

SUSTAINABILITY REPORT

Calendar Years 2014 & 2015

SAN is committed to building an enduring and resilient enterprise by effectively managing our financial, social and environmental risks, obligations and opportunities.

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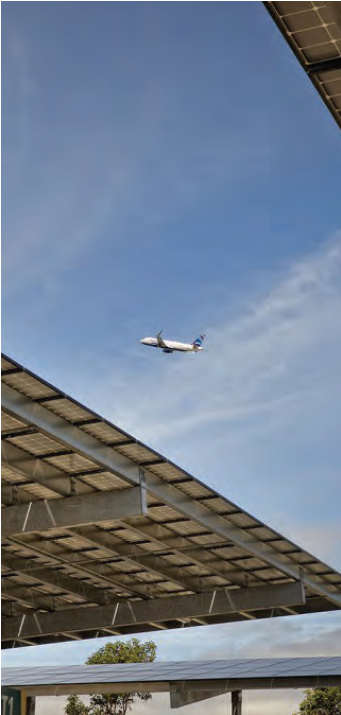
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WELCOME



A MESSAGE FROM OUR BOARD CHAIR AND PRESIDENT/CEO

Welcome to the San Diego County Regional Airport Authority's fourth Sustainability Report, published this year in digital format only. This report generally highlights our activities and accomplishments since the last report in 2013. As before, we have used the Global Reporting Initiative (GRI) as a tool to guide the report's development.

At San Diego International Airport (SAN), we've defined sustainability as "building an enduring and resilient enterprise by effectively managing our financial, social and environmental risks, obligations and opportunities."

Sustainability is hardly a new concept. On some level, all airports practice sustainability these days. The challenge we face is not just practicing sustainability, it's ingraining it into the very DNA of our organizational culture.



Therefore, it's not an accident that the structure of this Sustainability Report mirrors our organization. This report is divided into five key sections: Community, Customer, Employee, Financial and Operational. These areas align with our five organizational strategies of the same names.

You'll notice right away that sustainability is not one of those strategies. Rather, it's an integral part of all of them. Because to us, sustainability can mean a lot of different things.

Sustainability means undertaking significant quality-of-life improvements for the community and the region, such as reducing **traffic congestion** and **air emissions**.

It means constantly fine-tuning our **financial strategy** to enhance the airport's position while making sure we offer as many **nonstop flights** as possible to places you want to go.

It means being open to new services for our customers, such as providing opportunities in the **sharing economy** and making sure the **region we love** is reflected in the concessions we offer.

It means seeking out **diverse pools of employee talent**, such as our veterans, while creating opportunities for more students to learn about airport careers.

And, finally, it means looking for innovative ways to incorporate **clean energy** and **reuse water** while continuing to operate our airport in a safe, secure and efficient manner.

How did we create an organization where thinking like this is so highly valued?

Two ways: From the top down, and from the bottom up.

It's the board's job to set policy and communicate its vision to staff. And our staff is encouraged to work collaboratively across departments in innovative and creative ways to carry out that policy. In this paradigm, great ideas emerge organically – and sustainably – from all levels of the organization.

We invite you to read this report with a critical eye and let us know how we’re doing. We know there are challenges ahead, especially related to how we continue to meet regional air travel demand over the next 20 years through our Airport Development Plan, given our constrained 661 acre site. But these challenges can also serve as opportunities for innovation and new partnerships.

How we approach these challenges and opportunities will go a long way toward determining our sustainable future – not just for San Diego International Airport, but for the entire San Diego region.

Robert H. Gleason

Board Chair

Thella F. Bowens

President/CEO

GENERAL STANDARD DISCLOSURES

GENERAL STANDARD DISCLOSURES

Organizational Profile

About San Diego County Regional Airport Authority

The San Diego County Regional Airport Authority was created on January 1, 2003, as a single, independent agency to manage the day-to-day 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 nine voting members with three additional non-voting (ex-officio) members who represent all areas of San Diego County. Three members serve as the Executive Committee. The Board regularly convenes on matters connected to its state-mandated mission to effectively manage and operate San Diego International Airport and address the region's long-term air transportation needs.

Several standing committees of the Board hold regular public meetings to address key policy areas and develop items for consideration by the full Board. The committees are:

- Executive Committee
- Executive Personnel and Compensation Committee
- Finance Committee
- Audit Committee
- Capital Improvement Program Oversight Committee

In 2014 and 2015, President/CEO Thella F. Bowens was responsible for management oversight of the Airport Authority, the annual budget and a staff of approximately 390 aviation professionals, who nearly all work onsite at SAN. The Airport Authority Board Chair does not serve as an executive officer within the organization's management.

During the reporting period there have been no significant changes regarding the size, structure or ownership of the Airport Authority or SAN.

Our Organizational Vision

Mastering the Art of Airports



Our Organizational Values

- We recognize the needs of our customers come first.
- We pursue excellence in all our business processes.
- We conduct our affairs with honesty and integrity.
- We provide a safe, secure, quality-oriented, highly efficient environment.
- We foster an informed, productive, diverse, enthusiastic work force.
- We believe that continuous learning and personal involvement are job responsibilities.
- We believe that everyone counts and we count on everyone.

We are also committed to positively influencing the broader aviation industry. Airport Authority officials lead and participate in numerous committees and working groups for the Airports Council International – North America, American Association of Airport Executives, and the California Airports Council. Further, we have tried to align our goals and initiatives with others across the industry, whenever possible.

About San Diego International Airport

For 88 years, SAN has served the air transportation needs of the San Diego region. The airport's total operation sits on 661 acres just two miles northwest of San Diego's thriving downtown. Its location on Harbor Drive is roughly bounded by Interstate 5 to the east, Liberty Station to the west, Marine Corps Recruit Depot to the north and San Diego Bay to the south. The airport has a single primary runway, which is 9,401 feet long. On average, 50,000 passengers a day pass through the airport, which accommodates more than 500 daily arrivals and departures, the vast majority of which are for passenger service. The airport's catchment area includes a large swath of Southern California and extends into northern Mexico.

In 2015, 19 passenger carriers and three cargo carriers served the airport, which had 51 gates for jet aircraft in Terminals 1 and 2. By summer of 2015, all flights that had departed from the Commuter Terminal had been relocated to Terminals 1 and 2, and all air service from the Commuter Terminal ceased operation. Southwest Airlines, the largest carrier, accounted for approximately 37 percent of the passenger volume in 2015.

The airport in 2015 offered nonstop service to 49 domestic destinations, including:

- Albuquerque, NM
- Atlanta, GA
- Austin, TX
- Baltimore, MD
- Bellingham, WA
- Boise, ID
- Boston, MA
- Burbank, CA
- Charlotte, NC
- Chicago, IL
- Cincinnati, OH/Covington, KY
- Dallas/Fort Worth, TX
- Denver, CO
- Detroit, MI
- El Centro/Imperial, CA
- Fresno, CA
- Honolulu/Oahu, HI

- Houston, TX
- Kahului/Maui, HI
- Kansas City, MO
- Kona/Hawaii, HI
- Las Vegas, NV
- Lihue, HI
- Los Angeles, CA
- Mammoth Lakes, CA
- Miami, FL
- Milwaukee, WI
- Minneapolis/St. Paul, MN
- Monterey, CA
- Nashville, TN
- New Orleans, LA
- New York, NY
- Newark, NJ
- Oakland, CA
- Orlando, FL
- Philadelphia, PA
- Phoenix, AZ
- Portland, OR
- Reno, NV
- Sacramento, CA
- Salt Lake City, UT
- San Antonio, TX
- San Francisco, CA
- San Jose, CA
- Santa Rosa, CA
- Seattle, WA
- Louis, MO
- Tucson, AZ
- Washington, D.C.

Our Reporting

The San Diego County Regional Airport Authority has consulted the Global Reporting Initiative’s (GRI) G4 guidelines in the production of this report. The index lists the economic, environmental and social criteria that the GRI guidelines suggest, as well as certain specific criteria from the GRI Airport Operators Sector Supplement. The report was developed in accordance with the GRI G4’s “Core” standards and covers Calendar Years 2014 and 2015. However, some information is presented based on fiscal years to align with the relevant data’s native format. San Diego International Airport plans to release updated sustainability reports on a yearly basis in the future. Any changes or re-statements from previous reports are noted in the applicable data table. This Sustainability Report has not been externally assured.

Our Boundaries

The Airport Authority's boundaries for the purposes of this Sustainability Report encompass the organization's geographic jurisdiction (San Diego County) as determined by state law, as well as entities over which the Airport Authority exercises control or significant influence, both in and through its relationships with various entities. A summary of these boundaries follows.

Control

The San Diego County Regional Airport Authority exercises control over San Diego International Airport.

Significant Influence

- The Airport Authority has significant influence over:
- Airport Authority collective bargaining unit (union)
- Airport retail tenants
- Airport airline tenants
- Airport cargo carrier tenants
- Parking management service
- Airport ground transportation service providers
- Harbor Police Department
- Aircraft rescue and firefighting/San Diego Fire-Rescue Department
- On-site services (e.g., janitorial, security)
- Contractor and consultant services (e.g., construction, engineering, environmental, maintenance)

For more information on the content of this report, please contact Brendan Reed, Environmental Sustainability Program Manager, breed@san.org.

STAKEHOLDER ENGAGEMENT AND MATERIALITY

STAKEHOLDERS, MATERIALITY & MORE

Stakeholder Engagement & Input

The airport's stakeholders are diverse and varied, ranging from residents to local government to other transportation agencies to business leaders. We engage with these stakeholders in many different ways and regularly confer and collaborate with them. Below are examples of these stakeholder groups:

Public

- General public
- Traveling public
- Passengers
- Other airport users
- Airport-adjacent residents

Environmental Interest Groups

- Nonprofit environmental groups
- Grassroots citizen groups
- Local and regional groups

Organizational

- Airport Authority Board
- Airport Authority executive management
- Airport Authority staff
- Airport employees
- Labor unions
- Volunteer Airport Ambassadors

Public Participation Committees

- Airport Authority Advisory Committee
- Art Advisory Committee
- Airport Land Use Compatibility Plan Technical Advisory Group
- Airport Noise Advisory Committee

Tenants

- Airlines
- Concessions
- Fixed-base operator
- Fuel farm operator
- USO
- Rental car operators
- Other airport tenants

Community-Based Groups

- Peninsula Community Planning Board
- Mission Hills Town Council
- Little Italy Association
- Friends of Downtown
- P3 People for Progress
- Uptown Planners
- Mission Hills BID
- Point Loma Rotary
- Old Town Community Planning Group
- Midway Planning Group
- Point Loma Association
- Catfish Club

Businesses

- Local/regional chambers of commerce
- San Diego Regional Economic Development Corporation
- Small business community
- Business partners
- Business community
- World Trade Center San Diego
- Tourism community
- Research and development community
- Airport-adjacent businesses

Government: Local/Regional

- City of San Diego
- Other San Diego County cities
- San Diego Metropolitan Transit System
- Port of San Diego
- Harbor Police
- San Diego Association of Governments
- County of San Diego
- North County Transit District
- Local/regional elected officials

Government: State

- State of California
- California Coastal Commission
- California Department of Transportation
- Other state regulatory agencies
- State elected officials

Government: Federal

- Federal Aviation Administration
- Transportation Security Administration
- Other federal agencies
- Federal legislative bodies
- U.S. Marine Corps
- U.S. Navy
- Military families
- Federal elected officials

Stakeholders and other members of the public are welcome to address the Airport Authority Board during the public comment period at any of its public meetings. All Board, Board Committee and Advisory Committee meetings are open to the public, with public comment periods. Airport Authority Board member contact information is also available on the website at www.san.org.

For all major development projects, the Airport Authority follows stated and federal Environmental Impact Report and Environmental Impact Statement guidelines, which includes extensive public comment and public participation requirements.

Materiality Determination

As part of this year’s Sustainability Report, the Airport Authority placed greater emphasis on determining the issues that were most important or “material” to the organization and its stakeholders. This process began with creating an internal sustainability team that included 16 staff members from eight departments to help guide our efforts.

Through a four-day workshop and training on the new Global Reporting Initiative G4 standards, the team identified 20 economic, social, and environmental issues that were critical to the airport’s long-term success. Surveys were then conducted of several stakeholder groups, including: Airport Authority employees and executives, Airport Authority Advisory Committee, concessionaires, ground transportation representatives, airlines and air cargo, and the traveling public.

Survey participants were asked to rate (using a 1-5 Likert Scale) the importance of the 20 issues from their perspectives. Almost 550 responses were received and were “normalized,” so that every stakeholder group had the same weight despite varying numbers of participants. The results were used to create the Materiality Matrix below and guide the development of the 2015 Sustainability Report. All 20 of the issues are discussed in this report; however, more disclosure is provided on the topics that were the most important to both the Airport Authority and stakeholders.



*Materiality Matrix was revised to better reflect the current issues and topics relevant to the Airport Authority and its stakeholders

The Airport Authority defines materiality based on the priority of each aspect to the business, our stakeholders, and our customers. The Airport Authority’s supply chain includes facility tenants, along with the goods and services needed for airport operations and construction activity. This report generally addresses Airport Authority activities and does not address the activities of Airport Authority suppliers, tenants, or contractors, except where noted.

COMMUNITY

Our Community Strategy is to be a trusted and highly responsive regional agency.

100

Meetings

1000

Attendees

135

Media Placements

KEEPING THE COMMUNITY INFORMED

One of the San Diego County Regional Airport Authority's five key strategies is focused on the community: Striving to be a trusted and highly responsive regional agency. As such, communication with the public is an important aspect of what we do at the airport, and we take this responsibility seriously.

Outreach is about more than just sending emails or making calls. Board members and staff are frequently out in the community, talking with residents about airport programs and initiatives. The Airport Development Plan (ADP) and North Side Development Program are two examples of projects where robust public outreach helped ensure the community was informed and had an opportunity to provide feedback.

After the Terminal 2 Green Build expansion opened in 2013, attention turned to replacing the nearly 50-year-old Terminal 1. That's where the ADP comes in. The airport launched a comprehensive public outreach campaign to raise awareness of the ADP's goals and gather public input.

The Airport Authority hosted 1,000 attendees at 100 meetings, reached nearly 7,000 readers through its print and electronic newsletters, and secured 135 media placements. Feedback was uniformly positive and encouraging, and helped staff finalize a plan that was approved unanimously by the Airport Authority Board in the fall of 2015.

The north side projects, designed to maximize efficient utilization of SAN's limited acreage and modernize its functions, included a new general aviation facility for private aircraft, a new Receiving and Distribution Center, and a consolidated Rental Car Center. These projects all involved major construction activities, so SAN's community outreach program sought to keep neighbors and other stakeholders informed and provide a channel for public concerns and complaints. In all cases, the Airport Authority has worked hard to minimize any negative impacts of these new facilities on the local community, both during construction and ongoing operations.

Outreach included briefings for elected officials, presentations to business and community groups, media relations, website content, social media, and electronic and printed newsletters.

NORTHSIDE IMPROVEMENTS EASE CONGESTION

While SAN's new Rental Car Center was built with sustainability in mind – it's a candidate for LEED Silver certification – it's very location and operational strategies also bring sustainable benefits to the community.

The previous rental car area was on North Harbor Drive, near the main entrances to the terminals. The new facility is on the north side of the airport, away from most of the arriving and departing vehicle traffic on North Harbor Drive. This has dramatically reduced rental car traffic on the main roadways, as well as the number of shuttle buses competing with passengers getting to and from the airport.

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Not only did we pull most of the shuttles off North Harbor Drive, we actually reduced the total number of rental car shuttles from 81 down to 16 at the end of 2015 – with all of them operating on a newly built interior airport roadway and using alternative fuels.

NOISE MITIGATION EFFORTS HELP PROMOTE NEIGHBORHOOD SUSTAINABILITY

We know it’s not always easy living close to a busy airport, especially one that’s bordered on all sides by bustling, mixed-use neighborhoods and also the city’s urban core.

That’s why programs that promote neighborhood sustainability such as the Quieter Home Program are vital to San Diego International Airport’s mission of connecting with neighbors and being a good community partner.

The Quieter Home Program is a hallmark of the Airport Authority’s commitment to maintaining and improving the quality of life for our neighbors. We were very excited to celebrate a major milestone in 2015 – the 3,000th home to be retrofitted under this program.

For the past 14 years, this program has reduced aircraft noise inside homes east and west of the airport, including Bankers Hill, Point Loma, Little Italy, and Ocean Beach communities, which lie under the approach and departure corridors for our busy single-runway airport.

The Quieter Home Program typically achieves interior noise reductions of at least five decibels, meeting the Federal Aviation Administration (FAA) noise level reduction guidelines. This is accomplished through a partnership with the FAA, the City of San Diego and our neighbors.

The program customizes a design for each home, and may include special sound-attenuating doors and windows and new ventilation systems that reduce noise levels from arriving and departing aircraft overhead.

Other efforts to address noise-mitigation objectives include extensive monitoring and stakeholder outreach, including our Airport Noise Advisory Committee which advises the Airport Authority Board and consists of elected officials, industry partners such as airlines and local municipalities, airport staff, and community members.

Airlines and aircraft manufacturers are also key pieces of the noise-mitigation puzzle. Airlines are shifting to a business model that favors fewer flights utilizing larger aircraft with fewer empty seats than ever before.

Aircraft manufacturers are developing quieter planes and experimenting with other innovative solutions, such as the vortex generator – a small piece of equipment that is placed on the underside of Airbus aircraft, requiring little investment for major noise reductions.

Although the outcome is not yet known, a potential challenge we face is the FAA’s proposal for flight procedure changes dubbed the “SoCal Metroplex.” This is part of the ongoing implementation of NextGen, a national program involving the transition from ground-based to satellite-based navigation and surveillance, as well as other upgrades, to increase the efficiency of the airspace system.



2012	2,418 Homes
2013	2,694 Homes
2014	3,058 Homes
2015	3,316 Homes

The SoCal Metroplex, which is still under review, would involve changes to the flight procedures around the airport. We are committed to closely monitoring any resultant changes in noise levels or patterns to help protect our neighbors and the residents of San Diego.

PLANNING FOR CLIMATE CHANGE

The San Diego County Regional Airport Authority is closely monitoring the potential impacts of climate change, especially sea level rise, which could impact our ability to operate the airport. In fact, San Diego Bay experienced its highest high tide event ever in November 2015 (since record-keeping began in 1906).

The Airport Authority developed an airport-wide hydrologic model and flood vulnerability assessment in 2015, which illustrates future potential flood conditions and accounts for future storm surge and sea level rise. These climate impacts are expected to exacerbate airport flood risk by the year 2050.

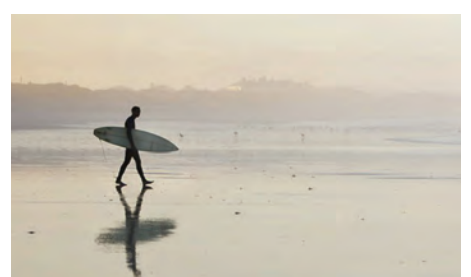
It's important to note that some of our most critical infrastructure, including Runway 9-27, most taxiways, and the Air Traffic Control Tower, are not at risk of flooding. However, many other airport facilities could be moderately or highly vulnerable to periods of inundation in the future.

As such, the airport's new Water Stewardship Plan includes multiple resilience-focused actions which we will undertake in coming years, from developing resilient design guidelines for new infrastructure and landscape projects, to updating our emergency planning and response procedures to reflect emerging climate risks.

We are also partnering with other agencies and organizations on climate adaptation planning. The Airport Authority was elected in 2015 to the Steering Committee of the San Diego Regional Climate Collaborative, which is a network of public agencies sharing expertise and leveraging resources to advance comprehensive solutions to climate change in partnership with academia, non-profits, and businesses. These types of collaborations will help the Airport Authority monitor and prepare for potential operational, financial, and regulatory impacts of climate change in the future.

Climate change, like many other environmental policy areas, is subject to rapidly-evolving science and an inherent level of uncertainty. However, the airport follows the precautionary approach of using the best available science at the time to take protective actions to avoid environmental degradation.

“ Climate change brings warmer temperatures, which mean increased demand for cooling and air conditioning, along with rising sea levels. In November 2015, sea levels in San Diego Bay reached an all-time high.



GETTING A HANDLE ON WASTE

One of the more significant challenges the Airport Authority faces is managing waste from a variety of sources, including food services, administrative offices, inbound and outbound flights, and more.

The Airport Authority has achieved competitive waste diversion rates since the inception of our single stream recycling program, which allows us to collect paper, glass, plastic, cardboard, and metals. In addition, we have recently expanded our pre-consumer food waste recycling program to include 100 percent of concessionaires.

We achieved a 95 percent waste recycling and reuse rate for construction and demolition (C&D) materials in 2015 even as the amount of recycled C&D materials increased from 1,199 tons in 2013, to 89,281 tons in 2015 due to the new Rental Car Center and other capital improvement projects.

Most airlines' waste is deposited into Airport Authority's onsite compactors and included in our reported municipal waste and recycling streams. Waste from international flights, however, is processed and disposed of separately in compliance with the U.S. Department of Agriculture's "Regulated Garbage" program to inhibit the spread of pathogens and invasion of foreign species.

The Airport Authority has been recognized for waste reduction and recycling achievements through numerous award programs, including the Governor's Environmental & Economic Leadership (GEELA) Awards, the North San Diego Business Chamber's Sustainability Champion of the Year Award, and the City of San Diego's Recycler of the Year Award, which we have received nine times.

Despite our successes, significant opportunities exist to improve our performance by streamlining waste recovery services across the entire airport enterprise. In particular, our 2015 waste characterization report found that our recycling stream is contaminated by non-recyclable waste. Our contamination rate suggests that we would benefit from better training, signage, and engagement of our employees, tenants, and passengers to maximize waste diversion and recovery.

To support our aspirational goal of becoming a "zero waste" facility, we have convened a Waste Reduction Team to engage stakeholders across our operations in recovering a greater share of our waste streams generated in airport facilities and flight operations.



AIRPORT AUTHORITY WORKS TO ENHANCE QUALITY OF STORM WATER DISCHARGES

The Airport Authority has implemented several strategies to ensure pollutants from storm water discharges are minimized.

The airport's storm water discharges are currently regulated by three permits: the Municipal (MS4), Industrial and Construction General Permits. A new, more stringent MS4 permit was recently adopted in 2013, which required the Airport Authority to collaborate with 10 other jurisdictions in the development and implementation of the San Diego Bay Watershed Management Area Water Quality Improvement Plan (WQIP). The WQIP outlines the strategies each jurisdiction will use to limit the pollutants in storm water runoff draining into the storm drains, streams, and rivers flowing into San Diego Bay.

At the airport, the primary pollutants that could run off from storm water into San Diego Bay are zinc and copper. Zinc originates from roofing materials and galvanized fencing, while airport operations, such as tire and brake pad wear from aircraft and vehicle traffic, generate copper residue. In 2015, the Airport Authority began to implement new strategies to address copper and zinc pollutants:

- Increase sweeping on the runway, taxiways, and airfield service roads
- Implement green infrastructure and treatment systems
- Increase tenant training, inspections and catch basin cleaning
- Perform public outreach and participation
- Conduct runway rubber removal and power washing

Two recent examples of green infrastructure implementation on the north side of the airfield are:

- The 16-acre Economy parking lot opened in June 2014. The project included installation of 12 modular wetland treatment systems to address heavy metals, including copper and zinc, and other pollutants.
- A new consolidated Rental Car Center that opened in early 2016. Storm water treatment controls were incorporated into the 25-acre project site, including a total of 1.25 acres of bioretention swales to address heavy metals, including copper and zinc, and other pollutants. Seven bioswale ponds are located around the building that collect rain and water runoff used in operations.

The outcomes of these new strategies will help the Airport Authority comply with both the Industrial and Municipal permits, while contributing to a healthier San Diego Bay. Our new Water Stewardship Plan will also support our water quality goals through multiple actions such as leveraging enhanced water sampling technologies, capturing and reusing rain water, and creating new design requirements that are directly aligned with our water quality objectives.

SAN CELEBRATES NATIONAL AVIATION HISTORY MONTH

San Diego International Airport (SAN) has a unique place in aviation history. Did you know:

- SAN was founded in 1928
- SAN was the first federally certified airfield in the U.S. to serve all aircraft types
- Charles Lindbergh's Spirit of St. Louis airplane, which he used to make his famous trans-Atlantic flight, was built and tested in San Diego



In November 2015, SAN celebrated its rich history during National Aviation History Month with a public information program to increase awareness of the airport's history and future plans for development. The program included:

- A special supplement to the *San Diego Business Journal* that wove the past, present and future of SAN into the past, present and future of our region;
- A historic exhibit displayed in Terminal 1 and Terminal 2, which featured a timeline of SAN's history, from 1927 to the present and beyond;
- A caption-writing contest on the airport's three social media platforms – Facebook, Twitter and Instagram. The three-week contest involved the posting of a local historic photograph and an invitation for followers to submit a creative caption. Winners of the contest received four tickets to the USS Midway Museum.



SAN DIEGO INTERNATIONAL AIRPORT PUTS CARBON OFFSETS ON THE MENU WITH THE GOOD TRAVELER

San Diego International Airport (SAN) has launched The Good Traveler, a pilot program designed to encourage sustainable travel by enabling individuals to offset the environmental impact of their journey in an affordable, easy and meaningful way.

Through The Good Traveler, individuals can purchase carbon offsets at www.thegood-traveler.org or at select locations, with proceeds going toward conservation projects that help counteract the effect of greenhouse gas emissions on the environment.

For \$1, travelers can buy a collectible Good Traveler tag or sticker that can be placed on a bag, laptop or phone cover. The purchase will offset 500 miles of air travel or 200 miles of driving, with 100 percent of proceeds going to three projects: a forest restoration project in California, a wind farm in Idaho, and a water restoration project in the Colorado Delta.

Since its inception, The Good Traveler has offset more than 2.3 million miles of air travel.

CUSTOMER

Our Customer Strategy is to achieve the highest level of internal and external customer satisfaction.

3

Lactation Rooms

8

Automated
Passport Control
Kiosks

12

All-Gender
Restrooms

MAKING CUSTOMER AND TENANT SATISFACTION A PRIORITY

At San Diego International Airport (SAN), we take customer satisfaction seriously. That's why we're proud to participate in the Airport Council International's Airport Service Quality (ASQ) survey, the world's largest airport passenger satisfaction benchmark.

Based on the 2015 annual results, SAN achieved an Overall Satisfaction rating of 4.13 out of 5. From the third to the fourth quarter, SAN's score increased by 0.10 points, the greatest quarter-to-quarter increase since 2013. Of the passengers surveyed, 78 percent were satisfied with their experience at SAN.

Key areas of importance to San Diego passengers in which SAN continues to exceed expectations include wait time and efficiency at check-in and security, walking distance inside the terminal, and courtesy and helpfulness of check-in and inspection staff.

SAN is on the cutting edge when it comes to customer amenities.

In 2014 and 2015, SAN:

- Opened three lactation rooms for nursing mothers
- Unveiled eight new Automated Passport Control kiosks, which allow passengers to submit their customs declaration and personal information electronically
- Started the "Ready, Pet Go!" program in which dogs and their handlers roam the terminals and provide stress relief and comfort to passengers who would like to interact with them
- Provided 12 all-gender restrooms throughout the airport
- Began testing app-enabled beacon technology which soon will assist passengers with everything from finding their luggage to locating a latte

We have also undertaken a comprehensive program to review and update Wi-Fi service throughout the terminals. We know that reliable, fast Wi-Fi service is a must for today's airport passengers, and we are working hard to improve our service in 2016.

We also strive to ensure our airport tenants – the airlines, concessionaires and other vendors who work hard to make the airport run as efficiently as possible – are satisfied, too. We hold regular tenant meetings to pass on information and take feedback, and work to ensure tenants meet the myriad local, state and federal workplace requirements.

GROUND TRANSPORTATION UPDATE: IMPROVING ACCESS TO 'POINT A'

At San Diego International Airport, we spend a lot of time and effort thinking of the best ways to get our passengers from Point A to Point B. But what's just as important is getting them to Point A in the first place.

Enhancing access to and from the airport has been a key focus for the San Diego County Regional Airport Authority over the past decade. We made a series of improvements – both large and small – in 2015 that demonstrated our commitment in this regard.

To expand customer access to the airport, the Airport Authority signed permits for ridesharing companies Lyft, Wingz, Opoli and Uber to begin operations as part of a pilot program.

The Airport Authority initiated the program in July 2015 and recorded more than 240,000 total trips that year by ridesharing companies. The airport in 2015 also received \$914,672 in cost-recovery fees from these companies.

The Airport Authority also launched the Trolley to Terminals Shuttle service, which allows Green Line passengers to get off the train at the Middletown Station and catch the blue airport Economy Lot shuttle a block away at a new transit shelter on Admiral Boland Way. The shuttle transports them on an on-airport roadway around the airfield before merging onto Harbor Drive near the Coast Guard station.

The airport has also installed MTS ticket kiosks in the terminals and created a transit outreach program in coordination with the California Coastal Commission.

It's also worth mentioning that a trip on MTS' convenient Airport/Down-town Shuttle (aka the 992 bus) from the America Plaza Station at Broadway and Kettner Boulevard to the airport takes about 10 to 12 minutes.

Due to the current political environment, we know the airport isn't going anywhere. And we know that connecting the airport directly to public transit has its challenges, given its location. SANDAG's Intermodal Transit Center could go a long way toward solving that problem.

The transit center, which would help provide direct access to the airport, is a good solution to the age-old problem of connecting transit to SAN. More than just the trolley, the center would potentially provide easy airport access for riders of Amtrak, the Coaster, MTS buses and, potentially, a high-speed rail line if it ever becomes a reality.

As of this writing, funding for the transit center is still an unknown. Over the years, many have asked why the Airport Authority itself doesn't build a connection to the trolley. Since the proposed transit center would serve more than just the airport, the Airport Authority is restricted under federal law in its ability to fund such a project. Therefore, SANDAG is appropriately leading the effort, with the Airport Authority serving as a willing and able partner to develop the specific improvements needed to link the center to airport property.

SANDAG, working with the Airport Authority, also envisions new off-ramps from Interstate 5 that would lead directly to Pacific Highway adjacent to the airport, reducing congestion on surface streets.

Meanwhile, the Airport Authority is preparing to begin work on a long-term ground transportation plan which will allow efficient, effective and seamless access to and from the airport.

Working in conjunction with the Airport Development Plan, the long-term ground transportation plan will ensure roadway design, vehicle circulation, commercial ground transportation services, mass transit and airport parking meet the needs of a land-constrained urban airport, while minimizing environmental impacts and leveraging passenger preferences.



**80 PERCENT OF THE PERMITTED
GROUND TRANSPORTATION VEHICLES
SERVING THE AIRPORT ARE HYBRIDS
OR OTHER ALTERNATIVE FUEL**



SECURITY REMAINS A TEAM EFFORT

The terrorist attacks in Paris, Brussels and much closer to home in San Bernardino served as stark reminders of the importance of vigilance.

When these kinds of attacks occur, the media often asks airport officials what we are advising passengers to do. The answer is, invariably, the same as any other day: Always be watchful. Always be aware of your surroundings. If you see something, say something.

Security is one of the cornerstones of the Airport Authority's mission, values and organizational strategies. In addition to the dedicated team in our Aviation Security department, we partner with local, state and federal security and law enforcement agencies to ensure passengers are as safe as possible.

The Airport Authority and its law enforcement partners utilize a wide range of security practices and procedures; ranging from traditional police patrol techniques to advanced surveillance systems. We try to tailor our protective approach around each specific area and the most appropriate system or measure for that area, be it public or secured aviation-worker accessible area.

This involves constant training, not only with law enforcement professionals, but also with all Airport Authority workers, who need to know how to react in a crisis.

In a perfect world, all of this security would be invisible to the average passenger. One of our constant challenges is to weigh passenger convenience with the need for vigilance. We've introduced TSA Pre-✓ lanes at most of our security checkpoints, which has decreased wait times.

As Department of Homeland Security Secretary Jeh Johnson said, " 'If You See Something, Say Something' is more than a slogan. Public awareness and vigilance are vital to our homeland security efforts, and have in fact prevented terrorist or criminal acts in the past. In today's environment, we urge the public to continue to travel, visit public events and places, and continue with their daily lives, but at all times be aware and vigilant."

Suspicious activity at the airport should be reported to San Diego Harbor Police at (619) 686-8000.

CONCESSIONS PROGRAM EMPHASIZES LOCAL BUSINESSES AND CREATES A SENSE OF PLACE

The Concessions Development Program (CDP) transition at San Diego International Airport, completed in 2015, revamped the shopping and dining offerings at the airport and provided more and better options for travelers.

The CDP has increased the number of restaurants and shops from 55 to 84. The program has significantly expanded the square footage dedicated to shopping and dining at the airport with the addition of a new concessions core known as Sunset Cove. Part of The Green Build Terminal 2 expansion, Sunset Cove is home to six different restaurants and features floor-to-ceiling windows, views to the airfield, seating and public art.

The CDP has created more opportunities for a number of local, small and Disadvantaged Business Enterprises (DBEs). In fact, 26 percent of the businesses involved in the program were DBEs. In addition, the program created more jobs for local workers (i.e. those residing in San Diego County). The number of concessions employees at the airport nearly doubled, increasing from about 625 to approximately 1,200 in 2014.



One of the goals of the new program was to create a sense of place that was uniquely “San Diego” by incorporating more local San Diego flavor. So we sought out local concepts that pay homage to the kinds of things that make San Diego special. As a result, travelers are now able to enjoy a number of local restaurants and shops, including Phil’s BBQ, Saffron, Warwick’s of La Jolla, Jack in the Box, Jer’s Chocolates, Pacifica, Tommy V’s, Banker’s Hill, Emerald, and Pannikin.

Other concepts pay homage to San Diego’s golf culture (PGA Tour Shop, PGA Tour Grill), craft beer scene (Craft Brews on 30th Street, Stone Brewing Co.) and Mexican influence (Qdoba).



AIRPORT ARTS PROGRAM REACHES NEW HEIGHTS IN 2015

San Diego International Airport’s Arts Program realized two major accomplishments in 2015: The opening of three major permanent art pieces in the new Rental Car Center (RCC) and the successful opening of the airport’s largest-ever temporary exhibition.

The RCC’s three large-scale permanent art pieces focused attention on the cutting-edge facility, which houses 14 rental car brands and measures more than 2 million square feet in total area.

“*Swarm*” by Atlanta-based artist Amy Landesberg is made up of 801 Hyundai Elantra tail lights. The piece evokes the image of a busy cloud of insects crisscrossing an expansive vertical space, drawing a parallel between the industrious insect world and the Rental Car Center as a busy hub of activity where multiple modes of transportation and travelers converge.

“*Hive*,” also by Landesberg, is comprised of 2,200 side view mirrors used on the Ford F-150 truck. These suspended forms evoke the architecture of a productive bee colony. The reflective surfaces send scattered light across the wall below.

Swarm and *Hive* adorn walls in the two main entrance areas.

“*MetroGnomes*,” by Christian Moeller, a Los Angeles-based artist, features two 54-foot sculptures situated in one of seven bioswales at the RCC site. Relying on an internal pivot mechanism developed by the oldest clock maker in Europe, the two kinetic sculptural forms take inspiration from a number of sources, including aircraft marshals, musical metronomes, garden gnomes and the site’s proximity to San Diego Bay. It is intended to have viewers to draw their own conclusions about its meaning.

A fourth major piece of public art, titled “*Dazzle*,” will be on the exterior northeast façade facing Pacific Highway. It’s scheduled for completion in late 2016.

Meanwhile, last spring SAN unveiled *Balboa Park & the City: Celebrating San Diego’s Panama-California Exposition*; the largest and most ambitious year-long exhibition offered by the airport’s Arts Program.

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Intended to support and enhance the City of San Diego’s Balboa Park Centennial celebration, the airport-wide exhibition included original artwork and historic images, collectibles, and artifacts that brought the 1915 Panama-California Exposition to life.

The exhibition, which closed in December 2015, included historic items, replicas and images from seven local institutions and collectors, including: City of San Diego, Parks & Recreation Department; San Diego History Center; the Committee of 100; David Marshall, American Institute of Architects; and Sandor W. Shapery, Shapery Enterprises.

The exhibition’s images included historic photographs and postcards presented in large format documenting the unique history, landscape and architecture of the park.

The Arts Program solicited local artists for original artwork that is representative of or inspired by Balboa Park and the city of San Diego. Ten participants were selected to exhibit their work based on their aesthetic and creative representation of the Park and unique use of media.

Exhibition highlights included:

- A replica of the famous wicker “Electriquette,” which transported fairgoers at the 1915 Exposition
- Lighting designs by Jim Gibson, inspired by the ornate fixtures at the 1935 Exposition
- Original works by Guillermo Acevedo, a celebrated illustrator and documentarian of San Diego’s landmarks and historic sites

For more information about the Airport Arts Program, visit www.san.org/Airport-Art. Meanwhile, last spring SAN unveiled Balboa Park & the City: Celebrating San Diego’s Panama-California Exposition; the largest and most ambitious year-long exhibition offered by the airport’s Arts Program.

ENSURING ADA COMPLIANCE

At San Diego International Airport, we are committed to ensuring that all passengers, regardless of ability, have a seamless experience.

We work hard to ensure all of our facilities are up to date with the latest requirements of the Americans with Disabilities Act (ADA). We hold regular meetings with our airport business partners, such as airlines, concessionaires and contractors, to ensure they are familiar with ADA standards. We also discuss with them new and innovative ways of making the passenger experience as convenient and efficient as possible.

Additionally, we offer personal assistance to veterans with disabilities who might need help passing through the security screening process or accessing airport services.



EASING AIR TRAVEL FOR PASSENGERS ON THE AUTISM SPECTRUM

At San Diego International Airport, we are committed to ensuring that all passengers, Navigating an airport can be challenging for anyone, even on the best of days. Think about it: You have to park, check in, pass through a security screening and then find your way to your gate. Now imagine how much more difficult this would be for someone on the autism spectrum, who might be sensitive to crowded places, loud noises, bright lights and lots of hustle and bustle.

San Diego International Airport makes it easier for these travelers and their families through its Blue Horizons for Autism program.

SAN partners with the Autism Tree Project Foundation (ATPF), TSA and JetBlue on Blue Horizons, which invites families with children on the autism spectrum to have a “dry run” experience at the airport. The family comes to the airport on a date prior to their departure date and interacts with airline staff at the ticket counter, undergoes a TSA screening, walks through the terminal and eventually boards an empty aircraft.

To further help prepare families for the sights and sounds of an airport environment, a social map was created by two talented boys from ATPF, Joel Anderson and Vincent Ghio. The pair created **10 Steps to Happy Flying**, a video describing the program and offering encouragement through the process.

EMPLOYEE

Our Employee Strategy is to ensure the highest level of employee commitment & performance.

KEEPING THE TALENT PIPELINE FLOWING

“What will the airports of the future need to do to remain competitive?”

At the San Diego County Regional Airport Authority, that’s a question we think about often.

The answer might not be what you’re thinking. The secret to remaining competitive in the future is not just technology-based. It’s not about offering the best Wi-Fi or developing the latest smartphone apps, although those things are certainly important.

The most important thing airports of the future will need to do to remain competitive is attract new talent, educate them about the industry and encourage them to explore opportunities in the aviation industry.

One of the biggest challenges airports face today is the aging workforce, and the availability of qualified talent to replace workers as they retire. In our organization, 23 percent of our workforce will become eligible for retirement by 2020.

That’s a significant number of people with solid experience and proven skills. What’s at risk is institutional knowledge – a valuable asset to any organization.

Employee turnover is expensive in terms of lost productivity and retraining costs. As a result, we are taking a long range view with regard to our workforce. Strategic workforce planning, which includes determining what kinds of skill sets we’ll need in the future and marketplace analysis to fully understand the supply and demand of such skills, allows us to better identify potential future talent gaps.

In addressing potential gaps, the Airport Authority is committed to seeking diverse talent pools, as diverse teams of people outperform homogenous teams. In that vein, we are looking to traditional solutions such as internship programs at the undergraduate and graduate university levels, and employee development programs such as a “Leading at all Levels” leadership training. This is in addition to a new Career Development Program that is employee-led and manager-supported.

In addition, we have introduced innovative programs such as our Veterans’ Fellowship to bolster our talent pool. The Veterans’ Fellowship program launched in 2015. Designed to help veterans transition from active duty, the six-month program provides veterans with valuable work experience, career development support and networking opportunities designed to support a transition to full-time employment in the civilian workforce. If a Fellow has the right combination of leadership and technical skills, the transition may be to filling an immediate need in our workforce.

Then there’s the “Take Flight” program. Through a series of hosted panel discussions, diverse pools of young students engage with a wide array of airport professionals. The goal is to ignite the students’ interest in exploring aviation-related careers. These students have an opportunity to meet high-performing airport employees, tour our operations and seek answers to career-related questions.



OF WORKFORCE ELIGIBLE FOR
RETIREMENT BY 2020

These approaches are designed to help us farm for talent, rather than hunt for it. In other words, we are planting seeds of interest in different places in the hopes that we can harvest talent when we have a need, rather than simply hunt for talent when the need arises. We also place a special emphasis on hiring from the local community, with over 55 percent of recruited executives being from the greater San Diego region.

Employee New Hires by Age

	FY 2011		FY 2012		FY 2013		FY 2014		FY 2015	
	Number	Rate	Number	Rate	Number	Rate	Number	Rate	Number	Rate
<30	9	37.50%	6	30.00%	8	25.00%	8	21.62%	7	18.92%
30-50	10	41.61%	9	45.00%	22	68.75%	22	59.46%	22	59.46%
>50	5	20.83%	5	25.00%	2	6.25%	7	18.92%	8	21.62%



100%
OF EMPLOYEES RECEIVE
PERFORMANCE REVIEWS AND
CAREER DEVELOPMENT REVIEWS

FOSTERING ENGAGEMENT IN A CHANGING EMPLOYMENT MARKETPLACE

At the San Diego County Regional Airport Authority, we view employees as the life-blood of our organization. Without a stable workforce made up of engaged, informed and committed employees, none of our goals would be achievable.

The key to unlocking an organization's potential is achieving maximum employee engagement aligned with the organization's vision and strategies. To that end, the Airport Authority has strived for the past 13 years to be an "Employer of Choice." That is defined as "a workplace with practices and a culture which allows the employer to attract and retain the top talent necessary to execute the business strategy."

So, how are we doing?

Over fiscal years 2014 and 2015, our turnover rates were 9.17 percent and 7.94 percent respectively. While there is no national airport industry benchmark for employee turnover, SAN's numbers are approximately half or less than the turnover rates typically reported in the government and related trade, transportation and utilities sectors. Employee engagement over the same period has averaged 75 percent, a value that greatly exceeds norms.

For voluntary employee terminations, the primary reason is retirement.

By all practical measures, we have achieved our goal of becoming an Employer of Choice. This has required continual calibration of our workplace practices to ensure ever-changing business challenges and employee needs are met.

This also means we must continually strive to make SAN a place where people are energized about coming to work.

In 2015, we were proud to launch our new Performance Management practice, which takes the whole concept of employee evaluation and retools it from the ground up.

Re-imagining how talent should be cultivated, this program is moving the Airport Authority toward a new coaching environment intended to enhance the potential of everyone who works here.

We're excited to be in the forefront of an industry transforming how we look at performance – where employees are excited about what they do.

SAN VOLUNTEERS

Here at San Diego International Airport (SAN), we know we're part of a broader community, which is why SAN employees and their families in 2015 volunteered a combined 738 hours for important causes such as the San Diego Food Bank, St. Vincent De Paul Village, Read Across America, the United Way Day of Action and Coastal Clean Up Day.

SUPPORTED
CAUSES:



EMPLOYEE EFFORT BRINGS 'DRINKABLE AIR' TO SAN

Through a remarkable team effort conceived and executed by airport employees, SAN has acquired two Drinkable Air machines. Also known as an atmospheric water generator, this remarkable gadget extracts humidity from the air and turns it into 99.9 percent pure drinking water. Not only does the water taste great, the machines serve as great conversation starters on the subject of sustainability.



SUSTAINABILITY FAIR GROWING IN SCOPE

The Airport Authority has hosted an annual Sustainability Fair for more than 10 years. Over time, the scope of the event has been expanded to cover more aspects of sustainable living.

The Sustainability Fairs are open to all SAN employees. Participants can:

- Drop off universal and electronic waste for proper recycling
- Donate gently-used clothes and household items to Goodwill
- Check out information from SDG&E on water and energy conservation tips and rebates
- Purchase LED energy-saving light bulbs at discounted prices

ETHICS PROGRAM AIMS TO ENSURE PUBLIC CONFIDENCE IN INTEGRITY OF AIRPORT AUTHORITY

The The San Diego County Regional Airport Authority operates under a Code of Ethics to help ensure public confidence in the integrity of the Airport Authority and its effective and fair operation.

Members of the community, Airport Authority employees and persons doing business with the San Diego County Regional Airport Authority can report suspected violations of the Code of Ethics by a Board member or Airport Authority employee through two means: the **Ethics Violation form** or the Ethics Hotline, (866) 56-TRUTH.

All alleged unethical activity reported through the hotline or the violation form is investigated promptly by the Airport Authority Ethics Compliance Officer. If the report of unethical activity appears to have merit, the investigation is passed onto the Ethics Compliance Committee.

Staff training on Ethics and Conduct and reporting of suspected violations of the Code of Ethics is conducted periodically through presentations to employees at their regularly scheduled departmental staff meetings.



SAFESAN WORKS TO ENSURE SAFETY OF ALL AIRPORT EMPLOYEES

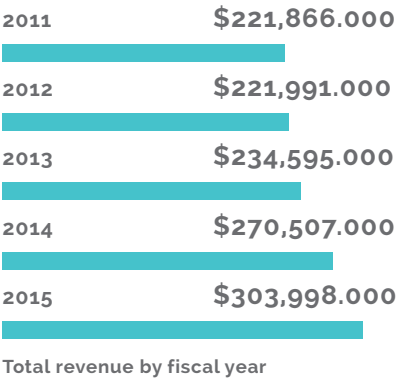
At San Diego International Airport, the health and welfare of our employees is a top priority. The airport's Employee Safety Committee, SafeSAN, has about 20 members and meets monthly to discuss safety issues, concerns and ideas about how to maintain and improve safety throughout the airport. The committee reviews injuries and trends, and members take important safety information back to their departments for distribution.

The airport's Risk Management Department is reviewing 18 core employee safety programs and is conducting training. Topics include confined space safety, fall protection, aerial lift, electrical safety, and more. The Facilities Management Department participates in safety training at least once a month on various safety programs. The plan is to expand the trainings to other departments, as well.

Additionally, the Risk Management Department will publish the safety programs on the intranet, after they are approved by various stakeholders. These safety programs will guide employees and help ensure the airport is Cal/OSHA compliant.

FINANCIAL

Our Financial Strategy is to enhance the financial position of the Airport Authority.



EXECUTING A SUCCESSFUL FINANCIAL STRATEGY

Every decision we make at the San Diego County Regional Airport Authority is intended to advance at least one of our core organizational strategies: Financial, Customer, Community, Employee or Operational. Although all of the strategies are vitally important to carrying out our mission, one strategy – financial – serves as the bedrock for all the others.

Without a carefully thought-out and well-executed strategy that enhances the financial position of the Airport Authority, none of our goals related to the other strategies can be realized.

With that in mind, here is a list of 2015 successes related to our financial strategy:

- Recent air service additions have led to increased revenues that support the organization’s financial health. When a route is performing well, it further incentivizes airlines to expand.
- Innovative marketing solutions, such as the parking card incentive program, have spurred growth in parking revenues over the last quarter.
- The Airport Authority received its seventh consecutive “clean” audit. It was the 10th clean audit in the past 12 years. The most recent audit showed no material weaknesses, which is another testament to our financial stability.
- Anyone who would question the financial strength of the Airport Authority need look no further than our strong A+ credit rating, which we’ve maintained while incurring over \$1.3 billion of debt to fund our capital improvement program.
- All of this has resulted in multiple years of awards, with the Airport Authority earning recognition for Excellence in Procurement, Financial Reporting, Budgeting, Debt Policy, and Investment Policy.

Moving forward, it is essential to continue building upon this success. There are many unknowns that will affect the business in the future – industry changes, disruptive technology, evolving financial reporting standards, economic volatility, geopolitical events, regulatory changes, human capital needs – but by supporting innovation and driving tactful initiatives, the organization can achieve its mission without compromising its ability to remain a financially enduring and resilient enterprise.

AIR SERVICE DEVELOPMENT TAKES OFF AT SAN

Air Service Development underpins one of our most important strategies – forging connections between San Diego and the world. We know that regional economic competitiveness relies on efficient air transportation to domestic and global markets.

San Diego International Airport’s (SAN) network of nonstop air service is constantly evolving. By this summer, we will offer nonstop service to 60 destinations.

SAN has attracted 12 new passenger flights over the past two years to important destinations for business and leisure travelers, including Kona, HI; Dallas, Chicago,

Houston and Denver. Other new nonstops to be added in 2016 include Vancouver, Milwaukee, Stockton, El Paso and San Jose.

While attracting new air service, especially international, is highly competitive, SAN is convincing airlines that we have the demand. For example, our daily British Airways flights to London are 87 percent full, on average, compared to an average of 84 percent for all British Airways flights from the U.S. to London. That kind of route validation plants the seeds for expanded opportunities.

And we are always looking ahead. Domestically, we will continue to monitor opportunities for nonstop service to places such as Washington (National), Norfolk, Indianapolis, Raleigh, Tampa and Spokane.

Internationally, our current nonstop destinations include London, Tokyo, Mexico and Canada. We are targeting additional service to Europe, Central and South America, and China in the medium term.

Expanding our air service adds fuel to the economic engine that is SAN. The San Diego Tourism Authority estimates that domestic flights bring a total \$30 million annual impact, and the JAL nonstop to Tokyo alone brings in \$90 million in annual impact.

Growing our air service grows our revenues, supporting our ability to forge even more connections. That can be seen in the record 20 million passengers SAN served in 2015.

The 2015 total represents a 7 percent increase over 2014. SAN also posted record-breaking passenger totals in 2014.

“Crossing the 20-million-passenger threshold is an important and meaningful milestone,” said Thella F. Bowens, President/CEO of the San Diego County Regional Airport Authority. “But more important is the fact that the airport has seen consistent and sustainable growth in the post-recession years.”

In another important category, SAN set a record for total enplanements, or departing passengers, in 2015 with just over 10 million; a 7 percent increase over the previous record set in 2014.

SAN also served nearly 700,000 international passengers in 2015, an increase over 2014 of nearly 4 percent.

Bowens attributed the increases to a number of factors, including the improved economy and robust tourism industry.

SAN also set a new record for air carrier operations – flights with more than 60 seats – with nearly 165,000 flights. The previous record for this category was set in 2008. This is indicative of the airline industry’s trend away from smaller, propeller-driven aircraft in favor of larger jets on short-haul routes, such as San Diego-Los Angeles.

Detailed reports of SAN air traffic statistics are available at www.san.org/News/Air-Traffic-Reports.



20,000,000

PASSENGERS IN 2015

AIRPORT AUTHORITY MOVING FORWARD WITH IMPROVEMENTS

San Diego International Airport officially opened in 1928 on a plot of land by San Diego Bay, and 88 years later, it’s still in the same location. Today, SAN is the busiest single-runway airport in the nation on a footprint of just 661 acres.

There is no immediate opportunity to expand or relocate the airport. So we have to look at everything through the prism of sustainability. That means building not just bigger, but smarter.



In 2015, the San Diego County Regional Airport Authority Board and the California Coastal Commission green-lit the design and construction of a long-anticipated parking plaza adjacent to Terminal 2, which will provide 3,000 much-needed, close-in parking spaces.

The Airport Authority has also revamped the north side of SAN, opening the **Economy Lot** at the corner of Pacific Highway and Washington Street, offering travelers the lowest parking rate among on-airport lots at \$13/day; and collaborated with **Signature Flight Support** on a new general aviation complex that features a cutting-edge 19,000-square-foot terminal, 250,000-square-foot ramp and five hangars.

But the crowning achievement on the north side is the new consolidated **Rental Car Center**, which officially opened in January 2016.

The 2-million-square-foot Rental Car Center houses most of the rental car companies serving the airport, including national brands, as well as local, independent and small business rental car companies, in one central location off Pacific Highway. Fourteen rental car company brands are operating out of the facility, which can accommodate up to 19 brands in total. The facility has room for more than 5,000 cars.

The new facility replaces the group of buildings on Harbor Drive that have for years housed most rental car companies serving the airport. In a related change, all rental car customers are now carried to and from the terminals in 16 – soon to be 25 – new shuttles owned and operated by the Airport Authority. This fleet replaces the approximately 81 shuttles previously operated by the rental car companies. The new shuttle buses will operate almost exclusively on a new interior airport roadway.

The building, which is a candidate for LEED Silver certification, also features three new works of public art, with a fourth expected to debut at the end of 2016.

The \$316 million facility generated approximately 4,600 construction jobs. About \$186 million in construction contracts went to local businesses, with \$70.4 million of that going to small businesses.

The next master-planning phase at SAN is the Airport Development Plan. This will identify the best way to replace the aging Terminal One. It will also help provide a physical connection to a planned multi-modal transportation center.

And most importantly, it will enable the airport to meet demand through 2035. That’s when projected passenger levels are projected to reach capacity for the airport’s single runway. It is clear that being able to continue to provide these airport services in the future is critical, both in terms of a public service and an economic driver for the entire San Diego region.

“ The \$316 million facility generated approximately 4,600 construction jobs. About \$186 million in construction contracts went to local businesses, with \$70.4 million of that going to small businesses.

PLANNING FOR THE LONG-TERM

The San Diego County Regional Airport Authority has completed a 20-year Capital Improvement Planning effort to define capital investment needs aligned with the airport’s key strategies for the future. Those key strategies include a sustainability strategy which considers the “Total Cost of Ownership” (TCO) for capital improvements. TCO includes a project’s construction costs as well as ongoing operations and maintenance costs for the total life of the asset or facility.

20

YEAR CAPITAL
IMPROVEMENT PLAN

SMALL BUSINESS DEVELOPMENT PROGRAM HITS ITS STRIDE

In 2015, the San Diego County Regional Airport Authority made significant strides in its efforts to ensure that local and small businesses had every opportunity to do business with the airport.

The \$316 million Rental Car Center project completed construction with tremendous contributions from the local business community. Local businesses received more than \$186.2 million in construction contracts, amounting to nearly 60 percent of the total project cost. Of the contracts that went to local businesses, \$70.4 million – or 38 percent – went to small businesses. Also noteworthy is that \$70.4 million represented nearly the entire amount (\$73 million) that was available for small businesses.

The strategy of our Small Business Development Program is to build relationships with the business community that encourage dialogue and participation, provide education and increase diversity in our contracted workforce.

This strategy begins with this philosophy: “There’s room at the inn for everybody.”

From our beginning as an Airport Authority, the goal has been to create a level playing field that attracts businesses of all sizes; that provides opportunities for all workers of all genders and ethnicities.

That philosophy has grown into a firm commitment from the Board and a passionate belief by staff that everyone can benefit from being a part of the work we provide.

As one of the largest infrastructure builders in San Diego County, the Airport Authority takes its commitment to inclusion seriously.

The Airport Authority is proud to be the recipient of awards from the San Diego Chapter of the American Subcontracting Association, Airport Minority Advisory Council, San Diego Hispanic Chamber of Commerce and the Federal Aviation Administration for its small business outreach and contracting efforts.

But we’re not done yet.

More opportunities to work with the airport are available as the Parking Plaza across from Terminal 2 approaches groundbreaking later this year. And the next phase of master planning, which we call the Airport Development Plan (ADP), maps out the future of Terminal 1 and the redevelopment of the former Teledyne-Ryan property.

Our ambitious capital improvement plans are evidence of the Airport Authority’s commitment to the growth of the San Diego region.

And most everything we do in service of that commitment is designed to foster opportunities for small, local and underrepresented businesses, because we believe those businesses are the heart and soul of San Diego’s economy. There are plenty of opportunities at the airport, no matter who you are.

And we truly believe that there is still room at the inn for everybody.

“ There’s room at the inn for everybody.



OF CONSTRUCTION CONTRACTS
WENT TO LOCAL BUSINESSES



WENT TO SMALL
BUSINESSES

BUSINESS CONTINUITY PLANNING KEY TO RECOVERING FROM CRISES

San Diego depends on reliable air transportation service to help maintain the region’s economic prosperity and protect its quality of life. The San Diego County Regional Airport Authority has processes in place that ensure airport operations continue at the highest possible level during and after a disruptive event.

Specifically, the Airport Authority has developed the Business Continuity Management System (BCMS), an integrated strategy to prepare for, respond to and recover from emergencies or other business disruptions.

The BCMS makes safety and security a top priority, and also ensures continued regulatory compliance while preserving the Airport Authority's ability to meet contractual obligations to its business partners.

The BCMS is comprised of four complementing plans that incorporate the Airport Authority's critical systems and mobilize key employee teams, as follows:

- **Airport Emergency Plan** – Provides a blueprint for responding to incidents with a goal of mitigating their impact and positioning the airport for rapid physical recovery, if necessary.
- **Crisis Communication Plan** – Outlines goals, strategies and recommended approaches for communication with the media and general public during and after an emergency.
- **IT Disaster Recovery Plan** – Addresses how the Information & Technology Services Department responds to a disruptive event, and how the technology infrastructure, applications, and resources will be optimally recovered, restored, or redeployed after a disruption.
- **Business Continuity Plan** – Offers a roadmap for identifying mission-critical business functions and establishing procedures to maintain or resume those functions during disruptions.

The Airport Authority is committed to working with key operational partners to align its BCMS with their emergency-response plans to ensure business interruptions are eliminated or minimized to the fullest extent possible.

The BCMS is regularly reviewed, tested and refined for maximum effectiveness and relevance. A formal test schedule is implemented by senior management. And most everything we do in service of that commitment is designed to foster opportunities for small, local and underrepresented businesses, because we believe those businesses are the heart and soul of San Diego's economy. There are plenty of opportunities at the airport, no matter who you are.

And we truly believe that there is still room at the inn for everybody.

OPERATIONAL

Our Operational Strategy is to operate the airport in a safe, secure, environmentally sound, effective and efficient manner.

CLEARING THE AIR AT THE AIRPORT

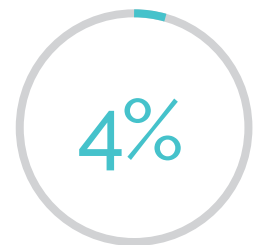
The San Diego County Regional Airport Authority has been a leader in addressing air quality and emissions, as evidenced by progressive, airport-wide sustainability initiatives and strategic partnerships. While local air quality is most affected by criteria pollutants (those deemed hazardous to human health such as carbon monoxide), climate change is associated with greenhouse gases (GHGs) that absorb infrared radiation in the atmosphere. In order to address both, the Airport Authority has implemented emission-reduction measures that have, in many cases, led to other benefits like cost savings and resource conservation.

In 2008, the Airport Authority formally committed to reducing greenhouse gas emissions at San Diego International Airport (SAN), entering into a landmark Memorandum of Understanding (MOU) with the California Attorney General, and developed a formal Air Quality Management Plan in 2010. Greenhouse gas emissions at the airport were reduced by nearly 4 percent by 2012. The Airport Authority is currently developing an emissions inventory for 2015, which will provide an updated snapshot of emissions reductions.

A cornerstone of the Airport Authority's successful approach is working across departments and with all tenants, businesses and concessions to reduce our collective carbon footprints. Some recent accomplishments in transitioning to cleaner vehicles and fuel sources include:

- **Electric Vehicle & GSE Charging Stations** – The airport is committed to providing the necessary infrastructure for zero-emission transportation and now has 28 charging ports for electric vehicles for passenger use and 44 charging ports for airlines' ground support equipment (GSE).
- **Rental Car Center (RCC) Buses** – The fleet of 16 RCC buses (soon to be 25) that transport rental car customers to and from the terminals operate on "renewable" compressed natural gas (CNG), which is derived domestically from landfills instead of fossil fuel sources. This drastically reduces the fuel's carbon intensity.
- **Ground Transportation Fleet Conversion** – Of the approximately 590 permitted ground transportation vehicles operating at the airport, 80 percent have converted to hybrid or alternative fuel technology. These operators include taxis, hotel courtesy shuttles, and off-airport parking shuttles.

Air emissions require a continued and ever-evolving focus. This is especially true because emissions associated with vehicles and buildings owned and operated by the Airport Authority represent less than 2 percent of the airport's total greenhouse gas emissions. Therefore, the Airport Authority has to engage with all business partners and throughout our supply chain to identify unique and innovative strategies to continue to address emissions. The airport is planning to formally update its Air Quality Management Plan in the near future to ensure continued progress and to align with new regional and state efforts.



DECLINE BETWEEN 2010 AND
2012 GREENHOUSE GAS
EMISSION INVENTORIES



SEEKING NEW WAYS TO CONSERVE WATER AND ADAPT TO ‘NEW NORMAL’

The past several years have marked one of California’s most lasting and severe droughts, prompting statewide mandatory water use restrictions. Only 17 percent of San Diego’s current water supply comes from local sources, and the entire supply is threatened by ongoing drought.

Meanwhile, the price San Diego International Airport pays for water has increased by 16 percent since 2008, consistent with the overall trend in the cost of water throughout the region, which is expected to increase by up to 400 percent over the next 20 years.

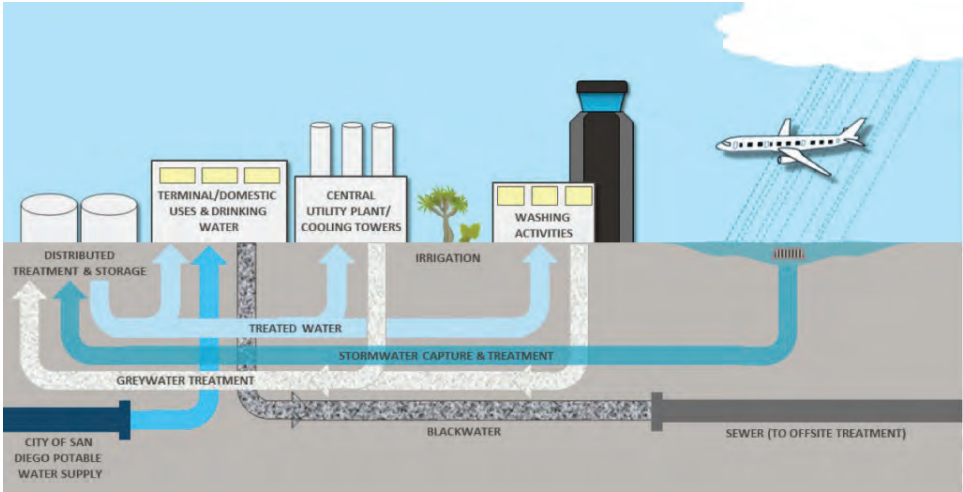
In 2015, the airport used about 74 million gallons of potable water – a 5 percent decrease from the previous year, but 22% above the 2011 total. Increased temperatures, growing passenger volumes, and an expansion of terminal facilities likely contributed to the higher water demand.

The airport is preparing for the “new normal” of decreased supply and increased cost by accelerating water conservation and reuse efforts. Given that 80 percent of water used at the airport goes to non-potable purposes, significant opportunities exist to reduce dependence on imported water supplies. From recent investments in xeriscape and turf replacement projects, to the capture and reuse of condensate water from jet bridges, the airport is embracing innovative approaches to managing its water resources.

There is an inextricable link between water resources and our viability as an airport enterprise, and this interdependence warrants a bold vision and strategy to ensure sustainability. In 2015, the airport embarked on developing a Water Stewardship Plan (WSP), which establishes a vision of being a leading, world-class steward of water resources and operating in harmony with the natural water cycle of the San Diego Bay region.

The WSP provides a framework for rethinking how to manage water resources while preparing to accommodate passenger growth, new airport developments, and a changing climate. Specifically, the WSP addresses issues of water conservation, water quality, and flood resilience considerations through an integrated approach that will enable the growth of airport operations while protecting our region’s limited resources.

The vision includes the development of water reuse infrastructure that enables water capture, treatment, storage, and conveyance to airport facilities for non-potable water uses. Ultimately, the system would allow for the continuous reuse of water by eliminating the need to discharge waste and storm water for treatment by external facilities.



Target State: Closed-Loop Water System

CONDENSATE PROGRAM

In 2014, San Diego International Airport (SAN) began collecting condensate – water created by condensation – from air conditioning units installed under passenger boarding bridges. The condensate typically drips from the bottom of the unit onto the tarmac and is lost. This system recovered and reused about 5,200 gallons of AC condensate the first year. In 2015, the first full year of the program, SAN collected an estimated 70,700 gallons of condensate water from eleven boarding bridges.

70,700

GALLONS OF CONDENSATE WATER COLLECTED
DURING 2015

PLANNING FOR A RENEWABLE AND RELIABLE ENERGY FUTURE

Operating San Diego International Airport (SAN) requires substantial energy use, and energy requirements represent the single greatest source of greenhouse gas emissions generated by the airport, based on the most recent inventory.

While the airport is working to reduce greenhouse gas emissions, it is also planning to accommodate future passenger growth and facility expansion needs. Managing energy use in the context of this growth poses challenges and opportunities, and is the central focus of the energy management strategy.

The airport's energy demand has increased by nearly 17 percent since 2011, consistent with the increased square-footage brought by the Terminal 2 Green Build expansion and other development. However, the amount of energy used per square foot has decreased in that timeframe due to more efficient operation of the newer buildings. Moving forward, more effective management of peak energy demand will be a central focus of efforts to control utility costs.

In 2015, the airport embarked on the development of a new Energy Master Plan to guide energy decisions into the future and manage energy resources in a more intelligent and flexible manner. The Energy Master Plan's five overarching goals include:

- Efficient operations
- Cost containment
- Energy resilience
- Carbon neutrality
- Leadership

The Energy Master Plan will not only address building and facility energy use, but also support electrification of our fleet and transition to zero-emission technologies. It will serve as a powerful tool to engage tenants in the airport's energy management efforts, and will help us better understand their energy conservation priorities and initiatives, which is not currently tracked.

SAN's Sun Belt location presents significant opportunities to harvest solar energy, and the airport made substantial progress toward this end in 2015. The airport installed 3.3 megawatts of solar photovoltaics in two phases on the roof of Terminal 2 and the adjacent parking lot. The installation of an additional 2.2 megawatts is envisioned for the Economy parking lot on the north side of the airport. Together, these facilities have the potential to supply up to 20 percent of the airport's energy needs annually.



12-KV MICROGRID REDUCES ENERGY COST AND INCREASES RELIABILITY

San Diego International Airport has installed an innovative 12-kV microgrid electrical system that completely changes how the airport receives and distributes energy.

The new system:

- Lowers the cost of energy the airport uses by removing most SDG&E meters and allowing the airport to purchase electricity in bulk
 - Increases the reliability and resiliency of the airport's power supply. Because the system is designed as a continuous loop, if electricity in one part of the airport goes down, we can reroute power from another part of the loop
 - Facilitates distribution of renewable and sustainable energy airport-wide
-

SAN INSPECTED ANNUALLY FOR FEDERAL SAFETY COMPLIANCE

Nothing is more important than the safety of passengers, tenants, employees and everyone else who uses San Diego International Airport. To that end, the San Diego County Regional Airport Authority has consistently shown that it meets or exceeds federal regulations governing aviation safety.

The Code of Federal Regulations, Title 14, Part 139, requires the Federal Aviation Administration (FAA) to inspect eligible airports yearly to ensure they meet operational and safety standards and provide for such things as firefighting and rescue equipment. These requirements vary depending on the size of the airport and the type of flights available.

Among other things, FAA inspectors check:

- Airfield pavement condition, markings, lighting, signs and adjacent areas
- Aircraft rescue and firefighting facilities
- Fueling facilities

Part 139 also mandates that SAN has an Airport Emergency Plan (AEP) involving annual exercises; and that SAN conducts a mass-casualty exercise every three years.



CALIFORNIA LEAST TERN NESTING PROTECTION

The San Diego County Regional Airport Authority has taken extensive measures to protect the California Least Terns endangered seabirds, which have made the airport their home over the years. California Least Terns nest and raise their chicks at the airport from mid-April to mid-September every year. By the time the 2015 Least Tern season ended, we had counted a total of 1,185 nests over a 10-year period! More generally, our Wildlife Rescue Plan outlines procedures to manage other wildlife encounters and avoid any impacts to aircraft operations at the airport.