

Revised 8/30/11

DRAFT

SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD

MINUTES

THURSDAY, AUGUST 4, 2011

**SAN DIEGO INTERNATIONAL AIRPORT
BOARD ROOM**

CALL TO ORDER: Chair Gleason called the meeting of the San Diego County Regional Airport Authority Board to order at 9:00 a.m. on Thursday, August 4, 2011 in the Board Room at the San Diego International Airport, Commuter Terminal, 3225 North Harbor Drive, San Diego, CA 92101.

PLEDGE OF ALLEGIANCE: Board Member Boland led the pledge of allegiance.

ROLL CALL:

PRESENT: Board Members: Berman (Ex-Officio), Boland, Cox, Desmond, Gleason, Hubbs, Panknin, Richie (Ex-Officio), Robinson, Smisek, Young

ABSENT: Board Members: Reyes (Ex-Officio)

ALSO PRESENT: Thella F. Bowens, President/CEO; Breton K. Lobner, General Counsel; Tony R. Russell, Director, Corporate Services/Authority Clerk; Lisa Wolfson, Assistant Authority Clerk II

Board Members Cox and Young arrived during the course of the meeting.

REPORT FROM CITIZEN COMMITTEE:

PRESENTATIONS:

NON-AGENDA PUBLIC COMMENT:

CONSENT AGENDA (Items 1-10):

Chair Gleason requested that Items 5 and 8 be pulled from the Consent Agenda for discussion.

ACTION: Moved by Board Member Boland and seconded by Board Member Desmond to approve the Consent Agenda as amended. Motion carried by the following vote: YES – Boland, Desmond, Gleason, Hubbs, Panknin, Robinson, Smisek; NO – None; ABSENT – Cox, Young. (Weighted Vote Points: YES – 79; NO – 0; ABSENT – 21)

1. **APPROVAL OF MINUTES:**
RECOMMENDATION: Approve the minutes of the June 27, 2011 special meeting and the July 7, 2011 regular meeting.
2. **ACCEPTANCE OF BOARD AND COMMITTEE MEMBERS WRITTEN REPORTS ON THEIR ATTENDANCE AT APPROVED MEETINGS AND PRE-APPROVAL OF ATTENDANCE AT OTHER MEETINGS NOT COVERED BY THE CURRENT RESOLUTION:**
RECOMMENDATION: Accept the reports and pre-approve Board member attendance at other meetings, trainings and events not covered by the current resolution.
3. **AWARDED CONTRACTS, APPROVED CHANGE ORDERS FROM JUNE 13, 2011 THROUGH JULY 10, 2011 AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM JUNE 13, 2011 THROUGH JULY 10, 2011:**
RECOMMENDATION: Receive the report.
4. **EXTEND THE TERMS OF TWO ART ADVISORY COMMITTEE MEMBERS:**
RECOMMENDATION: Adopt Resolution No. 2011-0073, extending the terms of two Art Advisory Committee members.
5. **AUGUST 2011 LEGISLATIVE REPORT:**
ACTION: This item was pulled from the Consent Agenda for discussion.
6. **AUTHORIZE THE REJECTION OF THE CLAIM OF V. ROSE SHEPARD:**
RECOMMENDATION: Adopt Resolution No. 2011-0086, authorizing the rejection of the claim of V. Rose Shepard.
7. **AUTHORIZE THE REJECTION OF THE CLAIM OF ANNE MARIE TEJCEK:**
RECOMMENDATION: Adopt Resolution No. 2011-0087, authorizing the rejection of the claim of Anne Marie Tejcek.

COMMITTEE RECOMMENDATIONS

8. **AMEND AND RESTATE AUTHORITY POLICY 1.21 – AUTHORITY ADVISORY COMMITTEE:**
ACTION: This item was pulled from the Consent Agenda for discussion.

CONTRACTS AND AGREEMENTS

9. **AMENDMENT TO RESOLUTION NO. 2011-0045 TO REFLECT THAT A FORMAL AMENDMENT TO THE CALNET 2 CONTRACT WITH AT&T GLOBAL WILL NOT BE EXECUTED BECAUSE THE CALNET 2 CONTRACT ISSUED BY THE STATE OF CALIFORNIA DOES NOT REQUIRE A WRITTEN AMENDMENT TO ADD FUNDS:**
RECOMMENDATION: Adopt Resolution No. 2011-0088, amending Resolution No. 2011-0045, authorizing the Authority to execute a purchase order, pursuant to Authority Policy 5.01, to add funds through the end of the CALNET 2 Contract in 2014, increasing the amount payable by \$828,700 rather than by the Contract amendment process as previously authorized by the Board.

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

10. **APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE AN AGREEMENT WITH NETWORK SECURITY ELECTRONICS, INC., (NSEI) FOR ACCESS CONTROL MAINTENANCE AND REPAIR SERVICES:**
RECOMMENDATION: Adopt Resolution No. 2011-0089, approving and authorizing the President/CEO to execute an agreement with Network Security Electronics, Inc., (NSEI) for access control maintenance and repair services for five (5) years, which includes two (2) one-year options exercisable at the sole discretion of the President/CEO, in an amount not to exceed six million five hundred thousand dollars (\$6,500,000).

PUBLIC HEARINGS:

OLD BUSINESS:

NEW BUSINESS:

**11. GRANT A CONCESSION LEASE TO PARADIES – SAN DIEGO, LLC
(A JOINT VENTURE) FOR DEVELOPMENT AND OPERATION OF RETAIL
PACKAGE #1:**

Chair Gleason requested that a complete history of *ex-parte* disclosures from previous meetings regarding the concessions program be included in the minutes:

November 4, 2010 Board Meeting

Board Member Cox disclosed *ex-parte* communications with Rick Blatstein and Karen Mirante and Maddy Kilkenny at OTG Management and Stephanie Saathoff of the Clay Company; Neil Johnson and Richard Ledford at Procurement Concepts; Kimberly Hale, representing HDS Retail; and Herman Collins, Silvia Peralta, Bruce Feuer and Dick Dickson of Paradies Shops.

Board Member Boland disclosed *ex-parte* communications with Mr. and Mrs. Johnson, and representatives from OTG Management.

Chair Gleason disclosed *ex-parte* communications with Gil Johnson of Procurement Concepts; Rick Blatstein and Karen Mirante of OTG Management, Stephanie Saathoff and Maddie Kilkenny of the Clay Company; Dominic Lowe and Ellery Plowman of Westfield, Chris Wahl of Southwest Strategies; Mike Mullaney and Laura Alphran of the Hudson Group; Jeff Sailer of HDS Retail and Phillip Pierce of Pierce, Monroe & Associates, and Kimberly Hale of Public Policy Strategies.

Board Member Smisek disclosed *ex-parte* communications with OTG Management.

Board Member Panknin disclosed *ex-parte* communications with Paradies Shops.

Board Member Robinson disclosed *ex-parte* communications with Rick Blatstein of OTG, Maddy Morris and Stephanie Saathoff of the Clay Company; Richard Ledford of Ledford Enterprises and Gil Johnson of Procurement Concepts; Gerry Savaria of HDS Retail and Kimberly Hale of Public Policy Strategies; Lorena Gonzalez of UnionYes and Graham Forbes of Local 30; Laura Alphran and Mike Mullaney of the Hudson Group, Chris Frahm of Brownstein, Hyatt, Farber Schreck; Silvia Peralta, Bruce Feuer and Dick Dickson of The Paradies Shops, Herman Collins of the Collins Group; and Ellery Plowman of Westfield Concession Management, and Christopher Wahl of Southwest Strategies.

December 20, 2010 Special Board and Executive/Finance Committee Meeting

Chair Gleason disclosed *ex-parte* communications with Blake Harwell and Daniel Rottenstreich, Unite Here Local 30, and Lorena Gonzalez of the Labor Council; Javier Vega and Lollie Pitre of Pacific Gateway Concessions; and Mario Trevino of Innovative Strategies.

Board Member Cox disclosed ex-parte communications with Lorena Gonzalez of UnionYes; Graham Forbes of Local 30; Winnie Fields; Javier Vega and Lollie Pitre of Pacific Gateway Concessions; Mario Trevino of Innovative Strategies; Laura Alphan of the Hudson Group; Chris Frahm of Brownstein Hyatt Farber Schreck; and Jaimini Erskine of SSP America.

January 6, 2011 Board Meeting

Chair Gleason disclosed *ex-parte* communications with Patrick Carroll and Jaimini Erskine, SSP America, and Kimberly Hale, Public Policy Strategies.

Board Member Desmond disclosed *ex-parte* communications with SSP, HDS, and the Hudson Group.

Board Member Robinson disclosed *ex-parte* communications with SSP representatives.

Board Member Cox disclosed *ex-parte* communications with Mario Trevino, Innovative Strategies; Michael Mullaney, the Hudson Group; Pat Murray, SSP; and Gil Johnson, Procurement Concepts.

Vernon Evans, Vice President, Finance/Treasurer; Jana Vargas, Director, Procurement; Bob Silvas, Director, Small Business Development; and Nyle Marmion, Manager, Concession Development, Real Estate Management provided a presentation, which included Concessions Development Program (CDP) Requests for Proposals (RFP) Goals and Objectives, and Timeline; Outreach Efforts: Concession 101 Sessions, Marketing and Public Relations Efforts, RFP Requirements and Evaluation Criteria; Evaluation Panel Makeup; RFP Submittals; ACDBE Program and Participation; FAA Guidance on Joint Ventures; and Retail Package Summaries, Proposers, Financial Offers, and Evaluation Panel Rankings for each concessions package.

In response to Chair Gleason's question regarding providing an overview of the scoring process, Breton K. Lobner, General Counsel, stated that Exhibit E to the RFP package was an evaluation matrix, which had the allocation of points based on weight. He stated that the instructions to the panel were to use the exhibit as a guidance tool in the process of evaluating and ranking each proposer for each package. He added that the final product was the ranking, and not the weights for the individual areas; therefore, the matrix was

not relevant. He stated that the ranking method was the most adequate and the most comprehensive way of evaluating each proposer.

In response to Board Member Hubbs' question regarding the worker retention program, Ms. Vargas stated that the Board adopted a worker retention standard. She added that each company was given the opportunity to express and commit to exceeding the worker retention standard.

Mr. Marmion noted a correction to slide #212, stating that High Flying Foods will meet *and exceed* minimum worker retention standards.

Mr. Evans reported that Items 15 and 20 each received one protest and that each protest was denied.

Chair Gleason commented that staff would return to the Board with a report regarding the administrative processes being developed for **maximizing implementing** worker retention efforts.

The Board recessed at 10:40 a.m. and reconvened at 10:50 a.m.

PATRICIA BAETZ, SAN DIEGO, spoke in opposition to staff's recommendations.

JOHN BANDY, ENCINITAS, spoke in opposition to staff's recommendations.

INGRID CROCE, SAN DIEGO, spoke in support of the item, specifically with regard to selection of the Hudson Group.

JULITA DE GUZMAN, CHULA VISTA, spoke in opposition to staff's recommendations, and expressed concerns regarding worker retention.

SUSAN PEDROSO, IMPERIAL BEACH, spoke in opposition to staff's recommendations, and expressed concerns regarding worker retention.

MICKEY KASPARIAN, LA MESA, spoke in opposition to staff's recommendations, and expressed concerns regarding worker retention and the evaluation point system.

BRIGETTE BROWNING, SAN DIEGO, spoke in support of the selection of High Flying Foods and Host International for the food packages; and expressed concern about the worker retention on the retail packages and the remaining four food packages.

WINNIE FIELDS, OCEANSIDE, expressed concern that retail package concessionaires would not commit to a high worker retention standard.

SISTER JUSTINE CHURCH, LA MESA, requested that the Board reevaluate the recommendations for the retail leases; and expressed concern regarding worker retention.

DAN ROTTENSTREICH, UNITE HERE LOCAL 30, expressed concern regarding worker retention; the transition for current workers and the ranking system.

LORENA GONZALEZ, SAN DIEGO, spoke in opposition to staff's recommendations, and expressed concern regarding how worker retention points were allocated for the retail packages.

In response to Board Member Robinson regarding compliance with worker retention standards, Ms. Vargas stated that the resolution language regarding the qualification to meet or exceed minimum worker retention standards was included in the solicitation packages.

Mr. Marmion added that concessionaires signed a declaration that addressed specifically how they would meet or exceed the worker retention standard.

In response to Board Member Desmond's question regarding whether companies were required to work with existing employee representatives, Ms. Vargas stated that it was not required.

In response to Ms. Bowens' request for an explanation of how points were awarded to proposers who exceeded the minimum worker retention standard, Ms. Vargas stated that proposers were required to meet the minimum worker retention standards in order to be considered for evaluation and that proposers were required to sign the declaration.

DAN HOM expressed concern with the scoring system.

RUBEN BARRALES, SAN DIEGO, spoke in support of staff's recommendations for Items 11-22.

CASEY ANDERSON, SAN DIEGO, spoke in support of staff's recommendations for Items 12 and 17.

MICHAEL MULLANEY, EAST RUTHERFORD, NJ, spoke in support of staff's recommendations for Items 12 and 17.

RAMÓN TORRES, LAS VEGAS, NV, spoke in support of staff's recommendations for Items 12 and 17.

TRICIA SANCHEZ, NEWPORT BEACH, spoke in support of staff's recommendations for Items 12 and 17.

RODERICK McOWAN, SAN FRANCISCO, spoke in support of staff's recommendation for Item 13.

SUSAN STACKHOUSE, TAMPA, FL, spoke in support of staff's recommendation for Item 14.

CHRISTOPHER NEILS, SAN DIEGO, spoke in opposition to staff's recommendation for Item 15; he provided the Board handouts with information regarding XpresSpa's financials and experience.

MORETON BINN, NEW YORK, NY, spoke in opposition to staff's recommendation for Item 15.

FREDERIC BRIEST, PARIS, FRANCE, spoke in support of staff's recommendation for Item 15.

DIANA MARJIP-CHUH, CHULA VISTA, spoke in opposition to staff's recommendation for Item 20.

ROBERT ITO, SAN DIEGO, spoke in opposition to staff's recommendation for Item 20.

GLENN MEYERS, SAN FRANCISCO, spoke in support of staff's recommendation for Items 21 and 22.

In response to Board Member Desmond's questions regarding the scoring sheets, Breton K. Lobner, General Counsel, stated that a rank system was used, as opposed to raw scores, and were provided in response to several public records requests.

Board Member Young encouraged the groups to work together in meeting the worker retention standards.

Board Member Cox expressed concern regarding the lack of raw scores. He stated that all ranking information should be part of the public record. He suggested that the Authority look into this issue for future projects.

Board Member Young left the dais at 12:17 p.m.

Board Member Desmond expressed his disagreement with requiring contractors to go above and beyond the minimum worker retention standards, and requiring that they meet with other groups.

Chair Gleason reported that staff will be coming back to the Board with a transition process in regards to the worker retention standards. He also expressed his disappointment with the scoring process. He stated that the scoring process is important to the transparency of the process and needs to be reviewed.

RECOMMENDATION: Adopt Resolution No. 2011-0091, awarding a concession lease to Paradies - San Diego, LLC for development and operation of Retail Package #1, as included in the Request for Proposals (RFP) for Food Service and Retail Concessions, for a maximum term of nine (9) years and ten (10) months, which includes a period not to exceed thirty-four (34) months to allow for Package Completion with a first year Minimum Annual Guarantee (MAG) of \$1,147,000; and authorizing the President/CEO to take all necessary actions to execute the concession lease.

ACTION: Moved by Board Member Smisek and seconded by Board Member Desmond to approve staff's recommendation. Motion carried by the following vote: YES – Boland, Cox, Desmond, Gleason, Hubbs, Panknin, Robinson, Smisek; NO – None; ABSENT – Young. (Weighted Vote Points: YES – 87; NO – 0; ABSENT – 13)

12. GRANT A CONCESSION LEASE TO HG-CV-EPICURE-MARTINEZ SAN DIEGO, JV (A JOINT VENTURE) FOR DEVELOPMENT AND OPERATION OF RETAIL PACKAGE #2:

RECOMMENDATION: Adopt Resolution No. 2011-0092, awarding a concession lease to HG-CV-Epicure-Martinez San Diego, JV for development and operation of Retail Package #2, as included in the Request for Proposals (RFP) for Food Service and Retail Concessions, for a maximum term of nine (9) years and four (4) months, which includes a period not to exceed twenty-eight (28) months to allow for base building construction, Authority shell construction and renovation, and build out of the concession locations and a first year Minimum Annual Guarantee (MAG) of \$1,134,000 following completion of build out; and authorizing the President/CEO to take all necessary actions to execute the concession lease.

ACTION: Moved by Board Member Boland and seconded by Board Member Cox to approve staff's recommendation. Motion carried by the following vote: YES – Boland, Cox, Desmond, Gleason, Hubbs, Panknin, Robinson, Smisek; NO – None; ABSENT – Young. (Weighted Vote Points: YES – 87; NO – 0; ABSENT – 13)

13. GRANT A CONCESSION LEASE TO PGC-PCI SAN DIEGO, LLC (A JOINT VENTURE) FOR DEVELOPMENT AND OPERATION OF RETAIL PACKAGE #3:

RECOMMENDATION: Adopt Resolution No. 2011-0093, awarding a concession lease to PGC-PCI San Diego, LLC (A Joint Venture) for development and operation of Retail Package #3, as included in the Request for Proposals (RFP) for Food Service and Retail Concessions, for a maximum term of nine (9) years and four (4) months, which includes a period not to exceed twenty-eight (28) months to allow for base building construction, Authority shell construction and renovation, and build out of the concession locations and a first year Minimum Annual Guarantee (MAG) of \$752,000 following completion of build out; and authorizing the President/CEO to take all necessary actions to execute the concession lease.

ACTION: Moved by Board Member Smisek and seconded by Board Member Boland to approve staff's recommendation. Motion carried by the following vote: YES – Boland, Cox, Desmond, Gleason, Hubbs, Panknin, Robinson, Smisek; NO – None; ABSENT – Young. (Weighted Vote Points: YES – 87; NO – 0; ABSENT – 13)

14. GRANT A CONCESSION LEASE TO STELLAR PARTNERS, INC. FOR DEVELOPMENT AND OPERATION OF RETAIL PACKAGE #4:

RECOMMENDATION: Adopt Resolution No. 2011-0094, awarding a concession lease to Stellar Partners, Inc. for development and operation of Retail Package #4, as included in the Request for Proposals (RFP) for Food Service and Retail Concessions, for a maximum term of nine (9) years and two (2) months, which includes a period not to exceed twenty-six (26) months to allow for Package Completion with a first year Minimum Annual Guarantee (MAG) of \$783,000 following completion of build out; and authorizing the President/CEO to take all necessary actions to execute the concession lease.

ACTION: Moved by Board Member Hubbs and seconded by Board Member Smisek to approve staff's recommendation. Motion carried by the following vote: YES – Boland, Cox, Desmond, Gleason, Hubbs, Panknin, Robinson, Smisek; NO – None; ABSENT – Young. (Weighted Vote Points: YES – 87; NO – 0; ABSENT – 13)

15. GRANT A CONCESSION LEASE TO SPA DIDACUS, INC. (A JOINT VENTURE) FOR DEVELOPMENT AND OPERATION OF RETAIL PACKAGE #5:

Amy Gonzalez, Senior Director, Counsel Services, reported that a protest had been received from XpresSpa for this package, Procurement denied the protest, and XpresSpa has until 5 p.m. to appeal the decision.

Breton K. Lobner, General Counsel informed the Board of its options in light of the protest received, which included delegate to the President/CEO the power to award the contract as amended if the protest is found without merit; delegate to the President/CEO to direct staff to complete the protest process in its entirety, in essence the President/CEO would have ability to award in accordance with the recommendation if the protest were to be found invalid; award the contract out right; continue the matter to the September 1, 2011 Board meeting, to allow time for the completion of the protest process; or conditionally award the contract pending the completion of the protest.

Board member Desmond suggested giving the President/CEO authorization to award the lease if the protest is found invalid.

RECOMMENDATION: Adopt Resolution No. 2011-0095, awarding a concession lease to Spa Didacus, Inc. for development and operation of Retail Package #5, as included in the Request for Proposals (RFP) for Food Service and Retail Concessions, for a maximum term of nine (9) years and four (4) months, which includes a period not to exceed twenty-eight (28) months to allow for Package Completion, with a first year Minimum Annual Guarantee (MAG) of \$119,000; and authorizing the President/CEO to take all necessary actions to execute the concession lease.

ACTION: Moved by Board Member Robinson and seconded by Board Member Boland to continue this item to the September 1, 2011 Board meeting to allow time for the completion of the protest process. Motion carried by the following vote: YES – Boland, Cox, Gleason, Hubbs, Panknin, Robinson, Smisek; NO – Desmond; ABSENT – Young. (Weighted Vote Points: YES – 75; NO – 12; ABSENT – 13)

The Board also requested a more in depth presentation and a comparative analysis.

16. GRANT A CONCESSION LEASE TO NEWZOOM, INC. FOR DEVELOPMENT AND OPERATION OF RETAIL PACKAGE #6:

RECOMMENDATION: Adopt Resolution No. 2011-0096, awarding a concession lease to NewZoom, Inc. for development and operation of Retail Package #6, as included in the Request for Proposals (RFP) for Food Service and Retail Concessions, for a maximum term of six (6) years and six (6) months, which includes a period not to exceed eighteen (18) months to allow for Package Completion, with a first year Minimum Annual Guarantee (MAG) of \$50,000; and authorizing the President/CEO to take all necessary actions to execute the concession lease.

ACTION: Moved by Board Member Boland and seconded by Board Member Smisek to approve staff's recommendation. Motion carried by the following vote: YES – Boland, Cox, Desmond, Gleason, Hubbs, Panknin, Robinson, Smisek; NO – None; ABSENT – Young. (Weighted Vote Points: YES – 87; NO – 0; ABSENT – 13)

17. GRANT A CONCESSION LEASE TO HG-CV-EPICURE-MARTINEZ SAN DIEGO, JV (A JOINT VENTURE) FOR DEVELOPMENT AND OPERATION OF RETAIL PACKAGE #7:

RECOMMENDATION: Adopt Resolution No. 2011-0097, awarding a concession lease to HG-CV-Epicure-Martinez San Diego, JV for development and operation of Retail Package #7, as included in the Request for Proposals (RFP) for Food Service and Retail Concessions, for a maximum term of eight (8) years and ten (10) months, which includes a period not to exceed twenty-two (22) months to allow for Package Completion, with a first year Minimum Annual Guarantee (MAG) of \$375,000; and authorizing the President/CEO to take all necessary actions to execute the concession lease.

ACTION: Moved by Board Member Desmond and seconded by Board Member Robinson to approve staff's recommendation. Motion carried by the following vote: YES – Boland, Cox, Desmond, Gleason, Hubbs, Panknin, Robinson, Smisek; NO – None; ABSENT – Young. (Weighted Vote Points: YES – 87; NO – 0; ABSENT – 13)

18. GRANT A CONCESSION LEASE TO PROJECT HORIZON, INC. FOR DEVELOPMENT AND OPERATION OF RETAIL PACKAGE #8:

RECOMMENDATION: Adopt Resolution No. 2011-0098, awarding a concession lease to Project Horizon, Inc. for development and operation of Retail Package #8, as included in the Request for Proposals (RFP) for Food Service and Retail Concessions, for a maximum term of eight (8) years and ten (10) months, which includes a period not to exceed twenty-two (22) months to allow for Package Completion, with a first year Minimum Annual Guarantee (MAG) of \$126,000; and authorizing the President/CEO to take all necessary actions to execute the concession lease.

ACTION: Moved by Board Member Cox and seconded by Board Member Robinson to approve staff's recommendation. Motion carried by the following vote: YES – Boland, Cox, Desmond, Gleason, Hubbs, Panknin, Robinson, Smisek; NO – None; ABSENT – Young. (Weighted Vote Points: YES – 87; NO – 0; ABSENT – 13)

19. GRANT A CONCESSION LEASE TO HOST INTERNATIONAL, INC. FOR DEVELOPMENT AND OPERATION OF FOOD SERVICE PACKAGE #1:

RECOMMENDATION: Adopt Resolution No. 2011-0099, awarding a concession lease to Host International, Inc. for development and operation of Food Service Package #1, as included in the Request for Proposals for Food Service and Retail Concessions, for a maximum term of twelve (12) years and ten (10) months, which includes a period not to exceed thirty-four (34) months to allow for base building construction, Authority shell construction and renovation, and build out of the concession locations and a first year Minimum Annual Guarantee (MAG) of \$988,100 following completion of build out; and authorizes the President/CEO to take all necessary actions to execute the concession lease.

ACTION: Moved by Board Member Boland and seconded by Board Member Hubbs to approve staff's recommendation. Motion carried by the following vote: YES – Boland, Cox, Desmond, Gleason, Hubbs, Panknin, Robinson, Smisek; NO – None; ABSENT – Young. (Weighted Vote Points: YES – 87; NO – 0; ABSENT – 13)

20. GRANT A CONCESSION LEASE TO MISSION YOGURT, INC. FOR DEVELOPMENT AND OPERATION OF FOOD SERVICE PACKAGE #4:

Chair Gleason reiterated the Board's options on this matter as a protest had been received for this package.

RECOMMENDATION: Adopt Resolution No. 2011-0100, awarding a concession lease to Mission Yogurt, Inc. for development and operation of Food Service Package #4, as included in the Request for Proposals (RFP) for Food Service and Retail Concessions, for a maximum term of nine (9) years and two (2) months, which includes a period not to exceed twenty-six (26) months to allow for Package Completion, and a first year Minimum Annual Guarantee (MAG) of \$288,200 following Package Completion; and authorizing the President/CEO to take all necessary actions to execute the concession lease.

ACTION: Moved by Board Member Robinson and seconded by Board Member Smisek to continue this item to the September 1, 2011 Board meeting to allow time for the completion of the protest process. Motion carried by the following vote: YES – Boland, Cox, Gleason, Hubbs, Panknin, Robinson, Smisek; NO – Desmond; ABSENT – Young. (Weighted Vote Points: YES – 75; NO – 12; ABSENT – 13)

21. GRANT A CONCESSION LEASE TO HIGH FLYING FOODS SAN DIEGO PARTNERSHIP (A JOINT VENTURE) FOR DEVELOPMENT AND OPERATION OF FOOD SERVICE PACKAGE #7:

RECOMMENDATION: Adopt Resolution No. 2011-0101, awarding a concession lease to High Flying Foods San Diego Partnership for development and operation of Food Service Package #7, as included in the Request for Proposals (RFP) for Food Service and Retail Concessions, for a maximum term of eleven (11) years and ten (10) months, which includes a period not to exceed twenty-two (22) months to allow for Package Completion with a first year Minimum Annual Guarantee (MAG) of \$322,200; and authorizing the President/CEO to take all necessary actions to execute the concession lease.

ACTION: Moved by Board Member Robinson and seconded by Board Member Desmond to approve staff's recommendation. Motion carried by the following vote: YES – Boland, Cox, Desmond, Gleason, Hubbs, Panknin, Robinson, Smisek; NO – None; ABSENT – Young. (Weighted Vote Points: YES – 87; NO – 0; ABSENT – 13)

22. GRANT A CONCESSION LEASE TO HIGH FLYING FOODS SAN DIEGO PARTNERSHIP (A JOINT VENTURE) FOR DEVELOPMENT AND OPERATION OF FOOD SERVICE PACKAGE #8:

RECOMMENDATION: Adopt Resolution No. 2011-0102, awarding a concession lease to High Flying Foods San Diego Partnership for development and operation of Food Service Package #8, as included in the Request for Proposals (RFP) for Food Service and Retail Concessions, for a maximum term of twelve (12) years and two (2) months, which includes a period not to exceed twenty-six (26) months to allow for Package Completion with a first year Minimum Annual Guarantee (MAG) of \$1,022,100; and authorizing the President/CEO to take all necessary actions to execute the concession lease.

ACTION: Moved by Board Member Boland and seconded by Board Member Robinson to approve staff's recommendation. Motion carried by the following vote: YES – Boland, Cox, Desmond, Gleason, Hubbs, Panknin, Robinson, Smisek; NO – None; ABSENT – Young. (Weighted Vote Points: YES – 87; NO – 0; ABSENT – 13)

CLOSED SESSION: The Board recessed into closed session at 12:40 p.m. to discuss Items 30 and 31.

25. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:
Initiation of litigation pursuant to subdivision (c) of §54956.9: (1 case)

26. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:
(Government Code §54956.9 (a)):
San Diego Unified Port District v. TDY Industries, Inc., et al., and related cross-actions. U.S. District Court, Southern District Case No. 03 CV 1146-B (POR).

27. CONFERENCE WITH REAL PROPERTY NEGOTIATORS:
Real property negotiations pursuant to Cal. Gov. Code §54954.5(b) and §54956.8:
Property: Salt Plant – 17 acre parcel located at 1470 Bay Boulevard, San Diego
Agency Negotiators: Vernon D. Evans, Vice President, Finance/Treasurer
Negotiating Parties: United States Fish and Wildlife Service, GGTW, LLC (current tenant) and/or other interested parties
Under Negotiation: Sale – terms and conditions.

- 28. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**
(Cal. Gov. Code §54956.9(a)):
City of San Diego, Historical Resources Board: In re: Western Salt Company Salt Works, Report No. HRB-08-005
- 29. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**
(Cal. Gov. Code §54956.9(a)):
West Tech, Inc. v. San Diego County Regional Airport Authority, et al.,
L.A.S.C 37-2010-00106565-CU-BC-CTL
- 30. CONFERENCE WITH LABOR NEGOTIATOR:**
Labor negotiations pursuant to Cal. Gov. Code §54957.6.
Authority Designated Negotiators: Thella F. Bowens, President/CEO; and Jeffrey Woodson, Vice President, Administration
Employee Organization: Teamsters 911
- 31. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**
Significant exposure to litigation pursuant to Cal. Gov. Code §54956.9(b) [Number of cases: 1] and §54956.9(b)(3)(C) [Liability claim against Authority by Theresa, Warren & Carl Hopkins]

REPORT ON CLOSED SESSION: The Board reconvened into open session at 1:36 p.m. There was no reportable action.

NEW BUSINESS (CONTINUED)

- 23. AWARD AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE AN AGREEMENT WITH STANDARD PARKING CORPORATION FOR PARKING MANAGEMENT SERVICES:**
Vernon Evans, Vice President, Finance/Treasurer provided a presentation on the item, which included parking lot locations, parking management services, background information, parking management agreement, RFP selection process, evaluation criteria, and a final evaluation matrix. He announced that a protest had been received from Ace Parking with regard to this item.

Board Member Young returned to the dais at 1:52 p.m.

In response to Board Member Cox's concern regarding not using the same company for parking management and shuttle services management, and his concern regarding awarding points to Ace Parking for being a local business, Thella F. Bowens, President/CEO, stated that there were no concerns with the company having both contracts as they were bid separately. She added that even if extra points were awarded to Ace Parking for being a local business, Standard Parking still had a significantly higher score.

Bob Silvas, Director, Small Business Development, stated that pursuant to FAA guidelines no local preference could be given for this RFP because it is concession.

MATT PETERSON, SAN DIEGO, spoke in opposition to staff's recommendation.

KEITH JONES, SAN DIEGO, presented a display showing the savings to the Authority should ACE Parking be awarded the contract, and spoke in opposition to staff's recommendation.

JANELLE RIELLA, SAN DIEGO, spoke in opposition to staff's recommendation, and recommended that Ace Parking be awarded the contract.

PAUL WEBSTER, SAN DIEGO, spoke in opposition to staff's recommendation and requested that Ace Parking be considered for the contract

LORENA GONZALEZ, SAN DIEGO, spoke in opposition to staff's recommendation, and in support of awarding the contract to Ace Parking.

BILL LITTLEJOHN, SAN DIEGO, spoke in opposition to staff's recommendation, and in support of awarding the contract to Ace Parking.

PEDRO NAVA, SANTA BARBARA, spoke in support of staff's recommendation.

PAMELA BROWN, PORTLAND, OR, spoke in support of staff's recommendation.

MARGO TANGUAY, SAN DIEGO, spoke in opposition to staff's recommendation, and in support of awarding the contract to Ace Parking.

Breton K. Lobner, General Counsel, stated that the FAA has included parking management contracts in their definition of concessions, and cannot be given points for local preference.

In response to Board Member Boland regarding what will determine the amounts to be paid, Ms. Vargas stated that there is a fixed management fee, payroll fee, which could fluctuate, and reimbursable expenses that will determine the amount to be paid.

Board Member Cox expressed concern with the weight given to the proposed fees/cost to the airport identified as part of the evaluation criteria.

Mr. Lobner advised the Board of its options to not award the contract until the protest process is complete or delegate to the President/CEO the authority to award the contract after the protest process is completed.

Board Member Young questioned if the Board had to accept staff's recommendation. He stated that Ace Parking would be a better fit for the Authority.

Mr. Lobner responded that the Board has independent judgment and discretion. He advised that there was a set of criteria issued for the RFP, and that the weighting of the various points must be taken into account. He confirmed that another option is to reject all the bids and re-issue the RFP. He added that the scoring for this RFP was a consensus and that the panel agreed to the numbers.

RECOMMENDATION: Adopt Resolution No. 2011-0103, awarding to Standard Parking Corporation the agreement for parking management services, for a term of five (5) years in an amount not to exceed thirty-five million five hundred thousand dollars (\$35,500,000).

ACTION: Moved by Board Member Robinson and seconded by Board Member Young to continue this item to the September 1, 2011 Board meeting to allow time for the completion of the protest process. Motion carried by the following vote: YES – Boland, Cox, Gleason, Hubbs, Panknin, Robinson, Smisek, Young; NO – Desmond; ABSENT – None. (Weighted Vote Points: YES – 88; NO – 12; ABSENT – 0)

Board Member Hubbs requested to see more detail regarding the proposed revenues to the Authority for each proposal.

Chair Gleason requested a more robust presentation at the September Board meeting.

24. AWARD AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE AN AGREEMENT WITH ACE PARKING MANAGEMENT, INC. FOR AIRPORT SHUTTLE SERVICES:

Vernon Evans, Vice President, Finance/Treasurer provided a presentation on the item, which included airport shuttle services, airport shuttle agreement, RFP selection process, evaluation criteria, and final evaluation matrix.

RECOMMENDATION: Adopt Resolution No. 2011-0104, awarding an agreement with Ace Parking Management for airport shuttle services for a term of five (5) years in an amount not to exceed twenty-eight million eight hundred thousand dollars (\$28,800,000).

ACTION: Moved by Board Member Desmond and seconded by Board Member Young to approve staff's recommendation. Motion carried unanimously.

The Board recessed at 3:00 p.m. and reconvened at 3:56 p.m.

Board Member Young left the dais at 3:56 p.m.

ITEMS PULLED FROM THE CONSENT AGENDA FOR DISCUSSION:

5. AUGUST 2011 LEGISLATIVE REPORT:

Michael Kulis, Director, Inter-Governmental Relations, provided a report on the item and spoke of staff's recommended opposition to SB 931 (Vargas).

Thella F. Bowens, President/CEO, expressed concerns that this piece of legislation would impact the Authority, including prohibiting the Authority's option to use outside counsel for labor issues. She also announced that Airport Councils International recently met and unanimously opposed this legislation.

RECOMMENDATION: Adopt Resolution No. 2011-0090, approving the August 2011 Legislative Report.

ACTION: Moved by Board Member Desmond and seconded by Board Member Smisek to approve staff's recommendation. Motion carried by the following vote: YES – Boland, Cox, Desmond, Hubbs, Panknin, Robinson, Smisek; NO – Gleason; ABSENT – Young. (Weighted Vote Points: YES – 73; NO – 14; ABSENT – 13)

8. AMEND AND RESTATE AUTHORITY POLICY 1.21 – AUTHORITY ADVISORY COMMITTEE:

Board Member Hubbs suggested that the North County Transit District be added as a full-time representative.

RECOMMENDATION: The Executive Committee recommends that the Board adopt Resolution No. 2011-0084, amending and restating Authority Policy 1.21, Authority Advisory Committee.

ACTION: Moved by Board Member Hubbs and seconded by Board Member Panknin to approve staff's recommendation additionally amending the policy to make the NCTD a permanent member of the Committee. Motion carried by the following vote: YES – Boland, Cox, Desmond, Gleason, Hubbs, Panknin, Robinson, Smisek; NO – None; ABSENT – Young. (Weighted Vote Points: YES – 87; NO – 0; ABSENT – 13)

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

STANDING BOARD COMMITTEES

- **AUDIT COMMITTEE:**
Board Member Smisek announced that the Audit Committee will continue its interviews of public member applicants on August 5, and will recommend to the Board its selection of the public member to fill the current vacancy.
- **EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE:** None.
- **FINANCE COMMITTEE:** None.
- **TERMINAL DEVELOPMENT PROGRAM COMMITTEE:**
Board Member Boland announced that the Terminal Development Program continues to move along on schedule and on budget.

ADVISORY COMMITTEES

- **AUTHORITY ADVISORY COMMITTEE:** None.
- **PUBLIC ART ADVISORY COMMITTEE:**
Chair Gleason announced that today's action approved the extension of the terms for two members and that the Committee will meet next week to discuss a resubmitted proposal for the Chill Zone project.

LIAISONS

- **AIRPORT LAND USE COMPATIBILITY PLAN FOR SAN DIEGO INTERNATIONAL AIRPORT:** None.
- **CALTRANS:** None.
- **INTER-GOVERNMENTAL AFFAIRS:**
Board Member Cox reported that Congress adjourned for a five-week legislative recess, but has approved an agreement that will resolve the FAA reauthorization through unanimous consent. He also reported that Authority staff will meet with staff from Senator Boxer's office on August 9 to discuss issues related to the FAA partial shutdown; provide a briefing and tour to Congresswoman Davis' staff on August 8 and to Congressman Bilbray's staff on August 22 or August 24. He also reported that on August 9, staff will host an airport operations meeting to discuss and coordinate on airport issues with the airport operators of the City and County.
- **MILITARY AFFAIRS:**
Board Member Boland reported that he met with General Yoo, the new Marine Corps Recruit Depot (MCRD) commanding general and extended him an invitation to visit the airport to receive a briefing and tour.
- **PORT:**
Chair Gleason announced that a memo was received from the Port regarding the Environmental Impact Report for the North Side.

BOARD REPRESENTATIVES (EXTERNAL)

- **SANDAG TRANSPORTATION COMMITTEE:** None.
- **WORLD TRADE CENTER:**
Board Member Panknin reported that the Authority, along with the Port, will host an event for the World Trade Center on September 8 at the cruise ship terminal to commemorate the memorial of September 11.

CHAIR'S REPORT:

Chair Gleason announced that Volaris started non-stop flights to Mexico last month. He also reminded everybody that the retreat is currently scheduled for September 23 and September 24.

PRESIDENT/CEO'S REPORT:

Thella F. Bowens, President/CEO, reported that the September 8 event for the World Trade Center will be an upbeat event; she commented that the Volaris event was very well attended; and she announced that the Procurement Department received the national award for excellence in procurement for the second year in a row. She also reported that she attended a World Trade Center event at the University Club regarding the Savannah Economic Development Council who is currently pursuing a world trade center license. In response to the FAA reauthorization bill not being extended as discussed by Board Member Cox, she noted that although they have come to unanimous consent, they have not yet voted. She also stated that as of today, automatic payments on existing grants have stopped.

Chair Gleason reminded the Board that while there are still bids pending for the concessions program and the parking management contract, that there are to be no ex-parte communications with interested parties.

GENERAL COUNSEL REPORT: None.

BUSINESS AND TRAVEL EXPENSE REIMBURSEMENT REPORTS FOR BOARD MEMBERS, PRESIDENT/CEO, CHIEF AUDITOR AND GENERAL COUNSEL WHEN ATTENDING CONFERENCES, MEETINGS, AND TRAINING AT THE EXPENSE OF THE AUTHORITY:

BOARD COMMENT:

ADJOURNMENT: The meeting was adjourned at 4:10 p.m.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD THIS 1ST DAY OF SEPTEMBER, 2011.

TONY R. RUSSELL
DIRECTOR, CORPORATE SERVICES/
AUTHORITY CLERK

APPROVED AS TO FORM:

BRETON K. LOBNER
GENERAL COUNSEL