

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

CALL TO ORDER: Chairman Boling called the regular meeting of the San Diego County Regional Airport Authority to order at 9:02 a.m. on Thursday, March 2, 2017, in the Board Room at the San Diego International Airport, Administration Building, 3225 North Harbor Drive, San Diego, CA 92101.

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

ROLL CALL:

PRESENT: Board Members: Boling, Desmond, Janney, Kersey, Robinson, Schumacher, Sessom, Col. Woodworth (Ex Officio)

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

ALSO PRESENT: Thella F. Bowens, President/CEO; Amy Gonzalez, General Counsel; Tony R. Russell, Director, Corporate and Information Governance/Authority Clerk; Ariel Levy-Mayer, Assistant Authority Clerk I

Board Member Sessom arrived during the course of the meeting.

Chairman Boling announced that Items 8 and 9 would be heard first followed by Public Comment.

OLD BUSINESS:

8. PRESENTATION AND APPROVAL OF THE AMENDED PREFERRED AIRPORT DEVELOPMENT PLAN CONCEPT (*CONTINUED FROM THE FEBRUARY 2, 2017 BOARD MEETING*):

Angela Jamison, Acting Director, Airport Planning & Noise Mitigation provided a presentation on the Request to Provide Direction to Continue Programmatic Planning and Environmental Analysis Based on the Amended Preferred Airport Development Plan Concept which included Alternative 5 Ultimate Configuration, Amended Preferred ADP Concept, Airport Access Roadway Study Objective and Secondary Study Objectives, Concept Development Process, Roadway Alternatives Summary, Additional Concept Requirements, Potential Impacts for Multi-Agency Coordination and Discussion, Option, Amended Preferred ADP Concept Phase 1a, 1b, Phase 2, and Next Steps.

Board Member Sessom arrived at 9:09 a.m.

Board Member Desmond questioned if the City of San Diego is on board with the recommended entrance of the roadway to Harbor Dr. and requested that the conversation with other agencies occur before including the Airport Roadway Access concept recommended by staff in the Environmental Impact Report (EIR).

In response to Chairman Boling regarding what is and what is not included in the EIR, Amy Gonzalez, General Counsel stated that off-airport improvements are not included in the EIR.

Board Member Desmond expressed concerns with the impacts of the roadway and stated that the Authority needs to insure that it is a viable option before we spend any money.

Board Member Janney expressed support for the implementation of a multi-agency policy level group to address off-airport roadway access.

RECOMMENDATION: Adopt Resolution No. 2017-0013, directing staff to continue ADP programmatic planning and environmental analysis, based on the amended preferred alternative identified in this staff report and Board presentation.

Adopt Resolution No. 2017-0021, directing the President/CEO to work with the Board Chair to implement a multi-agency policy level group to address off-airport roadway access.

ACTION: Moved by Board Member Robinson and seconded by Board Member Desmond to approve staff's recommendation. Motion carried by the following Vote: YES – Boling, Desmond, Janney, Kersey, Robinson, Schumacher, Sessom; NO – None; ABSENT – Cox, Gleason (Weighted Vote Points: YES – 79; NO – 0; ABSENT – 21).

NEW BUSINESS:

9. **APPROVE AND ADOPT A MID-YEAR ADJUSTMENT OF THE CAPITAL PROGRAM BUDGET FOR FISCAL YEARS 2017-2021 TO FUND THE TERMINAL 2 WEST FEDERAL INSPECTION SERVICES PROJECT; AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A DESIGN-BUILD AGREEMENT WITH TURNER-PCL FOR DESIGN AND CONSTRUCTION OF THE TERMINAL 2 WEST FEDERAL INSPECTION SERVICES FACILITY:** Jeffrey Woodson, VP, Development; and Hampton Brown, Director, Air Service Development provided a presentation on the Approval and Adoption of a Mid-year Adjustment of the Capital Program Budget for Fiscal Years 2017-2021 to fund the Terminal 2 West Federal Inspection Services Project; and Authorize the President/CEO to Execute a Design-Build Agreement with Turner-PCL, a Joint Venture for Design and Construction of Terminal 2 West Federal Inspection Services Project, which included FIS Background and Demand, FIS Scope of

Work, Environmental & Coastal Review Status, Procurement Process and Results, Proposed Schedule/Budget/Finance, and Recommendations.

In response to Chairman Boling regarding the cost of the Federal Inspection Services (FIS) facility project in the Green Build project and why it was removed, Thella Bowens, President/CEO stated that the removal of the FIS project from the Green Build project reduced the Green Build cost by \$78 Million and that in discussions with airlines, their preference was to wait to build the FIS facility, as they did not agree it was an urgent need.

Board Member Schumacher questioned if there is a risk that the seat charge won't be achievable. Scott Brickner, VP, Finance and Asset Management/Treasurer stated that there is a risk and that it would have to be negotiated with the airlines.

Board Member Kersey expressed concern regarding the increase in costs between the Green Build and the current project. In response, Mr. Woodson stated that the Green Build was constructed during a recessionary period and that the expedited construction timeline has affected cost. Ms. Bowens also stated that during the Green Build the construction team was already mobilized.

Board Member Kersey expressed concern with the waiver of Policy 5.02(4)(b)(iii) and suggested an amendment to the motion that the Chair of the Board or the Chair of the Capital Improvement Oversight Committee be included as a secondary signatory to the President/CEO for any change order that results in an increase in the contract price in excess of four percent (4%).

In response to Board Member Sessom regarding what the impact would be if we just say no to additional international flights, Hampton Brown, Director, Air Service Development stated that this is a policy decision but that it transcends the Authority and that it would impact the mission of many other agencies in San Diego as well as cause international flights to go through LAX.

Ms. Bowens stated that international passengers spend more money than domestic passengers in the local community.

PAOLA AVILA, SAN DIEGO, VP of International Business Affairs & Leadership Development for San Diego Regional Chamber of Commerce, spoke in support of the staff's recommendation.

KERRI KAPICH, SAN DIEGO, COO of the San Diego Tourism Authority spoke in support of staff's recommendation.

RICHARD LEDFORD, SAN DIEGO, spoke in support of staff's recommendation.

NATE TURNBELL, SAN DIEGO, VP of Public Policy at CONNECT spoke in support of staff's recommendation.

DEBORAH PORTER, SAN DIEGO, spoke against more flights at the airport and stated that it's not good public policy to waive policy.

MARGO TANGUAY, SAN DIEGO, spoke in support of staff's recommendation.

LILA SCHMIDT, SAN DIEGO, expressed concern with the procurement process and an increase in flights.

Board Member Desmond made a motion to approve staff's recommendation. Board Member Robinson seconded the action.

Board Member Sessom expressed concern regarding the acceleration of the FIS project, it's economic impact, and the waiver of Policy 5.02(4)(b)(iii).

Board Member Kersey stated that he wishes this project had been done 6-8 years ago. He stated that he is not completely satisfied with why this project is much more expensive and requested additional information regarding the cost difference in the FIS project included in the Green Build project and the current staff recommendation. He also requested a friendly amendment to the motion to include the Chairman of the Board as a signatory to change orders above 4%.

Board Member Schumacher stated that he is not enthusiastic about the costs but the Authority needs to be able to accommodate international flights.

Board Member Robinson stated that the Board has a fiduciary duty to address the FIS needs.

Chairman Boling stated that the Authority has a responsibility to San Diego County to provide service to where people want to go.

RECOMMENDATION: Adopt Resolution No. 2017-0019, approving and adopting a mid-year adjustment to the Fiscal Year 2017-2021 Capital Program Budget to fund the Terminal 2 West Federal Inspection Services project for a project budget of \$229,474,214.00.

Adopt Resolution No. 2017-0020, approving and authorizing the President/CEO to: 1) negotiate and execute a Design-Build Agreement with Turner-PCL, for design and construction of the Terminal 2 West Federal Inspection Services Facility for a Guaranteed Maximum Price (GMP) not-to-exceed \$186,625,485.00; and 2) negotiate and execute future change orders using uncommitted funds within the project budget of \$229,474,214.00.

ACTION: Moved by Board Member Desmond and seconded by Board Member Robinson to approve staff's recommendation as amended to include the Chairman of the Board as a secondary signatory for any change orders over 4% of the contract value. Motion carried by the following Vote: YES – Boling, Desmond, Janney, Kersey, Robinson, Schumacher; NO – Sessom; ABSENT – Cox, Gleason (Weighted Vote Points: YES – 71; NO – 8; ABSENT – 21).

The Board recessed at 11:07 a.m. and reconvened at 11:20 a.m.

NON-AGENDA PUBLIC COMMENT:

JOHN DADIAN, SANTEE, representing SSP America requested that staff review the recommendations made by SSP America in John Clark's letter to the Authority and requested a response within 30 days.

Board Member Desmond requested a report from staff regarding the SSP America issue.

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

STANDING BOARD COMMITTEES

- **AUDIT COMMITTEE:**
Board Member Robinson reported that the Audit Committee met on February 13, 2017 and forwarded one report to the Board.
- **CAPITAL IMPROVEMENT PROGRAM OVERSIGHT COMMITTEE:** None.
- **EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE:**
Board Member Desmond reported that the committee met on January 12, 2017 and received a presentation on the results of the 2017 employee health and welfare benefits enrollments. He reported that the Authority saved an estimated \$700,000 due to offering active employees health plans with BlueShield of California. He also reported that an estimated \$138,000 savings was made due to offering eligible retirees a medical advantage health plan with United Healthcare, and the Authority was able to achieve an average cost increase of only 3% over 5 years, well below the reported trend of 7%. He reported that mid-year performance reviews were conducted with the President/CEO, Chief Auditor and General Counsel. He also reported that the next meeting is scheduled for April 13, 2017.
- **FINANCE COMMITTEE:**
Chairman Boling reported that the selection of debt underwriters was forwarded to the Board from the February 21, 2017 meeting and recommended for approval today.

ADVISORY COMMITTEES

- **AUTHORITY ADVISORY COMMITTEE:**
Board Member Robinson reported that a meeting is planned to be scheduled for early May.
- **ART ADVISORY COMMITTEE:** None.

LIAISONS

- **AIRPORT LAND USE COMPATIBILITY PLAN:**
Board Member Janney reported that meetings with the NAS North Island ALUCP community working group will begin next week and brief updates to the format of the NAS North Island ALUCP made by staff and the City of Coronado will be shared.
- **CALTRANS:** None.
- **INTER-GOVERNMENTAL AFFAIRS:**
Mike Kulis, Director, Inter-Governmental Relations reported that staff provided an airport briefing and airfield tour to San Diego City Councilmember Barbara Bry on February 16th and to La Mesa Councilmember Colin Parent on February 22nd, and on February 21st Chairman Boling and staff provided an airport update and tour of the Rental Car Center to Congresswoman Susan Davis. He reported that staff also provided an airport briefing to San Diego Councilmember Georgette Gomez on February 22nd and met with State Senator Toni Atkins on February 24th. He also reported that Board Member Kersey and he participated this week in the San Diego Regional Chamber of Commerce's advocacy trip to Sacramento where discussions were made with several delegation members and Administration officials about airport issues. Lastly he reported that February 17th was the deadline for bills to be introduced in the State Legislature this year.

Board Member Janney requested that staff provide a digest of the aviation subcommittee hearing on PFC's.

Board Member Kersey thanked Mr. Kulis and stated that during the trip to Sacramento, Mr. Kulis spoke with the Governor's senior staff regarding the list of infrastructure projects submitted to the White House and requested that airport projects be considered for the future as there were currently none on the list. Mr. Kulis stated that the Governor's office asked that the Authority provide a list of shovel ready projects and that a follow up letter should be received from the Governor's office.

- **MILITARY AFFAIRS:** None.

- **PORT:**
Chairman Boling reported that the Port Authority and Airport Authority will be working together on transportation and it is a priority for discussion over the next year. She also reported that discussion regarding Custom and Border Protection, sharing of staff and additional staff needs were discussed at the last meeting.
- **WORLD TRADE CENTER:** None.

BOARD REPRESENTATIVES (EXTERNAL)

- **SANDAG TRANSPORTATION COMMITTEE:**
Board Member Robinson reported that he met with SANDAG and Supervisor Roberts and discussed the funding of a study for the placement of a gondola in Seaport Village and the San Diego Airport.

Board Member Desmond suggested that the Authority provide an informational presentation on the ADP off-airport roadway access to the SANDAG Transportation Committee.

CHAIR'S REPORT: Chairman Boling reported that Board Member Gleason has been reappointed for a three year term by the San Diego City Council. She also reported that the FAA hosted a Metroplex workshop on February 2, 2017 in Solana Beach. She reported that aircraft noise continues to be a concern for residents and that the Authority is continuing to work with airline partners and the FAA to address those concerns. She also reported that the next phase of the FAA SoCal Metroplex procedure is scheduled for implementation in early March. She reported that during her briefing with Congresswoman Susan Davis, Ms. Davis expressed concern regarding recent airport demonstrations and that she was briefed on the Rental Car Center, the lack of funding for the Airport Development Plan and updated on the FIS project. She also reported that staff and her attended a Public Private Partnership (P3) conference in Dallas and highly recommended that the Authority attend the next P3 conference specific to airport needs scheduled for July 2017 in San Diego. She reported that on February 9, 2017 she attended the Hotel Motel Association Board meeting where a presentation on the Airport Development Plan, options and opportunities related to funding were discussed.

PRESIDENT/CEO'S REPORT: Thella F. Bowens, President/CEO reported that the Parking Plaza project is on schedule despite rainy weather and that Environmental Affairs and Swinerton are pursuing a Parksmart Certification and if achieved that San Diego Airport (SAN) will be the first airport in the US recognized under the Green Parking Program. She reported that the Samsung Gear S2/S3 Smartwatches are being piloted with the intent to improve response time and promote efficient use of staff by alerting technicians to airport problems. She reported that SAN is the first airport in world to use this technology and if successful it will be implemented in other airports.

PRESENTATIONS:

A. DISCUSSION REGARDING THE PARAMETERS FOR THE FISCAL YEAR 2018 AND FISCAL YEAR 2019 OPERATING BUDGETS:

Scott Brickner, VP, Finance & Asset Management/Treasurer; and John Dillon, Director, Financial Management provided a presentation on the Discussion Regarding the Parameters for the FY 2018 and FY 2019 Operating Budgets which included Strategic Direction, Economic Update, Moody's Report, Budget Considerations, Authority Financial Snapshot, Budget Challenges, Budget Guidelines and Budget Calendar.

Board Member Kersey requested that two items be added to a future Board agenda regarding debt load comparison for airports of similar size, and utilization rates for the airport valet parking.

Board Member Sessom left the meeting at 12:05

Board Member Kersey left the meeting at 12:07 p.m.

Board Member Desmond expressed concern with the effect TNC's might have on Rental Car Center revenues.

CONSENT AGENDA (Items 1-7):

ACTION: Moved by Board Member Robinson and seconded by Board Member Janney to approve the Consent Agenda. Motion carried by the following Vote: YES – Boling, Desmond, Janney, Robinson, Schumacher; NO – None; ABSENT – Cox, Gleason, Kersey, Sessom (Weighted Vote Points: YES – 58; NO – 0; ABSENT – 42).

1. APPROVAL OF MINUTES:

RECOMMENDATION: Approve the minutes of the February 2, 2017 regular meeting. .

2. ACCEPTANCE OF BOARD AND COMMITTEE MEMBERS WRITTEN REPORTS ON THEIR ATTENDANCE AT APPROVED MEETINGS AND PRE-APPROVAL OF ATTENDANCE AT OTHER MEETINGS NOT COVERED BY THE CURRENT RESOLUTION:

RECOMMENDATION: Accept the reports and pre-approve Board member attendance at other meetings, trainings and events not covered by the current resolution.

3. AWARDED CONTRACTS, APPROVED CHANGE ORDERS FROM JANUARY 9, 2017 THROUGH FEBRUARY 5, 2017 AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM JANUARY 9, 2017 THROUGH FEBRUARY 5, 2017:

RECOMMENDATION: Receive the report.

4. **MARCH 2017 LEGISLATIVE REPORT:**
RECOMMENDATION: Adopt Resolution No. 2017-0015, approving the March 2017 Legislative Report.

CLAIMS

5. **REJECT THE CLAIM OF JO-ANN MONTGOMERY:**
RECOMMENDATION: Adopt Resolution No. 2017-0016, rejecting the claim of Jo-Ann Montgomery.

COMMITTEE RECOMMENDATIONS

6. **SELECTION OF DEBT UNDERWRITERS FOR THE CAPITAL PROGRAM:**
RECOMMENDATION: Adopt Resolution No. 2017-0017, approving the selection of debt underwriters for the Capital Program.

CONTRACTS AND AGREEMENTS

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

7. **APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE ON-CALL ELECTRICAL SERVICE AGREEMENTS WITH BAKER ELECTRIC, INC.; CHULA VISTA ELECTRIC CO.; GLOBAL POWER GROUP, INC.; M&K GENERAL CONTRACTORS, INC.; AND, NEAL ELECTRIC, INC.:**
RECOMMENDATION: Adopt Resolution No. 2017-0018, approving and authorizing the President/CEO to execute on-call electrical service agreements with Baker Electric, Inc.; Chula Vista Electric Co.; Global Power Group, Inc.; M&K General Contractors, Inc.; and, Neal Electric, Inc., – each agreement, for a term of three years, with the option for two one-year extensions exercisable at the discretion of the President/CEO, for an aggregate total not-to-exceed amount of \$5,000,000 to provide on-call electrical services for San Diego International Airport's ("SDIA's") Capital Major Maintenance Program.

PUBLIC HEARINGS: None.

CLOSED SESSION: The Board recessed into Closed Session at 12:12 p.m. to discuss Items 18 and 20.

10. **CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**
(Cal. Gov. Code §54956.9(a))
GGTW LLC v San Diego County Regional Airport Authority, et al.
San Diego Superior Court Case No. 37-2016-00032646-CU-BC-CTL
11. **CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**
(Cal. Gov. Code §54956.9(a))
San Diego County Regional Airport Authority v. American Car Rental, Inc.
San Diego Superior Court Case No. 37-2016-00024056-CL-BC-CTL

- 12. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:**
(Cal. Gov. Code § 54956.9(a) and (d)(1).)
Dryden Oaks, LLC v. San Diego County Regional Airport Authority, et al.,
San Diego Superior Court, North County, Case No. 37-2014-00004077-CU-EINC
- 13. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**
(Significant exposure to litigation pursuant to Cal. Gov. Code §§ 54956.9(d)(2))
Re: Investigative Order No. R9-2012-0009 by the California Regional Water
Quality Control Board regarding submission of technical reports pertaining to an
investigation of bay sediments at the Downtown Anchorage Area in San Diego.
Number of potential cases: 1
- 14. CONFERENCE WITH REAL PROPERTY NEGOTIATORS AND WITH LEGAL
COUNSEL – ANTICIPATED LITIGATION:**
(Gov. Code §§54956.9(d)(e)(1) and 54954.5(b))
Property: Concession leases (food & beverage) with Host, High Flying Foods and SSP
Agency Negotiator: Scott Brickner, Kathy Kiefer and Eric Podnieks
Negotiating Parties: Host, High Flying Foods San Diego Partnership, SSP
America, Inc. and Stellar Partners, Inc.
Under negotiation: rent (price and terms of payment), closure/conversion of
locations, new concession buildout, ACDBE participation, lease compliance
issues, claim by Host and close outs/permits.
- 15. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**
(Significant exposure to litigation pursuant to cal. Gov. Code §54956.9(e)(3))
The Receipt of a Government Claim from VIP Taxi Inc.
- 16. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**
(Significant exposure to litigation pursuant to Cal. Gov. Code section
54956.9(e)(3))
The Receipt of a Government Claim from K.S.A.N. L.L.C.
- 17. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**
(Significant exposure to litigation pursuant to Cal. Gov. Code §§ 54956.9(d)(2))
Re: Navy Boat Channel
Number of potential cases: 1
- 18. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**
Significant exposure to litigation pursuant to paragraph (2) of subdivision
(d) of Section 54956.9
Number of potential cases: 2
- 19. CONFERENCE WITH LEGAL COUNSEL –ANTICIPATED LITIGATION**
Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of
Section 54956.9: 1 case
In re Seaport Airlines, Inc.
U.S. Bankruptcy Court Case No. 16-30406-rld7

- 20. PUBLIC EMPLOYEE APPOINTMENT:**
Cal. Gov. Code §54957
Title: President/Chief Executive Officer

REPORT ON CLOSED SESSION: The Board adjourned from Closed Session at 12:55 p.m. There was no reportable action.

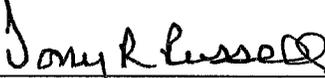
GENERAL COUNSEL REPORT: None.

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

BOARD COMMENT: None.

ADJOURNMENT: The meeting was adjourned at 12:55 p.m.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD THIS 6th DAY OF APRIL, 2017.



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

APPROVED AS TO FORM:



AMY GONZALEZ
GENERAL COUNSEL