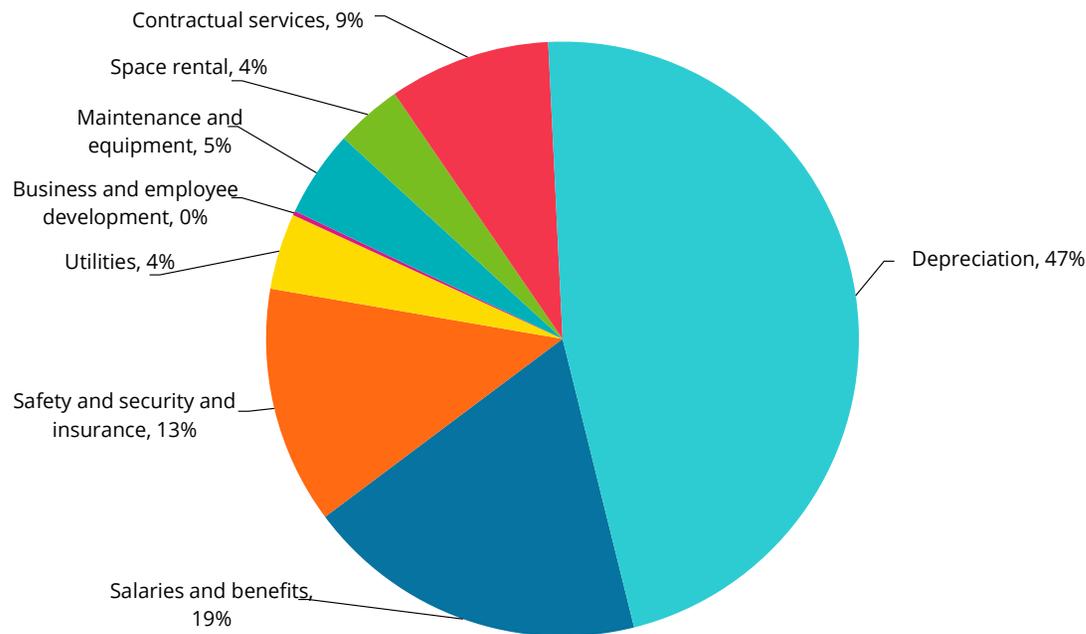
Concession and rental car revenue decreased by \$14.0 million or 19.7 percent, reflecting decreased concessionaire sales for March through June and fee abatements granted due to the decline in passenger traffic caused by the pandemic. Parking and ground transportation decreased by \$12.1 million or 19.2 percent, also due to lower enplanements reflecting an impact of the pandemic. Ground and non-airline terminal rentals decreased by \$1.4 million or 6.2 percent. This is primarily due to transferring cargo carriers' apron rent to landing fees based on the terms of the new AOLA and the completion of cost recovery for the Fuel Farm. This decrease was partially offset by scheduled CPI rent increases. Other operating revenue decreased by \$623 thousand or 25.5 percent, primarily due to a decrease in curfew violations and service charges.

OPERATING EXPENSES (IN THOUSANDS)

	FY 2020	FY 2021	From 2020 to 2021	
			Increase (Decrease)	% Change
Salaries and benefits	\$ 51,667	\$ 52,922	\$ 1,255	2.4%
Contractual services	37,694	24,977	(12,717)	(33.7%)
Safety and security	29,457	35,086	5,629	19.1%
Space rental	10,207	10,267	60	0.6%
Utilities	12,748	11,730	(1,018)	(8.0%)
Maintenance	11,584	9,111	(2,473)	(21.3%)
Equipment and systems	336	424	88	26.2%
Materials and supplies	651	450	(201)	(30.9%)
Insurance	1,308	1,518	210	16.1%
Employee development and support	967	441	(526)	(54.4%)
Business development	2,033	209	(1,824)	(89.7%)
Equipment rentals and repairs	3,598	3,380	(218)	(6.1%)
Total operating expenses before depreciation	162,250	150,515	(11,735)	(7.2%)
Depreciation	131,587	132,834	1,247	0.9%
Total operating expense	\$ 293,837	\$ 283,349	\$ (10,488)	(3.6%)

	FY 2019	FY 2020	From 2019 to 2020	
			Increase (Decrease)	% Change
Salaries and benefits	\$ 49,578	\$ 51,667	\$ 2,089	4.2%
Contractual services	49,903	37,694	(12,209)	(24.5%)
Safety and security	31,397	29,457	(1,940)	(6.2%)
Space rental	10,191	10,207	16	0.2%
Utilities	13,194	12,748	(446)	(3.4%)
Maintenance	13,436	11,584	(1,852)	(13.8%)
Equipment and systems	375	336	(39)	(10.4%)
Materials and supplies	656	651	(5)	(0.8%)
Insurance	1,200	1,308	108	9.0%
Employee development and support	1,045	967	(78)	(7.5%)
Business development	2,630	2,033	(597)	(22.7%)
Equipment rentals and repairs	3,614	3,598	(16)	(0.4%)
Total operating expenses before depreciation	177,219	162,250	(14,969)	(8.4%)
Depreciation	124,329	131,587	7,258	5.8%
Total operating expense	\$ 301,548	\$ 293,837	\$ (7,711)	(2.6%)

OPERATING EXPENSES (CONTINUED)



FISCAL YEAR 2021 COMPARED TO 2020:

Total fiscal year 2021 operating expenses decreased by \$10.5 million or 3.6 percent. The Airport Authority continued to operate under its Financial Resilience Plan that was activated in March 2020 and eliminated, delayed, or reduced non-essential operating and capital expenditures.

Contractual services decreased by \$12.7 million or 33.7 percent, mainly due to lower expenses in shuttle services, planning & environmental services, terminal operation services, legal services and IT services. Utilities decreased by \$1.0 million or 8.0 percent due to decreased gas & electric usage. Maintenance expenses decreased by \$2.5 million, or 21.3 percent, due to a decrease in annual and major maintenance. Business Development decreased by \$1.8 million or 89.7 percent due to a decrease in Airport Authority marketing and promotional activity expenses.

Partially offsetting the decrease in operating expenses described above, salaries and benefits increased by \$1.3 million or 2.4 percent, due to

additional pension expense. In addition, safety and security increased by \$5.6 million or 19.1 percent due to an increase in expenses for law enforcement, aircraft rescue and firefighting and emergency medical services.

FISCAL YEAR 2020 COMPARED TO 2019:

Total fiscal year 2020 operating expenses decreased by \$7.7 million or 2.6 percent. In March 2020, the Airport Authority took action to implement its Financial Resilience Plan, eliminating, delaying, or reducing non-essential operating and capital expenditures.

Contractual services decreased by \$12.2 million or 24.5 percent, mainly due to lower expenses in shuttle services, planning & environmental services, terminal operation services, legal services and IT services. Safety and security decreased by \$1.9 million or 6.2 percent due to decreased rates and overhead for law enforcement and emergency services. Maintenance expenses decreased by \$1.9 million, or 13.8 percent, due to a decrease in annual and major maintenance.

Partially offsetting the decrease in operating expenses described above were increases in salaries and benefits, increasing by \$2.1 million or 4.2 percent, due to additional pension expense. Depreciation also increased by \$7.3 million or 5.8 percent, due to additional depreciation for capital projects placed in service in fiscal years 2020 and 2019.

NONOPERATING REVENUES
(EXPENSES)
(IN THOUSANDS)

	FY 2020	FY 2021	From 2020 to 2021	
			Increase (Decrease)	% Change
Passenger facility charges	\$ 34,393	\$ 22,110	\$ (12,283)	(35.7%)
Customer facility charges	30,240	15,755	(14,485)	(47.9%)
Federal Relief Grants	36,895	77,219	40,324	109.3%
Quieter Home Program, net	(3,295)	(3,233)	62	1.9%
Investment income	32,430	4,175	(28,255)	(87.1%)
Interest expense, net	(73,612)	(68,067)	5,545	7.5%
Other nonoperating income (expenses)	1,442	(705)	(2,147)	148.9%
Nonoperating revenues, net	\$ 58,493	\$ 47,254	\$ (11,239)	(19.2%)

	FY 2019	FY 2020	From 2019 to 2020	
			Increase (Decrease)	% Change
Passenger facility charges	\$ 49,198	\$ 34,393	\$ (14,805)	(30.1%)
Customer facility charges	41,918	30,240	(11,678)	(27.9%)
Federal Relief Grants	-	36,895	36,895	-
Quieter Home Program, net	(3,192)	(3,295)	(103)	(3.2%)
Joint studies program	(99)	-	99	100.0%
Investment income	25,533	32,430	6,897	27.0%
Interest expense, net	(69,815)	(73,612)	(3,797)	(5.4%)
Other nonoperating income (expense)	\$ (510)	\$ 1,442	\$ 1,952	382.7%
Nonoperating revenues, net	\$ 43,033	\$ 58,493	\$ 15,460	35.9%

Passenger Facility Charges (PFCs) were established by Congress in 1990 as part of the Aviation Safety and Capacity Expansion Act of 1990. The Airport Authority collects a \$4.50 PFC from revenue enplaned passengers to pay for the cost to design and construct eligible Airport capital projects, contribute to the Airport Authority's noise mitigation (Quieter Home Program), or to repay debt service issued to build eligible capital projects. PFCs are collected by the air carriers when passengers purchase their tickets and are remitted to the Airport Authority the month following collection less a \$0.11 administration fee.

Customer Facility Charges (CFCs) are authorized under Section 1939 of the California Civil Code and approved by legislation under Senate Bill 1510. The revenues collected have been used to plan and construct a consolidated rental car facility and operate the related ground transportation system.

The rental car agencies remit to the Airport Authority collection of the fee monthly. The current CFC fee is \$9.00 per day, up to five days for rental car transactions that originate at the Rental Car Center. For car rental transactions of non-RCC tenants, the CFC rate is \$3.41 per day, up to five days for rental car transactions.

Federal Relief Grants include Coronavirus Aid, Relief, and Economic Security Act (CARES Act) grants and Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA) funds received from the federal government. CARES Act was approved by the United States Congress and signed into law by the President on March 27, 2020. It was a legislative action to address the crisis created by the COVID-19 pandemic and included direct aid in the form of grants for airports as well as direct aid, loans and loan guarantees for passenger and cargo airlines. The

Airport Authority was awarded \$91.2 million in CARES Act grant funds. The Airport Authority drew \$54.3 million in fiscal year 2021 and \$36.9 million in fiscal year 2020.

CRRSAA was signed into law on December 27, 2020 and included nearly \$2 billion in funds to be awarded as economic relief to eligible U.S. airports and eligible concessions at those airports to prevent, prepare for, and respond to the coronavirus disease pandemic. To distribute these funds, the FAA established the Airport Coronavirus Response Grant Program (ACRGP) to make grants to all airports that are part of the national airport system, including all commercial service airports, all reliever airports, and some public-owned general aviation airports. The Airport Authority was awarded \$22.9 million on March 26, 2021. As of June 30, 2021, \$20.2 million of the award had been received and \$2.7 million was recorded as grants receivable.

Quieter Home Program includes sound attenuation construction improvements at all eligible single-family and multi-family dwellings located in the Year 2020 65 dB Community Noise Equivalent Level contour. The project is eligible for the FAA's Airport Improvement Program (AIP) which awards grants for certain eligible Airport Authority expenditures. The \$3.2 million of expenses represents the authority's cost, net of the grant funds utilized in FY21. From inception through the end of fiscal year 2021, the Airport Authority has spent \$244.9 million and received reimbursement for \$195.4 million.

Investment income is derived from interest earned by the Airport Authority on investments and notes receivable, and also includes unrealized gain (loss) on investments.

Interest expense includes interest paid and accrued on the Bonds, Variable Debt, and Lease Interest. As of June 30, 2021, and 2020 interest expense was \$68.1 million and \$75.7 million, respectively. The 2010 Series C Bonds were issued as Build America Bonds and, as such, the Airport Authority received a cash subsidy from the U.S.

Treasury equal to 32.7 percent of the interest payable. The Build America Bonds were defeased in December 2019. The interest subsidy for the fiscal year ended 2020 was \$2.1 million.

Other nonoperating income (expense) includes proceeds and expenses for legal settlements, gain (loss) on the sale of assets and other miscellaneous revenue and expenses.

Fiscal year 2021 compared to 2020: Nonoperating revenues (net) decreased by \$11.2 million or 19.2 percent. The increase in Federal Relief Grant income in fiscal year 2021 was \$40.3 million or 109.3 percent. The increase in federal relief grant income was partially offset by decreases in PFCs and CFCs due to reduced enplaned passengers caused by the pandemic. PFCs decreased by \$12.3 million or 35.7 percent, and CFCs decreased by \$14.5 million or 47.9 percent. Investment income decreased by \$28.3 million or 87.1 percent. This was caused by a combination of lower yields on investments which resulted in a \$6.2 million decrease in interest income and \$22.1 million reversal of prior years' unrealized gains due to market fluctuations. Other nonoperating income

(expenses) decreased by \$2.1 million or 148.9 percent, primarily due to the swing in legal settlement income received in fiscal year 2020 as opposed to non-operating expense recognized in fiscal year 2021. 27.9 percent..

Fiscal year 2020 compared to 2019:

Nonoperating revenues (net) increased by \$15.5 million or 35.9 percent. Federal Relief Grant income in fiscal year 2020 was \$36.9 million. Investment income increased by \$6.9 million or 27.0 percent, due to higher investment returns. Other nonoperating income (expenses) increased by \$1.9 million or 382.7 percent, primarily due to legal settlement income.

The increases noted above were partially offset by decreases in PFCs and CFCs due to reduced enplaned passengers caused by the pandemic. PFCs decreased by \$14.8 million or 30.1 percent, and CFCs decreased by \$11.7 million or 27.9 percent.

	FY 2020	FY 2021	From 2020 to 2021	
			Increase (Decrease)	% Change
Federal grants	\$ 4,072	\$ 13,932	\$ 9,860	242.1%

	FY 2019	FY 2020	From 2019 to 2020	
			Increase (Decrease)	% Change
Federal grants	\$ 8,213	\$ 4,072	\$ (4,141)	(50.4%)

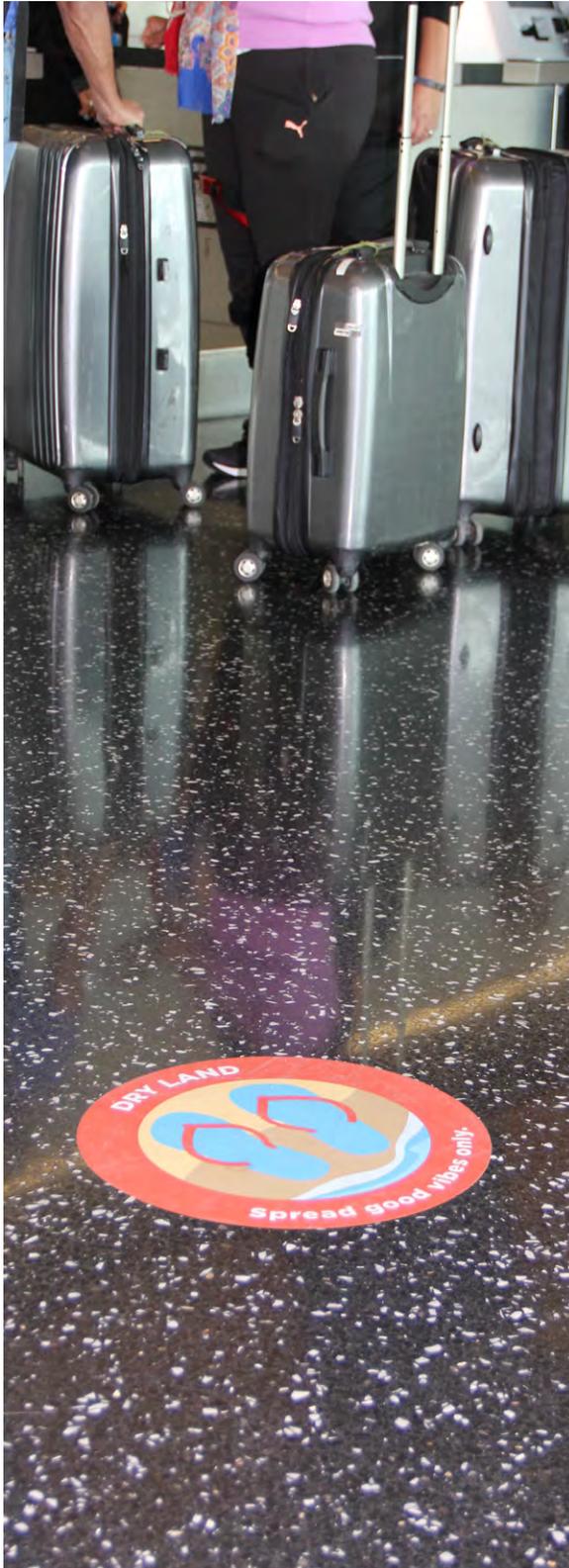
FEDERAL GRANT CONTRIBUTIONS (IN THOUSANDS)

Federal Grant Contributions are comprised of Airport Improvement Project (AIP) entitlement and discretionary grants through the Federal Aviation Administration (FAA) and other Federal and State organizations. These funds are recognized as

revenue as the work is completed on the eligible projects. In fiscal year 2021 federal grant contributions increased by \$9.9 million, or 242.1 percent compared to fiscal year 2020. This was primarily due to a delay from fiscal year 2020 to

fiscal year 2021 of a grant funded Cross-Taxiway project. In fiscal year 2020, federal grant contributions decreased by \$4.1 million, or 50.4 percent compared to fiscal year 2019.

ASSETS, LIABILITIES AND NET POSITION (IN THOUSANDS)



The statements of net position present the financial position of the Airport Authority as of a period in time. The statements include all assets,

deferred outflows, liabilities, deferred inflows and net position of the Airport Authority.

A summary comparison of the Airport Authority's assets, liabilities and net position at June 30, 2019, 2020 and 2021, is as follows:

	FY 2019	FY 2020	FY 2021
Assets and Deferred Outflows of Resources			
Current assets	\$ 244,592	\$ 349,617	\$ 248,973
Capital assets, net	1,722,150	1,788,601	1,829,708
Noncurrent assets	598,156	773,751	775,038
Total assets	2,564,898	2,911,969	2,853,719
Deferred outflows of resources	26,681	22,761	33,472
Total assets and deferred outflows of resources	2,591,579	2,934,730	2,887,191
Liabilities and Deferred Inflows of Resources			
Current liabilities	131,085	162,269	153,248
Long-term liabilities	1,600,230	1,875,514	1,848,070
Total liabilities	1,731,315	2,037,783	2,001,318
Deferred inflows of resources	6,961	11,881	7,026
Total liabilities and deferred inflows of resources	1,738,276	2,049,664	2,008,344
Net Position			
Net investment in capital assets	281,491	266,213	327,216
Restricted	246,508	211,329	192,484
Unrestricted	325,303	407,524	359,147
Total net position	\$ 853,302	\$ 885,066	\$ 878,847

As of June 30, 2021, the Airport Authority's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$879 million. This reflects a \$6.2 million or .7 percent decrease in net position from June 30, 2020. The Airport Authority uses capital assets to provide services to its passengers and other users of SDIA; consequently, these assets cannot be sold or otherwise liquidated. Although the Airport Authority's investment in its capital assets is reported net of related debt, the funds required to

repay this debt must be provided annually from operations. The unrestricted net position of \$359.1 million as of June 30, 2021 may be used to meet any of the Airport Authority's ongoing obligations. As of June 30, 2021, 2020 and 2019, management has designated unrestricted funds in the amount of \$22.5 million, \$43.4 million, and \$26.2 million, respectively, for capital contract commitments funded by Airport Authority cash, earthquake insurance and operating contingency.

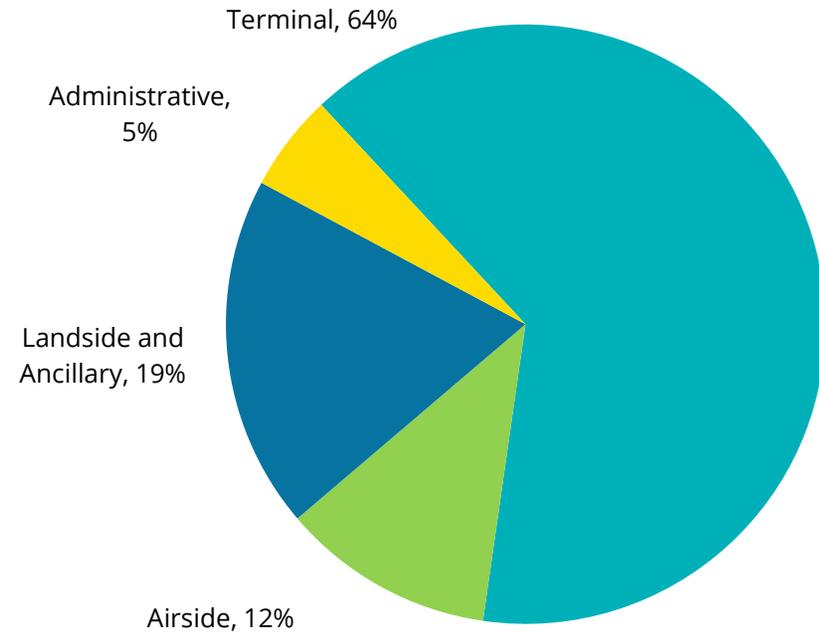
CAPITAL PROGRAM

The Capital Program is a rolling five-year program that provides critical improvements and asset additions. The program includes capital projects that address federal security requirements, airfield security, environmental remediation, terminal upgrades and development. Funding sources for the projects include the Federal Aviation Administration's Airport Improvement Program, Transportation Security Agency grants, Passenger Facility Charges, Customer Facility Charges, airport operating revenues, airport revenue bonds, special facility bonds, and short-term borrowing using revolving lines of credit and drawdown bonds.

The current Capital Program, which includes projects through 2026, consists of \$422 million for airside projects, \$683 million for landside and ancillary projects, \$2.4 billion for terminal projects, which includes the replacement of Terminal 1, and \$192 million for administrative projects.

Additional information of the Airport Authority's capital assets can be found in Note 4 to the financial statements.

Capital Program Budget by Type FY 2022 - 2026



CAPITAL FINANCING AND DEBT MANAGEMENT

On January 30, 2013, the Airport Authority issued \$379.6 million of Senior Airport Revenue Bonds Series 2013 A and B (Series 2013 Bonds). The Senior Series 2013 Bonds were issued to finance certain capital improvements at SDIA, fund a portion of the interest accrued on the senior Series 2013 Bonds, fund the senior reserve fund, and pay the costs of issuance of the Senior Series 2013 Bonds.

The Series 2013 Bonds were structured as serial and term bonds that bear interest at rates ranging from 3.00 percent to 5.00 percent and mature in fiscal years 2016 to 2044. The bonds were issued at a premium of \$55.9 million, which is being amortized over the life of the bonds. Interest on the Senior Series 2013 Bonds is payable semiannually on January 1 and July 1 of each year. Interest expense for the fiscal year ended June 30, 2021, amounted to \$17.69 million, including accrued

interest of \$8.84 million. The principal balance on the Series 2013 Bonds as of June 30, 2021 was \$360.8 million.

The Senior Series 2013 Bonds are special obligations of the Airport Authority, payable solely from and secured by (a) a pledge of net revenues, which include certain income and revenue received by the Airport Authority from the operation of the airport system, less all amounts that are required to pay the operation and maintenance expenses of the airport system and (b) certain funds and accounts held by the senior trustee under the senior indenture.

As senior lien bonds, the Series 2013 Bonds require that charges for services be set each fiscal year at rates sufficient to produce pledged revenues at least 125 percent times the senior debt service for

CAPITAL FINANCING AND DEBT MANAGEMENT (CONTINUED)

that year. In addition, the Series 2013 Bonds require the Airport Authority to maintain a reserve account with the bond trustee and to reserve certain amounts in the Airport Authority's books, as shown in Note 2.

On February 19, 2014, the Airport Authority issued \$305.3 million of Series A and B Senior Special Facilities Revenue Bonds (Series 2014 Bonds). The Series 2014 Bonds were issued to finance a portion of the costs of the development and construction of a consolidated rental car facility and related improvements at SDIA, fund a portion of the interest on the Series 2014 Bonds, fund deposits to the senior reserve fund, the rolling coverage fund and pay the costs of issuance of the Series 2014 Bonds.

The Series 2014 A Bonds were structured as tax-exempt non-AMT term bonds that bear interest at 5.00 percent. The Series 2014 B Bonds were structured as federally taxable bonds that bear interest at rates ranging from 2.54 percent to 5.59 percent and mature in fiscal years 2019 to 2045. Interest expense for the fiscal year ended June 30, 2021, amounted to \$15.8 million, including

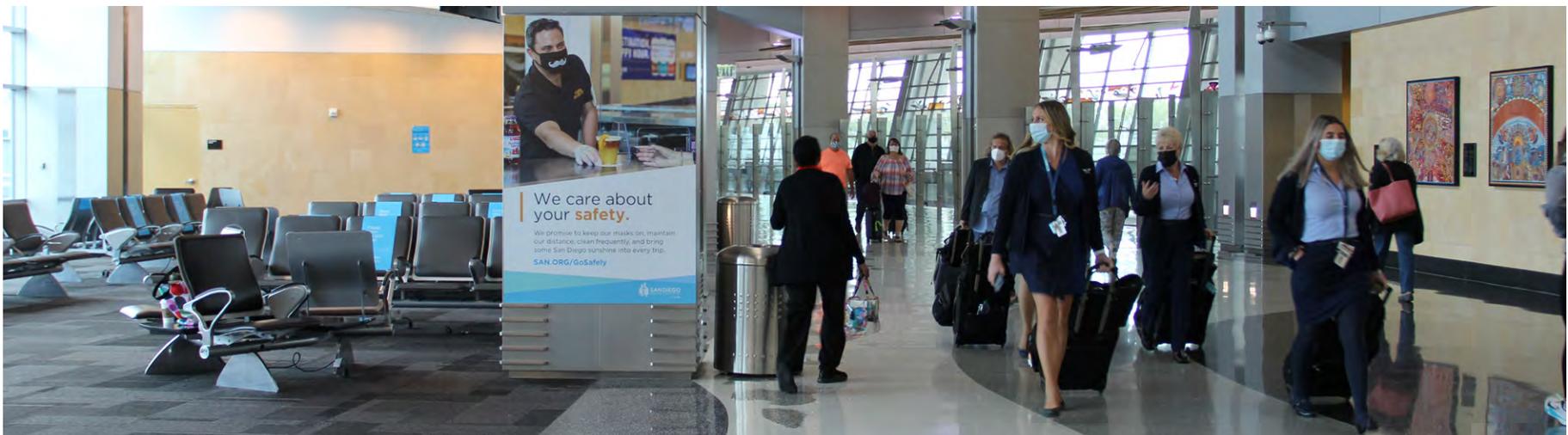
accrued interest of \$7.9 million. As of June 30, 2021, the principal balance on the Series 2014 Bonds was \$288.0 million.

The Series 2014 Bonds are special limited obligations of the Airport Authority, payable solely from and secured by a pledge of the Trust Estate, which includes, among other things, Customer Facility Charges collected from the rental car companies operating at the Airport and remitted to the Trustee. No revenues of the Airport Authority other than the Customer Facility Charges and the Bond Funding Supplemental Consideration (as defined in the Indenture), are pledged to the payment of the Series 2014 Bonds.

On August 3, 2017, the Airport Authority issued \$291.2 million of Series A and B Subordinate Airport Revenue Bonds (Series 2017 Bonds). The Series 2017 Bonds were issued to finance certain capital improvements at SDIA including the Parking Plaza and the FIS facility, fund a portion of the interest accruing on the subordinate Series 2017 Bonds, refund \$32.6 million of the Airport Authority's outstanding variable rate debt, which was issued during 2017, and fund the subordinate reserve fund and pay the costs of issuance of the subordinate Series 2017 Bonds. The Series 2017 Bonds are structured as serial and term bonds that bear interest at rates ranging from 4.00 percent to 5.00 percent and mature in fiscal years 2019 to

2048. The bonds were issued at a premium of \$48.4 million, which is being amortized over the life of the bonds. Interest on the senior Series 2017 Bonds is payable semiannually on January 1 and July 1, of each year. Interest expense for the fiscal year ended June 30, 2021, amounted to \$13.9 million, including accrued interest of \$6.92 million. As of June 30, 2021, the principal balance on the Series 2017 was \$276.9 million.

On December 11, 2019, the Airport Authority issued \$338.8 million of Series A Subordinate Airport Revenue and Revenue Refunding Bonds and \$124.9 million of Series B Subordinate Airport Revenue Bonds (Series 2019 Bonds). The Subordinate Series 2019 Bonds were issued to finance certain capital improvements at SDIA including a new facilities maintenance building and storm water capture and reuse projects, fund a portion of the interest accruing on the subordinate Series 2019 Bonds, refund \$34.3 million of the Airport Authority's outstanding variable rate debt, fund the Series 2010C Escrow account, to refund the 2010C bonds, fund the subordinate reserve fund, and pay the costs of issuance of the subordinate Series 2017 Bonds. The Series 2019 Bonds are structured as serial and term bonds that bear interest at rates ranging from 4.00 percent to 5.00 percent and mature in fiscal years 2021 to 2050. The bonds were issued at a premium of \$96.9 million, which is being amortized over the life of the bonds. Interest on



the Series 2019 Bonds is payable semiannually on January 1 and July 1 of each year. Interest for the fiscal year ended June 30, 2021, amounted to \$22.3 million, including accrued interest of \$11.1 million. The principal balance on the subordinate Series 2019 Bonds as of June 30, 2021, was \$462.4 million.

The Airport Authority issued \$241.6 million of Series A, B and C Subordinate Airport Revenue Refunding Bonds (Series 2020 Bonds). The Authority entered into a Forward Delivery Purchase Contract on December 11, 2019 and delivered the 2020 Bonds Proceeds on April 8, 2020. Proceeds from the sale of the 2020 Bonds were used to fund the Series 2010 A and B Bonds escrow accounts to refund the 2010 A/B Bonds and pay the costs of issuance of the subordinate Series 2020 Bonds. The Series 2020 Bonds are structured as serial bonds that bear interest rates of 5.00 percent and mature in fiscal years 2021 to 2041. The bonds were issued at a premium of \$49.4 million, which is being amortized over the life of the bonds. Interest on the Series 2020 Bonds is payable semiannually on January 1 and July 1 of each year. Interest for the fiscal year ended June 30, 2021, amounted to \$12.0 million, including accrued interest of \$6.0 million. The principal balance on the subordinate Series 2020 Bonds as of June 30, 2020, was \$240.8 million.

Interest expense on the Series 2010, 2013, 2014 2017, 2019 and 2020 Bonds for fiscal years ended June 30, 2021 and June 30, 2020 was \$81.7 million

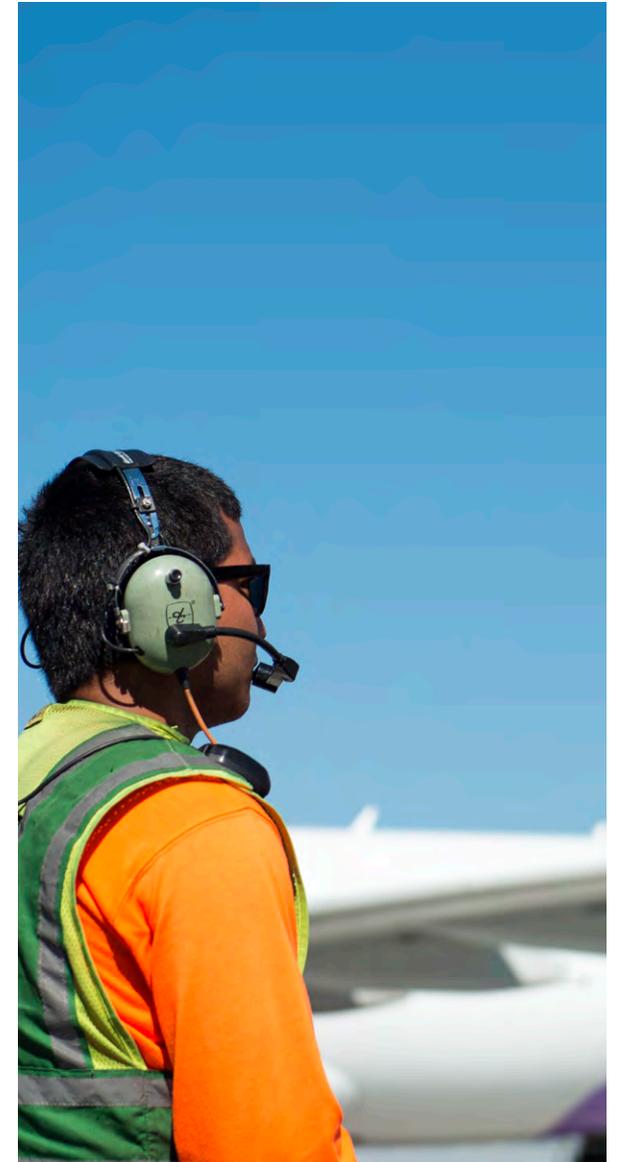
and \$81.3 million, respectively, was offset by bond premium amortization of \$14.1 million in fiscal year 2021 and \$9.6 million in fiscal year 2020.

As of June 30, 2021 the Airport Authority did not maintain a short-term debt program. Subsequent to fiscal year 2021 on July 19, 2021 the Airport Authority entered into an agreement with Bank of America N.A. to establish a Revolving Line of Credit for \$200,000,000. The agreement is for a term of three years and is a subordinate obligation of the Authority.

Additional information of the Airport Authority's long-term debt can be found in Note 5 to the financial statements.

The SDIA's PFC program was established in 1994, and currently authorizes the imposition of a \$4.50 fee on enplaning passengers. There are currently four active applications which provide authority to impose and use PFC revenue through May 1, 2040.

FAA entitlement and discretionary grants are awarded on a federal fiscal year running October 1 through September 30. The Airport Authority has received approximately \$131.6 million in grant awards for the federal fiscal year ended September 30, 2021, as compared to \$119.9 million for 2020. Grant awards are recognized as nonoperating revenue or capital contributions as eligible expenses are incurred.



REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Airport Authority's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed in writing to the Accounting Department, P.O. Box 82776, San Diego, CA 92138. The Accounting Department can also be reached at (619) 400-2822. A copy of the financial report is available at www.san.org

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

STATEMENTS OF NET POSITION
JUNE 30, 2021 AND 2020



Assets and Deferred Outflows of Resources	2021	2020
Current Assets		
Unrestricted:		
Cash and cash equivalents (Note 2)	\$ 40,910,032	\$ 36,935,136
Investments (Notes 2 and 11)	241,485,681	159,562,631
Tenant lease receivables, net	23,041,393	22,826,211
Grants receivable	7,665,691	25,467,263
Note receivable, current portion (Note 3)	2,243,644	2,123,843
Other current assets	8,280,970	9,216,212
Total unrestricted current assets	323,627,411	256,131,296
Restricted cash, cash equivalents and investments with trustees (Notes 2 and 5)	93,190,368	93,486,053
Total current assets	416,817,779	349,617,349
Noncurrent Assets		
Restricted assets (Notes 2 and 5):		
Restricted cash, cash equivalents and investments not with trustees	142,401,039	174,924,058
Restricted cash, cash equivalents and investments with trustees	338,135,700	360,941,845
Passenger facility charges receivable (Note 1)	5,762,062	428,687
Customer facility charges receivable (Note 1)	2,384,282	1,135,327
Other restricted assets	5,075,109	5,519,914
Total restricted assets	493,758,192	542,949,831
Other noncurrent assets:		
Investments, noncurrent (Note 2)	39,904,555	137,429,307
Note receivable, long-term portion (Note 3)	24,965,223	27,208,867
Cash and cash equivalents designated for specific capital projects and other commitments (Notes 2 and 11)	46,916,337	64,026,034
Net OPEB asset (Note 9)	1,649,215	2,136,494
Total other noncurrent assets	113,435,330	230,800,702
Capital assets (Note 4):		
Land, land improvements and nondepreciable assets	186,378,344	136,757,114
Buildings and structures	1,885,767,510	1,747,847,784
Machinery and equipment	122,982,559	135,435,875
Runways, roads and parking lots	719,974,821	708,999,286
Construction in progress	248,535,465	288,353,299
	3,163,638,699	3,017,393,358
Less accumulated depreciation	(1,333,930,303)	(1,228,792,352)
Capital assets, net	1,829,708,396	1,788,601,006
Total noncurrent assets	2,436,901,918	2,562,351,539
Total assets	2,853,719,697	2,911,968,888
Deferred outflows of resources:		
Deferred pension outflows (Note 6 and 7)	31,657,453	21,647,509
Deferred OPEB outflows (Note 9)	1,813,895	1,113,811
Total deferred outflows of resources	33,471,348	22,761,320
Total assets and deferred outflows of resources	\$ 2,887,191,045	\$ 2,934,730,208

(continued)

See Notes to Financial Statements.

SAN DIEGO COUNTY REGIONAL
AIRPORT AUTHORITY

STATEMENTS OF NET POSITION (CONTINUED)
JUNE 30, 2021 AND 2020

Liabilities, Deferred Inflows of Resources and Net Position	2021	2020
Current Liabilities		
Payable from unrestricted assets:		
Accounts payable	\$ 6,671,722	\$ 11,144,310
Accrued liabilities	44,766,955	31,209,234
Compensated absences, current portion (Note 5)	2,538,532	2,847,306
Other current liabilities	5,757,420	23,312,345
Long-term debt, current portion (Note 5)	323,293	269,427
Total payable from unrestricted assets	60,057,922	68,782,622
Payable from restricted assets:		
Accounts payable	11,726,364	6,595,678
Accrued liabilities	4,096,308	15,618,238
Long-term debt, current portion (Note 5)	36,720,000	31,560,000
Accrued interest on variable rate debt and bonds (Note 5)	40,847,696	39,712,137
Total payable from restricted assets	93,390,368	93,486,053
Total current liabilities	153,448,290	162,268,675
Long-Term Liabilities		
Compensated absences, net of current portion (Note 5)	2,223,411	1,241,278
Other noncurrent liabilities	4,426,248	668,290
Long-term debt, net of current portion (Note 5)	1,804,756,564	1,855,876,151
Net pension liability (Note 6 and 7)	36,464,210	17,728,734
Total long-term liabilities	1,847,870,433	1,875,514,453
Total liabilities	2,001,318,723	2,037,783,128
Deferred inflows of resources		
Deferred pension inflows (Note 6 and 7)	2,266,382	6,409,312
Deferred OPEB inflows (Note 9)	890,973	1,400,369
Deferred gain on refunding	3,868,146	4,071,732
Total deferred inflows of resources	7,025,501	11,881,413
Total liabilities and deferred inflows of resources	\$ 2,008,344,224	\$ 2,049,664,541
Net Position		
Net investment in capital assets	327,215,879	266,212,751
Restricted:		
Debt Service	83,213,762	75,586,323
Construction	86,078,848	109,650,020
OPEB	1,649,215	2,136,494
Operation and maintenance expenses	14,245,003	14,436,251
Small business bond guarantee	2,222,300	4,000,000
OCIP loss reserve	5,075,108	5,519,913
Total restricted net position	192,484,236	211,329,001
Unrestricted net position	359,146,706	407,523,915
Total net position	\$ 878,846,821	\$ 885,065,667

See Notes to Financial Statements.

SAN DIEGO COUNTY REGIONAL
AIRPORT AUTHORITY

STATEMENTS OF REVENUES,
EXPENSES AND CHANGES
IN NET POSITION
FOR THE FISCAL YEARS ENDED
JUNE 30, 2021 AND 2020

	2021	2020
Operating revenues:		
Airline revenue:		
Landing fees	\$ 34,046,303	\$ 33,241,410
Aircraft parking fees	8,541,663	8,354,052
Building rentals (Note 12)	83,090,210	82,453,273
Other aviation revenue	8,191,525	7,788,791
Concession revenue	31,096,870	57,243,328
Parking and ground transportation revenue	27,446,678	50,750,966
Ground and non-airline terminal rentals (Note 12)	21,848,936	21,386,342
Other operating revenue	1,682,151	1,817,810
Total operating revenues	215,944,336	263,035,972
Operating expenses:		
Salaries and benefits (Notes 6, 7, 8 and 9)	52,922,356	51,666,850
Contractual services (Note 14)	24,976,596	37,693,633
Safety and security	35,085,809	29,456,872
Space rental (Note 13)	10,266,657	10,207,066
Utilities	11,729,710	12,747,899
Maintenance	9,110,601	11,584,303
Equipment and systems	424,500	336,469
Materials and supplies	449,999	650,975
Insurance	1,518,538	1,308,471
Employee development and support	441,883	966,575
Business development	208,731	2,033,120
Equipment rentals and repairs	3,380,121	3,598,348
Total operating expenses before depreciation	150,515,501	162,250,581
Income from operations before depreciation	65,428,835	100,785,391
Depreciation expense	132,833,789	131,587,039
Operating loss	\$ (67,404,954)	\$ (30,801,648)

(continued)

See Notes to Financial Statements.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (CONTINUED) FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Nonoperating revenues (expenses):		
Passenger facility charges	\$ 22,109,906	\$ 34,392,981
Customer facility charges	15,755,254	30,239,698
Federal relief grants	77,218,785	36,895,488
Quieter Home Program grant revenue (Note 1)	12,292,767	12,155,776
Quieter Home Program expenses (Note 1)	(15,525,646)	(15,450,983)
Investment income	4,175,353	32,429,489
Interest expense (Note 5)	(68,067,154)	(75,700,970)
Build America Bonds subsidy (Note 5)	-	2,089,397
Other revenues (expenses), net	(704,894)	1,442,102
Nonoperating revenue, net	47,254,371	58,492,978
Income before federal grants	(20,150,583)	27,691,330
Federal grants (Note 1)	13,931,737	4,071,980
Change in net position	(6,218,846)	31,763,310
Net position, beginning of year	885,065,667	853,302,357
Net position, end of year	\$ 878,846,821	\$ 885,065,667

See Notes to Financial Statements.



SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

STATEMENTS OF CASH FLOWS FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020



	2021	2020
Cash Flows From Operating Activities		
Receipts from customers	\$ 200,250,036	\$ 265,194,930
Payments to suppliers	(86,798,975)	(103,828,307)
Payments to employees	(48,665,421)	(52,578,787)
Other receipts	1,683,852	1,699,331
Net cash provided by operating activities	66,469,492	110,487,167
Cash Flows From Noncapital Financing Activities		
Settlement receipts (payments)	(704,894)	1,442,102
Quieter Home Program grant receipts	16,387,129	7,252,520
Quieter Home Program payments	(15,525,646)	(15,450,983)
Net cash provided by (used in) noncapital financing activities	156,589	(6,756,361)
Cash Flows From Capital and Related Financing Activities		
Capital outlay	(180,332,423)	(197,716,114)
Proceeds on Build America Bonds subsidy	-	2,089,397
Proceeds from variable rate debt	-	34,040,000
Payment of variable rate debt	-	(47,759,000)
Federal grants received (excluding Quieter Home Program)	104,857,732	24,552,219
Proceeds from passenger facility charges	16,776,531	40,924,276
Proceeds from customer facility charges	14,506,299	33,443,563
Payment of principal on bonds	(31,560,000)	(528,735,000)
Proceeds from issuance of Series 2019 Bonds	-	610,021,863
Proceeds from issuance of Series 2020 Bonds	-	241,640,000
Payment of capital lease	(295,134)	(323,243)
Interest and debt fees paid	(81,239,634)	(94,444,671)
Net cash provided by (used in) capital and related financing activities	(157,286,629)	117,733,290
Cash Flows From Investing Activities		
Sales and maturities of investments	359,672,049	407,557,391
Purchases of investments	(312,867,581)	(599,747,577)
Interest received on investments and note receivable	4,175,353	33,186,340
Principal payments received on notes receivable	2,123,843	2,006,052
Net cash provided by (used in) investing activities	53,103,664	(156,997,794)
Net increase (decrease) in cash and cash equivalents	(37,556,884)	64,466,302
Cash and cash equivalents, beginning of year	100,961,170	36,494,868
Cash and cash equivalents, end of year	\$ 63,404,286	\$ 100,961,170

(continued)

See Notes to Financial Statements.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

STATEMENTS OF CASH FLOWS, (CONTINUED)
FOR THE FISCAL YEARS ENDED
JUNE 30, 2021 AND 2020

	2021	2020
Reconciliation of Cash and Cash Equivalents to the Statements of Net Position		
Unrestricted cash and cash equivalents	\$ 40,910,032	\$ 36,935,136
Cash and cash equivalents designated for specific capital projects and other commitments	22,494,254	64,026,034
Total cash and cash equivalents	\$ 63,404,286	\$ 100,961,170
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities		
Operating loss	\$ (67,404,954)	\$ (30,801,648)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation expense	132,833,789	131,587,039
Change in pensions/OPEB liability/asset	19,222,755	(4,042,556)
Change in deferred outflows related to pensions/OPEB	(10,710,028)	3,919,532
Change in deferred inflows related to pensions/OPEB	(4,652,326)	848,671
Changes in assets and liabilities:		
Tenant lease receivables	(215,182)	(10,335,110)
Other assets	1,380,047	(3,065,871)
Accounts payable	(4,472,588)	5,473,307
Accrued liabilities	13,557,721	2,107,367
Compensated absences	673,359	538,373
Other liabilities	(13,743,101)	14,258,063
Net cash provided by operating activities	\$ 66,469,492	\$ 110,487,167
Supplemental Disclosure of Noncash Investing, Capital and Financing Activities		
Additions to capital assets included in accounts payable	\$ 15,822,672	\$ 22,213,916

See Notes to Financial Statements.





REPORTING ENTITY:

The San Diego County Regional Airport Authority (the Airport Authority), an autonomous public agency, was established in accordance with, Assembly Bill 93 (2001), as modified by Senate Bill 1896 (2002), which together comprise the San Diego County Regional Airport Authority Act (the Act). The Act required, among other things, the transfer of the assets and operations of the San Diego International Airport (SDIA) from the San Diego Unified Port District (the District) to the Airport Authority. Effective January 1, 2003 (inception), the District transferred all airport operations and certain related assets and liabilities to the Airport Authority, pursuant to the Act and the Memorandum of Understanding (MOU) dated as of December 31, 2002, between the Airport Authority and the District, which implemented the Act.

Senate Bill 10 (SB 10), the San Diego County Regional Airport Authority Reform Act, was effective January 1, 2008. Responsibilities of the Airport Authority include, among other things, the operation, maintenance, development, management and regulation of SDIA and its facilities. In addition, the Airport Authority has the responsibility to plan or to expand the existing SDIA. Under one of the requirements of SB 10, the Airport Authority completed a Regional Aviation Strategic Plan and the Airport Authority prepared and adopted an Airport Multimodal Accessibility Plan. In addition, the Airport Authority acts as the Airport Land Use Commission within San Diego County.

In accordance with the Codification of Governmental Accounting and Financial Reporting Standards, the basic financial statements should include all organizations, agencies, boards, commissions and authorities for which the Airport Authority is financially accountable. The Airport Authority has also considered all other potential organizations for which the nature and significance of their relationships with the Airport Authority are such that exclusion would cause the Airport Authority's financial statements to be misleading or

incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. Based on these criteria, there are no other organizations or agencies which should be included in these basic financial statements.

The Airport Authority is governed by a nine-member, appointed Board of Directors (Board), representing all areas of San Diego County and three additional members serving as non-voting, ex-officio Board members. Three Board members are appointed by the Mayor of the City of San Diego (the City). Two Board members are appointed by the San Diego County Board of Supervisors. The remaining four Board members are each appointed by the Mayors of the following defined jurisdictions: the east county cities, south county cities, north coastal area cities and north county inland cities. The Board members serve three-year terms in accordance with California SB 10.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING:

The accounting policies of the Airport Authority conform to accounting principles generally accepted in the United States of America applicable to state and local government agencies, and as such, the Airport Authority is accounted for as a proprietary fund. The basic financial statements presented are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. This measurement focus emphasizes the determination of the change in Airport Authority net position.

USE OF ESTIMATES:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, as well as the

NOTE 1.

NATURE OF ORGANIZATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS:

For purposes of the statements of cash flows, cash and cash equivalents includes unrestricted (including designated) cash on hand, demand deposits, and investment securities with original maturities of three months or less from the date of acquisition.

INVESTMENTS:

Investments in the state and county investment pools are recorded at net asset value and money market mutual funds and non-negotiable certificates of deposit are recorded at amortized cost. All other investments are stated at fair value based on quoted market prices.

TENANT LEASE RECEIVABLES:

Tenant lease receivables are carried at the original invoice amount for fixed-rent tenants and at estimated invoice amount for concession (variable) tenants, less an estimate made for doubtful receivables for both fixed-rent and concession tenants. Management determines the allowance for doubtful accounts by evaluating individual tenant receivables and considering a tenant's financial condition and credit history and current economic conditions. Tenant lease receivables are written off when deemed uncollectible. Recoveries of tenant lease receivables previously written off are recorded when received.

NATURE OF ORGANIZATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NOTE 1.

FEDERAL GRANTS:

Outlays for airport capital improvements and certain airport nonoperating expenses, primarily those relating to the Airport Authority's Quieter Home Program, are subject to reimbursement from federal grant programs. Funding provided from government grants is considered earned as the related approved capital outlays or expenses are incurred. Costs claimed for reimbursement are subject to audit and acceptance by the granting agency.

AIRPORT IMPROVEMENT PROGRAM (AIP):

AIP grants are authorized and disbursed by the FAA under the Airway Improvement Act of 1982, as amended, which provides funding for airport planning and development projects at airports included in the National Plan of Integrated Airport Systems. As such, the AIP grants must be used to pay for the allowable costs of approved projects. As of June 30, 2021 and 2020, the Airport Authority recovered \$13,931,737 and \$4,071,980, respectively, for approved capital projects and \$12,292,767 and \$12,155,776, respectively, for the Quieter Home Program.

CARES ACT:

The Coronavirus Aid, Relief, and Economic Security Act (CARES), was signed into law on March 27, 2020, to address the crisis created by the COVID-19 pandemic and includes among its relief measures direct aid in the form of grants for airports as well as direct aid, loans and loan guarantees for passenger and cargo airlines. As of June 30, 2021 and 2020, the Airport Authority drew \$54.3M and \$36.9M, respectively.

CRRSAA:

The Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA), was signed into law on December 27, 2020, and includes nearly \$2 billion in funds to be awarded as economic relief to eligible U.S. airports and eligible concessions at those airports to prevent, prepare for, and respond to the coronavirus disease pandemic. To distribute these funds, the FAA established the Airport Coronavirus Response Grant Program (ACRGP) to make grants to all airports that are part of the national airport

system, including all commercial service airports, all reliever airports, and some public-owned general aviation airports. The Airport Authority was awarded \$22.9 million on March 26, 2021. As of June 30, 2021, \$20.2 million of the award had been received and \$2.7 million was recorded as grants receivable.

Passenger facility charges (PFC):

The PFC program is authorized by the Aviation Safety and Capacity Expansion Act of 1990 (the Expansion Act). In accordance with the Expansion Act, the Airport Authority's AIP Passenger Entitlement Apportionment is reduced by certain percentages, dependent upon the level of PFC received by the Airport Authority.

In accordance with the program, PFC revenue must be used to pay allowable costs for approved capital projects, contribute to the Airport Authority's noise mitigation (Quieter Home Program), or to repay debt service issued to build eligible capital projects. As of June 30, 2021 and 2020, accrued PFC receivables totaled \$5,762,062 and \$428,687 respectively, and there were \$51,233,055 and \$65,034,830 PFC amounts collected but not yet applied for approved capital projects as of June 30, 2021 and 2020, respectively.

On May 20, 2003, the FAA approved an increase in the Airport Authority's PFC charge per enplaned passenger from \$3.00 to \$4.50, beginning August 2003. Currently, there are four active applications that allow the Airport Authority to impose and use \$1.2 billion in PFC revenue through April 2040.

The latest application was approved by the FAA in February 2019 (as amended in August 2020) providing collection authority with a charge effective date through April 2040. In accordance with the Aviation Investment Reform Act (AIR-21), airports imposing a \$4.50 collection level are required to reduce AIP Passenger Entitlement Apportionment to 75 percent.

Customer facility charges (CFC):

The Airport Authority received approval in May 2009 from the State of California under Section



1939 of the California Civil Code to impose a \$10.00 CFC per contract on rental cars at SDIA.

In accordance with the program, the CFC revenue must be used to pay allowable costs for approved capital projects and operate the related ground transportation system. The current CFC rate, which has been in effect since January 1, 2017, is \$9.00 per day for a maximum of five days. As of June 30, 2021 and 2020, accrued CFC receivables totaled \$2,384,282 and \$1,135,327, respectively. CFC amounts collected, including interest, but not yet applied for approved capital projects as of June 30, 2021 and 2020, were \$26,299,449, and \$43,051,177, respectively.

Deferred Outflows/Inflows of Resources:

In addition to assets and liabilities, the statement of net position may report a separate section for deferred outflows of resources and deferred inflows of resources, respectively. These separate financial statement elements represent the consumption or addition to net position that applies to a future reporting period(s) and as such will not be recognized as flows of resources (expenses/revenues) until then.

- Employer Contributions – Pensions and OPEB– These contributions are those made after the measurement date through the fiscal year end (July 1st – June 30th) resulting in a cash outlay not yet recognized under GASB 68 or GASB 75. This amount is deferred and recognized in the following fiscal year. This item is presented as a deferred outflow of resources.
- Investment difference – Pensions and OPEB – These amounts represent the difference in projected and actual earnings on pension/OPEB plan assets. These differences are deferred and amortized over a closed five-year period. This item can be presented as both a deferred outflow and deferred inflow of resources and is combined annually as a single net unamortized balance.
- Experience difference – Pensions and OPEB – These amounts represent the difference in expected and actual pension/OPEB experience. These differences are deferred and recognized

over the estimated average remaining lives of all members determined as of the beginning of the measurement period. This item can be presented as both a deferred outflow and deferred inflow of resources but may not be shown net if there are unamortized balances for categories.

- Assumption changes – Pensions and OPEB – These amounts represent the difference resulting from a change in assumptions used to measure the underlying net pension/OPEB liability/asset. These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period. This item can be presented as both a deferred outflow and deferred inflow of resources but may not be shown net if there are unamortized balances for categories.
- Debt Refunding - These amounts represent the gain or loss from the refunding of debt. These differences are deferred and recognized as interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. This item can be presented as both a deferred outflow and deferred inflow of resources but may not be shown net if there are unamortized balances for categories.

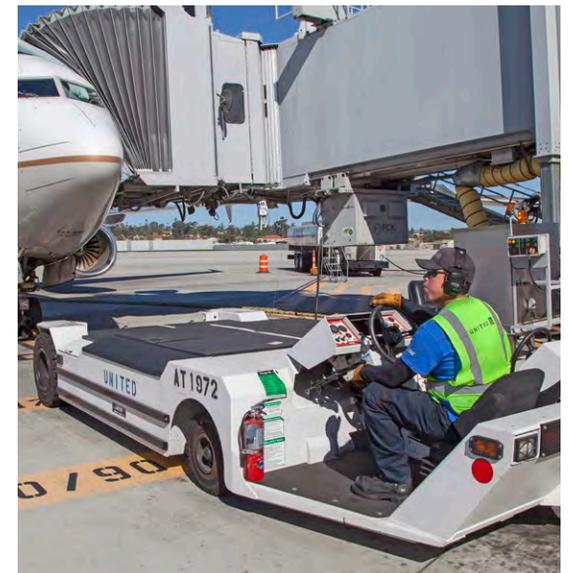
CAPITAL ASSETS:

Capital assets are recorded at cost, except for capital assets contributed by third parties, which are recorded at acquisition value as of the date of acquisition. The Airport Authority capitalizes incremental overhead costs and interest cost associated with the construction of capital assets. Capital assets are defined by the Airport Authority as assets with an initial, individual cost of more than \$5,000 and an initial useful life of one year or greater.

The Airport Authority recognizes lessee-financed improvements as capital assets based upon the asset's estimated value at the time the asset reverts to the Airport Authority.

NOTE 1.

NATURE OF ORGANIZATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)



NATURE OF ORGANIZATION
& SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES
(CONTINUED)

NOTE 1. Depreciation is computed by use of the straight-line method over the following estimated useful lives:

Asset Category	Useful Life (Years)
Land improvements	30-40
Runways, roadways and parking lots	
Lighting, security and minor improvements	3-10
Airfield and parking lots and improvements	12-25
Drainage systems, gas lines, pedestrian bridges	30
Roadways, bridges and infrastructure	40-50
Buildings and structures	
Passenger loading bridges, security systems, general upgrades and remodels	3-10
Baggage handling systems, HVAC, structural improvements, fuel and storage facility	12-20
Buildings and smart curb improvements	25-50
Machinery and equipment	
Vehicles and emergency vehicles	3-15
Office furniture and equipment	3-10
Communication and electronic systems	3-20
Works of art	15-30

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are expensed as incurred. Major outlays for capital assets and improvements are capitalized as construction in progress as projects are constructed. The Airport Authority no longer capitalizes interest due to the adoption of GASB No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period that eliminated the requirement to capitalize interest.

CAPITAL ASSET IMPAIRMENT:

The Airport Authority's capital assets include property, equipment and infrastructure assets. A capital asset is considered impaired if both the decline in service utility of the capital asset is large in magnitude and the event or change in circumstances is outside the normal life cycle of the capital asset. The Airport Authority evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. Common indicators of impairment include evidence of physical damage where restoration efforts are needed to restore service utility, enactment or

approval of laws or regulations setting standards that the capital asset would not be able to meet, technological development or evidence of obsolescence, a change in the manner or expected duration of use of a capital asset or construction stoppage. The Airport Authority reports the effects of capital asset impairments in its financial statements when they occur and accounts for insurance recoveries in the same manner. The Airport Authority's management has determined that no impairments of capital assets currently exist.

RETENTIONS PAYABLE:

The Airport Authority enters into construction contracts that may include retention provisions such that a certain percentage of the contract amount is held for payment until completion of the contract and acceptance by the Airport Authority. The Airport Authority's policy is to record the retention payable only after completion of the work and acceptance of the contractor invoices have occurred. Retentions payable on completed contracts are included with accounts payable on the accompanying statements of net position. Amounts related to unpaid retentions on uncompleted contracts are included in accrued liabilities.



COMPENSATED ABSENCES:

All employees of the Airport Authority earn annual leave that is paid upon termination or retirement. Annual leave is accrued at current rates of compensation and based on assumptions concerning the probability that certain employees will become eligible to receive these benefits in the future.

BOND DISCOUNTS, PREMIUMS, AND ISSUANCE COSTS:

Bond discounts and premiums are deferred and amortized over the term of the respective bonds using the effective interest method. Bond issuance costs are expensed as incurred.

AIRPORT AUTHORITY NET POSITION:

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by

the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net investment in capital assets includes unspent debt proceeds.

Restricted net position represents amounts that are appropriated or legally segregated for a specific purpose. The Airport Authority's net position is reported as restricted when there are limitations imposed on its use, either through the enabling legislation adopted by the Airport Authority or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

When both restricted and unrestricted resources are available for use, it is the Airport Authority's policy to use restricted resources first and then unrestricted resources as they are needed.

NOTE 1.

NATURE OF ORGANIZATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unrestricted net position as of June 30, 2021 and 2020 includes designations of net position that represent tentative management plans that are subject to change, consisting of:

	2021	2020
Operating contingency	\$ 2,000,000	\$ 2,000,000
Insurance contingency	12,403,950	11,685,954
Capital projects and other commitments	8,090,304	29,675,668
Total designated net position	<u>\$ 22,494,254</u>	<u>\$ 43,361,622</u>

REVENUE AND EXPENSE RECOGNITION:

Revenues from airlines, concessionaires, lessees and parking are reported as operating revenues. Operating expenses include the cost of administering the airport system, including depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions and grants.

revenues could be materially and adversely affected should any of these major airlines discontinue operations and should the Airport Authority be unable to replace those airlines with similar activity. The level of operations is determined based upon the relative share of enplaned passengers.

The five largest airlines in terms of enplaned passengers are as follows:

CONCENTRATIONS:

A significant portion of the Airport Authority's earnings and revenues are directly or indirectly attributed to the activity of a number of major airlines. The Airport Authority's earnings and

	2021	2020
Southwest Airlines	33.5%	37.6%
Alaska Airlines	16.6%	14.3%
American Airlines	15.8%	12.2%
United Airlines	12.3%	12.0%
Delta Airlines	11.7%	12.7%

NATURE OF ORGANIZATION
& SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES
(CONTINUED)

NOTE 1.

DEFINED BENEFIT PENSION PLAN:

The Airport Authority has a single-employer defined benefit pension plan (Plan) administered through San Diego City Employee Retirement System (SDCERS). For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Additionally, the Airport Authority has a single-employer defined benefit preservation of benefit pension plan administered through San Diego City Employee Retirement System (SDCERS). For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

OTHER POSTEMPLOYMENT BENEFIT PLAN:

The Airport Authority provides an agent multiple-employer defined benefit postemployment benefit plan (the OPEB Plan). The OPEB Plan funds are managed by California Public Employees Retirement System (CalPERS) under the California Employer's Retiree Benefit Trust (CERBT) fund. For purposes of measuring the net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis

as they are reported by the OPEB Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

ACCOUNTING PRONOUNCEMENTS ADOPTED:

The Airport Authority has adopted and implemented the following GASB statements, which had no impact on previously reported net position, during the year ended June 30, 2021:

- GASB Statement No. 84, Fiduciary Activities, effective for the Airport Authority's year ending June 30, 2021
- GASB Statement No. 90, Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61, effective for the Airport Authority's year ended June 30, 2021.
- GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, effective for the Airport Authority's year ending June 30, 2021.

ACCOUNTING PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED:

GASB has issued several pronouncements that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the Airport Authority:

- GASB Statement No. 87, Leases, effective for the Airport Authority's year ending June 30, 2022
- GASB Statement No. 91, Conduit Debt Obligations, effective for the Airport Authority's year ended June 30, 2023.

RECLASSIFICATIONS:

Certain reclassifications have been made to the 2020 financial statements to conform to the 2021 presentation. The reclassifications had no effect on the changes in net position.



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Restrooms

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EXIT

NOTE 2.

CASH, CASH EQUIVALENTS & INVESTMENTS



SUMMARY OF CASH, CASH EQUIVALENTS AND INVESTMENTS:

Cash, cash equivalents and investments are reported in the accompanying statements of net position as follows at June 30:

	2021	2020
Unrestricted and Undesignated:		
Cash and cash equivalents	\$ 40,910,032	\$ 36,935,136
Current investments	241,485,681	159,562,631
Noncurrent investments	39,904,555	137,429,307
Total unrestricted and undesignated	322,300,268	333,927,074
Designated for specific capital projects and other commitments: cash and cash equivalents	46,916,337	64,026,034
Restricted:		
Current cash, cash equivalents and investments, with trustees	93,190,368	93,486,053
Noncurrent cash, cash equivalents and investments, not with trustees	142,401,039	174,924,058
Noncurrent cash, cash equivalents and investments, with trustees	338,135,700	360,941,845
Total restricted cash, cash equivalents and investments	573,727,107	629,351,956
Total cash, cash equivalents and investments	\$ 942,943,712	\$ 1,027,305,064

The components of restricted cash, cash equivalents and investments at June 30, are summarized below:

	2021	2020
Restricted cash, cash equivalents and investments:		
Bond reserves:		
Operation and maintenance reserve subaccount	\$ 42,735,010	\$ 43,308,755
Operation and maintenance subaccount	14,245,003	14,436,251
Renewal and replacement account	5,400,000	5,400,000
Total bonds reserves	62,380,013	63,145,006
Passenger facility charges unapplied	51,233,055	65,034,830
Customer facility charges unapplied	26,699,449	43,051,177
Small business development bond guarantee	2,222,300	4,000,000
2010 Series debt service reserve fund	3	30,146,892
2010 Series debt service account	-	11,344,678
2013 Series construction fund	87	87
2013 Series debt service reserve fund	34,307,365	34,260,842
2013 Series debt service account	17,157,962	16,981,079
2014 Series construction fund	2,848	3,031
2014 Series debt service reserve fund	22,305,314	22,796,477
2014 Series debt service account	14,156,186	14,130,702
2014 Series rolling coverage fund	7,170,595	7,133,754
2014 Series renew and replace	9,428,461	7,452,635
2017 Series construction fund	478,587	2,352,993
2017 Series debt service reserve fund	12,241,130	12,537,440
2017 Series debt service account	14,897,086	15,077,845
2019 Series construction fund	199,855,483	222,216,692
2019 Series debt service account	12,275,954	7,990,051
2019 Series debt service reserve fund	29,607,535	29,918,507
2019 Series CAP interest fund	6,797,251	16,110,292
2019 Series cost of issuance	-	3,224
2020 Series cost of issuance	-	57,969
2020 Series debt services	20,095,215	3,605,753
2020 Service debt service reserve fund	30,415,228	-
Total restricted cash, cash equivalents and investments	\$ 573,727,107	\$ 629,351,956

INVESTMENTS AUTHORIZED IN ACCORDANCE WITH CALIFORNIA GOVERNMENT CODE SECTION 53601 AND UNDER THE PROVISIONS OF THE AIRPORT AUTHORITY'S INVESTMENT POLICY:

The table that follows identifies the investment types that are authorized by the Airport Authority's investment policy and State Government Code. The table also identifies certain provisions of the Airport Authority's investment policy that address interest

rate risk, credit risk, and concentration of credit risk.

This table does not address investments of bond proceeds held by the bond trustee that are governed by provisions of debt agreements of the Airport Authority, in addition to the general provisions of the Airport Authority's investment policy and State Government Code.

NOTE 2.

CASH, CASH EQUIVALENTS & INVESTMENTS (CONTINUED)

Authorized Investment Type	Maximum Maturity	Minimum Quality Requirements	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury obligations	5 years	N/A	None	None
U.S. agency securities	5 years	N/A	None	None
Supranationals	5 years	AA	30 percent	10 percent
Bankers' acceptances	180 days	AAA/Aaa	40 percent	5 percent
Commercial paper	270 days	A-1; P-1; F-1	25 percent	5 percent
Negotiable certificates of deposit	5 years	A	30 percent	5 percent
Medium-term notes	5 years	A	20 percent	5 percent
Money market mutual funds	N/A	AAA/Aaa	20 percent	5 percent
Repurchase agreements	1 year	A	None	None
Local Agency Investment Fund	N/A	N/A	None	\$75 million
San Diego County Investment Pool	N/A	N/A	None	\$75 million
Local Government Investment Pool	N/A	N/A	None	\$75 million
U.S. State and California agency	5 years	A	20 percent	5 percent
Placement service certificates of deposits	3 years	N/A	30 percent	5 percent
Time certificates of deposit	3 years	*	20 percent	5 percent
Bank deposits	N/A	*	None	None
Asset-Backed Securities	5 years	AA	10 Percent	5 percent
Mortgage Backed Securities	5 years	AA	10 Percent	5 percent
Mortgage Pass-through Securities	5 years	AA	10 Percent	5 percent
Collateralized Mortgage Obligation	5 years	AA	10 Percent	5 percent

* Financial institution must have at least an overall satisfactory rating under the Community Reinvestment Act for meeting the credit needs of California communities in its most recent evaluation. Collateralization required per Cal. Gov. Code Section 53630 et seq.

INVESTMENT IN STATE INVESTMENT POOLS:

The Airport Authority is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The Airport Authority's investments in this pool are reported in the accompanying financial statements at fair value based upon the Airport Authority's pro rata share of the amortized cost basis provided by LAIF for

the entire LAIF portfolio (in relation to the amortized cost of each portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF.

INVESTMENT IN COUNTY INVESTMENT POOL:

The Airport Authority is a voluntary participant in the San Diego County Investment Pool (SDCIP) that is regulated by California Government Code Section 16429 under the oversight of the County Treasurer

of San Diego. The Airport Authority's investments in this pool are reported in the accompanying financial statements at fair value based upon the Airport Authority's pro rata share of the amortized cost basis provided by SDCIP for the entire SDCIP portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by SDCIP.

CASH, CASH EQUIVALENTS
& INVESTMENTS
(CONTINUED)

NOTE 2. **INVESTMENTS AUTHORIZED BY DEBT AGREEMENTS:**

Investments held by the bond trustee are governed by the provisions of the debt agreement, in addition to the general provisions of the California Government Code and the Airport Authority's investment policy. The table below identifies the investment types that are authorized for investments held by the bond trustee,

according to the Master Trust Indenture. In the event of a conflict between the Airport Authority's investment policy and permitted investments associated with any Airport Authority debt issuance, the debt agreement shall control. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Minimum Quality Requirements	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury obligations	None	N/A	None	None
U.S. agency securities	None	N/A	None	None
State Obligations	None	AAA/Aaa	None	None
Commercial paper	None	A-1; P-1; F-1	None	None
Negotiable certificates of deposit	None	AAA/Aaa	None	None
Long term and Medium-term notes	None	Two highest ratings	None	None
Money market mutual funds	None	Two highest ratings	None	None
Municipal bonds	None	Two highest ratings	None	None
Repurchase agreements	None	BBB*	None	None
Investment agreements	None	N/A	None	None
Local Agency Investment Fund	None	N/A	None	None
San Diego County Investment Pool	None	N/A	None	None
Deposit accounts	None	N/A	None	None

Any other investment which is a permitted investment of the Authority in accordance with the laws of the State.

*Investment requires collateralization

The primary objective of the Airport Authority's investment policy is to invest public funds in a manner that will provide the highest security of the funds under management while meeting the daily cash flow demands of the Airport Authority.

Assets of the Airport Authority that are not bond proceeds, which are invested in securities as permitted in the bond indenture, are described in the preceding table. In addition, there are various credit criteria as defined in the Airport Authority's investment policy as depicted in the previous section entitled "Investments authorized in accordance with California Government Code Section 53601 and under the provisions of the Airport Authority's investment policy."

INVESTMENTS HELD BY TRUSTEE:

The Airport Authority has monies held by

trustees pledged for the security and payment of certain debt instruments, the payment of bond interest during construction and the payment of capital project costs.

DISCLOSURES RELATED TO INTEREST RATE RISK:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, investments with longer maturities have greater fair value sensitivity to changes in market interest rates. One of the ways the Airport Authority manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities. These staggered maturities also provide consistent cash flow and fulfill liquidity needs for operations. The Airport Authority monitors interest rate risk inherent in its

portfolio by measuring the segmented time distribution of its portfolio. The Airport Authority has no specific limitations with respect to this metric.

CUSTODIAL CREDIT RISK (DEPOSITS):

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Airport Authority maintains deposits at several institutions in order to minimize custodial credit risk. These deposits are collateralized by various instruments such as U.S. government securities (guaranteed) or U.S. agency securities (government sponsored). California Government Code requires that a financial institution secure deposits made by a state or local government by pledging securities in an undivided collateral pool held by a depository regulated under state law. The fair value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure Airport Authority deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured deposits.

Insurance through the Federal Deposit Insurance Corporation (FDIC) may be applicable to the first \$250,000 of institutional deposit accounts, with any balance above this amount covered by the collateralization requirement. Certificates of deposit held by the Airport Authority's third-party custodians are fully insured by the FDIC, as the individual amounts do not exceed the FDIC-insured limits or are collateralized in accordance with the California Government Code.

CUSTODIAL CREDIT RISK (INVESTMENTS):

Custodial credit risk for investments is the risk that the Airport Authority will not be able to recover the value of its investments in the event of a counterparty failure. The Airport Authority uses third-party banks' custody and safekeeping services for its registered investment securities.

Securities are held in custody at third-party banks registered in the name of the Airport Authority and are segregated from securities owned by those institutions or held in custody by those institutions.

DISCLOSURES RELATED TO CREDIT RISK:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of an investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. California Government Code Section 53601 (as referenced previously in this note) limits the types of investment instruments that may be purchased by the Airport Authority.

NOTE 2.

CASH, CASH EQUIVALENTS & INVESTMENTS (CONTINUED)



NOTE 2. The maturity ranges and credit ratings for the Airport Authority's investment securities as of June 30 are presented in the following tables:

CASH, CASH EQUIVALENTS
& INVESTMENTS
(CONTINUED)

Investment Type	2021					Ratings
	Total	Investment Maturities (in Years)				
		0 - 1	1 - 2	2 - 5		
Investments subject to credit and interest rate risk:						
U.S. Treasury obligations	\$ 111,584,806	\$ 62,013,108	\$ 43,647,786	\$ 5,923,912		AA+
U.S. Agency securities	129,121,554	32,018,617	28,272,388	68,830,549		AA+
Supranationals	2,025,740	2,025,740	-	-		AAA
	5,536,955	5,536,955	-	-		Not rated
Medium-term notes	3,000,720	3,000,720	-	-		AAA
	6,270,120	-	6,270,120	-		AA
	12,502,610	3,009,030	7,421,280	2,072,300		A+
	21,236,805	5,051,320	5,684,385	10,501,100		A
	2,027,160	2,027,160	-	-		A-
	4,047,720	4,047,720	-	-		AA+
Municipal Bonds	5,194,250	-	-	5,194,250		AA+
Negotiable Certificates of deposit	2,222,300	2,222,300	-	-		
Money market mutual funds	117,578,335	117,578,335	-	-		
Local Agency Investment Fund	192,705,889	192,705,889	-	-		Not rated
San Diego County Investment Pool	270,367,612	270,367,612	-	-		AAA
CalTrust Fund	16,410,450	16,410,450	-	-		AAA
Total investments subject to credit and interest rate risk:	901,833,026	718,014,956	91,295,959	92,522,111		
Investments not subject to credit or interest rate risk:						
Nonnegotiable certificates of deposit	16,615,890					
Total Investments	\$ 918,448,916					

Investment Type	2020					Ratings
	Total	Investment Maturities (in Years)				
		0 - 1	1 - 2	2 - 5		
Investments subject to credit and interest rate risk:						
U.S. Treasury obligations	\$ 152,277,194	\$ 38,947,897	\$ 54,461,073	\$ 58,868,224		AA+
U.S. Agency securities	147,157,246	22,271,155	32,673,767	92,212,324		AA+
	6,810,765	-	-	6,810,765		Not rated
Supranationals	4,199,896	2,148,056	2,051,840	-		AAA
	5,610,140	-	-	5,610,140		Not rated
Commercial Paper	2,499,500	2,499,500	-	-		A-1
Medium-term notes	3,041,070	3,041,070	-	-		AAA
	22,040,080	4,048,800	4,115,480	13,875,800		AA
	39,801,962	5,335,102	13,705,980	20,760,880		A
Municipal Bonds	5,176,600	-	-	5,176,600		AA+
Negotiable certificates of deposit	4,028,440	4,028,440	-	-		A+
	4,000,000	4,000,000	-	-		A-1+
Money market mutual funds	110,878,565	110,878,565	-	-		AAA
Local Agency Investment Fund	146,314,756	146,314,756	-	-		Not rated
San Diego County Investment Pool	293,587,647	293,587,647	-	-		AAA
CalTrust Fund	16,362,863	16,362,863	-	-		AA
Total investments subject to credit and interest rate risk:	963,786,724	560,021,237	107,008,140	203,314,732		
Investments not subject to credit or interest rate risk:						
Nonnegotiable certificates of deposit	\$ 16,271,235					
Total Investments	\$ 980,057,959					

Ratings per Standard and Poor's

CONCENTRATION OF CREDIT RISK:

The investment policy of the Airport Authority contains no limitations on the amount that can be invested by any one issuer beyond that stated in the table provided earlier in this note. The Airport Authority requires a diversified investment portfolio to avoid risk of losses resulting from an over-concentration of assets in a specific maturity,

issuer or class of securities. The Airport Authority had no concentrations of credit risk at June 30, 2021 and 2020.

FOREIGN CURRENCY RISK:

The Airport Authority's investment policy does not allow investments in foreign securities.

NOTE 2.**CASH, CASH EQUIVALENTS & INVESTMENTS (CONTINUED)**

As part of the transfer of airport operations from the District to the Airport Authority, and pursuant to the associated MOU, the District issued a \$50,000,000 unsecured promissory note to the Airport Authority. According to an agreement with the District that commenced on January 1, 2006, the note will be amortized over 25 years, maturing

on December 31, 2030. The note is subordinate to all bond indebtedness of the District and carries a fixed interest rate of 5.5 percent per annum. At June 30, 2021 and 2020, the balance of the note receivable was \$27,208,867 and \$29,332,710, respectively.

NOTE 3.**NOTE RECEIVABLE**

The required principal payments owed from the District for note receivable for the fiscal years ending June 30 are as follows:

Years Ending June 30,	Amount
2022	\$ 2,243,644
2023	2,370,203
2024	2,500,653
2025	2,644,957
2026	2,794,153
2027-2031	14,655,257
	<u>\$ 27,208,867</u>



NOTE 4. Capital asset activity for the years ended June 30, 2021 and 2020, are as follows:

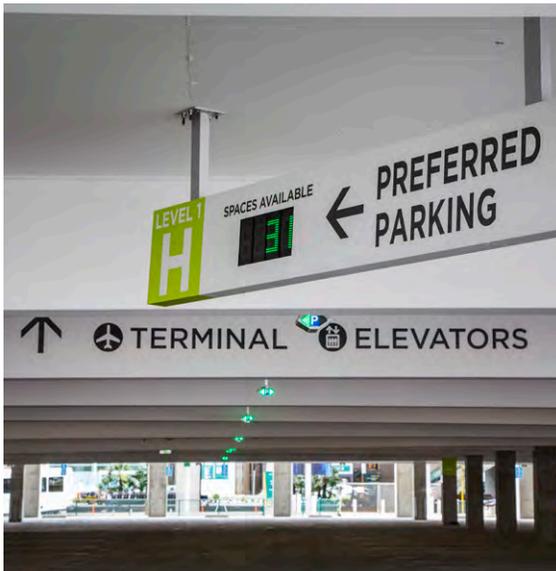
CAPITAL ASSETS

	Balance at June 30, 2020	Increases	Decreases	Balance at June 30, 2021
Nondepreciable assets:				
Land	\$ 22,167,594	\$ -	\$ -	\$ 22,167,594
Construction in progress	288,353,299	173,459,061	(213,276,895)	248,535,465
Intangible asset	440,000	-	-	440,000
Total nondepreciable assets	310,960,893	173,459,061	(213,276,895)	271,143,059
Depreciable assets:				
Land improvements	114,589,520	49,181,230	-	163,770,750
Buildings and structures (1)	1,747,407,784	148,946,010	(10,586,284)	1,885,767,510
Machinery and equipment	135,435,875	3,324,571	(15,777,887)	122,982,559
Runways, roads and parking lots	708,999,286	12,709,855	(1,734,320)	719,974,821
Total capital assets being depreciated	2,706,432,465	214,161,666	(28,098,491)	2,892,495,640
Less accumulated depreciation for:				
Land improvements	(35,941,711)	(9,533,871)	-	(45,475,582)
Building and structures	(752,724,619)	(81,869,287)	10,586,287	(824,007,618)
Machinery and equipment	(84,805,802)	(11,671,187)	15,540,927	(80,936,062)
Runways, roads and parking lots	(355,320,220)	(29,759,445)	1,568,624	(383,511,041)
Total accumulated depreciation	(1,228,792,352)	(132,833,789)	27,695,839	(1,333,930,303)
Total capital assets being depreciated, net	1,477,640,113	81,327,877	(402,653)	1,558,565,337
Capital assets, net	\$ 1,788,601,006	\$ 254,786,938	\$ (213,679,548)	\$ 1,829,708,396

(1) Includes capitalized lease of building with a net present value of future lease payments of \$6,201,975

	Balance at June 30, 2019	Increases	Decreases	Balance at June 30, 2020
Nondepreciable assets:				
Land	\$ 22,167,594	\$ -	\$ -	\$ 22,167,594
Construction in progress	144,432,325	197,072,893	(53,151,919)	288,353,299
Intangible asset	440,000	-	-	440,000
Total nondepreciable assets	167,039,919	197,072,893	(53,151,919)	310,960,893
Depreciable assets:				
Land improvements	113,682,793	906,727	-	114,589,520
Buildings and structures (1)	1,708,864,802	38,542,982	-	1,747,407,784
Machinery and equipment	131,172,226	4,263,649	-	135,435,875
Runways, roads and parking lots	698,595,118	10,297,728	106,440	708,999,286
Total capital assets being depreciated	2,652,314,939	54,011,086	106,440	2,706,432,465
Less accumulated depreciation for:				
Land improvements	(28,301,823)	(7,639,888)	-	(35,941,711)
Building and structures	(670,750,529)	(81,974,090)	-	(752,724,619)
Machinery and equipment	(72,553,452)	(12,252,350)	-	(84,805,802)
Runways, roads and parking lots	(325,599,509)	(29,720,711)	-	(355,320,220)
Total accumulated depreciation	(1,097,205,313)	(131,587,039)	-	(1,228,792,352)
Total capital assets being depreciated, net	1,555,109,626	(77,575,953)	106,440	1,477,640,113
Capital assets, net	\$ 1,722,149,545	\$ 119,496,940	\$ (53,045,479)	\$ 1,788,601,006

(1) Includes capitalized lease of building with a net present value of future lease payments of \$6,497,109



The following is a summary of changes in the long-term liability activity for the years ended June 30, 2021 and 2020:

NOTE 5.

LONG-TERM LIABILITIES

	Principal Balance at June 30, 2020	Additions /New Issuances	Reductions/ Repayments	Principal Balance at June 30, 2021	Due Within One Year
Bonds payable:					
Series 2010 Bonds	\$ 10,865,000	\$ -	\$ (10,865,000)	\$ -	\$ -
Series 2013 Bonds	368,750,000	-	(7,925,000)	360,825,000	8,315,000
Series 2014 Bonds	293,985,000	-	(5,890,000)	288,095,000	6,090,000
Series 2017 Bonds	281,810,000	-	(4,825,000)	276,985,000	5,070,000
Series 2019 Bonds	463,680,000	-	(1,235,000)	462,445,000	3,420,000
Series 2020 Bonds	241,640,000	-	(820,000)	240,820,000	13,825,000
Bond premiums	220,478,470	-	(14,050,587)	206,427,883	-
Total bonds payable	1,881,208,470	-	(45,610,587)	1,835,597,883	36,720,000
Capital leases	6,497,108	-	(295,134)	6,201,974	323,293
Total debt obligations	1,887,705,578	-	(45,905,721)	1,841,799,857	37,043,293
Compensated absences	4,088,584	3,211,891	(2,538,532)	4,761,943	2,538,532
Total long-term liabilities	\$ 1,891,794,162	\$ 3,211,891	\$ (48,444,253)	\$ 1,846,561,800	\$ 39,581,825

	Principal Balance at June 30, 2019	Additions /New Issuances	Reductions/ Repayments	Principal Balance at June 30, 2020	Due Within One Year
Variable Rate Debt					
Series B tax-exempt	\$ 13,719,000	\$ -	\$ (13,719,000)	\$ -	\$ -
Revolv LOC	-	34,040,000	(34,040,000)	-	-
Total variable rate debt	13,719,000	34,040,000	(47,759,000)	-	-
Bonds payable:					
Series 2010 Bonds	527,100,000	-	(516,235,000)	10,865,000	10,865,000
Series 2013 Bonds	371,070,000	-	(2,320,000)	368,750,000	7,925,000
Series 2014 Bonds	299,705,000	-	(5,720,000)	293,985,000	5,890,000
Series 2017 Bonds	286,270,000	-	(4,460,000)	281,810,000	4,825,000
Series 2019 Bonds	-	463,680,000	-	463,680,000	1,235,000
Series 2020 Bonds	-	241,640,000	-	241,640,000	820,000
Bond premiums	97,483,919	146,341,863	(23,347,312)	220,478,470	-
Total bonds payable	1,581,628,919	851,661,863	(552,082,312)	1,881,208,470	31,560,000
Capital leases	6,820,351	-	(323,243)	6,497,108	269,427
Total debt obligations	1,602,168,270	885,701,863	(600,164,555)	1,887,705,578	31,829,427
Compensated absences	3,550,211	3,385,678	(2,847,305)	4,088,584	2,847,306
Total long-term liabilities	\$ 1,605,718,481	\$ 889,087,541	\$ (603,011,860)	\$ 1,891,794,162	\$ 34,676,733



NOTE 5.
LONG-TERM LIABILITIES
(CONTINUED)

**SENIOR LIEN AIRPORT REVENUE BONDS,
SERIES 2005 AND REFUNDED SERIES 1995:**

The California Maritime Infrastructure Authority issued \$76,690,000 of Airport Revenue Bonds (Series 1995 Bonds) for the District, pursuant to a trust agreement dated December 1, 1995. The proceeds of the Series 1995 Bonds were used solely to pay a portion of the construction and installation of the West Terminal Expansion at SDIA, fund a Reserve Account, and pay certain expenses in connection with the issuance of the Series 1995 Bonds. In conjunction with the transfer of airport operations to the Airport Authority on January 1, 2003, these bond obligations were assumed by the Airport Authority.

On November 9, 2005, the Airport Authority issued \$56,270,000 of senior lien Series 2005 bonds to refund all of the then-outstanding Series 1995 Bonds, fund a debt service reserve account and pay cost of issuance.

On December 21, 2012, the Airport Authority defeased all of its outstanding Series 2005 Bonds, by depositing proceeds of Subordinate CP Notes and certain other available monies into an irrevocable escrow fund. The amounts on deposit in the escrow fund will be used to pay the principal of and interest on the Series 2005 Bonds until their final maturity date of July 1, 2020. As of June 30, 2021 and 2020, the amount held in escrow by the trustee was \$0 and \$5,226,683, respectively, and the amount of the defeased Series 2005 Bonds still outstanding was \$0 and \$5,125,000, respectively.

**SENIOR LIEN AIRPORT REVENUE BONDS,
SERIES 2013:**

On January 30, 2013, the Airport Authority issued \$379,585,000 of Series A and B Senior Airport Revenue Bonds (Series 2013 Bonds). The Series 2013 Bonds were issued to finance certain capital improvements at SDIA, fund a portion of the interest accruing on the Series 2013 Bonds through and including July 1, 2015, fund the senior reserve fund and pay the costs of issuance of the Series 2013 Bonds.

The Series 2013 Bonds were structured as serial and term bonds that bear interest at rates ranging from 3.00 percent to 5.00 percent and mature in fiscal years 2016 to 2044. The bonds were issued at a premium of \$55,934,101, which is being amortized over the life of the bonds. Interest on the senior Series 2013 Bonds is payable semiannually on January 1 and July 1, of each year. Interest for the fiscal years ended June 30, 2021 and 2020, was \$17,685,100 and \$18,081,350, respectively, including accrued interest of \$8,842,550 and \$9,040,675 for fiscal years ending June 30, 2021 and 2020, respectively. The principal balance on the Series 2013 Bonds as of June 30, 2021 and 2020, was \$360,825,000 and \$368,750,000, respectively.

The senior Series 2013 Bonds are special obligations of the Airport Authority, payable solely from and secured by (a) a pledge of net revenues, which include certain income and revenue received by the Airport Authority from the operation of the airport system, less all amounts that are required to pay the operation and maintenance expenses of the airport system and (b) certain funds and accounts held by the senior trustee under the senior indenture.

As senior lien bonds, the Series 2013 Bonds require that charges for services be set each fiscal year at rates sufficient to produce pledged revenues at least 125 percent times the senior debt service for that year. In addition, the Series 2013 Bonds require the Airport Authority to maintain a debt service reserve account with the bond trustee and to reserve certain additional amounts in the Airport Authority's books, as shown previously in the notes. For the fiscal years ended June 30, 2021 and 2020, the amount held by the trustee was \$51,465,414 and \$51,242,009, respectively, which included the July 1 payment and the debt service reserve fund. The total additional amounts held by the Airport Authority for Operating and Maintenance, and Renewal and Replacements reserves for fiscal years 2021 and 2020 was \$62,380,013 and \$63,145,006, respectively. The public ratings of the Series 2013 Bonds as of June 30, 2021, are A/A1/AA- by Standard & Poor's, Moody's Investors Service and Fitch Ratings.

The required debt service payments for the Series 2013 Bonds for the fiscal years ending June 30 are as follows:

Years Ending June 30,	Principal	Interest	Total
2022	8,315,000	\$ 17,477,225	\$ 25,792,225
2023	8,725,000	17,051,225	25,776,225
2024	9,170,000	16,603,850	25,773,850
2025	9,625,000	16,133,975	25,758,975
2026	10,105,000	15,640,725	25,745,725
2027-2031	58,435,000	70,163,750	128,598,750
2032-2036	25,815,000	60,048,125	85,863,125
2037-2041	46,130,000	51,281,250	97,411,250
2042-2044	184,505,000	13,792,875	198,297,875
	<u>\$ 360,825,000</u>	<u>\$ 278,193,000</u>	<u>\$ 639,018,000</u>

NOTE 5.

LONG-TERM LIABILITIES (CONTINUED)

SUBORDINATE LIEN SERIES 2010, 2017, 2019 AND 2020 BONDS:

On October 5, 2010, the Airport Authority issued \$572,565,000 of Series A, B and C Subordinate Airport Revenue Bonds (Series 2010 Bonds). The subordinate Series 2010 Bonds were issued to finance certain capital improvements at SDIA, fund a portion of the interest accruing on the subordinate Series 2010 Bonds through and including January 1, 2013, refund \$142,176,000 of the Airport Authority's then outstanding commercial paper notes, fund the subordinate reserve fund and pay the costs of issuance of the subordinate Series 2010 Bonds.

The Subordinate Series 2010C Bonds were refunded and defeased on December 11, 2019, when the Airport Authority issued Subordinate Series 2019A Revenue Refunding Bonds. The proceeds of the Series 2019 Bonds included an amount to fund the escrow which was used to pay the principal and interest of the Series 2010C Bonds. As of June 30, 2021, the balance of the 2010C escrow fund was \$0. Subordinate Series 2010 A and B (except series maturing July 1, 2020) were refunded and defeased on April 8, 2020 when the Airport Authority Issued Series 2020A, 2020B, and 2020C Revenue Refunding Bonds. The proceeds of the Subordinate Series 2020 Bonds included an amount to fund the escrow which was used to pay the principal and interest of the Series 2010A and 2010B Bonds. As of June 30,

2021 the balance of the 2010A escrow fund was \$0 and the balance of the 2010B escrow fund was \$0. Amount on deposit in the escrow funds was used to pay the redemption price and interest on the Refunded Series 2010 Bonds on July 1, 2020.

As a result of the refunding, the Airport Authority reduced its total debt service requirements by \$142.8 million, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately \$100.0 million.

Interest for the fiscal years ended June 30, 2021 and 2020, amounted to \$407,438 and \$17,869,205, respectively, including accrued interest of \$0, and \$407,438, respectively. The principal balance on the subordinate Series 2010 Bonds as of June 30, 2021 and 2020, was \$0 and \$10,865,000, respectively.

The Airport Authority issued \$291,210,000 of Series A and B Subordinate Airport Revenue Bonds on August 3, 2017. The Subordinate Series 2017 Bonds were issued to finance certain capital improvements at SDIA including the Parking Plaza and the FIS facility, fund a portion of the interest accruing on the subordinate Series 2017 Bonds, refund \$32,550,000 of the Airport Authority's outstanding variable rate debt, fund the subordinate reserve fund and pay the costs of issuance of the subordinate Series 2017

Bonds. The Series 2017 Bonds are structured as serial and term bonds that bear interest at rates ranging from 4.00 percent to 5.00 percent and mature in fiscal years 2019 to 2048. The bonds were issued at a premium of \$48,423,688, which is being amortized over the life of the bonds. Interest on the Series 2017 Bonds is payable semiannually on January 1 and July 1 of each year.

Interest for the fiscal years ended June 30, 2021 and 2020, amounted to \$13,849,250 and \$14,090,500, respectively, including accrued interest of \$6,924,625 and \$7,045,250, respectively. The principal balance on the subordinate Series 2017 Bonds as of June 30, 2021 and 2020, was \$276,985,000 and \$281,810,000, respectively.

NOTE 5.

The required debt service payments for the Series 2017 Bonds for the fiscal years ending June 30, are as follows:

LONG-TERM LIABILITIES
(CONTINUED)

Years Ending June 30,	Principal	Interest	Total
2022	5,070,000	13,722,500	\$ 18,792,500
2023	5,320,000	13,462,750	18,782,750
2024	5,585,000	13,190,125	18,775,125
2025	5,865,000	12,903,875	18,768,875
2026	6,155,000	12,603,375	18,758,375
2027-2031	35,730,000	57,955,500	93,685,500
2032-2036	45,600,000	47,836,750	93,436,750
2037-2041	58,200,000	34,923,500	93,123,500
2042-2046	74,290,000	18,440,500	92,730,500
2047-2048	35,170,000	1,780,000	36,950,000
	<u>\$ 276,985,000</u>	<u>\$ 226,818,875</u>	<u>\$ 503,803,875</u>

The Airport Authority issued \$338,775,000 of Series A Subordinate Airport Revenue and Revenue Refunding Bonds and \$124,905,000 of Series B Subordinate Airport Revenue Bonds on December 11, 2019 (Series 2019 Bonds). The Subordinate Series 2019 Bonds were issued to finance certain capital improvements at SDIA including a new facilities maintenance building and storm water capture and reuse projects, fund a portion of the interest accruing on the subordinate Series 2019 Bonds, refund \$34,321,000 of the Airport Authority's outstanding variable rate debt, fund the Series 2010C Escrow account, fund the subordinate reserve fund, and pay the costs of issuance of the subordinate Series 2017 Bonds. The Series 2019 Bonds are structured as serial and

term bonds that bear interest at rates ranging from 4.00 percent to 5.00 percent and mature in fiscal years 2021 to 2050. The bonds were issued at a premium of \$96,927,688, which is being amortized over the life of the bonds. Interest on the Series 2019 Bonds is payable semiannually on January 1 and July 1 of each year.

Interest for the fiscal years ended June 30, 2021 and 2020, amounted to \$22,292,100 and \$12,418,806, respectively, including accrued interest of \$11,146,051 and \$12,418,806, respectively. The principal balance on the subordinate Series 2019 Bonds as of June 30, 2021 and 2020, was \$462,445,000 and \$463,680,000, respectively.



The required debt service payments for the Series 2019 Bonds for the fiscal years ending June 30 are as follows:

Years Ending June 30,	Principal	Interest	Total
2022	\$ 3,420,000	\$ 22,292,100	\$ 25,712,100
2023	4,440,000	22,121,100	26,561,100
2024	6,095,000	21,899,100	27,994,100
2025	6,400,000	21,594,350	27,994,350
2026	5,615,000	21,274,350	26,889,350
2027-2031	32,580,000	101,868,500	134,448,500
2032-2036	108,750,000	87,243,000	195,993,000
2037-2041	163,700,000	55,332,800	219,032,800
2042-2046	66,135,000	25,957,200	92,092,200
2047-2051	65,310,000	8,362,500	73,672,500
	<u>\$ 462,445,000</u>	<u>\$ 387,945,000</u>	<u>\$ 850,390,000</u>

The Airport Authority issued \$241,640,000 of Series A, B and C Subordinate Airport Revenue Refunding Bonds (Series 2020 Bonds). The Airport Authority entered into a Forward Delivery Purchase Contract on December 11, 2019 and delivered the 2020 Bonds Proceeds on April 8, 2020. Proceeds from the sale of the 2020 Bonds were used to fund the Series 2010 A and B bonds escrow accounts and pay the costs of issuance of the subordinate Series 2020 Bonds. The Series 2020 Bonds are structured as serial bonds that bear interest rates of 5.00 percent and mature in fiscal years 2021 to 2041. The bonds were issued at a premium of

\$49,414,175, which is being amortized over the life of the bonds. Interest on the Series 2020 Bonds is payable semiannually on January 1 and July 1 of each year.

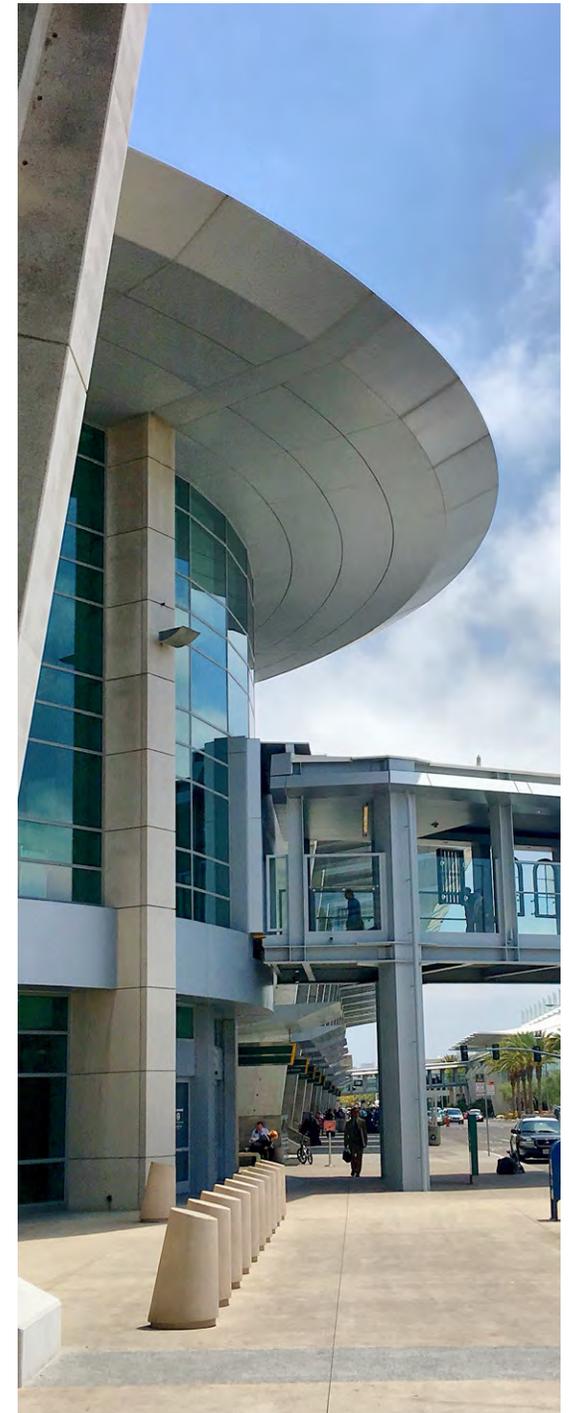
Interest for the fiscal years ended June 30, 2021 and 2020, amounted to \$12,041,000 and \$2,785,572, respectively, including accrued interest of \$6,020,500 and \$2,785,572, respectively. The principal balance on the subordinate Series 2020 Bonds as of June 30, 2021 and 2020, was \$240,820,000 and \$241,640,000, respectively.

The required debt service payments for the Series 2020 Bonds for the fiscal years ending June 30 are as follows:

Years Ending June 30,	Principal	Interest	Total
2022	\$ 13,825,000	\$ 12,041,000	\$ 25,866,000
2023	14,520,000	11,349,750	25,869,750
2024	15,240,000	10,623,750	25,863,750
2025	16,005,000	9,861,750	25,866,750
2026	11,275,000	9,061,500	20,336,500
2027-2031	65,395,000	36,268,750	101,663,750
2032-2036	57,755,000	19,881,250	77,636,250
2037-2041	46,805,000	7,250,250	54,055,250
	<u>\$ 240,820,000</u>	<u>\$ 116,338,000</u>	<u>\$ 357,158,000</u>

NOTE 5.

LONG-TERM LIABILITIES (CONTINUED)



NOTE 5.

LONG-TERM LIABILITIES (CONTINUED)

The subordinate Series Bonds are special obligations of the Airport Authority, payable solely from and secured by (a) a pledge of subordinate net revenues, which include certain income and revenue received by the Airport Authority from the operation of the airport system, less all amounts that are required to pay the operation and maintenance expenses of the airport system and all amounts necessary to pay debt service on and fund the reserves for the senior bonds; and (b) certain funds and accounts held by the subordinate trustee under the subordinate indenture. The subordinate Series Bonds were issued with a pledge of and lien on subordinate net revenues.

As subordinate lien bonds, the Series 2017, 2019 and 2020 Bonds require that charges for services be set each fiscal year at rates sufficient to produce pledged revenues at least 110 percent times the subordinate debt service for that year. In addition, the subordinate Bonds require the Airport Authority to maintain a reserve account with the bond trustee. At June 30, 2021 and 2020, the amount held by the trustee was \$326,663,469 and \$351,362,336, respectively, which included the July 1 payment, a debt service reserve fund, construction fund, and a capitalized interest fund. The public ratings of the Subordinate Series 2010, 2017, 2019 and 2020 Bonds as of June 30, 2020, are A-/A2/A+ by Standard & Poor's, Moody's Investors Service and Fitch Ratings.

Senior Lien Special Facilities Revenue Bonds, Series 2014:

On February 19, 2014, the Airport Authority issued \$305,285,000 of Series A and B Senior Special Facilities Revenue Bonds (Series 2014 Bonds). The Series 2014 Bonds were issued to finance a portion of the costs of the development and construction of a consolidated rental car facility and related improvements at SDIA, fund a portion of the interest accruing on the Series 2014 Bonds, fund deposits to the senior reserve fund and pay the costs of issuance of the Series 2014 Bonds.

The Series 2014 A Bonds were structured as tax-exempt and non-AMT term bonds that bear

interest at 5.00 percent. The Series 2014 B Bonds were structured as federally taxable bonds that bear interest at rates ranging from 2.54 percent to 5.59 percent. The bonds were issued at a premium of \$594,226, which is amortized over the life of the bonds. Interest on the Series 2014 Bonds is payable semiannually on January 1 and July 1 of each year. Interest for fiscal years ended June 30, 2021 and 2020, was \$15,827,940 and \$16,028,789, respectively, including accrued interest of \$7,913,970 and \$8,014,395, respectively. The principal balance on the Series 2014 Bonds for fiscal years ended June 30, 2021 and 2020 was \$288,095,000 and \$293,985,000, respectively.

The Series 2014 Bonds are special limited obligations of the Airport Authority, payable solely from and secured by a pledge of the Trust Estate, which includes, among other things, customer facility charges collected from the rental car companies operating at the Airport and remitted to the Trustee. No revenues of the Airport Authority other than the customer facility charges and the Bond Funding Supplemental Consideration (as defined in the bond indenture), are pledged to the payment of the Series 2014 Bonds.

The Series 2014 Bonds require the Airport Authority to maintain a debt service reserve account with the bond trustee and to reserve certain additional amounts in the Airport Authority's net position, as shown previously in the notes. For the fiscal years ended June 30, 2021 and 2020, the amount held by the trustee was \$53,063,404 and \$51,516,600, respectively, which included the July 1 payment, the debt service reserve fund, and the rolling coverage fund.

The public ratings of the Senior Series Special Facility 2014 Bonds as of June 30, 2019, are BBB+/A3 by Standard & Poor's and Moody's Investors Service.



The required debt service payments for the Series 2014 Bonds for the fiscal years ending June 30 are as follows:

Years Ending June 30,	Principal	Interest	Total
2022	\$ 6,090,000	\$ 15,714,362	\$ 21,804,362
2023	6,320,000	15,424,013	21,744,013
2024	6,670,000	15,060,682	21,730,682
2025	7,045,000	14,677,074	21,722,074
2026	7,440,000	14,271,928	21,711,928
2027-2031	43,925,000	64,443,360	108,368,360
2032-2036	57,665,000	50,319,070	107,984,070
2037-2041	75,700,000	31,777,897	107,477,897
2042-2045	77,240,000	8,370,662	85,610,662
	<u>\$ 288,095,000</u>	<u>\$ 230,059,047</u>	<u>\$ 518,154,047</u>

Interest expense on the Series 2010, 2013, 2014 2017, 2019 and 2020 Bonds for fiscal years ended June 30, 2021 and June 30, 2020 of \$81.7 million and \$81.3 million, respectively, was offset by bond premium amortization of \$14.1 million in fiscal year 2021 and \$9.6 million in fiscal year 2020.

Line of credit:

In fiscal year 2021, the Airport Authority maintained

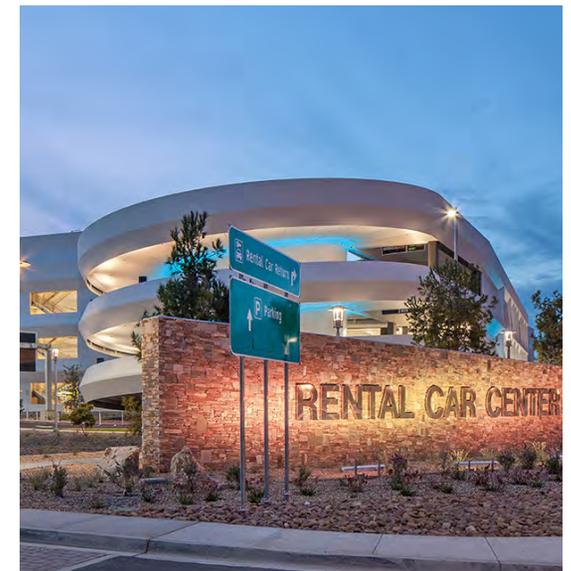
a \$2,000,000 line of credit held with US Bank, which is collateralized with a Treasury bond. This line is utilized to issue letters of credit to surety companies who are partnering with the Airport Authority to provide bonding assistance to contractors accepted into the bonding assistance program at the Airport Authority. As of June 30, 2021, nothing had been drawn on the line of credit and there are no outstanding letters of credit.

The Airport Authority had the following used and unused balances in line of credit type debt instruments as of June 30, 2021 and 2020:

	June 30, 2021		June 30, 2020	
	Used	Unused	Used	Unused
Line of credit	\$ -	2,000,000	\$ -	4,000,000
	<u>\$ -</u>	<u>\$ 2,000,000</u>	<u>\$ -</u>	<u>\$ 4,000,000</u>

NOTE 5.

LONG-TERM LIABILITIES
(CONTINUED)



NOTE 5.
LONG-TERM LIABILITIES
(CONTINUED)

Subordinate Short-Term Debt Program:

As at June 30, 2021 the Authority did not maintain a short-term debt program. Subsequent to fiscal year 2021 on July 19, 2021 the Authority entered into an agreement with Bank of America N.A. to establish a Revolving Line of Credit for \$200,000,000.

Event of Default:

In the event of default of all general airport revenue bonds issued by the Airport Authority, acceleration is not a remedy. For the Letter of Credit and Reimbursement Agreement, an event of default could result in either an acceleration or an interest rate increase of 3.00 – 7.00 percent in addition to the base rate. Other than this, there are no significant finance-related consequences in the event of default on other debt instruments. The Airport Authority's Letter of Credit and Reimbursement Agreement is collateralized with a \$2,222,000 Treasury bond. Excluding general airport revenue bonds, special facility bonds, and capital leases, no other assets have been pledged

or collateralized for any other debt instruments. General Airport revenue bonds are secured by a pledge of Net Revenues which are generally defined as all revenues and other cash receipts of the Airport Authority's operations less amounts required to pay for operations and maintenance expenses of the airport (net revenues do not include cash received from PFC's, CFC's or Federal Grants). The special facility bonds are secured by a pledge of the Trust Estate.

CAPITAL LEASES

Receiving distribution center lease: The Airport Authority entered into an installment purchase agreement for a receiving and distribution center (RDC) in fiscal year 2013. This agreement has been determined to be a capital lease and requires monthly lease payments of \$73,108. The Airport Authority will become the owner of the RDC at the conclusion of the 20-year installment purchase agreement.

The following is a schedule of future lease payments applicable to the RDC installment purchase agreement and the net present value of the future lease payments at June 30, 2021:

Total Years Ending June 30,	Amount
2022	\$ 877,298
2023	877,298
2024	877,298
2025	877,298
2026	877,298
2027-2031	4,386,489
2032-2033	1,242,839
Total Lease Payments	10,015,817
Less amount representing interest	(3,813,843)
Present value of future lease payments	<u>\$ 6,201,974</u>

INTRODUCTION:

The Airport Authority has two defined benefit pension plans which cumulatively represent the net pension liability and related deferred inflows and deferred outflows of resource balances as reported on the statement of net position. The below schedule represents aggregating information as of June 30, 2021 and 2020:

	Defined Benefit Plan (GASB No. 68)	Preservation of Benefits Trust Plan (GASB No. 73)	Total
Balances as of 6/30/2021			
Pension expense	\$ 12,879,899	\$ 338,696	\$ 13,218,595
Net pension liability	34,018,795	2,445,415	36,464,210
Deferred outflows of resources	30,748,781	908,672	31,657,453
Deferred inflows of resources	2,065,506	200,876	2,266,382
Balances as of 6/30/2020			
Pension expense	\$ 9,905,772	\$ 214,006	\$ 10,219,778
Net pension liability	15,961,502	1,767,232	17,728,734
Deferred outflows of resources	21,105,307	542,202	21,647,509
Deferred inflows of resources	6,190,685	218,627	6,409,312

PLAN DESCRIPTION:

The Airport Authority's single-employer defined benefit pension plan (Plan), administered by SDCERS, provides service retirement, disability benefits, death benefits and survivor benefits to Plan members and beneficiaries. SDCERS is a multi-employer public employee retirement system that acts as a common investment and administrative agent for three separate single-employer defined benefit pension plans for the City, the District, and Airport Authority.

From January 1, 2003 through June 30, 2007, SDCERS administered a qualified employer defined benefit plan for the City, the District and Airport Authority. However, as of July 1, 2007, the City, the District and the Airport Authority plans were separated into independent, qualified, single-employer governmental defined benefit plans, and trusts. The assets of the three separate plans and trusts were pooled in the SDCERS Group Trust, which was established as of July 1, 2007. SDCERS invests and administers the Group Trust as a common investment fund and accounts separately for the proportional interest of each plan and trust that participates in the Group Trust.

SDCERS is governed by a 13-member Board, responsible for the administration of retirement

benefits for the City, the District, and the Airport Authority and for overseeing the investment portfolio of the retirement system's trust fund. The Board is comprised of seven appointed members, four active members, one retired member, and one ex-officio member.

SDCERS acts as a common, independent investment and administrative agent for the City, the District and the Airport Authority, whose plans cover all eligible employees. In a defined benefit plan, pension benefits are actuarially determined by a member's age at retirement, number of years of service credit and final compensation, typically based on the highest salary earned over a one-year or three-year period. Airport Authority members who are participants under the California Public Employees' Pension Reform Act (PEPRA) are subject to pensionable compensation caps.

The San Diego City Charter Section 144 and San Diego Municipal Code Sections 24.0100 et seq. assign the authority to establish and amend the benefit provisions of the plans that participate in SDCERS to the SDCERS Board. The Airport Authority contributes to the Federal Social Security Program. The SDCERS Board issues a publicly available financial report that includes financial statements and required supplementary

NOTE 6.

DEFINED BENEFIT PLAN

information for SDCERS. The financial report may be found on the San Diego City Employees' Retirement System website at www.sdcers.org.

BENEFITS PROVIDED: The Airport Authority provides retirement, disability, and death benefits.

There are two types of participants, the classic participants and the PEPRA participants. A classic participant means any member who is not a PEPRA participant. A PEPRA participant is any member hired on or after January 1, 2013, who has never been a member of a public retirement system or who had a break in service of more than six months before their Airport Authority hire date.

The classic participant retirement benefit is calculated by using monthly salary amounts based on the highest continuous 26 bi-weekly pay periods divided by 12. The eligibility of the classic participants begins at age 62 with five years of service, or age 55 with 20 years of service.

The PEPRA participant's benefit is calculated by using monthly salary amounts based on the highest 36 consecutive months divided by 36. Base salary cannot exceed 100 percent of the Social Security contribution and benefit base, indexed to the CPI-U. The eligibility of the

NOTE 6. PEPRA participants begins at age 52 with five years of service.

DEFINED BENEFIT PLAN (CONTINUED)

The Airport Authority provides monthly payments for the life of the member, with 50 percent continuance to the eligible spouse or registered-domestic partner upon the member's death. If there is no eligible spouse, the member may receive either a lump sum payment equal to the accumulated surviving spouse contributions or an actuarially equivalent annuity. Members may also choose to receive a reduced lifetime monthly benefit and, upon death, leave more than 50 percent to their spouse or registered domestic partner, or to provide a continuance to a non-spouse.

Employees with ten years of continuous service are eligible to receive non-industrial disability and

employees with no service requirement can receive industrial disability.

The death benefit for non-industrial death before the employee is eligible to retire is a refund of the employee contributions, with interest plus one month's salary for each completed year of service to a maximum of six months' salary. A non-industrial death benefit after the employee is eligible to retire from service is 50 percent of earned benefit payable to eligible surviving spouse, domestic partner, or dependent child under 21 years of age. The industrial death benefit is 50 percent of the final average compensation preceding death, payable to eligible surviving spouse, domestic partner or dependent child under 21 years of age.

As of the measurement dates June 30, 2020 and June 30, 2019, Plan membership was as follows:

	2020	2019
Active employees	414	407
Inactive employees entitled to but not yet receiving benefits	149	143
Inactive employees or beneficiaries currently receiving benefits	132	117
Total	<u>695</u>	<u>667</u>

CONTRIBUTIONS:

SDCERS uses actuarial developed methods and assumptions to determine what level of contributions are required to achieve and maintain an appropriate funded status for the Plan. The actuarial process uses a funding method that attempts to create a pattern of contributions that is both stable and predictable. The actual employer and member contribution rates in effect each year are based upon actuarial valuations performed by an independent actuary and adopted by the SDCERS Board annually.

The actuarial valuation is completed as of June 30, of each year. Once accepted by the SDCERS Board, the approved rates for Airport Authority apply to the fiscal year beginning 12 months after the valuation date. For June 30, 2021, the actuarially determined contribution rates for plan sponsors and members were developed in the June 30, 2019, actuarial valuation.

The funding objective of SDCERS is to fully fund the plan's actuarially accrued liability with contributions, which over time will remain as a level percent of payroll for the Airport Authority. Under this approach, the contribution rate is based on the normal cost rate and an amortization of any unfunded actuarial liability.

For the years ended June 30, 2021 and 2020, employees contributed \$3,123,119 and \$3,321,661 respectively, and the Airport Authority contributed \$8,522,311 and \$8,355,880, respectively, to the Plan. Under the Plan, the Airport Authority pays a portion of the classic participant's contribution, referred to as the "off-set". The off-set is equal to 7.00% or 8.50% of the general classic members' base compensation and 9.55% of the executive classic members' base compensation. These contributions are included in the employee contribution. There is no off-set for PEPRA participants.



NET PENSION LIABILITY:

The Airport Authority's net pension liability as of June 30, 2021, is measured as the total pension liability, less the pension plan's fiduciary net position. The total pension liability as of June 30, 2021, is measured as of June 30, 2020. The

annual valuation used is as of June 30, 2019, rolled forward to June 30, 2020, using standard update procedures. A summary of the principal assumptions and methods used to determine the net pension liability follow.

NOTE 6.**DEFINED BENEFIT PLAN
(CONTINUED)****ACTUARIAL ASSUMPTIONS:**

The total pension liability in the June 30, 2020 and 2019 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	June 30, 2020	June 30, 2019
Valuation date	June 30, 2019	June 30, 2018
Measurement date	June 30, 2020	June 30, 2019
Actuarial cost method	Entry-age normal funding method	Entry-age normal funding method
Asset valuation method	Expected value with smoothing	Expected value with smoothing
Actuarial assumptions:		
Investment rate of return ⁽¹⁾	6.50%	6.50%
Inflation Rate	3.05%	3.05%
Interest Credited to Member Contributions	6.50%	6.50%
Projected salary increase ⁽²⁾	3.05%	3.05%
Cost-of-living adjustment	1.9% per annum, compounded	1.9% per annum, compounded
Termination rate ⁽³⁾	2.0% - 16.0%	3.0% - 11.0%
Disability rate ⁽⁴⁾	0.01% - 0.20%	0.01% - 0.30%
Mortality ⁽⁵⁾	0.02% - 13.54%	0.02% - 13.54%

⁽¹⁾ Net of investment expense

⁽²⁾ Net plus merit component based on employee classification and years of service

⁽³⁾ Based on years of service

⁽⁴⁾ Based on age

⁽⁵⁾ All active and retired healthy members: CalPERS Mortality Tables from the CalPERS January 2014 Experience Study

Further details about the actuarial assumptions can be found in the SDCERS June 30, 2020 and June 30, 2019 actuarial reports.

DISCOUNT RATE:

For the June 30, 2020 and 2019 actuarial valuations, the discount rate used to measure the total pension liability was 6.50. Based on plan funding expectations, no actuarial projection of cash flows was made as the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability (asset).

The long-term expected rate of return estimates for equity and fixed income are developed using a geometric (long-term compounded) building block approach: 1) expected returns based on observable information in the equity and fixed income markets and consensus estimates for major economic and capital market inputs, such as earnings and inflation, and 2) where necessary, judgment-based modifications are made to these inputs. Return assumptions for other assets classes are based on historical returns, current market characteristics, and professional judgements from



NOTE 6. SDCERS general investment consultant specialist research teams. Best estimates of geometric long-term real rates and nominal rates of return for each major asset class are summarized below:

DEFINED BENEFIT PLAN
(CONTINUED)

Asset Class	Target Allocation	Long-term Expected Real Rates of Return	Long-term Expected Nominal Rates of Return
Domestic equity	17.2%	4.7%	6.9%
International equity	14.2%	5.7%	7.9%
Global equity	8.0%	5.3%	7.5%
Domestic fixed income	21.6%	-0.3%	1.8%
Emerging market debt	5.0%	2.5%	4.6%
Real estate	11.0%	4.3%	6.5%
Private equity and infrastructure	13.0%	7.6%	9.9%
Opportunity fund	10.0%	4.3%	6.5%
	<u>100.0%</u>		

CHANGES IN THE NET PENSION LIABILITY:

Changes in the total pension liability, plan fiduciary net position and the net pension liability through the year ended June 30, 2021, were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances as of June 30, 2020	\$ 218,788,911	\$ 202,827,408	\$ 15,961,503
Changes for the year:			
Service cost	7,857,035	-	7,857,035
Interest on total pension liability	14,257,205	-	14,257,205
Difference between expected and actual experience	925,862	-	925,862
Changes in assumptions	6,767,001	-	6,767,001
Employer contributions	-	8,424,834	(8,424,834)
Member contributions	-	3,321,661	(3,321,661)
Net investment income	-	390,013	(390,013)
Benefit payments	(6,733,942)	(6,733,942)	-
Administrative expense	-	(386,697)	386,697
Net changes	<u>23,073,161</u>	<u>5,015,869</u>	<u>18,057,292</u>
Balances as of June 30, 2021	<u>\$ 241,862,072</u>	<u>\$ 207,843,277</u>	<u>\$ 34,018,795</u>

Changes in the total pension liability, plan fiduciary net position and the net pension liability through the year ended June 30, 2020, were as follows:

NOTE 6.

DEFINED BENEFIT PLAN (CONTINUED)

	Increase (Decrease)		Net Pension Liability/(Asset) (a) - (b)
	Total Pension Liability (a)	Fiduciary Net Position (b)	
Balances as of June 30, 2019	\$ 204,875,918	\$ 186,502,637	\$ 18,373,281
Changes for the year:			
Service cost	7,632,696	-	7,632,696
Interest on total pension liability	13,355,418	-	13,355,418
Difference between expected and actual experience	(645,462)	-	(645,462)
Changes in assumptions	-	-	-
Employer contributions	-	7,848,712	(7,848,712)
Member contributions	-	3,178,464	(3,178,464)
Net investment income	-	12,086,349	(12,086,349)
Benefit payments	(6,429,659)	(6,429,659)	-
Administrative expense	-	(359,095)	359,095
Net changes	13,912,993	16,324,771	(2,411,778)
Balances as of June 30, 2020	\$ 218,788,911	\$ 202,827,408	\$ 15,961,503

SENSITIVITY OF THE NET PENSION LIABILITY TO DISCOUNT RATE CHANGES:

The following presents the resulting net pension liability calculated using the discount rate of 6.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate for the fiscal years ended June 30, 2021:

	1% Decrease 5.50%	Current 6.50%	1% Increase 7.50%
Total pension liability	\$ 276,438,379	\$ 241,862,072	\$ 213,625,853
Plan fiduciary net position	207,843,276	207,843,277	207,843,276
Net pension liability	\$ 68,595,103	\$ 34,018,795	\$ 5,782,577
Plan fiduciary net position as a percentage of the total pension liability	75.2%	85.9%	97.3%

NOTE 6.

DEFINED BENEFIT PLAN
(CONTINUED)

PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO THE PLAN:

For the years ended June 30, 2021 and 2020, the Airport Authority recognized pension expense, as measured in accordance with GASB Statement No. 68, of \$12,879,899 and \$9,905,772, respectively. At June 30, 2021 and 2020, the Airport Authority reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

For June 30, 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,065,699	\$ 2,065,506
Net difference between projected and actual earnings	7,836,405	-
Changes in assumptions	12,324,366	-
Employer contributions made subsequent to June 30, 2020 measurement date	8,522,311	-
Total	\$ 30,748,781	\$ 2,065,506

For June 30, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,045,125	\$ 2,996,068
Net difference between projected and actual earnings	-	3,194,617
Changes in assumptions	10,704,298	-
Employer contributions made subsequent to June 30, 2019 measurement date	8,355,884	-
Total	\$ 21,105,307	\$ 6,190,685

The deferred outflows of resources, at June 30, 2021 and 2020, resulting from Airport Authority contributions subsequent to the measurement date and prior to year-end will be recognized as a reduction of the net pension liability at June 30, 2022 and 2021, respectively.

Other amounts reported as deferred outflows/inflows of resources related to the plan at June 30, 2021, will be recognized in pension expense as follows:

Years ended June 30,	
2022	\$ 5,409,170
2023	5,869,695
2024	4,721,590
2025	4,160,509
	\$ 20,160,964



PRESERVATION OF BENEFITS TRUST PLAN (POB) DESCRIPTION:

POB description: The Airport Authority's single-employer defined benefit pension plan under the provisions of GASB 73 established as the preservation of benefits and trust plan (POB), administered by SDCERS, provides benefits to POB members and beneficiaries. The POB was established on January 1, 2003, for the purpose of providing benefits to POB members in excess of San Diego City Charter, Code Section 415(b) limitations. Information regarding SDCERS is included in Note 6.

The San Diego City Charter Section 144 and San Diego Municipal Code Sections 24.1601 et seq. assign the authority to establish and amend the benefit provisions of the plans that participate in SDCERS to the SDCERS Board.

As of the measurement dates of June 30, 2020 and 2019, Plan membership was as follows:

	2020	2019
Active employees	2	2
Inactive employees or beneficiaries currently receiving benefits	2	2
Total	<u>4</u>	<u>4</u>

TOTAL PENSION LIABILITY:

The Airport Authority's total pension liability as of June 30, 2021 and 2020, was \$2,445,415 and \$1,767,232, respectively. The pension liability as of June 30, 2021, is measured as of June 30,

2020, using an annual actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020, using standard update procedures. A summary of the principal assumptions and methods used to determine the net pension liability follow.

ACTUARIAL ASSUMPTIONS:

The total pension liability in the June 30, 2020 and 2019, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	June 30, 2020	June 30, 2019
Valuation date	June 30, 2019	June 30, 2018
Measurement date	June 30, 2020	June 30, 2019
Actuarial cost method	Entry-age normal	Entry-age normal
Actuarial assumptions:		
Discount rate	2.21%	3.50%
Inflation rate	3.05%	3.05%
Interest credited to member contributions	6.50%	6.50%
Projected salary increases	3.05%	3.05%

NOTE 7.

PRESERVATION OF BENEFITS TRUST PLAN (GASB NO. 73)



NOTE 7. CHANGES IN THE TOTAL PENSION LIABILITY:

Changes in the total pension liability through the year ended June 30, 2021, was as follows:

PRESERVATION OF BENEFITS
TRUST PLAN (GASB NO. 73)
(CONTINUED)

	Total Pension Liability
Balances as of June 30, 2020	\$ 1,767,232
Changes for the year:	
Service cost	55,276
Interest on total pension liability	62,061
Difference between expected and actual experience	(57,318)
Changes in assumptions	661,465
Benefit payments	(43,301)
Net changes	<u>678,183</u>
Balances as of June 30, 2021	<u>\$ 2,445,415</u>

Changes in the total pension liability through the year ended June 30, 2020, was as follows

	Total Pension Liability
Balances as of June 30, 2019	\$ 1,656,062
Changes for the year:	
Service cost	49,343
Interest on total pension liability	64,133
Difference between expected and actual experience	(64,295)
Changes in assumptions	109,070
Benefit payments	(47,081)
Net changes	<u>111,170</u>
Balances as of June 30, 2020	<u>\$ 1,767,232</u>

SENSITIVITY OF THE TOTAL PENSION LIABILITY TO DISCOUNT RATE CHANGES:

The following presents the resulting total pension liability calculated using the discount rate of 2.21 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate for the fiscal year ended June 30, 2021:

	1% Decrease 1.21%	Current Rate 2.21%	1% Increase 3.21%
Total pension liability	\$ 2,984,375	\$ 2,445,415	\$ 1,492,635

PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO THE POB:

For the year ended June 30, 2021 and 2020, the Airport Authority recognized pension expense, as measured in accordance with GASB Statement No. 73, of \$338,696 and \$214,006. At June 30, 2021 and 2020, the Airport Authority reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

For June 30, 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 225,947	\$ 84,431
Changes in assumptions	640,043	116,445
Employer contributions subsequent to June 30, 2020 measurement date	42,682	-
Total	<u>\$ 908,672</u>	<u>\$ 200,876</u>

For June 30, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 322,838	\$ 51,436
Changes in assumptions	178,115	167,191
Employer contributions subsequent to June 30, 2019 measurement date	41,249	-
Total	<u>\$ 542,202</u>	<u>\$ 218,627</u>

The deferred outflows of resources, at June 30, 2021, resulting from Airport Authority contributions subsequent to the measurement date and prior to year-end will be recognized as a reduction of the net pension liability at June 30, 2022.

Amounts reported as deferred outflows/inflows of resources related to the plan will be recognized in pension expense as follows:

Years ended June 30,	
2022	\$ 175,925
2023	147,000
2024	120,831
	<u>\$ 443,756</u>

The Airport Authority offers its employees a deferred compensation plan, which was created in accordance with Internal Revenue Code (IRC) Section 457. The Plan, which is available to all full-time Airport Authority employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, total disability, death or unforeseeable emergency.

The plan is administered by the Airport

Authority and contracted to an unrelated financial institution. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are held in trust for employees.

Employee assets to be held in the IRC Section 457 plans are not the property of the Airport Authority

NOTE 8.

EMPLOYEES' DEFERRED COMPENSATION PLAN

and are not subject to the claims of the Airport Authority's general creditors. Accordingly, employee assets are not reflected in the Airport Authority's financial statements.

OTHER POSTEMPLOYMENT BENEFITS

NOTE 9.

The Airport Authority provides an agent multiple-employer defined benefit postemployment benefit plan (the OPEB Plan). The OPEB Plan provides post-retirement medical, dental, vision and life insurance benefits for nonunion employees hired prior to May 1, 2006, and union employees hired prior to October 1, 2008. The employees are eligible for these benefits if they retire from active employment after age 55 with 20 years of service or age 62 with five years of service.

PLAN DESCRIPTION:

As of May 8, 2009, the Board approved entering into an agreement with the California Employer's Retiree Benefit Trust (CERBT) fund. This is managed by California Public Employees Retirement System (CalPERS). CalPERS administers pension and health benefits for approximately 2 million California public employees, retirees, and their families. CalPERS was founded in 1932 and is the largest public pension fund in the United States, managing more than \$392 billion in assets for more than 2,890 California employers. In 1988 and 2007, enabling statutes and regulations were enacted which permitted CalPERS to form the CERBT fund, an irrevocable Section 115 Trust, for the purpose of receiving employer contributions that will prefund health and other postemployment benefit costs for retirees and their beneficiaries. Financial statements for CERBT

may be obtained from CalPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

FUNDING POLICY:

CERBT requires a valuation of the liabilities and annual costs for benefits by an approved actuarial consulting firm. It is the Airport Authority's intent to budget and prefund the actuarially determined contributions (ADCs). As of May 9, 2009, the agreement with CERBT was approved. The retirees' contribution rate was raised from 5 percent to 10 percent of plan costs for single coverage and the entire cost of vision benefits, lowering the OPEB liabilities of the Airport Authority. Annually, the Airport Authority's goal is to fund 100 percent of the actuarially calculated ADC for its OPEB. In previous years, the Airport Authority has made contributions above the annual ADC which has resulted in a net OPEB asset. During the fiscal years ended June 30, 2021 and 2020, the Airport Authority's contributions were \$919,462 and \$784,845, respectively.

A measurement date of June 30, 2020 and 2019, was used for the June 30, 2021 and June 2020, OPEB assets and expenses. The information that follows was determined as of a valuation date of June 30, 2020 and June 30, 2019, respectively. Assumptions used in the June 30, 2020 valuation were rolled forward from the June 30, 2019 valuation.

Membership in the OPEB by membership class at June 30, 2020 and 2019, is as follows:

	2020	2019
Active employees	141	151
Inactive employees entitles to but not receiving benefits	1	-
Inactive employees or beneficiaries currently receiving benefits	86	79
Total	<u>228</u>	<u>230</u>



ACTUARIAL ASSUMPTIONS:

The total OPEB liability in the June 30, 2020 and 2019 actuarial valuations was determined using the following actuarial assumptions, applied to all period included in the measurement:

Actuarial Valuation Date	June 30, 2019
Contribution Policy	Authority contributes at least the full ADC
Inflation	2.75%
Projected salary increase	3.00%
Investment rate of return	6.75%; Expected Authority contributions projected to keep sufficient plan assets to pay all benefits from trust
Actuarial cost method	Entry Age Normal Level Percent of Pay
Asset valuation method	5 year asset smoothing
Retirement age	SDCERS 2010-2015 Experience Study
Mortality	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2019
Medical Trend	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4% in 2076; Medicare - 6.3% for 2021, decreasing to an ultimate rate of 90%
Healthcare Participation of Future Retirees	90%
Spousal Assumption for Future Retirees	Currently covered - 2-party coverage if currently have 2 party or family coverage; Currently waived - 80% cover spouses at retirement

NOTE 9.

OTHER POSTEMPLOYMENT
BENEFITS (CONTINUED)

The long-term expected rate of return on the OPEB Plan investments was based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information. The target allocation and best estimates of rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rates of Return
Global Equity	59%	4.82%
Fixed Income	25%	1.47%
REITs	8%	3.76%
TIPS	5%	1.29%
Commodities	3%	0.84%
	<u>100%</u>	



NOTE 9.
OTHER POSTEMPLOYMENT
BENEFITS (CONTINUED)

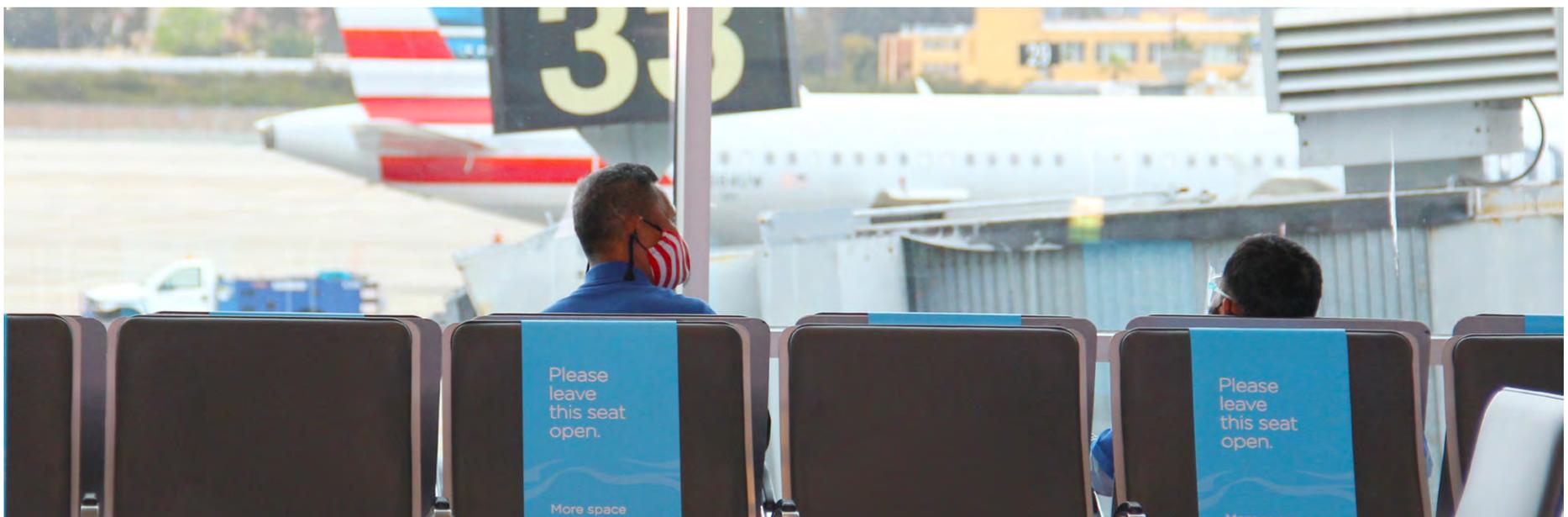
DISCOUNT RATE:

The discount rate used to measure the net OPEB liability (asset) at June 30, 2021 and June 30, 2020 was 6.75%. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the net OPEB liability.

CHANGES IN THE NET OPEB LIABILITY (ASSET):

Changes in the total OPEB liability, plan fiduciary net position, and the net OPEB asset through the year ended June 30, 2021 were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability/ (Asset)
Balances as of June 30, 2020	\$ 25,660,994	\$ 27,797,488	\$ (2,136,494)
Changes for the year:			
Service cost	501,198	-	501,198
Interest on total OPEB liability	1,739,459	-	1,739,459
Difference between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Employer contributions	-	784,845	(784,845)
Member contributions	-	-	-
Net investment income	-	982,113	(982,113)
Benefit payments	(784,845)	(784,845)	-
Administrative expense	-	(13,580)	13,580
Net changes	1,455,812	968,533	487,279
Balances as of June 30, 2021	\$ 27,116,806	\$ 28,766,021	\$ (1,649,215)



Changes in the total OPEB liability, plan fiduciary net position and the net OPEB liability (asset) through the year ended June 30, 2020, were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability/ (Asset)
Balances as of June 30, 2019	\$ 25,804,494	\$ 26,199,041	\$ (394,547)
Changes for the year:			
Service cost	449,596	-	449,596
Interest on total OPEB liability	1,883,080	-	1,883,080
Difference between expected and actual experience	(169,582)	-	(169,582)
Changes in assumptions	(1,531,369)	-	(1,531,369)
Employer contributions	-	775,225	(775,225)
Member contributions	-	-	-
Net investment income	-	1,604,058	(1,604,058)
Benefit payments	(775,225)	(775,225)	-
Administrative expense	-	(5,611)	5,611
Net changes	(143,500)	1,598,447	(1,741,947)
Balances as of June 30, 2020	\$ 25,660,994	\$ 27,797,488	\$ (2,136,494)

NOTE 9.

OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

SENSITIVITY OF THE NET OPEB LIABILITY (ASSET) TO CHANGES IN THE DISCOUNT RATE AND HEALTH CARE COST TREND RATES:

The net OPEB liability (asset) of the Authority has been calculated using a discount rate of 6.75%. The following presents the net OPEB liability (asset) using a discount rate 1% higher and 1% lower than the current discount rate.

	1% Decrease 5.75%	Current Rate 6.75%	1% Increase 7.75%
Net OPEB liability (asset)	\$ 2,174,982	\$ (1,649,215)	\$ (4,804,196)

The net OPEB liability (asset) of the Authority has been calculated using health care cost trend rates of 7.25% decreasing to 4.0% in 2076 and thereafter for non-Medicare and 6.3% decreasing to 4.0% in 2076 for Medicare. The following presents the net OPEB liability (asset) using health care cost trend rates 1% higher and 1% lower than the current health care cost trend rates.

	1% Decrease	Trend Rate	1% Increase
Net OPEB liability (asset)	\$ (5,163,937)	\$ (1,649,215)	\$ 2,636,278

NOTE 9.

OTHER POSTEMPLOYMENT
BENEFITS (CONTINUED)

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO THE OPEB:

For the years ended June 30, 2021 and 2020, the Airport Authority recognized OPEB expense, as measured in accordance with GASB Statement No. 75, of \$197,770 and \$71,854, respectively, and reported deferred inflows of resources and deferred outflows of resources related to the OPEB from the following sources:

For June 30, 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings	\$ 710,743	\$ -
Net difference between expected and actual experience	-	88,828
Changes in assumptions	183,690	802,145
Employer contributions made subsequent to June 30, 2020 measurement date	919,462	-
Total	\$ 1,813,895	\$ 890,973

For June 30, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings	\$ -	\$ 104,407
Net difference between expected and actual experience	-	129,205
Changes in assumptions	329,475	1,166,757
Employer contributions made subsequent to June 30, 2019 measurement date	784,336	-
Total	\$ 1,113,811	\$ 1,400,369

The deferred outflows of resources at June 30, 2021 related to OPEB resulting from Airport Authority contributions subsequent the measurement date and prior to year-end will be recognized as an addition to the net OPEB asset at June 30, 2022.

Amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2021, related to the OPEB will be recognized in OPEB expense as follows:

Years ended June 30,	
2022	\$ (180,596)
2023	(153,056)
2024	158,361
2025	178,751
	\$ 3,460



The Airport Authority has a comprehensive Risk Management Program comprised of commercial insurance, self-insurance, loss mitigation/prevention, loss control, and claims administration. The Airport Authority's coverage includes a variety of retentions or deductibles.

COMMERCIALLY ISSUED INSURANCE:

- The Airport Authority maintains a minimum of \$500 million in limits for general liability insurance.
- The Airport Authority maintains a property insurance policy with minimum limits of \$750 million providing all risk and flood coverage for physical assets.
- The Airport Authority also maintains policies for workers' compensation, commercial auto, fiduciary liability, privacy and network security, crime, and public entity and employment practices liability, among others.

SELF-INSURANCE:

Due to the exorbitant cost of earthquake insurance, the Airport Authority self-insures for losses due to earthquake damage. Effective July 1, 2007, the Airport Authority removed the purchase of commercial earthquake insurance from the Risk Management Program and increased reliance on the laws designed to assist public entities through

the Federal Emergency Management Agency and the California Disaster Assistance Act. As of June 30, 2021 and 2020, the Airport Authority has designated \$12,403,950 and \$11,685,954, respectively, from its net position, as an insurance contingency.

A \$2,000,000 reserve has been established within unrestricted net position by the Airport Authority's management to respond to uninsured and underinsured catastrophic losses. This fund is maintained pursuant to Board action only; there is no requirement that it be maintained.

LOSS PREVENTION:

The Airport Authority has an active loss prevention program, staffed by a full-time risk manager, one risk analyst, a safety manager and two safety analysts. In addition, third party loss control engineers conduct safety surveys on an annual basis. Employees receive regular safety training and claims are monitored using a claims information system.

During fiscal year 2021, there were no significant reductions in insurance coverage from the prior year. For each of the past three fiscal years, settlements have not exceeded insurance coverage.

NOTE 10.

RISK MANAGEMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1

prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

NOTE 11.

DISCLOSURE ABOUT FAIR VALUE OF ASSETS

NOTE 11.
DISCLOSURES ABOUT
FAIR VALUE OF ASSETS

RECURRING MEASUREMENTS:

The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at the fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2021 and 2020:

June 30, 2021	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
U.S. Treasury obligations	\$ 111,584,806	\$ 111,584,806	\$ -	\$ -
U.S. agency securities	129,121,554	-	129,121,554	-
Non-U.S Securities	7,562,695	7,562,695	-	-
Negotiable certificates of deposit	2,222,300	-	2,222,300	-
Municipal Bonds	5,194,250	-	5,194,250	-
Medium-term notes	49,085,135	-	49,085,135	-
Total investments by fair value level	<u>304,770,740</u>	<u>\$ 119,147,501</u>	<u>\$ 185,623,239</u>	<u>\$ -</u>
Investments measured at amortized cost				
Money Market Mutual funds	117,578,335			
Non-negotiable certificate of deposit	16,615,890			
Investments measured at net asset value				
Caltrust	16,410,450			
Local Agency Investment Fund	192,705,889			
San Diego County Investment Pool	270,367,612			
Total investments	<u>\$ 918,448,916</u>			

June 30, 2020	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
U.S. Treasury obligations	\$ 152,277,194	\$ 152,277,194	\$ -	\$ -
U.S. agency securities	153,968,011	-	153,968,011	-
Non-U.S Securities	9,810,036	9,810,036	-	-
Commercial Paper	2,499,500	-	2,499,500	-
Negotiable certificates of deposit	8,028,440	-	8,028,440	-
Municipal Bonds	5,176,600	-	5,176,600	-
Medium-term notes	64,883,112	-	64,883,112	-
Total investments by fair value level	<u>396,642,893</u>	<u>\$ 162,087,230</u>	<u>\$ 234,555,663</u>	<u>\$ -</u>
Investments measured at amortized cost				
Money Market Mutual funds	110,878,565			
Non-negotiable certificate of deposit	16,271,235			
Investments measured at net asset value				
Caltrust	16,362,863			
Local Agency Investment Fund	146,314,756			
San Diego County Investment Pool	293,587,647			
Total investments	<u>\$ 980,057,959</u>			

Substantially all capital assets held by the Airport Authority are for the purpose of rental and related use.

Certain capital assets, such as loading bridges, airfield, and building space, are leased to signatory and non-signatory airlines. A policy statement issued by the Federal Aviation Administration governs the Airport Authority's Airline Operating Lease Agreement (AOLA) of these assets and as such, rates are determined each year based upon a combination of residual and compensatory rate setting methodologies, which do not exceed actual costs of operating the airport. Such costs are allocated to each signatory airline based upon factors such as landed weights, enplanements, square footage, acres, etc. Costs are offset by payments from non-signatory airlines for the usage of those assets. The Airport Authority's current AOLA is effective July 1, 2019 through June 30, 2029.

Other capital assets are leased to terminal and rental car concessionaires. Concession lease payments for space within the terminals are

The minimum future lease payments to be received under the Airport Authority's non-cancelable lease agreements, including known minimum escalations, as of June 30, 2021, are as follows:

Years Ending June 30,	Amount
2022	\$ 32,077,713
2023	28,854,700
2024	25,576,029
2025	18,889,541
2026	16,037,534
2027-2031	83,924,750
2032-2036	91,000,736
2037-2041	99,404,788
2042-2046	109,386,165
2047-2051	48,382,433
2052-2056	724,440
2057-2061	724,440
2062-2066	724,440
2067-2071	362,220
	\$ 556,069,929

Airline regulated lease payments, amounts exceeding the minimum guarantee, and the lease abatements mentioned in the preceding paragraphs are not reflected in this schedule.

typically based on the greater of a percentage of tenant sales or an agreed upon minimum guarantee. Prior to the start of the economic downturn brought on by the COVID-19 pandemic, the Airport Authority had 85 retail and dining concessions open, all designed to provide a world class shopping and dining experience for the millions of passengers who use SDIA. Many locations closed temporarily due to the effects of the pandemic.

Over the year, enplanements have continued to increase month over month and many of the shops and restaurants that temporarily closed have since reopened. As of June 30, 2021, there are 54 terminal food service and retail concession locations open. However, total enplanements for the year are 47.4 percent lower than the previous year. Therefore, in October 2020, January 2021, and April 2021 the Board approved three-month extensions of the Rent Forbearance and Abatement Program. This program, and its extensions, have provided abatement of certain rents and fees to qualifying concessionaires and

NOTE 12.

LEASE REVENUES

rental car companies, for a period beginning April 1, 2020 through June 30, 2021. The Airport Authority will continue to evaluate the possibility of additional extensions as the economy recovers.

The Airport Authority's CFC revenues and Bonds funded construction of the Rental Car Center facility (RCC), which was completed and placed in service on January 20, 2016. The RCC facility sits on 24.85 acres of land and houses all the major and many small operator rental car tenants. The land rent leases for the RCC commenced on the opening date of the facility and are non-cancellable. Once the Bonds are repaid or defeased, in addition to Land Rent, the rental car operators will also pay Facility Rent.



NOTE 13.

LEASE COMMITMENTS

OPERATING LEASES

General Dynamics lease:

The Airport Authority is required, by legislation mandating the transfer of airport operations from the District, to lease from the District 89.75 acres of the former General Dynamics property on Pacific Highway adjacent to SDIA for 66 years commencing January 1, 2003. The lease agreement as amended calls for rent payments of \$6,750,000 annually through December 31, 2068. A portion of the land is leased back to the District for employee parking at the same fair market value rent paid by the Airport Authority.

SDIA lease:

The Airport Authority is leasing from the District 480 acres of land on North Harbor Drive for an annual rent of \$1 per year under a lease that expires December 31, 2068.

Teledyne Ryan lease:

The Airport Authority is leasing from the District 46.88 acres on North Harbor Drive referred to as the Teledyne Ryan lease that commenced on January 1, 2005 and expires December 31, 2068, for \$3 million in annual rent.

SDUPD North Harbor Drive lease:

The Airport Authority is leasing from the District approximately 135,521 square feet of land area located at 3032 North Harbor Drive under a lease that commenced on June 1, 2021 and expires May 31, 2026 for an annual rent of \$406,563.

SDUPD Harbor Island Drive lease:

The Airport Authority is leasing from the District approximately 60,958 square feet of land area located on the east side of Harbor Island Drive near North Harbor Drive and 277,456 square feet of land are located north easterly of the neck of Harbor Island Drive and adjacent easterly to 1380 Harbor Island Drive under a lease that commenced on June 1, 2021 and expires August 30, 2025 for an annual rent of \$966,264.

SDUPD Pacific Highway lease:

The Airport Authority is leasing property from the District located at 2535 Pacific under a lease that

commenced on June 1, 2021 and expires May 31, 2041 for an annual rent of \$314,490.

California Street Lease Assumption:

The Airport Authority is leasing property located at 2554 California Street under a lease that commenced on January 25, 2021 and expires December 31, 2022 for an annual rent of \$114,732.

Under current law, in the event SDIA is relocated and the District leases are no longer used by the Airport Authority for airport purposes, all District leases will terminate and use of the property will revert to the District.

The future rental commitment under the above operating lease agreements as of June 30 are due as follows:

Years Ending June 30,	Amount
2022	\$ 11,978,709
2023	11,921,343
2024	11,863,977
2025	11,863,977
2026	11,024,877
2027-2031	52,447,014
2032-2036	52,447,014
2037-2041	52,447,014
2042-2046	50,883,300
2047-2051	50,883,300
2052-2056	50,883,300
2057-2061	50,883,300
2061-2066	50,883,300
2067-2068	15,264,990
	<u>\$ 485,675,415</u>

The total rental expense charged to operations for the years ended June 30 consists of the following:

Rental payments made

	2021	2020
	\$ 10,266,658	\$ 10,207,066

COMMITMENTS:

As of June 30, 2021 and 2020, the Airport Authority had significant commitments for capital expenditures and other matters as described below:

- i. The Airport Authority has funds which have been classified as noncurrent assets, primarily for the unpaid contractual portion of capital projects that are currently in progress and will not be funded by grants or additional debt but will be funded through Airport Authority cash. These amounts are for the estimated cost of capital projects that have been authorized by the Board for construction planning to proceed and for the contractual costs of upgrading certain major equipment. At June 30, 2021 and 2020, these funds totaled approximately \$8.1 million and \$29.7 million, respectively, and are classified on the accompanying statements of net position as cash and investments designated for specific capital projects and other commitments.
- ii. Support services. As part of the MOU, services provided by the District Harbor Police are required to be purchased by the Airport Authority as long as SDIA continues to operate at the current location. At the time of the transfer, the Airport Authority entered into a Master Services Agreement, a Police Services Agreement and a Communications Services Agreement with the District, which described the services that the Airport Authority could purchase and the manner of calculating the payments for such services. The largest amount that became payable under any of these agreements is under the Police Services Agreement, which is for Harbor Police services. The District provides monthly billings to the Airport Authority, with payment generally due 30 days after the date of the invoice, and provision of appropriate supporting documentation. During the years ended

June 30, 2021 and 2020, the Airport Authority expensed \$22,242,854 and \$16,723,815 respectively for these services.

- iii. In fiscal year 2019, the Board approved \$38 million contract with Ace Parking Management Inc., for parking management services. As of June 30, 2021, \$13.6 million has been spent and the contract is scheduled for completion in fiscal year 2023.
- iv. In fiscal year 2019, the Board approved \$45 million contract with Ace Parking Management Inc., for airport shuttle services. As of June 30, 2021, \$13.8 million has been spent for shuttle services and the contract is scheduled for completion in fiscal year 2022.
- v. In fiscal year 2015, the Board approved a \$29.2 million contract with SP Plus Corporation to transport rental car companies' customers between the Rental Car Center facility and the terminals. The contract scope also includes the operation, management and maintenance of the shuttle vehicles. In fiscal years 2016, 2019, and 2021, the Board approved an additional \$1.2 million, \$14.6 million and \$1.3 million. As of June 30, 2021, \$44 million had been spent and the contract is scheduled for completion in fiscal year 2022.
- vi. In fiscal year 2019, the Board approved a \$19.5 million contract with AECOM Technical Services, Inc. for on call program management, staffing support and consulting services. In fiscal year 2020, the board approved additional \$134.8 million. As of June 30, 2021, \$31.9 million has been spent and the contract is scheduled for completion in fiscal year 2024.
- vii. In fiscal year 2019, the Board approved a \$40.9 million contract with Granite Construction Company to provide a new hydrant fueling infrastructure on the north side of the runway. As of June 30, 2021,

NOTE 14.**COMMITMENTS AND CONTINGENCIES**

NOTE 14.

\$39.5 million had been spent and the contract was completed in fiscal year 2021.

COMMITMENTS AND CONTINGENCIES (CONTINUED)

viii. In fiscal year 2021, the Board approved a \$16.2 million contract with Granite Construction Company to provide a Construction of the West Refueler Loading Facility and the West Solid Waste Facility. As of June 30, 2021, \$640K had been spent and the contract is scheduled for completion in fiscal year 2022.

ix. In fiscal year 2019, the Board approved a \$152.9 million contract with Sundt Construction, Inc. for the design and construction of Airport Support Facilities. As of June 30, 2021, \$144.8 million had been spent and the contract is scheduled for completion in early fiscal year 2022.

x. In fiscal year 2021, the Board approved an \$80 million contract with Turner-Flatiron, A Joint Venture for the design-build of terminal and roadways. As of June 30, 2021, \$36 million had been spent and the contract is scheduled for completion in early fiscal year 2022.

xi. In fiscal year 2019, the Board approved an \$11.7 million contract with Pacific Rim Mechanical for HVAC repair and maintenance services. As of June 30, 2021, \$6.1 million had been spent and the contract is scheduled for completion in fiscal year 2022.

xii. In fiscal years 2012 through 2018, the Board had approved a total of \$9.4 million with LeighFisher for a SDIA development plan consultant. In fiscal year 2019 and 2020 the Board approved an additional \$2.3 million and \$800,000. As of June 30, 2021, \$11.8 million had been spent and the contract is scheduled for completion in fiscal year 2022.

xii. In fiscal year 2020, the Board approved a \$35 million contract with Jacobs Engineering Group, Inc. to provide Airside-Landside

Engineering consulting services. As of June 30, 2021, \$19.8 million had been spent and the contract is scheduled for completion in fiscal year 2025.

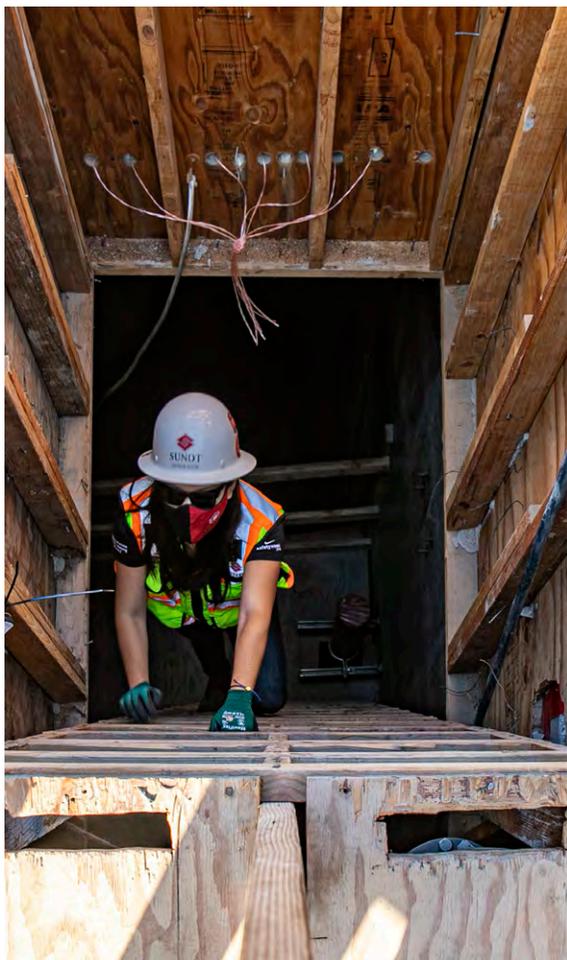
CONTINGENCIES:

As of June 30, 2021, the Airport Authority is subject to contingencies arising from matters as described below:

The Airport Authority has leases and operating agreements with various tenants. These agreements typically include provisions requiring the tenants/operators to indemnify the Airport Authority for any damage to property or losses to the Airport Authority as a result of the tenant's operations. Also, the leases and operating agreements typically require the Airport Authority to be named as an additional insured under certain insurance policies of the tenants/operators. The Airport Authority also tenders these claims to its own insurers once they become asserted claims. When these types of claims are asserted against the Airport Authority, the Airport Authority not only vigorously opposes them but also vigorously seeks contribution and/or indemnity from all tenants/operators involved, from the tenants'/operators' insurers and from its own insurers. The Airport Authority's legal counsel cannot predict the net exposure to the Airport Authority with respect to these matters, or the probability or remoteness of any outcome.

The Airport Authority invests in various investment securities. Investment securities are exposed to various risks such as interest rate risk, market risks and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of net position.

The dynamic nature of the COVID-19 pandemic is the cause of numerous uncertainties, some of



which include the ultimate duration or extent of the pandemic; the duration or expansion of travel restrictions and warnings; to what extent the COVID-19 pandemic will continue to disrupt the local or global economy; the extent to which such disruption will adversely impact construction, or other operations at SAN; actions that may be taken by governmental authorities to contain the outbreak or to treat its impact; and duration

or extent to which any of the foregoing may have a material adverse effect on the financial position, results of operations and cash flows of the Airport Authority, including reduction in the overall investment position and declines in passenger traffic. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

NOTE 14.

COMMITMENTS AND CONTINGENCIES (CONTINUED)

On July 19, 2021 the Authority entered into an agreement with Bank of America N.A. to establish a Revolving Line of Credit for \$200,000,000. The agreement is for a term of three years and is a subordinate obligation of the Authority. Tax exempt interest is calculated as a 50 basis point spread on the SIFMA index and taxable interest is calculated as a 62 basis point spread on the BSBY index. Unutilized fees are 30 basis points up to 40 percent utilization and 0 percent thereafter.

On July 1, 2021, the Authority Board approved a contract with Sundt Construction Company Inc., for a maximum contract price not to exceed \$91,379,967 for the design and construction of Airport Development Program New Administration Building project.

On August 10, 2021, pursuant to the American Rescue Plan Act of 2021, the Authority was awarded a \$78.8 million Federal Aviation Administration (FAA) Airport Rescue Grant. These funds provide economic assistance to eligible U.S. airports to prevent, prepare for, and respond to the COVID-19 pandemic. Funds provided under this grant must only be used for airport operational expenses or debt service payments. An additional \$10.8 million has been allocated to SAN to provide relief from rent and minimum annual guarantees to eligible interterminal airport concessions. The award of this grant is pending development of guidance by the FAA for use of concessions relief grants.

On October 7, 2021, the Authority Board approved

an amendment to the contract with TurnerFlatiron, a Joint Venture establishing a maximum contract price not to exceed \$2,610,417,181 for the design and construction of Airport Development Program Terminal and Roadways project.

On October 7, 2021, the Authority Board approved a contract with Griffith Company Inc., in the amount of \$251,671,315 for the Airport Development Program Airside Improvements project.

On October 15, 2021, the Airport Authority purchased real property located at 2554-2610 California Street, San Diego, California for \$3,250,000.

NOTE 15.

SUBSEQUENT EVENTS



**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS (PLAN YEAR REPORTED IN SUBSEQUENT FISCAL YEAR)
DEFINED BENEFIT PLAN**

	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:							
Service cost	\$ 7,857,035	\$ 7,632,696	\$ 7,390,428	\$ 6,996,180	\$ 6,205,263	\$ 6,154,579	\$ 6,099,481
Interest (includes interest on service cost)	14,257,205	13,355,418	12,621,226	11,416,679	10,277,610	9,327,538	8,465,485
Differences between expected and actual experience	925,862	(645,462)	(2,630,285)	3,975,029	(2,178,527)	345,661	-
Effect of changes of assumptions	6,767,001	-	6,416,088	5,871,218	10,473,890	-	-
Benefit payments, including refunds of member contributions	(6,733,942)	(6,429,659)	(4,462,751)	(4,669,787)	(3,023,391)	(2,482,523)	(2,913,221)
Net change in total pension liability	23,073,161	13,912,993	19,334,706	23,589,319	21,754,845	13,345,255	11,651,745
Total pension liability - beginning	218,788,911	204,875,918	185,541,212	161,951,893	140,197,048	126,851,793	115,200,048
Total pension liability - ending	\$ 241,862,072	\$ 218,788,911	\$ 204,875,918	\$ 185,541,212	\$ 161,951,893	\$ 140,197,048	\$ 126,851,793
Plan Fiduciary Net Position:							
Contributions - employer	\$ 8,424,834	\$ 7,848,712	\$ 7,318,546	\$ 5,480,984	\$ 4,047,780	\$ 3,897,545	\$ 3,924,988
Contributions - employee	3,321,661	3,178,464	3,162,781	2,990,317	2,967,269	2,840,236	2,765,079
Net investment income	390,013	12,086,349	14,036,710	19,480,875	1,651,283	4,390,185	18,302,683
Benefit payments, including refunds of member contributions	(6,733,942)	(6,429,659)	(4,462,751)	(4,669,786)	(3,023,391)	(2,482,523)	(2,913,221)
Administrative expense	(386,697)	(359,095)	(350,408)	(325,042)	(318,817)	(332,290)	(332,645)
Net change in plan fiduciary net position	5,015,869	16,324,771	19,704,878	22,957,348	5,324,124	8,313,153	21,746,884
Plan fiduciary net position - beginning	202,827,408	186,502,637	166,797,759	143,840,411	138,516,287	130,203,134	108,456,250
Plan fiduciary net position - ending	\$ 207,843,277	\$ 202,827,408	\$ 186,502,637	\$ 166,797,759	\$ 143,840,411	\$ 138,516,287	\$ 130,203,134
Net pension liability (asset) - ending	\$ 34,018,795	\$ 15,961,503	\$ 18,373,281	\$ 18,743,453	\$ 18,111,482	\$ 1,680,761	\$ (3,351,341)
Plan fiduciary net position as a percentage of the total pension liability	85.93%	92.70%	91.03%	89.90%	88.82%	98.80%	102.64%
Covered payroll	\$ 32,828,449	\$ 31,584,841	\$ 31,628,301	\$ 31,131,795	\$ 29,189,357	\$ 27,955,455	\$ 26,380,323
Net pension liability as a percentage of covered payroll	103.63%	50.54%	58.17%	60.21%	62.05%	6.01%	(12.70%)

Note to schedule: This schedule is intended to display the most recent 10 years of data for annual changes in the net pension liability. Until such time has elapsed after implementing GASB Statement No. 68, this schedule will only present information from those years that are available.

**SCHEDULE OF CONTRIBUTIONS (PENSIONS)
LAST 10 FISCAL YEARS (DOLLARS IN THOUSANDS):
DEFINED BENEFIT PLAN**

REQUIRED SUPPLEMENTARY
INFORMATION (UNAUDITED)
FISCAL YEAR ENDED JUNE 30, 2021
(CONTINUED)

	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 6,125	\$ 6,159	\$ 5,740	\$ 5,416	\$ 3,765
Contributions in relation to the actuarially determined contribution	8,522	8,356	7,783	7,247	5,421
Contribution deficiency (excess)	\$ (2,397)	\$ (2,197)	\$ (2,043)	\$ (1,831)	\$ (1,656)
Covered payroll	\$ 31,296	\$ 32,828	\$ 31,585	\$ 31,628	\$ 31,506
Contributions as a percentage of covered payroll	27.23%	25.45%	24.64%	22.91%	17.21%

	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 3,666	\$ 3,823	\$ 2,900	\$ 2,600	\$ 3,800
Contributions in relation to the actuarially determined contribution	3,948	3,823	3,728	2,600	3,800
Contribution deficiency (excess)	\$ (282)	\$ -	\$ (828)	\$ -	\$ -
Covered payroll	\$ 29,189	\$ 27,955	\$ 26,380	\$ 24,840	\$ 25,148
Contributions as a percentage of covered payroll	13.53%	13.68%	14.13%	10.47%	15.11%

* This schedule is presented for the fiscal year.



REQUIRED SUPPLEMENTARY
INFORMATION (UNAUDITED)
FISCAL YEAR ENDED JUNE 30, 2021
(CONTINUED)

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS (PLAN YEAR REPORTED IN SUBSEQUENT FISCAL YEAR)**

PRESERVATION OF BENEFITS TRUST PLAN

	2021	2020	2019	2018	2017
Total Pension Liability					
Service cost	\$ 55,276	\$ 49,343	\$ 51,774	\$ 60,994	\$ 29,270
Interest cost	62,061	64,133	53,311	35,323	34,173
Differences between expected and actual experience	(57,318)	(64,295)	193,013	388,329	-
Changes of assumptions	661,465	109,070	(89,712)	(214,765)	272,579
Benefit Payments	(43,301)	(47,081)	(31,329)	-	
Net Change in Total Pension Liability	678,183	111,170	177,057	269,881	336,022
Total pension liability -beginning	1,767,232	1,656,062	1,479,005	1,209,124	873,102
Total pension liability - ending	\$ 2,445,415	\$ 1,767,232	\$ 1,656,062	\$ 1,479,005	\$ 1,209,124
Covered payroll	\$ 32,828,449	\$ 31,584,841	\$ 31,628,301	\$ 31,131,795	\$ 29,189,357
Net Pension Liability as a percentage of payroll	7.45%	5.60%	5.24%	4.75%	4.14%

Note to schedule: This schedule is intended to display the most recent 10 years of data for annual changes in the total pension liability. Until such time has elapsed after implementing GASB Statement No. 73, this schedule will only present information from those years that are available.

SCHEDULE OF CONTRIBUTIONS (PENSIONS), LAST 10 FISCAL YEARS:

PRESERVATION OF BENEFITS TRUST PLAN

	2021	2020	2019	2018
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	42,682	41,249	45,353	56,513
Contribution deficiency (excess)	\$ (42,682)	\$ (41,249)	\$ (45,353)	\$ (56,513)
Covered payroll	\$ 31,295,787	\$ 32,828,449	\$ 31,584,841	\$ 31,628,301
Contributions as a percentage of covered payroll	0.14%	0.13%	0.14%	0.18%

* This schedule is presented for the fiscal year.

Note to schedule: This schedule is intended to display the most recent 10 years of data for annual pension contributions. Until such time has elapsed after implementing GASB Statement No. 73, this schedule will only present information from those years that are available.

REQUIRED SUPPLEMENTARY
INFORMATION (UNAUDITED)
FISCAL YEAR ENDED JUNE 30, 2021
(CONTINUED)

**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY (ASSET) AND RELATED RATIOS
LAST 10 FISCAL YEARS (PLAN YEAR REPORTED IN SUBSEQUENT FISCAL YEAR):
OTHER POSTEMPLOYMENT BENEFITS**

	2021	2020	2019	2018
Total OPEB Liability				
Service Cost	\$ 501,198	\$ 449,596	\$ 436,501	\$ 411,052
Interest Cost	1,739,459	1,883,080	1,772,578	1,606,959
Difference between expected and actual experience	-	(169,582)	-	-
Changes of Assumptions	-	(1,531,369)	-	766,830
Benefit Payments	(784,845)	(775,225)	(622,425)	(451,189)
Net Change in Total OPEB Liability	1,455,812	(143,500)	1,586,654	2,333,652
Total OPEB Liability (Beginning)	25,660,994	25,804,494	24,217,840	21,884,188
Total OPEB Liability (Ending)	\$ 27,116,806	\$ 25,660,994	\$ 25,804,494	\$ 24,217,840
Plan Fiduciary Net Position				
Contributions—Employer	\$ 784,845	\$ 775,225	\$ 622,425	\$ 2,012,419
Net Investment Income	982,113	1,604,058	1,896,351	2,175,582
Benefit Payments	(784,845)	(775,225)	(622,425)	(451,189)
Administrative Expense	(13,580)	(5,611)	(12,568)	(10,578)
Net Change in Plan Fiduciary Net Position	968,533	1,598,447	1,883,783	3,726,234
Plan Fiduciary Net Position (Beginning)	27,797,488	26,199,041	24,315,258	20,589,024
Plan Fiduciary Net Position (Ending)	\$ 28,766,021	\$ 27,797,488	\$ 26,199,041	\$ 24,315,258
Net OPEB Asset	\$ (1,649,215)	\$ (2,136,494)	\$ (394,547)	\$ (97,418)
Net Position as a Percentage of OPEB Liability	106.08%	108.33%	101.53%	100.40%
Covered Payroll	\$ 14,608,940	\$ 13,869,000	\$ 16,625,857	\$ 16,141,609
Net OPEB Asset as a Percentage of Payroll	(11.29%)	(15.40%)	(2.37%)	(0.60%)

Note to schedule: This schedule is intended to display the most recent 10 years of data for annual changes in the net OPEB liability (asset). Until such time has elapsed after implementing GASB Statement No. 75, this schedule will only present information from those years that are available.

**SCHEDULE OF CONTRIBUTIONS (OPEB)
LAST 10 FISCAL YEARS (DOLLARS IN THOUSANDS):
OTHER POSTEMPLOYMENT BENEFITS**

	2021	2020	2019	2018
Actuarially determined contribution	\$ 365	\$ 427	\$ 486	\$ 472
Contributions in relation to the actuarially determined contribution	919	785	339	462
Contribution deficiency (excess)	\$ (554)	\$ (358)	\$ 147	\$ 10
Covered payroll	\$ 12,786	\$ 14,609	\$ 13,869	\$ 15,674
Contributions as a percentage of covered payroll	7.19%	5.37%	2.44%	2.95%

* This schedule is presented for the fiscal year.

Note to schedule: This schedule is intended to display the most recent 10 years of data for annual OPEB contributions. Until such time has elapsed after implementing GASB Statement No. 75, this schedule will only present information from those years that are available.



STATISTICAL SECTION

This part of the Airport Authority's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Financial Trends Data – These tables contain trend information to help the reader understand how the Airport Authority's financial performance and well-being have changed over time.

- Authority operating revenues and O&M expenses Exhibit S-1
- Authority net position by component Exhibit S-2
- Authority changes in net position Exhibit S-3
- Authority largest sources of revenue Exhibit S-4

Revenue Capacity – These tables contain information to help the reader assess the Airport Authority's most significant revenue sources.

- Authority landing fee rate Exhibit S-5
- Terminal rates billed to airlines Exhibit S-6
- Airline cost per enplaned passenger Exhibit S-7

Operating Information – These tables are intended to provide contextual information about the Airport Authority's operations and resources in order for readers to understand and assess its economic condition.

- Authority employee head count Exhibit S-8
- Aircraft operations Exhibit S-9
- Aircraft landed weight Exhibit S-10
- Aircraft landed weight by airline Exhibit S-11
- Passenger enplanements Exhibit S-12
- Enplanement market share by airline by fiscal year Exhibit S-13
- Capital assets Exhibit S-14

Demographic and Economic Information – These tables offer demographic and economic indicators to help the reader understand the environment within which the Airport Authority's financial activities take place.

- Population & per capita personal income
– San Diego County Exhibit S-15
- Principal employers in San Diego County Exhibit S-16
- Labor force, employment and unemployment rates Exhibit S-17

Debt Capacity – These tables present information to help the reader assess the affordability of the Airport Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.

- Debt service coverage Exhibit S-18
- Debt services coverage – Series 2014 CFC Bonds Exhibit S-19
- Debt per enplaned passenger Exhibit S-20

EXHIBIT S-1 AUTHORITY REVENUES AND O&M EXPENSES (\$000)

Fiscal Years Ended June 30,

Operating Revenues	2006	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Airline revenue											
Landing fees	\$ 22,243	\$ 18,419	\$ 19,658	\$ 19,107	\$ 21,390	\$ 23,985	\$ 24,612	\$ 23,900	\$ 24,816	\$ 33,242	\$ 34,046
Aircraft parking fees	-	3,134	3,191	2,503	2,716	2,701	2,927	3,236	3,471	8,354	8,542
Building rentals	21,137	30,633	41,840	46,001	48,153	53,536	56,575	62,241	70,912	82,453	83,090
Security surcharge	7,759	18,649	23,360	25,777	25,180	29,223	29,468	32,303	33,559	-	-
Other aviation revenue	1,868	1,595	1,591	4,488	4,893	2,760	2,799	1,477	1,596	7,789	8,192
Concession revenue	29,362	40,427	42,041	47,770	52,496	29,249	61,256	65,610	71,256	57,243	31,097
Parking and ground transportation revenue	26,904	31,470	35,750	38,959	41,632	75,131	49,407	53,254	62,818	50,751	27,446
Ground rentals	5,505	8,044	9,162	9,603	13,074	16,226	20,053	22,109	22,810	21,386	21,849
Other operating revenue	4,717	1,179	905	1,529	971	1,183	1,750	1,949	2,441	1,818	1,682
Total Operating Revenues	\$ 119,495	\$ 153,550	\$ 177,498	\$ 195,737	\$ 210,505	\$ 233,994	\$ 248,847	\$ 266,079	\$ 293,679	\$ 263,036	\$ 215,944
Operating Expenses Before Depreciation											
Salaries and benefits	\$ 26,847	\$ 37,237	\$ 38,092	\$ 39,135	\$ 39,211	\$ 42,025	\$ 46,874	\$ 47,866	\$ 49,578	\$ 51,667	\$ 52,922
Contractual services	31,967	26,906	29,284	31,559	32,422	38,215	44,372	45,249	49,903	37,694	24,977
Safety and security	14,777	22,625	23,994	24,151	23,464	28,721	28,422	30,733	31,397	29,457	35,086
Space rental	11,353	11,415	10,897	10,478	10,433	10,367	10,190	10,190	10,191	10,207	10,267
Utilities	5,416	6,674	6,659	8,680	10,152	11,480	10,736	12,509	13,194	12,748	11,730
Maintenance	5,390	8,497	11,204	13,982	14,516	14,122	14,270	12,603	13,436	11,584	9,111
Equipment and systems	736	403	469	643	1,805	708	506	598	375	336	424
Materials and supplies	591	304	406	440	519	536	611	655	656	651	450
Insurance	1,162	764	795	988	1,145	949	956	1,098	1,200	1,308	1,518
Employee development and support	906	916	1,235	1,171	1,136	1,242	1,347	1,248	1,045	967	441
Business development	1,329	2,093	2,444	2,661	2,493	2,390	2,347	3,246	2,630	2,033	209
Equipment rentals and repairs	882	1,335	1,317	2,932	2,951	2,852	3,095	3,124	3,614	3,598	3,380
Total Operating Expenses Before Depreciation	\$ 101,356	\$ 119,169	\$ 126,796	\$ 136,821	\$ 140,250	\$ 153,608	\$ 163,726	\$ 169,119	\$177,219	\$162,250	\$150,515

EXHIBIT S-2 AUTHORITY NET POSITION BY COMPONENT (\$000)

Fiscal Years Ended June 30,

	2012	2013	2014	2015	2016**	2017	2018***	2019	2020	2021
Net investment in capital assets	\$ 339,467	\$ 359,640	\$ 312,780	\$ 316,250	\$ 310,339	\$ 263,952	\$ 294,937	\$ 281,491	\$ 266,213	327,216
Other restricted net position	172,076	167,384	204,642	215,968	214,533	225,088	230,954	246,508	211,329	192,484
Unrestricted net position	149,346	200,040	209,594	210,522	251,076	294,133	284,034	325,303	407,524	359,147
Total net position	\$ 660,889	\$ 727,064	\$ 727,016	\$ 742,740	\$ 775,949	\$ 783,173	\$ 809,925	\$ 853,302	\$ 885,066	\$ 878,847

** Amounts for 2016 were restated as per GASB 68

*** Amounts for 2018 were restated as per GASB 75

Source: San Diego County Regional Airport Authority

EXHIBIT S-3 AUTHORITY CHANGES IN NET POSITION (\$000)

Fiscal Years Ended June 30,

	2012	2013	2014	2015	2016**	2017	2018***	2019	2020	2021
Operating revenues:										
Airline revenue:										
Landing fees	\$ 18,419	\$ 19,658	\$ 19,107	\$ 21,390	\$ 23,985	\$ 24,612	\$ 23,900	\$ 24,816	\$ 33,242	\$ 34,046
Aircraft parking fees	3,134	3,191	2,503	2,716	2,701	2,927	3,236	3,471	8,354	8,542
Building rentals	30,633	41,840	46,001	48,153	53,536	56,575	62,241	70,912	82,453	83,090
Security surcharge	18,649	23,360	25,777	25,180	29,223	29,468	32,303	33,559	-	-
Other aviation revenue	1,595	1,591	4,488	4,893	2,760	2,799	1,477	1,596	7,789	8,192
Concession revenue	40,427	42,041	47,770	52,496	56,274	61,256	65,610	71,256	57,243	31,097
Parking and ground transportation	31,470	35,750	38,959	41,632	48,106	49,407	53,254	62,818	50,751	27,446
Ground rentals	8,044	9,162	9,603	13,074	16,226	20,053	22,109	22,810	21,386	21,849
Other operating revenue	1,179	905	1,529	971	1,183	1,750	1,949	2,441	1,818	1,682
Total operating revenues	153,550	177,498	195,737	210,505	233,994	248,847	266,079	293,679	263,036	215,944
Operating expenses:										
Salaries and benefits	37,237	38,092	39,135	39,211	42,025	46,874	47,866	49,578	51,667	52,922
Contractual services	26,906	29,284	31,559	32,422	38,215	44,372	45,249	49,903	37,694	24,977
Safety and security	22,625	23,994	24,151	23,465	28,721	28,422	30,733	31,397	29,457	35,086
Space rental	11,415	10,897	10,478	10,433	10,367	10,190	10,190	10,191	10,207	10,267
Utilities	6,674	6,659	8,680	10,152	11,480	10,736	12,509	13,194	12,748	11,730
Maintenance	8,497	11,204	13,982	14,516	14,122	14,270	12,603	13,436	11,584	9,111
Equipment and systems	403	469	643	1,805	708	506	598	375	336	424
Materials and supplies	304	406	440	519	536	611	655	656	651	450
Insurance	764	795	988	1,145	949	956	1,098	1,200	1,308	1,518
Employee development and support	916	1,235	1,171	1,136	1,242	1,347	1,248	1,045	967	441
Business development	2,093	2,444	2,661	2,493	2,390	2,347	3,246	2,630	2,033	209
Equipment rentals and repairs	1,335	1,317	2,932	2,951	2,852	3,095	3,124	3,614	3,598	3,380
Total operating expenses before depreciation	119,169	126,796	136,820	140,248	153,607	163,726	169,119	177,219	162,250	150,515
Income from operations before depreciation	34,381	50,702	58,917	70,257	80,387	85,121	96,960	116,460	100,786	65,429
Depreciation	46,164	46,100	81,598	81,887	87,821	95,229	105,532	124,329	131,587	132,834
Operating income (loss)	(11,783)	4,602	(22,681)	(11,630)	(7,434)	(10,108)	(8,572)	(7,869)	(30,801)	(67,405)
Nonoperating revenues (expenses):										
Passenger facility charges	34,639	35,437	35,770	38,517	40,258	42,200	46,953	49,198	34,393	22,110
Customer facility charges	11,487	19,117	27,545	32,465	33,208	36,528	41,036	41,918	30,240	15,755
CARES Act/ACRGP Act Grants	-	-	-	-	-	-	-	-	36,895	77,219
Quieter Home Program, net	(3,531)	(1,589)	(2,750)	(2,811)	(3,698)	(785)	(2,747)	(3,192)	(3,295)	(3,233)
Joint Studies Program	(73)	(55)	(152)	(145)	(101)	-	(114)	(99)	-	-
Investment income	5,492	4,140	5,211	5,747	5,999	5,689	9,426	25,533	32,430	4,175
Interest expense	(395)	(12,054)	(51,984)	(55,187)	(50,636)	(58,179)	(68,411)	(74,501)	(73,612)	(68,067)
Build America Bonds Rebate	4,996	4,779	4,636	4,631	4,656	4,651	4,666	4,686	-	-
Other revenues (expenses), net	(3,032)	(4,279)	434	1,367	2,247	(14,676)	(9,281)	(510)	1,442	(705)
Nonoperating revenue, net	49,583	45,496	18,710	24,584	31,933	15,428	21,528	43,033	58,493	47,254
Income before capital grant contributions	37,800	50,098	(3,971)	12,954	24,499	5,320	12,956	35,164	27,692	(20,151)
Capital grant contributions	20,834	16,077	3,924	10,765	10,477	1,904	13,079	8,213	4,072	13,932
Change in net position	58,634	66,175	(47)	23,719	34,976	7,224	26,035	43,377	31,764	(6,219)
Prior Period Adjustment	-	-	-	(7,993)	(1,767)	-	717	-	-	-
Net position, beginning of year	602,255	660,889	727,064	727,016	742,740	775,949	783,173	809,925	853,302	885,066
Net position, end of year	\$ 660,889	\$ 727,064	\$ 727,017	\$ 742,742	\$ 775,949	\$ 783,173	\$ 809,925	\$ 853,302	\$ 885,066	\$ 878,847

** Amounts for 2016 were restated as per GASB 68

*** Amounts for 2018 were restated as per GASB 75

Source: San Diego County Regional Airport Authority

EXHIBIT S-4 AUTHORITY LARGEST SOURCES OF REVENUE (\$000)

Fiscal Years Ended June 30,

Tenant	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2021 % of Total Operating Revenue
Southwest Airlines	\$23,357,007	\$27,598,908	\$29,548,565	\$33,107,335	\$33,838,686	\$35,960,638	\$38,403,919	\$42,358,547	\$44,940,626	\$32,981,547	15.3%
Alaska Airlines**	4,265,739	6,167,257	8,008,057	9,712,564	10,612,367	11,705,334	16,352,834	17,436,299	20,633,199	19,163,465	8.9%
American Airlines*	12,585,537	15,173,458	15,785,140	15,888,023	15,321,505	17,075,112	16,581,217	17,073,172	17,150,267	17,009,804	7.9%
Delta Airlines	8,911,886	10,898,540	12,005,146	13,560,515	14,418,056	16,123,110	17,007,240	18,367,799	22,063,736	16,637,440	7.7%
United Airlines	10,931,601	15,817,886	15,364,094	15,687,045	14,518,119	16,227,363	17,520,412	18,335,068	20,204,377	16,629,587	7.7%
Enterprise Rent-A-Car	7,290,392	6,934,784	7,162,116	7,998,222	9,451,127	11,188,393	12,285,652	12,779,605	12,238,158	5,913,051	2.7%
Hertz Rent-A-Car	5,795,690	5,961,730	6,149,759	6,236,082	8,225,179	11,142,905	11,017,486	11,538,847	10,829,239	5,303,020	2.5%
Signature Flight Support	-	-	-	-	-	-	-	-	-	4,919,025	2.3%
Avis Rent-A-Car***	-	-	-	-	-	-	-	-	8,446,736	4,666,097	2.2%
FedEx	-	-	-	-	-	-	-	-	-	3,889,735	1.8%

* On December 9, 2013, AMR Corporation (American Airlines) merged with US Airways Group, forming American Airlines Group. A single operating certificate was issued by the FAA and operational integration was on April 7, 2015. Data for US Airways and American Airlines have been combined in this table.

** Alaska Airlines and Virgin America received their single operating certificate from the FAA on January 11, 2018 and began operating as Alaska Airlines on April 25, 2018. Data for Alaska Airlines and Virgin America have been combined in this table.

*** On February 2, 2020 Avis Budget Car Rental LLC entered into a purchase agreement with BW-Budget-SDA LLC acquiring all agreements at SAN. Data for BW-Budget and Avis have been combined on this table

Source: San Diego County Regional Airport Authority

EXHIBIT S-5 AUTHORITY LANDING FEE RATE (\$ PER 1,000 LBS)

Fiscal Years Ended June 30,

AUTHORITY LANDING FEE RATE



Source: San Diego County Regional Airport Authority

*Signatory Rate

Landing Fees are the revenues from passenger and cargo air carriers for landing aircraft at SDIA.

EXHIBIT S-6 TERMINAL RATES BILLED TO AIRLINES

TERMINAL RATE PER SQUARE FOOT

Fiscal Years Ended June 30,



Source: San Diego County Regional Airport Authority

*Signatory Rate

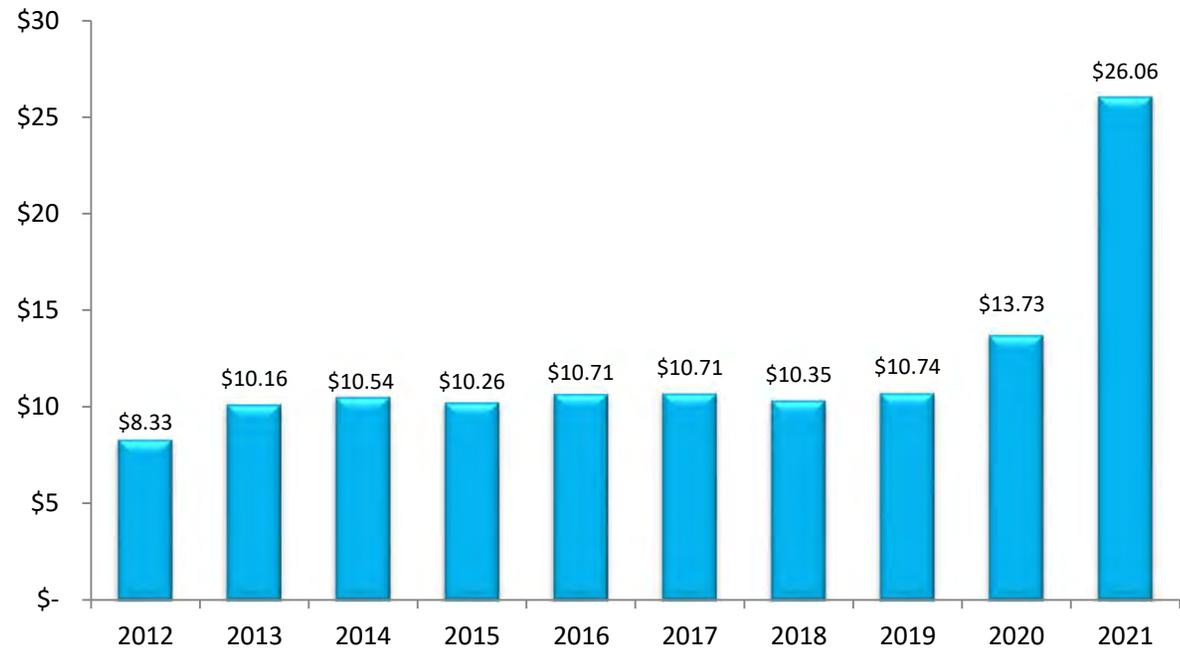
Terminal Rate is the rate billed to the airlines for the rent of terminal space per square foot.



EXHIBIT S-7 AIRLINE COST PER ENPLANED PASSENGER

Fiscal Years Ended June 30,

COST PER ENPLANED PASSENGER



Source: San Diego County Regional Airport Authority

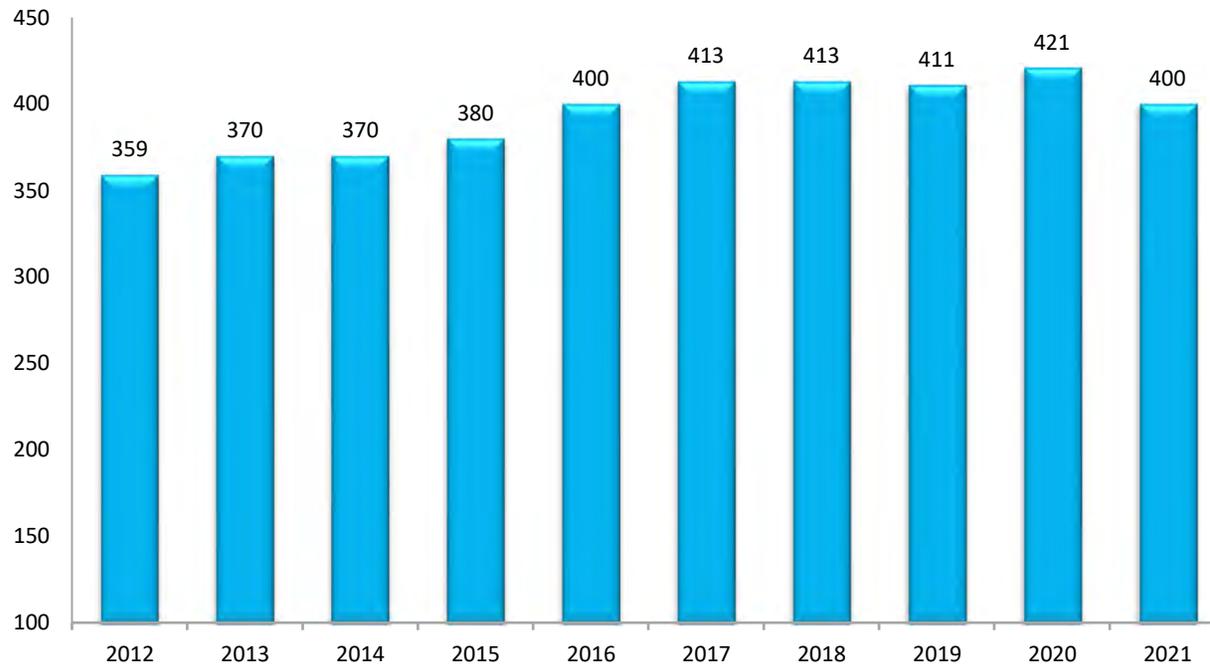
Airline Cost per Enplaned Passenger is the total annual cost of fees and charges paid by the airlines divided by the total fiscal year enplanements.



EXHIBIT S-8 AUTHORITY EMPLOYEE HEAD COUNT

Fiscal Years Ended June 30,

AUTHORITY EMPLOYEE HEAD COUNT



Source: San Diego County Regional Airport Authority

The Airport Authority does not have part-time employees. This chart reflects the average number of employees for the fiscal years shown above.



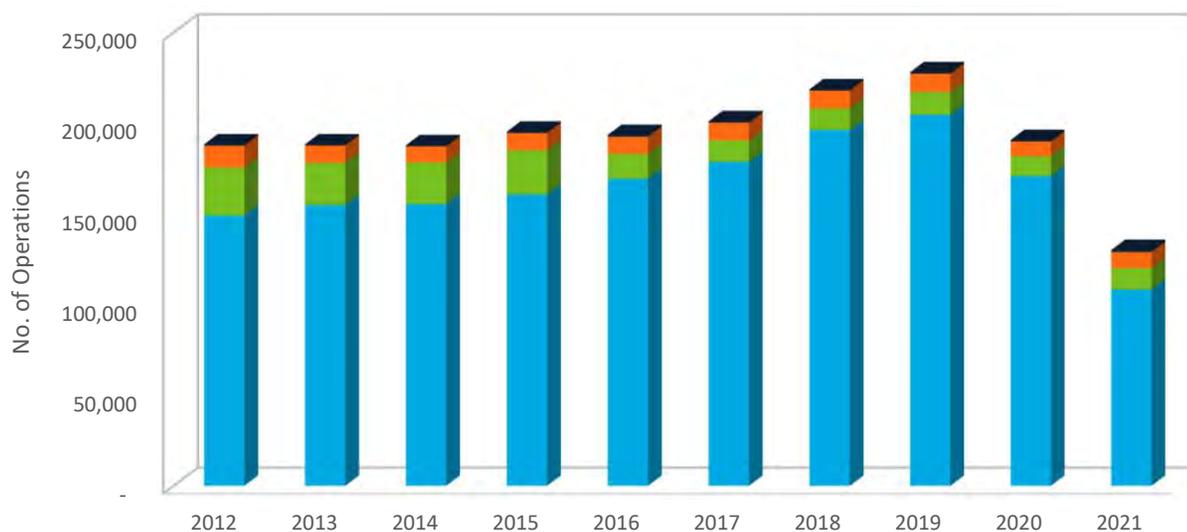
EXHIBIT S-9 AIRCRAFT OPERATIONS (TAKEOFFS & LANDINGS)

Fiscal Years Ended June 30,

Fiscal Year	Air Carriers	Air Taxi	General Aviation	Military	Total
2012	149,104	26,398	12,120	658	188,280
2013	154,781	23,370	9,586	567	188,304
2014	155,310	22,953	8,930	597	187,790
2015	160,726	24,336	9,534	669	195,265
2016	169,365	13,741	9,439	906	193,451
2017	178,579	11,899	9,719	814	201,011
2018	196,253	11,903	9,816	699	218,671
2019	204,627	12,539	10,167	759	228,092
2020	170,757	10,990	8,174	825	190,746
2021	108,240	11,844	8,835	1,098	130,017

Source: FAA ATADS Report: Air Operations Standard Report (itinerant only)

AIRCRAFT OPERATIONS



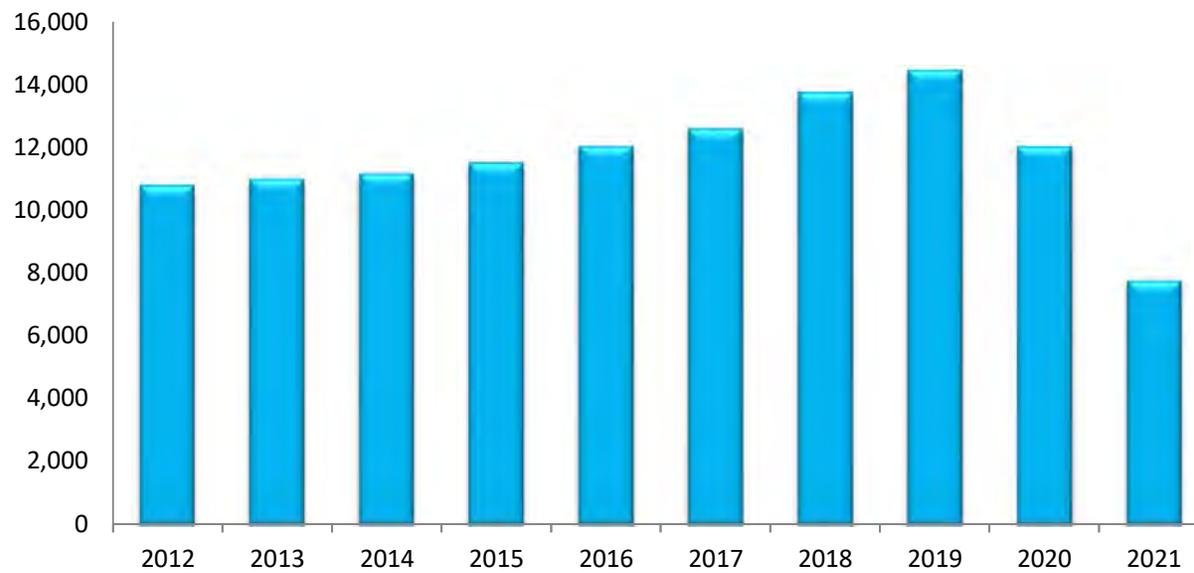
Source: San Diego County Regional Airport Authority

Aircraft Operations are the takeoffs and landings at SDIA. They represent the level of demand for air service by the airlines operating at SDIA.

EXHIBIT S-10 AIRCRAFT LANDED WEIGHTS (IN MILLIONS LBS)

Fiscal Years Ended June 30,

AIRCRAFT LANDED WEIGHTS (IN MILLIONS LBS)



Source: San Diego County Regional Airport Authority

Landed Weight is the maximum gross certificated landed weight in one million pound units as stated in the airlines' flight operational manual. Landed weight is used to calculate landing fees for both airline and general aviation aircraft operated at the airport.

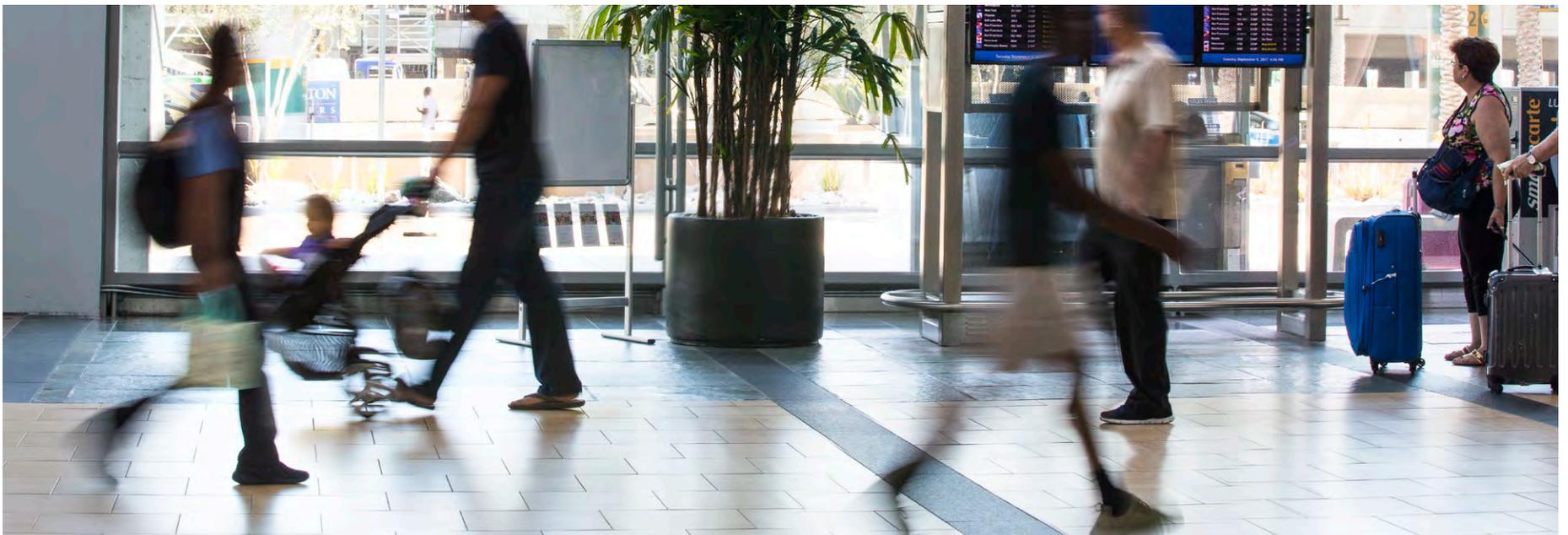


EXHIBIT S-11

AIRCRAFT LANDED WEIGHTS BY AIRLINE (THOUSAND POUNDS)

Fiscal Years Ended June 30,

Landed Weight (in thousands)

Airline	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Southwest Airlines	3,953,536	3,907,554	3,925,362	4,214,314	4,257,162	4,470,104	4,924,451	5,180,064	4,422,096	2,277,011
Delta Airlines	1,047,068	1,023,608	1,016,878	1,077,103	1,153,074	1,175,285	1,183,702	1,389,312	1,221,773	1,049,374
American Airlines ²	1,344,140	1,339,751	1,349,554	1,359,911	1,467,922	1,428,538	1,471,318	1,415,134	1,201,659	917,691
Alaska Airlines ³	648,359	750,000	884,727	888,065	924,310	999,875	1,131,807	1,411,255	1,162,582	769,364
United Airlines ¹	1,502,203	1,387,854	1,340,736	1,227,974	1,250,500	1,355,185	1,492,873	1,566,148	1,201,192	694,980
Skywest Airlines	306,789	428,595	396,054	408,608	359,197	465,023	627,038	637,117	481,705	504,012
Federal Express	452,453	451,797	419,127	384,686	444,038	390,716	388,782	375,807	394,288	466,734
Frontier Airlines	208,936	196,614	192,493	153,880	115,238	167,590	232,794	247,145	204,924	199,836
JetBlue Airlines	166,232	168,080	189,979	193,848	199,232	244,364	293,160	281,715	260,940	171,957
Horizon Air- Alaska Airlines	6,572	86,478	94,972	88,241	60,268	54,799	100,303	82,650	146,100	145,050
United Parcel	120,454	118,180	121,742	127,660	135,318	146,778	143,678	138,860	146,624	138,926
Spirit Airlines	98,931	208,200	245,669	296,925	351,977	286,162	328,424	331,366	230,911	125,589
Hawaiian Airlines	118,088	140,637	147,325	146,284	147,406	147,568	161,486	237,560	155,345	122,574
ABX Air	48,177	53,656	70,039	42,666	-	-	-	-	42,542	83,216
Allegiant	19,602	14,963	7,790	7,053	17,403	57,227	47,516	31,927	19,387	38,889
Subtotal	10,041,539	10,275,968	10,402,446	10,617,218	10,883,044	11,389,213	12,527,333	13,326,060	11,292,068	7,705,202
All Others	778,362	739,748	784,320	906,502	1,165,098	1,226,855	1,242,613	1,155,169	761,012	74,326
Total	10,819,902	11,015,716	11,186,766	11,523,720	12,048,142	12,616,068	13,769,945	14,481,229	12,053,080	7,779,528
Annual % Change	2.0%	1.8%	1.6%	3.0%	4.6%	4.7%	9.1%	5.2%	-16.8%	-16.8%

Source: San Diego County Regional Airport Authority

¹ United and Continental completed their merger on October 1, 2010 and began operating as United on November 30, 2011. The enplanements are combined for the purpose of this table.

² US Airways merged with American Airlines on December 9, 2013. A single operating certificate was issued by the FAA and operational integration was on April 7, 2015. The enplanements are combined for the purpose of this table.

³ Alaska Airlines and Virgin America received their single operating certificate from the FAA on January 11, 2018 and began operating as Alaska Airlines on April 25, 2018. The enplanements are combined for the purpose of this table.

EXHIBIT S-11
AIRCRAFT LANDED WEIGHTS BY
AIRLINE (THOUSAND POUNDS)

Fiscal Years Ended June 30,

Airline	Market Share									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Southwest Airlines	36.5%	35.5%	35.1%	36.6%	35.3%	35.4%	35.8%	35.8%	36.7%	29.3%
Delta Airlines	9.7%	9.3%	9.1%	9.3%	9.6%	9.3%	8.6%	9.6%	10.1%	13.5%
American Airlines ²	12.4%	12.2%	12.1%	11.8%	12.2%	11.3%	10.7%	9.8%	10.0%	11.8%
Alaska Airlines ³	6.0%	6.8%	7.9%	7.7%	7.7%	7.9%	8.2%	9.7%	9.6%	9.9%
United Airlines ¹	13.9%	12.6%	12.0%	10.7%	10.4%	10.7%	10.8%	10.8%	10.0%	8.9%
Skywest Airlines	2.8%	3.9%	3.5%	3.5%	3.0%	3.7%	4.6%	4.4%	4.0%	6.5%
Federal Express	4.2%	4.1%	3.7%	3.3%	3.7%	3.1%	2.8%	2.6%	3.3%	6.0%
Frontier Airlines	1.9%	1.8%	1.7%	1.3%	1.0%	1.5%	1.7%	1.7%	1.7%	2.6%
JetBlue Airlines	1.5%	1.5%	1.7%	1.7%	1.7%	1.9%	2.1%	1.9%	2.2%	2.2%
Horizon Air- Alaska Airlines	0.1%	0.8%	0.8%	0.8%	0.5%	0.4%	0.7%	0.6%	1.2%	1.9%
United Parcel	1.1%	1.1%	1.1%	1.1%	1.1%	1.2%	1.0%	1.0%	1.2%	1.8%
Spirit Airlines	0.9%	1.9%	2.2%	2.6%	2.9%	2.3%	2.4%	2.3%	1.9%	1.6%
Hawaiian Airlines	1.1%	1.3%	1.3%	1.3%	1.2%	1.2%	1.2%	1.6%	1.3%	1.6%
ABX Air	0.4%	0.5%	0.6%	0.4%	-	-	-	-	0.4%	1.1%
Allegiant	0.2%	0.1%	0.1%	0.1%	0.2%	0.5%	0.3%	0.2%	0.2%	0.5%
Subtotal	92.8%	93.3%	93.0%	92.1%	90.3%	90.3%	91.0%	92.0%	93.7%	99.0%
All Others	7.2%	6.7%	7.0%	7.9%	9.7%	9.7%	9.0%	8.0%	6.3%	1.0%
Total	100.0%									

EXHIBIT S-12 PASSENGER ENPLANEMENTS

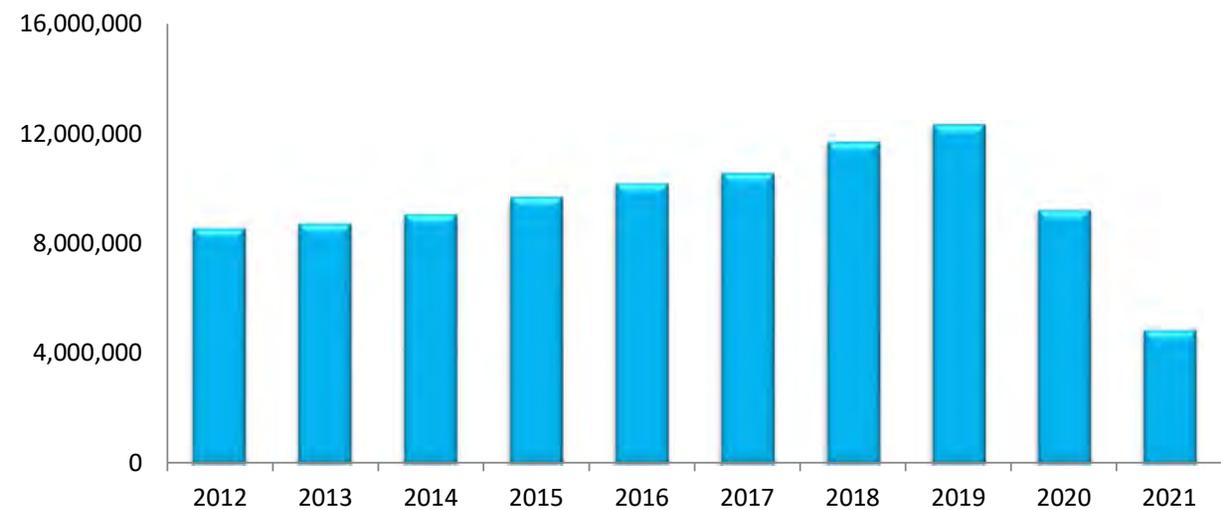
Fiscal Years Ended June 30,

Fiscal Year	Enplaned Passengers	% Change SAN	% Change US Average *
2012	8,575,475	1.6 %	1.7 %
2013	8,737,617	1.9 %	0.5 %
2014	9,082,244	3.9 %	2.2 %
2015	9,713,066	6.9 %	3.7 %
2016	10,206,222	5.1 %	5.4 %
2017	10,596,483	3.8 %	3.4 %
2018	11,731,833	10.7 %	4.3 %
2019	12,356,286	5.3 %	4.3 %
2020	9,235,459	(25.3)%	(25.9)% ¹
2021	4,860,931	(47.4)%	(44.4)%

* Source: U.S. Department of Transportation T-100

¹ International data for April - June 2021 not available at time of publication.

PASSENGER ENPLANEMENTS



Enplaned Passenger is any revenue passenger boarding at the airport, including any passenger that previously disembarked from another aircraft (i.e. connecting passenger).



EXHIBIT S-13 ENPLANEMENT MARKET SHARE BY AIRLINE BY FISCAL YEAR

Fiscal Years Ended June 30,

Air Carrier	Enplanements									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Air Canada	56,470	45,058	36,636	41,175	48,985	93,274	110,684	130,404	90,425	-
Alaska Airlines ¹	579,457	673,731	830,349	871,775	902,705	918,841	1,031,537	1,253,433	976,326	474,179
Allegiant Airlines	18,099	15,466	7,859	7,406	16,825	49,480	44,934	30,750	13,162	22,391
American Airlines ²	664,466	650,826	693,995	747,493	1,369,003	1,339,489	1,366,634	1,339,334	1,050,613	767,833
British Airways	81,437	81,534	84,600	84,263	89,723	90,200	82,543	83,492	57,998	-
Condor	-	-	-	-	-	3,902	7,815	-	-	-
Delta Air Lines	935,777	904,734	915,907	992,498	1,061,889	1,088,647	1,126,873	1,336,885	1,058,188	567,589
Edelweiss	-	-	-	-	-	1,215	6,990	6,271	2,317	-
Frontier Airlines	198,708	184,020	185,270	150,595	118,990	180,235	254,760	277,320	201,280	180,181
Hawaiian Airlines	86,211	94,283	98,667	96,963	102,462	107,776	108,971	149,744	102,759	61,754
Japan Airlines	-	18,249	54,213	59,372	59,647	59,916	62,034	66,688	43,596	1,027
JetBlue Airways	147,051	152,571	173,282	178,590	182,605	224,700	248,325	230,909	195,279	90,332
Lufthansa	-	-	-	-	-	-	13,037	49,974	34,654	-
Southwest Airlines	3,252,290	3,253,225	3,352,870	3,736,688	3,840,455	3,967,487	4,457,984	4,656,029	3,474,860	1,627,594
Spirit Airlines	77,873	164,189	201,414	252,219	327,183	287,208	318,201	323,623	225,279	111,604
Sun Country Airlines	15,889	23,836	27,276	28,732	34,886	40,109	41,466	40,167	37,073	23,461
United Airlines ³	1,266,007	1,175,869	1,167,661	1,113,510	1,165,565	1,266,055	1,405,663	1,481,166	1,043,393	552,709
US Airways ²	535,906	560,738	554,244	523,034	-	-	-	-	-	-
Virgin America ¹	166,326	168,297	156,729	175,973	211,075	212,158	183,672	-	-	-
Volaris	45,589	30,885	23,285	20,004	21,343	3,948	-	-	-	-
Westjet	25,535	27,746	31,805	33,723	34,516	41,043	39,285	42,939	28,905	-
Total Air Carrier	8,153,091	8,225,257	8,596,062	9,114,013	9,587,857	9,975,683	10,911,408	11,499,128	8,636,107	4,480,654
Regional										
Compass	-	-	8,563	140,012	249,723	195,126	251,066	296,091	161,113	-
Horizon Air	5,900	77,392	84,000	83,764	64,758	53,517	82,131	64,135	107,373	89,894
Skywest Airlines	263,144	352,189	341,365	371,979	301,592	372,157	487,228	496,932	330,866	290,383
Other	153,340	82,779	52,254	3,298	2,292	-	-	-	-	-
Total Regional	422,384	512,360	486,182	599,053	618,365	620,800	820,425	857,158	599,352	380,277
Total Passengers	8,575,475	8,737,617	9,082,244	9,713,066	10,206,222	10,596,483	11,731,833	12,356,286	9,235,459	4,860,931

Source: San Diego County Regional Airport Authority

¹ Alaska Airlines and Virgin America received their single operating certificate from the FAA on January 11, 2018 and began operating as Alaska Airlines on April 25, 2018. The enplanements are combined for the purpose of this table.

² US Airways merged with American Airlines on December 9, 2013. A single operating certificate was issued by the FAA and operational integration was on April 7, 2015. The enplanements are combined for the purpose of this table.

³ United and Continental completed their merger on October 1, 2010 and began operating as United on November 30, 2011. The enplanements are combined for the purpose of this table.

EXHIBIT S-13 ENPLANEMENT MARKET SHARE BY AIRLINE BY FISCAL YEAR

Fiscal Years Ended June 30,

Air Carrier	Market Share									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Air Canada	0.7%	0.5%	0.4%	0.4%	0.5%	0.9%	0.9%	1.1%	1.0%	0.0%
Alaska Airlines ¹	6.8%	7.7%	9.1%	9.0%	8.8%	8.7%	8.8%	10.1%	10.6%	9.8%
Allegiant Airlines	0.2%	0.2%	0.1%	0.1%	0.2%	0.5%	0.4%	0.2%	0.1%	0.5%
American Airlines ²	7.7%	7.4%	7.6%	7.7%	13.4%	12.6%	11.6%	10.8%	11.4%	15.8%
British Airways	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.7%	0.7%	0.6%	0.0%
Condor	-	-	-	-	-	-	0.1%	-	-	-
Delta Air Lines	10.9%	10.4%	10.1%	10.2%	10.4%	10.3%	9.6%	10.8%	11.5%	11.7%
Edelweiss	-	-	-	-	-	-	0.1%	0.1%	0.0%	0.0%
Frontier Airlines	2.3%	2.1%	2.0%	1.6%	1.2%	1.7%	2.2%	2.2%	2.2%	3.7%
Hawaiian Airlines	1.0%	1.1%	1.1%	1.0%	1.0%	1.0%	0.9%	1.2%	1.1%	1.3%
Japan Airlines	-	0.2%	0.6%	0.6%	0.6%	0.6%	0.5%	0.5%	0.5%	0.0%
JetBlue Airways	1.7%	1.7%	1.9%	1.8%	1.8%	2.1%	2.1%	1.9%	2.1%	1.9%
Lufthansa	-	-	-	-	-	-	0.1%	0.4%	0.4%	0.0%
Southwest Airlines	37.9%	37.2%	36.9%	38.5%	37.6%	37.4%	38.0%	37.7%	37.6%	33.5%
Spirit Airlines	0.9%	1.9%	2.2%	2.6%	3.2%	2.7%	2.7%	2.6%	2.4%	2.3%
Sun Country Airlines	0.2%	0.3%	0.3%	0.3%	0.3%	0.4%	0.4%	0.3%	0.4%	0.5%
United Airlines ³	14.8%	13.5%	12.9%	11.5%	11.4%	11.9%	12.0%	12.0%	11.3%	11.4%
US Airways ²	6.2%	6.4%	6.1%	5.4%	-	-	-	-	-	-
Virgin America ¹	1.9%	1.9%	1.7%	1.8%	2.1%	2.0%	1.6%	-	-	-
Volaris	0.5%	0.4%	0.3%	0.2%	0.2%	-	-	-	-	-
Westjet	0.3%	0.3%	0.4%	0.3%	0.3%	0.4%	0.3%	0.3%	0.3%	-
Total Air Carrier	95.1%	94.1%	94.6%	93.8%	93.9%	94.1%	93.0%	93.1%	93.5%	92.2%
Regional										
Compass	-	-	0.1%	1.4%	1.9%	1.8%	2.1%	2.4%	1.7%	-
Horizon Air	0.1%	0.9%	0.9%	0.9%	0.6%	0.5%	0.7%	0.5%	1.2%	1.8%
Skywest Airlines	3.1%	4.0%	3.8%	3.8%	3.0%	3.5%	4.2%	4.0%	3.6%	6.0%
Other	1.8%	0.9%	0.6%	-	-	-	-	-	-	-
Total Regional	4.9%	5.9%	5.4%	6.2%	6.1%	5.9%	7.0%	6.9%	6.5%	7.8%
Total Passengers	100%									

San Diego International Airport

Number of runways	1
Length of runway (feet)	9,401 feet
Number of gates	48
Remote aircraft parking positions	24
Terminal rentable square footage	593,293
Airport Land Area	661 acres
On airport parking spaces (public)	5,258
Off airport parking spaces (public)	1,781

Source: San Diego County Regional Airport Authority

The parking spaces shown above are controlled and operated by the Airport Authority and reported on a weighted average basis.

The terminal rentable square footage is a weighted average figure that reflects square footage changes due to construction or remodeling.



EXHIBIT S-15 POPULATION & PER CAPITA PERSONAL INCOME SAN DIEGO COUNTY

Calendar Year	Estimated Population ⁽¹⁾	% Change	Per Capita Personal Income ⁽¹⁾	% Change	Total Personal Income ⁽¹⁾ <i>(in billions)</i>	% Change
2012	3,174,446	1.2 %	\$50,670	1.5 %	\$152.7	4.8 %
2013	3,208,946	1.1 %	\$51,223	1.1 %	\$157.8	3.3 %
2014	3,248,547	1.2 %	\$52,889	3.3 %	\$167.1	5.9 %
2015	3,275,084	0.8 %	\$54,708	3.4 %	\$175.9	5.3 %
2016	3,300,891	0.8 %	\$55,797	2.0 %	\$184.2	4.7 %
2017	3,327,564	0.8 %	\$56,437	1.1 %	\$192.5	4.5 %
2018	3,352,564	0.8 %	\$57,473	1.8 %	\$202.8	5.4 %
2019	3,357,442	0.1 %	\$64,862	12.9 %	\$217.8	7.4 %
2020	3,362,150	0.1 %	\$63,169	(2.6)%	\$213.8	(1.8)%

Source: California Department of Transportation - San Diego County

EXHIBIT S-16 PRINCIPAL EMPLOYERS IN SAN DIEGO COUNTY

Employer	November 2020			Employer	August 2011		
	Local Employees	Rank	Percentage of Total Industry Employment		Local Employees	Rank	Percentage of Total Industry Employment
University of California, San Diego	35,802	1	2.3%	U.S. Federal Government	46,300	1	3.0%
Naval Base San Diego	34,534	2	2.3%	State of California	45,500	2	3.0%
Sharp Health Care	19,468	3	1.3%	University of California, San Diego	27,393	3	1.8%
Scripps Health	16,295	4	1.1%	County of San Diego	15,109	4	1.0%
General Atomics Aeronautical	6,745	5	0.4%	Sharp Health Care	14,696	5	1.0%
San Diego State University	6,454	6	0.4%	Scripps Health	13,830	6	0.9%
Rady's Children Hospital	5,711	7	0.4%	San Diego Unified School District	13,730	7	0.9%
San Diego Community College District	5,400	8	0.4%	Qualcomm Inc.	10,509	8	0.7%
Sempra Energy	5,063	9	0.3%	City of San Diego	10,211	9	0.7%
YMCA of San Diego	5,057	10	0.3%	Kaiser Permanente	8,200	10	0.5%

Source: Employers - San Diego Journal Book of Lists: 2021 & 2012

Total Industry Employment - California Employment Development Dept., Labor Market Info.

EXHIBIT S-17

LABOR FORCE, EMPLOYMENT, & UNEMPLOYMENT RATES

Year	Labor Force	Employment	Unemployment	Unemployment Rate	
				SD County	State
2012	1,544,200	1,397,600	146,600	9.5%	10.6%
2013	1,548,000	1,421,000	126,900	8.2%	9.2%
2014	1,544,600	1,444,000	100,600	6.5%	7.4%
2015	1,555,900	1,473,500	82,400	5.3%	6.3%
2016	1,569,000	1,491,700	77,300	4.9%	5.6%
2017	1,584,500	1,518,100	66,300	4.2%	4.9%
2018	1,584,000	1,525,500	58,400	3.7%	4.5%
2019	1,582,300	1,529,500	52,900	3.3%	4.2%
2020	1,584,400	1,365,100	219,300	13.8%	13.7%
2021	1,527,800	1,420,400	107,400	7.0%	8.0%

Source: California Employment Development Department Labor Market Information Division
Unemployment Rate and Labor Force, not seasonally adjusted.



EXHIBIT S-18 DEBT SERVICE COVERAGE

Fiscal Years Ended June 30,

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Senior Bonds										
Revenues ⁽¹⁾	\$ 158,311,779	\$ 181,051,929	\$ 199,834,430	\$ 214,770,544	\$ 238,640,326	\$ 255,540,858	\$ 276,983,726	\$ 306,683,097	\$ 280,572,989	\$ 227,573,518
Operating and Maintenance Expenses	(118,941,148)	(126,662,546)	(136,604,105)	(142,781,639)	(151,327,220)	(154,455,699)	(157,246,523)	(165,925,555)	(136,297,647)	(88,039,540)
Net Revenues ⁽²⁾	\$ 39,370,631	\$ 54,389,383	\$ 63,230,325	\$ 71,988,905	\$ 87,313,106	\$ 101,085,159	\$ 119,737,204	\$ 140,757,542	\$ 144,275,342	\$ 139,533,978
Senior Bond Debt Service⁽³⁾										
Principal	\$ 3,430,000	\$ -	\$ -	\$ 2,030,000	\$ 2,090,000	\$ 2,155,000	\$ 2,240,000	\$ 2,320,000	\$ 7,925,000	\$ 8,315,000
Interest	1,925,975	2,478,489	16,645,435	18,034,575	18,414,600	18,349,950	18,263,750	18,174,150	18,081,350	17,685,100
PFCs used to pay debt service	-	(714,077)	(7,140,301)	(8,669,966)	(9,490,326)	(9,548,626)	(9,547,482)	(9,544,261)	(11,260,741)	(11,172,249)
CARES Act used to pay debt service	-	-	-	-	-	-	-	-	(6,501,585)	(3,406,934)
Total Debt Service for the Senior Bond	\$ 5,355,975	\$ 1,764,412	\$ 9,505,134	\$ 11,394,609	\$ 11,014,274	\$ 10,956,324	\$ 10,956,268	\$ 10,949,889	\$ 8,244,024	\$ 11,420,918
Senior Bonds Debt Service Coverage	7.35	30.83	6.65	6.32	7.93	9.23	10.93	12.85	17.50	12.22
Subordinate Debt										
Subordinate Net Revenues ⁽²⁾	\$ 34,014,656	\$ 52,624,971	\$ 53,725,191	\$ 60,594,296	\$ 76,298,832	\$ 90,128,835	\$ 108,780,936	\$ 129,807,653	\$ 136,031,318	\$ 128,113,061
Subordinate Annual Debt Service ⁽⁴⁾										
Principal	\$ 980,000	\$ 1,000,000	\$ 5,785,000	\$ 8,665,000	\$ 9,000,000	\$ 9,430,000	\$ 14,830,000	\$ 15,895,000	\$ 17,745,000	\$ 22,315,000
Interest	6,599,760	26,194,616	27,069,283	26,853,179	26,495,600	26,085,029	37,197,656	37,917,500	39,404,449	41,720,733
Variable Rate Debt ⁽⁵⁾	1,077,867	5,519,872	6,446,951	6,736,945	6,760,189	7,000,066	7,335,123	7,497,649	1,894,813	-
PFCs used to pay debt service	-	(20,061,962)	(20,718,863)	(21,554,245)	(20,331,674)	(20,456,707)	(20,457,851)	(20,461,072)	(18,744,592)	(8,833,085)
CARES Act used to pay debt service	-	-	-	-	-	-	-	-	(14,313,843)	(22,593,066)
Total Subordinate Annual Debt Service	\$ 8,657,627	\$ 12,652,526	\$ 18,582,371	\$ 20,700,879	\$ 21,864,115	\$ 22,058,389	\$ 38,904,928	\$ 40,849,077	\$ 25,985,827	\$ 32,609,582
Subordinate Obligations Debt Service Coverage	3.93	4.16	2.89	2.93	3.48	4.09	2.80	3.18	5.23	3.93
Aggregate Debt										
Aggregate Net Revenues	\$ 39,370,631	\$ 54,389,383	\$ 63,230,325	\$ 71,988,905	\$ 87,313,106	\$ 101,085,159	\$ 119,737,204	\$ 140,757,542	\$ 144,275,342	\$ 139,533,978
Aggregate Annual Debt Service										
Principal	4,410,000	1,000,000	5,785,000	10,695,000	11,090,000	11,585,000	17,070,000	18,215,000	25,670,000	30,630,000
Interest	8,525,735	28,673,105	43,714,718	44,887,754	44,910,200	44,434,979	55,461,406	56,091,650	57,485,799	59,405,833
Variable Rate Debt ⁽⁵⁾	1,077,867	5,519,872	6,446,951	6,736,945	6,760,189	7,000,066	7,335,123	7,497,649	1,894,813	-
PFC Funds Applied to Debt Service	-	(20,776,039)	(27,859,164)	(30,224,211)	(29,822,000)	(30,005,333)	(30,005,333)	(30,005,333)	(30,005,333)	(20,005,333)
CARES Act used to pay debt service	-	-	-	-	-	-	-	-	(20,815,428)	(26,000,000)
Total Annual Debt Service	\$ 14,013,602	\$ 14,416,938	\$ 28,087,505	\$ 32,095,488	\$ 32,938,389	\$ 33,014,712	\$ 49,861,196	\$ 51,798,966	\$ 34,229,851	\$ 44,030,500
Aggregate Obligations Debt Service Coverage	2.81	3.77	2.25	2.24	2.65	3.06	2.40	2.72	4.21	3.17
Aggregate Net Revenues (Including PFC, BAB Subsidy and CARES Act Grant)	\$ 44,366,552	\$ 79,944,021	\$ 95,725,704	\$ 106,844,335	\$ 121,791,304	\$ 135,721,711	\$ 154,408,727	\$ 175,449,049	\$ 197,185,501	\$ 185,539,311
Total Annual Debt Service (Excluding PFC, BAB Subsidy and CARES Act Grant)	19,009,523	39,971,576	60,582,884	66,950,918	67,416,588	67,651,265	84,532,719	86,490,473	87,140,009	90,035,833
Revenue Method - Debt Service Coverage on Aggregate Debt	2.33	2.00	1.58	1.60	1.81	2.01	1.83	2.03	2.26	2.06

(1) Revenues are calculated pursuant to the provisions of the Master Senior Indenture and the Master Subordinate Indenture.

(2) Net Revenues and Subordinate Net Revenues are calculated pursuant to the provisions of the Master Senior Indenture and Master Subordinate Indenture, as appropriate.

(3) Debt service with respect to the Senior Bonds is calculated pursuant to the provisions of the Master Senior Indenture.

(4) Subordinate Annual Debt Service is calculated pursuant to the provisions of the Master Subordinate Indenture.

(5) Includes principal and interest.

(6) Information regarding Subordinate Obligations Debt Service Coverage provided in connection with the first fiscal year for which Subordinate Annual Debt Service was due with respect to the 2010 Bonds. Subordinate Annual Debt Service for prior years consisted of debt service on the Authority's Subordinate Commercial Paper Notes and is not presented for Fiscal Years 2009-2010.

EXHIBIT S-19 DEBT SERVICE COVERAGE - SERIES 2014 CFC BONDS

Fiscal Years Ended June 30,

	2014	2015	2016	2017	2018	2019	2020	2021
CFC Collections	\$ 27,545,001	\$ 32,464,843	\$ 33,207,946	\$ 36,527,853	\$ 41,036,526	\$ 41,918,554	\$30,239,698	\$15,755,254
Bond Funding Supplemental Consideration	-	-	-	-	-	-	-	-
Transfers from CFC Stabilization Fund	-	-	-	-	-	-	3,563,874	9,540,452
Interest Earnings ¹	204,194	295,726	332,761	466,134	919,740	1,544,474	1,502,382	855,813
Total Amounts Available	27,749,195	32,760,569	33,540,707	36,993,987	41,956,266	43,463,028	35,305,954	26,151,519
Rolling Coverage Fund Balance ²	-	-	2,451,182	4,902,363	6,576,363	6,575,894	6,575,637	6,575,382
Total Amounts Available, plus Rolling Coverage Fund Balance	\$ 27,749,195	\$ 27,749,195	\$ 35,991,889	\$ 41,896,350	\$ 48,532,629	\$ 50,038,922	\$41,881,591	\$32,726,901
Series 2014 Debt Service Requirements	-	-	8,170,605	16,341,210	21,921,210	21,919,646	21,918,789	21,917,940
Coverage excluding Rolling Coverage Fund	N/A	N/A	4.11	2.26	1.91	1.98	1.61	1.19
Coverage including Rolling Coverage Fund	N/A	N/A	4.41	2.56	2.21	2.28	1.91	1.49

¹ Includes earnings on investments in the Senior Reserve Fund, the Rolling Coverage Fund and the CFC Surplus Fund.

² Includes amount on deposit in the Rolling Coverage Fund at the beginning of each Fiscal Year, up to an amount not to exceed 30% of the Series 2014 Debt Service Requirements for such Fiscal Year.



EXHIBIT S-20 DEBT PER ENPLANED PASSENGER

Fiscal Years Ended June 30,

Fiscal Year	Outstanding Bond Debt ⁽¹⁾	Outstanding Commercial Paper Debt	Capital Leases	Total Outstanding Debt	Enplaned Passengers	Debt per Enplaned Passenger
2010	46,602,704	164,430,000	377,172	211,409,876	8,453,886	25.01
2011	640,920,314	21,509,000	519,866	662,949,180	8,441,120	78.54
2012	635,307,968	20,729,000	361,641	656,398,609	8,575,475	76.54
2013	1,027,411,188	50,969,000	8,152,588	1,086,532,776	8,737,617	124.35
2014 ⁽²⁾	1,327,897,591	44,884,000	7,810,927	1,380,592,518	9,082,244	152.01
2015	1,317,784,291	38,705,000	7,971,993	1,364,461,284	9,713,066	140.48
2016	1,302,846,043	32,581,000	7,717,734	1,343,144,777	10,206,222	131.60
2017	1,287,602,498	58,998,000	7,442,314	1,354,042,812	10,596,483	127.78
2018	1,609,960,696	20,163,000	7,143,865	1,637,267,561	11,731,833	139.56
2019	1,581,628,919	13,719,000	6,820,351	1,602,168,270	12,356,286	129.66
2020	1,881,208,470	-	6,496,837	1,887,705,307	9,235,459	204.40
2021	1,835,597,883	-	6,201,974	1,841,799,857	4,860,931	378.90

Source: San Diego County Regional Airport Authority

⁽¹⁾ Outstanding Bond Debt includes unamortized bond premium

⁽²⁾ Starting in 2014, Outstanding Bond Debt includes CFC Bond issuance



SAN DIEGO
INTERNATIONAL AIRPORT

Staff Report

Meeting Date: December 2, 2021

Subject:

Authorize the President/CEO to Negotiate and Execute a Sixth Amendment to Agreement 209162-OS with SP Plus Corporation for Rental Car Center (RCC) Bus Operations

Recommendation:

Adopt Resolution No. 2021-0138, authorizing the President/CEO to negotiate and execute a Sixth Amendment to Agreement 209162-OS with SP Plus Corporation for Rental Car Center (RCC) Bus Operations to: 1) Extend the contract to September 30, 2022; 2) modify the per mile rate; 3) modify the management fee; and 4) Increase the maximum amount payable by \$8,000,000; from \$49,000,000 to \$57,000,000

Background/Justification:

Overview of Airport Shuttle Services

On-airport courtesy shuttle services at San Diego International Airport (SDIA) are provided for the accommodation and convenience of airport passengers, employees, and the public. The bus and shuttle service covered under this agreement includes the Rental Car Center (RCC) Bus.

SP Plus is a party to Agreement 209162-OS for Rental Car Center (RCC) Bus Operation services. As discussed above, SP Plus operates the fleet of thirty transit buses that operate the RCC Transit Bus System, 24 hours a day.

After recent amendments, the SP Plus contract expires on December 31, 2021, and has a maximum amount payable of \$49,000,000.

SP Plus RCC Bus Vehicles

The current inventory of SP Plus operated Authority buses is displayed in the table below –

Make	Model	Year	Description	Fuel Type	Qty	Ownership	Vehicle Age	Seat Capacity
El Dorado	Axess	2015	40' Low-floor Transit Bus	CNG	16	Authority owned	6	28
Gillig	Bus	2018	40' Low-floor Transit Bus	CNG	14	Authority owned	3	28
Total vehicles						30		

Contract Cost Elements

The current agreement is an expense contract consisting of three main cost components –

1. Mileage rate for bus service,
2. Specified management fee, and
3. Approved reimbursable expenses.

Contract costs are calculated and invoiced each month. RCC bus expenses invoiced under this contract are paid with Customer Facility Charge (CFC) funds that are collected from the rental car companies on each rental car transaction. The table below shows monthly and annual costs under the current agreement for pre- and post-pandemic periods. Amounts shown are inclusive of the three contract components.

SP Plus Corporation
Historical Rental Car Center Bus Operations Contract Costs
For the Periods Presented

Year	SP Plus - Hist												Total
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
2017	\$ 607,075	\$ 594,307	\$ 637,650	\$ 605,453	\$ 603,509	\$ 593,891	\$ 604,028	\$ 618,991	\$ 601,251	\$ 653,434	\$ 595,486	\$ 597,605	\$ 7,312,678
2018	\$ 611,384	\$ 558,313	\$ 641,022	\$ 677,230	\$ 735,169	\$ 676,182	\$ 724,135	\$ 741,368	\$ 787,598	\$ 776,276	\$ 773,817	\$ 761,163	\$ 8,463,656
2019	\$ 821,503	\$ 764,154	\$ 829,835	\$ 821,443	\$ 851,494	\$ 1,695,990	\$ 899,515	\$ 923,996	\$ 837,225	\$ 879,776	\$ 832,485	\$ 827,540	\$ 10,984,957
2020	\$ 878,674	\$ 850,914	\$ 685,853	\$ 298,287	\$ 297,272	\$ 297,272	\$ 477,433	\$ 556,452	\$ 521,997	\$ 543,065	\$ 522,895	\$ 524,209	\$ 6,454,324
2021	\$ 534,544	\$ 519,218	\$ 604,943	\$ 580,565	\$ 667,359	\$ 731,349	\$ 638,644	\$ 617,168	\$ 607,905	\$ 614,669	\$ 608,805	\$ 617,140	\$ 7,342,309
2022	\$ 598,254	\$ 571,142	\$ 704,418	\$ 703,604	\$ 761,355	\$ 804,399	\$ 810,544	\$ 816,735	\$ 822,974	-	-	-	\$ 6,593,424

*Amounts shown in blue are Budget amounts

**Contract only extended until September 30, 2022

SP Plus Contract Amendments

The SP Plus contract has been amended five times. The summary of these changes are presented below:

The First Amendment to the contract was executed on March 29, 2016. The amendment revised the scope of work to accommodate the temporary pre-owned Gillig bus service. It allowed reimbursement of funds to purchase used buses from Avis and outfit them for service. Separate mileage rates and management fees were created to accommodate the operation of the Gillig buses as “Temporary Shuttle Vehicle Service”. It also allowed SP Plus to contract with a 3rd party 50 passenger coach bus company, when necessary, to supplement service. The total contract value was increased by \$1,168,000 to \$30,376,723.00.

The Second Amendment was executed on January 6, 2017. This amendment again revised the scope of work to continue the temporary service with additional buses and allow for additional personnel. The mileage rate was modified for changes greater than 5% in the in-service mileage level. Wait times were specified at 5 minutes. Mileage rates for the Gillig and El Dorado buses were also adjusted. The total contract value remained at \$30,376,723.00.

The Third Amendment was executed on June 25, 2019. This amendment 1) revised the Scope of Work, 2) increased the per mile rate, 3) increased the annual management fee, and 4) increased the maximum amount payable by \$14,623,277.00 to a new maximum of \$45,000,000.00. All of these changes accommodated the addition of fourteen new Gillig transit buses to increase the size and capacity of the RCC bus fleet due to enplanement increases; along with related operating, insurance, overhead, and salaries costs for the expanded operations.

The Fourth Amendment was executed on October 30, 2020. This amendment: 1) memorialized the COVID-19 related budget revisions, 2) extended the contract term by nine (9) months to expire on September 30, 2021, and 3) increased the maximum amount payable by \$1,300,000.00 to a new maximum of \$46,300,000.00. The contract term extension was executed to bring the termination date of the RCC Bus Operations contract to be co-terminus with the Authority's other existing shuttle and bus contract.

The Fifth Amendment was executed on October 28, 2021. This amendment: 1) extended the contract term by ninety-two (92) days to expire on December 31, 2021, and 2) increased the maximum amount payable by \$2,700,000.00 to a new maximum of \$49,000,000.00 to accommodate the additional months of operating expense.

A summary of the original contract and subsequent amendment details is shown in the table below.

SP Plus Rental Center Bus Operations Contract - Summary of Amendments - Dates and Amounts

Date of Action	Action	Contract Start	Contract End	Increase	Maximum Amount Payable
09/01/14	Original Contract	09/01/14	12/31/20	\$ -	\$ 29,208,723
03/29/16	FIRST Amendment	...	12/31/20	\$ 1,168,000	\$ 30,376,723
01/06/17	SECOND Amendment	...	12/31/20	\$ -	\$ 30,376,723
06/25/19	THIRD Amendment	...	12/31/20	\$ 14,623,277	\$ 45,000,000
10/30/20	FOURTH Amendment	...	09/30/21	\$ 1,300,000	\$ 46,300,000
10/28/21	FIFTH Amendment	...	12/30/21	\$ 2,700,000	\$ 49,000,000
12/02/21	SIXTH Amendment	...	09/30/22	\$ 8,000,000	\$ 57,000,000

Proposed Contract Amendment

Staff recommends an extension to the contract termination date to September 30, 2022.

Staff recommends the following changes to the contract compensation schedule items:

1. Change the mileage rate from \$6.75 per mile to \$6.97 per mile from January through September 2022.
2. Change the management fee from \$125,524.00 per month to \$186,951.00 per month from January through September 2022.

These two changes, along with increased costs due to higher than budgeted enplanements, contribute to an estimated unfavorable variance of approximately \$897,000 over the Fiscal Year 2022 operating budget, as discussed in the Fiscal Impact section.

The recommended changes to compensation schedule items accommodate increased pandemic operating costs for the following items:

- a) required increases to wages and benefits to hire and retain bus drivers and customer service representatives (CSR) during recent labor shortages,
- b) required increases to wages and benefits to hire and retain supervisors, dispatchers, and utility personnel during recent labor shortages,
- c) required increases to wages and benefits to hire and retain mechanics during recent labor shortages,
 - a. It should be noted that costs for in-house mechanics, parts, and service are not "marked-up" by SP Plus
- d) Slightly increased preventive maintenance and repair costs for an aging fleet,
- e) escalations in compressed natural gas (CNG) fuel prices, and
- f) other recurring expenses that are subject to inflationary or annual escalations.

Staff also recommends an increase to the maximum amount payable on the contract of \$8,000,000.00. This increase accommodates continued operating expenses through the extended contract termination date with approximately \$2,700,000.00 to spare. Given the uncertainty and volatility in enplanements, rental car transaction activity, and economic factors, this buffer should be adequate to accommodate operational expense variability over the remaining life of the contract.

Analysis of Current and Estimated Contract Costs

Current contract maximum amount payable	\$ 49,000,000	As of Oct-2021
Cumulative Spend to Date	\$ 46,481,407	Through Oct-2021
Remaining contract funds available	\$ 2,518,593	
Estimated contract spend	\$ 7,819,369	From Nov-21 through Sep-22
Projected contract deficit	\$ (5,300,776)	
Proposed Increase to maximum amount payable	\$ 8,000,000	
Estimated Contract Surplus	\$ 2,699,224	Through Sep-22
New Maximum Amount Payable	\$ 57,000,000	

Recommendation

Staff recommends the Authority Board Adopt Resolution No. 2021-0138 authorizing the President/CEO to negotiate and execute a Sixth Amendment to Agreement 209162-OS with SP Plus Corporation for Rental Car Center (RCC) Bus Operations to: 1) Extend the contract to September 30, 2022; 2) modify the per mile rate; 3) modify the management fee; and 4) Increase the maximum amount payable by \$8,000,000.00; from \$49,000,000 to \$57,000,000.

Fiscal Impact:

The operating expenses related to the Rental Car Bus contract with SP Plus Corporation is forecasted to be over budget by approximately \$897,000, this is primarily due to the increase in enplanement that are exceeding the budget. Staff believes the budget overage will be covered with savings in other lines items within approved FY 2022 Operating Budget. The increased contract amounts will be included in the FY 2023 Operating Expense Budget that will be presented to the Board later this Fiscal Year.

Authority Strategies/Focus Areas:

This item supports one or more of the following (*select at least one under each area*):

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 policy: a Disadvantaged Business Enterprise (DBE) Program, an Airport Concession Disadvantaged Business Enterprise (ACDBE) Program and Policy 5.12. These programs and policy 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 or policy 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. When bid price is the primary selection criteria, the maximum amount of the preference cannot exceed \$200,000. The preference is only applied in measuring the bid. The final contract award is based on the amount of the original bid.

In accordance with Policy 5.12, the recommended firm SP Plus did not receive small business, local business, and service disabled/veteran owned small business preference.

Prepared by:

Marc Nichols
Director, Ground Transportation

RESOLUTION NO. 2021-0138

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY AUTHORIZING THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE A SIXTH AMENDMENT TO AGREEMENT 209162-OS WITH SP PLUS CORPORATION FOR RENTAL CAR CENTER (RCC) BUS OPERATIONS TO: 1) EXTEND THE CONTRACT TO SEPTEMBER 30, 2022; 2) MODIFY THE PER MILE RATE; 3) MODIFY THE MANAGEMENT FEE; AND 4) INCREASE THE MAXIMUM AMOUNT PAYABLE BY \$8,000,000; FROM \$49,000,000 TO \$57,000,000

WHEREAS, the San Diego County Regional Airport Authority ("Authority") has constructed a consolidated rental car center ("RCC") on the north side of San Diego International Airport ("Airport") to serve the rental car industry and its Customers, and which began operations in January 2016; and

WHEREAS, the Authority provides a consolidated shuttle bus service to transport rental car customers and the public between the RCC and the terminals at SDIA; and

WHEREAS, the shuttle buses serving the RCC provide regular and continuing transportation service to the public between the RCC and the Airport Terminals and are part of a "transit system" owned and operated by the Authority; and

WHEREAS, the Board has approved the Airport's Short-Range Transit Plan ("Plan") describing the Airport's transit system and its operation; and

WHEREAS, the Authority determined the need for a qualified firm to procure the RCC shuttle buses and to manage the RCC Bus operation between the Rental Car Center and the Airport terminals; and

WHEREAS, the Board found it in the best interests of the Authority and the public that it serves to award an agreement to SP Plus Corporation (SP Plus) for a term of 6.5 years for RCC Shuttle Services; and

WHEREAS, the Board authorized the President/CEO to execute the agreement on September 1, 2014 for a period of 76 months to expire on December 31, 2020, with a maximum amount payable of \$29,208,723 over the entire term of the agreement; and

WHEREAS, a First Amendment to the agreement was executed on March 29, 2016 to revise the Scope of Work and increase the maximum amount payable by \$1,168,000 to \$30,376,723, to allow for the integration and operation of temporary shuttle service; and

WHEREAS, a Second Amendment to the agreement was executed on January 6, 2017, to revise the Scope of Work, and to modify the per mile rate, to allow the operation of additional buses and the employment of additional personnel to meet the desired customer wait time of five (5) minutes or less; and

WHEREAS, a Third Amendment to the agreement was executed on June 25, 2019, to revise the Scope of Work, modify the per mile rate, increase the annual management fee, an increase the maximum amount payable from \$30,376,723 to \$45,000,000 to accommodate the addition of fourteen (14) new buses and associated staff and operations cost increases; and

WHEREAS, a Fourth Amendment to the agreement was executed on October 30, 2020, to memorialize COVID-19 related budget revisions, extend the contract term nine (9) months to September 30, 2021, and increase the maximum amount payable from \$45,000,000 to \$46,300,000; and

WHEREAS, a Fifth Amendment to the agreement was executed on October 28, 2021, to extend the contract term by ninety two (92) days to expire on December 31, 2021, and 2) increase the maximum amount payable by \$2,700,000.00 to a new maximum of \$49,000,000.00; and

WHEREAS, the Board finds it in the best interest of the Authority and the public that it serves to authorize a Sixth Amendment to extend the contract to expire no later than September 30, 2022, modify the per mile rate, modify the management fee and increase the total amount payable.

NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD HEREBY authorizes the President/CEO to negotiate and execute a Sixth Amendment to Agreement 209162-OS with SP Plus Corporation for Rental Car Center (RCC) Bus Operations to: 1) extend the contract to September 30, 2022; 2) modify the per mile rate; 3) modify the management fee; and 4) increase the maximum amount payable by \$8,000,000; from \$49,000,000 to \$57,000,000; and

BE IT FURTHER RESOLVED that the Board finds that this action is not a "project" as defined by the California Environmental Quality Act ("CEQA") (California Public Resources Code §21065); and

BE IT FURTHER RESOLVED that the Board finds that this action is not a "development" as defined by the California Coastal Act (California Public Resources Code §30106); and

BE IT FURTHER RESOLVED that the Board finds that this 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.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 2nd day of December, 2021, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES /
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

Staff Report

Meeting Date: December 2, 2021

Subject:

Authorize the President/CEO to Negotiate and Execute a Second Amendment to Agreement 210753-OS with Ace Parking Management, Inc. for Airport Shuttle Services

Recommendation:

Adopt Resolution No. 2021-0139 authorizing the President/CEO to negotiate and execute a Second Amendment to Agreement 210753-OS with Ace Parking Management, Inc. for Airport Shuttle Services to: 1) Extend the contract to September 30, 2022; and 2) Revise the Scope of Work to add the San Diego Flyer shuttle route

Background/Justification:

Overview of Airport Shuttle Services

On-airport shuttle services at San Diego International Airport (SDIA) are provided for the accommodation and convenience of airport passengers, employees, and the public.

Ace Parking Management, Inc. is a party to Agreement 210753-OS for the following shuttle services:

1. Route 1 – Inter-Terminal shuttle,
2. Route 2 – Employee Parking Facilities shuttle,
3. Route 3 – Public Parking Facilities shuttles, and
4. Other ad hoc shuttle services and tours.

After recent amendments, the Ace Parking contract expires on December 31, 2021 and has a maximum amount payable of \$46,800,000.

Ace Shuttle Vehicles

The current inventory of Ace operated Authority bus and shuttle vehicles is displayed in the table below –

Make	Model	Year	Description	Fuel Type	Qty	Ownership	Vehicle Age	Seat Capacity
Proterra	Catalyst 2	2021	35' Low-floor Transit Bus	EV	4	Authority owned	0	22
Ford	F550	2011	El Dorado	CNG	5	Authority owned	10	28
Enderra	B5 E450	2020	Diamond	EV	13	Assumable Lease	1	20
Enderra	D2 F550	2020	Diamond	EV	16	Assumable Lease	1	25
GM	3500	2014	Glaval	CNG	17	Assumable Lease	7	14

Total vehicles 55

Contract Cost Elements

The current agreement is an expense contract consisting of two cost components –

1. Hourly rate for shuttle service,
2. Approved reimbursable expenses.

Contract costs are calculated and invoiced each month. A large portion of the shuttle expense invoiced on this contract is recovered from the Authority's airline partners under the Airline Operating Agreement (AOA), depending on the route. The table below shows monthly actual and budgeted costs for pre- and post-pandemic periods. Amounts shown are inclusive of the two contract cost components and run through the end of the contract period extension.

*Ace Parking Management, Inc.
Historical Shuttle Service Operations Contract Costs
For the Periods Presented*

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2017	\$ 669,668	\$ 614,377	\$ 640,503	\$ 658,561	\$ 640,590	\$ 649,526	\$ 664,728	\$ 641,641	\$ 670,498	\$ 668,730	\$ 661,534	\$ 661,534	\$ 7,841,488
2018	\$ 674,844	\$ 645,932	\$ 653,566	\$ 654,054	\$ 686,874	\$ 681,223	\$ 670,988	\$ 667,514	\$ 696,082	\$ 639,022	\$ 655,803	\$ 655,803	\$ 7,996,012
2019	\$ 637,898	\$ 597,000	\$ 700,392	\$ 719,437	\$ 683,748	\$ 646,678	\$ 606,595	\$ 561,292	\$ 586,015	\$ 531,868	\$ 565,364	\$ 565,364	\$ 7,620,115
2020	\$ 628,931	\$ 591,573	\$ 207,340	\$ 152,125	\$ 140,408	\$ 130,842	\$ 120,691	\$ 151,135	\$ 159,875	\$ 204,727	\$ 182,572	\$ 182,572	\$ 3,183,596
2021	\$ 183,782	\$ 186,922	\$ 192,948	\$ 184,192	\$ 203,401	\$ 202,444	\$ 238,458	\$ 205,815	\$ 312,069	\$ 320,169	\$ 331,169	\$ 331,169	\$ 2,749,085
2022	\$ 615,645	\$ 588,132	\$ 606,140	\$ 613,645	\$ 601,137	\$ 618,569	\$ 636,506	\$ 654,964	-	-	-	-	\$ 5,563,384

**Amounts shown in blue are Budget amounts*

***Contract only extended until September 30, 2022*

Ace Contract Amendments

The Ace contract has been amended once. A summary of the amendment is presented below:

The First Amendment to the contract was executed on September 21, 2021. The purpose of the amendment was to 1) exercise the optional one-year extension, 2) set a termination date of the agreement by mutual consent for December 31, 2021, and 3) increase the maximum amount payable by \$1,800,000.00 to a new maximum of \$46,800,000.00.

A summary of the original contract and subsequent amendment details is shown in the table below.

Ace Shuttle Operations Contract - Summary of Amendments - Dates and Amounts

Date of Action	Action	Contract Start	Contract End	Increase	Maximum Amount Payable
09/28/18	Original Contract	10/01/18	09/30/21	\$ -	\$ 45,000,000
09/21/21	FIRST Amendment	...	12/31/21	\$ 1,800,000	\$ 46,800,000
12/02/21	SECOND Amendment	...	09/30/22	\$ -	\$ 46,800,000

Proposed Contract Amendment

The proposed second amendment revokes the mutually consented termination date of December 31, 2021; and extends the contract to September 30, 2022.

The amendment also updates the scope of work to add "Route 4 – San Diego Flyer Shuttle". This is the free shuttle service route started on November 21, 2021 to transport passengers, employees, and the public between the Old Town Transit Center and the Airport. Planning for this route was in the conceptual stage at the time that the original contract was executed in October 2018, so the route was not officially added to the scope of work.

Adding this route to the scope of work accommodates the additional contract costs generated by operating this route. The estimated costs for the San Diego Flyer service are approximately \$1.1M for the remaining nine months of the contract extension.

Due to significantly reduced shuttle activity during the pandemic, and the associated cost reductions, there are sufficient funds available on the contract to cover the remaining nine months of shuttle service operating expense. There is no need to increase the maximum amount payable on the contract.

Summary of Contract Spend

Maximum Amount Payable	<u>\$ 46,800,000</u>	<i>As of Sep-2021</i>
Less: Cumulative contract expense to date	\$ (14,580,295)	<i>Through Oct-2021</i>
Less: Remaining anticipated expense	\$ (6,214,722)	<i>Nine months Nov-2021 to Sep-2022</i>
Remaining contract amount available	<u>\$ 26,004,983</u>	

(No Recommended Change to Maximum Amount Payable)

Recommendation

Staff recommends the Authority Board Adopt Resolution No. 2021-0139 authorizing the President/CEO to negotiate and execute a Second Amendment to Agreement 210753-OS with Ace Parking Management, Inc. for Airport Shuttle Services to: 1) Extend the contract to September 30, 2022; and 2) Revise the Scope of Work.

Fiscal Impact:

The operating expenses related to the Ace Parking Management, Inc. Shuttle Services contract are forecasted to be approximately \$732,000 higher than budgeted. Staff believes there are sufficient savings in other line items to cover this overage with in the adopted FY 2022 Operating Budget and the contracted increases will be included in the FY 2023 Operating Expense Budget that will be presented to the Board later in this Fiscal Year.

Authority Strategies/Focus Areas:

This item supports one or more of the following (*select at least one under each area*):

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 policy: a Disadvantaged Business Enterprise (DBE) Program, an Airport Concession Disadvantaged Business Enterprise (ACDBE) Program and Policy 5.12. These programs and policy 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 or policy 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. When bid price is the primary selection criteria, the maximum amount of the preference cannot exceed \$200,000. The preference is only applied in measuring the bid. The final contract award is based on the amount of the original bid.

In accordance to Policy 5.12, the recommended firm SP Plus did not receive small business, local business, and service disabled/veteran owned small business preference.

Prepared by:

Marc Nichols
Director, Ground Transportation

RESOLUTION NO. 2021-0139

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY AUTHORIZING THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE A SECOND AMENDMENT TO AGREEMENT 210753-OS WITH ACE PARKING MANAGEMENT, INC. FOR AIRPORT SHUTTLE SERVICES TO: 1) EXTEND THE CONTRACT TO SEPTEMBER 30, 2022; AND 2) REVISE THE SCOPE OF WORK

WHEREAS, the San Diego County Regional Airport Authority ("Authority") entered into agreement 210753-OS with Ace Parking Management, Inc. for Airport Shuttle services on September 28, 2018; and

WHEREAS, a First Amendment to the agreement was executed on September 21, 2021 to 1) exercise the optional one-year extension, 2) set a termination date of the agreement by mutual consent for December 31, 2021, and 3) increase the maximum amount payable by one million eight hundred thousand dollars (\$1,800,000.00) to forty-six million eight hundred thousand dollars (\$46,800,000.00);

WHEREAS, the Board finds it is in the best interest of the Authority and the public it serves to amend the agreement to extend the term to expire no later than September 30, 2022 and revise the scope of work to include the San Diego Flyer shuttle route.

NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD HEREBY... authorizes the President/CEO to negotiate and execute a Second Amendment to Agreement 210753-OS with Ace Parking Management, Inc. for Airport Shuttle Services to: 1) extend the contract to expire on September 30, 2022, and 2) revise the scope of work to add the San Diego Flyer shuttle route; and

BE IT FURTHER RESOLVED that the Board finds that this action is not a "project" as defined by the California Environmental Quality Act ("CEQA") (California Public Resources Code §21065); and

BE IT FURTHER RESOLVED that the Board finds that this action is not a “development” as defined by the California Coastal Act (California Public Resources Code §30106); and

BE IT FURTHER RESOLVED that the Board finds that this 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.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 2nd day of December, 2021 by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES /
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

Item No. 15**Staff Report****Meeting Date: December 2, 2021****Subject:****Grant an Easement for Drainage Facilities to the City of San Diego****Recommendation:**

Adopt Resolution No. 2021-0140, approving and authorizing the President/CEO to negotiate and execute an easement for drainage facilities with the City of San Diego for the relocation of a portion of existing City owned storm drain infrastructure in support of the New T1 Airside Improvements project.

Background/Justification:

On October 7, 2021, the Board of the San Diego County Regional Airport Authority ("Authority") awarded a contract to Griffith Company Inc. for Project No. 411001ADP Airside Improvements at San Diego International Airport ("Airport") [Resolution No. 2021-0116] ("Project"). The Project will include all airfield related components to allow for operation of the new terminal, improve overall airfield operations, and increase the safety and efficiency of aircraft movements.

The Project design requires the relocation of an approximately 400-foot section of a City of San Diego ("City") owned 60" diameter storm drainpipe that crosses through the airfield ("Drainpipe"), granted to the City by an easement in 1968 ("Old Easement"). The relocation and installation of the Drainpipe necessitates that a new drainage easement ("New Easement") be granted to the City as depicted on "Exhibit A" and "Exhibit B". The New Easement will supersede and vacate the Old Easement.

The New Easement is required to allow the Authority to complete the New T1 Airside Improvements according to the approved construction plans, as well as to provide the City with the appropriate rights needed to maintain and repair its infrastructure. The New Easement will provide the City the right to construct, reconstruct, maintain, operate and repair drainage facilities, including any appurtenances thereto, together with the right of ingress and egress over, under, along, and across the New Easement area.

The term for the New Easement will be conterminous with the term of the Lease between the Authority and the San Diego Unified Port District, which currently expires on December 31, 2068. The New Easement may be terminated at the Authority's discretion.

Fiscal Impact:

The proposed easement does not provide for monetary consideration to be paid to or by the Authority. Therefore, there is no direct fiscal impact.

Authority Strategies/Focus Areas:

This item supports one or more of the following (*select at least one under each area*):

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 for a project that received certification and approval for the Airport Development Plan Environmental Impact Report (SCH NO. 2017011053 – SDCRAA # EIR-18-01) on January 9, 2020;
- B. California Coastal Act Review: This Board action is for a project that the California Coastal Commission issued Coastal Development Permits (CDP-6-20-0154), (CDP 6-20-0447), and (CDP 6-20-0611), on September 30, 2021.
- C. NEPA: This Board action is for a project that received approval and was issued a Finding of No Significant Impact (FONSI) and Record of Decision (ROD) by the Federal Aviation Administration (FAA) on October 22, 2021.

Application of Inclusionary Policies:

Not applicable

Prepared by:

DENNIS PROBST
DEVELOPMENT: VICE PRESIDENT & CHIEF DEVELOPMENT OFFICER

EXHIBIT "A"

LEGAL DESCRIPTION DRAINAGE EASEMENT

A PORTION OF THAT CERTAIN PORTION OF LAND CONVEYED TO THE SAN DIEGO UNIFIED PORT DISTRICT BY THAT CERTAIN ACT OF LEGISLATURE OF THE STATE OF CALIFORNIA PURSUANT TO CHAPTER 67, STATUTES OF 1962, FIRST EXTRAORDINARY SESSION, AS AMENDED AND DELINEATED AS PARCEL NUMBER "1-A" ON THAT CERTAIN MISCELLANEOUS MAP NO. 564, FILED IN THE OFFICE OF THE SAN DIEGO COUNTY RECORDER ON MAY 28, 1976, FILE NO. 76-164686, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE WESTERLY LINE OF THAT CERTAIN EASEMENT TO THE CITY OF SAN DIEGO FOR STORM DRAIN PURPOSES, AS DEPICTED ON CITY OF SAN DIEGO DRAWING NO 11556-8-D, SAID POINT LYING SOUTH 73°01'30" EAST, A DISTANCE OF 6698.62 FEET FROM THE NATIONAL GEODETIC SURVEY PRIMARY AIRPORT CONTROL STATION (PACS) MONUMENT "AP 1973 SAN STA B3" (N.G.S. POINT ID AD9362);

THENCE NORTHWESTERLY, LEAVING SAID WESTERLY EASEMENT LINE, NORTH 82°34'35" WEST, A DISTANCE OF 102.54 FEET;

THENCE NORTH 73°50'38" WEST, A DISTANCE OF 16.99 FEET;

THENCE SOUTH 16°09'22" WEST, A DISTANCE OF 240.22 FEET;

THENCE NORTH 73°50'38" WEST, A DISTANCE OF 10.00 FEET;

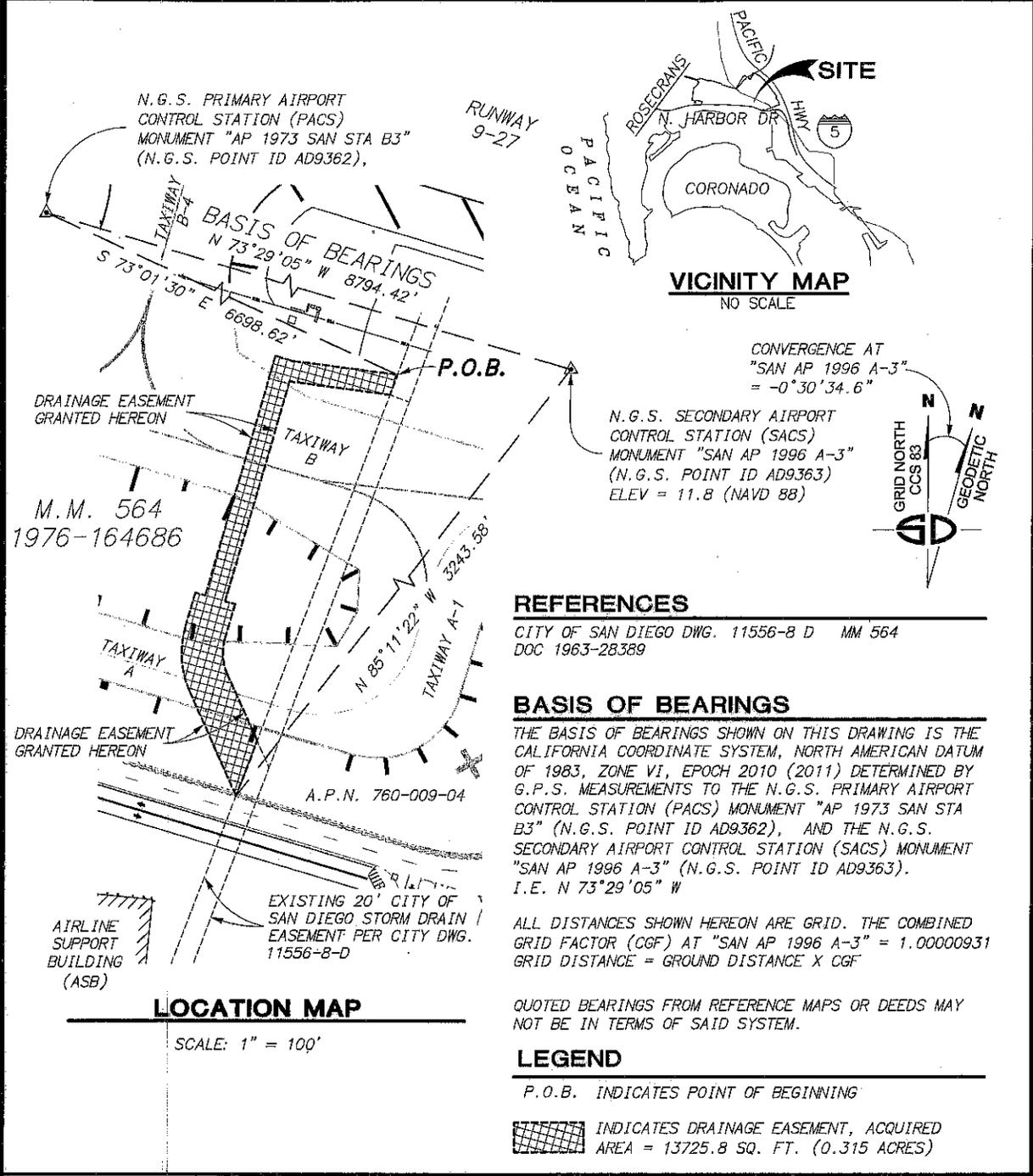
THENCE SOUTH 16°09'22" WEST, A DISTANCE OF 34.44 FEET TO THE BEGINNING OF A TANGENT 90.00 FOOT RADIUS CURVE, CONCAVE EASTERLY;

THENCE SOUTHERLY, ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 40°20'29", AN ARC DISTANCE OF 63.37 FEET;

THENCE SOUTHEASTERLY, TANGENT TO SAID CURVE, SOUTH 24°11'07" EAST, A DISTANCE OF 109.92 FEET, MORE OR LESS, TO AN INTERSECTION WITH SAID WESTERLY EASEMENT LINE;

THENCE NORTHERLY, ALONG SAID WESTERLY EASEMENT LINE, NORTH 20°53'22" EAST, A DISTANCE OF 56.50 FEET;

EXHIBIT "B"



PREPARED BY:
Snipes-Dye associates
 civil engineers and land surveyors
 8348 CENTER DRIVE, STE. G, LA MESA, CA 91942
 TELEPHONE: (619) 697-9234 FAX (619) 460-2033
 9/3/2021
 WILLIAM A. SNIPES L.S. 8034 DATE

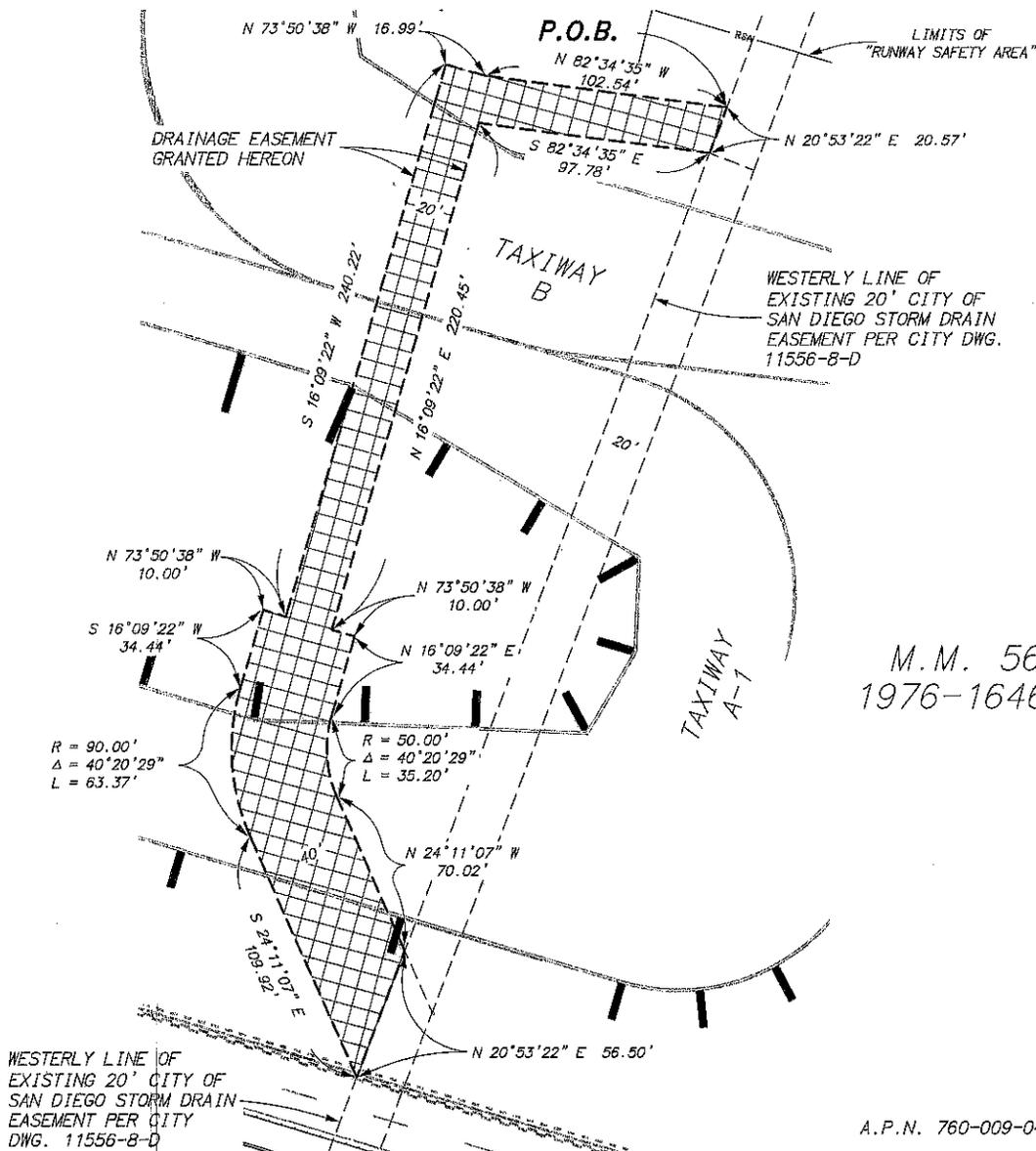


DOCUMENT NO. _____
 RECORDED _____

DRAINAGE EASEMENT
OVER PORTIONS OF PARCEL 1-A OF DOC. REC. 2/15/1963,
IN SERIES 4, BOOK 1963, AS F/P 28389

DESCRIPTION	BY	APPROVED	DATE	FILMED	CITY OF SAN DIEGO, CALIFORNIA SHEET 1 OF 2 SHEETS	PTS 684504
ORIGINAL	SDA					I.O. N/A
					<i>William A. Snipes</i> FOR CITY ENGINEER	1846-6273 CCS 83 COORDINATES
					10/5/2021 DATE	206-1713 NAD 27 COORDINATES
						42556-1-B
STATUS						

EXHIBIT "B"

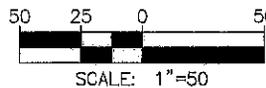
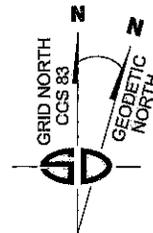


M.M. 564
1976-164686

A.P.N. 760-009-04

LEGEND

- P.O.B. INDICATES POINT OF BEGINNING
- INDICATES DRAINAGE EASEMENT, ACQUIRED
AREA = 13725.8 SQ. FT. (0.315 ACRES)



DRAINAGE EASEMENT

OVER PORTIONS OF PARCEL 1-A OF DOC. REC. 2/15/1963,
IN SERIES 4, BOOK 1963, AS F/P 28389

DESCRIPTION	BY	APPROVED	DATE	FILMED	CITY OF SAN DIEGO, CALIFORNIA	PTS
ORIGINAL	SDA				SHEET 2 OF 2 SHEETS	684504
					<i>Tyler R. A/B</i> 10/5/2021	N/A
					FOR CITY ENGINEER DATE	1846-6273
						CCS .83 COORDINATES
						206-1713
						NAD 27 COORDINATES
						42556-2-B
STATUS						

RESOLUTION NO. 2021-0140

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, APPROVING AND AUTHORIZING THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE AN EASEMENT FOR DRAINAGE FACILITIES WITH THE CITY OF SAN DIEGO FOR THE RELOCATION OF A PORTION OF EXISTING CITY OWNED STORM DRAIN INFRASTRUCTURE IN SUPPORT OF THE NEW T1 AIRSIDE IMPROVEMENTS PROJECT

WHEREAS, the San Diego County Regional Airport Authority (“Authority”) currently leases Airport property from the San Diego Unified Port District (“Port”) pursuant to that certain Lease dated January 1, 2005, and bearing Authority Document No. LE-0286; and

WHEREAS, paragraph 4 in said Lease specifies that Authority may, at its own expense, make alterations or changes, or cause to be made, built, installed, or remove any structures, machines, appliances, utilities, signs, or other improvements necessary or desirable for the authorized use of the Leased Airport without the approval of the Port; and

WHEREAS, the relocation and construction of a City of San Diego (“City”) owned storm drainpipe necessitates a new drainage easement be granted to the City (“New Easement”) in support of the New T1 Airside Improvements project; and

WHEREAS, the New Easement will allow the City to relocate approximately 400 feet of a 60 inch diameter storm drainpipe that crosses through the San Diego International Airport airfield; and

WHEREAS, the New Easement will vacate and supersede the previous drainage easement granted to the City in 1968; and

WHEREAS, the term of the New Easement will be conterminous with the term of the Lease between the Authority and the Port, which expires on December 31, 2068.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby authorizes the President/CEO to negotiate and execute an easement for drainage facilities with the City of San Diego in support of the New T1 Airside Improvements project; and

BE IT FURTHER RESOLVED that the Board finds that this action is for a project that received certification and approval for the Airport Development Plan Environmental Impact Report (SCH NO. 2017011053 – SDCRAA # EIR-18-01) on January 9, 2020; and

BE IT FURTHER RESOLVED that the Board finds that this action is for a project that the California Coastal Commission issued Coastal Development Permits (CDP-6-20-0154), (CDP 6-20-0447), and (CDP 6-20-0611), on September 30, 2021; and

BE IT FURTHER RESOLVED that the Board finds that this action is for a project that received approval and was issued a Finding of No Significant Impact (FONSI) and Record of Decision (ROD) by the Federal Aviation Administration (FAA) on October 22, 2021; and

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 2nd day of December, 2021, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES /
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

Staff Report

Meeting Date: December 2, 2021

Subject:

Approve and Authorize the President/CEO to Negotiate and Execute an Amendment to a Reimbursable Agreement with the Department of Transportation Federal Aviation Administration (FAA) for Engineering and Technical Support Related to New T1 Airside Improvements.

Recommendation:

Adopt Resolution No. 2021-0141, approving and authorizing the President/CEO to Negotiate and Execute an Amendment to a Reimbursable Agreement between the Department of Transportation Federal Aviation Administration (FAA) and the San Diego County Regional Airport Authority for engineering and technical support related to New T1 Airside Improvements.

Background/Justification:

The New T1 Airside Improvements project includes the relocation of Taxiway B and associated modifications to Taxiways B4, B5, B6, B7, B8, B9, and B10. Existing Department of Transportation Federal Aviation Administration ("FAA") infrastructure within the footprint of the work includes Runway Status Light ("RWSL") systems at Taxiways B4, B6, and B10, and Fiber Optic Transmission Systems ("FOTS") duct bank and cabling. Modifications to the existing FAA infrastructure will be required to accommodate the relocation of Taxiway B and associated taxiway modifications.

On June 3, 2021, the San Diego County Regional Airport Authority ("Authority") Board ("Board") adopted Resolution No. 2021-0060, authorizing the President/CEO to execute a Reimbursable Agreement in the amount of \$62,982.85 between the FAA and the Authority for the FAA to provide engineering, technical support, participate in project meetings, and perform construction document design reviews related to the New T1 Airside Improvements project.

Meeting Date: December 2, 2021

Since the Board adopted Resolution No. 2021-0060, Authority staff and consultants have coordinated with FAA staff and determined that the existing Reimbursable Agreement between the FAA and the Authority will need to be amended to fund FAA costs for construction oversight services.

Staff requests that the Board approve and authorize the President/CEO to negotiate and execute an amendment to the Reimbursable Agreement between the FAA and the Authority to increase the amount by \$50,000 resulting in a not to exceed amount of \$112,982.85.

Fiscal Impact:

This amendment to the original Reimbursable Agreement will provide reimbursement to the FAA up to an additional \$50,000.00, for a total up to \$112,982.85, to fund FAA services, including travel and expenses, required to perform engineering and technical support included in the Board approved and amended FY 2022-FY2026 Capital Program Budget within the New T1 line item. Source of funds for this project will include AIP Grant, Bonds, Passenger Facility Charges, and Airport Cash.

Authority Strategies/Focus Areas:

This item supports one or more of the following (*select at least one under each area*):

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 for a project that received certification and approval for the Airport Development Plan Environmental Impact Report (SCH NO. 2017011053 – SDCRAA # EIR-18-01) on January 9, 2020.
- B. California Coastal Act Review: This Board action is for a project that the California Coastal Commission issued Coastal Development Permits (CDP-6-20-0154), (CDP 6-20-0447), and (CDP 6-20-0611), on September 30, 2021.
- C. NEPA: This Board action is for a project that received approval and was issued a Finding of No Significant Impact (FONSI) and Record of Decision (ROD) by the Federal Aviation Administration (FAA) on October 22, 2021.

Application of Inclusionary Policies:

Not applicable.

Prepared by:

Bob Bolton
Director, Airport Design & Construction

RESOLUTION NO. 2021-0141

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, APPROVING AND AUTHORIZING THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE AN AMENDMENT TO A REIMBURSABLE AGREEMENT BETWEEN THE DEPARTMENT OF TRANSPORTATION FEDERAL AVIATION ADMINISTRATION AND THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY FOR ENGINEERING AND TECHNICAL SUPPORT RELATED TO NEW T1 AIRSIDE IMPROVEMENTS

WHEREAS, New T1 Airside Improvements include the relocation of Taxiway B and associated modifications to Taxiways B4, B5, B6, B7, B8, B9, and B10; and

WHEREAS, existing Department of Transportation Federal Aviation Administration ("FAA") infrastructure within the footprint of the work includes Runway Status Light ("RWSL") systems at Taxiways B4, B6, and B10, and Fiber Optic Transmission Systems ("FOTS") duct bank and cabling; and

WHEREAS, modifications to the existing FAA infrastructure will be required to accommodate the relocation of Taxiway B and associated taxiway modifications; and

WHEREAS, on June 3, 2021, the San Diego County Regional Airport Authority ("Authority") Board ("Board") adopted Resolution No. 2021-0060, authorizing the President/CEO to execute a Reimbursable Agreement in the amount of \$62,982.85 between the FAA and the Authority for the FAA to provide engineering, technical support, participate in project meetings, and perform construction document design reviews related to the New T1 Airside Improvements project; and

WHEREAS, since the Board adopted Resolution No. 2021-0060, Authority staff and consultants have coordinated with FAA staff and determined that the existing Reimbursable Agreement between the FAA and the Authority will need to be amended to fund FAA costs for construction oversight services; and

WHEREAS, staff requests that the Board approve and authorize the President/CEO to negotiate and execute an amendment to the Reimbursable Agreement between the FAA and the Authority to increase the amount by \$50,000 resulting in a not to exceed amount of \$112,982.85.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves and authorizes the President/CEO to negotiate and execute an amendment to the Reimbursable Agreement between the Department of Transportation Federal Aviation Administration and the San Diego County Regional Airport Authority for engineering and technical support related to Airport Development Program New T1 Airside Improvements to increase the amount by \$50,000 resulting in a not-to-exceed amount of \$112,982.85; and

BE IT FURTHER RESOLVED that the Board finds that this action is for a project that received certification and approval for the Airport Development Plan Environmental Impact Report (SCH NO. 2017011053 – SDCRAA # EIR-18-01) on January 9, 2020; and

BE IT FURTHER RESOLVED that the Board finds that this action is for a project that the California Coastal Commission issued Coastal Development Permits (CDP-6-20-0154), (CDP 6-20-0447), and (CDP 6-20-0611), on September 30, 2021; and

BE IT FURTHER RESOLVED that the Board finds that this action is for a project that received approval and was issued a Finding of No Significant Impact (FONSI) and Record of Decision (ROD) by the Federal Aviation Administration (FAA) on October 22, 2021.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 2nd day of December, 2021, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES /
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

Staff Report

Meeting Date: December 2, 2021

Subject:

Award a Contract to S&L Specialty Construction, Inc. for Quieter Home Program Phase 11, Group 7, Project No. 381107 Fifty-three (53) Non-Historic Single-Family and Multi-Family Units on Thirty-six (36) Residential Properties Located East and West of the San Diego International Airport.

Recommendation:

Adopt Resolution No. 2021-0142, awarding a contract to S&L Specialty Construction, Inc. in the amount of \$1,653,249.76 for Phase 11, Group 7, Project No. 381107, of the San Diego County Regional Airport Authority's Quieter Home Program.

Background/Justification:

The San Diego County Regional Airport Authority's ("Authority") Quieter Home Program ("Program") provides sound attenuation treatments to residences within the highest noise-impacted neighborhoods surrounding San Diego International Airport ("SDIA"). This contract for Phase 11, Group 7, project number 381107 includes installation of new acoustical windows, doors, and ventilation improvements to reduce aircraft-related noise levels and provide sound attenuation to fifty-three (53) non-historic single-family and multi-family units on thirty-six (36) residential properties located east and west of the Airport (refer to Attachment A).

To date, the Program has completed 4,585 residences, of which 1,010 are historic and 3,575 are non-historic. 2,890 residences are located west of SDIA and 1,695 are located east and west of SDIA.

Project No. 381107 was advertised on September 28, 2021, and bids were opened on October 28, 2021. The following bids were received (refer to Attachment B):

Company	Total Bid
S&L Specialty Construction, Inc.	\$1,653,249.76
HHJ Construction	\$1,767,961.76

Meeting Date: December 2, 2021

Engineer's Estimate: \$1,698,097.89

The low bid of \$1,653,249.76 is considered responsive and S&L Specialty Construction, Inc. is considered responsible. Award to S&L Specialty Construction, Inc. is, therefore, recommended in the amount of \$1,653,249.76.

Fiscal Impact:

Adequate funds for the contract with S&L Specialty Construction, Inc. are included in the adopted FY 2022 and conceptual FY 2023 Operating Expense Budgets within the Quieter Home Program budget line item. Sources of funding include federal Airport Improvement Program grants and Passenger Facility Charges.

Authority Strategies/Focus Areas:

This item supports one or more of the following (*select at least one under each area*):

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 a "project" subject to the California Environmental Quality Act ("CEQA"), Pub. Res. Code §21065. The individual projects under the Quieter Home Program are part of a class of projects that are categorically exempt from CEQA: 14 Cal. Code Regs. §15301 – "Existing Facilities: Class 1 consists of the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination."

- B. California Coastal Act Review: This Board action is a “development” as defined by the California Coastal Act, Cal. Pub. Res. Code §30106. This project under the Quieter Home Program will consist of treatments to single-family and multi-family dwellings. Improvements to single-family homes are exempt from coastal permit requirements under Cal. Pub. Res. Code §30610(a) and 14 Cal. Code Regs. §13250 – “Improvements to Single-Family Residences.” The proposed improvements to multi-family residences are exempt from coastal permit requirements under Cal. Pub. Res. Code §30610(b) and 14 Cal. Code Regs. §13253 – “Improvements to Structures Other than Single-Family Residences and Public Works Facilities that Require Permits.”
- C. NEPA: This Board action is a project that involves approvals or actions by the Federal Aviation Administration (“FAA”) and, therefore, also requires review under the National Environmental Policy Act (“NEPA”) for its potential environmental impacts. The FAA issued a Categorical Exclusion under NEPA on March 22, 2021, for these Quieter Home Program projects.

Application of Inclusionary Policies:

The Authority has the following inclusionary programs/policies: a Disadvantaged Business Enterprise (DBE) Program, an Airport Concession Disadvantaged Business Enterprise (ACDBE) Program, and Policy 5.12. These programs/policy 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/policy named above can be used in any single contracting opportunity.

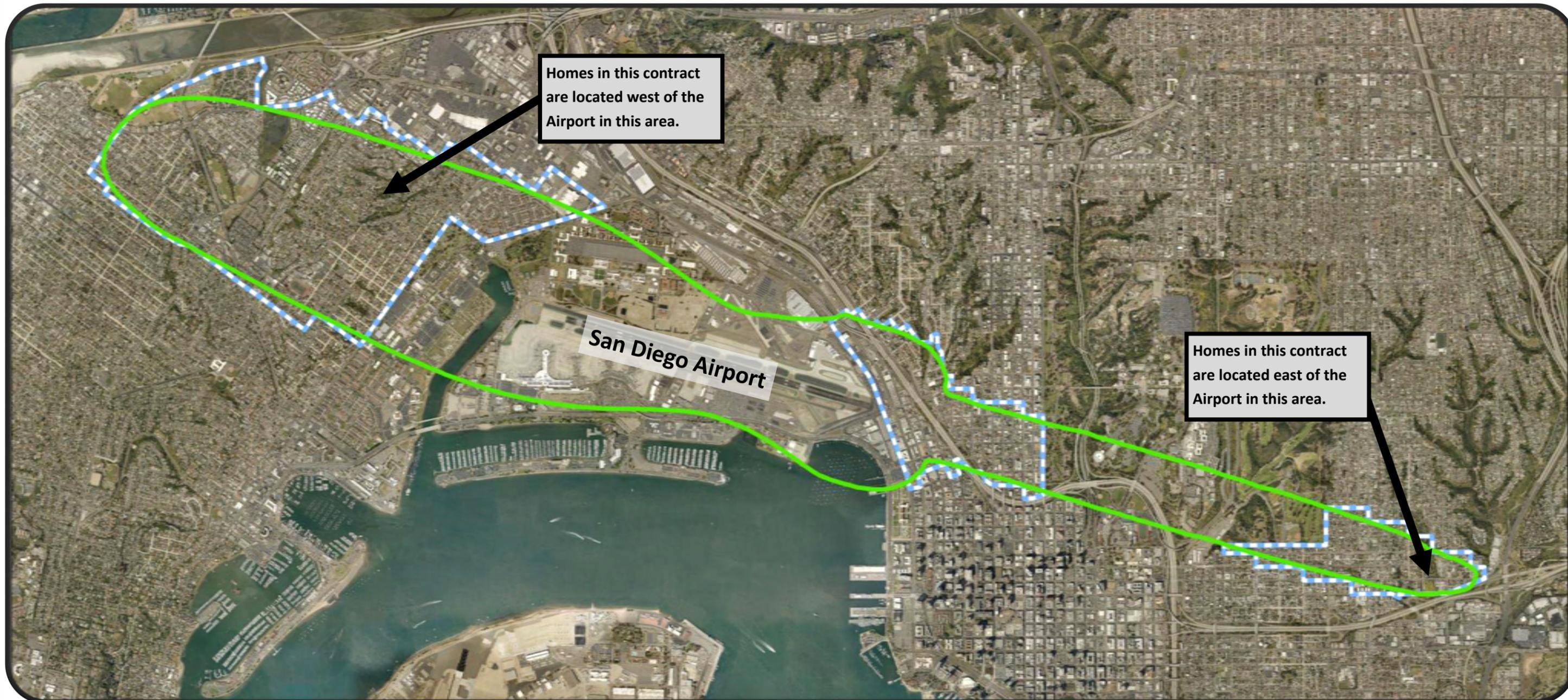
The Authority’s DBE Program, as required by the U.S. Department of Transportation, 49 Code of Federal Regulations (CFR) Part 26, calls for the Authority to submit a triennial overall goal for DBE participation on all federally-funded projects. When federal funds are utilized, the Authority is prohibited from using a program that provides a preference such as those used in Policy 5.12. Therefore, the Authority must utilize other means as provided in the DBE Plan to achieve participation.

This project utilizes federal funds; therefore, it will be applied toward the Authority's overall DBE goal. S&L Specialty Construction, Inc. proposed 6% DBE participation on QHP Phase 11, Group 7.

Prepared by:

BRENDAN REED
DIRECTOR, PLANNING & ENVIRONMENTAL AFFAIRS

Attachment A



LEGEND

-  65 dB Boundary
-  65 dB CNEL Contour

San Diego County Regional Airport Authority
Quieter Home Program
Project 381107

TABULATION OF BIDS

ATTACHMENT B

TITLE: QUIETER HOME PROGRAM PROJECT NO. 381107
 BIDS OPENED: October 28, 2021 at 2:00 p.m.
 ENGINEER'S ESTIMATE: \$1,698,097.89

CONTRACTOR:				Engineer's Estimate					S&L Specialty Construction, Inc.				HHJ Construction					
ADDRESS:									315 S. Franklin Street, Syracuse, NY 13202				11156 S. Main Street					
GUARANTEE OF GOOD FAITH:									Liberty Mutual Insurance Company				Old Republic Surety Company					
Res No.	Bid Item Number - Name/Address			Dwelling Units	Unit of Measure	General Construction (In Figures)	Ventilation Construction (In Figures)	Electrical Construction (In Figures)	TOTAL (In Figures)	General Construction (In Figures)	Ventilation Construction (In Figures)	Electrical Construction (In Figures)	TOTAL (In Figures)	General Construction (In Figures)	Ventilation Construction (In Figures)	Electrical Construction (In Figures)	TOTAL (In Figures)	
381107.01	ALBERTS	4484	MONTALVO STREET UNIT 1	1	Lump Sum	\$25,579.60	\$3,345.13	\$908.44	\$29,833.17	\$22,000.00	\$4,000.00	\$2,000.00	\$28,000.00	\$24,974.00	\$4,750.00	\$1,500.00	\$31,224.00	
381107.01	ALBERTS	4484	MONTALVO STREET UNIT 2	1	Lump Sum	\$21,508.88	\$3,224.18	\$908.44	\$25,641.50	\$20,000.00	\$4,000.00	\$2,000.00	\$26,000.00	\$22,390.00	\$4,750.00	\$1,500.00	\$28,640.00	
381107.01	ALBERTS	4484	MONTALVO STREET UNIT 3	1	Lump Sum	\$18,371.80	\$3,400.53	\$908.44	\$22,680.77	\$17,000.00	\$4,000.00	\$2,000.00	\$23,000.00	\$22,390.00	\$4,750.00	\$1,500.00	\$28,640.00	
381107.01	ALBERTS	4484	MONTALVO STREET UNIT 4	1	Lump Sum	\$20,721.14	\$3,352.15	\$908.44	\$24,981.73	\$20,000.00	\$4,000.00	\$2,000.00	\$26,000.00	\$24,974.00	\$4,750.00	\$1,500.00	\$31,224.00	
381107.01	ALBERTS	4484	MONTALVO STREET UNIT 5	1	Lump Sum	\$25,248.84	\$3,480.11	\$908.44	\$29,637.40	\$21,000.00	\$4,000.00	\$2,000.00	\$27,000.00	\$24,974.00	\$4,750.00	\$1,500.00	\$31,224.00	
381107.01	ALBERTS	4484	MONTALVO STREET UNIT 6	1	Lump Sum	\$21,508.88	\$3,480.11	\$908.44	\$25,897.43	\$19,000.00	\$4,000.00	\$2,000.00	\$25,000.00	\$24,300.00	\$4,750.00	\$1,500.00	\$30,550.00	
381107.01	ALBERTS	4484	MONTALVO STREET UNIT 7	1	Lump Sum	\$18,371.80	\$3,480.11	\$908.44	\$22,760.36	\$17,000.00	\$4,000.00	\$2,000.00	\$23,000.00	\$22,390.00	\$4,750.00	\$1,500.00	\$28,640.00	
381107.01	ALBERTS	4484	MONTALVO STREET UNIT 8	1	Lump Sum	\$21,651.33	\$3,480.11	\$908.44	\$26,039.88	\$19,000.00	\$4,000.00	\$2,000.00	\$25,000.00	\$24,974.00	\$4,750.00	\$1,500.00	\$31,224.00	
381107.02	BEYE	2828	FAMOSA BOULEVARD UNIT 305	1	Lump Sum	\$19,703.87	\$3,511.32	\$1,101.36	\$24,316.54	\$18,000.00	\$4,000.00	\$2,000.00	\$24,000.00	\$24,300.00	\$4,750.00	\$1,500.00	\$30,550.00	
381107.03	AHMADI/MARINOS	4380	TEMECULA STREET UNIT 3	1	Lump Sum	\$40,550.25	\$11,846.35	\$3,388.25	\$55,784.84	\$36,000.00	\$10,000.00	\$8,000.00	\$54,000.00	\$11,500.00	\$9,350.00	\$4,800.00	\$25,650.00	
381107.04	BROWN	2828	FAMOSA BOULEVARD UNIT 201	1	Lump Sum	\$29,702.62	\$4,197.62	\$1,196.06	\$35,096.30	\$34,000.00	\$4,000.00	\$2,000.00	\$40,000.00	\$27,640.00	\$5,500.00	\$1,500.00	\$34,640.00	
381107.05	CANCEL	2828	FAMOSA BOULEVARD UNIT 206	1	Lump Sum	\$17,205.04	\$0.00	\$0.00	\$17,205.04	\$17,000.00	\$0.00	\$0.00	\$17,000.00	\$24,974.00	\$0.00	\$0.00	\$24,974.00	
381105.06	CHAMBERS	2328	ETIWANDA ST	1	Lump Sum	\$31,750.00	\$10,889.31	\$2,658.69	\$45,298.00	\$25,000.00	\$10,000.00	\$5,000.00	\$40,000.00	\$29,480.00	\$9,350.00	\$3,800.00	\$42,630.00	
381107.06	CHAMBERS	2328	1/2 ETIWANDA ST	1	Lump Sum	\$19,547.01	\$0.00	\$0.00	\$19,547.01	\$14,000.00	\$0.00	\$0.00	\$14,000.00	\$24,974.00	\$0.00	\$0.00	\$24,974.00	
381107.06	CHAMBERS	2328	ETIWANDA STREET REAR	1	Lump Sum	\$22,055.25	\$0.00	\$0.00	\$22,055.25	\$15,000.00	\$0.00	\$0.00	\$15,000.00	\$24,974.00	\$0.00	\$0.00	\$24,974.00	
381107.08	CHRISTOPHER	2828	FAMOSA BOULEVARD UNIT 302	1	Lump Sum	\$22,675.28	\$4,391.15	\$1,101.36	\$28,167.78	\$20,000.00	\$4,000.00	\$2,000.00	\$26,000.00	\$28,140.00	\$5,000.00	\$1,500.00	\$34,640.00	
381107.09	DOUD	2828	FAMOSA BOULEVARD UNIT 110	1	Lump Sum	\$25,715.59	\$0.00	\$0.00	\$25,715.59	\$24,000.00	\$0.00	\$0.00	\$24,000.00	\$28,390.00	\$0.00	\$0.00	\$28,390.00	
381107.13	HEIMBIGNER	2828	FAMOSA BOULEVARD UNIT 109	1	Lump Sum	\$27,465.10	\$3,215.93	\$1,378.45	\$32,059.48	\$26,000.00	\$4,000.00	\$2,000.00	\$32,000.00	\$24,524.00	\$5,000.00	\$1,700.00	\$31,224.00	
381107.14	HUGHES	2828	FAMOSA BOULEVARD UNIT 103	1	Lump Sum	\$23,845.26	\$4,173.43	\$1,196.06	\$29,214.75	\$23,000.00	\$4,000.00	\$2,000.00	\$29,000.00	\$24,324.00	\$5,000.00	\$1,900.00	\$31,224.00	
381107.15	IACONO	2828	FAMOSA BOULEVARD UNIT 209	1	Lump Sum	\$27,364.95	\$4,622.89	\$1,101.36	\$33,089.20	\$25,000.00	\$4,000.00	\$2,000.00	\$31,000.00	\$24,724.00	\$5,000.00	\$1,500.00	\$31,224.00	
381107.16	IM	4380	TEMECULA STREET UNIT 7	1	Lump Sum	\$29,160.99	\$11,938.76	\$3,591.68	\$44,691.42	\$31,000.00	\$9,000.00	\$8,000.00	\$48,000.00	\$20,490.00	\$9,350.00	\$4,800.00	\$34,640.00	
381107.17	JOHNSON	2828	FAMOSA BOULEVARD UNIT 307	1	Lump Sum	\$22,222.43	\$4,162.21	\$1,101.36	\$27,485.99	\$21,000.00	\$3,000.00	\$2,000.00	\$26,000.00	\$28,140.00	\$5,000.00	\$1,500.00	\$34,640.00	
381107.18	KENDZORA	2828	FAMOSA BOULEVARD UNIT 101	1	Lump Sum	\$26,933.71	\$0.00	\$0.00	\$26,933.71	\$30,000.00	\$0.00	\$0.00	\$30,000.00	\$28,390.00	\$0.00	\$0.00	\$28,390.00	
381107.19	BERGMAN / KEUS	4634	GREENE STREET	1	Lump Sum	\$31,538.47	\$13,631.94	\$2,728.84	\$47,899.24	\$31,000.00	\$8,000.00	\$2,000.00	\$41,000.00	\$43,330.00	\$9,700.00	\$2,600.00	\$55,630.00	
381107.19	BERGMAN / KEUS	4636	GREENE STREET	1	Lump Sum	\$20,645.07	\$11,749.89	\$3,135.71	\$35,530.67	\$18,000.00	\$9,000.00	\$2,000.00	\$29,000.00	\$19,274.00	\$9,350.00	\$2,600.00	\$31,224.00	
381107.21	CORWIN	2828	FAMOSA BOULEVARD UNIT 207	1	Lump Sum	\$17,114.02	\$0.00	\$0.00	\$17,114.02	\$18,000.00	\$0.00	\$0.00	\$18,000.00	\$24,974.00	\$0.00	\$0.00	\$24,974.00	
381107.22	MCGUIRE	4671	LARKSPUR STREET	1	Lump Sum	\$27,464.63	\$0.00	\$0.00	\$27,464.63	\$37,000.00	\$0.00	\$0.00	\$37,000.00	\$28,640.00	\$0.00	\$0.00	\$28,640.00	
381107.22	MCGUIRE	4673	LARKSPUR STREET	1	Lump Sum	\$27,281.95	\$0.00	\$0.00	\$27,281.95	\$32,000.00	\$0.00	\$0.00	\$32,000.00	\$28,640.00	\$0.00	\$0.00	\$28,640.00	
381107.23	MCKENNA	2828	FAMOSA BOULEVARD UNIT 202	1	Lump Sum	\$22,356.52	\$4,695.46	\$1,196.06	\$28,248.04	\$21,000.00	\$4,000.00	\$2,000.00	\$27,000.00	\$24,324.00	\$5,000.00	\$1,900.00	\$31,224.00	
381107.24	MCLEOD	2828	FAMOSA BOULEVARD UNIT 205	1	Lump Sum	\$20,176.18	\$3,352.15	\$1,115.39	\$24,643.71	\$18,000.00	\$4,000.00	\$2,000.00	\$24,000.00	\$23,650.00	\$5,000.00	\$1,900.00	\$30,550.00	
381107.25	HURSH	2828	FAMOSA BOULEVARD UNIT 102	1	Lump Sum	\$23,859.04	\$4,695.46	\$1,196.06	\$29,750.56	\$20,000.00	\$4,000.00	\$2,000.00	\$26,000.00	\$24,324.00	\$5,000.00	\$1,900.00	\$31,224.00	
381107.26	MORELATTO/KASHOU	4380	TEMECULA STREET UNIT 1	1	Lump Sum	\$44,869.40	\$15,146.05	\$42,065.45	\$102,080.90	\$51,000.00	\$9,000.00	\$9,000.00	\$69,000.00	\$21,800.00	\$9,700.00	\$5,600.00	\$37,100.00	
381107.27	MYERS	2828	FAMOSA BOULEVARD UNIT 306	1	Lump Sum	\$20,093.55	\$4,183.59	\$2,191.84	\$26,468.98	\$19,000.00	\$4,000.00	\$2,000.00	\$25,000.00	\$24,724.00	\$5,000.00	\$1,500.00	\$31,224.00	
381107.28	OJEDA	2828	FAMOSA BOULEVARD UNIT 106	1	Lump Sum	\$23,343.22	\$4,453.56	\$1,196.06	\$28,992.83	\$23,000.00	\$4,000.00	\$2,000.00	\$29,000.00	\$23,650.00	\$5,000.00	\$1,900.00	\$30,550.00	
381107.29	OSTLIE	2828	FAMOSA BOULEVARD UNIT 304	1	Lump Sum	\$19,823.47	\$3,784.43	\$1,101.36	\$24,709.26	\$18,000.00	\$4,000.00	\$2,000.00	\$24,000.00	\$24,050.00	\$5,000.00	\$1,500.00	\$30,550.00	
381107.3	PHELPS	2828	FAMOSA BOULEVARD UNIT 203	1	Lump Sum	\$23,004.25	\$4,477.75	\$1,196.06	\$28,678.06	\$22,000.00	\$4,000.00	\$2,000.00	\$28,000.00	\$24,324.00	\$5,000.00	\$1,900.00	\$31,224.00	
381107.31	PODLIPSKY / LANIADO / MAGUI	2247	BRANT STREET UNIT 1	1	Lump Sum	\$11,643.72	\$3,011.19	\$1,013.67	\$15,668.57	\$8,000.00	\$4,000.00	\$2,000.00	\$14,000.00	\$24,050.00	\$5,000.00	\$1,500.00	\$30,550.00	
381107.31	PODLIPSKY / LANIADO / MAGUI	2247	BRANT STREET UNIT 2	1	Lump Sum	\$17,348.30	\$3,054.84	\$908.44	\$21,311.58	\$18,000.00	\$4,000.00	\$2,000.00	\$24,000.00	\$24,050.00	\$5,000.00	\$1,500.00	\$30,550.00	
381107.31	PODLIPSKY / LANIADO / MAGUI	2247	BRANT STREET UNIT 4	1	Lump Sum	\$14,262.21	\$3,329.36	\$908.44	\$18,500.01	\$15,000.00	\$4,000.00	\$2,000.00	\$21,000.00	\$22,140.00	\$5,000.00	\$1,500.00	\$28,640.00	
381107.31	PODLIPSKY / LANIADO / MAGUI	2247	BRANT STREET UNIT 5	1	Lump Sum	\$13,656.25	\$3,160.54	\$908.44	\$17,725.23	\$15,000.00	\$4,000.00	\$2,000.00	\$21,000.00	\$22,140.00	\$5,000.00	\$1,500.00	\$28,640.00	
381107.31	PODLIPSKY / LANIADO / MAGUI	2247	BRANT STREET UNIT 6	1	Lump Sum	\$53,682.60	\$8,488.82	\$1,340.57	\$63,511.99	\$46,000.00	\$4,000.00	\$5,000.00	\$55,000.00	\$73,320.00	\$10,000.00	\$3,000.00	\$86,320.00	
381107.32	SALAZ	2828	FAMOSA BOULEVARD UNIT 303	1	Lump Sum	\$26,286.03	\$4,311.56	\$1,101.36	\$31,698.94	\$19,000.00	\$4,000.00	\$2,000.00	\$25,000.00	\$24,724.00	\$5,000.00	\$1,500.00	\$31,224.00	
381107.33	ROMERO	2828	FAMOSA BOULEVARD UNIT 208	1	Lump Sum	\$25,036.59	\$4,560.48	\$1,196.06	\$30,793.13	\$22,000.00	\$4,000.00	\$2,000.00	\$28,000.00	\$30,600.00	\$5,000.00	\$1,500.00	\$37,100.00	
381107.34	ROSALES	2828	FAMOSA BOULEVARD UNIT 204	1	Lump Sum	\$17,219.86	\$0.00	\$0.00	\$17,219.86	\$16,000.00	\$0.00	\$0.00	\$16,000.00	\$24,050.00	\$0.00	\$0.00	\$24,050.00	
381107.36	SAGERIAN	2828	FAMOSA BOULEVARD UNIT 107	1	Lump Sum	\$17,826.12	\$0.00	\$0.00	\$17,826.12	\$20,000.00	\$0.00	\$0.00	\$20,000.00	\$24,050.00	\$0.00	\$0.00	\$24,050.00	
381107.37	HORN-SOSNA	2136	CATALINA BOULEVARD	1	Lump Sum	\$37,812.72	\$11,430.63	\$3,237.42	\$52,480.77	\$47,000.00	\$9,000.00	\$3,000.00	\$59,000.00	\$33,550.00	\$9,350.00	\$2,400.00	\$45,300.00	
381107.37	HORN-SOSNA	2138	CATALINA BOULEVARD	1	Lump Sum	\$32,285.25	\$12,592.98	\$2,728.84	\$47,607.07	\$34,000.00	\$9,000.00	\$2,000.00	\$45,000.00	\$23,900.00	\$9,350.00	\$2,400.00	\$35,650.00	
381107.38	THOMAS	2828	FAMOSA BOULEVARD UNIT 104	1	Lump Sum	\$19,891.28	\$3,471.74	\$1,115.39	\$24,478.40	\$19,000.00	\$4,000.00	\$2,000.00	\$25,000.00	\$30,850.00	\$5,000.00	\$1,700.00	\$37,550.00	
381107.39	TORMANEN/DIMITRIU	2828	FAMOSA BOULEVARD UNIT 210	1	Lump Sum	\$26,518.73	\$4,830.44	\$1,101.36	\$32,450.53	\$26,000.00	\$4,000.00	\$2,000.00	\$32,000.00	\$34,140.00	\$5,000.00	\$1,500.00	\$40,640.00	
381107.4	RILEY	4380	TEMECULA STREET UNIT 2	1	Lump Sum	\$25,243.58	\$12,445.52	\$3,388.25	\$41,077.35	\$31,000.00	\$10,000.00	\$9,000.00	\$50,000.00	\$16,300.00	\$9,350.00	\$5,000.00	\$30,650.00	
381107.41	YANG/BEESON	4380	TEMECULA STREET UNIT 5	1	Lump Sum	\$28,874.97	\$0.00	\$0.00	\$28,874.97	\$28,000.00	\$0.00	\$0.00	\$28,000.00	\$24,724.00	\$0.00	\$0.00	\$24,724.00	
381107.42	CHAMBERS	4380	TEMECULA STREET UNIT 4	1	Lump Sum	\$25,601.80	\$10,992.89	\$3,205.86	\$39,800.55	\$35,000.00	\$10,000.00	\$7,000.00	\$52,000.00	\$22,240.00	\$9,000.00	\$4,400.00	\$35,640.00	
381107.5	BLOOM	4380	TEMECULA STREET UNIT 6	1	Lump Sum	\$23,885.60	\$14,248.07	\$3,693.40	\$41,827.07	\$27,000.00	\$9,000.00	\$8,000.00	\$44,000.00	\$23,800.00	\$9,350.00	\$4,400.00	\$37,550.00	
								Subtotal	\$1,665,848.13				Subtotal	\$1,621,000.00			Subtotal	\$1

RESOLUTION NO. 2021-0142

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, AWARDING A CONTRACT TO S&L SPECIALTY CONSTRUCTION, INC., IN THE AMOUNT OF \$1,653,249.76 FOR PHASE 11, GROUP 7, PROJECT NO. 381107, OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY'S QUIETER HOME PROGRAM

WHEREAS, the San Diego County Regional Airport Authority ("Authority") has established a residential sound insulation program, known as the Quieter Home Program ("Program"), to reduce aircraft noise levels in the homes of residents living within the highest noise-impacted neighborhoods surrounding San Diego International Airport ("Airport"); and

WHEREAS, Phase 11, Group 7, of the Program will include installation of new acoustical windows, doors, and ventilation improvements to reduce aircraft-related noise levels inside the homes; and

WHEREAS, Phase 11, Group 7, of the Program provides sound attenuation to fifty-three (53) single-family and multi-family units on thirty-six (36) non-historic residential properties located east and west of the San Diego International Airport; and

WHEREAS, the Authority issued a Bid Solicitation Package for Phase 11, Group 7, on September 28, 2021; and

WHEREAS, on October 28, 2021, the Authority opened sealed bids received in response to the Bid Solicitation Package; and

WHEREAS, the apparent low bidder S&L Specialty Construction, Inc. submitted a bid of \$1,653,249.76 and the Authority's staff has duly considered the bid and has determined that S&L Specialty Construction, Inc. is responsible and its bid is responsive in all material respects; and

WHEREAS, the San Diego County Regional Airport Authority Board (“Board”) believes that it is in the best interest of the Authority and the public that it serves to award S&L Specialty Construction, Inc., the lowest bidder, the contract for Phase 11, Group 7, upon the terms and conditions set forth in the Bid Solicitation Package.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby awards a contract to S&L Specialty Construction, Inc., in the amount of \$1,653,249.76 for Phase 11, Group 7, Project No. 381107, of the San Diego County Regional Airport Authority’s Quieter Home Program; and

BE IT FURTHER RESOLVED that the Authority’s President/CEO or designee is hereby authorized to execute and deliver such contract to S&L Specialty Construction, Inc.; and

BE IT FURTHER RESOLVED that the Authority and its officers, employees, and agents are hereby authorized, empowered, and directed to do and perform all such acts as may be necessary or appropriate in order to effectuate fully the foregoing; and

BE IT FURTHER RESOLVED that the Board of the San Diego County Regional Airport Authority finds that this is a “project” as defined by the California Environmental Quality Act (“CEQA”), Cal. Pub. Res. Code §21065, and that the individual Quieter Home Program projects are categorically exempt from the CEQA under Cal. Code Regs. §15301(f), “Existing Facilities.”

BE IT FURTHER RESOLVED that the Board finds that this action is a “development” as defined by the California Coastal Act, Cal. Pub. Res. Code §30106. This project under the Quieter Home Program will consist of treatments to single-family and multi-family dwellings. Improvements to single-family homes are exempt from coastal permit requirements under Cal. Pub. Res. Code §30610(a) and 14 Cal. Code Regs. §13250 – “Improvements to Single-Family Residences.” The proposed improvements to multi-family residences are exempt from coastal permit requirements under Cal. Pub. Res. Code §30610(b) and 14 Cal. Code Regs. §13253 – “Improvements to Structures Other than Single-Family Residences and Public Works Facilities that Require Permits.”; and

BE IT FURTHER RESOLVED that the Board finds that this action is a project that involves approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, also requires review under the National Environmental Policy Act ("NEPA") for its potential environmental impacts. The FAA issued a Categorical Exclusion under NEPA on March 22, 2021 for these Quieter Home Program projects.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 2nd day of December 2021, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES /
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

Staff Report

Meeting Date: December 2, 2021

Subject:

Award a Contract to G&G Specialty Contractors, Inc. for Quieter Home Program Phase 11, Group 8, Project No. 381108 Consisting of One-hundred-twelve (112) Non-Historic Multi-Family Units on One (1) Residential Property Located East of the San Diego International Airport.

Recommendation:

Adopt Resolution No. 2021-0143, awarding a contract to G&G Specialty Contractors, Inc. in the amount of \$2,651,337.95 for Phase 11, Group 8, Project No. 381108 of the San Diego County Regional Airport Authority's Quieter Home Program.

Background/Justification:

The San Diego County Regional Airport Authority's ("Authority") Quieter Home Program ("Program") provides sound attenuation treatments to residences within the highest noise-impacted neighborhoods surrounding San Diego International Airport ("SDIA"). This contract for Phase 11, Group 8, project number 381108 includes installation of new acoustical windows and doors to reduce aircraft-related noise levels and provide sound attenuation to one-hundred-twelve (112) non-historic multi-family units on one (1) residential property located west of the Airport (refer to Attachment A).

To date, the Program has completed 4,585 residences, of which 1,010 are historic and 3,575 are non-historic. 2,890 residences are located west of SDIA and 1,695 are located east and west of SDIA.

Project No. 381108 was advertised on October 1, 2021, and bids were opened on November 2, 2021. The following bids were received (refer to Attachment B):

Company	Total Bid
G&G Specialty Contractors, Inc.	\$2,651,337.95
HHJ Construction	\$2,674,000.00

Engineer's Estimate: \$2,683,351.25

The low bid of \$2,651,337.95 is considered responsive and G&G Specialty Contractors, Inc. is considered responsible. Award to G&G Specialty Contractors, Inc. is, therefore, recommended in the amount of \$2,651,337.95.

Fiscal Impact:

Adequate funds for the contract with G&G Specialty Contractors, Inc. are included in the adopted FY 2022 and conceptual FY 2023 Operating Expense Budgets within the Quieter Home Program budget line item. Sources of funding include federal Airport Improvement Program grants and Passenger Facility Charges.

Authority Strategies/Focus Areas:

This item supports one or more of the following (*select at least one under each area*):

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 a “project” subject to the California Environmental Quality Act (“CEQA”), Pub. Res. Code §21065. The individual projects under the Quieter Home Program are part of a class of projects that are categorically exempt from CEQA: 14 Cal. Code Regs. §15301 – “Existing Facilities: Class 1 consists of the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency’s determination.”
- B. California Coastal Act Review: This Board action is a “development” as defined by the California Coastal Act, Cal. Pub. Res. Code §30106. This project under the Quieter Home Program will consist of treatments to multi-family dwellings. Improvements to multi-family residences are exempt from coastal permit requirements under Cal. Pub. Res. Code §30610(b) and 14 Cal. Code Regs. §13253 – “Improvements to Structures Other than Single-Family Residences and Public Works Facilities that Require Permits.”

C. NEPA: This Board action is a project that involves approvals or actions by the Federal Aviation Administration (“FAA”) and, therefore, also requires review under the National Environmental Policy Act (“NEPA”) for its potential environmental impacts. The FAA issued a Categorical Exclusion under NEPA on March 22, 2021, for these Quieter Home Program projects.

Application of Inclusionary Policies:

The Authority has the following inclusionary programs/policies: a Disadvantaged Business Enterprise (DBE) Program, an Airport Concession Disadvantaged Business Enterprise (ACDBE) Program, and Policy 5.12. These programs/policy 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/policy named above can be used in any single contracting opportunity.

The Authority’s DBE Program, as required by the U.S. Department of Transportation, 49 Code of Federal Regulations (CFR) Part 26, calls for the Authority to submit a triennial overall goal for DBE participation on all federally-funded projects. When federal funds are utilized, the Authority is prohibited from using a program that provides a preference such as those used in Policy 5.12. Therefore, the Authority must utilize other means as provided in the DBE Plan to achieve participation.

This project utilizes federal funds; therefore, it will be applied toward the Authority's overall DBE goal. G&G Specialty Contractors, Inc. proposed 0% DBE participation on QHP Phase 11, Group 8.

Prepared by:

BRENDAN REED
DIRECTOR, AIRPORT PLANNING & ENVIRONMENTAL AFFAIRS

Attachment A



LEGEND

 66 dB Boundary

 65 dB CNEL Contour

San Diego County Regional Airport Authority
Quieter Home Program
Project 381108

TABULATION OF BIDS

ATTACHMENT B

TITLE: QUIETER HOME PROGRAM PROJECT NO. 381108
 BIDS OPENED: November 2, 2021 at 2:00 p.m.
 ENGINEER'S ESTIMATE: \$2,683,351.24

CONTRACTOR:		Engineer's Estimate						G&G Specialty Contractors, Inc.				HHJ Construction			
ADDRESS:								1221 N. Mondel Drive, Gilbert, AZ 85233				11156 S. Main Street			
GUARANTEE OF GOOD FAITH:								Hartford Casualty Insurance Company				Old Republic Surety Company			
Res No.	Bid Item Number - Name/Address	Dwelling Units	Unit of Measure	General Construction (In Figures)	Ventilation Construction (In Figures)	Electrical Construction (In Figures)	TOTAL (In Figures)	General Construction (In Figures)	Ventilation Construction (In Figures)	Electrical Construction (In Figures)	TOTAL (In Figures)	General Construction (In Figures)	Ventilation Construction (In Figures)	Electrical Construction (In Figures)	TOTAL (In Figures)
381108	LOMA PALISADES, A CA GENERAL PARTNERSHIP 2801-2803 BARNARD STREET, 2802-2804 WORDEN STREET & 3901-3907 BOB STREET	8	Lump Sum	\$191,636.78	\$0.00	\$0.00	\$191,636.78	\$188,766.00	\$0.00	\$0.00	\$188,766.00	\$189,856.00	\$0.00	\$0.00	\$189,856.00
381108	LOMA PALISADES, A CA GENERAL PARTNERSHIP 2805-2811 BARNARD STREET	4	Lump Sum	\$93,118.80	\$0.00	\$0.00	\$93,118.80	\$98,751.00	\$0.00	\$0.00	\$98,751.00	\$94,928.00	\$0.00	\$0.00	\$94,928.00
381108	LOMA PALISADES, A CA GENERAL PARTNERSHIP 2806-2812 WORDEN STREET	4	Lump Sum	\$93,118.80	\$0.00	\$0.00	\$93,118.80	\$99,080.00	\$0.00	\$0.00	\$99,080.00	\$94,928.00	\$0.00	\$0.00	\$94,928.00
381108	LOMA PALISADES, A CA GENERAL PARTNERSHIP 2813-2817 BARNARD STREET	3	Lump Sum	\$68,615.52	\$0.00	\$0.00	\$68,615.52	\$74,657.00	\$0.00	\$0.00	\$74,657.00	\$71,196.00	\$0.00	\$0.00	\$71,196.00
381108	LOMA PALISADES, A CA GENERAL PARTNERSHIP 2819-2833 BARNARD STREET	8	Lump Sum	\$191,636.78	\$0.00	\$0.00	\$191,636.78	\$188,766.00	\$0.00	\$0.00	\$188,766.00	\$189,856.00	\$0.00	\$0.00	\$189,856.00
381108	LOMA PALISADES, A CA GENERAL PARTNERSHIP 2835-2839 BARNARD STREET	3	Lump Sum	\$73,244.60	\$0.00	\$0.00	\$73,244.60	\$74,781.00	\$0.00	\$0.00	\$74,781.00	\$71,196.00	\$0.00	\$0.00	\$71,196.00
381108	LOMA PALISADES, A CA GENERAL PARTNERSHIP 2841-2851 BARNARD STREET	6	Lump Sum	\$145,687.05	\$0.00	\$0.00	\$145,687.05	\$149,734.00	\$0.00	\$0.00	\$149,734.00	\$142,392.00	\$0.00	\$0.00	\$142,392.00
381108	LOMA PALISADES, A CA GENERAL PARTNERSHIP 2853-2857 BARNARD STREET	3	Lump Sum	\$73,331.82	\$0.00	\$0.00	\$73,331.82	\$74,953.00	\$0.00	\$0.00	\$74,953.00	\$71,196.00	\$0.00	\$0.00	\$71,196.00
381108	LOMA PALISADES, A CA GENERAL PARTNERSHIP 2859-2873 BARNARD STREET	8	Lump Sum	\$191,453.68	\$0.00	\$0.00	\$191,453.68	\$188,766.00	\$0.00	\$0.00	\$188,766.00	\$197,856.00	\$0.00	\$0.00	\$197,856.00
381108	LOMA PALISADES, A CA GENERAL PARTNERSHIP 2875-2879 BARNARD STREET	3	Lump Sum	\$73,331.82	\$0.00	\$0.00	\$73,331.82	\$75,077.00	\$0.00	\$0.00	\$75,077.00	\$71,196.00	\$0.00	\$0.00	\$71,196.00
381108	LOMA PALISADES, A CA GENERAL PARTNERSHIP 2881-2891 BARNARD STREET	6	Lump Sum	\$145,687.05	\$0.00	\$0.00	\$145,687.05	\$149,734.00	\$0.00	\$0.00	\$149,734.00	\$142,392.00	\$0.00	\$0.00	\$142,392.00
381108	LOMA PALISADES, A CA GENERAL PARTNERSHIP 2901-2907 BARNARD STREET	4	Lump Sum	\$98,026.84	\$0.00	\$0.00	\$98,026.84	\$98,908.00	\$0.00	\$0.00	\$98,908.00	\$94,928.00	\$0.00	\$0.00	\$94,928.00
381108	LOMA PALISADES, A CA GENERAL PARTNERSHIP 2909-2923 BARNARD STREET	8	Lump Sum	\$191,636.78	\$0.00	\$0.00	\$191,636.78	\$188,766.00	\$0.00	\$0.00	\$188,766.00	\$197,856.00	\$0.00	\$0.00	\$197,856.00
381108	LOMA PALISADES, A CA GENERAL PARTNERSHIP 2925-2931 BARNARD STREET	4	Lump Sum	\$97,137.48	\$0.00	\$0.00	\$97,137.48	\$98,908.00	\$0.00	\$0.00	\$98,908.00	\$94,928.00	\$0.00	\$0.00	\$94,928.00
381108	LOMA PALISADES, A CA GENERAL PARTNERSHIP 2933-2945 BARNARD STREET	7	Lump Sum	\$170,469.29	\$0.00	\$0.00	\$170,469.29	\$173,861.00	\$0.00	\$0.00	\$173,861.00	\$166,124.00	\$0.00	\$0.00	\$166,124.00
381108	LOMA PALISADES, A CA GENERAL PARTNERSHIP 2947-2955 BARNARD STREET	5	Lump Sum	\$122,896.30	\$0.00	\$0.00	\$122,896.30	\$123,207.00	\$0.00	\$0.00	\$123,207.00	\$118,676.00	\$0.00	\$0.00	\$118,676.00
381108	LOMA PALISADES, A CA GENERAL PARTNERSHIP 2957-2971 BARNARD STREET	8	Lump Sum	\$191,636.78	\$0.00	\$0.00	\$191,636.78	\$188,766.00	\$0.00	\$0.00	\$188,766.00	\$189,856.00	\$0.00	\$0.00	\$189,856.00
381108	LOMA PALISADES, A CA GENERAL PARTNERSHIP 2973-2979 1/2 BARNARD STREET	8	Lump Sum	\$185,723.61	\$0.00	\$0.00	\$185,723.61	\$163,944.00	\$0.00	\$0.00	\$163,944.00	\$189,856.00	\$0.00	\$0.00	\$189,856.00
381108	LOMA PALISADES, A CA GENERAL PARTNERSHIP 2981-2991 1/2 BARNARD STREET	12	Lump Sum	\$278,975.53	\$0.00	\$0.00	\$278,975.53	\$245,927.00	\$0.00	\$0.00	\$245,927.00	\$278,798.05	\$0.00	\$0.00	\$278,798.05
						Subtotal	\$2,677,365.30			Subtotal	\$2,645,352.00			Subtotal	\$2,668,014.05
						Probable Cost for Permits:	\$5,985.95			Probable Cost for Permits:	\$5,985.95			Probable Cost for Permits:	\$5,985.95
						TOTAL	\$2,683,351.25			TOTAL BID	\$2,651,337.95			TOTAL BID	\$2,674,000.00
								Addenda No. 1 noted				Addenda No. 1 noted			

RESOLUTION NO. 2021-0143

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, AWARDING A CONTRACT TO G&G SPECIALTY CONTRACTORS, INC., IN THE AMOUNT OF \$2,651,337.95 FOR PHASE 11, GROUP 8, PROJECT NO. 381108, OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY'S QUIETER HOME PROGRAM

WHEREAS, the San Diego County Regional Airport Authority ("Authority") has established a residential sound insulation program, known as the Quieter Home Program ("Program"), to reduce aircraft noise levels in the homes of residents living within the highest noise-impacted neighborhoods surrounding San Diego International Airport ("Airport"); and

WHEREAS, Phase 11, Group 8, of the Program will include installation of new acoustical windows and doors to reduce aircraft-related noise levels inside the homes; and

WHEREAS, Phase 11, Group 8, of the Program provides sound attenuation to one-hundred-twelve (112) multi-family units on one (1) non-historic residential property located west of the San Diego International Airport; and

WHEREAS, the Authority issued a Bid Solicitation Package for Phase 11, Group 8, on October 1, 2021; and

WHEREAS, on November 2, 2021, the Authority opened sealed bids received in response to the Bid Solicitation Package; and

WHEREAS, the apparent low bidder G&G Specialty Contractors, Inc. submitted a bid of \$2,651,337.95 and the Authority's staff has duly considered the bid and has determined that G&G Specialty Contractors, Inc. is responsible and its bid is responsive in all material respects; and

WHEREAS, the San Diego County Regional Airport Authority Board (“Board”) believes that it is in the best interest of the Authority and the public that it serves to award G&G Specialty Contractors, Inc., the lowest bidder, the contract for Phase 11, Group 8, upon the terms and conditions set forth in the Bid Solicitation Package.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby awards a contract to G&G Specialty Contractors, Inc., in the amount of \$2,651,337.95 for Phase 11, Group 8, Project No. 381108, of the San Diego County Regional Airport Authority’s Quieter Home Program; and

BE IT FURTHER RESOLVED that the Authority’s President/CEO or designee is hereby authorized to execute and deliver such contract to G&G Specialty Contractors, Inc.; and

BE IT FURTHER RESOLVED that the Authority and its officers, employees, and agents are hereby authorized, empowered, and directed to do and perform all such acts as may be necessary or appropriate in order to effectuate fully the foregoing; and

BE IT FURTHER RESOLVED that the Board of the San Diego County Regional Airport Authority finds that this is a “project” as defined by the California Environmental Quality Act (“CEQA”), Cal. Pub. Res. Code §21065, and that the individual Quieter Home Program projects are categorically exempt from the CEQA under Cal. Code Regs. §15301(f), “Existing Facilities.”

BE IT FURTHER RESOLVED that the Board finds that this action is a “development” as defined by the California Coastal Act, Cal. Pub. Res. Code §30106. This project under the Quieter Home Program will consist of treatments to multi-family dwellings. The proposed improvements to multi-family residences are exempt from coastal permit requirements under Cal. Pub. Res. Code §30610(b) and 14 Cal. Code Regs. §13253 – “Improvements to Structures Other than Single-Family Residences and Public Works Facilities that Require Permits.”; and

BE IT FURTHER RESOLVED that the Board finds that this action is a project that involves approvals or actions by the Federal Aviation Administration (“FAA”) and, therefore, also requires review under the

National Environmental Policy Act (“NEPA”) for its potential environmental impacts. The FAA issued a Categorical Exclusion under NEPA on March 22, 2021 for these Quieter Home Program projects.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 2nd day of December 2021, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES /
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

Staff Report

Meeting Date: December 2, 2021

Subject:

Approve and Authorize the President/CEO to Execute an On-Call Agreement for Architectural and Engineering Consulting Services with The Jones Payne Group, Inc., for the Quieter Home Program and Quieter Non-Residential Program.

Recommendation:

Adopt Resolution No. 2021-0144, approving and authorizing the President/CEO to negotiate and execute an on-call architectural and engineering consultant services agreement with The Jones Payne Group, Inc., for an amount not-to-exceed \$30,000,000 for a term of three years, with the option for two one-year extensions exercisable at the discretion of the President/CEO in support of the Quieter Home Program and Quieter Non-Residential Program.

Background/Justification:

The Quieter Home Program and Quieter Non-Residential Program ("Programs") are the San Diego County Regional Airport Authority's ("Authority") initiatives to provide sound insulation treatments to residences and other noise-sensitive facilities within the highest noise impacted neighborhoods surrounding the San Diego International Airport. Authority staff manages the Programs with the architectural and engineering design work provided by on-call consultants.

On September 15, 2021, the Authority issued a Request for Qualifications ("RFQ") to obtain Statements of Qualifications ("SOQs") from firms to provide on-call architectural and engineering services for the Programs.

On October 15, 2021, the Authority received SOQs from the following two firms: C&S Engineers, Inc. and The Jones Payne Group, Inc. Procurement contacted other firms who viewed the opportunity to better understand why they did not submit a proposal. Reasons cited included: no similar experience, not well positioned for this RFQ, the RFQ was out of the firm's scope.

On October 26, 2021, the Authority's Evaluation Panel ("Panel"), which was comprised of three representatives from the Planning & Environmental Affairs Department and a representative from both the Finance & Risk Management and Airport Design & Construction departments, interviewed the two respondents that were asked to provide responses to a specific list of questions which targeted the evaluation criteria presented in the RFQ.

The Panel's final ranking and scoring are presented below:

Final Rankings	Panelist 1	Panelist 2	Panelist 3	Panelist 4	Panelist 5	Total	Rank
C&S Engineers, Inc.	2	2	2	2	2	10	2
The Jones Payne Group, Inc.	1	1	1	1	1	5	1

Final Scores	Project Team and Experience	Proposed Work Plan and Approach / Methodology	Project Manager	DBE Outreach	Total
C&S Engineers, Inc.	1190	990	675	420	3275
The Jones Payne Group, Inc.	1540	1230	1100	420	4290

A brief background of the two firms is provided:

C&S Engineers, Inc.

- Founded in 1968, 500 professionals nationwide focusing on aviation planning.
- Started the Quieter Home Program back in 2001.
- Diverse team of local architects, engineers, and historical consultants.

The Jones Payne Group, Inc.

- 30 Years of sound insulation experience in 35 communities across the nation.
- Program's existing architectural and engineering firm since 2007.
- Local team of architects and engineers.

Staff recommends that the Board authorize the President/CEO to negotiate and execute an agreement for an on-call architectural and engineering agreement to The Jones Payne Group, Inc. for a term of three years, with the option for two one-year extensions exercisable at the discretion of the President/CEO, for an aggregate total not-to-exceed amount of \$30,000,000.

As part of the negotiations, staff will negotiate appropriate billing rates for the firm and the proposed subconsultants. Additional subconsultants may be added during the term of the agreement as additional consulting needs are identified.

Fiscal Impact:

Adequate funds for the agreement with The Jones Payne Group, Inc. are included in the adopted FY 2022 and conceptual FY 2023 Operating Expense Budgets within the Quieter Home Program budget line item. Sources of funding include federal Airport Improvement Program grants and Passenger Facility Charges.

Authority Strategies/Focus Areas:

This item supports one or more of the following (*select at least one under each area*):

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 a "project" subject to the California Environmental Quality Act ("CEQA"), Pub. Res. Code §21065. The individual projects under the Quieter Home Program and Quieter Non-Residential Program are part of a class of projects that are categorically exempt from CEQA: 14 Cal. Code Regs. §15301 – "Existing Facilities: Class 1 consists of the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination."

- B. California Coastal Act Review: This Board action is a “development” as defined by the California Coastal Act, Cal. Pub. Res. Code §30106. The individual projects under the Quieter Home Program will consist of treatments to single-family and multi-family dwellings, while the Quieter Non-Residential Program will consist of treatments to facilities, such as places of worship and schools. Improvements to single-family homes are exempt from coastal permit requirements under Cal. Pub. Res. Code §30610(a) and 14 Cal. Code Regs. §13250 – “Improvements to Single-Family Residences.” The proposed improvements to multi-family residences and non-residential facilities are exempt from coastal permit requirements under Cal. Pub. Res. Code §30610(b) and 14 Cal. Code Regs. §13253 – “Improvements to Structures Other than Single-Family Residences and Public Works Facilities that Require Permits.”
- C. NEPA: This Board action is a project that involves approvals or actions by the Federal Aviation Administration (“FAA”) and, therefore, also requires review under the National Environmental Policy Act (“NEPA”) for its potential environmental impacts. The FAA issued a Categorical Exclusion under NEPA on March 22, 2021, for the Programs.

Application of Inclusionary Policies:

The Authority has the following inclusionary programs/policies: a Disadvantaged Business Enterprise (“DBE”) Program, an Airport Concession Disadvantaged Business Enterprise (“ACDBE”) Program, and Policy 5.12. These programs/policy 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/policy named above can be used in any single contracting opportunity.

The Authority’s DBE Program, as required by the U.S. Department of Transportation, 49 Code of Federal Regulations (“CFR”) Part 26, calls for the Authority to submit a triennial overall goal for DBE participation on all federally-funded projects. When federal funds are utilized, the Authority is prohibited from using a program that provides a preference such as those used in Policy 5.12. Therefore, the Authority must utilize other means as provided in the DBE Plan to achieve participation.

This project utilizes federal funds; therefore, DBE participation will be applied toward the Authority’s overall DBE goal. No preferences were applied to the award of the On-Call Architectural and Engineering Services Agreement. However, The Jones Payne Group submitted a DBE Outreach Plan that delineates their approach to achieve participation from DBEs. The Jones Payne Group’s goal is 21% DBE participation on this agreement.

Prepared by:

BRENDAN REED
DIRECTOR, AIRPORT PLANNING & ENVIRONMENTAL AFFAIRS

RESOLUTION NO. 2021-0144

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, APPROVING AND AUTHORIZING THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE AN ON-CALL AGREEMENT FOR ARCHITECTURAL AND ENGINEERING CONSULTING SERVICES WITH THE JONES PAYNE GROUP, INC., FOR THE QUIETER HOME PROGRAM AND QUIETER NON-RESIDENTIAL PROGRAM.

WHEREAS, the San Diego County Regional Airport Authority (“Authority”) has established community sound insulation programs, the Quieter Home Program and the Quieter Non-Residential Program (“Programs”), to reduce aircraft noise levels within residences and other noise-sensitive facilities within the highest noise impacted neighborhoods surrounding the San Diego International Airport; and

WHEREAS, on September 15, 2021, a Request for Qualifications (“RFQ”) was issued to obtain Statements of Qualifications (“SOQ”) from qualified firms to provide on-call architectural and engineering services for the Programs; and

WHEREAS, on October 15, 2021, the Authority received SOQs from two firms, C&S Engineers, Inc. and The Jones Payne Group, Inc.; and

WHEREAS, on October 26, 2021, the Authority’s Evaluation Panel (“Panel”), which was comprised of three representatives from the Planning & Environmental Affairs Department, one from the Finance & Risk Management Department, and one from the Airport Design & Construction Department, interviewed the two respondents that were asked to provide responses to a specific list of questions which targeted the evaluation criteria presented in the RFQ; and

WHEREAS, the Panel unanimously recommends that the Board authorize the President/CEO to negotiate and execute an agreement for and on-call architectural and engineering agreement to The Jones Payne Group, Inc., for a term of three years, with the option for two one-year extensions exercisable at the discretion of the President/CEO for an aggregate total not-to-exceed amount of \$30,000,000.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves and authorizes the President/CEO to negotiate and execute an agreement for and on-call architectural and engineering agreement to The Jones Payne Group, Inc., for a term of three years, with the option for two one-year extensions exercisable at the discretion of the President/CEO for an aggregate total not-to-exceed amount of \$30,000,000; and

BE IT FURTHER RESOLVED that the Authority and its officers, employees, and agents are hereby authorized, empowered, and directed to do and perform all such acts as may be necessary or appropriate in order to effectuate fully the foregoing; and

BE IT FURTHER RESOLVED that the Board of the San Diego County Regional Airport Authority finds that this is a “project” as defined by the California Environmental Quality Act (“CEQA”), Cal. Pub. Res. Code §21065 and that the individual Quieter Home Program projects are categorically exempt from the CEQA under Cal. Code Regs. §15301(f), “Existing Facilities”; and

BE IT FURTHER RESOLVED that the Board finds that this action is a “development” as defined by the California Coastal Act, Cal. Pub. Res. Code §30106. The individual projects under the Quieter Home Program will consist of treatments to single-family and multi-family dwellings, while the Quieter Non-Residential Program will consist of treatments to facilities, such as places of worship and schools. Improvements to single-family homes are exempt from coastal permit requirements under Cal. Pub. Res. Code §30610(a) and 14 Cal. Code Regs. §13250 – “Improvements to Single-Family Residences.” The proposed improvements to multi-family residences and non-residential facilities are exempt from coastal permit requirements under Cal. Pub. Res. Code §30610(b) and 14 Cal. Code Regs. §13253 –

“Improvements to Structures Other than Single-Family Residences and Public Works Facilities that Require Permits”; and

BE IT FURTHER RESOLVED that the Board finds that this action is a project that involves approvals or actions by the Federal Aviation Administration (“FAA”) and, therefore, also requires review under the National Environmental Policy Act (“NEPA”) for its potential environmental impacts. The FAA issued a Categorical Exclusion under NEPA on March 22, 2021 for these Quieter Home Program projects.

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 2nd day of December, 2021, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES /
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

Staff Report

Meeting Date: December 2, 2021

Subject:

Authorize an increase in the President/CEO's authority to negotiate and execute a contract for the Owner Controlled Insurance Program

Recommendation:

Adopt Resolution No. 2021-0146, authorizing an increase in the President/CEO's authority to negotiate and execute a contract for the Owner Controlled Insurance Program (OCIP) in an amount not-to-exceed from \$20,000,000 to \$25,000,000.

Background/Justification:

The Board adopted Resolution No. 2021-0146 at the November 4, 2021 Board of Directors meeting. The resolution authorized the President/CEO or her designee to negotiate and execute a contract to bind coverage for the Owner Controlled Insurance Program (OCIP) in an amount not to exceed \$20,000,000.

The Board approved the Maximum Contract Price (MCP) of the Terminal and Roadways contract at its October board meeting. The approved MCP was an increase of \$375,000,000 from the budgeted MCP. Staff worked with the Authority's construction insurance broker Willis Tower Watson to estimate whether the original OCIP budget was still sufficient and decided to attempt to bind coverage within the original budget cost. Subsequently, the quotes submitted for the various levels of the OCIP tower were received and due to higher construction values and hardening insurance markets, the total costs for the required limits exceed the previously approved original OCIP budget of \$20,000,000.

Staff is requesting the Board increase the not-to-exceed amount from \$20,000,000 to \$25,000,000 for the OCIP.

Fiscal Impact:

Although the OCIP is higher than budgeted, adequate funds for the Owner Controlled Insurance Programs ("OCIPs") are included within the Board approved FY2022-FY2026 Capital Program Budget in New T1 Program-Budget. Sources of funding for this project include Airport Revenue Bonds and Airport Cash.

Authority Strategies/Focus Areas:

This item supports one or more of the following (*select at least one under each area*):

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 for a project that received certification and approval for the Airport Development Plan Environmental Impact Report (SCH NO. 2017011053 – SDCRAA # EIR-18-01) on January 9, 2020;
- B. California Coastal Act Review: This Board action is for a project that the California Coastal Commission issued Coastal Development Permits (CDP-6-20-0154), (CDP 6-20-0447), and (CDP 6-20-0611), on September 30, 2021
- C. NEPA: This Board action is for a project that received approval and was issued a Finding of No Significant Impact (FONSI) and Record of Decision (ROD) by the Federal Aviation Administration (FAA) on October 22, 2021.

Application of Inclusionary Policies:

Not Applicable.

Prepared by:

John Dillon

Director, Finance & Risk Management

RESOLUTION NO. 2021-0146

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, AUTHORIZING AN INCREASE IN THE PRESIDENT/CEO'S AUTHORITY TO NEGOTIATE AND EXECUTE A CONTRACT FOR THE OWNER CONTROLLED INSURANCE PROGRAM (OCIP) IN AN AMOUNT NOT-TO-EXCEED FROM \$20,000,000 to \$25,000,00.

WHEREAS, the Board adopted Resolution No. 2021-0146 at the November 4, 2021 Board of Directors meeting authorizing the President/CEO to negotiate and sign a contract to bind coverage for the Owner Controlled Insurance Program (OCIP) in an amount not-to-exceed \$20,000,000 for the New T1 Program; and

WHEREAS, at the October board meeting the Board approved the Maximum Contract Price (MCP) of the Terminal and Roadways contract, which was \$375,000,000 higher than the budgeted MCP; and

WHEREAS, staff worked with Willis Tower Watson, the Authority's construction insurance broker, to bind coverage within the original budgeted cost of \$20,000,000; and

WHEREAS, quotes submitted for the various levels the OCIP tower were higher due to higher construction values and hardening insurance markets, which exceeded the previously approved OCIP budget of \$20,000,000; and

WHEREAS, the Board finds it in the best interest of the Authority to put an OCIP in place for the New T1 Program and increase the authorized amount to \$25,000,000.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby authorizes increasing the President/CEO authority to negotiate and sign a contract to bind coverage for the Owner Controlled Insurance Program (OCIP) from \$20,000,000 to a not-to-exceed amount of \$25,000,000 for the New T1 Program; and

BE IT FURTHER RESOLVED adequate funds for the Owner Controlled Insurance Programs are included within the Board approved FY2022-FY2026 Capital Program Budget in New T1 Program-Budget; and

BE IT FURTHER RESOLVED sources of funding for this project include Airport Revenue Bonds and Airport Cash; and

BE IT FURTHER RESOLVED that the Board finds that this action is for a project that received certification and approval for the Airport Development Plan Environmental Impact Report (SCH NO. 2017011053 – SDCRAA # EIR-18-01) on January 9, 2020; and

BE IT FURTHER RESOLVED that the Board finds that this action is for a project that the California Coastal Commission issued Coastal Development Permits (CDP-6-20-0154), (CDP 6-20-0447), and (CDP 6-20-0611), on September 30, 2021; and

BE IT FURTHER RESOLVED that the Board finds that this action is for a project that received approval and was issued a Finding of No Significant Impact (FONSI) and Record of Decision (ROD) by the Federal Aviation Administration (FAA) on October 22, 2021;

PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 2nd day of December 2021 by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

TONY R. RUSSELL
DIRECTOR, BOARD SERVICES /
AUTHORITY CLERK

APPROVED AS TO FORM:

AMY GONZALEZ
GENERAL COUNSEL

Board Communication

Date: December 2, 2021
To: Board Members
From: Tony R. Russell, Director, Board Services/ Authority Clerk
Subject: 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

Authority Policy 3.30 (3)(b) and (4) require that travel and business expense reimbursements of Board Members, the President/CEO, the Chief Auditor and the General Counsel be approved or pre-approved by the Executive Committee and presented to the Board for its information at its next regularly scheduled meeting.

On August 23, 2021, the Executive Committee pre-approved set dollar amounts for routine, in-town business expenses to be used during Fiscal Year 2021 for the President/CEO, General Counsel and Chief Auditor as authorized in Policy 3.30(3)(b)(i)(C).

The attached reports are being presented to comply with the requirements of Policy 3.30.

**OUT OF TOWN
TRAVEL
REQUEST**

Kim Becker

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
OUT-OF-TOWN TRAVEL REQUEST**

GENERAL INSTRUCTIONS:

- A. All out-of-town travel requests must conform to applicable provisions of Policy 3.30.
- B. Once traveler completes form, submit to the traveler's Administrator for approval (for Board Members, President/CEO, General Counsel and Chief Auditor, Administrator is Board Executive Committee).

TRAVELER INFORMATION:

Traveler Name: Kimberly J. Becker Department: Executive, BU6
 Position: Board Member President/CEO General Counsel Chief Auditor
 All Other Authority Employees

DATE OF REQUEST: 11/05/2020 DATE OF DEPARTURE/RETURN: 02/05/2022 / 02/11/2022

DESTINATION / BUSINESS PURPOSE:

Destination: Rancho Mirage, CA Business Purpose: ACI – Winter Board Meeting & CEO Forum

PROJECTED OUT-OF-TOWN TRAVEL EXPENSES:

A. Transportation Costs:	
• Airfare <input type="checkbox"/> check box for business class or equivalent (international only)	\$ _____
• Rental Car	\$ _____
• Other Transportation (Taxi, TNC, Train, Bus)	\$ _____
• Auto (Gas, Parking/Tolls, Mileage)	\$ <u>250.00</u>
B. Lodging	\$ <u>1600.00</u>
C. Meals and Incidental Expenses (<u>Per Diem</u>)	\$ <u>500.00</u>
D. Seminar and Conference Fees	\$ <u>845.00</u>
E. Entertainment	\$ _____
TOTAL PROJECTED TRAVEL EXPENSES	\$ <u>3,195.00</u>

CERTIFICATION BY TRAVELER

By my signature below, I certify the following:

1. The above-listed projected out-of-town travel expenses conform to Policy 3.30, are reasonable and directly related to Authority business; and
2. I have attended training regarding my responsibilities pursuant to Policy 3.30 within the past two years.

Travelers Signature:  Date: Nov 5, 2021

CERTIFICATION BY ADMINISTRATOR (If Administrator is Executive Committee, Clerk certifies below.)

By my signature below, I certify the following:

1. I have reviewed this out-of-town travel request and made inquiries to determine that the out-of-town travel and identified expenses are directly related to and necessary for the advancement of the Authority's business and reasonable in comparison to the anticipated benefits to the Authority; and
2. I have attended training regarding my responsibilities pursuant to Policy 3.30 within the past two years.

Administrator's Signature: _____ Date: _____

AUTHORITY CLERK CERTIFICATION ON BEHALF OF EXECUTIVE COMMITTEE

I, _____, certify that this document was approved

by the Executive Committee at its _____ meeting.

(Meeting Date)

[View in a browser.](#)

THE VOICE OF AIRPORTS



Kimberly:

We look forward to seeing so many of you in Reno for the 2021 ACI-NA Annual Conference and Exhibition starting this weekend. We last gathered as an industry for this event in 2019 in Tampa. I, for one, am thrilled with the opportunity for the industry to come together as we plan for the future.

Those of you joining us in Reno – and those following along at home from our Centerlines LIVE coverage – will hear about “Reconnecting Possibility.” Our industry is made up of smart, dedicated, and passionate people who are driven by excellence, innovation, and sustainability. We are stronger together. By reconnecting as an industry following the prolonged crisis we’ve endured the last 18 months, we can create the next generation of possibility for our industry.

For me, “Reconnecting Possibility” is far more than a conference theme. It’s our mission as your trade association. ACI-NA exists to provide you with advocacy, education, professional development, and so much more. **That’s why I’m excited to invite you to join us for our 2022 CEO Forum.**

Each year, this event draws together the top leaders from across our industry for executive level learning to keep you ahead of a rapidly changing and dynamic industry. **Our 2022 CEO Forum will be held February 9 – 11, 2022, in Rancho Mirage, CA at the [Westin Mission Hills Golf Resort and Spa](#).**

While we will share additional information shortly – including our impactful agenda – I encourage you to book your hotel reservations now. **You can make your hotel reservations [here](#).**

Stayed tuned for more!

Sincerely,

A handwritten signature in cursive script that reads "Kevin M. Burke".

Kevin M. Burke
President and CEO
Airports Council International – North America

YOUR TRIP TO:

71333 Dinah Shore Dr

San Diego to Rancho Mirage
270 miles Roundtrip

Scan this QR code for
directions on your mobile
device:



2 HR 17 MIN | 135 MI

Est. fuel cost: \$17.30

Trip time based on traffic conditions as of 4:51 PM on November 5, 2021. Current Traffic: Heavy



Print a full health report of your car with HUM vehicle diagnostics (800) 906-2501



1. Start out going east on Laurel St toward Pamo Ave.

Then 0.07 miles

0.07 total miles



2. Turn left onto 32nd St.

Then 1.14 miles

1.21 total miles



3. Turn right onto University Ave.

University Ave is just past N Park Way.

Then 0.22 miles

1.43 total miles



4. Merge onto I-805 N.

Then 4.57 miles

6.00 total miles



5. Merge onto CA-163 N via EXIT 20B toward Escondido.

Then 4.85 miles

10.85 total miles



6. CA-163 N becomes I-15 N.

Then 48.56 miles

59.41 total miles



7. Take the CA-79 N/Winchester Road exit, EXIT 61.

Then 0.25 miles

59.66 total miles



8. Turn right onto Winchester Rd/CA-79.

If you reach I-15 N you've gone about 0.2 miles too far.

Then 13.34 miles

73.00 total miles



9. Turn right onto Domenigoni Pkwy.

Domenigoni Pkwy is 0.2 miles past Patton Rd.

Then 7.03 miles

80.03 total miles



10. Turn left onto State St/County Hwy-R3.

State St is just past S State St.

Then 6.82 miles

86.85 total miles

- 

11. Turn **left** onto W Ramona Expy/CA-79.
Then 2.39 miles 89.23 total miles
- 

12. Turn **right** onto N Sanderson Ave/CA-79. Continue to follow CA-79.
CA-79 is 0.8 miles past Record Rd.
Then 7.91 miles 97.14 total miles
- 

13. Merge onto I-10 E.
If you reach E 5th St you've gone a little too far.
Then 35.02 miles 132.16 total miles
- 

14. Take the **Bob Hope Dr** exit, EXIT 130.
Then 0.31 miles 132.48 total miles
- 

15. Turn **right** onto Bob Hope Dr.
If you reach I-10 E you've gone about 0.2 miles too far.
Then 1.30 miles 133.78 total miles
- 

16. Turn **right** onto Dinah Shore Dr.
Then 0.66 miles 134.44 total miles
- 

17. Turn **left**.
Just past Del Webb Way.

If you reach Alamos Rd you've gone about 0.3 miles too far.
Then 0.04 miles 134.48 total miles
- 

18. Turn **right**.
Just past Dinah Shore Dr.
Then 0.11 miles 134.59 total miles
- 

19. Take the 1st **right**.
Then 0.01 miles 134.60 total miles
- 

20. Take the 1st **right** onto Dinah Shore Dr.
Then 0.03 miles 134.63 total miles
- 

21. 71333 Dinah Shore Dr, Rancho Mirage, CA 92270-1501, 71333 DINAH SHORE DR is on the right.

 Save to My Maps



U.S. General Services Administration

FY 2022 Per Diem Rates for Palm Springs, California

Meals & Incidentals (M&IE) Breakdown

Primary Destination	County	M&IE Total	Continental Breakfast/Breakfast	Lunch	Dinner	Incidental Expenses	First & Last Day of Travel
Palm Springs	Riverside	\$69	\$16	\$17	\$31	\$5	\$51.75

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
OUT-OF-TOWN TRAVEL REQUEST**

GENERAL INSTRUCTIONS:

- A. All out-of-town travel requests must conform to applicable provisions of Policy 3.30.
- B. Once traveler completes form, submit to the traveler's Administrator for approval (for Board Members, President/CEO, General Counsel and Chief Auditor, Administrator is Board Executive Committee).

TRAVELER INFORMATION:

Traveler Name: Kimberly J. Becker Department: Executive, BU6
 Position: Board Member President/CEO General Counsel Chief Auditor
 All Other Authority Employees

DATE OF REQUEST: 11/15/2021 DATE OF DEPARTURE/RETURN: 03/02/222 / 03/04/2022

DESTINATION / BUSINESS PURPOSE:

Destination: Washington, DC Business Purpose: ACI/AAAE Legislative Conference

PROJECTED OUT-OF-TOWN TRAVEL EXPENSES:

A. Transportation Costs:	
• Airfare <input checked="" type="checkbox"/> <i>check box for business class or equivalent (international only)</i>	\$ <u>700.00</u>
• Rental Car	\$ _____
• Other Transportation (<i>Taxi, TNC, Train, Bus</i>)	\$ <u>150.00</u>
• Auto (<i>Gas, Parking/Tolls, Mileage</i>)	\$ _____
B. Lodging	\$ <u>600.00</u>
C. Meals and Incidental Expenses (<i>Per Diem</i>)	\$ <u>240.00</u>
D. Seminar and Conference Fees	\$ <u>625.00</u>
E. Entertainment	\$ _____
TOTAL PROJECTED TRAVEL EXPENSES	\$ <u>2,315.00</u>

CERTIFICATION BY TRAVELER

By my signature below, I certify the following:

1. The above-listed projected out-of-town travel expenses conform to Policy 3.30, are reasonable and directly related to Authority business; and
2. I have attended training regarding my responsibilities pursuant to Policy 3.30 within the past two years.

Travelers Signature:  Date: Nov 15, 2021

CERTIFICATION BY ADMINISTRATOR *(If Administrator is Executive Committee, Clerk certifies below.)*

By my signature below, I certify the following:

1. I have reviewed this out-of-town travel request and made inquiries to determine that the out-of-town travel and identified expenses are directly related to and necessary for the advancement of the Authority's business and reasonable in comparison to the anticipated benefits to the Authority; and
2. I have attended training regarding my responsibilities pursuant to Policy 3.30 within the past two years.

Administrator's Signature: _____ Date: _____

AUTHORITY CLERK CERTIFICATION ON BEHALF OF EXECUTIVE COMMITTEE

I, _____, certify that this document was approved
(Name of Clerk)
 by the Executive Committee at its _____ meeting.
(Meeting Date)



2022 ACI-NA/AAAE Washington Legislative Conference

[EVENT](#)

[REGISTRATION](#)

[HOTEL](#)

[COVID-19 POLICIES](#)

2022 ACI-NA/AAAE Washington Legislative Conference

March 3 – 4, 2022

Airports will take on Capitol Hill for the 2022 ACI-NA/AAAE Washington Legislative Conference. This two-day conference will give airport industry leaders the opportunity to hear directly from members of Congress, administration officials, and Capitol Hill staff about what the airport industry can expect from Washington in the year ahead. Don't miss your chance to meet with your members of Congress as we gear up to advance airport priorities in 2022.

Who Should Attend

Any professional interested in learning about aviation trends or meeting industry leaders, including:

- Airport Directors
- Legislative Affairs Committee Members
- Airport Commissioners
- Airport Operators



2022 ACI-NA/AAAE Washington Legislative Conference

REGISTER NOW

EVENT	REGISTRATION	HOTEL	COVID-19 POLICIES
	Early Bird Registration (Until January 21)		
		Regular Registration (After January 21)	
ACI-NA/AAAE Member	\$625		\$725
Non-Member	\$850		\$950
Federal Government	\$300		\$300



2022 ACI-NA/AAAE Washington Executive Conference

REGISTER NOW

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[REGISTRATION](#)

[HOTEL](#)

[COVID-19 POLICIES](#)



Hyatt Regency Washington

400 New Jersey Avenue
Washington, DC 20001
(202) 737-1234

The ACI-NA discounted rate is \$260.00 per room, single/double occupancy, per night plus applicable taxes. Rooms are available until the booking deadline, **Tuesday, February 8, 2022** or until sold out, whichever comes first.

A deposit of one (1) night's room/tax is required at time of booking. This deposit is refundable if reservation is canceled 72 hours prior to arrival.

www.hyatt.com



FY 2022 Per Diem Rates for District of Columbia, District of Columbia

Meals & Incidentals (M&IE) Breakdown

Primary Destination	County	M&IE Total	Continental Breakfast/Breakfast	Lunch	Dinner	Incidental Expenses	First & LastDay of Travel
District of Columbia	Washington DC (also the cities of Alexandria, Falls Church and Fairfax, and the counties of Arlington and Fairfax, in Virginia; and the counties of Montgomery and Prince George's in Maryland)	\$79	\$18	\$20	\$36	\$5	\$59.25

**TRAVEL
EXPENSE
REIMBURSEMENT
REPORT**

Kim Becker

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
TRAVEL EXPENSE REIMBURSEMENT REPORT - Board Members, President/CEO, General Counsel, Chief Auditor
 (To be completed within 30 days from travel return date for domestic travel; 45 days for international travel)

Refer to Authority Policy 3.30 - Business and Travel Expense Reimbursement Policy outlining appropriate reimbursable expenses. Attach all required supporting documentation. All receipts must be detailed (credit card receipts do not provide sufficient detail). Any special items should be explained in the space provided below.

[Policy 3.30 - Business and Travel Expense Reimbursement](#)

[Business and Travel Reimbursement Guidelines](#)

Employee/Trip Information

Date: _____

Name: Kimberly J. Becker Dept: 6 - Executive
 Departure Date: 11/6/2021 Return Date: 11/8/2021 Report Due: 12/8/21
 Destination: Reno, NV
 Business Purpose: ACI Annual Conference

Expense items not included in Per Diem	Authority Prepaid Expenses	Employee Paid Expenses							TOTAL
		11/6/21 Saturday	11/7/21 Sunday	11/8/21 Monday	11/9/21 Tuesday	11/10/21 Wednesday	11/11/21 Thursday	11/12/21 Friday	
Air Fare, Railroad, Bus	264.18								-
Conference Fees									-
Rental Car									-
Gas									-
Parking & Tolls									-
Mileage - Attach mileage form									-
Taxi / TNC / Shuttle Fare		18.00							18.00
Lodging		222.35	222.35						444.70
Telephone, Internet and Fax									-
Laundry									-
Miscellaneous:			54.98						54.98
Change in return flight date resulted in fees for limited seating availability.	\$ 264.18								-
									\$ 517.68

Expense items included in Per Diem:

Meals & Incidental Expenses (M&IE) Meals will be reimbursed at established Per Diem rates. Receipts shall not be required except for authorized meals above per diem rate (approved by CEO or Vice President below). If a meal is provided by a conference or meeting, do not include the meal for reimbursement below. On first travel day, only include lunch and dinner if flight departs after 9:00 a.m. On last travel day, only include breakfast and lunch if flight returns before 6:00 p.m.

[GSA Per Diem for Domestic](#)

[US Dept of State Per Diem for International](#)

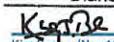
Enter Daily Per Diem Rate	11/6/21	11/7/21	11/8/21	11/9/21	11/10/21	11/11/21	11/12/21	TOTAL
	Saturday	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	
Breakfast \$16.00	16.00		16.00					32.00
Lunch \$17.00	17.00		17.00					34.00
Dinner \$28.00			28.00					28.00
Incidentals \$5.00	5.00	5.00	5.00					15.00
Total M&IE \$66.00								109.00
Approved Meal Exception Above Per Diem Rate		43.81						43.81
Total Meal and Incidental Expenses	\$ 38.00	\$ 48.81	\$ 66.00	\$ -	\$ -	\$ -	\$ -	152.81

Explanation: Substantiation for exception should be attached
 11/06/21 - Dinner with John Aitken, Director of Aviation at San Jose Airport. Discuss COVID impacts and concessions issues.

Trip Grand Total	934.67
Less Cash Advance (Attach copy of Authority check)	
Less Expenses Prepaid by Authority	264.18
Due Traveler - if positive amount, prepare check request	
Due Authority - if negative, attach check payable to SDCRAA	\$ 670.49

Note: Send this report to Accounting even if the amount is \$0.

By signing below, TRAVELER: (a) acknowledges understanding and agreeing to be bound by Authority Policy 3.30 - Business and Travel Expense Reimbursement Policy; (b) certifies that this report is true and correct and all claimed expenses were incurred in connection with official Authority business; and (c) understands that any purchases/claims that are not allowed will be traveler's responsibility. By signing below, ADMINISTRATOR certifies, based on reasonable inquiry, that expenses approved in this report were reasonable, necessary, directly related to the Authority's business, and that they are reimbursable under Authority Policy 3.30.

Prepared By: Diane Casey Ext.: 2445
 Traveler's Signature:  Date: Nov 16, 2021
Kim Becker (Nov 16, 2021 16:59 PST)

AUTHORITY CLERK CERTIFICATION ON BEHALF OF EXECUTIVE COMMITTEE (To be completed by Clerk)

I, _____ hereby certify that this document was approved by the Executive Committee at it's meeting on _____
 Clerk Signature: _____ Date: _____



Traveltrust
374 North Coast Highway 101
Encinitas, CA 92024
760-635-1700

Created 10/10/2021 4:20 PM PDT

For a single calendar entry click [here](#)
Travel Itinerary

Passenger Names

BECKER/KIMBERLY JANE - 02

Traveltrust Business Hours are Monday 5am - Friday 5pm Pacific

Agency Reference Number: VNGLCD

Please review your itinerary and report any discrepancies to Traveltrust within 24hrs of receipt

Travel requirements are being updated constantly, please be sure to check with your airline or CDC.gov for the latest in travel requirements and restrictions.

Southwest Airlines - Flight Number 1981

Confirmation: 2PCCTB

Departure: Sat, 11/6/2021 9:15 AM
Departure City: San Diego, CA (SAN)
Departing Terminal: TERMINAL 1
Status: Confirmed

Arrival: Sat, 11/6/2021 10:50 AM
Arrival City: Reno, NV (RNO)
Arrival Terminal:
Class of Service: D - ECONOMY

Equipment: 73W
Travel Time: 1 hour(s) 35 minute(s)
[Add flight to Calendar](#)
[Baggage Info](#)
[Weather](#)
[CHECK IN NOW](#)

Seat Assignments:
EARLY BIRD CHECK PURCHASED/CONFIRMED
FREQUENT FLYER NUMBER 473348610

Delta Air Lines - Flight Number 2666

Confirmation: JMN4GZ

Departure: Tue, 11/9/2021 1:30 PM
Departure City: Reno, NV (RNO)
Departing Terminal:
Status: Confirmed

Arrival: Tue, 11/9/2021 3:52 PM
Arrival City: Salt Lake City, UT (SLC)
Arrival Terminal:
Class of Service: T - ECONOMY

Equipment: 738
Travel Time: 1 hour(s) 22 minute(s)
[Add flight to Calendar](#)
[Baggage Info](#)
[Weather](#)
[CHECK IN NOW](#)

Seat Assignments: BECKER/KIMBERLY JANE - 20C
AISLE SEAT CONFIRMED
FREQUENT FLYER NUMBER 2078329006

Delta Air Lines - Flight Number 2132

Confirmation: JMN4GZ

Departure: Tue, 11/9/2021 5:10 PM
Departure City: Salt Lake City, UT (SLC)
Departing Terminal:
Status: Confirmed

Arrival: Tue, 11/9/2021 6:08 PM
Arrival City: San Diego, CA (SAN)
Arrival Terminal: TERMINAL 2
Class of Service: T - ECONOMY

Equipment: 320
Travel Time: 1 hour(s) 58 minute(s)
[Add flight to Calendar](#)
[Baggage Info](#)
[Weather](#)
[CHECK IN NOW](#)

Seat Assignments:
FREQUENT FLYER NUMBER 2078329006

Invoice Detail

Name: BECKER/KIMBERLY JANE		
Southwest	Issue Date: 08/30/2021	
Airlines Ticket: 5267662916916		
Invoice Number: 5595255		Amount: \$66.98
Service Fee: 8900803248096	Issue Date: 08/30/2022	
Name: BECKER/KIMBERLY JANE		Amount: \$30.00
Delta Air	Issue Date: 08/30/2021	
Lines Ticket: 0067662916917		
Invoice Number: 5595256		Amount: \$147.20
Early Bird Check In 1 333333333 1 30AUG21		Amount: \$20.00
Your total has been charged to American Express ending In 1013		Total Fare: USD \$264.18

General Remarks

THIS TICKET IS NON-REFUNDABLE AND MUST BE USED FOR THE FLIGHTS BOOKED. IF THE RESERVATION IS NOT USED OR CANCELLED, BEFORE THE DEPARTURE OF YOUR FLIGHTS IT MAY HAVE NO VALUE. CONTACT TRAVELTRUST BEFORE YOUR OUTBOUND FLIGHT TO CHANGE IF NECESSARY. PER MANDATORY IATA RESOLUTION 830D YOUR CONTACT DETAILS HAVE BEEN GIVEN TO THE AIRLINES FOR FLIGHT MODIFICATIONS ONLY

TSA Guidance- a government issued photo id is needed for check-in. Please allow minimum 3-hour check-in for International flights and 2 hours for Domestic. For Additional security information visit www.tsa.gov. Thank you for choosing Traveltrust! For EMERGENCY AFTERHOURS assistance in the US, please call 888-221-6043 and use VIP Code SJE72. You can also use the Direct Dial Number 682-233-1914 or the collect number 682-647-0061. Each call is billable at a minimum \$25.00 per call/reservation

Note-

Kim was scheduled to return from Reno to San Diego on November 9th. She had to return one day early - November 8th. The change in the ticket resulted in the ticket fare remaining the same, but because there was limited seating on the new return flights, Kim had to pay \$19⁹⁹ + \$34⁹⁹ for preferred seating. (See attached receipts).

Casey Diane

To: Diane Casey
Subject: FW: Your Flight Receipt - KIMBERLYJANE BECKER 08NOV21

Begin forwarded message:

From: Delta Air Lines <DeltaAirLines@t.delta.com>
Date: November 8, 2021 at 6:11:30 AM PST
To: Becker Kimberly <kbecker@san.org>
Subject: Your Flight Receipt - KIMBERLYJANE BECKER 08NOV21
Reply-To: Transactional Email Reply Inbox <reply-189412-14_HTML-76847686-10982494-1057889@t.delta.com>



Hello, Kimberlyjane Becker

#2078329006 | SkyMiles[®] Member

Confirmation #: JMN4GZ



OUR COMMITMENT TO CLEANLINESS IS HERE TO STAY.

Learn more about the Delta CareStandard.SM >

You're all set. If your plans change, be sure to make changes or cancel via [MyTrips](#) on [delta.com](#) before your flight departs to maintain the value of your ticket.

WE'VE GOT YOU COVERED

With the [Delta CareStandardSM](#), we're partnering with trusted health experts to raise the standard for safer travel and offering added flexibility to change your plans with ease.

YOUR PRE-TRIP CHECKLIST FOR EASIER TRAVEL:

DOWNLOAD THE FLY DELTA APP – With real-time push notifications sent to your mobile device, you'll never miss an update. With the Fly Delta app, you can easily track your checked bags, check your flight status under the "My Trips" tab, access your digital boarding pass, message Delta and more. [Download Now >](#)

VISIT OUR HELP CENTER PAGE – get all your travel questions answered with information on self-service tools, baggage, SkyMiles, and more. [Get Help >](#)

Have a great trip, and thank you for choosing Delta.

Mon, 08NOV	DEPART	ARRIVE
DELTA 2666 Main Cabin (T)	RENO, NV 1:30pm	SALT LAKE CITY 3:52pm
DELTA 2132 Main Cabin (T)	SALT LAKE CITY 5:10pm	SAN DIEGO, CA 6:08pm

MANAGE MY TRIP>

CHECK DELTA DISCOVER MAP FOR YOUR DESTINATION'S ENTRY REQUIREMENTS

Many destinations have issued travel requirements that may affect your trip. We strongly encourage you to review the [Delta Discover Map](#) for the latest on your destination's test, vaccine and quarantine requirements. You may check your eligibility to change or cancel your flight [here](#).

MASKS REQUIRED IN THE AIRPORT & ON BOARD

It's Delta's policy and federal law that all employees and customers wear masks during boarding and deplaning, while in the airport and during public transit.

Customers requiring exemptions for not wearing face masks due to a disability should be prepared to complete a clearance to fly process prior to departure at the airport. Thank you for your compliance. [Learn More >](#)

Passenger Info

Name: KIMBERLYJANE BECKER

SkyMiles # [REDACTED]

FLIGHT	SEAT
DELTA 2666	19C
DELTA 2132	16C

Visit delta.com or use the Fly Delta app to view, select or change your seat. If you purchased a Delta Comfort+™ seat or a Trip Extra, please visit My Trips to access a receipt of your purchase.

Flight Receipt

Ticket #: 0062483327912

Place of Issue:

Issue Date: 08NOV21

Expiration Date: 31DEC22

METHOD OF PAYMENT	
Org FOP AX*****1013	

ECREDITS APPLIED	
eCredits Number	0067662916917
Passenger Name	KIMBERLYJANE BECKER
Amount Applied	147.20 USD
Applied to Ticket Number	0062483327912

CHARGES	
Air Transportation Charges	
Base Fare	\$115.35 USD
Taxes, Fees and Charges	
United States - September 11th Security Fee (Passenger, Civil Aviation Security Service Fee) (AY)	\$5.60 USD
United States - Transportation Tax (US)	\$8.65 USD
United States - Passenger Facility Charge (XF)	\$9.00 USD
United States - Flight Segment Tax (ZP)	\$8.60 USD
TICKET AMOUNT	\$147.20 USD

NON-REF/NON-END

This ticket is non-refundable unless the original ticket was issued at a fully refundable fare. Some fares may not allow changes. If allowed, any change to your itinerary may require payment of a change fee and increased fare. Failure to appear for any flight without notice to Delta will result in cancellation of your remaining reservation.

Note: When using certain vouchers to purchase tickets, remaining credits may not be refunded. Additional charges and/or credits may apply.

Fare Details: RNO DL X/SLC DL SAN115.35USD115.35END ZPRNOSLC XFRNO4.5SLC4.5

Miscellaneous Service and Fees: RFIC: I

Document #: 0061526869040
Date of issue: 08NOV21
This document expires: 08NOV22

MAIN CABIN PREFERRED SEAT	19.99 USD
Total	19.99 USD

Payment Method: CA*****8103
Routing: RNO-SLC

NON REFUNDABLE/NO CHANGES/NON TRANSFERABLE/NOT VALID FOR TRAVEL

Important Note: Retain this receipt for your records. If travel or check-in commences on a carrier other than Delta, this receipt must be presented at the time of service or a fee will be assessed. If purchasing Delta Sky Club® memberships, all Delta SkyMiles® and Delta Sky Club® rules apply.

Miscellaneous Service and Fees: RFIC: I

Document #: 0061526848460
Date of issue: 08NOV21
This document expires: 08NOV22

MAIN CABIN EXIT ROW SEAT	34.99 USD
Total	34.99 USD

Payment Method: CA*****8103
Routing: SLC-SAN

NON REFUNDABLE/NO CHANGES/NON TRANSFERABLE/NOT VALID FOR TRAVEL

Important Note: Retain this receipt for your records. If travel or check-in commences on a carrier other than Delta, this receipt must be presented at the time of service or a fee will be assessed. If purchasing Delta Sky Club® memberships, all Delta SkyMiles® and Delta Sky Club® rules apply.

Checked Bag Allowance

The fees below are based on your original ticket purchase. **If you qualify for free or discounted checked baggage**, this will be taken into account when you check in.

Mon 08 Nov 2021

RNO-SAN

CARRY ON	FIRST	SECOND
FREE	\$30.00 ^{USD} (50LBS/23KG)	\$40.00 ^{USD} (50LBS/23KG)

Visit delta.com for details on [baggage embargoes](#) that may apply to your itinerary.



3800 S. Virginia Street
RENO NV 89502

Becker, Kimberly
PO BOX 82776
San Diego, CA 92138

Confirmation Number: 13170963-1
Room Number: 1005
Room Type: ATK
No. of Guests: 1

TAX ID	ARRIVAL	DEPARTURE	RATE PLAN	ACCOUNT
	11/06/2021	11/09/2021	ACINA	186974
DATE	CODE	DESCRIPTION	COMMENT	AMOUNT (USD)
11/06/2021	ADVDEP	Advance Deposit		(222.35)
11/06/2021	RMS	Room Revenue		195.00
11/06/2021	TAX2	Hotel Tax		25.35
11/06/2021	TS2	Tourism Surcharge		2.00
11/07/2021	RMS	Room Revenue		195.00
11/07/2021	TAX2	Hotel Tax		25.35
11/07/2021	TS2	Tourism Surcharge		2.00
Sub-Total:				390.00
Total Tax:				54.70
Total Payments:				(222.35)
Total Due:				222.35

Note -

1st night deposit was required
at time of reservation (noted on
confirmation for reservation of 11/06/21).

10/16/2021 - 11/09/21

Casey Diane

From: Atlantis Casino Resort Spa <reservations@atlantiscasino.com>
Sent: Monday, August 23, 2021 2:42 PM
To: Casey Diane
Subject: Confirmation of your stay at Atlantis Casino Resort Spa

If you cannot see this email, click [here](#).



Your Reservation Confirmation

Dear Kimberly Becker,

Thank you for choosing the Atlantis Casino Resort Spa for your upcoming visit to Reno. We look forward to welcoming you and wish you a most enjoyable stay.

Please review your reservation carefully and contact us if we can be of further assistance. If you need to change or cancel your reservation you can do so by calling (800) 723-6500.



Your Reservation Details

GUEST NAME	CONFIRMATION NUMBER
Kimberly Becker	13170963-1
STAY DATES	CHECK-IN
Saturday, November 6, 2021 - Tuesday, November 9, 2021	3pm

Payment Details

CHECK-OUT

12pm

ROOM TYPE REQUESTED
Atlantis Tower, 1 King Bed

Payment Details

ROOM RATE
\$195.00

TOTAL
\$667.05

DEPOSIT
\$222.35



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As a valued Monarch Rewards member earn Free Play every day when you Earn Tier points. See the Monarch Rewards desk for qualifying details. Earn 3% back in Comp Dollars on all your cash or credit card spend across the property, whether it be in any of our restaurants, the spa or hotel. By presenting your Monarch Rewards card for these purchases you also earn Tier Points! Comps can be used for future stays, meals, events and more!

[LEARN MORE](#)

Hotel Policy

Parking

Atlantis offers free valet parking and acres of complimentary self-parking.

TRAVEL EXPENSE RECEIPTS FOR KIMBERLY J. BECKER
ACI Annual Meeting
November 6 - 8, 2019

11/06/21 - DINNER
 John Artken,
 Director of Aviation, San Jose

11/06/21 CHK827414 21:36
 SALES DRAFT
 Bistro Napa
 MERCH ID: 1511518000
 CASHIER: Katelin S
 TERMINAL: 81
 NAME: Becker/KIMBERLY J
 NUMBER: XXXXXXXXXXXXX8103
 EXPIRE: XX/XX
 AUTH: 77849Z
 AMOUNT: 50.34

Bistro Napa

3800 South Virginia St
 Reno, NV 89502
 775-335-4539

11/6/2021 20:35
 CHECK: 827414 TABLE: 23
 TEAM: Sherwin I. GUESTS: 2

Mastercard

ENTRY MODE: Chip
 CVM: Signature

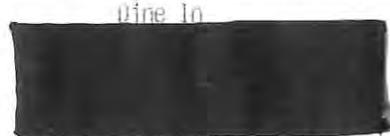
Auth Mode: Issuer
 AID: A0000000041010
 TVR: 0000000000
 EAO: 0110607001220000AD5EU0000000000000

FF

TST: E800
 ARC: 00
 CHECK: 827414
 TABLE: 23
 TOTAL: 50.34

GRAATITY: 10 -
 TOTAL: 60.34

I agree to pay above total amount according to my card issuer agreement.



- Dine In
- 1 Crab Chowder 13.00
 - 1 Tomato Caprese 15.00 ✓
 - 1 BrntSushPumpRav 13.00
 - 1 Caesar Chicken 19.00 ✓

Subtotal 95.00
 Tax 7.69
 Total 100.69

15.00
 19.00

 \$ 34.00
 2.81 TAX

 36.81 8.25%
 7.00 Tip

 43.81

Total Splits: 2 *check split into 2*

Balance Due: 50.34
 Please inform your server if you would like to charge this to your room

For Your Convenience
 18%-16.74 20%-18.60 25%-23.25

NAME
 X *Kimberly J. Becker*
 SIGNATURE

Thank You!
www.atlantiscasino.com/dining

TRAVEL EXPENSE RECEIPTS FOR KIMBERLY J. BECKER
ACI Annual Meeting
November 6 - 8, 2019

11/06/21 - Transportation
Airport to hotel

CAB RIDE RECEIPT

CPCN 1014

DATE 11/6/21 AMNT 18⁰⁰

FROM Airport

TO Atlanta

SIGNATURE _____



FY 2021 Per Diem Rates for Nevada

Meals & Incidentals (M&IE) Breakdown

Primary Destination	County	M&IE Total	Continental Breakfast/Breakfast	Lunch	Dinner	Incidental Expenses	First & Last Day of Travel
Incline Village / Reno / Sparks	Washoe	\$66	\$16	\$17	\$28	\$5	\$49.50
Standard Rate	Applies for all locations without specified rates	\$55	\$13	\$14	\$23	\$5	\$41.25

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
OUT-OF-TOWN TRAVEL REQUEST**

GENERAL INSTRUCTIONS:

- A. All out-of-town travel requests must conform to applicable provisions of Policy 3.30.
- B. Once traveler completes form, submit to the traveler's Administrator for approval (for Board Members, President/CEO, General Counsel and Chief Auditor, Administrator is Board Executive Committee).

TRAVELER INFORMATION:

Traveler Name: Kimberly J. Becker Department: Executive, BUS
 Position: Board Member President/CEO General Counsel Chief Auditor
 All Other Authority Employees

DATE OF REQUEST: 07/28/2021 DATE OF DEPARTURE/RETURN: 11/05/2021 / 11/09/2021

DESTINATION / BUSINESS PURPOSE:

Destination: Reno, NV Business Purpose: 2021 ACI-NA Annual Conference & Exhibition

PROJECTED OUT-OF-TOWN TRAVEL EXPENSES:

A. Transportation Costs:		
• Airfare <input type="checkbox"/> <i>check box for business class or equivalent (international only)</i>		\$ 300.00
• Rental Car		\$
• Other Transportation (Taxi, TNC, Train, Bus)		\$ 100.00
• Auto (Gas, Parking/Tolls, Mileage)		\$
B. Lodging		\$ 900.00
C. Meals and Incidental Expenses (Per Diem)		\$ 280.00
D. Seminar and Conference Fees		\$ 790.00
E. Entertainment		\$
TOTAL PROJECTED TRAVEL EXPENSES		\$ 2,370.00

CERTIFICATION BY TRAVELER

By my signature below, I certify the following:

- The above-listed projected out-of-town travel expenses conform to Policy 3.30, are reasonable and directly related to Authority business; and
- I have attended training regarding my responsibilities pursuant to Policy 3.30 within the past two years.

Travelers Signature: Kimberly J. Becker Date: 7/29/21

CERTIFICATION BY ADMINISTRATOR *(If Administrator is Executive Committee, Clerk certifies below.)*

By my signature below, I certify the following:

- I have reviewed this out-of-town travel request and made inquiries to determine that the out-of-town travel and identified expenses are directly related to and necessary for the advancement of the Authority's business and reasonable in comparison to the anticipated benefits to the Authority; and
- I have attended training regarding my responsibilities pursuant to Policy 3.30 within the past two years.

Administrator's Signature: _____ Date: _____

AUTHORITY CLERK CERTIFICATION ON BEHALF OF EXECUTIVE COMMITTEE

I, Martha Morales mmorales@san.org, certify that this document was approved
(Name of Clerk)
 by the Executive Committee at its August 23, 2021 meeting.
(Meeting Date)

As of July 21, 2021

2021 ACI-NA ANNUAL CONFERENCE AND EXHIBITION
November 6-9, 2021
Reno, NV

PRELIMINARY SCHEDULE OF EVENTS (schedule subject to change at any time)

Unless specifically stated, all sessions take place at the Reno-Sparks Convention Center
Please note: Conference badges MUST be worn to the event for access.

Friday, November 5, 2021

- 12:00 pm – 1:30 pm ACI-NA Executive Committee and Past Chairs Meeting *(invitation only)*
- 2:00 pm – 5:00 pm ACI-NA Executive Committee Meeting *(Executive Committee members only)*
- 3:00 pm – 5:00 pm Legal Affairs Steering Group Meeting *(Steering Group members only)*
- 6:00 pm ACI-NA Executive Committee and Past Chairs Dinner *(invitation only)*

Saturday, November 6, 2021

- 7:30 am – 6:30 pm Check-in / Registration
- 7:30 am – 8:30 am Networking Breakfast *(for Committee Workshop Attendees)*
- 8:00 am – 8:00 pm Exhibition Hall Move-in
- 8:30 am – 5:00 pm **Environmental Affairs Committee Workshop**
View the Environmental Affairs Committee Workshop Agenda for full workshop details
- 8:30 am – 5:00 pm **Business Information Technology Committee Workshop**
View the BIT Committee Workshop Agenda for full workshop details
- 8:30 am – 5:00 pm **Marketing & Communications Committee Workshop**
View the MARCOM Committee Workshop Agenda for full workshop details
- 8:30 am – 5:00 pm **Operations & Technical Affairs Committee Workshop**
View the Operations & Technical Affairs Committee Workshop Agenda for full workshop details
- 8:30 am – 5:30 pm **Legal Affairs Committee Workshop**
View the Legal Committee Workshop Agenda for full workshop details
- 10:00 am – 10:30 am AM Networking Break *(for Committee Workshop Attendees)*
- 12:00 pm – 1:15 pm Networking Lunch *(for Committee Workshop Attendees)*
- 12:15 pm – 1:15 pm ACI-NA Committee Chairs, ACI-NA Board Luncheon *(invitation only)*
- 1:45 pm – 3:00 pm ACI-NA Board of Directors Meeting
- 2:00 pm – 5:00 pm CAC Council of Chairs Meeting
- 2:45 pm – 3:15 pm PM Networking Break *(for Committee Workshop Attendees)*
- 3:15 pm – 5:00 pm Environmental Affairs Steering Group Meeting
- 5:00 pm – 6:30 pm Operations & Technical Affairs Steering Group Meeting
- 6:30 pm – 8:30 pm Board of Directors and Leadership Reception *(invitation only)*

Sunday, November 7, 2021

- 7:30 am – 7:00 pm **Check-in / Registration**
- 7:45 am – 9:00 am **Committee Chairs Information Exchange Breakfast** *(invitation only)*
- 8:00 am – 8:45 am **Exec-2-Exec Committee** *(Airport and WBP/Associates Board Executive Committee members only)*
- 8:00 am – 9:00 am **Networking Breakfast**
- 8:00 am – 11:00 am **CAC Large Airports Caucus Meeting** *(closed meeting, CAC members only)*
- 8:00 am – 11:00 am **CAC Small Airports Caucus Meeting** *(closed meeting, CAC members only)*
- 8:00 am – 11:00 am **Small Airports Committee Meeting**
- 8:00 am – 2:00 pm **Exhibition Hall Move-In**
- 9:00 am – 11:00 am **Medium Hub Committee Meeting** *(Airport members only)*
- 9:00 am – 11:00 am **Large Hub Committee Meeting** *(Airport members only)*
- 9:00 am – 12:00 pm **ACI-NA WBP/Associates Board of Directors Meeting**
- 9:00 am – 3:00 pm **Human Resources Committee Meeting** *(Open to all)*
- 9:00 am – 3:00 pm **Air Cargo Committee Meeting**
- 9:00 am – 4:45 pm **Operations & Technical Affairs Committee Workshop**
View the Operations & Technical Affairs Committee Workshop Agenda for full workshop details
- 9:00 am – 4:45 pm **Legal Affairs Committee Workshop**
View the Legal Committee Workshop Agenda for full workshop details
- 9:00 am – 4:45 pm **Marketing & Communications Committee Workshop**
View the MARCOM Committee Workshop Agenda for full workshop details
- 9:00 am – 4:45 pm **Business Information Technology Committee Workshop**
View the BIT Committee Workshop Agenda for full workshop details
- 9:00 am – 4:45 pm **Environmental Affairs Committee Workshop**
View the Environmental Affairs Committee Workshop Agenda for full workshop details.
- 9:00 am – 4:45 pm **Finance Committee Workshop**
View the Finance Committee Workshop Agenda for full workshop details
- 10:00 am – 10:30 am **AM Networking Break**
- 10:30 am – 12:00 pm **Commissioners Committee Meeting**
- 11:15 am – 12:45 pm **Joint U.S. and Canadian Policy Council Meeting** *(Airport members only)*
- 12:00 pm – 1:00 pm **Networking Lunch**
- 12:45 pm – 2:00 pm **Canadian Policy Council Meeting** *(closed meeting, Policy Council members only)*
- 1:00 pm – 2:45 pm **U.S. Policy Council Meeting**
- 1:00 pm – 3:00 pm **Commercial Management Steering Group Meeting** *(invitation only)*
- 2:15 pm – 4:30 pm **Canadian Policy Council & Membership Meeting** *(open to CAC Members only)*
- 2:30 pm – 3:00 pm **PM Networking Break**
- 3:00 pm – 5:00 pm **Press Office Open**
- 4:00 pm – 4:45 pm **ACI-NA VIP Reception** *(invitation only)*

5:00 pm – 7:00 pm **Exhibition Hall Grand Opening** (*Reception in Exhibit Hall*)

Monday, November 8, 2021

7:30 am – 10:00 am **Exhibition Hall Open** (*Networking Breakfast in Exhibit Hall from 7:30 am- 9:00 am*)

7:30 am – 5:00 pm **Press Office Open**

7:30 am – 7:00 pm **Registration**

8:30 am – 9:30 am **Exhibit Hall Classroom Education Session:**
Exhibit Hall Show Floor Classroom

1. Government Affairs Update

10:00 am – 11:30 am **General Session I: Welcome and Keynote Address**

11:30 am – 12:00 PM **ACI-NA Downes Award Presentation**

12:00 pm – 1:00 pm **PAC Luncheon** (*invitation only*)

12:00 pm – 3:00 pm **Exhibition Hall Open** (*Lunch Served in Exhibit Hall from 12 pm – 1:30 pm*)
Exhibit Hall

12:15 pm – 12:35 pm **Solutions Showcase:**
Exhibit Hall – Showcase

12:40 pm – 1:00 pm **Solutions Showcase:**
Exhibit Hall – Showcase

1:05 pm – 1:25 pm **Solutions Showcase:**
Exhibit Hall – Showcase

1:30 pm – 2:30 pm **Exhibit Hall Classroom Education Session:**
Exhibit Hall -Show Floor Classroom

2. The Continued Climb of Air Cargo

2:30 pm – 3:00 pm **Airport Carbon Accreditation Ceremony**

2:40 pm – 3:00 pm **Solutions Showcase:**
Exhibit Hall – Showcase

3:00 pm – 3:30 pm **PM Networking Break**

3:30 pm – 4:30 pm **Concurrent Education Sessions**

3A. Creating Career Pathways for Diverse Airport Leaders

3B. Evolving Potential for P3s Post-Pandemic

3C. Sustainability & Resilience in the Airport Industry – Being Responsive to Stakeholders

5:15 pm – 6:45 pm **Exhibition Hall Reception**

Tuesday, November 9, 2021

7:30 am – 4:00 pm **Registration**

8:00 am – 9:30 am **World Business Partner/Associate Member and Airport Director Roundtable Breakfast:
Elevating the Passenger Experience in an Era of Disruption**
(*Open to all ACI-NA WBP/Associate members & ACI-NA member airport directors*)

- 7:30 am – 4:30 pm** **Press Office Open**
- 8:00 am – 9:00 am** **Networking Breakfast**
- 9:30 am – 10:30 am** **General Session II**
- 10:30 am – 11:00 am** **Airport Membership Meeting in Exhibit Hall (ACI-NA Airport Official Representatives only)**
Exhibit Hall - Show Floor Classroom
- 10:30 am – 3:00 pm** **Exhibition Hall Open (Lunch Served in Exhibit Hall from 11:30 am – 1:00 pm)**
Exhibit Hall
- 11:30 am – 11:45 am** **ACI World Special Meeting of Members in Exhibit Hall (invitation only)**
Exhibit Hall - Show Floor Classroom
- 12:00 pm – 12:45 pm** **Exhibit Hall Classroom Education Session:**
Exhibit Hall - Show Floor Classroom

4.

- 1:00 pm – 1:20 pm** **Solutions Showcase:**
Exhibit Hall – Showcase
- 1:30 pm – 2:45 pm** **Exhibit Hall Classroom Education Session:**
Exhibit Hall - Show Floor Classroom

5. Transnational Regulatory Session

- 3:00 pm – 3:15 pm** **PM Networking Break**
- 3:00 pm – 7:00 pm** **Exhibition Hall Move-Out**
- 3:15 pm – 4:15 pm** **Chair’s Reception and Recognition Ceremony**
- 6:30 pm – 8:30 pm** **Closing Night Event**