

# SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY



## BOARD MEMBERS

DAVID ALVAREZ  
LAURIE BERMAN\*  
BRUCE R. BOLAND  
GREG COX  
JIM DESMOND  
COL. JOHN FARNAM\*  
ROBERT H. GLEASON  
LLOYD B. HUBBS  
ERAINA ORTEGA\*  
PAUL ROBINSON  
MARY SESSOM  
TOM SMISEK

\* EX OFFICIO BOARD MEMBERS

PRESIDENT/CEO  
THELLA F. BOWENS

## EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE MEETING

and

## SPECIAL BOARD MEETING \*

### AGENDA

Wednesday, January 15, 2014  
10:00 A.M.

San Diego International Airport  
Commuter Terminal -- Third Floor  
Board Room  
3225 N. Harbor Drive  
San Diego, CA 92101

This Agenda contains a brief general description of each item to be considered. 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. ***Please note that agenda items may be taken out of order.***

Staff Reports and documentation relating to each item of business on the Agenda are on file in Corporate Services and are available for public inspection.

PLEASE COMPLETE A "REQUEST TO SPEAK" FORM 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.***

**\*NOTE:** This Committee Meeting also is noticed as a Special Meeting of the Board to (1) foster communication among Board members in compliance with the Brown Act; and (2) preserve the advisory function of the Committee.

Board members who are not members of this Committee may attend and participate in Committee discussions. Since sometimes more than a quorum of the Board may be in attendance, to comply with the Brown Act, this Committee meeting also is noticed as a Special Meeting of the Board.

To preserve the proper function of the Committee, only members officially assigned to this Committee are entitled to vote on any item before the Committee. This Committee only has the power to review items and make recommendations to the Board. Accordingly, this Committee cannot, and will not, take any final action that is binding on the Board or the Authority, even if a quorum of the Board is present.

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## **CALL TO ORDER**

## **PLEDGE OF ALLEGIANCE**

## **ROLL CALL**

Committee Members: Boland, Cox, Desmond (Chair), Hubbs, Smisek

## **NON-AGENDA PUBLIC COMMENT**

Non-Agenda Public Comment is reserved for members of the public wishing to address the Committee on matters for which another opportunity to speak **is not provided on the Agenda**, and which is within the jurisdiction of the Committee. 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.

## **NEW BUSINESS**

### **1. APPROVAL OF MINUTES:**

RECOMMENDATION: Approve the minutes of the September 27, 2013 regular meeting.

### **2. RECAP OF BENEFITS OPEN ENROLLMENT AND IMPACT OF THE U.S. AFFORDABLE CARE ACT (ACA):**

Presented by Jeff Lindeman, Senior Director, Organizational Performance & Development and Christie Barr; Senior Vice President, Willis Insurance Services, San Diego

## **CLOSED SESSION**

### **3. PUBLIC EMPLOYMENT – PERFORMANCE EVALUATION:**

Cal. Gov. Code §54957  
Title: President/Chief Executive Officer

### **4. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:**

Cal. Gov. Code §54957  
Title: General Counsel

**5. PUBLIC EMPLOYEE PERFORMANCE EVALUATION:**

Cal. Gov. Code §54957

Title: Chief Auditor

**REPORT ON CLOSED SESSION**

**NON-AGENDA PUBLIC COMMENT**

**COMMITTEE MEMBER COMMENTS**

**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 complete a "Request to Speak" form 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 complete a form 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 limited to eighteen (18) minutes and 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. A second Public Comment period is reserved for general public comment later in the meeting for those who could not be heard during the first Public Comment period.
- 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. Public comment on specific items is limited to twenty (20) minutes – ten (10) minutes for those in favor and ten (10) minutes for those in opposition of an item. Each individual speaker will be allowed three (3) minutes, and applicants and groups will be allowed five (5) minutes.
- 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.
- 6) 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) 400-2400 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](http://www.san.org).

**For those planning to attend the Board meeting, parking is available in the public parking lot located directly in front of the Commuter Terminal. Bring your ticket to the third floor receptionist for validation.**

**You may also reach the Commuter Terminal by using public transit via the San Diego MTS system, Route 992. For route and fare information please call the San Diego MTS at (619) 233-3004 or 511.**

**UPCOMING MEETING SCHEDULE**

<i><b>Date</b></i>	<i><b>Day</b></i>	<i><b>Time</b></i>	<i><b>Meeting Type</b></i>	<i><b>Location</b></i>
May 21	Wednesday	10:00 a.m.	Regular	Board Room

**DRAFT**  
**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY**  
**SPECIAL EXECUTIVE PERSONNEL AND**  
**COMPENSATION COMMITTEE MEETING**  
**MINUTES**  
**FRIDAY, SEPTEMBER 27, 2013**  
**BOARD ROOM**

**CALL TO ORDER:**

Chair Desmond called the special meeting of the Executive Personnel and Compensation Committee, and the special meeting of the Board to order at 1:02 p.m. on Friday, September 27, 2013, in the Board Room of the San Diego International Airport, Commuter Terminal, 3225 N. Harbor Drive, San Diego, CA 92101.

**PLEDGE OF ALLEGIANCE:**

**ROLL CALL:**

PRESENT:           Committee Members:   Boland, Cox, Desmond, Hubbs, Smisek

                          Board Members:           Gleason, Sessom

ABSENT:           Committee Members:   None

ALSO PRESENT:   Thella F. Bowens, President/CEO; Breton K. Lobner, General Counsel; Lorraine Bennett, Assistant Authority Clerk II; Linda Gehlken, Assistant Authority Clerk I

*Board Member Gleason arrived during the course of the meeting.*

**NON-AGENDA PUBLIC COMMENT:** None.

**NEW BUSINESS**

**1.   APPROVAL OF MINUTES:**

RECOMMENDATION: Approve the minutes of the June 19, 2013 special meeting.

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

**2. RENEWAL OF THE EMPLOYEE BENEFIT PROGRAM FOR 2014:**

Jeff Lindeman, Senior Director, Organizational Performance & Development, and Christie Barr, Senior Vice President, Willis Insurance Services of San Diego, provided a presentation on the renewal of the Employee Benefit Program for 2014 which included, an overview of the Renewal Process to Date, Executive Summary, Medical Carrier Responses, HMO and PPO Employee Contributions – Employee Costs (By % Premiums), Employee Contribution Strategies Studied, Medical Plan Recommendations Summary, Medical Plan Design Comparison, 2014 Anthem Renewal Analysis Summary, and Employee Communication Strategy.

*Board Member Gleason arrived at the meeting at 1:25 p.m.*

Chair Desmond requested that staff provide for the next Board Meeting, the cost savings to the Authority and to the employees who participate in the wellness screenings, versus those who do not. He expressed concern regarding the five percent penalty being assessed for employees choosing to not participate in the wellness screenings. He requested that for the next Board meeting, staff provide the 2013 renewal rates for comparison, and information on the California Health Insurance Marketplace.

Board Member Gleason cautioned that the Authority be mindful of the unintended consequences related to spousal coverage as the Affordable Health Care Act is implemented.

RECOMMENDATION: Staff recommends that the Executive Personnel and Compensation Committee forward this item to the Board for approval.

**ACTION: Moved by Board Member Boland and seconded by Board Member Smisek to approve staff's recommendation. Motion carried unanimously.**

**CLOSED SESSION:** Chair Desmond announced that Closed Session Item 3 would not be heard. He stated that a separate matter had arisen requiring a meeting of the Board in Closed Session.

Breton K. Lobner, General Counsel, reported that the Authority received an Application to the FAA for an administrative proceeding. He stated that in accordance with California Government Code Section 54954.2, an affirmative two-thirds vote of the Board Members present was necessary to add the Closed Session Item to the Agenda.

**ACTION: Moved by Board Member Cox, and seconded by Board Member Hubbs to add a Closed Session item to the agenda regarding the Federal Aviation Administration Application for an administrative process (Item 4). Motion carried by the following vote: YES – Boland, Cox, Desmond, Gleason, Hubbs, Sessom, Smisek; NO – None; ABSENT – Alvarez, Robinson (Weighted Vote Points: YES - 79; NO - 0; ABSENT- 21).**

The Board recessed into Closed Session at 2:06 p.m. to discuss Item 4.

**3. CONFERENCE WITH LABOR NEGOTIATOR:**

Labor negotiations pursuant to Cal. Gov. Code §54957.6  
Authority Designated Negotiators: Thella F. Bowens, President/CEO and  
Jeff Lindeman, Senior Director, Organizational Training & Development  
Employee Organization: Teamsters 911

**4. CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION:**

Significant exposure to litigation (Cal.Gov.Code §54956.9(d))  
Number of Cases: 1  
Individual Members Adan Topete, Derrick Phillips, Manuel Aguilar, Jose  
Topete, Alexander Weir, Candido Bautista, Francisco Arrendondo, Juan Murillo  
and Laborers' International Union of North America Local Union No. 89,  
Applicants – Application to Stay Implementation of the September 5, 2013  
FONSI/ROD for San Diego International Airport Master Plan Northside  
Improvements Project- Application to the United States Department of  
Transportation, Federal Aviation Administration.

**REPORT ON CLOSED SESSION:** The Board reconvened into Open Session at  
2:29 p.m. There was no reportable action.

**ADJOURNMENT:** The meeting was adjourned at 2:30 p.m.

APPROVED BY A MOTION OF THE EXECUTIVE PERSONNEL AND  
COMPENSATION COMMITTEE OF THE SAN DIEGO COUNTY REGIONAL  
AIRPORT AUTHORITY THIS 15<sup>TH</sup> DAY OF JANUARY, 2014.

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JEFF LINDEMAN  
SENIOR DIRECTOR, ORGANIZATIONAL  
PERFORMANCE & DEVELOPMENT

APPROVED AS TO FORM:

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LORRAINE BENNETT  
ASSISTANT AUTHORITY CLERK II

# San Diego County Regional Airport Authority Recap of Benefits Open Enrollment & ACA Impact



## Presented By:

- Kurt Gering; Director, Talent, Culture and Capability
- Christie Barr; Senior Vice President, Willis Insurance Services

January 15, 2014





# Recap of Benefits Renewal Decisions (2014)



- Medical Benefit expanded from 2 plans to 4 plans:
  - HMO (with Scripps Providers)
  - HMO “Narrow Network” (with no Scripps Providers)
  - PPO
  - HDHP PPO with Health Savings Account
- Implemented individual enrollment employee cost share
  - 5% for employee
  - Family member cost share remained the same (45%)
- Implemented a penalty for nonparticipation in wellness
  - Penalty equivalent to 5% of individual premium cost
  - Penalty waived with participation in biometrics & health assessments
- Moved to a more market competitive cost share model:
  - Authority 81% (\$4,069,445)
  - Employees 19% (\$954,584)



# Enrollment Summary Highlights



- **HMO: 254 Enrolled (66%)**
  - 172 in “Narrow Network” HMO
  - 82 in Full HMO (with Scripps)
- **PPO: 133 Enrolled (34%)**
  - 121 in PPO Plan
  - 12 in HDHP with Health Savings Account (HSA)
- **Wellness Incentives**
  - 96% Completed Biometrics & Health Assessments (370)
  - 4% Did not complete biometrics (17)



# Cost Analysis



- Authority Proposed Cost (based on enrollment estimates) = \$4,069,445
- Authority Actual Cost (after enrollment) = \$4,130,932 (+1.5%)
- CY 2014 Current State Budget Projections = \$4,533,622
  - Savings (from projections to actual cost)
    - By \$ amount: \$402,690
    - By %: 9%
- **Key differences from projections:**
  1. Assumed 83% wellness completions (based on 2012 levels). Actual was 96%.
  2. Assumed 14% of HMO employees would stay on Full HMO (with Scripps). Actual was 32%.
  3. Assumed 36% of employees would stay on PPO. Actual was 34% (close to estimate).



## ACA Insurance MarketPlace Highlights (National)

### Enrollment Activity (9.5M)

- National Exchange Enrollment : 2.1M
- New Medicaid or CHIP Enrollment: 4.3M
- Young Adult (to age 26) Enrollment (since 2010): 3.1M

### Application Type

- 83% online applications
- 17% via paper applications

\*Statistics for time period through Dec. 31<sup>st</sup>. Results are preliminary. Final results pending from HHS





# ACA Insurance MarketPlace Highlights (California)

## Application Activity

- Completed enrollment applications: 1.06M

## Financial Assistance (tax credit)

- 70% eligible for a subsidy to offset premium
- 30% paying full premium

## Demographics by Age Band

- 18 to 34 yrs: 21%
- 35 to 44 yrs: 21%
- 45 to 53 yrs: 23%
- 55 to 64 yrs: 35%

## Selected Carriers

- Anthem Blue Cross: 30% of applicants
- Blue Shield: 27% of applicants
- Kaiser: 24% of applicants
- Health Net: 16% of applicants

\*Application data for time period Oct 1 – Dec. 28. Other data for time period Oct 1 – Nov 30<sup>th</sup>



# What Are Employers Doing As a Result of ACA?

1. Improve understanding of this law. Most employers think their understanding of the ACA provisions are good (69%) but not excellent
2. 94% say they will definitely, or very likely, continue to provide medical coverage in 2014 for the following key reasons:
  - Retention of employees (70%)
  - Attracting future talent (65%)
  - Maintain/increase employee satisfaction & loyalty (38%)
  - Avoid paying penalties (7%)
  - Maintain tax advantages (6%)
3. 16% of organizations are planning on adjusting workforce hiring or adjusting hours so fewer employers qualify as full-time (primarily hospitality/retail)
4. Cost-management initiatives for 2014
  - 43% increase employee share of premium costs
  - 34% are increasing the cost for dependent coverage
  - 33% increasing deductibles (PPO plans)
5. Employers are investing more in wellness & prevention
  - 24.5% are planning to invest resources in the next 12 months
  - 19.3% are currently investing in this area

\*Survey by the International Foundation of Employee Benefit Plans, 2013

# Discussion and Dialogue