SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Board Meeting Agenda

Thursday, December 7, 2023
9:00 A.M.

NEW LOCATION:
San Diego County Regional Airport Authority
Administration Building
First Floor – Board Room
2417 McCain Road
San Diego, California 92101
See attached map

Live webcasts of Authority Board meetings can be accessed at
http://www.san.org/Airport-Authority/Meetings-Agendas/Authority-Board

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.

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

The Authority has identified a local company to provide oral interpreter and translation services for public meetings. If you require oral interpreter or translation services, please telephone the Board Services /Authority Clerk Department with your request at (619) 400-2400 at least three (3) working days prior to the meeting.

CALL TO ORDER:

PLEDGE OF ALLEGIANCE:

ROLL CALL:

PRESENTATIONS:

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

- **AUDIT COMMITTEE:**
  Committee Members: Casillas Salas, Huerta, Martinez, Perez, Sanchez, Newsom, Wong Nickerson

- **CAPITAL IMPROVEMENT PROGRAM OVERSIGHT COMMITTEE:**
  Committee Members: Martinez, McNamara, von Wilpert (Chair)

- **EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE:**
  Committee Members: Cabrera (Chair), McNamara, Sly

- **FINANCE COMMITTEE:**
  Committee Members: McNamara (Chair), Sly, von Wilpert

ADVISORY COMMITTEES

- **AUTHORITY ADVISORY COMMITTEE:**
  Liaison: Casillas Salas (Primary), Martinez

- **ARTS ADVISORY COMMITTEE:**
  Liaison: Casillas Salas

LIAISONS

- **CALTRANS:**
  Liaison: Dallarda

- **INTER-GOVERNMENTAL AFFAIRS:**
  Liaison: Cabrera

- **MILITARY AFFAIRS:**
  Liaison: Bedell

- **PORT:**
  Liaisons: Cabrera (Primary), von Wilpert

- **WORLD TRADE CENTER:**
  Representative: Robert H. Gleason

BOARD REPRESENTATIVES (EXTERNAL)

- **SANDAG BOARD OF DIRECTORS:**
  Representative: Cabrera (Primary), Sly

- **SANDAG TRANSPORTATION COMMITTEE:**
  Representatives: Sanchez (Primary), Perez

CHAIR REPORT:

PRESIDENT/CEO REPORT:

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- 15):

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.

1. **APPROVAL OF MINUTES:**
   RECOMMENDATION: Approve the minutes of the November 9, 2023, special Board meeting.

2. **ACCEPTANCE OF BOARD AND COMMITTEE MEMBERS WRITTEN REPORTS ON THEIR ATTENDANCE AT APPROVED MEETINGS AND PRE-APPROVAL OF ATTENDANCE AT OTHER MEETINGS NOT COVERED BY THE CURRENT RESOLUTION:**
   RECOMMENDATION: Accept the reports and pre-approve Board Member attendance at other meetings, trainings and events not covered by the current resolution.
   (Board Services: Tony R. Russell, Director/Authority Clerk)

3. **DECEMBER 2023 LEGISLATIVE REPORT:**
RECOMMENDATION: Adopt Resolution No. 2023-0097, approving the December 2023 Legislative Report.
(Government Relations: Matt Harris, Director)

4. **AWARDED CONTRACTS AND APPROVED CHANGE ORDERS FROM OCTOBER 9, 2023, THROUGH NOVEMBER 12, 2023, AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM OCTOBER 9, 2023, THROUGH NOVEMBER 12, 2023:**
RECOMMENDATION: Receive the report.
(Procurement: Jana Vargas, Director)

5. **DISPOSITION OF SURPLUS PROPERTY:**
RECOMMENDATION: Adopt Resolution No. 2023-0096 authorizing the disposition of surplus property (materials and/or equipment) in accordance with Policy 8.21.
(Procurement: Jana Vargas, Director)

CLAIMS

6. **REJECT THE CLAIM OF TRACIE SLAOUI:**
RECOMMENDATION: Adopt Resolution No. 2023-0098, rejecting the claim of Tracie Slaoui.
(General Counsel: Amy Gonzalez)

COMMITTEE RECOMMENDATIONS

7. **ESTABLISH THE DATE AND TIME OF BOARD AND ALUC MEETINGS FOR 2024, AS INDICATED ON THE PROPOSED 2024 MASTER CALENDAR OF BOARD AND COMMITTEE MEETINGS:**
RECOMMENDATION: The Executive Committee recommends that the Board adopt Resolution No. 2023-0099, establishing the date and time of Board and ALUC meetings; and Committee meetings for 2024 as indicated on the proposed 2024 Master Calendar of Board and Committee Meetings.
(Board Services: Tony R. Russell, Director/Authority Clerk)

8. **EXTERNAL AUDITOR'S FISCAL YEARS ENDED JUNE 30, 2023, 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 that Board accept the reports.
(Finance: Scott Brickner, Vice President/Chief Financial Officer)

9. REVIEW OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) FOR THE FISCAL YEAR ENDED JUNE 30, 2023:
RECOMMENDATION: The Audit Committee recommends that the Board accept the report.
(Finance: Scott Brickner, Vice President/Chief Financial Officer)

10. FISCAL YEAR 2023 ANNUAL REPORT FROM THE OFFICE OF THE CHIEF AUDITOR:
RECOMMENDATION: The Audit Committee recommends that the Board accept the report.
(Audit: Lee Parravano, Chief Auditor)

11. FISCAL YEAR 2024 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)

12. REVISION TO THE FISCAL YEAR 2024 AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR:
RECOMMENDATION: The Audit Committee recommends that the Board adopt Resolution No. 2023-0100, approving the revision to the Fiscal Year 2024 Audit Plan of the Office of the Chief Auditor.
(Audit: Lee Parravano, Chief Auditor)

CONTRACTS AND AGREEMENTS

13. AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A SECOND AMENDMENT TO EXTEND THE AIRPORT PARKING MANAGEMENT SERVICES AGREEMENT:
RECOMMENDATION**:** Adopt Resolution No. 2023-0101 authorizing the President/CEO to execute a Second Amendment to the Airport Parking Management Services Agreement to extend the agreement 152 days to June 30, 2024, with no increase in the maximum amount payable.
(Ground Transportation: Marc Nichols, Director)

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

14. AWARD A CONTRACT TO S&L SPECIALTY CONSTRUCTION, INC. FOR QUIETER HOME PROGRAM PHASE 13, GROUP 2, PROJECT NO. 381302 TWENTY-SEVEN (27) NON-HISTORIC SINGLE-FAMILY AND MULTI-FAMILY UNITS ON TWENTY-TWO (22) RESIDENTIAL PROPERTIES LOCATED EAST AND WEST OF THE SAN DIEGO INTERNATIONAL AIRPORT:
RECOMMENDATION: Adopt Resolution No. 2023-0103, awarding a contract to S&L Specialty Construction, Inc. in the amount of $1,465,000 for Phase 13, Group 2, Project No. 381302, of the San Diego County Regional Airport Authority's Quieter Home Program and making a finding that the project is exempt from the California Environmental Quality Act.
(Planning & Environmental Affairs: Sjohnna Knack, Director

15. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE AN ELEVATOR AND ESCALATOR MAINTENANCE AND REPAIR SERVICE AGREEMENT WITH KONE INC.:
RECOMMENDATION: Adopt Resolution No. 2023-0104, approving and authorizing the President/CEO to execute an Elevator and Escalator Maintenance and Repair Service Agreement with Kone Inc., for a term of three years, with the option for two (2) one-year extensions exercisable at the sole discretion of the President/CEO, for a total not to exceed amount of $14,000,000.
(Facilities Management: Stephen Mosca, Director)

PUBLIC HEARINGS:

OLD BUSINESS:

NEW BUSINESS:

16. AWARD A LEASE TO ALASKA AIRLINES FOR THE OPERATION OF AN AIRLINE CLUB FOR THE TERM OF 10 YEARS:
RECOMMENDATION: Adopt Resolution No. 2023-0102 awarding a lease to Alaska Airlines for the operation of an Airline Club and authorizing the President/CEO to negotiate and execute the lease.
(Capital Financial Planning & Airline Relations: Maya Dayan, Director)

CLOSED SESSION:

17. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:
Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9
Name of Case: *San Diego County Regional Airport Authority v. Aquatherm L.P., et al.*, San Diego Superior Court Case No. 37-2022-00037121-CU-BC-CTL

18. CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION
Paragraph (1) of subdivision (d) of Cal. Gov. Code Section 54956.9
Name of Case: *Jennifer Adams v. San Diego County Regional Airport Authority*, San Diego Superior Court Case No. 37-2022-00015113-CU-PO-CTL

19. CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION
Paragraph (1) of subdivision (d) of Cal. Gov. Code Section 54956.9
Name of Case: *Christine Randazzo v. Morrow Meadows, et al*., San Diego Superior Court Case No. 37-2020-00018378-CU-PO-CTL

20. CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION
Paragraph (1) of subdivision (d) of Cal. Gov. Code Section 54956.9
Name of Case: *United States of America v. City of San Diego, et al., and Related Cross Actions* United States District Court Case No. 3:23-CV-00541-LL-BGS

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:

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

1) Persons wishing to address the Board, ALUC, and Committees shall submit a speaker slip to the Clerk prior to the initiation of the portion of the agenda containing the item to be addressed (e.g., Public Comment and General Items). Failure to submit a speaker slip shall not preclude testimony, if permission to address the Board is granted by the Chair.
2) The Public Comment Section at the beginning of the agenda is reserved for persons wishing to address the Board, ALUC, and Committees on any matter for which another opportunity to speak is not provided on the Agenda, and on matters that are within the jurisdiction of the Board.
3) Persons wishing to speak on specific items listed on the agenda will be afforded an opportunity to speak during the presentation of individual items. Persons wishing to speak on specific items should reserve their comments until the specific item is taken up by the Board, ALUC and Committees.
4) If many persons have indicated a desire to address the Board, ALUC and Committees on the same issue, then the Chair may suggest that these persons consolidate their respective testimonies. Testimony by members of the public on any item shall be limited to **three (3) minutes per individual speaker and five (5) minutes for applicants, groups and referring jurisdictions.**
5) Pursuant to Authority Policy 1.33 (8), recognized groups must register with the Authority Clerk prior to the meeting.

After a public hearing or the public comment portion of the meeting has been closed, no person shall address the Board, ALUC, and Committees without first obtaining permission to do so.

Additional Meeting Information

NOTE: This information is available in alternative formats upon request. To request an Agenda in an alternative format, or to request a sign language or oral interpreter, or an Assistive Listening Device (ALD) for the meeting, please telephone the Authority Clerk's Office at (619) 400-2550 at least three (3) working days prior to the meeting to ensure availability.

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

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

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

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Airport Authority Administration Building

2417 McCain Road, San Diego, CA 92101

Public Hours of Operation:

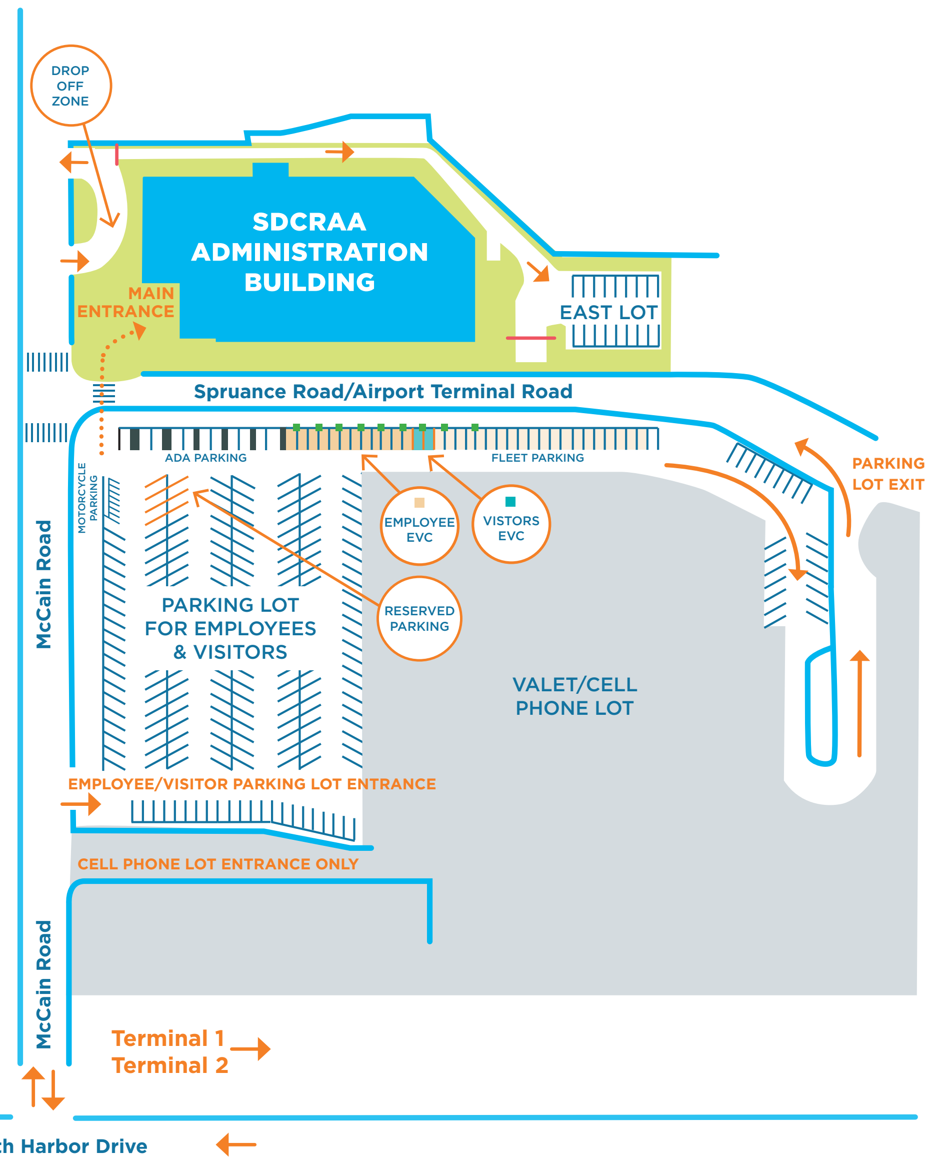
Monday - Friday, 8 a.m. - 5 p.m. | Closed Saturdays, Sundays, and Holidays

Parking

Parking is available in the Airport Administration Building Parking Lot (entrance is on the right-hand side of McCain Road). Visitors can park in the lot from 8 a.m. - 5 p.m. You do not need to pull a ticket to park. Park in any space except those marked for specific purposes. To exit, follow the arrows painted on the ground and proceed through the exit lanes that will lead you to Airport Terminal Road. There are limited EV charging stations available for visitors.

If you are being dropped off at the Administration Building, please utilize the drop-off zone. This area is not to be used for parking.

There is no on-street parking available. Please check for any posted parking restrictions/time limits.



Accessing the Building

Proceed north from the parking lot and use the crosswalk at Spruance Road/Airport Terminal Road to get to the main entrance. Visitors: check in at the reception desk by using the iPad check-in system and place the printed visitor badge on your clothing. The person you are meeting will be notified via email that you have arrived and will meet you in the lobby. If you're attending a Board Meeting or another public event/meeting, you do not need to use the iPad check-in system.

DRAFT
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD
MINUTES
THURSDAY, NOVEMBER 9, 2023
SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY
BOARD ROOM

CALL TO ORDER: Chair Cabrera called the special meeting of the San Diego County Regional Airport Authority Board to order at 9:07 a.m. on Thursday, November 9, 2023, at the San Diego County Regional Airport Authority, Administration Building, 2417 McCain Road, San Diego, CA 92101.

PLEDGE OF ALLEGIANCE: Chair Cabrera led the pledge of allegiance.

ROLL CALL:

PRESENT:	Board Members:	Cabrera, Martinez, McNamara, Perez, Sanchez, Sly, von Wilpert
ABSENT:	Board Members:	Bedell (Ex Officio), Casillas Salas, Dallarda (Ex-Officio), Miller (Ex-Officio),
ALSO PRESENT:	Kimberly J. Becker, President/CEO; Amy Gonzalez, General Counsel; Tony R. Russell, Director, Board Services/Authority Clerk; Sonja Banks, Assistant Authority Clerk I	

Tony Guinn, Assistant Airport Operation/Airfield Manager attended the meeting on behalf of Board Member Bedell.

PRESENTATIONS:

A. REVIEW OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2023:
Scott Brickner, Vice President/Chief Financial Officer provided a presentation that included Operating Revenue and Expenses; Non-Operating Revenue and Expenses; Financial Summary; Statement of Net Position-Assets; Deferred Outflow of Resources; Liabilities and Net Position.

B. SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY 2022-2023 SUSTATINABILITY AND DEI REPORT:
Michelle Brega, Senior Director, External Affairs and Chad Reese, Manager, Environmental Affairs provided a presentation that included Measuring Our Sustainable Progress; Airport Authority DEI Workstreams; Environmental Sustainability; Environmental Key Accomplishments; Environmental Highlights; Social Sustainability; Economic Sustainability; Sustainability versus ESG and ACI-NA Metrics and Reporting Task Force.

Board member von Wilpert left the meeting at 9:30 a.m.

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

- **AUDIT COMMITTEE:** Board Member Martinez reported that the Committee last met on September 11th, that two agenda items from that meeting were continued to the November 13, 2023, meeting. She reported that the next Audit Committee meeting is scheduled for November 13, 2023, and will include the two items continued from the September meeting and a presentation from FORVIS, the Authority's external auditors, on the Authority's financial statement for the Fiscal Year ended June 30, 2023.

- **EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE:** None.

- **FINANCE COMMITTEE:** Board Member McNamara reported that the committee met on October 19, 2023, and at that meeting the committee reviewed the Unaudited Financial Statements for the Three Months Ended September 30, 2023, and the Authority's Investment Report as of September 30, 2023.

ADVISORY COMMITTEES:

- **AUTHORITY ADVISORY COMMITTEE:** Board Member Martinez reported that the committee has not met since the last Board meeting and the next meeting is scheduled for November 16, 2023.

- **ARTS ADVISORY COMMITTEE:** Katie Norman, Airport Art Program Manager, reported that the next committee meeting is scheduled for December 14, 2023. She reported that two public art works from Terminal 1 have been relocated; Guillermo is located in the eastside exterior of the Administration Building, while Astralgraph now stands aside the stairwell within the center of the building.

- **CAPITAL IMPROVEMENT PROGRAM OVERSIGHT COMMITTEE:** Board Member McNamara reported that the last CIPOC Meeting was held October 19th with updates on the construction progress of New Terminal 1, community outreach and a budget update. He also reported that the New Terminal 1 entrance went live on October 26th with only minor adjustments to signage and that the closing of the building is making significant progress.

LIAISONS

- **CALTRANS:** None.

- **INTER-GOVERNMENTAL AFFAIRS:** Chair Cabrera reported that Congress faces another government funding deadline on November 17th and that discussions are underway regarding another continuing resolutions to avert a shutdown. He reported that the House of Representatives elected a new speaker. He reported that in Sacramento, both the Senate and Assembly are on recess and will reconvene on January 3, 2024.

- **MILITARY AFFAIRS:** Tony Guinn, Assistant Airport Operations Officer/Airfield Manager reported that the United States Marine Corps'. 248th birthday on November 10th .

- **PORT:** None

- **WORLD TRADE CENTER:** None

BOARD REPRESENTATIVES (EXTERNAL)

- **SANDAG BOARD OF DIRECTORS:** Chair Cabrera reported that the SANDAG Board met three times since the last Board meeting, and that at the first meeting, the Board of Directors conducted a public hearing on the regional road use charge; and at the second meeting, the directors approved an amendment for the Fiscal Year 2024 Program Budget, adding $643 million in State, Federal, and TransNet revenue for projects; and at the third meeting, staff presented an overview of feedback received over the past several months to help inform development of the 2025 Regional Plan.

- **SANDAG TRANSPORTATION COMMITTEE:** Board Member Sanchez reported that the committee met twice since the last board meeting, and that at the first meeting was a joint meeting with Borders, Regional Planning and Public Safety Committees; and at the second meeting, staff presented an overview of funding opportunities available for specialized transportation services like RideFact program.

CHAIR REPORT: Chair Cabrera extended an invitation to the Board to attend a building warming event immediately following Closed Session. He reported that the building opened on time and on budget. He reported that on November 15th, the Authority will be hosting the New T1 Structural Steel Completion Ceremony and that Mayor Todd Gloria; representatives from Southwest and Delta Airlines; and a representative from Turner Flatiron will be in attendance. He reported that the EDC trade mission to Korea occurred last week, where he represented the Authority, as part of the delegation, comprised of 40 San Diego representatives. He reported that the intention and goal of the trip was to establish and strengthen business relationships between the two regions.

PRESIDENT/CEO REPORT: Kim Becker, President/CEO, welcomed Board Members and all in attendance to the new Administration Building. She reported on the new entrance to Terminal 1, which allows for the progress of the new parking structure to move forward. She reported that Alaska Airlines is adding non-stop flight seasonal service between Anchorage and San Diego, in May; Spirit Airlines is adding a non-stop service to Sacramento next spring; and Southwest Airlines is adding summer seasonal flights to Columbus and Pittsburgh beginning in June, as well as resuming service to Milwaukee and Tampa. She reported that the Airport Authority received the inaugural Clean Air for All Award in the Air Quality category for the all-electric shuttle program from the San Diego County Air Pollution Control District Governing Board. She reported that the Terminal Operations team helped coordinate another successful Honor Flight in October that included 85 veterans from World War II, Korea, and Vietnam Wars.

NON-AGENDA PUBLIC COMMENT: None.

CONSENT AGENDA (ITEMS 1 - 9):

ACTION: Moved by Board Member Sanchez and seconded by Board Member Sly to approve the Consent Agenda. Motion carried by the following votes: YES – Cabrera, Martinez, McNamara, Perez, Sanchez, Sly, NO – None; ABSENT – Casillas Salas, von Wilpert. (Weighted Vote Points: YES – 67; NO – 0; ABSENT - 25)

1. **APPROVAL OF MINUTES:**
RECOMMENDATION: Approve the revised minutes of the September 7, 2023, and October 5, 2023, 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 AND APPROVED CHANGE ORDERS FROM SEPTEMBER 11, 2023, THROUGH OCTOBER 8, 2023, AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM SEPTEMBER 11, 2023, THROUGH OCTOBER 8, 2023:**
RECOMMENDATION: Receive the report.

4. **NOVEMBER 2023 LEGISLATIVE REPORT:**
RECOMMENDATION: Adopt Resolution No. 2023-0092, approving the November 2023 Legislative Report.

CLAIMS:

COMMITTEE RECOMMENDATIONS:

5. ACCEPT THE UNAUDITED FINANCIAL STATEMENT FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2023:
RECOMMENDATION: The Finance Committee recommends that the Board accept the report.

6. ACCEPT THE AUTHORITY INVESTMENT REPORT AS OF SEPTEMBER 30, 2023:
RECOMMENDATION: The Finance Committee recommends that the Board accept the report.

CONTRACTS AND AGREEMENTS:

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

7. AWARD A CONTRACT TO S&L SPECIALTY CONSTRUCTION, INC. FOR QUIETER HOME PROGRAM PHASE 13, GROUP 1, PROJECT NO. 381301 THIRTY (30) NON-HISTORIC SINGLE-FAMILY AND MULTI-FAMILY UNITS ON SIXTEEN (16) RESIDENTIAL PROPERTIES LOCATED EAST AND WEST OF THE SAN DIEGO INTERNATIONAL AIRPORT:
RECOMMENDATION: Adopt Resolution No. 2023-0093, awarding a contract to S&L Specialty Construction, Inc. in the amount of $1,325,000 for Phase 13, Group 1, Project No. 381301, of the San Diego County Regional Airport Authority's Quieter Home Program and making a finding that the project is exempt from the California Environmental Quality Act.

8. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE A SERVICE AND CONSULTING AGREEMENT WITH ALLIED WASTE SYSTEM, INC. DBA REPUBLIC SERVICES OF SAN DIEGO FOR SOLID MUNICPAL WASTE, RECYCABLE WASTE COLLECTION AND REMOVAL:
RECOMMENDATION: Adopt Resolution No. 2023-0094, approving and authorizing the President/CEO to negotiate and execute a service and consulting agreement with Allied Waste Systems, Inc. dba Republic Services of San Diego for Solid Municipal Waste, Recyclable Waste Collection and Removal, for a term of three (3) years, with the option for two (2) one year extensions exercisable at the sole discretion of the President/CEO, for an amount not to exceed $5,100,000.

9. APPROVE AND AUTHORIZE AN INCREASE IN THE PRESIDENT/CEO'S CHANGE ORDER AUTHORITY FOR THE SASSAFRAS STREET WIDENING PROJECT AT SAN DIEGO INTERNATIONAL AIRPORT:
RECOMMENDATION: Adopt Resolution No. 2023-0095, waiving Policy 5.02(4)(b)(ii), and approving, and authorizing an increase in the President/CEO's change order authority from $850,000 to an amount not to exceed $1,240,000 for Project No. 104205 Sassafras Street Widening at San Diego International Airport.

PUBLIC HEARINGS:

OLD BUSINESS:

NEW BUSINESS:

The Board recessed at 9:53 a.m. and reconvened at 9:54 a.m**.**

CLOSED SESSION: The Board recessed into Closed Session at 9:55 a.m. to hear items 11 and 12.

10. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:
Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9
Name of Case: *San Diego County Regional Airport Authority v. Aquatherm L.P., et al*., San Diego Superior Court Case No. 37-2022-00037121-CU-BC-CTL

11. CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION
Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9
Name of Case: United States of American v. City of San Diego, et al., and Related Cross Actions United Sates District Court Case No. 3:23-CV-00541-LL-BGS

12. CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION
Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9 Number of cases: 1

REPORT ON CLOSED SESSION: The Board adjourned out of Closed Session at 10:24 a.m. There was no reportable action.

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: The meeting was adjourned at 10:24 a.m.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD THIS 7th DAY OF DECEMBER 2023.

ATTEST:

____
TONY R. RUSSELL
DIRECTOR, BOARD SERVICES /
AUTHORITY CLERK

APPROVED AS TO FORM:

____
AMY GONZALEZ
GENERAL COUNSEL

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Item No. 2

Staff Report

Meeting Date: December 7, 2023

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. 2021-0053, 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 2023 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

Attachment A

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

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 through November 30, 2023
Board Member Name:	Gil Cabrera
Date:	11/28/23

Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
☐ Brown Act ☑ Pre-approved ☐ Res. 2019-0074	11/1/2023 - 7am-9pm - Seoul, Korea	EDC Trade Mission
☐ Brown Act ☑ Pre-approved ☐ Res. 2019-0074	11/2/2023 - 10am-12am - Seoul, Korea	EDC Trade Mission - Travel ICN-SAN
☑ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	11/9/2023 - 9am-12pm - SDCRAA Board Room	SDCRAA Board of Directors Meeting
☑ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	11/13/2023 - 10am-12pm - SDCRAA Board Room	SDCRAA Audit Committee Meeting
☐ Brown Act ☑ Pre-approved ☐ Res. 2019-0074	11/15/2023 - 1pm-2pm - SAN New T1	Structural Steel Completion Celebration
☑ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	11/17/2023 - 10-1130am - SANDAG Board Room	SANDAG Board of Directors Meeting
☑ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	11/27/2023 - 9am-11am - SDCRRA Board Room	Executive and Finance Committee Meetings
☐ Brown Act ☑ Pre-approved ☐ Res. 2019-0074	11/28/2023 - 8am-9am - Access Control Office	Badge Training Renewal Training

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: 2023.11.28 15:09:01 -08'00'

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

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 2023
Board Member Name:	Lidia S. Martinez
Date:	11/27/23

Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
☑ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	11/9/New SDCRAA Administration Building	Special Board/ALUC Meeting
☑ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	11/13/New SDCRAA Admiinistration Building	Audit Committee Meeting
☐ Brown Act ☑ Pre-approved ☐ Res. 2019-0074	11/15/Old SDCRAA Administration Buiilding	New T1 Structural Steel Completion Celebration
☑ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	11/16/New SDCRAA Administration Building	Airport Authority Advisory Committee Meeting
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☐ Brown Act ☐ Pre-approved ☐ 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: Lidia S Martinez

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

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Period Covered:	November 2023
Board Member Name:	Paul McNamara
Date:	11/28/23

Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
☑ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	11/9/2023/0900/SDCAA	Board Meeting
☑ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	11/15/2023/1300/SDCAA	Signing of the last beam for T1
☑ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	11/27/2023/0900/SDCAA	Executive Finance Committee Meeting
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☐ Brown Act ☐ Pre-approved ☐ 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: 2023.11.28 09:35:02 -08'00'

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

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Period Covered:	11/1/2023-11/30/2023
Board Member Name:	Rafael Perez
Date:	11/27/23

Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
☑ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	11/9/2023/ 9am/ The Boardroom 2417 McCain Road, San Diego, CA 92101	Monthly Board/ALUC Meeting
☑ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	10/13/23/ 10am/ The Boardroom 2417 McCain Road, San Diego, CA 92101	Audit Committee
☐ Brown Act ☐ Pre-approved ☑ Res. 2019-0074	11/15/23 1pm/ Old Administration Parking Lot	Structural Steel Ceremony
☑ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	11/27/23/ 9am/ The Boardroom 2417 McCain Road, San Diego, CA 92101	Exec/Finance
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☐ Brown Act ☐ Pre-approved ☐ 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:______________________________

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

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Period Covered:	11/1/2023 - 11/30/2023
Board Member Name:	Marni von Wilpert
Date:	11/28/23

Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
☑ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	November 9, 2023 : 9:00 am - 12:00 pm San Diego County Regional Airport Authority Administrative Offices at 2417 McCain Road, San Diego, CA 92101	Board / ALUC Meeting
☑ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	November 19, 2023 : 9:00 am - 12:00 pm San Diego County Regional Airport Authority Administrative Offices at 2417 McCain Road, San Diego, CA 92101	Executive - Finance Committee
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☐ Brown Act ☐ Pre-approved ☐ 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: *Marni von Wilpert*

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

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Period Covered:	
Board Member Name:	Agnes Wong Nickerson
Date:	Nov 13, 2023

Type of Meeting	Date/Time/Location of Event/Meeting/Training	Summary and Description of the Event/Meeting/Training
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074	Audit Committee Nov 13, 2023 2417 McCain Rd	See agenda online
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☐ Brown Act ☐ Pre-approved ☐ Res. 2019-0074		
☐ Brown Act ☐ Pre-approved ☐ 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: ____________________

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Item No. 3

Staff Report

Meeting Date: December 7, 2023

Subject:

December 2023 Legislative Report

Recommendation:

Adopt Resolution No. 2023-0097, approving the December 2023 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 2023 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

In Washington, Congress avoided a government shutdown for a second time by passing another Continuing Resolution (CR) to extend federal appropriations, which was signed by President Biden on November 16, 2023 (one day before the expiration of the previous CR). This new measure funds certain federal agencies (including Transportation) until January 9, 2024, and the remaining federal agencies (including Homeland Security) until February 2, 2024.

Congress is expected to process a separate extension of Federal Aviation Administration (FAA) programs by the end of the year. The two chambers continue to work on an annual appropriations package. The Senate passed a "minibus," which included their versions of Transportation, Housing and Urban Development, Military Construction and Veteran Affairs, and Agriculture appropriations bills, while the House has passed seven of the 12 individual appropriations bills. All appropriations bills must pass the House and Senate before they can be enacted, however, there is a significant $120 billion discrepancy in top-line spending across all the bills that needs to be resolved between the chambers. Airports, through national trade associations, have agreed on a set of priorities and programmatic recommendations for the Fiscal Year 2024 appropriations cycle.

Both chambers continue to work on their respective versions of FAA reauthorization legislation after a three-month extension of the legislation until December 31, 2023, was included in the previous CR. The Senate Commerce, Science, and Transportation Committee is continuing to work on their version of the bill, but there are still delays and ongoing negotiations on amendments related to pilot training and additional slots for expanded air service at Washington Reagan National Airport (DCA). In July, the House FAA reauthorization bill passed the full House without the inclusion of amendments related to additional slots at DCA, which remains a priority of the Authority. Once both bills have cleared the two chambers, a conference committee will likely convene to resolve the differences between the bills. The Authority's legislative team is reviewing each chamber's FAA reauthorization legislation throughout the legislative process to determine potential impacts on the Authority's priorities, communicating those priorities to the San Diego Congressional Delegation as well as Congressional Committee leadership, and continues to monitor for any new funding opportunities available to support the Authority's initiatives and operations.

Mike Whitaker was sworn in as the next FAA Administrator after receiving a unanimous confirmation vote by the Senate in late October. Mr. Whitaker's swearing in marks the first time the Administration has had a full time Administrator since April 2022.

The Authority's legislative team continues to actively monitor and analyze bills for potential impacts on the Authority and San Diego International Airport and does not recommend that the Board adopt any new positions on federal legislation at this time.

State Legislative Action

In Sacramento, the California State Senate and Assembly are in recess and will reconvene on January 3, 2024, for the second year of the legislative cycle. In the weeks ahead, Governor Newsom will present the Fiscal Year 2024-2025 budget proposal detailing his policy priorities and solutions for addressing the expected $8 to $14 billion revenue shortfall.

The Authority's legislative team is monitoring the implementation of major signed bills that impact airport operations. Bills signed this year take effect on January 1, 2024, unless otherwise noted in the bill. The Authority's legislative team continues to monitor established and extended state grant programs funded in the 2023-2024 State Budget, which include future funding opportunities for climate, infrastructure, and transportation-related priorities.

The Authority's legislative team does not recommend that the Board adopt any new positions on state legislation at this time.

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. 2023-0097

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, APPROVING THE DECEMBER 2023 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 2023 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 7th day of December 2023, 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

(Attachment A)

December 2023 Legislative Report

State Legislation

New Assembly Bills

None

Assembly Bills from Previous Report

Legislation/Topic

AB 893 (Papan): Personal vehicle sharing programs

Background/Summary

Current law generally governs the transactions between a rental car company, also referred to as a rental company, and its customers, including, among other provisions, required disclosures by a rental company, mandatory contract provisions for a vehicle rental agreement, restrictions on a rental company's use of electronic surveillance technology, and authorization for a rental company to collect specific types of fees and charges from its customers. Current law defines "rental company," among other terms, for purposes of those provisions. This bill would define the term "personal vehicle sharing program" for purposes of these provisions as a person or entity that, for monetary compensation, facilitates the rental of passenger vehicles to the public, including via a peer-to-peer internet website, application, or other platform, that connects a vehicle owner with a vehicle driver to facilitate sharing or renting a vehicle for consideration.

Anticipated Impact/Discussion

This bill would require personal vehicle sharing programs at the Airport to collect the same facility charges collected by rental companies that are used to pay off the government debt associated with airport infrastructure. The California Airports Council is also supportive of the portion of the bill requiring personal vehicle sharing programs to register before operating at airports but is also working to ensure that this bill does not supersede any existing agreements.

Status: 10/08/2023 – Signed by Governor

Position: Support (05/04/2023)

Legislation/Topic

AB 929 (McKinnor): Alcoholic Beverage Licenses: off-sale privileges: airports

Background/Summary
AB 929 would authorize an airport operator to permit or prohibit the sale of alcoholic beverages for off-sale consumption by the holder of an on-sale license located in an airport terminal. The bill would authorize the on-sale licensee to sell alcoholic beverages for off-sale consumption in the airport terminal subject to specified requirements, including that the license permits on-sale consumption of the type of alcohol being sold for off-sale consumption. Additionally, the measure would require the licensee to notify the Department of Alcoholic Beverage Control (DABC) before selling any alcoholic beverages for off-sale consumption in the airport terminal. This bill would also authorize DABC to impose conditions on a licensee selling alcoholic beverages under these provisions.

Anticipated Impact/Discussion
This bill would provide the Airport Authority with flexibility to place health and safety restrictions on the off-sale consumption of alcoholic beverages within the airport terminal, including, but not limited to, defining the areas of the terminal within which off-sale consumption is permitted and requiring alcoholic beverages sold for off-sale consumption to be in closed or open containers. Authority staff have contributed to the development of the bill's text and the Authority's legislative team will work with the California Airports Council (CAC) to closely monitor the development of this bill language as it proceeds through the legislative process.

Status: 2/28/2023 – Failed to meet policy committee deadline, two-year bill may be acted upon in January 2024

Position: Support (03/02/2023)

Legislation/Topic

AB 534 (McCarty): Local agencies: airports: customer facility charges

Background/Summary
AB 534 would authorize airports to require rental companies to collect a customer facility charge or an alternative customer facility charge under specified circumstances for purposes that include financing, designing, and constructing or operating airport vehicle rental facilities and common-use transportation systems. Current law, beginning January 1, 2024, provides that the authorization for an airport to impose a customer facility charge becomes inoperative when the bonds used for financing are paid, except as specified. This bill would delete the provision ending the authorization described above.

Anticipated Impact/Discussion
This bill would eliminate the sunset date for airports to commence the process to impose the alternative daily rental car facility Customer Facility Charge (CFC). This sunset date functions as an artificial deadline and does not allow California airports to begin the process to impose the fee at a time that matches the growth and development experience of the airport nor the aging and deterioration of existing facilities that are in need of replacement. The bill would also allow the Airport Authority to continue to collect the CFC after the Rental Car Center bonds are fully paid, which will allow CFCs to continue to fund the operation of the Rental Car Center and passenger conveyance after that point. The Authority's legislative team will work with the California Airports Council (CAC) to closely monitor the development of this bill language for any additional impacts on San Diego International Airport (SDIA) and the Airport Authority.

Status: 10/10/2023 – Signed by Governor

Position: Support (03/02/2023)

Legislation/Topic

AB 480 (Ting): Surplus land

Background/Summary
AB 480 would expand the definition of exempt surplus land to include land that is owned by a California public-use airport on which residential use is prohibited. This bill clarifies that exemption pursuant to Federal Aviation Administration Order 5190.6B, Airport Compliance Program, and Chapter 20 of Compatible Land Use and Airspace Protection. Additionally, the bill also makes definitional changes with respect to project criteria, project applicant eligibility along with several other non-substantive changes.

Anticipated Impact/Discussion
This bill includes an exemption of land owned by California public-use airports on which residential use is prohibited pursuant to specified federal law. In consultation with the California Airports Council (CAC) and other stakeholders, Assemblymember Phil Ting has introduced AB 480 to provide clarification to several provisions from his original surplus land bill, AB 1486 Chaptered in 2019, among them is to expand the definition of exempted surplus property to include California public-use airport lands. The Authority's legislative team will work with the California Airports Council (CAC) to identify an industry-wide position, if needed, and closely monitor the development of this bill language for any additional impacts on San Diego International Airport (SDIA) and the Airport Authority.

Status: 10/11/2023 – Signed by Governor

Position: Support (03/02/2023)

New Senate Bills

None

*Shaded text represents new or updated legislative information

Senate Bills from Previous Report
Legislation/Topic

SB 800 (Caballero): Advanced Air Mobility and Aviation Electrification Committee

Background/Summary
SB 800 would require the Department of Transportation, in coordination with the Office of Planning and Research and the State Air Resources Board, to establish an advisory committee, to be known as the Advance Air Mobility and Aviation Electrification Committee, to assess, among other things, pathways for feasible implementation of electrification goals for the aviation industry. The bill would provide for the appointment of the membership of the committee. The bill would require the committee to report, not later than January 1, 2025, to the department and the Legislature on the committee's findings and recommendations.

Anticipated Impact/Discussion
This bill aims to establish a committee to develop a statewide strategy to support the advancement of air mobility and aviation electrification in California and could encourage innovation in the aviation industry. This bill enhances aviation electrification and could lead to a reduction in emissions and improve air quality around the Airport.

Status: 10/07/2023 – Signed by Governor

Position: Support (05/04/2023)

Federal Legislation

New House Bills

None

*Shaded text represents new or updated legislative information

House Bills from Previous Report
Legislation/Topic

H.R. 458 (Cohen): The Transportation Security Administration (TSA) Second Screening Act

Background/Summary
The bill would require the Transportation Security Administration (TSA) to offer passengers a second screening using advanced imaging technology instead of a mandatory physical pat-down. It aims to limit physical interaction between agents and passengers to protect their privacy and screening preferences. It will additionally increase health and safety from diseases like COVID-19.

Anticipated Impact/Discussion
The San Diego International Airport prioritizes safety concerns and the privacy of their passengers. An option for additional screening instead of a pat-down would help passengers feel safer and prevent the spread of communicable diseases. It would also prevent passengers who may feel uncomfortable with being touched from undergoing an unnecessary physical search. However, security wait times could also be affected by the increased screenings.

Status: 02/08/2023 – Referred to the Subcommittee on Transportation and Maritime Security

Position: Watch (04/06/2023)

Legislation/Topic

H.R. 346 (Stauber): The NOTAM Improvement Act

Background/Summary

The bill aims to enhance the Notice to Air Missions (NOTAM) system for pilots. It would establish a Federal Aviation Administration (FAA) task force to determine what updates should be made to the NOTAM system and provide greater government oversight. These improvements will focus on stability, resiliency, and cybersecurity protections of the system.

Anticipated Impact/Discussion

San Diego International Airport relies on the NOTAM system to receive updates about situations relating to weather, infrastructure, ground conditions or anything else that may affect the safety of flight. Optimizing NOTAM would ensure safer flight routes and help prevent mass system shutdowns. 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: 06/03/2023 – Became Public Law No: 118-4

Position: Watch (02/02/2023)

New Senate Bills

None

Senate Bills from Previous Report
Legislation/Topic

S.66 (Klobuchar): NOTAM Improvement Act

Background/Summary
The bill would require the Federal Aviation Administration (FAA) to establish a task force to strengthen the resiliency and cybersecurity of the Notice to Air Missions (NOTAM) system. The task force would include representatives from air carriers, airports, airline pilots, aircraft dispatchers, and FAA personnel unions, as well as aviation safety and cybersecurity experts. It is the companion legislation to H.R. 346 which was introduced by Rep. Stauber.

Anticipated Impact/Discussion
San Diego International Airport relies on the NOTAM system to receive updates about situations relating to weather, infrastructure, ground conditions or anything else that may affect the safety of flight. Modernizing NOTAM would ensure safer flight routes and help prevent mass system shutdowns or collisions. The task force would additionally assist with improving government oversight and cybersecurity.

Status: 03/22/2023 – Reported favorably out of the Commerce, Science, and Transportation Committee

Position: Watch (04/06/2023)

Legislation/Topic

S.1033 (Schatz): Natural Hazard Resilience for Airports Act

Background/Summary
This bill would ensure that airport projects pertaining to emergency preparedness and natural disasters will be able to receive financing from the Federal Aviation Administration's Airport Improvement Program (AIP). The legislation intends to help airports recover rapidly from storm damage by allowing them to use current Airport Improvement Program funds to prepare for and rebuild after severe weather events.

Anticipated Impact/Discussion
The San Diego International Airport is situated in a region susceptible to severe weather events and would benefit from the expansion of eligible uses of AIP funding. Ensuring that projects related to emergency preparedness and natural disasters would become eligible for AIP funding will benefit the Airport should SAN undertake additional projects to mitigate impacts and harm from severe weather and natural disasters.

Status: 03/29/2023 – Read twice and referred to the Commerce, Science, and Transportation Committee

Position: Support (05/04/2023)

Legislation/Topic

S.1055 (Markey) / H.R. 3896 (Cohen): The Airport Infrastructure Resilience Act

Background/Summary
The bill would require the Secretary of Transportation to establish a pilot program to provide airports with funds to increase their climate resilience and ensure airports are prepared to respond to climate change, extreme weather events, and natural disasters.

Anticipated Impact/Discussion
The San Diego International Airport is situated in a location that could be subject to impacts of climate change, severe weather, and natural disasters. This bill would create funds for resilient aviation systems equipped to respond to climate impacts.

Status: 03/29/2023 – Read twice and referred to the Commerce, Science, and Transportation Committee

Position: Support (05/04/2023)

Legislation/Topic

S.1058 (Reed): the Protection from Abusive Passengers Act

Background/Summary
This bill would have the TSA create and manage a program to prevent abusive passengers from flying on commercial aircraft. The passengers added to banned fliers list will consist of people who have been convicted of or have received civil penalties for threatening or physical or sexually assaulting aircraft crew members, Federal airport employees and air carrier employees. The bill would provide TSA with flexibility in determining the length of a ban based on the offense and would enable airlines to share data on passengers added to the banned fliers list. The bill is the companion legislation to H.R.2394 sponsored by Rep. Swalwell.

Anticipated Impact/Discussion
The San Diego International Airport would benefit from a nationwide no-fly list to ensure the safety of airport employees and the safety of the airport's environment. If passed, the bill would impact passengers previously convicted or fined for airplane travel incidents and ban them from commercial air travel in the United States.

Status: 03/29/2023 – Read twice and referred to the Commerce, Science, and Transportation Committee

Position: Support (05/04/2023)

Legislation/Topic

S.1154 (Peters): Promoting Women in Aviation Act

Background/Summary
This bill would make the Women in Aviation Advisory Board, which was formed in the 2018 FAA Reauthorization bill, a permanent body in the Federal Aviation Administration. In March 2022, the advisory board formed and released a report with recommendations for the FAA, aviation industry, and Congress on how to encourage more women to pursue careers in aviation and remain in the sector but was unable to follow up on the recommendation laid out in the report. Thus, the bill will allow the Board to follow up recommendations.

Anticipated Impact/Discussion
The San Diego International Airport supports the efforts to improve recruitment, retention, and advancement of women across the aviation industry. The work of the Women in Aviation Advisory Board to follow up on its recommendations will support and strengthen the aviation workforce and promote the growth of women in the aviation industry.

Status: 03/30/2023 – Read twice and referred to the Commerce, Science, and Transportation Committee

Position: Support (05/04/2023)

Legislation/Topic

S.1433 (Lummis): Airports PFAS Liability Protection Act

Background/Summary

This bill would exempt airports from liability under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) of 1980 for the release of certain per- and polyfluoroalkyl substances (PFAS) substances. The Environmental Protection Agency (EPA) has designated PFAS as hazardous materials and substances under CERCLA, which would open airports, which were required by federal law to used PFAS-contaminated firefighting foam at airports, to CERCLA liability by the EPA or third parties. Thus, the bill will allow airports to have CERCLA liability protection.

Anticipated Impact/Discussion

The San Diego International Airport supports efforts of the aviation industry to transition away from the use of fluorine firefighting foam containing PFAS, as regulated under federal law. The designation of PFAS as hazardous materials under CERCLA could subject the airport to liability claims. The legislation would protect the airport from CERCLA liability claims and recognize that the use of PFAS at airports was due to the airport's compliance with federal fire suppression regulations.

Status: 05/03/2023 – Read twice and referred to the Environment and Public Works Committee

Position: Support (06/01/2023)

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Item No. 4

Staff Report

Meeting Date: December 7, 2023

Subject:

Awarded Contracts and Approved Change Orders from October 9, 2023 through November 12, 2023 and Real Property Agreements Granted and Accepted from October 9, 2023 through November 12, 2023

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 9, 2023 THROUGH NOVEMBER 12, 2023

New Contracts

Date Signed	CIP #	Company	Description	Solicitation Method	Owner	Contract Value	End Date
10/10/2023		Citiri, Inc.	The Contractor will provide an operational readiness, activation, and transition software for the San Diego County Regional Airport Authority.	Sole Source	Operation Readiness, Act & Transition	$867,099.50	9/30/2027
10/23/2023		Aspen Risk Management Group, Inc.	The Contractor will provide development of a safety management system ("SMS") implementation plan and manual for the San Diego County Regional Airport Authority.	RFP	Airside & Terminal Operations	$281,274.00	9/30/2024
10/23/2023		Custom Logos, Inc.	The Contractor will provide t-shirts and lanyards to support the concessions marketing program's holiday campaign at the San Diego International Airport.	Informal RFP	Marketing, Arts, & Air Service Development	$21,595.82	11/30/2023
10/27/2023		Compass Group USA, Inc.	The Contractor will provide coffee/beverage services at the Administration Building for the San Diego County Regional Airport Authority.	Informal RFP	Procurement	$90,000.00	10/23/2024
10/27/2023		ADO Professional Solutions, Inc. dba LHH Recruitment Solutions	The Contractor will provide services for direct placement and recruitment of a senior network engineer for the San Diego County Regional Airport Authority.	Informal RFP	Human Resources	$40,000.00	10/15/2024
10/31/2023		SecurityHQ, Inc. dba SHI International Corp.	The Contractor will provide cybersecurity - managed security services provider (MSSP) for the San Diego County Regional Airport Authority.	RFP	Information & Technology Services	$659,476.35	10/22/2026
11/7/2023		SKIDATA Inc	The Contractor will provide parking revenue control system upgrade services at the San Diego International Airport.	Sole Source	Airport Design & Construction	$299,771.00	5/2/2024
11/7/2023		Zones, LLC	The Contractor will provide mitsubishi uninterruptible power supplies hardware for the San Diego County Regional Airport Authority.	RFB	Information & Technology Services	$311,941.04	12/29/2023
11/7/2023		Preferred Strategies	The Contractor will provide maintenance and support services for BI Quick Launch for the San Diego County Regional Airport Authority.	Sole Source	Information & Technology Services	$30,000.00	10/31/2028
11/12/2023		PSIX LLC dba Paper Systems Inc.	The Contractor will provide kiosk boarding pass rolls at the San Diego International Airport.	RFB	Information & Technology Services	$200,000.00	12/4/2026

Attachment "A"

AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN OCTOBER 9, 2023 THROUGH NOVEMBER 12, 2023

New Contracts Approved by the Board

Date Signed	CIP #	Company	Description	Solicitation Method	Owner	Contract Value	End Date
11/6/2023	381209	S&L Speciality Construction	The Contract was approved by the Board at the September 7, 2023 Board Meeting. The Contractor will provide sound attenuation improvements for Quieter Home Program Phase 12 Group 09 for residences around the San Diego International Airport.	RFB	QHP & Noise Mitigation	$1,526,500.00	9/6/2024
11/12/2023	381211	S&L Speciality Construction	The Contract was approved by the Board at the September 7, 2023 Board Meeting. The Contractor will provide sound attenuation improvements for Quieter Home Program Phase 12 Group 12 for residences around the San Diego International Airport.	RFB	QHP & Noise Mitigation	$385,800.00	9/10/2024

Attachment "A"									
AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN OCTOBER 9, 2023 THROUGH NOVEMBER 12, 2023									
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**
10/9/2023		Crystal Daigle	The First Amendment is to extend the term Ninety (90) days.The total maximum amount payable remains the same. The Contractor provides a temporary art exhibit included in "*A Necessary Departure*" displayed in Terminal 2 at the San Diego International Airport.	Marketing, Arts, & Air Service Development	$1,000.00	$0.00	0.0%	$1,000.00	3/7/2024
10/9/2023		Kaori Fukuyama	The First Amendment is to extend the term Ninety (90) days.The total maximum amount payable remains the same. The Contractor provides a temporary art exhibit included in "*A Necessary Departure*" displayed in Terminal 2 at the San Diego International Airport.	Marketing, Arts, & Air Service Development	$1,000.00	$0.00	0.0%	$1,000.00	3/7/2024
10/9/2023		Matthew Wilson	The First Amendment is to extend the term Ninety (90) days.The total maximum amount payable remains the same. The Contractor provides a temporary art exhibit included in "*A Necessary Departure*" displayed in Terminal 2 at the San Diego International Airport.	Marketing, Arts, & Air Service Development	$1,000.00	$0.00	0.0%	$1,000.00	3/7/2024
10/9/2023		Alvaro Andres Alvarez	The First Amendment is to extend the term Ninety (90) days.The total maximum amount payable remains the same. The Contractor provides a temporary art exhibit included in "*A Necessary Departure*" displayed in Terminal 2 at the San Diego International Airport.	Marketing, Arts, & Air Service Development	$1,000.00	$0.00	0.0%	$1,000.00	3/7/2024
10/9/2023		Ismael Odetola	The First Amendment is to extend the term Ninety (90) days.The total maximum amount payable remains the same. The Contractor provides a temporary art exhibit included in "*A Necessary Departure*" displayed in Terminal 2 at the San Diego International Airport.	Marketing, Arts, & Air Service Development	$1,000.00	$0.00	0.0%	$1,000.00	3/7/2024
10/9/2023		Rebecca Webb	The First Amendment is to extend the term Ninety (90) days.The total maximum amount payable remains the same. The Contractor provides a temporary art exhibit included in "*A Necessary Departure*" displayed in Terminal 2 at the San Diego International Airport.	Marketing, Arts, & Air Service Development	$1,000.00	$0.00	0.0%	$1,000.00	3/7/2024
10/9/2023		Jamie Franks	The First Amendment is to extend the term Ninety (90) days.The total maximum amount payable remains the same. The Contractor provides a temporary art exhibit included in "*A Necessary Departure*" displayed in Terminal 2 at the San Diego International Airport.	Marketing, Arts, & Air Service Development	$1,000.00	$0.00	0.0%	$1,000.00	3/7/2024

Attachment "A"

AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN OCTOBER 9, 2023 THROUGH NOVEMBER 12, 2023

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
10/10/2023		Carrie Minikel	The First Amendment is to extend the term Ninety (90) days.The total maximum amount payable remains the same. The Contractor provides a temporary art exhibit included in "*A Necessary Departure*" displayed in Terminal 2 at the San Diego International Airport.	Marketing, Arts, & Air Service Development	$1,000.00	$0.00	0.0%	$1,000.00	3/7/2024
10/10/2023		Terri Anne Hughes - Oelrich	The First Amendment is to extend the term Ninety (90) days.The total maximum amount payable remains the same. The Contractor provides a temporary art exhibit included in "*A Necessary Departure*" displayed in Terminal 2 at the San Diego International Airport.	Marketing, Arts, & Air Service Development	$1,000.00	$0.00	0.0%	$1,000.00	3/7/2024
10/10/2023		Lori Hepner	The First Amendment is to extend the term Ninety (90) days.The total maximum amount payable remains the same. The Contractor provides a temporary art exhibit included in "*A Necessary Departure*" displayed in Terminal 2 at the San Diego International Airport.	Marketing, Arts, & Air Service Development	$1,000.00	$0.00	0.0%	$1,000.00	3/7/2024
10/10/2023		Kerry Soori Mceachern	The First Amendment is to extend the term Ninety (90) days.The total maximum amount payable remains the same. The Contractor provides a temporary art exhibit included in "*A Necessary Departure*" displayed in Terminal 2 at the San Diego International Airport.	Marketing, Arts, & Air Service Development	$1,000.00	$0.00	0.0%	$1,000.00	3/7/2024
10/10/2023		Rosemary Rae	The First Amendment is to extend the term Ninety (90) days.The total maximum amount payable remains the same. The Contractor provides a temporary art exhibit included in "*A Necessary Departure*" displayed in Terminal 2 at the San Diego International Airport.	Marketing, Arts, & Air Service Development	$1,000.00	$0.00	0.0%	$1,000.00	3/7/2024
10/16/2023		Corodata Records Management	The First Amendment extends the Agreements term by Ninety (90) days. The total maximum amount payable remains the same. The Contractor provides offsite records storage for the San Diego County Regional Airport Authority.	Board Services	$49,999.00	$0.00	0.0%	$49,999.00	11/7/2023
10/17/2023		Frasca & Associates, LLC	The First Amendment incorporates a defined task and the associated cost into the agreement for assisting the Authority with Municipal Advisory Services related to the 2023 tender for the Series 2021C Bonds. The Contractor provides financial advisor services for the San Diego County Regional Airport Authority.	Finance & Risk Management	$3,700,000.00	$0.00	0.0%	$3,700,000.00	7/5/2027

Attachment "A"

AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN OCTOBER 9, 2023 THROUGH NOVEMBER 12, 2023

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
10/17/2023		Brandie Maddalena	The First Amendment is to extend the term Ninety (90) days.The total maximum amount payable remains the same. The Contractor provides a temporary art exhibit included in "*A Necessary Departure*" displayed in Terminal 2 at the San Diego International Airport.	Marketing, Arts, & Air Service Development	$1,000.00	$0.00	0.0%	$1,000.00	3/7/2024
10/17/2023		Nara Lee	The First Amendment is to extend the term Ninety (90) days.The total maximum amount payable remains the same. The Contractor provides a temporary art exhibit included in "*A Necessary Departure*" displayed in Terminal 2 at the San Diego International Airport.	Marketing, Arts, & Air Service Development	$1,000.00	$0.00	0.0%	$1,000.00	3/7/2024
10/18/2023		Stanely Access Technologies to Allegion Access Technologies	The Assignment & Consent Agreement assigns and transfers all terms to Allegion Access Technologies. The Contractor provides automatic sliding door maintenance at the San Diego International Airport.	Facilities Management	$250,000.00	$0.00	0.0%	$250,000.00	3/3/2024
10/25/2023		Mark Hewko	The First Amendment is to extend the term Ninety (90) days.The total maximum amount payable remains the same. The Contractor provides a temporary art exhibit included in "*A Necessary Departure*" displayed in Terminal 2 at the San Diego International Airport.	Marketing, Arts, & Air Service Development	$1,000.00	$0.00	0.0%	$1,000.00	3/7/2024
10/27/2023		Christopher Lloyd Tucker	The First Amendment is to extend the term Ninety (90) days.The total maximum amount payable remains the same. The Contractor provides a temporary art exhibit included in "*A Necessary Departure*" displayed in Terminal 2 at the San Diego International Airport.	Marketing, Arts, & Air Service Development	$1,000.00	$0.00	0.0%	$1,000.00	3/7/2024
11/6/2023		Optavise LLC	The Assignment & Consent Agreement assigns and transfers all terms to Optavise LLC. The Contractor provides benefits administration system and services for the San Diego County Regional Airport Authority.	Human Resources	$234,721.00	$0.00	0.0%	$234,721.00	10/31/2023
11/6/2023		GCR Inc. dba Civix to GCR Ind. dba Tadera	The Second Amendment reflects a legal name change from GCR Inc. dba Civix to GCR Inc. dba Tadera. The total maximum amount payable remains the same. The Contractor provides property management solution software system services for the San Diego County Regional Airport Authority.	Revenue Generation & Partnership Development	$600,000.00	$0.00	0.0%	$600,000.00	11/30/2027

Attachment "A"

AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN OCTOBER 9, 2023 THROUGH NOVEMBER 12, 2023

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
11/7/2023		MIS Sciences Corporation	The Third Amendment was approved by the Board at the September 7, 2023 Board Meeting. This amendment extends the Agreement term by one (1) year. The Contractor provides hosted cloud-based system and support services for the San Diego County Regional Airport Authority.	Information & Technology Services	$750,000.00	$0.00	0.0%	$750,000.00	11/30/2024

Attachment "B"

REAL PROPERTY AGREEMENTS EXECUTED FROM OCTOBER 9, 2023 THROUGH NOVEMBER 12, 2023

Real Property Agreements (Per Board Policy 6.01)

	Authority Doc. #	Tenant/Company	Agreement Type	Property Location	Use	Property Area (s.f)	Consideration	Comments
No Awarded Real Property Agreements Approved During this Period								

Real Property Agreement Amendments and Assignments (Per Board Policy 6.01)

Effective Date	Authority Doc. #	Tenant/Company	Agreement Type	Property Location	Use	Property Area (s.f)	Consideration	Comments
No Awarded Real Property Amendments and Assignments Approved During this Period								

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Item No. 5

Staff Report

Meeting Date: December 7, 2023

Subject:

Disposition of Surplus Property

Recommendation:

Adopt Resolution No.2023-0096 authorizing the disposition of surplus property (materials and/or equipment) in accordance with Policy 8.21.

Background/Justification:

Authority Policy 8.21, *Surplus Materials and Equipment*, requires that a listing of all surplus items with an estimated value of five thousand Dollars ($5,000.00) or more be submitted to the Authority's Board for approval to dispose of items which are no longer needed by the Authority.

Surplus items in excess of the Authority's needs are sent to the Procurement Department for final disposition. The Authority has surplus property stored in various locations. The surplus property is listed on Exhibits A, B, and C.

Exhibit A: Vehicles.
Exhibit B: IT Equipment
Exhibit C: Attic Stock

These items occupy much-needed space and interfere with day-to-day operations.

Items listed in Exhibit A *Surplus Items* are in mostly fair condition, while some items are listed in good condition have been replaced and are occupying needed space. The items in good condition were supported by compressed natural gasoline and this fuel source is no longer available and is replaced with a more environmentally friendly fuel source. Items listed in Exhibit A may contain some residual value and would be sold at auction or e-auction to the highest bidder.

Items listed in Exhibit B are mostly in fair condition, while some are in poor condition and have been replaced and are occupying needed space. These items will be donated to the San Diego Futures Foundation, a local 501(c)3 organization, that specializes in computer hardware refurbishment and redistributes computers to nonprofit and income-qualifying individuals. The San Diego Futures Foundation will provide a certificate of acknowledgement and recognition to the Authority for the donation.

Items listed in Exhibit C are all new material but are no longer required by the Authority and are occupying needed space. These items may contain some residual value and would be sold at auction or e-auction to the highest bidder. Any unwanted items would be either recycled or disposed of as scrap.

Fiscal Impact:

There is no cost to the Authority for auctioned items. The Authority receives 100% of the gross sales less transportation costs. There are no costs associated with the donation or recycling of surplus electronic equipment.

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:

David Tomaino
Manager, Procurement

RESOLUTION NO. 2023-0096

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY AUTHORIZING THE DISPOSITION OF SURPLUS PROPERTY (MATERIALS AND/OR EQUIPMENT) IN ACCORDANCE WITH POLICY 8.21

WHEREAS, Authority Policy 8.21, Surplus Materials and Equipment, requires that before the disposition of surplus items valued over $5,000 per item, a list of said items shall be submitted to the Authority's Board for approval to sell and dispose of the items; and

WHEREAS, Exhibits A, B and C attached hereto, contain descriptions of the items for disposition following the Board's approval; and

WHEREAS, items listed in Exhibit A are in mostly fair condition and past their useful life. A few items are in good condition but have been replaced and are now taking up needed space. The items in good condition were supported by compressed natural gasoline and this fuel source is no longer available and is replaced with a more environmentally friendly fuel source; and

WHEREAS, items listed in Exhibit A will be given to a third-party auctioneer to conduct a public auction that meets the Authority's objectives to facilitate ongoing requirements for the disposition of surplus materials and or equipment; and

WHEREAS, items listed in Exhibit B are mostly in fair condition, while some are in poor condition and have been replaced and are occupying needed space; and

WHEREAS, items listed in Exhibit B will be donated to the San Diego Futures Foundation, a state certified collection point for electronic hazardous waste and a non-profit 501(c)3 organization, that specializes in computer hardware refurbishment and redistributes computers to nonprofit and income-qualifying individuals to facilitate ongoing requirements for the disposition of surplus materials and or equipment; and

WHEREAS, items listed in Exhibit C are all new material but are no longer required by the Authority and are occupying needed space. These items may contain some residual value and would be sold at auction or e-auction to the highest bidder. Any unwanted items would be either recycled or disposed of as scrap.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby authorizes the disposition of surplus property (materials and/or equipment) by: (1) donating electronic surplus to San Diego Futures Foundation; (2) sale to the highest bidder; and (3) recycling and disposing unwanted items as scrap; 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 7th day of December 2023, 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

Exhibit A							
E1 Asset Number	Old Asset #	Model Year	Asset Description	Asset Description 2	Serial Number/VIN	License #	Condition
100632	7576	1992	United Tractor Mod. #SM605	TOW TUG- Rescue Equip Cart	16183	N/A	Poor
105569		2017	Schwarze A7 Zephyr Sweeper	CNG Freightliner M2 Chassis	1FVAC4DX7HHHC9350	1515547	Good
105614		2018	Schwarze A7 Zephyr Sweeper	Freightliner M2 CNG chassis	1FVAC4FT5KHKL5264	1557617	Good
105556		2016	Columbia Stock Picker	Model IS12-48 Electric Stock Picker	12SE4-4ZR0252	N/A	Fair
101396		2010	Solar Tech Message Board	Silent Messenger 2 Solar Electric	4GM1M0917A1453719	N/A	Poor
101201		2013	Tennant M-20 Sweeper	Ride On Sweeper-PROPANE	S/N 6190	N/A	Poor
101063		2011	Ford Escape Hybrid 2WD		1FMCU4K38BKC18318	1335200	Poor
100681		2006	Ford Ranger SUPER CAB XLT 3.0 L	MINI PICKUP TRUCK (FDD)	1FTYR14U66PA83882	1244568	Fair
100815		2008	Ford Escape 4WD Hybrid	Hybrid Electric SUV	1FMCU59H28KE45505	1010854	Poor
100833		2009	Ford Escape Hybrid	2WD Grey Hybrid Electric SUV	1FMCU49389KA14098	1293579	Fair
100834		2009	Ford Escape Hybrid	2WD Silver Hybrid Electric SUV	1FMCU49389KA14313	1293581	Fair
101204		2013	Ford Explorer 4 door SUV	Police Package	1FM5K7AR5DGC82697	1381230	Fair
101203		2013	Ford Explorer 4 door SUV	Police Package	1FM5K7AR6DGC95443	1381229	Fair
101205		2013	Ford Explorer 4 door SUV	Police Package	1FM5K7AR4DGC95442	1381231	Fair
100630		2003	Toyota Forklift	Model 7FGU30	64696	N/A	Fair
100718		2007	GEM 4 Seat Electric Vehicle	Model E4	5ASG47477F043396	N/A	Poor
100838		2008	GEM E4 Electric Vehicle	Model E4	5ASAG47438F048354	N/A	Poor
100810		2008	GEM E4 Electric Vehicle	Model E4	5ASAG4743FO46359	N/A	Poor
100869		2007	Go Kart Gas Powered	NA	NA	N/A	Poor
101176		2013	Tennant Walk Behind Sweeper	Model 3640 S	N 1062	N/A	Poor
100752		2007	Ford F-150 Extended Cab Truck	Moel F-150 Ext. Cab	1FTRX12W47KD03128	1240776	Fair

Exhibit B

E1 Asset Number	Model	Asset Description	Asset Description 2	Serial Number	Title	Condition
6128	Dell 5510	Steve K	Cracked screen	749N493	NA	Poor
6168	Dell 5510	Desktop-K7r8TN7	Freezes	FZGY693	NA	Poor
6007	Dell E5440	EOCLAPTOP6007		8WFFXZ1	NA	Fair
0115	Dell E5440	FDDLTDEPT0115 (PHYSICAL TAG)	DESKTOP-MONI8UI (NAME ON SYSTEM)	1C1CP12	NA	Fair
NA	Dell E5440	DESKTOP-MC03NP0		21YBP12	NA	Fair
NA	Dell E5440	DESKTOP-VF5DP67		NA	NA	Fair
4720	Dell E5440	DESKTOP-1QA4720		3B1CP12	NA	Fair
6004	Dell E5440	EOCLAPTOP6004		1QKFXZ1	NA	Fair
EOC	Dell E5440	DESKTOP-OCP61D9		9FNFXZ1	NA	Fair
6027	Dell E5440	BMDSUSDIE6027	ITSLOANER6027 (PHYSICAL TAG)	4H0CP12	NA	Fair
6014	Dell E6420	EOCLAPTOP6014		FXFNSW1	NA	Fair
6025	Dell E6420	CT3EOCLAP6025		FX2LSW1	NA	Fair
6009	Dell E6420	CT3EPCLAP6009		FXHMSW1	NA	Fair
6003	Dell E6420	EOCLAPTOP6003		G0QFXZ1	NA	Fair
6017	Dell E6420	CT3EOCLAP6017		FX2NSW1	NA	Fair
6001	Dell E6420	CT3EOCLAP6001		HJ1W1Q1	NA	Fair
NA	Dell E6420	NA	SCREEN WONT TURN ON	FX0LSW1	NA	Poor
6011	Dell E6420	EOCLAPTOP6011		FMZMSW1	NA	Fair
6009	Dell E6420	EOCLAPTOP6009		2H65YZ1	NA	Fair
6012	Dell E6420	CT3EOCLAP6012		FX3LSW1	NA	Fair
6016	Dell E6420	CT3EOCLAP6016		FX1NSW1	NA	Fair
6021	Dell E6420	CT3EOCLAP6021		FXDNSW1	NA	Fair
6010	Dell E6420	CT3EOCLAP6010		FXGNSW1	NA	Fair
6013	Dell E6420	CT3EOCLAP6013	WINDOWS WONT LOAD	FX1MSW1	NA	Poor
6018	Dell E6420	CT3EOCLAP6018		FX3MSW1	NA	Fair
6021	Dell E6420	CT3EOCLAP6021		FX0MSW1	NA	Fair
6006	Dell E6420	CT3EOCLAP6006		FX6LSW1	NA	Fair
6027	Dell E6420	CT3EOCLAP6027		FX1LSW1	NA	Fair
6014	Dell E6420	CT3EOCLAP6014	WIFI NOT WORKING	FX4MSW1	NA	Poor
0530	Dell 5480	CADSUZOLI0530		2FMYPN2	NA	Fair
0533	Dell 5480	GTDANNTAM0533		1TX1QN2	NA	Fair
0527	Dell 5480	NA	COMPUTER WONT TURN ON	2YY1QN2	NA	Poor
0524	Dell 5480	TCCMYRDEJ0524		FYZ1QN2	NA	Fair
0535	Dell 5480	ACCDEBANT0535		HTY1QN2	NA	Fair
0520	Dell 5480	IVDPUNKAU0520		31FWPN2	NA	Fair

0519	Dell 5480	CADFREBOL0519		3491QN2	NA	Fair
0522	Dell 5480	GCDEMISER0522		4KSWPN2	NA	Fair
6100	Dell 5491	ITSLOANER6100		3DZ3RQ2	NA	Fair
5920	Surface Pro 4	QHPTYLREI5920		19922562853	NA	Fair
5102	Surface Pro 4	DESKTOP-8LAK1RU		44377361053	NA	Fair
5914	Surface Pro 5	PLNBREREE3553		22790173553	NA	Fair
5118	Surface Pro 5	GTDALEJES5118		51652272753	NA	Fair
5000	Surface Pro 5	TNTMARHAR5000		18157682653	NA	Fair
5138	Surface Pro 5	QHPMARORO5138		14800491453	NA	Fair
5920	Surface Pro 5	SBDPERCAR5920		14006373653	NA	Fair
5919	Surface Pro 5	AVSOMAPAZ5919		23235691953	NA	Fair
5157	Surface Pro 5	GTDMARNIC5157	Screen upside down. Will not properly adjust.	59649290353	NA	Poor
5197	Surface Pro 5	BMDDOMSHE5197		1780581353	NA	Fair
5909	Surface Pro 5	SBDJOSCOR5909		11616682453	NA	Fair
5127	Surface Pro 5	BMDJAYVAN5127		17933582653	NA	Fair
5000	Surface Pro 5	BOARD-21		25195691453	NA	Fair
5128	Surface Pro 5	RGPLOUBER5128		18046282653	NA	Fair
1553	Surface Pro 5	FRMBRATOU1553	Cracked Screen	5365271553	NA	Poor
5121	Surface Pro 5	RGPDEBFIN5121		28147672753	NA	Fair
5110	Surface Pro 5	PRONEARES5110		14455291453	NA	Fair
5903	Surface Pro 5	PROKARWEB5903	Black screen. Windows won't load properly.	16970573653	NA	Poor
5144	Surface Pro 5	MARK 5144		18164182653	NA	Fair
5192	Surface Pro 5	ADCVERSOT5192		23366173653	NA	Fair
5201	Surface Pro 5	QHPMCKDAR5201		04566781353	NA	Fair
5901	Surface Pro 5	FRMSCOBRI5901		16878581353	NA	Fair
5000	Surface Pro 5	David Ellis	Keyboard not working.	47670454253	NA	Poor
5140	Surface Pro 6	FMDJERCHA5140		20296271953	NA	Fair
5114	Surface Pro 6	ITSKEVKEL5114		170390163053	NA	Fair
5181	Surface Pro 7	EADKATAL5181		13506893753	NA	Fair
5187	Surface Pro 7	MPRSANARM5187		17635693753	NA	Fair
5189	Surface Pro 7	TCCKIMROD5189		17538493753	NA	Fair
5162	Surface Pro 7	IGRSERHEN5162		12726301153	NA	Fair
5165	Surface Pro 7	EADPATRHU5165		11919701153	NA	Fair
5149	Surface Pro 7	TCCJEFRIP5149		64988701353	NA	Fair
5179	Surface Pro 7	RGPMICKIN5179		17663593753	NA	Fair
5105	Surface Pro 7	FRMMICSCH5105		64881101353	NA	Fair
5000	Surface Pro 7	DESKTOP-KR0HLUQ		17490793753	NA	Fair
5916	Surface Pro 7	ACCMARJOS5916		17485393753	NA	Fair

5145	Surface Pro 7	AVSANGPAY5145		64858401353	NA	Fair
5142	Surface Pro 7	APDRALRED5142		11983601153	NA	Fair
5174	Surface Pro 7	AOPMARCAL5174		31295100453	NA	Fair
5000	Surface Pro 7	DESKTOP-LB962MI		8087500753	NA	Fair
5164	Surface Pro 7	AVSSCOSKI5164		64867401353	NA	Fair
5182	Surface Pro 7	ITSSURLOA5182		13503293753	NA	Fair
5180	Surface Pro 7	FRMTHUHOA5180		4394193553	NA	Fair
5902	Surface Pro 7	DESKTOP-N2G7GMM		17578793753	NA	Fair
5166	Surface Pro 7	ITSSURLOA5166		65685501353	NA	Fair
5154	Surface Pro 7	SBDCHRPHA5154	Lines across the screen.	12438301153	NA	Poor
5187	Surface Pro 7	ITSDAVELL5187		51889495153	NA	Fair
5300	Surface Pro 7	ITSMARTAP5300		12357301153	NA	Fair
5106	Surface Pro 7	FRMTEREST5106	Surface not contacting keyboard.	17335293753	NA	Poor
5108	Surface Pro 7	QHPELIMAD5108		74187102453	NA	Fair
5176	Surface Pro 7	5176	Will not boot up	30985300953	NA	Poor
5000	Surface Pro W8	FMDFRAKOV5000		13847551753	NA	Fair
5000	Surface Pro W8	DESKTOP-2VR0VRB		10894652653	NA	Fair
5170	Surface Pro W8	DESKTOP-MT6KRF9		16932751953	NA	Fair
5000	Surface Pro W8	DESKTOP-8A60T0G		09356551753	NA	Fair
NA	Surface Pro W8	FMDSURF3-3		13845751753	NA	Fair
NA	Surface Pro W8	BOARD-7		44847151553	NA	Fair
NA	Surface Pro W8	BOARD-8		44840151553	NA	Fair
NA	Surface Pro W8	BOARD-14		54151551553	NA	Fair
NA	Surface Pro W8	BOARD-2	Will not communicate to keyboard	54413451553	NA	Poor
NA	Surface Pro W8	BOARD-13		53558251553	NA	Fair

		Exhibit C			
ITEM#	PALLET#	DESCRIPTION	QTY	LOC.	SUPPLIER
1	1	Carpet Tiles 24X24 Prism Shadow	48	Procurement Warehouse	Future Surplus
	1	Carpet Tiles 24X24 Radiit	20	Procurement Warehouse	Future Surplus
2	2	Carpet Tiles Weather Steel/Obsidian 24X24	104	Procurement Warehouse	Future Surplus
3	3	Carpet Tiles 24X24 Obsidian	51	Procurement Warehouse	Future Surplus
4	4	Carpet Tiles 24X24 Ore Stock	95	Procurement Warehouse	Future Surplus
5	5	Carpet Tiles 24X24 Chinchila	34	Procurement Warehouse	Future Surplus
6	5	Carpet Tiles 24X24 Mohawk Modular	22	Procurement Warehouse	Future Surplus
7	5	Carpet Tiles 24X24 Solide Tiles Ebony	40	Procurement Warehouse	Future Surplus
8	6	Carpet Tiles 24X24 Weather Steel/ Earth	45	Procurement Warehouse	Future Surplus
9	7	Carpet Tiles 24X24 Weather Steel/ Socrates	50	Procurement Warehouse	Future Surplus
10	8	Carpet Tiles 24X24 Weather Steel/Ore	127	Procurement Warehouse	Future Surplus
11	9	Carpet Tiles 24X24 Strations Steel	152	Procurement Warehouse	Future Surplus
12	10	Carpet Tiles 24X24 Shale	54	Procurement Warehouse	Future Surplus
13	11	Carpet Tiles 24X24 Wind Sulept	26	Procurement Warehouse	Future Surplus
14	12	Carpet Tiles 24X24 Weather Steel / Shale	45	Procurement Warehouse	Future Surplus
15	13	Carpet Tiles 24X24 Weather Steel / Shale	144	Procurement Warehouse	Future Surplus
16	14	TILE 11 3/4 X 11 3/4 GRAY	162	Procurement Warehouse	Future Surplus
17	14	TILE SANITARY COVE BASE 11 5/8 X 3 13/16 GRAY	76	Procurement Warehouse	Future Surplus
18	14	TILE ROUND EDGE COVE BASE 7 13/16 X 6 3/16 GRAY	68	Procurement Warehouse	Future Surplus
19	14	TILE OUTER CORNER COVEBASE 6 1/8 GRAY	6	Procurement Warehouse	Future Surplus
20	14	TILE 11 5/8 X 11 5/8 CHARCOAL	53	Procurement Warehouse	Future Surplus
21	14	TILE 11 3/4 X 11 3/4 POLISHED IVORY	12	Procurement Warehouse	Future Surplus
22	14	TILE 11 5/8 X 11 5/8 LIGHT BURGANDY	3	Procurement Warehouse	Future Surplus
23	14	TILE 11 5/8 X 11 5/8 CHARCOAL MARBLE	7	Procurement Warehouse	Future Surplus
24	14	TILE 11 5/8 X 11 5/8 FLAT IVORY	8	Procurement Warehouse	Future Surplus
25	14	TILE 12 X 12 YELLOW-63, Blue-32, Blk.-23, Green-16	106	Procurement Warehouse	Future Surplus
26	16	Carpet Tiles 24X24 Gray	26	Procurement Warehouse	Future Surplus
27	16	Carpet Tiles 24X24 BLK, MOHOWK	80	Procurement Warehouse	Future Surplus
28	16	TILES 18X18 DIAMANTE, TILES 18X18 ROSE	32	Procurement Warehouse	Future Surplus
29	17	ASSORTED TILES RESTROOM TILES	Pallet	Procurement Warehouse	Future Surplus

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Item No. 6

Staff Report

Meeting Date: December 7, 2023

Subject:

Reject the Claim of Tracie Slaoui

Recommendation:

Adopt Resolution No. 2023-0098 rejecting the claim of Tracie Slaoui.

Background/Justification:

On October 24, 2023, Tracie Slaoui filed a claim ("Attachment A") with the San Diego County Regional Airport Authority ("Authority"). Specifically, Slaoui alleges that on April 29, 2023, she was injured as the result of an accident that occurred while still onboard an arriving aircraft in which she was a passenger at San Diego International Airport. Slaoui claims damages in an unspecified amount exceeding $10,000 to include bodily injury and pain and suffering.

As described above, Slaoui alleges that on April 29, 2023, she was exiting a plane at San Diego International Airport when a passenger removed her luggage from the overhead bin directly above Ms. Slaoui. She claims the luggage struck her causing concussion, facial numbness and blurry vision. Slaoui further states the Authority failed to train employees and supervise staff, and that we failed to provide a safe and secure environment for all passengers.

Slaoui's claim should be denied. The Authority had no notice of a dangerous condition, nor does it staff inbound or outbound aircraft. All aircraft remain under the control, custody and care of the operating airline and its employees. 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

ATTACHMENT A

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

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: Tracie Slaoui	
2) Address to which correspondence regarding this claim should be sent: Downtown LA Law Group; 910 S Broadway, Los Angeles, CA 90015	
Telephone No.: 213-389-3765	Date:
3) Date and time of incident: 04/29/2023 Approx: 1:30PM	
4) Location of incident: At or near 3225 N Harbor Dr, San Diego, CA 92101	
5) Description of incident resulting in claim: Ms. Slaoui was exiting a plane within the San Diego International Airport, when a passenger removed her luggage from the overhead bin directly above Ms. Slaoui. Said luggage struck Ms. Slaoui causing her to sustain injuries. The San Diego County Regional Airport Authority failed to properly train their employees and supervise their staff and failed to provide a safe and secure environment for all the passengers.	
6) Name(s) of the Authority employee(s) causing the injury, damage or loss, if known: Unknown	
7) Persons having firsthand knowledge of incident:	
Witness (es)	Physician(s):
Name: Pending	Name: Pending
Address: Pending	Address: Pending
Phone: Pending	Phone: Pending

ATACHMENT A

8) Describe property damage or personal injury claimed:
Injuries include but are not limited to: Concussion, head, neck, numbness to face, blurry vision, right eye, nose and right ear.

9) Owner and location of damaged property or name/address of person injured:
N/A

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.
Bodily injury and pain and suffering.

Dated: 10/24/23 Claimant: Legal Assist. Jazmine Gomez OBO Tracie Slaoui

(Signature)

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

RESOLUTION NO. 2023-0098

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, REJECTING THE CLAIM OF TRACIE SLAOUI

WHEREAS, on October 24, 2023, Tracie Slaoui filed a claim with the San Diego County Regional Airport Authority ("Authority") for losses she claims were the result of an accident onboard an inbound aircraft at San Diego International Airport; and

WHEREAS, at its regular meeting on December 7, 2023, the Board considered the claim filed by Tracie Slaoui 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 Tracie Slaoui; 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 7th day of December, 2023, 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

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Revised 12/05/23

Item No. 7

Staff Report

Meeting Date: December 7, 2023

Subject:

Establish the Date and Time of Board and ALUC Meetings for 2024, as Indicated on the Proposed 2024 Master Calendar of Board and Committee Meetings

Recommendation:

The Executive Committee recommends that the Board adopt Resolution No. 2023-0099, establishing the date and time of Board and ALUC meetings; and Committee meetings for 2024 as indicated on the proposed 2024 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 2024 Master Calendar of Board and Committee meetings is attached as Attachment A.

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. 2023-0099

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 2024 AS INDICATED ON THE PROPOSED 2024 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 2024, as indicated on the proposed 2024 Master Calendar of Board and Committee Meetings (Attachment 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 7th day of December 2023, 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

Revised – 12/5/2023

DRAFT - 2024 MASTER CALENDAR OF BOARD AND COMMITTEE MEETINGS

	ALUC/BOARD 1st 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 Thursday (Quarterly)
Month	**9:00 AM**	**9:00 AM**	**10:00 AM**	**9:00 AM**	**10:00AM**
January	**11**	22			18
February	1	26	5		
March	7	25			
March	21 Board Retreat				
April	4	22			18 Special Board Meeting Capital Budget Workshop
May	2	**23**	6	**23 @ 9:30 a.m.**	
May	16 Budget Workshop				
June	6	24			
July	11				18
August		26			
September	5	23	9	19	
October	3	28			17
November	7	25	18		
December	5	**19**			

BOLD - Denotes a change in the regular schedule due to holidays and conflicts with other Board or Committee meetings.
2024 Holidays - (Jan. 1; Jan. 15; Feb. 19; May 27; Jun 19; Jul. 4; Sept. 2; Nov. 11; Nov. 28 & 29; Dec. 24 & 25; Dec. 31)

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Item No. 8

Staff Report

Meeting Date: December 7, 2023

Subject:

External Auditor's Fiscal Years Ended June 30, 2023, 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 for approval. 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, which may be exercised at the discretion of the Authority. The President/CEO exercised the first one-year extension on March 23, 2022, and the second one-year extension on March 7, 2023.

Effective June 1, 2022, BKD, LLP merged with the accounting firm, Douglas Hughes Goodman, LLP to create a new firm, FORVIS, LLP. Also, effective June 1, 2022, FORVIS LLP assumed the agreement from BKD.

On November 13, 2023, the Authority's external auditor, FORVIS, LLP, presented the fiscal year ended June 30, 2023, audited financial statements and reports (Attachments A through E) to the Audit Committee for their review and acceptance. After receiving the presentation and reviewing the reports, the Audit Committee recommends that the Board accept the reports.

Fiscal Impact:

Adequate funding for the audit conducted by FORVIS, LLP, is included in the adopted Fiscal Year 2023 and Fiscal Year 2024 Operating Expense Budgets within the Accounting Department, Auditing Services 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:

Elizabeth Stewart
Director, Accounting

San Diego County Regional Airport Authority

Financial Statements

For the Fiscal Years Ended

June 30, 2023, and 2022

FORVIS

14241 Dallas Parkway, Suite 1100 / Dallas, TX 75254
P 972.702.8262 / **F** 972.702.0673
forvis.com

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the San Diego County Regional Airport Authority (Airport Authority), as of and for the years ended June 30, 2023 and 2022, 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.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Airport Authority as of June 30, 2023 and 2022, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Airport Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in *Note 13* to the financial statements, in fiscal year 2023 the Airport Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Airport Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Airport Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Airport Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension, and other postemployment benefit information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 audits 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.

FORVIS, LLP

Dallas, Texas
November 2, 2023

Management's Discussion and Analysis (Unaudited)

For the Years Ended June 30, 2023, and 2022

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 (2021-2023)

In fiscal year 2023, the Airport Authority continued to show great improvement in the recovery from the COVID-19 pandemic, as most major activities rose to within 96 percent of the 2019 pre-pandemic levels.

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

	FY 2023	FY 2022	FY 2021
Enplaned passengers	**11,867,569**	9,953,162	4,860,931
% change from prior year	**19.2%**	104.8%	-47.4%
Total passengers	**23,560,297**	19,830,645	9,701,311
% change from prior year	**18.8%**	104.4%	-47.4%
Aircraft operations	**219,952**	190,491	130,017
% change from prior year	**15.5%**	46.5%	-31.8%
Freight and mail (in tons)	**138,648**	151,160	151,327
% change from prior year	**-8.3%**	-0.1%	-2.0%
Landed weight (in millions pounds)	**13,869**	11,764	7,780
% change from prior year	**17.9%**	51.2%	-35.5%

Enplaned passenger traffic continued to improve from the impact of the pandemic, with an increase of 19.2 percent over fiscal year 2022. Changes in total passengers, aircraft operations and landed weight closely mirrored the improvement in enplanements. Whereas freight and mail continued a declining trend due to decreasing demand.

FINANCIAL HIGHLIGHTS

For the fiscal year ended June 30, 2023, the Airport Authority adopted GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94) and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). Fiscal year 2022 has been restated for the adoption of GASB 94 and GASB 96.

Statement of Revenues, Expenses and Changes in Net Position

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 2.8 percent in fiscal year 2022 as air travel continued to recover and had a strong increase of 13.0% in fiscal year 2023.

The following is a summary of the statements of revenues, expenses, and changes in net position (in thousands):

	FY 2023	FY 2022	FY 2021
Operating revenues	**$ 360,762**	$ 315,640	$ 224,606
Operating expenses	**(305,925)**	(291,213)	(277,808)
Nonoperating revenues (expenses), net	**11,987**	(12,874)	43,762
Capital contributions and grants	**52,287**	12,958	13,932
Increase in net position	**119,111**	24,511	4,491
Net position, beginning of year	**914,068**	889,557	885,066
Net position, end of year	**$ 1,033,179**	$ 914,068	$ 889,557

Note: Fiscal year 2022 and 2021 amounts have been restated for GASB 94 & GASB 96.

Operating Revenues (in thousands)

	FY 2023	FY 2022	From 2022 to 2023 Increase (Decrease)	% Change
Airline revenue:				
Landing fees	**$ 44,741**	$ 35,354	$ 9,387	26.6%
Aircraft parking fees	**11,189**	8,856	2,333	26.3%
Building rentals	**129,744**	97,047	32,697	33.7%
Other aviation revenue	**7,123**	6,518	605	9.3%
Total airline revenue	**192,797**	147,775	45,022	30.5%
Concession revenue	**75,559**	88,138	(12,579)	(14.3%)
Parking and ground transportation revenue	**65,415**	57,076	8,339	14.6%
Ground rentals	**23,257**	19,651	3,606	18.3%
Other operating revenue	**3,735**	2,999	736	24.5%
Total operating revenue	**$ 360,762**	$ 315,640	$ 45,122	14.3%

Note: Fiscal year 2022 and 2021 amounts have been restated for GASB 94 & GASB 96.

	FY 2022	FY 2021	From 2021 to 2022 Increase (Decrease)	% Change
Airline revenue:				
Landing fees	$ 35,354	$ 34,046	$ 1,308	3.8%
Aircraft parking fees	8,856	8,542	314	3.7%
Building rentals	97,047	83,090	13,957	16.8%
Other aviation revenue	6,518	8,192	(1,673)	(20.4%)
Total airline revenue	147,775	133,870	13,906	10.4%
Concession revenue	88,138	41,801	46,337	110.9%
Parking and ground transportation revenue	57,076	27,447	29,629	108.0%
Ground rentals	19,651	19,809	(157)	(0.8%)
Other operating revenue	2,999	1,680	1,320	78.6%
Total operating revenue	$ 315,640	$ 224,606	$ 91,034	40.5%

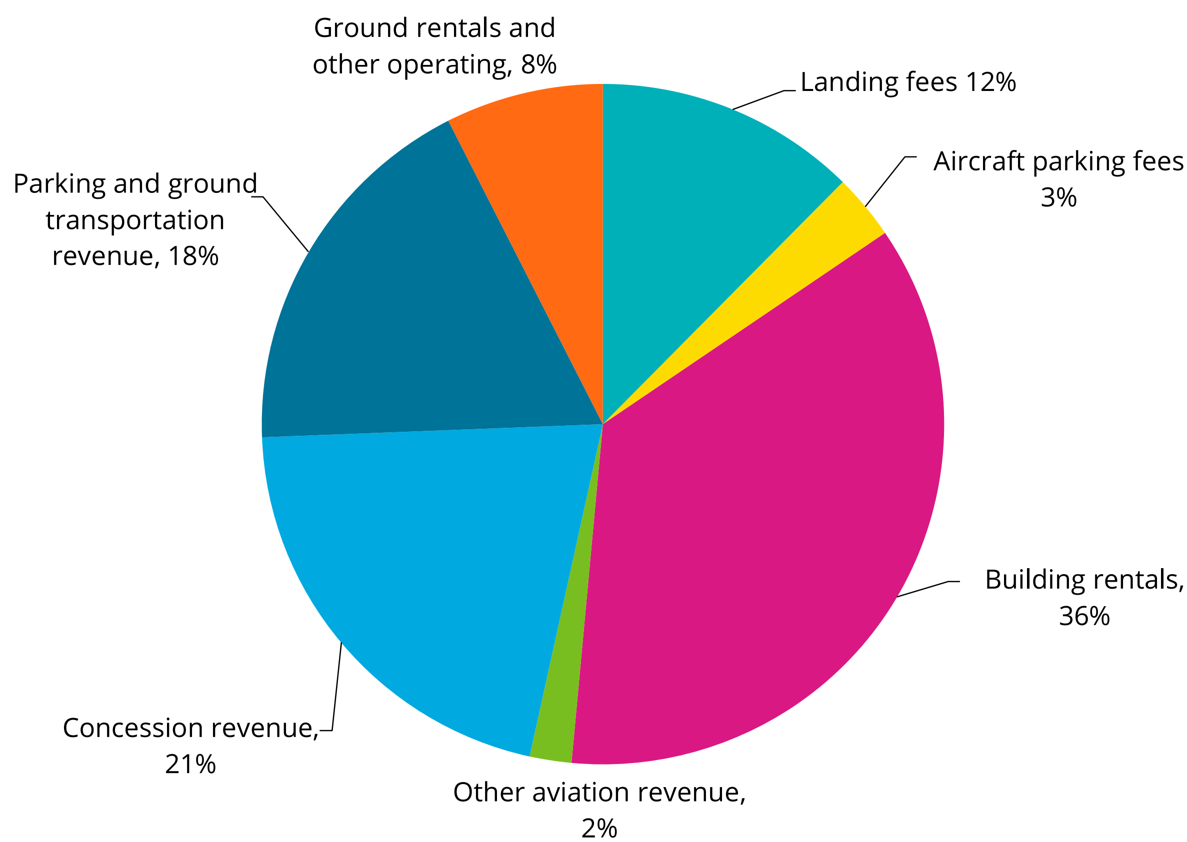
Note: Fiscal year 2022 and 2021 amounts have been restated for GASB 94 & GASB 96.

Fiscal Year 2023 compared to 2022: Total airline revenues increased $45.0 million, or 30.5 percent, due to a planned major maintenance fund increase per the airline operating lease agreement, combined with increased cost recovery from the airlines which is the result of higher debt service costs and an increase in recoverable operating expenses due to the increase in passengers.

Concession revenue (terminal and rental car) decreased by $12.6 million, or 14.3 percent, due to the timing of the recognition of lease revenue per GASB 87. The decrease is partially offset by increased concessions and car rental sales due to the increase in passengers. Parking and ground transportation revenue increased $8.3 million, or 14.6 percent, due to the increased enplanements. Ground rentals increased $3.6 million, or 18.3 percent, due to the higher consumer price index rent increase and additions to the fuel lease from the hydrant fueling project.

Fiscal Year 2022 compared to 2021: Total airline revenues increased $13.9 million, or 10.4 percent, reflecting the cost recovery system for the airlines which was higher in fiscal year 2022, compared to 2021. Airline building rentals were the main driver, increasing $14.0 million, or 16.8 percent.

Concession revenue (terminal and rental car) increased by $46.3 million, or 110.9 percent, due to increased passenger flow throughout the terminals. Parking and ground transportation revenue increased $29.6 million, or 108.0 percent, due to the increased enplanements. Lastly, other operating revenue increased $1.3 million, or 78.6 percent.



San Diego County Regional Airport Authority

Operating Expenses (in thousands)

	FY 2023	FY 2022	From 2022 to 2023 Increase (Decrease)	From 2022 to 2023 % Change
Salaries and benefits	**$ 51,231**	$ 46,373	$ 4,858	10.5%
Contractual services	**45,581**	34,491	11,090	32.2%
Safety and security	**33,043**	34,191	(1,148)	(3.4%)
Space rental	**313**	839	(526)	(62.7%)
Utilities	**17,567**	14,193	3,374	23.8%
Maintenance	**16,417**	10,747	5,670	52.8%
Equipment and systems	**922**	340	582	171.2%
Materials and supplies	**661**	496	164	33.1%
Insurance	**1,997**	1,741	256	14.7%
Employee development and support	**681**	537	144	26.8%
Business development	**1,916**	1,781	135	7.6%
Equipment rentals and repairs	**4,010**	3,472	539	15.5%
Total operating expenses before depreciation and amortization	**174,339**	149,201	25,138	16.8%
Depreciation and amortization	**131,586**	142,012	(10,425)	(7.3%)
Total operating expense	**$ 305,925**	$ 291,213	$ 14,713	5.1%

Note: Fiscal year 2022 and 2021 amounts have been restated for GASB 94 & GASB 96.

	FY 2022	FY 2021	From 2021 to 2022 Increase (Decrease)	From 2021 to 2022 % Change
Salaries and benefits	$ 46,373	$ 52,922	$ (6,549)	(12.4%)
Contractual services	34,491	24,977	9,514	38.1%
Safety and security	34,191	35,086	(895)	(2.6%)
Space rental	839	64	776	1,215.8%
Utilities	14,193	11,730	2,464	21.0%
Maintenance	10,747	9,111	1,636	18.0%
Equipment and systems	340	425	(85)	(19.9%)
Materials and supplies	496	450	46	10.3%
Insurance	1,741	1,519	222	14.6%
Employee development and support	537	442	96	21.6%
Business development	1,781	209	1,573	753.4%
Equipment rentals and repairs	3,472	3,380	92	2.7%
Total operating expenses before depreciation and amortization	149,201	140,313	8,889	6.3%
Depreciation and amortization	142,012	137,496	4,516	3.3%
Total operating expense	$ 291,213	$ 277,808	$ 13,405	4.8%

Note: Fiscal year 2022 and 2021 amounts have been restated for GASB 94 & GASB 96.

San Diego County Regional Airport Authority

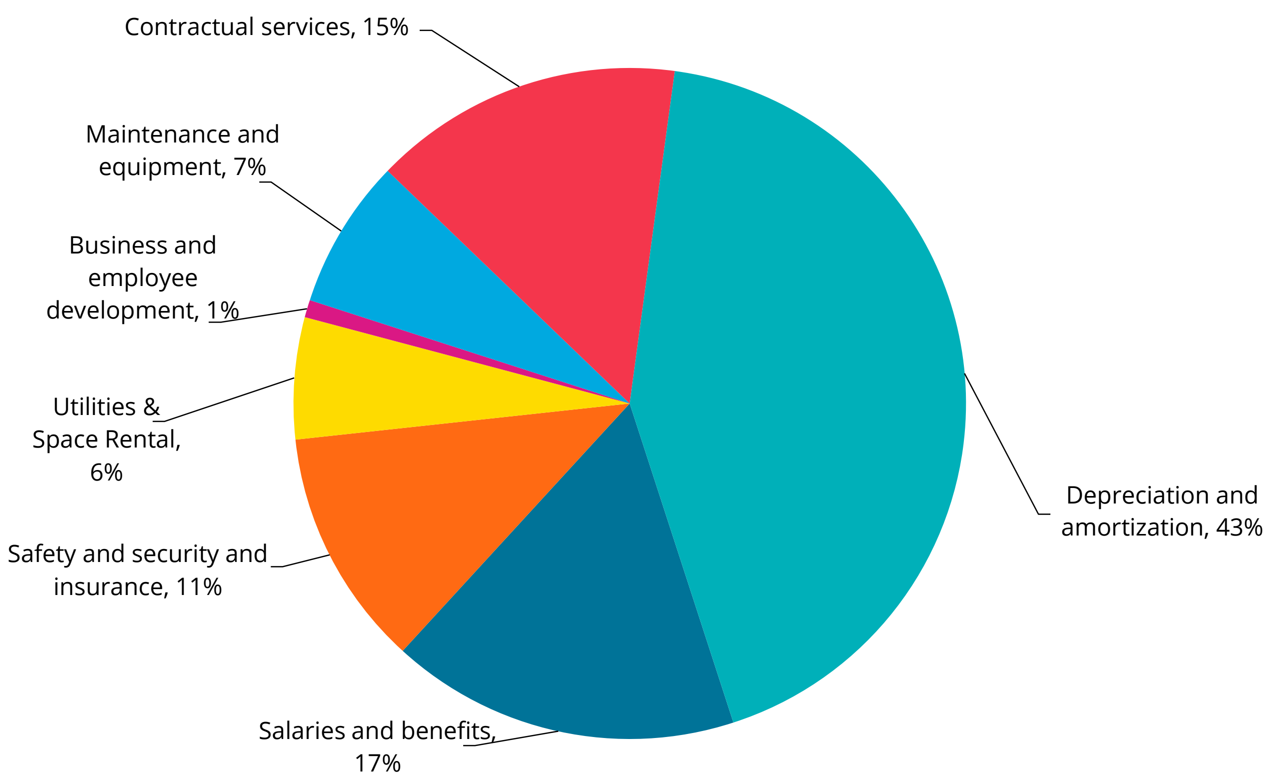
Fiscal Year 2023 compared to 2022: Total fiscal year 2023 operating expenses increased by $14.7 million or 5.1 percent.

Salaries and benefits increased by $4.9 million or 10.5 percent due to planned wage and benefit increases, higher overtime, and increased head count. Contractual services increased by $11.1 million or 32.2 percent, primarily due to an increase in parking and shuttle operations and Rental Car Center (RCC) buses expenses due to an increase in enplanements. Utilities increased by $3.4 million or 23.8 percent due to increased gas and electric usage and rates. Maintenance expenses increased by $5.7 million or 52.8 percent due to an increase in annual and major maintenance.

Partially offsetting the increase in operating expenses described above, safety and security decreased by $1.1 million or 3.4 percent because of law enforcement and guard services staff vacancies. Depreciation and amortization decreased by $10.4 million or 7.3 percent due to disposal of assets, caused by the demolition of various fixed assets necessary for the construction of the New Terminal 1.

Fiscal Year 2022 compared to 2021: Total fiscal year 2022 operating expenses increased by $13.4 million or 4.8 percent. Contractual services increased by $9.5 million or 38.1 percent, primarily due to an increase in parking and shuttle operations and Rental Car Center (RCC) buses expenses due to increase in enplanements. Utilities increased by $2.5 million or 21 percent due to increased gas and electric usage and rates. Maintenance expenses increased by $1.6 million, or 18.0 percent, due to an increase in annual and major maintenance. Business Development increased by $1.6 million or 753.4 percent due to an increase in marketing and advertising costs.

Partially offsetting the increase in operating expenses described above, salaries and benefits, decreased by $6.5 million or 12.4 percent, primarily due to a $5.1 million decrease in retirement expense caused by investment gains on the pension and OPEB plan assets.



Nonoperating Revenues (Expenses) (in thousands)

				From 2022 to 2023	
	FY 2023	FY 2022	Increase (Decrease)		% Change
Passenger facility charges	**$ 46,755**	$ 40,394	$ 6,361		15.7%
Customer facility charges	**34,375**	30,333	4,041		13.3%
Federal Relief Grants	**-**	78,922	(78,922)		(100.0%)
Quieter Home Program, net	**(2,051)**	(2,541)	490		19.3%
Other interest income	**11,145**	11,893	(748)		(6.3%)
Investment income (loss)	**50,882**	(48,884)	99,766		204.1%
Interest expense, net	**(127,464)**	(109,675)	(17,789)		(16.2%)
Other nonoperating income (expenses)	**(1,654)**	(13,316)	11,661		87.6%
Nonoperating revenues (expenses), net	**$ 11,987**	$ (12,874)	$ 24,861		193.1%

Note: Fiscal year 2022 and 2021 amounts have been restated for GASB 94 & GASB 96.

				From 2021 to 2022	
	FY 2022	FY 2021	Increase (Decrease)		% Change
Passenger facility charges	$ 40,394	$ 22,110	$ 18,284		82.7%
Customer facility charges	30,333	15,755	14,578		92.5%
Federal Relief Grants	78,922	77,219	1,704		2.2%
Quieter Home Program, net	(2,541)	(3,233)	691		21.4%
Other interest income	11,893	6,748	5,144		76.2%
Investment income (loss)	(48,884)	2,495	(51,379)		(2,059.3%)
Interest expense, net	(109,675)	(76,628)	(33,048)		(43.1%)
Other nonoperating income (expenses)	(13,316)	(705)	(12,611)		(1,789.0%)
Nonoperating revenues (expenses), net	$ (12,874)	$ 43,762	$ (56,636)		(129.4%)

Note: Fiscal year 2022 and 2021 amounts have been restated for GASB 94 & GASB 96.

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 utilizing the consolidated rental car facility 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 included the *American Rescue Plan Act* (ARPA) funds received from the federal government. ARPA was signed into law on March 11, 2021, and included $8 billion in funds to be awarded as economic assistance to eligible U.S. airports to prevent, prepare for, and respond to the coronavirus disease pandemic. On

August 10, 2021, the Airport Authority was awarded a $78.9 million ARPA grant, which was fully utilized in fiscal year 2022.

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 $2.1 million of expenses represents the authority's cost, net of the grant funds utilized in FY23. From inception through the end of fiscal year 2023, the Airport Authority has spent $283.5 million and received reimbursement for $231.3 million.

Other Interest Income includes interest earned on lease receivables and notes receivable. For June 30, 2023, and 2022 other interest income was $11.1 million and $11.9 million, respectively.

Investment income (loss) is derived from interest earned by the Airport Authority on investments and includes unrealized gain (loss) on investments. For June 30, 2023, and 2022 Investment income was a gain of $50.9 million and a loss of $48.9 million, respectively.

Interest expense includes interest paid and accrued on bonds, variable debt, and leases. For June 30, 2023, and 2022 interest expense was $127.5 million and $109.7 million, respectively. The increase is due to a full year of interest on the 2021 bonds that were issued in December 2021 to fund construction of the New Terminal 1.

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 2023 compared to 2022: Nonoperating revenues (net) increased by $24.9 million or 193.1 percent. The increases in PFCs and CFCs are due to an increase in enplaned passengers. PFCs increased by $6.4 million or 15.7 percent, and CFCs increased by $4.0 million or 13.3 percent. Investment income increased by $99.8 million or 204.1 percent. The increase is due to the movement of unrealized gain/loss on investments of $72.9 million as the increase in market yields moderated significantly resulting in an unrealized gain in fiscal year 2023 of $11.7 million compared to an unrealized loss of $61.3 million in fiscal year 2022. Increased interest rates and higher investment balances accounted for the $26.8 million of additional interest revenue in fiscal year 2023. Other nonoperating income (expenses) decreased by $11.7 million or 87.6 percent, as there was no fixed asset disposal loss reported this year.

Fiscal Year 2022 compared to 2021: Nonoperating revenues (net) decreased by $56.6 million or 129.4 percent. The increases in PFCs and CFCs are due to an increase in enplaned passengers. PFCs increased by $18.3 million or 82.7 percent, and CFCs increased by $14.6 million or 92.5 percent. Investment income (loss) decreased by $51.4 million or 2,059.3 percent. The decrease is due to an unrealized loss on investments of $61.3 million as market yields increased significantly, decreasing the market value of fixed rate securities held by the Authority. The unrealized loss was offset partially by increased interest earnings due to higher yields and larger investment balances. Other nonoperating income (expenses) decreased by $12.6 million or 1,789.0 percent, due to the loss on fixed asset disposals, caused by the demolition of various fixed assets necessary for the construction of the New Terminal 1.

Federal Grant Contributions (in thousands)

	FY 2023	FY 2022	From 2022 to 2023 Increase (Decrease)	% Change
Federal grants	**$ 52,287**	$ 12,958	$ 39,329	303.5%

	FY 2022	FY 2021	From 2021 to 2022 Increase (Decrease)	% Change
Federal grants	$ 12,958	$ 13,932	$ (973)	(7.0%)

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 2023, federal grant contributions increased by $39.3 million, or 303.5 percent compared to fiscal year 2022, due to an increase in grant awards and substantial New Terminal 1 construction activities funded by federal grants.

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 and deferred outflows of resources, liabilities and deferred inflows of resources, and net position at June 30, 2023, 2022 and 2021, is as follows:

	FY 2023	FY 2022	FY 2021
Assets and Deferred Outflows of Resources			
Current assets	**$ 723,463**	$ 491,098	$ 480,254
Capital and lease assets, net	**2,795,855**	2,284,111	2,063,687
Noncurrent assets	**2,037,198**	2,719,699	914,583
Total assets	**5,556,516**	5,494,907	3,458,524
Deferred outflows of resources	**18,040**	22,390	33,471
Total assets & deferred outflows of resources	**5,574,556**	5,517,297	3,491,996
Liabilities and Deferred Inflows of Resources			
Current liabilities	**280,701**	250,171	157,227
Long-term liabilities	**3,871,111**	3,947,346	2,077,162
Total liabilities	**4,151,812**	4,197,517	2,234,389
Deferred inflows of resources	**389,565**	405,712	368,049
Total liabilities & deferred inflows of resources	**4,541,377**	4,603,229	2,602,439
Net Position			
Net investment in capital assets	**330,220**	420,903	325,062
Restricted	**230,636**	176,638	192,484
Unrestricted	**472,323**	316,527	372,011
Total net position	**$ 1,033,179**	$ 914,068	$ 889,557

Note: Fiscal year 2022 and 2021 amounts have been restated for GASB 94 & GASB 96.

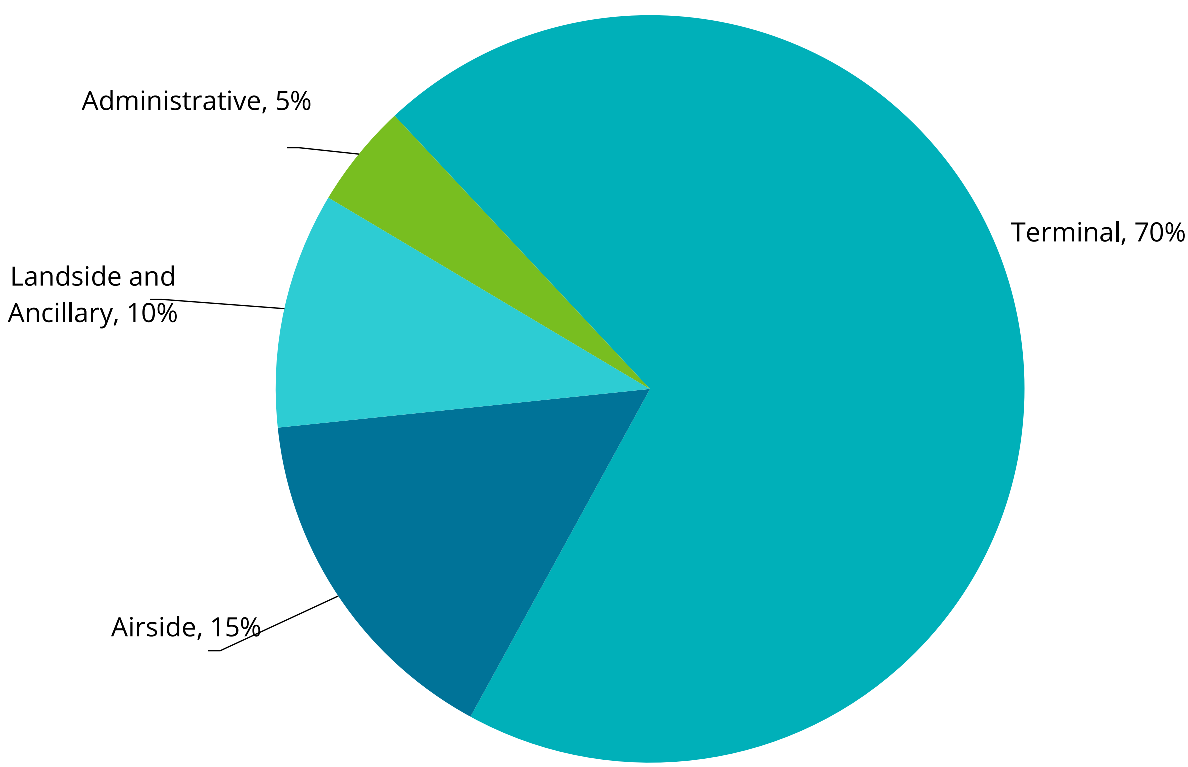
As of June 30, 2023, the Airport Authority's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $1,033.2 million. This reflects a $119.1 million or 13.0 percent increase in net position from June 30, 2022. The Airport Authority uses capital and lease assets 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 and lease 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 $472.3 million as of June 30, 2023, may be used to meet any of the Airport Authority's ongoing obligations. As of June 30, 2023, 2022, and 2021, management has designated unrestricted funds in the amount of $16.0 million, $16.2 million, and $22.5 million, respectively, for capital contract commitments funded by Airport Authority cash, earthquake self-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 and refurbishment, environmental remediation, terminal upgrades, and landside 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.

The current Capital Program, which includes projects through 2027, consists of $595.0 million for airside projects, $379.5 million for landside and ancillary projects, $2.7 billion for terminal projects, which includes the replacement of Terminal 1, and $174.1 million for administrative projects.

Capital Program Projects by Type



Additional information about the Airport Authority's capital and lease assets can be found in Note 5 of the financial statements.

Capital Financing and Debt Management

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 5.0 percent. The Series 2014 B Bonds were structured as federally taxable bonds that bear interest at rates ranging from 2.5 percent to 5.6 percent and mature in fiscal years 2019 to 2045. Interest for the fiscal years ended June 30, 2023, and 2022 amounted to $15.2 million and $15.6 million, respectively, including accrued interest of $7.6 million and $7.8 million, respectively. The principal balance on the Series 2014 Bonds as of June 30, 2023, and 2022 was $275.7 million and $282 million, 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 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 cost 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 4.0 percent to 5.0 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 for the fiscal years ended June 30, 2023, and 2022 amounted to $13.3 million and $13.6 million, respectively, including accrued interest of $6.7 million and $6.8 million, respectively. The principal balance on the Series 2017 Bonds as of June 30, 2023, and 2022 was $266.6 million and $271.9 million, respectively.

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 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 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 Series 2017 Bonds.

The Series 2019 Bonds are structured as serial and term bonds that bear interest at rates ranging from 4.0 percent to 5.0 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 years ended June 30, 2023, and 2022 amounted to $21.9 million and $22.1 million, respectively, including accrued interest of $10.9 million and $11.1 million, respectively. The principal balance on the Series 2019 Bonds as of June 30, 2023, and 2022 was $454.6 million and $459 million, respectively.

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 Series 2020 Bonds Proceeds on April 8, 2020. Proceeds from the sale of the Series 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 Series 2020 Bonds.

The Series 2020 Bonds are structured as serial bonds that bear interest rates of 5.0 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, 2023, and 2022 amounted to $10.6 million and $11.5 million, respectively, including accrued interest of $5.4 million and $5.8 million, respectively. The principal balance on the Series 2020 Bonds as of June 30, 2023, and 2022 was $212.5 million and $227 million, respectively.

On December 8, 2021, the Airport Authority issued $1,941.7 million of Series A, B and C Subordinate Airport Revenue Bonds (Series 2021 Bonds). The Series 2021 Bonds were issued to finance The New Terminal 1 development at SDIA, fund a portion of the interest accruing on the Series 2021 Bonds, fund the subordinate reserve fund, pay the costs of issuance of the Series 2021 Bonds and to refund the 2013 Series A and B bonds.

The Series 2021 A and B Bonds are structured as serial and term bonds that bear interest at rates ranging from 4.0 percent to 5.0 percent and mature in fiscal years 2027 to 2057 and were issued at a premium of $332.4 million, which is being amortized over the life of the bonds. The Series 2021 C Bonds are federally Taxable Bonds and are structured as serial and term bonds that bear interest at rates ranging from 0.5 percent to 3.1 percent and mature in fiscal years 2023 to 2037. Interest on the Series 2021 Bonds is payable semiannually on January 1 and July 1 of each year. Interest for the fiscal years ended June 30, 2023, and 2022 amounted to $82.0 million and $46.3 million, respectively, including accrued interest of $41.0 million and $46.3 million, respectively. The principal balance on the Series 2021 Bonds as of June 30, 2023, and 2022 was $1,932.0 million and $1,941.7 million, respectively.

Interest expense on the Series 2014, 2017, 2019, 2020 and 2021 Bonds for fiscal years ended June 30, 2023, and June 30, 2022, of $143.1 million and $116.3 million, respectively, was offset by bond premium amortization of $26.7 million in fiscal year 2023 and $21.6 million in fiscal year 2022.

The Airport Authority leases properties from various third parties and uses that space to conduct its operations, the terms of which expire 2024 through 2072. The measurement of the lease payable is based on the present value of lease payments expected to be paid during the lease term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any lease incentives payable to the lessee. Incremental Borrowing Rates of 1.1 percent to 3.8 percent were used by the Airport Authority to measure lease payables. Liabilities recorded under lease contracts during the years ended June 30, 2023, and 2022, were $228.9 million and $232.4 million, respectively.

On July 19, 2021, The Airport Authority and Bank of America agreed to a Revolving Credit Agreement. The Airport Authority is authorized to issue up to $200.0 million in Subordinate Revolving Obligations. The revolving credit agreement is for a term of three years. At the end of fiscal years 2023 and 2022, the Airport Authority had $80.1 million in aggregate principal of Subordinate Revolving Obligations outstanding. These obligations were used to finance the New Terminal 1. Obligations incurred under the Revolving Credit Agreement are payable solely from and secured by a pledge of "Subordinate Net Revenues." Subordinate Net Revenues are generally defined as all revenues and other cash receipts of the Airport Authority's Airport operations remaining after Senior Lien payments have been deposited by the Trustee in accordance with the Senior Lien Trust Indenture.

Additional information of the Airport Authority's long-term debt can be found in Note 6 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 the Airport 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 $89.3 million in grant awards for the federal fiscal year ended September 30, 2023, as compared to $83.4 million for 2022. 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 San Diego County Regional Airport Authority Accounting Department, P.O. Box 82776, San Diego, CA 92138. The Accounting Department can also be reached at (619) 400-2806. A copy of the financial report is available at www.san.org

Financial Statements

Statements of Net Position

June 30, 2023, and 2022

Assets and Deferred Outflows of Resources	2023	2022 as restated
Current Assets		
Unrestricted:		
Cash and cash equivalents (Note 2)	**$ 26,108,388**	$ 10,560,677
Investments (Note 2)	**306,492,307**	238,734,707
Tenant receivables, net	**20,872,111**	22,784,819
Grants receivable	**19,163,746**	25,461,356
Lease receivables, current portion (Note 3)	**21,579,230**	25,256,727
Partnership lease receivables, current portion (Note 3)	**3,281,883**	2,891,820
Note receivable, current portion (Note 4)	**4,926,819**	4,766,887
Other current assets	**17,351,605**	10,291,837
Total unrestricted current assets	**419,776,089**	340,748,830
Restricted cash, cash equivalents and investments with trustees (Notes 2 and 6)	**303,687,039**	150,348,859
Total current assets	**723,463,128**	491,097,689
Noncurrent Assets		
Restricted assets (Notes 2 and 6):		
Restricted cash, cash equivalents and investments not with trustees	**202,552,633**	154,568,287
Restricted cash, cash equivalents and investments with trustees (Note 2)	**1,232,265,747**	2,025,521,963
Passenger facility charges receivable (Note 1)	**7,035,361**	4,185,454
Customer facility charges receivable (Note 1)	**3,169,514**	2,884,858
Other restricted assets	**2,403,167**	3,999,762
Total restricted assets	**1,447,426,421**	2,191,160,323
Other noncurrent assets:		
Investments, noncurrent (Note 2)	**184,596,297**	141,423,628
Lease receivables, long-term portion (Note 3)	**146,460,548**	168,039,778
Partnership lease receivables, long-term portion (Note 3)	**135,261,080**	125,895,083
Note receivable, long-term portion (Note 4)	**24,451,275**	29,378,094
Cash and cash equivalents designated for specific capital projects and other commitments (Note 2)	**99,002,685**	50,449,426
Net pension asset (Note 7)	**-**	8,995,046
Net OPEB asset (Note 10)	**-**	4,357,476
Total other noncurrent assets	**589,771,885**	528,538,531
Capital and lease assets (Note 5):		
Land, land improvements and nondepreciable assets/leases	**182,279,198**	182,279,198
Buildings and structures	**1,884,157,140**	1,823,469,725
Lease assets	**238,303,897**	238,303,897
Subscription assets	**464,378**	464,378
Machinery and equipment	**139,202,241**	124,708,399
Runways, roads and parking lots	**630,577,748**	637,019,738
Construction in progress	**1,145,357,693**	578,124,720
Total capital and lease assets	**4,220,342,295**	3,584,370,056
Less accumulated depreciation and amortization	**(1,424,487,252)**	(1,300,259,420)
Capital and lease assets, net	**2,795,855,043**	2,284,110,636
Total noncurrent assets	**4,833,053,349**	5,003,809,490
Total assets	**5,556,516,476**	5,494,907,179
Deferred outflows of resources:		
Pensions (Note 7 and 8)	**12,162,436**	18,137,274
OPEB (Note 10)	**5,877,459**	4,252,768
Total deferred outflows of resources	**18,039,895**	22,390,042
Total assets and deferred outflows of resources	**5,574,556,372**	5,517,297,222

See Notes to Financial Statements. (Continued)

Liabilities, Deferred Inflows of Resources and Net Position	2023	2022 as restated
Current Liabilities		
Payable from unrestricted assets:		
Accounts payable	**3,699,871**	7,326,129
Accrued liabilities	**51,830,325**	45,972,090
Compensated absences, current portion (Note 6)	**3,750,891**	3,264,966
Other current liabilities	**16,591,374**	14,502,025
Lease and subscription liabilities, current portion (Note 6)	**3,677,515**	3,586,324
Long-term debt, current portion (Note 6)	**387,928**	323,293
Total payable from unrestricted assets	**79,937,904**	74,974,827
Payable from restricted assets:		
Accounts payable	**9,179,789**	17,466,214
Accrued liabilities	**69,749,979**	39,743,912
Long-term debt, current portion (Note 6)	**50,055,000**	40,160,000
Accrued interest on variable rate debt and bonds (Note 6)	**71,778,216**	77,826,260
Total payable from restricted assets	**200,762,984**	175,196,385
Total current liabilities	**280,700,888**	250,171,213
Long-Term Liabilities		
Compensated absences, net of current portion (Note 6)	**1,343,480**	1,789,112
Other noncurrent liabilities	**647,536**	663,924
Lease and subscription liabilities, long-term portion (Note 6)	**225,503,027**	229,180,542
Long-term debt, net of current portion (Note 6)	**3,635,975,207**	3,713,339,080
Net pension liability (Note 7 and 8)	**7,197,809**	2,373,440
Net OPEB liability (Note 10)	**444,406**	-
Total long-term liabilities	**3,871,111,466**	3,947,346,098
Total liabilities	**4,151,812,354**	4,197,517,311
Deferred inflows of resources		
Pensions (Note 7 and 8)	**4,749,968**	27,258,294
OPEB (Note 10)	**1,653,747**	4,901,161
Gain on refunding	**9,440,839**	9,943,477
Leases (Note 3)	**147,922,470**	168,064,374
Partnership leases (Note 3)	**225,797,623**	195,544,264
Total deferred inflows of resources	**389,564,647**	405,711,570
Total liabilities and deferred inflows of resources	**4,541,377,002**	4,603,228,881
Net Position		
Net investment in capital assets	**330,219,977**	420,903,099
Restricted:		
Debt Service	**67,075,020**	48,292,097
Construction	**141,003,071**	93,634,418
Pension	**-**	8,995,046
OPEB	**-**	4,357,476
Operation and maintenance expenses	**17,932,678**	15,136,888
Small business bond guarantee	**2,222,300**	2,222,300
OCIP loss reserve	**2,403,167**	3,999,762
Total restricted net position	**230,636,236**	176,637,988
Unrestricted net position	**472,323,157**	316,527,254
Total net position	**$ 1,033,179,370**	$ 914,068,340

See Notes to Financial Statements.

Statements of Revenues, Expenses and Changes in Net Position

For the Fiscal Years Ended June 30, 2023, and 2022

		2023		2022 as restated
Operating revenues:				
Airline revenue:				
Landing fees	$	44,741,469	$	35,354,215
Aircraft parking fees		11,188,756		8,855,947
Building rentals		129,743,693		97,046,860
Other aviation revenue		7,123,044		6,518,253
Concession revenue		75,558,792		88,138,271
Parking and ground transportation revenue		65,414,598		57,075,628
Ground and non-airline terminal rentals		23,257,118		19,651,356
Other operating revenue		3,734,823		2,999,290
Total operating revenues		360,762,294		315,639,820
Operating expenses before depreciation and amortization:				
Salaries and benefits (Notes 6, 7, 8 and 9)		51,230,961		46,373,068
Contractual services (Note 13)		45,580,643		34,490,679
Safety and security		33,042,629		34,190,686
Space rental		313,483		839,337
Utilities		17,567,259		14,193,387
Maintenance		16,417,015		10,746,604
Equipment and systems		921,761		339,942
Materials and supplies		660,733		496,452
Insurance		1,996,788		1,740,603
Employee development and support		681,446		537,388
Business development		1,916,108		1,781,323
Equipment rentals and repairs		4,010,388		3,471,765
Total operating expenses before depreciation and amortization		174,339,213		149,201,234
Income from operations before depreciation and amortization		186,423,081		166,438,586
Depreciation and amortization expense		131,586,318		142,011,648
Operating income	$	54,836,763	$	24,426,938

See Notes to Financial Statements. (Continued)

	2023	2022 as restated
Nonoperating revenues (expenses):		
Passenger facility charges	**$ 46,754,727**	$ 40,394,092
Customer facility charges	**34,374,844**	30,333,350
Federal relief grants	**-**	78,922,308
Quieter Home Program grant revenue (Note 1)	**19,023,947**	14,392,766
Quieter Home Program expenses (Note 1)	**(21,075,144)**	(16,934,242)
Other Interest Income	**11,145,007**	11,892,517
Investment income (loss)	**50,881,687**	(48,883,995)
Interest expense (Note 6)	**(127,463,755)**	(109,675,241)
Other revenues (expenses), net	**(1,654,133)**	(13,315,574)
Nonoperating revenues (expenses), net	**11,987,180**	(12,874,018)
Income before federal grants	**66,823,943**	11,552,920
Federal grants (Note 1)	**52,287,087**	12,958,340
Change in net position	**119,111,030**	24,511,260
Net position, beginning of year, as restated	**914,068,340**	889,557,081
Net position, end of year	**$ 1,033,179,370**	$ 914,068,340

See Notes to Financial Statements.

Statements of Cash Flows
For the Fiscal Years Ended June 30, 2023, and 2022

	2023	2022 as restated
Cash Flows From Operating Activities		
Receipts from customers	**$ 362,504,812**	$ 371,536,489
Payments to suppliers	**(129,535,335)**	(107,568,553)
Payments to employees	**(54,368,079)**	(48,787,730)
Other receipts (payments)	**3,737,502**	2,996,459
Net cash provided by operating activities	**182,338,900**	218,176,665
Cash Flows From Noncapital Financing Activities		
Misc nonoperating receipts (payments)	**(1,654,133)**	163,686
Quieter Home Program grant receipts	**20,850,254**	11,723,416
Quieter Home Program payments	**(21,075,144)**	(16,934,242)
Net cash used in noncapital financing activities	**(1,879,024)**	(5,047,139)
Cash Flows From Capital and Related Financing Activities		
Capital outlay	**(597,490,633)**	(334,497,078)
Proceeds from variable debt	**-**	80,100,000
Other interest income	**11,145,007**	11,892,517
Federal grants received (excluding Quieter Home Program)	**56,758,390**	76,754,333
Proceeds from passenger facility charges	**43,904,820**	41,970,700
Proceeds from customer facility charges	**34,090,188**	29,832,774
Payment of principal on bonds and commercial paper	**(40,360,000)**	(389,230,000)
Proceeds from issuance of Series 2020 Bonds	**-**	2,274,125,831
Payment on note payable	**(354,139)**	(323,293)
Interest and debt fees paid	**(160,704,536)**	(119,271,370)
Net cash provided by (used in) capital and related financing activities	**(653,010,901)**	1,671,354,415
Cash Flows From Investing Activities		
Sales and maturities of investments	**1,815,186,082**	2,703,087,078
Purchases of investments	**(1,322,506,966)**	(4,619,871,044)
Interest received on investments and note receivable	**39,205,993**	12,419,871
Principal payments received on notes receivable	**4,766,887**	2,372,252
Increase in principal on notes receivable	**-**	(9,308,366)
Net cash provided by (used in) investing activities	**536,651,995**	(1,911,300,209)
Net decrease in cash and cash equivalents	**64,100,970**	(26,816,268)
Cash and cash equivalents, beginning of year	**61,010,103**	87,826,370
Cash and cash equivalents, end of year	**$ 125,111,073**	$ 61,010,103

See Notes to Financial Statements. (Continued)

		2023		2022 as restated
Reconciliation of Cash and Cash Equivalents to the Statements of Net Position				
Unrestricted cash and cash equivalents	**$**	**26,108,388**	$	10,560,677
Cash and cash equivalents designated for specific capital projects and other commitments		**99,002,685**		50,449,426
Total cash and cash equivalents	**$**	**125,111,073**	$	61,010,103
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating income	**$**	**54,836,763**	$	24,426,938
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization expense		**131,586,318**		142,011,648
Change in pensions/OPEB liability/asset		**18,621,297**		(45,794,077)
Change in deferred outflows related to pensions/OPEB		**4,350,147**		11,081,306
Change in deferred inflows related to pensions/OPEB		**(25,755,740)**		29,002,100
Change in deferred inflows related to leases		**(20,141,904)**		(1,383,657)
Change in deferred inflows related to partnership leases		**6,116,521**		3,968,456
Changes in assets and liabilities:				
Receivables, net		**1,912,709**		56,568,711
Other assets		**(5,463,173)**		(97,336)
Accounts payable		**(3,626,258)**		654,407
Accrued liabilities		**5,858,235**		1,205,133
Compensated absences		**40,293**		292,136
Lease receivables		**15,500,666**		(8,408,150)
Other liabilities		**(1,496,975)**		4,649,049
Net cash provided by operating activities	**$**	**182,338,900**	$	218,176,665
Noncash investing, Capital and Financing Activities				
Additions to capital assets included in accounts payable	**$**	**78,929,768**	$	57,210,125
Capital assets (and related deferred inflow) contributed by operator		**24,136,838**		-
Unrealized gain (loss) on investments		**11,675,694**		(61,303,866)

See Notes to Financial Statements.

Notes to Financial Statements

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 January 1, 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.

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 receivables: Tenant 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 receivables are written off when deemed uncollectible. Recoveries of tenant 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) 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, 2023, and 2022, the Airport Authority recovered $52.3 million and $13.0 million, respectively, for approved capital projects; and $19.0 million and $14.4 million, respectively, for the Quieter Home Program.

ARPA: The *American Rescue Plan Act of 2021* (ARPA) was signed into law on March 11, 2021, and includes $8 billion in funds to be awarded as economic assistance to eligible U.S. airports to prevent, prepare for, and respond to the coronavirus disease pandemic. To distribute these funds, the FAA has established the *Airport Rescue Grants* 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 $78.8 million on August 10, 2021. For the fiscal year ended June 30, 2022, the Airport Authority drew and expended $78.8 million.

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, 2023, and 2022, accrued PFC receivables totaled $7.0 million and $4.2 million respectively, and there were $105.6 million and $61.4 million PFC amounts collected but not yet applied for approved capital projects as of June 30, 2023, and 2022, 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 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, 2023, and 2022, accrued CFC receivables totaled $3.2 million and $2.9 million, respectively. CFC amounts collected, including interest, but not yet applied for approved capital projects as of June 30, 2023, and 2022, were $25.1 million, and $25.0 million, 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. Deferred outflows of resources represent a consumption of net assets that applies to future periods and deferred inflows of resources represent an acquisition of net assets that applies to future periods, 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.
- Leases and Partnership Leases – Represents the initial value of lease receivable under GASB 87 and GASB 94 systematically reduced and recognized as lease revenue over the term of the lease.

Capital, lease, and subscription 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 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.

Lease and subscription based technology assets are initially recorded as the sum of 1) the amount of the initial measurement of the lease or subscription liability, 2) lease or subscription payments made at or before the commencement of the term, less any incentives received from the vendor at or before the commencement of the term, 3) initial direct costs that are ancillary charges necessary to place the asset into service. Lease and subscription assets are amortized on a straight-line basis over the shorter of the term or useful life of the underlying asset.

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, 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 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 and lease assets, net of accumulated depreciation and amortization, 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, 2023, and 2022 includes designations of net position that represent tentative management plans that are subject to change, consisting of:

	2023	2022
Operating contingency	**$ 2,000,000**	$ 2,000,000
Insurance contingency	**13,839,942**	13,121,946
Capital projects and other commitments	**163,794**	1,068,502
Total designated net position	**$ 16,003,736**	$ 16,190,448

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.

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:

	2023	2022
Southwest Airlines	**35.3%**	34.1%
Alaska Airlines	**16.4%**	17.5%
United Airlines	**12.3%**	13.1%
Delta Airlines	**12.2%**	12.4%
American Airlines	**10.8%**	12.4%

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 (asset), 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 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 (asset), 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 during the year ended June 30, 2023:

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

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Arrangements*, effective for the Airport Authority's year ending June 30, 2023. Details of the restated balances are provided in Note 13.

GASB Statement No. 96*, Subscription-Based Information Technology Arrangements*, effective for the Airport Authority's year ending June 30, 2023. Details of the restated balances are provided in Note 13.

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. 100, *Accounting Changes and Error Corrections,* effective for the Airport Authority's year ending June 30, 2024.

GASB Statement No. 101, *Compensated Absences*, effective for the Airport Authority's year ending June 30, 2025.

Reclassifications: Certain reclassifications have been made to the 2022 financial statements to conform to the 2023 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:

	2023	2022
Unrestricted and Undesignated:		
Cash and cash equivalents	**$ 26,108,388**	$ 10,560,677
Current investments	**306,492,307**	238,734,707
Noncurrent investments	**184,596,297**	141,423,628
Total unrestricted and undesignated	**517,196,992**	390,719,012
Designated for specific capital projects and other commitments: cash and cash equivalents	**99,002,685**	50,449,426
Restricted:		
Current cash, cash equivalents and investments, with trustees	**303,687,039**	150,348,859
Noncurrent cash, cash equivalents and investments, not with trustees	**202,552,633**	154,568,287
Noncurrent cash, cash equivalents and investments, with trustees	**1,232,265,747**	2,025,521,963
Total restricted cash, cash equivalents and investments	**1,738,505,419**	2,330,439,109
Total cash, cash equivalents and investments	**$ 2,354,705,095**	$ 2,771,607,547

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

	2023	2022
Restricted cash, cash equivalents and investments:		
Bond reserves:		
Operation and maintenance reserve subaccount	$ 46,342,596	$ 45,410,666
Operation and maintenance subaccount	17,932,678	15,136,888
Renewal and replacement account	5,400,000	5,400,000
Total bonds reserves	69,675,274	65,947,554
Passenger facility charges unapplied	105,594,340	61,379,099
Customer facility charges unapplied	25,203,857	25,185,007
Small business development bond guarantee	2,222,300	2,222,300
2013 Series debt service account	167	163
2013 Series debt service reserve fund	63	38,018
2014 Renew and Replace	14,281,747	11,674,803
2014 Rolling coverage fund	7,312,430	7,217,003
2014 Series debt service account	14,280,456	14,065,605
2014 Series debt service reserve fund	22,286,987	22,143,752
2017 Series debt service account	12,458,985	12,125,293
2017 Series debt service reserve fund	14,937,220	14,759,099
2019 Series CAP Interest Fund	6,627	2,164,375
2019 Series Construction Fund	24,876,930	87,809,097
2019 Series Debt Services Account	17,330,104	13,318,441
2019 Series Debt Services Reserve Fund	29,650,952	29,230,025
2020 Series Debt Services	20,904,314	20,206,542
2020 Series Debt Services Reserve Fund	30,538,478	30,032,139
2021 Series CAP Interest Fund	167,474,239	241,585,184
2021 Series Construction Fund	1,025,900,425	1,544,293,820
2021 Series Cost of Issuance	-	21,961
2021 Series Debt Services Reserve Fund	110,509,757	108,528,789
2021 Series Revolving Construction Fund	1,017,524	993,764
2021Series Debt Services Account	22,042,241	15,497,275
Total restricted cash, cash equivalents and investments	$ 1,738,505,419	$ 2,330,439,108

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.

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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
Non-U.S. Securities	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
Collaterallized 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.

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	ratings	None	None
Money market mutual funds	None	ratings	None	None
Municipal bonds	None	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.

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

	2023				
		Investment Maturities (in Years)			
Investment Type	Total	0-1	1-2	2-5	Ratings
Investments subject to credit and interest rate risk:					
U.S. Treasury obligations	$ 305,723,741	39,870,579	61,119,416	204,733,746	AA+
U.S. Agency securities	154,823,563	56,917,351	67,553,552	30,352,660	AA+
U.S. Agency securities	15,421,257	11,719,819	-	3,701,438	A-1+
U.S. Agency securities	7,293,225	-	2,358,375	4,934,850	NR
Non-U.S. Securities	9,902,300	-	9,902,300	-	AAA
Non-U.S. Securities	10,310,335	-	10,310,335	-	A
Medium-term notes	4,812,950	-	-	4,812,950	AAA
Medium-term notes	4,897,650	4,897,650	-	-	AA+
Medium-term notes	19,603,915	9,872,900	-	9,731,015	AA
Medium-term notes	6,968,290	6,968,290	-	-	AA-
Medium-term notes	29,170,415	11,405,815	12,018,100	5,746,500	A+
Medium-term notes	47,398,205	20,054,835	11,425,350	15,918,020	A
Medium-term notes	6,585,190	4,793,650	-	1,791,540	A-
Municipal Bonds	2,458,450	-	-	2,458,450	AA+
Negotiable Certificates of deposit	2,222,300	2,222,300	-	-	Not rated
Money market mutual funds	303,965,395	303,965,395	-	-	AAA
Local Agency Investment Fund	302,888,305	302,888,305	-	-	Not rated
San Diego County Investment Pool	285,514,584	285,514,584	-	-	AAA
San Diego County Inv. Pool-Treasury	767,276,409	767,276,409	-	-	AAA
CalTrust Fund	16,835,121	16,835,121	-	-	AA
CalTrust Fund	16,220,619	16,220,619	-	-	A+
Total investments subject to credit and interest rate risk:	2,320,292,218	1,861,423,622	174,687,428	284,181,168	
Total Investments	$ 2,320,292,218				

		2022			
		Investment Maturities (in Years)			
Investment Type	Total	0-1	1-2	2-5	Ratings
Investments subject to credit and interest rate risk:					
U.S. Treasury obligations	$ 231,211,065	57,730,410	27,133,119	146,347,536	AA+
U.S. Agency securities	97,162,627	27,422,110	51,463,229	18,277,289	AA+
Non-U.S. Securities	5,197,610	-	-	5,197,610	AAA
Non-U.S. Securities	9,139,850	-	-	9,139,850	A
Medium-term notes	11,629,780	3,894,940	4,754,000	2,980,840	AA
Medium-term notes	17,067,595	4,982,730	3,997,440	8,087,425	A+
Medium-term notes	30,961,940	5,498,750	10,962,010	14,501,180	A
Medium-term notes	1,878,420	-	-	1,878,420	A-
Medium-term notes	5,988,440	1,988,440	-	4,000,000	AA+
Medium-term notes	5,682,140	-	-	5,682,140	AA-
Municipal Bonds	4,908,300	-	4,908,300	-	AA+
Negotiable Certificates of deposit	2,222,300	2,222,300	-	-	Not rated
Money market mutual funds	150,481,793	150,481,793	-	-	Not rated
Local Agency Investment Fund	349,923,926	349,923,926	-	-	Not rated
San Diego County Investment Pool	423,896,690	423,896,690	-	-	AAA
San Diego County Inv. Pool-Treasury	1,373,116,904	1,373,116,904			AAA
CalTrust Fund	16,298,735	16,298,735	-	-	AA
CalTrust Fund	16,090,945	16,090,945			A+
Total investments subject to credit and interest rate risk:	2,752,859,060	2,433,548,673	103,218,097	216,092,290	
Total Investments	$ 2,752,859,060				

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, 2023, and 2022.

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

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.

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, 2023 and 2022:

June 30, 2023	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	$ 305,723,741	$ 300,833,941	$ 4,889,800	$ -
U.S. agency securities	177,538,044	94,277,252	83,260,793	-
Non-U.S. Securities	20,212,635	4,934,250	15,278,385	-
Negotiable certificates of deposit	2,222,300	-	2,222,300	-
Municipal Bonds	2,458,450	-	2,458,450	-
Medium-term notes	119,436,615	67,113,975	52,322,640	-
Total investments by fair value level	627,591,785	$ 467,159,417	$ 160,432,368	$ -
Investments measured at amortized cost				
Money market mutual funds	303,965,395			
Investments measured at net asset value				
CalTrust Fund	33,055,740			
Local Agency Investment Fund	302,888,305			
San Diego County Investment Pool	285,514,584			
San Diego County Inv. Pool-Treasury	767,276,409			
Total investments	$ 2,320,292,218			

June 30, 2022	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	$ 231,211,065	$ 231,211,065	$ -	$ -
U.S. agency securities	97,162,627	-	97,162,627	-
Non-U.S. Securities	14,337,460	14,337,460	-	-
Negotiable certificates of deposit	2,222,300	-	2,222,300	-
Municipal Bonds	4,908,300	-	4,908,300	-
Medium-term notes	73,208,315	-	73,208,315	-
Total investments by fair value level	423,050,067	$ 245,548,525	$ 177,501,542	$ -
Investments measured at amortized cost				
Money market mutual funds	150,481,793			
Investments measured at net asset value				
CalTrust Fund	32,389,680			
Local Agency Investment Fund	349,923,926			
San Diego County Investment Pool	423,896,690			
San Diego County Inv. Pool-Treasury	1,373,116,904			
Total investments	$ 2,752,859,060			

NOTE 3. LEASES AND PUBLIC-PRIVATE PARTNERSHIPS

Lease Receivable

The Airport Authority leases a portion of its property to various third parties who use the space to conduct their operations on the Airport grounds, the terms of which expire 2024 through 2046. The measurement of the lease receivable is based on the present value of lease payments expected to be received during the lease term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any lease incentives payable to the lessee. A number of leases have a maximum possible term of 12 months (or less), including options to extend, regardless of their probability of being exercised. Those payments are recognized as inflows of resources based on the payment provisions of the lease contracts and are therefore excluded from the schedule in this section.

Concession lease receivables for space within the terminals are typically based on the minimum annual guarantee plus a minimum 3 percent annual escalation, less rent holidays. As of June 30, 2023, there are 62 terminal food services and retail concession locations open.

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.

Various other leasing arrangements are in place for Airport Authority owned buildings, ground, and support spaces. Payments for these leases are generally based on total square footage being leased and an established rate, with periodic increases based on the Consumer Price Index.

Short-term lease payments are recognized as inflows of resources based on the payment provisions of the lease contract and are therefore not included in the lease receivable balances below.

The Airport Authority is party to a lease-leaseback transaction with the Port of San Diego. The lessor and lessee transactions have been netted in accordance with GASB 87, therefore the resulting balance is not included in the lease receivable figure below.

The Airport Authority reports leases receivable with a carrying amount of $168.0 million and $193.3 million as of June 30, 2023, and 2022, respectively, and a deferred inflow of resources in the amount of $147.9 million and $168.1 million as of June 30, 2023, and 2022, respectively, related to these agreements. The deferred inflow of resources will be recognized as revenue over the terms of the agreements.

Revenue recognized under lease contracts during the years ended June 30, 2023, and 2022, was $25.7 million and $23.7 million, respectively, which includes both lease revenue and interest. The Airport recognized lease revenue of $13.4 million and $7.8 million, for the years ended June 30, 2023, and 2022, respectively, for variable payments not previously included in the measurement of the lease receivable.

The following is a schedule by year of minimum payments to be received under the Airport Authority's leases that are included in the measurement of the lease receivable as of June 30, 2023:

Years Ending June 30,	Principal	Interest	Total
2024	$ 21,579,230	$ 4,940,854	$ 26,520,084
2025	12,684,623	4,406,985	17,091,608
2026	11,804,674	4,167,455	15,972,129
2027	10,934,570	3,931,931	14,866,501
2028	8,373,048	3,747,767	12,120,815
2029 - 2033	29,180,673	16,255,267	45,435,940
2034 - 2038	24,521,597	11,757,652	36,279,249
2039 - 2043	28,828,387	6,742,530	35,570,917
2044 - 2046	20,132,977	1,209,573	21,342,550
Total	$ 168,039,779	$ 57,160,014	$ 225,199,793

Regulated Leases

The Airport Authority leases a portion of its property to air carriers and other aeronautical users, whose leases meet the definition of a regulated lease as defined in GASB 87, and therefore are only subject to the disclosure requirements. The terms of the regulated leases expire 2024 through 2033.

Certain capital assets, such as loading bridges, airfield, and building space are leased to airlines as part of the Airport Authority's Airline Operating Lease Agreement (AOLA). On July 1, 2019, the Airport Authority entered into the current ten-year AOLA with passenger airlines and cargo carriers operating at SDIA. The AOLAs cover the use of and rate-setting mechanisms for the airfield and terminal facilities at SDIA. 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. Signatory carriers are required to pay a minimum amount each year ($500,000 for passenger carriers, and $250,000 for cargo carriers). 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 Terminal 1, formerly referred to as the Airport Development Program. The Airport Authority does provide for preferential or exclusive use of certain assets to air carriers. As of June 30, 2023, 45 of the 59 terminal and cargo aircraft parking positions were subject to preferential use and 99,070 square feet of the 443,194 square feet of airline designated space was subject to exclusive use. As of June 30, 2022, 45 of the 60 terminal and cargo aircraft parking positions were subject to preferential use and 97,350 square feet of the 437,071 square feet of airline designated space was subject to exclusive use.

The Airline Support Building (ASB) is an Airport Authority facility leased by carriers to process belly cargo. A portion of the lease payments increase annually based on CPI. Substantially all buildings and improvements in these leases are for the exclusive use of the four airline tenants.

The Airport Authority recognized fixed revenue under regulated lease contracts of $10.6 million and $18.5 million for the fiscal years ended June 30, 2023, and 2022, respectively. Variable lease revenue not previously included in the future minimum payments under its regulated leases were $182.5 million and $141.0 million, for the years ended June 30, 2023, and 2022, respectively.

The following is a schedule by year of expected future minimum payments to be received under the Airports regulated leases as of June 30, 2023:

Years Ending June 30,	Total Future
2024	$ 8,738,494
2025	8,999,654
2026	9,270,656
2027	9,551,937
2028	9,843,950
2029 - 2033	15,665,422
Total	$ 62,070,113

Public-Private and Public-Public Partnerships

The Airport Authority has entered into various public-private partnership arrangements that meet the definition of a service concession arrangement in which the operators will operate and maintain the Airport Authority's assets for terms of which expire 2049 through 2050. At the end of the arrangements, operations will be transferred to the Airport Authority. The measurement of the related public-private partnership (PPP) receivable is based on the present value of future payments expected to be received during the PPP term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any PPP incentives payable to the operator. Incremental borrowing rates of 1.1 percent to 3.8 percent were used to measure PPP receivables.

Signature Flight Support is the exclusive lessee of the Fixed Base Operator (FBO) leasehold at SDIA, with their lease expiring April 30, 2049. Ground rent at the FBO increases annually based on the Consumer Price Index (CPI) but cannot drop below the base rent escalation. Substantially all buildings and improvements in this lease are for exclusive use of this tenant and transfer to the Airport Authority at the end of the agreement.

SAN Fuel Company, LLC has a 30-year lease agreement to operate and maintain the fuel facilities at SDIA, which expires May 31, 2050. In addition, the agreement provides for the construction of fuel storage tanks, airlines fueling operations facility (AFO) and a hydrant fuel system for Terminals 1 and 2. Construction of the fuel storage tanks and AFO were completed in fiscal year 2023. The hydrant fuel system will be completed and placed into service upon the completion of the New Terminal 1. All assets constructed are owned by the Airport Authority. Payments for the ground portion of this lease increase every five years, starting in 2025, based on CPI. Substantially all buildings and improvements in this lease are for the exclusive use of this tenant.

The Airport Authority reports partnership leases receivable with a carrying amount of $138.5 million and $138.2 million as of June 30, 2023, and 2022, respectively, and a deferred inflow of resources in the amount of $225.8 million and $195.5 million as of June 30, 2023, and 2022, respectively, related to these agreements. The deferred inflow of resources will be recognized as revenue over the terms of the agreements. Revenue recognized under the PPP arrangements during fiscal years ended June 30, 2023, and 2022, was $10.1 million and $9.0 million, respectively, which includes both PPP revenue and interest. There are no variable payments not previously included in the measurement of the PPP receivable.

The following is a schedule by year of minimum payments to be received under the Airport Authority's Public-Private Partnerships that are included in the measurement of the lease receivable as of June 30, 2023:

Years Ending June 30,	Principal	Interest	Total
2024	$ 3,281,883	$ 4,877,678	$ 8,159,561
2025	3,400,613	4,758,949	8,159,562
2026	3,523,638	4,635,924	8,159,562
2027	3,651,113	4,508,449	8,159,562
2028	3,783,200	4,376,362	8,159,562
2029 - 2033	21,070,741	19,727,069	40,797,810
2034 - 2038	25,168,076	15,629,734	40,797,810
2039 - 2043	30,062,163	10,735,647	40,797,810
2044 - 2048	35,907,935	4,889,875	40,797,810
2049 - 2050	8,693,602	212,949	8,906,551
Total	$ 138,542,964	$ 74,352,636	$ 212,895,600

NOTE 4. 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 $50.0 million 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 carried a rate of 5.5 percent per annum through October 31, 2021. An amendment to that agreement reduced the rate to 3.6 percent per annum, effective November 1, 2021, reducing the monthly payment. At June 30, 2023, and 2022, the balance of the note receivable was $22.3 million and $24.8 million, respectively.

As part of the contracts to lease space in the Airline Support Building (ASB), tenants were given the option to issue a note receivable to the Airport Authority in order to fund tenant improvements to their space. Four airlines and one non-airline tenant exercised this option and issued notes for a combined total of $13.4 million commencing July 1, 2021, for a period of 5 years carrying the estimated thirty-year revenue bond index rate of 2.5 percent per annum through June 30, 2026. At June 30, 2023, the balance of the notes receivable was $7.1 million.

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

Years Ending June 30,	ASB	District	Total
2024	$ 2,292,350	$ 2,634,469	$ 4,926,819
2025	2,360,158	2,731,707	5,091,866
2026	2,429,662	2,832,535	5,262,197
2027	-	2,937,084	2,937,084
2028	-	3,045,492	3,045,492
2029 - 2031	-	8,114,638	8,114,638
Total	$ 7,082,170	$ 22,295,923	$ 29,378,094

NOTE 5. CAPITAL ASSETS AND LEASES

Depreciation expense for the years ended June 30, 2023 and June 30, 2022 amounted to $131.6 million and $142.0 million, respectively. While the additions to accumulated depreciation balance as of June 30, 2023 and June 30, 2022, was $133.2 million and $143.6 million, respectively. The variance is due to GASB 87 adjustments to accumulated depreciation for CIP projects.

	Balance at July 1, 2022	Increases	Decreases	**Balance at June 30, 2023**
Nondepreciable assets and leases:				
Land	$ 22,167,594	$ -	$ -	**$ 22,167,594**
Land - right-to-use lease asset	224,989,986	-	-	**224,989,986**
Construction in progress	578,124,720	621,296,376	(54,063,403)	**1,145,357,693**
Intangible asset	440,000	-	-	**440,000**
Total nondepreciable assets and leases	825,722,301	621,296,376	(54,063,403)	**1,392,955,274**
Depreciable assets and leases:				
Land improvements	160,111,604	-	-	**160,111,604**
Land improvements - right-to-use lease assets	13,313,911	-	-	**13,313,911**
Buildings and structures	1,823,029,725	63,901,385	(3,213,969)	**1,883,717,140**
Machinery and equipment	124,708,399	14,506,699	(12,858)	**139,202,241**
Right-to-use subscription assets	464,378	-	-	**464,378**
Runways, roads and parking lots	637,019,738	-	(6,441,991)	**630,577,748**
Total capital and lease assets being depreciated/amortized	2,758,647,755	78,408,084	(9,668,818)	**2,827,387,021**
Less accumulated depreciation and amortization for:				
Land improvements	(50,707,793)	(6,829,814)	-	**(57,537,607)**
Building and structures	(832,118,062)	(82,396,336)	3,236,241	**(911,278,157)**
Right-to-use lease assets	(11,275,961)	(6,483,298)	-	**(17,759,259)**
Right-to-use subscription assets	(92,876)	(92,876)	-	**(185,751)**
Machinery and equipment	(87,898,380)	(10,678,418)	12,858	**(98,563,939)**
Runways, roads and parking lots	(318,166,349)	(26,681,289)	5,685,100	**(339,162,538)**
Total accumulated depreciation and amortization	(1,300,259,420)	(133,162,031)	8,934,199	**(1,424,487,252)**
Total capital and lease assets being depreciated/amortized, net	1,458,388,335	(54,753,948)	(734,618)	**1,402,899,769**
Capital and lease assets, net	$ 2,284,110,636	$ 566,542,428	$ (54,798,021)	**$ 2,795,855,043**

San Diego County Regional Airport Authority

	Balance at July 1, 2021	Increases	Decreases	Balance at June 30, 2022
Nondepreciable assets and leases:				
Land	$ 22,167,594	$ -	$ -	$ 22,167,594
Land - right-to-use lease asset	224,989,986	-	-	224,989,986
Construction in progress	248,538,868	377,043,444	(47,457,592)	578,124,720
Intangible asset	440,000	-	-	440,000
Total nondepreciable assets and leases	496,136,449	377,043,444	(47,457,592)	825,722,301
Depreciable assets and leases:				
Land improvements	163,770,750	-	(3,659,146)	160,111,604
Land improvements - right-to-use lease assets	13,313,911	-	-	13,313,911
Buildings and structures	1,885,767,510	19,693,720	(82,431,505)	1,823,029,725
Machinery and equipment	122,982,559	6,130,853	(4,405,013)	124,708,399
Right-to-use subscription assets	-	464,378	-	464,378
Runways, roads and parking lots	719,974,821	18,769,256	(101,724,339)	637,019,738
Total capital and lease assets being depreciated/amortized	2,905,809,551	45,058,207	(192,220,003)	2,758,647,755
Less accumulated depreciation and amortization for:				
Land improvements	(45,475,582)	(10,384,845)	5,152,634	(50,707,793)
Building and structures	(824,007,617)	(83,738,691)	75,628,246	(832,118,062)
Right-to-use lease assets	(4,792,663)	(6,483,298)	-	(11,275,961)
Right-to-use subscription assets	-	(92,876)	-	(92,876)
Machinery and equipment	(80,936,062)	(11,309,899)	4,347,581	(87,898,380)
Runways, roads and parking lots	(383,511,041)	(31,577,753)	96,922,445	(318,166,349)
Total accumulated depreciation and amortization	(1,338,722,965)	(143,587,361)	182,050,906	(1,300,259,420)
Total capital and lease assets being depreciated/amortized, net	1,567,086,586	(98,529,154)	(10,169,097)	1,458,388,335
Capital and lease assets, net	$ 2,063,223,035	$ 278,514,290	$ (57,626,689)	$ 2,284,110,636

Note: Fiscal year 2022 amounts have been restated for GASB 94 & GASB 96

NOTE 6. LONG-TERM LIABILITIES

The following is a summary of changes in the long-term liability activity for the years ended June 30, 2023, and 2022:

	Principal Balance at June 30, 2022	Additions /New Issuances	Reductions/ Repayments	**Principal Balance at June 30, 2023**	Due Within One Year
Variable Rate Debt					
Revolving LOC	$ 80,100,000	$ -	$ -	**$ 80,100,000**	$ -
Total variable rate debt	80,100,000	-	-	**80,100,000**	-
Bonds payable:					
Series 2014 Bonds	282,005,000	-	(6,320,000)	**275,685,000**	6,670,000
Series 2017 Bonds	271,915,000	-	(5,320,000)	**266,595,000**	5,585,000
Series 2019 Bonds	459,025,000	-	(4,440,000)	**454,585,000**	6,095,000
Series 2020 Bonds	226,995,000	-	(14,520,000)	**212,475,000**	15,240,000
Series 2021 Bonds	1,941,745,000	-	(9,760,000)	**1,931,985,000**	16,465,000
Bond premiums	486,158,691	-	(26,690,100)	**459,468,592**	-
Total bonds payable	3,667,843,691	-	(67,050,100)	**3,600,793,592**	50,055,000
Lease Liabilities	232,419,082	-	(3,471,838)	**228,947,243**	3,561,593
Subscription Liabilities	347,785	-	(114,486)	**233,299**	115,922
Note Payable - CRDC	5,878,682	-	(354,139)	**5,524,543**	387,928
Total debt obligations	3,753,822,373	-	(67,404,238)	**3,686,418,135**	50,442,928
Compensated absences	5,054,078	3,791,186	(3,750,893)	**5,094,372**	3,750,891
Total long-term liabilities	$ 3,758,876,452	$ 3,791,186	$ (71,155,131)	**$ 3,691,512,507**	$ 54,193,819

Note: Fiscal year 2022 amounts have been restated for GASB 94 & GASB 96.

	Principal Balance at June 30, 2021	Additions /New Issuances	Reductions/ Repayments	Principal Balance at June 30, 2022	Due Within One Year
Variable Rate Debt					
Revolving LOC	$ -	$ 80,100,000	$ -	$ 80,100,000	$ -
Total variable rate debt	-	80,100,000	-	80,100,000	-
Bonds payable:					
Series 2013 Bonds	360,825,000	-	(360,825,000)	-	-
Series 2014 Bonds	288,095,000	-	(6,090,000)	282,005,000	6,120,000
Series 2017 Bonds	276,985,000	-	(5,070,000)	271,915,000	5,320,000
Series 2019 Bonds	462,445,000	-	(3,420,000)	459,025,000	4,440,000
Series 2020 Bonds	240,820,000	-	(13,825,000)	226,995,000	14,520,000
Series 2021 Bonds	-	1,941,745,000	-	1,941,745,000	9,760,000
Bond premiums	206,427,883	332,380,831	(52,650,023)	486,158,691	-
Total bonds payable	1,835,597,883	2,274,125,831	(441,880,023)	3,667,843,691	40,160,000
Lease Liabilities	235,804,038	-	(3,384,956)	232,419,082	3,471,838
Subscription Liabilities	464,378	-	(116,594)	347,785	114,486
Note Payable - CRDC	6,201,975	-	(323,293)	5,878,682	323,293
Total debt obligations	1,841,799,858	2,354,225,831	(442,203,316)	3,753,822,373	40,483,293
Compensated absences	4,761,943	292,136	-	5,054,078	3,264,966
Total long-term liabilities	$ 1,846,561,801	$ 2,354,517,967	$ (442,203,316)	$ 3,758,876,452	$ 43,748,259

Note: Fiscal year 2022 amounts have been restated for GASB 94 & GASB 96.

Subordinate Lien Series 2017, 2019, 2020 and 2021 Bonds: The Airport Authority issued $291.2 million of Series A and B Subordinate Airport Revenue Bonds (Series 2017 Bonds) on August 3, 2017. 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 Series 2017 Bonds, refund $32.6 million of the Airport Authority's outstanding variable rate debt, fund the subordinate reserve fund and pay the costs of issuance of the Series 2017 Bonds. The Series 2017 Bonds are structured as serial and term bonds that bear interest at rates ranging from 4.0 percent to 5.0 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 Series 2017 Bonds is payable semiannually on January 1 and July 1 of each year.

Interest for the fiscal years ended June 30, 2023, and 2022 amounted to $13.3 million and $13.6 million, respectively, including accrued interest of $6.7 million and $6.8 million, respectively. The principal balance on the Series 2017 Bonds as of June 30, 2023, and 2022 was $266.6 million and $271.9 million, 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
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	6,465,000	12,287,875	18,752,875
2028	6,790,000	11,956,500	18,746,500
2029-2033	39,395,000	54,201,375	93,596,375
2034-2038	50,275,000	43,045,875	93,320,875
2039-2043	64,170,000	28,808,750	92,978,750
2044-2048	81,895,000	10,635,875	92,530,875
	$ 266,595,000	$ 199,633,625	$ 466,228,625

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 on December 11, 2019 (Series 2019 Bonds). The 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 Series 2019 Bonds, refund $34.3 million 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 Series 2019 Bonds. The Series 2019 Bonds are structured as serial and term bonds that bear interest at rates ranging from 4.0 percent to 5.0 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 years ended June 30, 2023, and 2022 amounted to $21.9 million and $22.1 million, respectively, including accrued interest of $10.9 million and $11.1 million, respectively. The principal balance on the Series 2019 Bonds as of June 30, 2023, and 2022 was $454.6 million and $459.0 million, 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
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	5,895,000	20,993,600	26,888,600
2028	6,195,000	20,698,850	26,893,850
2029-2033	57,305,000	98,037,500	155,342,500
2034-2038	133,300,000	75,738,250	209,038,250
2039-2043	127,040,000	41,112,100	168,152,100
2044-2048	72,495,000	19,594,450	92,089,450
2049-2050	34,245,000	2,589,250	36,834,250
	$ 454,585,000	$ 343,531,800	$ 798,116,800

The Airport Authority issued $241.6 million 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 Series 2020 Bonds Proceeds on April 8, 2020. Proceeds from the sale of the Series 2020 Bonds were used to fund the Series 2010 A and B bonds escrow accounts and pay the costs of issuance of the Series 2020 Bonds. The Series 2020 Bonds are structured as serial bonds that bear interest rates of 5.0 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, 2023, and 2022 amounted to $10.6 million and $11.5 million, respectively, including accrued interest of $5.4 million and $5.8 million, respectively. The principal balance on the Series 2020 Bonds as of June 30, 2023, and 2022 was $212.5 million and $227.0 million, 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
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	11,830,000	8,497,750	20,327,750
2028	12,425,000	7,906,250	20,331,250
2029-2033	66,075,000	29,681,750	95,756,750
2034-2038	50,180,000	14,321,500	64,501,500
2039-2041	29,445,000	2,993,000	32,438,000
	$ 212,475,000	$ 92,947,250	$ 305,422,250

The Airport Authority issued $1,941.7 million of Series A, B and C Subordinate Airport Revenue and Revenue Refunding Bonds (Series 2021 Bonds). The Series 2021 Bonds were issued to finance certain capital improvements at SDIA including construction of the New Terminal 1, fund a portion of the interest accruing on the Series 2021 Bonds, fund the Series 2013 Escrow account, fund the subordinate reserve fund, and pay the costs of issuance of the Series 2021 Bonds. The Series 2021A and B Bonds are structured as serial bonds that bear interest rates ranging from 4.0 percent to 5.0 percent and mature in fiscal years 2027 to 2057. The Series A and B bonds were issued at a premium of $332.4 million, which is being amortized over the life of the bonds. The Series 2021 C Bonds are federally Taxable Bonds and are structured as serial and term bonds that bear interest at rates ranging from 0.5 percent to 3.1 percent and mature in fiscal years 2023 to 2037. Interest on the Series 2021ABC Bonds is payable semiannually on January 1 and July 1 of each year.

Interest for the fiscal years ended June 30, 2023, and 2022 amounted to $82 million and $46.3 million, respectively, including accrued interest of $41 million and $46.3 million, respectively. The principal balance on the Series 2021 Bonds as of June 30, 2023, and 2022 was $1,932 million and $1,941.7 million, respectively.

The required debt service payments for the Series 2021 Bonds for the fiscal years ending June 30 are as follows:

Years Ending June 30,	Principal	Interest	Total
2024	$ 16,465,000	$ 81,898,541	$ 98,363,541
2025	16,570,000	81,719,420	98,289,420
2026	16,745,000	81,494,869	98,239,869
2027	10,310,000	80,979,369	91,289,369
2028	10,830,000	80,437,869	91,267,869
2029-2033	88,730,000	391,776,087	480,506,087
2034-2038	171,630,000	362,172,900	533,802,900
2039-2043	292,920,000	318,558,629	611,478,629
2044-2048	342,900,000	414,467,207	757,367,207
2049-2053	435,175,000	166,888,750	602,063,750
2053-2057	529,710,000	62,706,500	592,416,500
	$ 1,931,985,000	$ 2,123,100,141	$ 4,055,085,141

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, 2020 and 2021 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. On June 30, 2023, and 2022, the amount held by the trustee was $1,477.6 million and $2,120.6 million, 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 Bonds as of June 30, 2023, 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 $305.3 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 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 5.0 percent. The Series 2014 B Bonds were structured as federally taxable bonds that bear interest at rates ranging from 2.5 percent to 5.6 percent. The bonds were issued at a premium of $0.6 million, 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 the fiscal years ended June 30, 2023, and 2022 amounted to $15.2 million and $15.6 million, respectively, including accrued interest of $7.6 million and $7.8 million, respectively. The principal balance on the Series 2014 Bonds as of June 30, 2023, and 2022 was $275.7 million and $282 million, 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, 2023, and 2022, the amount held by the trustee was $58.2 million and $55.1 million, respectively, which included the July 1 payment, the debt service reserve fund, the renewal and replace fund, and the rolling coverage fund.

The public ratings of the Senior Series Special Facility 2014 Bonds as of June 30, 2023, 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
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	7,855,000	13,844,127	21,699,127
2028	8,295,000	13,392,412	21,687,412
2029-2033	48,980,000	59,250,031	108,230,031
2034-2038	64,295,000	43,501,662	107,796,662
2039-2043	84,410,000	22,828,056	107,238,056
2044-2045	40,695,000	2,094,701	42,789,701
	$ 275,685,000	$ 198,920,674	$ 474,605,674

Interest expense on the Series 2013, 2014 2017, 2019, 2020 and 2021 Bonds for fiscal years ended June 30, 2023, and June 30, 2022, of $143.1 million and $116.3 million, respectively, was offset by bond premium amortization of $26.7 million in fiscal year 2023 and $21.6 million in fiscal year 2022.

Subordinate Short-Term Debt Program: On July 19, 2021, The Airport Authority and Bank of America entered into a Revolving Credit Agreement. The Airport Authority is authorized to issue up to $200.0 million in Subordinate Revolving Obligations. The revolving credit agreement is for a term of three years. At the end of fiscal years 2023 and 2022, the Airport Authority had $80.1 million in aggregate principal of Subordinate Revolving Obligations outstanding. These obligations were used to finance the New Terminal 1. Obligations incurred under the Revolving Credit Agreement are payable solely from and secured by a pledge of "Subordinate Net Revenues." Subordinate Net

Revenues are generally defined as all revenues and other cash receipts of the Airport Authority's Airport operations remaining after Senior Lien payments have been deposited by the Trustee in accordance with the Senior Lien Trust Indenture.

Line of credit: In fiscal year 2022, the Airport Authority maintained a $2.0 million 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, 2023, and June 30, 2022, 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, 2023, and 2022:

	June 30, 2023		June 30, 2022	
	Used	Unused	Used	Unused
Revolving line of credit	$80,100,000	$119,900,000	$80,100,000	$119,900,000
Drawdown bonds	-	-	-	-
Line of credit	$ -	2,000,000	$ -	2,000,000
	$ 80,100,000	$ 121,900,000	$ 80,100,000	$ 121,900,000

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 3.0 to 7.0 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 $2.2 million Treasury bond. Excluding general airport revenue bonds, special facility bonds, and 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 PFCs, CFCs or Federal Grants). The special facility bonds are secured by a pledge of the Trust Estate.

NOTE PAYABLE

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 note payable and requires monthly lease payments of $73.1 thousand. 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 on June 30, 2023:

Years Ending June 30,	Amount
2024	$ 877,298
2025	877,298
2026	877,298
2027	877,298
2028-2032	4,386,489
2032	365,541
Total Lease Payments	8,261,221
Less amount representing interest	(2,736,678)
Present value of future lease payments	$ 5,524,543

LEASE LIABILITIES

The Airport Authority leases properties from the District and smaller third parties and uses that space to conduct its operations, the terms of which expire 2024 through 2072. The measurement of the lease payable is based on the present value of lease payments expected to be paid during the lease term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any lease incentives payable to the lessee.

Incremental borrowing rates of 1.1 percent to 3.8 percent were used to measure lease payables. Lease liabilities recorded under lease contracts as of June 30, 2023, and 2022, were $228.9 million and $232.4 million, respectively.

The future principal and interest payments for lease liabilities as of June 30, 2023, are as follows:

Years Ending June 30,	Principal	Interest	Total
2024	3,561,593	8,542,384	12,103,977
2025	3,654,325	8,449,652	12,103,977
2026	2,843,071	8,357,785	11,200,856
2027	2,659,160	8,270,002	10,929,162
2028	2,715,440	8,179,841	10,895,281
2029-2033	13,208,299	39,479,649	52,687,948
2034-2038	16,110,142	36,758,272	52,868,413
2039-2043	18,629,066	33,475,110	52,104,176
2044-2048	21,133,978	29,749,322	50,883,300
2049-2053	25,581,713	25,301,587	50,883,300
2054-2058	30,965,493	19,917,807	50,883,300
2059-2063	37,482,312	13,400,988	50,883,300
2064-2068	45,370,623	5,512,677	50,883,300
2069-2072	5,032,028	56,302	5,088,330
	$228,947,244	$245,451,378	$474,398,622

Subscription-Based Information Technology Arrangements

The Airport Authority entered Subscription-Based Information Technology Arrangement (SBITA) that allows the Airport Authority the right to use and control a vendor's software, alone or in combination with other assets, the terms of which expire 2024 through 2025. The measurement of the subscription liabilities is based on the present value of lease payments expected to be paid during the subscription term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, and residual value guarantee payments that are fixed in substance.

Incremental borrowing rates of 1.1 percent to 3.8 percent were used to measure subscription payables. Subscription liabilities recorded under subscription contracts as of June 30, 2023, and 2022, were $0.1 million and $0.1 million, respectively.

The future principal and interest payments for lease liabilities as of June 30, 2023, are as follows:

Years Ending June 30,	Principal	Interest	Total
2024	115,922	1,489	117,411
2025	117,377	335	117,711
	$233,299	$1,824	$235,123

NOTE 7. DEFINED BENEFIT PLANS

Introduction: The Airport Authority has two defined benefit pension plans which cumulatively represent the net pension liability or asset, 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 and for the years ended June 30, 2023, and 2022:

	Defined Benefit Plan GASB 68)	Preservation of Benefits Trust Plan GASB 73	Total
Balances as of and for the year ended 6/30/2023			
Pension expense	$ 5,000,713	$ 56,102	$ 5,056,815
Net pension liability (asset)	5,583,686	1,614,123	7,197,809
Deferred outflows of resources	11,810,016	352,421	12,162,437
Deferred inflows of resources	3,967,393	782,576	4,749,969
Balances as of and for the year ended 6/30/2022			
Pension expense	$ 4,323,882	$ 329,788	$ 4,653,670
Net pension liability	(8,995,046)	2,373,440	(6,621,606)
Deferred outflows of resources	17,497,620	639,654	18,137,274
Deferred inflows of resources	26,976,052	282,242	27,258,294

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.

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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 twenty-six 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 thirty-six 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.

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, 2022, and June 30, 2021, Plan membership was as follows:

	2022	2021
Active employees	378	385
Inactive employees entitled to but not yet receiving benefits	182	163
Inactive employees or beneficiaries currently receiving benefits	162	145
Total	722	693

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 the Airport Authority apply to the fiscal year beginning 12 months after the valuation date. For June 30, 2023, the actuarially determined contribution rates for plan sponsors and members were developed in the June 30, 2022, 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, 2023, and 2022, employees contributed $3.3 million and $3.0 million, respectively, and the Airport Authority contributed $7.7 million and $9.1 million, 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 offset is equal to 7.0 percent or 8.5 percent of the general classic members' base compensation and 9.6 percent of the executive classic members' base compensation. These contributions are included in the employee contribution. There is no offset for PEPRA participants.

Net Pension Liability (Asset): The Airport Authority's net pension liability (asset) as of June 30, 2023, is measured as the total pension liability, less the pension plan's fiduciary net position. The total pension liability as of June 30, 2023, is measured as of June 30, 2022. The annual valuation used is as of June 30, 2021, rolled forward to June 30, 2022, using standard update procedures. A summary of the principal assumptions and methods used to determine the net pension liability (asset) follows.

Actuarial Assumptions: The total pension liability in the June 30, 2022, and June 30, 2021, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	June 30, 2022	June 30, 2021
Valuation date	June 30, 2021	June 30, 2020
Measurement date	June 30, 2022	June 30, 2021
Actarial 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%	2.0% - 16.0%
Disability rate [(4)]	0.01% - 0.20%	0.01% - 0.20%
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, 2022, and June 30, 2021, actuarial valuations, the discount rates used to measure the total pension liability was 6.5 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).

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	19.0%	4.9%	7.5%
International equity	12.0%	5.5%	8.0%
Global equity	8.0%	5.3%	7.8%
Domestic fixed income	22.0%	1.0%	3.5%
Return-Seeking Fixed Income	5.0%	4.4%	6.9%
Real estate	11.0%	3.2%	5.7%
Private equity and infrastructure	13.0%	7.5%	10.1%
Opportunity fund	10.0%	4.6%	7.1%
	100.0%		

Changes in the Net Pension Liability (Asset): Changes in the total pension liability (asset), plan fiduciary net position and the net pension liability through the year ended June 30, 2023, were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances as of June 30, 2022	$ 254,465,897	$ 263,460,943	$ (8,995,046)
Changes for the year:			
Service cost	6,980,223	-	6,980,223
Interest on total pension liability	16,489,161	-	16,489,161
Difference between expected and actual experience	(1,288,936)	-	(1,288,936)
Changes in assumptions	-	-	-
Employer contributions	-	9,181,680	(9,181,680)
Member contributions	-	3,070,398	(3,070,398)
Net investment income	-	(4,188,463)	4,188,463
Benefit payments	(8,578,375)	(8,578,375)	-
Administrative expense	-	(461,899)	461,899
Net changes	13,602,073	(976,659)	14,578,732
Balances as of June 30, 2023	$ 268,067,970	$ 262,484,284	$ 5,583,686

Changes in the total pension liability, plan fiduciary net position and the net pension liability through the year ended June 30, 2022, were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances as of June 30, 2021	$ 241,862,071	$ 207,843,276	$ 34,018,795
Changes for the year:			
Service cost	7,970,646	-	7,970,646
Interest on total pension liability	15,693,834	-	15,693,834
Difference between expected and actual experience	(2,239,695)	-	(2,239,695)
Changes in assumptions	-	-	-
Employer contributions	-	8,596,163	(8,596,163)
Member contributions	-	3,125,138	(3,125,138)
Net investment income	-	53,140,343	(53,140,343)
Benefit payments	(8,820,959)	(8,820,959)	-
Administrative expense	-	(423,018)	423,018
Net changes	12,603,826	55,617,667	(43,013,841)
Balances as of June 30, 2022	$ 254,465,897	$ 263,460,943	$ (8,995,046)

Sensitivity of the Net Pension Liability (Asset) to Discount Rate Changes: The following presents the resulting net pension liability (asset) calculated using the discount rate of 6.5 percent, as well as what the net pension liability (asset) 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, 2023:

	1% Decrease 5.50%	Current 6.50%	1% Increase 7.50%
Total pension liability	$ 304,843,649	$ 268,067,970	$ 237,930,789
Plan fiduciary net position	262,484,284	262,484,284	262,484,284
Net pension liability (asset)	$ 42,359,365	$ 5,583,686	$ (24,553,495)
Plan fiduciary net position as a percentage of the total pension liability	86.1%	97.9%	110.3%

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Plan: For the years ended June 30, 2023, and June 30, 2022, the Airport Authority recognized pension expense, as measured in accordance with GASB 68, of $5.0 million and $4.3 million, respectively. At June 30, 2023 and June 30, 2022, the Airport Authority reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

For June 30, 2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 370,346	$ 2,877,993
Net difference between projected and actual earnings	-	1,089,400
Changes in assumptions	3,776,149	-
Employer contributions made subsequent to June 30, 2022 measurement date	7,663,521	-
Total	$ 11,810,016	$ 3,967,393

For June 30, 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,218,022	$ 2,926,703
Net difference between projected and actual earnings	-	24,049,349
Changes in assumptions	7,177,433	-
Employer contributions made subsequent to June 30, 2021 measurement date	9,102,165	-
Total	$ 17,497,620	$ 26,976,052

The deferred outflows of resources, at June 30, 2023, and June 30, 2022, 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 in fiscal year 2024, and an increase to the net pension asset in fiscal year 2023.

Other amounts reported as deferred outflows/inflows of resources related to the plan at June 30, 2023, will be recognized in pension expense as follows:

Years ended June 30,		
2024	$	382,007
2025		(179,075)
2026		(4,339,581)
2027		4,315,751
	$	179,102

NOTE 8. PRESERVATION OF BENEFITS TRUST PLAN

Preservation of Benefits Trust Plan (POB)description: The Airport Authority's single-employer defined benefit pension plan 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 7.

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: 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, 2023, and June 30, 2022, were $20.6 thousand and $52.4 thousand, respectively. The POB is unfunded and provides benefits on an annual basis as determined by SDCERS.

As of the measurement dates of June 30, 2022, and 2021, Plan membership was as follows:

	2022	2021
Active employees	2	2
Inactive employees or beneficiaries currently receiving benefits	1	1
Total	3	3

Total Pension Liability: The Airport Authority's total pension liability as of June 30, 2023, and June 30, 2022, was $1.6 million and $2.4 million, respectively. The pension liability as of June 30, 2023, is measured as of June 30, 2022, using an annual actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022, 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, 2022, and June 30, 2021, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	June 30, 2022	June 30, 2021
Valuation date	June 30, 2021	June 30, 2020
Measurement date	June 30, 2022	June 30, 2021
Actuarial cost method	Entry-age normal	Entry-age normal
Actuarial assumptions:		
Discount rate	3.54%	2.16%
Inflation rate	3.05%	3.05%
Interest credited to member contributions	6.50%	6.50%
Projected salary increases	3.05%	3.05%

Changes in the Total Pension Liability: Changes in the total pension liability through the year ended June 30, 2023, was as follows:

	Total Pension
Balances as of June 30, 2022	$ 2,373,440
Changes for the year:	
Service cost	68,342
Interest on total pension liability	51,359
Difference between expected and actual exper	(381,597)
Changes in assumptions	(437,754)
Benefit payments	(59,667)
Net changes	(759,317)
Balances as of June 30, 2023	$ 1,614,123

Changes in the total pension liability through the year ended June 30, 2022, was as follows:

	Total Pension
Balances as of June 30, 2021	$ 2,445,415
Changes for the year:	
Service cost	88,557
Interest on total pension liability	54,559
Difference between expected and actual exper	(195,545)
Changes in assumptions	22,116
Benefit payments	(41,662)
Net changes	(71,975)
Balances as of June 30, 2022	$ 2,373,440

Sensitivity of the Total Pension Liability to Discount Rate Changes: The following presents the resulting total pension liability calculated using the discount rate of 3.54 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, 2023:

	1% Decrease 2.54%	Current Rate 3.54%	1% Increase 4.54%
Total pension liability	$ 1,916,452	$ 1,614,123	$ 1,374,691

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the POB: For the year ended June 30, 2023, and 2022, the Airport Authority recognized pension expense, as measured in accordance with GASB 73, of $56.1 thousand and $329.8 thousand. At June 30, 2023 and June 30, 2022, the Airport Authority reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

For June 30, 2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 32,168	$ 439,310
Changes in assumptions	299,670	343,266
Employer contributions subsequent to June 30, 2022 measurement date	20,583	-
Total	$ 352,421	$ 782,576

For June 30, 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 129,056	$ 216,544
Changes in assumptions	458,200	65,698
Employer contributions subsequent to June 30, 2021 measurement date	52,398	-
Total	$ 639,654	$ 282,242

The deferred outflows of resources, at June 30, 2023, and June 30, 2022, 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 in fiscal years 2024 and 2023, respectively.

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

Years ended June 30,	
2024	$ (92,524)
2025	(118,693)
2026	(239,522)
	$ (450,739)

NOTE 9. 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 10. 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 over two million California public employees, retirees, and their families. CalPERS was founded in 1932 and is the largest public pension fund in the United States. As of June 30, 2022, CalPERS managed $440 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, 2023, and 2022, the Airport Authority's contributions were $1.0 million and $1.0 million, respectively.

A measurement date of June 30, 2022, and 2021, was used for the June 30, 2023, and June 30, 2022 OPEB assets and expenses. The information that follows was determined as of a valuation date of June 30, 2022, and June 30, 2021, respectively.

Membership in the OPEB by membership class at June 30, 2022, and 2021, is as follows:

	2022	2021
Active employees	101	132
Inactive employees entitled to but not receiving benefits	-	-
Inactive employees or beneficiaries currently receiving benefits	120	97
Total	221	229

Actuarial Assumptions: The total OPEB liability in the June 30, 2022, and 2021 actuarial valuations was determined using the following actuarial assumptions, applied to all period included in the measurement:

Actuarial Valuation Date	June 30, 2021
Contribution Policy	Authority contributes at least the full ADC
Inflation	2.50%
Projected salary increase	2.75%
Investment rate of return	5.25%; 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 2015-2019 Experience Study
Mortality	CalPERS 2000-2019 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2021
Medical Trend	Non-Medicare - 6.50% for 2023, decreasing to an ultimate rate of 3.75% in 2076; Medicare - 5.65% for 2023, decreasing to an ultimate rate of 3.75% 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 - 50% 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	23%	4.56%
Long US Treasuries	11%	0.29%
Mortgage-Backed Securities	11%	0.49%
Investment Grade Corporates	9%	1.56%
High Yeild	9%	3.00%
Sovereigns	11%	2.76%
TIPS	9%	-0.08%
Comodities	3%	1.22%
REITs	14%	4.06%
	100%	
Assumed Long-Term Rate of Inflation		2.50%
Expected Long-Term Net Rate of Return		5.25%

Discount Rate: The discount rate used to measure the net OPEB liability (asset) at June 30, 2023, and June 30, 2022, was 5.25 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, 2023, were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability/ (Asset)
Balances as of June 30, 2022	$ 29,372,019	$ 33,729,495	$ (4,357,476)
Changes for the year:			
Service cost	570,006	-	570,006
Interest on total OPEB liability	1,546,979	-	1,546,979
Difference between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Employer contributions	-	951,488	(951,488)
Member contributions	-	-	-
Net investment income	-	(3,627,823)	3,627,823
Benefit payments	(951,488)	(951,488)	-
Administrative expense	-	(8,562)	8,562
Net changes	1,165,497	(3,636,385)	4,801,882
Balances as of June 30, 2023	$ 30,537,516	$ 30,093,110	$ 444,406

Changes in the total OPEB liability, plan fiduciary net position and the net OPEB liability (asset) through the year ended June 30, 2022, were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability/ (Asset)
Balances as of June 30, 2021	$ 27,116,806	$ 28,766,021	$ (1,649,215)
Changes for the year:			
Service cost	446,233	-	446,233
Interest on total OPEB liability	1,829,473	-	1,829,473
Difference between expected and actual experience	(3,669,756)	-	(3,669,756)
Changes in assumptions	4,568,725	-	4,568,725
Employer contributions	-	919,462	(919,462)
Member contributions	-	-	-
Net investment income	-	4,973,926	(4,973,926)
Benefit payments	(919,462)	(919,462)	-
Administrative expense	-	(10,452)	10,452
Net changes	2,255,213	4,963,474	(2,708,261)
Balances as of June 30, 2022	$ 29,372,019	$ 33,729,495	$ (4,357,476)

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 Airport Authority has been calculated using a discount rate of 5.25 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 4.25%	Current Rate 5.25%	1% Increase 6.25%
Net OPEB liability (asset)	$ 4,938,405	$ 444,406	$ (3,239,591)

The net OPEB liability (asset) of the Airport 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)	$ (3,614,055)	$ 444,406	$ 5,418,365

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the OPEB: For the years ended June 30, 2023, and 2022, the Airport Authority recognized OPEB expense (income), as measured in accordance with GASB 75, of $0.9 million and ($0.2) million, respectively, and reported deferred inflows of resources and deferred outflows of resources related to the OPEB from the following sources:

For June 30, 2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings	$ 2,917,281	$ -
Net difference between expected and actual experience	-	1,580,826
Changes in assumptions	1,958,025	72,921
Employer contributions made subsequent to June 30, 2022 measurement date	1,002,148	-
Total	$ 5,877,454	$ 1,653,747

For June 30, 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings	$ -	$ 1,793,923
Net difference between expected and actual experience	-	2,669,705
Changes in assumptions	3,301,280	437,533
Employer contributions made subsequent to June 30, 2021 measurement date	951,488	-
Total	$ 4,252,768	$ 4,901,161

The deferred outflows of resources at June 30, 2023, and June 30, 2022, related to OPEB resulting from Airport Authority contributions subsequent the measurement date and prior to year-end will be recognized as a reduction to the net OPEB liability in fiscal years 2024 and 2023, respectively.

Amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2023, related to the OPEB will be recognized in OPEB expense as follows:

Years ended June 30,		
2024	$	888,373
2025		780,340
2026		473,166
2027		1,079,680
	$	3,221,559

NOTE 11. 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, 2023, and 2022, the Airport Authority has designated $13.8 million and $13.1 million, respectively, from its net position, as an insurance contingency.

A $2.0 million 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 2023, 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 12. COMMITMENTS AND CONTINGENCIES

Commitments: As of June 30, 2023, and 2022, the Airport Authority had significant commitments for capital expenditures and other matters as described below:

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. June 30, 2023, and 2022, these funds totaled approximately $99.0 million and $50.4 million, respectively, and are classified on the accompanying statements of net position as cash and investments designated for specific capital projects and other commitments.

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, 2023, and 2022, the Airport Authority expensed $20.5 million and $21.9 million respectively for these services.

In fiscal year 2019, the Board approved a $38.0 million contract with Ace Parking Management Inc., for parking management services. As of June 30, 2023, $26.6 million has been spent and the contract is scheduled for completion in fiscal year 2024.

In fiscal year 2019, the Board approved a $46.8 million contract with Ace Parking Management Inc., for airport shuttle services. As of June 30, 2023, $23.3 million has been spent for shuttle services and the contract was completed in fiscal year 2023.

In fiscal year 2023, the Board approved a $70.0 million contract with Ace Parking III, LLC for airport shuttle services. As of June 30, 2023, $5.4 million has been spent for shuttle services and the contract is scheduled for completion in fiscal year 2027.

In fiscal year 2015, the Board approved a $29.0 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 2016-2022, the Board approved an additional $28.0 million. As of June 30, 2023, $53.7 million had been spent and the contract was completed in fiscal year 2023.

In fiscal year 2022, the Board approved a $103.0 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. As of June 30, 2023, $7.8 million had been spent and the contract is scheduled for completion in fiscal year 2027.

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 an additional $134.8 million. As of June 30, 2023, $78.9 million has been spent and the contract is scheduled for completion in fiscal year 2024.

In fiscal year 2021, the Board approved a $16.2 million contract with Granite Construction Company for the construction of the West Refueler Loading Facility and the West Solid Waste Facility. In fiscal year 2022, the board approved an additional $1.0 million. As of June 30, 2023, $15.1 million had been spent and the contract was completed in fiscal year 2023.

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. In fiscal year 2022, the Board approved an additional $2.5 billion. As of June 30, 2023, $684.7 million had been spent and the contract is scheduled for completion in early fiscal year 2028.

In fiscal year 2021 the Board approved a $97.6 million contract with Sundt Construction for the design-build administration building. As of June 30, 2023, $66.5 million had been spent and the contract is scheduled for completion in fiscal year 2024.

In fiscal year 2020, the Board approved a $35.0 million contract with Jacobs Engineering Group, Inc. to provide Airside-Landside Engineering consulting services. As of June 30, 2023, $26.5 million had been spent and the contract is scheduled for completion in fiscal year 2025.

In fiscal year 2022, the Board approved a 19.4 million contract with SOLPAC Construction Inc. dba Soltek Pacific Construction to construct Solid and Liquid waste facilities. In fiscal year 2023, the board approved an additional $0.4 million. As of June 30, 2023, $14.3 million had been spent and the contract is scheduled for completion in early fiscal year 2024.

Contingencies: As of June 30, 2023, the Airport Authority is subject to various contingencies including, but not limited 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.

NOTE 13. CHANGE IN ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2023, the Airport Authority implemented GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Arrangements* and GASB Statement No. 96*, Subscription-Based Information Technology Arrangements*. As required when presenting prior period comparative statements, the financial statements of the fiscal year ended June 30, 2022, have been retrospectively restated. The effects of the restatement are as follows:

Statement of Net Position	2022 as restated	As Previously Reported	Effect of Change
Tenant receivables, net	22,784,819	12,087,092	10,697,727
Partnership lease receivables, current portion (Note 3)	2,891,820	-	2,891,820
Other current assets	10,291,837	9,909,877	381,960
Partnership lease receivables, long-term portion (Note 3)	125,895,083	-	125,895,083
Subscription assets	464,378	-	464,378
Less accumulated depreciation and amortization	(1,300,259,420)	(1,300,166,545)	(92,875)
Other current liabilities	14,502,025	17,029,533	2,527,508
Lease liabilities, current portion (Note 6)	3,586,324	3,471,838	(114,486)
Unrestricted long-term debt, current portion (Note 6)	323,293	354,139	30,846
Restricted long-term debt, current portion (Note 6)	40,160,000	40,360,000	200,000
Other noncurrent liabilities	663,924	55,458,074	54,794,150
Lease liabilities, long-term portion (Note 6)	229,180,542	228,947,243	(233,299)
Long-term debt, net of current portion (Note 6)	3,713,339,080	3,713,108,235	(230,845)
Deferred Inflow of resources from partnership leases (Note 3)	195,544,264	-	(195,544,264)
Net investment in capital assets	420,903,099	418,348,504	(2,554,595)
Unrestricted net position	316,527,254	317,414,146	886,892

Statements of Revenues, Expenses, and Changes in Net Position	2022 as restated	As Previously Reported	Effect of Change
Ground and non-airline terminal rentals	19,651,356	23,265,430	(3,614,074)
Equipment rentals and repairs	3,471,765	3,584,990	113,225
Depreciation and amortization expense	142,011,648	141,918,773	(92,875)
Other Interest Income	11,892,517	7,263,175	4,629,342
Net position, beginning of year	889,557,081	888,924,997	632,084

Statement of Cash Flows	2022 as restated	As Previously Reported	Effect of Change
Receipts from customers	371,536,489	324,778,280	46,758,209
Payments to suppliers	(107,568,553)	(107,183,225)	(385,328)
Capital outlay	(334,497,078)	(283,494,854)	(51,002,224)
Other interest income	11,892,517	7,263,176	4,629,341
Principal payments received on notes receivable	2,372,252	(6,936,114)	9,308,366
Increase in principal on notes receivable	(9,308,366)	-	(9,308,366)
Operating income (loss)	24,426,938	28,020,662	(3,593,724)
Depreciation and amortization expense	142,011,648	141,918,773	92,875
Receivables, net	56,568,711	10,954,300	45,614,411
Other assets	(97,336)	284,624	(381,960)
Lease receivables	(8,408,150)	(11,589,245)	3,181,095
Other liabilities	7,233,849	5,773,665	1,460,184

NOTE 14. SUBSEQUENT EVENTS

On October 25, 2023, the Airport Authority issued $1.1 billion of Series A and B Senior Airport Revenue Bonds (Series 2023 Bonds). The Series 2023 Bonds were issued to finance certain capital improvements at SDIA including construction of the New Terminal 1, refund subordinate revolving obligations, purchase a portion of the subordinate Series 2021C Bond, fund a portion of the interest accruing on the Series 2023 Bonds, fund the senior reserve fund, and pay the costs of issuance and underwriting fees of the Series 2023 Bonds. The Series 2023A and B Bonds are structured as both serial and term bonds that bear interest rates ranging from 5.0 percent to 5.25 percent and mature in fiscal years 2024 to 2059.

Required Supplementary Information (Unaudited)

Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios

Last 10 fiscal years (plan year reported in subsequent fiscal year)

Defined Benefit Plan

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:									
Service cost	**$ 6,980,223**	$ 7,970,646	$ 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)	**16,489,161**	15,693,834	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	**(1,288,936)**	(2,239,695)	925,862	(645,462)	(2,630,285)	3,975,029	(2,178,527)	345,661	-
Effect of changes of assumptions	**-**	-	6,767,000	-	6,416,088	5,871,218	10,473,890	-	-
Benefit payments, including refunds of member contributions	**(8,578,375)**	(8,820,959)	(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	**13,602,073**	12,603,826	23,073,160	13,912,993	19,334,706	23,589,319	21,754,845	13,345,255	11,651,745
Total pension liability - beginning	**254,465,897**	241,862,071	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	**$ 268,067,970**	$ 254,465,897	$ 241,862,071	$ 218,788,911	$ 204,875,918	$ 185,541,212	$ 161,951,893	$ 140,197,048	$ 126,851,793
Plan Fiduciary Net Position:									
Contributions - employer	**$ 9,181,680**	$ 8,596,163	$ 8,424,834	$ 7,848,712	$ 7,318,546	$ 5,480,984	$ 4,047,780	$ 3,897,545	$ 3,924,988
Contributions - employee	**3,070,398**	3,125,138	3,321,661	3,178,464	3,162,781	2,990,317	2,967,269	2,840,236	2,765,079
Net investment income	**(4,188,463)**	53,140,343	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	**(8,578,375)**	(8,820,959)	(6,733,942)	(6,429,659)	(4,462,751)	(4,669,786)	(3,023,391)	(2,482,523)	(2,913,221)
Administrative expense	**(461,899)**	(423,018)	(386,698)	(359,095)	(350,408)	(325,042)	(318,817)	(332,290)	(332,645)
Net change in plan fiduciary net position	**(976,659)**	55,617,667	5,015,868	16,324,771	19,704,878	22,957,348	5,324,124	8,313,153	21,746,884
Plan fiduciary net position - beginning	**263,460,943**	207,843,276	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	**$ 262,484,284**	$ 263,460,943	$ 207,843,276	$ 202,827,408	$ 186,502,637	$ 166,797,759	$ 143,840,411	$ 138,516,287	$ 130,203,134
Net pension liability (asset) - ending	**$ 5,583,686**	$ (8,995,046)	$ 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	**97.92%**	103.53%	85.93%	92.70%	91.03%	89.90%	88.82%	98.80%	102.64%
Covered payroll	**$ 30,809,714**	$ 33,328,788	$ 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	**18.12%**	(26.99%)	103.63%	50.54%	58.09%	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 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

	2023	2022	2021	2020	2019
Actuarially determined contribution	**$ 4,944**	$ 6,570	$ 6,125	$ 6,159	$ 5,740
Contributions in relation to the actuarially determined contribution	**7,664**	9,102	8,522	8,356	7,783
Contribution deficiency (excess)	**$ (2,720)**	$ (2,532)	$ (2,397)	$ (2,197)	$ (2,043)
Covered payroll	**$ 33,458**	$ 30,810	$ 33,329	$ 32,828	$ 31,585
Contributions as a percentage of covered payroll	**22.91%**	29.54%	25.57%	25.45%	24.64%

	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 5,416	$ 3,765	$ 3,666	$ 3,823	$ 2,900
Contributions in relation to the actuarially determined contribution	7,247	5,421	3,948	3,823	3,728
Contribution deficiency (excess)	$ (1,831)	$ (1,656)	$ (282)	$ -	$ (828)
Covered payroll	$ 31,628	$ 31,132	$ 29,189	$ 27,955	$ 26,380
Contributions as a percentage of covered payroll	22.91%	17.41%	13.53%	13.68%	14.13%

* This schedule is presented for the fiscal year.

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

	2023	2022	2021	2020	2019	2018	2017
Total Pension Liability							
Service cost	**$ 68,342**	$ 88,557	$ 55,276	$ 49,343	$ 51,774	$ 60,994	$ 29,270
Interest cost	**51,359**	54,559	62,061	64,133	53,311	35,323	34,173
Differences between expected and actual experience	**(381,597)**	(195,545)	(57,318)	(64,295)	193,013	388,329	-
Changes of assumptions	**(437,754)**	22,116	661,465	109,070	(89,712)	(214,765)	272,579
Benefit Payments	**(59,667)**	(41,662)	(43,301)	(47,081)	(31,329)	-	
Net Change in Total Pension Liability	**(759,317)**	(71,975)	678,183	111,170	177,057	269,881	336,022
Total pension liability -beginning	**2,373,440**	2,445,415	1,767,232	1,656,062	1,479,005	1,209,124	873,102
Total pension liability - ending	**$ 1,614,123**	$ 2,373,440	$ 2,445,415	$ 1,767,232	$ 1,656,062	$ 1,479,005	$ 1,209,124
Covered payroll	**$ 30,809,714**	$ 33,328,788	$ 32,828,449	$ 31,584,841	$ 31,628,301	$ 31,131,795	$ 29,189,357
Net Pension Liability as a percentage of payroll	**5.24%**	7.12%	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 the annual changes in the total pension liability. Until such time has elapsed after implementing GASB Statement No. 68, this schedule will only present information from the years that are available.

Schedule of Contributions (Pensions)

Last 10 fiscal years

Preservation of Benefits Trust Plan

	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	**$ -**	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the actuarially determined contribution	**20,583**	52,398	42,682	41,249	45,353	56,513
Contribution deficiency (excess)	**$ (20,583)**	$ (52,398)	$ (42,682)	$ (41,249)	$ (45,353)	$ (56,513)
Covered payroll	**$ 33,458,445**	$ 30,809,714	$ 33,328,788	$ 32,828,449	$ 31,584,841	$31,628,301
Contributions as a percentage of covered payroll	**0.06%**	0.17%	0.13%	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 the annual pension contributions. Until such time has elapsed after implementing GASB Statement No. 73, this schedule will only present information from the years that are available.

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

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service Cost	**$ 570,006**	$ 446,223	$ 501,198	$ 449,596	$ 436,501	$ 411,052
Interest Cost	**1,546,979**	1,829,473	1,739,459	1,883,080	1,772,578	1,606,959
Difference between expected and actual experience	**-**	(3,669,756)	-	(169,582)	-	-
Changes of Assumptions	**-**	4,568,725	-	(1,531,369)	-	766,830
Benefit Payments	**(951,488)**	919,462	(784,845)	(775,225)	(622,425)	(451,189)
Net Change in Total OPEB Liability	**1,165,497**	2,255,213	1,455,812	(143,500)	1,586,654	2,333,652
Total OPEB Liability (Beginning)	**29,372,019**	27,116,806	25,660,994	25,804,494	24,217,840	21,884,188
Total OPEB Liability (Ending)	**$ 30,537,516**	$ 29,372,019	$ 27,116,806	$ 25,660,994	$ 25,804,494	$ 24,217,840
Plan Fiduciary Net Position						
Contributions—Employer	**$ 951,488**	$ 919,462	$ 784,845	$ 775,225	$ 622,425	$ 2,012,419
Net Investment Income	**(3,627,823)**	4,973,926	982,113	1,604,058	1,896,351	2,175,582
Benefit Payments	**(951,488)**	(919,462)	(784,845)	(775,225)	(622,425)	(451,189)
Administrative Expense	**(8,562)**	(10,452)	(13,580)	(5,611)	(12,568)	(10,578)
Net Change in Plan Fiduciary Net Position	**(3,636,385)**	4,963,474	968,533	1,598,447	1,883,783	3,726,234
Plan Fiduciary Net Position (Beginning)	**33,729,495**	28,766,021	27,797,488	26,199,041	24,315,258	20,589,024
Plan Fiduciary Net Position (Ending)	**$ 30,093,110**	$ 33,729,495	$ 28,766,021	$ 27,797,488	$ 26,199,041	$ 24,315,258
Net OPEB Asset	**$ 444,406**	$ (4,357,476)	$ (1,649,215)	$ (2,136,494)	$ (394,547)	$ (97,418)
Net Position as a Percentage of OPEB Liability	**98.54%**	114.84%	106.08%	108.33%	101.53%	100.40%
Covered Payroll	**$ 14,296,047**	$ 12,786,000	$ 14,608,940	$ 13,869,000	$ 16,625,857	$ 16,141,609
Net OPEB Asset as a Percentage of Payroll	**3.11%**	(34.08%)	(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 the annual charges in the net OPEB liability (asset). Until such time has elapsed after implementing information GASB Statement No. 75, this schedule will only present from the years that are available.

Schedule of Contributions (OPEB)

Last 10 fiscal years (dollars in thousands)

Other Postemployment Benefits

	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	**$ 264**	$ 326	$ 365	$ 427	$ 486	$ 472
Contributions in relation to the actuarially determined contribution	**1,002**	951	919	785	339	462
Contribution deficiency (excess)	**$ (738)**	$ (625)	$ (554)	$ (358)	$ 147	$ 10
Covered payroll	**$ 14,296**	$ 12,786	$ 12,786	$ 14,609	$ 13,869	$ 15,674
Contributions as a percentage of covered payroll	**7.01%**	7.44%	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 the annual OPEB contributions. Until such time has elapsed after implementing GASB Statement No. 75, this schedule will only present information from the years that are available.

San Diego County Regional Airport Authority

Single Audit Reports

June 30, 2023

San Diego County Regional Airport Authority
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San Diego County Regional Airport Authority
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass – Through Grantor/Program or Cluster Title	Assistance Listing Number	Other Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Transportation – Federal Aviation Administration:				
Direct Programs:				
Airport Improvement Program (AIP)	20.106	3-06-0214-80	$ -	$ 3,560
Airport Improvement Program (AIP)	20.106	3-06-0214-83	-	339,835
COVID-19 – Airport Improvement Program (AIP)	20.106	3-06-0214-86	-	107
COVID-19 – Airport Improvement Program (AIP)	20.106	3-06-0214-89	-	4,798,742
Airport Improvement Program (AIP)	20.106	3-06-0214-90	-	3,274,068
COVID-19 – Airport Improvement Program (AIP)	20.106	3-06-0214-93	-	7,131,564
COVID-19 – Airport Improvement Program (AIP)	20.106	3-06-0214-94	-	1,264,775
COVID-19 – Airport Improvement Program (AIP)	20.106	3-06-0214-97	-	8,886,381
Bipartisan Infrastructure Law (BIL) - Airport Improvement Program (AIP)	20.106	3-06-0214-98	-	11,552,179
Airport Improvement Program (AIP)	20.106	3-06-0214-99	-	2,162,808
Bipartisan Infrastructure Law (BIL) - Airport Improvement Program (AIP)	20.106	3-06-0214-100	-	24,000,000
COVID-19 – Airport Improvement Program (AIP)	20.106	3-06-0214-101	-	1,656,765
Bipartisan Infrastructure Law (BIL) – Airport Improvement Program (AIP)	20.106	3-06-0214-103	-	1,344,805
Bipartisan Infrastructure Law (BIL) – Airport Improvement Program (AIP)	20.106	3-06-0214-104	-	4,546,197
Total Airport Improvement Program (AIP)			-	70,961,786
Law Enforcement Officer Reimbursement Agreement Program	97.090		-	641,248
Total U.S. Department of Transportation – Federal Aviation Administration			$ -	$ 71,603,034

The accompanying notes are an integral part of this Schedule.

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "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, 2023. 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.

Note 2: Summary of Significant Accounting Policies

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. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3: Indirect Cost Rate

The Airport Authority has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4: Federal Loan Programs

The Authority did not have any federal loan programs during the year ended June 30, 2023.

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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 (*Government Auditing Standards*), the financial statements of the San Diego County Regional Airport Authority (Airport Authority), which comprise the statement of net position as of June 30, 2023, 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 November 2, 2023, which contained an emphasis of matter regarding a change in accounting principle.

Report on 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 entity'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Airport Authority's financial statements are free from 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

FORVIS, LLP

Dallas, Texas
November 2, 2023

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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

Opinion on the Major Federal Program

We have audited San Diego County Regional Airport Authority's (Airport Authority) compliance with the types of compliance requirements identified as subject to audit 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, 2023. 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.

In our opinion, the Airport Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2023.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the Airport Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Airport Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to its federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Airport Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Airport Authority's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Airport Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Airport Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Airport Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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, 2023, and have issued our report thereon dated November 2, 2023, which contained an unmodified opinion on those financial statements and an emphasis of matter paragraph regarding a change in accounting principle. 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.

FORVIS, LLP

Dallas, Texas
November 2, 2023

Section I – Summary of Auditor's Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. Internal control over financial reporting:

   Significant deficiency(ies) identified? ☐ Yes ☒ None reported

   Material weakness(es) identified? ☐ Yes ☒ No

3. Noncompliance material to the financial statements noted? ☐ Yes ☒ No

Federal Awards

4. Internal control over the major federal award program:

   Significant deficiency(ies) identified? ☐ Yes ☒ None reported

   Material weakness(es) identified? ☐ Yes ☒ No

5. Type of auditor's report issued on compliance for the major federal program:

   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

6. Any audit findings disclosed that are required to be reported by 2 CFR 200.516(a)?

   ☐ Yes ☒ No

7. Identification of the major federal program:

Assistance Listing Number(s)	Name of Federal Program or Cluster
20.106	Airport Improvement Program

6. Dollar threshold used to distinguish between Type A and Type B programs: $2,148,091.

9. Auditee qualified as a low-risk auditee? ☒ Yes ☐ No

Section II – Financial Statement Findings

Reference Number	Finding

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding

No matters are reportable.

Reference Number	Summary of Finding	Status

No matters are reportable.

Attachment C

San Diego County Regional Airport Authority

Passenger Facility Charge Program Compliance Report

Year Ended June 30, 2023
(With Independent Auditor's Report Thereon)

Contents

San Diego County Regional Airport Authority
Passenger Facility Charge Program
Schedule of Passenger Facility Charge Collections and Expenditures
Year Ended June 30, 2023

Revenues	Date Approved	Amount Approved For Use	Cumulative Total June 30, 2022	Quarter Ended September 30, 2022	Quarter Ended December 31, 2022	Quarter Ended March 31, 2023	Quarter Ended June 30, 2023	Year Ended June 30, 2023	Cumulative Total June 30, 2023
Passenger facility charge collections			$ 845,520,316	$ 9,726,890	$ 11,515,015	$ 10,470,888	$ 12,192,026	$ 43,904,819	$ 889,425,135
Interest earned			20,272,495	292,626	454,801	609,443	715,347	2,072,217	22,344,712
Total passenger facility charge revenue received			$ 865,792,811	$ 10,019,516	$ 11,969,816	$ 11,080,331	$ 12,907,373	$ 45,977,036	$ 911,769,847
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	338,928,175	-	-	-	-	-	338,928,175
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	29,432,253	371,084	287,711	803,191	299,809	1,761,795	31,194,048
Application 19-13-C-00-SAN	2/14/2019	51,100,000	51,100,000	-	-	-	-	-	51,100,000
Total passenger facility charge revenue expended		$ 1,606,085,893	$ 804,414,217	$ 371,084	$ 287,711	$ 803,191	$ 299,809	$ 1,761,795	$ 806,176,012

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 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, 2023.

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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

Opinion on Passenger Facility Charge Program

We have audited San Diego County Regional Airport Authority's (Airport Authority) compliance with the types of compliance requirements identified as subject to audit in the *Passenger Facility Charge Audit Guide for Public Agencies* (Guide), issued by the Federal Aviation Administration that could have a direct and material effect on the passenger facility charge program for the year ended June 30, 2023.

In our opinion, the Airport Authority complied, in all material respects, with the 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, 2023.

Basis for Opinion on Passenger Facility Charge Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the Guide. Our responsibilities under those standards and the Guide are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the Airport Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance of the passenger facility charge program. Our audit does not provide a legal determination of the Airport Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or agreements applicable to its passenger facility charge program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Airport Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Airport Authority's compliance with the requirements of the passenger facility charge program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Airport Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Airport Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Airport Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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, 2023, and the related notes to the basic financial statements which collectively comprise the Airport Authority's basic financial statements. We have issued our report thereon dated November 2, 2023, which contained an unmodified opinion on those financial statements and an emphasis of matter paragraph regarding a change in accounting principle. 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 required by the Guide, and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

FORVIS, LLP

Dallas, Texas
November 2, 2023

Section I – Summary of Auditor's Results

1.	Type of report issued on PFC financial statements.	☒ Unmodified	☐ Qualified	
2.	Type of report on PFC compliance.	☒ Unmodified	☐ Qualified	
3.	Quarterly revenue and expenditures reconcile with submitted quarterly reports and reported un-liquidated revenue matches actual amounts.	☒ Yes	☐ No	
4.	PFC revenue and interest is accurately reported on FAA Form 5100-127.	☒ Yes	☐ No	
5.	The Public Agency maintains a separate financial accounting record for each application.	☒ Yes	☐ 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.	☒ Yes	☐ No	
7.	Monthly carrier receipts were reconciled with quarterly carrier reports.	☒ Yes	☐ No	
8.	PFC revenues were maintained in a separate interest-bearing capital account or commingled only with other interest-bearing airport capital funds.	☒ Yes	☐ No	
9.	Serving carriers were notified of PFC program actions/changes approved by the FAA.	☒ Yes	☐ No	
10.	Quarterly reports were transmitted (or available via website) to remitting carriers.	☒ Yes	☐ No	
11.	The Public Agency is in compliance with Assurances 5, 6, 7, and 8.	☒ Yes	☐ No	
12.	Project design and implementation is carried out in accordance with Assurance 9.	☒ Yes	☐ No	
13.	Program administration is carried out in accordance with Assurance 10.	☒ Yes	☐ 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.	☐ Yes	☐ No	☒ N/A

Section II – Findings Required to be Reported by the Guide

Reference Number	Finding
	No matters are reportable.

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2023

Reference Number	Summary of Finding	Status
	No matters are reportable.	

San Diego County Regional Airport Authority

Customer Facility Charge Program Compliance Report

Year Ended June 30, 2023
(With Independent Auditor's Report Thereon)

San Diego County Regional Airport Authority
Customer Facility Charge Program
Table of Contents
June 30, 2023

Contents

San Diego County Regional Airport Authority
Customer Facility Charge Program
Schedule of Customer Facility Charge Collections and Expenditures
Year Ended June 30, 2023

Description	Beginning Balance, Unapplied CFC	CFC Collections*	Interest Earned	Expenditures	Ending Balance, Unapplied CFC
Collections and expenditures, quarter ended September 30, 2022	$ 25,064,607	$ 8,159,834	$ 86,119	$ 8,245,953	$ 25,064,607
Collections and expenditures, quarter ended December 31, 2022	$ 25,064,607	8,487,663	139,940	7,848,820	$ 25,843,390
Collections and expenditures, quarter ended March 31, 2023	$ 25,843,390	8,342,138	192,393	9,313,314	$ 25,064,607
Collections and expenditures, quarter ended June 30, 2023	$ 25,064,607	10,209,107	211,904	10,421,011	$ 25,064,607
		$ 35,198,742	$ 630,356	$ 35,829,098	

*CFC Collections include approximately $1.1M from the Authority related to the minimum balance requirement for the Customer Facility Charge (CFC) Stabilization Account as allowed by the related RAC agreement

See Notes to Schedule of Customer Facility Charge Collections and Expenditures

Note 1: General

In May 2009, Assembly Bill 491 of the 2001-2002 California Legislature (codified in California Civil Code Section 1936 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 related debt requirements and operation of the consolidated rental car facility. The primary objectives of the project were 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 1936.

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, 2023.

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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

Opinion on Customer Facility Charge Program

We have audited San Diego County Regional Airport Authority's (Airport Authority) compliance with the types of compliance requirements identified as subject to audit in the *California Civil Code Section 1949* (Code) that could have a direct and material effect on the customer facility charge program for the year ended June 30, 2023.

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, 2023.

Basis for Opinion on Customer Facility Charge Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the Code. Our responsibilities under those standards and the Code are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the Airport Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance of the customer facility charge program. Our audit does not provide a legal determination of the Airport Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or agreements applicable to its customer facility charge program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Airport Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Code will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Airport Authority's compliance with the requirements of the customer facility charge program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and Code, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Airport Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Airport Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Airport Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 Code. 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, 2023, and the related notes to the basic financial statements which collectively comprise the Airport Authority's basic financial statements. We have issued our report thereon dated November 2, 2023, which contained an unmodified opinion on those financial statements and an emphasis of matter paragraph regarding a change in accounting principle. 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.

FORVIS, LLP

Dallas, Texas
November 2, 2023

FORVIS Report to the Audit Committee, Members of the Board, and Management

San Diego Country Regional Airport Authority

Results of the 2023 Financial Statement Audit, Including Required Communications

June 30, 2023

Required Communications Regarding Our Audit Strategy & Approach (AU-C 260)

Overview & Responsibilities

Matter	Discussion
Scope of Our Audit	This report covers audit results related to your financial statements and supplementary information: • As of and for the year ended June 30, 2023 • Conducted in accordance with our contract dated September 25, 2023
Our Responsibilities	FORVIS is responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with the oversight of those charged with governance, are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).
Audit Scope & Inherent Limitations to *Reasonable Assurance*	An audit performed in accordance with auditing standards generally accepted in the United States of America (GAAS) and *Government Auditing Standards* issued by the Comptroller General of the United States (GAGAS) is designed to obtain reasonable, rather than absolute, assurance about the financial statements. The scope of our audit tests was established in relation to the financial statements taken as a whole and did not include a detailed audit of all transactions.
Extent of Our Communication	In addition to areas of interest and noting prior communications made during other phases of the engagement, this report includes communications required in accordance with GAAS that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process, including audit approach, results, and internal control. 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.
Independence	The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.

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Matter	Discussion
Your Responsibilities	Our audit does not relieve management or those charged with governance of your responsibilities. Your responsibilities and ours are further referenced in our contract
Distribution Restriction	This communication is intended solely for the information and use of the following and is not intended to be, and should not be, used by anyone other than these specified parties: • Audit Committee, Members of the Board, and Management • Others within the Entity

Government Auditing Standards

Matter	Discussion
Additional GAGAS Reporting	We also provided reports as of June 30, 2023, on the following as required by GAGAS: • Internal control over financial reporting and on compliance and other matters based on an audit of the financial statements performed in accordance with GAGAS
Reporting Limitations	Our consideration of internal control over financial reporting and our tests of compliance were not designed with an objective of forming an opinion on the effectiveness of internal control or on the compliance, and accordingly, we do not express such an opinion.

Uniform Guidance, Passenger Facility Charge, and Customer Facility Charge Overview & Responsibilities

Matter	Discussion
Scope of Our Audit	We also provided reports as of June 30, 2023, on the following as required by U.S. Office of Management and Budget (OMB) Uniform Guidance, the Federal Aviation Administration, and the California Civil Code: • Opinion on compliance for the major federal award program • Report on internal control over compliance for the major federal award program • Report on schedule of expenditures of federal awards • Opinion on compliance with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, which are applicable to the passenger facility charge program • Report on internal control over compliance for the passenger facility charge program • Opinion on the Schedule of Customer Facility Charge Collections and Expenditures in relation to the financial statements as a whole

Matter	Discussion
	• Opinion on compliance with the types of compliance requirements described in the California Civil Code Section 1936, which are applicable to the customer facility charge program • Report on internal control over compliance for the customer facility charge program
Audit Scope & Inherent Limitations to *Reasonable Assurance*	Compliance audits performed in accordance with OMB Uniform Guidance, the *Passenger Facility Charge Audit Guide for Public Agencies,* and the California Civil Code Section 1936 are designed to obtain reasonable, rather than absolute, assurance about whether noncompliance with the types of compliance requirements described in the OMB Compliance Supplement, the *Passenger Facility Charge Audit Guide for Public Agencies,* and the California Civil Code Section 1936 that could have a direct and material effect on a major federal award program, the passenger facility charge program, or customer facility charge program occurred.

Other Information Accompanying the Audited Financial Statements

The audited financial statements are presented along with management's annual comprehensive financial report. Management, or those charged with governance, is responsible for preparing the annual comprehensive financial report.

We were not engaged to audit the introductory and statistical information contained in the annual comprehensive financial report, and as a result, our opinion does not provide assurance as to the completeness and accuracy of the information contained therein.

As part of our procedures, we read the entire report to determine if financial information discussed in sections outside the financial statements materially contradicts the audited financial statements. If we identify any such matters, we bring them to management's attention and review subsequent revisions.

Auditor Objectives Related to Other Information

Our objectives related to the other information accompanying the audited financial statements were to:

- Consider whether a material inconsistency exists between the other information and the financial statements
- Remain alert for indications that:
  - A material inconsistency exists between the other information and the auditor's knowledge obtained in the audit, or
  - A material misstatement of fact exists, or the other information is otherwise misleading
- Respond appropriately when we identify that such material inconsistencies appear to exist or when we otherwise become aware that other information appears to be materially misstated. Potential responsive actions would include requesting management to correct the identified inconsistency
- Include the appropriate communication in our auditor's report, disclosing the procedures performed on the Other Information, as well as the results obtained
  - No material inconsistencies were identified during our review of other information

Qualitative Aspects of Significant Accounting Policies & Practices

Significant accounting policies are described in *Note 1* of the Annual Comprehensive Financial Report (ACFR).

With respect to new accounting standards adopted during the year, we call to your attention the following topics detailed in the following pages:

- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*

Unusual Policies or Methods

- No matters are reportable

Alternative Accounting Treatments

- No matters are reportable

Management Judgments & Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. Significant areas of such estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates include:

- Fair market value of investments
- Valuation allowance for various receivables
- Estimated useful lives of capital assets
- Discount rate and terms of lease, public-private and public-public partnerships and availability payment arrangements, and subscription-based information technology arrangements assets and liabilities
- Revenue recognition including grants

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
- Leases
- Public-private and public-public partnerships and availability payment arrangements
- Subscription-based information technology arrangements
- Long-term liabilities
- Defined benefit and other postemployment benefit plans
- Disclosures about fair value of assets
- Commitments and contingencies

Our Judgment About the Quality of the Entity's Accounting Principles

During the course of the audit, we made the following observations regarding the Entity's application of accounting principles:

- Implementation of GASB Statements No. 94 and 96

Significant Accounting Policies & Alternative Treatments – Details

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94)

This statement provides uniform guidance on accounting and financial reporting for public-private and public-public partnership arrangements (PPPs) and availability payment arrangements (APAs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use an infrastructure or other nonfinancial asset (the underlying PPP asset) for a period of time in an exchange or exchange-like transaction. Statement 94 also addresses APAs, which are arrangements where a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying infrastructure or other nonfinancial asset for a period of time in an exchange or exchange-like transaction. This statement requires governments to report assets and liabilities related to PPPs consistently and disclose information about PPP transactions.

The requirements of this Statement were effective for the entity's fiscal year 2023. The changes were applied retrospectively, if practicable, for all prior fiscal years presented. PPPs were recognized and measured using the facts and circumstances that existed at the beginning of the implementation period or, if applicable to earlier periods, the beginning of the earliest period restated. The financial statement notes disclosed the nature of the restatement and its effect.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96)

This statement addresses the accounting for the costs related to cloud computing agreements. The standard defines a subscription-based information technology arrangement (SBITA), establishes that a SBITA would result in a right-to-use (RTU) asset and a corresponding liability, provides capitalization criteria, and requires new note disclosures. The statement's language and concepts closely mirror the lease guidance provided in Statement 87, *Leases*. This statement requires governments report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

The requirements of this statement were effective for the Entity's fiscal year 2023. The changes were applied retroactively by restating financial statements, if practicable, for all prior fiscal years presented. SBITA assets and liabilities were recognized and measured using the facts and circumstances at the beginning of the fiscal year of implementation. The financial statement notes disclosed the nature of the restatement and its effect.

Adjustments Identified by Audit

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments that, in its judgment, are required to prevent the financial statements from being materially misstated.

A misstatement is a difference between the amount, classification, presentation, or disclosure of a reported financial statement item and that which is required for the item to be presented fairly in accordance with the applicable financial reporting framework.

Proposed & Recorded Adjustments

No matters are reportable.

Uncorrected Misstatements

No uncorrected misstatements.

Other Required Communications

Disagreements with Management

No matters are reportable.

Significant Issues Discussed with Management

Prior to Retention

During our discussion with management prior to our engagement, the following issues regarding application of accounting principles or auditing standards were discussed:

- Implementation of Governmental Accounting Standards Board (GASB) Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94)
- Implementation of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96)

Difficulties Encountered in Performing the Audit

No matters are reportable.

Other Material Communications

Listed below are other material communications between management and us related to the audit:

- Management representation letter (see Attachment)
- We orally communicated to management a deficiency in internal control identified during our audit that is not considered a material weakness or significant deficiency.

Attachment

Management Representation Letter

As a material communication with management, included herein is a copy of the representation letter provided by management at the conclusion of our engagement.

Attachment A

Management Representation Letter

FORVIS

November 2, 2023

Representation of:
San Diego County Regional Airport Authority
2417 McCain Road
San Diego, California 92101

Provided to:
FORVIS, LLP
Certified Public Accountants
14241 Dallas Parkway, Suite 1100
Dallas, Texas 75254

The undersigned ("We") are providing this letter in connection with FORVIS' audits of our financial statements as of and for the years ended June 30, 2023 and 2022.

We are also providing this letter in connection with:

- Your audit of our compliance with requirements applicable to our major federal awards program, passenger facility charge program, and customer facility charge program as of and for the year ended June 30, 2023.

Our representations are current and effective as of the date of FORVIS' report: November 2, 2023.

Our engagement with FORVIS is based on our contract for services dated: September 25, 2023.

Our Responsibility & Consideration of Material Matters

We confirm that we are responsible for the fair presentation of the financial statements subject to FORVIS' 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. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

Confirmation of Matters Specific to the Subject Matter of FORVIS' Report

We confirm, to the best of our knowledge and belief, the following:

Broad Matters

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 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.

4. We have responded fully and truthfully to all your inquiries.

Government Auditing Standards

5. We acknowledge that we are responsible for compliance with applicable laws, regulations, and provisions of contracts and grant agreements.

6. 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.

7. We have identified and disclosed to you any violations or possible violations of laws, regulations, and provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for recognition and/or disclosure in the financial statements or for your reporting on noncompliance.

8. 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.

9. We have a process to track the status of audit findings and recommendations.

10. 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.

Federal Awards Programs (Uniform Guidance), Passenger Facility Charge Program, and Customer Facility Charge Program

11. 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.

12. We have reconciled the schedule of expenditures of federal awards (SEFA) to the financial statements.

13. Federal awards-related revenues and expenditures are fairly presented, both in form and content, in accordance with the applicable criteria in the Airport Authority's financial statements.

14. 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.

15. We are responsible for complying, and have complied, with the requirements of Uniform Guidance, the Passenger Facility Charge Audit Guide for Public Agencies, and California Code 1949, as applicable to our Customer Facility Charge program.

16. 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, the passenger facility charge, and customer facility charge 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. We believe the Airport Authority has complied with all applicable compliance requirements.

17. We are responsible for the design, implementation, and maintenance of internal controls over compliance that 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.

18. 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.

19. 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.

20. The costs charged to federal awards are in accordance with applicable cost principles.

21. 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.

22. 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.

23. We have disclosed to you any communications from federal awarding agencies and pass-through entities 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.

24. 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.

25. The reporting package does not contain any protected personally identifiable information.

26. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance subsequent to the period covered by the auditor's report.

Misappropriation, Misstatements, & Fraud

27. 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.
28. 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 over financial reporting, or
    b. Others, where activities of others could have a material effect on the financial statements.
29. We have no knowledge of any allegations of fraud or suspected fraud affecting the Airport Authority received in communications from employees, former employees, customers, regulators, suppliers, or others.
30. 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.

Ongoing Operations

31. 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.

Related Parties

32. We have disclosed to you the identity of all of the entity's related parties and all the related-party relationships of which we are aware. In addition, we have disclosed to you all related-party 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.
33. We understand that the term <u>related party</u> refers to:
    - Affiliates
    - Trusts for the benefits of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management
    - Those charged with governance and members of their immediate families
    - Management and members of their immediate families
    - Any other party with which the Airport Authority may deal if one party can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests.

Another party is also a related party if it can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with, the Airport Authority.

Litigation, Laws, Rulings, & Regulations

34. 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.

35. We have no knowledge of communications, from regulatory agencies, governmental representatives, employees, or others concerning investigations or allegations of noncompliance with laws and regulations, deficiencies in financial reporting practices, or other matters that could have a material adverse effect on the financial statements.

36. 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.

37. 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.

Nonattest Services

38. You have provided nonattest services, including the following, during the period of this engagement:

    - Assistance with preparation of a draft of the supplementary information related to the schedule of expenditures of federal awards and related notes.
    - Completing the auditee portion of the Form SF-SAC (Data Collection Form) through the Federal Audit Clearinghouse
    - Consulting services to assist with the adoption of GASB 94, *Public-Private and Public-Public Partnerships and Availability Payment* Arrangements, and GASB 96, *Subscription-Based Information Technology* Arrangements, including LeaseVision tools.

39. With respect to these services:

    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.

    e. We have established and maintained internal controls, including monitoring ongoing activities.

f. We have received final deliverables from you and have stored these deliverables in information systems controlled by us. We have taken responsibility for maintaining internal control over these deliverables.

Financial Statements & Reports

40. We have prepared and FORVIS reviewed and approved a draft of the financial statements and related notes referred to above, 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.

41. 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, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

    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 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.

42. With regard to other information that is presented in the form of our annual comprehensive financial report:

    a. We have provided you with the final draft of the annual report.

43. We have exercised due care in the preparation of the introductory and statistical sections included in our annual comprehensive financial report (ACFR) and are not aware of any information contained therein that is inconsistent with the information contained in our basic financial statements.

Transactions, Records, & Adjustments

44. All transactions have been recorded in the accounting records and are reflected in the financial statements.

45. We have everything we need to keep our books and records.

Governmental Accounting & Disclosure Matters

46. With regard to deposit and investment activities:

    a. All deposit and investment transactions have been made in accordance with legal and contractual requirements.

    b. Investments are properly valued.

    c. 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.

d. We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.

47. We have identified and evaluated all potential fiduciary activities and have determined the Airport Authority does not have any fiduciary activities required to be reported by GASB Statement No. 84, *Fiduciary Activities*, as amended.

48. Components of net position (net investment in capital assets, restricted, and unrestricted) are properly classified and, if applicable, approved.

49. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.

50. We have appropriately disclosed the Airport Authority's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

51. The Airport Authority's ability to continue as a going concern was evaluated and that appropriate disclosures are made in the financial statements as necessary under GASB requirements.

52. The supplementary information required by the Governmental Accounting Standards Board, consisting of management's discussion and analysis and pension/other postemployment 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.

53. With regard to pension and other postretirement benefits (OPEB) activities:

    a. We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.

    b. We have provided you with the Airport Authority's most current pension and OPEB plan instrument for the audit period, including all plan amendments.

    c. The participant data provided to you related to pension and OPEB plans are true copies of the data submitted or electronically transmitted to the plan's actuary.

    d. The participant data that we provided the plan's actuary for the purposes of determining the actuarial present value of accumulated plan benefits and other actuarially determined amounts in the financial statements were complete.

    e. Specialists have been engaged to evaluate the net pension liability and OPEB liability, and investment valuations. We have adequately considered the qualification of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. To the best of our knowledge their findings appear reasonable and accurate.

    f. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had impact on the independence or objectivity of the specialists.

Accounting & Disclosure

54. We are not aware of any unrecorded transactions, side agreements, or other arrangements (either written or oral) that are in place.

55. Except as reflected in the financial statements, there are no:

    a. Plans or intentions that may materially affect carrying values or classifications of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

    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. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, lines of credit, or similar arrangements.

    g. Guarantees, whether written or oral, under which the Airport Authority is contingently liable.

    h. Known or anticipated asset retirement obligations.

56. Except as disclosed in the financial statements, the Airport Authority has:

    a. Satisfactory title to all recorded assets, and those assets 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.

Revenue and Accounts Receivable

57. 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 at prices in excess of prevailing market prices.

Estimates

58. We have identified all accounting estimates that could be material to the financial statements, and we confirm the appropriateness of the methods and the consistency in their application, the accuracy and completeness of data, and the reasonableness of significant assumptions used by us in making the accounting estimates, including those measured at fair value reported in the financial statements.

59. Significant estimates that may be subject to a material change in the near term have been properly disclosed in the financial statements. We understand that “near term” means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations, which refer to volumes of business, revenues, available sources of supply, or markets, investments, or deposits, existing at the date of the financial statements that would make the Airport Authority vulnerable to the risk of severe impact in the near term that have not been properly disclosed in the financial statements.

Fair Value

60. With respect to the fair value measurements of financial and nonfinancial assets and liabilities, if any, recognized in the financial statements or disclosed in the notes thereto:

    a. The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated course of action.

    b. The measurement methods and significant assumptions used in determining fair value are appropriate in the circumstances for financial statement measurement and disclosure purposes and have been consistently applied.

    c. The significant assumptions appropriately reflect market participant assumptions.

    d. The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.

    e. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

Tax-Exempt Bonds

61. Tax-exempt bonds issued have retained their tax-exempt status.

62. We have notified you of any instances of noncompliance with applicable disclosure requirements of the SEC Rule 15c2-12 and applicable state laws.

New Accounting Standards

GASB Statement 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

63. In connection with the adoption of GASB Statement No. 94, *Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs)* (GASB 94), we represent the following:

    a. We have identified a complete population of potential PPPs and APAs as of the implementation date.

    b. We have reviewed all significant contracts to identify PPP and non-PPP components as of the earliest date of adoption.

    c. Measurements of the PPP assets and liabilities are based upon facts and circumstances that existed at the beginning of the period of implementation.

    d. The estimates related to any options to extend or terminate the PPP terms within the measurement of PPP assets and liabilities agree to management's plans for the PPPs.

    e. The discount rates for each PPP are based upon what would be obtained by the Airport Authority for similar loans as an incremental rate.

    f. We have adequate controls in place to prevent and/or detect errors in PPP assets and liabilities on a recurring basis.

    g. The footnotes to the financial statements appropriately describe the adoption of GASB 94 and include all additional disclosures required under the Statement.

GASB Statement 96, *Subscription-Based Information Technology Arrangements*

64. In connection with the adoption of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96), we represent the following:

a. We have identified a complete population of potential subscription-based information technology arrangements (SBITAs) as of the implementation date.

b. We have reviewed all significant contracts to identify subscription and nonsubscription components as of the earliest date of adoption. Allocation of costs between subscription and nonsubscription components are based upon standalone prices or other reasonable factors.

c. Measurements of the subscription assets and liabilities are based upon facts and circumstances that existed at the beginning of the period of implementation.

d. The estimates related to any options to extend or terminate the SBITA terms within the measurement of subscription liability and an intangible right to use IT subscription asset agrees to management's plans for the SBITA.

e. The discount rates for each SBITA are based upon what would be obtained by the Airport Authority for similar payment amounts during the subscription term as an incremental rate.

f. We have adequate controls in place to prevent and/or detect errors in subscription assets and liabilities on a recurring basis.

g. The footnotes to the financial statements appropriately describe the adoption of GASB 96 and include all additional disclosures required under the GASB 96.

Scott Brickner (Nov 3, 2023 08:58 PDT)

Scott Brickner, Chief Financial Officer
sbrickner@san.org

Elizabeth Stewart

Elizabeth M. Stewart, Director Accounting
estewart@san.org

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Item No. 9

Staff Report

Meeting Date: December 7, 2023

Subject:

Review of the Annual Comprehensive Financial Report (ACFR) for the Fiscal Year Ended June 30, 2023

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 Airport's organization structure; the financial section, which includes the Airport'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 for approval.

The Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2023, is submitted as Attachment A.

Fiscal Impact:

Adequate funding for the audit conducted by FORVIS, LLP is included in the adopted Fiscal Year 2023 and Adopted Fiscal Year 2024 Operating Expense Budgets within the Accounting Department Audit Services 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
Chief Financial Officer

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

SAN DIEGO, CALIFORNIA

Attachment A

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEARS ENDED JUNE 30, 2023 & 2022

SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY

SAN DIEGO, CALIFORNIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEARS ENDED JUNE 30, 2023 & 2022

PREPARED BY

ACCOUNTING DEPARTMENT OF THE
SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY

Scott M. Brickner
Vice President/Chief Financial Officer

Elizabeth Stewart
Director, Accounting

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INTRODUCTORY SECTION

SAN DIEGO COUNTY
REGIONAL AIRPORT AUTHORITY
P.O. BOX 82776, SAN DIEGO, CA 92138-2776
619.400.2400 WWW.SAN.ORG

SAN DIEGO
INTERNATIONAL AIRPORT
LET'S GO.

November 2, 2023.

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, 2023 and 2022. The purpose of this report is to provide the Airport Authority Board of Directors (Board), the public and other interested parties with reliable information concerning the financial condition and operational results 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 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 carefully safeguarded, transactions are properly executed, and the financial statements are free from material misstatement.

The Airport Authority engaged the Certified Public Accounting firm FORVIS, 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, 2023 and 2022.

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, with no limits to the number of terms a member is able to serve.

The management and operations of SAN are carried out by a staff led by the President/Chief Executive Officer, who is appointed by and reports directly to the Airport Authority Board.

ECONOMIC CONDITION

The United States Census Bureau estimates the population of San Diego County to be 3.28 million as of July 1, 2022. 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 (9 percent), Oceanside (5 percent), Escondido (5 percent), Carlsbad (3 percent), and El Cajon (3 percent). The combined San Diego/Tijuana metropolitan population is estimated to be approximately 5.5 million inhabitants. 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.

San Diego County's continued economic recovery since the pandemic has been solid. The US Bureau of Labor Statistics notes that the county's average unemployment rate for June 2023 was 4 percent, compared to 4.6 percent for the State of California. Fiscal year 2023 saw the continuation of strong passenger recovery from the pandemic lows of 2021 with total enplaned passengers of 11.9 million, an increase of 19 percent over fiscal year 2022. This was 96 percent of the 2019 levels. Continued recovery is forecasted to progress, although at a slower pace, and the Airport Authority is optimistic that long-term growth prospects are positive, as San Diego continues to be a desirable place to visit and do business.

QUIETER HOME PROGRAM COMPLETES 5,000TH HOME

Our Quieter Home Program (QHP) achieved a major milestone in December 2022 with the completion of its 5,000th home. The QHP is SAN's residential sound insulation program in which certain residences around SAN, as determined by the Federal Aviation Administration (FAA), may be eligible for sound insulation treatments to mitigate aircraft noise. The work reduces noise levels by at least five decibels inside the home.

Since its inception, the QHP has retrofitted single-family and multi-family residences, a church, and a school immediately east and west of the airport, including the neighborhoods of Bankers Hill, Point Loma, Ocean Beach, South Park, and Golden Hill, providing them with noticeable noise reduction.

PROGRESS CONTINUES AS THE NEW T1 STRUCTURAL STEEL AND ROADWAY RISE OUT OF THE GROUND

The $3.4 billion New T1 project includes a new Terminal 1, new parking structure, airside improvements as well as transportation upgrades that will make great strides towards creating an exceptional airport experience for our community and the world.

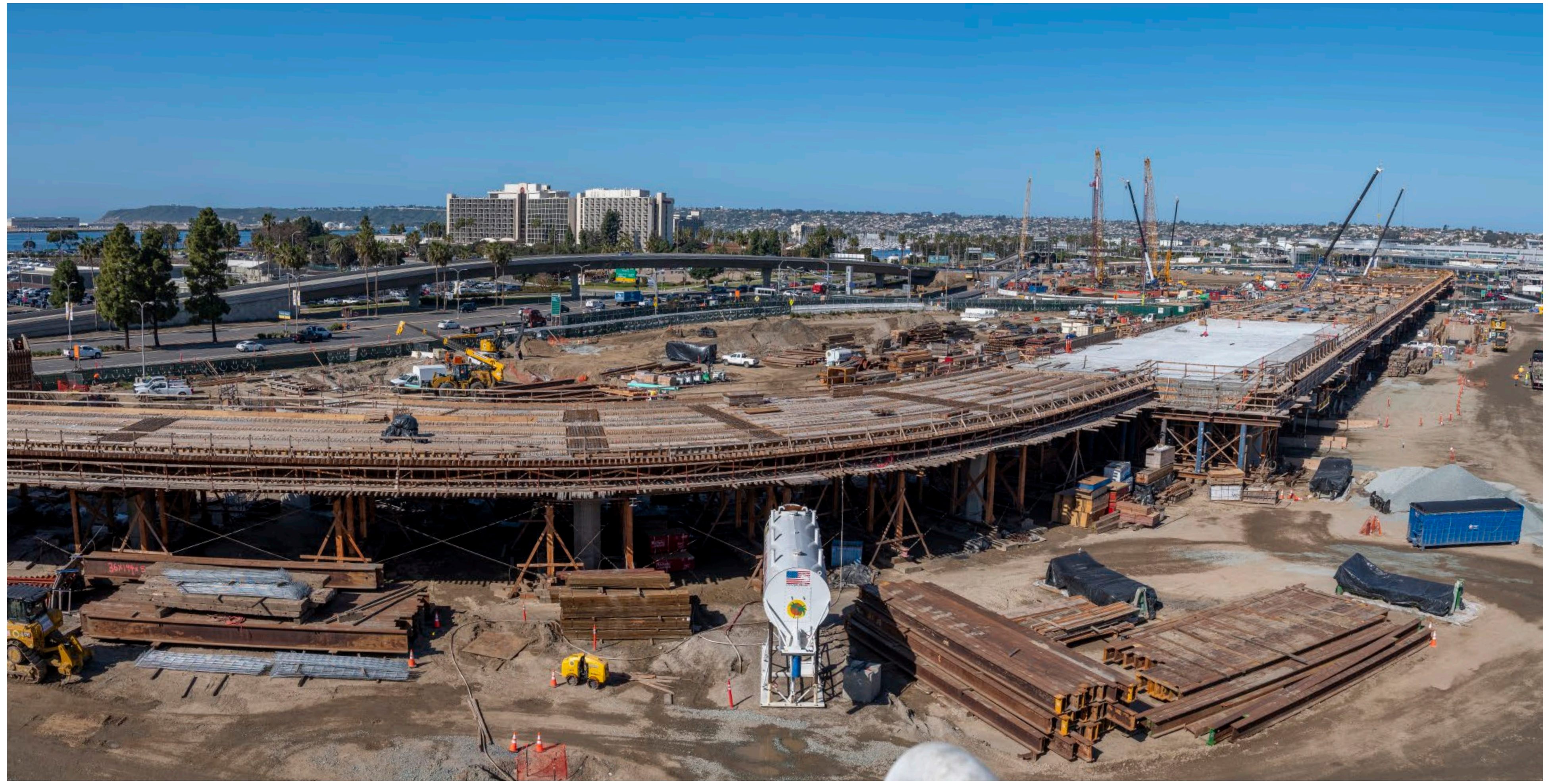
Approximately two years after breaking ground, the project is on track and has progressed significantly in 2023. The steel framework for the first phase of the new terminal building will be completed in November 2023. The first section of the new on-airport entrance roadway will open in late October 2023. Construction is also advancing on the New T1 Parking Plaza, which will provide 5,200 spaces and will open in 2024.

When completed, members of the San Diego community, as well as those visiting, will enjoy amenities that include more gate-area seating, restaurants, and shops, as well as an expansive security-screening checkpoint with more lanes and energy-efficient upgrades throughout. The project has also set aside space for a potential future transit station being considered by regional transportation partners.

The project will continue to provide a strong economic impact to the region, contributing thousands of well-paying jobs for the region's workers during and after the completion of the venture.

$200 MILLION IN FEDERAL GRANTS AWARDED FOR NEW T1 PROGRAM

The Airport Authority has received more than $200 million in federal grants as of mid-2023 for the New T1 program. This includes funds from the Bipartisan Infrastructure Law – Airport Terminal Program.



WATER SAVERS AND STEWARDS

In 2022, the Airport Authority captured, treated, and reused 812,500 gallons of stormwater. This water, which would otherwise have run off into San Diego Bay, was used to heat and cool buildings at SAN, thereby reducing the amount of potable water used for this purpose.

The Stormwater Treatment System receives captured stormwater from the top of the Terminal 2 Parking Plaza and stores it in underground pipes with about 100,000 gallons of capacity. The captured water is then treated through a series of high-rate media filters and ultraviolet light, then pumped to a central utility plant for use in the cooling towers that heat, ventilate, and air condition SAN's terminals and jet bridges. Overall, the Airport Authority's Stormwater Reuse Treatment System has captured, treated, and reused more than 5 million gallons of stormwater since its inception in 2018.

ARRIVAL OF RENEWABLE DIESEL CONTINUES DRIVE FOR SUSTAINABILITY

With the arrival of renewable diesel at SAN in April 2023, the sustainable fuel will reduce emissions by up to 75 percent in airside (non-road) vehicles and equipment, such as baggage tugs, belt loaders, and firefighting vehicles. While the fuel is made from vegetable oil, animal fats and agricultural waste, it is chemically identical to fossil fuel-derived diesel, allowing it to be the primary choice without the need for modifications to storage and diesel engines.

SAN was selected as the 2023 Airports Council International – North America Environmental Achievement Award winner in the mitigation award category for this accomplishment.

AIRPORT AUTHORITY RECEIVES GFOA DISTINGUISHED BUDGET PRESENTATION AWARD FOR 18TH CONSECUTIVE YEAR

The Airport Authority received its eighteenth consecutive Distinguished Budget Presentation Award from the GFOA for its annual budget for the fiscal year beginning July 1, 2022. The GFOA Distinguished Budget Presentation 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.

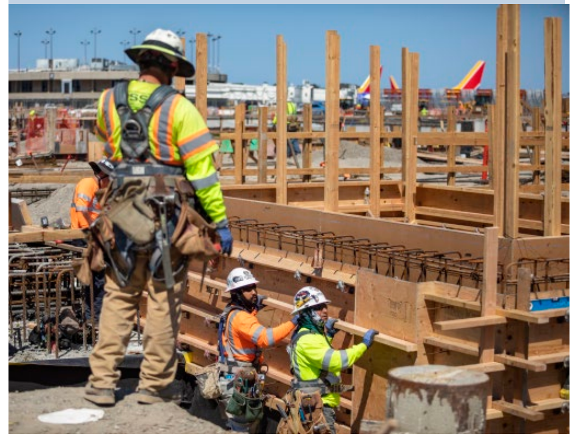
AIRPORT AUTHORITY AWARDED ACHIEVEMENT OF EXCELLENCE IN PROCUREMENT

The Airport Authority was awarded the Achievement of Excellence in Procurement® (AEP) for 2023 from the National Procurement Institute, Inc. 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 fourteenth consecutive year the Airport Authority earned this award.

AIRPORT AUTHORITY AWARDED CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The GFOA awarded the Certificate of Achievement for Excellence in Financial Reporting to the Airport Authority for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. The Annual Report was 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 has received this award every year since its inception.

BUDGET PROCESS AND FINANCIAL PLAN



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. Safety, security, asset preservation, environmental remediation, terminal upgrades, airfield improvements, and efficiency enhancements are the main focus of the capital program. The budget process begins executive 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 budget requirements with the Airport Authority's overall strategies and initiatives. Actual financial results are compared to the adopted budget expectations and reported to the Board's Finance Committee on a monthly basis and the full Board on a quarterly basis.

FINANCIAL INFORMATION

The 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 Passenger Facility Charges, Customer Facility Charges, interest income, and federal grants.

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 2023 with income from operations (before depreciation and amortization) of $186.4 million, an increase of 12.0 percent compared to fiscal year 2022. Enplanements increased 19.2 percent, and airport operations increased 25.9 percent in fiscal year 2023 compared to fiscal year 2022. These increases were a strong reflection of the continued recovery from the COVID-19 pandemic. The accompanying Management's Discussion and Analysis provides a detailed narrative overview.

ACKNOWLEDGEMENTS

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, Marketing and Communications 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 Board for their continued leadership, guidance, and support towards the execution of our purpose to create an exceptional airport experience for the community and the world. 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.

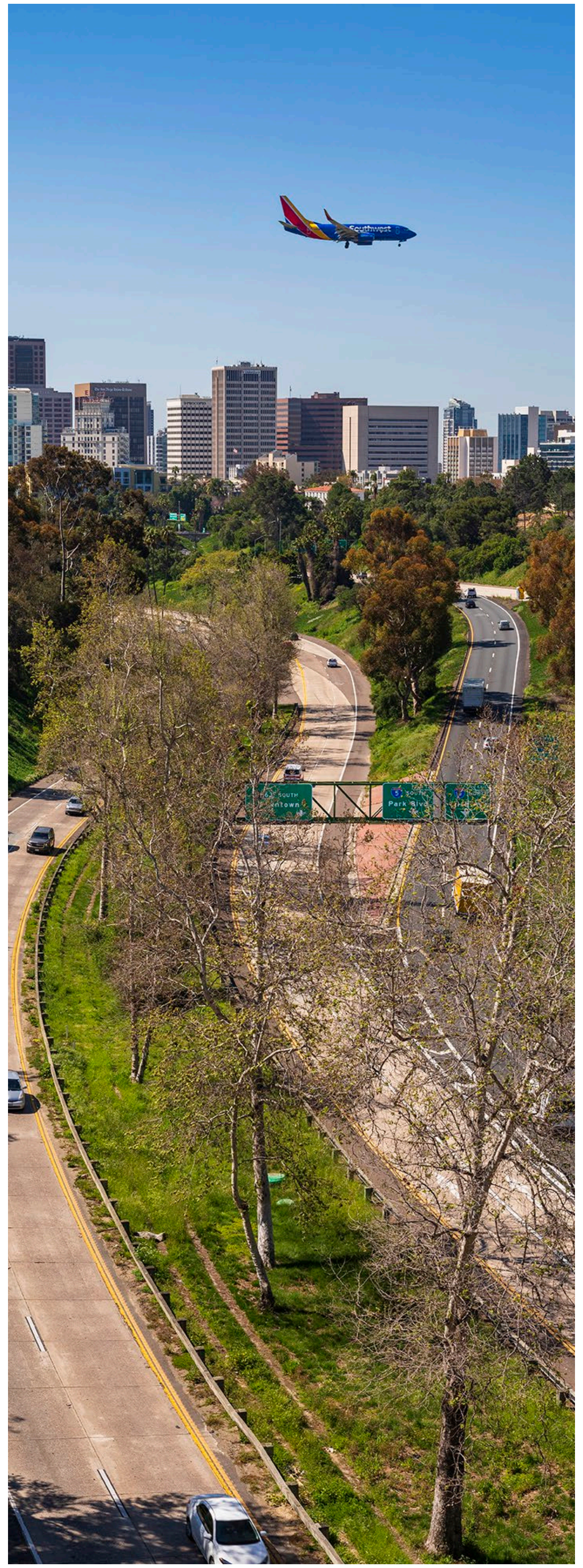
Respectfully submitted,

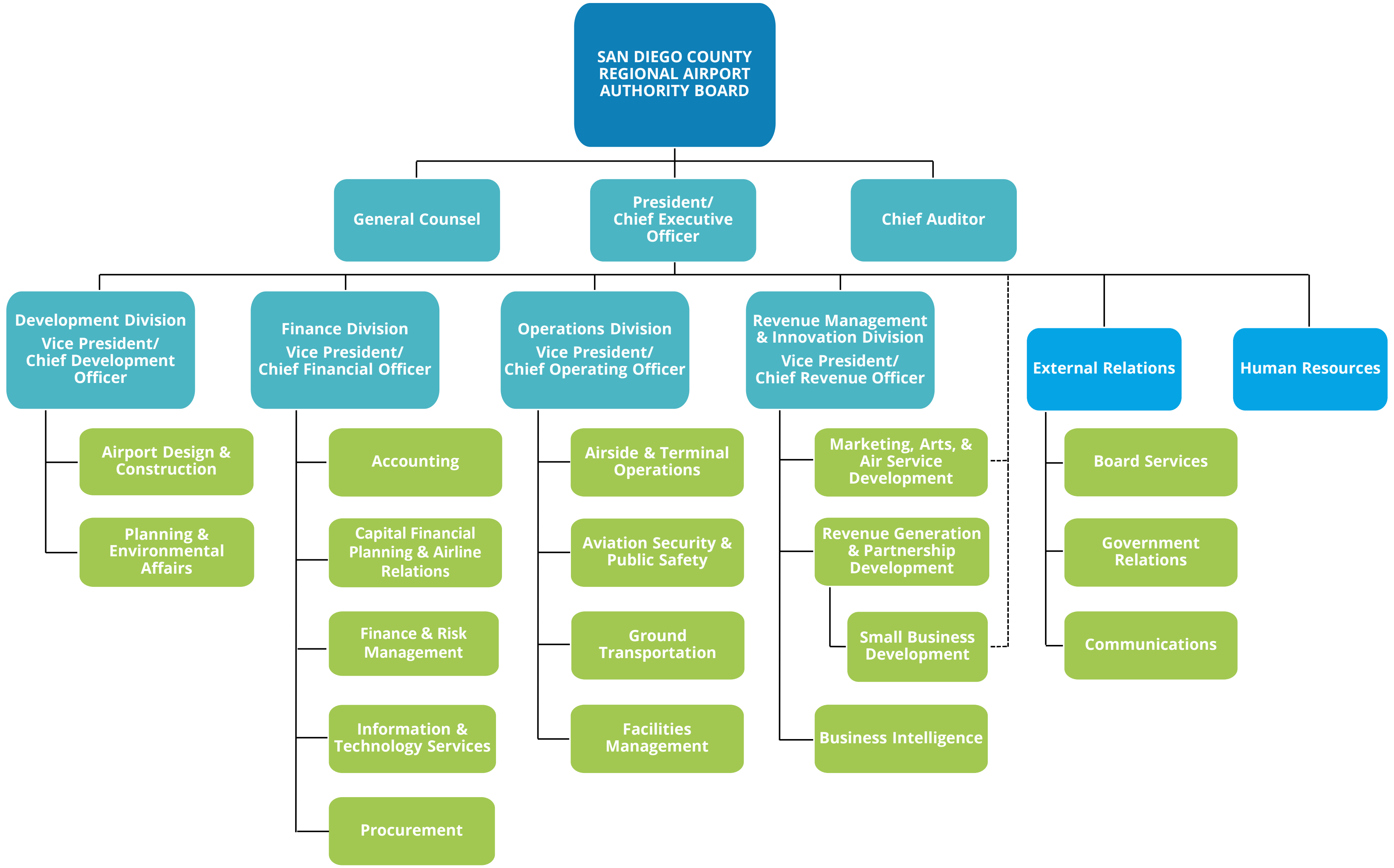
Kimberly J. Becker

President | Chief Executive Officer

Scott M. Brickner, CPA

Vice President | Chief Financial Officer





AIRPORT AUTHORITY BOARD

EXECUTIVE COMMITTEE:

GIL CABRERA, CHAIR

MARY CASILLAS SALAS, VICE CHAIR

RAFAEL PEREZ

EX-OFFICIO MEMBERS:

COLONEL THOMAS M. BEDELL

GUSTAVO DALLARDA

GAYLE MILL

GENERAL MEMBERS:

PAUL MCNAMARA

LIDIA MARTINEZ

ESTER SANCHEZ

JAMES SLY

MARNI VON WILPERT

EXECUTIVE STAFF

KIMBERLY J. BECKER, PRESIDENT/CHIEF EXECUTIVE OFFICER

AMY GONZALEZ, GENERAL COUNSEL

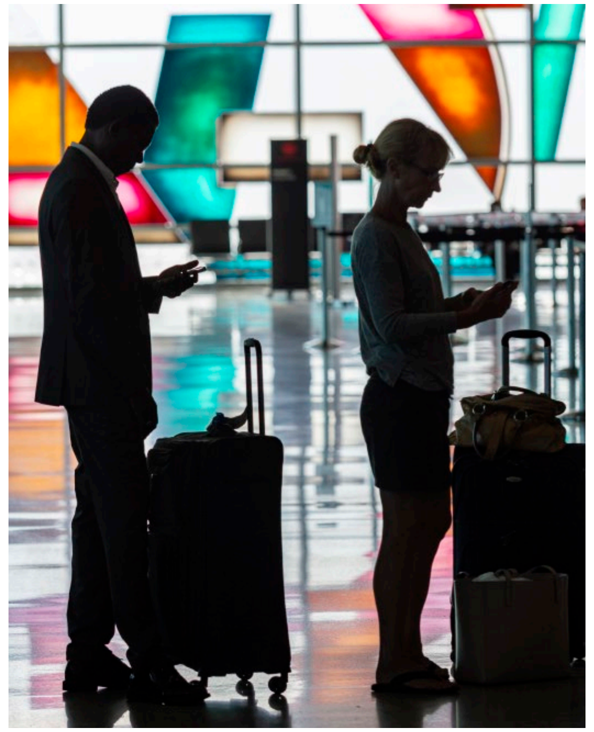
LEE PARRAVANO, CHIEF AUDITOR

SCOTT M. BRICKNER, VICE PRESIDENT/CHIEF FINANCIAL OFFICER

HAMPTON BROWN, VICE PRESIDENT/CHIEF REVENUE OFFICER

RICK FRANCIS, VICE PRESIDENT/CHIEF OPERATING OFFICER

ANGELA SHAFER-PAYNE, VICE PRESIDENT/CHIEF DEVELOPMENT OFFICER



GFOA CERTIFICATE OF ACHIEVEMENT

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, 2022. This was the twentieth 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 for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its 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 Annual Comprehensive Financial Report For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

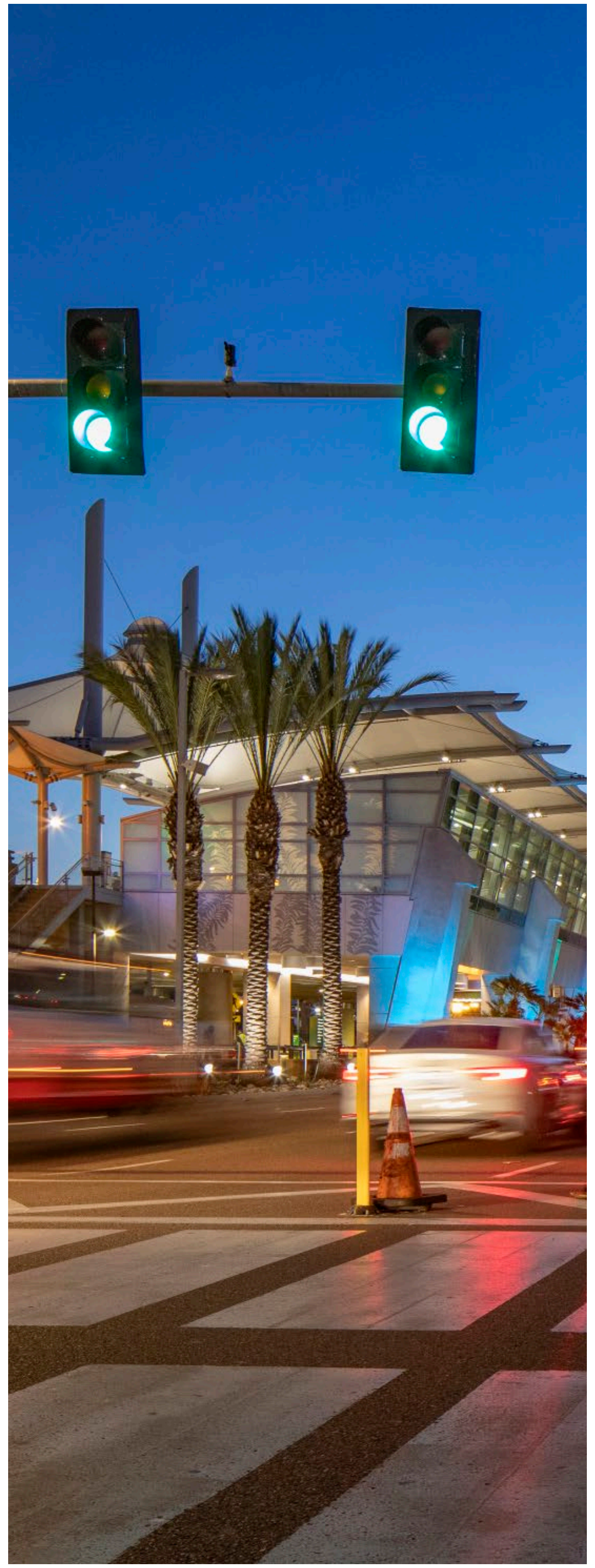
Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT
MANAGEMENT'S DISCUSION AND 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)



FORV/S

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the San Diego County Regional Airport Authority (Airport Authority), as of and for the years ended June 30, 2023 and 2022, 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.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Airport Authority as of June 30, 2023 and 2022, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Airport Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in *Note 13* to the financial statements, in fiscal year 2023 the Airport Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Airport Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Airport Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Airport Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension, and other postemployment benefit information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 audits 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.

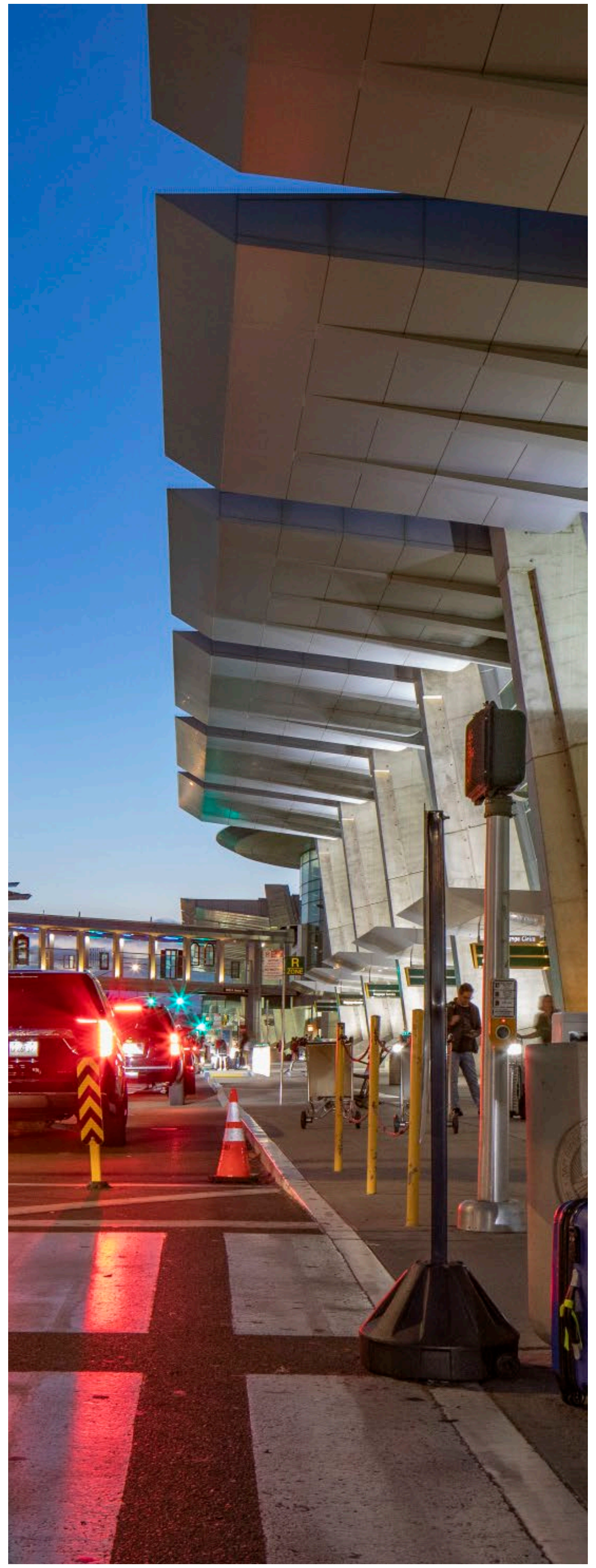
Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections as listed in the table of contents but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

FORVIS, LLP

Dallas, Texas
November 2, 2023



MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For The Years Ended June 30, 2023 and 2022

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 (2021 – 2023)

In fiscal year 2023, the Airport Authority continued to show great improvement in the recovery from the COVID-19 pandemic, as most major activities rose to within 96 percent of the 2019 pre-pandemic levels.

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

	FY 2023	FY 2022	FY 2021
Enplaned passengers	**11,867,569**	9,953,162	4,860,931
% change from prior year	**19.2%**	104.8%	-47.4%
Total passengers	**23,560,297**	19,830,645	9,701,311
% change from prior year	**18.8%**	104.4%	-47.4%
Aircraft operations	**219,952**	190,491	130,017
% change from prior year	**15.5%**	46.5%	-31.8%
Freight and mail (in tons)	**138,648**	151,160	151,327
% change from prior year	**-8.3%**	-0.1%	-2.0%
Landed weight (in millions pounds)	**13,869**	11,764	7,780
% change from prior year	**17.9%**	51.2%	-35.5%

Enplaned passenger traffic continued to improve from the impact of the pandemic, with an increase of 19.2 percent over fiscal year 2022. Changes in total passengers, aircraft operations and landed weight closely mirrored the improvement in enplanements. Whereas freight and mail continued a declining trend due to decreasing demand.

FINANCIAL HIGHLIGHTS (2021 - 2023)

For the fiscal year ended June 30, 2023, the Airport Authority adopted GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94) and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). Fiscal year 2022 has been restated for the adoption of GASB 94 and GASB 96.

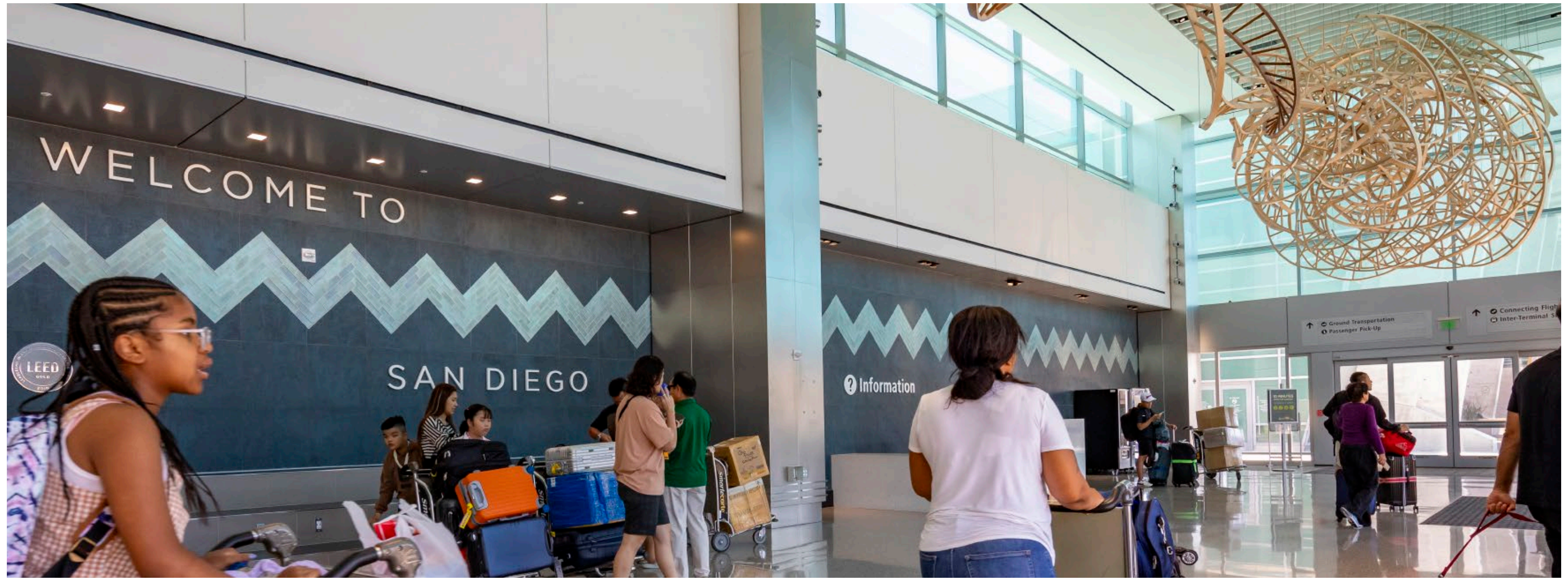
STATEMENT OF REVENUES EXPENSES AND CHANGES IN NET POSITION

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 2.8 percent in fiscal year 2022 as air travel continued to recover and had a strong increase of 13.0% in fiscal year 2023.

The following is a summary of the statements of revenues, expenses, and changes in net position (in thousands):

	FY 2023	FY 2022	FY 2021
Operating revenues	**$ 360,762**	$ 315,640	$ 224,606
Operating expenses	**(305,925)**	(291,213)	(277,808)
Nonoperating revenues (expenses), net	**11,987**	(12,874)	43,762
Capital contributions and grants	**52,287**	12,958	13,932
Increase in net position	**119,111**	24,511	4,491
Net position, beginning of year	**914,068**	889,557	885,066
Net position, end of year	**$ 1,033,179**	$ 914,068	$ 889,557

Note: Fiscal year 2022 and 2021 amounts have been restated for GASB 94 & GASB 96.



OPERATING REVENUES (IN THOUSANDS)

	FY 2023	FY 2022	From 2022 to 2023: Increase (Decrease)	% Change
Airline revenue:				
Landing fees	**$ 44,741**	$ 35,354	$ 9,387	26.6%
Aircraft parking fees	**11,189**	8,856	2,333	26.3%
Building rentals	**129,744**	97,047	32,697	33.7%
Other aviation revenue	**7,123**	6,518	605	9.3%
Total airline revenue	**192,797**	147,775	45,022	30.5%
Concession revenue	**75,559**	88,138	(12,579)	(14.3%)
Parking and ground transportation revenue	**65,415**	57,076	8,339	14.6%
Ground rentals	**23,257**	19,651	3,606	18.3%
Other operating revenue	**3,735**	2,999	736	24.5%
Total operating revenue	**$ 360,762**	$ 315,640	$ 45,122	14.3%

Note: Fiscal year 2022 and 2021 amounts have been restated for GASB 94 & GASB 96.

	FY 2022	FY 2021	From 2021 to 2022: Increase (Decrease)	% Change
Airline revenue:				
Landing fees	$ 35,354	$ 34,046	$ 1,308	3.8%
Aircraft parking fees	8,856	8,542	314	3.7%
Building rentals	97,047	83,090	13,957	16.8%
Other aviation revenue	6,518	8,192	(1,673)	(20.4%)
Total airline revenue	147,775	133,870	13,906	10.4%
Concession revenue	88,138	41,801	46,337	110.9%
Parking and ground transportation revenue	57,076	27,447	29,629	108.0%
Ground rentals	19,651	19,809	(157)	(0.8%)
Other operating revenue	2,999	1,680	1,320	78.6%
Total operating revenue	$ 315,640	$ 224,606	$ 91,034	40.5%

Note: Fiscal year 2022 and 2021 amounts have been restated for GASB 94 & GASB 96.

FISCAL YEAR 2023 COMPARED TO 2022:

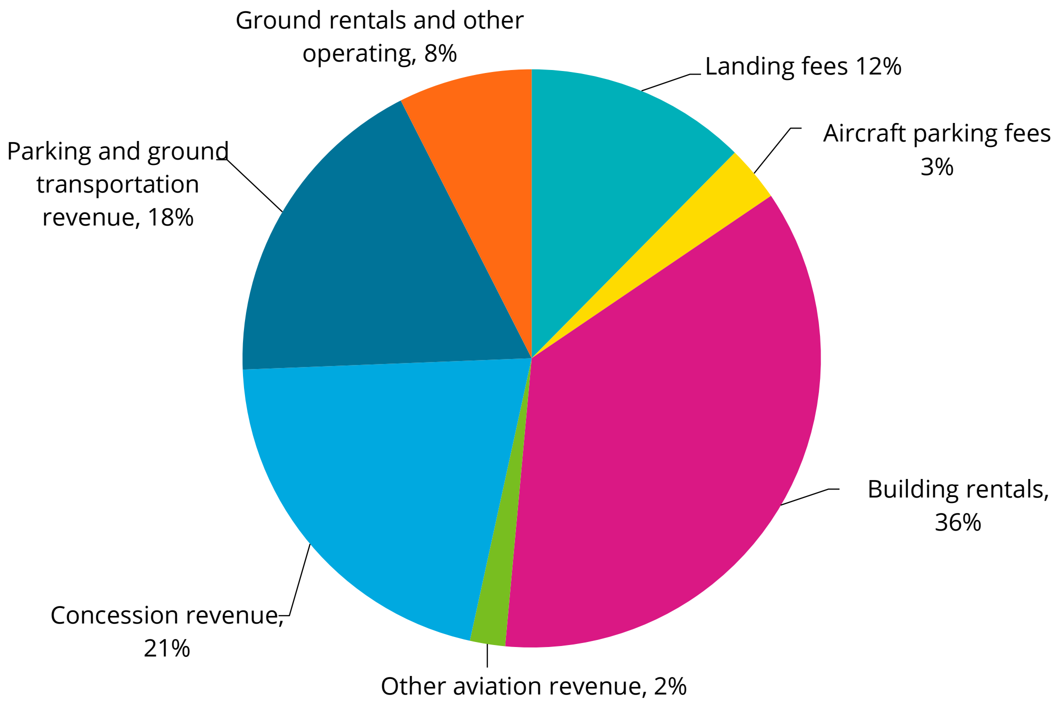
Fiscal Year 2023 compared to 2022: Total airline revenues increased $45.0 million, or 30.5 percent, due to a planned major maintenance fund increase per the airline operating lease agreement, combined with increased cost recovery from the airlines which is the result of higher debt service costs and an increase in recoverable operating expenses due to the increase in passengers.

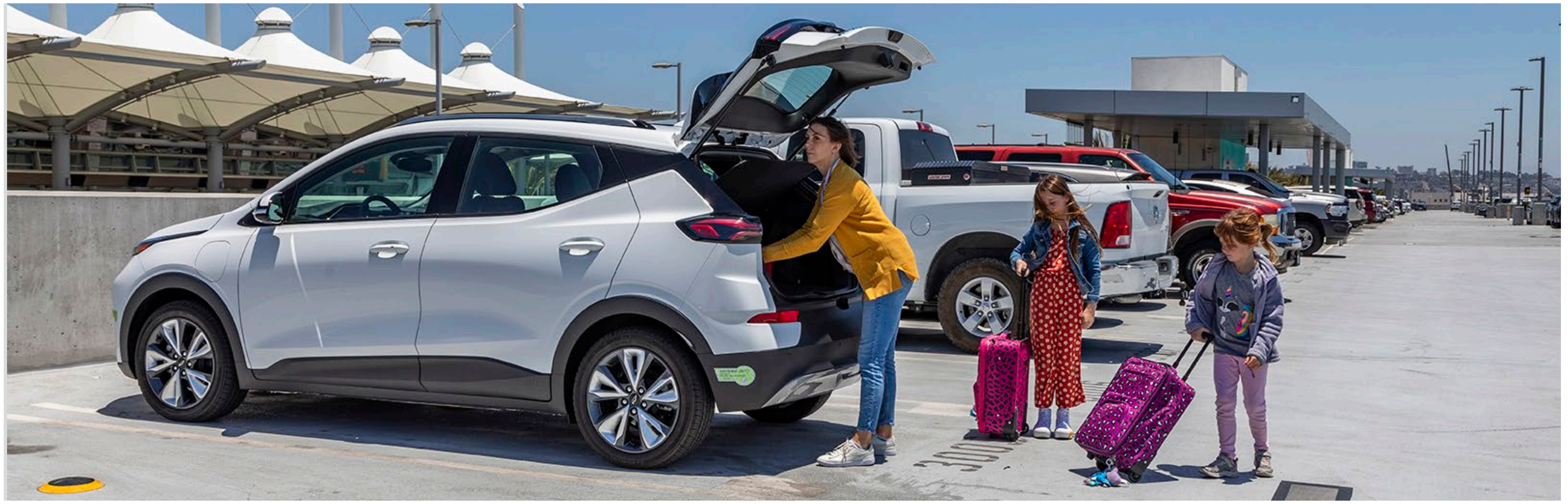
Concession revenue (terminal and rental car) decreased by $12.6 million, or 14.3 percent, due to the timing of the recognition of lease revenue per GASB 87. The decrease is partially offset by increased concessions and car rental sales due to the increase in passengers. Parking and ground transportation revenue increased $8.3 million, or 14.6 percent, due to the increased enplanements. Ground rentals increased $3.6 million, or 18.3 percent, due to the higher consumer price index rent increase and additions to the fuel lease from the hydrant fueling project.

OPERATING REVENUES (CONTINUED)

FISCAL YEAR 2022 COMPARED TO 2021: Total airline revenues increased $13.9 million, or 10.4 percent, reflecting the cost recovery system for the airlines which was higher in fiscal year 2022, compared to 2021. Airline building rentals were the main driver, increasing $14.0 million, or 16.8 percent.

Concession revenue (terminal and rental car) increased by $46.3 million, or 110.9 percent, due to increased passenger flow throughout the terminals. Parking and ground transportation revenue increased $29.6 million, or 108.0 percent, due to the increased enplanements. Lastly, other operating revenue increased $1.3 million, or 78.6 percent.





OPERATING EXPENSES (IN THOUSANDS)

	FY 2023	FY 2022	From 2022 to 2023 Increase (Decrease)	% Change
Salaries and benefits	**$ 51,231**	$ 46,373	$ 4,858	10.5%
Contractual services	**45,581**	34,491	11,090	32.2%
Safety and security	**33,043**	34,191	(1,148)	(3.4%)
Space rental	**313**	839	(526)	(62.7%)
Utilities	**17,567**	14,193	3,374	23.8%
Maintenance	**16,417**	10,747	5,670	52.8%
Equipment and systems	**922**	340	582	171.2%
Materials and supplies	**661**	496	164	33.1%
Insurance	**1,997**	1,741	256	14.7%
Employee development and support	**681**	537	144	26.8%
Business development	**1,916**	1,781	135	7.6%
Equipment rentals and repairs	**4,010**	3,472	539	15.5%
Total operating expenses before depreciation and amortization	**174,339**	149,201	25,138	16.8%
Depreciation and amortization	**131,586**	142,012	(10,425)	(7.3%)
Total operating expense	**$ 305,925**	$ 291,213	$ 14,713	5.1%

Note: Fiscal year 2022 and 2021 amounts have been restated for GASB 94 & GASB 96.

	FY 2022	FY 2021	From 2021 to 2022 Increase (Decrease)	% Change
Salaries and benefits	$ 46,373	$ 52,922	$ (6,549)	(12.4%)
Contractual services	34,491	24,977	9,514	38.1%
Safety and security	34,191	35,086	(895)	(2.6%)
Space rental	839	64	776	1,215.8%
Utilities	14,193	11,730	2,464	21.0%
Maintenance	10,747	9,111	1,636	18.0%
Equipment and systems	340	425	(85)	(19.9%)
Materials and supplies	496	450	46	10.3%
Insurance	1,741	1,519	222	14.6%
Employee development and support	537	442	96	21.6%
Business development	1,781	209	1,573	753.4%
Equipment rentals and repairs	3,472	3,380	92	2.7%
Total operating expenses before depreciation and amortization	149,201	140,313	8,889	6.3%
Depreciation and amortization	142,012	137,496	4,516	3.3%
Total operating expense	$ 291,213	$ 277,808	$ 13,405	4.8%

Note: Fiscal year 2022 and 2021 amounts have been restated for GASB 94 & GASB 96.

OPERATING EXPENSES (CONTINUED)

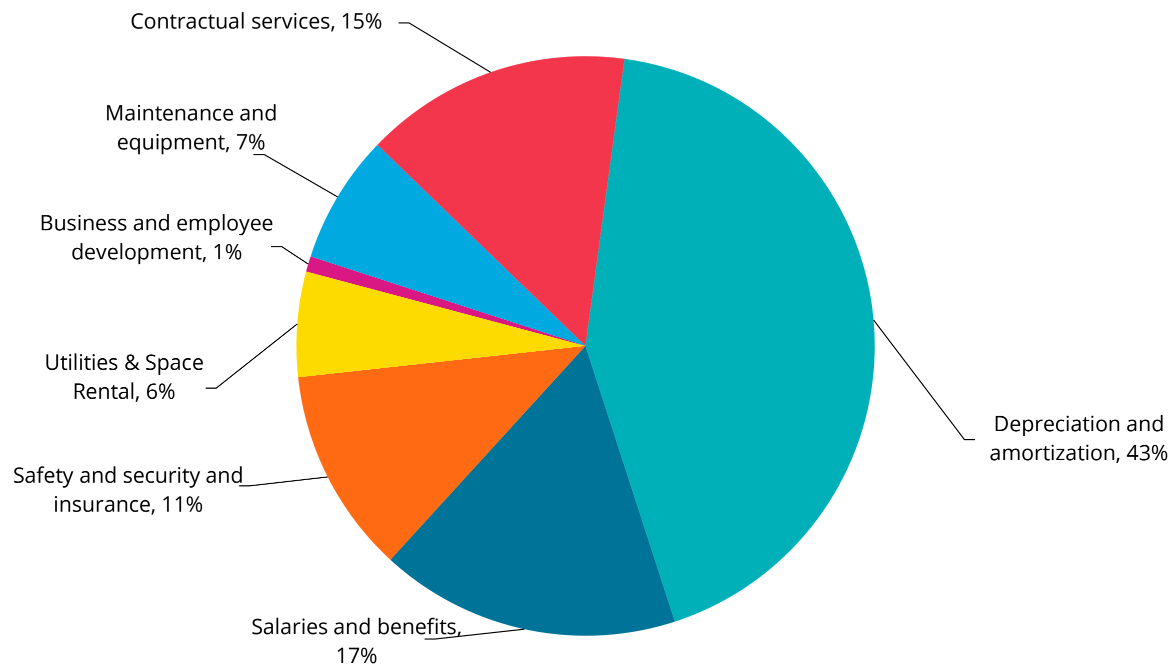
FISCAL YEAR 2023 COMPARED TO 2022:
Total fiscal year 2023 operating expenses increased by $14.7 million or 5.1 percent.

Salaries and benefits increased by $4.9 million or 10.5 percent due to planned wage and benefit increases, higher overtime, and increased head count. Contractual services increased by $11.1 million or 32.2 percent, primarily due to an increase in parking and shuttle operations and Rental Car Center (RCC) buses expenses due to an increase in enplanements. Utilities increased by $3.4 million or 23.8 percent due to increased gas and electric usage and rates. Maintenance expenses increased by $5.7 million or 52.8 percent due to an increase in annual and major maintenance.

Partially offsetting the increase in operating expenses described above, safety and security decreased by $1.1 million or 3.4 percent because of law enforcement and guard services staff vacancies. Depreciation and amortization decreased by $10.4 million or 7.3 percent due to disposal of assets, caused by the demolition of various fixed assets necessary for the construction of the New Terminal 1.

FISCAL YEAR 2022 COMPARED TO 2021:
Total fiscal year 2022 operating expenses increased by $13.4 million or 4.8 percent. Contractual services increased by $9.5 million or 38.1 percent, primarily due to an increase in parking and shuttle operations and Rental Car Center (RCC) buses expenses due to increase in enplanements. Utilities increased by $2.5 million or 21 percent due to increased gas and electric usage and rates. Maintenance expenses increased by $1.6 million, or 18.0 percent, due to an increase in annual and major maintenance. Business Development increased by $1.6 million or 753.4 percent due to an increase in marketing and advertising costs.

Partially offsetting the increase in operating expenses described above, salaries and benefits, decreased by $6.5 million or 12.4 percent, primarily due to a $5.1 million decrease in retirement expense caused by investment gains on the pension and OPEB plan assets.



NONOPERATING REVENUES (EXPENSES) (IN THOUSANDS)

	FY 2023	FY 2022	From 2022 to 2023 Increase (Decrease)	% Change
Passenger facility charges	$ 46,755	$ 40,394	$ 6,361	15.7%
Customer facility charges	34,375	30,333	4,041	13.3%
Federal Relief Grants	-	78,922	(78,922)	(100.0%)
Quieter Home Program, net	(2,051)	(2,541)	490	19.3%
Other interest income	11,145	11,893	(748)	(6.3%)
Investment income (loss)	50,882	(48,884)	99,766	204.1%
Interest expense, net	(127,464)	(109,675)	(17,789)	(16.2%)
Other nonoperating income (expenses)	(1,654)	(13,316)	11,661	87.6%
Nonoperating revenues (expenses), net	$ 11,987	$ (12,874)	$ 24,861	193.1%

Note: Fiscal year 2022 and 2021 amounts have been restated for GASB 94 & GASB 96.

	FY 2022	FY 2021	From 2021 to 2022 Increase (Decrease)	% Change
Passenger facility charges	$ 40,394	$ 22,110	$ 18,284	82.7%
Customer facility charges	30,333	15,755	14,578	92.5%
Federal Relief Grants	78,922	77,219	1,704	2.2%
Quieter Home Program, net	(2,541)	(3,233)	691	21.4%
Other interest income	11,893	6,748	5,144	76.2%
Investment income (loss)	(48,884)	2,495	(51,379)	(2,059.3%)
Interest expense, net	(109,675)	(76,628)	(33,048)	(43.1%)
Other nonoperating income (expenses)	(13,316)	(705)	(12,611)	(1,789.0%)
Nonoperating revenues (expenses), net	$ (12,874)	$ 43,762	$ (56,636)	(129.4%)

Note: Fiscal year 2022 and 2021 amounts have been restated for GASB 94 & GASB 96.

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 utilizing the consolidated rental car facility 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 included the *American Rescue Plan Act* (ARPA) funds received from the federal government. ARPA was signed into law on March 11, 2021, and included $8 billion in funds to be awarded as economic assistance to eligible U.S. airports to prevent, prepare for, and respond to the coronavirus disease pandemic. On August 10, 2021, the Airport Authority was awarded a $78.9 million ARPA grant, which was fully utilized in fiscal year 2022.

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)

NONOPERATING REVENUES (EXPENSES) (CONTINUED)

which awards grants for certain eligible Airport Authority expenditures. The $2.1 million of expenses represents the authority's cost, net of the grant funds utilized in FY23. From inception through the end of fiscal year 2023, the Airport Authority has spent $283.5 million and received reimbursement for $231.3 million.

Other Interest includes interest earned on lease receivables and notes receivable. For June 30, 2023, and 2022 other interest income was $11.1 million and $11.9 million, respectively.

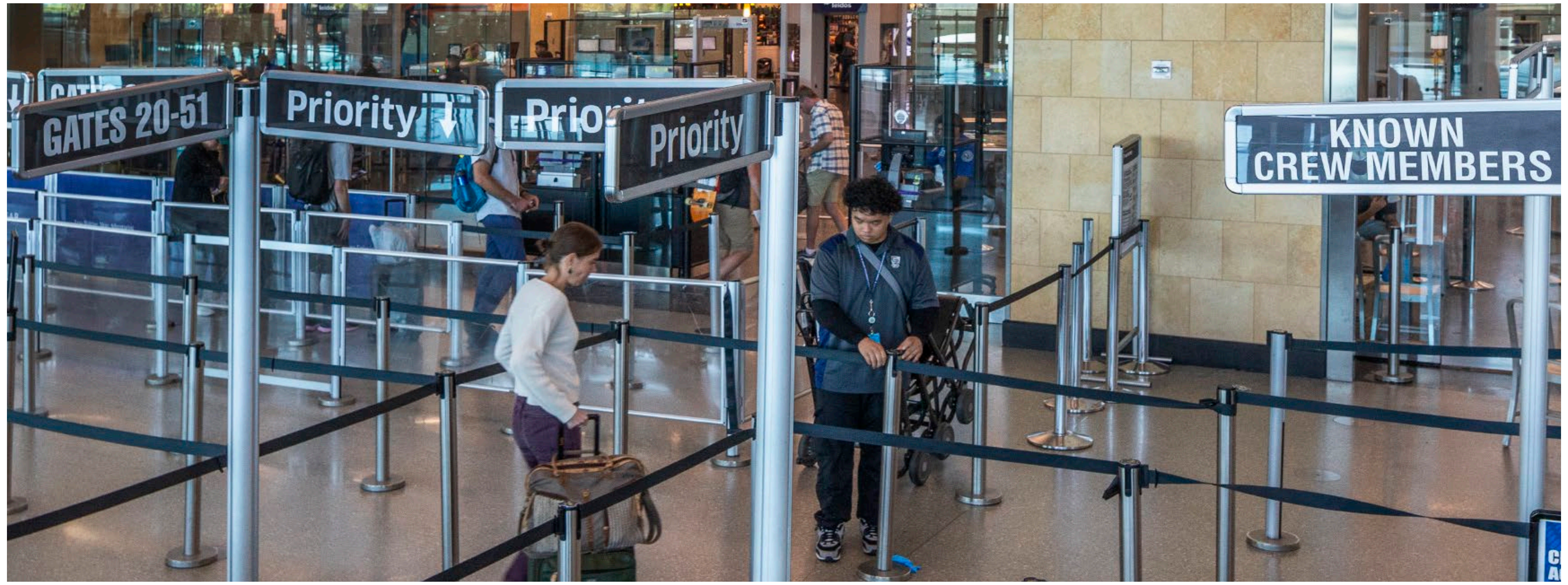
Investment income (loss) is derived from interest earned by the Airport Authority on investments and includes unrealized gain (loss) on investments. For June 30, 2023, and 2022 Investment income was a gain of $50.9 million and a loss of $48.9 million, respectively.

Interest expense includes interest paid and accrued on bonds, variable debt, and leases. For June 30, 2023, and 2022 interest expense was $127.5 million and $109.7 million, respectively. The increase is due to a full year of interest on the 2021 bonds that were issued in December 2021 to fund construction of the New Terminal 1.

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 2023 compared to 2022:
Nonoperating revenues (net) increased by $24.9 million or 193.1 percent. The increases in PFCs and CFCs are due to an increase in enplaned passengers. PFCs increased by $6.4 million or 15.7 percent, and CFCs increased by $4.0 million or 13.3 percent. Investment income increased by $99.8 million or 204.1 percent. The increase is due to the movement of unrealized gain/loss on investments of $72.9 million as the increase in market yields moderated significantly resulting in an unrealized gain in fiscal year 2023 of $11.7 million compared to an unrealized loss of $61.3 million in fiscal year 2022. Increased interest rates and higher investment balances accounted for the $26.8 million of additional interest revenue in fiscal year 2023. Other nonoperating income (expenses) decreased by $11.7 million or 87.6 percent, as there was no fixed asset disposal loss reported this year.

Fiscal year 2022 compared to 2021:
Nonoperating revenues (net) decreased by $56.6 million or 129.4 percent. The increases in PFCs and CFCs are due to an increase in enplaned passengers. PFCs increased by $18.3 million or 82.7 percent, and CFCs increased by $14.6 million or 92.5 percent. Investment income (loss) decreased by $51.4 million or 2,059.3 percent. The decrease is due to an unrealized loss on investments of $61.3 million as market yields increased significantly decreasing the market value of fixed rate securities held by the Authority. The unrealized loss was offset partially by increased interest earnings due to higher yields and larger investment balances. Other nonoperating income (expenses) decreased by $12.6 million or 1,789.0 percent, due to the loss on fixed asset disposals, caused by the demolition of various fixed assets necessary for the construction of the New Terminal 1.



FEDERAL GRANT CONTRIBUTIONS (IN THOUSANDS)

	FY 2023	FY 2022	From 2022 to 2023 Increase (Decrease)	From 2022 to 2023 % Change
Federal grants	$ 52,287	$ 12,958	$ 39,329	303.5%

	FY 2022	FY 2021	From 2021 to 2022 Increase (Decrease)	From 2021 to 2022 % Change
Federal grants	$ 12,958	$ 13,932	$ (973)	(7.0%)

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 2023, federal grant contributions increased by $39.3 million, or 303.5 percent compared to fiscal year 2022, due to an increase in grant awards and substantial New Terminal 1 construction activities funded by federal grants.

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 and deferred outflows of resources, liabilities and deferred inflows of resources, and net position at June 30, 2023, 2022 and 2021, is as follows:

	FY 2023	FY 2022	FY 2021
Assets and Deferred Outflows of Resources			
Current assets	$ 723,463	$ 491,098	$ 480,254
Capital and lease assets, net	2,795,855	2,284,111	2,063,687
Noncurrent assets	2,037,198	2,719,699	914,583
Total assets	5,556,516	5,494,907	3,458,524
Deferred outflows of resources	18,040	22,390	33,471
Total assets & deferred outflows of resources	5,574,556	5,517,297	3,491,996
Liabilities and Deferred Inflows of Resources			
Current liabilities	280,701	250,171	157,227
Long-term liabilities	3,871,111	3,947,346	2,077,162
Total liabilities	4,151,812	4,197,517	2,234,389
Deferred inflows of resources	389,565	405,712	368,049
Total liabilities & deferred inflows of resources	4,541,377	4,603,229	2,602,439
Net Position			
Net investment in capital assets	330,220	420,903	325,062
Restricted	230,636	176,638	192,484
Unrestricted	472,323	316,527	372,011
Total net position	$ 1,033,179	$ 914,068	$ 889,557

Note: Fiscal year 2022 and 2021 amounts have been restated for GASB 94 & GASB 96.

ASSETS, LIABILITIES AND NET POSITION (CONTINUED)

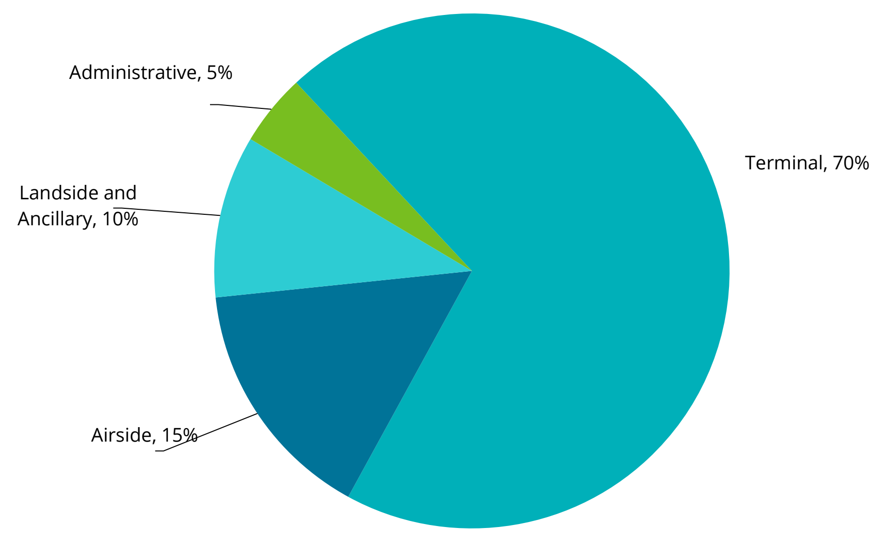
As of June 30, 2023, the Airport Authority's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $1,033.2 million. This reflects a $119.1 million or 13.0 percent increase in net position from June 30, 2022. The Airport Authority uses capital and lease assets 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 and lease 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 $472.3 million as of June 30, 2023, may be used to meet any of the Airport Authority's ongoing obligations. As of June 30, 2023, 2022, and 2021, management has designated unrestricted funds in the amount of $16.0 million, $16.2 million, and $22.5 million, respectively, for capital contract commitments funded by Airport Authority cash, earthquake self-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 and refurbishment, environmental remediation, terminal upgrades, and landside 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.

The current Capital Program, which includes projects through 2027, consists of $595.0 million for airside projects, $379.5 million for landside and ancillary projects, $2.7 billion for terminal projects, which includes the replacement of Terminal 1, and $174.1 million for administrative projects.

Capital Program Projects by Type



Additional information of the Airport Authority's capital and lease assets can be found in Note 5 of the financial statements.

CAPITAL FINANCING AND DEBT MANAGEMENT

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 5.0 percent. The Series 2014 B Bonds were structured as federally taxable bonds that bear interest at rates ranging from 2.5 percent to 5.6 percent and mature in fiscal years 2019 to 2045. Interest for the fiscal years ended June 30, 2023, and 2022 amounted to $15.2 million and $15.6 million, respectively, including accrued interest of $7.6 million and $7.8 million, respectively. The principal balance on the Series 2014 Bonds as of June 30, 2023, and 2022 was $275.7 million and $282 million, 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 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 cost 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 4.0 percent to 5.0 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 for the fiscal years ended June 30, 2023, and 2022 amounted to $13.3 million and $13.6 million, respectively, including accrued interest of $6.7 million and $6.8 million, respectively. The principal balance on the Series 2017 Bonds as of June 30, 2023, and 2022 was $266.6 million and $271.9 million, respectively.

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 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 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 Series 2017 Bonds. The Series 2019 Bonds are structured as serial and term bonds that bear interest at rates ranging from 4.0 percent to 5.0 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 years ended June 30, 2023, and 2022 amounted to $21.9 million and $22.1 million, respectively, including accrued interest of $10.9 million and $11.1 million, respectively. The principal balance on the Series 2019 Bonds as of June 30, 2023, and 2022 was $454.6 million and $459 million, respectively.

CAPITAL FINANCING AND DEBT MANAGEMENT (CONTINUED)

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 Series 2020 Bonds Proceeds on April 8, 2020. Proceeds from the sale of the Series 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 Series 2020 Bonds. The Series 2020 Bonds are structured as serial bonds that bear interest rates of 5.0 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, 2023, and 2022 amounted to $10.6 million and $11.5 million, respectively, including accrued interest of $5.4 million and $5.8 million, respectively. The principal balance on the Series 2020 Bonds as of June 30, 2023, and 2022 was $212.5 million and $227.0 million, respectively.

On December 8, 2021, the Airport Authority issued $1,941.7 million of Series A, B and C Subordinate Airport Revenue Bonds (Series 2021 Bonds). The Series 2021 Bonds were issued to finance The New Terminal 1 development at SDIA, fund a portion of the interest accruing on the Series 2021 Bonds, fund the subordinate reserve fund, pay the costs of issuance of the Series 2021 Bonds and to refund the 2013 Series A and B bonds. The Series 2021 A and B Bonds are structured as serial and term bonds that bear interest at rates ranging from 4.0 percent to 5.0 percent and mature in fiscal years 2027 to 2057 and were issued at a premium of $332.4 million, which is being amortized over the life of the bonds. The Series 2021 C Bonds are federally Taxable Bonds and are structured as serial and term bonds that bear interest at rates ranging from 0.5 percent to 3.1percent and mature in fiscal years 2023 to 2037. Interest on the Series 2021 Bonds is payable semiannually on January 1 and July 1 of each year. Interest for the fiscal years ended June 30, 2023, and 2022 amounted to $82.0 million and $46.3 million, respectively, including accrued interest of $41.0 million and $46.3 million, respectively. The principal balance on the Series 2021 Bonds as of June 30, 2023, and 2022 was $1,932.0 million and $1,941.7 million, respectively.

Interest expense on the Series 2014, 2017, 2019, 2020 and 2021 Bonds for fiscal years ended June 30, 2023, and June 30, 2022, of $143.1 million and $116.3 million, respectively, was offset by bond premium amortization of $26.7 million in fiscal year 2023 and $21.6 million in fiscal year 2022.

The Airport Authority leases properties from various third parties and use that space to conduct its operations, the terms of which expire 2024 through 2072. The measurement of the lease payable is based on the present value of lease payments expected to be paid during the lease term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any lease incentives payable to the lessee. Incremental Borrowing Rates of 1.1 percent to 3.8 percent were used by the Airport Authority to measure lease payables. Liabilities recorded under lease contracts during the years ended June 30, 2023, and 2022, were $228.9 million and $232.4 million, respectively.

On July 19, 2021, The Airport Authority and Bank of America agreed to a Revolving Credit Agreement. The Airport Authority is authorized to issue up to $200.0 million in Subordinate Revolving Obligations. The revolving credit agreement is for a term of three years. At the end of fiscal years 2023 and 2022, the Airport Authority had $80.1 million in aggregate principal of Subordinate Revolving Obligations outstanding. These obligations were used to finance the New Terminal 1. Obligations incurred under the Revolving Credit Agreement are payable solely from and secured by a pledge of "Subordinate Net Revenues." Subordinate Net Revenues are generally defined as all revenues and other cash receipts of the Airport Authority's Airport operations remaining after Senior Lien payments have been deposited by the Trustee in accordance with the Senior Lien Trust Indenture.

CAPITAL FINANCING AND DEBT MANAGEMENT (CONTINUED)

Additional information of the Airport Authority's long-term debt can be found in Note 6 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 the Airport 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 $89.3 million in grant awards for the federal fiscal year ended September 30, 2023, as compared to $83.4 million for 2022. 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 San Diego County Regional Airport Authority Accounting Department, P.O. Box 82776, San Diego, CA 92138. The Accounting Department can also be reached at (619) 400-2806. A copy of the financial report is available at www.san.org

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2022

Assets and Deferred Outflows of Resources	2023	2022 as restated
Current Assets		
Unrestricted:		
Cash and cash equivalents (Note 2)	$ 26,108,388	$ 10,560,677
Investments (Note 2)	306,492,307	238,734,707
Tenant receivables, net	20,872,111	22,784,819
Grants receivable	19,163,746	25,461,356
Lease receivables, current portion (Note 3)	21,579,230	25,256,727
Partnership lease receivables, current portion (Note 3)	3,281,883	2,891,820
Note receivable, current portion (Note 4)	4,926,819	4,766,887
Other current assets	17,351,605	10,291,837
Total unrestricted current assets	**419,776,089**	340,748,830
Restricted cash, cash equivalents and investments with trustees (Notes 2 and 6)	303,687,039	150,348,859
Total current assets	**723,463,128**	491,097,689
Noncurrent Assets		
Restricted assets (Notes 2 and 6):		
Restricted cash, cash equivalents and investments not with trustees	202,552,633	154,568,287
Restricted cash, cash equivalents and investments with trustees (Note 2)	1,232,265,747	2,025,521,963
Passenger facility charges receivable (Note 1)	7,035,361	4,185,454
Customer facility charges receivable (Note 1)	3,169,514	2,884,858
Other restricted assets	2,403,167	3,999,762
Total restricted assets	**1,447,426,421**	2,191,160,323
Other noncurrent assets:		
Investments, noncurrent (Note 2)	184,596,297	141,423,628
Lease receivables, long-term portion (Note 3)	146,460,548	168,039,778
Partnership lease receivables, long-term portion (Note 3)	135,261,080	125,895,083
Note receivable, long-term portion (Note 4)	24,451,275	29,378,094
Cash and cash equivalents designated for specific capital projects and other commitments (Note 2)	99,002,685	50,449,426
Net pension asset (Note 7)	-	8,995,046
Net OPEB asset (Note 10)	-	4,357,476
Total other noncurrent assets	**589,771,885**	528,538,531
Capital and lease assets (Note 5):		
Land, land improvements and nondepreciable assets/leases	182,279,198	182,279,198
Buildings and structures	1,884,157,140	1,823,469,725
Lease assets	238,303,897	238,303,897
Subscription assets	464,378	464,378
Machinery and equipment	139,202,241	124,708,399
Runways, roads and parking lots	630,577,748	637,019,738
Construction in progress	1,145,357,693	578,124,720
Total capital and lease assets	4,220,342,295	3,584,370,056
Less accumulated depreciation and amortization	(1,424,487,252)	(1,300,259,420)
Capital and lease assets, net	2,795,855,043	2,284,110,636
Total noncurrent assets	**4,833,053,349**	5,003,809,490
Total assets	**5,556,516,476**	5,494,907,179
Deferred outflows of resources:		
Pensions (Note 7 and 8)	12,162,436	18,137,274
OPEB (Note 10)	5,877,459	4,252,768
Total deferred outflows of resources	**18,039,895**	22,390,042
Total assets and deferred outflows of resources	**5,574,556,372**	5,517,297,222

See Notes to Financial Statements. (continued)

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

STATEMENTS OF NET POSITION (CONTINUED)
JUNE 30, 2023 AND 2022

Liabilities, Deferred Inflows of Resources and Net Position	2023	2022 as restated
Current Liabilities		
Payable from unrestricted assets:		
Accounts payable	3,699,871	7,326,129
Accrued liabilities	51,830,325	45,972,090
Compensated absences, current portion (Note 6)	3,750,891	3,264,966
Other current liabilities	16,591,374	14,502,025
Lease and subscription liabilities, current portion (Note 6)	3,677,515	3,586,324
Long-term debt, current portion (Note 6)	387,928	323,293
Total payable from unrestricted assets	**79,937,904**	74,974,827
Payable from restricted assets:		
Accounts payable	9,179,789	17,466,214
Accrued liabilities	69,749,979	39,743,912
Long-term debt, current portion (Note 6)	50,055,000	40,160,000
Accrued interest on variable rate debt and bonds (Note 6)	71,778,216	77,826,260
Total payable from restricted assets	**200,762,984**	175,196,385
Total current liabilities	**280,700,888**	250,171,213
Long-Term Liabilities		
Compensated absences, net of current portion (Note 6)	1,343,480	1,789,112
Other noncurrent liabilities	647,536	663,924
Lease and subscription liabilities, long-term portion (Note 6)	225,503,027	229,180,542
Long-term debt, net of current portion (Note 6)	3,635,975,207	3,713,339,080
Net pension liability (Note 7 and 8)	7,197,809	2,373,440
Net OPEB liability (Note 10)	444,406	-
Total long-term liabilities	**3,871,111,466**	3,947,346,098
Total liabilities	**4,151,812,354**	4,197,517,311
Deferred inflows of resources		
Pensions (Note 7 and 8)	4,749,968	27,258,294
OPEB (Note 10)	1,653,747	4,901,161
Gain on refunding	9,440,839	9,943,477
Leases (Note 3)	147,922,470	168,064,374
Partnership leases (Note 3)	225,797,623	195,544,264
Total deferred inflows of resources	**389,564,647**	405,711,570
Total liabilities and deferred inflows of resources	**4,541,377,002**	4,603,228,881
Net Position		
Net investment in capital assets	330,219,977	420,903,099
Restricted:		
Debt Service	67,075,020	48,292,097
Construction	141,003,071	93,634,418
Pension	-	8,995,046
OPEB	-	4,357,476
Operation and maintenance expenses	17,932,678	15,136,888
Small business bond guarantee	2,222,300	2,222,300
OCIP loss reserve	2,403,167	3,999,762
Total restricted net position	230,636,236	176,637,988
Unrestricted net position	472,323,157	316,527,254
Total net position	**$ 1,033,179,370**	$ 914,068,340

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, 2023 AND 2022

	2023	2022 as restated
Operating revenues:		
Airline revenue:		
Landing fees	$ **44,741,469**	$ 35,354,215
Aircraft parking fees	**11,188,756**	8,855,947
Building rentals	**129,743,693**	97,046,860
Other aviation revenue	**7,123,044**	6,518,253
Concession revenue	**75,558,792**	88,138,271
Parking and ground transportation revenue	**65,414,598**	57,075,628
Ground and non-airline terminal rentals	**23,257,118**	19,651,356
Other operating revenue	**3,734,823**	2,999,290
Total operating revenues	**360,762,294**	315,639,820
Operating expenses before depreciation and amortization:		
Salaries and benefits (Notes 6, 7, 8 and 9)	**51,230,961**	46,373,068
Contractual services (Note 13)	**45,580,643**	34,490,679
Safety and security	**33,042,629**	34,190,686
Space rental	**313,483**	839,337
Utilities	**17,567,259**	14,193,387
Maintenance	**16,417,015**	10,746,604
Equipment and systems	**921,761**	339,942
Materials and supplies	**660,733**	496,452
Insurance	**1,996,788**	1,740,603
Employee development and support	**681,446**	537,388
Business development	**1,916,108**	1,781,323
Equipment rentals and repairs	**4,010,388**	3,471,765
Total operating expenses before depreciation and amortization	**174,339,213**	149,201,234
Income from operations before depreciation and amortization	**186,423,081**	166,438,586
Depreciation and amortization expense	**131,586,318**	142,011,648
Operating income	$ **54,836,763**	$ 24,426,938

See Notes to Financial Statements.

(continued)

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (CONTINUED) FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022 as restated
Nonoperating revenues (expenses):		
Passenger facility charges	$ **46,754,727**	$ 40,394,092
Customer facility charges	**34,374,844**	30,333,350
Federal relief grants	**-**	78,922,308
Quieter Home Program grant revenue (Note 1)	**19,023,947**	14,392,766
Quieter Home Program expenses (Note 1)	**(21,075,144)**	(16,934,242)
Other Interest Income	**11,145,007**	11,892,517
Investment income (loss)	**50,881,687**	(48,883,995)
Interest expense (Note 6)	**(127,463,755)**	(109,675,241)
Other revenues (expenses), net	**(1,654,133)**	(13,315,574)
Nonoperating revenues (expenses), net	**11,987,180**	(12,874,018)
Income before federal grants	**66,823,943**	11,552,920
Federal grants (Note 1)	**52,287,087**	12,958,340
Change in net position	**119,111,030**	24,511,260
Net position, beginning of year, as restated	**914,068,340**	889,557,081
Net position, end of year	$ **1,033,179,370**	$ 914,068,340

See Notes to Financial Statements.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED
JUNE 30, 2023 AND 2022

	2023	2022 as restated
Cash Flows From Operating Activities		
Receipts from customers	$ 362,504,812	$ 371,536,489
Payments to suppliers	(129,535,335)	(107,568,553)
Payments to employees	(54,368,079)	(48,787,730)
Other receipts (payments)	3,737,502	2,996,459
Net cash provided by operating activities	182,338,900	218,176,665
Cash Flows From Noncapital Financing Activities		
Misc nonoperating receipts (payments)	(1,654,133)	163,686
Quieter Home Program grant receipts	20,850,254	11,723,416
Quieter Home Program payments	(21,075,144)	(16,934,242)
Net cash used in noncapital financing activities	(1,879,024)	(5,047,139)
Cash Flows From Capital and Related Financing Activities		
Capital outlay	(597,490,633)	(334,497,078)
Proceeds from variable debt	-	80,100,000
Other interest income	11,145,007	11,892,517
Federal grants received (excluding Quieter Home Program)	56,758,390	76,754,333
Proceeds from passenger facility charges	43,904,820	41,970,700
Proceeds from customer facility charges	34,090,188	29,832,774
Payment of principal on bonds and commercial paper	(40,360,000)	(389,230,000)
Proceeds from issuance of Series 2020 Bonds	-	2,274,125,831
Payment on note payable	(354,139)	(323,293)
Interest and debt fees paid	(160,704,536)	(119,271,370)
Net cash provided by (used in) capital and related financing activities	(653,010,901)	1,671,354,415
Cash Flows From Investing Activities		
Sales and maturities of investments	1,815,186,082	2,703,087,078
Purchases of investments	(1,322,506,966)	(4,619,871,044)
Interest received on investments and note receivable	39,205,993	12,419,871
Principal payments received on notes receivable	4,766,887	2,372,252
Increase in principal on notes receivable	-	(9,308,366)
Net cash provided by (used in) investing activities	536,651,995	(1,911,300,209)
Net decrease in cash and cash equivalents	64,100,970	(26,816,268)
Cash and cash equivalents, beginning of year	61,010,103	87,826,370
Cash and cash equivalents, end of year	$ 125,111,073	$ 61,010,103

See Notes to Financial Statements.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

STATEMENTS OF CASH FLOWS, (CONTINUED)
FOR THE FISCAL YEARS ENDED
JUNE 30, 2023 AND 2022

	2023	2022 as restated
Reconciliation of Cash and Cash Equivalents to the Statements of Net Position		
Unrestricted cash and cash equivalents	$ 26,108,388	$ 10,560,677
Cash and cash equivalents designated for specific capital projects and other commitments	99,002,685	50,449,426
Total cash and cash equivalents	$ 125,111,073	$ 61,010,103
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	$ 54,836,763	$ 24,426,938
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization expense	131,586,318	142,011,648
Change in pensions/OPEB liability/asset	18,621,297	(45,794,077)
Change in deferred outflows related to pensions/OPEB	4,350,147	11,081,306
Change in deferred inflows related to pensions/OPEB	(25,755,740)	29,002,100
Change in deferred inflows related to leases	(20,141,904)	(1,383,657)
Change in deferred inflows related to partnership leases	6,116,521	3,968,456
Changes in assets and liabilities:		
Receivables, net	1,912,709	56,568,711
Other assets	(5,463,173)	(97,336)
Accounts payable	(3,626,258)	654,407
Accrued liabilities	5,858,235	1,205,133
Compensated absences	40,293	292,136
Lease receivables	15,500,666	(8,408,150)
Other liabilities	(1,496,975)	4,649,049
Net cash provided by operating activities	$ 182,338,900	$ 218,176,665
Noncash investing, Capital and Financing Activities		
Additions to capital assets included in accounts payable	$ 78,929,768	$ 57,210,125
Capital assets (and related deferred inflow) contributed by operator	24,136,838	-
Unrealized gain (loss) on investments	11,675,694	(61,303,866)

See Notes to Financial Statements.

NOTE 1.

NATURE OF ORGANIZATION & 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 January 1, 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.

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 RECEIVABLES:
Tenant 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 receivables are written off when deemed uncollectible. Recoveries of tenant receivables previously written off are recorded when received.

NOTE 1.

NATURE OF ORGANIZATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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):
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, 2023, and 2022, the Airport Authority recovered $52.3 million and $13.0 million, respectively, for approved capital projects; and $19.0 million and $14.4 million, respectively, for the Quieter Home Program.

ARPA:
The American Rescue Plan Act of 2021 (ARPA) was signed into law on March 11, 2021 and includes $8 billion in funds to be awarded as economic assistance to eligible U.S. airports to prevent, prepare for, and respond to the coronavirus disease pandemic. To distribute these funds, the FAA has established the Airport Rescue Grants 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 $78.8 million on August 10, 2021. For the fiscal year ended June 30, 2022, the Airport Authority drew and expended $78.8 million.

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, 2023, and 2022, accrued PFC receivables totaled $7.0 million and $4.2 million respectively, and there were $105.6 million and $61.4 million PFC amounts collected but not yet applied for approved capital projects as of June 30, 2023, and 2022, 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 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, 2023, and 2022, accrued CFC receivables totaled

$3.2 million and $2.9 million, respectively. CFC amounts collected, including interest, but not yet applied for approved capital projects as of June 30, 2023, and 2022, were $25.1 million, and $25.0 million, 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. Deferred outflows of resources represent a consumption of net assets that applies to future periods and deferred inflows of resources represent an acquisition of net assets that applies to future periods, 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.

- Leases – Represents the initial value of lease receivable under GASB 87 and GASB 94 systematically reduced and recognized as lease revenue over the term of the lease.

CAPITAL, LEASE, AND SUBSCRIPTION 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 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.

Lease and subscription based technology assets are initially recorded as the sum of 1) the amount of the initial measurement of the lease or subscription liability, 2) lease for subscription

NOTE 1.

NATURE OF ORGANIZATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

payments made at or before the commencement of the lease term, less any lease incentives received from the vendor at or before the commencement of the term, 3) initial direct costs that are ancillary charges necessary to place the asset into service. Lease and subscription assets are amortized on a straight-line basis over the shorter of the lease term or useful life of the underlying asset.

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)

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 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 and lease assets, net of accumulated depreciation and amortization, 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.

NOTE 1.

NATURE OF ORGANIZATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unrestricted net position as of June 30, 2023, and 2022 includes designations of net position that represent tentative management plans that are subject to change, consisting of:

	2023	2022
Operating contingency	$ 2,000,000	$ 2,000,000
Insurance contingency	13,839,942	13,121,946
Capital projects and other commitments	163,794	1,068,502
Total designated net position	$ 16,003,736	$ 16,190,448

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.

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:

	2023	2022
Southwest Airlines	35.3%	34.1%
Alaska Airlines	16.4%	17.5%
United Airlines	12.3%	13.1%
Delta Airlines	12.2%	12.4%
American Airlines	10.8%	12.4%

NOTE 1.

NATURE OF ORGANIZATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 (asset), 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 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 (asset), 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 during the year ended June 30, 2023:

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

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Arrangements,* effective for the Airport Authority's year ending June 30, 2023. Details of the restated balances are provided in Note 13.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements,* effective for the Airport Authority's year ending June 30, 2023. Details of the restated balances are provided in Note 13.

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. 100, *Accounting Changes and Error Corrections*, effective for the Airport Authority's year ending June 30, 2024.

GASB Statement No. 101, *Compensated Absences*, effective for the Airport Authority's year ending June 30, 2025.

RECLASSIFICATIONS:
Certain reclassifications have been made to the 2022 financial statements to conform to the 2023 presentation. The reclassifications had no effect on the changes in net position.

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:

	2023	2022
Unrestricted and Undesignated:		
Cash and cash equivalents	$ 26,108,388	$ 10,560,677
Current investments	306,492,307	238,734,707
Noncurrent investments	184,596,297	141,423,628
Total unrestricted and undesignated	517,196,992	390,719,012
Designated for specific capital projects and other commitments: cash and cash equivalents	99,002,685	50,449,426
Restricted:		
Current cash, cash equivalents and investments, with trustees	303,687,039	150,348,859
Noncurrent cash, cash equivalents and investments, not with trustees	202,552,633	154,568,287
Noncurrent cash, cash equivalents and investments, with trustees	1,232,265,747	2,025,521,963
Total restricted cash, cash equivalents and investments	1,738,505,419	2,330,439,109
Total cash, cash equivalents and investments	$ 2,354,705,095	$ 2,771,607,547

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

	2023	2022
Restricted cash, cash equivalents and investments:		
Bond reserves:		
Operation and maintenance reserve subaccount	$ 46,342,596	$ 45,410,666
Operation and maintenance subaccount	17,932,678	15,136,888
Renewal and replacement account	5,400,000	5,400,000
Total bonds reserves	69,675,274	65,947,554
Passenger facility charges unapplied	105,594,340	61,379,099
Customer facility charges unapplied	25,203,857	25,185,007
Small business development bond guarantee	2,222,300	2,222,300
2013 Series debt service account	167	163
2013 Series debt service reserve fund	63	38,018
2014 Renew and Replace	14,281,747	11,674,803
2014 Rolling coverage fund	7,312,430	7,217,003
2014 Series debt service account	14,280,456	14,065,605
2014 Series debt service reserve fund	22,286,987	22,143,752
2017 Series debt service account	12,458,985	12,125,293
2017 Series debt service reserve fund	14,937,220	14,759,099
2019 Series CAP Interest Fund	(48,285)	2,164,375
2019 Series Construction Fund	24,931,842	87,809,097
2019 Series Debt Services Account	17,330,104	13,318,441
2019 Series Debt Services Reserve Fund	29,650,952	29,230,025
2020 Series Debt Services	20,904,314	20,206,542
2020 Series Debt Services Reserve Fund	30,538,478	30,032,139
2021 Series CAP Interest Fund	167,474,239	241,585,184
2021 Series Construction Fund	1,025,900,425	1,544,293,820
2021 Series Cost of Issuance	-	21,961
2021 Series Debt Services Reserve Fund	110,509,757	108,528,789
2021 Series Revolving Construction Fund	1,017,524	993,764
2021Series Debt Services Account	22,042,241	15,497,275
Total restricted cash, cash equivalents and investments	$ 1,738,505,419	$ 2,330,439,108

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
Non-U.S. Securities	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.

NOTE 2.

CASH, CASH EQUIVALENTS & INVESTMENTS (CONTINUED)

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	ratings	None	None
Money market mutual funds	None	ratings	None	None
Municipal bonds	None	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.

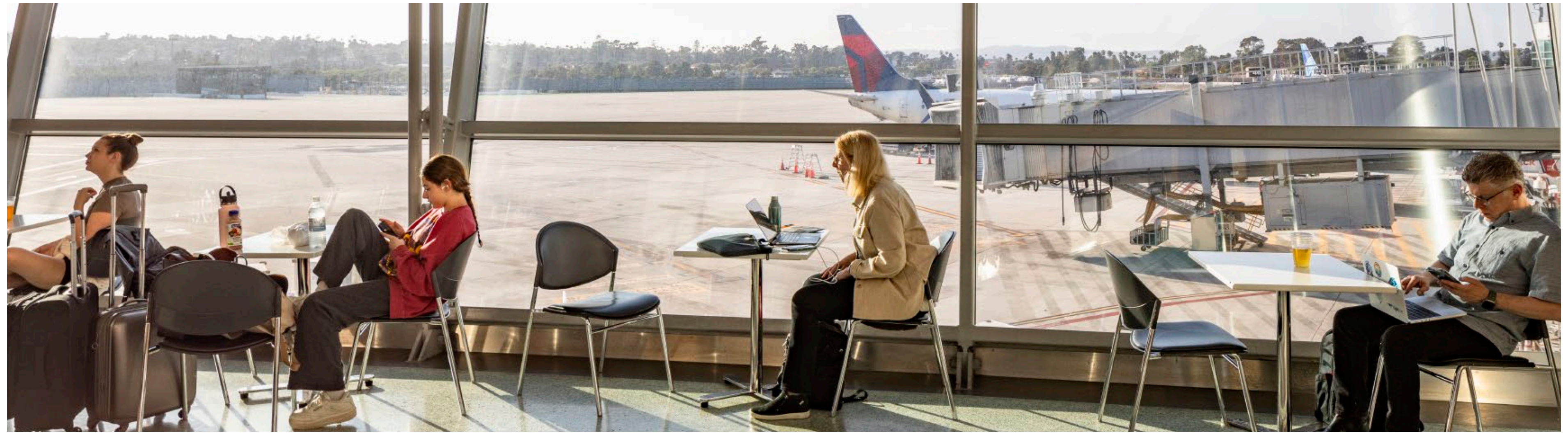
Insurance through the Federal Deposit Insurance Corporation (FDIC) may be applicable to the first $250,000 of institutional deposit accounts, with any balance above this amount covered by the collateralization requirement. Certificates of deposit held by the Airport Authority's third-party custodians 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.

CASH, CASH EQUIVALENTS & 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:

		2023			
		Investment Maturities (in Years)			
Investment Type	Total	0-1	1-2	2-5	Ratings
Investments subject to credit and interest rate risk:					
U.S. Treasury obligations	$ 305,723,741	39,870,579	61,119,416	204,733,746	AA+
U.S. Agency securities	154,823,563	56,917,351	67,553,552	30,352,660	AA+
U.S. Agency securities	15,421,257	11,719,819	-	3,701,438	A-1+
U.S. Agency securities	7,293,225	-	2,358,375	4,934,850	NR
Non-U.S. Securities	9,902,300	-	9,902,300	-	AAA
Non-U.S. Securities	10,310,335	-	10,310,335	-	A
Medium-term notes	4,812,950	-	-	4,812,950	AAA
Medium-term notes	4,897,650	4,897,650	-	-	AA+
Medium-term notes	19,603,915	9,872,900	-	9,731,015	AA
Medium-term notes	6,968,290	6,968,290	-	-	AA-
Medium-term notes	29,170,415	11,405,815	12,018,100	5,746,500	A+
Medium-term notes	47,398,205	20,054,835	11,425,350	15,918,020	A
Medium-term notes	6,585,190	4,793,650	-	1,791,540	A-
Municipal Bonds	2,458,450	-	-	2,458,450	AA+
Negotiable Certificates of deposit	2,222,300	2,222,300	-	-	Not rated
Money market mutual funds	303,965,395	303,965,395	-	-	AAA
Local Agency Investment Fund	302,888,305	302,888,305	-	-	Not rated
San Diego County Investment Pool	285,514,584	285,514,584	-	-	AAA
San Diego County Inv. Pool-Treasury	767,276,409	767,276,409	-	-	AAA
CalTrust Fund	16,835,121	16,835,121	-	-	AA
CalTrust Fund	16,220,619	16,220,619	-	-	A+
Total investments subject to credit and interest rate risk:	2,320,292,218	1,861,423,622	174,687,428	284,181,168	
Total Investments	$ 2,320,292,218				

NOTE 2.

CASH, CASH EQUIVALENTS & INVESTMENTS (CONTINUED)

		2022			
		Investment Maturities (in Years)			
Investment Type	Total	0-1	1-2	2-5	Ratings
Investments subject to credit and interest rate risk:					
U.S. Treasury obligations	$ 231,211,065	57,730,410	27,133,119	146,347,536	AA+
U.S. Agency securities	97,162,627	27,422,110	51,463,229	18,277,289	AA+
Non-U.S. Securities	5,197,610	-	-	5,197,610	AAA
Non-U.S. Securities	9,139,850	-	-	9,139,850	A
Medium-term notes	11,629,780	3,894,940	4,754,000	2,980,840	AA
Medium-term notes	17,067,595	4,982,730	3,997,440	8,087,425	A+
Medium-term notes	30,961,940	5,498,750	10,962,010	14,501,180	A
Medium-term notes	1,878,420	-	-	1,878,420	A-
Medium-term notes	5,988,440	1,988,440	-	4,000,000	AA+
Medium-term notes	5,682,140	-	-	5,682,140	AA-
Municipal Bonds	4,908,300	-	4,908,300	-	AA+
Negotiable Certificates of deposit	2,222,300	2,222,300	-	-	Not rated
Money market mutual funds	150,481,793	150,481,793	-	-	Not rated
Local Agency Investment Fund	349,923,926	349,923,926	-	-	Not rated
San Diego County Investment Pool	423,896,690	423,896,690	-	-	AAA
San Diego County Inv. Pool-Treasury	1,373,116,904	1,373,116,904			AAA
CalTrust Fund	16,298,735	16,298,735	-	-	AA
CalTrust Fund	16,090,945	16,090,945			A+
Total investments subject to credit and interest rate risk:	2,752,859,060	2,433,548,673	103,218,097	216,092,290	
Total Investments	$ 2,752,859,060				

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, 2023, and 2022.

FOREIGN CURRENCY RISK:

The Airport Authority's investment policy does not allow investments in foreign securities.

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.

NOTE 2. CASH, CASH EQUIVALENTS & INVESTMENTS (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, 2023 and 2022:

June 30, 2023	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	$ 305,723,741	$ 300,833,941	$ 4,889,800	$ -
U.S. agency securities	177,538,044	94,277,252	83,260,793	-
Non-U.S. Securities	20,212,635	4,934,250	15,278,385	-
Negotiable certificates of deposit	2,222,300	-	2,222,300	-
Municipal Bonds	2,458,450	-	2,458,450	-
Medium-term notes	119,436,615	67,113,975	52,322,640	-
Total investments by fair value level	627,591,785	$ 467,159,417	$ 160,432,368	$ -
Investments measured at amortized cost				
Money market mutual funds	303,965,395			
Investments measured at net asset value				
CalTrust Fund	33,055,740			
Local Agency Investment Fund	302,888,305			
San Diego County Investment Pool	285,514,584			
San Diego County Inv. Pool-Treasury	767,276,409			
Total investments	$ 2,320,292,218			

June 30, 2022	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	$ 231,211,065	$ 231,211,065	$ -	$ -
U.S. agency securities	97,162,627	-	97,162,627	-
Non-U.S. Securities	14,337,460	14,337,460	-	-
Negotiable certificates of deposit	2,222,300	-	2,222,300	-
Municipal Bonds	4,908,300	-	4,908,300	-
Medium-term notes	73,208,315	-	73,208,315	-
Total investments by fair value level	423,050,067	$ 245,548,525	$ 177,501,542	$ -
Investments measured at amortized cost				
Money market mutual funds	150,481,793			
Investments measured at net asset value				
CalTrust Fund	32,389,680			
Local Agency Investment Fund	349,923,926			
San Diego County Investment Pool	423,896,690			
San Diego County Inv. Pool-Treasury	1,373,116,904			
Total investments	$ 2,752,859,060			

NOTE 3. LEASES & PUBLIC-PRIVATE PARTNERSHIPS

LEASE RECEIVABLE

The Airport Authority leases a portion of its property to various third parties who use the space to conduct their operations on the Airport grounds, the terms of which expire 2024 through 2046. The measurement of the lease receivable is based on the present value of lease payments expected to be received during the lease term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any lease incentives payable to the lessee. A number of leases have a maximum possible term of 12 months (or less), including options to extend, regardless of their probability of being exercised. Those payments are recognized as inflows of resources based on the payment provisions of the lease contracts and are therefore excluded from the schedule in this section.

Concession lease receivables for space within the terminals are typically based on the minimum annual guarantee plus a minimum 3 percent annual escalation, less rent holidays. As of June 30, 2023, there are 62 terminal food services and retail concession locations open.

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.

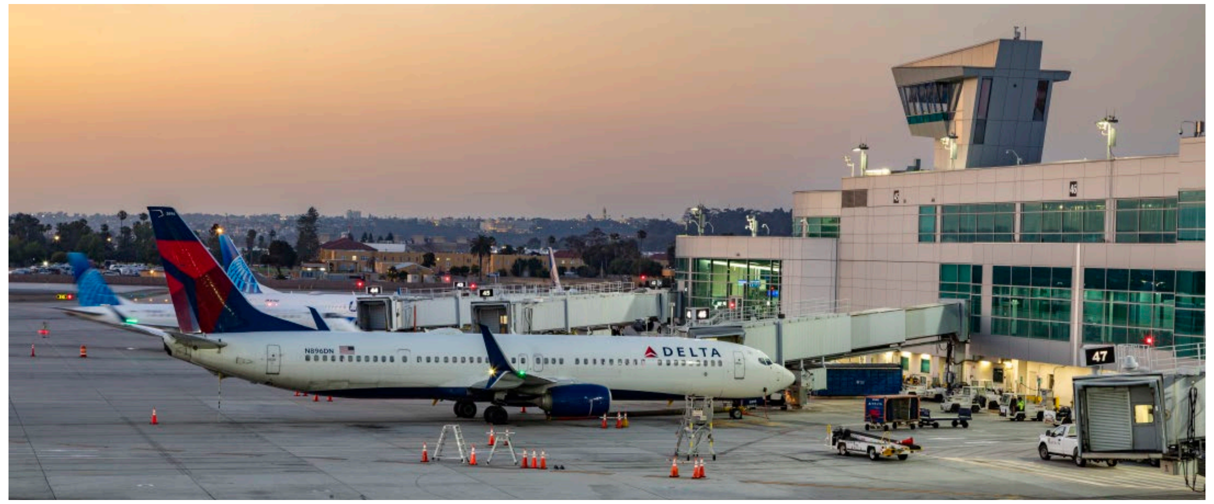
Various other leasing arrangements are in place for Airport Authority owned buildings, ground, and support spaces. Payments for these leases are generally based on total square footage being leased and an established rate, with periodic increases based on the Consumer Price Index.

Short-term lease payments are recognized as inflows of resources based on the payment provisions of the lease contract and are therefore not included in the lease receivable balances below.

The Airport Authority is party to a lease-leaseback transaction with the Port of San Diego. The lessor and lessee transactions have been netted in accordance with GASB 87, therefore the resulting balance is not included in the lease receivable figure below.

The Airport Authority reports leases receivable with a carrying amount of $168.0 million and $193.3 million as of June 30, 2023, and 2022, respectively, and a deferred inflow of resources in the amount of $147.9 million and $168.1 million as of June 30, 2023, and 2022, respectively, related to these agreements. The deferred inflow of resources will be recognized as revenue over the terms of the agreements.

Revenue recognized under lease contracts during the years ended June 30, 2023, and 2022, was $25.7 million and $23.7 million, respectively, which includes both lease revenue and interest. The Airport recognized lease revenue of $13.4 million and $7.8 million, for the years ended June 30, 2023, and 2022, respectively, for variable payments not previously included in the measurement of the lease receivable.



NOTE 3.

LEASES & PUBLIC-PRIVATE PARTNERSHIPS(CONTINUED)

The following is a schedule by year of minimum payments to be received under the Airport Authority's leases that are included in the measurement of the lease receivable as of June 30, 2023:

Years Ending June 30,	Principal	Interest	Total
2024	$ 21,579,230	$ 4,940,854	$ 26,520,084
2025	12,684,623	4,406,985	17,091,608
2026	11,804,674	4,167,455	15,972,129
2027	10,934,570	3,931,931	14,866,501
2028	8,373,048	3,747,767	12,120,815
2029 - 2033	29,180,673	16,255,267	45,435,940
2034 - 2038	24,521,597	11,757,652	36,279,249
2039 - 2043	28,828,387	6,742,530	35,570,917
2044 - 2046	20,132,977	1,209,573	21,342,550
Total	$ 168,039,779	$ 57,160,014	$ 225,199,793

REGULATED LEASES

The Airport Authority leases a portion of its property to air carriers and other aeronautical users, whose leases meet the definition of a regulated lease as defined in GASB 87, and therefore are only subject to the disclosure requirements. The terms of the regulated leases expire 2024 through 2033.

Certain capital assets, such as loading bridges, airfield, and building space are leased to airlines as part of the Airport Authority's Airline Operating Lease Agreement (AOLA). On July 1, 2019, the Airport Authority entered into the current ten-year AOLA with passenger airlines and cargo carriers operating at SDIA. The AOLAs cover the use of and rate-setting mechanisms for the airfield and terminal facilities at SDIA. 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. Signatory carriers are required to pay a minimum amount each year ($500,000 for passenger carriers, and $250,000 for cargo carriers). 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 Terminal 1, formerly referred to as the Airport Development Program. The Airport Authority does provide for preferential or exclusive use of certain assets to air carriers. As of June 30, 2023, 45 of the 59 terminal and cargo aircraft parking positions were subject to preferential use and 99,070 square feet of the 443,194 square feet of airline designated space was subject to exclusive use. As of June 30, 2022, 45 of the 60 terminal and cargo aircraft parking positions were subject to preferential use and 97,350 square feet of the 437,071 square feet of airline designated space was subject to exclusive use.

The Airline Support Building (ASB) is an Airport Authority facility leased by carriers to process belly cargo. A portion of the lease payments increase annually based on CPI. Substantially all buildings and improvements in these leases are for the exclusive use of the four airline tenants.

The Airport Authority recognized fixed revenue under regulated lease contracts of $10.6 million and $18.5 million for the fiscal years ended June 30, 2023, and 2022, respectively. Variable lease revenue not previously included in the future minimum payments under its regulated leases were $182.5 million and $141.0 million, for the years ended June 30, 2023, and 2022, respectively.

The following is a schedule by year of expected future minimum payments to be received under the Airports regulated leases as of June 30, 2023:

Years Ending June 30,	Total Future
2024	$ 8,738,494
2025	8,999,654
2026	9,270,656
2027	9,551,937
2028	9,843,950
2029 - 2033	15,665,422
Total	$ 62,070,113

PUBLIC-PRIVATE AND PUBLIC-PUBLIC PARTNERSHIPS

The Airport Authority has entered into various public-private partnership arrangements that meet the definition of a service concession arrangement in which the operators will operate and maintain the Airport Authority's assets for terms of which expire 2024 through 2050. At the end of the arrangements, operations will be transferred to the Airport Authority. The measurement of the related public-private partnership (PPP) receivable is based on the present value of future payments expected to be received during the PPP term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any PPP incentives payable to the operator.

Signature Flight Support is the exclusive lessee of the Fixed Base Operator (FBO) leasehold at SDIA, with their lease expiring April 30, 2049. Ground rent at the FBO increases annually based on the Consumer Price Index (CPI) but cannot drop below the base rent escalation. Substantially all buildings and improvements in this lease are for exclusive use of this tenant and transfer to the Airport Authority at the end of the agreement.

SAN Fuel Company, LLC has a 30-year lease agreement to operate and maintain the fuel facilities at SDIA, which expires May 31, 2050. In addition, the agreement provides for the construction of fuel storage tanks, airlines fueling operations facility (AFO) and a hydrant fuel system for Terminals 1 and 2. Construction of the fuel storage tanks and AFO were completed in fiscal year 2023. The hydrant fuel system will be completed and placed into service upon the completion of the New Terminal 1. All assets constructed are owned by the Airport Authority. Payments for the ground portion of this lease increase every five years, starting in 2025, based on CPI. Substantially all buildings and improvements in this lease are for the exclusive use of this tenant.

The Airport Authority reports partnership leases receivable with a carrying amount of $138.5 million and $138.2 million as of June 30, 2023, and 2022, respectively, and a deferred inflow of resources in the amount of $225.8 million and $195.5 million as of June 30, 2023, and 2022, respectively, related to these agreements. The deferred inflow of resources will be recognized as revenue over the terms of the agreements. Revenue recognized under the PPP arrangements during fiscal years ended June 30, 2023, and 2022, was $10.1 million and $9.0 million, respectively, which includes both PPP revenue and interest.

The following is a schedule by year of minimum payments to be received under the Airport Authority's Public-Private Partnerships that are included in the measurement of the lease receivable as of June 30, 2023:

Years Ending June 30,	Principal	Interest	Total
2024	$ 3,281,883	$ 4,877,678	$ 8,159,561
2025	3,400,613	4,758,949	8,159,562
2026	3,523,638	4,635,924	8,159,562
2027	3,651,113	4,508,449	8,159,562
2028	3,783,200	4,376,362	8,159,562
2029 - 2033	21,070,741	19,727,069	40,797,810
2034 - 2038	25,168,076	15,629,734	40,797,810
2039 - 2043	30,062,163	10,735,647	40,797,810
2044 - 2048	35,907,935	4,889,875	40,797,810
2049 - 2050	8,693,602	212,949	8,906,551
Total	$ 138,542,964	$ 74,352,636	$ 212,895,600

NOTE 4.

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 $50.0 million 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 carried a rate of 5.5 percent per annum through October 31, 2021. An amendment to that agreement reduced the rate to 3.6 percent per annum, effective November 1, 2021, reducing the monthly payment. At June 30, 2023, and 2022, the balance of the note receivable was $22.3 million and $24.8 million, respectively.

As part of the contracts to lease space in the Airline Support Building (ASB), tenants were given the option to issue a note receivable to the Airport Authority in order to fund tenant improvements to their space. Four airlines and one non-airline tenant exercised this option and issued notes for a combined total of $13.4 million commencing July 1, 2021, for a period of 5 years carrying the estimated thirty-year revenue bond index rate of 2.5 percent per annum through June 30, 2026. At June 30, 2023, the balance of the notes receivable was $7.1 million.

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

Years Ending June 30,	ASB	District	Total
2024	$ 2,292,350	$ 2,634,469	$ 4,926,819
2025	2,360,158	2,731,707	5,091,866
2026	2,429,662	2,832,535	5,262,197
2027	-	2,937,084	2,937,084
2028	-	3,045,492	3,045,492
2029 - 2031		8,114,638	8,114,638
Total	$ 7,082,170	$ 22,295,923	$ 29,378,094

NOTE 5.

CAPITAL & LEASE ASSETS

Depreciation expense for the years ended June 30, 2023 and June 30, 2022 amounted to $131.6 million and $142.0 million, respectively. While the additions to accumulated depreciation balance as of June 30, 2023 and June 30, 2022, was $133.2 million and $143.6 million, respectively. The variance is due to GASB 87 adjustments to accumulated depreciation for CIP projects.

NOTE 5.

CAPITAL AND LEASE ASSETS

	Balance at July 1, 2022	Increases	Decreases	**Balance at June 30, 2023**
Nondepreciable assets and leases:				
Land	$ 22,167,594	$ -	$ -	**$ 22,167,594**
Land - right-to-use lease asset	224,989,986	-	-	**224,989,986**
Construction in progress	578,124,720	621,296,376	(54,063,403)	**1,145,357,693**
Intangible asset	440,000	-	-	**440,000**
Total nondepreciable assets and leases	825,722,301	621,296,376	(54,063,403)	**1,392,955,274**
Depreciable assets and leases:				
Land improvements	160,111,604	-	-	**160,111,604**
Land improvements - right-to-use lease assets	13,313,911	-	-	**13,313,911**
Buildings and structures	1,823,029,725	63,901,385	(3,213,969)	**1,883,717,140**
Machinery and equipment	124,708,399	14,506,699	(12,858)	**139,202,241**
Right-to-use subscription assets	464,378	-	-	**464,378**
Runways, roads and parking lots	637,019,738	-	(6,441,991)	**630,577,748**
Total capital and lease assets being depreciated/amortized	2,758,647,755	78,408,084	(9,668,818)	**2,827,387,021**
Less accumulated depreciation and amortization for:				
Land improvements	(50,707,793)	(6,829,814)	-	**(57,537,607)**
Building and structures	(832,118,062)	(82,396,336)	3,236,241	**(911,278,157)**
Right-to-use lease assets	(11,275,961)	(6,483,298)	-	**(17,759,259)**
Right-to-use subscription assets	(92,876)	(92,876)	-	**(185,751)**
Machinery and equipment	(87,898,380)	(10,678,418)	12,858	**(98,563,939)**
Runways, roads and parking lots	(318,166,349)	(26,681,289)	5,685,100	**(339,162,538)**
Total accumulated depreciation and amortization	(1,300,259,420)	(133,162,031)	8,934,199	**(1,424,487,252)**
Total capital and lease assets being depreciated/amortized, net	1,458,388,335	(54,753,948)	(734,618)	**1,402,899,769**
Capital and lease assets, net	$ 2,284,110,636	$ 566,542,428	$ (54,798,021)	**$ 2,795,855,043**

	Balance at July 1, 2021	Increases	Decreases	Balance at June 30, 2022
Nondepreciable assets and leases:				
Land	$ 22,167,594	$ -	$ -	$ 22,167,594
Land - right-to-use lease asset	224,989,986	-	-	224,989,986
Construction in progress	248,538,868	377,043,444	(47,457,592)	578,124,720
Intangible asset	440,000	-	-	440,000
Total nondepreciable assets and leases	496,136,449	377,043,444	(47,457,592)	825,722,301
Depreciable assets and leases:				
Land improvements	163,770,750	-	(3,659,146)	160,111,604
Land improvements - right-to-use lease assets	13,313,911	-	-	13,313,911
Buildings and structures	1,885,767,510	19,693,720	(82,431,505)	1,823,029,725
Machinery and equipment	122,982,559	6,130,853	(4,405,013)	124,708,399
Right-to-use subscription assets	-	464,378	-	464,378
Runways, roads and parking lots	719,974,821	18,769,256	(101,724,339)	637,019,738
Total capital and lease assets being depreciated/amortized	2,905,809,551	45,058,207	(192,220,003)	2,758,647,755
Less accumulated depreciation and amortization for:				
Land improvements	(45,475,582)	(10,384,845)	5,152,634	(50,707,793)
Building and structures	(824,007,617)	(83,738,691)	75,628,246	(832,118,062)
Right-to-use lease assets	(4,792,663)	(6,483,298)	-	(11,275,961)
Right-to-use subscription assets	-	(92,876)	-	(92,876)
Machinery and equipment	(80,936,062)	(11,309,899)	4,347,581	(87,898,380)
Runways, roads and parking lots	(383,511,041)	(31,577,753)	96,922,445	(318,166,349)
Total accumulated depreciation and amortization	(1,338,722,965)	(143,587,361)	182,050,906	(1,300,259,420)
Total capital and lease assets being depreciated/amortized, net	1,567,086,586	(98,529,154)	(10,169,097)	1,458,388,335
Capital and lease assets, net	$ 2,063,223,035	$ 278,514,290	$ (57,626,689)	$ 2,284,110,636

Note: Fiscal year 2022 amounts have been restated for GASB 94 & GASB 96.

NOTE 6.

LONG-TERM LIABILITIES

The following is a summary of changes in the long-term liability activity for the years ended June 30, 2023, and 2022:

	Principal Balance at June 30, 2022	Additions /New Issuances	Reductions/ Repayments	**Principal Balance at June 30, 2023**	Due Within One Year
Variable Rate Debt					
Revolving LOC	$ 80,100,000	$ -	$ -	**$ 80,100,000**	$ -
Total variable rate debt	80,100,000	-	-	**80,100,000**	-
Bonds payable:					
Series 2014 Bonds	282,005,000	-	(6,320,000)	**275,685,000**	6,670,000
Series 2017 Bonds	271,915,000	-	(5,320,000)	**266,595,000**	5,585,000
Series 2019 Bonds	459,025,000	-	(4,440,000)	**454,585,000**	6,095,000
Series 2020 Bonds	226,995,000	-	(14,520,000)	**212,475,000**	15,240,000
Series 2021 Bonds	1,941,745,000	-	(9,760,000)	**1,931,985,000**	16,465,000
Bond premiums	486,158,691	-	(26,690,100)	**459,468,592**	-
Total bonds payable	3,667,843,691	-	(67,050,100)	**3,600,793,592**	50,055,000
Lease Liabilities	232,419,082	-	(3,471,838)	**228,947,243**	3,561,593
Subscription Liabilities	347,785	-	(114,486)	**233,299**	115,922
Note Payable - CRDC	5,878,682	-	(354,139)	**5,524,543**	387,928
Total debt obligations	3,753,822,373	-	(67,404,238)	**3,686,418,135**	50,442,928
Compensated absences	5,054,078	3,791,186	(3,750,893)	**5,094,372**	3,750,891
Total long-term liabilities	$ 3,758,876,452	$ 3,791,186	$ (71,155,131)	**$ 3,691,512,507**	$ 54,193,819

Note: Fiscal year 2022 amounts have been restated for GASB 94 & GASB 96.

	Principal Balance at June 30, 2021	Additions /New Issuances	Reductions/ Repayments	Principal Balance at June 30, 2022	Due Within One Year
Variable Rate Debt					
Revolving LOC	$ -	$ 80,100,000	$ -	$ 80,100,000	$ -
Total variable rate debt	-	80,100,000	-	80,100,000	-
Bonds payable:					
Series 2013 Bonds	360,825,000	-	(360,825,000)	-	-
Series 2014 Bonds	288,095,000	-	(6,090,000)	282,005,000	6,120,000
Series 2017 Bonds	276,985,000	-	(5,070,000)	271,915,000	5,320,000
Series 2019 Bonds	462,445,000	-	(3,420,000)	459,025,000	4,440,000
Series 2020 Bonds	240,820,000	-	(13,825,000)	226,995,000	14,520,000
Series 2021 Bonds	-	1,941,745,000	-	1,941,745,000	9,760,000
Bond premiums	206,427,883	332,380,831	(52,650,023)	486,158,691	-
Total bonds payable	1,835,597,883	2,274,125,831	(441,880,023)	3,667,843,691	40,160,000
Lease Liabilities	235,804,038	-	(3,384,956)	232,419,082	3,471,838
Subscription Liabilities	464,378	-	(116,594)	347,785	114,486
Note Payable - CRDC	6,201,975	-	(323,293)	5,878,682	323,293
Total debt obligations	1,841,799,858	2,354,225,831	(442,203,316)	3,753,822,373	40,483,293
Compensated absences	4,761,943	292,136	-	5,054,078	3,264,966
Total long-term liabilities	$ 1,846,561,801	$ 2,354,517,967	$ (442,203,316)	$ 3,758,876,452	$ 43,748,259

Note: Fiscal year 2022 amounts have been restated for GASB 94 & GASB 96.

NOTE 6.

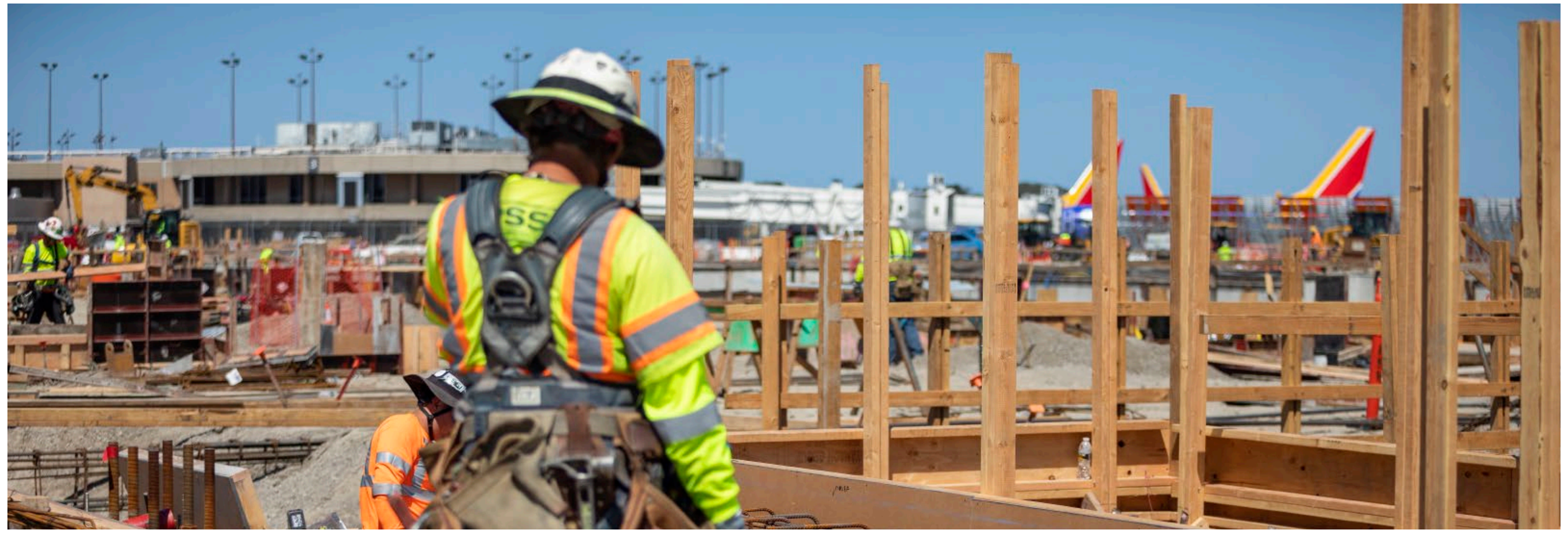
LONG-TERM LIABILITIES (CONTINUED)

SUBORDINATE LIEN SERIES 2017, 2019, 2020 AND 2021 BONDS:
The Airport Authority issued $291.2 million of Series A and B Subordinate Airport Revenue Bonds (Series 2017 Bonds) on August 3, 2017. 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 Series 2017 Bonds, refund $32.6 million of the Airport Authority's outstanding variable rate debt, fund the subordinate reserve fund and pay the costs of issuance of the Series 2017 Bonds. The Series 2017 Bonds are structured as serial and term bonds that bear interest at rates ranging from 4.0 percent to 5.0 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 Series 2017 Bonds is payable semiannually on January 1 and July 1 of each year.

Interest for the fiscal years ended June 30, 2023, and 2022 amounted to $13.3 million and $13.6 million, respectively, including accrued interest of $6.7 million and $6.8 million, respectively. The principal balance on the Series 2017 Bonds as of June 30, 2023, and 2022 was $266.6 million and $271.9 million, 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
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	6,465,000	12,287,875	18,752,875
2028	6,790,000	11,956,500	18,746,500
2029-2033	39,395,000	54,201,375	93,596,375
2034-2038	50,275,000	43,045,875	93,320,875
2039-2043	64,170,000	28,808,750	92,978,750
2044-2048	81,895,000	10,635,875	92,530,875
	$ 266,595,000	$ 199,633,625	$ 466,228,625



NOTE 6.

LONG-TERM LIABILITIES (CONTINUED)

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 on December 11, 2019 (Series 2019 Bonds). The 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 Series 2019 Bonds, refund $34.3 million 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 Series 2019 Bonds. The Series 2019 Bonds are structured as serial and term bonds that bear interest at rates ranging from 4.0 percent to 5.0 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 years ended June 30, 2023, and 2022 amounted to $21.9 million and $22.1 million, respectively, including accrued interest of $10.9 million and $11.1 million, respectively. The principal balance on the Series 2019 Bonds as of June 30, 2023, and 2022 was $454.6 million and $459.0 million, 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
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	5,895,000	20,993,600	26,888,600
2028	6,195,000	20,698,850	26,893,850
2029-2033	57,305,000	98,037,500	155,342,500
2034-2038	133,300,000	75,738,250	209,038,250
2039-2043	127,040,000	41,112,100	168,152,100
2044-2048	72,495,000	19,594,450	92,089,450
2049-2050	34,245,000	2,589,250	36,834,250
	$ 454,585,000	$ 343,531,800	$ 798,116,800

The Airport Authority issued $241.6 million 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 Series 2020 Bonds Proceeds on April 8, 2020. Proceeds from the sale of the Series 2020 Bonds were used to fund the Series 2010 A and B bonds escrow accounts and pay the costs of issuance of the Series 2020 Bonds. The Series 2020 Bonds are structured as serial bonds that bear interest rates of 5.0 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, 2023, and 2022 amounted to $10.6 million and $11.5 million, respectively, including accrued interest of $5.4 million and $5.8 million, respectively. The principal balance on the Series 2020 Bonds as of June 30, 2023, and 2022 was $212.5 million and $227.0 million, 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
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	11,830,000	8,497,750	20,327,750
2028	12,425,000	7,906,250	20,331,250
2029-2033	66,075,000	29,681,750	95,756,750
2034-2038	50,180,000	14,321,500	64,501,500
2039-2041	29,445,000	2,993,000	32,438,000
	$ 212,475,000	$ 92,947,250	$ 305,422,250

The Airport Authority issued $1,941.7 million of Series A, B and C Subordinate Airport Revenue and Revenue Refunding Bonds (Series 2021 Bonds). The Series 2021 Bonds were issued to finance certain capital improvements at SDIA including construction of the New Terminal 1, fund a portion of the interest accruing on the 2021 Bonds, fund the Series 2013 Escrow account, fund the subordinate reserve fund, and pay the costs of issuance of the Series 2021 Bonds. The Series 2021A and B Bonds are structured as serial bonds that bear interest rates ranging from 4.0 percent to 5.0 percent and mature in fiscal years 2027 to 2057. The Series A and B bonds were issued at a premium of $332.4 million, which is being amortized over the life of the bonds. The Series 2021 C Bonds are federally Taxable Bonds and are structured as serial and term bonds that bear interest at rates ranging from 0.5 percent to 3.1 percent and mature in fiscal years 2023 to 2037. Interest on the Series 2021ABC Bonds is payable semiannually on January 1 and July 1 of each year.

Interest for the fiscal years ended June 30, 2023, and 2022 amounted to $82 million and $46.3 million, respectively, including accrued interest of $41 million and $46.3 million, respectively. The principal balance on the Series 2021 Bonds as of June 30, 2023, and 2022 was $1,932 million and $1,941.7 million, respectively.

The required debt service payments for the Series 2021 Bonds for the fiscal years ending June 30 are as follows:

Years Ending June 30,	Principal	Interest	Total
2024	$ 16,465,000	$ 81,898,541	$ 98,363,541
2025	16,570,000	81,719,420	98,289,420
2026	16,745,000	81,494,869	98,239,869
2027	10,310,000	80,979,369	91,289,369
2028	10,830,000	80,437,869	91,267,869
2029-2033	88,730,000	391,776,087	480,506,087
2034-2038	171,630,000	362,172,900	533,802,900
2039-2043	292,920,000	318,558,629	611,478,629
2044-2048	342,900,000	414,467,207	757,367,207
2049-2053	435,175,000	166,888,750	602,063,750
2053-2057	529,710,000	62,706,500	592,416,500
	$ 1,931,985,000	$ 2,123,100,141	$ 4,055,085,141

NOTE 6.

LONG-TERM LIABILITIES (CONTINUED)

NOTE 6.

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, 2020 and 2021 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. On June 30, 2023, and 2022, the amount held by the trustee was $1,477.6 million and $2,120.6 million, 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 Bonds as of June 30, 2023, 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 $305.3 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 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 5.0 percent. The Series 2014 B Bonds were structured as federally taxable bonds that bear interest at rates ranging from 2.5 percent to 5.6 percent. The bonds were issued at a premium of $0.6 million, 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 the fiscal years ended June 30, 2023, and 2022 amounted to $15.2 million and $15.6 million, respectively, including accrued interest of $7.6 million and $7.8 million, respectively. The principal balance on the Series 2014 Bonds as of June 30, 2023, and 2022 was $275.7 million and $282 million, 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, 2023, and 2022, the amount held by the trustee was $58.2 million and $55.1 million, respectively, which included the July 1 payment, the debt service reserve fund, the renewal and replace fund, and the rolling coverage fund.

The public ratings of the Senior Series Special Facility 2014 Bonds as of June 30, 2023, are BBB+/A3 by Standard & Poor's and Moody's Investors Service.

NOTE 6.

LONG-TERM LIABILITIES (CONTINUED)

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
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	7,855,000	13,844,127	21,699,127
2028	8,295,000	13,392,412	21,687,412
2029-2033	48,980,000	59,250,031	108,230,031
2034-2038	64,295,000	43,501,662	107,796,662
2039-2043	84,410,000	22,828,056	107,238,056
2044-2045	40,695,000	2,094,701	42,789,701
	$ 275,685,000	$ 198,920,674	$ 474,605,674

Interest expense on the Series 2013, 2014 2017, 2019, 2020 and 2021 Bonds for fiscal years ended June 30, 2023, and June 30, 2022, of $143.1 million and $116.3 million, respectively, was offset by bond premium amortization of $26.7 million in fiscal year 2023 and $21.6 million in fiscal year 2022.

SUBORDINATE SHORT-TERM DEBT PROGRAM:

On July 19, 2021, The Airport Authority and Bank of America entered into a Revolving Credit Agreement. The Airport Authority is authorized to issue up to $200.0 million in Subordinate Revolving Obligations. The revolving credit agreement is for a term of three years. At the end of fiscal years 2023 and 2022, the Airport Authority had $80.1 million in aggregate principal of Subordinate Revolving Obligations outstanding. These obligations were used to finance the New Terminal 1. Obligations incurred under the Revolving Credit Agreement are payable solely from and secured by a pledge of "Subordinate Net Revenues." Subordinate Net Revenues are generally defined as all revenues and other cash receipts of the Airport Authority's Airport operations remaining after Senior Lien payments have been deposited by the Trustee in accordance with the Senior Lien Trust Indenture.

LINE OF CREDIT:

In fiscal year 2022, the Airport Authority maintained a $2.0 million 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, 2023, and June 30, 2022, 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, 2023, and 2022:

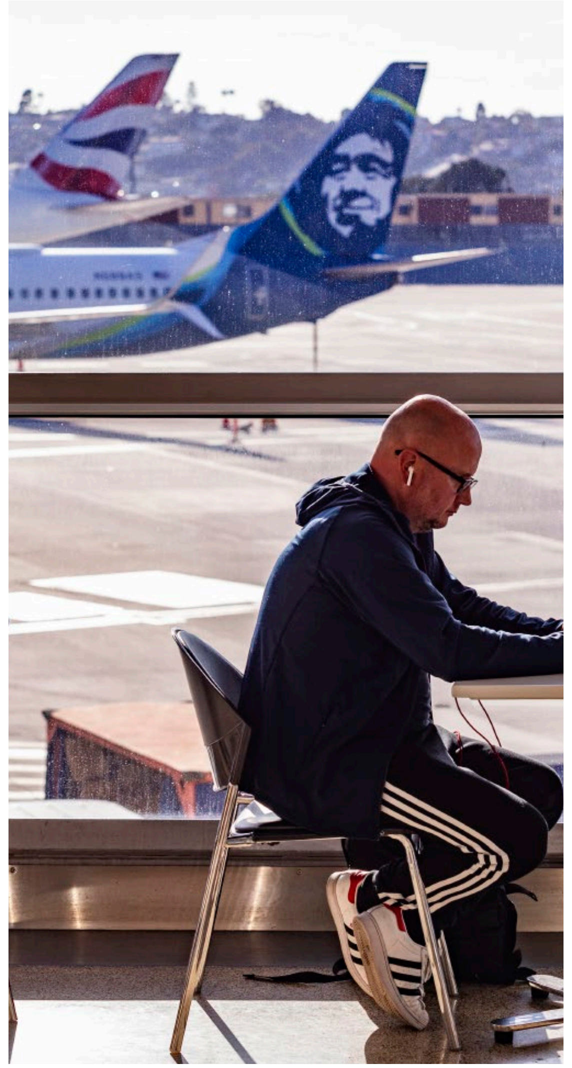
	June 30, 2023		June 30, 2022	
	Used	Unused	Used	Unused
Revolving line of credit	$80,100,000	$119,900,000	$80,100,000	$119,900,000
Line of credit	$ -	2,000,000	$ -	2,000,000
	$ 80,100,000	$ 121,900,000	$ 80,100,000	$ 121,900,000

NOTE 6.

LONG-TERM LIABILITIES (CONTINUED)

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 3.0 to 7.0 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 $2.2 million Treasury bond. Excluding general airport revenue bonds, special facility bonds, and 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 PFCs, CFCs or Federal Grants). The special facility bonds are secured by a pledge of the Trust Estate.

NOTE PAYABLE



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 note payable and requires monthly lease payments of $73.1 thousand. 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 on June 30, 2023:

Years Ending June 30,	Amount
2024	$ 877,298
2025	877,298
2026	877,298
2027	877,298
2028-2032	4,386,489
2032	365,541
Total Lease Payments	8,261,221
Less amount representing interest	(2,736,678)
Present value of future lease payments	$ 5,524,543

LEASE LIABILITIES

NOTE 6.

LONG-TERM LIABILITIES (CONTINUED)

The Airport Authority leases properties from the District and smaller third parties and uses that space to conduct its operations, the terms of which expire 2024 through 2072. The measurement of the lease payable is based on the present value of lease payments expected to be paid during the lease term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any lease incentives payable to the lessee.

Incremental borrowing rates of 1.1 percent to 3.8 percent were used to measure lease payables. Lease liabilities recorded under lease contracts as of June 30, 2023, and 2022, were $228.9 million and $232.4 million respectively.

The future principal and interest payments for lease liabilities as of June 30, 2023, are as follows:

Years Ending June 30,	Principal	Interest	Total
2024	3,561,593	8,542,384	12,103,977
2025	3,654,325	8,449,652	12,103,977
2026	2,843,071	8,357,785	11,200,856
2027	2,659,160	8,270,002	10,929,162
2028	2,715,440	8,179,841	10,895,281
2029-2033	13,208,299	39,479,649	52,687,948
2034-2038	16,110,142	36,758,272	52,868,413
2039-2043	18,629,066	33,475,110	52,104,176
2044-2048	21,133,978	29,749,322	50,883,300
2049-2053	25,581,713	25,301,587	50,883,300
2054-2058	30,965,493	19,917,807	50,883,300
2059-2063	37,482,312	13,400,988	50,883,300
2064-2068	45,370,623	5,512,677	50,883,300
2069-2072	5,032,028	56,302	5,088,330
	$228,947,244	$245,451,378	$474,398,622

SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The Airport Authority entered Subscription-Based Information Technology Arrangement (SBITA) that allows the Airport Authority the right to use and control a vendor's software, alone or in combination with other assets, the terms of which expire 2024 through 2025. The measurement of the subscription liabilities is based on the present value of lease payments expected to be paid during the subscription term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, and residual value guarantee payments that are fixed in substance.

Incremental borrowing rates of 1.1 percent to 3.8 percent were used to measure subscription payables. Subscription liabilities recorded under subscription contracts as of June 30, 2023, and 2022, were $0.1 million and $0.1 million, respectively.

The future principal and interest payments for lease liabilities as of June 30, 2023, are as follows:

Years Ending June 30,	Principal	Interest	Total
2024	115,922	1,489	117,411
2025	117,377	335	117,711
	$233,299	$1,824	$235,123

NOTE 7.

DEFINED BENEFIT PLAN

INTRODUCTION:
The Airport Authority has two defined benefit pension plans which cumulatively represent the net pension liability or asset, 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 and for the years ended June 30, 2023, and 2022:

	Defined Benefit Plan GASB 68)	Preservation of Benefits Trust Plan GASB 73	Total
Balances as of and for the year ended 6/30/2023			
Pension expense	$ 5,000,713	$ 56,102	$ 5,056,815
Net pension liability (asset)	5,583,686	1,614,123	7,197,809
Deferred outflows of resources	11,810,016	352,421	12,162,437
Deferred inflows of resources	3,967,393	782,576	4,749,969
Balances as of and for the year ended 6/30/2022			
Pension expense	$ 4,323,882	$ 329,788	$ 4,653,670
Net pension liability	(8,995,046)	2,373,440	(6,621,606)
Deferred outflows of resources	17,497,620	639,654	18,137,274
Deferred inflows of resources	26,976,052	282,242	27,258,294

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 twenty-six 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 thirty-six 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.

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, 2022, and June 30, 2021, Plan membership was as follows:

	2022	2021
Active employees	378	385
Inactive employees entitled to but not yet receiving benefits	182	163
Inactive employees or beneficiaries currently receiving benefits	162	145
Total	722	693

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,

NOTE 7.

DEFINED BENEFIT PLAN (CONTINUED)

the approved rates for the Airport Authority apply to the fiscal year beginning 12 months after the valuation date. For June 30, 2023, the actuarially determined contribution rates for plan sponsors and members were developed in the June 30, 2022, 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, 2023, and 2022, employees contributed $3.3 million and $3.0 million, respectively, and the Airport Authority contributed $7.7 million and $9.1 million, 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 offset is equal to 7.0 percent or 8.5 percent of the general classic members' base compensation and 9.6 percent of the executive classic members' base compensation. These contributions are included in the employee contribution. There is no offset for PEPRA participants.

NET PENSION LIABILITY (ASSET):
The Airport Authority's net pension liability (asset) as of June 30, 2023, is measured as the total pension liability, less the pension plan's fiduciary net position. The total pension liability as of June 30, 2023, is measured as of June 30, 2022. The annual valuation used is as of June 30, 2021, rolled forward to June 30, 2022, using standard update procedures. A summary of the principal assumptions and methods used to determine the net pension liability (asset) follow.

ACTUARIAL ASSUMPTIONS:
The total pension liability in the June 30, 2022, and June 30, 2021, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	June 30, 2022	June 30, 2021
Valuation date	June 30, 2021	June 30, 2020
Measurement date	June 30, 2022	June 30, 2021
Actarial 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%	2.0% - 16.0%
Disability rate (4)	0.01% - 0.20%	0.01% - 0.20%
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, 2022, and June 30, 2021, actuarial valuations, the discount rates used to measure the total pension liability was 6.5 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).

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.

NOTE 7.

DEFINED BENEFIT PLAN (CONTINUED)

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	19.0%	4.9%	7.5%
International equity	12.0%	5.5%	8.0%
Global equity	8.0%	5.3%	7.8%
Domestic fixed income	22.0%	1.0%	3.5%
Return-Seeking Fixed Income	5.0%	4.4%	6.9%
Real estate	11.0%	3.2%	5.7%
Private equity and infrastructure	13.0%	7.5%	10.1%
Opportunity fund	10.0%	4.6%	7.1%
	100.0%		

NOTE 7.

DEFINED BENEFIT PLAN (CONTINUED)

CHANGES IN THE NET PENSION LIABILITY (ASSET):

Changes in the total pension liability (asset), plan fiduciary net position and the net pension liability through the year ended June 30, 2023, were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances as of June 30, 2022	$ 254,465,897	$ 263,460,943	$ (8,995,046)
Changes for the year:			
Service cost	6,980,223	-	6,980,223
Interest on total pension liability	16,489,161	-	16,489,161
Difference between expected and actual experience	(1,288,936)	-	(1,288,936)
Changes in assumptions	-	-	-
Employer contributions	-	9,181,680	(9,181,680)
Member contributions	-	3,070,398	(3,070,398)
Net investment income	-	(4,188,463)	4,188,463
Benefit payments	(8,578,375)	(8,578,375)	-
Administrative expense	-	(461,899)	461,899
Net changes	13,602,073	(976,659)	14,578,732
Balances as of June 30, 2023	$ 268,067,970	$ 262,484,284	$ 5,583,686

Changes in the total pension liability, plan fiduciary net position and the net pension liability through the year ended June 30, 2022, were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances as of June 30, 2021	$ 241,862,071	$ 207,843,276	$ 34,018,795
Changes for the year:			
Service cost	7,970,646	-	7,970,646
Interest on total pension liability	15,693,834	-	15,693,834
Difference between expected and actual experience	(2,239,695)	-	(2,239,695)
Changes in assumptions	-	-	-
Employer contributions	-	8,596,163	(8,596,163)
Member contributions	-	3,125,138	(3,125,138)
Net investment income	-	53,140,343	(53,140,343)
Benefit payments	(8,820,959)	(8,820,959)	-
Administrative expense	-	(423,018)	423,018
Net changes	12,603,826	55,617,667	(43,013,841)
Balances as of June 30, 2022	$ 254,465,897	$ 263,460,943	$ (8,995,046)

SENSITIVITY OF THE NET PENSION LIABILITY (ASSET) TO DISCOUNT RATE CHANGES:

The following presents the resulting net pension liability (asset) calculated using the discount rate of 6.5 percent, as well as what the net pension liability (asset) 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, 2023:

	1% Decrease 5.50%	Current 6.50%	1% Increase 7.50%
Total pension liability	$ 304,843,649	$ 268,067,970	$ 237,930,789
Plan fiduciary net position	262,484,284	262,484,284	262,484,284
Net pension liability (asset)	$ 42,359,365	$ 5,583,686	$ (24,553,495)
Plan fiduciary net position as a percentage of the total pension liability	86.1%	97.9%	110.3%

PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO THE PLAN:

For the years ended June 30, 2023, and June 30, 2022, the Airport Authority recognized pension expense, as measured in accordance with GASB 68, of $5.0 million and $4.3 million, respectively. At June 30, 2023 and June 30, 2022, the Airport Authority reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

For June 30, 2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 370,346	$ 2,877,993
Net difference between projected and actual earnings	-	1,089,400
Changes in assumptions	3,776,149	-
Employer contributions made subsequent to June 30, 2022 measurement date	7,663,521	-
Total	$ 11,810,016	$ 3,967,393

For June 30, 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,218,022	$ 296,703
Net difference between projected and actual earnings	-	24,049,349
Changes in assumptions	7,177,433	-
Employer contributions made subsequent to June 30, 2021 measurement date	9,102,165	-
Total	$ 17,497,620	$ 24,346,052

NOTE 7.

DEFINED BENEFIT PLAN (CONTINUED)

NOTE 7.

DEFINED BENEFIT PLAN (CONTINUED)

The deferred outflows of resources, at June 30, 2023, and June 30, 2022, 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 in fiscal year 2024, and an increase to the net pension asset in fiscal year 2023.

Other amounts reported as deferred outflows/inflows of resources related to the plan at June 30, 2023, will be recognized in pension expense as follows:

Years ended June 30,		
2024	$	382,007
2025		(179,075)
2026		(4,339,581)
2027		4,315,751
	$	179,102

NOTE 8.

PRESERVATION OF BENEFITS TRUST PLAN

PRESERVATION OF BENEFITS TRUST PLAN (POB) DESCRIPTION:
The Airport Authority's single-employer defined benefit pension plan 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 7.

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:
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, 2023, and June 30, 2022, were $20.6 thousand and $52.4 thousand, respectively. The POB is unfunded and provides benefits on an annual basis as determined by SDCERS.

As of the measurement dates of June 30, 2022, and 2021, Plan membership was as follows:

	2022	2021
Active employees	2	2
Inactive employees or beneficiaries currently receiving benefits	1	1
Total	3	3

TOTAL PENSION LIABILITY:
The Airport Authority's total pension liability as of June 30, 2023, and June 30, 2022, was $1.6 million and $2.4 million, respectively. The pension liability as of June 30, 2023, is measured as of June 30, 2022, using an annual actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022, using standard update procedures. A summary of the principal assumptions and methods used to determine the net pension liability follow.

NOTE 8.

PRESERVATION OF BENEFITS TRUST PLAN (CONTINUED)

ACTUARIAL ASSUMPTIONS:
The total pension liability in the June 30, 2022, and June 30, 2021, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	June 30, 2022	June 30, 2021
Valuation date	June 30, 2021	June 30, 2020
Measurement date	June 30, 2022	June 30, 2021
Actuarial cost method	Entry-age normal	Entry-age normal
Actuarial assumptions:		
Discount rate	3.54%	2.16%
Inflation rate	3.05%	3.05%
Interest credited to member contributions	6.50%	6.50%
Projected salary increases	3.05%	3.05%

CHANGES IN THE TOTAL PENSION LIABILITY:
Changes in the total pension liability through the year ended June 30, 2023, was as follows:

Balances as of June 30, 2022	$	2,373,440
Changes for the year:		
Service cost		68,342
Interest on total pension liability		51,359
Difference between expected and actual exper		(381,597)
Changes in assumptions		(437,754)
Benefit payments		(59,667)
Net changes		(759,317)
Balances as of June 30, 2023	$	1,614,123

Changes in the total pension liability through the year ended June 30, 2022, was as follows:

Balances as of June 30, 2021	$	2,445,415
Changes for the year:		
Service cost		88,557
Interest on total pension liability		54,559
Difference between expected and actual exper		(195,545)
Changes in assumptions		22,116
Benefit payments		(41,662)
Net changes		(71,975)
Balances as of June 30, 2022	$	2,373,440

NOTE 8.

PRESERVATION OF BENEFITS TRUST PLAN (CONTINUED)

SENSITIVITY OF THE TOTAL PENSION LIABILITY TO DISCOUNT RATE CHANGES:
The following presents the resulting total pension liability calculated using the discount rate of 3.54 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, 2023:

	1% Decrease 2.54%	Current Rate 3.54%	1% Increase 4.54%
Total pension liability	$ 1,916,452	$ 1,614,123	$ 1,374,691

PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO THE POB
For the year ended June 30, 2023, and 2022, the Airport Authority recognized pension expense, as measured in accordance with GASB 73, of $56.1 thousand and $329.8 thousand. At June 30, 2023 and June 30, 2022, the Airport Authority reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

For June 30, 2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 32,168	$ 439,310
Changes in assumptions	299,670	343,266
Employer contributions subsequent to June 30, 2022 measurement date	20,583	-
Total	$ 352,421	$ 782,576

For June 30, 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 129,056	$ 216,544
Changes in assumptions	458,200	65,698
Employer contributions subsequent to June 30, 2021 measurement date	52,398	-
Total	$ 639,654	$ 282,242

The deferred outflows of resources, at June 30, 2023, and June 30, 2022, 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 in fiscal years 2024 and 2023, respectively.

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

Years ended June 30,	
2023	$ (92,524)
2024	(118,693)
2025	(239,522)
2026	-
	$ (450,739)

NOTE 9.

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 10.

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 over two million California public employees, retirees, and their families. CalPERS was founded in 1932 and is the largest public pension fund in the United States. As of June 30, 2022, CalPERS managed $440 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, 2023, and 2022, the Airport Authority's contributions were $1.0 million and $1.0 million, respectively.

A measurement date of June 30, 2022, and 2021, was used for the June 30, 2023, and June 30, 2022 OPEB assets and expenses. The information that follows was determined as of a valuation date of June 30, 2022, and June 30, 2021, respectively.

Membership in the OPEB by membership class at June 30, 2022, and 2021, is as follows:

	2022	2021
Active employees	101	132
Inactive employees entitled to but not receiving benefits	-	-
Inactive employees or beneficiaries currently receiving benefits	120	97
Total	221	229

NOTE 10.

OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

ACTUARIAL ASSUMPTIONS:
The total OPEB liability in the June 30, 2022, and 2021 actuarial valuations was determined using the following actuarial assumptions, applied to all period included in the measurement:

Actuarial Valuation Date	June 30, 2021
Contribution Policy	Authority contributes at least the full ADC
Inflation	2.50%
Projected salary increase	2.75%
Investment rate of return	5.25%; 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 2015-2019 Experience Study
Mortality	CalPERS 2000-2019 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2021
Medical Trend	Non-Medicare - 6.50% for 2023, decreasing to an ultimate rate of 3.75% in 2076; Medicare - 5.65% for 2023, decreasing to an ultimate rate of 3.75% 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 - 50% 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	23%	4.56%
Long US Treasuries	11%	0.29%
Mortgage-Backed Securities	11%	0.49%
Investment Grade Corporate	9%	1.56%
High Yeild	9%	3.00%
Sovereigns	11%	2.76%
TIPS	9%	-0.08%
Comodities	3%	1.22%
REITs	14%	4.06%
	100%	
Assumed Long-Term Rate of Inflation		2.50%
Expected Long-Term Net Rate of Return		5.25%

NOTE 10.

OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

DISCOUNT RATE:

The discount rate used to measure the net OPEB liability (asset) at June 30, 2023, and June 30, 2022, was 5.25 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, 2023, were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability/ (Asset)
Balances as of June 30, 2022	$ 29,372,019	$ 33,729,495	$ (4,357,476)
Changes for the year:			
Service cost	570,006	-	570,006
Interest on total OPEB liability	1,546,979	-	1,546,979
Difference between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Employer contributions	-	951,488	(951,488)
Member contributions	-	-	-
Net investment income	-	(3,627,823)	3,627,823
Benefit payments	(951,488)	(951,488)	-
Administrative expense	-	(8,562)	8,562
Net changes	1,165,497	(3,636,385)	4,801,882
Balances as of June 30, 2023	$ 30,537,516	$ 30,093,110	$ 444,406

Changes in the total OPEB liability, plan fiduciary net position and the net OPEB liability (asset) through the year ended June 30, 2022, were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability/ (Asset)
Balances as of June 30, 2021	$ 27,116,806	$ 28,766,021	$ (1,649,215)
Changes for the year:			
Service cost	446,233	-	446,233
Interest on total OPEB liability	1,829,473	-	1,829,473
Difference between expected and actual experience	(3,669,756)	-	(3,669,756)
Changes in assumptions	4,568,725	-	4,568,725
Employer contributions	-	919,462	(919,462)
Member contributions	-	-	-
Net investment income	-	4,973,926	(4,973,926)
Benefit payments	(919,462)	(919,462)	-
Administrative expense	-	(10,452)	10,452
Net changes	2,255,213	4,963,474	(2,708,261)
Balances as of June 30, 2022	$ 29,372,019	$ 33,729,495	$ (4,357,476)

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 Airport Authority has been calculated using a discount rate of 5.25 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 4.25%	Current Rate 5.25%	1% Increase 6.25%
Net OPEB liability (asset)	$ 4,938,405	$ 444,406	$ (3,239,591)

The net OPEB liability (asset) of the Airport 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)	$ (3,614,055)	$ 444,406	$ 5,418,365

NOTE 10.

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, 2023, and 2022, the Airport Authority recognized OPEB expense (income), as measured in accordance with GASB 75, of $0.9 million and ($0.2) million, respectively, and reported deferred inflows of resources and deferred outflows of resources related to the OPEB from the following sources:

For June 30, 2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings	$ 2,917,281	$ -
Net difference between expected and actual experience	-	1,580,826
Changes in assumptions	1,958,025	72,921
Employer contributions made subsequent to June 30, 2022 measurement date	1,002,148	-
Total	$ 5,877,454	$ 1,653,747

For June 30, 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings	$ -	$ 1,793,923
Net difference between expected and actual experience	-	2,669,705
Changes in assumptions	3,301,280	437,533
Employer contributions made subsequent to June 30, 2021 measurement date	951,488	-
Total	$ 4,252,768	$ 4,901,161

The deferred outflows of resources at June 30, 2023, and June 30, 2022, related to OPEB resulting from Airport Authority contributions subsequent the measurement date and prior to year-end will be recognized as a reduction to the net OPEB liability in fiscal years 2024 and 2023, respectively.

Amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2023, related to the OPEB will be recognized in OPEB expense as follows:

Years ended June 30,	
2024	$ 888,373
2025	780,340
2026	473,166
2027	1,079,680
	$ 3,221,559

NOTE 11.

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, 2023, and 2022, the Airport Authority has designated $13.8 million and $13.1 million, respectively, from its net position, as an insurance contingency.

A $2.0 million 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 2023, 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.

During fiscal year 2022, 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 12.

COMMITMENTS AND CONTINGENCIES

COMMITMENTS:
As of June 30, 2023 and 2022, the Airport Authority had significant commitments for capital expenditures and other matters as described below:

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. June 30, 2023 and 2022, these funds totaled approximately $99.0 million and $50.4 million, respectively, and are classified on the accompanying statements of net position as cash and investments designated for specific capital projects and other commitments.

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, 2023, and 2022, the Airport Authority expensed $20.5 million and $21.9 million respectively for these services.

In fiscal year 2019, the Board approved $38.0 million contract with Ace Parking Management Inc., for parking management services. As of June 30, 2023, $26.6 million has been spent and the contract is scheduled for completion in fiscal year 2024.

In fiscal year 2019, the Board approved $46.8 million contract with Ace Parking Management Inc., for airport shuttle services. As of June 30, 2023, $23.3 million has been spent for shuttle services and the contract was completed in fiscal year 2023.

In fiscal year 2023, the Board approved $70.0 million contract with Ace Parking III, LLC for airport shuttle services. As of June 30, 2023, $5.4 million has been spent for shuttle services and the contract is scheduled for completion in fiscal year 2027.

In fiscal year 2015, the Board approved a $29.0 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 2016-2022, the Board approved an additional $28.0 million. As of June 30, 2023, $53.7 million had been spent and the contract was completed in fiscal year 2023.

In fiscal year 2022, the Board approved a $103.0 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. As of June 30, 2023, $7.8 million had been spent and the contract is scheduled for completion in fiscal year 2027.

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, 2023, $78.9 million has

NOTE 12.

COMMITMENTS AND CONTINGENCIES (CONTINUED)

been spent and the contract is scheduled for completion in fiscal year 2024.

In fiscal year 2021, the Board approved a $16.2 million contract with Granite Construction Company for the construction of the West Refueler Loading Facility and the West Solid Waste Facility. In fiscal year 2022, the board approved additional $1.0 million. As of June 30, 2023, $15.1 million had been spent and the contract was completed in fiscal year 2023.

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. In fiscal year 2022, the Board approved additional $2.5 billion. As of June 30, 2023, $684.7 million had been spent and the contract is scheduled for completion in early fiscal year 2028.

In fiscal year 2021 the Board approved a $97.6 million contract with Sundt Construction for the design-build administration building. As of June 30, 2023, $66.5 million had been spent and the contract is scheduled for completion in fiscal year 2024.

In fiscal year 2020, the Board approved a $35.0 million contract with Jacobs Engineering Group, Inc. to provide Airside-Landside Engineering consulting services. As of June 30, 2023, $26.5 million had been spent and the contract is scheduled for completion in fiscal year 2025.

In fiscal year 2022, the Board approved a 19.4 million contract with SOLPAC Construction Inc. dba Soltek Pacific Construction to construct Solid and Liquid waste facilities. In fiscal year 2023, the board approved additional $0.4 million. As of June 30, 2023, $14.3 million had been spent and the contract is scheduled for completion in early fiscal year 2024.

CONTINGENCIES:
As of June 30, 2023, the Airport Authority is subject to various contingencies including, but not limited 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.

NOTE 13.

CHANGE IN ACCOUNTING PRINCIPLE

For the fiscal year ended June 30, 2023, the Airport Authority implemented GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Arrangements* and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements.* As required when presenting prior period comparative statements, the financial statements of the fiscal year ended June 30, 2022, have been retrospectively restated. The effects of the restatement are as follows:

Statement of Net Position	2022 as restated	As Previously Reported	Effect of Change
Tenant receivables, net	22,784,819	12,087,092	10,697,727
Partnership lease receivables, current portion (Note 3)	2,891,820	-	2,891,820
Other current assets	10,291,837	9,909,877	381,960
Partnership lease receivables, long-term portion (Note 3)	125,895,083	-	125,895,083
Subscription assets	464,378	-	464,378
Less accumulated depreciation and amortization	(1,300,259,420)	(1,300,166,545)	(92,875)
Other current liabilities	14,502,025	17,029,533	2,527,508
Lease liabilities, current portion (Note 6)	3,586,324	3,471,838	(114,486)
Unrestricted long-term debt, current portion (Note 6)	323,293	354,139	30,846
Restricted long-term debt, current portion (Note 6)	40,160,000	40,360,000	200,000
Other noncurrent liabilities	663,924	55,458,074	54,794,150
Lease liabilities, long-term portion (Note 6)	229,180,542	228,947,243	(233,299)
Long-term debt, net of current portion (Note 6)	3,713,339,080	3,713,108,235	(230,845)
Deferred Inflow of resources from partnership leases (Note 3)	195,544,264	-	(195,544,264)
Net investment in capital assets	420,903,099	418,348,504	(2,554,595)
Unrestricted net position	316,527,254	317,414,146	886,892

Statements of Revenues, Expenses, and Changes in Net Position	2022 as restated	As Previously Reported	Effect of Change
Ground and non-airline terminal rentals	19,651,356	23,265,430	(3,614,074)
Equipment rentals and repairs	3,471,765	3,584,990	113,225
Income from operations before depreciation and amortization	16,179,591	19,680,440	3,500,849
Depreciation and amortization expense	142,011,648	141,918,773	(92,875)
Other Interest Income	11,892,517	7,263,175	4,629,342
Investment income (loss)	(48,883,995)	(48,883,996)	1
Net position, beginning of year	889,557,081	888,924,997	632,084

NOTE 13.

CHANGE IN ACCOUNTING PRINCIPLE (CONTINUED)

Statement of Cash Flows	2022 as restated	As Previously Reported	Effect of Change
Receipts from customers	371,536,489	324,778,280	46,758,209
Payments to suppliers	(107,568,553)	(107,183,225)	(385,328)
Capital outlay	(334,497,078)	(283,494,854)	(51,002,224)
Other interest income	11,892,517	7,263,176	4,629,341
Principal payments received on notes receivable	2,372,252	(6,936,114)	9,308,366
Increase in principal on notes receivable	(9,308,366)	-	(9,308,366)
Operating income (loss)	24,426,938	28,020,662	(3,593,724)
Depreciation and amortization expense	142,011,648	141,918,773	92,875
Receivables, net	56,568,711	10,954,300	45,614,411
Other assets	(97,336)	284,624	(381,960)
Lease receivables	(8,408,150)	(11,589,245)	3,181,095
Other liabilities	7,233,849	5,773,665	1,460,184

NOTE 14.

SUBSEQUENT EVENTS

On October 25, 2023, the Airport Authority issued $1.1 billion of Series A and B Senior Airport Revenue Bonds (Series 2023 Bonds). The Series 2023 Bonds were issued to finance certain capital improvements at SDIA including construction of the New Terminal 1, refund subordinate revolving obligations, purchase a portion of the subordinate Series 2021C Bond, fund a portion of the interest accruing on the Series 2023 Bonds, fund the senior reserve fund, and pay the costs of issuance and underwriting fees of the Series 2023 Bonds. The Series 2023A and B Bonds are structured as both serial and term bonds that bear interest rates ranging from 5.0 percent to 5.25 percent and mature in fiscal years 2024 to 2059.

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSETS) AND RELATED RATIOS LAST 10 FISCAL YEARS (PLAN YEAR REPORTED IN SUBSEQUENT FISCAL YEAR) DEFINED BENEFIT PLAN

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:									
Service cost	**$ 6,980,223**	$ 7,970,646	$ 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)	**16,489,161**	15,693,834	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	**(1,288,936)**	(2,239,695)	925,862	(645,462)	(2,630,285)	3,975,029	(2,178,527)	345,661	-
Effect of changes of assumptions	**-**	-	6,767,000	-	6,416,088	5,871,218	10,473,890	-	-
Benefit payments, including refunds of member contributions	**(8,578,375)**	(8,820,959)	(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	**13,602,073**	12,603,826	23,073,160	13,912,993	19,334,706	23,589,319	21,754,845	13,345,255	11,651,745
Total pension liability - beginning	**254,465,897**	241,862,071	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	**$ 268,067,970**	$254,465,897	$241,862,071	$218,788,911	$204,875,918	$185,541,212	$161,951,893	$140,197,048	$126,851,793
Plan Fiduciary Net Position:									
Contributions - employer	**$ 9,181,680**	$ 8,596,163	$ 8,424,834	$ 7,848,712	$ 7,318,546	$ 5,480,984	$ 4,047,780	$ 3,897,545	$ 3,924,988
Contributions - employee	**3,070,398**	3,125,138	3,321,661	3,178,464	3,162,781	2,990,317	2,967,269	2,840,236	2,765,079
Net investment income	**(4,188,463)**	53,140,343	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	**(8,578,375)**	(8,820,959)	(6,733,942)	(6,429,659)	(4,462,751)	(4,669,786)	(3,023,391)	(2,482,523)	(2,913,221)
Administrative expense	**(461,899)**	(423,018)	(386,698)	(359,095)	(350,408)	(325,042)	(318,817)	(332,290)	(332,645)
Net change in plan fiduciary net position	**(976,659)**	55,617,667	5,015,868	16,324,771	19,704,878	22,957,348	5,324,124	8,313,153	21,746,884
Plan fiduciary net position - beginning	**263,460,943**	207,843,276	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	**$ 262,484,284**	$263,460,943	$207,843,276	$202,827,408	$186,502,637	$166,797,759	$143,840,411	$138,516,287	$130,203,134
Net pension liability (asset) - ending	**$ 5,583,686**	$ (8,995,046)	$ 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	**97.92%**	103.53%	85.93%	92.70%	91.03%	89.90%	88.82%	98.80%	102.64%
Covered payroll	**$ 30,809,714**	$ 33,328,788	$ 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	**18.12%**	(26.99%)	103.63%	50.54%	58.09%	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

	2023	2022	2021	2020	2019
Actuarially determined contribution	**$ 4,944**	$ 6,570	$ 6,125	$ 6,159	$ 5,740
Contributions in relation to the actuarially determined contribution	**7,664**	9,102	8,522	8,356	7,783
Contribution deficiency (excess)	**$ (2,720)**	$ (2,532)	$ (2,397)	$ (2,197)	$ (2,043)
Covered payroll	**$ 33,458**	$ 30,810	$ 33,329	$ 32,828	$ 31,585
Contributions as a percentage of covered payroll	**22.91%**	29.54%	25.57%	25.45%	24.64%

	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 5,416	$ 3,765	$ 3,666	$ 3,823	$ 2,900
Contributions in relation to the actuarially determined contribution	7,247	5,421	3,948	3,823	3,728
Contribution deficiency (excess)	$ (1,831)	$ (1,656)	$ (282)	$ -	$ (828)
Covered payroll	$ 31,628	$ 31,132	$ 29,189	$ 27,955	$ 26,380
Contributions as a percentage of covered payroll	22.91%	17.41%	13.53%	13.68%	14.13%

* This schedule is presented for the fiscal year.

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

	2023	2022	2021	2020	2019	2018
Total Pension Liability						
Service cost	**$ 68,342**	$ 88,557	$ 55,276	$ 49,343	$ 51,774	$ 60,994
Interest cost	**51,359**	54,559	62,061	64,133	53,311	35,323
Differences between expected and actual experience	**(381,597)**	(195,545)	(57,318)	(64,295)	193,013	388,329
Changes of assumptions	**(437,754)**	22,116	661,465	109,070	(89,712)	(214,765)
Benefit Payments	**(59,667)**	(41,662)	(43,301)	(47,081)	(31,329)	-
Net Change in Total Pension Liability	**(759,317)**	(71,975)	678,183	111,170	177,057	269,881
Total pension liability -beginning	**2,373,440**	2,445,415	1,767,232	1,656,062	1,479,005	1,209,124
Total pension liability - ending	**$ 1,614,123**	$ 2,373,440	$ 2,445,415	$ 1,767,232	$ 1,656,062	$ 1,479,005
Covered payroll	**$ 30,809,714**	$ 33,328,788	$ 32,828,449	$ 31,584,841	$ 31,628,301	$ 31,131,795
Net Pension Liability as a percentage of payroll	**5.24%**	7.12%	7.45%	5.60%	5.24%	4.75%

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. 68, 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

	2023	2022	2021	2020	2019
Actuarially determined contribution	**$ -**	$ -	$ -	$ -	$ -
Contributions in relation to the actuarially determined contribution	**20,583**	52,398	42,682	41,249	45,353
Contribution deficiency (excess)	**$ (20,583)**	$ (52,398)	$ (42,682)	$ (41,249)	$ (45,353)
Covered payroll	**$ 33,458,445**	$ 30,809,714	$ 33,328,788	$ 32,828,449	$ 31,584,841
Contributions as a percentage of covered payroll	**0.06%**	0.17%	0.13%	0.13%	0.14%

***** 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 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 CHANGES IN THE NET OPEB LIABILITY (ASSET) AND RELATED RATIOS LAST 10 FISCAL YEARS (PLAN YEAR REPORTED IN SUBSEQUENT FISCAL YEAR): OTHER POSTEMPLOYMENT BENEFITS

	2023	2022	2021	2020	2019
Total OPEB Liability					
Service Cost	**$ 570,006**	$ 446,223	$ 501,198	$ 449,596	$ 436,501
Interest Cost	**1,546,979**	1,829,473	1,739,459	1,883,080	1,772,578
Difference between expected and actual experience	**-**	(3,669,756)	-	(169,582)	-
Changes of Assumptions	**-**	4,568,725	-	(1,531,369)	-
Benefit Payments	**(951,488)**	919,462	(784,845)	(775,225)	(622,425)
Net Change in Total OPEB Liability	**1,165,497**	2,255,213	1,455,812	(143,500)	1,586,654
Total OPEB Liability (Beginning)	**29,372,019**	27,116,806	25,660,994	25,804,494	24,217,840
Total OPEB Liability (Ending)	**$ 30,537,516**	$ 29,372,019	$ 27,116,806	$ 25,660,994	$ 25,804,494
Plan Fiduciary Net Position					
Contributions—Employer	**$ 951,488**	$ 919,462	$ 784,845	$ 775,225	$ 622,425
Net Investment Income	**(3,627,823)**	4,973,926	982,113	1,604,058	1,896,351
Benefit Payments	**(951,488)**	(919,462)	(784,845)	(775,225)	(622,425)
Administrative Expense	**(8,562)**	(10,452)	(13,580)	(5,611)	(12,568)
Net Change in Plan Fiduciary Net Position	**(3,636,385)**	4,963,474	968,533	1,598,447	1,883,783
Plan Fiduciary Net Position (Beginning)	**33,729,495**	28,766,021	27,797,488	26,199,041	24,315,258
Plan Fiduciary Net Position (Ending)	**$ 30,093,110**	$ 33,729,495	$ 28,766,021	$ 27,797,488	$ 26,199,041
Net OPEB Asset	**$ 444,406**	$ (4,357,476)	$ (1,649,215)	$ (2,136,494)	$ (394,547)
Net Position as a Percentage of OPEB Liability	**98.54%**	114.84%	106.08%	108.33%	101.53%
Covered Payroll	**$ 14,296,047**	$ 12,786,000	$ 14,608,940	$ 13,869,000	$ 16,625,857
Net OPEB Asset as a Percentage of Payroll	**3.11%**	(34.08%)	(11.29%)	(15.40%)	(2.37%)

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 the years that are available.

SCHEDULE OF CONTRIBUTIONS (OPEB) LAST 10 FISCAL YEARS (DOLLARS IN THOUSANDS): OTHER POSTEMPLOYMENT BENEFITS

	2023	2022	2021	2020	2019
Actuarially determined contribution	**$ 264**	$ 326	$ 365	$ 427	$ 486
Contributions in relation to the actuarially determined contribution	**1,002**	951	919	785	339
Contribution deficiency (excess)	**$ (738)**	$ (625)	$ (554)	$ (358)	$ 147
Covered payroll	**$ 14,296**	$ 12,786	$ 12,786	$ 14,609	$ 13,869
Contributions as a percentage of covered payroll	**7.01%**	7.44%	7.19%	5.37%	2.44%

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	2023	2022 [4]	2021	2020	2019	2018	2017	2016	2015	2014
Airline revenue										
Landing fees	**$ 44,741**	$ 35,354	$ 34,046	$ 33,242	$ 24,816	$ 23,900	$ 24,612	$ 23,985	$ 21,390	$ 19,107
Aircraft parking fees	**11,189**	8,856	8,542	8,354	3,471	3,236	2,927	2,701	2,716	2,503
Building rentals	**129,744**	97,047	83,090	82,453	70,912	62,241	56,575	53,536	48,153	46,001
Security surcharge		-	-	-	33,559	32,303	29,468	29,223	25,180	25,777
Other aviation revenue	**7,123**	6,518	8,192	7,789	1,596	1,477	2,799	2,760	4,893	4,488
Concession revenue	**75,559**	88,138	41,801	57,243	71,256	65,610	61,256	29,249	52,496	47,770
Parking and ground transportation revenue	**65,415**	57,076	27,447	50,751	62,818	53,254	49,407	75,131	41,632	38,959
Ground rentals	**23,257**	19,651	19,809	21,386	22,810	22,109	20,053	16,226	13,074	9,603
Other operating revenue	**3,735**	2,999	1,680	1,818	2,441	1,949	1,750	1,183	971	1,529
Total Operating Revenues	**$ 360,762**	$ 315,640	$ 224,606	$ 263,036	$ 293,679	$ 266,079	$ 248,847	$ 233,994	$ 210,505	$ 195,737

Operating Expenses Before Depreciation	2023	2022 [4]	2021	2020	2019	2018	2017	2016	2015	2014
Salaries and benefits	**$ 51,231**	$ 46,373	$ 52,922	$ 51,667	$ 49,578	$ 47,866	$ 46,874	$ 42,025	$ 39,211	$ 39,135
Contractual services	**45,581**	34,491	24,977	37,694	49,903	45,249	44,372	38,215	32,422	31,559
Safety and security	**33,043**	34,191	35,086	29,457	31,397	30,733	28,422	28,721	23,464	24,151
Space rental	**313**	839	64	10,207	10,191	10,190	10,190	10,367	10,433	10,478
Utilities	**17,567**	14,193	11,730	12,748	13,194	12,509	10,736	11,480	10,152	8,680
Maintenance	**16,417**	10,747	9,111	11,584	13,436	12,603	14,270	14,122	14,516	13,982
Equipment and systems	**922**	340	425	336	375	598	506	708	1,805	643
Materials and supplies	**661**	496	450	651	656	655	611	536	519	440
Insurance	**1,997**	1,741	1,519	1,308	1,200	1,098	956	949	1,145	988
Employee development and support	**681**	537	442	967	1,045	1,248	1,347	1,242	1,136	1,171
Business development	**1,916**	1,781	209	2,033	2,630	3,246	2,347	2,390	2,493	2,661
Equipment rentals and repairs	**4,010**	3,472	3,380	3,598	3,614	3,124	3,095	2,852	2,951	2,932
Total Operating Expenses Before Depreciation	**$ 174,339**	$ 149,201	$ 140,313	$ 162,250	$ 177,219	$ 169,119	$ 163,725,529	$ 153,608,455	$ 140,249,709	$ 136,820,655

EXHIBIT S-2
AUTHORITY NET POSITION BY COMPONENT ($000)

Fiscal Years Ended June 30,

	2023	2022 [4]	2021 [3]	2020	2019	2018 [2]	2017	2016 [1]	2015	2014
Net investment in capital assets	**$ 330,220**	$ 420,903	$ 325,062	$ 266,213	$ 281,491	$ 294,937	$ 263,952	$ 310,339	$ 316,250	$ 312,780
Other restricted net position	**230,636**	176,638	192,484	211,329	246,508	230,954	225,088	214,533	215,968	204,642
Unrestricted net position	**472,323**	316,527	372,011	407,524	325,303	284,034	294,133	251,076	210,522	209,594
Total net position	**$ 1,033,179**	$ 914,068	$ 889,557	$ 885,066	$ 853,302	$ 809,925	$ 783,173	$ 775,949	$ 742,740	$ 727,016

[1] Amounts for 2016 were restated as per GASB 68

[2] Amounts for 2018 were restated as per GASB 75

[3] Amounts for 2021 were restated as per GASB 87

[4] Amounts for 2022 were restated as per GASB 94 & 96

EXHIBIT S-3
AUTHORITY CHANGES IN NET POSITION ($000)

Fiscal Years Ended June 30,

	2023	2022 [4]	2021 [3]	2020	2019	2018 [2]	2017	2016 [1]	2015	2014
Operating revenues:										
Airline revenue:										
Landing fees	**$ 44,741**	$ 35,354	$ 34,046	$ 33,242	$ 24,816	$ 23,900	$ 24,612	$ 23,985	$ 21,390	$ 19,107
Aircraft parking fees	**11,189**	8,856	8,542	8,354	3,471	3,236	2,927	2,701	2,716	2,503
Building rentals	**129,744**	97,047	83,090	82,453	70,912	62,241	56,575	53,536	48,153	46,001
Security surcharge	**-**	-	-	-	33,559	32,303	29,468	29,223	25,180	25,777
Other aviation revenue	**7,123**	6,518	8,192	7,789	1,596	1,477	2,799	2,760	4,893	4,488
Concession revenue	**75,559**	88,138	41,801	57,243	71,256	65,610	61,256	56,274	52,496	47,770
Parking and ground transportation revenue	**65,415**	57,076	27,447	50,751	62,818	53,254	49,407	48,106	41,632	38,959
Ground rentals	**23,257**	19,651	19,809	21,386	22,810	22,109	20,053	16,226	13,074	9,603
Other operating revenue	**3,735**	2,999	1,680	1,818	2,441	1,949	1,750	1,183	971	1,529
Total operating revenues	**360,762**	315,640	224,606	263,036	293,679	266,079	248,847	233,994	210,505	195,737
Operating expenses before depreciation and amortization:										
Salaries and benefits	**51,231**	46,373	52,922	51,667	49,578	47,866	46,874	42,025	39,211	39,135
Contractual services	**45,581**	34,491	24,977	37,694	49,903	45,249	44,372	38,215	32,422	31,559
Safety and security	**33,043**	34,191	35,086	29,457	31,397	30,733	28,422	28,721	23,465	24,151
Space rental	**313**	839	64	10,207	10,191	10,190	10,190	10,367	10,433	10,478
Utilities	**17,567**	14,193	11,730	12,748	13,194	12,509	10,736	11,480	10,152	8,680
Maintenance	**16,417**	10,747	9,111	11,584	13,436	12,603	14,270	14,122	14,516	13,982
Equipment and systems	**922**	340	425	336	375	598	506	708	1,805	643
Materials and supplies	**661**	496	450	651	656	655	611	536	519	440
Insurance	**1,997**	1,741	1,519	1,308	1,200	1,098	956	949	1,145	988
Employee development and support	**681**	537	442	967	1,045	1,248	1,347	1,242	1,136	1,171
Business development	**1,916**	1,781	209	2,033	2,630	3,246	2,347	2,390	2,493	2,661
Equipment rentals and repairs	**4,010**	3,472	3,380	3,598	3,614	3,124	3,095	2,852	2,951	2,932
Total operating expenses before depreciation and amortization	**174,339**	149,201	140,313	162,250	177,219	169,119	163,726	153,607	140,248	136,820
Income from operations before depreciation and amortization	**186,423**	166,438	84,293	100,786	116,460	96,960	85,121	80,387	70,257	58,917
Depreciation and amortization expense	**131,586**	142,012	137,496	131,587	124,329	105,532	95,229	87,821	81,887	81,598
Operating income (loss)	**54,837**	24,427	(53,202)	(30,801)	(7,869)	(8,572)	(10,108)	(7,434)	(11,630)	(22,681)
Nonoperating revenues (expenses):										
Passenger facility charges	**46,755**	40,394	22,110	34,393	49,198	46,953	42,200	40,258	38,517	35,770
Customer facility charges	**34,375**	30,333	15,755	30,240	41,918	41,036	36,528	33,208	32,465	27,545
CARES Act/ACRGP Act Grants	**-**	78,922	77,219	36,895	-	-	-	-	-	-
Quieter Home Program, net	**(2,051)**	(2,541)	(3,233)	(3,295)	(3,192)	(2,747)	(785)	(3,698)	(2,811)	(2,750)
Joint Studies Program	**-**	-	-	-	(99)	(114)	-	(101)	(145)	(152)
Other interest income	**11,145**	11,893	6,748	-	-	-	-	-	-	-
Investment income	**50,882**	(48,884)	2,495	32,430	25,533	9,426	5,689	5,999	5,747	5,211
Interest expense	**(127,464)**	(109,675)	(76,628)	(73,612)	(74,501)	(68,411)	(58,179)	(50,636)	(55,187)	(51,984)
Build America Bonds Rebate	**-**	-	-	-	4,686	4,666	4,651	4,656	4,631	4,636
Other revenues (expenses), net	**(1,654)**	(13,316)	(705)	1,442	(510)	(9,281)	(14,676)	2,247	1,367	434
Nonoperating revenue, net	**11,987**	(12,873)	43,761	58,493	43,033	21,528	15,428	31,933	24,584	18,710
Income before capital grant contributions	**66,824**	11,554	(9,441)	27,692	35,164	12,956	5,320	24,499	12,954	(3,971)
Capital grant contributions	**52,287**	12,958	13,932	4,072	8,213	13,079	1,904	10,477	10,765	3,924
Change in net position	**119,111**	24,512	4,491	31,764	43,377	26,035	7,224	34,976	23,719	(47)
Prior Period Adjustment	**-**	-	-	-	-	717	-	(1,767)	(7,993)	-
Net position, beginning of year	**914,069**	889,557	885,066	853,302	809,925	783,173	775,949	742,740	727,016	727,064
Net position, end of year	**$ 1,033,180**	$ 914,069	$ 889,557	$ 885,066	$ 853,302	$ 809,925	$ 783,173	$ 775,949	$ 742,742	$ 727,017

[1] Amounts for 2016 were restated as per GASB 68

[2] Amounts for 2018 were restated as per GASB 75

[3] Amounts for 2021 were restated as per GASB 87

EXHIBIT S-4
AUTHORITY LARGEST SOURCES OF REVENUE ($000)

Fiscal Years Ended June 30,

Tenant	2023	2022	2021 [3]	2020	2019	2018 [2]	2017	2016 [1]	2015	2014
Southwest Airlines	**$ 59,517,741**	$ 46,676,116	$ 32,981,547	$ 44,940,626	$ 42,358,547	$ 38,403,919	$ 35,960,638	$ 33,838,686	$ 33,107,335	$ 29,548,565
Alaska Airlines [5]	**29,361,297**	25,229,826	19,163,465	20,633,199	17,436,299	16,352,834	11,705,334	10,612,367	9,712,564	8,008,057
Delta Airlines	**28,222,722**	23,051,398	16,637,440	22,063,736	18,367,799	17,007,240	16,123,110	14,418,056	13,560,515	12,005,146
United Airlines	**26,967,634**	19,809,053	16,629,587	20,204,377	18,335,068	17,520,412	16,227,363	14,518,119	15,687,045	15,364,094
American Airlines [4]	**21,754,057**	19,653,281	17,009,804	17,150,267	17,073,172	16,581,217	17,075,112	15,321,505	15,888,023	15,785,140
Avis Rent-A-Car [6]	**15,715,254**	14,247,125	4,666,097	8,446,736	-	-	-	-	-	-
Enterprise Rent-A-Car	**14,532,491**	12,725,271	5,913,051	12,238,158	12,779,605	12,285,652	11,188,393	9,451,127	7,998,222	7,162,116
Hertz Rent-A-Car	**12,587,839**	11,065,293	5,303,020	10,829,239	11,538,847	11,017,486	11,142,905	8,225,179	6,236,082	6,149,759
Uber Technologies, Inc	**11,222,131**	6,805,565	-	-	-	-	-	-	-	-
SSP America	**7,617,329**									

[1] Amounts for 2016 were restated as per GASB 68

[2] Amounts for 2018 were restated as per GASB 75

[3] Amounts for 2021 were restated as per GASB 87

[4] 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.

[5] 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.

[6] On February 2, 2020 Avis Budget Car Rental LLC entered into a purchase agreement with BW-Budget-SDA LLC aquiring all agreemts at SAN. Data for BW-Budget and Avis have been combined on this table.

Note: Amounts depicted in this exhibit reflect principal and interest payments for leases subject to GASB Statement No.87, leases outside the scope of the standard reflect revenue

EXHIBIT S-5
AUTHORITY LANDING FEE RATE ($ PER 1,000 LBS)

Fiscal Years Ended June 30,

AUTHORITY LANDING FEE RATE

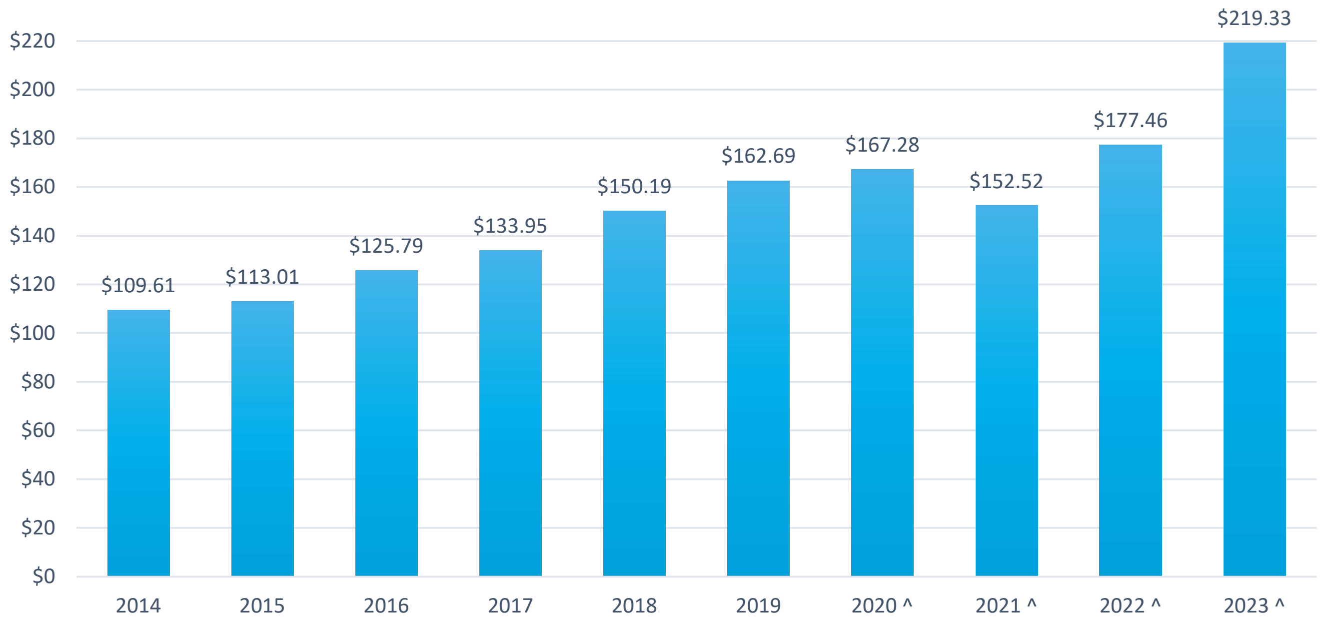
*Signatury Rate

Terminal Rate is the rate billed to the airlines for the rent of terminal space per square foot.

EXHIBIT S-6
TERMINAL RATES BILLED TO AIRLINES

Fiscal Years Ended June 30,

TERMINAL RATE PER SQUARE FOOT



*Signatury Rate

Terminal Rate is the rate billed to the airlines for the rent of terminal space per square foot.

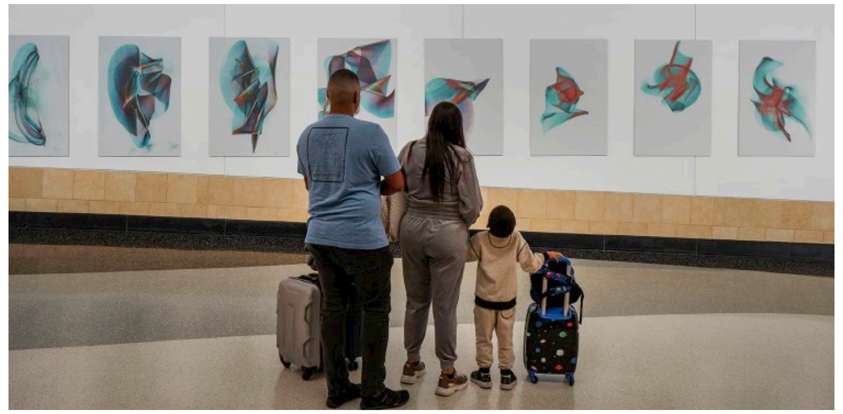
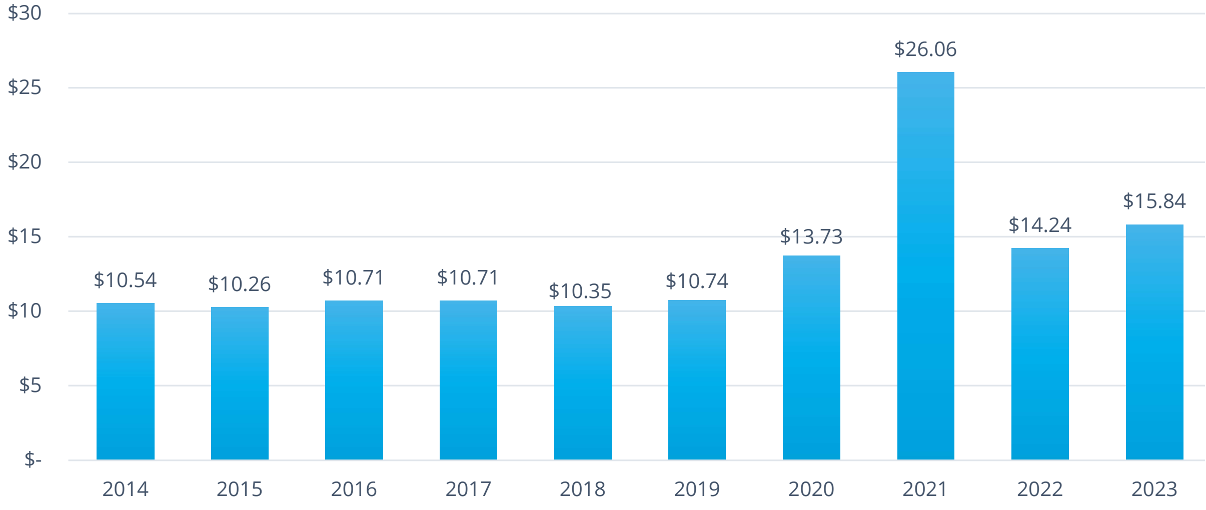


EXHIBIT S-7
AIRLINE COST PER ENPLANED PASSENGER

Fiscal Years Ended June 30,

COST PER ENPLANED PASSENGER

Fiscal Year	Enplaned	Cost per
2014	9,082	$10.54
2015	9,713	$10.26
2016	10,206	$10.71
2017	10,596	$10.71
2018	11,732	$10.35
2019	12,356	$10.74
2020	9,235	$13.73
2021	4.861	$26.06
2022	9.953	$14.24
2023	11.868	$15.84



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.

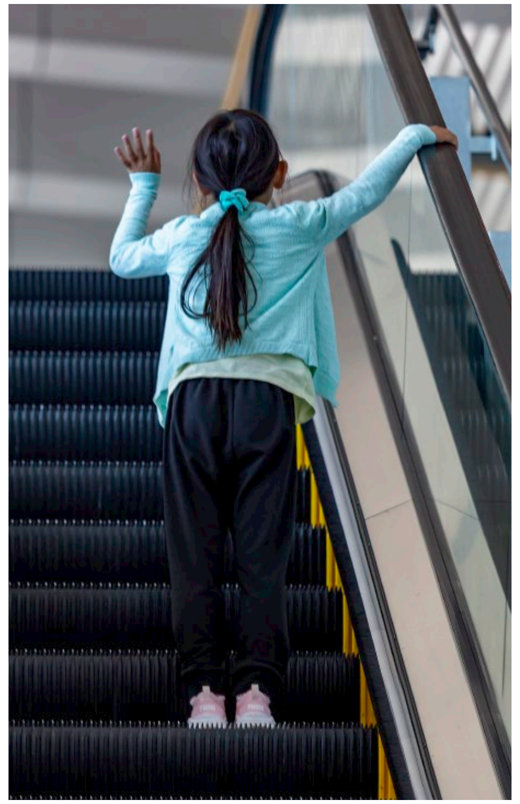
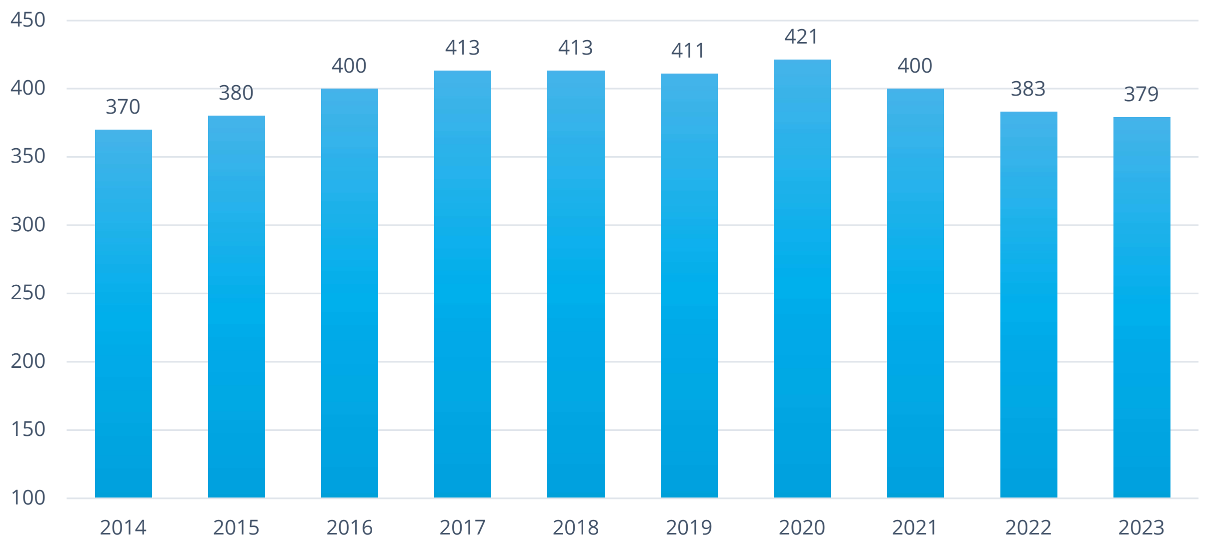


EXHIBIT S-8
AUTHORITY EMPLOYEE HEAD COUNT

Fiscal Years Ended June 30,

AUTHORITY EMPLOYEE HEAD COUNT



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)

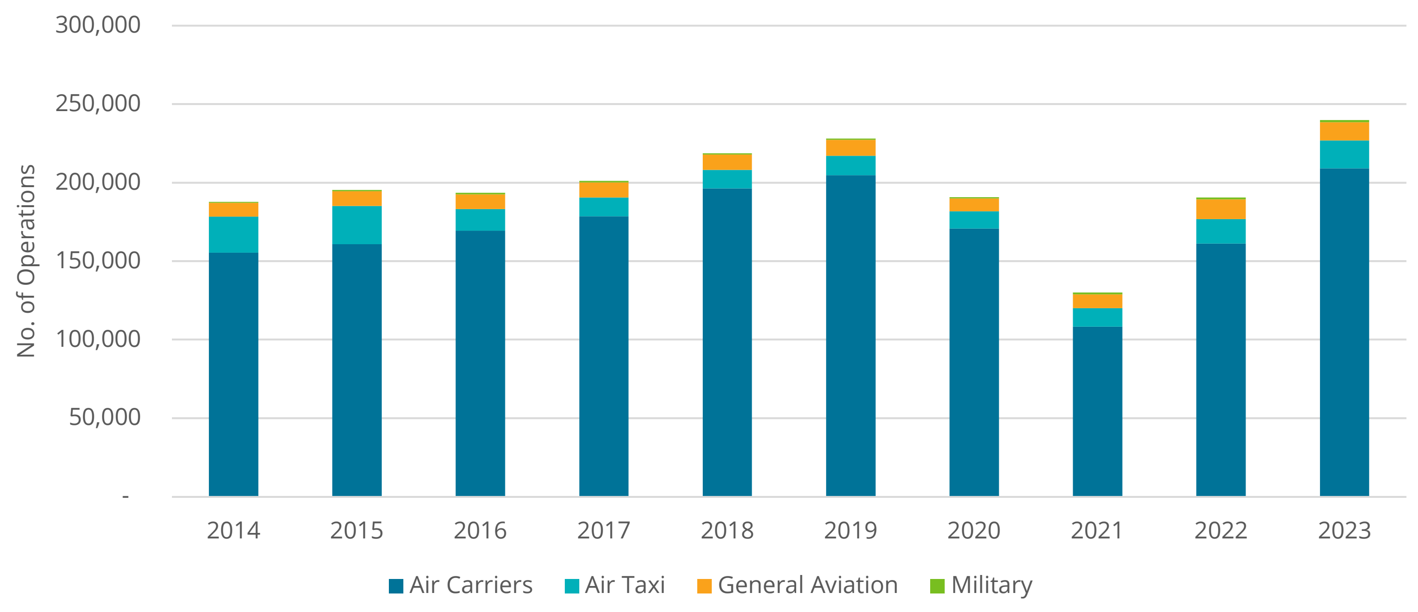
Fiscal Years Ended June 30,

Fiscal Year	Air Carriers	Air Taxi	General	Military	Total
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
2022	161,150	15,547	12,611	1,177	190,485
2023	**209,144**	**17,623**	**11,640**	**1,421**	**239,828**

Source: FAA ATADS Report: Air Operations Standard Report (itinerant only)

Source: FAA ATADS Report: Air Operations Standard Report (itinerant only)

AIRCRAFT OPERATIONS

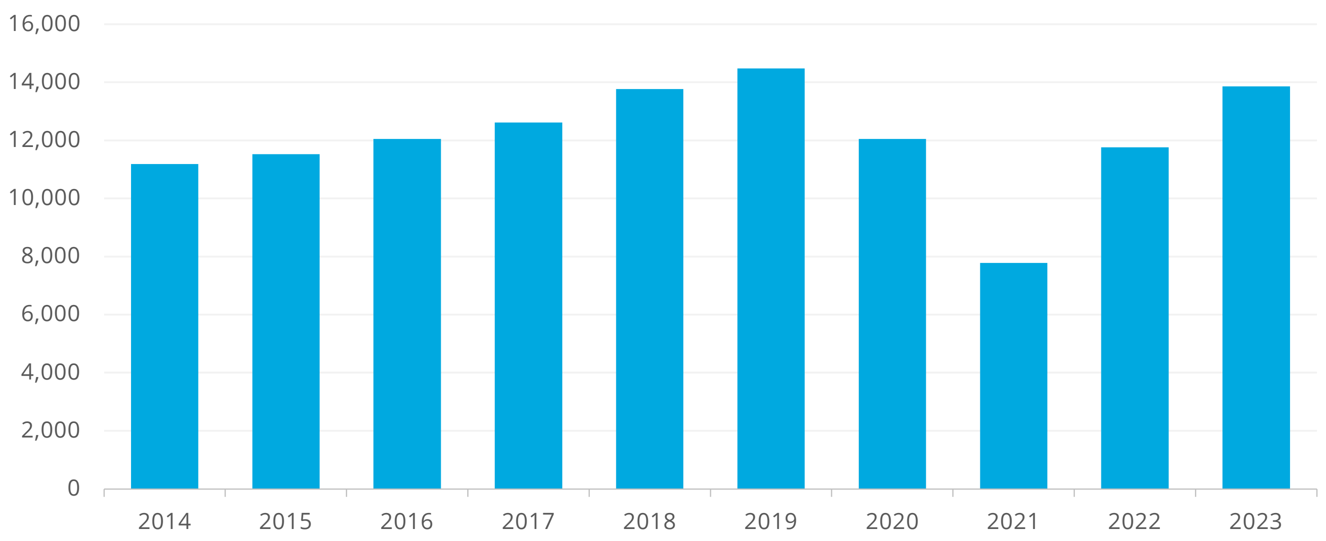


Aircraft Operations are the takeoffs and landings at SDIA.
They represent the level of demand for air service by the airlines operating at SDIA.

EXHIBIT S-10
AIRCRAFT LANDED WEIGHTS (IN MILLIONS LBS)

Fiscal Years Ended June 30,

AIRCRAFT LANDED WEIGHTS (IN MILLIONS LBS)



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,

Airline	**2023**	2022	2021	2020	2019	2018	2017	2016	2015	2014
Southwest Airlines	**5,001,008**	3,688,292	2,277,011	4,422,096	5,180,064	4,924,451	4,470,104	4,257,162	4,214,314	3,925,362
Delta Airlines	**1,516,632**	1,497,160	1,049,374	1,221,773	1,389,312	1,183,702	1,175,285	1,153,074	1,077,103	1,016,878
American Airlines [2]	**1,317,772**	1,238,946	917,691	1,201,659	1,415,134	1,471,318	1,428,538	1,467,922	1,359,911	1,349,554
Alaska Airlines [3]	**1,410,162**	1,196,955	769,364	1,162,582	1,411,255	1,131,807	999,875	924,310	888,065	884,727
United Airlines [1]	**1,450,512**	1,260,134	694,980	1,201,192	1,566,148	1,492,873	1,355,185	1,250,500	1,227,974	1,340,736
Skywest Airlines	**755,828**	709,412	504,012	481,705	637,117	627,038	465,023	359,197	408,608	396,054
Federal Express	**405,893**	476,195	466,734	394,288	375,807	388,782	390,716	444,038	384,686	419,127
Frontier Airlines	**311,884**	264,830	199,836	204,924	247,145	232,794	167,590	115,238	153,880	192,493
JetBlue Airlines	**316,168**	292,311	171,957	260,940	281,715	293,160	244,364	199,232	193,848	189,979
Horizon Air- Alaska Airlines	**41,325**	166,950	145,050	146,100	82,650	100,303	54,799	60,268	88,241	94,972
United Parcel	**137,094**	138,064	138,926	146,624	138,860	143,678	146,778	135,318	127,660	121,742
Spirit Airlines	**288,873**	165,464	125,589	230,911	331,366	328,424	286,162	351,977	296,925	245,669
Hawaiian Airlines	**209,839**	211,844	122,574	155,345	237,560	161,486	147,568	147,406	146,284	147,325
ABX Air	**272**	6,068	83,216	42,542	-	-	-	-	42,666	70,039
Allegiant	**75,345**	53,883	38,889	19,387	31,927	47,516	57,227	17,403	7,053	7,790
Subtotal	**13,238,607**	**11,366,508**	**7,705,202**	**11,292,068**	**13,326,060**	**12,527,333**	**11,389,213**	**10,883,044**	**10,617,218**	**10,402,446**
All Others	**620,449**	397,577	74,326	761,011	1,155,170	1,011,526	948,114	883,687	665,721	552,184
Total	**13,859,056**	**11,764,085**	**7,779,528**	**12,053,080**	**14,481,229**	**13,769,945**	**12,616,068**	**12,048,142**	**11,523,720**	**11,186,766**
Annual % Change	**17.8%**	-16.8%	-16.8%	-16.8%	5.2%	9.1%	4.7%	4.6%	3.0%	1.6%

[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	**2023**	2022	2021	2020	2019	2018	2017	2016	2015	2014
Southwest Airlines	**36.1%**	31.4%	29.3%	36.7%	35.8%	35.8%	35.4%	35.3%	36.6%	35.1%
Delta Airlines	**10.9%**	12.7%	13.5%	10.1%	9.6%	8.6%	9.3%	9.6%	9.3%	9.1%
American Airlines [2]	**9.5%**	10.5%	11.8%	10.0%	9.8%	10.7%	11.3%	12.2%	11.8%	12.1%
Alaska Airlines [3]	**10.2%**	10.2%	9.9%	9.6%	9.7%	8.2%	7.9%	7.7%	7.7%	7.9%
United Airlines [1]	**10.5%**	10.7%	8.9%	10.0%	10.8%	10.8%	10.7%	10.4%	10.7%	12.0%
Skywest Airlines	**5.5%**	6.0%	6.5%	4.0%	4.4%	4.6%	3.7%	3.0%	3.5%	3.5%
Federal Express	**2.9%**	4.0%	6.0%	3.3%	2.6%	2.8%	3.1%	3.7%	3.3%	3.7%
Frontier Airlines	**2.3%**	2.3%	2.6%	1.7%	1.7%	1.7%	1.5%	1.0%	1.3%	1.7%
JetBlue Airlines	**2.3%**	2.5%	2.2%	2.2%	1.9%	2.1%	1.9%	1.7%	1.7%	1.7%
Horizon Air- Alaska Airlines	**0.3%**	1.4%	1.9%	1.2%	0.6%	0.7%	0.4%	0.5%	0.8%	0.8%
United Parcel	**1.0%**	1.2%	1.8%	1.2%	1.0%	1.0%	1.2%	1.1%	1.1%	1.1%
Spirit Airlines	**2.1%**	1.4%	1.6%	1.9%	2.3%	2.4%	2.3%	2.9%	2.6%	2.2%
Hawaiian Airlines	**1.5%**	1.8%	1.6%	1.3%	1.6%	1.2%	1.2%	1.2%	1.3%	1.3%
ABX Air	**0.0%**	0.1%	1.1%	0.4%	-	-	-	-	0.4%	0.6%
Allegiant	**0.5%**	0.5%	0.5%	0.2%	0.2%	0.3%	0.5%	0.2%	0.1%	0.1%
Subtotal	**95.5%**	**96.6%**	**99.0%**	**93.7%**	**92.0%**	**91.0%**	**90.3%**	**90.3%**	**92.1%**	**93.0%**
All Others	4.5%	3.4%	1.0%	6.3%	8.0%	9.0%	9.7%	9.7%	7.9%	7.0%
Total	100.0%	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

EXHIBIT S-12
PASSENGER ENPLANEMENTS

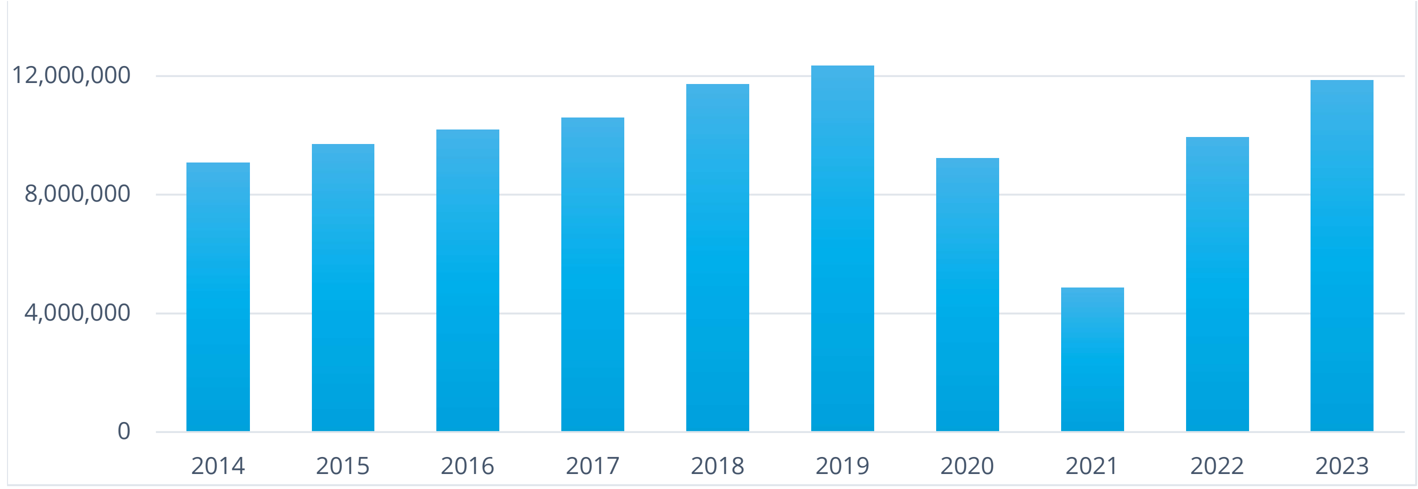
Fiscal Years Ended June 30,

FiscalYear	Enplaned Passengers	% Change SAN	% Change US Average
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)%
2021	4,860,931	(47.4)%	(41.5)%
2022	9,953,162	104.8 %	91.8 %
2023	**11,867,569**	**19.2 %**	**16.8 %**

Source: U.S. Department of Transportation T-100

Note: International data for April - June 2023 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	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Air Canada	**135,080**	43,376	-	90,425	130,404	110,684	93,274	48,985	41,175	36,636
Alaska Airlines [1]	**1,350,550**	1,099,999	474,179	976,326	1,253,433	1,031,537	918,841	902,705	871,775	830,349
Allegiant Airlines	**75,959**	49,355	22,391	13,162	30,750	44,934	49,480	16,825	7,406	7,859
American Airlines [2]	**1,282,356**	1,238,336	767,833	1,050,613	1,339,334	1,366,634	1,339,489	1,369,003	747,493	693,995
British Airways	**91,914**	41,417	-	57,998	83,492	82,543	90,200	89,723	84,263	84,600
Condor	**-**	-	-	-	-	7,815	3,902	-	-	-
Delta Air Lines	**1,411,595**	1,215,201	567,589	1,058,188	1,336,885	1,126,873	1,088,647	1,061,889	992,498	915,907
Edelweiss	**-**	-	-	2,317	6,271	6,990	1,215	-	-	-
Frontier Airlines	**349,379**	272,802	180,181	201,280	277,320	254,760	180,235	118,990	150,595	185,270
Hawaiian Airlines	**148,305**	133,525	61,754	102,759	149,744	108,971	107,776	102,462	96,963	98,667
Japan Airlines	**31,380**	12,784	1,027	43,596	66,688	62,034	59,916	59,647	59,372	54,213
JetBlue Airways	**285,079**	249,217	90,332	195,279	230,909	248,325	224,700	182,605	178,590	173,282
Lufthansa	**47,928**	13,695	-	34,654	49,974	13,037	-	-	-	-
Southwest Airlines	**4,190,108**	3,393,713	1,627,594	3,474,860	4,656,029	4,457,984	3,967,487	3,840,455	3,736,688	3,352,870
Spirit Airlines	**303,804**	168,192	111,604	225,279	323,623	318,201	287,208	327,183	252,219	201,414
Sun Country Airlines	**41,618**	35,962	23,461	37,073	40,167	41,466	40,109	34,886	28,732	27,276
Swoop, Inc.	**543**	3,637	-	-	-	-	-	-	-	-
United Airlines [3]	**1,412,222**	1,256,748	552,709	1,043,393	1,481,166	1,405,663	1,266,055	1,165,565	1,113,510	1,167,661
US Airways [2]	**-**	-	-	-	-	-	-	-	523,034	554,244
Virgin America [1]	**-**	-	-	-	-	183,672	212,158	211,075	175,973	156,729
Volaris	**-**	-	-	-	-	-	3,948	21,343	20,004	23,285
WestJet	**32,290**	11,836	-	28,905	42,939	39,285	41,043	34,516	33,723	31,805
Total Air Carrier	**11,190,110**	9,239,795	4,480,654	8,636,107	11,499,128	10,911,408	9,975,683	9,587,857	9,114,013	8,596,062
Regional										
Compass	**-**	-	-	161,113	296,091	251,066	195,126	249,723	140,012	8,563
Horizon Air	**35,578**	137,421	89,894	107,373	64,135	82,131	53,517	64,758	83,764	84,000
Skywest Airlines	**641,881**	575,946	290,383	330,866	496,932	487,228	372,157	301,592	371,979	341,365
Other	**-**	-	-	-	-	-	-	2,292	3,298	52,254
Total Regional	**677,459**	713,367	380,277	599,352	857,158	820,425	620,800	618,365	599,053	486,182
Total Passengers	**11,867,569**	9,953,162	4,860,931	9,235,459	12,356,286	11,731,833	10,596,483	10,206,222	9,713,066	9,082,244

[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	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Air Canada	**1.2%**	0.5%	0.0%	1.0%	1.1%	1.0%	0.9%	0.5%	0.5%	0.4%
Alaska Airlines [1]	**12.1%**	11.9%	10.6%	11.3%	10.9%	9.5%	9.2%	9.4%	9.6%	9.7%
Allegiant Airlines	**0.7%**	0.5%	0.5%	0.2%	0.3%	0.4%	0.5%	0.2%	0.1%	0.1%
American Airlines [2]	**11.5%**	13.4%	17.1%	12.2%	11.6%	12.5%	13.4%	14.3%	8.2%	8.1%
British Airways	**0.8%**	0.4%	0.0%	0.7%	0.7%	0.8%	0.9%	0.9%	0.9%	1.0%
Condor	**0.0%**	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%
Delta Air Lines	**12.6%**	13.2%	12.7%	12.3%	11.6%	10.3%	10.9%	11.1%	10.9%	10.7%
Edelweiss	**0.0%**	0.0%	0.0%	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%
Frontier Airlines	**3.1%**	3.0%	4.0%	2.3%	2.4%	2.3%	1.8%	1.2%	1.7%	2.2%
Hawaiian Airlines	**1.3%**	1.4%	1.4%	1.2%	1.3%	1.0%	1.1%	1.1%	1.1%	1.1%
Japan Airlines	**0.3%**	0.1%	0.0%	0.5%	0.6%	0.6%	0.6%	0.6%	0.7%	0.6%
JetBlue Airways	**2.5%**	2.7%	2.0%	2.3%	2.0%	2.3%	2.3%	1.9%	2.0%	2.0%
Lufthansa	**0.4%**	0.1%	0.0%	0.4%	0.4%	0.1%	0.0%	0.0%	0.0%	0.0%
Southwest Airlines	**37.4%**	36.7%	36.3%	40.2%	40.5%	40.9%	39.8%	40.1%	41.0%	39.0%
Spirit Airlines	**2.7%**	1.8%	2.5%	2.6%	2.8%	2.9%	2.9%	3.4%	2.8%	2.3%
Sun Country Airlines	**0.4%**	0.4%	0.5%	0.4%	0.3%	0.4%	0.4%	0.4%	0.3%	0.3%
Swoop, Inc.	**0.0%**	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
United Airlines [3]	**12.6%**	13.6%	12.3%	12.1%	12.9%	12.9%	12.7%	12.2%	12.2%	13.6%
US Airways [2]	**0.0%**	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.7%	6.4%
Virgin America [1]	**0.0%**	0.0%	0.0%	0.0%	0.0%	1.7%	2.1%	2.2%	1.9%	1.8%
Volaris	**0.0%**	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.2%	0.3%
WestJet	**0.3%**	0.1%	0.0%	0.3%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
Total Air Carrier	**94.3%**	92.8%	92.2%	93.5%	93.1%	93.0%	94.1%	93.9%	93.8%	94.6%
Regional										
Compass	**0.0%**	0.0%	0.0%	1.7%	2.4%	2.1%	1.8%	2.4%	1.4%	0.1%
Horizon Air	**0.3%**	1.4%	1.8%	1.2%	0.5%	0.7%	0.5%	0.6%	0.9%	0.9%
Skywest Airlines	**5.4%**	5.8%	6.0%	3.6%	4.0%	4.2%	3.5%	3.0%	3.8%	3.8%
Other	**0.0%**	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.6%
Total Regional	**5.7%**	7.2%	7.8%	6.5%	6.9%	7.0%	5.9%	6.1%	6.2%	5.4%
Total Passengers	**100%**	100%	100%	100%	100%	100%	100%	100%	100%	100%

EXHIBIT S-14
CAPITAL ASSETS

San Diego International Airport	
Number of runways	1
Length of runway (feet)	9,401 feet
Number of gates	49
Remote aircraft parking positions	31
Terminal rentable square footage	587,683
Airport Land Area	661 acres
On airport parking spaces (public)	3,135
Off airport parking spaces (public)	643

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	% Change	Per Capita Personal Income	% Change	Total Personal Income *(in billions)*	% 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)%
2021	3,366,072	0.1 %	$63,971	1.3 %	$221.3	3.5 %
2022	NO LONGER PUBLISHED IN THE SAME FORMAT					

Source: California Department of Transportation - San Diego County

EXHIBIT S-16
PRINCIPAL EMPLOYERS IN SAN DIEGO COUNTY

November 2020

Employer	Local Employees	Rank	Percentage of Total Industry Employment
University of California, San Diego	35,802	1	2.3%
Naval Base San Diego	34,534	2	2.3%
Sharp Health Care	19,468	3	1.3%
Scripps Health	16,295	4	1.1%
General Atomics Aeronautical	6,745	5	0.4%
San Diego State University	6,454	6	0.4%
Rady's Children Hospital	5,711	7	0.4%
San Diego Community College District	5,400	8	0.4%
Sempra Energy	5,063	9	0.3%
YMCA of San Diego	5,057	10	0.3%

Total Civilian Labor Force in San Diego County (June 2021): 1,527,800

Source: Employers - San Diego Journal Book of Lists: 2021 & 2012

Total Industry Employment - California Employment Development Dept., Labor Market Info

August 2011

Employer	Local Employees	Rank	Percentage of Total Industry Employment
U.S. Federal Government	46,300	1	3.0%
State of California	45,500	2	3.0%
University of California, San Diego	27,393	3	1.8%
County of San Diego	15,109	4	1.0%
Sharp Health Care	14,696	5	1.0%
Scripps Health	13,830	6	0.9%
San Diego Unified School District	13,730	7	0.9%
Qualcomm Inc.	10,509	8	0.7%
City of San Diego	10,211	9	0.7%
Kaiser Permanente	8,200	10	0.5%

Total Civilian Labor Force in San Diego County (June 2012): 1,540,500

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	Unemployment Rate State
2013	1,537,600	1,415,600	122,000	7.9%	9.0%
2014	1,537,500	1,437,400	100,100	6.5%	7.6%
2015	1,548,800	1,467,700	81,100	5.2%	6.3%
2016	1,563,200	1,489,100	74,100	4.7%	5.5%
2017	1,570,800	1,507,200	63,600	4.0%	4.8%
2018	1,579,600	1,526,100	53,500	3.4%	4.3%
2019	1,582,900	1,531,000	51,800	3.3%	4.1%
2020	1,542,000	1,395,700	146,200	9.5%	10.2%
2021	1,543,700	1,443,800	99,900	6.5%	7.3%
2022	**1,578,467**	**1,523,067**	**55,400**	**3.5%**	**4.3%**

Source: California Employment Development Dept., Labor Market Information Division

Unemployment Rate and Labor Force, not seasonally adjusted

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,

Senior Bonds	**2023**	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues [1]	**$ 409,432,063**	$ 324,096,640	$ 227,573,518	$ 280,572,989	$ 306,683,097	$ 276,983,726	$ 255,540,858	$ 238,640,326	$ 214,770,544	$ 199,834,430
Operating and Maintenance Expenses	**(177,921,959)**	(96,134,968)	(88,039,540)	(136,297,647)	(165,925,555)	(157,246,523)	(154,455,699)	(151,327,220)	(142,781,639)	(136,604,105)
Net Revenues [2]	**$ 231,510,103**	$ 227,961,672	$ 139,533,978	$ 144,275,342	$ 140,757,542	$ 119,737,204	$ 101,085,159	$ 87,313,106	$ 71,988,905	$ 63,230,325
Senior Bond Debt Service [3]										
Principal	**$ -**	$ 3,635,598	$ 8,315,000	$ 7,925,000	$ 2,320,000	$ 2,240,000	$ 2,155,000	$ 2,090,000	$ 2,030,000	$ -
Interest	**-**	7,195,563	17,685,100	18,081,350	18,174,150	18,263,750	18,349,950	18,414,600	18,034,575	16,645,435
PFCs used to pay debt service	**-**	(4,691,941)	(11,172,249)	(11,260,741)	(9,544,261)	(9,547,482)	(9,548,626)	(9,490,326)	(8,669,966)	(7,140,301)
Federal Relief used to pay debt service	**-**	(1,539,286)	(3,406,934)	(6,501,585)	-	-	-	-	-	-
Total Debt Service for the Senior Bond	**$ -**	$ 4,599,934	$ 11,420,918	$ 8,244,024	$ 10,949,889	$ 10,956,268	$ 10,956,324	$ 11,014,274	$ 11,394,609	$ 9,505,134
Senior Bonds Debt Service Coverage	**-**	49.56	12.22	17.50	12.85	10.93	9.23	7.93	6.32	6.65
Subordinate Debt										
Subordinate Net Revenues [2]	**$ 231,510,103**	$ 223,361,738	$ 128,113,061	$ 136,031,318	$ 129,807,653	$ 108,780,936	$ 90,128,835	$ 76,298,832	$ 60,594,296	$ 53,725,191
Subordinate Annual Debt Service [4]										
Principal	**$ 43,385,000**	$ 34,040,000	$ 22,315,000	$ 17,745,000	$ 15,895,000	$ 14,830,000	$ 9,430,000	$ 9,000,000	$ 8,665,000	$ 5,785,000
Interest	**56,052,373**	48,876,516	41,720,733	39,404,449	37,917,500	37,197,656	26,085,029	26,495,600	26,853,179	27,069,283
Variable Rate Debt [5]		-	-	1,894,813	7,497,649	7,335,123	7,000,066	6,760,189	6,736,945	6,446,951
PFCs used to pay debt service	**-**	(25,313,393)	(8,833,085)	(18,744,592)	(20,461,072)	(20,457,851)	(20,456,707)	(20,331,674)	(21,554,245)	(20,718,863)
Federal Relief used to pay debt service	**-**	(16,460,714)	(22,593,066)	(14,313,843)	-	-	-	-	-	-
Total Subordinate Annual Debt Service	**$ 99,437,373**	$ 41,142,409	$ 32,609,582	$ 25,985,827	$ 40,849,077	$ 38,904,928	$ 22,058,389	$ 21,864,115	$ 20,700,879	$ 18,582,371
Subordinate Obligations Debt Service Coverage	**2.33**	5.43	3.93	5.23	3.18	2.80	4.09	3.48	2.93	2.89
Aggregate Debt										
Aggregate Net Revenues	**$ 231,510,103**	$ 227,961,672	$ 139,533,978	$ 144,275,342	$ 140,757,542	$ 119,737,204	$ 101,085,159	$ 87,313,106	$ 71,988,905	$ 63,230,325
Aggregate Annual Debt Service										
Principal	**43,385,000**	37,675,598	30,630,000	25,670,000	18,215,000	17,070,000	11,585,000	11,090,000	10,695,000	5,785,000
Interest	**56,052,373**	56,072,079	59,405,833	57,485,799	56,091,650	55,461,406	44,434,979	44,910,200	44,887,754	43,714,718
Variable Rate Debt [5]	**-**	-	-	1,894,813	7,497,649	7,335,123	7,000,066	6,760,189	6,736,945	6,446,951
PFC Funds Applied to Debt Service	**-**	(30,005,334)	(20,005,333)	(30,005,333)	(30,005,333)	(30,005,333)	(30,005,333)	(29,822,000)	(30,224,211)	(27,859,164)
CARES Act used to pay debt service	**-**	(18,000,000)	(26,000,000)	(20,815,428)	-	-	-	-	-	-
Total Annual Debt Service	**$ 99,437,373**	$ 45,742,343	$ 44,030,500	$ 34,229,851	$ 51,798,966	$ 49,861,196	$ 33,014,712	$ 32,938,389	$ 32,095,488	$ 28,087,505
Aggregate Obligations Debt Service Coverage	**2.33**	4.98	3.17	4.21	2.72	2.40	3.06	2.65	2.24	2.25
Aggregate Net Revenues (Including PFC, BAB Subsidy and	**$ 231,510,103**	$ 275,967,006	$ 185,539,311	$ 197,185,501	$ 175,449,049	$ 154,408,727	$ 135,721,711	$ 121,791,304	$ 106,844,335	$ 95,725,704
Total Annual Debt Service (Excluding PFC, BAB Subsidy and	**99,437,373**	93,747,677	90,035,833	87,140,009	86,490,473	84,532,719	67,651,265	67,416,588	66,950,918	60,582,884
Revenue Method - Debt Service Coverage on Aggregate	**2.33**	2.94	2.06	2.26	2.03	1.83	2.01	1.81	1.60	1.58

[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

EXHIBIT S-19
DEBT SERVICE COVERAGE - SERIES 2014 CFC BONDS

Fiscal Years Ended June 30,

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
CFC Collections	**$ 34,374,844**	$ 30,333,350	$ 15,755,254	$ 30,239,698	$ 41,918,554	$ 41,036,526	$ 36,527,853	$ 33,207,946	$ 32,464,843	$ 27,545,001
Bond Funding Supplemental Consideration			-	-	-	-	-	-	-	-
Transfers from CFC Stabilization Fund		14,357	9,540,452	3,563,874	-	-	-	-	-	-
Interest Earnings[1]	**1,405,285**	324,938	855,813	1,502,382	1,544,474	919,740	466,134	332,761	295,726	204,194
Total Amounts Available	**35,780,128**	30,672,645	26,151,519	35,305,954	43,463,028	41,956,266	36,993,987	33,540,707	32,760,569	27,749,195
Rolling Coverage Fund Balance[2]	**6,575,173**	6,576,235	6,575,382	6,575,637	6,575,894	6,576,363	4,902,363	2,451,182	-	-
Total Amounts Available, plus Rolling Coverage Fund Balance	**$ 42,355,301**	$ 37,248,880	$ 32,726,901	$ 41,881,591	$ 50,038,922	$ 48,532,629	$ 41,896,350	$ 35,991,889	$ 27,749,195	$ 27,749,195
Series 2014 Debt Service Requirements	**21,930,783**	21,930,783	21,917,940	21,918,789	21,919,646	21,921,210	16,341,210	8,170,605	-	-
Coverage excluding Rolling Coverage Fund	**1.63**	1.40	1.19	1.61	1.98	1.91	2.26	4.11	N/A	N/A
Coverage including Rolling Coverage Fund	**1.93**	1.70	1.49	1.91	2.28	2.21	2.56	4.41	N/A	N/A

[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 Short-Term Debt	Capital Leases	Total Outstanding Debt	Enplaned Passengers	Debt per Enplaned Passenger
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
2022	3,667,843,691	80,100,000	5,878,682	3,753,822,373	9,953,162	377.15
2023	**3,600,793,592**	**80,100,000**	**5,524,543**	**3,686,418,135**	**11,867,569**	**310.63**

[1] Outstanding Bond Debt includes unamortized bond premium

[2] Starting in 2014, Outstanding Bond Debt includes CFC Bond issuance

SAN DIEGO
INTERNATIONAL AIRPORT

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Item No. 10

Staff Report

Meeting Date: December 7, 2023

Subject:

Fiscal Year 2023 Annual 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.

Additionally, the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing *(Standards)* requires the Office of the Chief Auditor to make disclosures to the Audit Committee and Board at least annually.

The Fiscal Year 2023 Annual Report from the Office of the Chief Auditor is submitted to the Audit Committee as Attachment A. The report describes the activities and accomplishments of the OCA during the period July 1, 2022, through June 30, 2023, and includes details on all recommendations completed or in progress during the 4th Quarter of Fiscal Year 2023.

In addition, the report provides required disclosures in conformance with the *Standards* or as required in the Charter for the Office of the Chief Auditor.

The Office of the Chief Auditor's Fiscal Year 2023 Annual Report was initially submitted to the Audit Committee during its regularly scheduled meeting on September 11, 2023, for Committee review and acceptance. Although a quorum of Audit Committee members was present, the required 5 affirmative votes could not be met, and the item was carried forward to the next regularly scheduled meeting. During the Audit Committee's next meeting, which was held November 13, 2023, the Committee unanimously recommended, with the required number of votes, to forward this item 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 2023 Annual Report

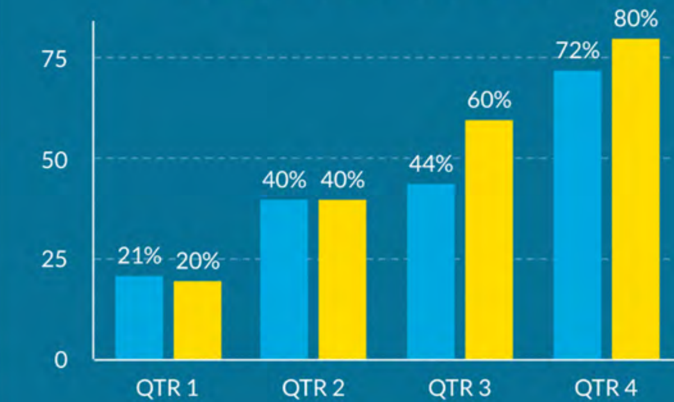
ATTACHMENT A

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Audit Engagement Progress

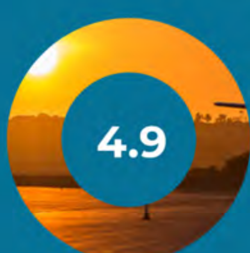
Completed (72.22%) In Progress (27.78%)

Audit Engagements Completed vs. Benchmark & Goal

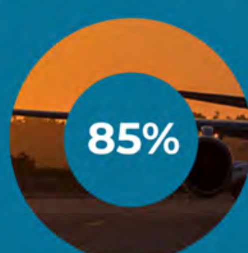


By The Numbers

Recommendations Issued



Customer Satisfaction Rating



Engagements Completed Under Budget

Auditor Utilization Percentage

Recommendations Accepted By Management

Fiscal Year 2023

ANNUAL REPORT

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Issue Date: September 11, 2023

OFFICE OF THE CHIEF AUDITOR

Table of Contents

Summary

Executive Summary

The purpose of the Fiscal Year 2023 Annual Report is to provide information regarding the activities performed by the Office of the Chief Auditor (OCA) and to communicate required disclosures in conformance with The Institute of Internal Auditors' (IIA) International Standards for the Professional Practice of Internal Auditing (*Standards*).

Fiscal Year 2023 was a very productive year for the OCA. Aside from the continued audit assurances, the OCA had several notable accomplishments in the year. In Fiscal Year 2023 we continued our partnership with the outside construction auditing firm Baker Tilly to provide assurances related to the New Terminal 1, provided Ethics training to over 97% of Authority staff, completed two outside peer reviews, and we issued our first data analytics audit on Rental Car Companies which examined over $61million in fees.

Performance Measures

For Fiscal Year 2023, six major performance measures were developed to evaluate the OCA. The OCAs performance against the selected performance measures is displayed in Table 1 below and are presented to the Audit Committee/Board quarterly unless noted otherwise.

Table 1: Status of Performance Measures as of June 30, 2023

#	Performance Measure	Goal	Actual	Benchmark
1	Conduct engagements that add value measured by: a) Customer Satisfaction Ratings from i. Audit Committee/Board (reported annually) ii. Executive Management (reported annually) iii. Auditee	4.0	i) 5.0 ii) 5.0 iii) 4.9	4.0
	b) Number of Recommendations	30	31	30
2	Percentage of audit and consulting engagements completed.	80%	72%	80%
3	Percentage of recommendations accepted.	95%	100%	83%
4	Provide tools and training for staff measured by: a) Percentage of staff meeting CPE requirements (reported annually)	100%	100%	99%
	b) Number of non-CPE training hours per staff (reported annually)	6	6.1	n/a
5	Percentage of staff time spent on audit and consulting engagements and general audit activities.	81%	83%	81%
6	Percentage of audit and consulting engagements completed within budget.	80%	85%	73%

Customer Satisfaction Rating

The OCA sends surveys to the following three customer categories:

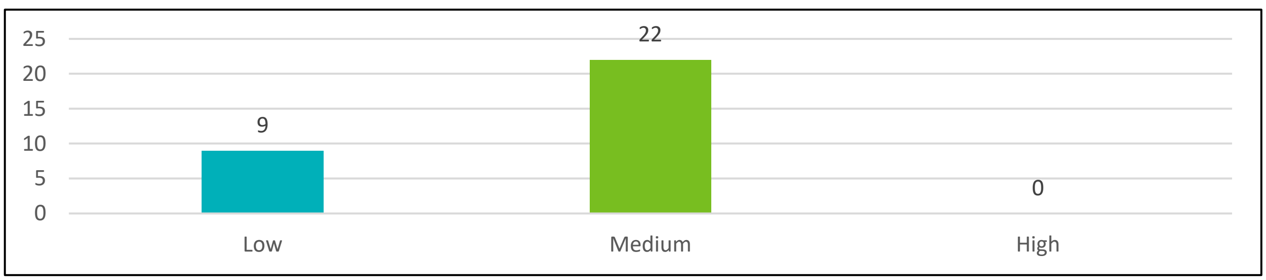
- Authority Board/Audit Committee
- Executive Management
- Auditee

Each survey contains multiple questions, and each response is utilized by the OCA to gauge the performance of audits and activities completed. The OCA gauges customer satisfaction based on scores received on the question, "How would you rate your level of satisfaction with the Office of the Chief Auditor?". Annually, in the 4th Quarter, the Authority Board, Audit Committee, and the Authority's Executive Management are surveyed. Following the completion of each audit (or consulting engagement) auditees are sent a "post-audit" survey questionnaire. Survey results from the auditees are presented quarterly to the Audit Committee and Board. The OCA tracks each customer category separately. For Fiscal Year 2023 aggregate category scores of 5.0, 5.0, and 4.9, respectively, were received, which exceeded the goal of 4.0 for each category.

Number of Recommendations

One of the OCAs primary objectives is to identify risks that could pose a threat to the Authority. During the fiscal year, the OCA provided 31 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 is shown below in Table 2.

Table 2: Rating of Recommendations



Percentage of Audit and Consulting Engagements Completed

The OCA completed 11 audits and 2 consulting engagements for a total of 13 completed engagements. This represents 72%[1], of audit and consulting engagements on the Fiscal Year 2023 Audit Plan. For the status of all Fiscal Year 2023 Audit Plan activities on June 30, 2023, see Appendix A.

[1] The 72% is equal to 13 completed engagements divided by 18 (20 total audit and consulting engagements minus 2 that were approved to be completed in Fiscal Year 2024: 1.) Tenant Lease Administration & Management – FY 2023 Rental Car Companies, 2.) Turner-Flatiron Self Perform Work).

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. In Fiscal Year 2023, management accepted 100% of all audit recommendations.

Percentage of Staff that Meet Continuing Professional Education (CPE) Requirements

During the year, 100% of staff met their education requirements.

Number of Non-Continuing Professional Education Training Hours per Staff

The OCA provides non-CPE training to audit staff to emphasize or enhance skills on a particular topic. In Fiscal Year 2023 the OCA provided 6.1 hours of training per staff. Training included topics such as Recommendation Ratings, Quality Assurance and Improvements Programs, Quality Assurance Reviews, Construction, On Call Contract Auditing, and Ethics.

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

This measure tracks the time spent on audit and consulting engagements and general audit activities.[2] The OCAs goal is for staff to spend 81% of their working hours[3] on audit engagements, consulting engagements, and general audit activities. For Fiscal Year 2023, the OCA spent 83% of time on audit and consulting engagements and on general audit activities, exceeding the goal established.

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 Fiscal Year 2023, the OCA completed 85% of its projects within the budgeted time, exceeding the benchmark and the OCAs goal.

[2] Appendix A details all planned activities in these categories for Fiscal Year 2023.

[3] Time Off (e.g., Holidays, Paid Time off) has been excluded from this calculation.

Audit and Consulting Engagements

The Fiscal Year 2023 Audit Plan had 20 total audit and consulting engagements that were to be initiated. Of these, two engagements were not anticipated to be completed in the fiscal year due to the reporting deadline requirements of the auditee and due to an engagement which was added later in the fiscal year. These two engagements are included in the Fiscal Year 2024 Audit Plan. This left 18 engagements for the OCA to complete.

During Fiscal Year 2023, the OCA initiated work on all 18 engagements and completed 13. This resulted in the OCA completing 72% of engagements, falling short of its 80% goal. The five remaining audits will carry over to the Fiscal Year 2024 Audit Plan for completion. An agenda item included in the September 11, 2023, Audit Committee meeting will add the audits to the Fiscal Year 2024 Audit Plan.

Below are highlights from the audits completed by the OCA during the fourth quarter of Fiscal Year 2023. Audits completed in the first three quarters were provided to the Audit Committee and Board in the OCAs quarterly activity reports. Also, when completed audit reports are distributed electronically by the OCA to specified recipients.

Tenant Lease Admin. & Management – FY 2022 Rental Car Companies: Together with the Authority's Business Intelligence Department, the OCA developed a continuous auditing program using data analytics to examine financial data received each month from 7 Car Rental Companies (CRCs). Continuous auditing enables the Authority to detect potential issues earlier through automated real time reporting on critical information. The objective of this audit was to determine if concession fees, Customer Facility Charges (CFCs) and Transportation Facility Charges (TFCs) were accurately paid in all material respects. In total over $61million of concessions and CFCs/TFCs were collected by the Authority from these 7 CRC. The audit concluded that concession fees and CFCs/TFCs were materially accurate for 5 of the 7 CRCs. The 2 CRCs outside of the materiality range established have been included in the FY2024 Audit Plan for more comprehensive testing. The audit provided three recommendations, all of which were accepted by management.

Harbor Police Contract Management – Fiscal Year 2021 Costs: The objective of this audit was to determine if the Harbor Police Department costs for depreciation and transferred-in costs for fiscal year 2021 were accurate and allowed. The audit has been completed; however, was not issued as of September 1, 2023. This audit report references an "In-Progress" audit titled "Harbor Police Contract Management – Fiscal Year 2018, 2019, 2020 Costs" and the OCA believes issuing them concurrently will aid in a reader's understanding.

The conclusion and number of recommendations are not listed as the report has not been released. It is anticipated both reports will be issued in the Fall of 2023.

Construction Change Order Process: The objective of this audit was to determine if the Airport Design & Construction Change Order process is effective and efficient. The audit concluded that the process is effective with a robust review and approval process. The audit identified four recommendations to improve the efficiency of the process, which were all accepted by management.

New T1 Guaranteed Maximum Price Development Phase Direct Labor Billing: The objective of this audit was to determine if labor billed by Turner-Flatiron and consultants during the audit period complied with contract terms. The audit concluded that Turner-Flatiron and its consultants were generally compliant with the terms of the contract. However, we did identify small potential overcharges totaling $7,821 and opportunities to improve the process. The audit provided five recommendations, which were all accepted by management. This audit was done in partnership with an on-call construction audit consultant Baker Tilly.

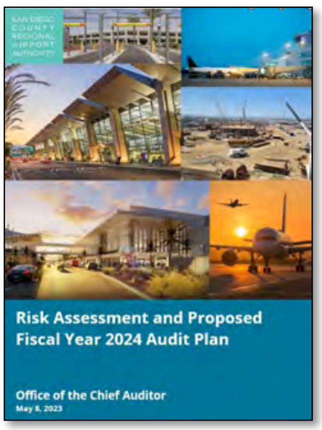
Grants Consulting: The objective of this engagement was to assist management in research and interpretation of federal requirements. The OCA provided assistance and appreciated the opportunity to collaborate with management. The OCA did not make any management decisions or perform any management functions during this engagement.

General Audit Activities

In addition to performing audit and consulting 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 required[4] 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. See Appendix A for a listing of all General Audit Activities.

Risk Assessment and Audit Plan

The OCA is required to submit a risk-based internal Audit Plan to the Audit Committee annually. Performing the Fiscal Year 2024 Risk Assessment included obtaining input from the Board, Audit Committee, Authority Management, and staff. During Fiscal Year 2023, the OCA worked with Authority Management to identify and rank the likelihood and impact of a risk event occurring for each Key Work Activity within the Authority. The resulting Fiscal Year 2024 Audit Plan was then developed, based on the results of the Risk Assessment process and the discussions with key stakeholders. The Fiscal Year 2024 Risk Assessment and Audit Plan was submitted to the Audit Committee on May 8, 2023, and subsequently approved by the Board on June 1, 2023.



Construction Activities

Construction audit activities for Fiscal Year 2023 consisted of attending meetings regarding the New T1 Terminal & Roadway, the Airport Administration Building, the Airside Improvements, and other airport construction projects. Audits of the Construction Change Order Process, Terminals and Roadway Validation Phase Cost Controls, and New T1 Guaranteed Maximum Price Development Phase Direct Labor Billing, were completed as part of the Fiscal Year 2023 OCA Audit Plan. The Cost Controls and Direct Labor Billings audit were completed in partnership with Baker Tilly, the on-call construction audit consultant. Additionally, audits of the New Administration Building, Turner-Flatiron Insurance for the New T1, and Turner-Flatiron Self Perform Work were initiated and will be completed as part of the Fiscal Year 2024 OCA Audit Plan.

The OCA Construction Auditor continues to work closely with the Airport Design & Construction team to address any issues with the increase in personnel and with processes, as construction on the New T1 continues to expand. The OCA remains involved with any issues identified by Authority Management, provides assistance, and attends meetings specific to the aspects of the Authority's construction activities.

[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.

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. The OCA has been involved in meetings focused on the audit related to the Authority's web facing sites and future initiatives. Additionally, the OCA participated in a two-day onsite visit by the Transportation Security Administration (TSA) to discuss cybersecurity.

Development of Data Analytics

As discussed in the Audits and Consulting Engagements section of this report, the OCA partnered with the Authority's Business Intelligence Department to develop a continuous auditing program using data analytics to examine financial data from Rental Car Companies. The OCA is building off the success of this audit to improve the process and decrease the level of effort needed to analyze the data received. The Tenant Lease Admin. & Management – FY 2022 Rental Car Companies audit had over 631 Megabytes and 176 million cells of data that needed to be analyzed.

The OCA is planning to use the efforts related to the Rental Car Company data analytics project to develop future audits.

Ethics Program Activities

The OCA manages the Authority's Ethics Program that includes a confidential Fraud, Waste, Abuse, and Ethics reporting hotline. During Fiscal Year 2023, there were 39 tips/reports received. These tips ultimately did not require any investigation by the OCA. Tips/reports that are not investigated by the OCA are forwarded to management, as appropriate.

The OCA also provides ethics-specific training every other year to Authority employees. During the fourth quarter of Fiscal Year 2023 training was scheduled and tracked through the Authority's Learning Management System (LMS). As of the mid-August 2023 over 97% of Authority employees have completed the training. A recorded training will be utilized to provide the training for the remaining employees.

A summary of the tips/reports received in Fiscal Year 2023 is shown in Table 3 below.

Table 3: Ethics Program Tips/Reports Received in Fiscal Year 2023

	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	34	-	-	-	-
Environment, Health and Safety	4	-	-	-	-
Other	1	-	-	-	-
Total	39	-	-	-	-

*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). 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.

During Fiscal Year 2023, the OCA issued 31 recommendations that were/are tracked for implementation along with any open recommendations issued during prior fiscal years. Appendix B contains a current status on recommendations *Completed* or *In Progress* as of the fourth quarter (Note, recommendations in confidential audit reports are not tracked publicly.) The Audit Committee is updated each quarter on the status of recommendations. The recommendations that have been remediated by management in prior quarters of Fiscal Year 2023 were presented to the Audit Committee on the following Committee Meeting dates: November 21, 2022, February 6, 2023, and May 8, 2023.

Table 4 below shows the number of recommendations that were *Completed* or *In Progress* as of the fourth quarter of Fiscal Year 2023, along with the estimated/actual implemetation timeframes based on the audit report issue date. Of the Completed recommendations, 3 were implemented within the initial timeframe identified when the recommendations were issued. Of the In Progress recommendations, 16 recommendations were still within the initial timeframe identified for implementation. Additionally, 12 of the 21 In Progress recommendaitons were issued in the fourth quarter of Fiscal Year 2023.

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 4: Recommendations with Estimated/Actual Implementation Timeframe

Recommendations	Zero to 7 Months	7 Months to 1 Year	Over 1 Year	Total
Completed	3	-	2	5
In Progress	14	2	5	21

Quality Assurance and Improvement Program

The Institute of Internal Auditors' (IIA) *Standards* require the OCA to maintain a Quality Assurance and Improvement Program (QAIP). Comprehensive details are included under the *Quality Assurance and Improvement Program* section of this report.

Peer Review Participation

A QAIP requires that the OCA undergo an external Quality Assurance Review (QAR) at least every five years by a qualified, independent, assessor or assessment team from outside the organization to determine if the OCA conforms to the *Standards*. The Association of Local Government Auditors (ALGA) conducted the most recent external QAR in 2019. ALGA is a professional organization committed to improving government auditing and is comprised of audit groups from various government jurisdictions throughout the United States.

The 2019 QAR peer review performed by ALGA contains a reciprocal provision that requires the OCA to volunteer two audit staff to serve on future QAR peer reviews in other organizations within a five-year period. In Fiscal year 2023, the OCA completed two peer reviews for reciprocal agencies. Shane Ellis, Senior Auditor, completed a peer review of the greater Orlando Aviation Authority and Fred Bolger, Manager, Audit Services, completed a peer review of the County of San Luis Obispo.

Administrative

The activities that reside within the Administrative classification of the Fiscal Year 2023 Audit Plan include meeting attendance by the OCA, holiday and vacation time, and the fulfillment of Continuing Professional Education (CPE) requirements.

Qualifications and Training

Proficiency and due care for the OCA are the responsibility of the Chief Auditor. Cumulatively, the OCA has over 120 years of auditing experience. The OCA staff maintains 14 professional certifications. The types of professional certifications and number of staff with each certification are as follows:

- 5 - Certified Internal Auditors (CIA)
- 2 - Certified Public Accountants (CPA)
- 2 - Certified Construction Auditors (CCA)
- 1 - Certified Information Systems Auditor (CISA)
- 1 - Certified Government Auditing Professional (CGAP)
- 1 - Certification in Risk Management Assurance (CRMA)
- 1 - Chartered Global Management Accountant (CGMA)
- 1 – Certified Fraud Examiner (CFE)

Each of these certifications requires that the holder complete a specified number of hours of CPE. As noted above, all CPE requirements were met for all OCA staff during calendar year 2022.[5]

[5] Professional organizations track Continuing Professional Education (CPE) either by calendar year or a fiscal year. The OCA verifies CPE compliance on a calendar year basis.

Audit Committee Support

During Fiscal Year 2023, the Audit Committee met four times for regularly scheduled meetings on the following dates:

- September 12, 2022
- November 21, 2022
- February 6, 2023
- May 8, 2023

Before each meeting of the Audit Committee the OCA coordinated all activities with the Committee Chair and the Board Services Department relating to agenda preparation and materials required.

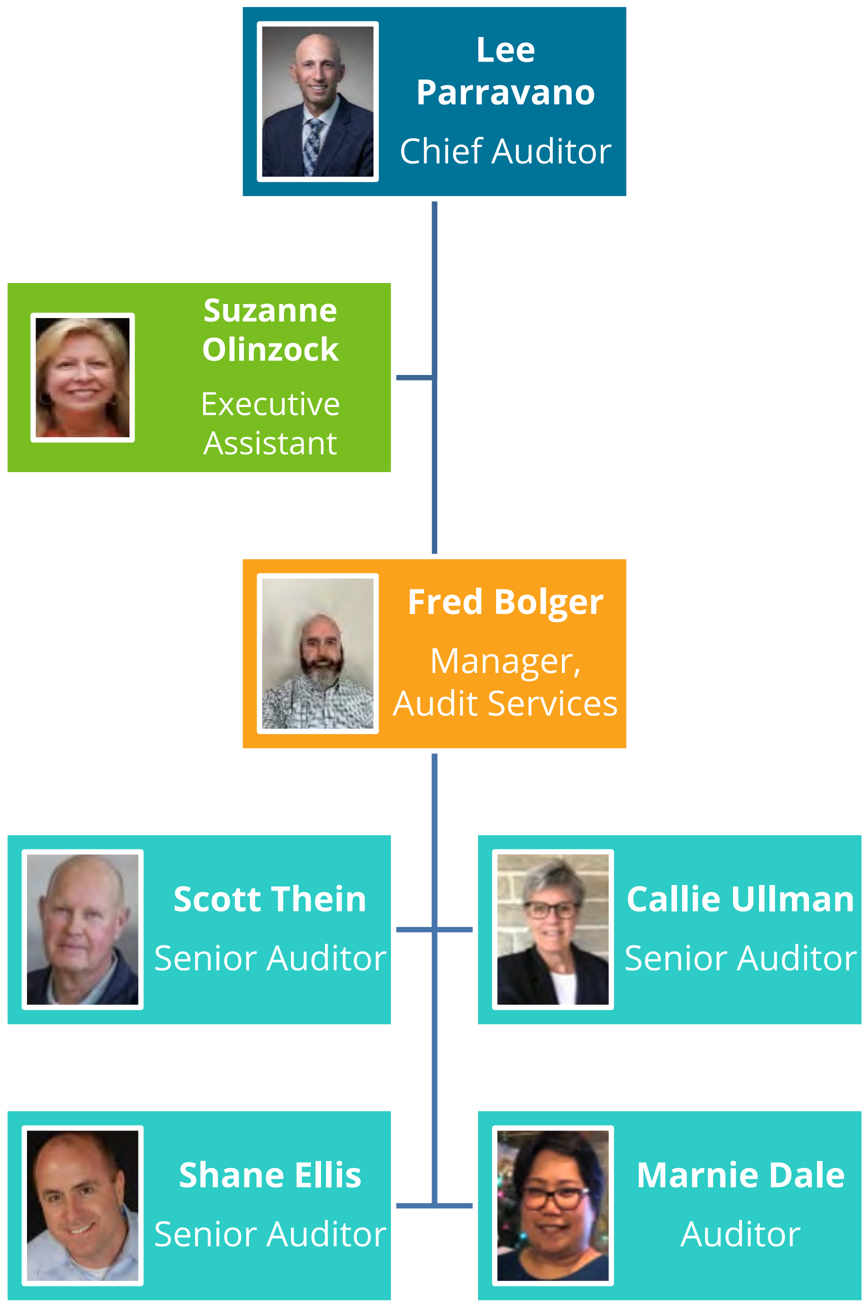
Outside Activities

In addition to the services provided to the San Diego County Regional Airport Authority, OCA staff are involved in various audit related organizations and activities in their personal time. As of June 30, 2023, OCA staff members served on the following community groups:

- Audit Committee Member for the San Diego Girl Scouts
- Board of Directors for the Association of Airport Internal Auditors
- Board of Directors for the University of Philippines Alumni Association - San Diego.

Organization Chart

As of June 30, 2023, the OCA organizational structure was as follows.



Quality Assurance and Improvement Program

Background

The Institute of Internal Auditors' (IIA) International Standards for the Professional Practice of Internal Auditing (*Standards*) require the OCA to maintain a Quality Assurance and Improvement Program that includes external assessments and internal (self) assessments.

- External Assessment: Known as a Quality Assessment Review (QAR), or peer review; must be conducted at least once every five years by an independent assessor or an assessment team from outside the organization that is qualified in the practice of internal auditing, as well as the quality assessment process. QAR results are required to be reported to the Board.
- Internal Assessment: Comprised of two interrelated parts, 1) ongoing monitoring, and 2) periodic self-assessments. The results of a periodic self-assessment and the level of conformance to the *Standards* must be reported to the Board at the completion of the self-assessment. The results of ongoing monitoring are required to be reported to the Board at least annually.

The *Standards* also contain other mandatory reporting requirements as documented in Appendix D.

External Assessment - Quality Assessment Review

The most recent external assessment of the OCA was performed by the Association of Local Government Auditors (ALGA) for the five-year period from July 1, 2013, through June 30, 2018. The peer review was performed in April 2019, with results presented to the Audit Committee during its May 13, 2019, meeting. The peer review determined that the OCA provides reasonable assurance of compliance with the *Standards*. This is the highest level of conformance an internal audit function can achieve. The next external assessment will be required for the five-year period ending June 30, 2023. The OCA has included an item on the September 11, 2023 Audit Committee agenda to discuss the upcoming External Quality Assessment Review.


The Association of Local Government Auditors

Awards this

Certificate of Compliance

to

San Diego County Regional Airport Authority Office of the Chief Auditor

Recognizing that the organization's internal quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with the *International Standards for the Professional Practice of Internal Auditing* for assurance and consulting engagements during the period July 1, 2013, through June 30, 2018.

Paul Geib
ALGA Peer Review Committee Chair

Kristine Adams-Wannberg
ALGA President

In a companion letter, the peer review team identified areas where the OCA excels and offered observations and suggestions to enhance the OCAs conformance with the *Standards.* The peer review team noted that the OCA has actively addressed and corrected the observations.

Internal Assessment – Self-Assessment & Ongoing Monitoring

In July and August of 2023, the OCA conducted a Self-Assessment and performed ongoing monitoring related to Fiscal Year 2023 operations, as required by the *Standards*. The results are provided below.

Scope and Objectives of Ongoing Monitoring

The objective of ongoing monitoring is to provide assurance that the processes in place, within the OCA, are working effectively to ensure that quality is derived on an audit-by-audit basis. The scope of this activity included an examination of the following:

- Performance Measures
- Engagement Planning and Supervision
- Work Paper Reviews and Sign-offs
- Feedback from Audit Clients
- General Audit Practices
- Standard Working Practices
- Audit Report Reviews
- Prior Recommendations

Results of Ongoing Monitoring

There are numerous processes in place to ensure that quality is consistently delivered on each audit engagement. There were no items identified within the OCA that would impact audit report quality.

Frequency, Objectives, and Scope of a Self-Assessment

The Standards require periodic Self-Assessments to be performed, and the results must be communicated to the Audit Committee and Board when completed. The last Self-Assessment was performed in 2019 in connection with the External Assessment performed by ALGA. The main objectives are to identify the quality of performance and opportunities for improvement. The focus is to determine conformance with the Institute of Internal Auditor's Code of Ethics and the *Standards.* The scope of this Self-Assessment includes all audit and consulting engagements completed from Fiscal Year 2019-2023.[6] The IIA Implementation Guide states that performing a Self-Assessment shortly before an external assessment may help reduce the time and effort required. The next external assessment is expected to occur in Fiscal Year 2024.

Results of Self-Assessment

The Self-Assessment validated that the OCA continues to conform with the *International Standards for the Professional Practice of Internal Auditing (Standards)* and the Code of Ethics. The rating of the Self-Assessment was "Generally Conforms". The term "Generally Conforms" is the top rating, which means that the OCA has a charter, policies, and processes, and the execution and results of these are judged to be in conformance with the Standards. This Self-Assessment will be examined and validated by an external assessor in Fiscal Year 2024.

[6] Consistent with the Association of Local Government Auditors Peer Review Guide, Fiscal Year 2023 engagements were selected as it reflects the most current processes.

QAIP Recommendations/Corrective Actions Plans Identified

As stated above, the QAIP did not identify any items that would impact audit report quality. However, the OCA did note the following items:

1. The Charter for the Office of the Chief Auditor should be updated to remove outdated process language. The process to report any potential ethical violations is included in Authority Code 2.16. The OCA recommends removing the process language from the Charter.

   The proposed change will be included as part of the annual review of the Charter for the Office Of the Chief Auditor. This has been included as part of the September 2024 Audit Committee materials.

2. The OCA identified some potential process improvements that could be implemented to improve items such as communication and documentation.

   The OCA is exploring implementing the potential process improvements.

Appendix A – Fiscal Year 2023 Audit Plan

#	Activity	Status as of 6/30/2023	Over/ Under Budget	No. of Recs.
	Audit			
1	Tenant Lease Admin. & Management – FY 2022 Rental Car Companies	Completed	Over	3
2	Terminals and Roadway Validation Phase Cost Controls	Completed	Under	-
3	Tenant Lease Admin. & Management – 2% Surcharge	Completed	Under	4
4	Tenant Lease Admin. & Management – FY 2023 Rental Car Companies[7]	In Progress		
5	System Security –Web Facing Sites and Applications	Completed	Under	1
6	Harbor Police Contract Management – Fiscal Year 2021 Costs	Completed[8]	Under	-
7	Contractor Monitoring – Administration Building	In Progress		
8	Employee Benefits – Payroll Deductions	In Progress		
9	Records Management – Official Records & Electronic Signatures	Completed	Under	-
10	Parking Management- Ace Parking Mngt. of Terminal 2 Parking Plaza	Completed	Over	10
11	Harbor Police Contract Management – Fiscal Year 2018, 2019, 2020 Costs	In Progress		
12	Harbor Police Contract Management –True-Up Controls	Completed	Under	-
13	Tenant Lease Admin. & Management – Avis	Completed	Under	4
14	Accounts Payable – Paymode X	In Progress		
15	Construction Change Order Process	Completed	Under	4
16	Turner-Flatiron Insurance	In Progress		
17	Turner-Flatiron Self Perform Work[7]	In Progress		
18	New T1 Guaranteed Maximum Price Development Phase Direct Labor Billing	Completed	Under	5
	Total			**31**
	Consulting			
19	Grant, PFC & CFC Administration – Grants (2022)	Completed	Under	-
20	Grant, PFC & CFC Administration – Grants (2023)	Completed	Under	-
	General Audit			
21	Risk Assessment & Audit Plan	Completed		
22	Construction Meeting Attendance & Coordination	Completed		
23	Information Technology Meeting Attendance	Completed		
24	Development of Data Analytics	Completed		
25	Ethics Program	Completed		
26	Recommendation Follow-up	Completed		
27	Quality Assurance & Improvement Program	Completed		
28	Peer Review Participation	Completed		

[7] Audit engagement was not anticipated to be completed in Fiscal Year 2023 and was planned to be carried forward to Fiscal Year 2024.

[8] Audit Engagement is completed. Will be released concurrently with Audit Report Titled "Harbor Police Contract Management – Fiscal Year 2018, 2019, 2020 Costs". This audit report references the audit "Harbor Police Contract Management – Fiscal Year 2018, 2019, 2020 Costs" and the OCA believes issuing them concurrently will aid in a reader's understanding. The number of recommendations is not listed since the report has not been released.

Appendix A – Fiscal Year 2023 Audit Plan (Continued)

#	Activity	Status as of 6/30/2023	Over/ Under Budget	No. of Recs.
Administrative				
29	Indirect - Attendance at Staff/Board/Committee Meetings, Continuing Professional Development, and Other	Completed		
30	Benefit - Vacation, Holiday Time, and Other Leave/Time Off	Completed		

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2023
Completed						
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	4/19/2023	The first citation benchmarking review was completed on 04/19/23. Subsequent citation reviews will occur annually in April.
22-22	Audit Report 22004 Issued: May 25, 2022 Title: Employee Training & Development Department: HUMAN RESOURCES	Low	The training hours contained in the Sustainability Report (or other public documents) should aggregate both internal and external trainings completed by employees. Additionally, management should determine if the new LMS365 will be used by HR to track both internal and external training completed by employees.	12/31/2022	6/30/2023	Employees now have the ability to log their external training into LMS 365/SAN University. Internal trainings are already captured in LMS365.
23-10	Audit Report 23007 Issued: March 31, 2023 Title: ACE Parking Management of Terminal 2 Parking Plaza Department: GROUND TRANSPORTATION	Low	We recommend ACE develop and maintain a standard operating procedure document for the [parking] process.	6/30/2023	6/30/2023	All SOPs have been completed.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2023
Completed						
23-18	Audit Report 23007 Issued: March 31, 2023 Title: ACE Parking Management of Terminal 2 Parking Plaza Department: GROUND TRANSPORTATION	Low	We recommend ACE develop a standard operating procedure to transfer their nightly inventory records of Out-of-State and Vanity plates onto an electronic file to allow ACE to easily search/access accurate information.	4/30/2023	4/30/2023	ACE developed the recommended standard operating procedure.
23-19	Audit Report 23007 Issued: March 31, 2023 Title: ACE Parking Management of Terminal 2 Parking Plaza Department: GROUND TRANSPORTATION	Low	We recommend ACE develop a standard operating procedure to perform T2PP vehicle counts and document any adjustment to the SKIDATA counters.	6/30/2023	6/30/2023	ACE developed the recommended standard operating procedure.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2023
In Progress						
22-30	Audit Report 22010 Issued: June 30, 2022 Title: Turner-Flatiron, a Joint Venture, Direct Labor Billing During Validation Phase Department: AIRPORT DESIGN & CONSTRUCTION	High	We recommend that ADC notify the JV concerning the over-billing based on the actual payroll hours and determine the most appropriate method to receive the $37,525 incorrectly billed to the Authority.	2/1/2023	10/1/2023	ADC and the JV have identified a portion that will be credited back to the Authority in the September pay application. ADC and the JV are working together to resolve the remaining issues.
22-33	Audit Report 22010 Issued: June 30, 2022 Title: Turner-Flatiron, a Joint Venture, Direct Labor Billing During Validation Phase Department: AIRPORT DESIGN & CONSTRUCTION	High	We recommend that ADC notify the JV of the $4,814 overcharge for holiday and paid time-off for the JV staff and the $12,917 overcharge for the consultants to determine the most appropriate method to receive the total incorrectly billed to the Authority.	2/1/2023	10/1/2023	ADC and the JV have identified a portion that will be credited back to the Authority in the September pay application. ADC and the JV are working together to resolve the remaining issues.
22-10	Audit Report 22005 Issued: Nov. 22, 2021 Title: Terminal Space Management Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Medium	Authority staff should cleanup E1 Plat Management and GIS Space Manager for mismatched or incorrect data and perform regular maintenance, review, and reconciliation of the data between E1 Plat Management and GIS Space Manager.	1/2/2023	9/30/2023	RGPD staff continues to work with ABRM vendor (Civix) on determining development work needed to integrate GIS with ABRM lease management modules. RGPD has updated concession lease plats to be consistent with GIS and E1.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2023
In Progress						
22-11	Audit Report 22005 Issued: Nov. 22, 2021 Title: Terminal Space Management Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Medium	Authority Management should perform a physical inventory of plats throughout Terminal 2, and the New Terminal 1 when completed, to ensure that the reported attributes of space in the E1 Plat Management and GIS Space Manager reports reflect the physical space in the terminals. Any discrepancies should be timely corrected. Additionally, the written procedures referred to in Recommendation #22-8 should include a procedure for the periodic physical inventory of plats in Terminals 1 and 2.	12/1/2022	10/31/2023	ADC is the lead on physical inventory of plats. RGPD is currently transitioning to utilizing ABRM for contract management and aims to upload all relevant data by 10/31/23.
22-31	Audit Report 22010 Issued: June 30, 2022 Title: Turner-Flatiron, a Joint Venture, Direct Labor Billing During Validation Phase Department: AIRPORT DESIGN & CONSTRUCTION	Medium	We recommend that ADC notify the JV concerning the underbilling based on the actual payroll register pay rates and determine the most appropriate method to address the $1,750 that was not billed to the Authority.	2/1/2023	10/1/2023	JV will include this in the September pay application.
23-12	Audit Report 23007 Issued: March 31, 2023 Title: ACE Parking Management of Terminal 2 Parking Plaza Department: GROUND TRANSPORTATION	Medium	We recommend GT and ACE run SKIDATA on active mode, when the system upgrade/update is completed, to prevent the risk of system circumvention and possible loss of revenues.	7/31/2023	9/30/2023	(1) The audit recommendation to run the system on active mode requires the replacement of all entry and exit ALPR cameras and light kits to ensure image capture accuracy. (2) All the camera's were installed by 7/1/2023. (3) Pending the lighting kits that are on order, the system will be configured, and tested before running on active mode.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2023
In Progress						
23-16	Audit Report 23007 Issued: March 31, 2023 Title: ACE Parking Management of Terminal 2 Parking Plaza Department: GROUND TRANSPORTATION	Medium	We recommend that ACE develop a standard operating procedure to perform a nightly license plate inventory.	6/30/2024	9/30/2023	1. As stated in the audit report, Ace does not currently have a mobile LPR system to meet this requirement. 2. Ace will explore existing system technology capabilities to meet this recommendation. 3. Ace will also procure quotes for a mobile system to be used for periodic inventories. 4. Ace will also develop an SOP to perform a nightly license plate inventory with available technology solutions.
23-17	Audit Report 23007 Issued: March 31, 2023 Title: ACE Parking Management of Terminal 2 Parking Plaza Department: GROUND TRANSPORTATION	Medium	We recommend ACE develop a standard operating procedure to regularly perform a reconciliation of open tickets versus license plates of vehicles parked at T2PP and close out any tickets where an entry and a legitimate exit is found.	7/31/2023	9/30/2023	1. The SKIDATA/ALPR system is scheduled to run on active mode by September 30, 2023, which will minimize the number of open tickets in the system. Currently, the system is scheduled to purge open tickets at 184 days. 2. Ace will develop an SOP to conduct a license plate inventory of all vehicles in the T2PP and overflow lot before the system is switched to active mode. 3. Ace will develop an SOP to conduct periodic license plate inventory and reconcile to the system.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2023
In Progress						
23-20	Audit Report 22002 Issued: June 13, 2023 Title: Car Rental Companies - Fiscal Year 2022 Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Medium	Revenue Generation & Partnership Development (RG&PD) should evaluate the data provided by the OCA, and collaborate with the OCA, to determine if any other Agreement requirements should be included in the proposed audit scope for the two CRCs.	7/31/2023	7/31/2023	RG&PD has initiated the effort required to implement this recommendation.
23-23	Audit Report 23009 Issued: June 29, 2023 Title: Construction Change Order Process Department: AIRPORT DESIGN & CONSTRUCTION	Medium	We recommend that ADC, Procurement, and Finance work with the Information & Technology Services Department (I&TS) to identify what changes to E1 are feasible to improve the Change Order process.	12/1/2023	12/1/2023	This recommendation was issued at the end of the quarter so no follow-up activity was performed. At the time of the audit's issuance, ADC indicated that: ADC has already begun meeting with various departments to attempt to improve the Change Order process in E-1.
23-24	Audit Report 23009 Issued: June 29, 2023 Title: Construction Change Order Process Department: AIRPORT DESIGN & CONSTRUCTION	Medium	We recommend ADC ensure that the supporting documentation for all Change Orders includes justification for the Change Order.	9/1/2023	9/1/2023	This recommendation was issued at the end of the quarter so no follow-up activity was performed. At the time of the audit's issuance, ADC indicated that: Providing justification for change orders is part of the ADC standard process and ADC will ensure that justifications are included as part of supporting documentation for all future change orders.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2023
In Progress						
23-25	Audit Report 23009 Issued: June 29, 2023 Title: Construction Change Order Process Department: AIRPORT DESIGN & CONSTRUCTION	Medium	We recommend ADC review the documentation supporting CIP Change Orders to verify the necessity of the Internal Form and the External Form to eliminate or revise the forms as determined necessary. Forms that have spaces for signature should be completed as designed.	1/31/2024	1/31/2024	This recommendation was issued at the end of the quarter so no follow-up activity was performed. At the time of the audit's issuance, ADC indicated that: ADC is completing a major update to change order processes and, as part of that process, is reviewing forms to determine their utility and necessity.
23-26	Audit Report 23009 Issued: June 29, 2023 Title: Construction Change Order Process Department: AIRPORT DESIGN & CONSTRUCTION	Medium	We recommend ADC clarify the signatory approval levels within the ADC procedures when there are decreases to award amounts or both increases and decreases to award amounts combined into one Change Order.	1/31/2024	1/31/2024	This recommendation was issued at the end of the quarter so no follow-up activity was performed. At the time of the audit's issuance, ADC indicated that: ADC has incorporated the recommended clarification into the draft updated ADC procedures that will be published upon the completion of the ADC change order process update.
23-27	Audit Report 23012 Issued: June 30, 2023 Title: New T1 Terminal and Roadway GMP Development Phase Direct Labor Billing Department: AIRPORT DESIGN & CONSTRUCTION	Medium	ADC should require the JV to specifically review all future payment applications for inappropriate billing of holiday or paid time-off hours prior to submission.	1/5/2024	1/5/2024	This recommendation was issued at the end of the quarter so no follow-up activity was performed. At the time of the audit's issuance, ADC indicated that: ADC will work with the JV to identify and implement a cost control process associated with the payment application process that addresses this concern.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2023
In Progress						
23-28	Audit Report 23012 Issued: June 30, 2023 Title: New T1 Terminal and Roadway GMP Development Phase Direct Labor Billing Department: AIRPORT DESIGN & CONSTRUCTION	Medium	We recommend that ADC notify the JV of the overcharge of $2,594 for holiday time for the JV staff. Additionally, we recommend ADC request all holiday policies, and other records as necessary, from each consultant listed above with the total of $4,475 to determine if the Authority's approved labor billing rates already included holiday pay and are duplications. Reimbursement should be requested for duplicate costs.	1/5/2024	1/5/2024	This recommendation was issued at the end of the quarter so no follow-up activity was performed. At the time of the audit's issuance, ADC indicated that: ADC has notified the JV of overbilling for JV staff and is working to receive reimbursement from the JV. ADC will notify the JV to review potential overbilling identified for consultants against consultant payroll policies and will request reimbursement for the overbilling of those instances in which consultant's burden rate does include Holidays and PTO in the billing rates.
23-30	Audit Report 23012 Issued: June 30, 2023 Title: New T1 Terminal and Roadway GMP Development Phase Direct Labor Billing Department: AIRPORT DESIGN & CONSTRUCTION	Medium	We recommend ADC require the JV to specifically review all future payment applications for inappropriate billing of professional staff lacking Authority approved billing rates.	1/5/2024	1/5/2024	This recommendation was issued at the end of the quarter so no follow-up activity was performed. At the time of the audit's issuance, ADC indicated that: ADC is working with the JV to ensure consistent implementation of cost controls associated with the payment application process that addresses this concern.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2023
In Progress						
23-31	Audit Report 23012 Issued: June 30, 2023 Title: New T1 Terminal and Roadway GMP Development Phase Direct Labor Billing Department: AIRPORT DESIGN & CONSTRUCTION	Medium	ADC should determine the most appropriate way to receive the overbilling of $752 for the unapproved rates.	1/5/2024	1/5/2024	This recommendation was issued at the end of the quarter so no follow-up activity was performed. At the time of the audit's issuance, ADC indicated that: ADC has notified the JV for this overbilling and is working with the JV to receive reimbursement for overbilling.
23-15	Audit Report 23007 Issued: March 31, 2023 Title: ACE Parking Management of Terminal 2 Parking Plaza Department: GROUND TRANSPORTATION	Low	We recommend GT continue to monitor the wayfinding and available space signage repair part supply issues and provide support to ACE as needed.	8/31/2023	9/30/2023	1. GT directed Ace to escalate this issue with SKIDATA and or Indect to resolve. 2. Ace contacted Indect directly for support to resolve existing wayfinding signage and system issues. 3. GT will monitor this issue each month until resolved.
23-21	Audit Report 22002 Issued: June 13, 2023 Title: Car Rental Companies - Fiscal Year 2022 Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Low	Revenue Generation & Partnership Development (RG&PD) should educate Avis, Budget, and Hertz on how to accurately report gross revenues, exclusions to concessionable revenue, concession fees, and CFCs/TFCs on the summary reports.	7/31/2023	7/31/2023	RG&PD has initiated the effort required to implement this recommendation.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of June 30, 2023
In Progress						
23-22	Audit Report 22002 Issued: June 13, 2023 Title: Car Rental Companies - Fiscal Year 2022 Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Low	Revenue Generation & Partnership Development (RG&PD) should take steps to ensure that all CRCs submit audited certified public accountant (CPA) reports by August 31 of each calendar year during the term of the Concession Agreement.	7/31/2023	7/31/2023	RG&PD has initiated the effort required to implement this recommendation.
23-29	Audit Report 23012 Issued: June 30, 2023 Title: New T1 Terminal and Roadway GMP Development Phase Direct Labor Billing Department: AIRPORT DESIGN & CONSTRUCTION	Low	We recommend that ADC consider charging the JV the audit costs in the amount of $65,251.	1/5/2024	1/5/2024	This recommendation was issued at the end of the quarter so no follow-up activity was performed. At the time of the audit's issuance, ADC indicated that: ADC has begun working with Authority management to determine if the Authority will be requesting reimbursement of audit costs.

Appendix C – Performance Measures Historical Data

Performance Measure	Fiscal Year				
	2019	2020	2021	2022	2023
Customer satisfaction ratings from: i. Audit Committee/Board ii. Executive Management iii. Auditee[9]	i) ii) iii) 4.6	i) 5.0 ii) 4.5 iii) 4.6	i) 4.4 ii) 4.3 iii) 4.6	i) 4.8 ii) 5.0 iii) 4.4	i) 5.0 ii) 5.0 iii) 4.9
Number of recommendations	35	37	33	37	31
Percentage of audit and consulting engagements completed annually	76%	81%	88%	75%	72%
Percentage of audit recommendations accepted	100%	100%	100%	100%	100%
Percentage of staff meeting educational requirements	100%	100%	100%	100%	100%
Number of non-CPE training hours per staff[10]		6.1	6.1	6.1	6.1
Percentage of staff time spent on audit and consulting engagements and general audit activities[11]	71%	70%	71%	66%	83%
Percentage of audit and consulting engagements completed within budget	45%	59%	86%	89%	85%

[9] This performance measure was added in Fiscal Year 2019. In Fiscal Year 2020 the OCA began sending surveys to the Audit Committee/Board and to Executive Management.
[10] This performance measure was added in Fiscal Year 2020.
[11] Beginning in Fiscal Year 2023 Time Off (e.g., Holidays, Paid Time Off) are excluded from the calculation. Fiscal Years 2019-2022 included Time Off in the calculation. Percentage excludes the Chief Auditor's hours.

Appendix D – Disclosures

The following items are being disclosed in conformance with the *Standards*.

Purpose, Authority, & Responsibility

International Professional Practices Framework (IPPF) Standard 2060 requires the OCA to periodically report on the OCA's purpose, authority & responsibility. These are included in the Charter for the OCA and are listed below for reference.

<u>Purpose</u>

The purpose of the OCA is to provide independent objective assurance and consulting services designed to add value and improve the Authority's operations. The Mission of the OCA is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. The OCA helps the Authority accomplish its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

<u>Authority</u>

The Chief Auditor is accountable to the Board of Directors under Public Utilities Code §170026, and pursuant to the Chief Auditor's employment agreement. The Chief Auditor will report directly to the Board through the Audit Committee and has unrestricted access to communicate and interact directly with the Audit Committee and Board, including private meetings without management present.

<u>Responsibility</u>

The responsibilities of the Office of the Chief Auditor are outlined in the Charter for the Office of the Chief Auditor. They include but are not limited to submitting risk-based Audit plan, communicating any fraud or illegal acts that could affect the Authority, ensuring engagements are executed and communicating the results to appropriate parties, following up on engagement findings and recommendations, and ensuring compliance with the *Standards*.

Organizational Independence

The OCA must confirm to the Board, at least annually, the organizational independence of the internal audit activity.

- ✓ The OCA reports directly to the Board through the Audit Committee, which provides the independence necessary for the OCA to adequately perform its function, separate from the Airport Authority organization.

Impairments to Independence or Objectivity

If independence or objectivity is impaired in fact or appearance, the details of the impairment must be disclosed based on the International Professional Practices Framework (IPPF) Standard 1130.

- ✓ There were no audits or consulting engagements conducted during Fiscal Year 2023 that had any impairment of independence or objectivity in fact or appearance.

Disclosure of Nonconformance

Occasionally, circumstances require the completion of projects/engagements in a manner that is not consistent with the *Standards*. When this occurs, the OCA must disclose the non-conformance and the impact to senior management and the Board.

- ✓ During Fiscal Year 2023 there were no instances in which projects were performed in a manner that did not comply with the *Standards*.

Resolution of Management's Acceptance of Risks

Each audit engagement can potentially identify items that may pose risks to the Authority's operations. Some items may require management's attention, while others may be situations in which management decides to accept the risk associated with continuing the current practice. The OCA is required to disclose to senior management and the Board any situations in which it is believed Authority personnel has accepted a level of residual risk that may not adequately reduce/mitigate the risk of loss.

- ✓ There were no such instances related to risk during the 2023 Fiscal Year.

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

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Item No. 11

Staff Report

Meeting Date: December 7, 2023

Subject:

Fiscal Year 2024 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 2024 First Quarter Report from the OCA (Attachment A) is submitted to the Audit Committee to provide an account of activities and undertakings of the OCA during the period July 1, 2023, through September 30, 2023, and includes details on all recommendations completed or in progress during the first quarter.

On November 13, 2023, during a regularly scheduled meeting of the Audit Committee, a presentation was provided by the Chief Auditor on its first quarter activities. Upon review of the Fiscal Year 2024 First Quarter Report, the Audit Committee voted unanimously 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:

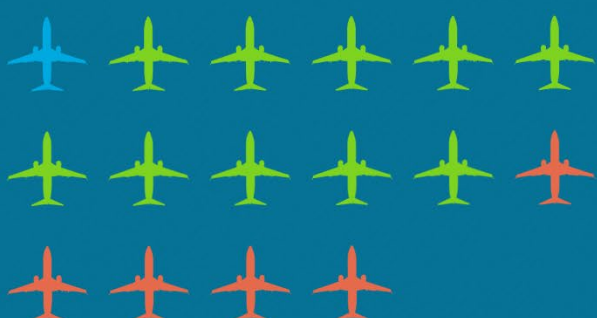
Lee M. Parravano
Chief Auditor

Office of the Chief Auditor
Fiscal Year 2024 1st Quarter Report

ATTACHMENT A

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

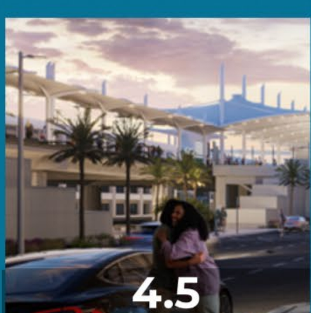
Audit Engagement Progress



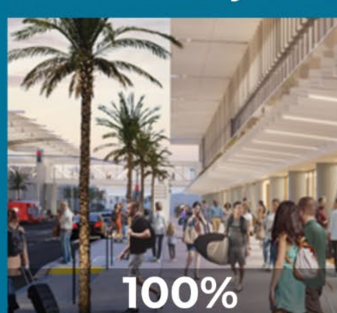
Completed (6.25%) In Progress (62.5%)
Not Started (31.25%)

Audit Engagements Completed vs. Benchmark & Goal

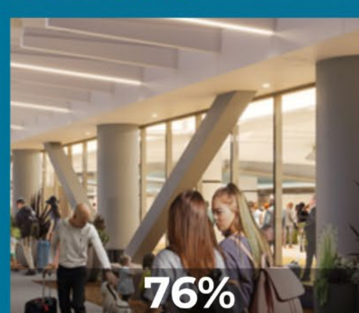
By The Numbers



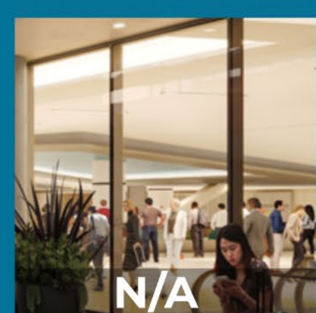
Customer Satisfaction Rating



Engagements Completed Under Budget



Auditor Utilization Percentage



Recommendations Accepted By Management

Fiscal Year 2024

First Quarter Report

Issue Date: November 13, 2023

OFFICE OF THE CHIEF AUDITOR

First Quarter Summary

Executive Summary

During the first quarter the Office of the Chief Auditor (OCA) began work on the Fiscal Year 2024 Audit Plan. As of the end of the quarter, one audit report was issued, and 10 audits are in process. Also, as part of the Audit Plan, the OCA completed two major components of the Quality Assurance and Improvement Program: ongoing monitoring and the self-assessment.[1] The OCA also began the implementation of our new cloud-based audit software (TeamMate+), which, once fully implemented, should increase the productivity and collaboration within the department. Details on all activities included in the Audit Plan are described below.

Performance Measures

For Fiscal Year 2024, five major performance measures were developed to evaluate the OCA. The OCAs performance against the selected performance measures is displayed in Table 1.[2]

Table 1: Status of Performance Measures as of September 30, 2023

#	Performance Measure	Goal	Actual	Benchmark
1	Customer satisfaction ratings from auditee	4.0	4.5	4.0
2	Percentage of audit and consulting engagements completed	20%	6%	20%
3	Percentage of recommendations accepted	95%	N/A	95%
4	Percentage of staff time spent on audit and consulting engagements and general audit activities	76%	76%	76%
5	Percentage of audit and consulting engagements completed within budget	70%	100%	66%

Customer Satisfaction Rating:

After the completion of an audit or consulting engagement, a survey is sent to the department 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 4.5.

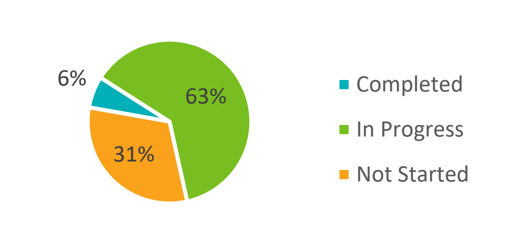
[1] The QAIP must include ongoing and periodic internal assessments (self-assessments). As part of the Internal Audit Department's QAIP, we periodically perform self-assessments to evaluate our conformance to the International Standards for the Professional Practice of Internal Auditing (the Standards) and the Code of Ethics issued by the Institute of Internal Auditors (IIA) as well as to our own internal policies and procedures. See the OCA Fiscal Year 2023 Annual Report for additional details.

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

Percentage of Audit and Consulting Engagements Completed:

As of the first quarter, the OCA completed 1 audit engagement, or 6%, of audit and consulting engagements (1/16 = 6%) that are planned to be completed in the Fiscal Year 2024 Audit Plan.[3] In addition to the one engagement completed, the OCA had 10[4] engagements (63%) in progress as of the end of the first quarter, as shown in Figure 1. The engagement completed in the first quarter is summarized in the upcoming section titled Audit Engagements Issued.

Figure 1: Status of Audit and Consulting Engagements



The status of all activities in the Fiscal Year 2024 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. There have been no recommendations issued as of the end of the first quarter. Therefore, this performance metric is reported as N/A as of the first quarter.

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

This measure tracks the time spent on audit and consulting engagements and general audit activities.[5] The OCAs goal is for staff to spend 76% of their working hours[6] on audit engagements, consulting engagements, and general audit activities. The OCA is currently meeting the goal established, spending 76% of time on audit engagements, consulting engagements, and general audit activities.

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. As of the first quarter of Fiscal Year 2024, the OCA completed 100% of its projects within the budgeted time, exceeding the benchmark and the OCAs goal.

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[3] The Fiscal Year 2024 Audit Plan has 16 audits and 1 consulting engagement. However, the audit identified as "Tenant Lease Administration and Management – FY2024 Rental Car Companies" will be carried forward, as anticipated, into Fiscal Year 2025, when required data is captured to complete the audit. This results in 15 audits and 1 consulting engagement (16 total engagements) on the Fiscal Year 2024 Audit Plan to be completed in the fiscal year.

[4] The audit identified as "Tenant Lease Administration and Management – FY2024 Rental Car Companies" is not counted in the 10 audits in progress as it will be carried forward, as anticipated, into Fiscal Year 2025, when required data is captured to complete the audit.

[5] Appendix A details all planned activities in these categories for Fiscal Year 2024.

[6] Excludes Time Off (e.g., Holidays, Paid Time off).

Audit Engagements Issued

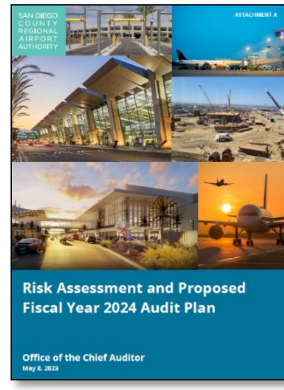
The Office of the Chief Auditor completed one audit during the first quarter. Below is a summary of this engagement.

New Administration Building – Sundt Construction, Inc.: The objective of this audit was to determine if the contract with Sundt for construction of the new administration building is properly managed and monitored. Audit work found that the Airport Design & Construction Department properly managed and monitored construction of the new administration building. The audit did not identify any findings or provide any recommendations.

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 required[7] 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 formal risked-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. The annual Risk Assessment and Audit Plan is generally initiated during the third quarter of each Fiscal Year. However, informally, the OCA is constantly assessing risk and adjusting the Audit Plan as needed.

Construction Activities

Construction audit activity for the first quarter of Fiscal Year 2024 included continued work with Baker Tilly, U.S., LLP (Baker Tilly) on the Turner-Flatiron Insurance audit and the Turner-Flatiron Self-Perform Work audit. The OCA completed the audit titled "New Administration Building – Sundt Construction Inc." and began an audit of Small Business Management. The OCA also attended meetings regarding the New T1 terminal and roadways, the new administration building, and the New T1 airside improvements projects. The OCA remains involved with issues identified by ADC and Authority management, providing assistance as requested, and attending meetings specific to all 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 2024, meetings have been focused on system security.

Development of Data Analytics

The OCA is actively exploring options to increase its audit coverage through data analytics and to identify where in-depth audits should be initiated. The Fiscal Year 2024 Audit Plan has two data analytics audits related to rental car companies, which exemplifies our move in the data analytics direction. These audits are serving as a foundation to explore other areas where data analytics could benefit the Authority and the OCA.

The two rental car audits included in the Fiscal Year 2024 Audit Plan resulted from the *Fiscal Year 2022 Car Rental Companies* audit issued in June 2023 that utilized data analytics.

[7] 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.

Fraud, Waste, Abuse, and Ethics Program Activities

The OCA manages the Authority's Ethics Program that includes a confidential Fraud, Waste, Abuse, and Ethics reporting hotline. During the first quarter of Fiscal Year 2024, the OCA received 9 tips/reports. Tips/reports that are not investigated by the OCA are forwarded to management, as appropriate.

The hotline also allows individuals to ask questions about possible ethical matters, thus allowing individuals to make an informed ethical decision. During the first quarter of Fiscal Year 2024, one (1) question was received. We appreciate the efforts made by any individual aiming to ensure an ethical decision is reached.

A summary of the tips/reports received in the first quarter is shown in Table 2 below.

Table 2: Hotline Tips/Reports Received in the First Quarter Fiscal Year 2024

	Number of Tips / Reports Received	Investigation Initiated by OCA	Investigation Results Supported Code Violation
Category			
Human Resource, Diversity, and Workplace Respect	9	-	-
Total	9	-	-

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 2024, along with the estimated/actual implemetation timeframes based on the audit report issue date. Of the Completed recommendations, all seven were implemented within the initial timeframe identified when the recommendations were issued. Of the In Progress recommendations, six 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[8]
Completed	7	-	-	7
In Progress	3	6	5	14

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:

1. Ongoing monitoring (required annually).
2. Internal assessments (required periodically).
3. External assessments (required every 5 years).

The OCA completed ongoing monitoring of its Fiscal Year 2023 activities and operations during the first quarter of Fiscal Year 2024. The OCA found no items that would impact audit report quality. Full results are included in the Fiscal Year 2023 OCA Annual Report as part of the November 13, 2023, Audit Committee Meeting materials.[9]

The OCA also completed an Internal assessment (self-assessment). The OCA validated that the OCA continues to conform with the *International Standards for the Professional Practice of Internal Auditing (Standards)* and the Code of Ethics. Full results are included in the Fiscal Year 2023 OCA Annual Report as part of the November 13, 2023, Audit Committee Meeting materials.[10] The OCA continues to monitor its activities and report on performance measures each quarter. Those results are presented in quarterly reports to the Audit Committee.

[8] Recommendation(s) contained in confidential audit reports are not included in Table 3 or in Appendix B. They are tracked separately by the OCA.

[9] The Fiscal Year 2023 OCA Annual Report, which contains results of on-going monitoring, was initially included in the September 11, 2023, Audit Committee materials. The report was required to be re-submitted to the Audit Committee during its November 13, 2023, meeting.

[10] The results of the self-assessment were included in the September 11, 2023, Audit Committee materials and were required to be re-submitted to the Audit Committee during its November 13, 2023, meeting.

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 $300,000 through the end of the first quarter, which represents 21% of the Fiscal Year 2024 budget. No unexpected or large outlays occurred within the department during the first quarter of Fiscal Year 2024. The OCA expects to remain close to budget through the fiscal year-end.

Continuing Professional Development

OCA staff continues to obtain Continuing Professional Education (CPE) credits as required by their various certifications. The OCAs CPE credits are tracked on a calendar year basis. At the end of calendar year 2022 all OCA staff met their respective CPE requirements. In the first quarter, staff attended training on topics that included Construction, IT Risks, ESG (Environmental, Social and Governance factors), and TeamMate+ audit software.

Procedural/Supervisory

One Audit Committee meeting took place during the first quarter, which occurred September 11, 2023. The meeting contained all regularly scheduled agenda items, of which the OCA assisted in coordination with the Committee Chair and Board Services.

TeamMate+

During the first quarter, we began the implementation of TeamMate+, our new cloud-based audit software, which, once fully implemented, should increase the productivity and collaboration within the department. OCA staff provided departmental policies, procedures, and manuals to implementation consultants and worked together with them to create the OCAs environment within the software. Staff also met multiple times with the consultants to review the progress of the environment's creation and to provide feedback. All OCA staff also received between 7 and 28 hours of training on implementing and/or utilizing the new software. The software will be tested by audit staff in mid-October and should be ready for full use in November.

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 2024 Audit Plan

#	Activity	Status as of 9/30/2023	Over/ Under Budget
	Audit		
1	Tenant Lease Admin. & Management – FY 2023 Rental Car Companies	In Progress	
2	Turner-Flatiron Self Perform Work	In Progress	
3	Harbor Police Contract Management – Fiscal Year 2018, 2019, 2020 Costs	In Progress	
4	Employee Benefits – Payroll Deductions[11]	In Progress	
5	Accounts Payable – Paymode X	In Progress	
6	Contractor Monitoring – Administration Building[11]	Completed	Under
7	Turner-Flatiron Insurance[11]	In Progress	
8	Tenant Lease Admin. & Management – FY 2024 Rental Car Companies[12]	In Progress	
9	System Security	Not Started	
10	Harbor Police Contract Management – Fiscal Year 2022 Costs	Not Started	
11	Tenant Lease Admin. & Management - In Terminal Concessionaire Compliance	In Progress	
12	Tenant Lease Admin. & Management – ABRM Internal Controls	Not Started	
13	Account Provisioning / Deprovisioning	Not Started	
14	Tenant Lease Admin. & Management – Budget	In Progress	
15	Tenant Lease Admin. & Management – Fast Track	In Progress	
16	Small Business Management	In Progress	
	To Be Determined – Construction	N/A	
	To Be Determined - Discretionary	N/A	
	Total		
	Consulting		
17	Harbor Police Contract Management	Not Started	
	General Audit		
16	Risk Assessment & Audit Plan	In Progress	
17	Construction Meeting Attendance & Coordination	In Progress	
18	Information Technology Meeting Attendance	In Progress	
19	Development of Data Analytics	In Progress	
20	Fraud, Waste, Abuse, and Ethics Program	In Progress	
21	Recommendation Follow-up	In Progress	
22	Quality Assurance & Improvement Program	In Progress	
	Administrative		
24	Indirect - Attendance at Staff/Board/Committee Meetings, Continuing Professional Development, and Other	In Progress	
25	Benefit - Vacation, Holiday Time, and Other Leave/Time Off	In Progress	

[11] Audit Engagement is included on the November 13, 2023, Audit Committee Agenda Item: Revision to the Fiscal Year 2024 Audit Plan of the Office of the Chief Auditor

[12] Audit engagement is not anticipated to be completed in Fiscal Year 2024 and will be carried forward to Fiscal Year 2025.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of September 30, 2023
Completed						
23-20	Audit Report 22002 Issued: June 13, 2023 Title: Car Rental Companies - Fiscal Year 2022 Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Medium	Revenue Generation & Partnership Development (RG&PD) should evaluate the data provided by the OCA, and collaborate with the OCA, to determine if any other Agreement requirements should be included in the proposed audit scope for the two CRCs.	7/31/2023	7/31/2023	This task was completed and audits of the two CRCs are on-going.
23-23	Audit Report 23009 Issued: June 29, 2023 Title: Construction Change Order Process Department: AIRPORT DESIGN & CONSTRUCTION	Medium	We recommend that ADC, Procurement, and Finance work with the Information & Technology Services Department (I&TS) to identify what changes to E1 are feasible to improve the Change Order process.	12/1/2023	9/30/2023	ADC meets regularly with Procurement, Finance, Accounting, and Information and Technology Services and has identified changes in E1 that are feasible. These changes are being reviewed for implementation.
23-24	Audit Report 23009 Issued: June 29, 2023 Title: Construction Change Order Process Department: AIRPORT DESIGN & CONSTRUCTION	Medium	We recommend ADC ensure that the supporting documentation for all Change Orders includes justification for the Change Order.	9/1/2023	9/1/2023	ADC is reviewing change orders as they are routing for approval to ensure that justification and supporting documentation is being provided.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of September 30, 2023
Completed						
23-27	Audit Report 23012 Issued: June 30, 2023 Title: New T1 Terminal and Roadway GMP Development Phase Direct Labor Billing Department: AIRPORT DESIGN & CONSTRUCTION	Medium	ADC should require the JV to specifically review all future payment applications for inappropriate billing of holiday or paid time-off hours prior to submission.	1/5/2024	9/30/2023	The JV has implemented a quality control step into their pay application process to addresses this concern.
23-30	Audit Report 23012 Issued: June 30, 2023 Title: New T1 Terminal and Roadway GMP Development Phase Direct Labor Billing Department: AIRPORT DESIGN & CONSTRUCTION	Medium	We recommend ADC require the JV to specifically review all future payment applications for inappropriate billing of professional staff lacking Authority approved billing rates.	1/5/2024	9/30/2023	The JV has implemented a quality control step into their pay application process to addresses this concern.
23-21	Audit Report 22002 Issued: June 13, 2023 Title: Car Rental Companies - Fiscal Year 2022 Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Low	Revenue Generation & Partnership Development (RG&PD) should educate Avis, Budget, and Hertz on how to accurately report gross revenues, exclusions to concessionable revenue, concession fees, and CFCs/TFCs on the summary reports.	7/31/2023	7/31/2023	Reporting requirements were communicated. In addition, the CRCs have agreed to notify RGPD when key staffing changes occur so that reoccurring training can take place.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of September 30, 2023
Completed						
23-22	Audit Report 22002 Issued: June 13, 2023 Title: Car Rental Companies - Fiscal Year 2022 Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Low	Revenue Generation & Partnership Development (RG&PD) should take steps to ensure that all CRCs submit audited certified public accountant (CPA) reports by August 31 of each calendar year during the term of the Concession Agreement.	7/31/2023	7/31/2023	RGPD has implemented in a new process in regard to the annual report. Thirty days prior to due date, a reminder is issues to each CRC. Two weeks later, send a friendly reminder. On 9/30, a Notice to Cure will be issued, followed by a Notice of Default if no report is received. When ABRM is fully implemented, that system will provide alerts to initiate this process.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of September 30, 2023
In Progress						
22-30	Audit Report 22010 Issued: June 30, 2022 Title: Turner-Flatiron, a Joint Venture, Direct Labor Billing During Validation Phase Department: AIRPORT DESIGN & CONSTRUCTION	High	We recommend that ADC notify the JV concerning the over-billing based on the actual payroll hours and determine the most appropriate method to receive the $37,525 incorrectly billed to the Authority.	2/1/2023	10/1/2023	The JV credited $512 for staff costs in a past pay application and will be crediting $5,068.80 for consultants in a future pay application. JV has provided documentation to justify remainder. ***This recommendation will be reclassified as completed after the OCA traces the credits into the pay application billing(s).
22-33	Audit Report 22010 Issued: June 30, 2022 Title: Turner-Flatiron, a Joint Venture, Direct Labor Billing During Validation Phase Department: AIRPORT DESIGN & CONSTRUCTION	High	We recommend that ADC notify the JV of the $4,814 overcharge for holiday and paid time-off for the JV staff and the $12,917 overcharge for the consultants to determine the most appropriate method to receive the total incorrectly billed to the Authority.	2/1/2023	10/1/2023	The JV credited $1,110.64 for holiday costs in a past pay application. JV has provided documentation to justify remainder. ***This recommendation will be reclassified as completed after the OCA traces the credits into the pay application billing(s).
22-31	Audit Report 22010 Issued: June 30, 2022 Title: Turner-Flatiron, a Joint Venture, Direct Labor Billing During Validation Phase Department: AIRPORT DESIGN & CONSTRUCTION	Medium	We recommend that ADC notify the JV concerning the underbilling based on the actual payroll register pay rates and determine the most appropriate method to address the $1,750 that was not billed to the Authority.	2/1/2023	10/1/2023	The JV invoiced $1,750 in a past pay application. ***This recommendation will be reclassified as completed after the OCA traces the credits into the pay application billing(s).

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of September 30, 2023
In Progress						
22-10	Audit Report 22005 Issued: Nov. 22, 2021 Title: Terminal Space Management Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Medium	Authority staff should cleanup E1 Plat Management and GIS Space Manager for mismatched or incorrect data and perform regular maintenance, review, and reconciliation of the data between E1 Plat Management and GIS Space Manager.	1/2/2023	2/28/2024	This work is ongoing with the implementation of ABRM.
22-11	Audit Report 22005 Issued: Nov. 22, 2021 Title: Terminal Space Management Department: REVENUE GENERATION & PARTNERSHIP DEVELOPMENT	Medium	Authority Management should perform a physical inventory of plats throughout Terminal 2, and the New Terminal 1 when completed, to ensure that the reported attributes of space in the E1 Plat Management and GIS Space Manager reports reflect the physical space in the terminals. Any discrepancies should be timely corrected. Additionally, the written procedures referred to in Recommendation #22-8 should include a procedure for the periodic physical inventory of plats in Terminals 1 and 2.	12/1/2022	2/28/2024	ADC is still the lead on physical inventory of plats. To the degree that ADC conducts any review of plats, RGPD continues to request notifications of revisions. Full implementation of ABRM has been delayed somewhat due to the decision to add the accounts receivables module which will shift billing from a cumbersome E1 environment to ABRM. As a result, data will not be fully uploaded until 2/28/2024.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of September 30, 2023
In Progress						
23-12	Audit Report 23007 Issued: March 31, 2023 Title: ACE Parking Management of Terminal 2 Parking Plaza Department: GROUND TRANSPORTATION	Medium	We recommend GT and ACE run SKIDATA on active mode, when the system upgrade/update is completed, to prevent the risk of system circumvention and possible loss of revenues.	7/31/2023	1/31/2024	(1) The audit recommendation to operate the Skidata system on ACTIVE mode requires the replacement of all entry & exit ALPR cameras; along with new, higher powered light kits at these locations. (2) All of the ALPR cameras were replaced on 07/01/23. (3) The light kits are on backorder wtih the supplier since May 2023. These light kits are required to ensure accurate and reliable ALPR image capture, which enables Skidata to associate the vehicle to the specific parking transaction. Current ETA for the light kits from supplier is Jan 2024. (4) Ace tested Skidata on ACTIVE mode with the new cameras (but without the new light kits) and had good results. Ace is assessing whether to switch to active mode without the light kits. (5) Ace will also await delivery and installation of the new light kits to permanently switch the system over to ACTIVE mode.
23-16	Audit Report 23007 Issued: March 31, 2023 Title: ACE Parking Management of Terminal 2 Parking Plaza Department: GROUND TRANSPORTATION	Medium	We recommend that ACE develop a standard operating procedure to perform a nightly license plate inventory.	6/30/2024	12/31/2023	(1) Skidata is currently working on a system solution to enable a nightly license plate inventory. (2) Once Ace has access to the system and its capabilities, they will develop an SOP for the nightly license plate inventory.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of September 30, 2023
In Progress						
23-17	Audit Report 23007 Issued: March 31, 2023 Title: ACE Parking Management of Terminal 2 Parking Plaza Department: GROUND TRANSPORTATION	Medium	We recommend ACE develop a standard operating procedure to regularly perform a reconciliation of open tickets versus license plates of vehicles parked at T2PP and close out any tickets where an entry and a legitimate exit is found.	7/31/2023	12/31/2023	(1) The SKIDATA/ALPR system is scheduled to run on active mode by 01/31/24 - based on new light kit availability from the supplier. (2) This will minimize the number of open tickets in the system. Currently, the system is scheduled to purge open tickets at 184 days. (3) As mentioned above, once Skidata is on ACTIVE mode, and a nightly license plate inventory is performed, Ace will implement the SOP with an automated process to reconcile open tickets to license plates present or absent from the T2PP.
23-25	Audit Report 23009 Issued: June 29, 2023 Title: Construction Change Order Process Department: AIRPORT DESIGN & CONSTRUCTION	Medium	We recommend ADC review the documentation supporting CIP Change Orders to verify the necessity of the Internal Form and the External Form to eliminate or revise the forms as determined necessary. Forms that have spaces for signature should be completed as designed.	1/31/2024	1/31/2024	ADC continues to update Change Order processes and continues to review forms that are used. This process is in progress.
23-26	Audit Report 23009 Issued: June 29, 2023 Title: Construction Change Order Process Department: AIRPORT DESIGN & CONSTRUCTION	Medium	We recommend ADC clarify the signatory approval levels within the ADC procedures when there are decreases to award amounts or both increases and decreases to award amounts combined into one Change Order.	1/31/2024	1/31/2024	ADC has incorporated the recommended clarification into the draft updated ADC procedures that will be published upon the completion of the ADC change order process update.

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of September 30, 2023
In Progress						
23-28	Audit Report 23012 Issued: June 30, 2023 Title: New T1 Terminal and Roadway GMP Development Phase Direct Labor Billing Department: AIRPORT DESIGN & CONSTRUCTION	Medium	We recommend that ADC notify the JV of the overcharge of $2,594 for holiday time for the JV staff. Additionally, we recommend ADC request all holiday policies, and other records as necessary, from each consultant listed above with the total of $4,475 to determine if the Authority's approved labor billing rates already included holiday pay and are duplications. Reimbursement should be requested for duplicate costs.	1/5/2024	1/5/2024	The JV credited $2,594 for staff costs in a past pay application and will provide $545 credit for consultant overcharge in a future pay application. The JV provided justification for remainder of consultants. ***This recommendation will be reaclassified as completed after the OCA traces the credits into the pay application billing(s).
23-31	Audit Report 23012 Issued: June 30, 2023 Title: New T1 Terminal and Roadway GMP Development Phase Direct Labor Billing Department: AIRPORT DESIGN & CONSTRUCTION	Medium	ADC should determine the most appropriate way to receive the overbilling of $752 for the unapproved rates.	1/5/2024	1/5/2024	The JV provided a credit for $752 in a past pay application. ***This recommendation will be reaclassified as completed after the OCA traces the credits into the pay application billing(s).

Rec. No.	Audit Report Description	Priority Rating	Recommendation	Initial Estimated Completion Date	Revised / Current Estimated Completion Date	Status as of September 30, 2023
In Progress						
23-15	Audit Report 23007 Issued: March 31, 2023 Title: ACE Parking Management of Terminal 2 Parking Plaza Department: GROUND TRANSPORTATION	Low	We recommend GT continue to monitor the wayfinding and available space signage repair part supply issues and provide support to ACE as needed.	8/31/2023	12/31/2023	(1) Skidata is working with the wayfinding system provider Indect to address the ongoing problems with signage. They must be properly weatherized to avoid ongoing signage replacements as moisture is getting into the housings and shorting out the signs. (2) Ace is working with Skidata to repair/replace any malfunctioning signs. Expected completion is 12/31/23. (3) GT is monitoring the wayfinding signage issue.
23-29	Audit Report 23012 Issued: June 30, 2023 Title: New T1 Terminal and Roadway GMP Development Phase Direct Labor Billing Department: AIRPORT DESIGN & CONSTRUCTION	Low	We recommend that ADC consider charging the JV the audit costs in the amount of $65,251.	1/5/2024	1/5/2024	ADC continues to work with Authority management to determine if the Authority will be requesting reimbursement of audit costs.

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Item No. 12

Staff Report

Meeting Date: December 7, 2023

Subject:

Revision to the Fiscal Year 2024 Audit Plan of the Office of the Chief Auditor

Recommendation:

The Audit Committee recommends that the Board adopt Resolution No. 2023-0100 approving the revision to the Fiscal Year 2024 Audit Plan of the Office of the Chief Auditor.

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 5, 2023, per Board Resolution No. 2023-0086, 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 Audit Plan for Fiscal Year 2024 was initially accepted by the Audit Committee during its May 8, 2023, meeting, and was subsequently approved on June 1, 2023, by Board Resolution No. 2023-0041. The Audit Plan estimated the hours required to complete the new Fiscal Year 2024 audits and estimated the hours to complete the Fiscal Year 2023 audits that would be issued by Fiscal Year-end June 30, 2023, or would carry forward to the Fiscal Year 2024 Audit Plan.

During the first quarter of Fiscal Year 2024 a review of the Audit Plan was undertaken by the OCA and on September 11, 2023, a proposed revision to precisely account for the audits that carried over from Fiscal Year 2023 and adjustments to the allocation of audit hours to reflect the OCAs current operational requirements was requested. During the Audit Committee's regularly scheduled meeting in September, a quorum of Audit Committee members was present, although the OCA Audit Plan and any subsequent revisions requires 5 affirmative votes, which could not be met. The item was then carried forward to the next regularly scheduled meeting in November.

On November 13, 2023, the Audit Committee unanimously recommended, with the required number of votes, to forward the OCAs proposed revision to the Fiscal Year 2024 Audit Plan to the Board for approval.

The proposed revision to the Fiscal Year 2024 Audit Plan submitted by the Chief Auditor is provided as Attachment A.

Fiscal Impact:

Adequate funding for the Fiscal Year 2024 Audit Plan of the Office of the Chief Auditor is included in the adopted FY 2024 Operating Expense Budgets within the Department of the Chief Auditor 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. 2023-0100

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, APPROVING THE REVISION TO THE FISCAL YEAR 2024 AUDIT PLAN OF THE OFFICE OF THE CHIEF AUDITOR

WHEREAS, California Public Utilities Code §170018 specifies the membership (consisting of board members and public members), the terms, and the responsibilities of the Audit Committee; and

WHEREAS, §170018(g) of the California Public Utilities Code and the Authority Charter of 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 8, 2023, the Audit Committee was presented with the Fiscal Year 2024 Proposed Audit Plan and voted to accept the plan and forward it for Board approval as adopted by Board Resolution No. 2023-0041 on June 1, 2023; and

WHEREAS, on November 13, 2023, during a regularly scheduled meeting of the Audit Committee, the Committee unanimously agreed to revise the Fiscal Year 2024 Audit Plan to precisely account for the audits that carried over from Fiscal Year 2023 and to adjust the allocation of audit hours to reflect the Office of the Chief Auditor's current operational requirements 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 2024 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 7th day of December 2023, 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 2024
Revised Audit Plan December 7, 2023

ATTACHMENT A

Key Work Activity	Objective[1]	Prior Estimated Hours	Change Requested	Revised Hours
Audit Hours				
Tenant Lease Administration and Management[2]	To determine if fiscal year 2023 concessions and Customer Facility Charges (CFC) / Transportation Facilities Charges (TFC) reported to the Authority are accurate for Airport Rental Car Companies.	300	-	300
Turner-Flatiron Self Perform Work[2]	To determine if work self-performed by Turner-Flatiron complies with the agreement.[3]	104	50	154
Harbor Police Contract Mgmt. [2]	To determine if selected Harbor Police costs and services are appropriate and equitable for the fiscal years 2018, 2019, and 2020.	100	-	100
Employee Benefits[2]	To determine if employee payroll deductions are administered appropriately.	150	100	250
Accounts Payable[2]	To determine if the controls for Paymode X are appropriate.	200	-	200
Contractor Monitoring[2]	To determine if the construction of the new administration building is properly managed.	-	40	40
Turner-Flatiron Insurance[2]	To determine if insurance billed is appropriate and complies with the agreement.[3]	-	250	250
Tenant Lease Administration and Management	To determine if fiscal year 2024 concessions and Customer Facility Charges (CFC) / Transportation Facilities Charges (TFC) reported to the Authority are accurate for Airport rental car companies.	500	-	500
System Security	To evaluate the Authority's security posture by performing testing of the Authority's Virtual Private Network access.	350	-	350
Harbor Police Contract Mgmt.	To determine if selected Harbor Police costs or services are appropriate related to fiscal year 2022.	425	-	425
Tenant Lease Administration and Management	To determine in terminal concessionaires are complying with selected elements of their contracts.	550	-	550
Tenant Lease Administration and Management	To determine if appropriate internal controls in the property management software (ABRM) are appropriate and if data is accurate.	550	-	550
Account Provisioning /De-Provisioning	To determine if account provisioning and de-provisioning are performed timely.	450	-	450

[1] Objective may change based on the preliminary survey performed by the OCA.
[2] Audit activity has been carried forward from fiscal year 2023.
[3] This audit is being performed in partnership with the external construction audit firm, Baker Tilly. The hours listed are the hours for OCA staff only and do not include the hours for Baker Tilly.

Office of the Chief Auditor
Fiscal Year 2024
Revised Audit Plan December 7, 2023

Key Work Activity	Objective[1]	Prior Estimated Hours	Change Requested	Revised Hours
Tenant Lease Administration and Management	To determine if Budget Rent a Car accurately paid concessions and Customer Facility Charges (CFC).	300	(50)	250
Tenant Lease Administration and Management	To determine if Fast Track Rent a Car accurately paid concessions and Transportation Facility Charges (TFC).	350	-	350
Small Business Management	To determine if Small Business Management is managed appropriately.	550	-	550
To Be Determined - Construction	To initiate audits related to the New T1 based on a Risk Assessment(s) performed by Baker Tilly.	700	(340)	360
To Be Determined	To initiate audit(s)/consulting engagements based on risks identified at the discretion of the Chief Auditor.	573	(50)	523
	Total Audit Hours	**6,152**	**-**	**6,152**
Consulting Hours				
Harbor Police Contract Mgmt.	To provide management assistance with recommendations related to the Harbor Police Contract.	200	-	200
	Total Consulting Hours	**200**	**-**	**200**

Office of the Chief Auditor
Fiscal Year 2024
Revised Audit Plan December 7, 2023

ATTACHMENT A

Key Work Activity	Objective[1]	Prior Estimated Hours	Change Requested	Revised Hours
General Audit Hours				
Risk Assessment and Audit Plan[4]	To conduct a Risk Assessment that will identify the high-risk activities to be considered when preparing the annual Audit Plan.	252	-	252
Construction Meeting Attendance & External Construction Auditor Coordination	Attend various construction meetings and incorporate knowledge into ongoing risk assessments and management of the External Construction Auditor.	380	-	380
Information Technology Meeting Attendance	Attend various Information Technology meetings, incorporate knowledge into ongoing risk assessments, and initiate audits, if needed.	20	-	20
Development of Data Analytics	Develop a data analytics program for in-terminal concessions or other programs.	200	-	200
Ethics Program[4]	To review ethics policies, perform training, and investigate reported incidents.	300	-	300
Recommendation Follow-up[4]	To verify that internal and external audit recommendations have been implemented as intended.	160	-	160
Quality Assurance & Improvement Program[4]	To assess conformance with the *Standards,* whether internal auditors apply the Code of Ethics, and allow for the identification of improvement opportunities.	350	-	350
	Total General Audit Hours	**1,662**	**-**	**1,662**
Administrative Hours				
Administrative - Indirect	Attendance at Staff/Board/Committee Meetings, Continuing Professional Development and Other.	2,290	-	2,290
Administrative - Benefit	Vacation, Holiday Time, and Other Time Off.	2,176	-	2,176
	Total Administrative Hours	**4,466**	**-**	**4,466**
	Total Hours	**12,480**	**-**	**12,480**

[4] Required activity in the Charter for the Office of the Chief Auditor or Charter of the Audit Committee.

Office of the Chief Auditor
Fiscal Year 2024
Revised Audit Plan December 7, 2023

ATTACHMENT A

Key Work Activity	Objective[5]	Estimated Hours	Change Requested	Revised Hours
Contingent Audit Hours				
Tenant Lease Administration and Management	To determine if concessions and Customer Facility Charges (CFC) / Transportation Facilities Charges (TFC) reported to the Authority are accurate for a selected Airport Rental Car Company.	400	-	400
Diversity & Inclusion	To determine if the Diversity & Inclusion Program is accurately tracking metrics and best practices.	500	-	500
Social Media/Website / Webmaster	To determine if the controls around social media and/or website administration are appropriate and adequate.	450	-	450
Accounts Payable	To determine if the controls related to the Accounts Payable automated payment files are appropriate.	450	-	450
Tenant Lease Administration and Management	To determine if the food and beverage concessionaire surcharge is administered appropriately.	450	-	450
Rental Car Shuttle Service Contract Administration	To determine if the Shuttle Service operations are administered appropriately.	650	-	650
Tenant Lease Administration and Management	To determine if airport lounge concession contracts are administered appropriately.	500	-	500
Asset Management	To determine if computer imaging is administered appropriately.	500	-	500
Parking Management Contract Administration	To determine if Dynamic Pricing is being managed appropriately.	550	-	550
TNC Contract Administration & Revenue Collection	To determine if the TNC contract is administered appropriately.	475	-	475
Curfew Violations	To determine if curfew violations are administered appropriately.	450	-	450
Leaves of Absence / Catastrophic Leave	To determine leaves of absences are administered appropriately.	525	-	525
Advertising	To determine if the concessions marketing program is managed appropriately.	500	-	500
Parking Management Contract Administration	To determine if the close out process for parking management contract is administered appropriately.	600	-	600
ARFF Management	To determine if costs included in ARFF billings are appropriate.	500	-	500

[5] Objective may change based on the preliminary survey performed by the OCA.

Office of the Chief Auditor

Fiscal Year 2024

Revised Audit Plan December 7, 2023

ATTACHMENT A

Key Work Activity	Objective[5]	Estimated Hours	Change Requested	Revised Hours
Contingent Audit Hours				
Air Service Management	To determine if fuel rights are administered appropriately.	500	-	500
Tenant Lease Administration and Management	To determine the operations of a new SDIA Rental Car Company Agreement holder.	-	400	400
	Total Contingent Audit Hours	**8,000**	**400**	**8,400**

Item No. 13

Staff Report

Meeting Date: December 7, 2023

Subject:

Authorize the President/CEO to Execute a Second Amendment to Extend the Airport Parking Management Services Agreement

Recommendation:

Adopt Resolution No. 2023-0101 authorizing the President/CEO to execute a Second Amendment to the Airport Parking Management Services Agreement to extend the agreement 152 days to June 30, 2024, with no increase in the maximum amount payable.

Background/Justification:

The Authority contracts with an outside service provider to manage its parking operations at San Diego International Airport. Ace Parking Management, Inc. (the "Contractor") has been the contracted parking operations management provider since March 2012, and is the current provider for the management of airport parking operations under Agreement 210754-OS (the "Agreement").

The term of the original Agreement was from October 1, 2018, to September 30, 2021, with two (2) one-year options. Both one-year options have previously been exercised to extend the termination date to September 30, 2023. On September 7, 2023, the Authority Board adopted Resolution 2023-0073R approving the execution of the First Amendment to the Agreement which extended the termination date to January 31, 2024. This extension allowed staff to complete of a Request for Proposals (RFP) for Parking Management Services.

The RFP process was completed on September 6, 2023. Unfortunately, the Authority received only two proposals in response to the request. The Authority would like to see more proposals and greater competition to provide this service. So, on September 26, 2023, Rejection of Proposal letters were sent to the two respondents. The Authority is currently updating the RFP documents and will re-solicit this opportunity shortly.

Since the next RFP process for parking management services will likely not be completed until April 2024, a second extension to the Agreement is required. Staff requests this Second Amendment to extend the termination date to June 30, 2024.

The contract has a maximum amount payable of $38,000,000.00. The remaining contract value as of September 30, 2023, is $8,721,124. The average contract monthly expense amount for the past four months ending September 30, 2023, is $686,776. There are sufficient funds remaining on the contract to pay for services through the additional nine months requested. No increase in the contract amount is requested.

Parking Management Services Scope

Parking Management Services under the Agreement include, but are not limited to:

1. Valet parking,
2. Terminal 1 & 2 parking plazas and surface lots,
3. Administration Building and visitor parking,
4. Employee parking lot and the employee parking card program,
5. Commercial vehicle hold lots,
6. Other Authority parking lots,
7. Cell phone parking lot -
    a. All parking lots except for the cell phone and select Authority lots have daily and/or hourly parking rates.
8. All related parking infrastructure, hardware, and software, and maintenance to operate parking operations,
9. Commercial vehicle management and customer service representatives, and
10. Commercial vehicle permitting services.

The Contractor is required under the existing Agreement to:

1. Professionally manage all aspects of the parking facilities, schedule staff, maintain and operate the parking facilities and valet parking in accordance with contract requirements;
2. Accurately collect and report all parking revenues and fully maintain the Airport's electronic parking access and revenue control systems ("PARCS"), maintain DSX access and exit equipment ("DSX"), and support all operational hardware and software systems;
3. Manage certain aspects of commercial ground transportation operations –
    a. Taxi customer service at Terminal 1 and Terminal 2 transportation centers,
    b. Transportation Network Company ("TNC") customer service at Terminal 1 and 2 transportation centers; and
4. Coordinate services for special events parking.

RFP Estimated Timeline

- *Nov to Dec-2023 – Staff, in conjunction with consultants, updates the RFP documents.*
- *Jan-2024 – RFP published, pre-submittal briefing held, questions submitted by proposers, and questions answered by Authority. RFP remains open for sixty days.*
- *Mar-2024 – RFP closes, proposals due, proposals reviewed, interviews and presentations scheduled, proposals scored.*
- *Apr-2024 - Board Authorizes CEO/President to negotiate contract.*
- *Apr to Jun-2024 – Awardee notified, Transition period begins, worker retention efforts begin (if necessary).*
- *Jul-2024 – Parking contract awardee begins providing services to coincide with start of Fiscal Year 2025.*

Recommendations

Staff recommends the Board adopt Resolution No. 2023-0101 authorizing the President/CEO to execute an amendment to the parking management services agreement extending the Agreement 152 days to June 30, 2024, with no increase in the maximum amount payable.

Fiscal Impact:

Adequate funding for the amendment to the parking management contract is included in the adopted FY 2024 Operating Expense Budgets within the Contractual Services 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:

Marc Nichols
Director, Ground Transportation

RESOLUTION NO. 2023-0101

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY AUTHORIZING THE PRESIDENT/CEO TO EXECUTE A SECOND AMENDMENT TO THE AIRPORT PARKING MANAGEMENT SERVICES AGREEMENT TO EXTEND THE AGREEMENT 152 DAYS TO JUNE 30, 2024, WITH NO INCREASE IN THE MAXIMUM AMOUNT PAYABLE

WHEREAS, the San Diego County Regional Airport Authority (the "Authority") has established a need for qualified firms to manage its parking operations at San Diego International Airport ("Airport"); and

WHEREAS, on September 13, 2018, the Authority authorized the President/CEO to negotiate and execute an agreement with Ace Parking Management, Inc. for Parking Management Services for a term of three (3) years with and option for two (2) one-year extensions in an amount not to exceed thirty-eight million dollars ($38,000,000.00); and

WHEREAS, the original agreement 210754-OS termination date was established September 30, 2021; and

WHEREAS, the Authority exercised the first of two (2) one-year options on April 22, 2021 to extend the termination date to September 30, 2022; and

WHEREAS, the Authority exercised the second of two (2) one-year options on August 25, 2022 to extend the termination date to September 30, 2023; and

WHEREAS, that the Board adopted Resolution 2023-0073R authorizing the President and CEO to execute a first amendment to the parking management services contract – Agreement 210754-OS – to extend the agreement 123 days to January 31, 2024; and

WHEREAS, the Authority is currently conducting the selection process for Parking Management Services, the contract for which will begin July 1, 2024; and

WHEREAS, the Authority desires to extend the current contract to June 30, 2024 to allow the current provider to continue to provide parking management services until the commencement date of the new contract; and

WHEREAS, the term extension will not result in an increase to the original agreement maximum amount payable of thirty-eight million dollars ($38,000,000.00).

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby authorizes the President and CEO to execute a Second Amendment to the Airport Parking Management Services Agreement to extend the agreement 152 days to June 30, 2024; and

BE IT FURTHER RESOLVED, there will be no increase to the original agreement maximum amount payable of thirty-eight million dollars ($38,000,000.00); 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 7th day of December 2023, 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

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Item No. 14

Staff Report

Meeting Date: December 7, 2023

Subject:

Award a Contract to S&L Specialty Construction, Inc. for Quieter Home Program Phase 13, Group 2, Project No. 381302 Twenty-Seven (27) Non-Historic Single-Family and Multi-Family Units on Twenty-Two (22) Residential Properties Located East and West of the San Diego International Airport.

Recommendation:

Adopt Resolution No. 2023-0103, awarding a contract to S&L Specialty Construction, Inc. in the amount of $1,465,000 for Phase 13, Group 2, Project No. 381302, of the San Diego County Regional Airport Authority's Quieter Home Program and making a finding that the project is exempt from the California Environmental Quality Act.

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 13, Group 2, Project No. 381302 includes the installation of new acoustical windows, doors, and ventilation improvements to reduce aircraft-related noise levels and provide sound attenuation to Twenty-Seven (27) non-historic single-family and multi-family units on Twenty-Two (22) residential properties located east and west of the Airport (refer to Attachment A).

To date, the Program has completed 5,552 residences, of which 1,254 are historic and 4,298 are non-historic. 3,621 residences are located west of SDIA and 1,931 are located east of SDIA.

Project No. 381302 was advertised on September 26, 2023, and bids were opened on November 9, 2023. The following bids were received (refer to Attachment B):

Company	Total Bid
S&L Specialty Construction, Inc.	$1,465,000
HHJ Construction Inc.	$1,506,200

Engineer's Estimate: $1,668,130.90

The bid was advertised with an administrative error in the Engineer's Estimate. In the bid it was listed as $1,505,418.30, it should be $1,668,130.90.

The low bid of $1,465,000 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 $1,465,000.

Fiscal Impact:

Adequate funds for the contract with S&L Specialty Construction, Inc. are included in the adopted FY 2024 and conceptual FY 2025 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 6.1% DBE participation on QHP Phase 13, Group 2.

Prepared by:

Sjohnna Knack
Director, Airport Planning & Environmental Affairs

Attachment A

LEGEND

65 dB Boundary

65 dB CNEL Contour

San Diego County Regional Airport Authority

Quieter Home Program

Project 381302

TABULATION OF BIDS

ATTACHMENT B

TITLE: QUIETER HOME PROGRAM PROJECT NO. 381302
BIDS OPENED: November 9, 2023 at 2:00 p.m.
ENGINEER'S ESTIMATE: $1,668,130.90*

	Engineer's Estimate		
CONTRACTOR:	**Engineer's Estimate**	**S&L Specialty Construction, Inc.**	**HHJ Construction**
ADDRESS:		**315 S. Franklin Street, Syracuse, NY 13202**	**11156 S. Main Street, Los Angeles, CA 90061**
GUARANTEE OF GOOD FAITH:		**Liberty Mutual Insurance Company**	**Old Republic Surety Company**

Res No.	Bid Item Number - Name/Address		Dwelling Units	Unit of Measure	EE General Construction (In Figures)	EE Ventilation Construction (In Figures)	EE Electrical Construction (In Figures)	EE TOTAL (In Figures)	S&L General Construction (In Figures)	S&L Ventilation Construction (In Figures)	S&L Electrical Construction (In Figures)	S&L TOTAL (In Figures)	HHJ General Construction (In Figures)	HHJ Ventilation Construction (In Figures)	HHJ Electrical Construction (In Figures)	HHJ TOTAL (In Figures)
381210.15	TAGGART	2062 VENICE STREET	1	Lump Sum	$53,957.29	$0.00	$0.00	$53,957.29	$70,000.00	$0.00	$0.00	$70,000.00	$59,754.90	$0.00	$0.00	$59,754.90
381302.03	NEVINGER	4754 BRIGHTON AVENUE	1	Lump Sum	$26,789.66	$0.00	$0.00	$26,789.66	$25,000.00	$0.00	$0.00	$25,000.00	$32,359.19	$0.00	$0.00	$32,359.19
381302.03	NEVINGER	4756 BRIGHTON AVENUE	1	Lump Sum	$3,385.26	$13,141.27	$7,418.36	$23,944.90	$7,000.00	$10,000.00	$5,000.00	$22,000.00	$16,577.84	$16,900.00	$5,300.00	$38,777.84
381302.04	GORDON / GUGIN	4739 LONG BRANCH AVENUE	1	Lump Sum	$31,213.87	$13,898.40	$4,187.96	$49,300.22	$31,000.00	$10,000.00	$4,000.00	$45,000.00	$37,344.99	$16,900.00	$4,100.00	$58,344.99
381302.06	BATEMAN	4622 CAPE MAY AVENUE	1	Lump Sum	$26,685.21	$12,290.56	$5,647.08	$44,622.84	$33,000.00	$10,000.00	$4,000.00	$47,000.00	$31,761.87	$16,900.00	$5,000.00	$53,661.87
381302.08	KURTH	4647 BRIGHTON AVENUE	1	Lump Sum	$40,207.14	$12,889.29	$4,226.54	$57,322.96	$9,000.00	$10,000.00	$3,000.00	$22,000.00	$15,457.84	$16,900.00	$2,200.00	$34,557.84
381302.08	KURTH	4649 BRIGHTON AVENUE	1	Lump Sum	$19,216.77	$14,611.68	$4,198.48	$38,026.94	$19,000.00	$10,000.00	$3,000.00	$32,000.00	$26,781.45	$16,900.00	$2,000.00	$45,681.45
381302.09	EDWARD	4612 LONG BRANCH AVENUE UNIT A	1	Lump Sum	$34,432.67	$12,706.69	$6,127.60	$53,266.96	$50,000.00	$11,000.00	$5,000.00	$66,000.00	$42,463.28	$18,500.00	$4,300.00	$65,263.28
381302.09	EDWARD	4612 LONG BRANCH AVENUE UNIT B	1	Lump Sum	$62,227.02	$15,014.34	$7,418.36	$84,659.72	$39,000.00	$11,000.00	$4,000.00	$54,000.00	$37,961.13	$18,000.00	$4,700.00	$60,661.13
381302.10	RAYMOND	4633 LONG BRANCH AVENUE	1	Lump Sum	$32,736.71	$14,566.44	$6,390.67	$53,693.82	$40,000.00	$11,000.00	$6,000.00	$57,000.00	$41,294.76	$16,900.00	$6,800.00	$64,994.76
381302.11	NORYKO	4668 BRIGHTON AVENUE	1	Lump Sum	$43,416.61	$12,412.83	$15,913.53	$71,742.97	$54,000.00	$12,000.00	$19,000.00	$85,000.00	$22,283.27	$16,900.00	$17,100.00	$56,283.27
381302.11	NORYKO	4670 BRIGHTON AVENUE	1	Lump Sum	$28,202.40	$13,520.36	$3,076.08	$44,798.84	$37,000.00	$10,000.00	$4,000.00	$51,000.00	$35,579.92	$16,500.00	$4,100.00	$56,179.92
381302.12	OSTH	4602 MUIR AVENUE	1	Lump Sum	$3,652.01	$11,713.37	$3,395.26	$18,760.64	$3,000.00	$0.00	$0.00	$3,000.00	$13,386.84	$0.00	$0.00	$13,386.84
381302.12	OSTH	4604 MUIR AVENUE	1	Lump Sum	$23,307.02	$14,538.73	$5,326.14	$43,171.88	$28,000.00	$10,000.00	$4,000.00	$42,000.00	$33,458.24	$17,200.00	$4,100.00	$54,758.24
381302.14	GODWIN	4678 MUIR AVENUE	1	Lump Sum	$50,736.10	$0.00	$0.00	$50,736.10	$60,000.00	$0.00	$0.00	$60,000.00	$34,363.56	$0.00	$0.00	$34,363.56
381302.15	COUTTS	4525 LONG BRANCH AVENUE	1	Lump Sum	$39,156.90	$0.00	$0.00	$39,156.90	$22,000.00	$0.00	$0.00	$22,000.00	$27,421.78	$0.00	$0.00	$27,421.78
381302.16	RAUCH	2058 VENICE STREET	1	Lump Sum	$38,715.63	$13,068.24	$4,668.48	$56,452.36	$39,000.00	$11,000.00	$3,000.00	$53,000.00	$46,985.85	$17,500.00	$2,000.00	$66,485.85
381302.19	KUPPER	2053 VENICE STREET	1	Lump Sum	$127,032.34	$14,718.24	$5,419.09	$147,169.66	$43,000.00	$11,000.00	$3,000.00	$57,000.00	$43,284.89	$17,500.00	$2,000.00	$62,784.89
381302.21	RODRIGUES / SISON	2085 MENDOCINO BOULEVARD	1	Lump Sum	$43,742.90	$15,581.09	$6,941.34	$66,265.33	$42,000.00	$12,000.00	$4,000.00	$58,000.00	$45,513.85	$18,500.00	$2,200.00	$66,213.85
381302.22	LIEBERMAN	2137 SAN CLEMENTE STREET	1	Lump Sum	$42,266.13	$13,011.63	$4,401.91	$59,679.68	$51,000.00	$10,000.00	$3,000.00	$64,000.00	$30,912.51	$16,500.00	$2,000.00	$49,412.51
381302.24	APGAR	2132 WABASKA COURT	1	Lump Sum	$31,017.08	$10,092.13	$5,447.15	$46,556.36	$32,000.00	$11,000.00	$3,000.00	$46,000.00	$31,430.90	$16,500.00	$2,000.00	$49,930.90
381302.29	CARLETON	3512 UDALL STREET	1	Lump Sum	$42,202.48	$0.00	$0.00	$42,202.48	$45,000.00	$0.00	$0.00	$45,000.00	$61,723.44	$0.00	$0.00	$61,723.44
381302.30	DARIANI	3521 VOLTAIRE STREET	1	Lump Sum	$59,720.11	$0.00	$0.00	$59,720.11	$55,000.00	$0.00	$0.00	$55,000.00	$40,464.77	$0.00	$0.00	$40,464.77
381302.32	ERWIN	3215 WHITTIER STREET	1	Lump Sum	$94,224.96	$17,838.23	$5,955.74	$118,018.93	$114,000.00	$13,000.00	$3,000.00	$130,000.00	$85,810.16	$19,900.00	$2,500.00	$108,210.16
381302.36	THOMAS	3138 MEADOW GROVE DRIVE	1	Lump Sum	$115,503.44	$18,839.41	$4,857.89	$139,200.74	$54,000.00	$12,000.00	$5,000.00	$71,000.00	$44,448.46	$19,900.00	$4,400.00	$68,748.46
381302.37	PUDLOSKI	3228 MADRID STREET	1	Lump Sum	$26,144.38	$0.00	$0.00	$26,144.38	$27,000.00	$0.00	$0.00	$27,000.00	$30,133.27	$0.00	$0.00	$30,133.27
381302.39	CHANG	2718 DOVE STREET	1	Lump Sum	$100,706.06	$28,517.45	$7,344.71	$136,568.22	$113,800.00	$20,000.00	$6,000.00	$139,800.00	$95,041.04	$31,000.00	$3,400.00	$129,441.04
							Subtotal	$1,651,930.90			Subtotal	$1,448,800.00			Subtotal	$1,490,000.00
							Probable Cost for Permits:	$16,200.00			**Probable Cost for Permits:**	$16,200.00			**Probable Cost for Permits:**	$16,200.00
							TOTAL	**$1,668,130.90**			**TOTAL BID**	**$1,465,000.00**			**TOTAL BID**	**$1,506,200.00**
					Addenda No. 1, 2, 3, and 4 noted				**Addenda No. 1, 2, 3, and 4 noted**				**Addenda No. 1, 2, 3, and 4 noted**			

* Original notice of inviting bids had an administrative error on the Engineers Estimate amount. Originally listed as $1,505,418.30 and should be $1,668,130.90.

RESOLUTION NO. 2023-0103

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 $1,465,000 FOR PHASE 13, GROUP 2, PROJECT NO. 381302, OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY'S QUIETER HOME PROGRAM AND MAKING A FINDING THAT THE PROJECT IS EXEMPT FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT.

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 13, Group 2, of the Program will include the installation of new acoustical windows, doors, and ventilation improvements to reduce aircraft-related noise levels inside the homes; and

WHEREAS, Phase 13, Group 2, of the Program provides sound attenuation to twenty-seven (27) non-historic single-family and multi-family units on twenty-two (22) residential properties located east and west of the San Diego International Airport; and

WHEREAS, the Authority issued a Bid Solicitation Package for Phase 13, Group 2, on September 26, 2023; and

WHEREAS, on November 9, 2023, 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 $1,465,000 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 13, Group 2, 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 $1,465,000 for Phase 13, Group 2, Project No. 381302, 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 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. 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 7th day of December 2023, 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 7, 2023

Subject:

Approve and Authorize the President/CEO to Execute an Elevator and Escalator Maintenance and Repair Service Agreement with KONE Inc.

Recommendation:

Adopt Resolution No. 2023-0104, approving and authorizing the President/CEO to execute an Elevator and Escalator Maintenance and Repair Service Agreement with KONE Inc., for a term of three years, with the option for two (2) one-year extensions exercisable at the sole discretion of the President/CEO, for a total not-to-exceed amount of $14,000,000.

Background/Justification:

San Diego County Regional Airport Authority ("Authority') requires additional resources and support to maintain and repair existing Authority elevator and escalator equipment currently installed and serving the, all passenger terminals (Terminal 1, Terminal 2E, and Terminal 2W) including the Parking Plaza, Administration Building, Federal Inspection Services, and Rental Car Center.

This proposed service agreement will provide a comprehensive elevator and escalator maintenance and repair program for all existing and future equipment. Services include but are not limited to: extended day/on-site technician coverage, equipment preventive maintenance and repair, as-required services for vandalism repairs, and additional services necessary to ensure a safe and well maintained vertical transportation system for employees and the public.

Through its research to identify contracting options, Facilities Management with assistance from the Procurement Department, concluded that maintenance and repair of Authority elevator and escalator equipment can be accomplished through Omnia Partners Cooperative Agreement that KONE Inc. (KONE) holds with the City of Kansas City, Missouri.

Authority Policy 5.04 permits the use of cooperative arrangements, joint powers agreements or other agreements, with one or more other public bodies or agencies of the United States for the purchase of supplies, materials, equipment, information technology, services, public projects or maintenance work. The use of this alternative contracting method provides the Authority with the ability to reduce the cost of purchasing items by pooling the purchasing power of more than one public agency or by avoiding the expenses of conducting its own individual competitive process. The Authority may participate in cooperative procurement arrangements, joint powers agreements or other agreements with one or more other public bodies, or agencies of the United States for the purchase of supplies, materials, equipment, information technology or services where:

- A public competitive selection process was used to secure the underlying contracts for items with a lead public agency
- The Authority has identified a need for items
- A copy of the agreement or other written proof is secured by the Authority reflecting that a public competitive process was used
- It is determined to be in the best interest of the Authority to use the alternate contracting method

The Authority is a participating member of Omnia Partners. Omnia Partners is a non-profit government purchasing cooperative that assists public agencies in reducing the cost of purchased goods and services through pooling the purchasing power of public agencies nationwide. This is accomplished through competitively solicited contracts for quality products through lead public agencies.

On May 1, 2018, the City Kansas City, Missouri, serving as the “Lead Public Agency”, advertised a competitive solicitation for Elevator and Escalator Maintenance and Services (RFP #EV2516) on behalf of itself and other Government Agencies and was made available through Omnia Partners. The solicitation was advertised in six publications and websites. Written proof of the public competitive process has been secured and is on file with the Authority’s Procurement Department.

After review of the Omnia Partners Cooperative Agreement and the proposal submitted by KONE utilizing Omnia Partners pricing for elevator and escalator maintenance and repair service, the Authority has determined the preventive maintenance rates to be fair and reasonable. Additionally, the Authority will realize a 48.5% savings using Omnia Partners labor rates for additional services.

Based on the above, staff recommends awarding the Elevator and Escalator Maintenance and Repair Services Agreement to KONE Inc., for a term of three years, with the option for two one-year extensions exercisable at the discretion of the President/CEO, for a total not-to-exceed amount of $14,000,000 for five years.

Fiscal Impact:

Adequate funding for the elevator and escalator maintenance and repair service agreement is included in the FY2023 adopted and FY2024 conceptual Operating Expense Budgets within the Facilities Management Annual Repair and Service Contracts line item. The expense for this contract that will impact budget years not yet adopted or approved by the Board will be included in future year budget requests.

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

This contract does not utilize federal funds and utilized Policy 5.04 Cooperative Purchasing. Authority Policy 5.04 permits the Authority to use competitively awarded purchasing contracts of other public agencies. Since Policy 5.04 was used to take advantage of economies of scale, none of the above programs/policies were used in the procurement process.

Prepared by:
Stephen Mosca
Director, Facilities Management

RESOLUTION NO. 2023-0104

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, APPROVING AND AUTHORIZING THE PRESIDENT/CEO TO EXECUTE AN ELEVATOR AND ESCALATOR MAINTENANCE AND REPAIR SERVICE AGREEMENT WITH KONE INC., FOR A TERM OF THREE YEARS, WITH THE OPTION FOR TWO (2) ONE-YEAR EXTENSIONS EXERCISABLE AT THE SOLE DISCRETION OF THE PRESIDENT/CEO, FOR A TOTAL NOT-TO- EXCEED AMOUNT OF $14,000,000

WHEREAS, San Diego County Regional Airport Authority (“Authority”) requires additional resources and support to maintain and repair existing Authority elevator and escalator equipment currently installed and serving the Authority administration building, all passenger terminals (Terminal 1, Terminal 2 East, and Terminal 2 West) including the Parking Plaza and Federal Inspection Services, and Rental Car Center; and

WHEREAS, this proposed service agreement will provide a comprehensive elevator and escalator maintenance and repair program for all existing and future equipment; and

WHEREAS, services include but are not limited to: extended day/on-site technician coverage, equipment preventive maintenance and repair, as-required services for repairs, and additional services necessary to ensure a safe and well maintained vertical transportation system for employees and the public; and

WHEREAS, through its research to identify contracting options, Facilities Management with assistance from the Procurement Department, concluded that maintenance and repair of Authority elevator and escalator equipment can be accomplished through an Omnia Partners (formerly U.S. Communities) Cooperative Agreement that KONE Inc. holds with the City of Kansas City, Missouri; and

WHEREAS, the Authority is a participating member of Omnia Partners; and

WHEREAS, Omnia Partners is a non-profit government purchasing cooperative that assists public agencies in reducing the cost of purchased goods and services through pooling the purchasing power of public agencies nationwide through competitively solicited contracts for quality products through lead public agencies; and

WHEREAS, on May 1, 2018, the City of Kansas City, Missouri, serving as the “Lead Public Agency”, advertised a competitive solicitation for Elevator and Escalator Maintenance and Services (RFP #EV2516) on behalf of itself and other Government Agencies and was made available through the U.S. Communities Government Purchasing Alliance (now Omnia Partners), and advertised in six publications and websites; and

WHEREAS, the City of Kansas City, Missouri entered into an initial six - year contract with KONE Inc. commencing December 1, 2018 with the option to renew for five (5) additional one-year periods through November 30, 2030; and

WHEREAS, the Authority has reviewed the Omnia Partners Agreement that KONE Inc. holds with the City of Kansas City, Missouri and the proposal submitted by KONE and has determined the cost to be fair and reasonable; and

WHEREAS, Authority Policy 5.04 permits the Authority to use competitively awarded purchasing contracts of other public agencies for the acquisition of supplies, materials, equipment, information technology, services, public projects or maintenance work when the following requirements are met - A public competitive selection process was used to secure the underlying contracts for items with a lead public agency; the Authority has identified a need for items; a copy of the agreement or other written proof is secured by the Authority reflecting that a public competitive process was used; and it is determined to be in the best interest of the Authority to use the alternate contracting method; and

WHEREAS, the Board finds that the Omnia Partners Agreement complies with the provisions of Authority Policy 5.04.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves and authorizes the President/CEO to execute an Elevator and Escalator Maintenance and Repair Service Agreement with KONE Inc., for a term of three years, with the option for two (2) one-year extensions exercisable at the sole discretion of the President/CEO, for a total not-to-exceed amount of $14,000,000; 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 7th day of December 2023, 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

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Item No. 16

Staff Report

Meeting Date: December 7, 2023

Subject:

Award a Lease to Alaska Airlines for the Operation of an Airline Club for a Term of 10 Years

Recommendation:

Adopt Resolution No. 2023-0102 awarding a lease to Alaska Airlines for the operation of an Airline Club and authorizing the President/CEO to negotiate and execute the lease.

Background/Justification:

Alaska Is Party to Signatory Airline Operating and Lease Agreement

San Diego County Regional Airport Authority ("Authority") and Alaska Airlines, Inc. ("Alaska") are parties to the Signatory Airline Operating and Lease Agreement that went into effect July 1, 2019 and bears Authority Agreement No. 13089 (the "AOLA").

The AOLA authorizes Alaska to occupy or use certain premises and facilities at San Diego International Airport (the "Airport"), and to acquire from the Authority certain rights and privileges in connection with its use of the Airport.

AOLA's Definition of Exclusive Use Premises Includes Airline Clubs

The AOLA defines Exclusive Use Premises as the areas "used exclusively by Airline..., including, but not limited to (a) certain Ticket Counters, free-standing self-service kiosks, skycap podiums, curbside positions...; and (b) certain ticket offices and baggage service offices, Airline Clubs and operational support areas."

Exclusive Use Premises, Including Airline Clubs, Are Subject to Terminal Rental Rate

The rent for Exclusive Use Premises, including Airline Clubs, is determined by multiplying the Terminal Rental Rate by the square footage of the Exclusive Use Premises.

The Terminal Rental Rate is set pursuant to the methodology outlined in the AOLA and is the sum of the Base Terminal Rental Rate and the Supplemental Terminal Rental Rate.

The rates, fees, and charges ("RFCs") paid by airlines are reconciled after each fiscal year. Thus, after the close of each fiscal year, the Authority calculates the RFCs based on actual results for the fiscal year. Any difference between the budgeted RFCs paid by the Signatory Airlines and the actual RFCs chargeable to the Signatory Airlines based on actual results are either refunded or invoiced by Authority to the Signatory Airlines.

Airline Club Base Rent is included in the airline RFC reconciliation.

Delta and United Lease Exclusive Use Premises from Authority for Airline Clubs

Currently, Delta Air Lines, Inc. ("Delta") and United Airlines, Inc. ("United") each operates an Airline Club, defined by the AOLA as "those Exclusive Use Premises used by Airline to provide services to its passengers." Both Delta and United are parties to Signatory AOLAs.

The Authority leased to United and Delta the Exclusive Use Premises for their respective Airline Clubs through lease agreements that are separate from their AOLAs to facilitate the inclusion of provisions unique to airline club operations and tenant improvements. Those separate airline club leases use the rent calculation for Exclusive Use Premises included in the AOLA.

Proposed Alaska Lease of Exclusive Use Premises for Operation of Airline Club

Similarly, Alaska would like to lease Exclusive Use Premises to operate an Airline Club for its passengers and patrons.

The Authority Staff and Alaska have agreed, subject to Board approval, to the following principal terms:

Term	10 years (January 1, 2024 through December 31, 2033).
Premises	Approximately 5,456 square feet ("sq.ft.").
Consideration	The consideration mirrors Delta and United's Airline Club leases. It is composed of Base Rent and Additional Rent: **Base Rent:** The multiplication of the Terminal Rental Rate by the square footage of the leasehold yields the Base Rent. • For Fiscal Year 2024, the Terminal Rental Rate for signatory carriers is $292.56 per square foot per year. The Base Rent revenue from this lease for the six-month period of January 2024 – June 2024 will thus be $798,103.68. • For Fiscal Year 2025, the projected (conceptual) Terminal Rental Rate for signatory carriers is $293.57. The projected Base Rent revenue from this lease for the twelve-month period of July 2024 – June 2025 will thus be $1,601,717.92.

	• (These projections assume that Alaska will operate the Airline Club as is without the need for several months' grace period to perform tenant improvements at the start of the lease. This assumption is subject to change.) **Additional Rent:** Additional Rent is percentage rent calculated as fifteen percent (15%) of the Gross Receipts from the sale of alcoholic beverages and twelve percent (12%) of the Gross Receipts from the sale of food, non-alcoholic beverages, daily access fees and any other miscellaneous charges to Lessee's customers or other users of the Leased Premises. Club membership fees are not subject to Additional Rent. Additional Rent shall not be assessed on the first two thousand dollars ($2,000) of Gross Receipts that Lessee receives each month. • Since Club membership fees are not subject to Additional Rent and since Additional Rent will not be assessed on the first $2,000 of Gross Receipts, the Additional Rent from Alaska's Airline Club lease will likely be *de minimis*.
Mid-Term Refurbishment	No later than the 7th year of the lease, Alaska shall refurbish its Airline Club. Mid-Term Refurbishment will not be required if, prior to that date, Alaska exercises its right of first refusal for the adjacent vacant space and refurbishes or reconstructs the resulting expanded Club.
Security Deposit	Equal to three (3) months' estimated rents and fees.

Airline Clubs Are Exempt from Policy 6.1

As detailed above, Airline Clubs are defined in the AOLA as the Exclusive Use Premises used by Airlines to provide services to its passengers.

Policy 6.01(1)(b) provides that the Authority shall grant leases of real property on a competitive basis to the tenant that in the opinion of the Authority: (1) proposes a development or utilization that fulfills Authority land use and development criteria for the property; (2) demonstrates an economically feasible program that will produce a market value rental return to the Authority over the term of the lease; and (3) possesses the financial capacity and managerial ability to develop and maintain the property at its highest and best use over the term of the lease. The current AOLA for all airlines operating at the airport includes rent provisions for airline clubs. The AOLA specifically includes airline clubs in the definition of Exclusive Use Premises. Instead of amending the AOLA to address the unique issues related to a long-term lease for airline clubs, staff recommends that a separate lease be executed for the airline club space that incorporates the Exclusive Use Premises rent in the AOLA along with, among other things, percentage rent provisions and mid-term refurbishment provisions. Because the proposed airline club lease is for the exclusive use of the airlines, staff recommends that the Board make a finding that a competitive process to grant the lease is not required.

Fiscal Impact:

The proposed lease between the Authority and Alaska Airlines for an Airline Lounge was not included in the Fiscal 2024 and 2025 revenue budgets. This new lease will generate revenue of approximately $798,103.68 during Fiscal Year 2024 and $1,601,717.92 during Fiscal Year 2025 within the Building Rentals line item. This positive impact will be offset by a reduction in concessions revenue of $451,000 in Fiscal 2024 and $930,000 in Fiscal 2025 due to the termination of the Swissport Lounge Lease. Overall, this new lease agreement has a positive 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 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:

Paul Anderson
Asset Manager

RESOLUTION NO. 2023-0102

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY AWARDING A LEASE TO ALASKA AIRLINES FOR THE OPERATION OF AN AIRLINE CLUB AND AUTHORIZING THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE THE LEASE

WHEREAS, the Authority and Alaska Airlines, Inc. (“Alaska”) are parties to the Signatory Airline Operating and Lease Agreement that began July 1, 2019 and bears Authority Agreement No. 13089 (the “AOLA”); and

WHEREAS, the AOLA authorizes Alaska to occupy or use certain premises and facilities at San Diego International Airport (the “Airport”), and to acquire from the Authority certain rights and privileges in connection with its use of the Airport; and

WHEREAS, the AOLA defines Exclusive Use Premises as the areas “used exclusively by Airline, including, but not limited to (a) certain Ticket Counters, free-standing self-service kiosks, skycap podiums, curbside positions; and (b) certain ticket offices and baggage service offices, Airline Clubs and operational support areas”; and

WHEREAS, the AOLA defines how rent for Exclusive Use Premises, which includes Airline Clubs, is determined; and

WHEREAS, Delta Air Lines, Inc. (“Delta”) and United Airlines, Inc. (“United”) each operates an Airline Club, defined by the AOLA as “those Exclusive Use Premises used by Airline to provide services to its passengers” under separate leases with the Authority; and

WHEREAS, Alaska wishes to lease Exclusive Use Premises to operate an airline club for its passengers similar to that of Delta and United; and

WHEREAS, the current AOLA for all airlines operating at the Airport includes rent provisions for Airline Clubs and specifically includes Airline Clubs in the definition of Exclusive Use Premises; and

WHEREAS, the Board finds that the requirement in Policy 6.01 that leases be granted on a competitive basis does not apply to Airline Club leases for airlines with an AOLA where the rent will be based on the Exclusive Use Premises rent included in the AOLA; and

WHEREAS, the Board finds it in the best interest of the Authority to enter into a separate lease with Alaska for their Airline Club (instead of amending the AOLA) to address the unique issues related to Airline Club leases.

NOW THEREFORE BE IT RESOLVED, the Board awards a ten (10)-year lease to Alaska Airlines to operate an Airline Club; and

BE IT FURTHER RESOLVED that the Board finds that the requirement in Policy 6.01 that leases be granted on a competitive basis does not apply to Airline Club leases with airlines that have an AOLA where the rent will be based on the Exclusive Use Premises rent included in the AOLA; and

BE IT FURTHER RESOLVED that the Board authorizes the President/CEO to negotiate and execute a lease with Alaska Airlines to operate an Airline Club that incorporates the Exclusive Use Premises rent in the AOLA along with, among other things, percentage rent provisions and mid-term refurbishment provisions; 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 7th day of December, 2023, 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 16

Alaska Lounge Lease

Award a Lease to Alaska Airlines for the Operation of an Airline Club for a Term of 10 Years

Paul Anderson
Asset Manager, Airline Relations

December 7, 2023

Airline Operating and Lease Agreement and Airline Club Leases

AOLA

- Airline Operating and Lease Agreement authorizes airlines to use and lease premises at SAN
- AOLA permits carriers to lease Exclusive Use Space, which includes space for Airline Clubs (lounges)
- AOLA defines method for setting rental rate for Exclusive Use Premises, including Airline Clubs
- AOLA defines Airline Club as “those Exclusive Use Premises used by Airline to provide services to its passengers”

Airline Club Leases

- Exclusive Use Space for Airline Club is leased through agreement separate from AOLA
  - Standalone agreement facilitates inclusion of provisions unique to Airline Club operations and tenant improvements, but is tied to AOLA rental rate

Current Airline Clubs

- Delta and United

SAN DIEGO INTERNATIONAL AIRPORT
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Policy 6.01

- Policy 6.01(1)(b) requires Authority to grant leases of real property on a competitive basis

- Airline Clubs are exempt from Policy 6.01(1)(b) because:
  - Current AOLA for all airlines operating at Airport includes rent provisions for Airline Clubs.
  - AOLA specifically includes Airline Clubs in the definition of Exclusive Use Premises
  - AOLA permits airlines to lease Exclusive Use Space for Clubs

Proposed Alaska Club Lease

- 10 years (target start: January 1, 2024)
- 5,456 square feet
- Rent
  - Base Rent per sq. ft. +
  - Additional Rent: 15% of gross receipts from sale of alcoholic beverages and 12% of gross receipts from sale of food, non-alcoholic beverages, daily Club access fees
- Anticipated rent for first 12 months: $1.6M
- Mid-Term Refurbishment: no later than 7th year
- Security Deposit: 3 months estimated rents and fees

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Requested Board Action

Authorize the President/CEO to negotiate and execute a lease with Alaska Airlines to operate an Airline Club that incorporates the Exclusive Use Premises rent in the AOLA along with, among other things, percentage rent provisions and mid-term refurbishment provisions.

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Questions?

SAN DIEGO
INTERNATIONAL AIRPORT
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SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

Board Communication

Date: December 7, 2023

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

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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.

The attached reports are being presented to comply with the requirements of Policy 3.30.

SAN DIEGO INTERNATIONAL AIRPORT
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TRAVEL EXPENSE REIMBURSEMENT

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:** **11/13/2023**

Name: **Gil Cabrera** **Dept:** **2 - Board Services**
Departure Date: 10/27/2023 **Return Date:** 11/2/2023 **Report Due:** 12/2/23
Destination: Seoul, Korea
Business Purpose: San Diego EDC World Trade Mission

Expense items not included in Per Diem	**Authority Prepaid Expenses**	**Employee Paid Expenses**							**TOTAL**
		10/27/23 Friday	10/28/23 Saturday	10/29/23 Sunday	10/30/23 Monday	10/31/23 Tuesday	11/1/23 Wednesday	11/2/23 Thursday	
Air Fare, Railroad, Bus	5,298.65								-
Conference Fees	3,563.45								-
Rental Car									-
Gas									-
Parking & Tolls									-
Mileage - Attach mileage form									-
Taxi / TNC / Shuttle Fare		45.75						48.30	94.05
Lodging			210.40	210.40	210.40	210.40	210.40		1,052.00
Telephone, Internet and Fax		29.53						22.30	51.83
Laundry									-
Miscellaneous:									-
									-
	$ 8,862.10								**$1,197.88**

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	10/27/23 Friday	10/28/23 Saturday	10/29/23 Sunday	10/30/23 Monday	10/31/23 Tuesday	11/1/23 Wednesday	11/2/23 Thursday	
Breakfast	$19.00	19.00							19.00
Lunch	$31.00	31.00	-	31.00				31.00	93.00
Dinner	$50.00	50.00	50.00	50.00	-				150.00
Incidentals	$25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	175.00
Total M&IE	$125.00	125.00	75.00	106.00	25.00				437.00
Approved Meal Exception Above Per Diem Rate[1]									-
Total Meal and Incidental Expenses		$ 125.00	$ 75.00	$ 106.00	$ 25.00	$ -	$ -	$ -	**437.00**

Explanation: Substantiation for exception should be attached

Meals were covered with exception of 10/27 (day of travel), dinner on 10/28, lunch and dinner on 10/29, and lunch and dinner on 11/2.

Trip Grand Total	**10,496.98**
Less Cash Advance (Attach copy of Authority check)	
Less Expenses Prepaid by Authority	8,862.10
Due Traveler - if positive amount, prepare check request	
Due Authority - if negative, attach check payable to SDCRAA	**$1,634.88**

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 certfiies, 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: Arely Valenzuela   Ext.: 2557

Traveler's Signature: ______   Date: Nov 16, 2023

Administator's Signature: ______   Date: ______

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: ______

Created 8/16/2023 9:52 AM PDT

TRAVELTRUST

Traveltrust
374 North Coast Highway 101
Encinitas, CA 92024
760-635-1700

For a single calendar entry click here

Travel Itinerary

Passenger Names

CABRERA/GUILLERMO - 02

Traveltrust Business Hours are Monday-Friday 5am -5pm Pacific

Agency Reference Number: JPNCMZ

CHECK IN FOR FLIGHT 24 HOURS PRIOR TO DEPARTURE

Please review your itinerary and report any discrepancies to Traveltrust within 24hrs of receipt

Please verify with our Sherpa website for travel requirements that may be needed/required for your trip

Please click here: < a href = " https://apply joinsherpa com/travel-restrictions?affiliateId=americanairlines&language=en-US"> https://apply joinsherpa com/travel-restrictions?affiliateId=americanairlines&language=en-US

Air Canada - Flight Number 8763 — Confirmation: 2YTOCI

Departure: Fri, 10/27/2023 7:25 AM
Departure City: San Diego, CA (SAN)
Departing Terminal: TERMINAL 2
Status: Confirmed

Arrival: Fri, 10/27/2023 10:29 AM
Arrival City: Vancouver, BC, Canada (YVR)
Arrival Terminal: MAIN TERMINAL
Class of Service: Z - BUSINESS

Equipment: CR9
Meal: Breakfast
Travel Time: 3 hour(s) 4 minute(s)
Add flight to Calendar
Baggage Info
Operating Carrier Baggage Info
Weather
CHECK IN

Operated By AIR CANADA EXPRESS - JAZZ
Seat Assignments: CABRERA/GUILLERMO - 04D
AISLE SEAT CONFIRMED
FREQUENT FLYER NUMBER [redacted]

Air Canada - Flight Number 0063 — Confirmation: 2YTOCI

Departure: Fri, 10/27/2023 1:00 PM
Departure City: Vancouver, BC, Canada (YVR)
Departing Terminal: MAIN TERMINAL
Status: Confirmed

Arrival: Sat, 10/28/2023 4:25 PM
Arrival City: Seoul Incheon International (ICN)
Arrival Terminal: TERMINAL 1
Class of Service: Z - BUSINESS

Equipment: 789
Meal: Meals
Travel Time: 11 hour(s) 25 minute(s)
Add flight to Calendar
Baggage Info
Weather
CHECK IN

Seat Assignments: CABRERA/GUILLERMO - 06A
AISLE SEAT CONFIRMED
FREQUENT FLYER NUMBER [redacted]

Air Canada - Flight Number 0064 — Confirmation: 2YTOCI

Departure: Thu, 11/2/2023 5:45 PM
Departure City: Seoul Incheon International (ICN)
Departing Terminal: TERMINAL 1
Status: Confirmed

Arrival: Thu, 11/2/2023 11:30 AM
Arrival City: Vancouver, BC, Canada (YVR)
Arrival Terminal: MAIN TERMINAL
Class of Service: P - BUSINESS

Equipment: 789
Meal: Meals
Travel Time: 9 hour(s) 45 minute(s)
Add flight to Calendar
Baggage Info
Weather
CHECK IN

Seat Assignments: CABRERA/GUILLERMO - 03A
AISLE SEAT CONFIRMED
FREQUENT FLYER NUMBER [redacted]

Created 11/2/2023 10:41 AM PDT

Traveltrust
374 North Coast Highway 101
Encinitas, CA 92024
760-635-1700

For a single calendar entry click here

Travel Itinerary

Passenger Names

CABRERA/GUILLERMO - 02

Traveltrust Business Hours are Monday-Friday 5am -5pm Pacific

Agency Reference Number: JPNCMZ
CHECK IN FOR FLIGHT 24 HOURS PRIOR TO DEPARTURE

Please review your itinerary and report any discrepancies to Traveltrust within 24hrs of receipt

Please verify with our Sherpa website for travel requirements that may be needed/required for your trip

Please click here: < a href = " https://apply joinsherpa com/travel-restrictions?affiliateId=americanairlines&language=en-US"> https://apply joinsherpa com/travel-restrictions?affiliateId=americanairlines&language=en-US

Air Canada - Flight Number 0064

Confirmation: 2YTOCI

Departure: Thu, 11/2/2023 5:45 PM
Departure City: Seoul Incheon International (ICN)
Departing Terminal: TERMINAL 1
Status: Confirmed

Arrival: Thu, 11/2/2023 11:30 AM
Arrival City: Vancouver, BC, Canada (YVR)
Arrival Terminal: MAIN TERMINAL
Class of Service: P - BUSINESS

Equipment: 789
Meal: Meals
Travel Time: 9 hour(s) 45 minute(s)
Add flight to Calendar
Baggage Info
Weather

Seat Assignments: CABRERA/GUILLERMO - 03A
AISLE SEAT CONFIRMED
FREQUENT FLYER NUMBER [redacted]

Air Canada - Flight Number 8766

Confirmation: 2YTOCI

Departure: Thu, 11/2/2023 1:30 PM
Departure City: Vancouver, BC, Canada (YVR)
Departing Terminal: MAIN TERMINAL
Status: Confirmed

Arrival: Thu, 11/2/2023 4:27 PM
Arrival City: San Diego, CA (SAN)
Arrival Terminal: TERMINAL 2
Class of Service: P - BUSINESS

Equipment: CR9
Meal: Meals
Travel Time: 2 hour(s) 57 minute(s)
Add flight to Calendar
Baggage Info
Operating Carrier Baggage Info
Weather

Operated By AIR CANADA EXPRESS - JAZZ
Seat Assignments: CABRERA/GUILLERMO - 02A
AISLE SEAT CONFIRMED
FREQUENT FLYER NUMBER [redacted]

Other

Date: Wed, 04/10/2024
City: Los Angeles Airport, CA

CCRA HOLD

Invoice Detail

Name: CABRERA/GUILLERMO
Air Canada Ticket: 0147988753972 **Issue Date:** 08/16/2023 **Amount:** $5,213.65
Invoice Number: 7030498
Service Fee: 8900853966419 **Issue Date:** 08/16/2023 **Amount:** $40.00
Service Fee: 8900857811610 **Issue Date:** 11/2/2023 **Amount:** $45.00
Total Fare: USD $5,298.65

Your total has been charged to American Express ending In [redacted] eventbrite

Order #7440566679

San Diego to Korea Trade Mission

EDC Investor rate $3,563.45

InterContinental Seoul COEX, 524 Bongeunsa-ro, Gangnam-gu 06164, South Korea

Eventbrite Completed

Order Information	Name
Order #7440566679. Ordered by Arely Valenzuela on August 15, 2023 2:43 PM	GILBERTO CABRERA

744056667912183481859001

Event Information:

On behalf of World Trade Center San Diego, thank you for registering for the San Diego to Seoul trade mission.

For any additional questions please contact Caroline Murray, cm@sandiegobusiness.org.

WORLD TRADE CENTER®
SAN DIEGO

SAN DIEGO to SEOUL: Korea Trade Mission

October 27 – November 2, 2023

WHY: Korea is a dynamic and innovative country, which promises to be a force in the global economy throughout this century. With complementary skillsets to San Diego in the life sciences and clean energy technology, regional leaders from San Diego believe Korea to be a natural partner moving forward. This trade mission will focus on building institutional relationships and stimulating increased economic activity between the San Diego/Tijuana binational region and Seoul metropolitan area.

THEMES: Biotech/Biomanufacturing; Clean Energy; Semiconductor & Microelectronics

OUTCOMES:

- Transactional: 2-3 announcements (expansions/joint ventures/partnerships)
- Best Practices: 2 – 3 learning experiences for delegation
- Promotional: 2 public receptions/events that communicate San Diego's innovation story

This targeted, cross-sectoral delegation will be comprised of 30 of the region's senior officials, executives, academic and civic leadership.

PROSPECTIVE DELEGATES

1. **Mayor Todd Gloria**
   - *City of San Diego*
2. **Congressman Scott Peters**
   - *United States House of Representatives (CA-50)*
3. **Supervisor Nora Vargas**
   - *San Diego County Supervisor (District 1)*
4. **Port of San Diego**
   - *Rafael Castellanos, Chair*
   - *Dan Malcolm, Commissioner*
   - *Frank Urtasun, Commissioner*
5. **San Diego County Regional Airport Authority**
   - *Gil Cabrera, Board Chair*
   - *Kimberly Becker, CEO*
6. **San Diego Regional Economic Development Corporation**
   - *Mark Cafferty, President & CEO*
   - *Lisette Islas, Vice Chair*
7. **World Trade Center San Diego**
   - *Nikia Clarke, Executive Director*
8. **Imperial Valley Economic Development Corporation**
   - *Tim Kelley, President & CEO*
9. **Tijuana Economic Development Corporation**
   - *Cristina Hermosillo, President*
10. **Biocom**
    - *Joe Panetta, President & CEO*
11. **City of San Diego**
    - *Christina Bibler, Director, Economic Development Department*
12. **University of California, San Diego**
    - *Al Pisano, Dean, Jacobs School of Engineering*
    - *Miwako Waga, Senior Director of International Outreach*
    - *Paul Roben, AVC Innovation and Commercialization*
13. **San Diego State University**
    - *Hala Madanat, VP of Research and Innovation*
14. **Qualcomm**
    - *Monique Rodriguez, VP Government Affairs*
15. **Illumina**
    - *Rob McBride, GM Asia*
16. **ASML**
    - *Karen Reinhardt, CHRO US*
17. **Cubic Corporation**
    - *Dan Hedstrom, VP and Chief Information Officer*
18. **Mitsubishi Electric**
    - *Zafer Sahinoglu, General Manager, MELIC Ventures*
19. **General Atomics**
    - *Anantha Krishnan, SVP Energy Group*
20. **Controlled Thermal Resources**
    - *Tracy Sizemore, Global Director, Battery Materials*
21. **American Lithium Energy**
    - *Jiang Fan, President*
22. **South 8 Technologies**
    - *Cyrus Rustomji, CEO*
23. **General Dynamics NASSCO**
    - *Brett Hershman, Director Government Affairs*
24. **Alexandria Real Estate & Equities**
    - *Dan Ryan, Co-Chief Investment Officer*
25. **Gafcon**
    - *Yehudi Gaffen, Founder & Chairman of the Board*
26. **IQHQ**
    - *Steve Rosetta, Chief Investment Officer*
27. **HomeFed Corporation**
    - *Halé Richardson, VP*
28. **Dexcom**
    - *Jake Leach, COO*
29. **Insulet**
    - *Mark Field, Group Vice President*
30. **Nano PharmaSolutions**
    - *Kay Olmstead, Founder & CEO*
31. **Townshend Venture Advisors**
    - *Peter Townshend, Managing Partner*
32. **Tioga Research**
    - *John Newsam, CEO*
33. **Scientist.com**
    - *Dan Kagan, COO*
34. Additional Small Company Slots

WORLD TRADE CENTER®
SAN DIEGO

AGENDA - Trade Mission Modules (tentative)

Friday (10/27) – Saturday (10/28)
Depart: Friday, October 27 (DELTA)
- SAN 7:05am – SEA 10:20am
- SEA 11:30am – ICN 4:05pm+1

Sunday (10/29) – Suwon
Meeting with Governor of Gyeonggi Province
Delegate Welcome Mixer Intercontinental COEX Sky Lounge

Monday (10/30) – Seoul
Delegation Briefing with US Embassy officials
Invest in San Diego Luncheon
- Panel Discussion – Mayor Todd Gloria, Supervisor Nora Vargas, IV EDC, TJ EDC
- FDI presentations
  - SDSU Innovation District
  - Life sciences development
  - Downtown tech development
- Lunch/Networking

Cultural Experience #1: National Assembly Tour at Yeouido
Operating Your Business in Korea Meeting with the American Chamber of Commerce in Korea at Illumina's Seoul office
Dinner Han River Cruise

Tuesday (10/31) – Incheon
Discovery to Development with Samsung Bioepis
- Songdo Bio Cluster tour; Presentation and partnering at one of Korea's premier life sciences hubs

Lunch w/ Incheon VIPs Gyeongbokgung restaurant
Port of Incheon meeting & tour Land use, maritime operations, green initiatives
Incheon Techno Park (ITC)
Internal Dinner Pilgyeong in Gangnam, Seoul

Wednesday (11/1) – Suwon/Seoul
Korean Air Direct flight discussions with SAN
Geolit partnership with SDSU lithium extraction and research in Imperial Valley
Nano PharmaSolutions investment from Poryong and potential announcement
LG Energy Solutions – Expanding the collaboration with UC San Diego on solid-state battery tech
Impacts of Industrial Policy on the Semiconductor Industry with Qualcomm/Samsung
Pangyo Techno Valley tour and meetings w/ Koreabio
San Diego in Seoul – Trade Mission Reception at the U.S. Ambassador's Residence

Thursday (11/2)
Cultural Experience #2: Gyeongbokgung Palace tour
Return: Thursday, November 2 (DELTA)
- ICN 8:05pm – SEA 2:05pm
- SEA 3:50pm – SAN 6:38pm

Subject: Your Friday morning trip with Uber
Date: Friday, October 27, 2023 at 6:43:19 AM Pacific Daylight Time
From: Uber Receipts
To: Gil Cabrera

Uber

Total **$45.75**
October 27, 2023

Thanks for tipping, Gil

Here's your updated Friday morning ride receipt.

Total	$45.75

You earned $2.29 Uber Cash with Uber One

Trip fare	$37.59
Subtotal	$37.59
CA Driver Benefits	$0.54
Tips	$7.62

Subject: Here's Your Air Canada Receipt - Order #392863530DUAC
Date: Friday, October 27, 2023 at 1:43:04 PM Pacific Daylight Time
From: Wi-Fi Onboard
To: Gil Cabrera

Web browser

WiFi ONBOARD | AIR CANADA

Thanks for your purchase!

You can view your purchase history at any time by visiting My Account.

Customer: Gil Cabrera
Email Address: [redacted]
Order: 392863530DUAC
Date: 10/27/23, 1:42:57 PM GMT-07:00

Purchase Summary

Ultimate All-Day Pass	$39.00 CAD
Tax	$1.95 CAD
Payment type: VISA **[redacted]	
Total paid	**$40.95 CAD**
	$29.53 US (see attached currency table)

My Account | Contact Us | Passes & Products

Historical rate tables

Build historic rate tables with your chosen base currency with XE Currency Tables. For commercial purposes, get an automated currency feed through the XE Currency Data API.

Select currency & date

Currency

CAD – Canadian Dollar

Date

2023-10-27

Confirm

OR

Learn about our API

Currency Table: CAD — Canadian Dollar

CURRENCY	NAME	UNITS PER CAD
USD	US Dollar	0.72107285975465
EUR	Euro	0.68082825277843
GBP	British Pound	0.59355552294564
INR	Indian Rupee	60.0519654086656
AUD	Australian Dollar	1.13550803398503
CAD	Canadian Dollar	1

Live Currency Rates

Currency	Rate	Change
EUR / USD	1.07038	▼
GBP / EUR	1.14680	▲
USD / JPY	151.621	▲

InterContinental Seoul COEX
524 Bongeunsa-ro, Gangnam-gu, Seoul, Korea 06164
Tel: (82-2)3452-2500 Fax: (82-2)3430-8000
iccoex@parnas.co.kr www.iccoex.com

Room Number	객실번호	2476
Persons	인원 수	1
Page No.	페이지	1 of 1
Arrival Date	도착일	10-28-23
Departure Date	출발일	11-02-23
Cashier	출납원	FDYHBAN / 181
Room Rate	객실료	235000

Name : Guillermo Cabrera

IHG One Rewards No : 865692607

AG9
INFORMATION INVOICE

120-85-14498
서울 강남구 봉은사로 524 파르나스호텔(주) 여 인 창

Date 일 자	Descriptions 내용	Amount 금액		Credit 결제
10-28-23	Samsung AMEX - Manual			1,421,750
10-28-23	Room Charge - Accommodation	235,000		
10-28-23	SVC Charge	23,500	284,350	
10-28-23	Room VAT	25,850		
10-29-23	Room Charge - Accommodation	235,000		
10-29-23	SVC Charge	23,500	284,350	
10-29-23	Room VAT	25,850		
10-30-23	Room Charge - Accommodation	235,000		
10-30-23	SVC Charge	23,500	284,350	
10-30-23	Room VAT	25,850		
10-31-23	Room Charge - Accommodation	235,000		
10-31-23	SVC Charge	23,500	284,350	
10-31-23	Room VAT	25,850		
11-01-23	Room Charge - Accommodation	235,000		
11-01-23	SVC Charge	23,500	284,350	
11-01-23	Room VAT	25,850		

Balance 0 KRW TOTAL 0

Company Taekwondo Road Tou Street

10/28/23	Coex Intercontinental Seoul LODGING	SEOUL	1,421,750 South Korean Wons	$1,052.00 ♦

$210.40 Daily Rate

영 수 증(보관용)

결제기번호 : 180771066 (0000)-(6022/4112)
상　　호 : 개인택시
사업자번호 : 2063175520 (00941731945)
대 표 자 : 김여택
차량 번호 : 서울32사5555
전화 번호 : 010-7287-4587
거래 일시 : 2023-11-02 15:24
승하차시간 : 14:13 - 15:23 / 69.11 Km
승차/추가요금 : 58,600원 / 0원
통행 요금 : 6,600원

결제요금: 65,200원

카드 번호 : 4246-31**-****-6508
승인 번호 : 0002590G / 해외VISA카드

------------ 서 ------------ 명 ------------

**See transaction details below

------------ 이용해 주셔서 감사합니다. ------------

영수증, 전표처리 필요없는 업무교통비 결제앱!
티머니 비즈페이 (bizpay.tmoney.co.kr 1644-1109)

Transaction details

$48.30
Sale

Nov 2, 2023
Transaction date

Nov 6, 2023
Posted date

T-MONEY PRIVATELY OWNED T
SEOUL,

Description	T-MONEY PRIVATELY OWNED T
Also known as	T-MONEY PRIVATELY OWNED T
Merchant type	Taxicabs and limousines
Method	In person
Card number	(..[redacted]
Category	Travel
Memo	Type here and press enter to save

200 of 200 characters remaining.

Report a problem ›

Subject: Here's Your Air Canada Receipt - Order #393069290DSAC
Date: Thursday, November 2, 2023 at 10:52:03 AM Pacific Daylight Time
From: Wi-Fi Onboard
To: Gil Cabrera

Web browser

WiFi ONBOARD | AIR CANADA

Thanks for your purchase!

You can view your purchase history at any time by visiting My Account.

Customer: Gil Cabrera
Email Address: [redacted]
Order: 393069290DSAC
Date: 11/3/23, 9:51:34 AM GMT

Purchase Summary

Streaming All-Day Pass	$30.75 CAD

Payment type: ***

Total paid **$30.75 CAD** **$22.30 US (see attached currency table)**

My Account | Contact Us | Passes & Products

Historical rate tables

Build historic rate tables with your chosen base currency with XE Currency Tables. For commercial purposes, get an automated currency feed through the XE Currency Data API.

Select currency & date

Currency

CAD – Canadian Dollar

Date

2023-11-02

Confirm

OR

Learn about our API

Currency Table: CAD — Canadian Dollar

CURRENCY	NAME	UNITS PER CAD
USD	US Dollar	0.7252243468745
EUR	Euro	0.68295645408492
GBP	British Pound	0.59574708408841
INR	Indian Rupee	60.374659165722
AUD	Australian Dollar	1.12929667569914
CAD	Canadian Dollar	1

Live Currency Rates

Currency	Rate	Change
EUR / USD	1.08477	▼
GBP / EUR	1.14468	▼
USD / JPY	150.604	▲

Foreign Per Diem Rates In U.S. Dollars
DSSR 925

Country: Korea, South
Publication Date: 11/01/2023

Country Name	Post Name	Season Begin	Season End	Maximum Lodging Rate	M & IE Rate	Maximum Per Diem Rate	Footnote	Effective Date
Korea, South	Busan	01/01	12/31	233	127	360	N/A	05/01/2023
Korea, South	Changwon	01/01	12/31	107	61	168	N/A	05/01/2023
Korea, South	Cheju	01/01	12/31	225	94	319	N/A	05/01/2023
Korea, South	Chinju	01/01	12/31	77	59	136	N/A	05/01/2023
Korea, South	Chongju	01/01	12/31	63	47	110	N/A	05/01/2023
Korea, South	Chonju	01/01	12/31	133	64	197	N/A	05/01/2023
Korea, South	Chung Ju	01/01	12/31	76	53	129	N/A	05/01/2023
Korea, South	Incheon	01/01	12/31	138	83	221	N/A	05/01/2023
Korea, South	Kimhae	01/01	12/31	59	60	119	N/A	05/01/2023
Korea, South	Kumi	01/01	12/31	94	68	162	N/A	05/01/2023
Korea, South	Kwangju	01/01	12/31	138	121	259	N/A	05/01/2023
Korea, South	Kyongju	01/01	12/31	122	82	204	N/A	05/01/2023
Korea, South	Masan	01/01	12/31	55	66	121	N/A	05/01/2023
Korea, South	Other	01/01	12/31	67	45	112	N/A	05/01/2023
Korea, South	Pyeongchang	01/01	12/31	179	77	256	N/A	05/01/2023
Korea, South	Pyongtaek	01/01	12/31	71	54	125	N/A	05/01/2023

Korea, South	Seoul	01/01	12/31	230	125	355	View	05/01/2023
Korea, South	Sokcho	01/01	12/31	101	76	177	N/A	05/01/2023
Korea, South	Taegu	01/01	12/31	122	113	235	N/A	05/01/2023
Korea, South	Taejon	01/01	12/31	104	68	172	N/A	05/01/2023
Korea, South	Uijongbu	01/01	12/31	67	45	112	N/A	05/01/2023
Korea, South	Ulsan	01/01	12/31	163	88	251	N/A	05/01/2023

Per Diem Rates
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Office of Allowances

Appendix B
Chapter 301-Federal Travel Regulation
Allocation of M&IE Rates to Be Used in Making Deductions from the M&IE Allowance

M&IE rates for the localities in nonforeign areas (prescribed in Civilian Personnel Per Diem Bulletins published periodically in the Federal Register by the Secretary of Defense) and for localities in foreign areas (established by the Secretary of State in Section 925, a per diem supplement to the Standardized Regulations Government Civilians, Foreign Areas) shall be allocated as shown in this table (Section 301-11.18) when making deductions from nonforeign or foreign area per diem rates.

M &IE Rate	Breakfast	Lunch	Dinner	Incidentals
$1	0	0	0	1
$2	0	0	1	1
$3	0	1	1	1
$4	1	1	1	1
$5	1	1	2	1
$6	1	2	2	1
$7	1	2	3	1
$8	1	2	3	2
$9	1	2	4	2
$10	2	2	4	2
$11	2	3	4	2
$12	2	3	5	2
$13	2	3	5	3
$14	2	4	5	3
$15	2	4	6	3
$16	2	4	7	3
$17	3	4	7	3
$18	3	5	7	3
$19	3	5	8	3
$20	3	5	8	4
$21	3	5	9	4
$22	3	6	9	4
$23	3	6	9	5
$24	4	6	9	5

$105	16	26	42	21
$106	16	27	42	21
$107	16	27	43	21
$108	16	27	43	22
$109	16	27	44	22
$110	17	27	44	22
$111	17	28	44	22
$112	17	28	45	22
$113	17	28	45	23
$114	17	29	45	23
$115	17	29	46	23
$116	17	29	47	23
$117	18	29	47	23
$118	18	30	47	23
$119	18	30	48	23
$120	18	30	48	24
$121	18	30	49	24
$122	18	31	49	24
$123	18	31	49	25
$124	19	31	49	25
$125	19	31	50	25
$126	19	32	50	25
$127	19	32	51	25
$128	19	32	51	26
$129	19	32	52	26
$130	20	32	52	26
$131	20	33	52	26
$132	20	33	53	26
$133	20	33	53	27
$134	20	34	53	27
$135	20	34	54	27
$136	20	34	55	27
$137	21	34	55	27
$138	21	35	55	27
$139	21	35	56	27
$140	21	35	56	28
$141	21	35	57	28
$142	21	36	57	28
$143	21	36	57	29
$144	22	36	57	29

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: **Gil Cabrera** Department: **Board Services/2**

Position: ☒ Board Member ☐ President/CEO ☐ General Counsel ☐ Chief Auditor ☐ All Other Authority Employees

DATE OF REQUEST: **8/1/23** DATE OF DEPARTURE/RETURN: **10/27/23 / 11/2/23**

DESTINATION / BUSINESS PURPOSE:

Destination: Seoul, Korea

Business Purpose: San Diego EDC World Trade Mission

PROJECTED OUT-OF-TOWN TRAVEL EXPENSES:

A. Transportation Costs:	
• Airfare ☒ *check box for business class or equivalent (international only)*	$ **2,690**
• Rental Car	$
• Other Transportation *(Taxi, TNC, Train, Bus)*	$ **300**
• Auto *(Gas, Parking/Tolls, Mileage)*	$
B. Lodging (6 Days @ $199)	$ **1,194**
C. Meals and Incidental Expenses *(Per Diem) (6 Days @ $125)*	$ **750**
D. Seminar and Conference Fees	$ **3,600**
E. Entertainment	$
TOTAL PROJECTED TRAVEL EXPENSES	$ **8,534**

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: Gil Cabrera Date: Aug 7, 2023

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: Mary Salas (Aug 7, 2023 22:17 PDT) Date: Aug 7, 2023

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)

RAFAEL PEREZ

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:** **10/26/2023**

Name: **Rafael Perez** **Dept:** **2 - Board Services**
Departure Date: 10/8/2023 **Return Date:** 10/11/2023 **Report Due:** 11/10/23
Destination: Mexico City, MX
Business Purpose: San Diego Regional Chamber of Commerce - 2023 Binational Delegation

Expense items not included in Per Diem	Authority Prepaid Expenses	Employee Paid Expenses							TOTAL
		10/8/23 Sunday	10/9/23 Monday	10/10/23 Tuesday	10/11/23 Wednesday	10/12/23 Thursday	10/13/23 Friday	10/14/23 Saturday	
Air Fare, Railroad, Bus	725.06								-
Conference Fees	1,900.00								-
Rental Car									-
Gas									-
Parking & Tolls									-
Mileage - Attach mileage form									-
Taxi / TNC / Shuttle Fare		27.87	12.41		74.47				114.75
Lodging		485.47	485.48	485.48					1,456.43
Telephone, Internet and Fax									-
Laundry									-
Miscellaneous:									-
									-
	$ 2,625.06								**$1,571.18**

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	10/8/23 Sunday	10/9/23 Monday	10/10/23 Tuesday	10/11/23 Wednesday	10/12/23 Thursday	10/13/23 Friday	10/14/23 Saturday	
Breakfast	$16.00								-
Lunch	$27.00	-	-	-	27.00				27.00
Dinner	$42.00	42.00	42.00	42.00					126.00
Incidentals	$21.00	21.00	21.00	21.00	21.00				84.00
Total M&IE	$106.00	63.00	63.00	63.00	48.00				237.00
Approved Meal Exception Above Per Diem Rate[1]									-
Total Meal and Incidental Expenses		$ 63.00	$ 63.00	$ 63.00	$ 48.00	$ -	$ -	$ -	**237.00**

Explanation: Substantiation for exception should be attached

Breakfast and Lunch was provided by conference

Trip Grand Total	**4,433.24**
Less Cash Advance (Attach copy of Authority check)	
Less Expenses Prepaid by Authority	2,625.06
Due Traveler - if positive amount, prepare check request	
Due Authority - if negative, attach check payable to SDCRAA	**$1,808.18**

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 certfiies, 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: Arely Valenzuela   Ext.: 2557

Traveler's Signature: Date: Oct 26, 2023

Administator's Signature: ______   Date: ______

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 Corporation
374 North Coast Hwy 101
Encinitas, CA 92024
Phone: (760) 635-1700

ADD TO OUTLOOK

Monday, 9OCT 2023 8:30 PM EDT

Passengers: **RAFAEL ALBERTO PEREZ (02)**

Agency Reference Number: NZCHGO

Click here to view your current itinerary or ETicket receipt on-line: tripcase.com

Aeromexico Confirmation HLDONW

Please review your itinerary and report any discrepancies to Traveltrust within 24hrs of receipt

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

AIR	Sunday, 8OCT 2023		
	Aeromexico	**Flight Number**: 0179	Class: N- Coach/Economy
	From: Tijuana BC, Mexico	**Depart**: 12:33 PM	
	To: Mexico City DF, Mexico	**Arrive**: 5:05 PM	
	Stops: Nonstop	Duration: 3 hour(s) 32 minute(s)	
	Seats: 7A	Status: CONFIRMED	Miles: 1429 / 2286 KM
	Equipment: 7M9/AIR	MEAL: REFRSHMNT/COMP - ALCOHOL BEV/COMP	
	ARRIVES MEX TERMINAL 2		
	WINDOW SEAT CONFIRMED		
	Aeromexico Confirmation number is HLDONW		

AIR	Wednesday, 11OCT 2023		
	Aeromexico	**Flight Number**: 0176	Class: T- Coach/Economy
	From: Mexico City DF, Mexico	**Depart**: 11:25 AM	
	To: Tijuana BC, Mexico	**Arrive**: 2:15 PM	
	Stops: Nonstop	Duration: 3 hour(s) 50 minute(s)	
	Seats: 8C	Status: CONFIRMED	Miles: 1429 / 2286 KM
	Equipment: 7M9/AIR	MEAL: REFRSHMNT/COMP - ALCOHOL BEV/COMP	
	DEPARTS MEX TERMINAL 2		
	EXTRA LEG ROOM AISLE - WINDOW NOT AVAILABLE		
	Aeromexico Confirmation number is HLDONW		

FOR EMERGENCY SERVICE FROM MEXICO-001-800-369-7815
MOST COUNTRIES RECOMMEND YOUR PASSPORT BE
VALID FOR AT LEAST 6 MONTHS BEYOND YOUR
TRAVEL DATES. PLEASE CHECK

WWW.TRAVEL.STATE.GOV FOR MORE DETAILS
YOUR INTERNATIONAL TRAVEL MAY REQUIRE VACCINATIONS
PLEASE CHECK WWW.CDC.GOV FOR LATEST REQUIREMENTS

Ticket/Invoice Information

Ticket for: RAFAEL ALBERTO PEREZ
Date issued: 8/17/2023 Invoice Nbr: 7030647
Ticket Nbr: AM7989380577 Electronic Tkt: Yes Amount: 344.16 USD
Base: 241.00 Tax: 103.16
Charged to: AX*************1013

Ticket for: RAFAEL ALBERTO PEREZ
Ticket Nbr: AM8305843675 Electronic Tkt: No
Date issued: 8/17/2023 Amount: 66.60 USD
Base: 60.70 Tax: 5.90
Charged to: AX*************1013

Ticket for: RAFAEL ALBERTO PEREZ
Date issued: 10/9/2023 Invoice Nbr: 7036753
Ticket Nbr: AM8060878680 Electronic Tkt: Yes Amount: 497.26 USD
Exchange for: 1397989380577 Issued: 17AUG23
Total Exchange: 203.10
Charged to: AX*************1013

Ticket for: RAFAEL ALBERTO PEREZ
Ticket Nbr: AM8305948986 Electronic Tkt: No
Date issued: 10/9/2023
Total Exchange: 31.20
Charged to: AX*************1013

Service fee: RAFAEL ALBERTO PEREZ
Date issued: 8/17/2023
Document Nbr: XD0854037122 Amount: 40.00
Charged to: AX*************1013

Service fee: RAFAEL ALBERTO PEREZ
Date issued: 10/9/2023
Document Nbr: XD0856664838 Amount: 40.00
Charged to: AX*************1013

Total Tickets: 645.06
Total Fees: 80.00
Total Amount: 725.06

Click here 24 hours in advance to obtain boarding passes:
AEROMEXICO

Click here to review Baggage policies and guidelines:
AEROMEXICO

TSA Guidance- a government issued photo id is needed for checkin.
Please allow minimum 3 hour check-in for International flights and 2 hours for Domestic.
For Additional security information visit www.tsa.gov.
All coupons related to this ticket must be used in the sequence purchased or you may be subject to a change in airfare per the carrier's discretion.

Thank you for choosing Traveltrust!
Our Business Hours are 5am - 5pm Pacific.

DISCOVER

RAFAEL A PEREZ
Acct. Ending [redacted]
329 24TH ST, SAN DIEGO, CA, 92102-2916
(619)301-5111

Transaction Details

Trans. Date	Description	Amount	Category
09/27/23	FOUR SEASONS CD MEXICO CIUDAD DE MEXMEX 25770.96 @ 00000000.0565144 MXN	**$1,456.43**	Travel/ Entertainment

$485.48 per night

FOUR SEASONS CD MEXICO

No address details to display.

Post Date	Wednesday, September 27, 2023
Transaction Date	Wednesday, September 27, 2023
Currency Conversion Ind	Y
Merchant Category	FOUR SEASONS
Purchase Method	MANUALLY KEYED
Conversion Original Currency	25770.96
Currency Conversion Rate	0.0565144

Thank you for submitting your application.

Once your application is approved, we will process payment on the credit card provided.

Please save the confirmation number for your records. If you do not receive a confirmation email immediately after submitting your application, **please check your junk folder** or let us know at ktran@sdchamber.org so that we can ensure you receive future notifications for the trip.

Your Confirmation Number is:

P2NHLXWCQR3

Add to Calendar

Pending Registration Summary

Take a moment to review your pending registration details.

Rafael Perez

rafael@thehomemap.com

Company

San Diego County Regional Airport Authority

Job Title

Board Member

CC Email Address

avalenzu@san.org

Mobile (for emergencies)

(619) 301-5111

Biography

Rafael Perez is a Realtor and Adjunct Faculty Member with broad community experience and service on several boards and commissions.As a Real Estate Professional, Rafael has over 18 years of experience working with homeowners and home buyers in most corners of San Diego County. Rafael has experience in both finance and as a Realtor. Rafael is also an instructor in the Real Estate Department at Cuyamaca College, where he teaches Real Estate courses in Principles, Practice, Finance and Internship.Rafael has been named two time Realtor of the Year recipient at the Pacific Southwest Association of Realtors (2017, 2020) where he currently serves on the board of Directors. Rafael was also recognized as a 2022 Fair Housing Champion by the National Association of Realtors where he serves on the Fair Housing Policy Committee. Rafael is an active member in the real estate community and has presented around the country as an expert in fair housing and small housing. Mr. Perez has served in board leadership roles for several nonprofits, working on issues ranging from hyper-local to National in scope. Rafael has served on the Executive Board of the

Profile Image/Headshot (upload a .gif, .jpeg, .jpg, or .png file)

RafaelHeadshot.jpg

Sherman Heights Community Center, which services thousands of people in the surrounding communities each year providing programing for youth, Seniors and other populations in need. Rafael has Chaired the facilities committee for two years and has overseen major publicly and privately funded Capital Improvement Projects in this capacity. In 2013-2014, Mr. Perez served as President of the San Diego Chapter of NAHREP (National Association of Hispanic Real Estate Professionals, a trade association with the mission to "advance sustainable homeownership." Under his leadership, NAHREP San Diego emerged as a civic leader in the housing space and partnered with other similar organizations. Rafael has also served several terms on the Board of Directors of the Pacific Southwest Association of Realtors since 2015, as the organization advocated for private property rights and maneuvered providing access to the critical need of housing through the Pandemic. Rafael is also a Board Member at the Casita Coalition where he has advocated for Federal Finance reform and worked with stakeholders to continue to tackle California's housing shortage.Mr. Perez was appointed by San Diego's Mayor to an at-large position on the City's Citizens' Equal Opportunity Commission, which addresses the cities Equal Opportunity program. Through the Commissions advocacy, the City funded the first disparity study in decades and the commission has overseen the implantation of several of the recommendations that were identified as a result of the study. He has served in that role since 2013 and his term will conclude at the end of 2022.Mr.

Perez is a 2004 graduate of San Diego State University.

Agenda

Item	Price
Admission Item Event Registration	$1,900.00

Add Group Member

Modify Registration

Cancel Registration

Full event details

Contact Us

Uber

October 8 2023

Thanks for choosing Uber, Rafael

We hope you enjoyed your ride this evening

Total	MX$490.69
rip fare	MX$450.64
Subtotal	MX$450 64
Booking Fee	MX$40 05

*VAT included

US: $27.06 + $0.81 (foreign fee) = **$27.87**

Payments

Mastercard ••••[redacted] MX$490.69

10/8/23 5:43 PM

A temporary hold of MX$490.69 was placed on your payment method ••••[redacted]. This is not a charge and will be removed. It should disappear from your bank statement shortly.

Visit the trip page for more information including invoices (where available)

You rode with JOSE ANDRES

Black 14 38 kilometers 31 min

5 12 PM Terminal 2 Aeropuerto nternacional de la Ciudad de México (MEX) Col Peñón de los Baños Venustiano Carranza 15620 Ciudad de México

5 43 PM Paseo De la Reforma 500 Col Juarez Cuauhtémoc

Fare does not include fees that may be charged by your bank Please contact your bank directly for inquiries

Uber

October 9 2023

Thanks for giving an extra, Rafael

We hope you enjoyed your ride this evening

Total	MX$216.05
rip fare	MX$184.68
Subtotal	**MX$184 68**
Booking Fee	MX$16 37
Tips	MX$15 00

*VAT included

Payments

[redacted] 10/9/23 5:37 PM	US $11.06 + $0.33 (foreign fee) = **$11.39**	MX$201.05
[redacted] 10/9/23 6:51 PM	US $0.82 + $0.02 (foreign fee) = **$1.02**	MX$15.00

A temporary hold of MX$201.05 was placed on your payment method •••• [redacted]. This is not a charge and will be removed. It should disappear from your bank statement shortly.

Visit the trip page for more information including invoices (where available)

Total US Dollars: $12.41

You rode with Luis Antonio

Black 4 07 kilometers 19 min

5 17 PM Paseo De la Reforma 500 Col Juarez Cuauhtémoc

5 37 PM Calle Campos El seos 361 Polanco Miguel Hidalgo

Fare does not include fees that may be charged by your bank Please contact your bank directly for inquiries

Uber

October 11 2023

Thanks for giving an extra, Rafael

We hope you enjoyed your ride this evening

Total MX$446.85

rip fare	MX$398.40

Subtotal	MX$398 40
Booking Fee	MX$38 45
Tips	MX$10 00

*VAT included

Payments

[redacted]
10/11/23 9:24 AM
US $24.32 + $0.72 (foreign fee) = $25.04 MX$436.85

[redacted]
10/25/23 11:06 AM
US $10.00 + 0.056 (currency) = $10.56 MX$10.00

A temporary hold of MX$436.85 was placed on your payment method •••• [redacted]. This is not a charge and will be removed. It should disappear from your bank statement shortly.

Visit the trip page for more information including invoices (where available)

Total US Dollars: $35.60

You rode with Jorge Alejandro

Black 14 49 kilometers 29 min

8 54 AM Paseo De la Reforma 500 Col Juarez Cuauhtémoc

9 23 AM Terminal 2 Aeropuerto nternacional de la Ciudad de México (MEX) Col Peñón de los Baños Venustiano Carranza

Fare does not include fees that may be charged by your bank Please contact your bank directly for inquiries

Oct 12, 2023	FOREIGN TRANSACTION FEE	Fees & adjustments	$0.72
Oct 11, 2023	UBER* TRIP	Travel	$24.32
Oct 10, 2023	FOREIGN TRANSACTION FEE	Fees & adjustments	$0.02
	FOREIGN TRANSACTION FEE	Fees & adjustments	$0.33
Oct 9, 2023	UBER* TRIP	Travel	$0.82
	UBER* TRIP	Travel	$11.06
	FOREIGN TRANSACTION FEE	Fees & adjustments	$0.81
Oct 8, 2023	UBER* TRIP	Travel	$27.06

Home Currency Tables MXN

Historical rate tables

Build historic rate tables with your chosen base currency with XE Currency Tables. For commercial purposes, get an automated currency feed through the XE Currency Data API.

Select currency & date

Currency

MXN – Mexican Peso

Date

2023-10-11

Confirm

OR

Learn about our API

Currency Table: MXN — Mexican Peso

All figures are mid-market rates, which are not available to consumers and are for informational purposes only.

Oct 11, 2023, 16:00 UTC

CURRENCY	NAME	UNITS PER MXN	MXN PER UNIT
USD	US Dollar	0.056110578947076654	17.821951203590277
EUR	Euro	0.05286596621873467	18.91576133996052
GBP	British Pound	0.04560788369730917	21.92603381110181

AXIA REAL ESTATE GROUP, INC.

Rafael Perez [redacted]

Your ride with Limuel on October 11

1 message

Lyft Receipts <no-reply@lyftmail.com> Wed, Oct 25, 2023 at 10:15 AM
To: rafae [redacted]

lyft

OCTOBER 11, 2023 AT 2 48 PM

Thanks for riding with Limuel!

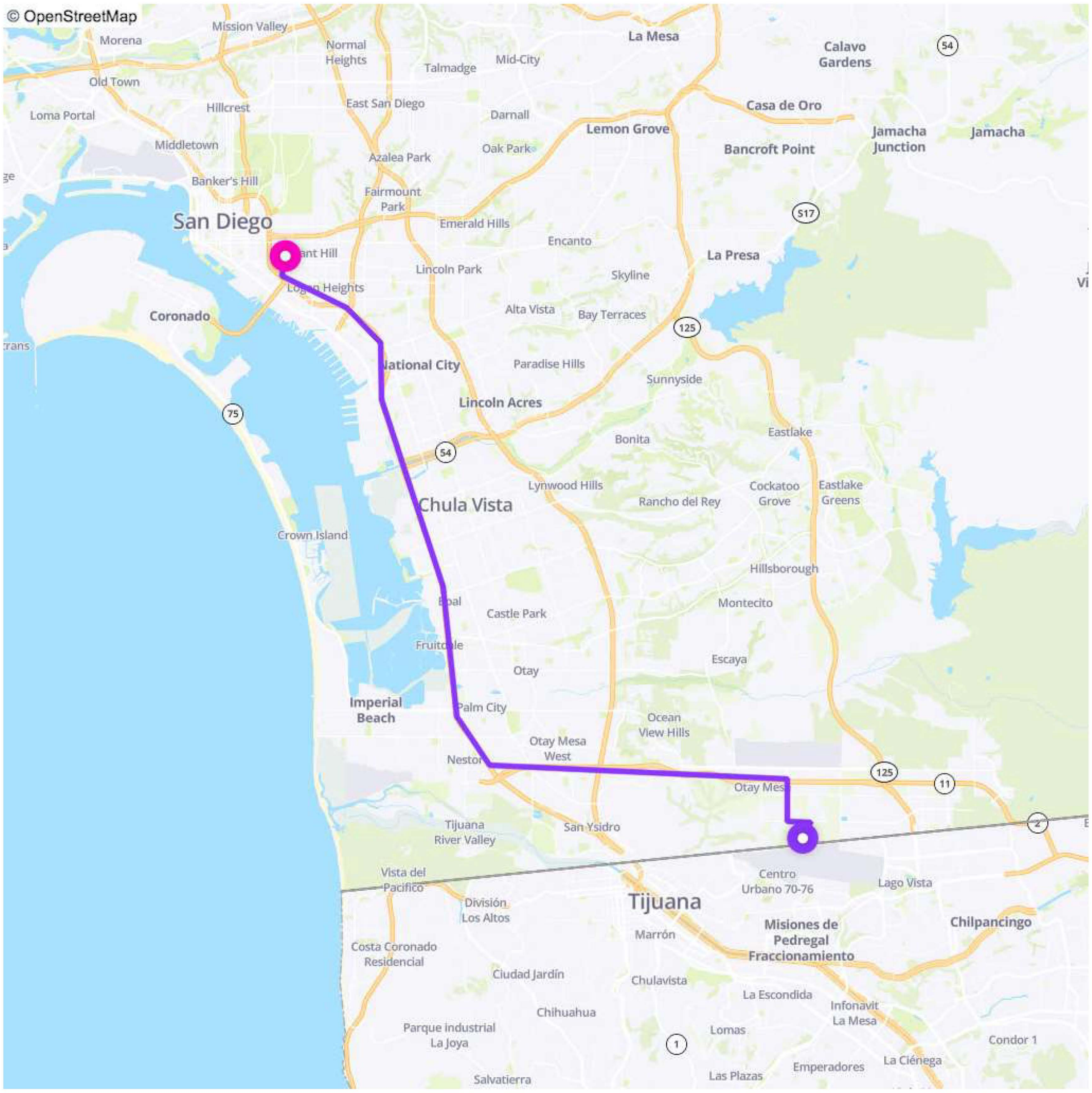
100% of tips go to drivers. Add a tip

Lyft fare (18.80mi, 26m 26s)	$32.54
Service Fee, includes a $0.50 Lyft California Driver Benefits Fee	$4.30
Priority Pickup Upgrade	$2.03

[redacted] **$38.87**

You've already paid for this ride.
Thi total may not match the charge on your account tatement The payment for thi ride might be combined with any other rides you took on October 11, 2023. Keep in mind that the cost of this ride and the total charge may not reflect refunds, credits, or other changes.

The fare above includes any other Fees and Other Charges, as applicable.



- **Pickup** **2:48 PM**
  2745 Otay Pacific Dr, San Diego, CA
- **Drop-off** **3:15 PM**
  [redacted]

Favorite driver

Tip driver

DISCOVER

RAFAEL A PEREZ
Acct. Ending [redacted]
329 24TH ST, SAN DIEGO, CA, 92102-2916
(619)301-5111

Transaction Details

Trans. Date	Description	Amount	Category
09/27/23	FOUR SEASONS CD MEXICO CIUDAD DE MEXMEX 25770.96 @ 00000000.0565144 MXN	**$1,456.43**	Travel/ Entertainment

$485.48 per night

FOUR SEASONS CD MEXICO

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Post Date	Wednesday, September 27, 2023
Transaction Date	Wednesday, September 27, 2023
Currency Conversion Ind	Y
Merchant Category	FOUR SEASONS
Purchase Method	MANUALLY KEYED
Conversion Original Currency	25770.96
Currency Conversion Rate	0.0565144

U.S. DEPARTMENT of STATE
BUREAU of ADMINISTRATION

Foreign Per Diem Rates In U.S. Dollars
DSSR 925

Country: MEXICO
Publication Date: 11/01/2023

Country Name	Post Name	Season Begin	Season End	Maximum Lodging Rate	M & IE Rate	Maximum Per Diem Rate	Footnote	Effective Date
MEXICO	Acapulco	01/01	12/31	283	148	431	N/A	11/01/2023
MEXICO	Campeche	01/01	12/31	106	85	191	N/A	07/01/2014
MEXICO	Cancun	01/01	12/31	242	119	361	N/A	06/01/2014
MEXICO	Chihuahua	01/01	12/31	106	75	181	N/A	12/01/2018
MEXICO	Ciudad Juarez	01/01	12/31	128	99	227	N/A	11/01/2023
MEXICO	Ciudad Victoria	01/01	12/31	96	55	151	N/A	05/01/2004
MEXICO	Colima	01/01	12/31	119	76	195	N/A	10/01/2013
MEXICO	Cozumel	01/01	12/31	151	79	230	N/A	09/01/1999
MEXICO	Cuernavaca	01/01	12/31	205	107	312	N/A	11/01/2023
MEXICO	Culiacan	01/01	12/31	134	122	256	N/A	11/01/2023
MEXICO	Ensenada	01/01	12/31	141	69	210	N/A	06/01/2001
MEXICO	Guadalajara	01/01	12/31	241	126	367	N/A	11/01/2023
MEXICO	Hermosillo	01/01	12/31	116	122	238	N/A	11/01/2023
MEXICO	Huatulco	01/01	12/31	132	83	215	N/A	12/01/2000
MEXICO	Ixtapa Zihuatanejo	01/01	12/31	227	122	349	N/A	11/01/2023

MEXICO	La Paz	01/01	12/31	130	59	189	N/A	06/01/2001
MEXICO	Los Cabos (Cabo San Lucas and San Jose del Cabo)	01/01	12/31	273	108	381	N/A	03/01/2012
MEXICO	Manzanillo	01/01	12/31	145	84	229	N/A	11/01/2013
MEXICO	Matamoros	01/01	12/31	88	90	178	N/A	11/01/2023
MEXICO	Mazatlan	01/01	12/31	130	129	259	N/A	11/01/2023
MEXICO	Merida	01/01	12/31	157	93	250	N/A	08/01/2020
MEXICO	Mexicali	01/01	12/31	160	62	222	N/A	06/01/2001
MEXICO	Mexico City, D.F.	01/01	12/31	244	106	350	N/A	07/01/2023
MEXICO	Monterrey	01/01	12/31	205	153	358	N/A	11/01/2023
MEXICO	Morelia	01/01	12/31	176	102	278	N/A	11/01/2023
MEXICO	Nogales	01/01	12/31	125	95	220	N/A	07/01/2023
MEXICO	Nuevo Laredo	01/01	12/31	107	101	208	N/A	11/01/2023
MEXICO	Other	01/01	12/31	102	65	167	N/A	12/01/2000
MEXICO	Playa del Carmen, Quintana Roo	01/01	12/31	132	97	229	N/A	06/01/2014
MEXICO	Puebla	01/01	12/31	205	107	312	N/A	11/01/2023
MEXICO	Puerto Penasco	01/01	12/31	241	121	362	N/A	12/01/2016
MEXICO	Puerto Vallarta	01/01	12/31	243	130	373	N/A	11/01/2023
MEXICO	Queretaro	01/01	12/31	120	59	179	N/A	05/01/2017
MEXICO	San Carlos	01/01	12/31	133	99	232	N/A	07/01/2023
MEXICO	San Luis Potosi	01/01	12/31	154	104	258	N/A	08/01/2018
MEXICO	San Miguel de Allende	01/01	12/31	120	59	179	N/A	12/01/2000

Office of Allowances

Appendix B
Chapter 301-Federal Travel Regulation
Allocation of M&IE Rates to Be Used in Making Deductions from the M&IE Allowance

M&IE rates for the localities in nonforeign areas (prescribed in Civilian Personnel Per Diem Bulletins published periodically in the Federal Register by the Secretary of Defense) and for localities in foreign areas (established by the Secretary of State in Section 925, a per diem supplement to the Standardized Regulations Government Civilians, Foreign Areas) shall be allocated as shown in this table (Section 301-11.18) when making deductions from nonforeign or foreign area per diem rates.

M &IE Rate	Breakfast	Lunch	Dinner	Incidentals
$1	0	0	0	1
$2	0	0	1	1
$3	0	1	1	1
$4	1	1	1	1
$5	1	1	2	1
$6	1	2	2	1
$7	1	2	3	1
$8	1	2	3	2
$9	1	2	4	2
$10	2	2	4	2
$11	2	3	4	2
$12	2	3	5	2
$13	2	3	5	3
$14	2	4	5	3
$15	2	4	6	3
$16	2	4	7	3
$17	3	4	7	3
$18	3	5	7	3
$19	3	5	8	3
$20	3	5	8	4
$21	3	5	9	4
$22	3	6	9	4
$23	3	6	9	5
$24	4	6	9	5

$105	16	26	42	21
$106	16	27	42	21
$107	16	27	43	21
$108	16	27	43	22
$109	16	27	44	22
$110	17	27	44	22
$111	17	28	44	22
$112	17	28	45	22
$113	17	28	45	23
$114	17	29	45	23
$115	17	29	46	23
$116	17	29	47	23
$117	18	29	47	23
$118	18	30	47	23
$119	18	30	48	23
$120	18	30	48	24
$121	18	30	49	24
$122	18	31	49	24
$123	18	31	49	25
$124	19	31	49	25
$125	19	31	50	25
$126	19	32	50	25
$127	19	32	51	25
$128	19	32	51	26
$129	19	32	52	26
$130	20	32	52	26
$131	20	33	52	26
$132	20	33	53	26
$133	20	33	53	27
$134	20	34	53	27
$135	20	34	54	27
$136	20	34	55	27
$137	21	34	55	27
$138	21	35	55	27
$139	21	35	56	27
$140	21	35	56	28
$141	21	35	57	28
$142	21	36	57	28
$143	21	36	57	29
$144	22	36	57	29

17th ANNUAL BINATIONAL DELEGATION TO MEXICO CITY
17ma DELEGACIÓN ANUAL A CIUDAD DE MÉXICO

DRAFT AGENDA
AGENDA BORRADOR

SUNDAY / DOMINGO, OCT 8	
SUN / DOM 7:00 p.m. – 9:00 p.m.	**WELCOME RECEPTION** **COCTEL DE BIENVENIDA** Location: Four Seasons, Av. Paseo de la Reforma 500, Cuauhtémoc, 066600

MONDAY / LUNES, OCT 9	
MON / LUN 8:30 a.m. – 9:00 a.m.	**DELEGATION PHOTO** **FOTO DE LA DELEGACIÓN** Location/Ubicación: Four Seasons Hotel
MON / LUN 9:00 a.m. – 10:00 a.m.	**OPENING BREAKFAST / DESAYUNO INAUGURAL** **SECRETARIAT OF FOREIGN AFFAIRS / SECRETARÍA DE RELACIONES EXTERIORES (SRE)** Location/Ubicación: Four Seasons Hotel **Speaker/Ponente:** • Secretaria Alicia Barcena, Secretaría de Relaciones Exteriores (SRE)
MON / LUN 10:00a.m.- 10:30a.m.	**PRESS CONFERENCE** **(DELEGATION BREAK)** Location/Ubicación: Four Seasons Hotel
MON / LUN 10:30a.m.- 11:50a.m.	**CROSS-BORDER WATER MANAGEMENT AND SUSTAINABILITY** **MANEJO DEL AGUA Y SOSTENIBILIDAD TRANSFRONTERIZA** Location/Ubicación: Four Seasons Hotel **Speakers/Ponentes:** • Comisionada Adriana Resendez (CILA) • Director General Germán Arturo Martínez Santoyo (CONAGUA) • Secretario Armando Samaniego (SEPROA Baja California) • SRE

MON / LUN **12:00p.m. - 12:50p.m.**	**MEXICO'S ENERGY SECTOR** **SECTOR ENERGÉTICO EN MÉXICO** Location/Ubicación: Four Seasons Hotel **Speakers/Ponentes*:** • Secretaria Norma Rocío Nahle Garcia (SENER) • Centro Nacional de Control de Energía (CENACE) • Comisión Reguladora de Energía (CRE)
MON / LUN **1:00 p.m. - 2:30 p.m.**	**BORDER INFRASTRUCTURE & EFFICIENCY** **INFRAESTRUCTURA Y EFICIENCIA FRONTERIZA** **LUNCH/ALMUERZO** Location/Ubicación: Four Seasons Hotel **Speakers/Ponentes:** • Secretario Jorge Nuño Lara (SICT) • Titular Víctor Julián Martínez Bolaños (INDAABIN) • Titular Andre Georges Foullon Van Lissum (ANAM) • Presidente Luis Cresencio Sandoval (SEDENA) • SRE
MON/ LUN **2:30pm- 3:30pm**	**THE NORTH AMERICAN WORKFORCE** **FUERZA LABORAL EN NORTEAMÉRICA** Location/Ubicación: Four Seasons Hotel **Speakers/Ponentes:** • Directora Isabel Studer, Alianza UC-México
MON / LUN **5:00 p.m. – 7:00 p.m.**	**RECEPTION**
TUESDAY/MARTES, OCT 10	
TUE / MAR **9:00 a.m. – 10:10 a.m.**	**MEXICO'S SENATE** **SENADO DE LA REPÚBLICA** **BREAKFAST - DESAYUNO** Location/Ubicación: Senado de la República o Casona Xicoténcatl / Antigua Sede del Senado **Speakers/Ponentes:** • Sen. Héctor Vasconcelos, Presidente de la Comisión de Relaciones Exteriores • Sen. Gina Cruz, Presidente de la Comisión de Relaciones Exteriores América del Norte

	• Sen. Bertha Caraveo, Presidente de la Comisión de Asuntos Fronterizos y Migratorios • Sen. Rocio Adriana Abreu Artiñano, Presidenta de la Comisión de Energía • Sen. Claudia Ruiz, Presidenta de la Comisión Especial de Seguimiento al T-MEC • Sen. Roberto Juan Moya Clemente, Presidente de la Comisión de Economía • Sen. Alejandro Armenta Mier, Presidente de la Mesa Directiva
TUE / MAR 11:00 a.m. – 11:55 a.m.	**CONVERSATION ABOUT REGIONAL MIGRATION** **CONVERSACIÓN SOBRE MIGRACIÓN REGIONAL** Location/Ubicación: TBD / Pendiente **Speaker/Ponente** • Comisionado Francisco Garduño Yáñez (INAMI)
TUE / MAR 12:00 p.m. – 12:55 p.m.	**SEGOB** Location/Ubicación: TBD / Pendiente **Speaker/Ponente:** • Secretaria Luisa Maria Alcalde Lujan (SEGOB)
TUE / MAR 1:15 p.m. – 2:30 p.m.	**MEXICO'S ECONOMIC OUTLOOK** **PANORAMA ECONÓMICO DE MÉXICO** **LUNCH / ALMUERZO** Location/Ubicación: TBD / Pendiente **Speakers/Ponentes*:** • Secretaria Raquel Buenrostro (SECON) • HSBC*
TUE / MAR 2:30 p.m. – 3:30 p.m.	**MEXICO'S 2024 PRESIDENTIAL ELECTIONS** **ELECCIONES PRESIDENCIALES EN MÉXICO 2024** Location/Ubicación: TBD / Pendiente
TUE / MAR 3:30 p.m. – 5:00 p.m.	**CULTURAL OUTINGS** **ACTIVIDADES CULTURALES**
TUE / MAR 5:30 p.m. – 7:30 p.m.	**RECEPTION**
WEDNESDAY/ MIÉRCOLES, OCT 11	

WED / MIERC 9:00 a.m. – 10:15 a.m.	**BREAKFAST AND CLOSING SECTION** **DESAYUNO DE CLAUSURA** Location/Ubicación: Four Seasons Hotel **Speaker/Ponente:** • Secretario Miguel Torruco (SECTUR)

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: **Rafael Perez** Department: **Board Services/2**

Position: ☒ Board Member ☐ President/CEO ☐ General Counsel ☐ Chief Auditor ☐ All Other Authority Employees

DATE OF REQUEST: **7/28/23** DATE OF DEPARTURE/RETURN: **October 8 / October 11**

DESTINATION / BUSINESS PURPOSE:

Destination:
Mexico City, MX

Business Purpose:
San Diego Regional Chamber of Commerce – 2023 Binational Delegation

PROJECTED OUT-OF-TOWN TRAVEL EXPENSES:

A. Transportation Costs:	
• Airfare ☐ *check box for business class or equivalent (international only)*	$ **500**
• Rental Car	$
• Other Transportation *(Taxi, TNC, Train, Bus)*	$ **100**
• Auto *(Gas, Parking/Tolls, Mileage)*	$
B. Lodging	$ **1,200**
C. Meals and Incidental Expenses (*Per Diem*)	$ **430**
D. Seminar and Conference Fees	$ **1,900**
E. Entertainment	$
TOTAL PROJECTED TRAVEL EXPENSES	$ **4,130**

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: Rafael Perez (Jul 28, 2023 20:38 PDT) Date: Jul 28, 2023

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: Aug 7, 2023

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)

Travel Reimbursement - Perez - Mexico

Final Audit Report 2023-10-26

Created:	2023-10-26
By:	Arely Valenzuela (avalenzu@san.org)
Status:	Signed
Transaction ID:	CBJCHBCAABAAnRzcq_UcrK2N_cvRj7hWghpmxr42Ps9J

"Travel Reimbursement - Perez - Mexico" History

Document created by Arely Valenzuela (avalenzu@san.org)
2023-10-26 - 10:20:48 PM GMT

Document emailed to Rafael Perez (rafael@thehomemap.com) for signature
2023-10-26 - 10:21:28 PM GMT

Email sent to trusell@san.org bounced and could not be delivered
2023-10-26 - 10:21:57 PM GMT

Email viewed by Rafael Perez (rafael@thehomemap.com)
2023-10-26 - 10:53:02 PM GMT

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Signature Date: 2023-10-26 - 10:55:41 PM GMT - Time Source: server

Agreement completed.
2023-10-26 - 10:55:41 PM GMT

OUT OF TOWN TRAVEL REQUESTS

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: **11/06/2023** DATE OF DEPARTURE/RETURN: **03/31/2024 / 04/04/2024**

DESTINATION / BUSINESS PURPOSE:

Destination: Dallas, TX

Business Purpose: 2024 Airport Experience Conference

PROJECTED OUT-OF-TOWN TRAVEL EXPENSES:

A. Transportation Costs:	
• Airfare ☐ *check box for business class or equivalent (international only)*	$ 700.00
• Rental Car	$
• Other Transportation *(Taxi, TNC, Train, Bus)*	$ 100.00
• Auto *(Gas, Parking/Tolls, Mileage)*	$
B. Lodging	$ 1,400.00
C. Meals and Incidental Expenses *(Per Diem)*	$ 350.00
D. Seminar and Conference Fees	$
E. Entertainment	$
TOTAL PROJECTED TRAVEL EXPENSES	$ 2,550.00

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: Kimberly J. Becker Kim Becker (Nov 6, 2023 12:34 MST) Date: Nov 6, 2023

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: __________

Casey Diane

From:	Carolyn Ward <carol@airportxnews.com>
Sent:	Thursday, October 12, 2023 8:10 AM
To:	Becker Kim; Andrew Tellijohn
Subject:	AXN Director of the Year - Large Airports

Hi Kim,

Following up on our conversation this morning, congratulations again on being selected by Airport Experience News as our Director of the Year in the large airports division!

This year, our Directors of the Year will be celebrated in the year-end Leadership issue of Airport Experience News magazine and will be honored at the 2024 Airport Experience Conference. We hope that you will join us as our guest for the conference.

I've copied our senior writer, Andy Tellijohn, on this email. Andy will be writing the feature article on you. We'd also like to get some images from you in the airport environment (preferably ones that are exclusive to the AXN article), and the names of a few industry colleagues and friends who might want to speak about your impact on SAN and the North American airport industry.

We'd also like to make an announcement of your award in mid-November. We'll write up a news item for our website and NewsFlash – I'm hoping we can get a headshot and a quick quote from you on that. Perhaps you can loop in your corporate communications team to assist?

Meantime, happy travels!

Thanks,
Carol

CAROL WARD (she/her)
Editor-in-Chief
Airport Experience® News - *A Division Of Clarion UX*
direct: 619-750-7736
email: carol@airportxnews.com

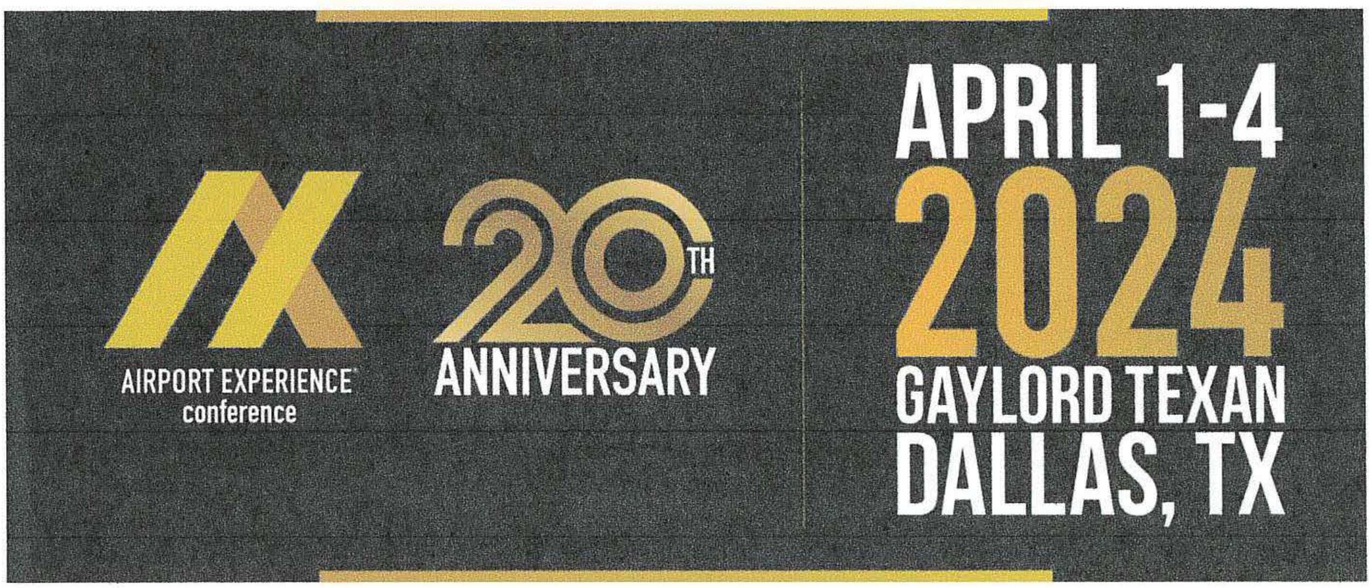
See you at the 2024 AX Conference – *our 20th Anniversary!*
April 1-4, 2024 | Gaylord Texan Convention Center | Dallas, TX

Latest Issue of Airport Experience News Magazine is Now Available Digitally. Explore ...

AIRPORT EXPERIENCE® conference

REGISTER NOW

REGISTER NOW



The annual Airport Experience Conference is the largest gathering of airport decision-makers and concession executives for any show throughout the year. Hosted each year to support the ever-evolving airport industry, AXC features conference sessions presented by leading experts who share their research and expertise on cutting-edge trends and business strategies in the areas of food and beverage, retail, technology, customer service and an Experience Hall which showcases the foremost brands, concepts and operators in the industry.

DFW

AXC 2024 Official Airport Partner

LEARN AND NETWORK

This is your opportunity to connect and share your thoughts and ideas on the latest developments in the food and beverage, retail, technology and social media industries—all face-to-face in a safe and productive event experience!

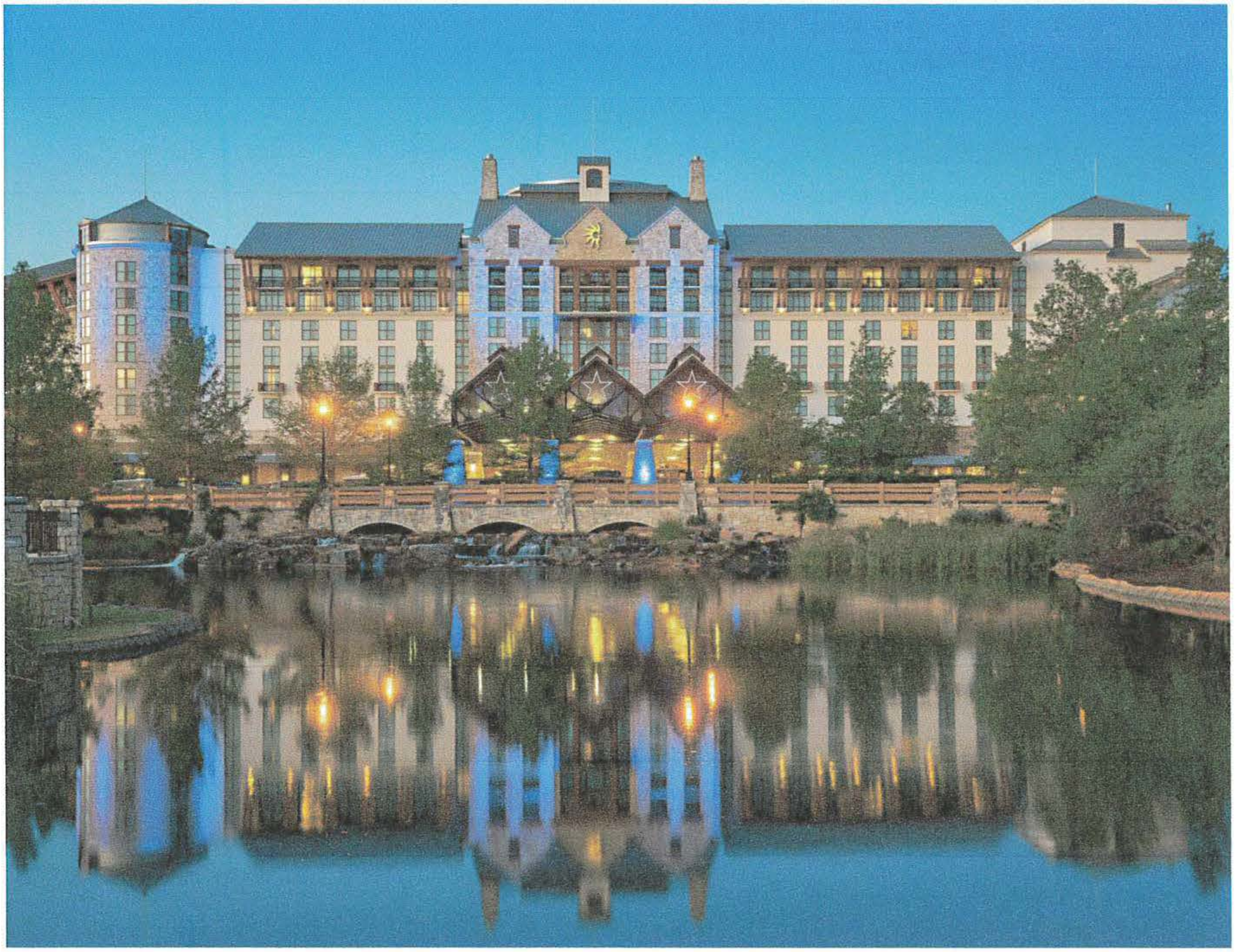
VIEW THE AGENDA

EXHIBIT OR SPONSOR

For more than a decade, the airport concessions industry has chosen the Airport Experience Conference as the annual must-attend show. As we head to Dallas for the 2024 AX Conference, we are focused on creating unique and compelling options to drive business and promote your brand. Learn more about our sponsor and exhibit opportunities.

LEARN MORE

BOOK YOUR HOTEL



Standing on the shores of the majestic Lake Grapevine, Gaylord Texan Resort & Convention Center welcomes guests to a stunning, one-of-a-kind experience and close proximity to Airport Experience Conference rooms and exhibit halls. Experience the convenience of staying directly on the property during the event – reservations available soon!

COMING SOON

GSA U.S. General Services Administration

FY 2024 Per Diem Rates for Dallas, Texas

Meals & Incidentals (M&IE) rates and breakdown

Primary Destination	County	M&IE Total	Continental Breakfast/Breakfast	Lunch	Dinner	Incidental Expenses	First & LastDay of Travel
Dallas	Dallas	$69	$16	$17	$31	$5	$51.75

Becker Dallas Travel Approval Request 2024-03-31

Final Audit Report 2023-11-06

Created:	2023-11-06
By:	Diane Casey (dcasey@san.org)
Status:	Signed
Transaction ID:	CBJCHBCAABAAHzg9SQWvOeCdCBS4ylg_ATyiwuDu0Ffd

"Becker Dallas Travel Approval Request 2024-03-31" History

Document created by Diane Casey (dcasey@san.org)
2023-11-06 - 7:25:01 PM GMT- IP address: 12.69.234.136

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Email viewed by Kim Becker (kbecker@san.org)
2023-11-06 - 7:33:29 PM GMT- IP address: 104.28.50.163

Document e-signed by Kim Becker (kbecker@san.org)
Signature Date: 2023-11-06 - 7:34:48 PM GMT - Time Source: server- IP address: 174.247.154.190

Agreement completed.
2023-11-06 - 7:34:48 PM GMT

AMY GONZALEZ

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: **Amy Gonzalez** Department: **15**

Position: ☐ Board Member ☐ President/CEO ☒ General Counsel ☐ Chief Auditor
☐ All Other Authority Employees

DATE OF REQUEST: **11/01/2023** DATE OF DEPARTURE/RETURN: **1/18/2024 / 1/19/2024**

DESTINATION / BUSINESS PURPOSE:

Destination: Phoenix, AZ Business Purpose: Winter 2024 Steering Group Mtg

PROJECTED OUT-OF-TOWN TRAVEL EXPENSES:

A. Transportation Costs:	
• Airfare ☐ *check box for business class or equivalent (international only)*	$ **300**
• Rental Car	$
• Other Transportation *(Taxi, TNC, Train, Bus)*	$
• Auto *(Gas, Parking/Tolls, Mileage)*	$
B. Lodging	$ **435**
C. Meals and Incidental Expenses *(Per Diem)*	$ **55**
D. Seminar and Conference Fees	$
E. Entertainment	$
TOTAL PROJECTED TRAVEL EXPENSES	$ **790**

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: Amy L Date: 11/3/2023

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)

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: **Amy Gonzalez** Department: **15**

Position: ☐ Board Member ☐ President/CEO ☒ General Counsel ☐ Chief Auditor ☐ All Other Authority Employees

DATE OF REQUEST: **11/01/2023** DATE OF DEPARTURE/RETURN: **5/20/2024 / 5/24/2024**

DESTINATION / BUSINESS PURPOSE:

Destination: Chicago, IL

Business Purpose: Spring 2024 Legal Affairs Conf. & Sterring Group

PROJECTED OUT-OF-TOWN TRAVEL EXPENSES:

A. Transportation Costs:	
• Airfare ☐ *check box for business class or equivalent (international only)*	$ **580**
• Rental Car	$
• Other Transportation *(Taxi, TNC, Train, Bus)*	$
• Auto *(Gas, Parking/Tolls, Mileage)*	$
B. Lodging	$ **1,195**
C. Meals and Incidental Expenses *(Per Diem)*	$ **305**
D. Seminar and Conference Fees	$ **1,200**
E. Entertainment	$
TOTAL PROJECTED TRAVEL EXPENSES	$ **3,280**

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: Amy G Date: 11-3-2024

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, ______________________ *(Name of Clerk)*, certify that this document was approved by the Executive Committee at its ______________________ *(Meeting Date)* meeting.

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: **Amy Gonzalez** Department: **15**

Position: ☐ Board Member ☐ President/CEO ☒ General Counsel ☐ Chief Auditor ☐ All Other Authority Employees

DATE OF REQUEST: **11/01/2023** DATE OF DEPARTURE/RETURN: **6/26/2024 / 6/28/2024**

DESTINATION / BUSINESS PURPOSE:

Destination: Jackson Hole, WY Business Purpose: Summer 2024 Steering Group

PROJECTED OUT-OF-TOWN TRAVEL EXPENSES:

A. Transportation Costs:	
• Airfare ☐ *check box for business class or equivalent (international only)*	$ **980**
• Rental Car	$
• Other Transportation *(Taxi, TNC, Train, Bus)*	$
• Auto *(Gas, Parking/Tolls, Mileage)*	$
B. Lodging	$ **1,198**
C. Meals and Incidental Expenses *(Per Diem)*	$ **85**
D. Seminar and Conference Fees	$
E. Entertainment	$
TOTAL PROJECTED TRAVEL EXPENSES	$ **2,263**

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: Amy L Date: 11/3/2023

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)