

#### Board Members

Gil Cabrera (Chair)  
James Sly (Vice-Chair)  
Whitney Benzian  
Monica Montgomery Steppe  
Rafael Perez  
Esther C. Sanchez  
Steve Vaus  
Marni von Wilpert

## Board Meeting Agenda

**Thursday, December 4, 2025**  
**9:00 AM**

San Diego County Regional Airport Authority  
Administration Building  
First Floor – Board Room  
2417 McCain Road  
San Diego, CA 92101

#### Ex-Officio Board Members

Ann Fox  
Col. R. Erik Herrmann  
Michele Perrault

#### President/CEO

Kimberly J. Becker

***Live webcasts of Authority Board meetings can be accessed at***  
***<https://www.san.org/meetings-and-agendas/>***

This Agenda contains a brief general description of each item to be considered. The indication of a recommended action does not indicate what action (if any) may be taken.

***Please note that Agenda items may be taken out of order.*** If comments are made to the Board without prior notice or are not listed on the Agenda, no specific answers or responses should be expected at this meeting pursuant to State law.

Staff Reports and documentation relating to each item of business on the Agenda are on file in the Office of the Authority Clerk Department and are available for public inspection.

**NOTE:** Pursuant to Authority Code Section 2.15, all Lobbyists shall register as an Authority Lobbyist with the Authority Clerk within ten (10) days of qualifying as a lobbyist. A qualifying lobbyist is any individual who receives \$100 or more in any calendar month to lobby any Board Member or employee of the Authority for the purpose of influencing any action of the Authority. To obtain Lobbyist Registration Statement Forms, contact the Office of the Authority Clerk Department.

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

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

# Board Meeting Agenda

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## CALL TO ORDER:

## PLEDGE OF ALLEGIANCE:

## ROLL CALL:

## PRESENTATIONS:

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

- **AUDIT COMMITTEE:**  
Committee Members: Huerta, Newsom (Chair), Montgomery Steppe, Perez, Sanchez, Vaus, Wong Nickerson
- **CAPITAL IMPROVEMENT PROGRAM OVERSIGHT COMMITTEE:**  
Committee Members: Benzian, Perez, Sanchez, von Wilpert (Chair)
- **EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE:**  
Committee Members: Cabrera (Chair), Sly
- **FINANCE COMMITTEE:**  
Committee Members: Sly (Chair), von Wilpert

## ADVISORY COMMITTEES

- **AUTHORITY ADVISORY COMMITTEE:**  
Liaisons: Benzian
- **ARTS ADVISORY COMMITTEE:**  
Liaison:

## LIAISONS

- **CALTRANS:**  
Liaison: Fox
- **INTERGOVERNMENTAL AFFAIRS:**  
Liaison: Cabrera
- **MILITARY AFFAIRS:**  
Liaison: Herrmann
- **PORT:**  
Liaisons: Cabrera (Primary), von Wilpert



- **WORLD TRADE CENTER:**  
Representative: Sly

## **BOARD REPRESENTATIVES (EXTERNAL)**

- **SANDAG BOARD OF DIRECTORS:**  
Representatives: Cabrera (Primary), Sly
- **SANDAG TRANSPORTATION COMMITTEE:**  
Representatives: Sanchez (Primary), Perez

## **CHAIR REPORT:**

## **PRESIDENT/CEO REPORT:**

## **NON-AGENDA PUBLIC COMMENT:**

Non-Agenda Public Comment is reserved for members of the public wishing to address the Board on matters for which another opportunity to speak **is not provided on the Agenda**, and which is within the jurisdiction of the Board. Please submit a completed speaker slip to the Authority Clerk. ***Each individual speaker is limited to three (3) minutes. Applicants, groups, and jurisdictions referring items to the Board for action are limited to five (5) minutes.***

**Note:** Persons wishing to speak on specific items should reserve their comments until the specific item is taken up by the Board.

## **CONSENT AGENDA (ITEMS 1-11):**

The Consent Agenda contains items that are routine in nature and non-controversial. Some items may be referred by a standing Board Committee or approved as part of the budget process. The matters listed under 'Consent Agenda' may be approved by one motion. Any Board Member may remove an item for separate consideration. Items so removed will be heard before the scheduled New Business Items, unless otherwise directed by the Chair.

1. **APPROVAL OF MINUTES:**  
RECOMMENDATION: Approve the minutes of the November 6, 2025, Regular Board Meeting.
2. **ACCEPTANCE OF BOARD AND COMMITTEE MEMBERS' WRITTEN REPORTS ON THEIR ATTENDANCE AT APPROVED MEETINGS AND PRE-APPROVAL OF ATTENDANCE AT OTHER MEETINGS NOT COVERED BY THE CURRENT RESOLUTION:**  
RECOMMENDATION: Accept the reports and pre-approve Board Member attendance at other meetings, trainings and events not covered by the current resolution.  
**(Office of the Authority Clerk: Annette Fagan Ortiz, Authority Clerk)**

3. **AWARDED CONTRACTS AND APPROVED CHANGE ORDERS FROM OCTOBER 10, 2025, THROUGH NOVEMBER 9, 2025, AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM OCTOBER 10, 2025, THROUGH NOVEMBER 9, 2025:**

RECOMMENDATION: Receive the report.

**(Procurement: Jana Vargas, Director)**

4. **DECEMBER 2025 LEGISLATIVE REPORT:**

RECOMMENDATION: Adopt Resolution No. 2025-0081, approving the December 2025 Legislative Report.

**(Government Relations & Strategy: Matt Harris, Director)**

## CLAIMS:

5. **REJECT CLAIM OF JERRY SANCHEZ:**

RECOMMENDATION: Adopt Resolution No. 2025-0082, rejecting the claim of Jerry Sanchez.

**(General Counsel: Amy Gonzalez)**

## COMMITTEE RECOMMENDATIONS:

6. **ACCEPTANCE OF EXTERNAL AUDITOR'S REPORTS FOR FISCAL YEAR ENDED JUNE 30, 2025: A) AUDITED FINANCIAL STATEMENTS, B) PASSENGER FACILITY CHARGES PROGRAM REPORT, C) CUSTOMER FACILITY CHARGE PROGRAM COMPLIANCE REPORT, AND D) LETTER TO THE AUDIT COMMITTEE:**

RECOMMENDATION: The Audit Committee recommends that the Board accept the reports.

**(Finance: Scott Brickner, Vice President and Chief Financial Officer)**

7. **ACCEPTANCE OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) FOR THE YEAR ENDED JUNE 30, 2025:**

RECOMMENDATION: The Audit Committee recommends that the Board accept the report.

**(Finance: Scott Brickner, Vice President and Chief Financial Officer)**

## CONTRACTS AND AGREEMENTS:

8. **APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE A THIRD AMENDMENT TO A REIMBURSABLE AGREEMENT WITH THE DEPARTMENT OF TRANSPORTATION FEDERAL AVIATION ADMINISTRATION (FAA) FOR ENGINEERING AND TECHNICAL SUPPORT RELATED TO NEW T1 AIRSIDE IMPROVEMENT:**

RECOMMENDATION: Adopt Resolution No. 2025-0083, approving and authorizing the President/CEO to negotiate and execute a third amendment to a Reimbursable Agreement between the Department of Transportation Federal Aviation Administration (FAA) and the San Diego County Regional Airport Authority for engineering and technical support related to New T1 Airside improvements at San Diego International Airport.

**(Airport Design & Construction: Bob Bolton, Director)**

9. **APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO GRANT AN EASEMENT FOR ELECTRICAL UTILITY SERVICE TO SAN DIEGO GAS & ELECTRIC COMPANY:**

RECOMMENDATION: Adopt Resolution No. 2025-0084, approving and authorizing the President/CEO to negotiate and execute an easement for electrical utility purposes with San Diego Gas & Electric Company for the construction of new electrical infrastructure in support of Project No. 413002 New Shuttle Lot at San Diego International Airport.

**(Airport Design & Construction: Bob Bolton, Director)**

10. **APPROVE THE SECOND AMENDMENT TO THE LEGAL SERVICES AGREEMENT WITH PILLSBURY WINTHROP SHAW PITTMAN LLP EXTENDING THE TERM FOR ONE YEAR:**

RECOMMENDATION: Adopt Resolution No. 2025-0085, approving the second amendment to the legal services agreement with Pillsbury Winthrop Shaw Pittman LLP extending the term for one year.

**(General Counsel: Amy Gonzalez)**

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

**11. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE A POWER PURCHASE AGREEMENT AND SITE LEASE WITH STATEN SOLAR CORPORATION TO FINANCE, DESIGN, INSTALL, OPERATE, AND MAINTAIN A SOLAR PHOTOVOLTAIC GENERATING SYSTEM AT NEW TERMINAL 1:**

RECOMMENDATION: Adopt Resolution No. 2025-0086, to approve and authorize the President/CEO to: (1) negotiate and execute a solar Power Purchase Agreement ("PPA") with Staten Solar Corporation ("Staten") to finance, design, install, operate and maintain a solar photovoltaic generating ("PV") system at New Terminal 1 ("NT1") in an amount not-to-exceed \$18,000,000 for a term of twenty years from the start of solar generation of each project phase; (2) negotiate and execute a Site Lease with Staten for the development of a PV system at NT1, for the same term as the PPA; and (3) consent to the future assignment of the PPA and Site Lease from Staten to a PPA-specific special purpose limited liability corporation for Project No. 104311 NT1 PV Panels & Battery Storage at San Diego International Airport.

**(Airport Design & Construction: Bob Bolton, Director)**

## PUBLIC HEARINGS:

**12. CUSTOMER FACILITY CHARGE RATE AMENDMENT:**

RECOMMENDATION: Adopt Resolution No. 2025-0087, authorizing the implementation and collection of an alternative Customer Facility Charge pursuant to California Government Code§ 50474.3 in the amount of \$12 per transaction day (maximum of five days) effective February 4, 2026 for purposes of paying debt related obligations of the consolidated rental car facility, major maintenance costs of the consolidated rental car facility and operation of the associated common use transportation system.

**(Finance: Scott Brickner, Vice President and Chief Financial Officer)**

## CONTINUED BUSINESS:

## NEW BUSINESS:

# Board Meeting Agenda

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## CLOSED SESSION:

13. **CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION:** Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9  
Number of potential Cases: 2
14. **PUBLIC EMPLOYEE APPOINTMENT**  
Title: President/CEO
15. **PUBLIC EMPLOYEE PERFORMANCE EVALUATION**  
Title: General Counsel

## REPORT ON CLOSED SESSION:

## GENERAL COUNSEL REPORT:

## BOARD COMMENT:

## ADJOURNMENT:

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

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

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

## Additional Meeting Information

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

For your convenience, the Agenda is also available to you on our website at [www.san.org](http://www.san.org).

**For those planning to attend the Board meeting, parking is available in the Airport Administration Building Parking Lot (entrance on the east side of McCain Road). Bring your ticket to the first-floor receptionist for validation.**

**Visitors can park in the lot from 8:00 a.m. to 5:00 p.m.**

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

**DRAFT**  
**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY BOARD MEETING MINUTES**  
**THURSDAY, NOVEMBER 6, 2025**  
**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY**  
**BOARDROOM**

**CALL TO ORDER:** Chair Cabrera called the Regular Meeting of the San Diego County Regional Airport Authority Board to order at 9:04 a.m. on Thursday, November 6, 2025, in the Boardroom at the San Diego County Regional Airport Authority, Administration Building, 2417 McCain Road, San Diego, CA 92101.

**PLEDGE OF ALLEGIANCE:** Chair Cabrera led the Pledge of Allegiance.

**ROLL CALL:**

PRESENT:            Board Members:            Benzian, Cabrera (Chair), Martinez, Montgomery Steppe, Perez, Sanchez, Sly (Vice Chair), Vaus, von Wilpert

ABSENT:            Board Members:            Fox (Ex-Officio), Herrmann (Ex-Officio), Perrault (Ex-Officio)

ALSO PRESENT:    Kimberly Becker, President/CEO; Jennifer Fontaine, Associate General Counsel III; Annette Fagan Ortiz, Authority Clerk; Patricia Willis, Assistant Authority Clerk II

**A.    PRESENTATIONS: REVIEW OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2025:**

Scott Brickner, Vice President/Chief Financial Officer, provided a presentation on Review of the Unaudited Financial Statements for the Three Months Ended September 30, 2025, that included Operating Revenues, Operating Expenses, Non-Operating Revenues and Expenses, Financial Summary, Unaudited Statement of Net Position Assets and Deferred Outflow of Resources.

*Board Member Benzian arrived at the meeting at 9:07 a.m.*

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

- **AUDIT COMMITTEE:** Lee Parravano, Chief Auditor, reported that the next regular meeting of the Audit Committee is scheduled for Wednesday November 12, 2025, at 10:30 a.m. and will include attendance from our external auditor, Plante Moran, who will provide a report on the Authority's financial statements for the Fiscal Year Ended June 30, 2025.

- **CAPITAL IMPROVEMENT PROGRAM OVERSIGHT COMMITTEE:** Board Member von Wilpert reported that CIPOC met on October 16, 2025, and the Committee covered the logistics and demolition associated with old Terminal 1, an ORAT recap of the NT1 Opening, and a Concession and Contingency Spend Update. She also reported that the demolition of old T1 is progressing with over 50% of the former terminal already down.
- **EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE:** None
- **FINANCE COMMITTEE:** Board Member Sly reported that The Finance Committee met on October 27, 2025, and at the meeting, the committee reviewed the Unaudited Financial Statements for the Three Months Ended September 30, 2025, as well as the Authority Investment Report as of September 30, 2025.

#### **ADVISORY COMMITTEES**

- **AUTHORITY ADVISORY COMMITTEE:** Board Member Benzian reported that the Authority Advisory Committee has not met since the last board meeting.
- **ARTS ADVISORY COMMITTEE:** Board Member Martinez reported that the next Arts Advisory Committee Meeting will be on December 11, 2025, from 3-5 p.m.

#### **LIAISONS**

- **CALTRANS:** None
- **INTERGOVERNMENTAL AFFAIRS:** Chair Cabrera reported that the federal government remains shutdown until a funding agreement is reached. He also reported that in Sacramento, the Legislature remains on recess and will reconvene on January 5, 2026.
- **MILITARY AFFAIRS:** None
- **PORT:** None
- **WORLD TRADE CENTER:** Board Member Sly reported that the World Trade Center Board of Directors has not met since earlier this year and the next meeting is scheduled for November 20, 2025, at the Port of San Diego offices.

#### **BOARD REPRESENTATIVES (EXTERNAL)**

- **SANDAG BOARD OF DIRECTORS:** Chair Cabrera reported that the SANDAG Board of Directors has met three times since the Board last meeting. At the first meeting,



the Board received a summary of the performance audit of SANDAG's contract and project management over HNTB and their proposed corrective action plan.

At the second meeting, staff presented an overview of the regional economy and transportation funding, including trends and considerations for future decision-making. At the third meeting, the SANDAG staff provided an update on their Internal Controls Program including an overview of project initiatives.

- **SANDAG TRANSPORTATION COMMITTEE:** Board Member Perez reported that the SANDAG Transportation Committee met on October 17, 2025, where SANDAG staff provided an update on the Transit Fare Change Study that they are conducting on behalf of the Metropolitan Transit System and North County Transit District.

**CHAIR REPORT:** Chair Cabrera reported that last month he had the opportunity to join the San Diego Regional Chamber's Binational Delegation trip to Mexico City, along with a few of our Board Members; Board Member Perez, Vice Chair Sly, and Councilmember von Wilpert, regional community and business leaders, and elected officials from both San Diego and Baja California. The trip offered a chance to hear about key topics such as infrastructure, sustainability, and cross-border economic growth, and learned about ongoing efforts to promote tourism on both sides of the border. The trip reinforced the strong collaboration between the San Diego and Baja regions. He reported that Vice Chair Sly has a new role as CEO of Grossmont Healthcare District. He also reported that President & CEO, Kim Becker, has shared her plans to retire after an incredible 40 years of service in aviation. This is a significant moment for the Airport Authority and an opportunity to reflect on Kim's remarkable leadership and the strong foundation she's built for the future of SAN. As we begin planning for this transition, the Board is committed to ensuring a smooth and thoughtful process. There will be a launch of a global search to find her successor. Kim Becker will continue to lead the organization through March 18, 2026, to help support a seamless transition.

**PRESIDENT/CEO REPORT:** Kim Becker, President/CEO, reported that the new Terminal 1 continues to operate smoothly and is receiving a lot of good feedback from the community. She reported that the median work on North Harbor Drive near the Coast Guard is just about completed and lanes that were closed are now open as of October 24<sup>th</sup> and the second closure for median work will start in early 2026 and will extend just east of Harbor Island Dr. to west of Liberator Way. She reported that the next phase of construction of the new Terminal 1 is ongoing. She reported that the annual United Way of San Diego campaign at the Airport Authority is underway, running from October 15<sup>th</sup> through November 19<sup>th</sup> and this year's theme is "What A Day Means" and focuses on payroll, and give a day PTO donations along with weekly department game show competitions, and as of October 31<sup>st</sup>, the Authority has raised more than \$26,600. She

reported that as the government shutdown continues, Air Traffic Controllers, TSA and CBP agents are deemed essential workers and therefore continue to work without pay. There have been some impacts at SAN, but less than expected. As of yesterday, due to the government shutdown, there is a plan to reduce flights by 10 percent at the Core 30 airports and SAN has a contingency plan for regular operations and terminal management to help with passengers and lines. She also reported that the Airport Authority is partnering with Feeding San Diego, hungry relief food rescue organization in the region, in hosting three food distribution events for the federal employees working at the airport, there will be two events, held in the employee's parking lot on November 6<sup>th</sup> from 12 noon to 4:00 p.m. and November 12<sup>th</sup> at the TSA office in Liberty Station from 8:30 a.m. to 4:30 p.m.

**NON-AGENDA PUBLIC COMMENT:** None

**CONSENT AGENDA (ITEMS 1-14):**

**ACTION: Moved by Board Member Vaus and seconded by Board Member Perez to approve the Consent Agenda. Motion carried by the following votes: YES – Benzian, Cabrera, Martinez, Montgomery Steppe, Perez, Sly, Vaus, von Wilpert; NO – None; ABSENT – Sanchez (Weighted Vote Points: YES – 88; NO – 0; ABSENT – 12)**

**1. APPROVAL OF MINUTES:**

RECOMMENDATION: Approve the minutes of the October 2, 2025, Regular Board Meeting.

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

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

**3. AWARDED CONTRACTS AND APPROVED CHANGE ORDERS FROM SEPTEMBER 5, 2025, THROUGH OCTOBER 9, 2025, AND REAL PROPERTY AGREEMENTS GRANTED AND ACCEPTED FROM SEPTEMBER 5, 2025, THROUGH OCTOBER 9, 2025:**

RECOMMENDATION: Receive the report.

**4. NOVEMBER 2025 LEGISLATIVE REPORT:**

RECOMMENDATION: Adopt Resolution No. 2025-0070, approving the November 2025 Legislative Report.

**5. APPOINTMENT OF AUTHORITY ADVISORY COMMITTEE MEMBERS:**

RECOMMENDATION: Adopt Resolution No. 2025-0071, appointing members to the Authority Advisory Committee.

**CLAIMS:**

**6. REJECT CLAIM OF SUSAN HERBERHOLZ:**

RECOMMENDATION: Adopt Resolution No. 2025-0072, rejecting the claim of Susan Herberholz.

**7. REJECT CLAIM OF FRANCISCO PULIDO:**

RECOMMENDATION: Adopt Resolution No. 2025-0073, rejecting the claim of Francisco Pulido.

**8. REJECT CLAIM OF PATRICIA BURGEST:**

RECOMMENDATION: Adopt Resolution No. 2025-0074, rejecting the claim of Patricia Burgest.

**9. ACCEPTANCE OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2025:**

RECOMMENDATION: Accept the report.

**10. ACCEPT THE AUTHORITY INVESTMENT REPORT AS OF SEPTEMBER 30, 2025:**

RECOMMENDATION: Accept the report.

**COMMITTEE RECOMMENDATIONS:**

**CONTRACTS AND AGREEMENTS:**

**11. APPROVE AND AUTHORIZE A FIRST AMENDMENT TO THE LEGAL SERVICES AGREEMENT WITH QUARLES & BRADY LLP:**

RECOMMENDATION: Adopt Resolution No. 2025-0075 approving and authorizing a first amendment to the legal services agreement with Quarles & Brady extending the term for one year.

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

- 12. AWARD A CONTRACT TO S&L SPECIALTY CONSTRUCTION, INC. FOR QUIETER HOME PROGRAM PHASE 14, GROUP 4, PROJECT NO. 381404 TWENTY-SEVEN (27) NON-HISTORIC SINGLE-FAMILY AND MULTI-FAMILY UNITS ON TWENTY-FIVE (25) RESIDENTIAL PROPERTIES LOCATED EAST AND WEST OF THE SAN DIEGO INTERNATIONAL AIRPORT:**

RECOMMENDATION: Adopt Resolution No. 2025-0076, awarding a contract to S&L Specialty Construction, Inc. in the amount of \$1,475,200 for Phase 14, Group 4, Project No. 381404, of the San Diego County Regional Airport Authority's Quieter Home Program and making a finding that the project is exempt from the California Environmental Quality Act.

- 13. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A 1ST AMENDMENT TO THE BLANKET PURCHASE ORDER WITH VERIZON WIRELESS FOR MOBILE DEVICES AND WIRELESS SERVICES:**

RECOMMENDATION: Adopt Resolution No. 2025-0077, approving and authorizing the President/CEO to execute a 1st Amendment to the Blanket Purchase Order with Verizon Wireless for Mobile Devices and Wireless Services, extending the term for sixteen (16) months to June 30, 2027, and adding an additional \$175,000 for a total maximum amount payable of \$1,125,000.

- 14. AWARD A CONTRACT TO WIER CONSTRUCTION CORPORATION FOR FIRE DEPARTMENT CODE COMPLIANCE REMEDIATION AT SAN DIEGO INTERNATIONAL AIRPORT:**

RECOMMENDATION: Adopt Resolution No. 2025-0079, awarding a contract to Wier Construction Corporation in the amount of \$1,397,662 for Project No. 104258 Fire Department Code Compliance Remediation at San Diego International Airport.

**PUBLIC HEARINGS:**

**CONTINUED BUSINESS:**

*Board Member Sanchez arrived at the meeting at 9:36 a.m.*

**NEW BUSINESS:**

**15. APPROVE AND AUTHORIZE THE PRESIDENT/CEO TO EXECUTE A CONTRACT AND VALIDATION PHASE SCOPE OF WORK WITH SUNDT CONSTRUCTION, INC., FOR DESIGN AND CONSTRUCTION OF TERMINAL 2 EAST CONNECTOR:**

Ajay Babla, Program Manager, Airport Design & Construction provided a presentation on Terminal 2 East Connector that included Overall Project Scope, Concourse Level Plan, Anticipated Timeline, Procurement Timeline, Design Build Core Team, and Validation Phase Scope of Work.

RECOMMENDATION: Adopt Resolution No. 2025-0078, approving and authorizing the President/CEO to negotiate and execute a Contract and a Validation Phase Scope of Work in an amount not to exceed \$8,000,000 with Sundt Construction, Inc., for design and construction of Terminal 2 East Connector.

**ACTION: Moved by Board Member von Wilpert and seconded by Board Member Benzian to approve the Staff's recommendation. Motion carried by the following votes: YES – Benzian, Cabrera, Martinez, Montgomery Steppe, Perez, Sanchez, Sly, Vaus, von Wilpert; NO – None; ABSENT – None (Weighted Vote Points: YES – 100; NO – 0; ABSENT – 12)**

*The Board recessed at 9:40 a.m. and reconvened at 9:42 a.m.*

**CLOSED SESSION:** The Board recessed into Closed Session at 9:42 a.m. to hear items 16 (1 case), and 17.

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

Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9 Number of potential Cases: 2

**17. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION:**

Paragraph (1) of subdivision (d) of Cal. Gov. Code §54956.9  
Name of Case: *Sara Mitchell v. San Diego County Regional Airport Authority*,  
San Diego Superior Court Case No. 24CU022992C

**REPORT ON CLOSED SESSION:** The Board reconvened out of Closed Session at 10:04 a.m.

**GENERAL COUNSEL REPORT:** No report out.

**BOARD COMMENT:** None

**ADJOURNMENT:** The meeting adjourned at 10:04 a.m.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY  
BOARD THIS 4<sup>TH</sup> DAY OF DECEMBER 2025.

**ATTEST:**

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ANNETTE FAGAN ORTIZ  
AUTHORITY CLERK

**APPROVED AS TO FORM:**

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AMY GONZALEZ  
GENERAL COUNSEL

## Staff Report

**Meeting Date: December 4, 2025**

**Subject:**

**Acceptance of Board and Committee Members Written Reports on their Attendance at Approved Meetings and Pre-Approval of Attendance at Other Meetings Not Covered by the Current Resolution**

**Recommendation:**

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

**Background/Justification:**

Authority Policy 1.10 defines a “day of service” for Board Member compensation and outlines the requirements for Board Member attendance at meetings.

Pursuant to Authority Policy 1.10, Board Members are required to deliver to the Board a written report regarding their participation in meetings for which they are compensated. Their report is to be delivered at the next Board meeting following the specific meeting and/or training attended. The reports (Attachment A) were reviewed pursuant to Authority Policy 1.10 Section 5 (g), which defines a “day of service”. The reports were also reviewed pursuant to Board Resolution No. 2019-0074, which granted approval of Board Member representation for attending events and meetings.

The attached reports are being presented to comply with the requirements of Policy 1.10 and the Authority Act.

**Fiscal Impact:**

Board and Committee Member Compensation is included in the FY 2025 Budget

## Authority Strategies/Focus Areas:

This item supports one or more of the following (*select at least one under each area*):

### Strategies

- ☒ Community Strategy   ☐ Customer Strategy   ☐ Employee Strategy   ☐ Financial Strategy   ☒ Operations Strategy

### Focus Areas

- ☐ Advance the Airport Development Plan   ☐ Transform the Customer Journey   ☒ Optimize Ongoing Business

## Environmental Review:

- A. CEQA: This Board action is not a “project” as defined by the California Environmental Quality Act (CEQA) (Cal. Pub. Res. Code §21065).
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.
- C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration (“FAA”) and, therefore, no formal review under the National Environmental Policy Act (“NEPA”) is required.

## Prepared by:

Annette Fagan Ortiz  
Authority Clerk



# **Attachment A**

## BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

**Directions:** This Form permits Board Members to report their attendance at meetings, events, and training that qualifies for “day of service” compensation pursuant to Cal. Pub. Util. Code §170017, Board Policy 1.10 and Board Resolution 2019-0074. Unless attending a meeting held pursuant to the Brown Act, attendance must be pre-approved by the Board prior to attendance and a written report delivered at the next Board meeting. After completing this Form, please forward it to Board Services, Authority Clerk Staff.

|   |  |  |
|---|--|--|
| <b>Period Covered:</b>  | November 1 through November 30, 2025                     |  |
| <b>Board Member Name:</b>   | Gil Cabrera  |  |
| <b>Date:</b>  | 12/1/25  |  |
| <b>Type of Meeting</b>  | <b>Date/Time/Location of Event/Meeting/Training</b>      | <b>Summary and Description of the Event/Meeting/Training</b>       |
| <input type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input checked="" type="checkbox"/> Res. 2019-0074 | 11/4/2025 - 8am-9am - Zoom                               | CEO Recruitment Ad Hoc Committee Call                              |
| <input type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input checked="" type="checkbox"/> Res. 2019-0074 | 11/5/2025 - 5pm-6:30pm - Mr. A's                         | Southwest Airlines Dinner with SW leadership and community members |
| <input checked="" type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074 | 11/6/2025 - 9am-11am - SDCRAA Board Room                 | SDCRAA Board Meeting and ALUC Meeting                              |
| <input type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input checked="" type="checkbox"/> Res. 2019-0074 | 11/12/2025 - 10:30am-11:30am - Port of San Diego Offices | Meeting with Port Officials  |
| <input type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input checked="" type="checkbox"/> Res. 2019-0074 | 11/18/2025 - 10am-11am - Teams Meeting                   | CEO Recruitment Ad Hoc Committee Meeting                           |
| <input checked="" type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074 | 11/20/2025 - 9am-1030am - SDCRAA Admin Building          | SDCRAA Advisory Committee Meeting                                  |
| <input checked="" type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074 | 11/21/2025 - 9am-12pm - SANDAG Board of Directors Room   | SANDAG Board of Directors Meeting                                  |
| <input checked="" type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074 | 11/24/2025 - 9am-11am - SDCRAA Board Room                | SDCRAA Executive & Finance Committee Meetings                      |

I certify that I was present for at least half of the time set for each meeting, event, and training listed herein.

Signature: Gil Cabrera Digitally signed by Gil Cabrera  
Date: 2025.12.01 04:54:13 -08'00'

## BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

**Directions:** This Form permits Board Members to report their attendance at meetings, events, and training that qualifies for “day of service” compensation pursuant to Cal. Pub. Util. Code §170017, Board Policy 1.10 and Board Resolution 2019-0074. Unless attending a meeting held pursuant to the Brown Act, attendance must be pre-approved by the Board prior to attendance and a written report delivered at the next Board meeting. After completing this Form, please forward it to Board Services, Authority Clerk Staff.

| <b>Period Covered:</b>   |  |   |
|--|--|---|
| <b>Board Member Name:</b>  |  |   |
| <b>Date:</b>   |  |   |
|  |  |   |
| Type of Meeting  | Date/Time/Location of Event/Meeting/Training | Summary and Description of the Event/Meeting/Training |
| <input type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074 |  |   |
| <input type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074 |  |   |
| <input type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074 |  |   |
| <input type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074 |  |   |
| <input type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074 |  |   |
| <input type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074 |  |   |
| <input type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074 |  |   |
| <input type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074 |  |   |
| <input type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074 |  |   |

I certify that I was present for at least half of the time set for each meeting, event, and training listed herein.

Signature: Lidia S. Martinez

## BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

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| <b>Period Covered:</b>  | OCTOBER/NOVEMBER 2025                        |  |
|---|--|--|
| <b>Board Member Name:</b>   | Lidia S Martinez                             |  |
| <b>Date:</b>  | 11/18/25                                     |  |
|   |  |  |
| Type of Meeting   | Date/Time/Location of Event/Meeting/Training | Summary and Description of the Event/Meeting/Training          |
| <input checked="" type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074 | 10/2/25 9am-12 noon / SDCRAA Building        | SDCRAA Board/ALUC Committee Meeting                            |
| <input checked="" type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074 | 10/16/25 10am-1pm / SDCRAA Building          | SDCRAA Capital Improvement Program Oversight Committee Meeting |
| <input type="checkbox"/> Brown Act<br><input checked="" type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074 | 11/4/25 8-9am / Virtual Meeting              | CEO Recruitment (Initial Meeting on Process)                   |
| <input checked="" type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074 | 11/6/25 9am-12pm / SDCRAA Building           | SDCRAA Board/ALUC Committee Meeting                            |
| <input type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074            |  |  |
| <input type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074            |  |  |
| <input type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074            |  |  |
| <input type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074            |  |  |

I certify that I was present for at least half of the time set for each meeting, event, and training listed herein.

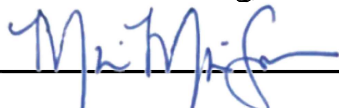
Signature: Lidia S Martinez

## BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

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|   |   |  |
|---|---|--|
| <b>Period Covered:</b>  | November 1, 2025 - November 30, 2025                |  |
| <b>Board Member Name:</b>   | Monica Montgomery Steppe                            |  |
| <b>Date:</b>  | 12/1/25   |  |
| <b>Type of Meeting</b>  | <b>Date/Time/Location of Event/Meeting/Training</b> | <b>Summary and Description of the Event/Meeting/Training</b> |
| <input checked="" type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074 | 11/6/2025; 9am-12pm; Board Room;                    | Board/ALUC Committee Meeting                                 |
| <input type="checkbox"/> Brown Act<br><input checked="" type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074 | 11/10/2025; 10:30am - 12pm; Port of San Diego;      | Port Commissioners and Airport Authority Meeting             |
| <input type="checkbox"/> Brown Act<br><input checked="" type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074 | 11/24/2025; 8:30am-9am; Board Room                  | Level 2 Board Briefing                                       |
| <input checked="" type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074 | 11/24/2025; 9am - 12pm; Board Room                  | Special Audit Committee Meeting                              |
| <input type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074            |   |  |
| <input type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074            |   |  |
| <input type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074            |   |  |
| <input type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074            |   |  |

I certify that I was present for at least half of the time set for each meeting, event, and training listed herein.

Signature: 

## BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

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| <b>Period Covered:</b>  | 11/1/25-11/30/25                             |   |
|---|--|---|
| <b>Board Member Name:</b>   | Rafael Perez                                 |   |
| <b>Date:</b>  | 12/2/25                                      |   |
| Type of Meeting   | Date/Time/Location of Event/Meeting/Training | Summary and Description of the Event/Meeting/Training |
| <input checked="" type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074 | 11/6/25 SAN Admin Board Room                 | Board meeting/ALUC                                    |
| <input checked="" type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074 | 11/24/25 SAN Admin Board Room                | Exec finance  |
| <input type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074            |  |   |
| <input type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074            |  |   |
| <input type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074            |  |   |
| <input type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074            |  |   |
| <input type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074            |  |   |
| <input type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074            |  |   |

I certify that I was present for at least half of the time set for each meeting, event, and training listed herein.

Signature:  \_\_\_\_\_

## BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

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| <b>Period Covered:</b>  | May 2025 - November 2025                     |   |
|---|--|---|
| <b>Board Member Name:</b>   | Esther C. Sanchez                            |   |
| <b>Date:</b>  | 11/24/25                                     |   |
| Type of Meeting   | Date/Time/Location of Event/Meeting/Training | Summary and Description of the Event/Meeting/Training                     |
| <input checked="" type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074 | May 5, 2025 / 10:00AM / Admin Building       | Audit Committee Meeting   |
| <input checked="" type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074 | June 5, 2025 / 9:00AM / Admin Building       | Board/ALUC Meeting  |
| <input checked="" type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074 | July 10, 2025   9:00 AM   Admin Building     | Board/ALUC & CIPOC Meetings   |
| <input checked="" type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074 | September 8, 2025   10 AM   Admin Building   | Audit Committee Meeting   |
| <input checked="" type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074 | October 2, 2025   9 AM   Admin Building      | Board/ALUC Meeting  |
| <input type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074            | November 6, 2025   9 AM   Admin Building     | Board/ALUC Meeting  |
| <input type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074            | November 24, 2025   9 AM   Admin Building    | Executive & Finance Committee Meeting and Special Audit Committee Meeting |
| <input type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074            |  |   |

I certify that I was present for at least half of the time set for each meeting, event, and training listed herein.

Signature: \_\_\_\_\_

*Esther C. Sanchez*

## BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

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| <b>Period Covered:</b>  | November 2025   |  |
|---|---|--|
| <b>Board Member Name:</b>   | Steve Vaus  |  |
| <b>Date:</b>  | 11/25/25  |  |
| Type of Meeting   | Date/Time/Location of Event/Meeting/Training                              | Summary and Description of the Event/Meeting/Training        |
| <input checked="" type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074 | 11/6/25: 9AM McCain Road, San Diego Headquarters                          | Board/ALUC Committee Meeting                                 |
| <input checked="" type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074 | 11/10/25: 10:30AM 3165 Pacific Highway, San Diego (Port Authority Office) | SDCRAA Staff & Port Commissioners Meeting Re: Harbor Police  |
| <input checked="" type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074 | 11/24/25: 9AM McCain Road, San Diego Headquarters                         | Special Audit & Special Board & Executive Committee Meetings |
| <input checked="" type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074 | 11/25/25: 10AM- Teams Meeting   | Level 2 Board Meeting with BM's Vaus & Benzian               |
| <input type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074            |   |  |
| <input type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074            |   |  |
| <input type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074            |   |  |
| <input type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074            |   |  |

I certify that I was present for at least half of the time set for each meeting, event, and training listed herein.

Signature: Steve Vaus Digitally signed by Steve Vaus  
Date: 2025.11.25 10:38:41 -08'00'



## BOARD MEMBER EVENT/MEETING/TRAINING REPORT SUMMARY

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|   |  |  |
|---|--|--|
| <b>Period Covered:</b>  | November 2025  |  |
| <b>Board Member Name:</b>   | Marni von Wilpert  |  |
| <b>Date:</b>  | 12/1/25  |  |
| <b>Type of Meeting</b>  | <b>Date/Time/Location of Event/Meeting/Training</b>        | <b>Summary and Description of the Event/Meeting/Training</b> |
| <input checked="" type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074 | November 24, 2025 - Executive & Finance Committees Meeting | Executive & Finance Committees Meeting                       |
| <input checked="" type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074 |  |  |
| <input type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074            |  |  |
| <input type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074            |  |  |
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| <input type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074            |  |  |
| <input type="checkbox"/> Brown Act<br><input type="checkbox"/> Pre-approved<br><input type="checkbox"/> Res. 2019-0074            |  |  |

I certify that I was present for at least half of the time set for each meeting, event, and training listed herein.

Signature: Marni von Wilpert

## Staff Report

**Meeting Date:** December 4, 2025

**Subject:**

**Awarded Contracts and Approved Change Orders from October 10, 2025, through November 9, 2025, and Real Property Agreements Granted and Accepted from October 10, 2025, through November 9, 2025**

**Recommendation:**

Receive the report.

**Background/Justification:**

Policy Section Nos. 5.01, Procurement of Services, Consulting, Materials, and Equipment, 5.02, Procurement of Contracts for Public Works, and 6.01, Leasing Policy, require staff to provide a list of contracts, change orders, and real property agreements that were awarded and approved by the President/CEO or her designee. Staff has compiled a list of all contracts, change orders (Attachment A) and real property agreements (Attachment B) that were awarded, granted, accepted, or approved by the President/CEO or her designee since the previous Board meeting.

**Fiscal Impact:**

The fiscal impact of these contracts and change orders are reflected in the individual program budget for the execution year and on the next fiscal year budget submission.

Amount to vary depending upon the following factors:

1. Contracts issued on a multi-year basis; and
2. Contracts issued on a Not-to-Exceed basis.
3. General fiscal impact of lease agreements reflects market conditions.

The fiscal impact of each reported real property agreement is identified for consideration on Attachment B.

## Authority Strategies/Focus Areas:

This item supports one or more of the following (*select at least one under each area*):

### Strategies

- ☐ Community Strategy   ☐ Customer Strategy   ☐ Employee Strategy   ☒ Financial Strategy   ☐ Operations Strategy

### Focus Areas

- ☐ Advance the Airport Development Plan   ☐ Transform the Customer Journey   ☒ Optimize Ongoing Business

## Environmental Review:

- A. CEQA: This Board action is not a "project" as defined by the California Environmental Quality Act ("CEQA") (Cal. Pub. Res. Code §21065).
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.
- C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

## Prepared by:

Jana Vargas  
Director, Procurement

**Attachment "A"****AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN OCTOBER 10, 2025 THROUGH NOVEMBER 9, 2025****New Contracts**

| <b>Date Signed</b> | <b>CIP #</b> | <b>Company</b>                              | <b>Description</b>   | <b>Solicitation Method</b> | <b>Owner</b>                      | <b>Contract Value</b> | <b>End Date</b> |
|--------------------|--------------|---|--|----------------------------|-----------------------------------|-----------------------|-----------------|
| 10/10/2025         |              | Vortex Industries, Inc.                     | The Contractor will provide removal and replacement of the smoke guard curtain and will complete performance of function test for the San Diego County Regional Airport Authority. | Quote                      | Facilities Management             | \$5,973.75            | 12/31/2025      |
| 10/14/2025         |              | Genesis Technologies, Inc.                  | The Contractor will provide an IPAD storage cabinet for the San Diego County Regional Airport Authority.   | Quote                      | Information & Technology Services | \$8,510.80            | 11/4/2025       |
| 10/21/2025         |              | Lexis Nexis Risk Solutions, Inc. dba Cirium | The Contractor will provide ASD Data Services for the San Diego County Regional Airport Authority.   | Informal RFP               | Customer Experience               | \$47,859.07           | 8/29/2026       |
| 10/30/2025         |              | Lehr Upfitters OpCo, LLC                    | The Contractor will provide vehicle upfitters for the San Diego County Regional Airport Authority.   | Consortium RFP             | Facilities Management             | \$10,588.97           | 11/30/2025      |
| 10/31/2025         |              | Foster & Foster Consulting Actuaries, Inc.  | The Contractor will provide actuarial services for the San Diego County Regional Airport Authority.  | RFP                        | Accounting                        | \$250,000.00          | 10/31/2028      |
| 11/5/2025          |              | Wayne Gossett Ford DBA Encinitas Ford       | The Contractor will provide Five (5) New/Unused Compact Hybrid Trucks for San Diego County Regional Airport Authority.   | RFB                        | Facilities Management             | \$172,461.90          | 3/1/2026        |

**Attachment "A"****AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN OCTOBER 10, 2025 THROUGH NOVEMBER 9, 2025****Amendments and Change Orders**

| <b>Date Signed</b> | <b>CIP #</b> | <b>Company</b>                       | <b>Description of Change</b>   | <b>Owner</b>          | <b>Previous Contract Amount</b> | <b>Change Order Value ( + / - )</b> | <b>Change Order Value ( % ) ( + / - )</b> | <b>New Contract Value</b> | <b>New End Date</b> |
|--------------------|--------------|--------------------------------------|--|-----------------------|---------------------------------|-------------------------------------|---|---------------------------|---------------------|
| 10/15/2025         |              | Anderson & Kreiger, LLP              | The First Amendment revises the hourly rates in Exhibit B. The total amount payable remains the same. The Contractor provides general legal services for the San Diego County Regional Airport Authority.  | General Counsel       | \$650,000.00                    | \$0.00                              | 0.0%                                      | \$0.00                    | 12/1/2025           |
| 10/17/2025         |              | Ameriguard Maintenance Services, LLC | The Third Amendment adds new grease interceptors for New Terminal One and removes the decommissioned Old Terminal One grease interceptors. The Contractor provides grease interceptor maintenance services at the San Diego International Airport. | Facilities Management | \$532,000.00                    | \$0.00                              | 0.0%                                      | \$532,000.00              | 12/31/2026          |

**Attachment "A"****AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN OCTOBER 10, 2025 THROUGH NOVEMBER 9, 2025****New Contracts Approved by the Board**

| <b>Date Signed</b> | <b>CIP #</b> | <b>Company</b>                  | <b>Description</b>  | <b>Solicitation Method</b> | <b>Owner</b>                  | <b>Contract Value</b> | <b>End Date</b> |
|--------------------|--------------|---------------------------------|---|----------------------------|-------------------------------|-----------------------|-----------------|
| 10/22/2025         | 104320       | Chula Vista Electric Co         | The Contract was approved by the Board at the July 10, 2025 Board Meeting. The Contractor will provide Campus-wide Electric Submetering at the San Diego International Airport.                               | RFB                        | Airport Design & Construction | \$2,048,920.00        | 10/29/2026      |
| 11/5/2025          | 381403       | G&G Specialty Contractors, Inc. | The Contract was approved by the Board at the September 11, 2025 Board Meeting. The Contractor will provide sound attenuation improvements for certain residences around the San Diego International Airport. | RFB                        | QHP & Noise Mitigation        | \$1,603,981.00        | 6/28/2026       |

**Attachment "A"****AWARDED CONTRACTS AND CHANGE ORDERS SIGNED BETWEEN OCTOBER 10, 2025 THROUGH NOVEMBER 9, 2025****Amendments and Change Orders Approved by the Board**

| Date Signed | CIP # | Company            | Description of Change   | Owner                             | Previous Contract Amount | Change Order Value (+ / -) | Change Order Value ( % ) (+ / -) | New Contract Value | New End Date |
|-------------|-------|--------------------|---|-----------------------------------|--------------------------|----------------------------|----------------------------------|--------------------|--------------|
| 10/31/2025  |       | SecurityHQ dba SHI | The First Amendment was approved by the Board at the September 11, 2025 Board Meeting. The First Amendment increases the maximum amount payable. The Contractor will provide Cybersecurity-Managed Security Services for the San Diego County Regional Airport Authority. | Information & Technology Services | \$659,476.35             | \$440,523.65               | 67.0%                            | \$1,100,000.00     | 10/22/2026   |

|  |                  |                                   |                |                   |     |                     |               |   |
|--|------------------|-----------------------------------|----------------|-------------------|-----|---------------------|---------------|---|
| Attachment "B"   |                  |                                   |                |                   |     |                     |               |   |
| REAL PROPERTY AGREEMENTS EXECUTED FROM OCTOBER 10, 2025 THROUGH NOVEMBER 9, 2025 |                  |                                   |                |                   |     |                     |               |   |
| Real Property Agreements (Per Board Policy 6.01)                                 |                  |                                   |                |                   |     |                     |               |   |
| Effective Date   | Authority Doc. # | Tenant/Company                    | Agreement Type | Property Location | Use | Property Area (s.f) | Consideration | Comments  |
| No Awarded Real Property Agreements During this Period                           |                  |                                   |                |                   |     |                     |               |   |
|  |                  |                                   |                |                   |     |                     |               |   |
| Real Property Agreement Amendments and Assignments (Per Board Policy 6.01)       |                  |                                   |                |                   |     |                     |               |   |
| Effective Date   | Authority Doc. # | Tenant/Company                    | Agreement Type | Property Location | Use | Property Area (s.f) | Consideration | Comments  |
| 9/1/2025   | 13960            | Emerging Domestic Market Ventures | FB             | T1                |     |                     |               | Option to add 2% Employee Surcharge if plan is approved and update to Exhibit A-1 |
|  |                  |                                   |                |                   |     |                     |               |   |



## Staff Report

**Meeting Date:** December 4, 2025

**Subject:**

**December 2025 Legislative Report**

### Recommendation:

Adopt Resolution No. 2025-0081, approving the December 2025 Legislative Report.

### Background/Justification:

The Authority's Legislative Advocacy Program Policy requires that staff present the Board with monthly reports concerning the status of legislation with potential impact to the Authority. The Authority Board provides direction to staff on legislative issues by adoption of a monthly Legislative Report (Attachment A). The December 2025 Legislative Report updates Board members on legislative activities that have taken place since the previous Board meeting. In directing staff, the Authority Board may take a position on pending or proposed legislation that has been determined to have a potential impact on the Authority's operations and functions.

### Federal Legislative Action

In Washington, the federal government reopened after being shut down for 43 days, making it the longest government shutdown on record. On November 12, 2025, the President signed H.R. 5371, the *Continuing Appropriations, Agriculture, Legislative Branch, Military Construction and Veterans Affairs, and Extensions Act 2026* into law, ending the shutdown. The legislation provides full Fiscal Year (FY) 2026 funding for Congress as well as key departments and agencies such as Agriculture, Veterans Affairs, and the Food and Drug Administration. The rest of the federal government, including the Departments of Transportation and Homeland Security, will have their funding extended at FY 2025 levels until January 30, 2026. Additionally, the law rescinded Reduction-In-Force (RIF) actions taken by the Administration since the beginning of the shutdown and prevents future RIFs until January 30, 2026.

Congress has now turned its attention to completing FY 2026 appropriations before the January 30, 2026, deadline. The law signed by the President contains three appropriations bills, leaving nine to be resolved. On November 12, Senate leadership started an internal process to determine whether any Senators would object on the floor to passing a package

of five FY 2026 appropriations bills, including the Transportation bill. If the bills pass the Senate, they must also be approved by the House before being presented to the President for signature.

During the shutdown, significant travel delays occurred due to factors including air traffic control staffing shortages, Transportation Security Administration (TSA) officer staffing, and a November 7, 2025, initial emergency order by the Federal Aviation Administration (FAA) that reduced airline flight operations. The order was amended on November 12 and November 14 to adjust the percentage of flight reductions. On November 17, the FAA terminated the emergency order after federal funding was restored, which alleviated significant stress on the National Airspace System.

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

## **State Legislative Action**

In Sacramento, the state legislature will reconvene on January 5, 2026, for the second year of the two-year session, resuming action on thousands of eligible bills and introducing new policy proposals.

During the interim recess, state lawmakers have spent significant time assessing the impending fiscal impacts of federal policy changes to social services, including food assistance and clean energy programs. In January, the Governor is expected to present the state's response to these changes in his initial budget proposal for Fiscal Year 2026-2027.

The Authority's legislative team is monitoring the implementation of major signed bills that impact airport operations. Bills signed into law this year take effect on January 1, 2026, unless otherwise noted.

The Authority's legislative team is reviewing and monitoring legislative and budget discussions for any new opportunities to support the Authority's initiatives and operations. The Authority's legislative team does not recommend that the Board adopt any new positions on state legislation at this time.

## **Fiscal Impact:**

Not applicable.

## Authority Strategies/Focus Areas:

This item supports one or more of the following (*select at least one under each area*):

### Strategies

- ☒ Community Strategy   ☐ Customer Strategy   ☐ Employee Strategy   ☒ Financial Strategy   ☒ Operations Strategy

### Focus Areas

- ☒ Advance the Airport Development Plan   ☐ Transform the Customer Journey   ☒ Optimize Ongoing Business

## Environmental Review:

- A. CEQA: This Board action is not a “project” as defined by the California Environmental Quality Act (“CEQA”) (Cal. Pub. Res. Code §21065).
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.
- C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration (“FAA”) and, therefore, no formal review under the National Environmental Policy Act (“NEPA”) is required.

## Prepared by:

Matt Harris  
Director, Government Relations & Strategy

RESOLUTION NO. 2025-0081

A RESOLUTION OF THE BOARD OF THE SAN DIEGO  
COUNTY REGIONAL AIRPORT AUTHORITY  
APPROVING THE DECEMBER 2025 LEGISLATIVE  
REPORT

**WHEREAS**, the San Diego County Regional Airport Authority (“Authority”) operates San Diego International Airport and plans for necessary improvements to the regional air transportation system in San Diego County, including serving as the responsible agency for airport land use planning within the County; and

**WHEREAS**, the Authority has a responsibility to promote public policies consistent with the Authority’s mandates and objectives; and

**WHEREAS**, Authority staff works locally and coordinates with legislative advocates in Sacramento and Washington, D.C. to identify and pursue legislative opportunities in defense and support of initiatives and programs of interest to the Authority; and

**WHEREAS**, under the Authority’s Legislative Advocacy Program Policy, the Authority Board provides direction to Authority staff on pending legislation; and

**WHEREAS**, the Authority Board, in directing staff, may adopt positions on legislation that has been determined to have a potential impact on the Authority’s operations and functions.

**NOW, THEREFORE, BE IT RESOLVED** that the Board hereby approves the December 2025 Legislative Report (“Attachment A”); and

**BE IT FURTHER RESOLVED** that the Board finds that this action is not a “project” as defined by the California Environmental Quality Act (“CEQA”) (California Public Resources Code §21065); and

**BE IT FURTHER RESOLVED** that the Board finds that this action is not a “development” as defined by the California Coastal Act (California Public Resources Code §30106); and

**BE IT FURTHER RESOLVED** that the Board finds that this action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

**PASSED, ADOPTED, AND APPROVED** by the Board of the San Diego County Regional Airport Authority at a regular meeting this 4<sup>th</sup> day of December 2025, by the following vote:

**AYES:** Board Members:

**NOES:** Board Members:

**ABSENT:** Board Members:

**ATTEST:**

---

ANNETTE FAGAN ORTIZ  
AUTHORITY CLERK

**APPROVED AS TO FORM:**

---

AMY GONZALEZ  
GENERAL COUNSEL

**December 2025 Legislative Report**

**State Legislation**

**New Assembly Bills**

None

\*Shaded text represents new or updated legislative information

## **Assembly Bills from Previous Report**

### **Legislation/Topic**

AB 810 (Irwin): Local government: internet websites and email addresses

### **Background/Summary**

Current law requires cities and counties that have a publicly available internet website to use a ".gov" or a ".ca.gov" domain no later than January 1, 2029. Current law allows an agency to maintain a noncompliant domain (".com" or ".org") so long as it redirects users to a ".gov" or ".ca.gov" domain. Existing law also requires cities and counties, that maintain public email addresses, to ensure that each email address provided to its employees uses a ".gov" or ".ca.gov" domain no later than January 1, 2029.

This bill would expand the requirement to adopt a ".gov" or ".ca.gov" domain to special districts, joint power authorities, or other political subdivisions by January 1, 2031. This bill provides newly covered agencies the same flexibility, as in current law, to redirect visitors to compliant internet domains from their legacy domains.

The state and federal government have encouraged the adoption of 'top-level' security domains such as ".gov" due to their heightened security features including multifactor authentication, consumer privacy tools, and improved cyber threat communication. The federal Cybersecurity and Infrastructure Security Agency (CISA) sponsors the ".gov" domain and makes it available solely to United States based government organizations and publicly controlled entities. A ".gov" domain is available without a fee for agencies that qualify.

### **Anticipated Impact/Discussion**

This bill would require the Authority to adopt a ".gov" website domain by January 1, 2031. The bill would allow the Authority to maintain its current domain (www.san.org) so long as it redirects visitors to the subsequently developed ".gov" address. Authority staff would need to assess and incur costs to complete the process for requesting and adopting a ".gov" domain. In addition, the Authority staff would need to assess its use of the current domain name in public outreach and communication, advertisements, and internal documents. The bill may result in heightened cybersecurity for the Authority and public visitors to its website.

**Status:** 05/23/2025 – Held in Assembly Appropriations Committee and will carry over into the 2026-2027 legislative session as a two-year bill

**Position:** Watch (05/01/2025)

**New Senate Bills**

None

\*Shaded text represents new or updated legislative information



## **Senate Bills from Previous Report**

### **Legislation/Topic**

SB 239 (Arreguín): Open meetings: teleconferencing: subsidiary body

### **Background/Summary**

Current law authorizes state advisory boards, commissions, committees, and subcommittees or similar multimember advisory bodies to hold a meeting by teleconference without posting participants' physical location until January 1, 2026 [SB 544 (Laird) Stats. 2023, Chapter 216]. This bill would provide a narrow exemption under the Ralph M. Brown Act for local government "subsidiary bodies", such as advisory bodies and commissions, to participate in two-way virtual teleconferencing without posting the physical location of members. This bill prescribes requirements to provide public access to the meetings of subsidiary bodies, including the requirement to provide a physical location from which the public can participate in meetings. This bill also limits the use of the exemption to subsidiary bodies with certain subject matter jurisdiction.

### **Anticipated Impact/Discussion**

This bill aligns with the Authority Board's adopted Culture Statement which highlights the importance of diversity within the organization. SB 239 aims to increase both civic engagement and diversity on boards and commissions by removing certain in-person requirements for participation. While this measure would not be applicable to the full Authority Board (a decision-making body), or elected officials, SB 239 would apply to the non-decision-making bodies of the Authority Board including its committees, such as the Airport Noise Advisory Committee (ANAC), which has seen reduced engagement and attendance since COVID-19 restrictions were lifted. This bill is substantively similar to AB 817 (Pacheco; 2023) which the Authority supported in the prior legislative session.

**Status:** 06/05/2025 – Placed on inactive file and was made into a two-year bill

**Position:** Watch (04/03/2025)

**Federal Legislation**

**New House Bills**

None

\*Shaded text represents new or updated legislative information

## **House Bills from Previous Report**

### **Legislation/Topic**

S. 1966 (Duckworth) / H.R. 3754 (Cohen): The Don't Miss Your Flight Act

### **Background/Summary**

The bill would direct the Department of Transportation (DOT) to establish and carry out a program to provide grants to states, Tribal communities, or local governments for projects that (1) connect to a public airport; (2) make improvements on land that is on or within five miles of that public airport, and (3) reduce congestion, expands capacity, provides access to under-connected areas, or rehabilitates roadway, rail, or transit infrastructure (including bridges, tunnels, and rolling stock).

### **Anticipated Impact/Discussion**

This bill would establish a \$1 billion-per-year grant program from Fiscal Year 2027 – 2031 to fund surface transportation projects, such as roads, transit, and rail, that improve access to public airports, particularly large and medium hub airports. The bill aims to reduce congestion, enhance multimodal connectivity, and expand access to under-connected areas within five miles of airports. It also allows flexibility in meeting non-federal cost share through tools like the Transportation Infrastructure Finance and Innovation Act (TIFIA) program and Passenger Facility Charges. If enacted, the bill would create new opportunities for state and local governments to secure funding for airport-adjacent infrastructure and reflects a growing emphasis on improving the full passenger journey to support economic mobility and system efficiency.

**Status:** 06/05/2025 - Referred to the House Committee on Transportation and Infrastructure / Senate Committee on Environment and Public Works

**Position:** Support (07/10/2025)

**Legislation/Topic**

H.R. 3746 (Amodei): The Rebuilding America's Airport Infrastructure Act

**Background/Summary**

The bill would modify the Passenger Facility Charge (PFC) program administered by the Federal Aviation Administration (FAA). Specifically, the bill proposes a phased increase to the maximum allowable PFC, raising the current cap of \$4.50 per passenger to \$5.50 for a one-year period beginning on January 1, 2027. The cap would then increase to \$6.50 in 2028, \$7.50 in 2029, and \$8.50 in and after 2030. Additionally, the bill requires the FAA to establish a pilot program to provide grants to states, Tribal communities, and localities.

**Anticipated Impact/Discussion**

H.R. 3746 would modernize airport funding by gradually increasing the cap on the Passenger Facility Charge (PFC), enabling airports to raise significantly more local revenue for infrastructure improvements. This change would help airports advance critical projects such as terminal upgrades and runway expansions, reduce reliance on federal funds, and improve the passenger experience. The bill also establishes a pilot grant program to support infrastructure needs in states, Tribal communities, and localities. The Authority has long supported an increase in the PFC (which hasn't been adjusted for 25 years) and it is included in the Authority's 2025 Legislative Agenda.

**Status:** 06/06/2025 - Referred to the House Transportation and Infrastructure Committee Subcommittee on Aviation

**Position:** Support (07/10/2025)

\*Shaded text represents new or updated legislative information

**Legislation/Topic**

H.R. 2353 (Langworthy): The Safer Skies Act of 2025

**Background/Summary**

This bill requires the Transportation Security Administration (TSA) to implement the Aircraft Operator Standard Security Program (ASOSSP), commonly known as the AOP Standard Security program. Under the program, aircraft operators must conduct common carriage passenger-carrying operations for compensation or hire for which the certificate holder or a representative of such certificate holder offers individual seats in advance and provides publicly available schedules that include the departure location, departure time, and arrival location of operations; operate airplanes with a passenger-seat configuration of more than nine seats; and do not enplane or deplane in a checkpoint managed by the TSA. TSA must revise any of their rules, guidance, or policies to comply with the proposed requirements.

**Anticipated Impact/Discussion**

This bill aims to strengthen aviation security by requiring TSA to apply AOSSP to certain air carriers that offer public-facing flight services with more than nine seats but operate outside of TSA-managed checkpoints. This bill seeks to close a key security gap by ensuring consistent passenger screening standards across all qualifying operations, regardless of airport size or carrier type. While the legislation is expected to enhance public safety and align with broader Homeland Security goals, it may prompt debate over implementation logistics, costs for smaller carriers, and infrastructure readiness at non-commercial terminals.

**Status:** 03/26/2025 – Referred to the House Committee on Homeland Security

**Position:** Watch (05/01/2025)

**Legislation/Topic**

H.R. 1818 (Collins); the Aviation Workforce Development Act / S. 1590 (Scott), the Aviation Workforce Development Act

**Background/Summary**

The bill would allow students enrolled in Federal Aviation Administration flight and aviation maintenance programs to use their 529 plan funds to cover associated educational expenses.

**Anticipated Impact/Discussion**

This bill aims to remove financial barriers for those seeking a career in flight and aviation maintenance by allowing 529 plans, commonly used to finance educational careers, to be applied toward the costs of these programs. These career paths can be lucrative and help alleviate a looming workforce shortage in the industry.

**Status:** 03/03/2025 – Referred to the House Committee on Ways and Means

**Position:** Support (06/05/2025)

**New Senate Bills**

None

\*Shaded text represents new or updated legislative information

## **Senate Bills from Previous Report**

### **Legislation/Topic**

S. 2175 (Budd): The Pilot and Aircraft Privacy Act

### **Background/Summary**

The Pilot and Aircraft Privacy Act prohibits the use of Automatic Dependent Surveillance-Broadcast (ADS-B) data to identify aircraft for the purpose of charging fees or imposing costs on aircraft owners or operators. Air traffic controllers may only use ADS-B data for tracking aircraft to enhance safety and efficiency or for purposes approved by the Secretary of Transportation after public notice and comment. The bill also imposes requirements on public-use airports before charging fees on general aviation aircraft, mandating disclosure of cost estimates, revenue diversification efforts, and impact assessments on aviation-related communities. Any fees collected must be exclusively used for airside safety projects, and the Federal Aviation Administration (FAA) may establish regulations and reporting obligations to ensure compliance.

### **Anticipated Impact/Discussion**

This legislation would undermine airport safety, efficiency, and financial sustainability by restricting airports' ability to impose reasonable and necessary fees on general aviation and commercial aircraft and their ability to use ADS-B data and FAA aircraft registration information to assess appropriate user fees. These tools are essential for managing operations, ensuring safety, and collecting reasonable user fees.

**Status:** 06/25/2025 – Read twice and referred to the Committee on Commerce, Science, and Transportation

**Position:** Oppose (11/06/2025)



**Legislation/Topic**

S. 2378 (Moran): The SAFEGUARDS Act

**Background/Summary**

Using revenue generated from the September 11 Security Fee, the *Spending Aviation Fees for Equipment, Guaranteeing Upgraded and Advanced Risk Detection and Safety (SAFEGUARDS) Act* (S. 2378) would help the Transportation Security Administration (TSA) fund and install new security equipment like explosive detection systems, credential authentication technology machines, computed tomography machines, and automated exit lanes. Specifically, the bill would increase the current set aside for the Aviation Security Capital Fund from \$250 million per year to \$500 million per year and establish a new set aside for an Aviation Security Checkpoint Technology Fund at \$250 million per year.

**Anticipated Impact/Discussion**

This legislation aims to speed up long acquisition timelines at TSA. The bill would direct revenue from the existing 9/11 security fee fund toward much needed security upgrades that include explosive detection systems, credential authentication technology, computed tomography machines, and automated exit lanes. If enacted, this bill would increase passenger safety and streamline airport operations nationwide to provide a better overall passenger experience.

**Status:** 07/22/2025 – Referred to the Committee on Commerce, Science, and Transportation

**Position:** Support (09/11/2025)

## Staff Report

**Meeting Date:** December 4, 2025

**Subject:**

**Reject Claim of Jerry Sanchez**

### **Recommendation:**

Adopt Resolution No. 2025-0082 rejecting the claim of Jerry Sanchez.

### **Background/Justification:**

On October 25, 2025, Jerry Sanchez ("Sanchez" or "Claimant") filed a claim ("Attachment A") with the San Diego County Regional Airport Authority ("Authority"). Specifically, Sanchez alleges that on or around October 16, he was injured when he slipped fell in front of the TSA checkpoint in Terminal One at San Diego International Airport. As a result of that accident, Sanchez claims damages in the amount of \$1,681.58 to cover travel expenses and out-of-pocket medical costs.

As described above, Sanchez alleges that on or about October 16, 2025, he slipped and fell while walking to the TSA checkpoint in Terminal One. He claims he injured his right hip, shoulder and arm. He states he noticed water on the floor and no wet floor sign. Though he and his wife continued on their flight, he claims it was cut short due to his injuries.

Sanchez's claim should be denied. An investigation into the incident revealed no actual or constructive notice of a dangerous condition. No water spills were reported prior to this incident. Despite reviewing video footage of the area at or near the time stated in the claim, no fall was captured. The General Counsel has reviewed the claim and recommends rejection.

### **Fiscal Impact:**

Not applicable.

## Authority Strategies/Focus Areas:

This item supports one or more of the following (*select at least one under each area*):

### Strategies

- ☐ Community Strategy   ☐ Customer Strategy   ☐ Employee Strategy   ☐ Financial Strategy   ☒ Operations Strategy

### Focus Areas

- ☐ Advance the Airport Development Plan   ☐ Transform the Customer Journey   ☒ Optimize Ongoing Business

## Environmental Review:

- A. CEQA: This Board action is not a "project" as defined by the California Environmental Quality Act ("CEQA") (Cal. Pub. Res. Code §21065).
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.
- C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

## Prepared by:

Amy Gonzalez  
General Counsel

**SAN DIEGO  
COUNTY  
REGIONAL  
AIRPORT  
AUTHORITY**

**ACCIDENT OR DAMAGE**

**CLAIM FORM**

Please complete all sections.  
Incomplete submittals will be  
returned, unprocessed. Use a  
typewriter or print in ink.

**FOR AUTHORITY USE ONLY**

Document No.: \_\_\_\_\_

Filed: \_\_\_\_\_

1) Claimant Name: Jerry L. Sanchez

2) Address to which correspondence regarding this claim should be sent:

738 San Rafael PL  
Chula Vista, CA 91914

Telephone No.: 619-203-8942

Date: 10/20/25

3) Date and time of incident: 10/16/25 Between 4:45am and 4:55am

4) Location of incident: Terminal 1 in front of TSA Area

5) Description of incident resulting in claim:

While Walking to the TSA Area in terminal 1. I Slipped and fell. I felt pain on my right Shoulder and my right hip area. I noticed water on the floor. (No Wet floor Signs Posted) my wife told a TSA Agent I had Slipped and Fell and there was water on the floor.  
The pain worsened as time went by.

6) Name(s) of the Authority employee(s) causing the injury, damage or loss, if known:

San Diego County Regional Airport Authority

7) Persons having firsthand knowledge of incident:

Witness (es)

Name: Tammi Sanchez

Address: 738 San Rafael PL  
Chula Vista, CA 91914

Phone: 619-316-0227

Physician(s): Jonathan OBED Barboza

Name: Kaiser - OTAY Mesa

Address: 4650 Palm Ave  
San Diego, CA 92154

Phone: 800-464-4000



ATTACHMENT A

8) Describe property damage or personal injury claimed:

See attached forms from Dr. injury to Right hip and Shoulder and arm.

Had to Return home early Due to this incident: Missed nephews Wedding.

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

Jerry L. Sanchez  
738 San Rafael PL  
Chula Vista, CA 91914

10) Detailed list and amount of damages claimed as of date of presentation of claim, including prospective damages. If amount exceeds \$10,000.00, a specific amount need not be included.

Air fare Southwest San Diego to Dallas - \$938.42.

Kaiser Medical Appt 10/18/25 \$15.00

Kaiser Pharmacy 10/18/25 \$9.69

Wal Mart Arlington TX 10/16/25 \$34.65

Alamo Car Rental Dallas Airport \$423.16

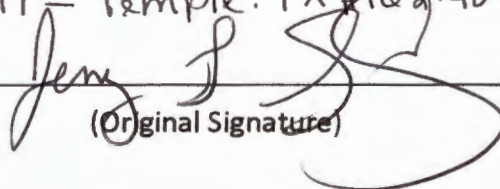
Note: Possibly more Damages.

Embassy Suites Hilton Dallas Airport South \$98.26 10/17/25

Hilton Garden INN 10/17 - Temple, TX \$162.40

Dated: 10/20/25

Claimant:

  
(Original Signature)

**Notice to Claimant:**

Where space is insufficient, please use additional paper and identify information by proper section number.

You or your representative are required to sign this form (G.C. §910.2). Presentation of a false claim with intent to defraud is a felony (Penal Code §72).

Mail completed original form to:

OR

Deliver completed original form in person to:

Claims  
San Diego County Regional Airport Authority  
P.O. Box 82776  
San Diego, CA 92138-2776

San Diego County Regional Airport Authority  
Administration Reception Desk  
2417 McCain Rd.  
San Diego, CA 92101

RESOLUTION NO. 2025-0082

A RESOLUTION OF THE BOARD OF THE SAN DIEGO  
COUNTY REGIONAL AIRPORT AUTHORITY,  
REJECTING THE CLAIM OF JERRY SANCHEZ

**WHEREAS**, on October 25, 2025, Jerry Sanchez filed a claim with the San Diego County Regional Airport Authority ("Authority") for losses he claims were the result of falling on the floor while in front of the TSA checkpoint in Terminal One at San Diego International Airport; and

**WHEREAS**, at its regular meeting on December 4, 2025, the Board considered the claim filed by Jerry Sanchez and the report submitted to the Board, and found that the claim should be rejected.

**NOW, THEREFORE, BE IT RESOLVED** that the Board hereby rejects the claim of Jerry Sanchez; and

**BE IT FURTHER RESOLVED** that the Board finds that this action is not a "project" as defined by the California Environmental Quality Act ("CEQA") (California Public Resources Code §21065); and

**BE IT FURTHER RESOLVED** that the Board finds that this action is not a "development" as defined by the California Coastal Act (California Public Resources Code §30106); and

**BE IT FURTHER RESOLVED** that the Board finds that this action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

**PASSED, ADOPTED, AND APPROVED** by the Board of the San Diego County Regional Airport Authority at a regular meeting this 4<sup>th</sup> day of December 2025, by the following vote:

**AYES:** Board Members:

**NOES:** Board Members:

**ABSENT:** Board Members:

**ATTEST:**

---

ANNETTE FAGAN ORTIZ  
AUTHORITY CLERK

**APPROVED AS TO FORM:**

---

AMY GONZALEZ  
GENERAL COUNSEL

## Staff Report

**Meeting Date: December 4, 2025**

**Subject:**

**Acceptance of External Auditor's Reports for the Fiscal Years Ended June 30, 2025: A) Audited Financial Statements, B) Passenger Facility Charges Program Report, C) Customer Facility Charge Compliance Report, and D) Letter to the Audit Committee**

**Recommendation:**

The Audit Committee recommends that the Board accept the reports.

**Background/Justification:**

Government auditing standards and generally accepted auditing standards require that, annually, an independent external auditor perform an audit of the San Diego County Regional Airport Authority (Authority) financial statements.

As per Section 170018 (f) (5) of the *Public Utilities Code*, the Audit Committee is responsible for overseeing the Authority's annual audit by the external auditor and for any internal audits performed.

The Charter of the Audit Committee directs the Audit Committee to review the Annual Comprehensive Financial Report (ACFR) and other external annual reports and forward them to the San Diego County Regional Airport Authority Board for acceptance. The Charter of the Audit Committee encompasses the compliance and regulatory oversight responsibilities of the Audit Committee regarding the engagement of the Authority's external auditor and the disclosure of financial matters.

On April 4, 2024, the Board adopted Resolution No. 2019-0035, approving and authorizing the President/CEO to execute an agreement with Plante & Moran, PLLC, as the Authority's external auditor for a three-year term with an option for two (2) one-year extensions, which may be exercised at the discretion of the Authority.

On November 24, 2025, the Authority's external auditor, Plante & Moran, PLLC, presented the fiscal year ended June 30, 2025 audited financial statements and reports (Attachments A through D) to the Audit Committee for their review and acceptance. After receiving the presentation and reviewing the reports, the Audit Committee recommends that the Board accept the reports.



## Fiscal Impact:

Adequate funding for the audit conducted by Plante & Moran, PLLC, is included in the adopted Fiscal Year 2025 and Fiscal Year 2026 Operating Expense Budgets within the Accounting Department, Auditing Services line item.

## Authority Strategies/Focus Areas:

This item supports one or more of the following (*select at least one under each area*):

### Strategies

☐ Community Strategy ☒ Customer Strategy ☐ Employee Strategy ☒ Financial Strategy ☐ Operations Strategy

### Focus Areas

☒ Advance the Airport Development Plan ☐ Transform the Customer Journey ☒ Optimize Ongoing Business

## Environmental Review:

- A. CEQA: This Board action is not a “project” as defined by the California Environmental Quality Act (“CEQA”) (Cal. Pub. Res. Code §21065).
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.
- C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration (“FAA”) and, therefore, no formal review under the National Environmental Policy Act (“NEPA”) is required.

## Prepared by:

Elizabeth Stewart  
Director, Accounting

Attachment A

**San Diego County Regional Airport Authority**

**Financial Statements**

**For the Fiscal Years Ended  
June 30, 2025, and 2024**



San Diego County Regional Airport Authority Financial Statements  
For the Fiscal Years Ended June 30, 2025, and 2024

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## **Independent Auditor's Report**

To the Board of Directors  
San Diego County Regional Airport Authority

### **Report on the Audits of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of San Diego County Regional Airport Authority (the "Authority") as of and for the years ended June 30, 2025 and 2024 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of San Diego County Regional Airport Authority as of June 30, 2025 and 2024 and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### ***Auditor's Responsibilities for the Audits of the Financial Statements***

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

To the Board of Directors  
San Diego County Regional Airport Authority

In performing audits in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2025 on our consideration of San Diego County Regional Airport Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of San Diego County Regional Airport Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering San Diego County Regional Airport Authority's internal control over financial reporting and compliance.

*Plante & Moran, PLLC*

October 31, 2025

## Management's Discussion and Analysis (Unaudited)

For the Years Ended June 30, 2025, and 2024

### INTRODUCTION

The San Diego County Regional Airport Authority (Airport Authority) was established on January 1, 2002, as an independent agency. On January 1, 2003, the operations and assets of San Diego International Airport (SDIA) transferred from the San Diego Unified Port District (District) to the Airport Authority to manage and plan for the future needs and development.

The Airport Authority is an independent, self-sustaining entity that owns and operates SDIA receiving most of its revenues through user fees and rents from airline and non-airline business partners operating at SDIA. Since the Airport Authority is not funded by tax revenues, accounts are maintained in an enterprise fund on the accrual basis of accounting. Under accrual accounting, revenues are recognized as they are earned, and expenses are recognized as a liability as incurred, regardless of the timing of related cash inflows and outflows. Users of SDIA's facilities provide most of the revenues to operate, maintain, and acquire necessary services and facilities.

The purpose of the section is to provide management's overview of the financial performance and activity of the Airport Authority. It is intended to provide an introduction to and assist readers in understanding the basic financial statements of the Airport Authority for the fiscal year ended June 30, 2025 with comparative information for the years ended June 30, 2024 and June 30, 2023.

### Overview of the Financial Statements

The financial statements of the Airport Authority consist of the following key components:

The *Statements of Net Position* present the Airport Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position.

The *Statements of Revenues, Expenses, and Changes in Net Position* present the results of operations, indicating the operating and non-operating revenues and expenses, and the change in net position for the fiscal year.

The *Statements of Cash Flows* present the sources and uses of cash and cash equivalents during the year, classified by operating, non-capital financing, capital and related financing, and investing activities.

The *Notes to the Financial Statements* provide additional detail, disclosure and accounting policies underlying the statements that is essential to providing a full understanding of the financial statements.

This MD&A provides a narrative explanation of these statements and highlights significant factors affecting the Airport Authority's financial results and condition.

## San Diego County Regional Airport Authority

### SAN DIEGO INTERNATIONAL AIRPORT HIGHLIGHTS (2023-2025)

#### OPERATIONAL ACTIVITY HIGHLIGHTS

In fiscal year 2025, the Airport Authority showed continued growth, as most major activities performed at or above prior year levels.

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

|                                    | FY 2025           | FY 2024    | FY 2023    |
|------------------------------------|-------------------|------------|------------|
| Enplaned passengers                | <b>12,644,082</b> | 12,467,206 | 11,867,569 |
| % change from prior year           | <b>1.4%</b>       | 5.1%       | 19.2%      |
| Total passengers                   | <b>25,175,598</b> | 24,586,137 | 23,560,297 |
| % change from prior year           | <b>2.4%</b>       | 4.4%       | 18.8%      |
| Aircraft operations                | <b>230,613</b>    | 223,254    | 219,952    |
| % change from prior year           | <b>3.3%</b>       | 1.5%       | 15.5%      |
| Freight and mail (in tons)         | <b>116,703</b>    | 122,939    | 137,670    |
| % change from prior year           | <b>-5.1%</b>      | -10.7%     | -8.9%      |
| Landed weight (in millions pounds) | <b>15,069</b>     | 14,402     | 13,256     |
| % change from prior year           | <b>4.6%</b>       | 8.6%       | 12.7%      |

Overall, a healthy, though guarded economy was reflected in the FY 2025 Airport Activity results. Enplaned passenger traffic saw an increase of 1.4 percent over fiscal year 2024, tapering off from the very strong increases in prior years coming out of the pandemic. Changes in total passengers, aircraft operations and landed weight also had strong increases, while freight and mail activity had a decrease of 5.1%, continuing prior year declines, though less significant.

#### FINANCIAL HIGHLIGHTS

##### Statement of Revenues, Expenses and Changes in Net Position

The metric 'Changes in Net Position' is an indicator of whether the Airport Authority's overall financial condition has improved or deteriorated during the fiscal year. Net position saw a substantial increase of 10.9% in fiscal year 2025, following a robust 25.9% rise in fiscal year 2024, driven by the continued growth in air travel.

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

|                                       | FY 2025             | FY 2024      | FY 2023      | % Change |         |
|---------------------------------------|---------------------|--------------|--------------|----------|---------|
|                                       |                     |              |              | FY 2025  | FY 2024 |
| Operating revenues                    | <b>\$ 434,192</b>   | \$ 399,889   | \$ 360,762   | 8.6%     | 10.8%   |
| Operating expenses                    | <b>(330,058)</b>    | (314,462)    | (305,926)    | -5.0%    | -2.8%   |
| Nonoperating revenues (expenses), net | <b>35,919</b>       | 54,265       | 11,987       | -33.8%   | 352.7%  |
| Capital contributions and grants      | <b>2,543</b>        | 128,361      | 52,287       | -98.0%   | 145.5%  |
| Increase in net position              | <b>142,597</b>      | 268,052      | 119,111      | -46.8%   | 125.0%  |
| Net position, beginning of year       | <b>1,301,232</b>    | 1,033,179    | 914,068      | 0.0%     | 0.0%    |
| Net position, end of year             | <b>\$ 1,443,829</b> | \$ 1,301,232 | \$ 1,033,179 | 11.0%    | 25.9%   |



## San Diego County Regional Airport Authority

### Operating Revenues (in thousands)

|   | FY 2025    | FY 2024    | From 2024 to 2025      |          |
|---|------------|------------|------------------------|----------|
|   |            |            | Increase<br>(Decrease) | % Change |
| Airline revenue:                          |            |            |                        |          |
| Landing fees                              | \$ 59,046  | \$ 53,873  | \$ 5,173               | 9.6%     |
| Aircraft parking fees                     | 15,533     | 13,612     | 1,920                  | 14.1%    |
| Building rentals                          | 154,537    | 145,169    | 9,367                  | 6.5%     |
| Other aviation revenue                    | 10,011     | 8,566      | 1,445                  | 16.9%    |
| Total airline revenue                     | 239,126    | 221,220    | 17,906                 | 8.1%     |
| Concession revenue                        | 85,159     | 79,546     | 5,613                  | 7.1%     |
| Parking and ground transportation revenue | 81,569     | 72,484     | 9,085                  | 12.5%    |
| Ground rentals                            | 25,367     | 23,416     | 1,951                  | 8.3%     |
| Other operating revenue                   | 2,971      | 3,223      | (252)                  | (7.8%)   |
| Total operating revenue                   | \$ 434,192 | \$ 399,889 | \$ 34,304              | 8.6%     |

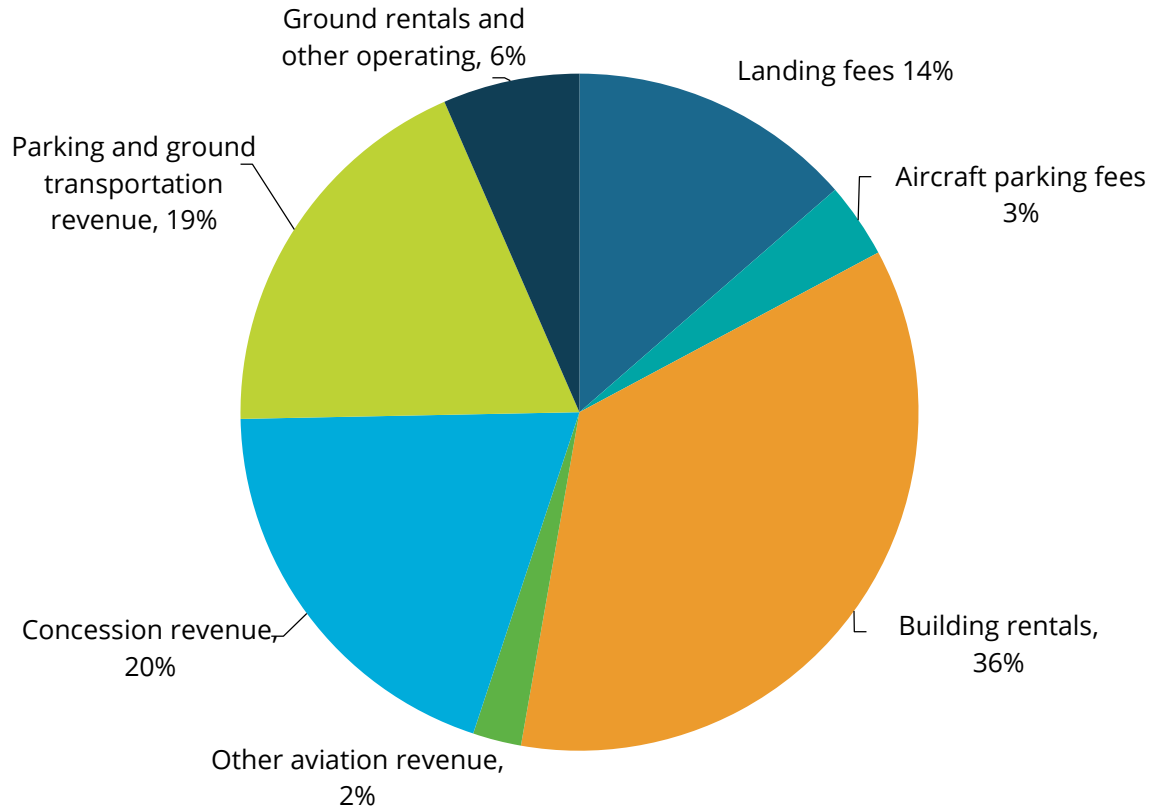
|   | FY 2024    | FY 2023    | From 2023 to 2024      |          |
|---|------------|------------|------------------------|----------|
|   |            |            | Increase<br>(Decrease) | % Change |
| Airline revenue:                          |            |            |                        |          |
| Landing fees                              | \$ 53,873  | \$ 44,741  | \$ 9,131               | 20.4%    |
| Aircraft parking fees                     | 13,612     | 11,189     | 2,423                  | 21.7%    |
| Building rentals                          | 145,169    | 129,744    | 15,426                 | 11.9%    |
| Other aviation revenue                    | 8,566      | 7,123      | 1,443                  | 20.3%    |
| Total airline revenue                     | 221,220    | 192,797    | 28,423                 | 14.7%    |
| Concession revenue                        | 79,546     | 75,559     | 3,988                  | 5.3%     |
| Parking and ground transportation revenue | 72,484     | 65,415     | 7,069                  | 10.8%    |
| Ground rentals                            | 23,416     | 23,257     | 158                    | 0.7%     |
| Other operating revenue                   | 3,223      | 3,735      | (512)                  | (13.7%)  |
| Total operating revenue                   | \$ 399,889 | \$ 360,762 | \$ 39,126              | 10.8%    |

**Fiscal Year 2025 compared to 2024:** Total airline revenues increased \$17.9 million, or 8.1 percent, predominantly due to an increase in cost recovery from the airlines which is the result of higher debt service costs and an increase in recoverable operating expenses due to the increase in passengers. Concessions revenue increased \$5.6 million or 7.1 percent. This included terminal concessions which increased due to higher passenger levels and increased sales prices, while rental car concessions decreased due to lower rental pricing. Parking and ground transportation increased \$9.1 million or 12.5 percent due to the higher enplanements and the opening of the new Parking Plaza at Terminal 1.

**Fiscal Year 2024 compared to 2023:** Total airline revenues increased \$28.4 million, or 14.7 percent, predominantly due to the reduction of \$20.7 million of pandemic era Federal Relief provided for the benefit of the airlines. In addition, there was an increase in cost recovery from the airlines which is the result of higher debt service costs and an increase in recoverable operating expenses due to the increase in passengers. Concessions revenue (terminal and rental car) increased \$4.0 million or 5.3 percent due to increased concessions and car rental sales due to the increase in passengers and an increase in sales per enplaned passenger, combined with a positive change in the timing of the recognition of lease revenue per GASB 87. Parking and ground transportation increased \$7.1 million or 10.8 percent due to the higher enplanements and increases in rates.

## San Diego County Regional Airport Authority

### Operating Revenues by Type



## San Diego County Regional Airport Authority

### Operating Expenses (in thousands)

|   | FY 2025    | FY 2024    | From 2024 to 2025      |          |
|---|------------|------------|------------------------|----------|
|   |            |            | Increase<br>(Decrease) | % Change |
| Salaries and benefits   | \$ 63,427  | \$ 57,444  | \$ 5,983               | 10.4%    |
| Contractual services  | 54,886     | 52,445     | 2,441                  | 4.7%     |
| Safety and security   | 39,541     | 36,778     | 2,764                  | 7.5%     |
| Space rental  | 493        | 467        | 27                     | 5.7%     |
| Utilities   | 20,497     | 19,518     | 979                    | 5.0%     |
| Maintenance   | 16,575     | 14,125     | 2,450                  | 17.3%    |
| Equipment and systems   | 325        | 544        | (220)                  | (40.3%)  |
| Materials and supplies  | 652        | 650        | 2                      | 0.3%     |
| Insurance   | 2,579      | 2,314      | 265                    | 11.5%    |
| Employee development and support                              | 910        | 731        | 179                    | 24.4%    |
| Business development  | 3,129      | 2,280      | 850                    | 37.3%    |
| Equipment rentals and repairs                                 | 5,556      | 4,992      | 563                    | 11.3%    |
| Total operating expenses before depreciation and amortization | 208,569    | 192,288    | 16,281                 | 8.5%     |
| Depreciation and amortization                                 | 121,489    | 122,175    | (686)                  | (0.6%)   |
| Total operating expense                                       | \$ 330,058 | \$ 314,462 | \$ 15,595              | 5.0%     |

|   | FY 2024    | FY 2023    | From 2023 to 2024      |          |
|---|------------|------------|------------------------|----------|
|   |            |            | Increase<br>(Decrease) | % Change |
| Salaries and benefits   | \$ 57,444  | \$ 51,231  | \$ 6,213               | 12.1%    |
| Contractual services  | 52,445     | 45,581     | 6,864                  | 15.1%    |
| Safety and security   | 36,778     | 33,043     | 3,735                  | 11.3%    |
| Space rental  | 467        | 313        | 153                    | 48.8%    |
| Utilities   | 19,518     | 17,567     | 1,951                  | 11.1%    |
| Maintenance   | 14,125     | 16,417     | (2,292)                | (14.0%)  |
| Equipment and systems   | 544        | 922        | (378)                  | (41.0%)  |
| Materials and supplies  | 650        | 661        | (11)                   | (1.6%)   |
| Insurance   | 2,314      | 1,997      | 317                    | 15.9%    |
| Employee development and support                              | 731        | 681        | 50                     | 7.3%     |
| Business development  | 2,280      | 1,916      | 364                    | 19.0%    |
| Equipment rentals and repairs                                 | 4,992      | 4,010      | 982                    | 24.5%    |
| Total operating expenses before depreciation and amortization | 192,288    | 174,339    | 17,949                 | 10.3%    |
| Depreciation and amortization                                 | 122,175    | 131,586    | (9,412)                | (7.2%)   |
| Total operating expense                                       | \$ 314,462 | \$ 305,926 | \$ 8,537               | 2.8%     |

## San Diego County Regional Airport Authority

**Fiscal Year 2025 compared to 2024:** Total fiscal year 2025 operating expenses increased by \$15.6 million or 5.0 percent.

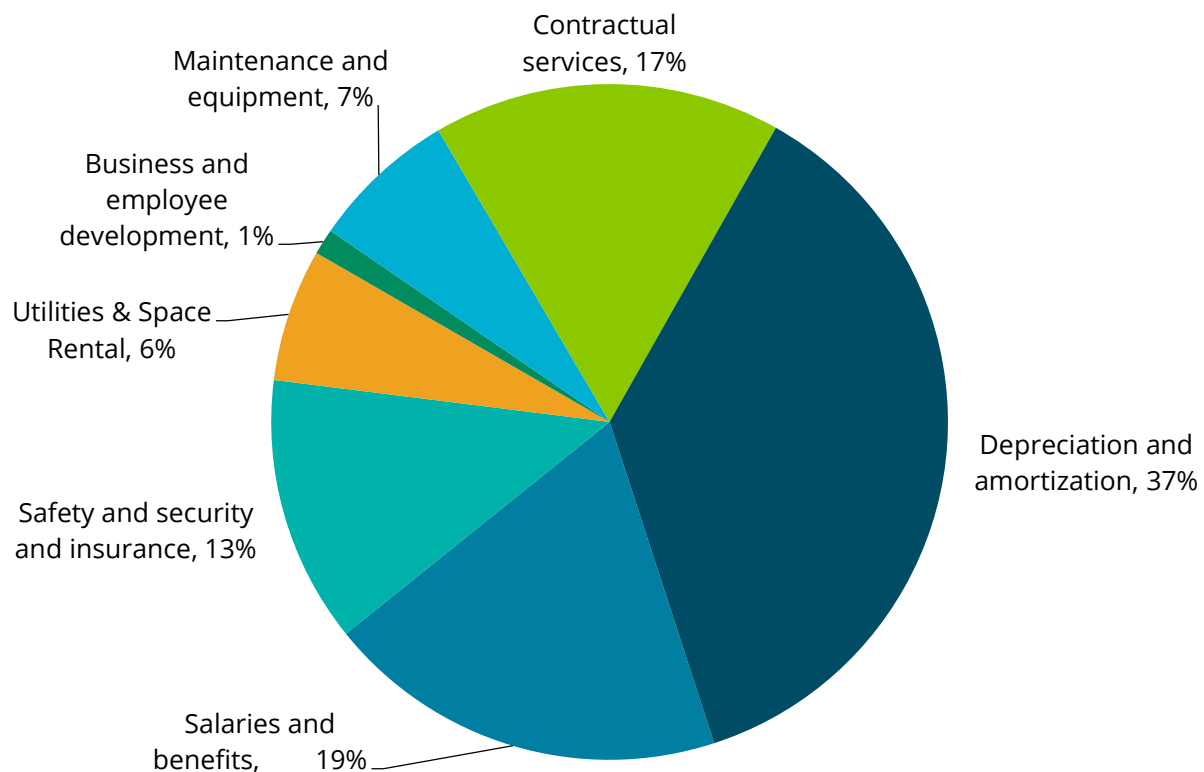
Salaries and benefits increased by \$6.0 million or 10.4 percent due to planned wage and benefit increases, and increased head count. Contractual services increased by \$2.4 million or 4.7 percent, primarily due to an increase in parking and shuttle operations and Rental Car Center (RCC) bus expenses due to an increase in enplanements. Safety and security increased by \$2.8 million or 7.5 percent due to increases in law enforcement. Maintenance expenses increased \$2.5 million or 17.3 percent due to contract increases and airfield repairs.

**Fiscal Year 2024 compared to 2023:** Total fiscal year 2024 operating expenses increased by \$8.5 million or 2.8 percent.

Salaries and benefits increased by \$6.2 million or 12.1 percent due to planned wage and benefit increases, higher overtime, and increased head count. Contractual services increased by \$6.9 million or 15.1 percent, primarily due to an increase in parking and shuttle operations and Rental Car Center (RCC) bus expenses due to an increase in enplanements. Safety and security increased by \$3.7 million or 11.3 percent due to increases in law enforcement, Aircraft Rescue and Fire Fighting (ARFF), emergency medical services and security inspection/guard services. Utilities increased by \$2.0 million or 11.1 percent due to increased water and electric usage and rates.

Partially offsetting the increase in operating expenses described above, maintenance expenses decreased by \$2.3 million or 14.0 percent primarily due to completion of major annual maintenance projects in FY23. Depreciation and amortization decreased by \$9.4 million or 7.2 percent as many assets became fully depreciated in the prior and current years.

### Operating Expenses by Type



## San Diego County Regional Airport Authority

### Nonoperating Revenues (Expenses) (in thousands)

|                                       | FY 2025   | FY 2024   | From 2024 to 2025      |          |
|---------------------------------------|-----------|-----------|------------------------|----------|
|                                       |           |           | Increase<br>(Decrease) | % Change |
| Passenger facility charges            | \$ 49,255 | \$ 49,200 | \$ 55                  | 0.1%     |
| Customer facility charges             | 36,479    | 35,913    | 566                    | 1.6%     |
| Quieter Home Program, net             | (1,876)   | (1,845)   | (31)                   | (1.7%)   |
| Other interest income                 | 9,525     | 10,198    | (674)                  | (6.6%)   |
| Investment income (loss)              | 114,744   | 129,223   | (14,479)               | (11.2%)  |
| Interest expense, net                 | (176,084) | (164,933) | (11,150)               | (6.8%)   |
| Other nonoperating income (expenses)  | 3,877     | (3,490)   | 7,366                  | 211.1%   |
| Nonoperating revenues (expenses), net | \$ 35,919 | \$ 54,265 | \$ (18,346)            | (33.8%)  |

|                                       | FY 2024   | FY 2023   | From 2023 to 2024      |          |
|---------------------------------------|-----------|-----------|------------------------|----------|
|                                       |           |           | Increase<br>(Decrease) | % Change |
| Passenger facility charges            | \$ 49,200 | \$ 46,755 | \$ 2,445               | 5.2%     |
| Customer facility charges             | 35,913    | 34,375    | 1,538                  | 4.5%     |
| Quieter Home Program, net             | (1,845)   | (2,051)   | 206                    | 10.0%    |
| Other interest income                 | 10,198    | 11,145    | (947)                  | (8.5%)   |
| Investment income (loss)              | 129,223   | 50,882    | 78,341                 | 154.0%   |
| Interest expense, net                 | (164,933) | (127,464) | (37,470)               | (29.4%)  |
| Other nonoperating income (expenses)  | (3,490)   | (1,654)   | (1,835)                | (111.0%) |
| Nonoperating revenues (expenses), net | \$ 54,265 | \$ 11,987 | \$ 42,278              | 352.7%   |

**Passenger Facility Charges (PFCs)** were established by Congress in 1990 as part of the Aviation Safety and Capacity Expansion Act of 1990. In 1995, the Airport Authority received authorization to collect a \$3.00 PFC from revenue enplaned passengers. The amount increased to \$4.50 in 2003. PFCs are used to pay allowable costs to design and construct eligible Airport capital projects, contribute to the Airport Authority's noise mitigation (Quieter Home Program), or to repay debt service issued to build eligible capital projects. PFCs are collected by the air carriers when passengers purchase their tickets and are remitted to the Airport Authority the month following collection less a \$0.11 administration fee. There are currently four active applications which provide the Airport Authority to impose and use PFC revenue through May 1, 2040.

**Customer Facility Charges (CFCs)** are authorized under Section 1936 of the California Civil Code and regulated under California Government Code Section 50474. The revenues collected have been used to plan and construct a consolidated rental car facility and operate the related ground transportation system. The rental car agencies utilizing the consolidated rental car facility remit to the Airport Authority collection of the fee monthly. The current CFC fee is \$9.00 per day, up to five days for rental car transactions that originate at the Rental Car Center. For car rental transactions of non-RCC tenants, the CFC rate is \$3.41 per day, up to five days for rental car transactions.

**Quieter Home Program** includes sound attenuation construction improvements at all eligible single-family and multi-family dwellings and public buildings located in the Year 2020 65 dB Community Noise Equivalent Level contour. The project is eligible for the FAA's Airport Improvement Program (AIP), which awards grants for certain eligible Airport Authority expenditures. The expenses represent the authority's cost, net of the grant funds utilized in the fiscal year.

**Other Interest Income** includes interest earned on lease receivables and notes receivable.

## San Diego County Regional Airport Authority

**Investment income (loss)** is derived from interest earned by the Airport Authority on investments and includes unrealized gain (loss) on investments.

**Interest expense** includes interest paid and accrued on bonds, variable debt, and leases.

**Other nonoperating income (expense)** includes proceeds and expenses for legal settlements, gain (loss) on the sale of assets and other miscellaneous revenue and expenses.

**Fiscal Year 2025 compared to 2024:** Nonoperating revenues (net) decreased by \$18.4 million or 33.8 percent. The increases in PFCs and CFCs are due to an increase in enplaned passengers. Investment income decreased by \$14.5 million or 11.2 percent, due primarily to unrealized gains on investments decreasing to \$3.8 million compared to \$57.7 million in fiscal year 2024. This decrease is offset by \$39.4 million due to increased yields on investments and the timing of income recognition on discount bonds. Interest expense increased by \$11.2 million or 6.8 percent due to the issuance of new bonds in October 2023 that consequently had a full 12 months impact in fiscal year 2025. Other nonoperating income for fiscal year 2025 of \$7.4 million was primarily due to the refund of prior years' Social Security taxes as a result of a Section 218 Agreement vote.

**Fiscal Year 2024 compared to 2023:** Nonoperating revenues (net) increased by \$42.3 million or 352.7 percent. The increases in PFCs and CFCs are due to an increase in enplaned passengers. PFCs increased by \$2.4 million or 5.2 percent, and CFCs increased by \$1.5 million or 4.5 percent. Investment income increased by \$78.3 million or 154.0 percent. Increased balances in bond funds due to issuance of new debt in October 2023 generated an additional \$15.6 million in interest earnings while increases in yields on investments added an additional \$16.7 million. Interest expense increased by \$37.5 million or 29.4 percent due to the issuance of new bonds in October 2023. Unrealized gains on investments increased by \$46.0 million during the fiscal year. Other nonoperating expenses increased by \$1.8 million or 111.0 percent, primarily due to the loss on disposal of capital assets.

### Federal Grant Contributions (in thousands)

|                | FY 2025  | FY 2024    | From 2024 to 2025      |          |
|----------------|----------|------------|------------------------|----------|
|                |          |            | Increase<br>(Decrease) | % Change |
| Federal grants | \$ 2,543 | \$ 128,361 | \$ (125,818)           | (98.0%)  |

|                | FY 2024    | FY 2023   | From 2023 to 2024      |          |
|----------------|------------|-----------|------------------------|----------|
|                |            |           | Increase<br>(Decrease) | % Change |
| Federal grants | \$ 128,361 | \$ 52,287 | \$ 76,074              | 145.5%   |

**Federal Grant Contributions** are comprised of Airport Improvement Project (AIP) entitlement and discretionary grants through the Federal Aviation Administration (FAA) and other Federal and state organizations. These funds are recognized as revenue as grants are awarded and work is completed on the eligible projects. Grants decreased by \$126 million, or 98%, from \$128.4 million to \$2.5 million due to higher grant awards in fiscal year 2024 from the Bipartisan Infrastructure Law for the construction of New Terminal 1 and airfield improvements.

In June 2022, the Federal Aviation Administration (FAA) issued a Letter of Intent (LOI) to the Airport Authority to support the construction of a new Taxiway A, the relocation of Taxiway B, and the development of the Terminal 1 and Remain Overnight aprons. The LOI established a total federal funding commitment of \$110 million to be

## San Diego County Regional Airport Authority

distributed through Airport Improvement Program (AIP) Discretionary Grants over a ten-year period from 2022 through 2031.

In 2023 and 2024, the FAA amended the LOI to include additional AIP Entitlement Grants totaling \$8.6, increasing the total funding commitment to \$118.6 million. These grant awards are contingent upon the Airport Authority's continued compliance with FAA grant requirements and the availability of federal appropriations. The LOI does not constitute a binding obligation but represents the FAA's intent to provide funding as budget authority becomes available.

As of June 30, 2025, the Airport Authority had recognized \$38.6 million in capital contributions under the LOI. In addition, \$85.3 million in eligible project costs had been incurred and are expected to generate approximately \$64.0 million in future grant revenue.

### Assets, Liabilities and Net Position (in thousands)

The statements of net position present the financial position of the Airport Authority as of a period in time. The statements include all assets, deferred outflows, liabilities, deferred inflows, and net position of the Airport Authority. A summary comparison of the Airport Authority's assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position as of June 30, 2025, 2024 and 2023, is as follows:

|   | FY 2025      | FY 2024      | FY 2023      |
|---|--------------|--------------|--------------|
| Assets and Deferred Outflows of Resources         |              |              |              |
| Current assets                                    | \$ 600,283   | \$ 690,779   | \$ 620,375   |
| Capital and lease assets, net                     | 4,224,285    | 3,661,260    | 2,795,855    |
| Noncurrent assets                                 | 1,890,693    | 2,337,189    | 2,140,286    |
| Total assets                                      | 6,715,260    | 6,689,229    | 5,556,516    |
| Deferred outflows of resources                    | 25,511       | 21,788       | 18,040       |
| Total assets & deferred outflows of resources     | 6,740,771    | 6,711,017    | 5,574,556    |
| Liabilities and Deferred Inflows of Resources     |              |              |              |
| Current liabilities                               | 278,644      | 313,079      | 280,701      |
| Long-term liabilities                             | 4,664,786    | 4,733,096    | 3,871,111    |
| Total liabilities                                 | 4,943,431    | 5,046,175    | 4,151,812    |
| Deferred inflows of resources                     | 353,512      | 363,611      | 389,565      |
| Total liabilities & deferred inflows of resources | 5,296,942    | 5,409,785    | 4,541,377    |
| Net Position                                      |              |              |              |
| Net investment in capital assets                  | 519,644      | 473,181      | 320,779      |
| Restricted  | 341,609      | 266,992      | 228,233      |
| Unrestricted                                      | 582,575      | 561,058      | 484,167      |
| Total net position                                | \$ 1,443,829 | \$ 1,301,232 | \$ 1,033,179 |

As of June 30, 2025, the Airport Authority's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,443.8 million. This reflects a \$142.5 million or 11.0 percent increase in net position from June 30, 2024. The Airport Authority uses capital and lease assets to provide services to its passengers and other users of SDIA; consequently, these assets cannot be sold or otherwise liquidated. Although the Airport Authority's investment in its capital and lease assets is reported net of related debt, the funds required to repay this debt must be provided annually from operations. The unrestricted net position of \$582.6 million as of June 30, 2025, may be used to meet any of the Airport Authority's ongoing obligations. As

## San Diego County Regional Airport Authority

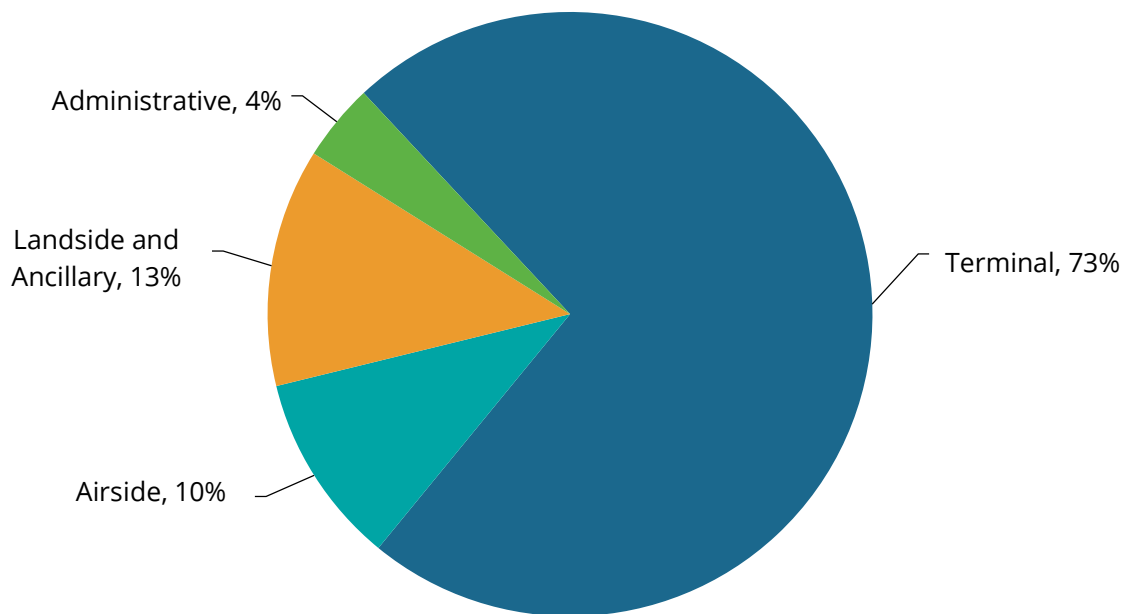
of June 30, 2025, 2024, and 2023, management has designated unrestricted funds in the amount of \$224.2 million, \$239.3 million, and \$99.0 million, respectively, for capital contract commitments funded by Airport Authority cash, earthquake self-insurance, operating contingency, and major maintenance.

### Capital Program

The Capital Program is a rolling five-year program that provides critical improvements and asset additions. The program includes capital projects that address federal security requirements, airfield security and refurbishment, environmental remediation, terminal upgrades, and landside development. Funding sources for the projects include the Federal Aviation Administration's Airport Improvement Program, Transportation Security Agency grants, Passenger Facility Charges, Customer Facility Charges, airport operating revenues, airport revenue bonds, special facility bonds, and short-term borrowing using revolving lines of credit.

The Capital Program FY 2026-2030 Budget is \$4.5B. It includes \$3.3 billion for terminal projects, which includes the replacement of Terminal 1, \$465.9 million for airside projects, \$560.9 million for landside and ancillary projects, and \$187.7 million for administrative projects.

### Capital Program Projects by Type



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

### Capital Financing and Debt Management

On February 19, 2014, the Airport Authority issued \$305.3 million of Series A and B Senior Special Facilities Revenue Bonds (Series 2014 Bonds). The Series 2014 Bonds were issued to finance a portion of the costs of the development and construction of a consolidated rental car facility and related improvements at SDIA, fund a portion of the interest on the Series 2014 Bonds, fund deposits to the senior reserve fund and the rolling coverage fund, and pay the costs of issuance of the Series 2014 Bonds.

The Series 2014 A Bonds were structured as tax-exempt non-AMT term bonds that bear interest at 5.0 percent. The Series 2014 B Bonds were structured as federally taxable bonds that bear interest at rates ranging from 2.5 percent to 5.6 percent and mature in fiscal years 2019 to 2045.



## **San Diego County Regional Airport Authority**

The Series 2014 Bonds are special limited obligations of the Airport Authority, payable solely from and secured by a pledge of the Trust Estate, which includes, among other things, Customer Facility Charges collected from the rental car companies operating at the Airport and remitted to the Trustee. No revenues of the Airport Authority other than the Customer Facility Charges and the Bond Funding Supplemental Consideration (as defined in the Indenture), are pledged to the payment of the Series 2014 Bonds.

On August 3, 2017, the Airport Authority issued \$291.2 million of Series A and B Subordinate Airport Revenue Bonds (Series 2017 Bonds). The Series 2017 Bonds were issued to finance certain capital improvements at SDIA including the Terminal 2 Parking Plaza and the Federal Inspection Facility, fund a portion of the interest accruing on the subordinate Series 2017 Bonds, refund \$32.6 million of the Airport Authority's outstanding variable rate debt, which was issued during 2017, fund the subordinate reserve fund, and pay the cost of issuance of the subordinate Series 2017 Bonds.

The Series 2017 Bonds are structured as serial and term bonds that bear interest at rates ranging from 4.0 percent to 5.0 percent and mature in fiscal years 2019 to 2048. The bonds were issued at a premium of \$48.4 million, which is being amortized over the life of the bonds.

On December 11, 2019, the Airport Authority issued \$338.8 million of Series A Subordinate Airport Revenue and Revenue Refunding Bonds and \$124.9 million of Series B Subordinate Airport Revenue Bonds (Series 2019 Bonds). The Series 2019 Bonds were issued to finance certain capital improvements at SDIA including a new facilities maintenance building and storm water capture and reuse projects, fund a portion of the interest accruing on the Series 2019 Bonds, refund \$34.3 million of the Airport Authority's outstanding variable rate debt, fund the Series 2010C Escrow account to refund the 2010C bonds, fund the subordinate reserve fund, and pay the costs of issuance of the Series 2019 Bonds.

The Series 2019 Bonds are structured as serial and term bonds that bear interest at rates ranging from 4.0 percent to 5.0 percent and mature in fiscal years 2021 to 2050. The bonds were issued at a premium of \$96.9 million, which is being amortized over the life of the bonds. Interest on the Series 2019 Bonds is payable semiannually on January 1 and July 1 of each year.

The Airport Authority issued \$241.6 million of Series A, B and C Subordinate Airport Revenue Refunding Bonds (Series 2020 Bonds). The Authority entered into a Forward Delivery Purchase Contract on December 11, 2019, and delivered the Series 2020 Bonds Proceeds on April 8, 2020. Proceeds from the sale of the Series 2020 Bonds were used to fund the Series 2010 A and B Bonds escrow accounts to refund the 2010 A/B bonds and pay the costs of issuance of the Series 2020 Bonds.

The Series 2020 Bonds are structured as serial bonds that bear interest rates of 5.0 percent and mature in fiscal years 2021 to 2041. The bonds were issued at a premium of \$49.4 million, which is being amortized over the life of the bonds. Interest on the Series 2020 Bonds is payable semiannually on January 1 and July 1 of each year.

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

The Series 2021 A and B Bonds are structured as serial and term bonds that bear interest at rates ranging from 4.0 percent to 5.0 percent and mature in fiscal years 2027 to 2057 and were issued at a premium of \$332.4 million, which is being amortized over the life of the bonds. The Series 2021 C Bonds are federally Taxable

## **San Diego County Regional Airport Authority**

Bonds and are structured as serial and term bonds that bear interest at rates ranging from 0.5 percent to 3.1 percent and mature in fiscal years 2023 to 2037.

On October 25, 2023, the Airport Authority issued \$1,062.0 million of Series A and B Senior Airport Revenue Bonds (Series 2023 Bonds). The 2023 Bonds were issued to finance a portion of the capital improvements associated with the New T1 program, repay outstanding Subordinate Revolving Obligations, purchase a portion of the Authority's outstanding Airport Revenue Refunding bonds, Series 2021 C which were tendered, fund a portion of the interest accruing on the Series 2023 Bonds, fund deposits to the senior reserve fund, and pay the costs of issuance of the Series 2023 Bonds.

The Airport Authority leases properties from various third parties and uses that space to conduct its operations, the terms of which expire 2024 through 2072. The measurement of the lease payable is based on the present value of lease payments expected to be paid during the lease term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any lease incentives payable to the lessee. Incremental borrowing rates of 1.1 percent to 4.1 percent were used to measure lease payables.

On July 19, 2021, The Airport Authority and Bank of America agreed to a Revolving Credit Agreement for a term of three years. On July 11, 2024, the Board approved an additional three-year continuation of the agreement. The Airport Authority is authorized to issue up to \$200.0 million in Subordinate Revolving Obligations. At the end of fiscal years 2025 and 2024, the outstanding balance was \$0. These obligations were used to finance New Terminal 1. Obligations incurred under the Revolving Credit Agreement are payable solely from and secured by a pledge of "Subordinate Net Revenues." Subordinate Net Revenues are generally defined as all revenues and other cash receipts of the Airport Authority's Airport operations remaining after Senior Lien payments have been deposited by the Trustee in accordance with the Senior Lien Trust Indenture.

Subsequent to June 30, 2025 fiscal year end, on July 9, 2025 the Airport Authority issued \$784.5 million of Series A and B Senior Airport Revenue Bonds (Series 2025 Bonds). The Series 2025 Bonds were issued to finance certain capital improvements at SDIA including construction of the New Terminal 1, fund a portion of the interest accruing on the Series 2025 Bonds, the Senior Series 2023 bonds and the Subordinate Series 2021 Bonds, fund the senior reserve fund, and pay the costs of issuance and underwriting fees of the Series 2025 Bonds. The Series 2025A and B Bonds are structured as both serial and term bonds that bear interest rates ranging from 5.0 percent to 5.25 percent and mature in fiscal years 2029 to 2056.

Additional information about the Airport Authority's long-term debt can be found in Note 6 to the financial statements.

### **Request for Information**

This financial report is designed to provide a general overview of the Airport Authority's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed in writing to the San Diego County Regional Airport Authority Accounting Department, P.O. Box 82776, San Diego, CA 92138. The Accounting Department can also be reached at (619) 400-2806. A copy of the financial report is available at [www.san.org](http://www.san.org)

# San Diego County Regional Airport Authority

## Financial Statements

### Statements of Net Position

#### June 30, 2025, and 2024

| Assets and Deferred Outflows of Resources   | 2025                 | 2024                 |
|---|----------------------|----------------------|
| <b>Current Assets</b>   |                      |                      |
| Unrestricted:   |                      |                      |
| Cash and cash equivalents (Note 2)  | \$ 29,660,121        | \$ 11,395,394        |
| Investments (Note 2)  | 287,465,752          | 223,398,504          |
| Tenant receivables, net   | 22,813,395           | 22,481,275           |
| Grants receivable   | 6,174,427            | 66,093,693           |
| Lease receivables, current portion (Note 3)   | 14,823,408           | 12,684,623           |
| Partnership lease receivables, current portion (Note 3)                             | 3,341,161            | 3,224,507            |
| Note receivable, current portion (Note 4)   | 5,262,196            | 5,091,865            |
| Other current assets  | 29,982,424           | 20,976,288           |
| Investments designated for specific capital projects and other commitments (Note 2) | 20,483,039           | 88,297,854           |
| <b>Total unrestricted current assets</b>  | <b>420,005,924</b>   | <b>453,644,002</b>   |
| Restricted investments with trustees (Notes 2 and 6)                                | 180,276,856          | 237,135,154          |
| <b>Total current assets</b>   | <b>600,282,780</b>   | <b>690,779,156</b>   |
| <b>Noncurrent Assets</b>  |                      |                      |
| Restricted assets (Notes 2 and 6):  |                      |                      |
| Restricted investments not with trustees (Note 2)                                   | 329,466,105          | 262,690,274          |
| Restricted investments with trustees (Note 2)                                       | 958,987,319          | 1,545,446,754        |
| Passenger facility charges receivable (Note 1)                                      | 8,491,026            | 7,555,400            |
| Customer facility charges receivable (Note 1)                                       | 3,540,996            | 3,602,772            |
| <b>Total restricted assets</b>  | <b>1,300,485,447</b> | <b>1,819,295,200</b> |
| Other noncurrent assets:  |                      |                      |
| Investments, noncurrent (Note 2)  | 118,272,993          | 87,179,043           |
| Lease receivables, long-term portion (Note 3)                                       | 132,283,942          | 133,775,926          |
| Partnership lease receivables, long-term portion (Note 3)                           | 121,335,865          | 124,677,025          |
| Note receivable, long-term portion (Note 4)   | 14,097,213           | 19,359,409           |
| Investments designated for specific capital projects and other commitments (Note 2) | 203,671,702          | 150,962,139          |
| Other noncurrent assets   | -                    | 1,940,600            |
| Net OPEB asset (Note 10)  | 545,617              | -                    |
| <b>Total other noncurrent assets</b>  | <b>590,207,331</b>   | <b>517,894,142</b>   |
| <b>Capital and lease assets (Note 5):</b>   |                      |                      |
| Nondepreciable assets and leases  |                      |                      |
| Land and intangible assets  | 22,607,594           | 22,607,594           |
| Construction in progress  | 2,374,388,669        | 1,978,692,850        |
| <b>Total nondepreciable assets and leases</b>                                       | <b>2,396,996,263</b> | <b>2,001,300,444</b> |
| Depreciable assets and leases   |                      |                      |
| Land improvements   | 164,482,286          | 159,946,387          |
| Lease assets  | 240,922,204          | 240,922,204          |
| Buildings and structures  | 2,218,810,365        | 1,946,434,381        |
| Machinery and equipment   | 147,849,001          | 145,684,582          |
| Runways, roads and parking lots   | 634,830,060          | 623,926,792          |
| <b>Total depreciable assets and leases</b>  | <b>3,406,893,915</b> | <b>3,116,914,345</b> |
| <b>Total capital and lease assets</b>   | <b>5,803,890,179</b> | <b>5,118,214,790</b> |
| Less accumulated depreciation and amortization                                      | (1,579,605,501)      | (1,456,954,783)      |
| <b>Capital and lease assets, net</b>  | <b>4,224,284,678</b> | <b>3,661,260,007</b> |
| <b>Total noncurrent assets</b>  | <b>6,114,977,455</b> | <b>5,998,449,349</b> |
| <b>Total assets</b>   | <b>6,715,260,235</b> | <b>6,689,228,505</b> |
| <b>Deferred outflows of resources:</b>  |                      |                      |
| Pensions (Note 7 and 8)   | 21,730,493           | 15,675,611           |
| OPEB (Note 11)  | 3,780,390            | 6,112,831            |
| <b>Total deferred outflows of resources</b>   | <b>25,510,883</b>    | <b>21,788,442</b>    |
| <b>Total assets and deferred outflows of resources</b>                              | <b>6,740,771,117</b> | <b>6,711,016,947</b> |

See Notes to Financial Statements.

(Continued)

# San Diego County Regional Airport Authority

## Statements of Net Position June 30, 2025, and 2024 (continued)

| Liabilities, Deferred Inflows of Resources and Net Position    | 2025                    | 2024                    |
|--|-------------------------|-------------------------|
| <b>Current Liabilities</b>                                     |                         |                         |
| Payable from unrestricted assets:                              |                         |                         |
| Accounts payable   | 16,154,369              | 11,855,823              |
| Accrued liabilities  | 57,848,694              | 40,269,823              |
| Compensated absences, current portion (Note 6)                 | 4,496,526               | 3,979,522               |
| Other current liabilities                                      | 16,572,613              | 15,771,809              |
| Lease and subscription liabilities, current portion (Note 6)   | 2,829,863               | 3,641,649               |
| Long-term debt, current portion (Note 6)                       | 465,484                 | 424,940                 |
| <b>Total payable from unrestricted assets</b>                  | <b>98,367,549</b>       | <b>75,943,566</b>       |
| Payable from restricted assets:                                |                         |                         |
| Accounts payable   | 5,680,284               | 6,543,110               |
| Accrued liabilities  | 32,420,290              | 83,970,013              |
| Long-term debt, current portion (Note 6)                       | 46,355,000              | 49,775,000              |
| Accrued interest on variable rate debt and bonds (Note 6)      | 95,821,281              | 96,847,031              |
| <b>Total payable from restricted assets</b>                    | <b>180,276,856</b>      | <b>237,135,154</b>      |
| <b>Total current liabilities</b>                               | <b>278,644,405</b>      | <b>313,078,720</b>      |
| <b>Long-Term Liabilities</b>                                   |                         |                         |
| Compensated absences, net of current portion (Note 6)          | 1,161,349               | 1,294,194               |
| Other noncurrent liabilities                                   | 1,395,396               | 1,529,455               |
| Lease and subscription liabilities, long-term portion (Note 6) | 221,533,654             | 224,363,516             |
| Long-term debt, net of current portion (Note 6)                | 4,422,384,426           | 4,494,329,905           |
| Net pension liability (Note 7 and 8)                           | 18,311,416              | 11,205,430              |
| Net OPEB liability (Note 11)                                   | -                       | 373,345                 |
| <b>Total long-term liabilities</b>                             | <b>4,664,786,241</b>    | <b>4,733,095,845</b>    |
| <b>Total liabilities</b>                                       | <b>4,943,430,645</b>    | <b>5,046,174,565</b>    |
| <b>Deferred inflows of resources</b>                           |                         |                         |
| Pensions (Note 7 and 8)  | 1,391,507               | 2,579,580               |
| OPEB (Note 11)   | 711,586                 | 2,252,387               |
| Gain on refunding  | 16,848,668              | 17,621,969              |
| Leases (Note 3)  | 131,819,976             | 130,610,304             |
| Partnership leases (Note 3)                                    | 202,740,028             | 210,546,494             |
| <b>Total deferred inflows of resources</b>                     | <b>353,511,764</b>      | <b>363,610,733</b>      |
| <b>Total liabilities and deferred inflows of resources</b>     | <b>5,296,942,409</b>    | <b>5,409,785,298</b>    |
| <b>Net Position</b>  |                         |                         |
| Net investment in capital assets                               | 519,644,414             | 473,181,264             |
| Restricted:  |                         |                         |
| Debt Service   | 64,125,904              | 46,534,895              |
| Construction   | 254,949,034             | 195,355,745             |
| OPEB   | 545,617                 | -                       |
| Operation and maintenance expenses                             | 19,765,678              | 22,879,023              |
| Small business bond guarantee                                  | 2,223,000               | 2,222,300               |
| <b>Total restricted net position</b>                           | <b>341,609,233</b>      | <b>266,991,964</b>      |
| Unrestricted net position                                      | 582,575,061             | 561,058,421             |
| <b>Total net position</b>                                      | <b>\$ 1,443,828,709</b> | <b>\$ 1,301,231,649</b> |

See Notes to Financial Statements.

# San Diego County Regional Airport Authority

## Statements of Revenues, Expenses and Changes in Net Position For the Fiscal Years Ended June 30, 2025, and 2024

|  | 2025                  | 2024                 |
|--|-----------------------|----------------------|
| Operating revenues:  |                       |                      |
| Airline revenue:   |                       |                      |
| Landing fees   | \$ 59,046,158         | \$ 53,872,890        |
| Aircraft parking fees  | 15,532,560            | 13,612,115           |
| Building rentals   | 154,536,766           | 145,169,422          |
| Other aviation revenue   | 10,010,765            | 8,565,776            |
| Total aviation revenue   | 239,126,248           | 221,220,204          |
| Concession revenue   | 85,159,453            | 79,546,483           |
| Parking and ground transportation revenue                            | 81,568,966            | 72,483,690           |
| Ground and non-airline terminal rentals                              | 25,366,814            | 23,415,604           |
| Other operating revenue  | 2,970,777             | 3,222,526            |
| <b>Total operating revenues</b>                                      | <b>434,192,258</b>    | <b>399,888,507</b>   |
| Operating expenses before depreciation and amortization:             |                       |                      |
| Salaries and benefits (Notes 6, 7, 8 and 9)                          | 63,426,802            | 57,443,969           |
| Contractual services (Note 13)                                       | 54,885,656            | 52,444,843           |
| Safety and security  | 39,541,449            | 36,777,849           |
| Space rental   | 493,322               | 466,604              |
| Utilities  | 20,496,773            | 19,518,127           |
| Maintenance  | 16,574,904            | 14,125,325           |
| Equipment and systems  | 324,638               | 544,183              |
| Materials and supplies   | 652,011               | 649,954              |
| Insurance  | 2,578,844             | 2,313,614            |
| Employee development and support                                     | 909,640               | 731,129              |
| Business development   | 3,129,443             | 2,279,873            |
| Equipment rentals and repairs  | 5,555,683             | 4,992,262            |
| <b>Total operating expenses before depreciation and amortization</b> | <b>208,569,166</b>    | <b>192,287,734</b>   |
| <b>Income from operations before depreciation and amortization</b>   | <b>225,623,093</b>    | <b>207,600,774</b>   |
| Depreciation and amortization expense                                | 121,488,601           | 122,174,556          |
| <b>Operating income</b>  | <b>\$ 104,134,491</b> | <b>\$ 85,426,218</b> |

See Notes to Financial Statements.

(Continued)

**Statements of Revenues, Expenses and Changes in Net Position**  
**For the Fiscal Years Ended June 30, 2025, and 2024 (continued)**

|  | 2025                    | 2024                    |
|--|-------------------------|-------------------------|
| Nonoperating revenues (expenses):            |                         |                         |
| Passenger facility charges                   | \$ 49,254,848           | \$ 49,199,510           |
| Customer facility charges                    | 36,479,020              | 35,912,592              |
| Quieter Home Program grant revenue (Note 1)  | 15,683,394              | 19,519,516              |
| Quieter Home Program expenses (Note 1)       | (17,559,849)            | (21,364,762)            |
| Other Interest Income                        | 9,524,810               | 10,198,358              |
| Investment income (loss)                     | 114,743,999             | 129,222,692             |
| Interest expense (Note 6)                    | (176,083,510)           | (164,933,379)           |
| Other revenues (expenses), net               | 3,876,674               | (3,489,563)             |
| Nonoperating revenues (expenses), net        | 35,919,386              | 54,264,964              |
| Income before capital contributions          | 140,053,877             | 139,691,182             |
| Capital contributions (Note 1)               | 2,543,183               | 128,361,097             |
| Change in net position                       | 142,597,060             | 268,052,278             |
| Net position, beginning of year, as restated | 1,301,231,649           | 1,033,179,370           |
| <b>Net position, end of year</b>             | <b>\$ 1,443,828,709</b> | <b>\$ 1,301,231,649</b> |

See Notes to Financial Statements.

# San Diego County Regional Airport Authority

## Statements of Cash Flows For the Fiscal Years Ended June 30, 2025, and 2024

|   | 2025                 | 2024                 |
|---|----------------------|----------------------|
| Cash Flows From Operating Activities                                  |                      |                      |
| Receipts from customers   | \$ 427,671,076       | \$ 393,894,618       |
| Payments to suppliers   | (135,779,479)        | (141,632,160)        |
| Payments to employees   | (63,441,149)         | (60,061,473)         |
| Other receipts (payments)   | 9,379,170            | 3,681,991            |
| <b>Net cash provided by operating activities</b>                      | <b>237,829,618</b>   | <b>195,882,976</b>   |
| Cash Flows From Noncapital Financing Activities                       |                      |                      |
| Other nonoperating receipts (payments)                                | -                    | 1,322,229            |
| Settlement receipts (payments)  | (620,996)            | 266,041              |
| Quieter Home Program grant receipts                                   | 26,468,862           | 18,552,759           |
| Quieter Home Program payments   | (17,559,849)         | (21,364,762)         |
| <b>Net cash provided by (used in) noncapital financing activities</b> | <b>8,288,016</b>     | <b>(1,223,733)</b>   |
| Cash Flows From Capital and Related Financing Activities              |                      |                      |
| Capital outlay  | (737,029,040)        | (980,192,079)        |
| Other interest income   | 9,524,810            | 10,198,358           |
| Federal grants received (excluding Quieter Home Program)              | 51,676,981           | 82,397,907           |
| Proceeds from passenger facility charges                              | 48,319,222           | 48,679,470           |
| Proceeds from customer facility charges                               | 36,540,795           | 35,479,334           |
| Payment of principal on bonds and commercial paper                    | (49,775,000)         | (50,055,000)         |
| Proceeds from issuance of Series 2023 Bonds                           | -                    | 934,421,739          |
| Payment on note payable   | (424,940)            | (387,927)            |
| Interest and debt fees paid   | (203,007,555)        | (157,550,535)        |
| <b>Net cash used in capital and related financing activities</b>      | <b>(844,174,728)</b> | <b>(77,008,734)</b>  |
| Cash Flows From Investing Activities                                  |                      |                      |
| Sales and maturities of investments                                   | 2,544,436,382        | 3,225,914,153        |
| Purchases of investments  | (2,044,155,101)      | (3,434,769,079)      |
| Interest received on investments and note receivable                  | 110,948,674          | 71,564,604           |
| Principal payments received on notes receivable                       | 5,091,865            | 4,926,819            |
| <b>Net cash provided by (used in) investing activities</b>            | <b>616,321,820</b>   | <b>(132,363,503)</b> |
| <b>Net increase (decrease) in cash and cash equivalents</b>           | <b>18,264,727</b>    | <b>(14,712,994)</b>  |
| Cash and cash equivalents, beginning of year                          | 11,395,394           | 26,108,388           |
| Cash and cash equivalents, end of year                                | \$ 29,660,121        | \$ 11,395,394        |

See Notes to Financial Statements.

(Continued)

## Statements of Cash Flows

For the Fiscal Years Ended June 30, 2025, and 2024 (continued)

|   | 2025                  | 2024                  |
|---|-----------------------|-----------------------|
| Reconciliation of Operating Income to Net Cash Provided by                              |                       |                       |
| Operating Activities  |                       |                       |
| Operating income  | \$ 104,134,491        | \$ 85,426,218         |
| Adjustments to reconcile operating income to net cash provided by operating activities: |                       |                       |
| Depreciation and amortization expense   | 121,488,601           | 122,174,556           |
| Other Nonoperating Revenue  | 4,466,831             | -                     |
| Change in pensions/OPEB liability/asset   | 6,187,024             | 3,936,560             |
| Change in deferred outflows related to pensions/OPEB                                    | (3,722,441)           | (3,748,547)           |
| Change in deferred inflows related to pensions/OPEB                                     | (2,728,875)           | (1,571,748)           |
| Change in deferred inflows related to leases  | 1,209,672             | (17,312,167)          |
| Change in deferred inflows related to partnership leases                                | (7,806,466)           | (15,251,130)          |
| Changes in assets and liabilities:  |                       |                       |
| Receivables, net  | (332,120)             | (1,609,164)           |
| Other assets  | (7,065,537)           | (3,162,116)           |
| Accounts payable  | 4,298,546             | 8,155,952             |
| Accrued liabilities   | 17,578,871            | (11,560,502)          |
| Compensated absences  | 384,160               | 179,344               |
| Lease receivables   | (1,063,944)           | 32,220,662            |
| Other liabilities   | 800,804               | (1,994,941)           |
| <b>Net cash provided by operating activities</b>  | <b>\$ 237,829,618</b> | <b>\$ 195,882,976</b> |
| Noncash investing, Capital and Financing Activities                                     |                       |                       |
| Additions to capital assets included in accounts payable                                | \$ 38,100,575         | \$ 90,513,123         |
| Additions to lease liabilities  |                       | (2,618,306)           |
| Unrealized gain (loss) on investments   | 3,795,326             | 57,658,088            |
| Noncash Investing activities related to Series 2023 Bond Issuance                       |                       |                       |
| Series 2023 principal additions   | -                     | (136,399,915)         |
| Series 2023A bond discount recorded   | -                     | 9,890,516             |
| Series 2023B bond premium recorded  | -                     | (2,867,254)           |
| Refunding of Series 2021C bond principal  | -                     | 40,435,000            |
| Deferred refunding gain on Series 2021C bond principal                                  | -                     | 8,841,654             |
| Refunding of revolving letter of credit   | -                     | 80,100,000            |

See Notes to Financial Statements.



## Notes to Financial Statements

### NOTE 1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting entity:** The San Diego County Regional Airport Authority (the Airport Authority), an autonomous public agency, was established in accordance with, Assembly Bill 93 (2001), as modified by Senate Bill 1896 (2002), which together comprise the *San Diego County Regional Airport Authority Act* (the Act). The Act required, among other things, the transfer of the assets and operations of the San Diego International Airport (SDIA) from the San Diego Unified Port District (the District) to the Airport Authority. Effective January 1, 2003, all airport operations and certain related assets and liabilities were transferred to the Airport Authority, pursuant to the Act and the Memorandum of Understanding (MOU) dated January 1, 2002, between the Airport Authority and the District, which implemented the Act. Senate Bill 10 (SB 10), the *San Diego County Regional Airport Authority Reform Act*, was effective January 1, 2008.

Responsibilities of the Airport Authority include, among other things, the operation, maintenance, development, management, and regulation of SDIA and its facilities. In addition, the Airport Authority has the responsibility to plan or to expand the existing SDIA. Under one of the requirements of SB 10, the Airport Authority completed a Regional Aviation Strategic Plan and the Airport Authority prepared and adopted an Airport Multimodal Accessibility Plan. In addition, the Airport Authority acts as the Airport Land Use Commission within San Diego County.

In accordance with the Codification of Governmental Accounting and Financial Reporting Standards, the basic financial statements should include all organizations, agencies, boards, commissions, and authorities for which the Airport Authority is financially accountable. The Airport Authority has also considered all other potential organizations for which the nature and significance of their relationships with the Airport Authority are such that exclusion would cause the Airport Authority's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. Based on these criteria, there are no other organizations or agencies which should be included in these basic financial statements.

The Airport Authority is governed by a nine-member, appointed Board of Directors (Board), representing all areas of San Diego County and three additional members serving as non-voting, ex-officio Board members. Three Board members are appointed by the Mayor of the City of San Diego (the City). Two Board members are appointed by the San Diego County Board of Supervisors. The remaining four Board members are each appointed by the mayors of the following defined jurisdictions: the east county cities, south county cities, north coastal area cities and north county inland cities. The Board members serve three-year terms in accordance with California SB 10.

**Measurement focus and basis of accounting:** The accounting policies of the Airport Authority conform to accounting principles generally accepted in the United States of America applicable to state and local government agencies, and as such, the Airport Authority is accounted for as a proprietary fund. The basic financial statements presented are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. This measurement focus emphasizes the determination of the change in Airport Authority net position.

**Use of estimates:** The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, as well as the disclosure of contingent assets and liabilities at the date of the financial

## San Diego County Regional Airport Authority

statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and cash equivalents:** For purposes of the statements of cash flows, cash and cash equivalents includes unrestricted (including designated) cash on hand, demand deposits, and investment securities with original maturities of three months or less from the date of acquisition.

**Investments:** Investments in the state and county investment pools are recorded at net asset value and money market mutual funds and non-negotiable certificates of deposit are recorded at amortized cost. All other investments are stated at fair value based on quoted market prices.

**Tenant receivables:** Tenant receivables are carried at the original invoice amount for fixed-rent tenants and at estimated invoice amount for concession (variable) tenants, less an estimate made for doubtful receivables for both fixed-rent and concession tenants. Management determines the allowance for doubtful accounts by evaluating individual tenant receivables and considering a tenant's financial condition and credit history and current economic conditions. Tenant receivables are written off when deemed uncollectible. Recoveries of tenant receivables previously written off are recorded when received.

**Federal grants:** Outlays for airport capital improvements and certain airport nonoperating expenses, primarily those relating to the Airport Authority's Quieter Home Program, are subject to reimbursement from federal grant programs. Funding provided from government grants is considered earned as the related approved capital outlays or expenses are incurred. Costs claimed for reimbursement are subject to audit and acceptance by the granting agency.

**Airport Improvement Program (AIP)** Grants are authorized and disbursed by the FAA under the Airway Improvement Act of 1982, as amended, which provides funding for airport planning and development projects at airports included in the National Plan of Integrated Airport Systems. As such, the AIP grants must be used to pay for the allowable costs of approved projects. For the fiscal years ended June 30, 2025, and 2024, the Airport Authority recovered \$2.5 million and \$128.4 million, respectively, for approved capital projects; and \$15.7 million and \$19.5 million, respectively, for the Quieter Home Program.

**Passenger facility charges (PFC):** The PFC program is authorized by the *Aviation Safety and Capacity Expansion Act of 1990* (the Expansion Act). In accordance with the Expansion Act, the Airport Authority's AIP Passenger Entitlement Apportionment is reduced by certain percentages, dependent upon the level of PFC received by the Airport Authority.

In accordance with the program, PFC revenue must be used to pay allowable costs for approved capital projects, contribute to the Airport Authority's noise mitigation (Quieter Home Program), or to repay debt service issued to build eligible capital projects. As of June 30, 2025, and 2024, accrued PFC receivables totaled \$8.4 million and \$7.6 million respectively, and there were \$213.4 million and \$158.4 million PFC amounts collected but not yet applied for approved capital projects as of June 30, 2025, and 2024, respectively.

On May 20, 2003, the FAA approved an increase in the Airport Authority's PFC charge per enplaned passenger from \$3.00 to \$4.50, beginning August 2003. Currently, there are four active applications that allow the Airport Authority to impose and use \$1.2 billion in PFC revenue through May 2040.

The latest application was approved by the FAA in February 2019 (as amended in August 2020) providing collection authority with a charge effective date through May 2040. In accordance with the FAA Reauthorization Act of 2024, airports imposing a \$4.50 collection level are required to reduce AIP Passenger Entitlement Apportionment to 60 percent.

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**Customer facility charges (CFC):** The Airport Authority received approval in May 2009 from the State of California under Section 1936 of the California Civil Code to impose a \$10.00 CFC per contract on rental cars at SDIA.

In accordance with the program, the CFC revenue must be used to pay allowable costs for approved capital projects and operate the related ground transportation system. The current CFC rate, which has been in effect since January 1, 2017, is \$9.00 per day for a maximum of five days. As of June 30, 2025, and 2024, accrued CFC receivables totaled \$3.5 million and \$3.6 million, respectively. CFC amounts collected, including interest, but not yet applied for approved capital projects as of June 30, 2025, and 2024, were \$29.2 million, and \$25.8 million, respectively.

**Deferred Outflows/Inflows of Resources:** In addition to assets and liabilities, the statement of net position may report a separate section for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to future periods and deferred inflows of resources represent an acquisition of net assets that applies to future periods, and as such will not be recognized as flows of resources (expenses/revenues) until then.

- **Employer Contributions – Pensions and OPEB**– These contributions are those made after the measurement date through the fiscal year end (July 1st – June 30th) resulting in a cash outlay not yet recognized under GASB 68 or GASB 75. This amount is deferred and recognized in the following fiscal year. This item is presented as a deferred outflow of resources.
- **Investment difference – Pensions and OPEB** – These amounts represent the difference in projected and actual earnings on pension/OPEB plan assets. These differences are deferred and amortized over a closed five-year period. This item can be presented as both a deferred outflow and deferred inflow of resources and is combined annually as a single net unamortized balance.
- **Experience difference – Pensions and OPEB** – These amounts represent the difference in expected and actual pension/OPEB experience. These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period. This item can be presented as both a deferred outflow and deferred inflow of resources but may not be shown net if there are unamortized balances for categories.
- **Assumption changes – Pensions and OPEB** – These amounts represent the difference resulting from a change in assumptions used to measure the underlying net pension/OPEB liability/asset. These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period. This item can be presented as both a deferred outflow and deferred inflow of resources but may not be shown net if there are unamortized balances for categories.
- **Debt Refunding** - These amounts represent the gain or loss from the refunding of debt. These differences are deferred and recognized as interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. This item can be presented as both a deferred outflow and deferred inflow of resources but may not be shown net if there are unamortized balances for categories.
- **Leases and Partnership Leases** – Represents the initial value of lease receivable under GASB 87 and GASB 94 systematically reduced and recognized as lease revenue over the term of the lease. Deferred inflow of resources is initially measured as the initial amount of the receivable, adjusted for payments received at or before the agreement commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the agreement term.

**Capital, lease, and subscription assets:** Capital assets are recorded at cost, except for capital assets contributed by third parties, which are recorded at acquisition value as of the date of acquisition. The Airport Authority capitalizes incremental overhead costs associated with the construction of capital assets. Capital

## San Diego County Regional Airport Authority

assets are defined by the Airport Authority as assets with an initial, individual cost of more than \$5,000 and an initial useful life of one year or greater.

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

The Airport Authority recognizes lessee-financed improvements as capital assets based upon the asset's estimated value at the time the asset reverts to the Airport Authority.

Depreciation is computed by use of the straight-line method over the following estimated useful lives:

| Asset Category   | Useful Life<br>(Years) |
|--|------------------------|
| <b>Land improvements</b>   | 10-40                  |
| <b>Runways, roadways and parking lots</b>  |                        |
| Lighting, security and minor improvements  | 3-10                   |
| Airfield and parking lots and improvements   | 15-25                  |
| Drainage systems, pedestrian bridges   | 20-30                  |
| Roadways, bridges and infrastructure   | 25-50                  |
| <b>Buildings and structures</b>  |                        |
| Passenger loading bridges, security systems, general upgrades and remodels         | 3-25                   |
| Baggage handling systems, HVAC, structural improvements, fuel and storage facility | 12-20                  |
| Buildings and smart curb improvements  | 20-50                  |
| Works of art   | 5-30                   |
| <b>Machinery and equipment</b>   |                        |
| Vehicles and emergency vehicles  | 3-15                   |
| Office furniture and equipment   | 5-20                   |
| Communication and electronic systems   | 3-20                   |

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are expensed as incurred. Major outlays for capital assets and improvements are capitalized as construction-in-progress as projects are constructed.

**Capital asset impairment:** The Airport Authority's capital assets include property, equipment, and infrastructure assets. A capital asset is considered impaired if both the decline in service utility of the capital asset is large in magnitude and the event or change in circumstances is outside the normal life cycle of the capital asset. The Airport Authority evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. Common indicators of impairment include evidence of physical damage where restoration efforts are needed to restore service utility, enactment or approval of laws or regulations setting standards that the capital asset would not be able to meet, technological development or evidence of obsolescence, a change in the manner or expected duration of use of a capital asset or construction stoppage. The Airport Authority reports the effects of capital asset impairments in its financial statements when they occur and accounts for insurance recoveries in the same manner. The Airport Authority's management has determined that no impairments of capital assets currently exist.

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**Retentions payable:** The Airport Authority enters into construction contracts that may include retention provisions such that a certain percentage of the contract amount is held for payment until completion of the contract and acceptance by the Airport Authority. The Airport Authority's policy is to record the retention payable only after completion of the work and acceptance of the contractor invoices have occurred. Retentions payable on completed contracts are included with accounts payable on the accompanying statements of net position. Amounts related to unpaid retentions on uncompleted contracts are included in accrued liabilities.

**Compensated absences:** All employees of the Airport Authority earn annual leave that is paid upon termination or retirement. Annual leave is accrued at current rates of compensation and based on assumptions concerning the probability that certain employees will become eligible to receive these benefits in the future. A leave liability is recognized due to the leave attributable to services already rendered, leave that accumulates, and leave that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

**Bond discounts, premiums, and issuance costs:** Bond discounts and premiums are deferred and amortized over the term of the respective bonds using the effective interest method. Bond issuance costs are expensed as incurred.

**Airport Authority net position:** Net investment in capital assets consists of capital and lease assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net investment in capital assets includes unspent debt proceeds.

Restricted net position represents amounts that are appropriated or legally segregated for a specific purpose. The Airport Authority's net position is reported as restricted when there are limitations imposed on its use, either through the enabling legislation adopted by the Airport Authority or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

Unrestricted net position as of June 30, 2025, and 2024 includes designations of net position that represent tentative management plans that are subject to change, consisting of:

|  | 2025           | 2024           |
|--|----------------|----------------|
| Operating contingency                  | \$ 2,000,000   | \$ 2,000,000   |
| Insurance contingency                  | 15,279,942     | 14,559,942     |
| Capital projects and other commitments | 20,483,039     | 88,297,854     |
| Major maintenance                      | 186,391,760    | 134,402,197    |
| Total designated net position          | \$ 224,154,741 | \$ 239,259,992 |

When both restricted and unrestricted resources are available for use, it is the Airport Authority's policy to use restricted resources first and then unrestricted resources as they are needed.

**Revenue and expense recognition:** Revenues from airlines, concessionaires, lessees, and parking are reported as operating revenues. Operating expenses include the cost of administering the airport system, including depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions and grants.

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**Concentrations:** A significant portion of the Airport Authority's earnings and revenues are directly or indirectly attributed to the activity of a number of major airlines. The Airport Authority's earnings and revenues could be materially and adversely affected should any of these major airlines discontinue operations and should the Airport Authority be unable to replace those airlines with similar activity. The level of operations is determined based upon the relative share of enplaned passengers.

The five largest airlines in terms of enplaned passengers are as follows:

|                    | 2025  | 2024  |
|--------------------|-------|-------|
| Southwest Airlines | 31.1% | 32.8% |
| Alaska Airlines    | 18.5% | 16.2% |
| United Airlines    | 12.8% | 13.0% |
| Delta Airlines     | 12.5% | 12.8% |
| American Airlines  | 11.5% | 11.8% |

**Defined Benefit Pension Plan:** The Airport Authority has a single-employer defined benefit pension plan (Plan) administered through San Diego City Employee Retirement System (SDCERS). For purposes of measuring the net pension liability (asset), deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Additionally, the Airport Authority has a single-employer defined benefit preservation of benefit pension plan administered through SDCERS. For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Other Postemployment Benefit Plan:** The Airport Authority provides an agent multiple-employer defined benefit postemployment benefit plan (the OPEB Plan). The OPEB Plan funds are managed by California Public Employees Retirement System (CalPERS) under the California Employer's Retiree Benefit Trust (CERBT) fund. For purposes of measuring the net OPEB liability (asset), deferred outflows of resources, and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Accounting pronouncements adopted:** The Airport Authority has adopted and implemented the following GASB statements during the year ended June 30, 2025:

- GASB Statement No. 101, Compensated Absences, effective for the Airport Authority's year ending June 30, 2025.
- GASB Statement No. 102, Certain Risk Disclosures, effective for the Airport Authority's year ending June 30, 2025.



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**Accounting pronouncements issued but not yet adopted:** GASB has issued several pronouncements that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the Airport Authority:

- GASB Statement No. 103, Financial Reporting Model Improvements, effective for the Airport Authority's year ending June 30, 2026.
- GASB Statement No. 104, Disclosure of Certain Capital Assets, effective for the Authority's year ending June 30, 2026.

**Reclassifications:** Certain reclassifications have been made to the 2024 financial statements to conform to the 2025 presentation. The reclassifications had no effect on the changes in net position.

### NOTE 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

**Summary of Cash, Cash Equivalents, and Investments:** Cash, cash equivalents and investments are reported in the accompanying statements of net position as follows at June 30:

|   | 2025             | 2024             |
|---|------------------|------------------|
| Unrestricted and Undesignated:                                  |                  |                  |
| Cash and cash equivalents                                       | \$ 29,660,121    | \$ 11,395,394    |
| Current investments   | 287,465,752      | 223,398,504      |
| Noncurrent investments  | 118,272,993      | 87,179,043       |
| Total unrestricted and undesignated                             | 435,398,867      | 321,972,941      |
| Designated for specific capital projects and other commitments: |                  |                  |
| Current investments   | 20,483,039       | 88,297,854       |
| Noncurrent investments  | 203,671,702      | 150,962,139      |
| Total designated  | 224,154,741      | 239,259,992      |
| Restricted:   |                  |                  |
| Current investments, with trustees                              | 180,276,856      | 237,135,154      |
| Noncurrent investments, not with trustees                       | 329,466,105      | 262,690,274      |
| Noncurrent investments, with trustees                           | 958,987,319      | 1,545,446,754    |
| Total restricted investments                                    | 1,468,730,279    | 2,045,272,182    |
| Total cash, cash equivalents and investments                    | \$ 2,128,283,887 | \$ 2,606,505,115 |

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

|  | 2025             | 2024             |
|--|------------------|------------------|
| Restricted investments:                      |                  |                  |
| Bond reserves:                               |                  |                  |
| Operation and maintenance reserve subaccount | \$ 59,297,036    | \$ 47,991,378    |
| Operation and maintenance subaccount         | 19,765,678       | 22,879,023       |
| Renewal and replacement account              | 5,400,000        | 5,400,000        |
| Total bonds reserves                         | 84,462,714       | 76,270,401       |
| Passenger facility charges unapplied         | 213,491,812      | 158,418,961      |
| Customer facility charges unapplied          | 29,425,199       | 25,778,612       |
| Small business development bond guarantee    | 2,223,000        | 2,222,300        |
| 2013 Series debt service account             | (0)              | 171              |
| 2013 Series debt service reserve fund        | -                | 26               |
| 2014 Renew and Replace                       | 11,131,702       | 16,653,598       |
| 2014 Rolling coverage fund                   | 7,866,822        | 7,565,169        |
| 2014 Series debt service account             | 19,797,329       | 14,622,861       |
| 2014 Series debt service reserve fund        | 23,173,587       | 23,184,057       |
| 2017 Series debt service account             | 13,329,503       | 12,684,639       |
| 2017 Series debt service reserve fund        | 15,671,899       | 15,350,424       |
| 2019 Series CAP Interest Fund                | 89               | 57               |
| 2019 Series Construction Fund                | 7,510,686        | 17,164,583       |
| 2019 Series Debt Services Account            | 17,500,690       | 17,612,795       |
| 2019 Series Debt Services Reserve Fund       | 31,405,233       | 30,578,906       |
| 2020 Series Debt Services Account            | 16,555,761       | 21,421,030       |
| 2020 Series Debt Services Reserve Fund       | 32,846,415       | 31,916,591       |
| 2021 Series CAP Interest Fund                | 38,579,499       | 103,154,587      |
| 2021 Series Construction Fund                | 77,476,194       | 370,387,083      |
| 2021 Series Debt Services Reserve Fund       | 115,643,970      | 112,347,764      |
| 2021 Series Debt Services Account            | 24,170,268       | 20,655,558       |
| 2023 Series CAP Interest Fund                | 31,193,766       | 81,799,209       |
| 2023 Series Construction Fund                | 573,567,651      | 808,385,736      |
| 2023 Series Cost of Issuance                 | -                | 71,481           |
| 2023 Series Debt Services Reserve Fund       | 77,809,892       | 74,032,088       |
| 2023 Series Debt Services Account            | 3,896,597        | 2,993,492        |
| Total restricted investments                 | \$ 1,468,730,279 | \$ 2,045,272,182 |



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**Investments authorized in accordance with California Government Code Section 53601 and under the provisions of the Airport Authority's investment policy:** The table that follows identifies the investment types that are authorized by the Airport Authority's investment policy and State Government Code. The table also identifies certain provisions of the Airport Authority's investment policy that address interest rate risk, credit risk, and concentration of credit risk.

This table does not address investments of bond proceeds held by the bond trustee that are governed by provisions of debt agreements of the Airport Authority, in addition to the general provisions of the Airport Authority's investment policy and State Government Code.

| Authorized Investment Type                 | Maximum Maturity | Minimum Quality Requirements | Maximum Percentage of Portfolio | Maximum Investment in One Issuer |
|--|------------------|------------------------------|---------------------------------|----------------------------------|
| U.S. Treasury obligations                  | 5 years          | N/A                          | None                            | None                             |
| U.S. agency securities                     | 5 years          | N/A                          | None                            | None                             |
| Non-U.S. Securities                        | 5 years          | AA                           | 30 percent                      | 10 percent                       |
| Bankers' acceptances                       | 180 days         | AAA/Aaa                      | 40 percent                      | 5 percent                        |
| Commercial paper                           | 270 days         | A-1; P-1; F-1                | 25 percent                      | 5 percent                        |
| Negotiable certificates of deposit         | 5 years          | A                            | 30 percent                      | 5 percent                        |
| Medium-term notes                          | 5 years          | A                            | 20 percent                      | 5 percent                        |
| Money market mutual funds                  | N/A              | AAA/Aaa                      | 20 percent                      | 5 percent                        |
| Repurchase agreements                      | 1 year           | A                            | None                            | None                             |
| Local Agency Investment Fund               | N/A              | N/A                          | None                            | \$75 million                     |
| San Diego County Investment Pool           | N/A              | N/A                          | None                            | \$75 million                     |
| Local Government Investment Pool           | N/A              | N/A                          | None                            | \$75 million                     |
| U.S. State and California agency           | 5 years          | A                            | 20 percent                      | 5 percent                        |
| Placement service certificates of deposits | 3 years          | N/A                          | 30 percent                      | 5 percent                        |
| Time certificates of deposit               | 3 years          | *                            | 20 percent                      | 5 percent                        |
| Bank deposits                              | N/A              | *                            | None                            | None                             |
| Asset-Backed Securities                    | 5 years          | AA                           | 10 Percent                      | 5 percent                        |
| Mortgage Backed Securities                 | 5 years          | AA                           | 10 Percent                      | 5 percent                        |
| Mortgage Pass-through Securities           | 5 years          | AA                           | 10 Percent                      | 5 percent                        |
| Collateralized Mortgage Obligation         | 5 years          | AA                           | 10 Percent                      | 5 percent                        |

\* Financial institution must have at least an overall satisfactory rating under the *Community Reinvestment Act* for meeting the credit needs of California communities in its most recent evaluation. Collateralization required per Cal. Gov. Code Section 53630 et seq.

**Investments in state and county investment pools:** The Airport Authority is a voluntary participant in the Local Agency Investment Fund (LAIF), the Investment Trust of California (CalTRUST), and the San Diego County Investment Pool (SDCIP). The Airport Authority's investments in these pools are reported in the accompanying financial statements at fair value based on the Airport Authority's pro rata share of the net asset value (in accordance with GASB Statement No. 72) provided by the respective pools for the entire pool portfolio (in relation to the net asset value of that portfolio). The balance available for withdrawal is based on the accounting records maintained by each pool. None of these funds are subject to significant withdrawal restrictions, limitations on redemptions, there are no redemption notice periods, nor are there any unfunded commitments.

**Investments in money market mutual funds:** The Authority invests in various money market mutual funds. The money market mutual funds are valued at amortized cost. There are no limitations or restrictions on withdrawals for these funds.

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**Investments authorized by debt agreements:** Investments held by the bond trustee are governed by the provisions of the debt agreement, in addition to the general provisions of the California Government Code and the Airport Authority's investment policy. The table below identifies the investment types that are authorized for investments held by the bond trustee, according to the Master Trust Indenture. In the event of a conflict between the Airport Authority's investment policy and permitted investments associated with any Airport Authority debt issuance, the debt agreement shall control. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk and concentration of credit risk.

| Authorized Investment Type         | Maximum Maturity | Minimum Quality Requirements | Maximum Percentage of Portfolio | Maximum Investment in One Issuer |
|------------------------------------|------------------|------------------------------|---------------------------------|----------------------------------|
| U.S. Treasury obligations          | None             | N/A                          | None                            | None                             |
| U.S. agency securities             | None             | N/A                          | None                            | None                             |
| State Obligations                  | None             | AAA/Aaa                      | None                            | None                             |
| Commercial paper                   | None             | A-1; P-1; F-1                | None                            | None                             |
| Negotiable certificates of deposit | None             | AAA/Aaa                      | None                            | None                             |
| Long term and Medium-term notes    | None             | ratings                      | None                            | None                             |
| Money market mutual funds          | None             | ratings                      | None                            | None                             |
| Municipal bonds                    | None             | ratings                      | None                            | None                             |
| Repurchase agreements              | None             | BBB*                         | None                            | None                             |
| Investment agreements              | None             | N/A                          | None                            | None                             |
| Local Agency Investment Fund       | None             | N/A                          | None                            | None                             |
| San Diego County Investment Pool   | None             | N/A                          | None                            | None                             |
| Deposit accounts                   | None             | N/A                          | None                            | None                             |

Any other investment which is a permitted investment of the Authority in accordance with the laws of the State.

\*Investment requires collateralization

The primary objective of the Airport Authority's investment policy is to invest public funds in a manner that will provide the highest security of the funds under management while meeting the daily cash flow demands of the Airport Authority. Assets of the Airport Authority that are not bond proceeds, which are invested in securities as permitted in the bond indenture, are described in the preceding table. In addition, there are various credit criteria as defined in the Airport Authority's investment policy as depicted in the previous section entitled "Investments authorized in accordance with California Government Code Section 53601 and under the provisions of the Airport Authority's investment policy."

**Investments held by Trustee:** The Airport Authority has monies held by trustees pledged for the security and payment of certain debt instruments, the payment of bond interest during construction and the payment of capital project costs.

**Disclosures related to interest rate risk:** Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, investments with longer maturities have greater fair value sensitivity to changes in market interest rates. One of the ways the Airport Authority manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities. These staggered maturities also provide consistent cash flow and fulfill liquidity needs for operations. The Airport Authority monitors interest rate risk inherent in its portfolio by measuring the segmented time distribution of its portfolio. The Airport Authority has no specific limitations with respect to this metric.

## San Diego County Regional Airport Authority

**Custodial credit risk (deposits):** Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Airport Authority maintains deposits at several institutions in order to minimize custodial credit risk. These deposits are collateralized by various instruments such as U.S. government securities (guaranteed) or U.S. agency securities (government sponsored). California Government Code requires that a financial institution secure deposits made by a state or local government by pledging securities in an undivided collateral pool held by a depository regulated under state law. The fair value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure Airport Authority deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured deposits.

Insurance through the Federal Deposit Insurance Corporation (FDIC) may be applicable to the first \$250,000 of institutional deposit accounts, with any balance above this amount covered by the collateralization requirement. Certificates of deposit held by the Airport Authority's third-party custodians are fully insured by the FDIC, as the individual amounts do not exceed the FDIC-insured limits or are collateralized in accordance with the California Government Code.

**Custodial credit risk (investments):** Custodial credit risk for investments is the risk that the Airport Authority will not be able to recover the value of its investments in the event of a counterparty failure. The Airport Authority uses third-party banks' custody and safekeeping services for its registered investment securities. Securities are held in custody at third-party banks registered in the name of the Airport Authority and are segregated from securities owned by those institutions or held in custody by those institutions.

**Disclosures related to credit risk:** Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of an investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. California Government Code Section 53601 (as referenced previously in this note) limits the types of investment instruments that may be purchased by the Airport Authority.

## San Diego County Regional Airport Authority

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

|   | 2025             |                                  |                |                |           |  |
|---|------------------|----------------------------------|----------------|----------------|-----------|--|
| Investment Type   | Total            | Investment Maturities (in Years) |                |                | Ratings   |  |
|   |                  | 0-1                              | 1-2            | 2-5            |           |  |
| Investments subject to credit and interest rate risk:       |                  |                                  |                |                |           |  |
| U.S. Treasury obligations                                   | \$ 413,372,426   | \$ 124,595,055                   | \$ 110,224,213 | \$ 178,553,158 | AA+       |  |
| U.S. Agency securities                                      | 7,888,640        | -                                | 7,888,640      | -              | AAA       |  |
| U.S. Agency securities                                      | 150,402,505      | 24,018,065                       | 34,638,335     | 91,746,105     | AA+       |  |
| U.S. Agency securities                                      | 32,050,915       | -                                | 9,823,000      | 22,227,915     | Not rated |  |
| Non-U.S. Securities   | 24,405,720       | -                                | -              | 24,405,720     | AAA       |  |
| Medium-term notes   | 3,545,150        | -                                | -              | 3,545,150      | Not rated |  |
| Medium-term notes   | 4,978,300        | 4,978,300                        | -              | -              | AAA       |  |
| Medium-term notes   | 23,199,690       | -                                | 2,919,540      | 20,280,150     | AA+       |  |
| Medium-term notes   | 15,333,675       | 2,003,300                        | 2,938,780      | 10,391,595     | AA        |  |
| Medium-term notes   | 22,227,660       | -                                | 1,972,760      | 20,254,900     | AA-       |  |
| Medium-term notes   | 38,438,065       | -                                | 3,995,120      | 34,442,945     | A+        |  |
| Medium-term notes   | 40,043,805       | 12,513,750                       | -              | 27,530,055     | A         |  |
| Medium-term notes   | 6,905,240        | 4,961,600                        | 1,943,640      | -              | A-        |  |
| Municipal Bonds   | 10,177,500       | -                                | -              | 10,177,500     | AA-       |  |
| Negotiable Certificates of deposit                          | 2,223,000        | 2,223,000                        | -              | -              | Not rated |  |
| Money market mutual funds                                   | 751,802,931      | 751,802,931                      | -              | -              | AAA       |  |
| Local Agency Investment Fund                                | 70,467,983       | 70,467,983                       | -              | -              | Not rated |  |
| San Diego County Investment Pool                            | 140,922,734      | 140,922,734                      | -              | -              | AAA       |  |
| San Diego County Inv. Pool-Treasury                         | 297,308,604      | 297,308,604                      | -              | -              | AAA       |  |
| CalTrust Fund   | 45,205,190       | 45,205,190                       | -              | -              | AA        |  |
| CalTrust Fund   | -                | -                                | -              | -              | A+        |  |
| Total investments subject to credit and interest rate risk: | 2,100,899,733    | 1,481,000,513                    | 176,344,028    | 443,555,193    |           |  |
| Total Investments   | \$ 2,100,899,733 |                                  |                |                |           |  |

## San Diego County Regional Airport Authority

|   | 2024             |                                  |               |                |           |  |
|---|------------------|----------------------------------|---------------|----------------|-----------|--|
| Investment Type   | Total            | Investment Maturities (in Years) |               |                | Ratings   |  |
|   |                  | 0-1                              | 1-2           | 2-5            |           |  |
| Investments subject to credit and interest rate risk:       |                  |                                  |               |                |           |  |
| U.S. Treasury obligations                                   | \$ 311,471,011   | \$ 63,462,205                    | \$ 97,054,062 | \$ 150,954,744 | AAA       |  |
| U.S. Agency securities                                      | 209,476,365      | 69,574,423                       | 23,747,826    | 116,154,116    | AAA       |  |
| U.S. Agency securities                                      | -                | -                                | -             | -              | A-1+      |  |
| U.S. Agency securities                                      | -                | -                                | -             | -              | Not rated |  |
| Non-U.S. Securities   | 19,480,989       | 5,438,488                        | -             | 14,042,501     | AAA       |  |
| Non-U.S. Securities   | -                | -                                | -             | -              | A         |  |
| Medium-term notes   | 16,740,227       | 6,880,166                        | 4,876,023     | 4,984,038      | AAA       |  |
| Medium-term notes   | -                | -                                | -             | -              | AA+       |  |
| Medium-term notes   | 14,909,481       | -                                | 1,987,371     | 12,922,110     | AA        |  |
| Medium-term notes   | 25,295,528       | 11,688,296                       | 6,687,262     | 6,919,971      | AA-       |  |
| Medium-term notes   | 39,977,746       | 9,342,545                        | 10,414,148    | 20,221,053     | A+        |  |
| Medium-term notes   | 15,597,331       | 13,732,011                       | -             | 1,865,320      | A         |  |
| Medium-term notes   | -                | -                                | -             | -              | A-        |  |
| Municipal Bonds   | -                | -                                | -             | -              | AA+       |  |
| Negotiable Certificates of deposit                          | 2,223,000        | 2,223,000                        | -             | -              | Not rated |  |
| Money market mutual funds                                   | 515,656,295      | 515,656,295                      | -             | -              | AAA       |  |
| Local Agency Investment Fund                                | 69,182,101       | 69,182,101                       | -             | -              | Not rated |  |
| San Diego County Investment Pool                            | 165,233,413      | 165,233,413                      | -             | -              | AAA       |  |
| San Diego County Inv. Pool-Treasury                         | 1,147,318,734    | 1,147,318,734                    | -             | -              | AAA       |  |
| CalTrust Fund   | 43,283,361       | 43,283,361                       | -             | -              | AA        |  |
| CalTrust Fund   | -                | -                                | -             | -              | A+        |  |
| Total investments subject to credit and interest rate risk: | 2,595,845,583    | 2,123,015,039                    | 144,766,692   | 328,063,852    |           |  |
| Total Investments   | \$ 2,595,845,583 |                                  |               |                |           |  |

**Concentration of credit risk:** The investment policy of the Airport Authority contains no limitations on the amount that can be invested by any one issuer beyond that stated in the table provided earlier in this note. The Airport Authority requires a diversified investment portfolio to avoid risk of losses resulting from an over-concentration of assets in a specific maturity, issuer, or class of securities. The Airport Authority had no concentrations of credit risk at June 30, 2025, and 2024.

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

**Fair Value of Assets:** The Airport Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the asset. **Level 1** inputs are quoted prices in active markets for identical assets or liabilities; **Level 2** inputs are observable other inputs; **Level 3** inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at the fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2025 and 2024:

# San Diego County Regional Airport Authority

|   | Fair Value              | Quoted Prices in                                       |  |  |
|---|-------------------------|--|--|--|
|   |                         | Active Markets<br>for Identical<br>Assets<br>(Level 1) | Significant Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| June 30, 2025                           |                         |  |  |  |
| Investments by fair value level         |                         |  |  |  |
| U.S. Treasury obligations               | \$ 413,372,426          | \$ -   | \$ 413,372,426   | \$ -   |
| U.S. Agency securities                  | 190,342,060             | -  | 190,342,060  | -  |
| Non-U.S. Securities                     | 24,405,720              | -  | 24,405,720   | -  |
| Negotiable certificates of deposit      | 2,223,000               | -  | 2,223,000  | -  |
| Municipal Bonds                         | 10,177,500              | -  | 10,177,500   | -  |
| Medium-term notes                       | 154,671,585             | -  | 154,671,585  | -  |
| Total investments by fair value level   | 795,192,291             | \$ -   | \$ 795,192,291   | \$ -   |
| Investments measured at amortized cost  |                         |  |  |  |
| Money market mutual funds               | 751,802,931             |  |  |  |
| Investments measured at net asset value |                         |  |  |  |
| CalTrust Fund                           | 45,205,190              |  |  |  |
| Local Agency Investment Fund            | 70,467,983              |  |  |  |
| San Diego County Investment Pool        | 140,922,734             |  |  |  |
| San Diego County Inv. Pool-Treasury     | 297,308,604             |  |  |  |
| Total investments                       | <u>\$ 2,100,899,733</u> |  |  |  |

|   | Fair Value              | Quoted Prices in                                       |  |  |
|---|-------------------------|--|--|--|
|   |                         | Active Markets<br>for Identical<br>Assets<br>(Level 1) | Significant Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| June 30, 2024                           |                         |  |  |  |
| Investments by fair value level         |                         |  |  |  |
| U.S. Treasury obligations               | \$ 311,471,011          | \$ -   | \$ 311,471,011   | \$ -   |
| U.S. agency securities                  | 209,476,365             | -  | 209,476,365  | -  |
| Non-U.S. Securities                     | 19,480,989              | -  | 19,480,989   | -  |
| Negotiable certificates of deposit      | 2,223,000               | -  | 2,223,000  | -  |
| Municipal Bonds                         | -                       | -  | -  | -  |
| Medium-term notes                       | 112,520,313             | -  | 112,520,313  | -  |
| Total investments by fair value level   | 655,171,678             | \$ -   | \$ 655,171,678   | \$ -   |
| Investments measured at amortized cost  |                         |  |  |  |
| Money market mutual funds               | 515,656,295             |  |  |  |
| Investments measured at net asset value |                         |  |  |  |
| CalTrust Fund                           | 43,283,361              |  |  |  |
| Local Agency Investment Fund            | 69,182,101              |  |  |  |
| San Diego County Investment Pool        | 165,233,413             |  |  |  |
| San Diego County Inv. Pool-Treasury     | 1,147,318,734           |  |  |  |
| Total investments                       | <u>\$ 2,595,845,583</u> |  |  |  |

**NOTE 3. LEASES AND PUBLIC-PRIVATE PARTNERSHIPS**

**Lease Receivable**

The Airport Authority leases a portion of its property to various third parties who use the space to conduct their operations on the Airport grounds, the terms of which expire fiscal years 2026 through 2046. The measurement of the lease receivable is based on the present value of lease payments expected to be received during the lease term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any lease incentives payable to the lessee. A number of leases have a maximum possible term of 12 months (or less), including options to extend, regardless of their probability of being exercised. Those payments are recognized as inflows of resources based on the payment provisions of the lease contracts and are therefore excluded from the schedule in this section.

Concession lease receivables for space within the terminals are typically based on the minimum annual guarantee plus a minimum 3 percent annual escalation, less rent holidays. As of June 30, 2025, there are 62 terminal food services and retail concession locations open.

The Airport Authority's CFC revenues and Bonds funded construction of the Rental Car Center facility (RCC), which was completed and placed in service on January 20, 2016. The RCC facility sits on 24.85 acres of land and houses all the major and many small operator rental car tenants. The land rent leases for the RCC commenced on the opening date of the facility and are non-cancellable. Once the Bonds are repaid or defeased, in addition to land rent, the rental car operators will also pay facility rent.

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

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

The Airport Authority reports lease receivables with a carrying amount of \$147.1 million and \$146.5 million as of June 30, 2025, and 2024, respectively, and a deferred inflow of resources in the amount of \$132.0 million and \$130.6 million as of June 30, 2025, and 2024, respectively, related to these agreements. The deferred inflow of resources will be recognized as revenue over the terms of the agreements.

Revenue recognized under lease contracts during the years present value of payments ended June 30, 2025, and 2024, was \$16.4 million and \$22.3 million, respectively, which includes both lease revenue and interest. The Airport recognized lease revenue of \$9.4 million and \$9.2 million, for the years ended June 30, 2025, and 2024, respectively, for variable payments not previously included in the measurement of the lease receivable.

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The following is a schedule by year of minimum payments to be received under the Airport Authority's leases that are included in the measurement of the lease receivable as of June 30, 2025:

| Years Ending June 30, | Principal             | Interest             | Total                 |
|-----------------------|-----------------------|----------------------|-----------------------|
| 2026                  | \$ 14,823,408         | \$ 4,329,317         | \$ 19,152,725         |
| 2027                  | 14,324,801            | 4,048,623            | 18,373,424            |
| 2028                  | 11,485,020            | 3,818,265            | 15,303,285            |
| 2029                  | 9,754,422             | 3,606,761            | 13,361,183            |
| 2030                  | 5,942,620             | 3,425,677            | 9,368,297             |
| 2031 - 2035           | 26,997,144            | 14,435,062           | 41,432,206            |
| 2036 - 2040           | 25,698,323            | 9,790,573            | 35,488,896            |
| 2041 - 2045           | 31,112,846            | 4,358,769            | 35,471,615            |
| 2044 - 2046           | 6,968,766             | 123,176              | 7,091,942             |
| Total                 | <u>\$ 147,107,350</u> | <u>\$ 47,936,223</u> | <u>\$ 195,043,573</u> |

The Authority monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

### Regulated Leases

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

Certain capital assets, such as loading bridges, airfield, and building space are leased to airlines as part of the Airport Authority's Airline Operating Lease Agreement (AOLA). On July 1, 2019, the Airport Authority entered into the current ten-year AOLAs with passenger airlines and cargo carriers operating at SDIA. The AOLAs cover the use of and rate-setting mechanisms for the airfield and terminal facilities at SDIA. Under the terms of the AOLAs, landing fees and aircraft parking fees are calculated based on a residual rate-setting methodology, in which all costs of the facility and services are recovered from the airlines, and the airlines assume the financial risk. Terminal rental rates are based on a compensatory rate-setting methodology, in which the airlines each pay for only the actual cost of facilities and services they use; financial risk and control is assumed by the airport. The AOLAs also include signatory and non-signatory rate structures. Air Carriers that signed a non-signatory agreement are charged a 120 percent premium on all signatory rates, fees, and charges, except for the Federal Inspection Services (FIS) fee, which all airlines pay the same rate for use of the immigration and customs facilities. Signatory carriers are required to pay a minimum amount each year (\$500,000 for passenger carriers, and \$250,000 for cargo carriers). The agreement has no provisions that grant the airlines direct approval rights over capital projects, with the limited exception of certain transportation projects that exceed a \$350 million threshold, as defined in the AOLAs. It also allows flexibility to meet the demands of changing airline activity and to accommodate new entrant carriers. Terms of the new agreement financially support execution of the New Terminal 1, formerly referred to as the Airport Development Program. The Airport Authority does provide for preferential or exclusive use of certain assets to air carriers. As of June 30, 2025, 44 of the 59 terminal and cargo aircraft parking positions were subject to preferential use and 99,489 square feet of the 445,210 square feet of airline designated space was subject to exclusive use. As of June 30, 2024, 44 of the 59 terminal and cargo aircraft parking positions were subject to preferential use and 99,489 square feet of the 445,210 square feet of airline designated space was subject to exclusive use.



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

The Airport Authority recognized fixed revenue under regulated lease contracts of \$10.7 million and \$10.6 million for the fiscal years ended June 30, 2025, and 2024, respectively. Variable lease revenue not previously included in the future minimum payments under its regulated leases were \$217.2 million and \$182.5 million, for the years ended June 30, 2025, and 2024, respectively.

The following is a schedule by year of expected future minimum payments to be received under the Airports regulated leases as of June 30, 2025:

| Years Ending June 30, | Total Future         |
|-----------------------|----------------------|
| 2026                  | \$ 9,270,656         |
| 2027                  | 9,551,937            |
| 2028                  | 9,843,950            |
| 2029                  | 10,147,173           |
| 2030                  | 2,697,052            |
| 2031 - 2035           | 2,821,197            |
| Total                 | <u>\$ 44,331,965</u> |

### Public-Private and Public-Public Partnerships

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

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

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

The Airport Authority reports partnership leases receivable with a carrying amount of \$124.7 million and \$127.9 million as of June 30, 2025, and 2024, respectively, and a deferred inflow of resources in the amount of \$202.7 million and \$210.5 million as of June 30, 2025, and 2024, respectively, related to these agreements. The deferred

## San Diego County Regional Airport Authority

inflow of resources will be recognized as revenue over the terms of the agreements. Revenue recognized under the PPP arrangements during fiscal years ended June 30, 2025, and 2024, was \$9.4 million and \$9.5 million, respectively, which includes both PPP revenue and interest. There are no variable payments not previously included in the measurement of the PPP receivable.

The following is a schedule by year of minimum payments to be received under the Airport Authority's Public-Private Partnerships that are included in the measurement of the lease receivable as of June 30, 2025:

| Years Ending June 30, | Principal             | Interest             | Total                 |
|-----------------------|-----------------------|----------------------|-----------------------|
| 2026                  | \$ 3,341,161          | \$ 4,383,223         | \$ 7,724,384          |
| 2027                  | 3,462,035             | 4,262,349            | 7,724,384             |
| 2028                  | 3,587,282             | 4,137,102            | 7,724,384             |
| 2029                  | 3,717,060             | 4,007,324            | 7,724,384             |
| 2030                  | 3,851,533             | 3,872,851            | 7,724,384             |
| 2031 - 2035           | 21,451,326            | 17,170,592           | 38,621,918            |
| 2036 - 2040           | 25,622,675            | 12,999,244           | 38,621,919            |
| 2041 - 2045           | 30,605,168            | 8,016,750            | 38,621,918            |
| 2046 - 2050           | 29,038,786            | 2,206,825            | 31,245,611            |
| Total                 | <u>\$ 124,677,026</u> | <u>\$ 61,056,260</u> | <u>\$ 185,733,286</u> |

The Authority monitors changes in circumstances that would require a remeasurement of its partnership leases and will remeasure the partnership lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the receivable.

## San Diego County Regional Airport Authority

### NOTE 4. NOTES RECEIVABLE

As part of the transfer of airport operations from the District to the Airport Authority, and pursuant to the associated MOU, the District issued a \$50.0 million unsecured promissory note to the Airport Authority. According to an agreement with the District that commenced on January 1, 2006, the note will be amortized over 25 years, maturing on December 31, 2030. The note is subordinate to all bond indebtedness of the District and carried a rate of 5.5 percent per annum through October 31, 2021. An amendment to that agreement reduced the rate to 3.6 percent per annum, effective November 1, 2021, reducing the monthly payment. At June 30, 2025, and 2024, the balance of the note receivable was \$16.9 million and \$19.7 million, respectively.

As part of the contracts to lease space in the Airline Support Building (ASB), tenants were given the option to issue a note receivable to the Airport Authority in order to fund tenant improvements to their space. Four airlines and one non-airline tenant exercised this option and issued notes for a combined total of \$13.4 million commencing July 1, 2021, for a period of 5 years carrying the estimated thirty-year revenue bond index rate of 2.5 percent per annum through June 30, 2026. At June 30, 2025, and 2024, the balance of the note receivable was \$2.4 million and \$4.8 million, respectively.

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

| Years Ending June 30, | ASB |           | District |            | Total         |
|-----------------------|-----|-----------|----------|------------|---------------|
| 2026                  | \$  | 2,429,662 | \$       | 2,832,535  | \$ 5,262,197  |
| 2027                  |     | -         |          | 2,937,084  | 2,937,084     |
| 2028                  |     | -         |          | 3,045,492  | 3,045,492     |
| 2029                  |     | -         |          | 3,157,901  | 3,157,901     |
| 2030                  |     | -         |          | 3,274,459  | 3,274,459     |
| 2031                  |     | -         |          | 1,682,277  | 1,682,277     |
| Total                 | \$  | 2,429,662 | \$       | 16,929,748 | \$ 19,359,409 |

## San Diego County Regional Airport Authority

### NOTE 5. CAPITAL ASSETS AND LEASES

The following tables show the increases and decreases in capital and right-to-use lease assets, and their associated accumulated depreciation for the years ending June, 30, 2025 and 2024.

|   | Balance at<br>July 1, 2024 | Increases      | Decreases        | Balance at<br>June 30, 2025 |
|---|----------------------------|----------------|------------------|-----------------------------|
| Nondepreciable assets and leases:                               |                            |                |                  |                             |
| Land  | \$ 22,167,594              | \$ -           | \$ -             | \$ 22,167,594               |
| Construction in progress  | 1,978,692,850              | 684,891,903    | (289,196,084)    | 2,374,388,669               |
| Intangible asset  | 440,000                    | -              | -                | 440,000                     |
| Total nondepreciable assets and leases                          | 2,001,300,444              | 684,891,903    | (289,196,084)    | 2,396,996,263               |
| Depreciable assets and leases:                                  |                            |                |                  |                             |
| Land improvements   | 159,946,387                | 4,535,899      | -                | 164,482,286                 |
| Land improvements - right-to-use lease assets                   | 240,922,204                | -              | -                | 240,922,204                 |
| Buildings and structures  | 1,946,434,381              | 272,375,984    | -                | 2,218,810,365               |
| Machinery and equipment   | 145,684,582                | 2,667,842      | (503,423)        | 147,849,001                 |
| Runways, roads and parking lots                                 | 623,926,792                | 10,982,642     | (79,374)         | 634,830,060                 |
| Total capital and lease assets being depreciated/amortized      | 3,116,914,345              | 290,562,368    | (582,798)        | 3,406,893,915               |
| Less accumulated depreciation and amortization for:             |                            |                |                  |                             |
| Land improvements   | (63,452,922)               | (6,303,949)    | -                | (69,756,871)                |
| Building and structures   | (914,847,782)              | (78,259,636)   | -                | (993,107,417)               |
| Right-to-use lease assets                                       | (24,290,688)               | (6,541,055)    | -                | (30,831,743)                |
| Machinery and equipment   | (101,599,540)              | (8,698,069)    | 409,122          | (109,888,487)               |
| Runways, roads and parking lots                                 | (352,763,851)              | (23,257,132)   | -                | (376,020,984)               |
| Total accumulated depreciation and amortization                 | (1,456,954,783)            | (123,059,840)  | 409,122          | (1,579,605,501)             |
| Total capital and lease assets being depreciated/amortized, net | 1,659,959,562              | 167,502,527    | (173,675)        | 1,827,288,414               |
| Capital and lease assets, net                                   | \$ 3,661,260,007           | \$ 852,394,430 | \$ (289,369,759) | \$ 4,224,284,678            |

|   | Balance at<br>July 1, 2023 | Increases        | Decreases        | Balance at<br>June 30, 2024 |
|---|----------------------------|------------------|------------------|-----------------------------|
| Nondepreciable assets and leases:                               |                            |                  |                  |                             |
| Land  | \$ 22,167,594              |                  | \$ -             | \$ 22,167,594               |
| Construction in progress  | 1,145,357,693              | 990,972,834      | (157,637,677)    | 1,978,692,850               |
| Intangible asset  | 440,000                    | -                | -                | 440,000                     |
| Total nondepreciable assets and leases                          | 1,167,965,287              | 990,972,834      | (157,637,677)    | 2,001,300,444               |
| Depreciable assets and leases:                                  |                            |                  |                  |                             |
| Land improvements   | 160,111,604                |                  | (165,216)        | 159,946,387                 |
| Land improvements - right-to-use lease assets                   | 238,768,276                | 2,618,306        | (464,378)        | 240,922,204                 |
| Buildings and structures  | 1,883,717,140              | 136,875,206      | (74,157,966)     | 1,946,434,381               |
| Machinery and equipment   | 139,202,241                | 12,839,918       | (6,357,577)      | 145,684,582                 |
| Runways, roads and parking lots                                 | 630,577,748                | 9,111,899        | (15,762,854)     | 623,926,792                 |
| Total capital and lease assets being depreciated/amortized      | 3,052,377,008              | 161,445,329      | (96,907,991)     | 3,116,914,345               |
| Less accumulated depreciation and amortization for:             |                            |                  |                  |                             |
| Land improvements   | (57,537,607)               | (6,080,531)      | 165,216          | (63,452,922)                |
| Building and structures   | (911,278,157)              | (77,095,334)     | 73,525,709       | (914,847,782)               |
| Right-to-use lease assets                                       | (17,945,010)               | (6,531,429)      | 185,751          | (24,290,688)                |
| Machinery and equipment   | (98,563,939)               | (9,392,758)      | 6,357,157        | (101,599,540)               |
| Runways, roads and parking lots                                 | (339,162,538)              | (24,645,744)     | 11,044,430       | (352,763,851)               |
| Total accumulated depreciation and amortization                 | (1,424,487,252)            | (123,745,795)    | 91,278,264       | (1,456,954,783)             |
| Total capital and lease assets being depreciated/amortized, net | 1,627,889,756              | 37,699,534       | (5,629,727)      | 1,659,959,562               |
| Capital and lease assets, net                                   | \$ 2,795,855,043           | \$ 1,028,672,368 | \$ (163,267,404) | \$ 3,661,260,007            |

Depreciation expense and increase in accumulated depreciation for the fiscal years ending June, 30, 2025 and 2024 amounted to \$117.6 million and \$117.2 million, respectively. The amortization of right-to-use lease assets in the same periods amounted to \$5.0 million each year. In both years, \$1.6 million of depreciation expense was charged to capital improvement projects in accordance with GASB 87.

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### NOTE 6. LONG-TERM LIABILITIES

The following is a summary of changes in the long-term liability activity for the years ended June 30, 2025, and 2024:

|                                       | Principal<br>Balance at<br>June 30, 2024 | Additions /New<br>Issuances | Reductions/<br>Repayments | Principal<br>Balance at<br>June 30, 2025 | Due Within<br>One Year |
|---------------------------------------|--|-----------------------------|---------------------------|--|------------------------|
| Variable rate debt - Direct borrowing |  |                             |                           |  |                        |
| Revolving LOC                         | \$ -                                     | \$ -                        | \$ -                      | \$ -                                     | \$ -                   |
| Total variable rate debt              | -  | -                           | -                         | -  | -                      |
| Bonds payable                         |  |                             |                           |  |                        |
| Series 2014 Bonds                     | 269,015,000                              | -                           | (7,045,000)               | 261,970,000                              | 7,440,000              |
| Series 2017 Bonds                     | 261,010,000                              | -                           | (5,865,000)               | 255,145,000                              | 6,155,000              |
| Series 2019 Bonds                     | 448,490,000                              | -                           | (6,400,000)               | 442,090,000                              | 5,615,000              |
| Series 2020 Bonds                     | 197,235,000                              | -                           | (16,005,000)              | 181,230,000                              | 11,275,000             |
| Series 2021 Bonds                     | 1,875,085,000                            | -                           | (12,225,000)              | 1,862,860,000                            | 13,005,000             |
| Series 2023 Bonds                     | 1,061,980,000                            | -                           | (2,235,000)               | 1,059,745,000                            | 2,865,000              |
| Bond premiums, net                    | 426,578,230                              | -                           | (25,124,995)              | 401,453,235                              | -                      |
| Total bonds payable                   | 4,539,393,230                            | -                           | (74,899,995)              | 4,464,493,235                            | 46,355,000             |
| Lease Liabilities                     | 228,005,166                              | -                           | (3,641,649)               | 224,363,516                              | 2,829,863              |
| Note Payable - Direct borrowing       |  |                             |                           |  |                        |
| CRDC                                  | 5,136,616                                | -                           | (424,940)                 | 4,711,675                                | 465,484                |
| Total debt obligations                | 4,772,535,011                            | -                           | (78,966,585)              | 4,693,568,427                            | 49,650,347             |
| Compensated absences                  | 5,273,715                                | 4,880,685                   | (4,496,526)               | 5,657,875                                | 4,496,526              |
| Total long-term liabilities           | \$ 4,777,808,726                         | \$ 4,880,685                | \$ (83,463,110)           | \$ 4,699,226,301                         | \$ 54,146,873          |

|                                       | Principal<br>Balance at<br>June 30, 2023 | Additions /New<br>Issuances | Reductions/<br>Repayments | Principal<br>Balance at<br>June 30, 2024 | Due Within<br>One Year |
|---------------------------------------|--|-----------------------------|---------------------------|--|------------------------|
| Variable rate debt - Direct borrowing |  |                             |                           |  |                        |
| Revolving LOC                         | \$ 80,100,000                            | \$ -                        | \$ (80,100,000)           | \$ -                                     | \$ -                   |
| Total variable rate debt              | 80,100,000                               | -                           | (80,100,000)              | -  | -                      |
| Bonds payable                         |  |                             |                           |  |                        |
| Series 2014 Bonds                     | 275,685,000                              | -                           | (6,670,000)               | 269,015,000                              | 7,045,000              |
| Series 2017 Bonds                     | 266,595,000                              | -                           | (5,585,000)               | 261,010,000                              | 5,865,000              |
| Series 2019 Bonds                     | 454,585,000                              | -                           | (6,095,000)               | 448,490,000                              | 6,400,000              |
| Series 2020 Bonds                     | 212,475,000                              | -                           | (15,240,000)              | 197,235,000                              | 16,005,000             |
| Series 2021 Bonds                     | 1,931,985,000                            | -                           | (56,900,000)              | 1,875,085,000                            | 12,225,000             |
| Series 2023 Bonds                     | -  | 1,061,980,000               | -                         | 1,061,980,000                            | 2,235,000              |
| Bond premiums                         | 459,468,592                              | 291,193                     | (33,181,555)              | 426,578,230                              | -                      |
| Total bonds payable                   | 3,600,793,592                            | 1,062,271,193               | (123,671,555)             | 4,539,393,230                            | 49,775,000             |
| Lease Liabilities                     | 229,180,542                              | 2,618,306                   | (3,793,683)               | 228,005,166                              | 3,641,649              |
| Subscription Liabilities              |  | -                           |                           |  |                        |
| Note Payable - Direct borrowing       |  |                             |                           |  |                        |
| CRDC                                  | 5,524,543                                | -                           | (387,927)                 | 5,136,616                                | 424,940                |
| Total debt obligations                | 3,915,598,677                            | 1,064,889,500               | (207,953,166)             | 4,772,535,011                            | 53,841,589             |
| Compensated absences                  | 5,094,372                                | 4,158,865                   | (3,979,522)               | 5,273,715                                | 3,979,522              |
| Total long-term liabilities           | \$ 3,920,693,049                         | \$ 1,069,048,365            | \$ (211,932,687)          | \$ 4,777,808,726                         | \$ 57,821,111          |

**Senior Lien Series 2023 Bonds:** On October 25, 2023, the Airport Authority issued \$1,062.0 million of Series A and B Senior Airport Revenue Bonds (Series 2023 Bonds). The 2023 Bonds were issued to finance a portion of the capital improvements associated with the New T1 program, repay outstanding Subordinate Revolving Obligations, purchase a portion of the Authority's outstanding Airport Revenue Refunding bonds, Series 2021 C which were tendered, fund a portion of the interest accruing on the Series 2023 Bonds, fund deposits to the senior reserve fund and pay the costs of issuance of the Series 2023 Bonds.

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The Series 2023 A Bonds were structured as governmental and non-AMT term bonds that bear interest at 5.0 percent. The Series B bonds were structured as private activity and AMT term bonds that bear interest at rates ranging from 5.0 percent to 5.25 percent. The Series A and Series B bonds were issued at a premium of \$2.9 million and a discount of \$9.9 million, respectively. The premium and discount is amortized over the life of the bonds. The interest on the Series 2023 Bonds is payable semiannually on January 1 and July 1 of each year.

Interest for the fiscal years ended June 30, 2025, and 2024 amounted to \$53.9 million and \$36.9 million, respectively, including accrued interest of \$27.0 million and \$27.0 million, respectively. The principal balance on the Series 2023 Bonds as of June 30, 2025, and 2024 was \$1,059.7 million and \$1,062.0 million, respectively.

The required debt service payments for the Series 2023 Bonds for the years ending June 30 are as follows:

| Years Ending June 30, | Principal               | Interest                | Total                   |
|-----------------------|-------------------------|-------------------------|-------------------------|
| 2026                  | \$ 2,865,000            | \$ 53,863,038           | \$ 56,728,038           |
| 2027                  | -                       | 53,791,412              | 53,791,412              |
| 2028                  | -                       | 53,791,413              | 53,791,413              |
| 2029                  | 14,450,000              | 53,430,162              | 67,880,162              |
| 2030                  | 15,170,000              | 52,689,663              | 67,859,663              |
| 2031 - 2035           | 92,100,000              | 250,480,750             | 342,580,750             |
| 2036 - 2040           | 117,575,000             | 223,433,575             | 341,008,575             |
| 2041 - 2045           | 159,865,000             | 188,533,937             | 348,398,937             |
| 2046 - 2050           | 185,055,000             | 145,638,188             | 330,693,188             |
| 2051 - 2055           | 236,170,000             | 93,173,387              | 329,343,387             |
| 2056 - 2059           | 236,495,000             | 25,567,594              | 262,062,594             |
|                       | <u>\$ 1,059,745,000</u> | <u>\$ 1,194,393,119</u> | <u>\$ 2,254,138,119</u> |

The senior Series 2023 Bonds are special obligations of the Airport Authority, payable solely from and secured by (a) a pledge of net revenues, which include certain income and revenue received by the Airport Authority from the operation of the airport system, less all amounts that are required to pay the operation and maintenance expenses of the airport system and (b) certain funds and accounts held by the senior trustee under the senior indenture.

As senior lien bonds, the Series 2023 Bonds require that charges for services be set each fiscal year at rates sufficient to produce pledged revenues at least 125 percent times the senior debt service for that year. In addition, the Series 2023 Bonds require the Airport Authority to maintain a debt service reserve account with the bond trustee and to reserve certain additional amounts in the Airport Authority's books. On June 30, 2025, and 2024, the amount held by the trustee was \$686.5 million and \$967.3 million, respectively, which included the July 1 payment, a debt service reserve fund, construction fund, and a capitalized interest fund. The total additional amounts held by the Airport Authority for Operating and Maintenance, and Renewal and Replacements reserves for fiscal years 2025 and 2024 was \$84.5 million and \$76.3 million, respectively. The public ratings of the Series 2023 Bonds as of June 30, 2025, are Aa3/AA- by Moody's Investors Service and Fitch Ratings.

**Subordinate Lien Series 2017 Bonds:** The Airport Authority issued \$291.2 million of Series A and B Subordinate Airport Revenue Bonds (Series 2017 Bonds) on August 3, 2017. The Series 2017 Bonds were issued to finance certain capital improvements at SDIA including the Terminal 2 Parking Plaza and the FIS facility, fund a portion of the interest accruing on the Series 2017 Bonds, refund \$32.6 million of the Airport Authority's outstanding variable rate debt, fund the subordinate reserve fund and pay the costs of issuance of the Series

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2017 Bonds. The Series 2017 Bonds are structured as serial and term bonds that bear interest at rates ranging from 4.0 percent to 5.0 percent and mature in fiscal years 2019 to 2048. The bonds were issued at a premium of \$48.4 million which is being amortized over the life of the bonds. Interest on the Series 2017 Bonds is payable semiannually on January 1 and July 1 of each year.

Interest for the fiscal years ended June 30, 2025, and 2024 amounted to \$12.8 million and \$13.1 million, respectively, including accrued interest of \$6.4 million and \$6.5 million, respectively. The principal balance on the Series 2017 Bonds as of June 30, 2025, and 2024 was \$255.1 million and \$261.0 million, respectively.

The required debt service payments for the Series 2017 Bonds for the fiscal years ending June 30 are as follows:

| Years Ending June 30, | Principal             | Interest              | Total                 |
|-----------------------|-----------------------|-----------------------|-----------------------|
| 2026                  | \$ 6,155,000          | \$ 12,603,375         | \$ 18,758,375         |
| 2027                  | 6,465,000             | 12,287,875            | 18,752,875            |
| 2028                  | 6,790,000             | 11,956,500            | 18,746,500            |
| 2029                  | 7,130,000             | 11,608,500            | 18,738,500            |
| 2030                  | 7,485,000             | 11,243,125            | 18,728,125            |
| 2031 - 2035           | 43,430,000            | 50,062,500            | 93,492,500            |
| 2036 - 2040           | 55,425,000            | 37,764,125            | 93,189,125            |
| 2041 - 2045           | 70,755,000            | 22,066,625            | 92,821,625            |
| 2046 - 2048           | 51,510,000            | 3,947,000             | 55,457,000            |
|                       | <u>\$ 255,145,000</u> | <u>\$ 173,539,625</u> | <u>\$ 428,684,625</u> |

**Subordinate Lien Series 2019 Bonds:** The Airport Authority issued \$338.8 million of Series A Subordinate Airport Revenue and Revenue Refunding Bonds and \$124.9 million of Series B Subordinate Airport Revenue Bonds on December 11, 2019 (Series 2019 Bonds). The Series 2019 Bonds were issued to finance certain capital improvements at SDIA including a new facilities maintenance building and storm water capture and reuse projects, fund a portion of the interest accruing on the Series 2019 Bonds, refund \$34.3 million of the Airport Authority's outstanding variable rate debt, fund the Series 2010C Escrow account, fund the subordinate reserve fund, and pay the costs of issuance of the Series 2019 Bonds. The Series 2019 Bonds are structured as serial and term bonds that bear interest at rates ranging from 4.0 percent to 5.0 percent and mature in fiscal years 2021 to 2050. The bonds were issued at a premium of \$96.9 million which is being amortized over the life of the bonds. Interest on the Series 2019 Bonds is payable semiannually on January 1 and July 1 of each year.

Interest for the fiscal years ended June 30, 2025, and 2024 amounted to \$21.3 million and \$21.6 million, respectively, including accrued interest of \$10.6 million and \$10.8 million, respectively. The principal balance on the Series 2019 Bonds as of June 30, 2025, and 2024 was \$442.1 million and \$448.5 million, respectively.



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The required debt service payments for the Series 2019 Bonds for the fiscal years ending June 30 are as follows:

| Years Ending June 30, | Principal             | Interest              | Total                 |
|-----------------------|-----------------------|-----------------------|-----------------------|
| 2026                  | \$ 5,615,000          | \$ 21,274,350         | \$ 26,889,350         |
| 2027                  | 5,895,000             | 20,993,600            | 26,888,600            |
| 2028                  | 6,195,000             | 20,698,850            | 26,893,850            |
| 2029                  | 6,500,000             | 20,389,100            | 26,889,100            |
| 2030                  | 6,825,000             | 20,064,100            | 26,889,100            |
| 2031 - 2035           | 87,365,000            | 91,611,250            | 178,976,250           |
| 2036 - 2040           | 156,590,000           | 62,613,300            | 219,203,300           |
| 2041 - 2045           | 87,365,000            | 30,044,300            | 117,409,300           |
| 2046 - 2050           | 79,740,000            | 12,349,500            | 92,089,500            |
|                       | <u>\$ 442,090,000</u> | <u>\$ 300,038,350</u> | <u>\$ 742,128,350</u> |

**Subordinate Lien Series 2020 Bonds:** The Airport Authority issued \$241.6 million of Series A, B and C Subordinate Airport Revenue Refunding Bonds (Series 2020 Bonds). The Airport Authority entered into a Forward Delivery Purchase Contract on December 11, 2019, and delivered the Series 2020 Bonds Proceeds on April 8, 2020. Proceeds from the sale of the Series 2020 Bonds were used to fund the Series 2010 A and B bonds escrow accounts and pay the costs of issuance of the Series 2020 Bonds. The Series 2020 Bonds are structured as serial bonds that bear interest rates of 5.0 percent and mature in fiscal years 2021 to 2041. The bonds were issued at a premium of \$49.4 million, which is being amortized over the life of the bonds. Interest on the Series 2020 Bonds is payable semiannually on January 1 and July 1 of each year.

Interest for the fiscal years ended June 30, 2025, and 2024 amounted to \$9.1 million and \$9.7 million, respectively, including accrued interest of \$4.5 million and \$4.9 million, respectively. The principal balance on the Series 2020 Bonds as of June 30, 2025, and 2024 was \$181.2 million and \$197.2 million, respectively.

The required debt service payments for the Series 2020 Bonds for the fiscal years ending June 30 are as follows:

| Years Ending June 30, | Principal             | Interest             | Total                 |
|-----------------------|-----------------------|----------------------|-----------------------|
| 2026                  | \$ 11,275,000         | \$ 9,061,500         | \$ 20,336,500         |
| 2027                  | 11,830,000            | 8,497,750            | 20,327,750            |
| 2028                  | 12,425,000            | 7,906,250            | 20,331,250            |
| 2029                  | 13,050,000            | 7,285,000            | 20,335,000            |
| 2030                  | 13,705,000            | 6,632,500            | 20,337,500            |
| 2031 - 2035           | 64,075,000            | 23,085,000           | 87,160,000            |
| 2036 - 2040           | 44,565,000            | 9,478,500            | 54,043,500            |
| 2041                  | 10,305,000            | 515,250              | 10,820,250            |
|                       | <u>\$ 181,230,000</u> | <u>\$ 72,461,750</u> | <u>\$ 253,691,750</u> |

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



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are structured as serial and term bonds that bear interest at rates ranging from 0.5 percent to 3.1 percent and mature in fiscal years 2023 to 2037. The 2021C Series participated in a tender offer as part of the 2023 Series issuance. A total of \$40.4 million par value 2021C were tendered. As a result of the refunding, the Airport Authority reduced its total debt service requirements, which resulted in an economic gain (difference between the present value of the debt service payments on the old and the new debt) of approximately \$3.0 million. Interest on the Series 2021 Bonds is payable semiannually on January 1 and July 1 of each year.

Interest for the fiscal years ended June 30, 2025, and 2024 amounted to \$80.7 million and \$80.8 million, respectively, including accrued interest of \$40.1 million and \$40.1 million, respectively. The principal balance on the Series 2021 Bonds as of June 30, 2025, and 2024 was \$1,862.9 million and \$1,875.1 million, respectively.

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

| Years Ending June 30, | Principal               | Interest                | Total                   |
|-----------------------|-------------------------|-------------------------|-------------------------|
| 2026                  | \$ 13,005,000           | \$ 80,623,540           | \$ 93,628,540           |
| 2027                  | 10,310,000              | 80,278,592              | 90,588,592              |
| 2028                  | 10,830,000              | 79,750,092              | 90,580,092              |
| 2029                  | 11,375,000              | 79,194,967              | 90,569,967              |
| 2030                  | 11,940,000              | 78,612,092              | 90,552,092              |
| 2031 - 2035           | 118,110,000             | 379,997,620             | 498,107,620             |
| 2036 - 2040           | 187,560,000             | 347,401,289             | 534,961,289             |
| 2041 - 2045           | 338,800,000             | 298,782,591             | 637,582,591             |
| 2046 - 2050           | 343,010,000             | 228,018,600             | 571,028,600             |
| 2051 - 2055           | 541,125,000             | 132,284,875             | 673,409,875             |
| 2056 - 2057           | 276,795,000             | 12,996,375              | 289,791,375             |
|                       | <u>\$ 1,862,860,000</u> | <u>\$ 1,797,940,633</u> | <u>\$ 3,660,800,633</u> |

The subordinate Series Bonds are special obligations of the Airport Authority, payable solely from and secured by (a) a pledge of subordinate net revenues, which include certain income and revenue received by the Airport Authority from the operation of the airport system, less all amounts that are required to pay the operation and maintenance expenses of the airport system and all amounts necessary to pay debt service on and fund the reserves for the senior bonds; and (b) certain funds and accounts held by the subordinate trustee under the subordinate indenture. The subordinate Series Bonds were issued with a pledge of and lien on subordinate net revenues.

As subordinate lien bonds, the Series 2017, 2019, 2020 and 2021 Bonds require that charges for services be set each fiscal year at rates sufficient to produce pledged revenues at least 110 percent times the subordinate debt service for that year. In addition, the subordinate Bonds require the Airport Authority to maintain a reserve account with the bond trustee. On June 30, 2025, and 2024, the amount held by the trustee was \$391.4 million and \$753.3 million, respectively, which included the July 1 payment, a debt service reserve fund, construction fund, and a capitalized interest fund. The public ratings of the Subordinate Series Bonds as of June 30, 2025, are A/A1/A+ by Standard & Poor's, Moody's Investors Service and Fitch Ratings.

For the year ended June 30, 2025, the net revenues pledged for senior and subordinate lien debt service was \$273.5 million compared to the net debt service (senior and subordinate lien principal and interest) of \$96.8 million. At June 30, 2025, the remaining principal and interest payments required to repay the bonds through 2058 totaled \$7,339.4 million.

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**Senior Lien Special Facilities Revenue Bonds, Series 2014:** On February 19, 2014, the Airport Authority issued \$305.3 million of Series A and B Senior Special Facilities Revenue Bonds (Series 2014 Bonds). The Series 2014 Bonds were issued to finance a portion of the costs of the development and construction of a consolidated rental car facility and related improvements at SDIA, fund a portion of the interest accruing on the Series 2014 Bonds, fund deposits to the senior reserve fund and pay the costs of issuance of the Series 2014 Bonds.

The Series 2014 A Bonds were structured as tax-exempt and non-AMT term bonds that bear interest at 5.0 percent. The Series 2014 B Bonds were structured as federally taxable bonds that bear interest at rates ranging from 2.5 percent to 5.6 percent. The bonds were issued at a premium of \$0.6 million, which is amortized over the life of the bonds. Interest on the Series 2014 Bonds is payable semiannually on January 1 and July 1 of each year.

Interest for the fiscal years ended June 30, 2025, and 2024 amounted to \$14.5 million and \$14.9 million, respectively, including accrued interest of \$7.2 million and \$7.4 million, respectively. The principal balance on the Series 2014 Bonds as of June 30, 2025, and 2024 was \$262.0 million and \$269.0 million, respectively.

The Series 2014 Bonds are special limited obligations of the Airport Authority, payable solely from and secured by a pledge of the Trust Estate, which includes, among other things, customer facility charges collected from the rental car companies operating at the Airport and remitted to the Trustee. No revenues of the Airport Authority other than the customer facility charges and the Bond Funding Supplemental Consideration (as defined in the bond indenture), are pledged to the payment of the Series 2014 Bonds.

The Series 2014 Bonds require the Airport Authority to maintain a debt service reserve account with the bond trustee and to reserve certain additional amounts in the Airport Authority's net position, as shown previously in the notes. For the fiscal years ended June 30, 2025, and 2024, the amount held by the trustee was \$62.0 million and \$62.0 million, respectively, which included the July 1 payment, the debt service reserve fund, the renewal and replace fund, and the rolling coverage fund.

The public ratings of the Senior Series Special Facility 2014 Bonds as of June 30, 2025, are A-/A3 by Standard & Poor's and Moody's Investors Service.

The required debt service payments for the Series 2014 Bonds for the fiscal years ending June 30 are as follows:

| Years Ending June 30, | Principal             | Interest              | Total                 |
|-----------------------|-----------------------|-----------------------|-----------------------|
| 2026                  | \$ 7,440,000          | \$ 14,271,928         | \$ 21,711,928         |
| 2027                  | 7,855,000             | 13,844,127            | 21,699,127            |
| 2028                  | 8,295,000             | 13,392,412            | 21,687,412            |
| 2029                  | 8,760,000             | 12,915,383            | 21,675,383            |
| 2030                  | 9,250,000             | 12,411,644            | 21,661,644            |
| 2031 - 2035           | 54,610,000            | 53,459,401            | 108,069,401           |
| 2036 - 2040           | 71,690,000            | 35,900,395            | 107,590,395           |
| 2041 - 2045           | 94,070,000            | 12,987,626            | 107,057,626           |
|                       | <u>\$ 261,970,000</u> | <u>\$ 169,182,916</u> | <u>\$ 431,152,916</u> |

Interest expense on the Series 2014, 2017, 2019, 2020, 2021, and 2023 Bonds for fiscal years ended June 30, 2025, and June 30, 2024, of \$192.2 million and \$177.0 million, respectively, was offset by bond premium amortization of \$ 25.1 million in fiscal year 2025 and \$25.9 million in fiscal year 2024.

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**Subordinate Short-Term Debt Program:** On July 11, 2024, The Airport Authority and Bank of America entered into an amended Revolving Obligation agreement. The revolving credit agreement is for the term of three years and authorized the Airport Authority to issue up to \$200.0 million in Subordinate Revolving Obligations. At the end of fiscal years 2024 and 2025 the Airport Authority had no outstanding balances related to this program. Obligations incurred under the Revolving Credit Agreement are payable solely from and secured by a pledge of "Subordinate Net Revenues." Subordinate Net Revenues are generally defined as all revenues and other cash receipts of the Airport Authority's Airport operations remaining after Senior Lien payments have been deposited by the Trustee in accordance with the Senior Lien Trust Indenture.

**Letter of credit and reimbursement agreement:** In fiscal year 2025, the Airport Authority maintained a \$2.0 million line of credit held with US Bank, which is collateralized with a Treasury bond. This line is utilized to issue letters of credit to surety companies who are partnering with the Airport Authority to provide bonding assistance to contractors accepted into the bonding assistance program at the Airport Authority. As of June 30, 2025, nothing had been drawn on the line of credit and there are no outstanding letters of credit.

The Airport Authority had the following used and unused balances in line of credit type debt instruments as of June 30, 2025, and 2024:

|                          | June 30, 2025 |                       | June 30, 2024 |                       |
|--------------------------|---------------|-----------------------|---------------|-----------------------|
|                          | Used          | Unused                | Used          | Unused                |
| Revolving line of credit | \$ -          | \$200,000,000         | \$ -          | \$200,000,000         |
| Line of credit           | \$ -          | 2,000,000             | \$ -          | 2,000,000             |
|                          | <u>\$ -</u>   | <u>\$ 202,000,000</u> | <u>\$ -</u>   | <u>\$ 202,000,000</u> |

**Event of Default:** In the event of default of all general airport revenue bonds issued by the Airport Authority, acceleration is not a remedy. For the Letter of Credit and Reimbursement Agreement, an event of default could result in either an acceleration or an interest rate increase of 3.0 to 7.0 percent in addition to the base rate. Other than this, there are no significant finance-related consequences in the event of default on other debt instruments. The Airport Authority's Letter of Credit and Reimbursement Agreement is collateralized with a \$2.2 million Treasury bond. Excluding general airport revenue bonds, special facility bonds, and leases, no other assets have been pledged or collateralized for any other debt instruments. General Airport revenue bonds are secured by a pledge of Net Revenues which are generally defined as all revenues and other cash receipts of the Airport Authority's operations less amounts required to pay for operations and maintenance expenses of the airport (net revenues do not include cash received from PFCs, CFCs or Federal Grants). The special facility bonds are secured by a pledge of the Trust Estate.

### Note Payable

**Receiving Distribution Center lease:** The Airport Authority entered into an installment purchase agreement for a receiving and distribution center (RDC) in fiscal year 2013. This agreement has been determined to be a note payable and requires monthly lease payments of \$73.1 thousand. The Airport Authority will become the owner of the RDC at the conclusion of the 20-year installment purchase agreement.

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The following is a schedule of future lease payments applicable to the RDC installment purchase agreement, and the net present value of the future lease payments on June 30, 2025:

| <u>Years Ending June 30,</u>           | <u>Amount</u>       |
|--|---------------------|
| 2026                                   | \$ 877,298          |
| 2027                                   | 877,298             |
| 2028                                   | 877,298             |
| 2029                                   | 877,298             |
| 2030                                   | 877,298             |
| 2031-2033                              | 2,120,136           |
| Total Lease Payments                   | 6,506,626           |
| Less amount representing interest      | (1,794,950)         |
| Present value of future lease payments | <u>\$ 4,711,676</u> |

### Lease Liabilities

The Airport Authority leases properties from the District and smaller third parties and uses that space to conduct its operations, the terms of which expire 2026 through 2072. The measurement of the lease payable is based on the present value of lease payments expected to be paid during the lease term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any lease incentives payable to the lessee. The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for leases. Incremental borrowing rates of 1.1 percent to 4.1 percent were used to measure lease payables. Lease liabilities recorded under lease contracts as of June 30, 2025, and 2024, were \$224.4 million and \$228.0 million, respectively.

The future principal and interest payments for lease liabilities as of June 30, 2025, are as follows:

| <u>Years Ending June 30,</u> | <u>Principal</u>     | <u>Interest</u>      | <u>Total</u>         |
|------------------------------|----------------------|----------------------|----------------------|
| 2026                         | 2,829,863            | 8,466,532            | 11,296,394           |
| 2027                         | 2,645,398            | 8,379,303            | 11,024,701           |
| 2028                         | 2,701,099            | 8,289,721            | 10,990,821           |
| 2029                         | 2,427,028            | 8,199,071            | 10,626,099           |
| 2030                         | 2,520,945            | 8,106,746            | 10,627,692           |
| 2031-2035                    | 14,292,010           | 39,010,732           | 53,302,741           |
| 2036-2040                    | 17,481,468           | 36,063,217           | 53,544,685           |
| 2041-2045                    | 19,347,847           | 32,578,280           | 51,926,126           |
| 2046-2050                    | 23,036,984           | 28,571,351           | 51,608,335           |
| 2051-2055                    | 27,969,444           | 23,711,394           | 51,680,838           |
| 2056-2060                    | 33,950,346           | 17,810,246           | 51,760,592           |
| 2061-2065                    | 41,201,827           | 10,646,494           | 51,848,321           |
| 2066-2069                    | 33,959,258           | 2,382,663            | 36,341,921           |
|                              | <u>\$224,363,517</u> | <u>\$232,215,750</u> | <u>\$456,579,266</u> |

The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

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### NOTE 7. DEFINED BENEFIT PLANS

**Introduction:** The Airport Authority has two defined benefit pension plans which cumulatively represent the net pension liability or asset, related deferred inflows and deferred outflows of resource balances as reported on the statement of net position. The below schedule represents aggregating information as of and for the years ended June 30, 2025, and 2024:

|   | Defined Benefit<br>Plan<br>GASB 68 | Preservation of<br>Benefits Trust<br>Plan<br>GASB 73 | Total      |
|---|------------------------------------|--|------------|
| Balances as of and for the year ended 6/30/2025 |                                    |  |            |
| Net pension liability                           | 16,684,974                         | 1,626,442  | 18,311,416 |
| Deferred outflows of resources                  | 21,250,582                         | 479,911  | 21,730,493 |
| Deferred inflows of resources                   | 770,171                            | 621,335  | 1,391,506  |
| Balances as of and for the year ended 6/30/2024 |                                    |  |            |
| Net pension liability                           | 10,244,143                         | 961,287  | 11,205,430 |
| Deferred outflows of resources                  | 15,525,408                         | 150,203  | 15,675,611 |
| Deferred inflows of resources                   | 1,540,344                          | 1,039,236  | 2,579,580  |

**Plan description:** The Airport Authority's single-employer defined benefit pension plan (Plan), administered by SDCERS, provides service retirement, disability benefits, death benefits and survivor benefits to Plan members and beneficiaries. SDCERS is a multi-employer public employee retirement system that acts as a common investment and administrative agent for three separate single-employer defined benefit pension plans for the City, the District, and Airport Authority.

From January 1, 2003, through June 30, 2007, SDCERS administered a qualified employer defined benefit plan for the City, the District and Airport Authority. However, as of July 1, 2007, the City, the District, and the Airport Authority plans were separated into independent, qualified, single-employer governmental defined benefit plans, and trusts. The assets of the three separate plans and trusts were pooled in the SDCERS Group Trust, which was established as of July 1, 2007. SDCERS invests and administers the Group Trust as a common investment fund and accounts separately for the proportional interest of each plan and trust that participates in the Group Trust.

SDCERS is governed by a 13-member Board, responsible for the administration of retirement benefits for the City, the District, and the Airport Authority and for overseeing the investment portfolio of the retirement system's trust fund. The Board is comprised of seven appointed members, four active members, one retired member, and one ex-officio member.

SDCERS acts as a common, independent investment and administrative agent for the City, the District and the Airport Authority, whose plans cover all eligible employees. In a defined benefit plan, pension benefits are actuarially determined by a member's age at retirement, number of years of service credit and final compensation, typically based on the highest salary earned over a one-year or three-year period. Airport Authority members who are participants under the California Public Employees' Pension Reform Act (PEPRA) are subject to pensionable compensation caps.

The San Diego City Charter Section 144 and San Diego Municipal Code Sections 24.0100 et seq. assign the authority to establish and amend the benefit provisions of the plans that participate in SDCERS to the SDCERS

## San Diego County Regional Airport Authority

Board. The SDCERS Board issues a publicly available financial report that includes financial statements and required supplementary information for SDCERS. The financial report may be found on the San Diego City Employees' Retirement System website at [www.sdcers.org](http://www.sdcers.org).

**Benefits provided:** The Airport Authority provides retirement, disability, and death benefits. There are two types of participants, the classic participants and the PEPRAs participants. A classic participant means any member who is not a PEPRAs participant. A PEPRAs participant is any member hired on or after January 1, 2013, who has never been a member of a public retirement system or who had a break in service of more than six months before their Airport Authority hire date.

The classic participant retirement benefit is calculated by using monthly salary amounts based on the highest continuous twenty-six bi-weekly pay periods divided by 12. The eligibility of the classic participants begins at age 62 with five years of service, or age 55 with 20 years of service.

The PEPRAs participant's benefit is calculated by using monthly salary amounts based on the highest thirty-six consecutive months divided by 36. Base salary cannot exceed 100 percent of the Social Security contribution and benefit base, indexed to the CPI-U. The eligibility of the PEPRAs participants begins at age 52 with five years of service.

The Airport Authority provides monthly payments for the life of the member, with 50 percent continuance to the eligible spouse or registered-domestic partner upon the member's death. If there is no eligible spouse, the member may receive either a lump sum payment equal to the accumulated surviving spouse contributions or an actuarially equivalent annuity. Members may also choose to receive a reduced lifetime monthly benefit and, upon death, leave more than 50 percent to their spouse or registered domestic partner, or to provide a continuance to a non-spouse.

Employees with ten years of continuous service are eligible to receive non-industrial disability and employees with no service requirement can receive industrial disability.

The death benefit for non-industrial death before the employee is eligible to retire is a refund of the employee contributions, with interest plus one month's salary for each completed year of service to a maximum of six months' salary. A non-industrial death benefit after the employee is eligible to retire from service is 50 percent of earned benefit payable to eligible surviving spouse, domestic partner, or dependent child under 21 years of age. The industrial death benefit is 50 percent of the final average compensation preceding death, payable to eligible surviving spouse, domestic partner, or dependent child under 21 years of age.

As of the measurement dates June 30, 2024, and June 30, 2023, Plan membership was as follows:

|  | 2024 | 2023 |
|--|------|------|
| Active employees   | 395  | 364  |
| Inactive employees entitled to but not yet receiving benefits    | 208  | 196  |
| Inactive employees or beneficiaries currently receiving benefits | 213  | 199  |
| Total  | 816  | 759  |

**Contributions:** SDCERS uses actuarial developed methods and assumptions to determine what level of contributions are required to achieve and maintain an appropriate funded status for the Plan. The actuarial process uses a funding method that attempts to create a pattern of contributions that is both stable and predictable. The actual employer and member contribution rates in effect each year are based upon actuarial valuations performed by an independent actuary and adopted by the SDCERS Board annually.

## San Diego County Regional Airport Authority

The actuarial valuation is completed as of June 30, of each year. Once accepted by the SDCERS Board, the approved rates for the Airport Authority apply to the fiscal year beginning 12 months after the valuation date. For June 30, 2025, the actuarially determined contribution rates for plan sponsors and members were developed in the June 30, 2024, actuarial valuation. The funding objective of SDCERS is to fully fund the plan's actuarially accrued liability with contributions, which over time will remain as a level percent of payroll for the Airport Authority. Under this approach, the contribution rate is based on the normal cost rate and an amortization of any unfunded actuarial liability.

For the years ended June 30, 2025, and 2024, employees contributed \$3.8 million and \$3.7 million, respectively, and the Airport Authority contributed \$9.2 million and \$7.9 million, respectively, to the Plan. Under the Plan, the Airport Authority pays a portion of the classic participant's contribution, referred to as the "off-set." The offset is equal to 7.0 percent or 8.5 percent of the general classic members' base compensation and 9.9 percent of the executive classic members' base compensation. These contributions are included in the employee contribution. There is no offset for PEPRA participants.

**Net Pension Liability (Asset):** The Airport Authority's net pension liability as of June 30, 2025, is measured as the total pension liability, less the pension plan's fiduciary net position. The total pension liability as of June 30, 2025, is measured as of June 30, 2024. The annual valuation used is as of June 30, 2023, rolled forward to June 30, 2024, using standard update procedures. A summary of the principal assumptions and methods used to determine the net pension liability (asset) follows.

**Actuarial Assumptions:** The total pension liability in the June 30, 2023 and June 30, 2024 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

|   | June 30, 2025                   | June 30, 2024                   |
|---|---------------------------------|---------------------------------|
| Valuation date                            | June 30, 2023                   | June 30, 2022                   |
| Measurement date                          | June 30, 2024                   | June 30, 2023                   |
| Actuarial cost method                     | Entry-age normal funding method | Entry-age normal funding method |
| Asset valuation method                    | Expected value with smoothing   | Expected value with smoothing   |
| Actuarial assumptions:                    |                                 |                                 |
| Investment rate of return <sup>(1)</sup>  | 6.50%                           | 6.50%                           |
| Inflation Rate                            | 3.00%                           | 3.05%                           |
| Interest Credited to Member Contributions | 6.50%                           | 6.50%                           |
| Projected salary increase <sup>(2)</sup>  | 3.25%, plus merit component     | 3.05%, plus merit component     |
| Cost-of-living adjustment                 | 2.0% per annum, compounded      | 1.9% per annum, compounded      |
| Termination rate <sup>(3)</sup>           | 2.0% - 18.0%                    | 2.0% - 18.0%                    |
| Disability rate <sup>(4)</sup>            | 0.01% - 0.20%                   | 0.01% - 0.20%                   |
| Mortality <sup>(5)</sup>                  | SOA Pub-2010 Mortality Tables   | SOA Pub-2010 Mortality Tables   |

<sup>(1)</sup> Net of investment expense

<sup>(2)</sup> Merit component based on years of service ranging from 4.75% to 0.25%

<sup>(3)</sup> Based on years of service

<sup>(4)</sup> Based on age

<sup>(5)</sup> All active and retired healthy members based on SOA Pub-2010 Public Retirement Plans Mortality Tables. Disabled annuitants based on the sex distinct CalPERS Industrial Related Disability Retirees Mortality Table

Further details about the actuarial assumptions can be found in the SDCERS June 30, 2024 and June 30, 2023 actuarial reports.



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**Discount Rate:** For the June 30, 2024 and June 30, 2023 actuarial valuations, the discount rates used to measure the total pension liability was 6.5 percent. Based on plan funding expectations, no actuarial projection of cash flows was made as the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability (asset).

The long-term expected rate of return estimates for equity and fixed income are developed using a geometric (long-term compounded) building block approach: 1) expected returns based on observable information in the equity and fixed income markets and consensus estimates for major economic and capital market inputs, such as earnings and inflation, and 2) where necessary, judgment-based modifications are made to these inputs. Return assumptions for other assets classes are based on historical returns, current market characteristics, and professional judgements from SDCERS general investment consultant specialist research teams. Best estimates of geometric long-term real rates and nominal rates of return for each major asset class as of June 30, 2024 are summarized below:

| Asset Class                 | Target Allocation | Long-term Expected Real Rates of Return | Long-term Expected Nominal Rates of Return |
|-----------------------------|-------------------|---|--|
| Domestic equity             | 18.0%             | 4.5%                                    | 6.9%                                       |
| International equity        | 12.0%             | 4.5%                                    | 6.9%                                       |
| Global equity               | 6.0%              | 4.7%                                    | 7.1%                                       |
| Domestic fixed income       | 22.0%             | 2.4%                                    | 4.8%                                       |
| Return-Seeking Fixed Income | 5.0%              | 4.9%                                    | 7.3%                                       |
| Real estate                 | 11.0%             | 4.0%                                    | 6.4%                                       |
| Private equity              | 10.0%             | 6.9%                                    | 9.4%                                       |
| Infrastructure              | 4.0%              | 5.0%                                    | 7.4%                                       |
| Private Debt                | 5.0%              | 5.6%                                    | 8.0%                                       |
| Diversifying                | 4.0%              | 3.2%                                    | 5.6%                                       |
| Opportunity fund            | 3.0%              | 5.4%                                    | 7.9%                                       |
|                             | <u>100.0%</u>     |   |  |



## San Diego County Regional Airport Authority

**Changes in the Net Pension Liability (Asset):** Changes in the total pension liability, plan fiduciary net position and the net pension liability through the year ended June 30, 2025, were as follows:

|   | Increase (Decrease)         |                            | Net Pension         |
|---|-----------------------------|----------------------------|---------------------|
|   | Total Pension Liability (a) | Fiduciary Net Position (b) | Liability (a) - (b) |
| Balances as of June 30, 2024                      | \$ 287,458,835              | \$ 277,214,692             | \$ 10,244,143       |
| Changes for the year:                             |                             |                            |                     |
| Service cost                                      | 7,979,893                   | -                          | 7,979,893           |
| Interest on total pension liability               | 18,614,363                  | -                          | 18,614,363          |
| Difference between expected and actual experience | 5,608,954                   | -                          | 5,608,954           |
| Changes in assumptions                            | 5,504,534                   | -                          | 5,504,534           |
| Employer contributions                            | -                           | 8,010,734                  | (8,010,734)         |
| Member contributions                              | -                           | 3,730,545                  | (3,730,545)         |
| Net investment income                             | -                           | 19,966,331                 | (19,966,331)        |
| Benefit payments                                  | (10,182,604)                | (10,182,604)               | -                   |
| Administrative expense                            | -                           | (440,697)                  | 440,697             |
| Net changes                                       | 27,525,140                  | 21,084,309                 | 6,440,831           |
| Balances as of June 30, 2025                      | \$ 314,983,975              | \$ 298,299,001             | \$ 16,684,974       |

Changes in the total pension liability (asset), plan fiduciary net position and the net pension liability through the year ended June 30, 2024, were as follows:

|   | Increase (Decrease)         |                            | Net Pension                 |
|---|-----------------------------|----------------------------|-----------------------------|
|   | Total Pension Liability (a) | Fiduciary Net Position (b) | Liability (Asset) (a) - (b) |
| Balances as of June 30, 2023                      | \$ 268,067,970              | \$ 262,484,284             | \$ 5,583,686                |
| Changes for the year:                             |                             |                            |                             |
| Service cost                                      | 7,147,242                   | -                          | 7,147,242                   |
| Interest on total pension liability               | 17,355,715                  | -                          | 17,355,715                  |
| Difference between expected and actual experience | 4,182,916                   | -                          | 4,182,916                   |
| Changes in assumptions                            | -                           | -                          | -                           |
| Employer contributions                            | -                           | 7,742,583                  | (7,742,583)                 |
| Member contributions                              | -                           | 3,494,204                  | (3,494,204)                 |
| Net investment income                             | -                           | 13,293,511                 | (13,293,511)                |
| Benefit payments                                  | (9,295,008)                 | (9,295,008)                | -                           |
| Administrative expense                            | -                           | (504,882)                  | 504,882                     |
| Net changes                                       | 19,390,865                  | 14,730,408                 | 4,660,457                   |
| Balances as of June 30, 2024                      | \$ 287,458,835              | \$ 277,214,692             | \$ 10,244,143               |

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**Sensitivity of the Net Pension Liability (Asset) to Discount Rate Changes:** The following presents the resulting net pension liability (asset) calculated using the discount rate of 6.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate for the fiscal years ended June 30, 2025:

|   | Discount Rate        |                      |                        |
|---|----------------------|----------------------|------------------------|
|   | 1% Decrease<br>5.50% | Current<br>6.50%     | 1% Increase<br>7.50%   |
| Total pension liability   | \$ 357,888,915       | \$ 314,983,975       | \$ 279,991,330         |
| Plan fiduciary net position   | 298,299,001          | 298,299,001          | 298,299,001            |
| Net pension liability (asset)   | <u>\$ 59,589,914</u> | <u>\$ 16,684,974</u> | <u>\$ (18,307,671)</u> |
| Plan fiduciary net position as a<br>percentage of the total pension liability | 83.3%                | 94.7%                | 106.5%                 |

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Plan:** For the years ended June 30, 2025 and June 30, 2024, the Airport Authority recognized pension expense, as measured in accordance with GASB 68, of \$9.2 million and \$6.5 million, respectively. At June 30, 2025 and June 30, 2024, the Airport Authority reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

For June 30, 2025

|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience                          | \$ 6,298,173                      | \$ 770,171                       |
| Changes in assumptions  | 4,128,400                         | -                                |
| Net difference between projected and actual earnings                        | 1,605,865                         | -                                |
| Employer contributions made subsequent to<br>June 30, 2024 measurement date | 9,218,144                         | -                                |
| Total   | <u>\$ 21,250,582</u>              | <u>\$ 770,171</u>                |

For June 30, 2024

|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience                          | \$ 3,322,361                      | \$ 1,540,344                     |
| Changes in assumptions  | 1,353,401                         | -                                |
| Net difference between projected and actual earnings                        | 2,910,962                         | -                                |
| Employer contributions made subsequent to<br>June 30, 2023 measurement date | 7,938,684                         | -                                |
| Total   | <u>\$ 15,525,408</u>              | <u>\$ 1,540,344</u>              |

The deferred outflows of resources at June 30, 2024 and June 30, 2023 resulting from Airport Authority contributions subsequent to the measurement date and prior to year-end will be recognized as a reduction of the net pension liability in fiscal years 2026 and 2025.

## San Diego County Regional Airport Authority

Other amounts reported as deferred outflows/inflows of resources related to the plan at June 30, 2025, will be recognized in pension expense as follows:

| Years ended June 30, |                      |
|----------------------|----------------------|
| 2025                 | (106,093)            |
| 2026                 | 8,549,239            |
| 2027                 | 3,187,755            |
| 2028                 | (368,634)            |
|                      | <u>\$ 11,262,267</u> |

### NOTE 8. PRESERVATION OF BENEFITS TRUST PLAN

**Plan description:** The Airport Authority's single-employer defined benefit pension plan established as the preservation of benefits and trust plan (POB), administered by SDCERS, provides benefits to POB members and beneficiaries. The POB was established on January 1, 2003, for the purpose of providing benefits to POB members in excess of San Diego City Charter, Code Section 415(b) limitations. Information regarding SDCERS is included in Note 7.

The San Diego City Charter Section 144 and San Diego Municipal Code Sections 24.1601 et seq. assign the authority to establish and amend the benefit provisions of the plans that participate in SDCERS to the SDCERS Board.

**Benefits provided:** Retirement benefits are provided to POB members with retirement benefits in excess of Code Section 415(b) who have participated in the Plan since establishment of the POB. Participation ends for a portion of a plan year in which the retirement benefit of a retiree or beneficiary is not limited by Code Section 415(b) or when all benefit obligations to the retiree or beneficiary have been satisfied. Benefit payments are equal to the amount of retirement income that would have been payable, less the amount payable by the Plan. Benefit payments for the years ended June 30, 2025, and June 30, 2024, were \$7.5 thousand and \$9.1 thousand, respectively. The POB is unfunded and provides benefits on an annual basis as determined by SDCERS. There are no assets accumulated in trust for this plan.

As of the measurement dates of June 30, 2024, and 2023, Plan membership was as follows:

|  | 2024     | 2023     |
|--|----------|----------|
| Active employees   | 1        | 2        |
| Inactive employees or beneficiaries currently receiving benefits | 1        | 1        |
| Total  | <u>2</u> | <u>3</u> |

**Total Pension Liability:** The Airport Authority's total pension liability as of June 30, 2025 and June 30, 2024, was \$1.6 million and \$961 thousand, respectively. The pension liability as of June 30, 2025, is measured as of June 30, 2024, using an annual actuarial valuation as of June 30, 2023, rolled forward to June 30, 2024, using standard update procedures. A summary of the principal assumptions and methods used to determine the net pension liability follow.

## San Diego County Regional Airport Authority

**Actuarial Assumptions:** The total pension liability in the June 30, 2025, and June 30, 2024, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

|   | June 30, 2025               | June 30, 2024               |
|---|-----------------------------|-----------------------------|
| Valuation date                            | June 30, 2024               | June 30, 2023               |
| Measurement date                          | June 30, 2024               | June 30, 2023               |
| Actuarial cost method                     | Entry-age normal            | Entry-age normal            |
| Actuarial assumptions:                    |                             |                             |
| Discount rate                             | 3.93%                       | 3.65%                       |
| Price Inflation rate                      | 3.00%                       | 3.05%                       |
| Interest credited to member contributions | 6.50%                       | 6.50%                       |
| Projected salary increases <sup>(1)</sup> | 3.25%, plus merit component | 3.05%, plus merit component |

<sup>(1)</sup> Merit component based on years of service ranging from 4.75% to 0.25%

**Changes in the Total Pension Liability:** Changes in the total pension liability through the year ended June 30, 2025, was as follows:

|  |                     |
|--|---------------------|
| Balances as of June 30, 2024                 | \$ 961,287          |
| Changes for the year:                        |                     |
| Service cost                                 | 42,413              |
| Interest on total pension liability          | 35,609              |
| Difference between expected and actual exper | 623,963             |
| Changes in assumptions                       | (23,292)            |
| Benefit payments                             | (13,538)            |
| Net changes                                  | 665,155             |
| Balances as of June 30, 2025                 | <u>\$ 1,626,442</u> |

Changes in the total pension liability through the year ended June 30, 2024, was as follows:

|  |                   |
|--|-------------------|
| Balances as of June 30, 2023                 | \$ 1,614,123      |
| Changes for the year:                        |                   |
| Service cost                                 | 39,567            |
| Interest on total pension liability          | 57,310            |
| Difference between expected and actual exper | (702,599)         |
| Changes in assumptions                       | (17,243)          |
| Benefit payments                             | (29,871)          |
| Net changes                                  | (652,836)         |
| Balances as of June 30, 2024                 | <u>\$ 961,287</u> |

**Sensitivity of the Total Pension Liability to Discount Rate Changes:** The following presents the resulting total pension liability calculated using the discount rate of 3.93 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate for the fiscal year ended June 30, 2025:

|                         | 1% Decrease  | Current Rate | 1% Increase  |
|-------------------------|--------------|--------------|--------------|
|                         | 2.93%        | 3.93%        | 4.93%        |
| Total pension liability | \$ 1,929,818 | \$ 1,626,442 | \$ 1,385,527 |

## San Diego County Regional Airport Authority

**Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the POB:** For the year ended June 30, 2025, and 2024, the Airport Authority recognized pension expense (income), as measured in accordance with GASB 73, of \$(70.4) thousand and \$(175.6) thousand. At June 30, 2025 and June 30, 2024, the Airport Authority reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

| For June 30, 2025  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience                     | \$ 467,972                        | \$ 485,808                       |
| Changes in assumptions   | 4,424                             | 135,527                          |
| Employer contributions subsequent to<br>June 30, 2024 measurement date | 7,515                             | -                                |
| Total  | <u>\$ 479,911</u>                 | <u>\$ 621,335</u>                |

| For June 30, 2024  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience                     | \$ -                              | \$ 807,428                       |
| Changes in assumptions   | 141,140                           | 231,808                          |
| Employer contributions subsequent to<br>June 30, 2023 measurement date | 9,063                             | -                                |
| Total  | <u>\$ 150,203</u>                 | <u>\$ 1,039,236</u>              |

The deferred outflows of resources, at June 30, 2025, and June 30, 2024, resulting from Airport Authority contributions subsequent to the measurement date and prior to year-end will be recognized as a reduction of the net pension liability in fiscal years 2026 and 2025, respectively.

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

| Years ended June 30, |                     |
|----------------------|---------------------|
| 2026                 | \$ (269,315)        |
| 2027                 | (29,791)            |
| 2028                 | 150,167             |
|                      | <u>\$ (148,939)</u> |

### NOTE 9. DEFINED CONTRIBUTION PENSION PLAN

The Authority contributes to the San Diego Regional Airport Authority 401(a) Plan. The 401(a) Plan is a defined contribution pension plan for all eligible employees who are hired on or after January 1, 2024 who do not participate in the Authority's defined benefit pension plan. The benefits are administered by a trustee selected by the Authority.

Benefit terms, including contribution requirements, for the 401(a) Plan are established, and may be amended, by the Board of Directors. For each employee in the plan, the Authority is required to contribute 8 percent of eligible annual salary to an individual employee account. Employees become vested in employer contributions and earnings on employer contributions after completion of three years of creditable service with the Authority. Nonvested Authority contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the plan's administrative expenses.

## San Diego County Regional Airport Authority

The plan is administered by the Airport Authority and contracted to an unrelated financial institution. Under the terms of the plan, all contributed amounts and income attributable to the investment of the contributed amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are held in trust for employees. Employee assets held in the 401(a) Plan are not the property of the Airport Authority and are not subject to the claims of the Airport Authority's general creditors. Accordingly, employee assets are not reflected in the Airport Authority's financial statements.

For the years ended June 30, 2025, and 2024, employees contributed \$123.2 thousand and \$8.5 thousand, respectively, and the Airport Authority contributed \$155.7 thousand and \$17.5 thousand, respectively, to the Plan.

### **NOTE 10. EMPLOYEES' DEFERRED COMPENSATION PLAN**

The Airport Authority offers its employees a deferred compensation plan, which was created in accordance with Internal Revenue Code (IRC) Section 457, (457(b) Plan). The 457(b) Plan, which is available to all full-time Airport Authority employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, total disability, death, or unforeseeable emergency.

The 457(b) Plan is administered by the Airport Authority and contracted to an unrelated financial institution. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are held in trust for employees. Employee assets to be held in the 457(b) Plan are not the property of the Airport Authority and are not subject to the claims of the Airport Authority's general creditors. Accordingly, employee assets are not reflected in the Airport Authority's financial statements.

### **NOTE 11. OTHER POSTEMPLOYMENT BENEFITS**

The Airport Authority provides an agent multiple-employer defined benefit postemployment benefit plan (the OPEB Plan). The OPEB Plan provides post-retirement medical, dental, vision and life insurance benefits for nonunion employees hired prior to May 1, 2006, and union employees hired prior to October 1, 2008. The employees are eligible for these benefits if they retire from active employment after age 55 with 20 years of service or age 62 with five years of service.

**Plan description:** As of May 8, 2009, the Board approved entering into an agreement with the California Employer's Retiree Benefit Trust (CERBT) fund. This is managed by California Public Employees Retirement System (CalPERS). CalPERS administers pension and health benefits for over two million California public employees, retirees, and their families. CalPERS was founded in 1932 and is the largest public pension fund in the United States. As of June 30, 2024, CalPERS managed \$502.9 billion in assets for nearly 2,900 California employers. In 1988 and 2007, enabling statutes and regulations were enacted which permitted CalPERS to form the CERBT fund, an irrevocable Section 115 Trust, for the purpose of receiving employer contributions that will prefund health and other postemployment benefit costs for retirees and their beneficiaries. Financial statements for CERBT may be obtained from CalPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

**Funding policy:** CERBT requires a valuation of the liabilities and annual costs for benefits by an approved actuarial consulting firm. It is the Airport Authority's intent to budget and prefund the actuarially determined contributions (ADCs). As of May 9, 2009, the agreement with CERBT was approved. The retirees' contribution rate was raised from 5 percent to 10 percent of plan costs for single coverage and the entire cost of vision benefits, lowering the OPEB liabilities of the Airport Authority. Annually, the Airport Authority's goal is to fund

## San Diego County Regional Airport Authority

100 percent of the actuarially calculated ADC for its OPEB. During the fiscal years ended June 30, 2025, and 2024, the Airport Authority's contributions were \$1.3 million and \$1.1 million, respectively.

A measurement date of June 30, 2024, and 2023, was used for the June 30, 2025, and June 30, 2024 OPEB assets and expenses. The information that follows was determined as of a valuation date of June 30, 2024, and June 30, 2023, respectively.

Membership in the OPEB by membership class at June 30, 2024, and 2023, is as follows:

|  | 2024 | 2023 |
|--|------|------|
| Active employees   | 96   | 112  |
| Inactive employees entitled to but not receiving benefits        | -    | -    |
| Inactive employees or beneficiaries currently receiving benefits | 125  | 110  |
| Total  | 221  | 222  |

**Actuarial Assumptions:** The total OPEB liability in the June 30, 2023 and June 30, 2021 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

|   |   |   |
|---|---|---|
| Actuarial Valuation Date                    | June 30, 2023   | June 30, 2021   |
| Contribution Policy                         | Authority contributes full ADC  | Authority contributes full ADC  |
| Inflation                                   | 2.50%   | 2.50%   |
| Projected salary increase                   | 2.75%   | 2.75%   |
| Investment rate of return                   | 5.25%; Expected Authority contributions projected to keep sufficient plan assets to pay all benefits from trust   | 5.25%; Expected Authority contributions projected to keep sufficient plan assets to pay all benefits from trust   |
| Actuarial cost method                       | Entry Age Normal Level Percent of Pay   | Entry Age Normal Level Percent of Pay   |
| Asset valuation method                      | Market value of assets  | Market value of assets  |
| Retirement age                              | SDCERS 2015-2022 Experience Study   | SDCERS 2015-2022 Experience Study   |
| Mortality                                   | CalPERS 2000-2019 Experience Study  | CalPERS 2000-2019 Experience Study  |
| Mortality Improvement                       | Mortality projected fully generational with Scale MP-2021   | Mortality projected fully generational with Scale MP-2021   |
| Medical Trend                               | Non-Medicare - 8.5% for 2025, decreasing to an ultimate rate of 3.45% in 2076; Medicare - 7.5% for next year, decreasing to an ultimate rate of 3.45% in 2076 | Non-Medicare -8.5% for 2025, decreasing to an ultimate rate of 3.45% in 2076; Medicare - 7.5% for 2022, decreasing to an ultimate rate of 3.45% in 2076 |
| Healthcare Participation of Future Retirees | 90%   | 90%   |
| Spousal Assumption for Future Retirees      | Currently covered - 2-party coverage if currently have 2 party or family coverage; Currently waived - 50% cover spouses at retirement                         | Currently covered - 2-party coverage if currently have 2 party or family coverage; Currently waived - 50% cover spouses at retirement                   |

## San Diego County Regional Airport Authority

The long-term expected rate of return on the OPEB Plan investments was based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information. The target allocation and best estimates of rates of return for each major asset class are summarized in the following table:

| Asset Class                           | Target Allocation | Long-term Expected Real Rates of Return |
|---------------------------------------|-------------------|---|
| Global Equity                         | 23%               | 4.56%                                   |
| Long US Treasuries                    | 11%               | 0.29%                                   |
| Mortgage-Backed Securities            | 11%               | 0.49%                                   |
| Investment Grade Corporates           | 9%                | 1.56%                                   |
| High Yield                            | 9%                | 3.00%                                   |
| Sovereigns                            | 11%               | 2.76%                                   |
| TIPS                                  | 9%                | -0.08%                                  |
| Comodities                            | 3%                | 1.22%                                   |
| REITs                                 | 14%               | 4.06%                                   |
|                                       | <u>100%</u>       |   |
| Assumed Long-Term Rate of Inflation   |                   | 2.50%                                   |
| Expected Long-Term Net Rate of Return |                   | 5.25%                                   |

**Discount Rate:** The discount rate used to measure the net OPEB liability (asset) at June 30, 2025, and June 30, 2024, was 5.25 percent. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the net OPEB liability.



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**Changes in the Net OPEB Liability (Asset):** Changes in the total OPEB liability, plan fiduciary net position, and the net OPEB asset through the year ended June 30, 2025, were as follows:

|  | Increase (Decrease)     |                           |                                |
|--|-------------------------|---------------------------|--------------------------------|
|  | Total OPEB<br>Liability | Fiduciary Net<br>Position | Net OPEB Liability/<br>(Asset) |
| Balances as of June 30, 2024                         | \$ 30,932,097           | \$ 30,558,752             | \$ 373,345                     |
| Changes for the year:                                |                         |                           |                                |
| Service cost   | 468,371                 | -                         | 468,371                        |
| Interest on total OPEB liability                     | 1,619,662               | -                         | 1,619,662                      |
| Difference between expected and<br>actual experience | -                       | -                         | -                              |
| Changes in assumptions                               | -                       | -                         | -                              |
| Employer contributions                               | -                       | 1,099,493                 | (1,099,493)                    |
| Member contributions                                 | -                       | -                         | -                              |
| Net investment income                                | -                       | 1,917,257                 | (1,917,257)                    |
| Benefit payments                                     | (1,099,493)             | (1,099,493)               | -                              |
| Administrative expense                               | -                       | (9,755)                   | 9,755                          |
| Net changes  | 988,540                 | 1,907,502                 | (918,962)                      |
| Balances as of June 30, 2025                         | \$ 31,920,637           | \$ 32,466,254             | \$ (545,617)                   |

Changes in the total OPEB liability, plan fiduciary net position and the net OPEB liability (asset) through the year ended June 30, 2024, were as follows:

|  | Increase (Decrease)     |                           |                                |
|--|-------------------------|---------------------------|--------------------------------|
|  | Total OPEB<br>Liability | Fiduciary Net<br>Position | Net OPEB Liability/<br>(Asset) |
| Balances as of June 30, 2023                         | \$ 30,537,516           | \$ 30,093,110             | \$ 444,406                     |
| Changes for the year:                                |                         |                           |                                |
| Service cost   | 517,853                 | -                         | 517,853                        |
| Interest on total OPEB liability                     | 1,604,101               | -                         | 1,604,101                      |
| Difference between expected and<br>actual experience | (2,744,688)             | -                         | (2,744,688)                    |
| Changes in assumptions                               | 2,019,463               | -                         | 2,019,463                      |
| Employer contributions                               | -                       | 1,002,148                 | (1,002,148)                    |
| Member contributions                                 | -                       | -                         | -                              |
| Net investment income                                | -                       | 474,185                   | (474,185)                      |
| Benefit payments                                     | (1,002,148)             | (1,002,148)               | -                              |
| Administrative expense                               | -                       | (8,543)                   | 8,543                          |
| Net changes  | 394,581                 | 465,642                   | (71,061)                       |
| Balances as of June 30, 2024                         | \$ 30,932,097           | \$ 30,558,752             | \$ 373,345                     |

## San Diego County Regional Airport Authority

### Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate and Health Care Cost Trend

**Rates:** The net OPEB liability (asset) of the Airport Authority has been calculated using a discount rate of 5.25 percent. The following presents the net OPEB liability (asset) using a discount rate 1 percent higher and 1 percent lower than the current discount rate.

|                            | 1% Decrease<br>4.25% | Current Rate<br>5.25% | 1% Increase<br>6.25% |
|----------------------------|----------------------|-----------------------|----------------------|
| Net OPEB liability (asset) | \$ 3,825,847         | \$ (545,617)          | \$ (4,154,970)       |

The net OPEB liability (asset) of the Airport Authority has been calculated using health care cost trend rates of 8.5 percent decreasing to 3.45 percent in 2076 and thereafter for non-Medicare and 7.5 percent decreasing to 3.45 percent in 2076 for Medicare. The following presents the net OPEB liability (asset) using health care cost trend rates 1 percent higher and 1 percent lower than the current health care cost trend rates.

|                            | 1% Decrease    | Trend Rate   | 1% Increase  |
|----------------------------|----------------|--------------|--------------|
| Net OPEB liability (asset) | \$ (4,465,611) | \$ (545,617) | \$ 4,202,898 |

### OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the

**OPEB:** For the years ended June 30, 2025, and 2024, the Airport Authority recognized OPEB expense (income), as measured in accordance with GASB 75, of \$1.2 million and \$1.4 million, respectively, and reported deferred inflows of resources and deferred outflows of resources related to the OPEB from the following sources:

| For June 30, 2025   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---|-----------------------------------|----------------------------------|
| Net difference between expected and actual experience                       | \$ -                              | \$ 711,586                       |
| Changes in assumptions  | 523,565                           | -                                |
| Net difference between projected and actual earnings                        | 1,965,590                         | -                                |
| Employer contributions made subsequent to<br>June 30, 2024 measurement date | 1,291,235                         | -                                |
| Total   | \$ 3,780,390                      | \$ 711,586                       |
| For June 30, 2024   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
| Net difference between expected and actual experience                       | \$ -                              | \$ 2,252,387                     |
| Changes in assumptions  | 1,924,189                         | -                                |
| Net difference between projected and actual earnings                        | 3,089,144                         | -                                |
| Employer contributions made subsequent to<br>June 30, 2023 measurement date | 1,099,493                         | -                                |
| Total   | \$ 6,112,826                      | \$ 2,252,387                     |

The deferred outflows of resources at June 30, 2025, and June 30, 2024, related to OPEB resulting from Airport Authority contributions subsequent the measurement date and prior to year-end will be recognized as a reduction to the net OPEB liability in fiscal years 2026 and 2025, respectively.

## San Diego County Regional Airport Authority

Amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2025, related to the OPEB will be recognized in OPEB expense as follows:

| Years ended June 30, |                     |
|----------------------|---------------------|
| 2026                 | \$ 443,605          |
| 2027                 | 1,238,140           |
| 2028                 | 158,459             |
| 2029                 | (62,635)            |
|                      | <u>\$ 1,777,569</u> |

### NOTE 12. RISK MANAGEMENT

The Airport Authority has a comprehensive Risk Management Program comprised of commercial insurance, self-insurance, loss mitigation/prevention, loss control, and claims administration. The Airport Authority's coverage includes a variety of retentions or deductibles.

#### Commercially issued insurance:

- The Airport Authority maintains a minimum of \$500 million in limits for general liability insurance.
- The Airport Authority maintains a property insurance policy with minimum limits of \$750 million providing all risk and flood coverage for physical assets.
- The Airport Authority also maintains policies for workers' compensation, commercial auto, fiduciary liability, privacy and network security, crime, and public entity and employment practices liability, among others.

**Self-insurance:** Due to the exorbitant cost of earthquake insurance, the Airport Authority self-insures for losses due to earthquake damage. Effective July 1, 2007, the Airport Authority removed the purchase of commercial earthquake insurance from the Risk Management Program and increased reliance on the laws designed to assist public entities through the Federal Emergency Management Agency and the California Disaster Assistance Act. As of June 30, 2025, and 2024, the Airport Authority has designated \$15.3 million and \$14.6 million, respectively, from its net position, as an insurance contingency.

A \$2.0 million reserve has been established within unrestricted net position by the Airport Authority's management to respond to uninsured and underinsured catastrophic losses. This fund is maintained pursuant to Board action only; there is no requirement that it be maintained.

**Loss prevention:** The Airport Authority has an active loss prevention program, staffed by a full-time risk manager, one risk analyst, a safety manager and two safety analysts. In addition, third party loss control engineers conduct safety surveys on an annual basis. Employees receive regular safety training and claims are monitored using a claims information system.

During fiscal year 2025, there were no significant reductions in insurance coverage from the prior year. For each of the past three fiscal years, settlements have not exceeded insurance coverage.

### NOTE 13. COMMITMENTS AND CONTINGENCIES

**Commitments:** As of June 30, 2025, and 2024, the Airport Authority had significant commitments for capital expenditures and other matters as described below:

The Airport Authority has funds which have been classified as current assets, primarily for the unpaid contractual portion of capital projects that are currently in progress and will not be funded by grants or additional debt but will be funded through Airport Authority cash. These amounts are for the estimated cost of capital projects that have been authorized by the Board for construction planning to proceed and for the contractual costs of upgrading certain major equipment. At June 30, 2025, and 2024, these funds totaled

## San Diego County Regional Airport Authority

approximately \$20.5 million and \$88.3 million, respectively, and are classified on the accompanying statements of net position as investments designated for specific capital projects and other commitments.

Under the Airport Authority's enabling act (California Public Utilities Code section 170062(f)) (The Act), the San Diego Unified Port District Harbor Police have the exclusive contract for law enforcement services at San Diego International Airport during the time the Airport continues to operate in its current location. In accordance with the Act, the Airport Authority and the District are parties to a Police Services Agreement whereby the Airport Authority purchases police services from the District. During the years ended June 30, 2025, and 2024, the Airport Authority expensed \$25.3 million and \$22.3 million, respectively, for these services.

In fiscal year 2024, the Authority entered into a \$140 million contract with AECOM Technical Services, Inc. for on-call program management, staffing support, and consulting services. The contract term is three years, with the option for two one-year extensions. As of June 30, 2025, \$35.7 million had been expended under this contract.

In fiscal year 2025, the Authority entered into a \$56 million contract with SP Plus Corporation, for parking management services. The contract term is three years, with the option for two one-year extensions. As of June 30, 2025, \$8.7 million had been expended under the contract.

In fiscal year 2023, the Authority entered into a \$70.0 million contract with Ace Parking III, LLC for airport shuttle services. The contract term is three years, with the option for two one-year extensions. As of June 30, 2025, \$26.9 million has been spent for shuttle services.

In fiscal year 2022, the Authority entered into a \$103.0 million contract with SP Plus Corporation to transport rental car companies' customers between the Rental Car Center facility and the terminals. The contract scope also includes the operation, management, and maintenance of the shuttle vehicles. The contract term is three years, with the option for two one-year extensions. As of June 30, 2025, 39.6 million has been spent for shuttle services.

In fiscal year 2021, the Board approved an \$80.0 million contract with Turner-Flatiron, A Joint Venture for the design-build of a terminal and roadways. In fiscal year 2022, the Board approved an additional \$2.5 billion. As of June 30, 2025, \$2.2 billion had been spent and the contract is scheduled for completion in early fiscal year 2028.

In fiscal year 2020, the Board approved a \$35.0 million contract with Jacobs Engineering Group, Inc. to provide Airside-Landside Engineering consulting services. As of June 30, 2025, \$31.5 million had been spent and the contract is scheduled for completion in fiscal year 2026.

**Contingencies:** As of June 30, 2025, the Airport Authority is subject to contingencies arising from matters as described below:

The Airport Authority has leases and operating agreements with various tenants. These agreements typically include provisions requiring the tenants/operators to indemnify the Airport Authority for any damage to property or losses to the Airport Authority as a result of the tenant's operations. Also, the leases and operating agreements typically require the Airport Authority to be named as an additional insured under certain insurance policies of the tenants/operators. The Airport Authority also tenders these claims to its own insurers once they become asserted claims. When these types of claims are asserted against the Airport Authority, the Airport Authority not only vigorously opposes them but also vigorously seeks contribution and/or indemnity from all tenants/operators involved, from the tenants'/operators' insurers and from its own insurers. The

## San Diego County Regional Airport Authority

Airport Authority's legal counsel cannot predict the net exposure to the Airport Authority with respect to these matters, or the probability or remoteness of any outcome.

The Airport Authority invests in various investment securities. Investment securities are exposed to various risks such as interest rate risk, market risks and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of net position.

### **NOTE 14. SUBSEQUENT EVENTS**

On July 9, 2025, the Airport Authority issued \$784.5 million of Series A and B Senior Airport Revenue Bonds (Series 2025 Bonds). The Series 2025 Bonds were issued to finance certain capital improvements at SDIA including construction of the New Terminal 1, fund a portion of the interest accruing on the Series 2025 Bonds, the Senior Series 2023 bonds and the Subordinate Series 2021 Bonds, fund the senior reserve fund, and pay the costs of issuance and underwriting fees of the Series 2025 Bonds. The Series 2025A and B Bonds are structured as both serial and term bonds that bear interest rates ranging from 5.0 percent to 5.25 percent and mature in fiscal years 2029 to 2056.

On September 10, 2025, the Airport Authority purchased the 1.88-acre property located at 3298 Kettner Blvd in San Diego for \$36.5 million cash. The property includes a five-story parking garage and an additional surface lot that have a total of 827 parking stalls. The property was purchased to expand parking capacity.

On September 23, 2025, the Airport Authority held the grand opening of Phase 1A of the newly constructed Terminal 1. The new, nearly 1 million square foot terminal opened with 19 new gates, with 3 additional gates to be added in the Spring of 2026. It replaces the 336 thousand square foot, 58-year old Terminal 1 with a modern, world class facility designed to elevate the passenger experience and meet the growing travel demands of the San Diego region. Demolition of the old Terminal 1 began immediately after the opening to make way for construction of Phase B, which will open in early 2028, bringing the total number of gates in the new terminal to 30.

The New Terminal 1 Project encompasses a \$3.8 billion project that includes in addition to the new terminal, a new airfield and apron improvements, a five-story close-in parking garage and more than four miles of new roadway that includes dual-level roadway that separates arrivals and departures. The project is funded by Airport Revenue Bonds, Passenger Facility Charges, Federal grants and airport cash.

On October 1, 2025, the federal government entered a shutdown due to the absence of an approved federal budget. The shutdown is affecting key federal agencies that support airport operations, including the FAA and TSA. As of the date of issuance of these financial statements, the shutdown had not resulted in a material impact on the Authority's operations or customer experience. However, a prolonged shutdown could adversely affect operating revenues and financial results. Management will continue to monitor the situation for any potential effects.

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# Required Supplementary Information (Unaudited)

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

### Defined Benefit Plan

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

|  | 2025           | 2024           | 2023           | 2022           | 2021           | 2020           | 2019           | 2018           | 2017           | 2016           |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Total Pension Liability:</b>  |                |                |                |                |                |                |                |                |                |                |
| Service cost   | \$ 7,979,893   | \$ 7,147,242   | \$ 6,980,223   | \$ 7,970,646   | \$ 7,857,035   | \$ 7,632,696   | \$ 7,390,428   | \$ 6,996,180   | \$ 6,205,263   | \$ 6,154,579   |
| Interest (includes interest on service cost)                               | 18,614,363     | 17,355,715     | 16,489,161     | 15,693,834     | 14,257,205     | 13,355,418     | 12,621,226     | 11,416,679     | 10,277,610     | 9,327,538      |
| Differences between expected and actual experience                         | 5,608,954      | 4,182,916      | (1,288,936)    | (2,239,695)    | 925,862        | (645,462)      | (2,630,285)    | 3,975,029      | (2,178,527)    | 345,661        |
| Effect of changes of assumptions   | 5,504,534      | -              | -              | -              | 6,767,000      | -              | 6,416,088      | 5,871,218      | 10,473,890     | -              |
| Benefit payments, including refunds of member contributions                | (10,182,604)   | (9,295,008)    | (8,578,375)    | (8,820,959)    | (6,733,942)    | (6,429,659)    | (4,462,751)    | (4,669,787)    | (3,023,391)    | (2,482,523)    |
| Net change in total pension liability                                      | 27,525,140     | 19,390,865     | 13,602,073     | 12,603,826     | 23,073,160     | 13,912,993     | 19,334,706     | 23,589,319     | 21,754,845     | 13,345,255     |
| Total pension liability - beginning  | 287,458,835    | 268,067,970    | 254,465,897    | 241,862,071    | 218,788,911    | 204,875,918    | 185,541,212    | 161,951,893    | 140,197,048    | 126,851,793    |
| Total pension liability - ending   | \$ 314,983,975 | \$ 287,458,835 | \$ 268,067,970 | \$ 254,465,897 | \$ 241,862,071 | \$ 218,788,911 | \$ 204,875,918 | \$ 185,541,212 | \$ 161,951,893 | \$ 140,197,048 |
| <b>Plan Fiduciary Net Position:</b>  |                |                |                |                |                |                |                |                |                |                |
| Contributions - employer   | \$ 8,010,734   | \$ 7,742,583   | \$ 9,181,680   | \$ 8,596,163   | \$ 8,424,834   | \$ 7,848,712   | \$ 7,318,546   | \$ 5,480,984   | \$ 4,047,780   | \$ 3,897,545   |
| Contributions - employee   | 3,730,545      | 3,494,204      | 3,070,398      | 3,125,138      | 3,321,661      | 3,178,464      | 3,162,781      | 2,990,317      | 2,967,269      | 2,840,236      |
| Net investment income  | 19,966,331     | 13,293,511     | (4,188,463)    | 53,140,343     | 390,013        | 12,086,349     | 14,036,710     | 19,480,875     | 1,651,283      | 4,390,185      |
| Benefit payments, including refunds of member contributions                | (10,182,604)   | (9,295,008)    | (8,578,375)    | (8,820,959)    | (6,733,942)    | (6,429,659)    | (4,462,751)    | (4,669,786)    | (3,023,391)    | (2,482,523)    |
| Administrative expense   | (440,697)      | (504,882)      | (461,899)      | (423,018)      | (386,698)      | (359,095)      | (350,408)      | (325,042)      | (318,817)      | (332,290)      |
| Net change in plan fiduciary net position                                  | 21,084,309     | 14,730,408     | (976,659)      | 55,617,667     | 5,015,868      | 16,324,771     | 19,704,878     | 22,957,348     | 5,324,124      | 8,313,153      |
| Plan fiduciary net position - beginning                                    | 277,214,692    | 262,484,284    | 263,460,943    | 207,843,276    | 202,827,408    | 186,502,637    | 166,797,759    | 143,840,411    | 138,516,287    | 130,203,134    |
| Plan fiduciary net position - ending                                       | \$ 298,299,001 | \$ 277,214,692 | \$ 262,484,284 | \$ 263,460,943 | \$ 207,843,276 | \$ 202,827,408 | \$ 186,502,637 | \$ 166,797,759 | \$ 143,840,411 | \$ 138,516,287 |
| Net pension liability (asset) - ending                                     | \$ 16,684,974  | \$ 10,244,143  | \$ 5,583,686   | \$ (8,995,046) | \$ 34,018,795  | \$ 15,961,503  | \$ 18,373,281  | \$ 18,743,453  | \$ 18,111,482  | \$ 1,680,761   |
| Plan fiduciary net position as a percentage of the total pension liability | 94.70%         | 96.44%         | 97.92%         | 103.53%        | 85.93%         | 92.70%         | 91.03%         | 89.90%         | 88.82%         | 98.80%         |
| Covered payroll  | \$ 35,607,167  | \$ 32,528,943  | \$ 30,809,714  | \$ 33,328,788  | \$ 32,828,449  | \$ 31,584,841  | \$ 31,628,301  | \$ 31,131,795  | \$ 29,189,357  | \$ 27,955,455  |
| Net pension liability as a percentage of covered payroll                   | 46.86%         | 31.49%         | 18.12%         | (26.99%)       | 103.63%        | 50.54%         | 58.09%         | 60.21%         | 62.05%         | 6.01%          |

#### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2025

**Significant Assumption Changes:** The following were significant changes in assumption for the year presented in the schedule above.

2025 - Based in the results of the 2023 Actuarial Experience Study, the Cost-of-Living Adjustment increased from 1.9% to 2.0%. Additionally, price inflation and wage inflation assumptions were updated.

2021 – Based on the results of a comprehensive experience study, the base mortality assumptions were updated.

2019 – The discount rate was reduced from 6.75% to 6.50%.

2018 – The discount rate was reduced from 7.00% to 6.75%.

2017 – Based on the results of a comprehensive experience study, the base mortality assumptions were updated. Additionally, the discount rate was reduced from 7.125% to 7.0%, and the wage inflation assumption was reduced by 0.125%, bringing it down to 3.05%.

**Changes of benefit terms:** There were no significant changes of benefit terms for the plan years shown.

## Schedule of Contributions

### Defined Benefit Plan

Last 10 fiscal years (dollars in thousands)

|  | 2025       | 2024       | 2023       | 2022       | 2021       |
|--|------------|------------|------------|------------|------------|
| Actuarially determined contribution                                  | \$ 6,052   | \$ 4,960   | \$ 4,944   | \$ 6,570   | \$ 6,125   |
| Contributions in relation to the actuarially determined contribution | 9,218      | 7,939      | 7,664      | 9,102      | 8,522      |
| Contribution deficiency (excess)                                     | \$ (3,166) | \$ (2,979) | \$ (2,720) | \$ (2,532) | \$ (2,397) |
| Covered payroll  | \$ 38,564  | \$ 35,607  | \$ 32,529  | \$ 30,810  | \$ 33,329  |
| Contributions as a percentage of covered payroll                     | 23.90%     | 22.30%     | 23.56%     | 29.54%     | 25.57%     |

|  | 2020       | 2019       | 2018       | 2017       | 2016      |
|--|------------|------------|------------|------------|-----------|
| Actuarially determined contribution                                  | \$ 6,159   | \$ 5,740   | \$ 5,416   | \$ 3,765   | \$ 3,666  |
| Contributions in relation to the actuarially determined contribution | 8,356      | 7,783      | 7,247      | 5,421      | 3,948     |
| Contribution deficiency (excess)                                     | \$ (2,197) | \$ (2,043) | \$ (1,831) | \$ (1,656) | \$ (282)  |
| Covered payroll  | \$ 32,828  | \$ 31,585  | \$ 31,628  | \$ 31,132  | \$ 29,189 |
| Contributions as a percentage of covered payroll                     | 25.45%     | 24.64%     | 22.91%     | 17.41%     | 13.53%    |

\* This schedule is presented for the fiscal year.



## Schedule of Changes in the Net Pension Liability and Related Ratios Preservation of Benefits Trust

Last 9 fiscal years (plan year reported in subsequent fiscal year)

|  | 2024          | 2023          | 2022          | 2021          | 2020          | 2019          | 2018          | 2017          | 2016          |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Total Pension Liability                            |               |               |               |               |               |               |               |               |               |
| Service cost                                       | \$ 42,413     | \$ 39,567     | \$ 68,342     | \$ 88,557     | \$ 55,276     | \$ 49,343     | \$ 51,774     | \$ 60,994     | \$ 29,270     |
| Interest cost                                      | 35,609        | 57,310        | 51,359        | 54,559        | 62,061        | 64,133        | 53,311        | 35,323        | 34,173        |
| Differences between expected and actual experience | 623,963       | (702,599)     | (381,597)     | (195,545)     | (57,318)      | (64,295)      | 193,013       | 388,329       | -             |
| Changes of assumptions                             | (23,292)      | (17,243)      | (437,754)     | 22,116        | 661,465       | 109,070       | (89,712)      | (214,765)     | 272,579       |
| Benefit Payments                                   | (13,538)      | (29,871)      | (59,667)      | (41,662)      | (43,301)      | (47,081)      | (31,329)      | -             |               |
| Net Change in Total Pension Liability              | 665,155       | (652,836)     | (759,317)     | (71,975)      | 678,183       | 111,170       | 177,057       | 269,881       | 336,022       |
| Total pension liability -beginning                 | 961,287       | 1,614,123     | 2,373,440     | 2,445,415     | 1,767,232     | 1,656,062     | 1,479,005     | 1,209,124     | 873,102       |
| Total pension liability - ending                   | \$ 1,626,442  | \$ 961,287    | \$ 1,614,123  | \$ 2,373,440  | \$ 2,445,415  | \$ 1,767,232  | \$ 1,656,062  | \$ 1,479,005  | \$ 1,209,124  |
| Covered employee payroll                           | \$ 35,607,167 | \$ 32,528,943 | \$ 30,809,714 | \$ 33,328,788 | \$ 32,828,449 | \$ 31,584,841 | \$ 31,628,301 | \$ 31,131,795 | \$ 29,189,357 |
| Net Pension Liability as a percentage of payroll   | 4.57%         | 2.96%         | 5.24%         | 7.12%         | 7.45%         | 5.60%         | 5.24%         | 4.75%         | 4.14%         |

**Note to schedule:** This schedule is intended to display the most recent 10 years of data for the annual changes in the total pension liability. Until such time has elapsed after implementing GASB Statement No. 74, this schedule will only present information from the years that are available.

## Schedule of Contributions Preservation of Benefits Trust

Last 8 fiscal years (in thousands)

|  | 2025      | 2024      | 2023      | 2022      | 2021      | 2020      | 2019      | 2018      |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Actuarially determined contribution                                  | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      |
| Contributions in relation to the actuarially determined contribution | 8         | 9         | 21        | 52        | 43        | 41        | 45        | 57        |
| Contribution deficiency (excess)                                     | \$ (8)    | \$ (9)    | \$ (21)   | \$ (52)   | \$ (43)   | \$ (41)   | \$ (45)   | \$ (57)   |
| Covered payroll  | \$ 38,564 | \$ 35,607 | \$ 32,529 | \$ 30,810 | \$ 33,329 | \$ 32,828 | \$ 31,585 | \$ 31,628 |
| Contributions as a percentage of covered employee payroll            | 0.02%     | 0.03%     | 0.06%     | 0.17%     | 0.13%     | 0.13%     | 0.14%     | 0.18%     |

\* This schedule is presented for the fiscal year.

**Note to schedule:** This schedule is intended to display the most recent 10 years of data for the annual pension contributions. Until such time has elapsed after implementing GASB Statement No. 73, this schedule will only present information from the years that are available.

## San Diego County Regional Airport Authority

### Schedule of Changes in the Net OPEB Liability (Asset) and Related Ratios Other Postemployment Benefits

Last 8 fiscal years (plan year reported in subsequent fiscal year)

|   | 2025          | 2024          | 2023          | 2022           | 2021           | 2020           | 2019          | 2018          |
|---|---------------|---------------|---------------|----------------|----------------|----------------|---------------|---------------|
| <b>Total OPEB Liability</b>                       |               |               |               |                |                |                |               |               |
| Service cost                                      | \$ 468,371    | \$ 517,853    | \$ 570,006    | \$ 446,233     | \$ 501,198     | \$ 449,596     | \$ 436,501    | \$ 411,052    |
| Interest cost                                     | 1,619,662     | 1,604,101     | 1,546,979     | 1,829,473      | 1,739,459      | 1,883,080      | 1,772,578     | 1,606,959     |
| Difference between expected and actual experience | -             | (2,744,688)   |               | (3,669,756)    | -              | (169,582)      | -             | -             |
| Changes of Assumptions                            | -             | 2,019,463     |               | 4,568,725      | -              | (1,531,369)    | -             | 766,830       |
| Benefit Payments                                  | (1,099,493)   | (1,002,148)   | (951,488)     | (919,462)      | (784,845)      | (775,225)      | (622,425)     | (451,189)     |
| Net Change in Total OPEB Liability                | 988,540       | 394,581       | 1,165,497     | 2,255,213      | 1,455,812      | (143,500)      | 1,586,654     | 2,333,652     |
| Total OPEB Liability (Beginning)                  | 30,932,097    | 30,537,516    | 29,372,019    | 27,116,806     | 25,660,994     | 25,804,494     | 24,217,840    | 21,884,188    |
| Total OPEB Liability (Ending)                     | \$ 31,920,637 | \$ 30,932,097 | \$ 30,537,516 | \$ 29,372,019  | \$ 27,116,806  | \$ 25,660,994  | \$ 25,804,494 | \$ 24,217,840 |
| <b>Plan Fiduciary Net Position</b>                |               |               |               |                |                |                |               |               |
| Contributions—Employer                            | \$ 1,099,493  | \$ 1,002,148  | \$ 951,488    | \$ 919,462     | \$ 784,845     | \$ 775,225     | \$ 622,425    | \$ 2,012,419  |
| Net Investment Income                             | 1,917,257     | 474,185       | (3,627,823)   | 4,973,926      | 982,113        | 1,604,058      | 1,896,351     | 2,175,582     |
| Benefit Payments                                  | (1,099,493)   | (1,002,148)   | (951,488)     | (919,462)      | (784,845)      | (775,225)      | (622,425)     | (451,189)     |
| Administrative Expense                            | (9,755)       | (8,543)       | (8,562)       | (10,452)       | (13,580)       | (5,611)        | (12,568)      | (10,578)      |
| Net Change in Plan Fiduciary Net Position         | 1,907,502     | 465,642       | (3,636,385)   | 4,963,474      | 968,533        | 1,598,447      | 1,883,783     | 3,726,234     |
| Plan Fiduciary Net Position (Beginning)           | 30,558,752    | 30,093,110    | 33,729,495    | 28,766,021     | 27,797,488     | 26,199,041     | 24,315,258    | 20,589,024    |
| Plan Fiduciary Net Position (Ending)              | \$ 32,466,254 | \$ 30,558,752 | \$ 30,093,110 | \$ 33,729,495  | \$ 28,766,021  | \$ 27,797,488  | \$ 26,199,041 | \$ 24,315,258 |
| Net OPEB Liability (Asset)                        | \$ (545,617)  | \$ 373,345    | \$ 444,406    | \$ (4,357,476) | \$ (1,649,215) | \$ (2,136,494) | \$ (394,547)  | \$ (97,418)   |
| Net Position as a percentage of OPEB liability    | 101.71%       | 98.79%        | 98.54%        | 114.84%        | 106.08%        | 108.33%        | 101.53%       | 100.40%       |
| Covered employee payroll                          | \$ 13,259,814 | \$ 14,296,047 | \$ 14,296,047 | \$ 12,786,000  | \$ 14,608,940  | \$ 13,869,000  | \$ 16,625,857 | \$ 16,141,609 |
| Net OPEB Asset as a Percentage of Payroll         | (4.11%)       | 2.61%         | 3.11%         | (34.08%)       | (11.29%)       | (15.40%)       | (2.37%)       | (0.60%)       |

**Note to schedule:** This schedule is intended to display the most recent 10 years of data for the annual charges in the net OPEB liability (asset). Until such time has elapsed after implementing information GASB Statement No. 75, this schedule will only present from the years that are available.

#### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2025

**Significant Assumption Changes:** The following were significant changes in assumption for the year presented in the schedule above.

2024 – Medical trend assumptions increased 2.0% to 8.5% for non-Medicare, and 1.85% to 7.5% for Medicare.

2022 - The discount rate and long-term expected rate of return on assets were reduced from 6.75% to 5.25%.

2020 - Reduction of the discount rate from 7.28% to 6.75%. The addition of a DROP assumption and other changes due to change in actuary and systems.

2018 - Increase in future plan participation assumption. Changes in spouse assumption. Update to the mortality assumption.

**Changes of benefit terms:** There were no significant changes of benefit terms for the plan years shown.

## Schedule of Contributions Other Postemployment Benefits

Last 7 fiscal years (dollars in thousands)

|  | 2025     | 2024     | 2023     | 2022     | 2021     | 2020     | 2019     |
|--|----------|----------|----------|----------|----------|----------|----------|
| Actuarially determined contribution                                  | \$ 512   | \$ 581   | \$ 264   | \$ 326   | \$ 365   | \$ 427   | \$ 486   |
| Contributions in relation to the actuarially determined contribution | 1,291    | 1,099    | 1,002    | 951      | 919      | 785      | 339      |
| Contribution deficiency (excess)                                     | \$ (779) | \$ (518) | \$ (738) | \$ (625) | \$ (554) | \$ (358) | \$ 147   |
| Covered employee payroll   | \$12,049 | \$13,260 | \$14,296 | \$14,494 | \$12,786 | \$14,609 | \$13,869 |
| Contributions as a percentage of covered employee payroll            | 10.71%   | 8.29%    | 7.01%    | 6.56%    | 7.19%    | 5.37%    | 2.44%    |

\* This schedule is presented for the fiscal year.

**Note to schedule:** This schedule is intended to display the most recent 10 years of data for the annual OPEB contributions. Until such time has elapsed after implementing GASB Statement No. 75, this schedule will only present information from the years that are available.



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# San Diego County Regional Airport Authority

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## **Passenger Facility Charge Program Report June 30, 2025**

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**Report on Schedule of Passenger Facility Charges Required by the *Passenger Facility Charge Audit Guide for Public Agencies***

**Independent Auditor's Report**

To the San Diego County  
Regional Airport Authority Board  
San Diego County Regional Airport Authority

We have audited the financial statements of San Diego County Regional Airport Authority (the "Authority") as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 31, 2025, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. We have not performed any procedures with respect to the audited financial statements subsequent to October 31, 2025.

The accompanying schedule of passenger facility charges of the Authority is presented for the purpose of additional analysis, as required by the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, and the requirements in 14 CFR 158.63 (collectively, the "Guide"), and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of passenger facility charges is fairly stated in all material respects in relation to the financial statements as a whole.

*Plante & Moran, PLLC*

October 31, 2025



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Report on Compliance for the Passenger Facility Charge Program and Report on Internal Control Over Compliance Required by the *Passenger Facility Charge Audit Guide for Public Agencies* and 14 CFR 158.63

**Independent Auditor's Report**

To the San Diego County  
Regional Airport Authority Board  
San Diego County Regional Airport Authority

**Report on Compliance for the Passenger Facility Charge Program**

***Opinion on the Passenger Facility Charge Program***

We have audited San Diego County Regional Airport Authority's (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration and the requirements in 14 CFR 158.63 (collectively, the "Guide") that could have a direct and material effect on the Authority's passenger facility charge program for the year ended June 30, 2025.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program for the year ended June 30, 2025.

***Basis for Opinion on the Passenger Facility Charge Program***

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

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

***Responsibilities of Management for Compliance***

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



To the San Diego County  
Regional Airport Authority Board  
San Diego County Regional Airport Authority

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control Over Compliance**

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the passenger facility charge program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a passenger facility charge program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a passenger facility charge program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention of those charged with governance.

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

To the San Diego County  
Regional Airport Authority Board  
San Diego County Regional Airport Authority

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

*Plante & Moreau, PLLC*

October 31, 2025

# Schedule of Passenger Facility Charges

Year Ended June 30, 2025

| Revenue  | Date Approved | Amount Approved<br>for Use | Cumulative Total<br>June 30, 2024 | Quarter Ended         |                      |                      |                      | Year Ended<br>June 30, 2025 | Cumulative Total<br>June 30, 2025 |
|--|---------------|----------------------------|-----------------------------------|-----------------------|----------------------|----------------------|----------------------|-----------------------------|-----------------------------------|
|  |               |                            |                                   | September 30,<br>2024 | December 31, 2024    | March 31, 2025       | June 30, 2025        |                             |                                   |
| Passenger facility charge collections            |               |                            | \$ 938,104,606                    | \$ 13,043,170         | \$ 11,357,776        | \$ 11,051,959        | \$ 12,819,108        | \$ 48,272,013               | \$ 986,376,619                    |
| Interest earned                                  |               |                            | <u>2,650,903</u>                  | <u>1,438,461</u>      | <u>1,598,091</u>     | <u>1,810,706</u>     | <u>1,950,580</u>     | <u>6,797,838</u>            | <u>9,448,741</u>                  |
| Total passenger facility charge revenue received |               |                            | <u>\$ 940,755,509</u>             | <u>\$ 14,481,631</u>  | <u>\$ 12,955,867</u> | <u>\$ 12,862,665</u> | <u>\$ 14,769,688</u> | <u>\$ 55,069,851</u>        | <u>\$ 995,825,360</u>             |
| <b>Expenditures</b>                              |               |                            |                                   |                       |                      |                      |                      |                             |                                   |
| Application 95-01-C-04-SAN                       | 7/26/1995     | \$ 103,804,864             | \$ 103,804,864                    | \$ -                  | \$ -                 | \$ -                 | \$ -                 | \$ -                        | \$ 103,804,864                    |
| Application 98-02-C-04-SAN                       | 7/24/1998     | 45,496,665                 | 45,496,665                        | -                     | -                    | -                    | -                    | -                           | 45,496,665                        |
| Application 03-03-C-01-SAN                       | 5/20/2003     | 65,058,035                 | 65,058,035                        | -                     | -                    | -                    | -                    | -                           | 65,058,035                        |
| Application 05-04-C-01-SAN                       | 11/22/2005    | 44,822,518                 | 44,822,518                        | -                     | -                    | -                    | -                    | -                           | 44,822,518                        |
| Application 08-05-C-01-SAN                       | 6/27/2008     | 19,031,690                 | 19,031,690                        | -                     | -                    | -                    | -                    | -                           | 19,031,690                        |
| Application 09-07-C-00-SAN                       | 9/30/2009     | 85,181,950                 | 79,489,990                        | -                     | -                    | -                    | -                    | -                           | 79,489,990                        |
| Application 10-08-C-00-SAN                       | 11/24/2010    | 1,118,567,229              | 338,928,175                       | -                     | -                    | -                    | -                    | -                           | 338,928,175                       |
| Application 12-10-C-00-SAN                       | 7/3/2012      | 27,835,280                 | 25,858,133                        | -                     | -                    | -                    | -                    | -                           | 25,858,133                        |
| Application 15-11-U-00-SAN                       | 7/1/2008      | 1,391,894                  | 1,391,894                         | -                     | -                    | -                    | -                    | -                           | 1,391,894                         |
| Application 16-12-C-00-SAN                       | 10/28/2016    | 43,795,768                 | 31,272,089                        | -                     | -                    | -                    | -                    | -                           | 31,272,089                        |
| Application 19-13-C-00-SAN                       | 2/14/2019     | <u>51,100,000</u>          | <u>51,100,000</u>                 | <u>-</u>              | <u>-</u>             | <u>-</u>             | <u>-</u>             | <u>-</u>                    | <u>51,100,000</u>                 |
| Total passenger facility charge revenue expended |               | <u>\$ 1,606,085,893</u>    | <u>\$ 806,254,053</u>             | <u>\$ -</u>           | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>                 | <u>\$ 806,254,053</u>             |

**Note to Schedule of Passenger Facility Charges**

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**Year Ended June 30, 2025**

**Note 1 - Basis of Presentation**

The schedule of passenger facility charges (the "Schedule") includes the passenger facility charge (PFC) program activity of San Diego County Regional Airport Authority and is presented on the modified cash basis of accounting. Under the modified cash basis of accounting, PFC revenue is recognized when received rather than when earned, and eligible expenditures are recognized when the related goods or services are provided or incurred. The information in the Schedule is presented in accordance with the requirements of the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration. Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not represent the financial position, changes in net position, or cash flows of the Authority.

PFC expenditures may consist of direct project costs, administrative costs, debt service, and bond financing costs, as applicable to active applications. The accompanying schedule of passenger facility charges includes eligible expenditures that have been applied against PFCs collected as of June 30, 2025.

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**Schedule of Findings and Questioned Costs (Continued)**

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**Year Ended June 30, 2025**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_ Yes X None reported

Noncompliance material to financial statements noted?

\_\_\_ Yes X None reported

**Passenger Facility Charge Program**

Internal control over major programs:

- Material weakness(es) identified? \_\_\_ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_ Yes X None reported

Type of auditor's report issued:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with AU-C 935?

\_\_\_ Yes X No

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2025

Section II - Financial Statement Audit Findings

| Reference<br>Number | Finding |
|---------------------|---------|
| Current Year        | None    |

Section III - Passenger Facility Charges Program Audit Findings

| Reference<br>Number | Finding | Questioned<br>Costs |
|---------------------|---------|---------------------|
| Current Year        | None    | None                |

Attachment C

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San Diego County Regional Airport Authority

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**Customer Facility Charge Program Compliance Report**  
**June 30, 2025**

### **Independent Auditor's Reports**

|  |   |
|--|---|
| Report on Schedule of Customer Facility Charge Collections and Expenditures as Required by California Government Code Section 50474.21 | 1 |
|--|---|

|   |     |
|---|-----|
| Report on Compliance for the Customer Facility Charge Program and Report on Internal Control Over Compliance as Required by California Government Code Section 50474.21 | 2-3 |
|---|-----|

|  |          |
|--|----------|
| <b>Schedule of Customer Facility Charge Collections and Expenditures</b> | <b>4</b> |
|--|----------|

|   |          |
|---|----------|
| <b>Notes to Schedule of Customer Facility Charge Collections and Expenditures</b> | <b>5</b> |
|---|----------|





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Fax: 810.767.8150  
plantemoran.com

Report on Schedule of Customer Facility Charge Collections and Expenditures as Required by California  
Government Code Section 50474.21

**Independent Auditor's Report**

To the Members of the Board  
San Diego County Regional Airport Authority

We have audited the financial statements of San Diego County Regional Airport Authority as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 31, 2025, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. We have not performed any procedures with respect to the audited financial statements subsequent to October 31, 2025.

The accompanying schedule of customer facility charge collections and expenditures is presented for the purpose of additional analysis, as specified in the California Government Code Section 50474.21 (the "Code"), and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Plante & Moran, PLLC*

October 31, 2025

Report on Compliance for the Customer Facility Charge Program and Report on Internal Control Over  
Compliance as Required by California Government Code Section 50474.21

**Independent Auditor's Report**

To the Members of the Board  
San Diego County Regional Airport Authority

**Report on Compliance for the Customer Facility Charge Program**

***Opinion on the Customer Facility Charge Program***

We have audited San Diego County Regional Airport Authority's (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the California Government Code Section 50474.21 (the "Code") that are applicable to the Authority's customer facility charge program for the year ended June 30, 2025.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that are applicable to the customer facility charge program for the year ended June 30, 2025.

***Basis for Opinion on the Customer Facility Charge Program***

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

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

***Responsibilities of Management for Compliance***

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

***Auditor's Responsibilities for the Audit of Compliance***

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

To the Members of the Board  
San Diego County Regional Airport Authority

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Code, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control Over Compliance**

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the customer facility charge program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of the customer facility charge program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of the customer facility charge program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Code. Accordingly, this report is not suitable for any other purpose.

*Plante & Moran, PLLC*

October 31, 2025

**San Diego County Regional Airport Authority****Schedule of Customer Facility Charge Collections and Expenditures****Year Ended June 30, 2025**

| Description  | Beginning<br>Balance,<br>Unapplied CFC | CFC<br>Collections          | Interest<br>Earned         | Expenditures                | Ending<br>Balance,<br>Unapplied CFC |
|--|--|-----------------------------|----------------------------|-----------------------------|-------------------------------------|
| Collections and expenditures, quarter ended September 30, 2024 | \$ 25,843,207                          | \$ 10,142,504               | \$ 267,639                 | \$ 8,553,481                | \$ 27,699,869                       |
| Collections and expenditures, quarter ended December 31, 2024  | \$ 27,699,869                          | 9,136,499                   | 271,604                    | 11,460,753                  | \$ 25,647,219                       |
| Collections and expenditures, quarter ended March 31, 2025     | \$ 25,647,219                          | 8,158,988                   | 265,847                    | 6,942,234                   | \$ 27,129,820                       |
| Collections and expenditures, quarter ended June 30, 2025      | \$ 27,129,820                          | <u>9,077,867</u>            | <u>266,286</u>             | <u>7,120,797</u>            | \$ 29,353,176                       |
|  |  | <b><u>\$ 36,515,858</u></b> | <b><u>\$ 1,071,376</u></b> | <b><u>\$ 34,077,265</u></b> |                                     |

See notes to schedule of customer facility charge collections and expenditures.

## **Notes to Schedule of Customer Facility Charge Collections and Expenditures**

---

**Year Ended June 30, 2025**

### **Note 1 - General**

In May 2009, Assembly Bill 491 of the 2001-2002 California Legislature (codified in California Civil Code Section 1936 et seq.) authorized San Diego County Regional Airport Authority (the "Airport Authority") to impose a \$10 customer facility charge (CFC) per contract on rental cars at the San Diego International Airport.

On October 4, 2012, the Airport Authority board of directors approved an alternative CFC rate modification from the \$10 CFC rate per contract to \$6.00 per day (up to a maximum of five days) to allow for the collection of sufficient CFC funds to cover the future costs of the anticipated consolidated rental car facility and centralized busing system. Effective January 1, 2014, the CFC fee increased from \$6.00 to \$7.50 per day up to a maximum of five days. As of June 30, 2016, a CFC forecast was examined to collect an alternative fee. This resulted in a CFC increase from \$7.50 to \$9.00 per day up to a maximum of five days, effective as of January 1, 2017.

In accordance with the program, the CFC revenue must be used to pay allowable costs for approved capital projects and operations. The Airport Authority is utilizing CFC revenue for the development-related debt requirements and operation of the consolidated rental car facility and a common use transportation system. The primary objectives of the project were to reduce vehicle traffic volume on the terminal curb front and Harbor Drive, provide a long-term rental car facility and site for airport passengers and rental car concessionaires, and implement a common use busing system.

### **Note 2 - Basis of Presentation**

The accompanying schedule of customer facility charge collections and expenditures (the "Schedule") includes CFC activity of San Diego County Regional Airport Authority for the year ended June 30, 2025. The information in the Schedule is presented in accordance with the requirements of the California Government Code Section 50474.21 (the "Code").

CFC expenditures may consist of direct project costs, administrative costs, debt service, cost to operate common use transportation systems, and related financing costs. The accompanying schedule of customer facility charge collections and expenditures includes the eligible expenditures that have been applied against CFCs collected as of June 30, 2025.

### **Note 3 - Summary of Significant Accounting Policies**

Revenue and expenditures reported in the Schedule are reported on the modified cash basis of accounting. Under the modified cash basis of accounting, CFC revenue is recognized when received rather than when earned (collections), and eligible expenditures are recognized when the related goods or services are provided or incurred.



October 31, 2025

To the Audit Committee  
 San Diego County Regional Airport Authority

We have audited the financial statements of San Diego County Regional Airport Authority (the "Authority") as of and for the year ended June 30, 2025 and have issued our report thereon dated October 31, 2025. Professional standards require that we provide you with the following information related to our audit.

### **Our Responsibility Under U.S. Generally Accepted Auditing Standards**

As stated in our engagement letter dated January 31, 2025, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of the Authority. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Our audit of the Authority's financial statements has also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we are obligated to communicate certain matters that come to our attention related to our audit to those responsible for the governance of the Authority, including compliance with certain provisions of laws, regulations, contracts, and grant agreements; certain instances of error or fraud; illegal acts applicable to government agencies; and significant deficiencies in internal control that we identify during our audit. Toward this end, we issued a separate letter dated October 31, 2025 regarding our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements.

### **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on May 5, 2025.

### **Significant Audit Findings**

#### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. As described in Note 1, the Authority adopted the provisions of GASB Statement No. 101, *Compensated Absences*, and GASB Statement No. 102, *Certain Risk Disclosures*, during the current year.

We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus.

We noted no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements were related to the net pension liability, including the actuarial valuation methods and assumptions. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

#### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in performing and completing our audit.

#### ***Disagreements with Management***

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report.

We are pleased to report that no such disagreements arose during the course of our audit.

#### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

We did not detect any misstatements as a result of audit procedures.

#### ***Significant Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Authority, and business plans and strategies that may affect the risks of material misstatement, with management each year prior to our retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition of our retention.

#### ***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated October 31, 2025.

#### ***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a second opinion on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

**Other Information Included in Annual Reports**

Our responsibility for other information included in annual reports does not extend beyond the financial statements, and we do not express an opinion or any form of assurance on the other information. However, we read the introductory and statistical sections, and nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially misstated or materially inconsistent with the information or manner of its presentation appearing in the financial statements.


This information is intended solely for the use of the audit committee and management of the Authority and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

**Plante & Moran, PLLC**



Rumzei Abdallah



Pamela Hill



## **Legislative and Informational Items**

### **TSA Cybersecurity Emergency Amendment**

Cybersecurity-related incidents continue to increase as hackers become more sophisticated and our systems become more connected. Recent incidents involving the websites of many airports have put an increased spotlight on the airport industry and provide a reminder of the importance of good cybersecurity hygiene. Additionally, the Transportation Security Administration (TSA) has issued a new cybersecurity amendment on an emergency basis for TSA-regulated entities. This includes a requirement for those entities to develop an approved implementation plan that describes measures taken to improve cybersecurity resilience and prevent disruption/degradation to their infrastructure. Specifically, the amendment includes development of network segmentation policies, creation of access control measures, continuous monitoring and detection, and ensuring systems are appropriately updated with available security patches. We encourage administration and those charged with governance to work with the technology team on this very important topic. If we can be of assistance in the process, we would be happy to do so.

### **OMB Revisions to the Uniform Guidance**

In April 2024, the Office of Management and Budget (OMB) released revisions for the Uniform Guidance for federal grants and agreements, which are effective for fiscal year ends beginning on October 1, 2024 and after. The guidance clarifies the applicability of requirements and terminology and includes some relaxation and clarification of certain requirements that required prior approval from federal regulators. A few key changes include the following:

- Increase the single audit threshold to \$1 million from \$750,000
- Require the schedule of expenditures of federal awards (SEFA) to identify recipient of federal award for audits that cover multiple recipients
- Increase the *de minimis* indirect cost rate from 10 percent to 15 percent, effective for grants received on October 1, 2024 and after

The changes are included in more detail within the federal register at <https://www.federalregister.gov/documents/2024/04/22/2024-07496/guidance-for-federal-financial-assistance>, and we are happy to discuss these changes with you.

### **Other New Legislation**

#### ***Upcoming Accounting Standards Requiring Preparation***

We actively monitor new Governmental Accounting Standards Board (GASB) standards and due process documents and provide periodic updates to help you understand how the latest financial reporting developments will impact the Authority. In addition to the summaries below and to stay up to date, Plante & Moran, PLLC issues a biannual GASB accounting standard update. The most recent update and a link to previous fall and spring updates are available [here](#).

#### ***GASB Statement No. 103 - Financial Reporting Model Improvements***

This new accounting pronouncement will be effective for fiscal years ending June 30, 2026 and after. This statement establishes new accounting and financial reporting requirements, or modifies existing requirements, related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section.

## **Legislative and Informational Items (Continued)**

### ***GASB Statement No. 104 - Disclosure of Certain Capital Assets***

This new accounting pronouncement requires certain types of capital assets, such as lease assets, intangible right-of-use assets, subscription assets, and other intangible assets, to be disclosed separately by major class of underlying asset in the capital assets note. The statement also requires additional disclosures for capital assets held for sale.

### ***Significant GASB Proposals Worth Watching***

The Revenue and Expense Recognition project aims to develop a comprehensive accounting and financial reporting model for transactions that result in revenue and expenses. The GASB has issued a preliminary views document that proposes a new categorization framework that replaces the exchange/nonexchange transaction notion with a four-step categorization process for classifying a transaction. In addition to this new framework, the proposal also addresses recognition and measurement of revenue and expense transactions. The exposure draft for this project is expected sometime in 2025.

Plante & Moran, PLLC has spent significant time digesting this new proposed standard and recently testified to the GASB about our feedback. We strongly encourage the Authority to monitor developments with this standard, as the potential impact is quite broad.

## Staff Report

**Meeting Date: December 4, 2025**

**Subject:**

**Acceptance of the Annual Comprehensive Financial Report (ACFR) for the Fiscal Year Ended June 30, 2025**

**Recommendation:**

The Audit Committee recommends that the Board accept the report.

**Background/Justification:**

An Annual Comprehensive Financial Report (ACFR) is a set of U.S. government financial statements that encompass the financial report of a state, municipal, or other governmental entity that conforms with the accounting requirements of the Governmental Accounting Standards Board (GASB).

The ACFR provides a measure of financial transparency on local and state government spending. It is a more thorough report when compared to the audited financial statements, and includes three major sections: the introductory section, which provides general information on the Airport's organization structure; the financial section, which includes the Airport's audited financial statements; and the statistical section, which provides data trends.

The Charter of the Audit Committee directs the Committee to review the ACFR and other external auditor annual reports, and to forward them to the San Diego County Regional Airport Authority Board for acceptance.

On November 24, 2025, the Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2025 (Attachment A) was presented to the Audit Committee for their review and acceptance. After receiving and reviewing the reports, the Audit Committee recommends that the Board accept the report.

**Fiscal Impact:**

Adequate funding for the audit conducted by Plante & Moran, PLLC, is included in the adopted Fiscal Year 2025 and Adopted Fiscal Year 2026 Operating Expense Budgets within the Accounting Department Audit Services line item.

## Authority Strategies/Focus Areas:

This item supports one or more of the following (*select at least one under each area*):

### Strategies

☐ Community Strategy ☒ Customer Strategy ☐ Employee Strategy ☒ Financial Strategy ☐ Operations Strategy

### Focus Areas

☒ Advance the Airport Development Plan ☐ Transform the Customer Journey ☒ Optimize Ongoing Business

## Environmental Review:

- A. CEQA: This Board action is not a “project” as defined by the California Environmental Quality Act (“CEQA”) (Cal. Pub. Res. Code §21065).
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.
- C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration (“FAA”) and, therefore, no formal review under the National Environmental Policy Act (“NEPA”) is required

## Prepared by:

Elizabeth Stewart  
Director, Accounting



ANNUAL COMPREHENSIVE  
**FINANCIAL  
REPORT**

FISCAL YEARS ENDED JUNE 30, 2025 & 2024





# ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEARS ENDED JUNE 30, 2025 & 2024

PREPARED BY

ACCOUNTING DEPARTMENT  
OF THE SAN DIEGO COUNTY  
REGIONAL AIRPORT AUTHORITY

**Scott M. Brickner**  
Vice President & Chief Financial Officer

**Elizabeth Stewart**  
Director, Accounting



SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY  
SAN DIEGO, CALIFORNIA  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 & 2024

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# INTRODUCTORY SECTION

LETTER OF TRANSMITTAL

AUTHORITY ORGANIZATION CHART

AUTHORITY BOARD MEMBERS AND EXECUTIVE STAFF

GFOA CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING







SAN DIEGO  
INTERNATIONAL AIRPORT

October 31, 2025  
To Members of the Board and the Public:

We are pleased to present the Annual Comprehensive Financial Report of the San Diego County Regional Airport Authority (Airport Authority) for the fiscal years ended June 30, 2025 and 2024. The purpose of this report is to provide the Airport Authority Board of Directors (Board), the public and other interested parties with reliable information concerning the financial condition and operational results of the Airport Authority. The Airport Authority's Accounting Department prepared this report following the guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA). Responsibility for the accuracy, completeness, and fairness of the presented data, including all disclosures, rests with Airport Authority management.

To the best of our knowledge and belief, this report fairly presents and fully discloses the Airport Authority's financial position, changes in financial position, results of operations and cash flows in accordance with generally accepted accounting principles (GAAP) in the United States of America.

The Airport Authority has established and maintains a comprehensive framework of internal controls to provide reasonable assurance that assets are carefully safeguarded, transactions are properly executed, and the financial statements are free from material misstatement.

The Airport Authority engaged the Certified Public Accounting firm Plante & Moran, PLLC to perform the annual independent audit of the basic financial statements contained in this report. The auditors issued an unmodified (or clean) opinion on the Airport Authority's financial statements for the fiscal years ended June 30, 2025 and 2024.

GAAP requires that management provide a narrative overview and analysis to accompany the financial statements in the form of a Management's Discussion and Analysis (MD&A) section. This letter of transmittal should be read in conjunction with the MD&A, which can be found immediately following the report of the independent auditors in the Financial Section of this report.

The Airport Authority was established on January 1, 2002, as an independent agency. On January 1, 2003, the operations and assets of San Diego International Airport (SDIA) were transferred from the San Diego Unified Port District (District) to the Airport Authority.

The public policy decision to transfer responsibility for SDIA from the District to the newly created Airport Authority emanated from recommendations made by the San Diego Regional Efficiency Commission (Commission) that had been established to evaluate regional governance in San Diego County and report recommended improvement measures to the California State Legislature.

Because of the significant regional consequences of airport development and operations, the Commission concluded that a regional

decision-making process should address the future development of airport facilities in San Diego County. In October 2001, Assembly Bill 93 (AB 93) established the composition and jurisdiction of the Airport Authority's governing body in a manner that is designed to reflect the collective interests of the entire San Diego region.

The Airport Authority is vested with 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.

## PROFILE OF AIRPORT AUTHORITY AND ORGANIZATIONAL STRUCTURE

The Board of Directors that governs the Airport Authority is comprised of nine members representing all areas of San Diego County and three additional members serving as non-voting, ex-officio Board members. Three Board members serve as the Executive Committee consisting of one Board member from each of the following defined jurisdictions: the City of San Diego, the County of San Diego, and one Board member from among the east county cities, south county cities, north county coastal or north county inland cities. The Board members serve three-year terms, with no limit to the number of terms a member is able to serve.

## ECONOMIC CONDITION

The California Department of Finance estimates the population of San Diego County at approximately 3.3 million as of June 30, 2025. The county is the second largest in California by population, and the City of San Diego ranks as the state's second largest city. Most residents are concentrated along the Pacific coastline in the western portion of the county. The largest cities are San Diego (43 percent), Chula Vista (8 percent), Oceanside (5 percent), Escondido (4 percent), Carlsbad (3 percent), and El Cajon (3 percent). The combined San Diego-Tijuana metropolitan population is estimated at approximately 5.6 million.

The Air Trade Area of SDIA includes San Diego County as well as portions of neighboring Orange, Imperial, and Riverside Counties, and Baja California, Mexico. The regional economy demonstrated overall stability in 2025, supported by sustained demand in tourism and air travel, as well as ongoing strength in the defense, life sciences, and technology sectors that continue to anchor the San Diego economy. According to the U.S. Bureau of Labor Statistics, the

county's average unemployment rate in June 2025 was 4.9 percent, compared with 5.4 percent for the State of California, indicating relative labor market strength.

Passenger activity at the Airport has benefited from recent international service expansion and steady visitor volumes, although overall growth tempered from prior years amid broader economic slowing and continued inflationary pressures. Fiscal Year 2025 recorded a new high of 12.6 million enplaned passengers, a 1.4 percent increase over Fiscal Year 2024. Continued moderate growth is forecast, and the Airport Authority remains optimistic about long-term prospects as San Diego continues to be a highly desirable destination for both visitors and businesses.







**BIGGEST YEAR ON RECORD AND  
EXPANDED AIR SERVICE**

SDIA set a record in 2024 with 25.24 million passengers, surpassing the previous high of 25.18 million in 2019, with steady post-pandemic growth and strong airline partnerships.

Key drivers include substantial service increases by Alaska Airlines, new entrant Breeze Airways, and nine new nonstop routes, including Anchorage, Cincinnati, and Raleigh-Durham. International travel grew over 10%, boosted by British Airways doubling daily flights to London and strong performance by Lufthansa to Munich and Japan Airlines to Tokyo.

SDIA continues to expand its global and domestic connectivity with several notable route and service additions, including:

Copa Airlines nonstop service to Panama City (4x weekly), enhancing connections to Latin America. KLM Royal Dutch Airlines nonstop flights to Amsterdam (3x weekly), adding another link from San Diego directly to Europe. Japan Airlines increasing frequency to daily nonstop service to Tokyo.

Alaska Airlines introduced flights to Medford, Oregon, and nonstop service to Washington, D.C. (DCA)—returning after a 10-year gap.

Southwest Airlines added twice-daily service to Fresno, new flights to Tampa (5x weekly), seasonal service to Colorado Springs, Milwaukee, and San Jose del Cabo, Mexico.



**TERMINAL 1 PARKING PLAZA  
COMPLETED**

In June 2025, the Airport Authority completed the Terminal 1 Parking Plaza, offering over 5,200 parking spaces located at the New T1, which opened in September 2025. In total, there are now nearly 8,500 parking spaces across from Terminals 1 and 2.

The Parking Plaza features color-coded sections for easier navigation, glass-backed elevators, open stairwells, and lightwells for natural light and ventilation. Amenities include free tire inflation, luggage carts, and designated areas for oversized vehicles, clean vehicles, and EV charging.

A parking guidance system helps to reduce emissions and a stormwater capture system helps protect San Diego Bay. Drivers can pay via ticket, credit card, or contactless methods, and parking is free for visits under 10 minutes.





MAJOR INITIATIVES, AWARDS, AND ACCOMPLISHMENTS

AIRPORT OFFERS UNIQUE DANCE PERFORMANCES WITH PERSONAL TWIST

As part of SDIA Performing Arts Residency Program, renowned San Diego-based dance company Malashock Dance presented newly choreographed works in Terminal 2 West in January 2025. The choreography was inspired by the stories of nearly three dozen passengers who have traveled through the airport. These performances represent the culmination of the dance company's three-month residency program. Beginning in December, the dancers talked with nearly 300 travelers and ultimately collected 30 oral histories from passengers ranging in age from 5 to 60-plus about their San Diego experience. The dancers interpreted these histories into dance, developing their choreography in the airport where travelers and visitors could witness the creative process unfold.



NEW STATE-OF-THE-ART HYDRANT FUELING SYSTEM

The Airport Authority is using a new state-of-the-art hydrant fueling system at SDIA. This system reduces aircraft turnaround times, boosts on-time departures, cuts carbon emissions, and minimizes fuel spillage—improving both efficiency and the passenger experience.

The system plays a large role in operational excellence by delivering fuel through underground pipelines, the hydrant system reduces the need for fuel trucks, lowering emissions.

Designed by Burns & McDonnell, the new infrastructure currently serves Gates 48-51 and marks the first phase of a broader airport-wide hydrant system upgrade.



AUTHORITY RECEIVES LARGE BUSINESS OF THE YEAR AWARD

The Airport Authority won the North San Diego Business Chamber's Large Business of the Year Award for 2025. SDIA was recognized for its significant impact on the region's economy, leading up to the grand opening of the New Terminal 1. The award was presented at the Chamber's annual Celebration of Business event, an annual event that recognizes San Diego County's outstanding business community leaders.





## AIRPORT AUTHORITY RECEIVES GFOA DISTINGUISHED BUDGET PRESENTATION AWARD FOR 20TH CONSECUTIVE YEAR

The Airport Authority received its twentieth consecutive Distinguished Budget Presentation Award from the GFOA for its annual budget for the fiscal year beginning July 1, 2025. The GFOA Distinguished Budget Presentation Awards Program was established to encourage and assist state and local governments to prepare budget documents of the highest quality that reflect both the guidelines established by the National Advisory Council on State and Local Budgeting, and the

GFOA's best practices on budgeting, and then to recognize individual governments that succeed in achieving that goal. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device.



Annually, the Airport Authority prepares a five-year capital program budget, an operating budget for the upcoming fiscal year and a conceptual operating budget for the following fiscal year. The capital program provides for critical improvements and asset preservation. Safety, security, asset preservation, customer experience, environmental remediation, terminal upgrades, airfield improvements, and efficiency enhancements are the main focus of the capital program. The budget process begins with executive management collaborating with the Board to update, review and formulate the strategies and initiatives that

drive business performance. The management team engages in cross-functional discussions to arrive at key decisions and agreements. The effort is designed to align divisional budget requirements with the Airport Authority's overall strategies and initiatives. Actual financial results are compared to the adopted budget expectations and reported to the Board's Finance Committee on a monthly basis and the full Board on a quarterly basis.



## AIRPORT AUTHORITY AWARDED ACHIEVEMENT OF EXCELLENCE IN PROCUREMENT

The Airport Authority was awarded the Achievement of Excellence in Procurement® (AEP) for 2025 from the National Procurement Institute, Inc. The award recognizes organizations that demonstrate excellence in innovation, professionalism, productivity, leadership, and e-procurement. It affirms our professional values of integrity, effectiveness, and transparency, as well as our commitment to fostering relationships with our

internal business partners and our vendor community. The AEP program encourages the development of excellence as well as continued organizational improvement to earn the award annually. This was the fifteenth consecutive year the Airport Authority earned this award.

## AIRPORT AUTHORITY AWARDED CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The GFOA awarded the Certificate of Achievement for Excellence in Financial Reporting to the Airport Authority for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024. The Annual Report was judged by an impartial panel to meet the high standards of the program, which includes demonstrating a constructive "spirit of full disclosure" to clearly communicate its financial story and motivate potential users and user

groups to read the Annual Report. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management. The Airport Authority has received this award every year since its inception.



The Board sets policy that enables implementation of appropriate internal controls and provides oversight to ensure that the assets of the Airport Authority are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for preparation of financial statements in conformity with GAAP. Internal controls are designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the valuation of costs and benefits requires estimates and judgments by management.

The Airport Authority derives its operating revenue from two primary sources: airline and non-airline revenue. Airline revenue is derived predominantly from landing fees, aircraft parking fees, building rentals, common use fees and other aviation revenue. Primary sources of non-airline revenue are terminal and rental car concessions, airport parking, land leases, and ground transportation fees.

Non-operating revenue of the Airport Authority is comprised of Passenger Facility Charges, Customer Facility Charges, interest income, and federal grants.

The Airport Authority's debt management policy was developed to ensure compliance with the master and subordinate bond indentures, which dictate the terms of the Airport Authority's outstanding debt and establishes various reserves. Funding of the required reserve balances affects the fund equity portion of the budget and rate-setting process.

The Airport Authority completed fiscal year 2025 with income from operations (before depreciation and amortization) of \$225.6 million, an increase of 8.6 percent compared to fiscal year 2024. Fiscal year 2025 also grew as compared to fiscal year 2024, with enplanements increasing 1.4 percent, and aircraft operations 3.3 percent. The accompanying Management's Discussion and Analysis provides a detailed narrative overview.

## FINANCIAL INFORMATION







The preparation of the Annual Comprehensive Financial Report was made possible by the dedicated service and efforts of the Airport Authority's Accounting, Finance, Marketing, and Communications staff. We wish to express our sincere appreciation for their dedication to ensure fiscal transparency and accountability and to maintain and present the Airport Authority's financial statements in conformance with the highest professional standards.

Respectfully submitted,



Kimberly J. Becker  
President | Chief Executive Officer

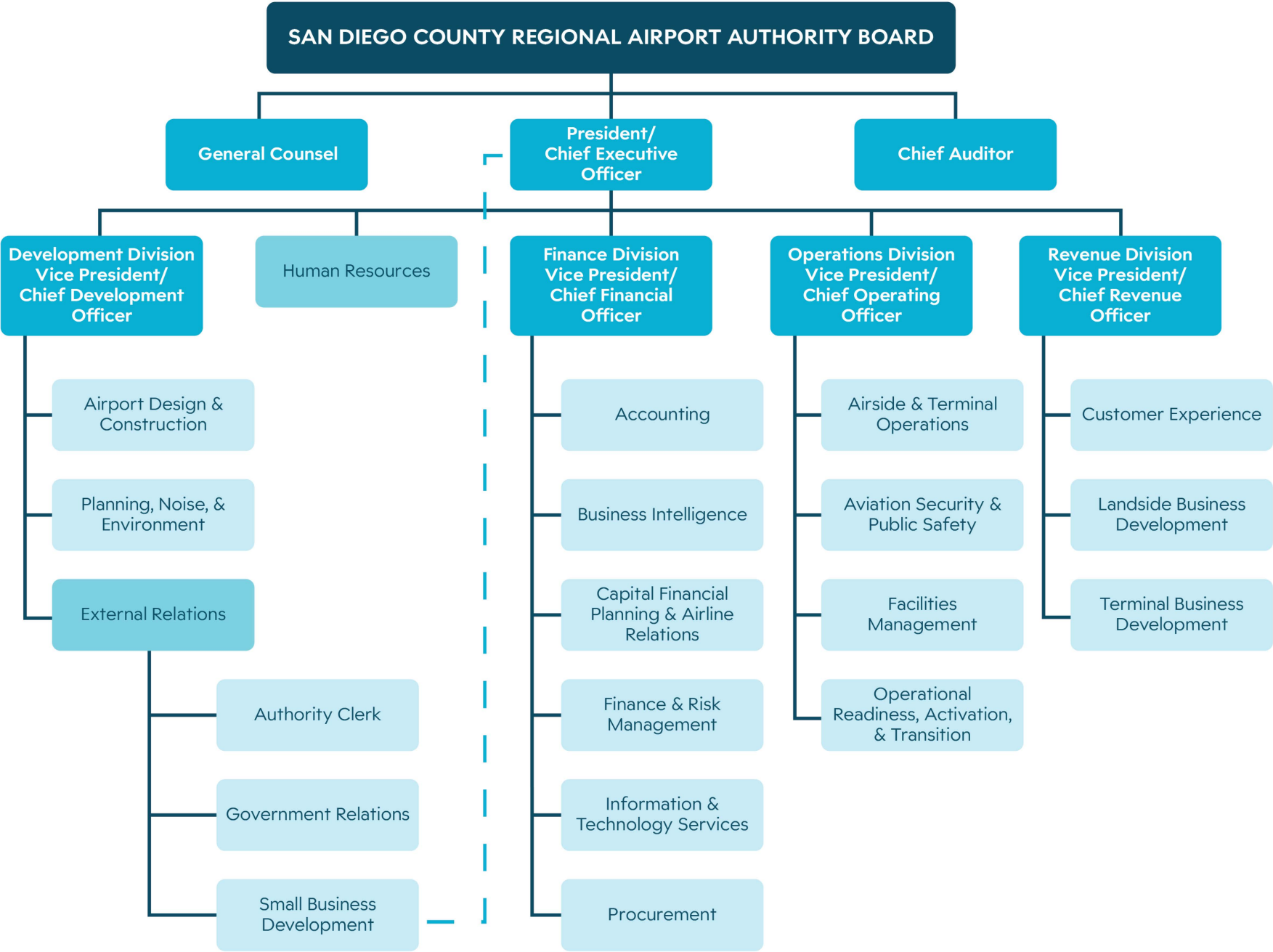


Scott M. Brickner, CPA  
Vice President | Chief Financial Officer

Finally, we would like to thank members of the Board for their continued leadership, guidance, and support towards the execution of our purpose to create an exceptional airport experience for the community and the world. We are committed to operating San Diego's air transportation gateways in a manner that promotes the region's prosperity and protects its quality of life.







AIRPORT AUTHORITY BOARD

EXECUTIVE COMMITTEE:

**GIL CABRERA**, CHAIR  
**JAMES SLY**, VICE CHAIR  
**RAFAEL PEREZ**

EX-OFFICIO MEMBERS:

**ANN FOX**  
**COLONEL R. ERIK HERMANN**  
**MICHELE PERRAULT**

GENERAL MEMBERS:

**LIDIA S. MARTINEZ**  
**STEVE VAUS**  
**ESTHER C. SANCHEZ**  
**WHITNEY BENZIAN**  
**MONICA MONTGOMERY STEPPE**  
**MARNI VON WILPERT**



EXECUTIVE STAFF

**KIMBERLY J. BECKER**, PRESIDENT & CHIEF EXECUTIVE OFFICER  
**AMY GONZALEZ**, GENERAL COUNSEL  
**LEE PARRAVANO**, CHIEF AUDITOR  
**SCOTT M. BRICKNER**, VICE PRESIDENT/TREASURER & CHIEF FINANCIAL OFFICER  
**HAMPTON BROWN**, VICE PRESIDENT/CHIEF REVENUE OFFICER  
**RICK FRANCIS**, VICE PRESIDENT/CHIEF OPERATING OFFICER  
**ANGELA SHAFER-PAYNE**, VICE PRESIDENT/CHIEF DEVELOPMENT OFFICER





The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to San Diego County Regional Airport Authority for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024. This was the twenty second consecutive year that the Airport Authority has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. The report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**San Diego County Regional Airport Authority  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2024

*Christopher P. Morrell*

Executive Director/CEO



# FINANCIAL SECTION

## INDEPENDENT AUDITOR'S REPORT MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FINANCIAL STATEMENTS:

- Statements of Net Position
- Statements of Revenues, Expenses and Changes in Net Position
- Statements of Cash Flows
- Notes to Financial Statements

## REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)







Independent Auditor's Report

**Plante & Moran, PLLC**  
1098 Woodward Avenue  
Detroit, MI 48226-1906  
Tel: 313.496.7200  
Fax: 313.496.7201  
plantemoran.com

To the Board of Directors  
San Diego County Regional Airport Authority

Report on the Audits of the Financial Statements

Opinion

We have audited the financial statements of San Diego County Regional Airport Authority (the "Authority") as of and for the years ended June 30, 2025 and 2024 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of San Diego County Regional Airport Authority as of June 30, 2025 and 2024 and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audits of the Financial Statements

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



In performing audits in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2025 on our consideration of San Diego County Regional Airport Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of San Diego County Regional Airport Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering San Diego County Regional Airport Authority's internal control over financial reporting and compliance.

October 31, 2025

Plante & Moran, PLLC



INTRODUCTION

The San Diego County Regional Airport Authority (Airport Authority) was established on January 1, 2002, as an independent agency. On January 1, 2003, the operations and assets of San Diego International Airport (SDIA) transferred from the San Diego Unified Port District (District) to the Airport Authority to manage and plan for the future needs and development.

The Airport Authority is an independent, self-sustaining entity that owns and operates SDIA receiving most of its revenues through user fees and rents from airline and non-airline business partners operating at SDIA. Since the Airport Authority is not funded by tax revenues, accounts are maintained in an enterprise fund on the accrual basis of accounting. Under accrual accounting, revenues are recognized as they are earned, and expenses are recognized as a liability as incurred, regardless of the timing of related cash inflows

and outflows. Users of SDIA’s facilities provide most of the revenues to operate, maintain, and acquire necessary services and facilities.

The purpose of the section is to provide management’s overview of the financial performance and activity of the Airport Authority. It is intended to provide an introduction to and assist readers in understanding the basic financial statements of the Airport Authority for the fiscal year ended June 30, 2025 with comparative information for the years ended June 30, 2024 and June 30, 2023.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements of the Airport Authority consist of the following key components:

- The Statements of Net Position present the Airport Authority’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position.
  - The Statements of Revenues, Expenses, and Changes in Net Position present the results of operations, indicating the operating and non-operating revenues and expenses, and the change in net position for the fiscal year.
  - The Statements of Cash Flows present the sources and uses of cash and cash equivalents during the year, classified by operating, non-capital financing, capital and related financing, and investing activities.
  - The Notes to the Financial Statements provide additional detail, disclosure and accounting policies underlying the statements that is essential to providing a full understanding of the financial statements.
- This MD&A provides a narrative explanation of these statements and highlights significant factors affecting the Airport Authority’s financial results and condition.

MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)  
For The Years Ended June 30, 2025 and 2024

OPERATIONAL ACTIVITIES HIGHLIGHTS (2023 – 2025)

In fiscal year 2025, the Airport Authority showed continued growth, as most major activities performed at or above prior year levels. The changes in the SDIA’s major activities for the three years are as follows:

|                                    | FY 2025    | FY 2024    | FY 2023    |
|------------------------------------|------------|------------|------------|
| Enplaned passengers                | 12,644,082 | 12,467,206 | 11,867,569 |
| % change from prior year           | 1.4%       | 5.1%       | 19.2%      |
| Total passengers                   | 25,175,598 | 24,586,137 | 23,560,297 |
| % change from prior year           | 2.4%       | 4.4%       | 18.8%      |
| Aircraft operations                | 230,613    | 223,254    | 219,952    |
| % change from prior year           | 3.3%       | 1.5%       | 15.5%      |
| Freight and mail (in tons)         | 116,703    | 122,939    | 137,670    |
| % change from prior year           | -5.1%      | -10.7%     | -8.9%      |
| Landed weight (in millions pounds) | 15,069     | 14,402     | 13,256     |
| % change from prior year           | 4.6%       | 8.6%       | 12.7%      |

Overall, a healthy, though guarded economy was reflected in the FY 2025 Airport Activity results. Enplaned passenger traffic saw an increase of 1.4 percent over fiscal year 2024, tapering off from the very strong increases in prior years coming out of the pandemic. Changes in total passengers,

aircraft operations and landed weight also had strong increases, while freight and mail activity had a decrease of 5.1%, continuing prior year declines, though less significant.





FINANCIAL HIGHLIGHTS  
2023 - 2025

STATEMENT OF REVENUES EXPENSES  
AND CHANGES IN NET POSITION

The metric ‘Changes in Net Position’ is an indicator of whether the Airport Authority’s overall financial condition has improved or deteriorated during the fiscal year. Net position saw a substantial increase of 11.0% in fiscal year 2025, following a robust 25.9% rise in fiscal year 2024, driven by the continued growth in air travel.

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

|                                       | % Change     |              |              |         |         |
|---------------------------------------|--------------|--------------|--------------|---------|---------|
|                                       | FY 2025      | FY 2024      | FY 2023      | FY 2025 | FY 2024 |
| Operating revenues                    | \$ 434,192   | \$ 399,889   | \$ 360,762   | 8.6%    | 10.8%   |
| Operating expenses                    | (330,058)    | (314,462)    | (305,926)    | -5.0%   | -2.8%   |
| Nonoperating revenues (expenses), net | 35,919       | 54,265       | 11,987       | -33.8%  | 352.7%  |
| Capital contributions and grants      | 2,543        | 128,361      | 52,287       | -98.0%  | 145.5%  |
| Increase in net position              | 142,597      | 268,052      | 119,111      | -46.8%  | 125.0%  |
| Net position, beginning of year       | 1,301,232    | 1,033,179    | 914,068      | 0.0%    | 0.0%    |
| Net position, end of year             | \$ 1,443,829 | \$ 1,301,232 | \$ 1,033,179 | 11.0%   | 25.9%   |



OPERATING REVENUES (IN THOUSANDS)

|   | FY 2025    | FY 2024    | From 2024 to 2025   |          |
|---|------------|------------|---------------------|----------|
|   |            |            | Increase (Decrease) | % Change |
| Airline revenue:                          |            |            |                     |          |
| Landing fees                              | \$ 59,046  | \$ 53,873  | \$ 5,173            | 9.6%     |
| Aircraft parking fees                     | 15,533     | 13,612     | 1,920               | 14.1%    |
| Building rentals                          | 154,537    | 145,169    | 9,367               | 6.5%     |
| Other aviation revenue                    | 10,011     | 8,566      | 1,445               | 16.9%    |
| Total airline revenue                     | 239,126    | 221,220    | 17,906              | 8.1%     |
| Concession revenue                        | 85,159     | 79,546     | 5,613               | 7.1%     |
| Parking and ground transportation revenue | 81,569     | 72,484     | 9,085               | 12.5%    |
| Ground rentals                            | 25,367     | 23,416     | 1,951               | 8.3%     |
| Other operating revenue                   | 7,438      | 4,545      | 2,893               | 63.7%    |
| Total operating revenue                   | \$ 438,659 | \$ 401,211 | \$ 37,448           | 9.3%     |

|   | FY 2024    | FY 2023    | From 2023 to 2024   |          |
|---|------------|------------|---------------------|----------|
|   |            |            | Increase (Decrease) | % Change |
| Airline revenue:                          |            |            |                     |          |
| Landing fees                              | \$ 53,873  | \$ 44,741  | \$ 9,131            | 20.4%    |
| Aircraft parking fees                     | 13,612     | 11,189     | 2,423               | 21.7%    |
| Building rentals                          | 145,169    | 129,744    | 15,426              | 11.9%    |
| Other aviation revenue                    | 8,566      | 7,123      | 1,443               | 20.3%    |
| Total airline revenue                     | 221,220    | 192,797    | 28,423              | 14.7%    |
| Concession revenue                        | 79,546     | 75,559     | 3,988               | 5.3%     |
| Parking and ground transportation revenue | 72,484     | 65,415     | 7,069               | 10.8%    |
| Ground rentals                            | 23,416     | 23,257     | 158                 | 0.7%     |
| Other operating revenue                   | 4,545      | 2,324      | 2,221               | 95.6%    |
| Total operating revenue                   | \$ 401,211 | \$ 359,351 | \$ 41,859           | 11.6%    |

FISCAL YEAR 2025 COMPARED TO 2024:

Total airline revenues increased \$17.9 million, or 8.0 percent, predominantly due to an increase in cost recovery from the airlines which is the result of higher debt service costs and an increase in recoverable operating expenses due to the increase in passengers. Concessions revenue increased \$5.6 million or 7.1 percent. This included terminal concessions which increased due to higher passenger levels and increased sales prices, while rental car concessions decreased due to lower rental pricing. Parking and ground transportation increased \$9.1 million or 12.5 percent due to the higher enplanements and the opening of the new Parking Plaza at Terminal 1.

FISCAL YEAR 2024 COMPARED TO 2023:

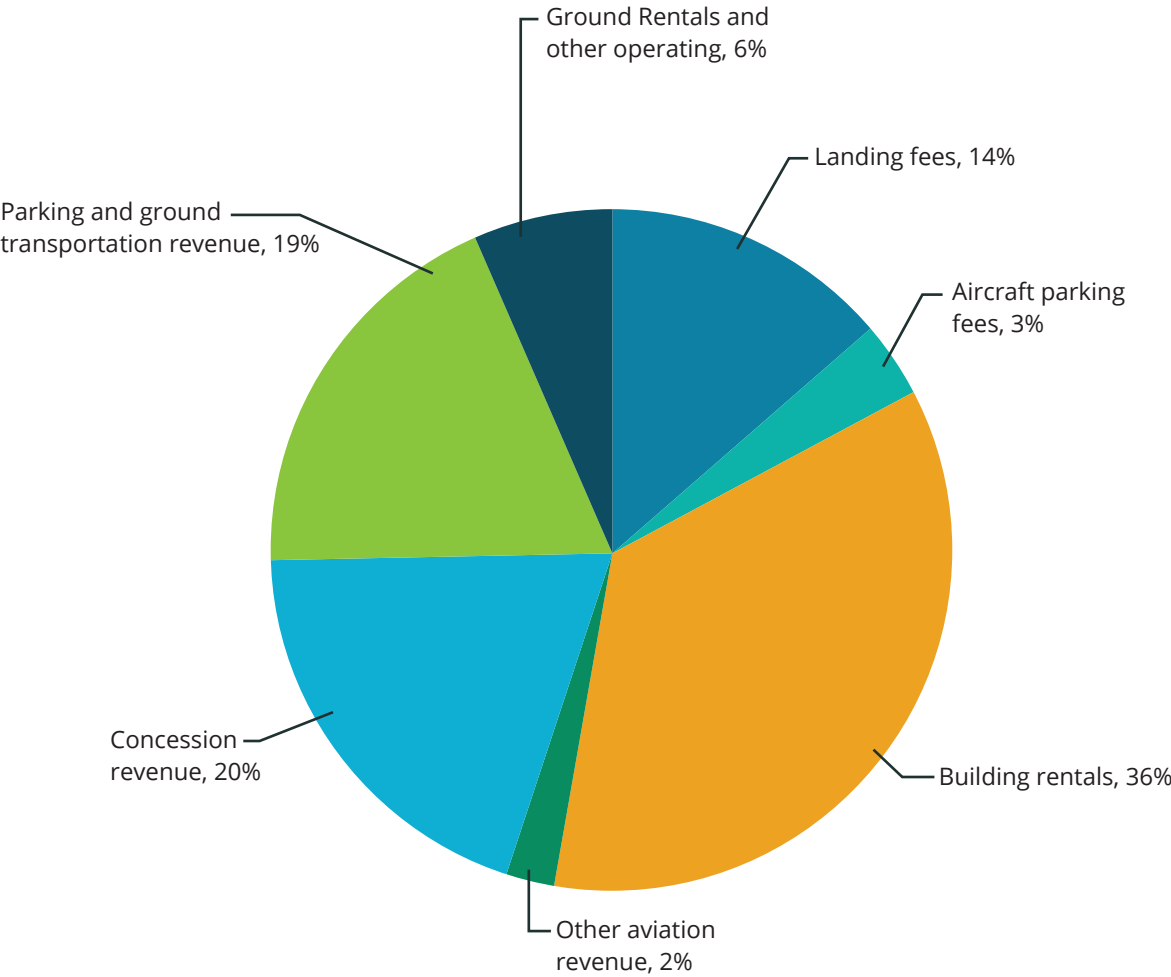
Total airline revenues increased \$28.4 million, or 14.7 percent, predominantly due to the reduction of \$20.7 million of pandemic era Federal Relief provided for the benefit of the airlines. In addition, there was an increase in cost recovery from the airlines which is the result of higher debt service costs and an increase in recoverable operating expenses due to the increase in passengers. Concessions revenue (terminal and rental car) increased \$4.0 million or 5.3 percent due to increased concessions and car rental sales due to the increase in passengers and an increase in sales per enplaned passenger, combined with a positive change in the timing of the recognition of lease revenue per GASB 87. Parking and ground transportation increased \$7.1 million or 10.8 percent due to the higher enplanements and increases in rates.

FINANCIAL HIGHLIGHTS  
2023 -2025 (CONTINUED)





OPERATING REVENUES BY TYPE



OPERATING EXPENSES (IN THOUSANDS)

|   | FY 2025    | FY 2024    | From 2024 to 2025   |          |
|---|------------|------------|---------------------|----------|
|   |            |            | Increase (Decrease) | % Change |
| Salaries and benefits   | \$ 63,427  | \$ 57,444  | \$ 5,983            | 10.4%    |
| Contractual services  | 54,886     | 52,445     | 2,441               | 4.7%     |
| Safety and security   | 39,541     | 36,778     | 2,764               | 7.5%     |
| Space rental  | 493        | 467        | 27                  | 5.7%     |
| Utilities   | 20,497     | 19,518     | 979                 | 5.0%     |
| Maintenance   | 16,575     | 14,125     | 2,450               | 17.3%    |
| Equipment and systems   | 325        | 544        | (220)               | (40.3%)  |
| Materials and supplies  | 652        | 650        | 2                   | 0.3%     |
| Insurance   | 2,579      | 2,314      | 265                 | 11.5%    |
| Employee development and support                              | 910        | 731        | 179                 | 24.4%    |
| Business development  | 3,129      | 2,280      | 850                 | 37.3%    |
| Equipment rentals and repairs                                 | 5,556      | 4,992      | 563                 | 11.3%    |
| Total operating expenses before depreciation and amortization | 208,569    | 192,288    | 16,281              | 8.5%     |
| Depreciation and amortization                                 | 121,489    | 122,175    | (686)               | (0.6%)   |
| Total operating expense                                       | \$ 330,058 | \$ 314,462 | \$ 15,595           | 5.0%     |

|   | FY 2024    | FY 2023    | From 2023 to 2024   |          |
|---|------------|------------|---------------------|----------|
|   |            |            | Increase (Decrease) | % Change |
| Salaries and benefits   | \$ 57,444  | \$ 51,231  | \$ 6,213            | 12.1%    |
| Contractual services  | 52,445     | 45,581     | 6,864               | 15.1%    |
| Safety and security   | 36,778     | 33,043     | 3,735               | 11.3%    |
| Space rental  | 467        | 313        | 153                 | 48.8%    |
| Utilities   | 19,518     | 17,567     | 1,951               | 11.1%    |
| Maintenance   | 14,125     | 16,417     | (2,292)             | (14.0%)  |
| Equipment and systems   | 544        | 922        | (378)               | (41.0%)  |
| Materials and supplies  | 650        | 661        | (11)                | (1.6%)   |
| Insurance   | 2,314      | 1,997      | 317                 | 15.9%    |
| Employee development and support                              | 731        | 681        | 50                  | 7.3%     |
| Business development  | 2,280      | 1,916      | 364                 | 19.0%    |
| Equipment rentals and repairs                                 | 4,992      | 4,010      | 982                 | 24.5%    |
| Total operating expenses before depreciation and amortization | 192,288    | 174,339    | 17,949              | 10.3%    |
| Depreciation and amortization                                 | 122,175    | 131,586    | (9,412)             | (7.2%)   |
| Total operating expense                                       | \$ 314,462 | \$ 305,926 | \$ 8,537            | 2.8%     |





FINANCIAL HIGHLIGHTS  
2023 - 2025 (CONTINUED)



**FISCAL YEAR 2025 COMPARED TO 2024:**  
Total fiscal year 2025 operating expenses increased by \$15.6 million or 5.0 percent.

Salaries and benefits increased by \$6.0 million or 10.4 percent due to planned wage and benefit increases, and increased head count. Contractual services increased by \$2.4 million or 4.7 percent, primarily due to an increase in parking and shuttle operations and Rental Car Center (RCC) bus expenses due to an increase in enplanements. Safety and security increased by \$2.8 million or 7.5 percent due to increases in law enforcement. Maintenance expenses increased \$2.5 million or 17.3 percent due to contract increases and airfield repairs.

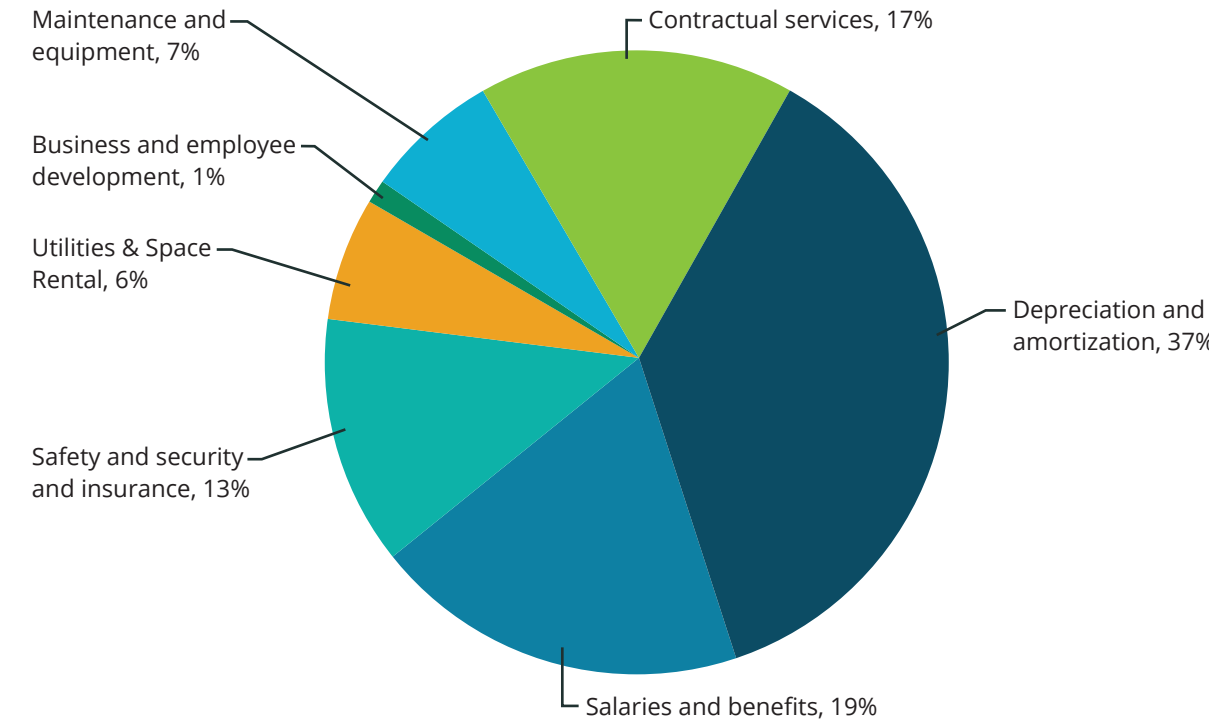
**FISCAL YEAR 2024 COMPARED TO 2023:**  
Total fiscal year 2024 operating expenses increased by \$8.5 million or 2.8 percent.

Salaries and benefits increased by \$6.2 million or 12.1 percent due to planned wage and benefit

increases, higher overtime, and increased head count. Contractual services increased by \$6.9 million or 15.1 percent, primarily due to an increase in parking and shuttle operations and Rental Car Center (RCC) bus expenses due to an increase in enplanements. Safety and security increased by \$3.7 million or 11.3 percent due to increases in law enforcement, Aircraft Rescue and Fire Fighting (ARFF), emergency medical services and security inspection/guard services. Utilities increased by \$2.0 million or 11.1 percent due to increased water and electric usage and rates.

Partially offsetting the increase in operating expenses described above, maintenance expenses decreased by \$2.3 million or 14.0 percent primarily due to completion of major annual maintenance projects in FY23. Depreciation and amortization decreased by \$9.4 million or 7.2 percent as many assets became fully depreciated in the prior and current years.

OPERATING EXPENSES BY TYPE



NON OPERATING REVENUES (EXPENSES) (IN THOUSANDS)

|                                       | FY 2025   | FY 2024   | From 2024 to 2025   |          |
|---------------------------------------|-----------|-----------|---------------------|----------|
|                                       |           |           | Increase (Decrease) | % Change |
| Passenger facility charges            | \$ 49,255 | \$ 49,200 | \$ 55               | 0.1%     |
| Customer facility charges             | 36,479    | 35,913    | 566                 | 1.6%     |
| Quieter Home Program, net             | (1,876)   | (1,845)   | (31)                | (1.7%)   |
| Other interest income                 | 9,525     | 10,198    | (674)               | (6.6%)   |
| Investment income (loss)              | 114,744   | 129,223   | (14,479)            | (11.2%)  |
| Interest expense, net                 | (176,084) | (164,933) | (11,150)            | (6.8%)   |
| Other nonoperating income (expenses)  | 3,877     | (3,490)   | 7,366               | 211.1%   |
| Nonoperating revenues (expenses), net | \$ 35,919 | \$ 54,265 | \$ (18,346)         | (33.8%)  |

|                                       | FY 2024   | FY 2023   | From 2023 to 2024   |          |
|---------------------------------------|-----------|-----------|---------------------|----------|
|                                       |           |           | Increase (Decrease) | % Change |
| Passenger facility charges            | \$ 49,200 | \$ 46,755 | \$ 2,445            | 5.2%     |
| Customer facility charges             | 35,913    | 34,375    | 1,538               | 4.5%     |
| Quieter Home Program, net             | (1,845)   | (2,051)   | 206                 | 10.0%    |
| Other interest income                 | 10,198    | 11,145    | (947)               | (8.5%)   |
| Investment income (loss)              | 129,223   | 50,882    | 78,341              | 154.0%   |
| Interest expense, net                 | (164,933) | (127,464) | (37,470)            | (29.4%)  |
| Other nonoperating income (expenses)  | (3,490)   | (1,654)   | (1,835)             | (111.0%) |
| Nonoperating revenues (expenses), net | \$ 54,265 | \$ 11,987 | \$ 42,278           | 352.7%   |

**Passenger Facility Charges (PFCs)** were established by Congress in 1990 as part of the Aviation Safety and Capacity Expansion Act of 1990. In 1995, the Airport Authority received authorization to collect a \$3.00 PFC from revenue enplaned passengers. The amount increased to \$4.50 in 2003. PFCs are used to pay allowable costs to design and construct eligible Airport capital projects, contribute to the Airport Authority's noise mitigation (Quieter Home Program), or to repay debt service issued to build eligible capital projects. PFCs are collected by the air carriers when passengers purchase their tickets and are remitted to the Airport Authority the month following collection less a \$0.11 administration fee. There are currently four active applications which provide the Airport Authority to impose and use PFC revenue through May 1, 2040.

**Customer Facility Charges (CFCs)** are authorized under Section 1936 of the California Civil Code and regulated under California Government Code Section 50474. The revenues collected have been used to plan and construct a consolidated rental car facility and operate the related ground transportation system. The rental car agencies

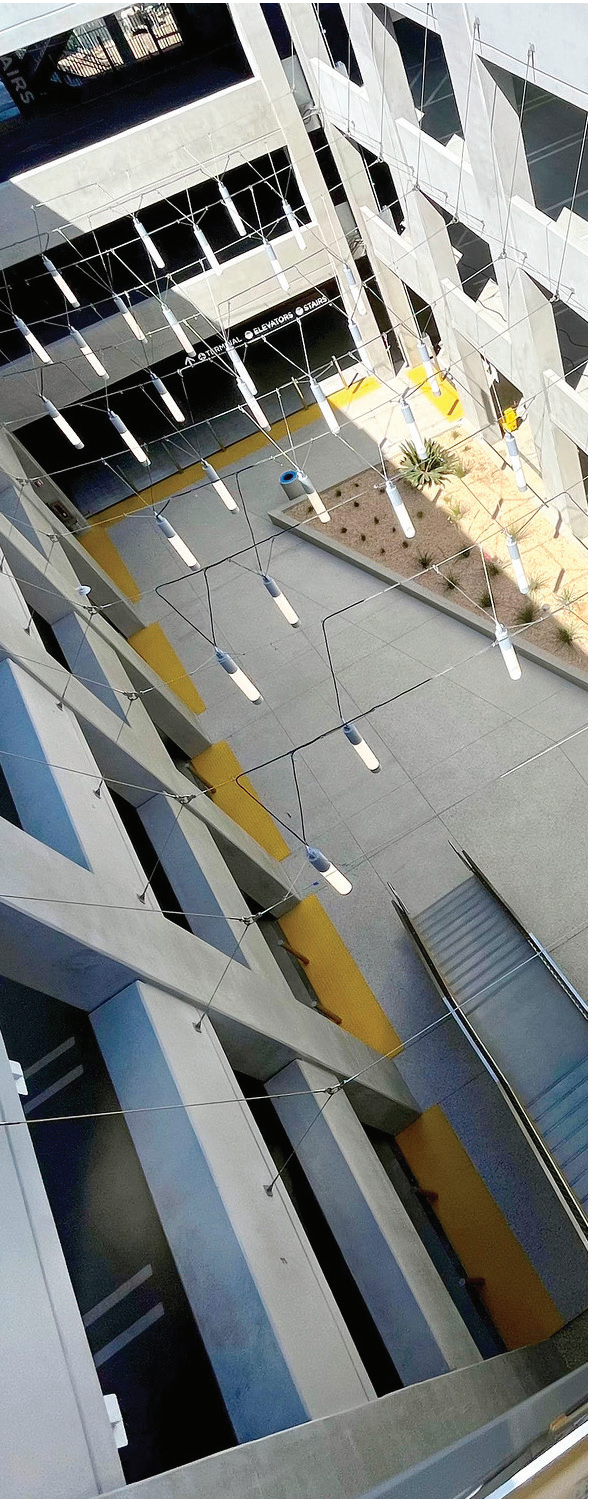
utilizing the consolidated rental car facility remit to the Airport Authority collection of the fee monthly. The current CFC fee is \$9.00 per day, up to five days for rental car transactions that originate at the Rental Car Center. For car rental transactions of non-RCC tenants, the CFC rate is \$3.41 per day, up to five days for rental car transactions.

**Quieter Home Program** includes sound attenuation construction improvements at all eligible single-family and multi-family dwellings and public buildings located in the Year 2020 65 dB Community Noise Equivalent Level contour. The project is eligible for the FAA's Airport Improvement Program (AIP), which awards grants for certain eligible Airport Authority expenditures. The expenses represent the authority's cost, net of the grant funds utilized in the fiscal year.

**Other Interest Income** includes interest earned on lease receivables and notes receivable.

**Investment income (loss)** is derived from interest earned by the Airport Authority on investments and includes unrealized gain (loss) on investments.

FINANCIAL HIGHLIGHTS  
2023 -2025 (CONTINUED)





FINANCIAL HIGHLIGHTS  
2023 - 2025 (CONTINUED)

**Interest expense** includes interest paid and accrued on bonds, variable debt, and leases.

**Other nonoperating income (expense)** includes proceeds and expenses for legal settlements, gain (loss) on the sale of assets and other miscellaneous revenue and expenses.

**Fiscal Year 2025 compared to 2024:** Nonoperating revenues (net) decreased by \$21.5 million or 40.6 percent. The increases in PFCs and CFCs are due to an increase in enplaned passengers. Investment income decreased by \$14.5 million or 11.2 percent, due primarily to the leveling of the unrealized gains on investments of \$3.8 million compared to \$57.7 million in fiscal year 2024. This decrease is offset by \$39.4 million due to increased yields on investments and the timing of income recognition on discount bonds. Interest expense increased by \$11.2 million or 6.8 percent due to the issuance of new bonds in October 2023 that consequently had a full 12 months' impact in fiscal year 2025. Other nonoperating income for fiscal year 2025 of \$3.9 million was primarily due to the refund of prior years' Social Security taxes as a result of a Section 218 Agreement vote.

**Fiscal Year 2024 compared to 2023:** Nonoperating revenues (net) increased by \$42.3 million or 352.7 percent. The increases in PFCs and CFCs are due to an increase in enplaned passengers. PFCs increased by \$2.4 million or 5.2 percent, and CFCs increased by \$1.5 million or 4.5 percent. Investment income increased by \$78.3 million or 154.0 percent. Increased balances in bond funds due to issuance of new debt in October 2023 generated an additional \$15.6 million in interest earnings while increases in yields on investments added an additional \$16.7 million. Interest expense increased by \$37.5 million or 29.4 percent due to the issuance of new bonds in October 2023. Unrealized gains on investments increased by \$46.0 million during the fiscal year. Other nonoperating expenses increased by \$1.8 million or 111.0 percent, primarily due to the loss on disposal of capital assets.

**Fiscal Year 2024 compared to 2023:** Nonoperating revenues (net) increased by \$42.3 million or 352.7 percent. The increases in PFCs and CFCs are due to an increase in enplaned passengers. PFCs increased by \$2.4 million or 5.2 percent, and CFCs increased by \$1.5 million or 4.5 percent. Investment income increased by \$78.3 million or 154.0 percent. Increased balances in bond funds due to issuance of new debt in October 2023 generated an additional \$15.6 million in interest earnings while increases in yields on investments added an additional \$16.7 million. Interest expense increased by \$37.5 million or 29.4 percent due to the issuance of new bonds in October 2023. Unrealized gains on investments increased by \$46.0 million during the fiscal year. Other nonoperating expenses increased by \$1.8 million or 111.0 percent, primarily due to the loss on disposal of capital assets.



FEDERAL GRANT CONTRIBUTIONS (IN THOUSANDS)

|                | From 2024 to 2025 |            |                        |          |
|----------------|-------------------|------------|------------------------|----------|
|                | FY 2025           | FY 2024    | Increase<br>(Decrease) | % Change |
| Federal grants | \$ 2,543          | \$ 128,361 | \$ (125,818)           | (98.0%)  |

|                | From 2023 to 2024 |           |                        |          |
|----------------|-------------------|-----------|------------------------|----------|
|                | FY 2024           | FY 2023   | Increase<br>(Decrease) | % Change |
| Federal grants | \$ 128,361        | \$ 52,287 | \$ 76,074              | 145.5%   |

**Federal Grant Contributions:** are comprised of Airport Improvement Project (AIP) entitlement and discretionary grants through the Federal Aviation Administration (FAA) and other Federal and state organizations. These funds are recognized as revenue as grants are awarded and work is completed on the eligible projects. Grants decreased by \$126 million, or 98%, from \$128.4 million to \$2.5 million due to higher grant awards in fiscal year 2024 from the Bipartisan Infrastructure Law for the construction of New Terminal 1 and airfield improvements.

In June 2022, the Federal Aviation Administration (FAA) issued a Letter of Intent (LOI) to the Airport Authority to support the construction of a new Taxiway A, the relocation of Taxiway B, and the development of the Terminal 1 and Remain Overnight aprons. The LOI established a total federal funding commitment of \$110 million to be distributed through Airport Improvement Program (AIP) Discretionary Grants over a ten-year period from 2022 through 2031.

In 2023 and 2024, the FAA amended the LOI to include additional AIP Entitlement Grants totaling \$8.6, increasing the total funding commitment to

FINANCIAL HIGHLIGHTS  
2023 -2025 (CONTINUED)

\$118.6 million. These grant awards are contingent upon the Airport Authority's continued compliance with FAA grant requirements and the availability of federal appropriations. The LOI does not constitute a binding obligation but represents the FAA's intent to provide funding as budget authority becomes available.

As of June 30, 2025, the Airport Authority had recognized \$38.6 million in capital contributions under the LOI. In addition, \$85.3 million in eligible project costs had been incurred and are expected to generate approximately \$64.0 million in future grant revenue.

ASSETS, LIABILITIES AND NET POSITION (IN THOUSANDS)

The statements of net position present the financial position of the Airport Authority as of a period in time. The statements include all assets, deferred outflows, liabilities, deferred inflows, and net position of the Airport Authority. A summary comparison of the Airport Authority's assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position as of June 30, 2025, 2024 and 2023, is as follows:

Assets and Deferred Outflows of Resources

Current assets

Capital and lease assets, net

Noncurrent assets

Total assets

Deferred outflows of resources

Total assets & deferred outflows of resources

Liabilities and Deferred Inflows of Resources

Current liabilities

Long-term liabilities

Total liabilities

Deferred inflows of resources

Total liabilities & deferred inflows of resources

Net Position

Net investment in capital assets

Restricted

Unrestricted

Total net position

| FY 2025      | FY 2024      | FY 2023      |
|--------------|--------------|--------------|
| \$ 600,283   | \$ 690,779   | \$ 486,820   |
| 4,224,285    | 3,661,260    | 2,795,855    |
| 1,890,693    | 2,337,189    | 2,739,298    |
| 6,715,260    | 6,689,229    | 6,021,972    |
| 25,511       | 21,788       | 18,040       |
| 6,740,771    | 6,711,017    | 6,040,012    |
| 278,644      | 313,079      | 280,701      |
| 4,664,786    | 4,733,096    | 3,871,111    |
| 4,943,431    | 5,046,175    | 4,151,812    |
| 353,512      | 363,611      | 389,565      |
| 5,296,942    | 5,409,785    | 4,541,377    |
| 519,644      | 473,181      | 320,779      |
| 341,609      | 266,992      | 228,233      |
| 582,575      | 561,058      | 484,167      |
| \$ 1,443,829 | \$ 1,301,232 | \$ 1,033,179 |



FINANCIAL HIGHLIGHTS  
2023 - 2025 (CONTINUED)

As of June 30, 2025, the Airport Authority's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,443.8 million. This reflects a \$142.5 million or 11.0 percent increase in net position from June 30, 2024. The Airport Authority uses capital and lease assets to provide services to its passengers and other users of SDIA; consequently, these assets cannot be sold or otherwise liquidated. Although the Airport Authority's investment in its capital and lease assets is reported net of related debt, the funds required to repay this debt must be provided annually from operations. The unrestricted net

position of \$582.6 million as of June 30, 2025, may be used to meet any of the Airport Authority's ongoing obligations. As of June 30, 2025, 2024, and 2023, management has designated unrestricted funds in the amount of \$224.2 million, \$239.3 million, and \$99.0 million, respectively, for capital contract commitments funded by Airport Authority cash, earthquake self-insurance, operating contingency, and major maintenance.

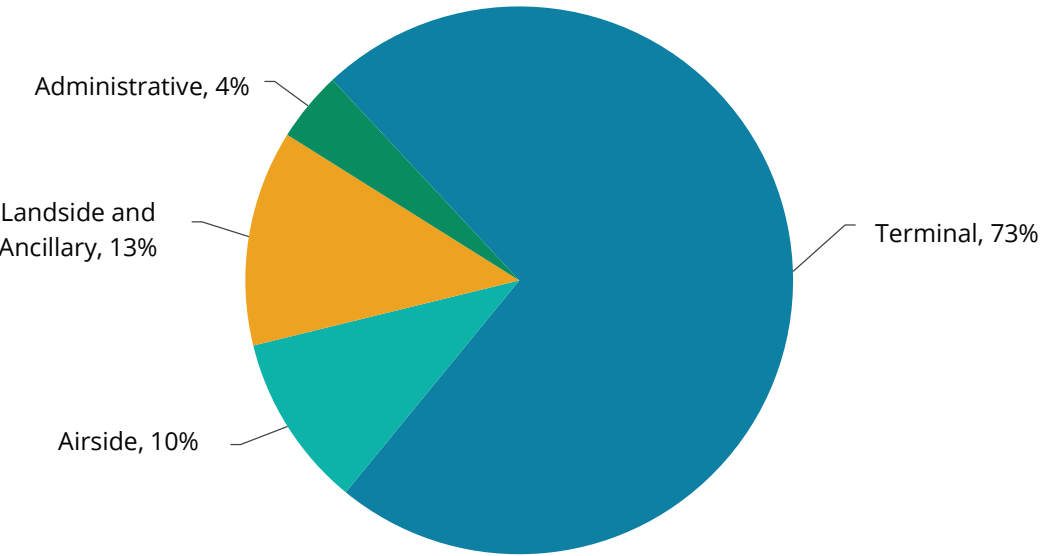
CAPITAL PROGRAM

The Capital Program is a rolling five-year program that provides critical improvements and asset additions. The program includes capital projects that address federal security requirements, airfield security and refurbishment, environmental remediation, terminal upgrades, and landside development. Funding sources for the projects include the Federal Aviation Administration's Airport Improvement Program, Transportation Security Agency grants, Passenger Facility Charges, Customer Facility Charges, airport operating

revenues, airport revenue bonds, special facility bonds, and short-term borrowing using revolving lines of credit.

The Capital Program FY 2026-2030 Budget is \$4.5B. It includes \$3.3 billion for terminal projects, which includes the replacement of Terminal 1, \$465.9 million for airside projects, \$560.9 million for landside and ancillary projects, and \$187.7 million for administrative projects.

CAPITAL PROGRAM PROJECTS BY TYPE



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



CAPITAL FINANCING AND DEBT MANAGEMENT

On February 19, 2014, the Airport Authority issued \$305.3 million of Series A and B Senior Special Facilities Revenue Bonds (Series 2014 Bonds). The Series 2014 Bonds were issued to finance a portion of the costs of the development and construction of a consolidated rental car facility and related improvements at SDIA, fund a portion of the interest on the Series 2014 Bonds, fund deposits to the senior reserve fund and the rolling coverage fund, and pay the costs of issuance of the Series 2014 Bonds.

The Series 2014 A Bonds were structured as tax-exempt non-AMT term bonds that bear interest at 5.0 percent. The Series 2014 B Bonds were structured as federally taxable bonds that bear interest at rates ranging from 2.5 percent to 5.6 percent and mature in fiscal years 2019 to 2045.

The Series 2014 Bonds are special limited obligations of the Airport Authority, payable solely from and secured by a pledge of the Trust Estate, which includes, among other things, Customer Facility Charges collected from the rental car companies operating at the Airport and remitted to the Trustee. No revenues of the Airport Authority other than the Customer Facility Charges and the Bond Funding Supplemental Consideration (as defined in the Indenture), are pledged to the payment of the Series 2014 Bonds.

On August 3, 2017, the Airport Authority issued \$291.2 million of Series A and B Subordinate Airport Revenue Bonds (Series 2017 Bonds). The Series 2017 Bonds were issued to finance certain capital improvements at SDIA including the Terminal 2 Parking Plaza and the Federal Inspection Facility, fund a portion of the interest accruing on the subordinate Series 2017 Bonds, refund \$32.6 million of the Airport Authority's outstanding variable rate debt, which was issued during 2017, fund the subordinate reserve fund, and pay the cost of issuance of the subordinate Series 2017 Bonds.

The Series 2017 Bonds are structured as serial and term bonds that bear interest at rates ranging from 4.0 percent to 5.0 percent and mature in fiscal years 2019 to 2048. The bonds were issued at a premium of \$48.4 million, which is being amortized over the life of the bonds.

On December 11, 2019, the Airport Authority issued \$338.8 million of Series A Subordinate Airport Revenue and Revenue Refunding Bonds and \$124.9 million of Series B Subordinate Airport Revenue Bonds (Series 2019 Bonds). The Series 2019 Bonds were issued to finance certain capital improvements at SDIA including a new facilities maintenance building and storm water capture and reuse projects, fund a portion of the interest accruing on the Series 2019 Bonds, refund \$34.3 million of the Airport Authority's outstanding variable rate debt, fund the Series 2010C Escrow account to refund the 2010C bonds, fund the subordinate reserve fund, and pay the costs of issuance of the Series 2019 Bonds.

The Series 2019 Bonds are structured as serial and term bonds that bear interest at rates ranging from 4.0 percent to 5.0 percent and mature in fiscal years 2021 to 2050. The bonds were issued at a premium of \$96.9 million, which is being amortized over the life of the bonds. Interest on the Series 2019 Bonds is payable semiannually on January 1 and July 1 of each year.

The Airport Authority issued \$241.6 million of Series A, B and C Subordinate Airport Revenue Refunding Bonds (Series 2020 Bonds). The Authority entered into a Forward Delivery Purchase Contract on December 11, 2019, and delivered the Series 2020 Bonds Proceeds on April 8, 2020. Proceeds from the sale of the Series 2020 Bonds were used to fund the Series 2010 A and B Bonds escrow accounts to refund the 2010 A/B bonds and pay the costs of issuance of the Series 2020 Bonds.

FINANCIAL HIGHLIGHTS  
2023 -2025 (CONTINUED)





FINANCIAL HIGHLIGHTS  
2023 - 2025 (CONTINUED)

The Series 2020 Bonds are structured as serial bonds that bear interest rates of 5.0 percent and mature in fiscal years 2021 to 2041. The bonds were issued at a premium of \$49.4 million, which is being amortized over the life of the bonds. Interest on the Series 2020 Bonds is payable semiannually on January 1 and July 1 of each year.

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

The Series 2021 A and B Bonds are structured as serial and term bonds that bear interest at rates ranging from 4.0 percent to 5.0 percent and mature in fiscal years 2027 to 2057 and were issued at a premium of \$332.4 million, which is being amortized over the life of the bonds. The Series 2021 C Bonds are federally Taxable Bonds and are structured as serial and term bonds that bear interest at rates ranging from 0.5 percent to 3.1 percent and mature in fiscal years 2023 to 2037.

On October 25, 2023, the Airport Authority issued \$1,062.0 million of Series A and B Senior Airport

Revenue Bonds (Series 2023 Bonds). The 2023 Bonds were issued to finance a portion of the capital improvements associated with the New T1 program, repay outstanding Subordinate Revolving Obligations, purchase a portion of the Authority's outstanding Airport Revenue Refunding bonds, Series 2021 C which were tendered, fund a portion of the interest accruing on the Series 2023 Bonds, fund deposits to the senior reserve fund, and pay the costs of issuance of the Series 2023 Bonds.

The Airport Authority leases properties from various third parties and uses that space to conduct its operations, the terms of which expire 2024 through 2072. The measurement of the lease payable is based on the present value of lease payments expected to be paid during the lease term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any lease incentives payable to the lessee. Incremental borrowing rates of 1.1 percent to 4.1 percent were used to measure lease payables.

On July 19, 2021, The Airport Authority and Bank of America agreed to a Revolving Credit Agreement for a term of three years. On July 11, 2024, the Board approved an additional three-year continuation of the agreement. The Airport Authority is authorized to issue up to \$200.0 million

in Subordinate Revolving Obligations. At the end of fiscal years 2025 and 2024, the outstanding balance was \$0. These obligations were used to finance New Terminal 1. Obligations incurred under the Revolving Credit Agreement are payable solely from and secured by a pledge of "Subordinate Net Revenues." Subordinate Net Revenues are generally defined as all revenues and other cash receipts of the Airport Authority's Airport operations remaining after Senior Lien payments have been deposited by the Trustee in accordance with the Senior Lien Trust Indenture.

Subsequent to June 30, 2025 fiscal year end, on July 9, 2025 the Airport Authority issued \$784.5 million of Series A and B Senior Airport Revenue Bonds (Series 2025 Bonds). The Series 2025 Bonds were issued to finance certain capital improvements at SDIA including construction of the New Terminal 1, fund a portion of the interest accruing on the Series 2025 Bonds, the Senior Series 2023 bonds and the Subordinate Series 2021 Bonds, fund the senior reserve fund, and pay the costs of issuance and underwriting fees of the Series 2025 Bonds.

The Series 2025A and B Bonds are structured as both serial and term bonds that bear interest rates ranging from 5.0 percent to 5.25 percent and mature in fiscal years 2029 to 2056.

Additional information about the Airport Authority's long-term debt can be found in Note 6 to the financial statements.

FINANCIAL HIGHLIGHTS  
2023 -2025 (CONTINUED)

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Airport Authority's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed in writing to the San Diego County Regional Airport Authority Accounting Department, P.O. Box 82776, San Diego, CA 92138. The Accounting Department can also be reached at (619) 400-2806. A copy of the financial report is available at [www.san.org](http://www.san.org)





STATEMENTS OF NET POSITION  
JUNE 30, 2025 AND 2024



| Assets and Deferred Outflows of Resources   | 2025                 | 2024                 |
|---|----------------------|----------------------|
| Current Assets  |                      |                      |
| Unrestricted:   |                      |                      |
| Cash and cash equivalents (Note 2)  | \$ 29,660,121        | \$ 11,395,394        |
| Investments (Note 2)  | 287,465,752          | 223,398,504          |
| Tenant receivables, net   | 22,813,395           | 22,481,275           |
| Grants receivable   | 6,174,427            | 66,093,693           |
| Lease receivables, current portion (Note 3)   | 14,823,408           | 12,684,623           |
| Partnership lease receivables, current portion (Note 3)                             | 3,341,161            | 3,224,507            |
| Note receivable, current portion (Note 4)   | 5,262,196            | 5,091,865            |
| Other current assets  | 29,982,424           | 20,976,288           |
| Investments designated for specific capital projects and other commitments (Note 2) | 20,483,039           | 88,297,854           |
| <b>Total unrestricted current assets</b>  | <b>420,005,924</b>   | <b>453,644,002</b>   |
| Restricted investments with trustees (Notes 2 and 6)                                | 180,276,856          | 237,135,154          |
| <b>Total current assets</b>   | <b>600,282,780</b>   | <b>690,779,156</b>   |
| Noncurrent Assets   |                      |                      |
| Restricted assets (Notes 2 and 6):  |                      |                      |
| Restricted investments not with trustees (Note 2)                                   | 329,466,105          | 262,690,274          |
| Restricted investments with trustees (Note 2)                                       | 958,987,319          | 1,545,446,754        |
| Passenger facility charges receivable (Note 1)                                      | 8,491,026            | 7,555,400            |
| Customer facility charges receivable (Note 1)                                       | 3,540,996            | 3,602,772            |
| <b>Total restricted assets</b>  | <b>1,300,485,447</b> | <b>1,819,295,200</b> |
| Other noncurrent assets:  |                      |                      |
| Investments, noncurrent (Note 2)  | 118,272,993          | 87,179,043           |
| Lease receivables, long-term portion (Note 3)                                       | 132,283,942          | 133,775,926          |
| Partnership lease receivables, long-term portion (Note 3)                           | 121,335,865          | 124,677,025          |
| Note receivable, long-term portion (Note 4)   | 14,097,213           | 19,359,409           |
| Investments designated for specific capital projects and other commitments (Note 2) | 203,671,702          | 150,962,139          |
| Other noncurrent assets   | -                    | 1,940,600            |
| Net OPEB asset (Note 10)  | 545,617              | -                    |
| <b>Total other noncurrent assets</b>  | <b>590,207,331</b>   | <b>517,894,142</b>   |
| Capital and lease assets (Note 5):  |                      |                      |
| Nondepreciable assets and leases  |                      |                      |
| Land and intangible assets  | 22,607,594           | 22,607,594           |
| Construction in progress  | 2,374,388,669        | 1,978,692,850        |
| <b>Total nondepreciable assets and leases</b>                                       | <b>2,396,996,263</b> | <b>2,001,300,444</b> |
| Depreciable assets and leases   |                      |                      |
| Land improvements   | 164,482,286          | 159,946,387          |
| Lease assets  | 240,922,204          | 240,922,204          |
| Buildings and structures  | 2,218,810,365        | 1,946,434,381        |
| Machinery and equipment   | 147,849,001          | 145,684,582          |
| Runways, roads and parking lots   | 634,830,060          | 623,926,792          |
| <b>Total depreciable assets and leases</b>  | <b>3,406,893,915</b> | <b>3,116,914,345</b> |
| Total capital and lease assets  | 5,803,890,179        | 5,118,214,790        |
| Less accumulated depreciation and amortization                                      | (1,579,605,501)      | (1,456,954,783)      |
| Capital and lease assets, net   | 4,224,284,678        | 3,661,260,007        |
| <b>Total noncurrent assets</b>  | <b>6,114,977,455</b> | <b>5,998,449,349</b> |
| <b>Total assets</b>   | <b>6,715,260,235</b> | <b>6,689,228,505</b> |
| Deferred outflows of resources:   |                      |                      |
| Pensions (Note 7 and 8)   | 21,730,493           | 15,675,611           |
| OPEB (Note 11)  | 3,780,390            | 6,112,831            |
| <b>Total deferred outflows of resources</b>   | <b>25,510,883</b>    | <b>21,788,442</b>    |
| <b>Total assets and deferred outflows of resources</b>                              | <b>6,740,771,117</b> | <b>6,711,016,947</b> |

See Notes to Financial Statements. (continued)

| Liabilities, Deferred Inflows of Resources and Net Position    | 2025                    | 2024                    |
|--|-------------------------|-------------------------|
| Current Liabilities  |                         |                         |
| Payable from unrestricted assets:                              |                         |                         |
| Accounts payable   | 16,154,369              | 11,855,823              |
| Accrued liabilities  | 57,848,694              | 40,269,823              |
| Compensated absences, current portion (Note 6)                 | 4,496,526               | 3,979,522               |
| Other current liabilities                                      | 16,572,613              | 15,771,809              |
| Lease and subscription liabilities, current portion (Note 6)   | 2,829,863               | 3,641,649               |
| Long-term debt, current portion (Note 6)                       | 465,484                 | 424,940                 |
| <b>Total payable from unrestricted assets</b>                  | <b>98,367,549</b>       | <b>75,943,566</b>       |
| Payable from restricted assets:                                |                         |                         |
| Accounts payable   | 5,680,284               | 6,543,110               |
| Accrued liabilities  | 32,420,290              | 83,970,013              |
| Long-term debt, current portion (Note 6)                       | 46,355,000              | 49,775,000              |
| Accrued interest on variable rate debt and bonds (Note 6)      | 95,821,281              | 96,847,031              |
| <b>Total payable from restricted assets</b>                    | <b>180,276,856</b>      | <b>237,135,154</b>      |
| <b>Total current liabilities</b>                               | <b>278,644,405</b>      | <b>313,078,720</b>      |
| Long-Term Liabilities  |                         |                         |
| Compensated absences, net of current portion (Note 6)          | 1,161,349               | 1,294,194               |
| Other noncurrent liabilities                                   | 1,395,396               | 1,529,455               |
| Lease and subscription liabilities, long-term portion (Note 6) | 221,533,654             | 224,363,516             |
| Long-term debt, net of current portion (Note 6)                | 4,422,384,426           | 4,494,329,905           |
| Net pension liability (Note 7 and 8)                           | 18,311,416              | 11,205,430              |
| Net OPEB liability (Note 11)                                   | -                       | 373,345                 |
| <b>Total long-term liabilities</b>                             | <b>4,664,786,241</b>    | <b>4,733,095,845</b>    |
| <b>Total liabilities</b>                                       | <b>4,943,430,645</b>    | <b>5,046,174,565</b>    |
| Deferred inflows of resources                                  |                         |                         |
| Pensions (Note 7 and 8)  | 1,391,507               | 2,579,580               |
| OPEB (Note 11)   | 711,586                 | 2,252,387               |
| Gain on refunding  | 16,848,668              | 17,621,969              |
| Leases (Note 3)  | 131,819,976             | 130,610,304             |
| Partnership leases (Note 3)                                    | 202,740,028             | 210,546,494             |
| <b>Total deferred inflows of resources</b>                     | <b>353,511,764</b>      | <b>363,610,733</b>      |
| <b>Total liabilities and deferred inflows of resources</b>     | <b>5,296,942,409</b>    | <b>5,409,785,298</b>    |
| Net Position   |                         |                         |
| Net investment in capital assets                               | 519,644,414             | 473,181,264             |
| Restricted:  |                         |                         |
| Debt Service   | 64,125,904              | 46,534,895              |
| Construction   | 254,949,034             | 195,355,745             |
| OPEB   | 545,617                 | -                       |
| Operation and maintenance expenses                             | 19,765,678              | 22,879,023              |
| Small business bond guarantee                                  | 2,223,000               | 2,222,300               |
| Total restricted net position                                  | 341,609,233             | 266,991,964             |
| Unrestricted net position                                      | 582,575,061             | 561,058,421             |
| <b>Total net position</b>                                      | <b>\$ 1,443,828,709</b> | <b>\$ 1,301,231,649</b> |

See Notes to Financial Statements.

STATEMENTS OF NET POSITION (CONTINUED)  
JUNE 30, 2025 AND 2024





STATEMENTS OF REVENUES,  
EXPENSES AND CHANGES  
IN NET POSITION  
FOR THE FISCAL YEARS ENDED  
JUNE 30, 2025 AND 2024



|  |                       |                      |
|--|-----------------------|----------------------|
| Operating revenues:  |                       |                      |
| Airline revenue:   |                       |                      |
| Landing fees   | \$ 59,046,158         | \$ 53,872,890        |
| Aircraft parking fees  | 15,532,560            | 13,612,115           |
| Building rentals   | 154,536,766           | 145,169,422          |
| Other aviation revenue   | 10,010,765            | 8,565,776            |
| Total aviation revenue   | 239,126,248           | 221,220,204          |
| Concession revenue   | 85,159,453            | 79,546,483           |
| Parking and ground transportation revenue                            | 81,568,966            | 72,483,690           |
| Ground and non-airline terminal rentals                              | 25,366,814            | 23,415,604           |
| Other operating revenue  | 2,970,777             | 3,222,526            |
| <b>Total operating revenues</b>                                      | <b>434,192,258</b>    | <b>399,888,507</b>   |
| Operating expenses before depreciation and amortization:             |                       |                      |
| Salaries and benefits (Notes 6, 7, 8 and 9)                          | 63,426,802            | 57,443,969           |
| Contractual services (Note 13)                                       | 54,885,656            | 52,444,843           |
| Safety and security  | 39,541,449            | 36,777,849           |
| Space rental   | 493,322               | 466,604              |
| Utilities  | 20,496,773            | 19,518,127           |
| Maintenance  | 16,574,904            | 14,125,325           |
| Equipment and systems  | 324,638               | 544,183              |
| Materials and supplies   | 652,011               | 649,954              |
| Insurance  | 2,578,844             | 2,313,614            |
| Employee development and support                                     | 909,640               | 731,129              |
| Business development   | 3,129,443             | 2,279,873            |
| Equipment rentals and repairs  | 5,555,683             | 4,992,262            |
| <b>Total operating expenses before depreciation and amortization</b> | <b>208,569,166</b>    | <b>192,287,734</b>   |
| <b>Income from operations before depreciation and amortization</b>   | <b>225,623,093</b>    | <b>207,600,774</b>   |
| Depreciation and amortization expense                                | 121,488,601           | 122,174,556          |
| <b>Operating income</b>  | <b>\$ 104,134,491</b> | <b>\$ 85,426,218</b> |
| See Notes to Financial Statements.                                   |                       | (Continued)          |

|  | 2025                  | 2024                 |
|--|-----------------------|----------------------|
| Operating revenues:  |                       |                      |
| Airline revenue:   |                       |                      |
| Landing fees   | \$ 59,046,158         | \$ 53,872,890        |
| Aircraft parking fees  | 15,532,560            | 13,612,115           |
| Building rentals   | 154,536,766           | 145,169,422          |
| Other aviation revenue   | 10,010,765            | 8,565,776            |
| Total aviation revenue   | 239,126,248           | 221,220,204          |
| Concession revenue   | 85,159,453            | 79,546,483           |
| Parking and ground transportation revenue                            | 81,568,966            | 72,483,690           |
| Ground and non-airline terminal rentals                              | 25,366,814            | 23,415,604           |
| Other operating revenue  | 2,970,777             | 3,222,526            |
| <b>Total operating revenues</b>                                      | <b>434,192,258</b>    | <b>399,888,507</b>   |
| Operating expenses before depreciation and amortization:             |                       |                      |
| Salaries and benefits (Notes 6, 7, 8 and 9)                          | 63,426,802            | 57,443,969           |
| Contractual services (Note 13)                                       | 54,885,656            | 52,444,843           |
| Safety and security  | 39,541,449            | 36,777,849           |
| Space rental   | 493,322               | 466,604              |
| Utilities  | 20,496,773            | 19,518,127           |
| Maintenance  | 16,574,904            | 14,125,325           |
| Equipment and systems  | 324,638               | 544,183              |
| Materials and supplies   | 652,011               | 649,954              |
| Insurance  | 2,578,844             | 2,313,614            |
| Employee development and support                                     | 909,640               | 731,129              |
| Business development   | 3,129,443             | 2,279,873            |
| Equipment rentals and repairs  | 5,555,683             | 4,992,262            |
| <b>Total operating expenses before depreciation and amortization</b> | <b>208,569,166</b>    | <b>192,287,734</b>   |
| <b>Income from operations before depreciation and amortization</b>   | <b>225,623,093</b>    | <b>207,600,774</b>   |
| Depreciation and amortization expense                                | 121,488,601           | 122,174,556          |
| <b>Operating income</b>  | <b>\$ 104,134,491</b> | <b>\$ 85,426,218</b> |

STATEMENTS OF REVENUES,  
EXPENSES AND CHANGES  
IN NET POSITION (CONTINUED)  
FOR THE FISCAL YEARS ENDED  
JUNE 30, 2025 AND 2024

|  |                         |                         |
|--|-------------------------|-------------------------|
| Nonoperating revenues (expenses):            |                         |                         |
| Passenger facility charges                   | \$ 49,254,848           | \$ 49,199,510           |
| Customer facility charges                    | 36,479,020              | 35,912,592              |
| Quieter Home Program grant revenue (Note 1)  | 15,683,394              | 19,519,516              |
| Quieter Home Program expenses (Note 1)       | (17,559,849)            | (21,364,762)            |
| Other Interest Income                        | 9,524,810               | 10,198,358              |
| Investment income (loss)                     | 114,743,999             | 129,222,692             |
| Interest expense (Note 6)                    | (176,083,510)           | (164,933,379)           |
| Other revenues (expenses), net               | 3,876,674               | (3,489,563)             |
| Nonoperating revenues (expenses), net        | 35,919,386              | 54,264,964              |
| Income before capital contributions          | 140,053,877             | 139,691,182             |
| Capital contributions (Note 1)               | 2,543,183               | 128,361,097             |
| Change in net position                       | 142,597,060             | 268,052,278             |
| Net position, beginning of year, as restated | 1,301,231,649           | 1,033,179,370           |
| <b>Net position, end of year</b>             | <b>\$ 1,443,828,709</b> | <b>\$ 1,301,231,649</b> |
| See Notes to Financial Statements.           |                         |                         |

|  | 2025                    | 2024                    |
|--|-------------------------|-------------------------|
| Nonoperating revenues (expenses):            |                         |                         |
| Passenger facility charges                   | \$ 49,254,848           | \$ 49,199,510           |
| Customer facility charges                    | 36,479,020              | 35,912,592              |
| Quieter Home Program grant revenue (Note 1)  | 15,683,394              | 19,519,516              |
| Quieter Home Program expenses (Note 1)       | (17,559,849)            | (21,364,762)            |
| Other Interest Income                        | 9,524,810               | 10,198,358              |
| Investment income (loss)                     | 114,743,999             | 129,222,692             |
| Interest expense (Note 6)                    | (176,083,510)           | (164,933,379)           |
| Other revenues (expenses), net               | 3,876,674               | (3,489,563)             |
| Nonoperating revenues (expenses), net        | 35,919,386              | 54,264,964              |
| Income before capital contributions          | 140,053,877             | 139,691,182             |
| Capital contributions (Note 1)               | 2,543,183               | 128,361,097             |
| Change in net position                       | 142,597,060             | 268,052,278             |
| Net position, beginning of year, as restated | 1,301,231,649           | 1,033,179,370           |
| <b>Net position, end of year</b>             | <b>\$ 1,443,828,709</b> | <b>\$ 1,301,231,649</b> |





STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED  
JUNE 30, 2025 AND 2024



|  |                 |                 |
|--|-----------------|-----------------|
| Cash Flows From Operating Activities                           |                 |                 |
| Receipts from customers  | \$ 427,671,076  | \$ 393,894,618  |
| Payments to suppliers  | (135,779,479)   | (141,632,160)   |
| Payments to employees  | (63,441,149)    | (60,061,473)    |
| Other receipts (payments)                                      | 9,379,170       | 3,681,991       |
| Net cash provided by operating activities                      | 237,829,618     | 195,882,976     |
| Cash Flows From Noncapital Financing Activities                |                 |                 |
| Other nonoperating receipts (payments)                         | -               | 1,322,229       |
| Settlement receipts (payments)                                 | (620,996)       | 266,041         |
| Quieter Home Program grant receipts                            | 26,468,862      | 18,552,759      |
| Quieter Home Program payments                                  | (17,559,849)    | (21,364,762)    |
| Net cash provided by (used in) noncapital financing activities | 8,288,016       | (1,223,733)     |
| Cash Flows From Capital and Related Financing Activities       |                 |                 |
| Capital outlay   | (737,029,040)   | (980,192,079)   |
| Other interest income  | 9,524,810       | 10,198,358      |
| Federal grants received (excluding Quieter Home Program)       | 51,676,981      | 82,397,907      |
| Proceeds from passenger facility charges                       | 48,319,222      | 48,679,470      |
| Proceeds from customer facility charges                        | 36,540,795      | 35,479,334      |
| Payment of principal on bonds and commercial paper             | (49,775,000)    | (50,055,000)    |
| Proceeds from issuance of Series 2023 Bonds                    | -               | 934,421,739     |
| Payment on note payable  | (424,940)       | (387,927)       |
| Interest and debt fees paid                                    | (203,007,555)   | (157,550,535)   |
| Net cash used in capital and related financing activities      | (844,174,728)   | (77,008,734)    |
| Cash Flows From Investing Activities                           |                 |                 |
| Sales and maturities of investments                            | 2,544,436,382   | 3,225,914,153   |
| Purchases of investments                                       | (2,044,155,101) | (3,434,769,079) |
| Interest received on investments and note receivable           | 110,948,674     | 71,564,604      |
| Principal payments received on notes receivable                | 5,091,865       | 4,926,819       |
| Net cash provided by (used in) investing activities            | 616,321,820     | (132,363,503)   |
| Net increase (decrease) in cash and cash equivalents           | 18,264,727      | (14,712,994)    |
| Cash and cash equivalents, beginning of year                   | 11,395,394      | 26,108,388      |
| Cash and cash equivalents, end of year                         | \$ 29,660,121   | \$ 11,395,394   |

See Notes to Financial Statements. (Continued)

| 2025   | 2024            |
|--|-----------------|
| Cash Flows From Operating Activities                           |                 |
| Receipts from customers  | \$ 427,671,076  |
| Payments to suppliers  | (135,779,479)   |
| Payments to employees  | (63,441,149)    |
| Other receipts (payments)                                      | 9,379,170       |
| Net cash provided by operating activities                      | 237,829,618     |
| Cash Flows From Noncapital Financing Activities                |                 |
| Other nonoperating receipts (payments)                         | -               |
| Settlement receipts (payments)                                 | (620,996)       |
| Quieter Home Program grant receipts                            | 26,468,862      |
| Quieter Home Program payments                                  | (17,559,849)    |
| Net cash provided by (used in) noncapital financing activities | 8,288,016       |
| Cash Flows From Capital and Related Financing Activities       |                 |
| Capital outlay   | (737,029,040)   |
| Other interest income  | 9,524,810       |
| Federal grants received (excluding Quieter Home Program)       | 51,676,981      |
| Proceeds from passenger facility charges                       | 48,319,222      |
| Proceeds from customer facility charges                        | 36,540,795      |
| Payment of principal on bonds and commercial paper             | (49,775,000)    |
| Proceeds from issuance of Series 2023 Bonds                    | -               |
| Payment on note payable  | (424,940)       |
| Interest and debt fees paid                                    | (203,007,555)   |
| Net cash used in capital and related financing activities      | (844,174,728)   |
| Cash Flows From Investing Activities                           |                 |
| Sales and maturities of investments                            | 2,544,436,382   |
| Purchases of investments                                       | (2,044,155,101) |
| Interest received on investments and note receivable           | 110,948,674     |
| Principal payments received on notes receivable                | 5,091,865       |
| Net cash provided by (used in) investing activities            | 616,321,820     |
| Net increase (decrease) in cash and cash equivalents           | 18,264,727      |
| Cash and cash equivalents, beginning of year                   | 11,395,394      |
| Cash and cash equivalents, end of year                         | \$ 29,660,121   |

|   |                |                |
|---|----------------|----------------|
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities         |                |                |
| Operating income  | \$ 104,134,491 | \$ 85,426,218  |
| Adjustments to reconcile operating income to net cash provided by operating activities: |                |                |
| Depreciation and amortization expense   | 121,488,601    | 122,174,556    |
| Other Nonoperating Revenue  | 4,466,831      | -              |
| Change in pensions/OPEB liability/asset   | 6,187,024      | 3,936,560      |
| Change in deferred outflows related to pensions/OPEB                                    | (3,722,441)    | (3,748,547)    |
| Change in deferred inflows related to pensions/OPEB                                     | (2,728,875)    | (1,571,748)    |
| Change in deferred inflows related to leases  | 1,209,672      | (17,312,167)   |
| Change in deferred inflows related to partnership leases                                | (7,806,466)    | (15,251,130)   |
| Changes in assets and liabilities:  |                |                |
| Receivables, net  | (332,120)      | (1,609,164)    |
| Other assets  | (7,065,537)    | (3,162,116)    |
| Accounts payable  | 4,298,546      | 8,155,952      |
| Accrued liabilities   | 17,578,871     | (11,560,502)   |
| Compensated absences  | 384,160        | 179,344        |
| Lease receivables   | (1,063,944)    | 32,220,662     |
| Other liabilities   | 800,804        | (1,994,941)    |
| Net cash provided by operating activities   | \$ 237,829,618 | \$ 195,882,976 |

|  |               |               |
|--|---------------|---------------|
| Noncash investing, Capital and Financing Activities              |               |               |
| Additions to capital assets included in accounts payable         | \$ 38,100,575 | \$ 90,513,123 |
| Additions to lease liabilities                                   |               | (2,618,306)   |
| Unrealized gain (loss) on investments                            | 3,795,326     | 57,658,088    |
| Noncash Investing activites related to Series 2023 Bond Issuance |               |               |
| Series 2023 principal additions                                  | -             | (136,399,915) |
| Series 2023A bond discount recorded                              | -             | 9,890,516     |
| Series 2023B bond premium recorded                               | -             | (2,867,254)   |
| Refunding of Series 2021C bond principal                         | -             | 40,435,000    |
| Deferred refunding gain on Series 2021C bond principal           | -             | 8,841,654     |
| Refunding of revolving letter of credit                          | -             | 80,100,000    |

See Notes to Financial Statements.

STATEMENTS OF CASH FLOWS, (CONTINUED)  
FOR THE FISCAL YEARS ENDED  
JUNE 30, 2025 AND 2024

| 2025  | 2024           |
|---|----------------|
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities         |                |
| Operating income  | \$ 104,134,491 |
| Adjustments to reconcile operating income to net cash provided by operating activities: |                |
| Depreciation and amortization expense   | 121,488,601    |
| Other Nonoperating Revenue  | 4,466,831      |
| Change in pensions/OPEB liability/asset   | 6,187,024      |
| Change in deferred outflows related to pensions/OPEB                                    | (3,722,441)    |
| Change in deferred inflows related to pensions/OPEB                                     | (2,728,875)    |
| Change in deferred inflows related to leases  | 1,209,672      |
| Change in deferred inflows related to partnership leases                                | (7,806,466)    |
| Changes in assets and liabilities:  |                |
| Receivables, net  | (332,120)      |
| Other assets  | (7,065,537)    |
| Accounts payable  | 4,298,546      |
| Accrued liabilities   | 17,578,871     |
| Compensated absences  | 384,160        |
| Lease receivables   | (1,063,944)    |
| Other liabilities   | 800,804        |
| Net cash provided by operating activities   | \$ 237,829,618 |
| Noncash investing, Capital and Financing Activities                                     |                |
| Additions to capital assets included in accounts payable                                | \$ 38,100,575  |
| Additions to lease liabilities  |                |
| Unrealized gain (loss) on investments   | 3,795,326      |
| Noncash Investing activites related to Series 2023 Bond Issuance                        |                |
| Series 2023 principal additions   | -              |
| Series 2023A bond discount recorded   | -              |
| Series 2023B bond premium recorded  | -              |
| Refunding of Series 2021C bond principal  | -              |
| Deferred refunding gain on Series 2021C bond principal                                  | -              |
| Refunding of revolving letter of credit   | -              |







**REPORTING ENTITY:**

The San Diego County Regional Airport Authority (the Airport Authority), an autonomous public agency, was established in accordance with, Assembly Bill 93 (2001), as modified by Senate Bill 1896 (2002), which together comprise the San Diego County Regional Airport Authority Act (the Act). The Act required, among other things, the transfer of the assets and operations of the San Diego International Airport (SDIA) from the San Diego Unified Port District (the District) to the Airport Authority. Effective January 1, 2003, all airport operations and certain related assets and liabilities were transferred to the Airport Authority, pursuant to the Act and the Memorandum of Understanding (MOU) dated January 1, 2002, between the Airport Authority and the District, which implemented the Act. Senate Bill 10 (SB 10), the San Diego County Regional Airport Authority Reform Act, was effective January 1, 2008. Responsibilities of the Airport Authority include, among other things, the operation, maintenance, development, management, and regulation of SDIA and its facilities. In addition, the Airport Authority has the responsibility to plan or to expand the existing SDIA. Under one of the requirements of SB 10, the Airport Authority completed a Regional Aviation Strategic Plan and the Airport Authority prepared and adopted an Airport Multimodal Accessibility Plan. In addition, the Airport Authority acts as the Airport Land Use Commission within San Diego County.

In accordance with the Codification of Governmental Accounting and Financial Reporting Standards, the basic financial statements should include all organizations, agencies, boards, commissions, and authorities for which the Airport Authority is financially accountable. The Airport Authority has also considered all other potential organizations for which the nature and significance of their relationships with the Airport Authority are such that exclusion would cause the Airport Authority's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. Based on these criteria, there are no other organizations or agencies which should be included in these basic financial statements.

The Airport Authority is governed by a nine-member, appointed Board of Directors (Board), representing all areas of San Diego County and three additional members serving as non-voting,

ex-officio Board members. Three Board members are appointed by the Mayor of the City of San Diego (the City). Two Board members are appointed by the San Diego County Board of Supervisors. The remaining four Board members are each appointed by the mayors of the following defined jurisdictions: the east county cities, south county cities, north coastal area cities and north county inland cities. The Board members serve three-year terms in accordance with California SB 10.

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING:**

The accounting policies of the Airport Authority conform to accounting principles generally accepted in the United States of America applicable to state and local government agencies, and as such, the Airport Authority is accounted for as a proprietary fund. The basic financial statements presented are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. This measurement focus emphasizes the determination of the change in Airport Authority net position.

**USE OF ESTIMATES:**

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, as well as the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**CASH AND CASH EQUIVALENTS:**

For purposes of the statements of cash flows, cash and cash equivalents includes unrestricted (including designated) cash on hand, demand deposits, and investment securities with original maturities of three months or less from the date of acquisition.

**INVESTMENTS:**

Investments in the state and county investment pools are recorded at net asset value and money market mutual funds and non-negotiable certificates of deposit are recorded at amortized cost. All other investments are stated at fair value based on quoted market prices.

**TENANT RECEIVABLES:**

Tenant receivables are carried at the original invoice amount for fixed-rent tenants and at estimated invoice amount for concession (variable) tenants, less an estimate made for doubtful receivables for both fixed-rent and concession tenants. Management determines the allowance for doubtful accounts by evaluating individual tenant receivables and considering a tenant's financial condition and credit history and current economic conditions. Tenant receivables are written off when deemed uncollectible. Recoveries of tenant receivables previously written off are recorded when received.

**FEDERAL GRANTS:**

Outlays for airport capital improvements and certain airport nonoperating expenses, primarily those relating to the Airport Authority's Quieter Home Program, are subject to reimbursement from federal grant programs. Funding provided from government grants is considered earned as the related approved capital outlays or expenses are incurred. Costs claimed for reimbursement are subject to audit and acceptance by the granting agency.

**AIRPORT IMPROVEMENT PROGRAM (AIP):**

Grants are authorized and disbursed by the FAA under the Airway Improvement Act of 1982, as amended, which provides funding for airport planning and development projects at airports included in the National Plan of Integrated Airport Systems. As such, the AIP grants must be used to pay for the allowable costs of approved projects. For the fiscal years ended June 30, 2025, and 2024, the Airport Authority recovered \$2.5 million and \$128.4 million, respectively, for approved capital projects; and \$15.7 million and \$19.5 million, respectively, for the Quieter Home Program.

**PASSENGER FACILITY CHARGES (PFC):**

The PFC program is authorized by the Aviation Safety and Capacity Expansion Act of 1990 (the Expansion Act). In accordance with the Expansion Act, the Airport Authority's AIP Passenger Entitlement Apportionment is reduced by certain percentages, dependent upon the level of PFC received by the Airport Authority.

In accordance with the program, PFC revenue must be used to pay allowable costs for approved capital projects, contribute to the Airport Authority's noise

NOTE 1.

NATURE OF ORGANIZATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES



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

NOTE 1.

mitigation (Quieter Home Program), or to repay debt service issued to build eligible capital projects. As of June 30, 2025, and 2024, accrued PFC receivables totaled \$8.4 million and \$7.6 million respectively, and there were \$213.4 million and \$158.4 million PFC amounts collected but not yet applied for approved capital projects as of June 30, 2025, and 2024, respectively.

On May 20, 2003, the FAA approved an increase in the Airport Authority's PFC charge per enplaned passenger from \$3.00 to \$4.50, beginning August 2003. Currently, there are four active applications that allow the Airport Authority to impose and use \$1.2 billion in PFC revenue through April 2040.

The latest application was approved by the FAA in February 2019 (as amended in August 2020) providing collection authority with a charge effective date through May 2040. In accordance with the FAA Reauthorization Act of 2024, airports imposing a \$4.50 collection level are required to reduce AIP Passenger Entitlement Apportionment to 60 percent.

**CUSTOMER FACILITY CHARGES (CFC):**

The Airport Authority received approval in May 2009 from the State of California under Section 1936 of the California Civil Code to impose a \$10.00 CFC per contract on rental cars at SDIA.

In accordance with the program, the CFC revenue must be used to pay allowable costs for approved capital projects and operate the related ground transportation system. The current CFC rate, which has been in effect since January 1, 2017, is \$9.00 per day for a maximum of five days. As of June 30, 2025, and 2024, accrued CFC receivables totaled \$3.5 million and \$3.6 million, respectively. CFC amounts collected, including interest, but not yet applied for approved capital projects as of June 30, 2025, and 2024, were \$29.2 million, and \$25.8 million, respectively.

**DEFERRED OUTFLOWS/INFLOWS OF RESOURCES:**

In addition to assets and liabilities, the statement of net position may report a separate section for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to future periods and deferred inflows of resources represent an acquisition of net assets that applies to future periods, and as such will not be recognized

as flows of resources (expenses/revenues) until then.

- Employer Contributions – Pensions and OPEB – These contributions are those made after the measurement date through the fiscal year end (July 1st – June 30th) resulting in a cash outlay not yet recognized under GASB 68 or GASB 75. This amount is deferred and recognized in the following fiscal year. This item is presented as a deferred outflow of resources.
- Investment difference – Pensions and OPEB – These amounts represent the difference in projected and actual earnings on pension/OPEB plan assets. These differences are deferred and amortized over a closed five-year period. This item can be presented as both a deferred outflow and deferred inflow of resources and is combined annually as a single net unamortized balance.
- Experience difference – Pensions and OPEB – These amounts represent the difference in expected and actual pension/OPEB experience. These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period. This item can be presented as both a deferred outflow and deferred inflow of resources but may not be shown net if there are unamortized balances for categories.
- Assumption changes – Pensions and OPEB – These amounts represent the difference resulting from a change in assumptions used to measure the underlying net pension/OPEB liability/asset. These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period. This item can be presented as both a deferred outflow and deferred inflow of resources but may not be shown net if there are unamortized balances for categories.
- Debt Refunding - These amounts represent the gain or loss from the refunding of debt. These differences are deferred and recognized as interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter.

This item can be presented as both a deferred outflow and deferred inflow of resources but may not be shown net if there are unamortized balances for categories.

- Leases and Partnership Leases – Represents the initial value of lease receivable under GASB 87 and GASB 94 systematically reduced and recognized as lease revenue over the term of the lease. Deferred inflow of resources is initially measured as the initial amount of the receivable, adjusted for payments received at or before the agreement commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the agreement term.

**CAPITAL, LEASE, AND SUBSCRIPTION ASSETS:**

Capital assets are recorded at cost, except for capital assets contributed by third parties, which are recorded at acquisition value as of the date of acquisition. The Airport Authority capitalizes incremental overhead costs associated with the

construction of capital assets. Capital assets are defined by the Airport Authority as assets with an initial, individual cost of more than \$5,000 and an initial useful life of one year or greater.

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

The Airport Authority recognizes lessee-financed improvements as capital assets based upon the asset's estimated value at the time the asset reverts to the Airport Authority.

NOTE 1.

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

Depreciation is computed by use of the straight-line method over the following estimated useful lives:

| Asset Category   | Useful Life<br>(Years) |
|--|------------------------|
| <b>Land improvements</b>   | 10-40                  |
| <b>Runways, roadways and parking lots</b>  |                        |
| Lighting, security and minor improvements  | 3-10                   |
| Airfield and parking lots and improvements   | 15-25                  |
| Drainage systems, pedestrian bridges   | 20-30                  |
| Roadways, bridges and infrastructure   | 25-50                  |
| <b>Buildings and structures</b>  |                        |
| Passenger loading bridges, security systems, general upgrades and remodels         | 3-25                   |
| Baggage handling systems, HVAC, structural improvements, fuel and storage facility | 12-20                  |
| Buildings and smart curb improvements  | 20-50                  |
| Works of art   | 5-30                   |
| <b>Machinery and equipment</b>   |                        |
| Vehicles and emergency vehicles  | 3-15                   |
| Office furniture and equipment   | 5-20                   |
| Communication and electronic systems   | 3-20                   |





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

NOTE 1.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are expensed as incurred. Major outlays for capital assets and improvements are capitalized as construction in progress as projects are constructed.

**Capital asset impairment:**

The Airport Authority's capital assets include property, equipment, and infrastructure assets. A capital asset is considered impaired if both the decline in service utility of the capital asset is large in magnitude and the event or change in circumstances is outside the normal life cycle of the capital asset. The Airport Authority evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. Common indicators of impairment include evidence of physical damage where restoration efforts are needed to restore service utility, enactment or approval of laws or regulations setting standards that the capital asset would not be able to meet, technological development or evidence of obsolescence, a change in the manner or expected duration of use of a capital asset or construction stoppage. The Airport Authority reports the effects of capital asset impairments in its financial statements when they occur and accounts for insurance recoveries in the same manner. The Airport Authority's management has determined that no impairments of capital assets currently exist.

**Retentions payable:**

The Airport Authority enters into construction contracts that may include retention provisions such that a certain percentage of the contract amount is held for payment until completion of the contract and acceptance by the Airport Authority. The Airport Authority's policy is to record the retention payable only after completion of the work and acceptance of the contractor invoices have occurred. Retentions payable on completed contracts are included with accounts payable on the accompanying statements of net position. Amounts related to unpaid retentions on uncompleted contracts are included in accrued liabilities.

**Compensated absences:**

All employees of the Airport Authority earn annual leave that is paid upon termination or retirement. Annual leave is accrued at current rates of compensation and based on assumptions concerning the probability that certain employees will become eligible to receive these benefits in the future. A leave liability is recognized due to the leave attributable to services already rendered, leave that accumulates, and leave that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

**Bond discounts, premiums, and issuance costs:**

Bond discounts and premiums are deferred and amortized over the term of the respective bonds using the effective interest method. Bond issuance costs are expensed as incurred.

**Airport Authority net position:**

Net investment in capital assets consists of capital and lease assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net investment in capital assets includes unspent debt proceeds.

Restricted net position represents amounts that are appropriated or legally segregated for a specific purpose. The Airport Authority's net position is reported as restricted when there are limitations imposed on its use, either through the enabling legislation adopted by the Airport Authority or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

Unrestricted net position as of June 30, 2025, and 2024 includes designations of net position that represent tentative management plans that are subject to change, consisting of:

Operating contingency  
Insurance contingency  
Capital projects and other commitments  
Major maintenance  
Total designated net position

|  | 2025                  | 2024                  |
|--|-----------------------|-----------------------|
| Operating contingency                  | \$ 2,000,000          | \$ 2,000,000          |
| Insurance contingency                  | 15,279,942            | 14,559,942            |
| Capital projects and other commitments | 20,483,039            | 88,297,854            |
| Major maintenance                      | 186,391,760           | 134,402,197           |
| Total designated net position          | <u>\$ 224,154,741</u> | <u>\$ 239,259,992</u> |

When both restricted and unrestricted resources are available for use, it is the Airport Authority's policy to use restricted resources first and then unrestricted resources as they are needed.

**REVENUE AND EXPENSE RECOGNITION:**

Revenues from airlines, concessionaires, lessees, and parking are reported as operating revenues. Operating expenses include the cost of administering the airport system, including depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions and grants.

**CONCENTRATIONS:**

A significant portion of the Airport Authority's earnings and revenues are directly or indirectly attributed to the activity of a number of major airlines. The Airport Authority's earnings and revenues could be materially and adversely affected should any of these major airlines discontinue operations and should the Airport Authority be unable to replace those airlines with similar activity. The level of operations is determined based upon the relative share of enplaned passengers. The five largest airlines in terms of enplaned passengers are as follows:

|                    | 2025  | 2024  |
|--------------------|-------|-------|
| Southwest Airlines | 31.1% | 32.8% |
| Alaska Airlines    | 18.5% | 16.2% |
| United Airlines    | 12.8% | 13.0% |
| Delta Airlines     | 12.5% | 12.8% |
| American Airlines  | 11.5% | 11.8% |

**DEFINED BENEFIT PENSION PLAN:**

The Airport Authority has a single-employer defined benefit pension plan (Plan) administered through San Diego City Employee Retirement System (SDCERS). For purposes of measuring the net pension liability (asset), deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Additionally, the Airport Authority has a single-employer defined benefit preservation of benefit pension plan administered through SDCERS. For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**OTHER POSTEMPLOYMENT BENEFIT PLAN:**

The Airport Authority provides an agent multiple-employer defined benefit postemployment benefit plan (the OPEB Plan). The OPEB Plan funds are managed by California Public Employees Retirement System (CalPERS) under the California Employer's

NOTE 1.

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





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

### NOTE 1.

Retiree Benefit Trust (CERBT) fund. For purposes of measuring the net OPEB liability (asset), deferred outflows of resources, and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### ACCOUNTING PRONOUNCEMENTS ADOPTED:

The Airport Authority has adopted and implemented the following GASB statements during the year ended June 30, 2025:

- GASB Statement No. 101, Compensated Absences, effective for the Airport Authority's year ending June 30, 2025.
- GASB Statement No. 102, Certain Risk Disclosures, effective for the Airport Authority's year ending June 30, 2025.

#### ACCOUNTING PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED:

GASB has issued several pronouncements that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the Airport Authority:

- GASB Statement No. 103, Financial Reporting Model Improvements, effective for the Airport Authority's year ending June 30, 2026.
- GASB Statement No. 104, Disclosure of Certain Capital Assets, effective for the Authority's year ending June 30, 2026.

#### RECLASSIFICATIONS:

Certain reclassifications have been made to the 2024 financial statements to conform to the 2025 presentation. The reclassifications had no effect on the changes in net position.





NOTE 2.

CASH, CASH EQUIVALENTS  
& INVESTMENTS

| SUMMARY OF CASH, CASH EQUIVALENTS AND INVESTMENTS:  |                  |                  |
|---|------------------|------------------|
| Cash, cash equivalents and investments are reported in the accompanying statements of net position as follows at June 30: |                  |                  |
|   | 2025             | 2024             |
| Unrestricted and Undesignated:  |                  |                  |
| Cash and cash equivalents   | \$ 29,660,121    | \$ 11,395,394    |
| Current investments   | 287,465,752      | 223,398,504      |
| Noncurrent investments  | 118,272,993      | 87,179,043       |
| Total unrestricted and undesignated   | 435,398,867      | 321,972,941      |
| Designated for specific capital projects and other commitments:   |                  |                  |
| Current investments   | 20,483,039       | 88,297,854       |
| Noncurrent investments  | 203,671,702      | 150,962,139      |
| Total designated  | 224,154,741      | 239,259,992      |
| Restricted:   |                  |                  |
| Current investments, with trustees  | 180,276,856      | 237,135,154      |
| Noncurrent investments, not with trustees   | 329,466,105      | 262,690,274      |
| Noncurrent investments, with trustees   | 958,987,319      | 1,545,446,754    |
| Total restricted investments  | 1,468,730,279    | 2,045,272,182    |
| Total cash, cash equivalents and investments  | \$ 2,128,283,887 | \$ 2,606,505,115 |

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

|  | 2025             | 2024             |
|--|------------------|------------------|
| Restricted investments:                      |                  |                  |
| Bond reserves:                               |                  |                  |
| Operation and maintenance reserve subaccount | \$ 59,297,036    | \$ 47,991,378    |
| Operation and maintenance subaccount         | 19,765,678       | 22,879,023       |
| Renewal and replacement account              | 5,400,000        | 5,400,000        |
| Total bonds reserves                         | 84,462,714       | 76,270,401       |
| Passenger facility charges unapplied         | 213,491,812      | 158,418,961      |
| Customer facility charges unapplied          | 29,425,199       | 25,778,612       |
| Small business development bond guarantee    | 2,223,000        | 2,222,300        |
| 2013 Series debt service account             | (0)              | 171              |
| 2013 Series debt service reserve fund        | -                | 26               |
| 2014 Renew and Replace                       | 11,131,702       | 16,653,598       |
| 2014 Rolling coverage fund                   | 7,866,822        | 7,565,169        |
| 2014 Series debt service account             | 19,797,329       | 14,622,861       |
| 2014 Series debt service reserve fund        | 23,173,587       | 23,184,057       |
| 2017 Series debt service account             | 13,329,503       | 12,684,639       |
| 2017 Series debt service reserve fund        | 15,671,899       | 15,350,424       |
| 2019 Series CAP Interest Fund                | 89               | 57               |
| 2019 Series Construction Fund                | 7,510,686        | 17,164,583       |
| 2019 Series Debt Services Account            | 17,500,690       | 17,612,795       |
| 2019 Series Debt Services Reserve Fund       | 31,405,233       | 30,578,906       |
| 2020 Series Debt Services Account            | 16,555,761       | 21,421,030       |
| 2020 Series Debt Services Reserve Fund       | 32,846,415       | 31,916,591       |
| 2021 Series CAP Interest Fund                | 38,579,499       | 103,154,587      |
| 2021 Series Construction Fund                | 77,476,194       | 370,387,083      |
| 2021 Series Debt Services Reserve Fund       | 115,643,970      | 112,347,764      |
| 2021 Series Debt Services Account            | 24,170,268       | 20,655,558       |
| 2023 Series CAP Interest Fund                | 31,193,766       | 81,799,209       |
| 2023 Series Construction Fund                | 573,567,651      | 808,385,736      |
| 2023 Series Cost of Issuance                 | -                | 71,481           |
| 2023 Series Debt Services Reserve Fund       | 77,809,892       | 74,032,088       |
| 2023 Series Debt Services Account            | 3,896,597        | 2,993,492        |
| Total restricted investments                 | \$ 1,468,730,279 | \$ 2,045,272,182 |

INVESTMENTS AUTHORIZED IN ACCORDANCE  
WITH CALIFORNIA GOVERNMENT CODE SECTION  
53601 AND UNDER THE PROVISIONS OF THE  
AIRPORT AUTHORITY'S INVESTMENT POLICY:

The table that follows identifies the investment types that are authorized by the Airport Authority's investment policy and State Government Code. The table also identifies certain provisions of the Airport Authority's investment policy that address interest rate risk, credit risk, and concentration of credit risk.

This table does not address investments of bond proceeds held by the bond trustee that are governed by provisions of debt agreements of the Airport Authority, in addition to the general provisions of the Airport Authority's investment policy and State Government Code.

| Authorized Investment Type                 | Maximum Maturity | Minimum Quality Requirements | Maximum Percentage of Portfolio | Maximum Investment in One Issuer |
|--|------------------|------------------------------|---------------------------------|----------------------------------|
| U.S. Treasury obligations                  | 5 years          | N/A                          | None                            | None                             |
| U.S. agency securities                     | 5 years          | N/A                          | None                            | None                             |
| Non-U.S. Securities                        | 5 years          | AA                           | 30 percent                      | 10 percent                       |
| Bankers' acceptances                       | 180 days         | AAA/Aaa                      | 40 percent                      | 5 percent                        |
| Commercial paper                           | 270 days         | A-1; P-1; F-1                | 25 percent                      | 5 percent                        |
| Negotiable certificates of deposit         | 5 years          | A                            | 30 percent                      | 5 percent                        |
| Medium-term notes                          | 5 years          | A                            | 20 percent                      | 5 percent                        |
| Money market mutual funds                  | N/A              | AAA/Aaa                      | 20 percent                      | 5 percent                        |
| Repurchase agreements                      | 1 year           | A                            | None                            | None                             |
| Local Agency Investment Fund               | N/A              | N/A                          | None                            | \$75 million                     |
| San Diego County Investment Pool           | N/A              | N/A                          | None                            | \$75 million                     |
| Local Government Investment Pool           | N/A              | N/A                          | None                            | \$75 million                     |
| U.S. State and California agency           | 5 years          | A                            | 20 percent                      | 5 percent                        |
| Placement service certificates of deposits | 3 years          | N/A                          | 30 percent                      | 5 percent                        |
| Time certificates of deposit               | 3 years          | *                            | 20 percent                      | 5 percent                        |
| Bank deposits                              | N/A              | *                            | None                            | None                             |
| Asset-Backed Securities                    | 5 years          | AA                           | 10 Percent                      | 5 percent                        |
| Mortgage Backed Securities                 | 5 years          | AA                           | 10 Percent                      | 5 percent                        |
| Mortgage Pass-through Securities           | 5 years          | AA                           | 10 Percent                      | 5 percent                        |
| Collaterallized Mortgage Obligation        | 5 years          | AA                           | 10 Percent                      | 5 percent                        |

\* Financial institution must have at least an overall satisfactory rating under the *Community Reinvestment Act* for meeting the credit needs of California communities in its most recent evaluation. Collateralization required per Cal. Gov. Code Section 53630 et seq.

INVESTMENTS IN STATE AND COUNTY  
INVESTMENT POOLS:

The Airport Authority is a voluntary participant in the Local Agency Investment Fund (LAIF), the Investment Trust of California (CalTRUST), and the San Diego County Investment Pool (SDCIP). The Airport Authority's investments in these pools are reported in the accompanying financial statements at fair value based on the Airport Authority's pro rata share of the net asset value (in accordance with GASB Statement No. 72)

provided by the respective pools for the entire pool portfolio (in relation to the net asset value of that portfolio). The balance available for withdrawal is based on the accounting records maintained by each pool. None of these funds are subject to significant withdrawal restrictions, limitations on redemptions, there are no redemption notice periods, nor are there any unfunded commitments.

NOTE 2.

CASH, CASH EQUIVALENTS  
& INVESTMENTS (CONTINUED)

NOTE 2.

CASH, CASH EQUIVALENTS  
& INVESTMENTS (CONTINUED)

**INVESTMENTS IN MONEY MARKET MUTUAL FUNDS:**  
The Authority invests in various money market mutual funds. The money market mutual funds are valued at amortized cost. There are no limitations or restrictions on withdrawals for these funds.

**INVESTMENTS AUTHORIZED BY DEBT AGREEMENTS:**  
Investments held by the bond trustee are governed by the provisions of the debt agreement, in addition to the general provisions of the California

Government Code and the Airport Authority's investment policy. The table below identifies the investment types that are authorized for investments held by the bond trustee, according to the Master Trust Indenture. In the event of a conflict between the Airport Authority's investment policy and permitted investments associated with any Airport Authority debt issuance, the debt agreement shall control. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk and concentration of credit risk.

| Authorized Investment Type         | Maximum Maturity | Minimum Quality Requirements | Maximum Percentage of Portfolio | Maximum Investment in One Issuer |
|------------------------------------|------------------|------------------------------|---------------------------------|----------------------------------|
| U.S. Treasury obligations          | None             | N/A                          | None                            | None                             |
| U.S. agency securities             | None             | N/A                          | None                            | None                             |
| State Obligations                  | None             | AAA/Aaa                      | None                            | None                             |
| Commercial paper                   | None             | A-1; P-1; F-1                | None                            | None                             |
| Negotiable certificates of deposit | None             | AAA/Aaa                      | None                            | None                             |
| Long term and Medium-term notes    | None             | ratings                      | None                            | None                             |
| Money market mutual funds          | None             | ratings                      | None                            | None                             |
| Municipal bonds                    | None             | ratings                      | None                            | None                             |
| Repurchase agreements              | None             | BBB*                         | None                            | None                             |
| Investment agreements              | None             | N/A                          | None                            | None                             |
| Local Agency Investment Fund       | None             | N/A                          | None                            | None                             |
| San Diego County Investment Pool   | None             | N/A                          | None                            | None                             |
| Deposit accounts                   | None             | N/A                          | None                            | None                             |

Any other investment which is a permitted investment of the Authority in accordance with the laws of the State.  
\*Investment requires collateralization

The primary objective of the Airport Authority's investment policy is to invest public funds in a manner that will provide the highest security of the funds under management while meeting the daily cash flow demands of the Airport Authority. Assets of the Airport Authority that are not bond proceeds, which are invested in securities as permitted in the bond indenture, are described in the preceding table. In addition, there are various credit criteria as defined in the Airport Authority's investment policy as depicted in the previous section entitled "Investments authorized in accordance with California Government Code Section 53601 and under the provisions of the Airport Authority's investment policy."

**INVESTMENTS HELD BY TRUSTEE:**  
The Airport Authority has monies held by trustees

pledged for the security and payment of certain debt instruments, the payment of bond interest during construction and the payment of capital project costs.

**DISCLOSURES RELATED TO INTEREST RATE RISK:**  
Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, investments with longer maturities have greater fair value sensitivity to changes in market interest rates. One of the ways the Airport Authority manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities. These staggered maturities also provide consistent cash flow and fulfill liquidity needs for operations. The Airport

Authority monitors interest rate risk inherent in its portfolio by measuring the segmented time distribution of its portfolio. The Airport Authority has no specific limitations with respect to this metric.

**CUSTODIAL CREDIT RISK (DEPOSITS):**  
Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Airport Authority maintains deposits at several institutions in order to minimize custodial credit risk. These deposits are collateralized by various instruments such as U.S. government securities (guaranteed) or U.S. agency securities (government sponsored). California Government Code requires that a financial institution secure deposits made by a state or local government by pledging securities in an undivided collateral pool held by a depository regulated under state law. The fair value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure Airport Authority deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured deposits.

Insurance through the Federal Deposit Insurance Corporation (FDIC) may be applicable to the first

\$250,000 of institutional deposit accounts, with any balance above this amount covered by the collateralization requirement. Certificates of deposit held by the Airport Authority's third-party custodians are fully insured by the FDIC, as the individual amounts do not exceed the FDIC-insured limits or are collateralized in accordance with the California Government Code.

**CUSTODIAL CREDIT RISK (INVESTMENTS):**  
Custodial credit risk for investments is the risk that the Airport Authority will not be able to recover the value of its investments in the event of a counterparty failure. The Airport Authority uses third-party banks' custody and safekeeping services for its registered investment securities. Securities are held in custody at third-party banks registered in the name of the Airport Authority and are segregated from securities owned by those institutions or held in custody by those institutions.

**DISCLOSURES RELATED TO CREDIT RISK:**  
Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of an investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. California Government Code Section 53601 (as referenced previously in this note) limits the types of investment instruments that may be purchased by the Airport Authority.

NOTE 2.

CASH, CASH EQUIVALENTS  
& INVESTMENTS (CONTINUED)





NOTE 2.

CASH, CASH EQUIVALENTS  
& INVESTMENTS (CONTINUED)

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

|   | 2025             |                                  |                |                |           |  |
|---|------------------|----------------------------------|----------------|----------------|-----------|--|
| Investment Type   | Total            | Investment Maturities (in Years) |                |                | Ratings   |  |
|   |                  | 0-1                              | 1-2            | 2-5            |           |  |
| Investments subject to credit and interest rate risk:       |                  |                                  |                |                |           |  |
| U.S. Treasury obligations                                   | \$ 413,372,426   | \$ 124,595,055                   | \$ 110,224,213 | \$ 178,553,158 | AA+       |  |
| U.S. Agency securities                                      | 7,888,640        | -                                | 7,888,640      | -              | AAA       |  |
| U.S. Agency securities                                      | 150,402,505      | 24,018,065                       | 34,638,335     | 91,746,105     | AA+       |  |
| U.S. Agency securities                                      | 32,050,915       | -                                | 9,823,000      | 22,227,915     | Not rated |  |
| Non-U.S. Securities   | 24,405,720       | -                                | -              | 24,405,720     | AAA       |  |
| Medium-term notes   | 3,545,150        | -                                | -              | 3,545,150      | Not rated |  |
| Medium-term notes   | 4,978,300        | 4,978,300                        | -              | -              | AAA       |  |
| Medium-term notes   | 23,199,690       | -                                | 2,919,540      | 20,280,150     | AA+       |  |
| Medium-term notes   | 15,333,675       | 2,003,300                        | 2,938,780      | 10,391,595     | AA        |  |
| Medium-term notes   | 22,227,660       | -                                | 1,972,760      | 20,254,900     | AA-       |  |
| Medium-term notes   | 38,438,065       | -                                | 3,995,120      | 34,442,945     | A+        |  |
| Medium-term notes   | 40,043,805       | 12,513,750                       | -              | 27,530,055     | A         |  |
| Medium-term notes   | 6,905,240        | 4,961,600                        | 1,943,640      | -              | A-        |  |
| Municipal Bonds   | 10,177,500       | -                                | -              | 10,177,500     | AA-       |  |
| Negotiable Certificates of deposit                          | 2,223,000        | 2,223,000                        | -              | -              | Not rated |  |
| Money market mutual funds                                   | 751,802,931      | 751,802,931                      | -              | -              | AAA       |  |
| Local Agency Investment Fund                                | 70,467,983       | 70,467,983                       | -              | -              | Not rated |  |
| San Diego County Investment Pool                            | 140,922,734      | 140,922,734                      | -              | -              | AAA       |  |
| San Diego County Inv. Pool-Treasury                         | 297,308,604      | 297,308,604                      | -              | -              | AAA       |  |
| CalTrust Fund   | 45,205,190       | 45,205,190                       | -              | -              | AA        |  |
| CalTrust Fund   | -                | -                                | -              | -              | A+        |  |
| Total investments subject to credit and interest rate risk: | 2,100,899,733    | 1,481,000,513                    | 176,344,028    | 443,555,193    |           |  |
| Total Investments   | \$ 2,100,899,733 |                                  |                |                |           |  |



NOTE 2.

CASH, CASH EQUIVALENTS  
& INVESTMENTS (CONTINUED)

|   | 2024             |                                  |               |                |           |  |
|---|------------------|----------------------------------|---------------|----------------|-----------|--|
| Investment Type   | Total            | Investment Maturities (in Years) |               |                | Ratings   |  |
|   |                  | 0-1                              | 1-2           | 2-5            |           |  |
| Investments subject to credit and interest rate risk:       |                  |                                  |               |                |           |  |
| U.S. Treasury obligations                                   | \$ 311,471,011   | \$ 63,462,205                    | \$ 97,054,062 | \$ 150,954,744 | AAA       |  |
| U.S. Agency securities                                      | 209,476,365      | 69,574,423                       | 23,747,826    | 116,154,116    | AAA       |  |
| U.S. Agency securities                                      | -                | -                                | -             | -              | A-1+      |  |
| U.S. Agency securities                                      | -                | -                                | -             | -              | Not rated |  |
| Non-U.S. Securities   | 19,480,989       | 5,438,488                        | -             | 14,042,501     | AAA       |  |
| Non-U.S. Securities   | -                | -                                | -             | -              | A         |  |
| Medium-term notes   | 16,740,227       | 6,880,166                        | 4,876,023     | 4,984,038      | AAA       |  |
| Medium-term notes   | -                | -                                | -             | -              | AA+       |  |
| Medium-term notes   | 14,909,481       | -                                | 1,987,371     | 12,922,110     | AA        |  |
| Medium-term notes   | 25,295,528       | 11,688,296                       | 6,687,262     | 6,919,971      | AA-       |  |
| Medium-term notes   | 39,977,746       | 9,342,545                        | 10,414,148    | 20,221,053     | A+        |  |
| Medium-term notes   | 15,597,331       | 13,732,011                       | -             | 1,865,320      | A         |  |
| Medium-term notes   | -                | -                                | -             | -              | A-        |  |
| Municipal Bonds   | -                | -                                | -             | -              | AA+       |  |
| Negotiable Certificates of deposit                          | 2,223,000        | 2,223,000                        | -             | -              | Not rated |  |
| Money market mutual funds                                   | 515,656,295      | 515,656,295                      | -             | -              | AAA       |  |
| Local Agency Investment Fund                                | 69,182,101       | 69,182,101                       | -             | -              | Not rated |  |
| San Diego County Investment Pool                            | 165,233,413      | 165,233,413                      | -             | -              | AAA       |  |
| San Diego County Inv. Pool-Treasury                         | 1,147,318,734    | 1,147,318,734                    | -             | -              | AAA       |  |
| CalTrust Fund   | 43,283,361       | 43,283,361                       | -             | -              | AA        |  |
| CalTrust Fund   | -                | -                                | -             | -              | A+        |  |
| Total investments subject to credit and interest rate risk: | 2,595,845,583    | 2,123,015,039                    | 144,766,692   | 328,063,852    |           |  |
| Total Investments   | \$ 2,595,845,583 |                                  |               |                |           |  |

CONCENTRATION OF CREDIT RISK:

The investment policy of the Airport Authority contains no limitations on the amount that can be invested by any one issuer beyond that stated in the table provided earlier in this note. The Airport Authority requires a diversified investment portfolio to avoid risk of losses resulting from an over-concentration of assets in a specific maturity, issuer, or class of securities. The Airport Authority had no concentrations of credit risk at June 30, 2025, and 2024.

FOREIGN CURRENCY RISK:

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

FAIR VALUE OF ASSETS:

The Airport Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the asset.

**Level 1** inputs are quoted prices in active markets

for identical assets or liabilities; **Level 2** inputs are observable other inputs; **Level 3** inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.



CASH, CASH EQUIVALENTS  
& INVESTMENTS  
(CONTINUED)

NOTE 2.

The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at the fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2025 and 2024:

|   |                  | Quoted Prices in<br>Active Markets<br>for Identical<br>Assets<br>(Level 1) | Significant Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
|---|------------------|--|--|--|
| June 30, 2025                           | Fair Value       |  |  |  |
| Investments by fair value level         |                  |  |  |  |
| U.S. Treasury obligations               | \$ 413,372,426   | \$ -   | \$ 413,372,426   | \$ -   |
| U.S. Agency securities                  | 190,342,060      | -  | 190,342,060  | -  |
| Non-U.S. Securities                     | 24,405,720       | -  | 24,405,720   | -  |
| Negotiable certificates of deposit      | 2,223,000        | -  | 2,223,000  | -  |
| Municipal Bonds                         | 10,177,500       | -  | 10,177,500   | -  |
| Medium-term notes                       | 154,671,585      | -  | 154,671,585  | -  |
| Total investments by fair value level   | 795,192,291      | \$ -   | \$ 795,192,291   | \$ -   |
| Investments measured at amortized cost  |                  |  |  |  |
| Money market mutual funds               | 751,802,931      |  |  |  |
| Investments measured at net asset value |                  |  |  |  |
| CalTrust Fund                           | 45,205,190       |  |  |  |
| Local Agency Investment Fund            | 70,467,983       |  |  |  |
| San Diego County Investment Pool        | 140,922,734      |  |  |  |
| San Diego County Inv. Pool-Treasury     | 297,308,604      |  |  |  |
| Total investments                       | \$ 2,100,899,733 |  |  |  |

|   |                  | Quoted Prices in |                   |              |  |
|---|------------------|------------------|-------------------|--------------|--|
|   |                  | Active Markets   | Significant Other | Significant  |  |
|   |                  | for Identical    | Observable        | Unobservable |  |
|   |                  | Assets           | Inputs            | Inputs       |  |
| June 30, 2024                           | Fair Value       | (Level 1)        | (Level 2)         | (Level 3)    |  |
| Investments by fair value level         |                  |                  |                   |              |  |
| U.S. Treasury obligations               | \$ 311,471,011   | \$ -             | \$ 311,471,011    | \$ -         |  |
| U.S. agency securities                  | 209,476,365      | -                | 209,476,365       | -            |  |
| Non-U.S. Securities                     | 19,480,989       | -                | 19,480,989        | -            |  |
| Negotiable certificates of deposit      | 2,223,000        | -                | 2,223,000         | -            |  |
| Municipal Bonds                         | -                | -                | -                 | -            |  |
| Medium-term notes                       | 112,520,313      | -                | 112,520,313       | -            |  |
| Total investments by fair value level   | 655,171,678      | \$ -             | \$ 655,171,678    | \$ -         |  |
| Investments measured at amortized cost  |                  |                  |                   |              |  |
| Money market mutual funds               | 515,656,295      |                  |                   |              |  |
| Investments measured at net asset value |                  |                  |                   |              |  |
| CalTrust Fund                           | 43,283,361       |                  |                   |              |  |
| Local Agency Investment Fund            | 69,182,101       |                  |                   |              |  |
| San Diego County Investment Pool        | 165,233,413      |                  |                   |              |  |
| San Diego County Inv. Pool-Treasury     | 1,147,318,734    |                  |                   |              |  |
| Total investments                       | \$ 2,595,845,583 |                  |                   |              |  |

## LEASE RECEIVABLE

The Airport Authority leases a portion of its property to various third parties who use the space to conduct their operations on the Airport grounds, the terms of which expire fiscal years 2026 through 2046. The measurement of the lease receivable is based on the present value of lease payments expected to be received during the lease term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any lease incentives payable to the lessee. A number of leases have a maximum possible term of 12 months (or less), including options to extend, regardless of their probability of being exercised. Those payments are recognized as inflows of resources based on the payment provisions of the lease contracts and are therefore excluded from the schedule in this section.

Concession lease receivables for space within the terminals are typically based on the minimum annual guarantee plus a minimum 3 percent annual escalation, less rent holidays. As of June 30, 2025, there are 62 terminal food services and retail concession locations open.

The Airport Authority's CFC revenues and Bonds funded construction of the Rental Car Center facility (RCC), which was completed and placed in service on January 20, 2016. The RCC facility sits on 24.85 acres of land and houses all the major and many small operator rental car tenants. The land rent leases for the RCC commenced on the opening date of the facility and are non-cancellable. Once the Bonds are repaid or defeased, in addition to land rent, the rental car operators will also pay facility rent.

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

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

a carrying amount of \$147.1 million and \$146.5 million as of June 30, 2025, and 2024, respectively, and a deferred inflow of resources in the amount of \$132.0 million and \$130.6 million as of June 30, 2025, and 2024, respectively, related to these agreements. The deferred inflow of resources will be recognized as revenue over the terms of the agreements.

Revenue recognized under lease contracts during the years present value of payments ended June 30, 2025, and 2024, was \$16.4 million and \$22.3 million, respectively, which includes both lease revenue and interest. The Airport recognized lease revenue of \$9.4 million and \$9.2 million, for the years ended June 30, 2025, and 2024, respectively, for variable payments not previously included in the measurement of the lease receivable.

The following is a schedule by year of minimum



NOTE 3.

## LEASES & PUBLIC-PRIVATE PARTNERSHIPS



LEASES & PUBLIC-PRIVATE PARTNERSHIPS(CONTINUED)

payments to be received under the Airport Authority's leases that are included in the measurement of the lease receivable as of June 30, 2025:

| Years Ending June 30, | Principal      | Interest      | Total          |
|-----------------------|----------------|---------------|----------------|
| 2026                  | \$ 14,823,408  | \$ 4,329,317  | \$ 19,152,725  |
| 2027                  | 14,324,801     | 4,048,623     | 18,373,424     |
| 2028                  | 11,485,020     | 3,818,265     | 15,303,285     |
| 2029                  | 9,754,422      | 3,606,761     | 13,361,183     |
| 2030                  | 5,942,620      | 3,425,677     | 9,368,297      |
| 2031 - 2035           | 26,997,144     | 14,435,062    | 41,432,206     |
| 2036 - 2040           | 25,698,323     | 9,790,573     | 35,488,896     |
| 2041 - 2045           | 31,112,846     | 4,358,769     | 35,471,615     |
| 2044 - 2046           | 6,968,766      | 123,176       | 7,091,942      |
| Total                 | \$ 147,107,350 | \$ 47,936,223 | \$ 195,043,573 |

The Authority monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

REGULATED LEASES

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

Certain capital assets, such as loading bridges, airfield, and building space are leased to airlines as part of the Airport Authority's Airline Operating Lease Agreement (AOLA). On July 1, 2019, the Airport Authority entered into the current ten-year AOLA with passenger airlines and cargo carriers operating at SDIA. The AOLAs cover the use of and rate-setting mechanisms for the airfield and terminal facilities at SDIA. Under the terms of the AOLA, landing fees and aircraft parking fees are calculated based on a residual rate-setting methodology, in which all costs of the facility and services are recovered from the airlines, and the airlines assume the financial risk. Terminal rental rates are based on a compensatory rate-setting methodology, in which the airlines each pay for only the actual cost of facilities and services they use; financial risk and control is assumed by the airport. The AOLA also includes signatory and non-signatory rate structures. Air Carriers that signed a non-signatory agreement are charged a 120 percent premium on all signatory rates, fees, and charges,

except for the Federal Inspection Services (FIS) fee, which all airlines pay the same rate for use of the immigration and customs facilities. Signatory carriers are required to pay a minimum amount each year (\$500,000 for passenger carriers, and \$250,000 for cargo carriers). The agreement has no provisions that grant the airlines direct approval rights over capital projects, with the limited exception of certain transportation projects that exceed a \$350 million threshold, as defined in the AOLA. It also allows flexibility to meet the demands of changing airline activity and to accommodate new entrant carriers. Terms of the new agreement financially support execution of the New Terminal 1, formerly referred to as the Airport Development Program. The Airport Authority does provide for preferential or exclusive use of certain assets to air carriers. As of June 30, 2025, 44 of the 59 terminal and cargo aircraft parking positions were subject to preferential use and 99,489 square feet of the 445,210 square feet of airline designated space was subject to exclusive use. As of June 30, 2024, 44 of the 59 terminal and cargo aircraft parking positions were subject to preferential use and 99,489 square feet of the 445,210 square feet of airline designated space was subject to exclusive use.

The Airline Support Building (ASB) is an Airport Authority facility leased by carriers to process belly

cargo. A portion of the lease payments increase annually based on CPI. Substantially all buildings and improvements in these leases are for the exclusive use of the four airline tenants.

The Airport Authority recognized fixed revenue under regulated lease contracts of \$10.7 million and \$10.6 million for the fiscal years ended June 30, 2025, and 2024, respectively. Variable lease revenue not previously included in the future minimum payments under its regulated leases were \$217.2 million and \$182.5 million, for the years ended June 30, 2025, and 2024, respectively.

The following is a schedule by year of expected future minimum payments to be received under the Airports regulated leases as of June 30, 2025:

| Years Ending June 30, | Total Future  |
|-----------------------|---------------|
| 2026                  | \$ 9,270,656  |
| 2027                  | 9,551,937     |
| 2028                  | 9,843,950     |
| 2029                  | 10,147,173    |
| 2030                  | 2,697,052     |
| 2031 - 2035           | 2,821,197     |
| Total                 | \$ 44,331,965 |

PUBLIC-PRIVATE AND PUBLIC-PUBLIC PARTNERSHIPS

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

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

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

The Airport Authority reports partnership leases receivable with a carrying amount of \$124.7 million and \$127.9 million as of June 30, 2025, and 2024, respectively, and a deferred inflow of resources in

the amount of \$202.7 million and \$210.5 million as of June 30, 2025, and 2024, respectively, related to these agreements. The deferred inflow of resources will be recognized as revenue over the terms of the agreements. Revenue recognized under the PPP arrangements during fiscal years ended June 30, 2025, and 2024, was \$9.4 million and \$9.5 million, respectively, which includes both PPP revenue and interest. There are no variable payments not previously included in the measurement of the PPP receivable.

The following is a schedule by year of minimum payments to be received under the Airport Authority's Public-Private Partnerships that are included in the measurement of the lease receivable as of June 30, 2025:

| Years Ending June 30, | Principal      | Interest      | Total          |
|-----------------------|----------------|---------------|----------------|
| 2026                  | \$ 3,341,161   | \$ 4,383,223  | \$ 7,724,384   |
| 2027                  | 3,462,035      | 4,262,349     | 7,724,384      |
| 2028                  | 3,587,282      | 4,137,102     | 7,724,384      |
| 2029                  | 3,717,060      | 4,007,324     | 7,724,384      |
| 2030                  | 3,851,533      | 3,872,851     | 7,724,384      |
| 2031 - 2035           | 21,451,326     | 17,170,592    | 38,621,918     |
| 2036 - 2040           | 25,622,675     | 12,999,244    | 38,621,919     |
| 2041 - 2045           | 30,605,168     | 8,016,750     | 38,621,918     |
| 2046 - 2050           | 29,038,786     | 2,206,825     | 31,245,611     |
| Total                 | \$ 124,677,026 | \$ 61,056,260 | \$ 185,733,286 |

The Authority monitors changes in circumstances that would require a remeasurement of its partnership leases and will remeasure the partnership lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the receivable.

NOTE 3.

LEASES & PUBLIC-PRIVATE PARTNERSHIPS (CONTINUED)



NOTE 4.

NOTES RECEIVABLE

As part of the transfer of airport operations from the District to the Airport Authority, and pursuant to the associated MOU, the District issued a \$50.0 million unsecured promissory note to the Airport Authority. According to an agreement with the District that commenced on January 1, 2006, the note will be amortized over 25 years, maturing on December 31, 2030. The note is subordinate to all bond indebtedness of the District and carried a rate of 5.5 percent per annum through October 31, 2021. An amendment to that agreement reduced the rate to 3.6 percent per annum, effective November 1, 2021, reducing the monthly payment. At June 30, 2025, and 2024, the balance of the note receivable was \$16.9

million and \$19.7 million, respectively.

As part of the contracts to lease space in the Airline Support Building (ASB), tenants were given the option to issue a note receivable to the Airport Authority in order to fund tenant improvements to their space. Four airlines and one non-airline tenant exercised this option and issued notes for a combined total of \$13.4 million commencing July 1, 2021, for a period of 5 years carrying the estimated thirty-year revenue bond index rate of 2.5 percent per annum through June 30, 2026. At June 30, 2025, and 2024, the balance of the note receivable was \$2.4 million and \$4.8 million, respectively.

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

| Years Ending June 30, | ASB |           | District |            | Total         |
|-----------------------|-----|-----------|----------|------------|---------------|
| 2026                  | \$  | 2,429,662 | \$       | 2,832,535  | \$ 5,262,197  |
| 2027                  |     | -         |          | 2,937,084  | 2,937,084     |
| 2028                  |     | -         |          | 3,045,492  | 3,045,492     |
| 2029                  |     | -         |          | 3,157,901  | 3,157,901     |
| 2030                  |     | -         |          | 3,274,459  | 3,274,459     |
| 2031                  |     | -         |          | 1,682,277  | 1,682,277     |
| Total                 | \$  | 2,429,662 | \$       | 16,929,748 | \$ 19,359,409 |



NOTE 5.

CAPITAL ASSETS & LEASES

The following tables show the increases and decreases in capital and right-to-use lease assets, and their associated accumulated depreciation for the years ending June, 30, 2025 and 2024.

|   | Balance at<br>July 1, 2024 |                 | Increases | Decreases     | Balance at<br>June 30, 2025 |
|---|----------------------------|-----------------|-----------|---------------|-----------------------------|
| Nondepreciable assets and leases:                               |                            |                 |           |               |                             |
| Land  | \$                         | 22,167,594      | \$        | -             | \$ 22,167,594               |
| Construction in progress  |                            | 1,978,692,850   |           | 684,891,903   | 2,374,388,669               |
| Intangible asset  |                            | 440,000         |           | -             | 440,000                     |
| Total nondepreciable assets and leases                          |                            | 2,001,300,444   |           | 684,891,903   | 2,396,996,263               |
| Depreciable assets and leases:                                  |                            |                 |           |               |                             |
| Land improvements   |                            | 159,946,387     |           | 4,535,899     | 164,482,286                 |
| Land improvements - right-to-use lease assets                   |                            | 240,922,204     |           | -             | 240,922,204                 |
| Buildings and structures  |                            | 1,946,434,381   |           | 272,375,984   | 2,218,810,365               |
| Machinery and equipment   |                            | 145,684,582     |           | 2,667,842     | 147,849,001                 |
| Runways, roads and parking lots                                 |                            | 623,926,792     |           | 10,982,642    | 634,830,060                 |
| Total capital and lease assets being depreciated/amortized      |                            | 3,116,914,345   |           | 290,562,368   | 3,406,893,915               |
| Less accumulated depreciation and amortization for:             |                            |                 |           |               |                             |
| Land improvements   |                            | (63,452,922)    |           | (6,303,949)   | (69,756,871)                |
| Building and structures   |                            | (914,847,782)   |           | (78,259,636)  | (993,107,417)               |
| Right-to-use lease assets                                       |                            | (24,290,688)    |           | (6,541,055)   | (30,831,743)                |
| Machinery and equipment   |                            | (101,599,540)   |           | (8,698,069)   | (109,888,487)               |
| Runways, roads and parking lots                                 |                            | (352,763,851)   |           | (23,257,132)  | (376,020,984)               |
| Total accumulated depreciation and amortization                 |                            | (1,456,954,783) |           | (123,059,840) | (1,579,605,501)             |
| Total capital and lease assets being depreciated/amortized, net |                            | 1,659,959,562   |           | 167,502,527   | 1,827,288,414               |
| Capital and lease assets, net                                   | \$                         | 3,661,260,007   | \$        | 852,394,430   | \$ 4,224,284,678            |

|   | Balance at<br>July 1, 2023 |                 | Increases | Decreases     | Balance at<br>June 30, 2024 |
|---|----------------------------|-----------------|-----------|---------------|-----------------------------|
| Nondepreciable assets and leases:                               |                            |                 |           |               |                             |
| Land  | \$                         | 22,167,594      |           | \$ -          | \$ 22,167,594               |
| Construction in progress  |                            | 1,145,357,693   |           | 990,972,834   | 1,978,692,850               |
| Intangible asset  |                            | 440,000         |           | -             | 440,000                     |
| Total nondepreciable assets and leases                          |                            | 1,167,965,287   |           | 990,972,834   | 2,001,300,444               |
| Depreciable assets and leases:                                  |                            |                 |           |               |                             |
| Land improvements   |                            | 160,111,604     |           | (165,216)     | 159,946,387                 |
| Land improvements - right-to-use lease assets                   |                            | 238,768,276     |           | 2,618,306     | 240,922,204                 |
| Buildings and structures  |                            | 1,883,717,140   |           | 136,875,206   | 1,946,434,381               |
| Machinery and equipment   |                            | 139,202,241     |           | 12,839,918    | 145,684,582                 |
| Runways, roads and parking lots                                 |                            | 630,577,748     |           | 9,111,899     | 623,926,792                 |
| Total capital and lease assets being depreciated/amortized      |                            | 3,052,377,008   |           | 161,445,329   | 3,116,914,345               |
| Less accumulated depreciation and amortization for:             |                            |                 |           |               |                             |
| Land improvements   |                            | (57,537,607)    |           | (6,080,531)   | (63,452,922)                |
| Building and structures   |                            | (911,278,157)   |           | (77,095,334)  | (914,847,782)               |
| Right-to-use lease assets                                       |                            | (17,945,010)    |           | (6,531,429)   | (24,290,688)                |
| Machinery and equipment   |                            | (98,563,939)    |           | (9,392,758)   | (101,599,540)               |
| Runways, roads and parking lots                                 |                            | (339,162,538)   |           | (24,645,744)  | (352,763,851)               |
| Total accumulated depreciation and amortization                 |                            | (1,424,487,252) |           | (123,745,795) | (1,456,954,783)             |
| Total capital and lease assets being depreciated/amortized, net |                            | 1,627,889,756   |           | 37,699,534    | 1,659,959,562               |
| Capital and lease assets, net                                   | \$                         | 2,795,855,043   | \$        | 1,028,672,368 | \$ 3,661,260,007            |

Depreciation expense and increase in accumulated depreciation for the fiscal years ending June, 30, 2025 and 2024 amounted to \$117.6 million and \$117.2 million, respectively. The amortization of right-to-use lease assets in the same periods amounted to \$5.0 million each year. In both years, \$1.6 million of depreciation expense was charged to capital improvement projects in accordance with GASB 87.



NOTE 6. The following is a summary of changes in the long-term liability activity for the years ended June 30, 2025, and 2024:

LONG-TERM LIABILITIES

|                                       | Principal<br>Balance at<br>June 30, 2024 | Additions /New<br>Issuances | Reductions/<br>Repayments | Principal<br>Balance at<br>June 30, 2025 | Due Within<br>One Year |
|---------------------------------------|--|-----------------------------|---------------------------|--|------------------------|
| Variable rate debt - Direct borrowing |  |                             |                           |  |                        |
| Revolving LOC                         | \$ -                                     | \$ -                        | \$ -                      | \$ -                                     | \$ -                   |
| Total variable rate debt              | -  | -                           | -                         | -  | -                      |
| Bonds payable                         |  |                             |                           |  |                        |
| Series 2014 Bonds                     | 269,015,000                              | -                           | (7,045,000)               | 261,970,000                              | 7,440,000              |
| Series 2017 Bonds                     | 261,010,000                              | -                           | (5,865,000)               | 255,145,000                              | 6,155,000              |
| Series 2019 Bonds                     | 448,490,000                              | -                           | (6,400,000)               | 442,090,000                              | 5,615,000              |
| Series 2020 Bonds                     | 197,235,000                              | -                           | (16,005,000)              | 181,230,000                              | 11,275,000             |
| Series 2021 Bonds                     | 1,875,085,000                            | -                           | (12,225,000)              | 1,862,860,000                            | 13,005,000             |
| Series 2023 Bonds                     | 1,061,980,000                            | -                           | (2,235,000)               | 1,059,745,000                            | 2,865,000              |
| Bond premiums, net                    | 426,578,230                              | -                           | (25,124,995)              | 401,453,235                              | -                      |
| Total bonds payable                   | 4,539,393,230                            | -                           | (74,899,995)              | 4,464,493,235                            | 46,355,000             |
| Lease Liabilities                     | 228,005,166                              | -                           | (3,641,649)               | 224,363,516                              | 2,829,863              |
| Note Payable - Direct borrowing       |  |                             |                           |  |                        |
| CRDC                                  | 5,136,616                                | -                           | (424,940)                 | 4,711,675                                | 465,484                |
| Total debt obligations                | 4,772,535,011                            | -                           | (78,966,585)              | 4,693,568,427                            | 49,650,347             |
| Compensated absences                  | 5,273,715                                | 4,880,685                   | (4,496,526)               | 5,657,875                                | 4,496,526              |
| Total long-term liabilities           | \$ 4,777,808,726                         | \$ 4,880,685                | \$ (83,463,110)           | \$ 4,699,226,301                         | \$ 54,146,873          |

|                                       | Principal<br>Balance at<br>June 30, 2023 | Additions /New<br>Issuances | Reductions/<br>Repayments | Principal<br>Balance at<br>June 30, 2024 | Due Within<br>One Year |
|---------------------------------------|--|-----------------------------|---------------------------|--|------------------------|
| Variable rate debt - Direct borrowing |  |                             |                           |  |                        |
| Revolving LOC                         | \$ 80,100,000                            | \$ -                        | \$ (80,100,000)           | \$ -                                     | \$ -                   |
| Total variable rate debt              | 80,100,000                               | -                           | (80,100,000)              | -  | -                      |
| Bonds payable                         |  |                             |                           |  |                        |
| Series 2014 Bonds                     | 275,685,000                              | -                           | (6,670,000)               | 269,015,000                              | 7,045,000              |
| Series 2017 Bonds                     | 266,595,000                              | -                           | (5,585,000)               | 261,010,000                              | 5,865,000              |
| Series 2019 Bonds                     | 454,585,000                              | -                           | (6,095,000)               | 448,490,000                              | 6,400,000              |
| Series 2020 Bonds                     | 212,475,000                              | -                           | (15,240,000)              | 197,235,000                              | 16,005,000             |
| Series 2021 Bonds                     | 1,931,985,000                            | -                           | (56,900,000)              | 1,875,085,000                            | 12,225,000             |
| Series 2023 Bonds                     | -  | 1,061,980,000               | -                         | 1,061,980,000                            | 2,235,000              |
| Bond premiums                         | 459,468,592                              | 291,193                     | (33,181,555)              | 426,578,230                              | -                      |
| Total bonds payable                   | 3,600,793,592                            | 1,062,271,193               | (123,671,555)             | 4,539,393,230                            | 49,775,000             |
| Lease Liabilities                     | 229,180,542                              | 2,618,306                   | (3,793,683)               | 228,005,166                              | 3,641,649              |
| Subscription Liabilities              |  | -                           |                           |  |                        |
| Note Payable - Direct borrowing       |  |                             |                           |  |                        |
| CRDC                                  | 5,524,543                                | -                           | (387,927)                 | 5,136,616                                | 424,940                |
| Total debt obligations                | 3,915,598,677                            | 1,064,889,500               | (207,953,166)             | 4,772,535,011                            | 53,841,589             |
| Compensated absences                  | 5,094,372                                | 4,158,865                   | (3,979,522)               | 5,273,715                                | 3,979,522              |
| Total long-term liabilities           | \$ 3,920,693,049                         | \$ 1,069,048,365            | \$ (211,932,687)          | \$ 4,777,808,726                         | \$ 57,821,111          |

**SENIOR LIEN SERIES 2023 BONDS:**  
On October 25, 2023, the Airport Authority issued \$1,062.0 million of Series A and B Senior Airport Revenue Bonds (Series 2023 Bonds). The 2023 Bonds were issued to finance a portion of the capital improvements associated with the New T1 program, repay outstanding Subordinate Revolving Obligations, purchase a portion of the Authority's outstanding Airport Revenue Refunding bonds, Series 2021 C which were tendered, fund a portion of the interest accruing on the Series 2023 Bonds, fund deposits to the senior reserve fund and pay the costs of issuance of the Series 2023 Bonds.

The Series 2023 A Bonds were structured as governmental and non-AMT term bonds that bear interest at 5.0 percent. The Series B bonds were structured as private activity and AMT term

The required debt service payments for the Series 2023 Bonds for the years ending June 30 are as follows:

| Years Ending June 30, | Principal               | Interest                | Total                   |
|-----------------------|-------------------------|-------------------------|-------------------------|
| 2026                  | \$ 2,865,000            | \$ 53,863,038           | \$ 56,728,038           |
| 2027                  | -                       | 53,791,412              | 53,791,412              |
| 2028                  | -                       | 53,791,413              | 53,791,413              |
| 2029                  | 14,450,000              | 53,430,162              | 67,880,162              |
| 2030                  | 15,170,000              | 52,689,663              | 67,859,663              |
| 2031 - 2035           | 92,100,000              | 250,480,750             | 342,580,750             |
| 2036 - 2040           | 117,575,000             | 223,433,575             | 341,008,575             |
| 2041 - 2045           | 159,865,000             | 188,533,937             | 348,398,937             |
| 2046 - 2050           | 185,055,000             | 145,638,188             | 330,693,188             |
| 2051 - 2055           | 236,170,000             | 93,173,387              | 329,343,387             |
| 2056 - 2059           | 236,495,000             | 25,567,594              | 262,062,594             |
|                       | <b>\$ 1,059,745,000</b> | <b>\$ 1,194,393,119</b> | <b>\$ 2,254,138,119</b> |

The senior Series 2023 Bonds are special obligations of the Airport Authority, payable solely from and secured by (a) a pledge of net revenues, which include certain income and revenue received by the Airport Authority from the operation of the airport system, less all amounts that are required to pay the operation and maintenance expenses of the airport system and (b) certain funds and accounts held by the senior trustee under the senior indenture.

As senior lien bonds, the Series 2023 Bonds require that charges for services be set each fiscal year at rates sufficient to produce pledged revenues at least 125 percent times the senior debt service for that year. In addition, the Series 2023 Bonds

bonds that bear interest at rates ranging from 5.0 percent to 5.25 percent. The Series A and Series B bonds were issued at a premium of \$2.9 million and a discount of \$9.9 million, respectively. The premium and discount is amortized over the life of the bonds. The interest on the Series 2023 Bonds is payable semiannually on January 1 and July 1 of each year.

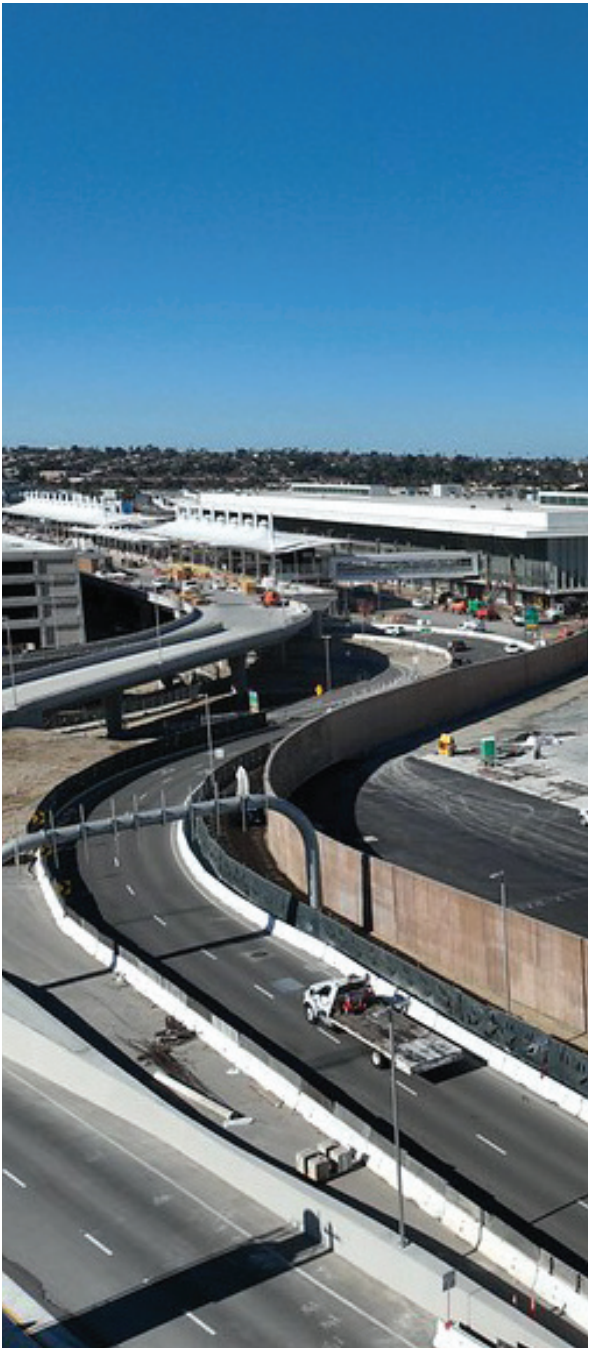
Interest for the fiscal years ended June 30, 2025, and 2024 amounted to \$53.9 million and \$36.9 million, respectively, including accrued interest of \$27.0 million and \$27.0 million, respectively. The principal balance on the Series 2023 Bonds as of June 30, 2025, and 2024 was \$1,059.7 million and \$1,062.0 million, respectively.

NOTE 6.

LONG-TERM LIABILITIES  
(CONTINUED)







LONG-TERM LIABILITIES  
(CONTINUED)

NOTE 6.

SUBORDINATE LIEN SERIES 2017 BONDS:

The Airport Authority issued \$291.2 million of Series A and B Subordinate Airport Revenue Bonds (Series 2017 Bonds) on August 3, 2017. The Series 2017 Bonds were issued to finance certain capital improvements at SDIA including the Terminal 2 Parking Plaza and the FIS facility, fund a portion of the interest accruing on the Series 2017 Bonds, refund \$32.6 million of the Airport Authority's outstanding variable rate debt, fund the subordinate reserve fund and pay the costs of issuance of the Series 2017 Bonds. The Series 2017 Bonds are structured as serial and term bonds that bear interest at rates ranging from 4.0 percent

to 5.0 percent and mature in fiscal years 2019 to 2048. The bonds were issued at a premium of \$48.4 million which is being amortized over the life of the bonds. Interest on the Series 2017 Bonds is payable semiannually on January 1 and July 1 of each year.

Interest for the fiscal years ended June 30, 2025, and 2024 amounted to \$12.8 million and \$13.1 million, respectively, including accrued interest of \$6.4 million and \$6.5 million, respectively. The principal balance on the Series 2017 Bonds as of June 30, 2025, and 2024 was \$255.1 million and \$261.0 million, respectively.

The required debt service payments for the Series 2017 Bonds for the fiscal years ending June 30 are as follows:

| Years Ending June 30, | Principal             | Interest              | Total                 |
|-----------------------|-----------------------|-----------------------|-----------------------|
| 2026                  | \$ 6,155,000          | \$ 12,603,375         | \$ 18,758,375         |
| 2027                  | 6,465,000             | 12,287,875            | 18,752,875            |
| 2028                  | 6,790,000             | 11,956,500            | 18,746,500            |
| 2029                  | 7,130,000             | 11,608,500            | 18,738,500            |
| 2030                  | 7,485,000             | 11,243,125            | 18,728,125            |
| 2031 - 2035           | 43,430,000            | 50,062,500            | 93,492,500            |
| 2036 - 2040           | 55,425,000            | 37,764,125            | 93,189,125            |
| 2041 - 2045           | 70,755,000            | 22,066,625            | 92,821,625            |
| 2046 - 2048           | 51,510,000            | 3,947,000             | 55,457,000            |
|                       | <u>\$ 255,145,000</u> | <u>\$ 173,539,625</u> | <u>\$ 428,684,625</u> |

SUBORDINATE LIEN SERIES 2019 BONDS:

The Airport Authority issued \$338.8 million of Series A Subordinate Airport Revenue and Revenue Refunding Bonds and \$124.9 million of Series B Subordinate Airport Revenue Bonds on December 11, 2019 (Series 2019 Bonds). The Series 2019 Bonds were issued to finance certain capital improvements at SDIA including a new facilities maintenance building and storm water capture and reuse projects, fund a portion of the interest accruing on the Series 2019 Bonds, refund \$34.3 million of the Airport Authority's outstanding variable rate debt, fund the Series 2010C Escrow account, fund the subordinate reserve fund, and pay the costs of issuance of the Series 2019 Bonds. The Series 2019 Bonds are structured as serial and term bonds

that bear interest at rates ranging from 4.0 percent to 5.0 percent and mature in fiscal years 2021 to 2050. The bonds were issued at a premium of \$96.9 million which is being amortized over the life of the bonds. Interest on the Series 2019 Bonds is payable semiannually on January 1 and July 1 of each year.

Interest for the fiscal years ended June 30, 2025, and 2024 amounted to \$21.3 million and \$21.6 million, respectively, including accrued interest of \$10.6 million and \$10.8 million, respectively. The principal balance on the Series 2019 Bonds as of June 30, 2025, and 2024 was \$442.1 million and \$448.5 million, respectively.

The required debt service payments for the Series 2019 Bonds for the fiscal years ending June 30 are as follows:

| Years Ending June 30, | Principal             | Interest              | Total                 |
|-----------------------|-----------------------|-----------------------|-----------------------|
| 2026                  | \$ 5,615,000          | \$ 21,274,350         | \$ 26,889,350         |
| 2027                  | 5,895,000             | 20,993,600            | 26,888,600            |
| 2028                  | 6,195,000             | 20,698,850            | 26,893,850            |
| 2029                  | 6,500,000             | 20,389,100            | 26,889,100            |
| 2030                  | 6,825,000             | 20,064,100            | 26,889,100            |
| 2031 - 2035           | 87,365,000            | 91,611,250            | 178,976,250           |
| 2036 - 2040           | 156,590,000           | 62,613,300            | 219,203,300           |
| 2041 - 2045           | 87,365,000            | 30,044,300            | 117,409,300           |
| 2046 - 2050           | 79,740,000            | 12,349,500            | 92,089,500            |
|                       | <u>\$ 442,090,000</u> | <u>\$ 300,038,350</u> | <u>\$ 742,128,350</u> |

SUBORDINATE LIEN SERIES 2020 BONDS:

The Airport Authority issued \$241.6 million of Series A, B and C Subordinate Airport Revenue Refunding Bonds (Series 2020 Bonds). The Airport Authority entered into a Forward Delivery Purchase Contract on December 11, 2019, and delivered the Series 2020 Bonds Proceeds on April 8, 2020. Proceeds from the sale of the Series 2020 Bonds were used to fund the Series 2010 A and B bonds escrow accounts and pay the costs of issuance of the Series 2020 Bonds. The Series 2020 Bonds are structured as serial bonds that bear interest rates of 5.0 percent and mature in fiscal years 2021 to 2041. The

bonds were issued at a premium of \$49.4 million, which is being amortized over the life of the bonds. Interest on the Series 2020 Bonds is payable semiannually on January 1 and July 1 of each year.

Interest for the fiscal years ended June 30, 2025, and 2024 amounted to \$9.1 million and \$9.7 million, respectively, including accrued interest of \$4.5 million and \$4.9 million, respectively. The principal balance on the Series 2020 Bonds as of June 30, 2025, and 2024 was \$181.2 million and \$197.2 million, respectively.

The required debt service payments for the Series 2020 Bonds for the fiscal years ending June 30 are as follows:

| Years Ending June 30, | Principal             | Interest             | Total                 |
|-----------------------|-----------------------|----------------------|-----------------------|
| 2026                  | \$ 11,275,000         | \$ 9,061,500         | \$ 20,336,500         |
| 2027                  | 11,830,000            | 8,497,750            | 20,327,750            |
| 2028                  | 12,425,000            | 7,906,250            | 20,331,250            |
| 2029                  | 13,050,000            | 7,285,000            | 20,335,000            |
| 2030                  | 13,705,000            | 6,632,500            | 20,337,500            |
| 2031 - 2035           | 64,075,000            | 23,085,000           | 87,160,000            |
| 2036 - 2040           | 44,565,000            | 9,478,500            | 54,043,500            |
| 2041                  | 10,305,000            | 515,250              | 10,820,250            |
|                       | <u>\$ 181,230,000</u> | <u>\$ 72,461,750</u> | <u>\$ 253,691,750</u> |

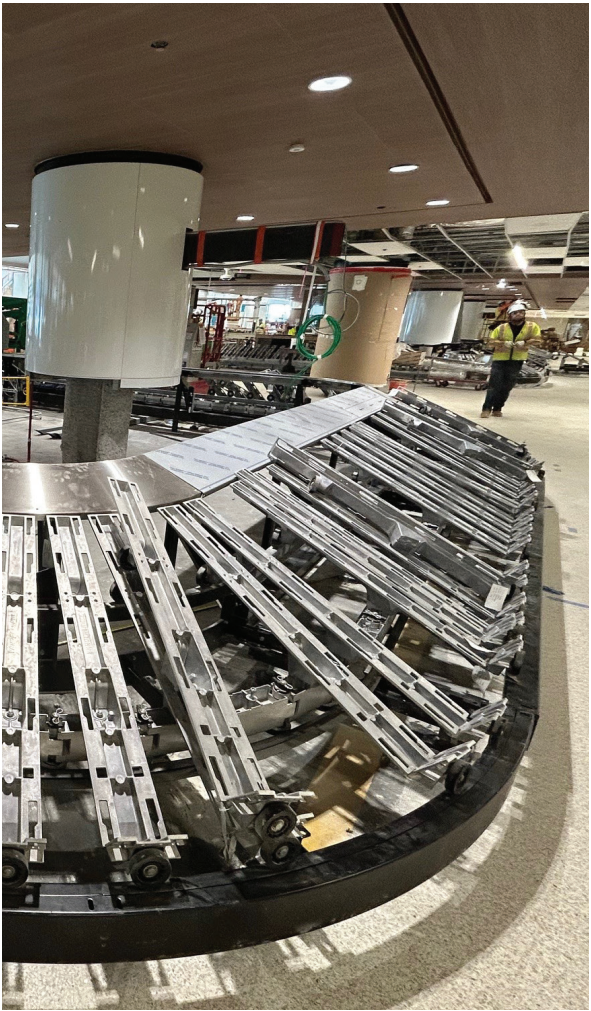
NOTE 6.

LONG-TERM LIABILITIES  
(CONTINUED)





LONG-TERM LIABILITIES  
(CONTINUED)



The subordinate Series Bonds are special obligations of the Airport Authority, payable solely from and secured by (a) a pledge of subordinate net revenues, which include certain income and revenue received by the Airport Authority from the operation of the airport system, less all amounts that are required to pay the operation and maintenance expenses of the airport system and all amounts necessary to pay debt service on and fund the reserves for the senior bonds; and (b) certain funds and accounts held by the subordinate trustee under the subordinate indenture. The subordinate Series Bonds were issued

SUBORDINATE LIEN SERIES 2021 BONDS:

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

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

| Years Ending June 30, | Principal               | Interest                | Total                   |
|-----------------------|-------------------------|-------------------------|-------------------------|
| 2026                  | \$ 13,005,000           | \$ 80,623,540           | \$ 93,628,540           |
| 2027                  | 10,310,000              | 80,278,592              | 90,588,592              |
| 2028                  | 10,830,000              | 79,750,092              | 90,580,092              |
| 2029                  | 11,375,000              | 79,194,967              | 90,569,967              |
| 2030                  | 11,940,000              | 78,612,092              | 90,552,092              |
| 2031 - 2035           | 118,110,000             | 379,997,620             | 498,107,620             |
| 2036 - 2040           | 187,560,000             | 347,401,289             | 534,961,289             |
| 2041 - 2045           | 338,800,000             | 298,782,591             | 637,582,591             |
| 2046 - 2050           | 343,010,000             | 228,018,600             | 571,028,600             |
| 2051 - 2055           | 541,125,000             | 132,284,875             | 673,409,875             |
| 2056 - 2057           | 276,795,000             | 12,996,375              | 289,791,375             |
|                       | <u>\$ 1,862,860,000</u> | <u>\$ 1,797,940,633</u> | <u>\$ 3,660,800,633</u> |

with a pledge of and lien on subordinate net revenues.

As subordinate lien bonds, the Series 2017, 2019, 2020 and 2021 Bonds require that charges for services be set each fiscal year at rates sufficient to produce pledged revenues at least 110 percent times the subordinate debt service for that year. In addition, the subordinate Bonds require the Airport Authority to maintain a reserve account with the bond trustee. On June 30, 2025, and 2024, the amount held by the trustee was \$391.4 million and

percent and mature in fiscal years 2023 to 2037. The 2021C Series participated in a tender offer as part of the 2023 Series issuance. A total of \$40.4 million par value 2021C were tendered. As a result of the refunding, the Airport Authority reduced its total debt service requirements, which resulted in an economic gain (difference between the present value of the debt service payments on the old and the new debt) of approximately \$3.0 million. Interest on the Series 2021 Bonds is payable semiannually on January 1 and July 1 of each year.

Interest for the fiscal years ended June 30, 2025, and 2024 amounted to \$80.7 million and \$80.8 million, respectively, including accrued interest of \$40.1 million and \$40.1 million, respectively. The principal balance on the Series 2021 Bonds as of June 30, 2025, and 2024 was \$1,862.9 million and \$1,875.1 million, respectively.

\$753.3 million, respectively, which included the July 1 payment, a debt service reserve fund, construction fund, and a capitalized interest fund. The public ratings of the Subordinate Series Bonds as of June 30, 2025, are A/A1/A+ by Standard & Poor's, Moody's Investors Service and Fitch Ratings. For the year ended June 30, 2025, the net revenues pledged for senior and subordinate lien debt service was \$285.2 million compared to the net debt service (senior and subordinate lien principal and interest) of \$102.8 million. At June 30, 2025, the remaining principal and interest payments required to repay the bonds through 2058 totaled \$7,339.4 million.

SENIOR LIEN SPECIAL FACILITIES REVENUE BONDS, SERIES 2014:

On February 19, 2014, the Airport Authority issued \$305.3 million of Series A and B Senior Special Facilities Revenue Bonds (Series 2014 Bonds). The Series 2014 Bonds were issued to finance a portion of the costs of the development and construction of a consolidated rental car facility and related improvements at SDIA, fund a portion of the interest accruing on the Series 2014 Bonds, fund deposits to the senior reserve fund and pay the costs of issuance of the Series 2014 Bonds.

The Series 2014 A Bonds were structured as tax-exempt and non-AMT term bonds that bear interest at 5.0 percent. The Series 2014 B Bonds were structured as federally taxable bonds that bear interest at rates ranging from 2.5 percent to 5.6 percent. The bonds were issued at a premium of \$0.6 million, which is amortized over the life of the bonds. Interest on the Series 2014 Bonds is payable semiannually on January 1 and July 1 of each year.

Interest for the fiscal years ended June 30, 2025, and 2024 amounted to \$14.5 million and \$14.9 million, respectively, including accrued interest of \$7.2 million and \$7.4 million, respectively. The principal balance on the Series 2014 Bonds as of June 30, 2025, and 2024

was \$262.0 million and \$269.0 million, respectively. The Series 2014 Bonds are special limited obligations of the Airport Authority, payable solely from and secured by a pledge of the Trust Estate, which includes, among other things, customer facility charges collected from the rental car companies operating at the Airport and remitted to the Trustee. No revenues of the Airport Authority other than the customer facility charges and the Bond Funding Supplemental Consideration (as defined in the bond indenture), are pledged to the payment of the Series 2014 Bonds.

The Series 2014 Bonds require the Airport Authority to maintain a debt service reserve account with the bond trustee and to reserve certain additional amounts in the Airport Authority's net position, as shown previously in the notes. For the fiscal years ended June 30, 2025, and 2024, the amount held by the trustee was \$62.0 million and \$62.0 million, respectively, which included the July 1 payment, the debt service reserve fund, the renewal and replace fund, and the rolling coverage fund.

The public ratings of the Senior Series Special Facility 2014 Bonds as of June 30, 2025, are A-/A3 by Standard & Poor's and Moody's Investors Service.

The required debt service payments for the Series 2014 Bonds for the fiscal years ending June 30 are as follows:

| Years Ending June 30, | Principal             | Interest              | Total                 |
|-----------------------|-----------------------|-----------------------|-----------------------|
| 2026                  | \$ 7,440,000          | \$ 14,271,928         | \$ 21,711,928         |
| 2027                  | 7,855,000             | 13,844,127            | 21,699,127            |
| 2028                  | 8,295,000             | 13,392,412            | 21,687,412            |
| 2029                  | 8,760,000             | 12,915,383            | 21,675,383            |
| 2030                  | 9,250,000             | 12,411,644            | 21,661,644            |
| 2031 - 2035           | 54,610,000            | 53,459,401            | 108,069,401           |
| 2036 - 2040           | 71,690,000            | 35,900,395            | 107,590,395           |
| 2041 - 2045           | 94,070,000            | 12,987,626            | 107,057,626           |
|                       | <u>\$ 261,970,000</u> | <u>\$ 169,182,916</u> | <u>\$ 431,152,916</u> |

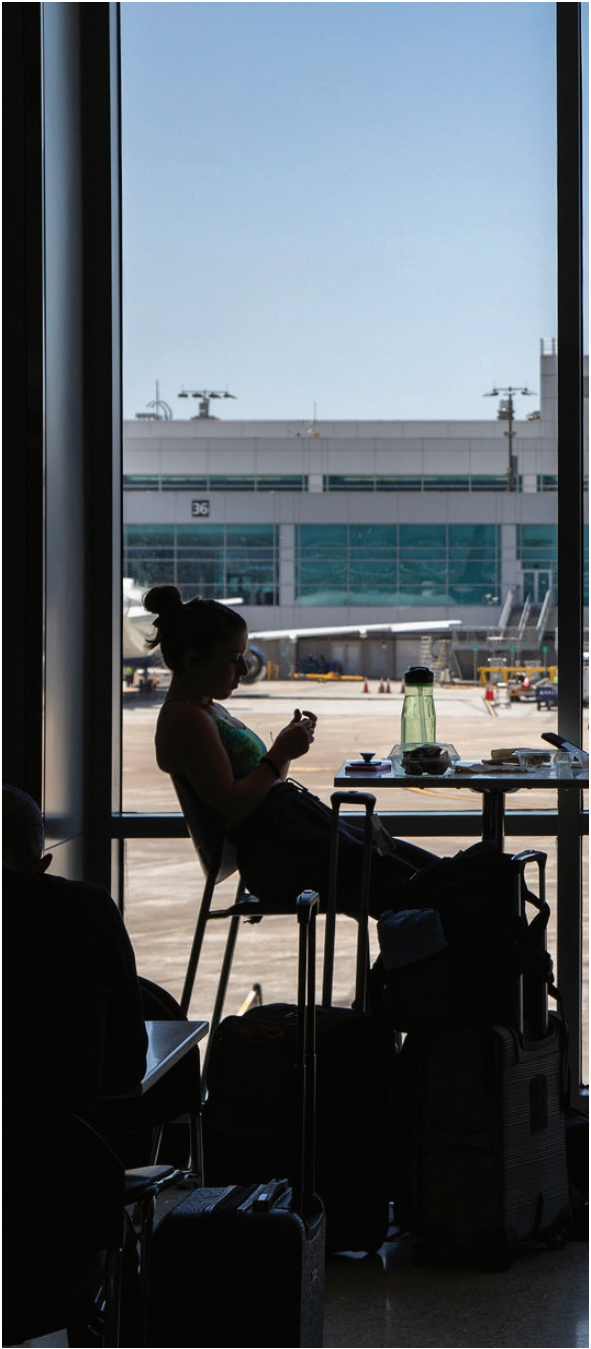
Interest expense on the Series 2014, 2017, 2019, 2020, 2021, and 2023 Bonds for fiscal years ended June 30, 2025, and June 30, 2024, of \$192.2 million and \$177.0 million, respectively, was offset by bond premium amortization of \$ 25.1 million in fiscal year 2025 and \$25.9 million in fiscal year 2024.

NOTE 6.  
LONG-TERM LIABILITIES  
(CONTINUED)





LONG-TERM LIABILITIES  
(CONTINUED)



NOTE 6.

**SUBORDINATE SHORT-TERM DEBT PROGRAM:**  
On July 11, 2024, The Airport Authority and Bank of America entered into an amended Revolving Obligation agreement. The revolving credit agreement is for the term of three years and authorized the Airport Authority to issue up to \$200.0 million in Subordinate Revolving Obligations. At the end of fiscal years 2024 and 2025 the Airport Authority had no outstanding balances related to this program. Obligations incurred under the Revolving Credit Agreement are payable solely from and secured by a pledge of “Subordinate Net Revenues.” Subordinate Net Revenues are generally defined as all revenues and other cash receipts of the Airport Authority’s Airport operations remaining after Senior

Lien payments have been deposited by the Trustee in accordance with the Senior Lien Trust Indenture.

**LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT:**  
In fiscal year 2025, the Airport Authority maintained a \$2.0 million line of credit held with US Bank, which is collateralized with a Treasury bond. This line is utilized to issue letters of credit to surety companies who are partnering with the Airport Authority to provide bonding assistance to contractors accepted into the bonding assistance program at the Airport Authority. As of June 30, 2025, nothing had been drawn on the line of credit and there are no outstanding letters of credit.

The Airport Authority had the following used and unused balances in line of credit type debt instruments as of June 30, 2025, and 2024:

|                          | June 30, 2025 |                | June 30, 2024 |                |
|--------------------------|---------------|----------------|---------------|----------------|
|                          | Used          | Unused         | Used          | Unused         |
| Revolving line of credit | \$ -          | \$200,000,000  | \$ -          | \$200,000,000  |
| Line of credit           | \$ -          | 2,000,000      | \$ -          | 2,000,000      |
|                          | \$ -          | \$ 202,000,000 | \$ -          | \$ 202,000,000 |

**EVENT OF DEFAULT:**  
In the event of default of all general airport revenue bonds issued by the Airport Authority, acceleration is not a remedy. For the Letter of Credit and Reimbursement Agreement, an event of default could result in either an acceleration or an interest rate increase of 3.0 to 7.0 percent in addition to the base rate. Other than this, there are no significant finance-related consequences in the event of default on other debt instruments. The Airport Authority’s Letter of Credit and Reimbursement Agreement is collateralized with a \$2.2 million Treasury bond. Excluding general airport revenue bonds, special

facility bonds, and leases, no other assets have been pledged or collateralized for any other debt instruments. General Airport revenue bonds are secured by a pledge of Net Revenues which are generally defined as all revenues and other cash receipts of the Airport Authority’s operations less amounts required to pay for operations and maintenance expenses of the airport (net revenues do not include cash received from PFCs, CFCs or Federal Grants). The special facility bonds are secured by a pledge of the Trust Estate.

NOTE PAYABLE

**RECEIVING DISTRIBUTION CENTER LEASE:**  
The Airport Authority entered into an installment purchase agreement for a receiving and distribution center (RDC) in fiscal year 2013. This agreement has been determined to be a note

payable and requires monthly lease payments of \$73.1 thousand. The Airport Authority will become the owner of the RDC at the conclusion of the 20-year installment purchase agreement.

The following is a schedule of future lease payments applicable to the RDC installment purchase agreement, and the net present value of the future lease payments on June 30, 2025:

| Years Ending June 30,                  | Amount       |
|--|--------------|
| 2026                                   | \$ 877,298   |
| 2027                                   | 877,298      |
| 2028                                   | 877,298      |
| 2029                                   | 877,298      |
| 2030                                   | 877,298      |
| 2031-2033                              | 2,120,136    |
| Total Lease Payments                   | 6,506,626    |
| Less amount representing interest      | (1,794,950)  |
| Present value of future lease payments | \$ 4,711,676 |

LEASE LIABILITIES

The Airport Authority leases properties from the District and smaller third parties and uses that space to conduct its operations, the terms of which expire 2026 through 2072. The measurement of the lease payable is based on the present value of lease payments expected to be paid during the lease term, such as fixed payments, variable payments that depend on an index or rate, variable payments that are fixed in substance, residual value guarantee payments that are fixed in substance, and any lease incentives payable to the lessee. The Authority

uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for leases. Incremental borrowing rates of 1.1 percent to 4.1 percent were used to measure lease payables. Lease liabilities recorded under lease contracts as of June 30, 2025, and 2024, were \$224.4 million and \$228.0 million, respectively.

The future principal and interest payments for lease liabilities as of June 30, 2025, are as follows:

| Years Ending June 30, | Principal     | Interest      | Total         |
|-----------------------|---------------|---------------|---------------|
| 2026                  | 2,829,863     | 8,466,532     | 11,296,394    |
| 2027                  | 2,645,398     | 8,379,303     | 11,024,701    |
| 2028                  | 2,701,099     | 8,289,721     | 10,990,821    |
| 2029                  | 2,427,028     | 8,199,071     | 10,626,099    |
| 2030                  | 2,520,945     | 8,106,746     | 10,627,692    |
| 2031-2035             | 14,292,010    | 39,010,732    | 53,302,741    |
| 2036-2040             | 17,481,468    | 36,063,217    | 53,544,685    |
| 2041-2045             | 19,347,847    | 32,578,280    | 51,926,126    |
| 2046-2050             | 23,036,984    | 28,571,351    | 51,608,335    |
| 2051-2055             | 27,969,444    | 23,711,394    | 51,680,838    |
| 2056-2060             | 33,950,346    | 17,810,246    | 51,760,592    |
| 2061-2065             | 41,201,827    | 10,646,494    | 51,848,321    |
| 2066-2069             | 33,959,258    | 2,382,663     | 36,341,921    |
|                       | \$224,363,517 | \$232,215,750 | \$456,579,266 |

The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability

NOTE 6.

LONG-TERM LIABILITIES  
(CONTINUED)





NOTE 7.

DEFINED BENEFIT PLAN

**INTRODUCTION:**

The Airport Authority has two defined benefit pension plans which cumulatively represent the net pension liability or asset, related deferred inflows and deferred outflows of resource balances as reported on the statement of net position. The below schedule represents aggregating information as of and for the years ended June 30, 2025, and 2024:

|   | Defined Benefit Plan<br>GASB 68 | Preservation of Benefits Trust Plan<br>GASB 73 | Total      |
|---|---------------------------------|--|------------|
| Balances as of and for the year ended 6/30/2025 |                                 |  |            |
| Net pension liability                           | 16,684,974                      | 1,626,442                                      | 18,311,416 |
| Deferred outflows of resources                  | 21,250,582                      | 479,911  | 21,730,493 |
| Deferred inflows of resources                   | 770,171                         | 621,335  | 1,391,506  |
| Balances as of and for the year ended 6/30/2024 |                                 |  |            |
| Net pension liability                           | 10,244,143                      | 961,287  | 11,205,430 |
| Deferred outflows of resources                  | 15,525,408                      | 150,203  | 15,675,611 |
| Deferred inflows of resources                   | 1,540,344                       | 1,039,236                                      | 2,579,580  |

**PLAN DESCRIPTION:**

The Airport Authority's single-employer defined benefit pension plan (Plan), administered by SDCERS, provides service retirement, disability benefits, death benefits and survivor benefits to Plan members and beneficiaries. SDCERS is a multi-employer public employee retirement system that acts as a common investment and administrative agent for three separate single-employer defined benefit pension plans for the City, the District, and Airport Authority.

From January 1, 2003, through June 30, 2007, SDCERS administered a qualified employer defined benefit plan for the City, the District and Airport Authority. However, as of July 1, 2007, the City, the District, and the Airport Authority plans were separated into independent, qualified, single-employer governmental defined benefit plans, and trusts. The assets of the three separate plans and trusts were pooled in the SDCERS Group Trust, which was established as of July 1, 2007. SDCERS invests and administers the Group Trust as a common investment fund and accounts separately for the proportional interest of each plan and trust that participates in the Group Trust.

SDCERS is governed by a 13-member Board, responsible for the administration of retirement benefits for the City, the District, and the Airport Authority and for overseeing the investment portfolio of the retirement system's trust fund. The Board is comprised of seven appointed members, four active members, one retired member, and one ex-officio member.

SDCERS acts as a common, independent investment and administrative agent for the City, the District and the Airport Authority, whose plans cover all eligible employees. In a defined benefit plan, pension benefits are actuarially determined by a member's age at retirement, number of years of service credit and final compensation, typically based on the highest salary earned over a one-year or three-year period. Airport Authority members who are participants under the California Public Employees' Pension Reform Act (PEPRA) are subject to pensionable compensation caps.

The San Diego City Charter Section 144 and San Diego Municipal Code Sections 24.0100 et seq. assign the authority to establish and amend the benefit provisions of the plans that participate

in SDCERS to the SDCERS Board. The SDCERS Board issues a publicly available financial report that includes financial statements and required supplementary information for SDCERS. The financial report may be found on the San Diego City Employees' Retirement System website at [www.sdcers.org](http://www.sdcers.org).

**BENEFITS PROVIDED:**

The Airport Authority provides retirement, disability, and death benefits. There are two types of participants, the classic participants and the PEPRA participants. A classic participant means any member who is not a PEPRA participant. A PEPRA participant is any member hired on or after January 1, 2013, who has never been a member of a public retirement system or who had a break in service of more than six months before their Airport Authority hire date.

The classic participant retirement benefit is calculated by using monthly salary amounts based on the highest continuous twenty-six bi-weekly pay periods divided by 12. The eligibility of the classic participants begins at age 62 with five years of service, or age 55 with 20 years of service.

The PEPRA participant's benefit is calculated by using monthly salary amounts based on the highest thirty-six consecutive months divided by 36. Base salary cannot exceed 100 percent of the Social Security contribution and benefit base, indexed to the CPI-U. The eligibility of the PEPRA participants begins at age 52 with five years of service.

The Airport Authority provides monthly payments for the life of the member, with 50 percent continuance to the eligible spouse or registered-domestic partner upon the member's death. If there is no eligible spouse, the member may receive either a lump sum payment equal to the accumulated surviving spouse contributions or an actuarially equivalent annuity. Members may also choose to receive a reduced lifetime monthly benefit and, upon death, leave more than 50 percent to their spouse or registered domestic partner, or to provide

a continuance to a non-spouse. Employees with ten years of continuous service are eligible to receive non-industrial disability and employees with no service requirement can receive industrial disability.

The death benefit for non-industrial death before the employee is eligible to retire is a refund of the employee contributions, with interest plus one month's salary for each completed year of service to a maximum of six months' salary. A non-industrial death benefit after the employee is eligible to retire from service is 50 percent of earned benefit payable to eligible surviving spouse, domestic partner, or dependent child under 21 years of age. The industrial death benefit is 50 percent of the final average compensation preceding death, payable to eligible surviving spouse, domestic partner, or dependent child under 21 years of age.

As of the measurement dates June 30, 2024, and June 30, 2023, Plan membership was as follows:

|  | 2024 | 2023 |
|--|------|------|
| Active employees   | 395  | 364  |
| Inactive employees entitled to but not yet receiving benefits    | 208  | 196  |
| Inactive employees or beneficiaries currently receiving benefits | 213  | 199  |
| Total  | 816  | 759  |

**CONTRIBUTIONS:**

SDCERS uses actuarial developed methods and assumptions to determine what level of contributions are required to achieve and maintain an appropriate funded status for the Plan. The actuarial process uses a funding method that attempts to create a pattern of contributions that is both stable and predictable. The actual employer and member contribution rates in effect each year are based upon actuarial valuations performed by an independent actuary and adopted by the SDCERS Board annually.

NOTE 7.

DEFINED BENEFIT PLAN  
(CONTINUED)





DEFINED BENEFIT PLAN  
(CONTINUED)



NOTE 7. The actuarial valuation is completed as of June 30, of each year. Once accepted by the SDCERS Board, the approved rates for the Airport Authority apply to the fiscal year beginning 12 months after the valuation date. For June 30, 2025, the actuarially determined contribution rates for plan sponsors and members were developed in the June 30, 2024, actuarial valuation.

The funding objective of SDCERS is to fully fund the plan’s actuarially accrued liability with contributions, which over time will remain as a level percent of payroll for the Airport Authority. Under this approach, the contribution rate is based on the normal cost rate and an amortization of any unfunded actuarial liability.

For the years ended June 30, 2025, and 2024, employees contributed \$3.8 million and \$3.7 million, respectively, and the Airport Authority contributed \$9.2 million and \$7.9 million,

ACTUARIAL ASSUMPTIONS:

The total pension liability in the June 30, 2023 and June 30, 2024 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

|   | June 30, 2025                   | June 30, 2024                   |
|---|---------------------------------|---------------------------------|
| Valuation date                            | June 30, 2023                   | June 30, 2022                   |
| Measurement date                          | June 30, 2024                   | June 30, 2023                   |
| Actuarial cost method                     | Entry-age normal funding method | Entry-age normal funding method |
| Asset valuation method                    | Expected value with smoothing   | Expected value with smoothing   |
| Actuarial assumptions:                    |                                 |                                 |
| Investment rate of return <sup>(1)</sup>  | 6.50%                           | 6.50%                           |
| Inflation Rate                            | 3.00%                           | 3.05%                           |
| Interest Credited to Member Contributions | 6.50%                           | 6.50%                           |
| Projected salary increase <sup>(2)</sup>  | 3.25%, plus merit component     | 3.05%, plus merit component     |
| Cost-of-living adjustment                 | 2.0% per annum, compounded      | 1.9% per annum, compounded      |
| Termination rate <sup>(3)</sup>           | 2.0% - 18.0%                    | 2.0% - 18.0%                    |
| Disability rate <sup>(4)</sup>            | 0.01% - 0.20%                   | 0.01% - 0.20%                   |
| Mortality <sup>(5)</sup>                  | SOA Pub-2010 Mortality Tables   | SOA Pub-2010 Mortality Tables   |

<sup>(1)</sup> Net of investment expense

<sup>(2)</sup> Merit component based on years of service ranging from 4.75% to 0.25%

<sup>(3)</sup> Based on years of service

<sup>(4)</sup> Based on age

<sup>(5)</sup> All active and retired healthy members based on SOA Pub-2010 Public Retirement Plans Mortality Tables. Disabled annuitants based on the sex distinct CalPERS Industrial Related Disability Retirees Mortality Table

Further details about the actuarial assumptions can be found in the SDCERS June 30, 2024 and June 30, 2023 actuarial reports.

respectively, to the Plan. Under the Plan, the Airport Authority pays a portion of the classic participant’s contribution, referred to as the “off-set.” The offset is equal to 7.0 percent or 8.5 percent of the general classic members’ base compensation and 9.9 percent of the executive classic members’ base compensation. These contributions are included in the employee contribution. There is no offset for PEPRA participants.

NET PENSION LIABILITY (ASSET):

The Airport Authority’s net pension liability as of June 30, 2025, is measured as the total pension liability, less the pension plan’s fiduciary net position. The total pension liability as of June 30, 2025, is measured as of June 30, 2024. The annual valuation used is as of June 30, 2023, rolled forward to June 30, 2024, using standard update procedures. A summary of the principal assumptions and methods used to determine the net pension liability (asset) follows.

DISCOUNT RATE:

For the June 30, 2024 and June 30, 2023 actuarial valuations, the discount rates used to measure the total pension liability was 6.5 percent. Based on plan funding expectations, no actuarial projection of cash flows was made as the plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability (asset). The long-term expected rate of return estimates

for equity and fixed income are developed using a geometric (long-term compounded) building block approach: 1) expected returns based on observable information in the equity and fixed income markets and consensus estimates for major economic and capital market inputs, such as earnings and inflation, and 2) where necessary, judgment-based modifications are made to these inputs. Return assumptions for other assets classes are based on historical returns, current market characteristics, and professional judgements from SDCERS general investment consultant specialist research teams.

Best estimates of geometric long-term real rates and nominal rates of return for each major asset class as of June 30,2024 are summarized below:

| Asset Class                 | Target Allocation | Long-term Expected Real Rates of Return | Long-term Expected Nominal Rates of Return |
|-----------------------------|-------------------|---|--|
| Domestic equity             | 18.0%             | 4.5%                                    | 6.9%                                       |
| International equity        | 12.0%             | 4.5%                                    | 6.9%                                       |
| Global equity               | 6.0%              | 4.7%                                    | 7.1%                                       |
| Domestic fixed income       | 22.0%             | 2.4%                                    | 4.8%                                       |
| Return-Seeking Fixed Income | 5.0%              | 4.9%                                    | 7.3%                                       |
| Real estate                 | 11.0%             | 4.0%                                    | 6.4%                                       |
| Private equity              | 10.0%             | 6.9%                                    | 9.4%                                       |
| Infrastructure              | 4.0%              | 5.0%                                    | 7.4%                                       |
| Private Debt                | 5.0%              | 5.6%                                    | 8.0%                                       |
| Diversifying                | 4.0%              | 3.2%                                    | 5.6%                                       |
| Opportunity fund            | 3.0%              | 5.4%                                    | 7.9%                                       |
|                             | 100.0%            |   |  |



NOTE 7. DEFINED BENEFIT PLAN  
(CONTINUED)



NOTE 7.  
DEFINED BENEFIT PLAN  
(CONTINUED)

**CHANGES IN THE NET PENSION LIABILITY (ASSET):**  
Changes in the total pension liability, plan fiduciary net position and the net pension liability through the year ended June 30, 2025, were as follows:

|   | Increase (Decrease) |                |               |
|---|---------------------|----------------|---------------|
|   | Total Pension       | Fiduciary Net  | Net Pension   |
|   | Liability (a)       | Position (b)   | Liability     |
|   |                     |                | (a) - (b)     |
| Balances as of June 30, 2024                      | \$ 287,458,835      | \$ 277,214,692 | \$ 10,244,143 |
| Changes for the year:                             |                     |                |               |
| Service cost                                      | 7,979,893           | -              | 7,979,893     |
| Interest on total pension liability               | 18,614,363          | -              | 18,614,363    |
| Difference between expected and actual experience | 5,608,954           | -              | 5,608,954     |
| Changes in assumptions                            | 5,504,534           | -              | 5,504,534     |
| Employer contributions                            | -                   | 8,010,734      | (8,010,734)   |
| Member contributions                              | -                   | 3,730,545      | (3,730,545)   |
| Net investment income                             | -                   | 19,966,331     | (19,966,331)  |
| Benefit payments                                  | (10,182,604)        | (10,182,604)   | -             |
| Administrative expense                            | -                   | (440,697)      | 440,697       |
| Net changes                                       | 27,525,140          | 21,084,309     | 6,440,831     |
| Balances as of June 30, 2025                      | \$ 314,983,975      | \$ 298,299,001 | \$ 16,684,974 |

Changes in the total pension liability (asset), plan fiduciary net position and the net pension liability through the year ended June 30, 2024, were as follows:

|   | Increase (Decrease) |                |                   |
|---|---------------------|----------------|-------------------|
|   | Total Pension       | Fiduciary Net  | Net Pension       |
|   | Liability (a)       | Position (b)   | Liability (Asset) |
|   |                     |                | (a) - (b)         |
| Balances as of June 30, 2023                      | \$ 268,067,970      | \$ 262,484,284 | \$ 5,583,686      |
| Changes for the year:                             |                     |                |                   |
| Service cost                                      | 7,147,242           | -              | 7,147,242         |
| Interest on total pension liability               | 17,355,715          | -              | 17,355,715        |
| Difference between expected and actual experience | 4,182,916           | -              | 4,182,916         |
| Changes in assumptions                            | -                   | -              | -                 |
| Employer contributions                            | -                   | 7,742,583      | (7,742,583)       |
| Member contributions                              | -                   | 3,494,204      | (3,494,204)       |
| Net investment income                             | -                   | 13,293,511     | (13,293,511)      |
| Benefit payments                                  | (9,295,008)         | (9,295,008)    | -                 |
| Administrative expense                            | -                   | (504,882)      | 504,882           |
| Net changes                                       | 19,390,865          | 14,730,408     | 4,660,457         |
| Balances as of June 30, 2024                      | \$ 287,458,835      | \$ 277,214,692 | \$ 10,244,143     |



**SENSITIVITY OF THE NET PENSION LIABILITY (ASSET) TO DISCOUNT RATE CHANGES:**  
The following presents the resulting net pension liability (asset) calculated using the discount rate of 6.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate for the fiscal years ended June 30, 2025:

|  | 1% Decrease<br>5.50% | Current<br>6.50% | 1% Increase<br>7.50% |
|--|----------------------|------------------|----------------------|
| Total pension liability  | \$ 357,888,915       | \$ 314,983,975   | \$ 279,991,330       |
| Plan fiduciary net position  | 298,299,001          | 298,299,001      | 298,299,001          |
| Net pension liability (asset)  | \$ 59,589,914        | \$ 16,684,974    | \$ (18,307,671)      |
| Plan fiduciary net position as a percentage of the total pension liability | 83.3%                | 94.7%            | 106.5%               |

**PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO THE PLAN:**  
For the years ended June 30, 2025 and June 30, 2024, the Airport Authority recognized pension expense, as measured in accordance with GASB 68, of \$9.2 million and \$6.5 million, respectively. At June 30, 2025 and June 30, 2024, the Airport Authority reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| For June 30, 2025  |                                   |                                  |
| Differences between expected and actual experience                       | \$ 6,298,173                      | \$ 770,171                       |
| Changes in assumptions   | 4,128,400                         | -                                |
| Net difference between projected and actual earnings                     | 1,605,865                         | -                                |
| Employer contributions made subsequent to June 30, 2024 measurement date | 9,218,144                         | -                                |
| Total  | \$ 21,250,582                     | \$ 770,171                       |

|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| For June 30, 2024  |                                   |                                  |
| Differences between expected and actual experience                       | \$ 3,322,361                      | \$ 1,540,344                     |
| Changes in assumptions   | 1,353,401                         | -                                |
| Net difference between projected and actual earnings                     | 2,910,962                         | -                                |
| Employer contributions made subsequent to June 30, 2023 measurement date | 7,938,684                         | -                                |
| Total  | \$ 15,525,408                     | \$ 1,540,344                     |

NOTE 7.  
DEFINED BENEFIT PLAN  
(CONTINUED)





DEFINED BENEFIT PLAN  
(CONTINUED)

NOTE 7. The deferred outflows of resources at June 30, 2024 and June 30, 2023 resulting from Airport Authority contributions subsequent to the measurement date and prior to year-end will be recognized as a reduction of the net pension liability in fiscal years 2026 and 2025.

Other amounts reported as deferred outflows/ inflows of resources related to the plan at June 30, 2025, will be recognized in pension expense as follows:

| Years ended June 30, |            |
|----------------------|------------|
| 2025                 | (106,093)  |
| 2026                 | 8,549,239  |
| 2027                 | 3,187,755  |
| 2028                 | (368,634)  |
| \$                   | 11,262,267 |



PRESERVATION OF BENEFITS  
TRUST PLAN

NOTE 8. **PLAN DESCRIPTION:**  
The Airport Authority's single-employer defined benefit pension plan established as the preservation of benefits and trust plan (POB), administered by SDCERS, provides benefits to POB members and beneficiaries. The POB was established on January 1, 2003, for the purpose of providing benefits to POB members in excess of San Diego City Charter, Code Section 415(b) limitations. Information regarding SDCERS is included in Note 7.

The San Diego City Charter Section 144 and San Diego Municipal Code Sections 24.1601 et seq. assign the authority to establish and amend the benefit provisions of the plans that participate in SDCERS to the SDCERS Board.

As of the measurement dates of June 30, 2024, and 2023, Plan membership was as follows:

|  | 2024 | 2023 |
|--|------|------|
| Active employees   | 1    | 2    |
| Inactive employees or beneficiaries currently receiving benefits | 1    | 1    |
| Total  | 2    | 3    |

**TOTAL PENSION LIABILITY:**  
The Airport Authority's total pension liability as of June 30, 2025 and June 30, 2024, was \$1.6 million and \$961 thousand, respectively. The pension liability as of June 30, 2025, is measured as of June 30, 2024, using an annual actuarial valuation as

**BENEFITS PROVIDED:**  
Retirement benefits are provided to POB members with retirement benefits in excess of Code Section 415(b) who have participated in in the Plan since establishment of the POB. Participation ends for a portion of a plan year in which the retirement benefit of a retiree or beneficiary is not limited by Code Section 415(b) or when all benefit obligations to the retiree or beneficiary have been satisfied. Benefit payments are equal to the amount of retirement income that would have been payable, less the amount payable by the Plan. Benefit payments for the years ended June 30, 2025, and June 30, 2024, were \$7.5 thousand and \$9.1 thousand, respectively. The POB is unfunded and provides benefits on an annual basis as determined by SDCERS. There are no assets accumulated in trust for this plan.

of June 30, 2023, rolled forward to June 30, 2024, using standard update procedures. A summary of the principal assumptions and methods used to determine the net pension liability follow.

**ACTUARIAL ASSUMPTIONS:**  
The total pension liability in the June 30, 2025, and June 30, 2024, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

|   | June 30, 2025               | June 30, 2024               |
|---|-----------------------------|-----------------------------|
| Valuation date                            | June 30, 2024               | June 30, 2023               |
| Measurement date                          | June 30, 2024               | June 30, 2023               |
| Actuarial cost method                     | Entry-age normal            | Entry-age normal            |
| Actuarial assumptions:                    |                             |                             |
| Discount rate                             | 3.93%                       | 3.65%                       |
| Price Inflation rate                      | 3.00%                       | 3.05%                       |
| Interest credited to member contributions | 6.50%                       | 6.50%                       |
| Projected salary increases <sup>(1)</sup> | 3.25%, plus merit component | 3.05%, plus merit component |

<sup>(1)</sup> Merit component based on years of service ranging from 4.75% to 0.25%

**CHANGES IN THE TOTAL PENSION LIABILITY:**  
Changes in the total pension liability through the year ended June 30, 2025, was as follows:

|  |              |
|--|--------------|
| Balances as of June 30, 2024                 | \$ 961,287   |
| Changes for the year:                        |              |
| Service cost                                 | 42,413       |
| Interest on total pension liability          | 35,609       |
| Difference between expected and actual exper | 623,963      |
| Changes in assumptions                       | (23,292)     |
| Benefit payments                             | (13,538)     |
| Net changes                                  | 665,155      |
| Balances as of June 30, 2025                 | \$ 1,626,442 |

Changes in the total pension liability through the year ended June 30, 2024, was as follows:

|  |              |
|--|--------------|
| Balances as of June 30, 2023                 | \$ 1,614,123 |
| Changes for the year:                        |              |
| Service cost                                 | 39,567       |
| Interest on total pension liability          | 57,310       |
| Difference between expected and actual exper | (702,599)    |
| Changes in assumptions                       | (17,243)     |
| Benefit payments                             | (29,871)     |
| Net changes                                  | (652,836)    |
| Balances as of June 30, 2024                 | \$ 961,287   |

NOTE 8. PRESERVATION OF BENEFITS  
TRUST PLAN (CONTINUED)





PRESERVATION OF BENEFITS TRUST PLAN (CONTINUED)

NOTE 8.

SENSITIVITY OF THE TOTAL PENSION LIABILITY TO DISCOUNT RATE CHANGES:

The following presents the resulting total pension liability calculated using the discount rate of 3.93 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate for the fiscal year ended June 30, 2025:

|                         | 1% Decrease<br>2.93% | Current Rate<br>3.93% | 1% Increase<br>4.93% |
|-------------------------|----------------------|-----------------------|----------------------|
| Total pension liability | \$ 1,929,818         | \$ 1,626,442          | \$ 1,385,527         |

PENSION EXPENSE (INCOME) AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO THE POB:

For the year ended June 30, 2025, and 2024, the Airport Authority recognized pension expense (income), as measured in accordance with GASB 73, of \$(70.4) thousand and \$(175.6) thousand. At June 30, 2025 and June 30, 2024, the Airport Authority reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

| For June 30, 2025  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience                     | \$ 467,972                        | \$ 485,808                       |
| Changes in assumptions   | 4,424                             | 135,527                          |
| Employer contributions subsequent to<br>June 30, 2024 measurement date | 7,515                             | -                                |
| Total  | \$ 479,911                        | \$ 621,335                       |

| For June 30, 2024  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience                     | \$ -                              | \$ 807,428                       |
| Changes in assumptions   | 141,140                           | 231,808                          |
| Employer contributions subsequent to<br>June 30, 2023 measurement date | 9,063                             | -                                |
| Total  | \$ 150,203                        | \$ 1,039,236                     |

The deferred outflows of resources, at June 30, 2025, and June 30, 2024, resulting from Airport Authority contributions subsequent to the measurement date and prior to year-end will be recognized as a reduction of the net pension liability in fiscal years 2026 and 2025, respectively.

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

| Years ended June 30, |              |
|----------------------|--------------|
| 2026                 | \$ (269,315) |
| 2027                 | (29,791)     |
| 2028                 | 150,167      |
|                      | \$ (148,939) |



The Authority contributes to the San Diego Regional Airport Authority 401(a) Plan. The 401(a) Plan is a defined contribution pension plan for all eligible employees who are hired on or after January 1, 2024 who do not participate in the Authority's defined benefit pension plan. The benefits are administered by a trustee selected by the Authority.

Benefit terms, including contribution requirements, for the 401(a) Plan are established, and may be amended, by the Board of Directors. For each employee in the plan, the Authority is required to contribute 8 percent of eligible annual salary to an individual employee account. Employees become vested in employer contributions and earnings on employer contributions after completion of three years of creditable service with the Authority. Nonvested Authority contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the plan's administrative expenses.

The plan is administered by the Airport Authority and contracted to an unrelated financial institution. Under the terms of the plan, all contributed amounts and income attributable to the investment of the contributed amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are held in trust for employees. Employee assets held in the 401(a) Plan are not the property of the Airport Authority and are not subject to the claims of the Airport Authority's general creditors. Accordingly, employee assets are not reflected in the Airport Authority's financial statements.

For the years ended June 30, 2025, and 2024, employees contributed \$123.2 thousand and \$8.5 thousand, respectively, and the Airport Authority contributed \$155.7 thousand and \$17.5 thousand, respectively, to the Plan.

NOTE 9.

DEFINED CONTRIBUTION PENSION PLAN





EMPLOYEE’S DEFERRED  
COMPENSATION PLAN

NOTE 10.

The Airport Authority offers its employees a deferred compensation plan, which was created in accordance with Internal Revenue Code (IRC) Section 457, (457(b) Plan). The 457(b) Plan, which is available to all full-time Airport Authority employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, total disability, death, or unforeseeable emergency.

The 457(b) Plan is administered by the Airport Authority and contracted to an unrelated financial institution. Under the terms of an IRC Section 457 deferred compensation

plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are held in trust for employees. Employee assets to be held in the 457(b) Plan are not the property of the Airport Authority and are not subject to the claims of the Airport Authority's general creditors. Accordingly, employee assets are not reflected in the Airport Authority's financial statements.

OTHER POSTEMPLOYMENT  
BENEFITS

NOTE 11.

The Airport Authority provides an agent multiple-employer defined benefit postemployment benefit plan (the OPEB Plan). The OPEB Plan provides post-retirement medical, dental, vision and life insurance benefits for nonunion employees hired prior to May 1, 2006, and union employees hired prior to October 1, 2008. The employees are eligible for these benefits if they retire from active employment after age 55 with 20 years of service or age 62 with five years of service.

PLAN DESCRIPTION:

As of May 8, 2009, the Board approved entering into an agreement with the California Employer's Retiree Benefit Trust (CERBT) fund. This is managed by California Public Employees Retirement System (CalPERS). CalPERS administers pension and health benefits for over two million California public employees, retirees, and their families. CalPERS was founded in 1932 and is the largest public pension fund in the United States. As of June 30, 2024, CalPERS managed \$502.9 billion in assets for nearly 2,900 California employers. In 1988 and 2007, enabling statutes and regulations were enacted which permitted CalPERS to form the CERBT fund, an irrevocable Section 115 Trust, for the purpose of receiving employer contributions that will prefund

health and other postemployment benefit costs for retirees and their beneficiaries. Financial statements for CERBT may be obtained from CalPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

FUNDING POLICY:

CERBT requires a valuation of the liabilities and annual costs for benefits by an approved actuarial consulting firm. It is the Airport Authority's intent to budget and prefund the actuarially determined contributions (ADCs). As of May 9, 2009, the agreement with CERBT was approved. The retirees' contribution rate was raised from 5 percent to 10 percent of plan costs for single coverage and the entire cost of vision benefits, lowering the OPEB liabilities of the Airport Authority. Annually, the Airport Authority's goal is to fund 100 percent of the actuarially calculated ADC for its OPEB. During the fiscal years ended June 30, 2025, and 2024, the Airport Authority's contributions were \$1.3 million and \$1.1 million, respectively.

A measurement date of June 30, 2024, and 2023, was used for the June 30, 2025, and June 30, 2024 OPEB assets and expenses. The information that follows was determined as of a valuation date of June 30, 2024, and June 30, 2023, respectively.

Membership in the OPEB by membership class at June 30, 2024, and 2023, is as follows:

|  | 2024 | 2023 |
|--|------|------|
| Active employees   | 96   | 112  |
| Inactive employees entitled to but not receiving benefits        | -    | -    |
| Inactive employees or beneficiaries currently receiving benefits | 125  | 110  |
| Total  | 221  | 222  |

ACTUARIAL ASSUMPTIONS:

The total OPEB liability in the June 30, 2023 and June 30, 2021 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

|   |   |   |
|---|---|---|
| Actuarial Valuation Date                    | June 30, 2023   | June 30, 2021   |
| Contribution Policy                         | Authority contributes full ADC  | Authority contributes full ADC  |
| Inflation                                   | 2.50%   | 2.50%   |
| Projected salary increase                   | 2.75%   | 2.75%   |
| Investment rate of return                   | 5.25%; Expected Authority contributions projected to keep sufficient plan assets to pay all benefits from trust   | 5.25%; Expected Authority contributions projected to keep sufficient plan assets to pay all benefits from trust   |
| Actuarial cost method                       | Entry Age Normal Level Percent of Pay   | Entry Age Normal Level Percent of Pay   |
| Asset valuation method                      | Market value of assets  | Market value of assets  |
| Retirement age                              | SDCERS 2015-2022 Experience Study   | SDCERS 2015-2022 Experience Study   |
| Mortality                                   | CalPERS 2000-2019 Experience Study  | CalPERS 2000-2019 Experience Study  |
| Mortality Improvement                       | Mortality projected fully generational with Scale MP-2021   | Mortality projected fully generational with Scale MP-2021   |
| Medical Trend                               | Non-Medicare - 8.5% for 2025, decreasing to an ultimate rate of 3.45% in 2076; Medicare - 7.5% for next year, decreasing to an ultimate rate of 3.45% in 2076 | Non-Medicare -8.5% for 2025, decreasing to an ultimate rate of 3.45% in 2076; Medicare - 7.5% for 2022, decreasing to an ultimate rate of 3.45% in 2076 |
| Healthcare Participation of Future Retirees | 90%   | 90%   |
| Spousal Assumption for Future Retirees      | Currently covered - 2-party coverage if currently have 2 party or family coverage; Currently waived - 50% cover spouses at retirement                         | Currently covered - 2-party coverage if currently have 2 party or family coverage; Currently waived - 50% cover spouses at retirement                   |

The long-term expected rate of return on the OPEB Plan investments was based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information. The target allocation and best estimates of rates of return for each major asset class are summarized in the following table:

| Asset Class                           | Target Allocation | Long-term Expected Real Rates of Return |
|---------------------------------------|-------------------|---|
| Global Equity                         | 23%               | 4.56%                                   |
| Long US Treasuries                    | 11%               | 0.29%                                   |
| Mortgage-Backed Securities            | 11%               | 0.49%                                   |
| Investment Grade Corporates           | 9%                | 1.56%                                   |
| High Yeild                            | 9%                | 3.00%                                   |
| Sovereigns                            | 11%               | 2.76%                                   |
| TIPS                                  | 9%                | -0.08%                                  |
| Comodities                            | 3%                | 1.22%                                   |
| REITs                                 | 14%               | 4.06%                                   |
|                                       | 100%              |   |
| Assumed Long-Term Rate of Inflation   |                   | 2.50%                                   |
| Expected Long-Term Net Rate of Return |                   | 5.25%                                   |

NOTE 11.

OTHER POSTEMPLOYMENT  
BENEFITS (CONTINUED)





OTHER POSTEMPLOYMENT BENEFITS

**NOTE 11. DISCOUNT RATE:**  
The discount rate used to measure the net OPEB liability (asset) at June 30, 2025, and June 30, 2024, was 5.25 percent. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the net OPEB liability.

**CHANGES IN THE NET OPEB LIABILITY (ASSET):**  
Changes in the total OPEB liability, plan fiduciary net position, and the net OPEB asset through the year ended June 30, 2025, were as follows:

|   | Increase (Decrease)  |                        |                             |
|---|----------------------|------------------------|-----------------------------|
|   | Total OPEB Liability | Fiduciary Net Position | Net OPEB Liability/ (Asset) |
| Balances as of June 30, 2024                      | \$ 30,932,097        | \$ 30,558,752          | \$ 373,345                  |
| Changes for the year:                             |                      |                        |                             |
| Service cost                                      | 468,371              | -                      | 468,371                     |
| Interest on total OPEB liability                  | 1,619,662            | -                      | 1,619,662                   |
| Difference between expected and actual experience | -                    | -                      | -                           |
| Changes in assumptions                            | -                    | -                      | -                           |
| Employer contributions                            | -                    | 1,099,493              | (1,099,493)                 |
| Member contributions                              | -                    | -                      | -                           |
| Net investment income                             | -                    | 1,917,257              | (1,917,257)                 |
| Benefit payments                                  | (1,099,493)          | (1,099,493)            | -                           |
| Administrative expense                            | -                    | (9,755)                | 9,755                       |
| Net changes                                       | 988,540              | 1,907,502              | (918,962)                   |
| Balances as of June 30, 2025                      | \$ 31,920,637        | \$ 32,466,254          | \$ (545,617)                |



Changes in the total OPEB liability, plan fiduciary net position and the net OPEB liability (asset) through the year ended June 30, 2024, were as follows:

|   | Increase (Decrease)  |                        |                             |
|---|----------------------|------------------------|-----------------------------|
|   | Total OPEB Liability | Fiduciary Net Position | Net OPEB Liability/ (Asset) |
| Balances as of June 30, 2023                      | \$ 30,537,516        | \$ 30,093,110          | \$ 444,406                  |
| Changes for the year:                             |                      |                        |                             |
| Service cost                                      | 517,853              | -                      | 517,853                     |
| Interest on total OPEB liability                  | 1,604,101            | -                      | 1,604,101                   |
| Difference between expected and actual experience | (2,744,688)          | -                      | (2,744,688)                 |
| Changes in assumptions                            | 2,019,463            | -                      | 2,019,463                   |
| Employer contributions                            | -                    | 1,002,148              | (1,002,148)                 |
| Member contributions                              | -                    | -                      | -                           |
| Net investment income                             | -                    | 474,185                | (474,185)                   |
| Benefit payments                                  | (1,002,148)          | (1,002,148)            | -                           |
| Administrative expense                            | -                    | (8,543)                | 8,543                       |
| Net changes                                       | 394,581              | 465,642                | (71,061)                    |
| Balances as of June 30, 2024                      | \$ 30,932,097        | \$ 30,558,752          | \$ 373,345                  |

**SENSITIVITY OF THE NET OPEB LIABILITY (ASSET) TO CHANGES IN THE DISCOUNT RATE AND HEALTH CARE COST TREND RATES:**

The net OPEB liability (asset) of the Airport Authority has been calculated using a discount rate of 5.25 percent. The following presents the net OPEB liability (asset) using a discount rate 1 percent higher and 1 percent lower than the current discount rate.

|                            | 1% Decrease<br>4.25% | Current Rate<br>5.25% | 1% Increase<br>6.25% |
|----------------------------|----------------------|-----------------------|----------------------|
| Net OPEB liability (asset) | \$ 3,825,847         | \$ (545,617)          | \$ (4,154,970)       |

The net OPEB liability (asset) of the Airport Authority has been calculated using health care cost trend rates of 8.5 percent decreasing to 3.45 percent in 2076 and thereafter for non-Medicare and 7.5 percent decreasing to 3.45 percent in 2076 for Medicare. The following presents the net OPEB liability (asset) using health care cost trend rates 1 percent higher and 1 percent lower than the current health care cost trend rates.

|                            | 1% Decrease    | Trend Rate   | 1% Increase  |
|----------------------------|----------------|--------------|--------------|
| Net OPEB liability (asset) | \$ (4,465,611) | \$ (545,617) | \$ 4,202,898 |

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)





NOTE 11.

OTHER POSTEMPLOYMENT  
BENEFITS (CONTINUED)



**OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO THE OPEB:**  
For the years ended June 30, 2025, and 2024, the Airport Authority recognized OPEB expense (income), as measured in accordance with GASB 75, of \$1.2 million and \$1.4 million, respectively, and reported deferred inflows of resources and deferred outflows of resources related to the OPEB from the following sources:

| For June 30, 2025   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---|-----------------------------------|----------------------------------|
| Net difference between expected and actual experience                       | \$ -                              | \$ 711,586                       |
| Changes in assumptions  | 523,565                           | -                                |
| Net difference between projected and actual earnings                        | 1,965,590                         | -                                |
| Employer contributions made subsequent to<br>June 30, 2024 measurement date | 1,291,235                         | -                                |
| Total   | \$ 3,780,390                      | \$ 711,586                       |

| For June 30, 2024   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---|-----------------------------------|----------------------------------|
| Net difference between expected and actual experience                       | \$ -                              | \$ 2,252,387                     |
| Changes in assumptions  | 1,924,189                         | -                                |
| Net difference between projected and actual earnings                        | 3,089,144                         | -                                |
| Employer contributions made subsequent to<br>June 30, 2023 measurement date | 1,099,493                         | -                                |
| Total   | \$ 6,112,826                      | \$ 2,252,387                     |

The deferred outflows of resources at June 30, 2025, and June 30, 2024, related to OPEB resulting from Airport Authority contributions subsequent the measurement date and prior to year-end will be recognized as a reduction to the net OPEB liability in fiscal years 2026 and 2025, respectively.  
Amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2025, related to the OPEB will be recognized in OPEB expense as follows:

| Years ended June 30, |                     |
|----------------------|---------------------|
| 2026                 | \$ 443,605          |
| 2027                 | 1,238,140           |
| 2028                 | 158,459             |
| 2029                 | (62,635)            |
|                      | <u>\$ 1,777,569</u> |

The Airport Authority has a comprehensive Risk Management Program comprised of commercial insurance, self-insurance, loss mitigation/prevention, loss control, and claims administration. The Airport Authority's coverage includes a variety of retentions or deductibles.

- COMMERCIALLY ISSUED INSURANCE:**
- The Airport Authority maintains a minimum of \$500 million in limits for general liability insurance.
  - The Airport Authority maintains a property insurance policy with minimum limits of \$750 million providing all risk and flood coverage for physical assets.
  - The Airport Authority also maintains policies for workers' compensation, commercial auto, fiduciary liability, privacy and network security, crime, and public entity and employment practices liability, among others.

**SELF-INSURANCE:**  
Due to the exorbitant cost of earthquake insurance, the Airport Authority self-insures for losses due to earthquake damage. Effective July 1, 2007, the Airport Authority removed the purchase of commercial earthquake insurance from the Risk Management Program and increased reliance on the laws designed to assist public entities through

the Federal Emergency Management Agency and the California Disaster Assistance Act. As of June 30, 2025, and 2024, the Airport Authority has designated \$15.3 million and \$14.6 million, respectively, from its net position, as an insurance contingency.

A \$2.0 million reserve has been established within unrestricted net position by the Airport Authority's management to respond to uninsured and underinsured catastrophic losses. This fund is maintained pursuant to Board action only; there is no requirement that it be maintained.

**LOSS PREVENTION:**  
The Airport Authority has an active loss prevention program, staffed by a full-time risk manager, one risk analyst, a safety manager and two safety analysts. In addition, third party loss control engineers conduct safety surveys on an annual basis. Employees receive regular safety training and claims are monitored using a claims information system.

During fiscal year 2025, there were no significant reductions in insurance coverage from the prior year. For each of the past three fiscal years, settlements have not exceeded insurance coverage.

NOTE 12.

RISK MANAGEMENT





NOTE 13.

## COMMITMENTS AND CONTINGENCIES

### COMMITMENTS:

As of June 30, 2025, and 2024, the Airport Authority had significant commitments for capital expenditures and other matters as described below:

The Airport Authority has funds which have been classified as current assets, primarily for the unpaid contractual portion of capital projects that are currently in progress and will not be funded by grants or additional debt but will be funded through Airport Authority cash. These amounts are for the estimated cost of capital projects that have been authorized by the Board for construction planning to proceed and for the contractual costs of upgrading certain major equipment. At June 30, 2025, and 2024, these funds totaled approximately \$20.5 million and \$88.3 million, respectively, and are classified on the accompanying



statements of net position as investments designated for specific capital projects and other commitments.

Under the Airport Authority's enabling act (California Public Utilities Code section 170062(f)) (The Act), the San Diego Unified Port District Harbor Police have the exclusive contract for law enforcement services at San Diego International Airport during the time the Airport continues to operate in its current location. In accordance with the Act, the Airport Authority and the District are parties to a Police Services Agreement whereby the Airport Authority purchases police services from the District. During the years ended June 30, 2025, and 2024, the Airport Authority expended \$25.3 million and \$22.3 million, respectively, for these services.

In fiscal year 2024, the Authority entered into a \$140 million contract with AECOM Technical Services, Inc. for on-call program management, staffing support, and consulting services. The contract term is three years, with the option for two one-year extensions. As of June 30, 2025, \$35.7 million had been expended under this contract.

In fiscal year 2025, the Authority entered into a \$56 million contract with SP Plus Corporation, for parking management services. The contract term is three years, with the option for two one-year extensions. As of June 30, 2025, \$8.7 million had been expended under the contract.

In fiscal year 2023, the Authority entered into a \$70.0 million contract with Ace Parking III, LLC for airport shuttle services. The contract term is three years, with the option for two one-year extensions. As of June 30, 2025, \$26.9 million has been spent for shuttle services.

In fiscal year 2022, the Authority entered into a \$103.0 million contract with SP Plus Corporation to transport rental car companies' customers between the Rental Car Center facility and the terminals. The contract scope also includes the operation, management, and maintenance of the shuttle vehicles. The contract term is three years, with the option for two one-year extensions. As of June 30, 2025, 39.6 million has been spent for shuttle services.

In fiscal year 2021, the Board approved an \$80.0 million contract with Turner-Flatiron, A Joint Venture for the design-build of a terminal and roadways. In fiscal year 2022, the Board approved an additional \$2.5 billion. As of June 30, 2025, \$2.2 billion had been spent and the contract is scheduled for completion in early fiscal year 2028.

In fiscal year 2020, the Board approved a \$35.0 million contract with Jacobs Engineering Group, Inc. to provide Airside-Landside Engineering consulting services. As of June 30, 2025, \$31.5 million had been spent and the contract is scheduled for completion in fiscal year 2026.

### CONTINGENCIES:

As of June 30, 2025, the Airport Authority is subject to contingencies arising from matters as described below:

The Airport Authority has leases and operating agreements with various tenants. These agreements typically include provisions requiring the tenants/operators to indemnify the Airport Authority for any damage to property or losses to the Airport Authority as a result of the tenant's operations. Also, the leases and operating agreements typically require the Airport Authority to be named as an additional insured under certain insurance policies of the tenants/operators. The Airport Authority also tenders these claims to its own insurers once they become asserted claims. When these types of claims are asserted against the Airport Authority, the Airport Authority not only vigorously opposes them but also vigorously seeks contribution and/or indemnity from all tenants/operators involved, from the tenants/operators' insurers and from its own insurers. The Airport Authority's legal counsel cannot predict the net exposure to the Airport Authority with respect to these matters, or the probability or remoteness of any outcome.

The Airport Authority invests in various investment securities. Investment securities are exposed to various risks such as interest rate risk, market risks and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of net position.

NOTE 14.

## SUBSEQUENT EVENTS

class facility designed to elevate the passenger experience and meet the growing travel demands of the San Diego region. Demolition of the old Terminal 1 began immediately after the opening to make way for construction of Phase B, which will open in early 2028, bringing the total number of gates in the new terminal to 30.

The New Terminal 1 Project encompasses a \$3.8 billion project that includes in addition to the new terminal, a new airfield and apron improvements, a five-story close-in parking garage and more than four miles of new roadway that includes dual-level roadway that separates arrivals and departures. The project is funded by Airport Revenue Bonds, Passenger Facility Charges, Federal grants and airport cash.

On October 1, 2025, the federal government entered a shutdown due to the absence of an approved federal budget. The shutdown is affecting key federal agencies that support airport operations, including the FAA and TSA. As of the date of issuance of these financial statements, the shutdown had not resulted in a material impact on the Authority's operations or customer experience. However, a prolonged shutdown could adversely affect operating revenues and financial results. Management will continue to monitor the situation for any potential effects.

On July 9, 2025, the Airport Authority issued \$784.5 million of Series A and B Senior Airport Revenue Bonds (Series 2025 Bonds). The Series 2025 Bonds were issued to finance certain capital improvements at SDIA including construction of the New Terminal 1, fund a portion of the interest accruing on the Series 2025 Bonds, the Senior Series 2023 bonds and the Subordinate Series 2021 Bonds, fund the senior reserve fund, and pay the costs of issuance and underwriting fees of the Series 2025 Bonds. The Series 2025A and B Bonds are structured as both serial and term bonds that bear interest rates ranging from 5.0 percent to 5.25 percent and mature in fiscal years 2029 to 2056.

On September 10, 2025, the Airport Authority purchased the 1.88-acre property located at 3298 Kettner Blvd in San Diego for \$36.5 million cash. The property includes a five-story parking garage and an additional surface lot that have a total of 827 parking stalls. The property was purchased to expand parking capacity.

On September 23, 2025, the Airport Authority held the grand opening of Phase 1A of the newly constructed Terminal 1. The new, nearly 1 million square foot terminal opened with 19 new gates, with 3 additional gates to be added in the Spring of 2026. It replaces the 336 thousand square foot, 58-year old Terminal 1 with a modern, world





SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY (ASSETS) AND RELATED RATIOS  
Last 10 Fiscal Years (Plan Year Reported in Subsequent Fiscal Year)  
Defined Benefit Plan

|  | 2025           | 2024           | 2023           | 2022           | 2021           | 2020           | 2019           | 2018           | 2017           | 2016           |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Total Pension Liability:</b>  |                |                |                |                |                |                |                |                |                |                |
| Service cost   | \$ 7,979,893   | \$ 7,147,242   | \$ 6,980,223   | \$ 7,970,646   | \$ 7,857,035   | \$ 7,632,696   | \$ 7,390,428   | \$ 6,996,180   | \$ 6,205,263   | \$ 6,154,579   |
| Interest (includes interest on service cost)                               | 18,614,363     | 17,355,715     | 16,489,161     | 15,693,834     | 14,257,205     | 13,355,418     | 12,621,226     | 11,416,679     | 10,277,610     | 9,327,538      |
| Differences between expected and actual experience                         | 5,608,954      | 4,182,916      | (1,288,936)    | (2,239,695)    | 925,862        | (645,462)      | (2,630,285)    | 3,975,029      | (2,178,527)    | 345,661        |
| Effect of changes of assumptions   | 5,504,534      | -              | -              | -              | 6,767,000      | -              | 6,416,088      | 5,871,218      | 10,473,890     | -              |
| Benefit payments, including refunds of member contributions                | (10,182,604)   | (9,295,008)    | (8,578,375)    | (8,820,959)    | (6,733,942)    | (6,429,659)    | (4,462,751)    | (4,669,787)    | (3,023,391)    | (2,482,523)    |
| Net change in total pension liability                                      | 27,525,140     | 19,390,865     | 13,602,073     | 12,603,826     | 23,073,160     | 13,912,993     | 19,334,706     | 23,589,319     | 21,754,845     | 13,345,255     |
| Total pension liability - beginning  | 287,458,835    | 268,067,970    | 254,465,897    | 241,862,071    | 218,788,911    | 204,875,918    | 185,541,212    | 161,951,893    | 140,197,048    | 126,851,793    |
| Total pension liability - ending   | \$ 314,983,975 | \$ 287,458,835 | \$ 268,067,970 | \$ 254,465,897 | \$ 241,862,071 | \$ 218,788,911 | \$ 204,875,918 | \$ 185,541,212 | \$ 161,951,893 | \$ 140,197,048 |
| <b>Plan Fiduciary Net Position:</b>  |                |                |                |                |                |                |                |                |                |                |
| Contributions - employer   | \$ 8,010,734   | \$ 7,742,583   | \$ 9,181,680   | \$ 8,596,163   | \$ 8,424,834   | \$ 7,848,712   | \$ 7,318,546   | \$ 5,480,984   | \$ 4,047,780   | \$ 3,897,545   |
| Contributions - employee   | 3,730,545      | 3,494,204      | 3,070,398      | 3,125,138      | 3,321,661      | 3,178,464      | 3,162,781      | 2,990,317      | 2,967,269      | 2,840,236      |
| Net investment income  | 19,966,331     | 13,293,511     | (4,188,463)    | 53,140,343     | 390,013        | 12,086,349     | 14,036,710     | 19,480,875     | 1,651,283      | 4,390,185      |
| Benefit payments, including refunds of member contributions                | (10,182,604)   | (9,295,008)    | (8,578,375)    | (8,820,959)    | (6,733,942)    | (6,429,659)    | (4,462,751)    | (4,669,786)    | (3,023,391)    | (2,482,523)    |
| Administrative expense   | (440,697)      | (504,882)      | (461,899)      | (423,018)      | (386,698)      | (359,095)      | (350,408)      | (325,042)      | (318,817)      | (332,290)      |
| Net change in plan fiduciary net position                                  | 21,084,309     | 14,730,408     | (976,659)      | 55,617,667     | 5,015,868      | 16,324,771     | 19,704,878     | 22,957,348     | 5,324,124      | 8,313,153      |
| Plan fiduciary net position - beginning                                    | 277,214,692    | 262,484,284    | 263,460,943    | 207,843,276    | 202,827,408    | 186,502,637    | 166,797,759    | 143,840,411    | 138,516,287    | 130,203,134    |
| Plan fiduciary net position - ending                                       | \$ 298,299,001 | \$ 277,214,692 | \$ 262,484,284 | \$ 263,460,943 | \$ 207,843,276 | \$ 202,827,408 | \$ 186,502,637 | \$ 166,797,759 | \$ 143,840,411 | \$ 138,516,287 |
| Net pension liability (asset) - ending                                     | \$ 16,684,974  | \$ 10,244,143  | \$ 5,583,686   | \$ (8,995,046) | \$ 34,018,795  | \$ 15,961,503  | \$ 18,373,281  | \$ 18,743,453  | \$ 18,111,482  | \$ 1,680,761   |
| Plan fiduciary net position as a percentage of the total pension liability | 94.70%         | 96.44%         | 97.92%         | 103.53%        | 85.93%         | 92.70%         | 91.03%         | 89.90%         | 88.82%         | 98.80%         |
| Covered payroll  | \$ 35,607,167  | \$ 32,528,943  | \$ 30,809,714  | \$ 33,328,788  | \$ 32,828,449  | \$ 31,584,841  | \$ 31,628,301  | \$ 31,131,795  | \$ 29,189,357  | \$ 27,955,455  |
| Net pension liability as a percentage of covered payroll                   | 46.86%         | 31.49%         | 18.12%         | (26.99%)       | 103.63%        | 50.54%         | 58.09%         | 60.21%         | 62.05%         | 6.01%          |

Notes to Required Supplementary Information for the Year Ended June 30, 2024

**Significant Assumption Changes:** The following were significant changes in assumption for the year presented in the schedule above.

2025 - Based in the results of the 2023 Actuarial Experience Study, the Cost-of-Living Adjustment increased from 1.9% to 2.0%. Additionally, price inflation and wage inflation assumptions were updated.

2021 – Based on the results of a comprehensive experience study, the base mortality assumptions were updated.

2019 – The discount rate was reduced from 6.75% to 6.50%.

2018 – The discount rate was reduced from 7.00% to 6.75%.

2017 – Based on the results of a comprehensive experience study, the base mortality assumptions were updated. Additionally, the discount rate was reduced from 7.125% to 7.0%, and the wage inflation assumption was reduced 0.125% bringing it down to 3.05%.

**Changes of benefit terms:** There were no significant changes of benefit terms for the plan years shown.

SCHEDULE OF CONTRIBUTIONS (PENSIONS)  
Last 10 Fiscal Years (in Thousands)  
Defined Benefit Plan

|  | 2025       | 2024       | 2023       | 2022       | 2021       |
|--|------------|------------|------------|------------|------------|
| Actuarially determined contribution                                  | \$ 6,052   | \$ 4,960   | \$ 4,944   | \$ 6,570   | \$ 6,125   |
| Contributions in relation to the actuarially determined contribution | 9,218      | 7,939      | 7,664      | 9,102      | 8,522      |
| Contribution deficiency (excess)                                     | \$ (3,166) | \$ (2,979) | \$ (2,720) | \$ (2,532) | \$ (2,397) |
| Covered payroll  | \$ 38,564  | \$ 35,607  | \$ 32,529  | \$ 30,810  | \$ 33,329  |
| Contributions as a percentage of covered payroll                     | 23.90%     | 22.30%     | 23.56%     | 29.54%     | 25.57%     |

|  | 2020       | 2019       | 2018       | 2017       | 2016      |
|--|------------|------------|------------|------------|-----------|
| Actuarially determined contribution                                  | \$ 6,159   | \$ 5,740   | \$ 5,416   | \$ 3,765   | \$ 3,666  |
| Contributions in relation to the actuarially determined contribution | 8,356      | 7,783      | 7,247      | 5,421      | 3,948     |
| Contribution deficiency (excess)                                     | \$ (2,197) | \$ (2,043) | \$ (1,831) | \$ (1,656) | \$ (282)  |
| Covered payroll  | \$ 32,828  | \$ 31,585  | \$ 31,628  | \$ 31,132  | \$ 29,189 |
| Contributions as a percentage of covered payroll                     | 25.45%     | 24.64%     | 22.91%     | 17.41%     | 13.53%    |

\* This schedule is presented for the fiscal year.





SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS  
Last 9 Fiscal Years (Plan Year Reported in Subsequent Fiscal Year)  
Preservation of Benefits Trust

|  | 2024          | 2023          | 2022          | 2021          | 2020          | 2019          | 2018          | 2017          | 2016          |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Total Pension Liability                            |               |               |               |               |               |               |               |               |               |
| Service cost                                       | \$ 42,413     | \$ 39,567     | \$ 68,342     | \$ 88,557     | \$ 55,276     | \$ 49,343     | \$ 51,774     | \$ 60,994     | \$ 29,270     |
| Interest cost                                      | 35,609        | 57,310        | 51,359        | 54,559        | 62,061        | 64,133        | 53,311        | 35,323        | 34,173        |
| Differences between expected and actual experience | 623,963       | (702,599)     | (381,597)     | (195,545)     | (57,318)      | (64,295)      | 193,013       | 388,329       | -             |
| Changes of assumptions                             | (23,292)      | (17,243)      | (437,754)     | 22,116        | 661,465       | 109,070       | (89,712)      | (214,765)     | 272,579       |
| Benefit Payments                                   | (13,538)      | (29,871)      | (59,667)      | (41,662)      | (43,301)      | (47,081)      | (31,329)      | -             |               |
| Net Change in Total Pension Liability              | 665,155       | (652,836)     | (759,317)     | (71,975)      | 678,183       | 111,170       | 177,057       | 269,881       | 336,022       |
| Total pension liability -beginning                 | 961,287       | 1,614,123     | 2,373,440     | 2,445,415     | 1,767,232     | 1,656,062     | 1,479,005     | 1,209,124     | 873,102       |
| Total pension liability - ending                   | \$ 1,626,442  | \$ 961,287    | \$ 1,614,123  | \$ 2,373,440  | \$ 2,445,415  | \$ 1,767,232  | \$ 1,656,062  | \$ 1,479,005  | \$ 1,209,124  |
| Covered employee payroll                           | \$ 35,607,167 | \$ 32,528,943 | \$ 30,809,714 | \$ 33,328,788 | \$ 32,828,449 | \$ 31,584,841 | \$ 31,628,301 | \$ 31,131,795 | \$ 29,189,357 |
| Net Pension Liability as a percentage of payroll   | 4.57%         | 2.96%         | 5.24%         | 7.12%         | 7.45%         | 5.60%         | 5.24%         | 4.75%         | 4.14%         |

**Note to schedule:** This schedule is intended to display the most recent 10 years of data for the annual changes in the total pension liability. Until such time has elapsed after implementing GASB Statement No. 74, this schedule will only present information from the years that are available.

SCHEDULE OF CONTRIBUTIONS (PENSIONS)  
LAST 8 FISCAL YEARS (IN THOUSANDS)  
Preservation of Benefits Trust

|  | 2025      | 2024      | 2023      | 2022      | 2021      | 2020      | 2019      | 2018      |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Actuarially determined contribution                                  | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      |
| Contributions in relation to the actuarially determined contribution | 8         | 9         | 21        | 52        | 43        | 41        | 45        | 57        |
| Contribution deficiency (excess)                                     | \$ (8)    | \$ (9)    | \$ (21)   | \$ (52)   | \$ (43)   | \$ (41)   | \$ (45)   | \$ (57)   |
| Covered payroll  | \$ 38,564 | \$ 35,607 | \$ 32,529 | \$ 30,810 | \$ 33,329 | \$ 32,828 | \$ 31,585 | \$ 31,628 |
| Contributions as a percentage of covered employee payroll            | 0.02%     | 0.03%     | 0.06%     | 0.17%     | 0.13%     | 0.13%     | 0.14%     | 0.18%     |

\* This schedule is presented for the fiscal year.

**Note to schedule:** This schedule is intended to display the most recent 10 years of data for the annual pension contributions. Until such time has elapsed after implementing GASB Statement No. 73, this schedule will only present information from the years that are available.

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY (ASSET) AND RELATED RATIOS  
Last 8 Fiscal Years (Plan Year Reported in Subsequent Fiscal Year)  
Other Postemployment Benefits

|   | 2025          | 2024          | 2023          | 2022           | 2021           | 2020           | 2019          | 2018          |
|---|---------------|---------------|---------------|----------------|----------------|----------------|---------------|---------------|
| Total OPEB Liability                              |               |               |               |                |                |                |               |               |
| Service cost                                      | \$ 468,371    | \$ 517,853    | \$ 570,006    | \$ 446,233     | \$ 501,198     | \$ 449,596     | \$ 436,501    | \$ 411,052    |
| Interest cost                                     | 1,619,662     | 1,604,101     | 1,546,979     | 1,829,473      | 1,739,459      | 1,883,080      | 1,772,578     | 1,606,959     |
| Difference between expected and actual experience | -             | (2,744,688)   |               | (3,669,756)    | -              | (169,582)      | -             | -             |
| Changes of Assumptions                            | -             | 2,019,463     |               | 4,568,725      | -              | (1,531,369)    | -             | 766,830       |
| Benefit Payments                                  | (1,099,493)   | (1,002,148)   | (951,488)     | (919,462)      | (784,845)      | (775,225)      | (622,425)     | (451,189)     |
| Net Change in Total OPEB Liability                | 988,540       | 394,581       | 1,165,497     | 2,255,213      | 1,455,812      | (143,500)      | 1,586,654     | 2,333,652     |
| Total OPEB Liability (Beginning)                  | 30,932,097    | 30,537,516    | 29,372,019    | 27,116,806     | 25,660,994     | 25,804,494     | 24,217,840    | 21,884,188    |
| Total OPEB Liability (Ending)                     | \$ 31,920,637 | \$ 30,932,097 | \$ 30,537,516 | \$ 29,372,019  | \$ 27,116,806  | \$ 25,660,994  | \$ 25,804,494 | \$ 24,217,840 |
| Plan Fiduciary Net Position                       |               |               |               |                |                |                |               |               |
| Contributions—Employer                            | \$ 1,099,493  | \$ 1,002,148  | \$ 951,488    | \$ 919,462     | \$ 784,845     | \$ 775,225     | \$ 622,425    | \$ 2,012,419  |
| Net Investment Income                             | 1,917,257     | 474,185       | (3,627,823)   | 4,973,926      | 982,113        | 1,604,058      | 1,896,351     | 2,175,582     |
| Benefit Payments                                  | (1,099,493)   | (1,002,148)   | (951,488)     | (919,462)      | (784,845)      | (775,225)      | (622,425)     | (451,189)     |
| Administrative Expense                            | (9,755)       | (8,543)       | (8,562)       | (10,452)       | (13,580)       | (5,611)        | (12,568)      | (10,578)      |
| Net Change in Plan Fiduciary Net Position         | 1,907,502     | 465,642       | (3,636,385)   | 4,963,474      | 968,533        | 1,598,447      | 1,883,783     | 3,726,234     |
| Plan Fiduciary Net Position (Beginning)           | 30,558,752    | 30,093,110    | 33,729,495    | 28,766,021     | 27,797,488     | 26,199,041     | 24,315,258    | 20,589,024    |
| Plan Fiduciary Net Position (Ending)              | \$ 32,466,254 | \$ 30,558,752 | \$ 30,093,110 | \$ 33,729,495  | \$ 28,766,021  | \$ 27,797,488  | \$ 26,199,041 | \$ 24,315,258 |
| Net OPEB Liability (Asset)                        | \$ (545,617)  | \$ 373,345    | \$ 444,406    | \$ (4,357,476) | \$ (1,649,215) | \$ (2,136,494) | \$ (394,547)  | \$ (97,418)   |
| Net Position as a percentage of OPEB liability    | 101.71%       | 98.79%        | 98.54%        | 114.84%        | 106.08%        | 108.33%        | 101.53%       | 100.40%       |
| Covered employee payroll                          | \$ 13,259,814 | \$ 14,296,047 | \$ 14,296,047 | \$ 12,786,000  | \$ 14,608,940  | \$ 13,869,000  | \$ 16,625,857 | \$ 16,141,609 |
| Net OPEB Asset as a Percentage of Payroll         | (4.11%)       | 2.61%         | 3.11%         | (34.08%)       | (11.29%)       | (15.40%)       | (2.37%)       | (0.60%)       |

**Note to schedule:** This schedule is intended to display the most recent 10 years of data for the annual charges in the net OPEB liability (asset). Until such time has elapsed after implementing information GASB Statement No. 75, this schedule will only present from the years that are available.

**Note to schedule:** This schedule is intended to display the most recent 10 years of data for annual changes in the net OPEB liability (asset). Until such time has elapsed after implementing GASB Statement No. 75, this schedule will only present information from the years that are available.

**Significant Assumption Changes:** The following were significant changes in assumption for the year presented in the schedule above.

Notes to Required Supplementary Information for the Year Ended June 30, 2024

2024 - Medical trend assumptions increased 2.0% to 8.5% for non-Medicare, and 1.85% to 7.5% for Medicare.

2022 - The discount rate and long-term expected rate of return on assets were reduced from 6.75% to 5.25%.

2020 - Reduction of the discount rate from 7.28% to 6.75%. The addition of a DROP assumption and other changes due to change in actuary and systems.

2018 - Increase in future plan participation assumption. Changes in spouse assumption. Update to the mortality assumption.

**Changes of benefit terms:** There were no significant changes of benefit terms for the plan years shown.

SCHEDULE OF CONTRIBUTIONS  
LAST 7 FISCAL YEARS (IN THOUSANDS)  
Other Postemployment Benefits

|  | 2025     | 2024     | 2023     | 2022     | 2021     | 2020     | 2019     |
|--|----------|----------|----------|----------|----------|----------|----------|
| Actuarially determined contribution                                  | \$ 512   | \$ 581   | \$ 264   | \$ 326   | \$ 365   | \$ 427   | \$ 486   |
| Contributions in relation to the actuarially determined contribution | 1,291    | 1,099    | 1,002    | 951      | 919      | 785      | 339      |
| Contribution deficiency (excess)                                     | \$ (779) | \$ (518) | \$ (738) | \$ (625) | \$ (554) | \$ (358) | \$ 147   |
| Covered employee payroll   | \$12,049 | \$13,260 | \$14,296 | \$14,494 | \$12,786 | \$14,609 | \$13,869 |
| Contributions as a percentage of covered employee payroll            | 10.71%   | 8.29%    | 7.01%    | 6.56%    | 7.19%    | 5.37%    | 2.44%    |

\* This schedule is presented for the fiscal year.

**Note to schedule:** This schedule is intended to display the most recent 10 years of data for the annual OPEB contributions. Until such time has elapsed after implementing GASB Statement No. 75, this schedule will only present information from the years that are available.



# STATISTICAL SECTION

This part of the Airport Authority's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

**Financial Trends Data** – These tables contain trend information to help the reader understand how the Airport Authority's financial performance and well-being have changed over time.

- Authority operating revenues and O&M expenses Exhibit S-1
- Authority net position by component Exhibit S-2
- Authority changes in net position Exhibit S-3
- Authority largest sources of revenue Exhibit S-4

**Revenue Capacity** – These tables contain information to help the reader assess the Airport Authority's most significant revenue sources.

- Authority landing fee rate Exhibit S-5
- Terminal rates billed to airlines Exhibit S-6
- Airline cost per enplaned passenger Exhibit S-7

**Operating Information** – These tables are intended to provide contextual information about the Airport Authority's operations and resources in order for readers to understand and assess its economic condition.

- Authority employee head count Exhibit S-8
- Aircraft operations Exhibit S-9
- Aircraft landed weight Exhibit S-10
- Aircraft landed weight by airline Exhibit S-11
- Passenger enplanements Exhibit S-12
- Enplanement market share by airline by fiscal year Exhibit S-13
- Capital assets Exhibit S-14

**Demographic and Economic Information** – These tables offer demographic and economic indicators to help the reader understand the environment within which the Airport Authority's financial activities take place.

- Selected employers in San Diego County Exhibit S-15
- Labor force, employment and unemployment rates Exhibit S-16

**Debt Capacity** – These tables present information to help the reader assess the affordability of the Airport Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.

- Debt service coverage Exhibit S-17
- Debt services coverage – Series 2014 CFC Bonds Exhibit S-18
- Debt per enplaned passenger Exhibit S-19



EXHIBIT S-1  
AUTHORITY REVENUES AND  
O&M EXPENSES (\$000)

Fiscal Years Ended June 30,

| Operating Revenues                        | 2025       | 2024       | 2023       | 2022 <sup>4</sup> | 2021       | 2020       | 2019       | 2018       | 2017       | 2016       |
|---|------------|------------|------------|-------------------|------------|------------|------------|------------|------------|------------|
| Airline revenue                           |            |            |            |                   |            |            |            |            |            |            |
| Landing fees                              | \$ 59,046  | \$ 53,873  | \$ 44,741  | \$ 35,354         | \$ 34,046  | \$ 33,242  | \$ 24,816  | \$ 23,900  | \$ 24,612  | \$ 23,985  |
| Aircraft parking fees                     | 15,533     | 13,612     | 11,189     | 8,856             | 8,542      | 8,354      | 3,471      | 3,236      | 2,927      | 2,701      |
| Building rentals                          | 154,537    | 145,169    | 129,744    | 97,047            | 83,090     | 82,453     | 70,912     | 62,241     | 56,575     | 53,536     |
| Security surcharge                        | -          | -          | -          | -                 | -          | -          | 33,559     | 32,303     | 29,468     | 29,223     |
| Other aviation revenue                    | 10,011     | 8,566      | 7,123      | 6,518             | 8,192      | 7,789      | 1,596      | 1,477      | 2,799      | 2,760      |
| Concession revenue                        | 85,159     | 79,546     | 75,559     | 88,138            | 41,801     | 57,243     | 71,256     | 65,610     | 61,256     | 29,249     |
| Parking and ground transportation revenue | 81,569     | 72,484     | 65,415     | 57,076            | 27,447     | 50,751     | 62,818     | 53,254     | 49,407     | 75,131     |
| Ground and non-airline terminal rentals   | 25,367     | 23,416     | 23,257     | 19,651            | 19,809     | 21,386     | 22,810     | 22,109     | 20,053     | 16,226     |
| Other operating revenue                   | 2,971      | 3,223      | 3,735      | 2,999             | 1,680      | 1,818      | 2,441      | 1,949      | 1,750      | 1,183      |
| Total Operating Revenues                  | \$ 434,192 | \$ 399,889 | \$ 360,762 | \$ 315,640        | \$ 224,606 | \$ 263,036 | \$ 293,679 | \$ 266,079 | \$ 248,847 | \$ 233,994 |

| Operating Expenses Before Depreciation and Amortization       | 2025       | 2024       | 2023       | 2022 <sup>4</sup> | 2021       | 2020       | 2019       | 2018       | 2017       | 2016       |
|---|------------|------------|------------|-------------------|------------|------------|------------|------------|------------|------------|
| Salaries and benefits   | \$ 63,427  | \$ 57,444  | \$ 51,231  | \$ 46,373         | \$ 52,922  | \$ 51,667  | \$ 49,578  | \$ 47,866  | \$ 46,874  | \$ 42,025  |
| Contractual services  | 54,886     | 52,445     | 45,581     | 34,491            | 24,977     | 37,694     | 49,903     | 45,249     | 44,372     | 38,215     |
| Safety and security   | 39,541     | 36,778     | 33,043     | 34,191            | 35,086     | 29,457     | 31,397     | 30,733     | 28,422     | 28,721     |
| Space rental  | 493        | 467        | 313        | 839               | 64         | 10,207     | 10,191     | 10,190     | 10,190     | 10,367     |
| Utilities   | 20,497     | 19,518     | 17,567     | 14,193            | 11,730     | 12,748     | 13,194     | 12,509     | 10,736     | 11,480     |
| Maintenance   | 16,575     | 14,125     | 16,417     | 10,747            | 9,111      | 11,584     | 13,436     | 12,603     | 14,270     | 14,122     |
| Equipment and systems   | 325        | 544        | 922        | 340               | 425        | 336        | 375        | 598        | 506        | 708        |
| Materials and supplies  | 652        | 650        | 661        | 496               | 450        | 651        | 656        | 655        | 611        | 536        |
| Insurance   | 2,579      | 2,314      | 1,997      | 1,741             | 1,519      | 1,308      | 1,200      | 1,098      | 956        | 949        |
| Employee development and support                              | 910        | 731        | 681        | 537               | 442        | 967        | 1,045      | 1,248      | 1,347      | 1,242      |
| Business development  | 3,129      | 2,280      | 1,916      | 1,781             | 209        | 2,033      | 2,630      | 3,246      | 2,347      | 2,390      |
| Equipment rentals and repairs                                 | 5,556      | 4,992      | 4,010      | 3,472             | 3,380      | 3,598      | 3,614      | 3,124      | 3,095      | 2,852      |
| Total operating expenses before depreciation and amortization | \$ 208,569 | \$ 192,288 | \$ 174,339 | \$ 149,201        | \$ 140,313 | \$ 162,250 | \$ 177,219 | \$ 169,119 | \$ 163,726 | \$ 153,608 |

EXHIBIT S-2  
AUTHORITY NET POSITION  
BY COMPONENT (\$000)

Fiscal Years Ended June 30,

|                                  | 2025         | 2024         | 2023         | 2022 <sup>4</sup> | 2021 <sup>3</sup> | 2020       | 2019       | 2018 <sup>2</sup> | 2017       | 2016 <sup>1</sup> |
|----------------------------------|--------------|--------------|--------------|-------------------|-------------------|------------|------------|-------------------|------------|-------------------|
| Net investment in capital assets | \$ 519,644   | \$ 473,181   | \$ 320,779   | \$ 410,960        | \$ 325,062        | \$ 266,213 | \$ 281,491 | \$ 294,937        | \$ 263,952 | \$ 310,339        |
| Total restricted net position    | 341,609      | 266,992      | 228,233      | 172,638           | 192,484           | 211,329    | 246,508    | 230,954           | 225,088    | 214,533           |
| Unrestricted net position        | 582,575      | 561,058      | 484,167      | 330,470           | 372,011           | 407,524    | 325,303    | 284,034           | 294,133    | 251,076           |
| Total net position               | \$ 1,443,829 | \$ 1,301,232 | \$ 1,033,179 | \$ 914,068        | \$ 889,557        | \$ 885,066 | \$ 853,302 | \$ 809,925        | \$ 783,173 | \$ 775,949        |

<sup>1</sup> Amounts for 2016 were restated as per GASB 68

<sup>2</sup> Amounts for 2018 were restated as per GASB 75

<sup>3</sup> Amounts for 2021 were restated as per GASB 87

<sup>4</sup> Amounts for 2022 were restated as per GASB 94 & 96

EXHIBIT S-3  
AUTHORITY CHANGES IN NET  
POSITION (\$000)

Fiscal Years Ended June 30,

|   | 2025      | 2024      | 2023      | 2022 <sup>4</sup> | 2021 <sup>3</sup> | 2020      | 2019      | 2018 <sup>2</sup> | 2017      | 2016 <sup>1</sup> |
|---|-----------|-----------|-----------|-------------------|-------------------|-----------|-----------|-------------------|-----------|-------------------|
| Operating revenues:   |           |           |           |                   |                   |           |           |                   |           |                   |
| Airline revenue:  |           |           |           |                   |                   |           |           |                   |           |                   |
| Landing fees  | \$ 59,046 | \$ 53,873 | \$ 44,741 | \$ 35,354         | \$ 34,046         | \$ 33,242 | \$ 24,816 | \$ 23,900         | \$ 24,612 | \$ 23,985         |
| Aircraft parking fees   | 15,533    | 13,612    | 11,189    | 8,856             | 8,542             | 8,354     | 3,471     | 3,236             | 2,927     | 2,701             |
| Building rentals  | 154,537   | 145,169   | 129,744   | 97,047            | 83,090            | 82,453    | 70,912    | 62,241            | 56,575    | 53,536            |
| Security surcharge  | -         | -         | -         | -                 | -                 | -         | 33,559    | 32,303            | 29,468    | 29,223            |
| Other aviation revenue  | 10,011    | 8,566     | 7,123     | 6,518             | 8,192             | 7,789     | 1,596     | 1,477             | 2,799     | 2,760             |
| Concession revenue  | 85,159    | 79,546    | 75,559    | 88,138            | 41,801            | 57,243    | 71,256    | 65,610            | 61,256    | 56,274            |
| Parking and ground transportation revenue                     | 81,569    | 72,484    | 65,415    | 57,076            | 27,447            | 50,751    | 62,818    | 53,254            | 49,407    | 48,106            |
| Ground and non-airline terminal rentals                       | 25,367    | 23,416    | 23,257    | 19,651            | 19,809            | 21,386    | 22,810    | 22,109            | 20,053    | 16,226            |
| Other operating revenue                                       | 2,971     | 3,223     | 3,735     | 2,999             | 1,680             | 1,818     | 2,441     | 1,949             | 1,750     | 1,183             |
| Total operating revenues                                      | 434,192   | 399,889   | 360,762   | 315,640           | 224,606           | 263,036   | 293,679   | 266,079           | 248,847   | 233,994           |
| Operating expenses before depreciation and amortization:      |           |           |           |                   |                   |           |           |                   |           |                   |
| Salaries and benefits   | 63,427    | 57,444    | 51,231    | 46,373            | 52,922            | 51,667    | 49,578    | 47,866            | 46,874    | 42,025            |
| Contractual services  | 54,886    | 52,445    | 45,581    | 34,491            | 24,977            | 37,694    | 49,903    | 45,249            | 44,372    | 38,215            |
| Safety and security   | 39,541    | 36,778    | 33,043    | 34,191            | 35,086            | 29,457    | 31,397    | 30,733            | 28,422    | 28,721            |
| Space rental  | 493       | 467       | 313       | 839               | 64                | 10,207    | 10,191    | 10,190            | 10,190    | 10,367            |
| Utilities   | 20,497    | 19,518    | 17,567    | 14,193            | 11,730            | 12,748    | 13,194    | 12,509            | 10,736    | 11,480            |
| Maintenance   | 16,575    | 14,125    | 16,417    | 10,747            | 9,111             | 11,584    | 13,436    | 12,603            | 14,270    | 14,122            |
| Equipment and systems   | 325       | 544       | 922       | 340               | 425               | 336       | 375       | 598               | 506       | 708               |
| Materials and supplies  | 652       | 650       | 661       | 496               | 450               | 651       | 656       | 655               | 611       | 536               |
| Insurance   | 2,579     | 2,314     | 1,997     | 1,741             | 1,519             | 1,308     | 1,200     | 1,098             | 956       | 949               |
| Employee development and support                              | 910       | 731       | 681       | 537               | 442               | 967       | 1,045     | 1,248             | 1,347     | 1,242             |
| Business development  | 3,129     | 2,280     | 1,916     | 1,781             | 209               | 2,033     | 2,630     | 3,246             | 2,347     | 2,390             |
| Equipment rentals and repairs                                 | 5,556     | 4,992     | 4,010     | 3,472             | 3,380             | 3,598     | 3,614     | 3,124             | 3,095     | 2,852             |
| Total operating expenses before depreciation and amortization | 208,569   | 192,288   | 174,339   | 149,201           | 140,313           | 162,250   | 177,219   | 169,119           | 163,726   | 153,607           |
| Income from operations before depreciation and amortization   | 225,623   | 207,601   | 186,423   | 166,438           | 84,293            | 100,786   | 116,460   | 96,960            | 85,121    | 80,387            |
| Depreciation and amortization expense                         | 121,489   | 122,175   | 131,586   | 142,012           | 137,496           | 131,587   | 124,329   | 105,532           | 95,229    | 87,821            |
| Operating income (loss)                                       | 104,134   | 85,426    | 54,837    | 24,427            | (53,202)          | (30,801)  | (7,869)   | (8,572)           | (10,108)  | (7,434)           |

|                                     | 2025         | 2024         | 2023         | 2022 <sup>4</sup> | 2021 <sup>3</sup> | 2020       | 2019       | 2018 <sup>2</sup> | 2017       | 2016 <sup>1</sup> |
|-------------------------------------|--------------|--------------|--------------|-------------------|-------------------|------------|------------|-------------------|------------|-------------------|
| Nonoperating revenues (expenses):   |              |              |              |                   |                   |            |            |                   |            |                   |
| Passenger facility charges          | 49,255       | 49,200       | 46,755       | 40,394            | 22,110            | 34,393     | 49,198     | 46,953            | 42,200     | 40,258            |
| Customer facility charges           | 36,479       | 35,913       | 34,375       | 30,333            | 15,755            | 30,240     | 41,918     | 41,036            | 36,528     | 33,208            |
| CARES Act/ACRGP Act Grants          | -            | -            | -            | 78,922            | 77,219            | 36,895     | -          | -                 | -          | -                 |
| Quieter Home Program, net           | (1,876)      | (1,845)      | (2,051)      | (2,541)           | (3,233)           | (3,295)    | (3,192)    | (2,747)           | (785)      | (3,698)           |
| Joint Studies Program               | -            | -            | -            | -                 | -                 | -          | (99)       | (114)             | -          | (101)             |
| Other interest income               | 9,525        | 10,198       | 11,145       | 11,893            | 6,748             | -          | -          | -                 | -          | -                 |
| Investment income                   | 114,744      | 129,223      | 50,882       | (48,884)          | 2,495             | 32,430     | 25,533     | 9,426             | 5,689      | 5,999             |
| Interest expense                    | (176,084)    | (164,933)    | (127,464)    | (109,675)         | (76,628)          | (73,612)   | (74,501)   | (68,411)          | (58,179)   | (50,636)          |
| Build America Bonds Rebate          | -            | -            | -            | -                 | -                 | -          | 4,686      | 4,666             | 4,651      | 4,656             |
| Other revenues (expenses), net      | 3,877        | (3,490)      | (1,654)      | (13,316)          | (705)             | 1,442      | (510)      | (9,281)           | (14,676)   | 2,247             |
| Nonoperating revenue, net           | 35,919       | 54,265       | 11,987       | (12,873)          | 43,761            | 58,493     | 43,033     | 21,528            | 15,428     | 31,933            |
| Income before capital contributions | 140,054      | 139,691      | 66,824       | 11,554            | (9,441)           | 27,692     | 35,164     | 12,956            | 5,320      | 24,499            |
| Capital contributions               | 2,543        | 128,361      | 52,287       | 12,958            | 13,932            | 4,072      | 8,213      | 13,079            | 1,904      | 10,477            |
| Change in net position              | 142,597      | 268,052      | 119,111      | 24,512            | 4,491             | 31,764     | 43,377     | 26,035            | 7,224      | 34,976            |
| Prior Period Adjustment             | -            | -            | -            | -                 | -                 | -          | -          | 717               | -          | (1,767)           |
| Net position, beginning of year     | 1,301,232    | 1,033,180    | 914,069      | 889,557           | 885,066           | 853,302    | 809,925    | 783,173           | 775,949    | 742,740           |
| Net position, end of year           | \$ 1,443,829 | \$ 1,301,232 | \$ 1,033,180 | \$ 914,069        | \$ 889,557        | \$ 885,066 | \$ 853,302 | \$ 809,925        | \$ 783,173 | \$ 775,949        |

<sup>1</sup> Amounts for 2016 were restated as per GASB 68

<sup>2</sup> Amounts for 2018 were restated as per GASB 75

<sup>3</sup> Amounts for 2021 were restated as per GASB 87

<sup>4</sup> Amounts for 2022 were restated as per GASB 94 & 96



EXHIBIT S-4  
AUTHORITY LARGEST SOURCES  
OF REVENUE (\$000)

Fiscal Years Ended June 30,

| Tenant                         | 2025          | 2024          | 2023          | 2022          | 2021 <sup>3</sup> | 2020          | 2019          | 2018 <sup>2</sup> | 2017          | 2016 <sup>1</sup> |
|--------------------------------|---------------|---------------|---------------|---------------|-------------------|---------------|---------------|-------------------|---------------|-------------------|
| Southwest Airlines             | \$ 68,360,708 | \$ 63,381,322 | \$ 59,517,741 | \$ 46,676,116 | \$ 32,981,547     | \$ 44,940,626 | \$ 42,358,547 | \$ 38,403,919     | \$ 35,960,638 | \$ 33,838,686     |
| Alaska Airlines <sup>5</sup>   | 41,984,385    | 33,254,784    | 29,361,297    | 25,229,826    | 19,163,465        | 20,633,199    | 17,436,299    | 16,352,834        | 11,705,334    | 10,612,367        |
| United Airlines                | 33,774,730    | 30,941,701    | 26,967,634    | 19,809,053    | 16,629,587        | 20,204,377    | 18,335,068    | 17,520,412        | 16,227,363    | 14,518,119        |
| Delta Airlines                 | 32,937,448    | 30,211,588    | 28,222,722    | 23,051,398    | 16,637,440        | 22,063,736    | 18,367,799    | 17,007,240        | 16,123,110    | 14,418,056        |
| American Airlines <sup>4</sup> | 28,309,424    | 25,639,648    | 21,754,057    | 19,653,281    | 17,009,804        | 17,150,267    | 17,073,172    | 16,581,217        | 17,075,112    | 15,321,505        |
| Enterprise Rent-A-Car          | 27,122,777    | 14,533,959    | 14,532,491    | 12,725,271    | 5,913,051         | 12,238,158    | 12,779,605    | 12,285,652        | 11,188,393    | 9,451,127         |
| Avis Rent-A-Car <sup>6</sup>   | 24,956,899    | 14,508,788    | 15,715,254    | 14,247,125    | 4,666,097         | 8,446,736     | -             | -                 | -             | -                 |
| Hertz Rent-A-Car               | 19,941,898    | 11,416,582    | 12,587,839    | 11,065,293    | 5,303,020         | 10,829,239    | 11,538,847    | 11,017,486        | 11,142,905    | 8,225,179         |
| Uber Technologies, Inc         | 14,247,041    | 11,974,153    | 11,222,131    | 6,805,565     | -                 | -             | -             | -                 | -             | -                 |

<sup>1</sup> Amounts for 2016 were restated as per GASB 68

<sup>2</sup> Amounts for 2018 were restated as per GASB 75

<sup>3</sup> Amounts for 2021 were restated as per GASB 87

<sup>4</sup> On December 9, 2013, AMR Corporation (American Airlines) merged with US Airways Group, forming American Airlines Group. A single operating certificate was issued by the FAA and operational integration was on April 7, 2015. Data for US Airways and American Airlines have been combined in this table.

<sup>5</sup> Alaska Airlines and Virgin America received their single operating certificate from the FAA on January 11, 2018 and began operating as Alaska Airlines on April 25, 2018. Data for Alaska Airlines and Virgin America have been combined in this table.

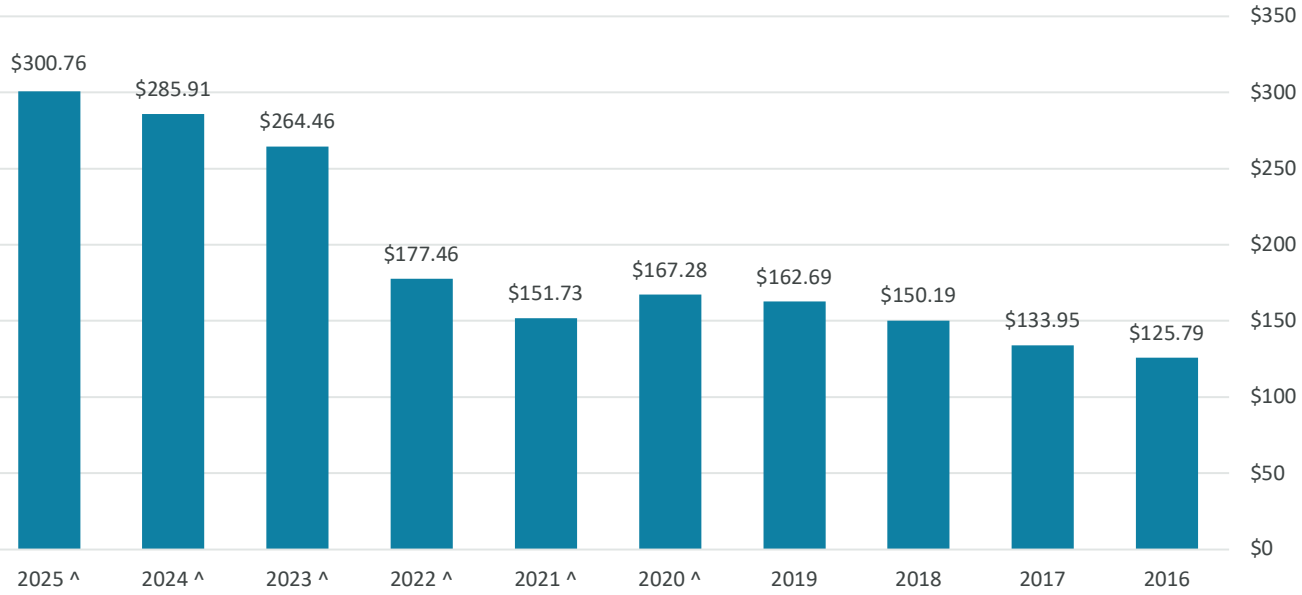
<sup>6</sup> On February 2, 2020 Avis Budget Car Rental LLC entered into a purchase agreement with BW-Budget-SDA LLC acquiring all agreeemts at SAN. Data for BW-Budget and Avis have been combined on this table.

Note: Amounts depicted in this exhibit reflect principal and interest payments for leases subject to GASB Statement No.87, leases outside the scope of the standard reflect revenue

EXHIBIT S-6  
TERMINAL RATES BILLED  
TO AIRLINES

Fiscal Years Ended June 30,

TERMINAL RATE PER SQUARE FOOT



\*Signatory Rate

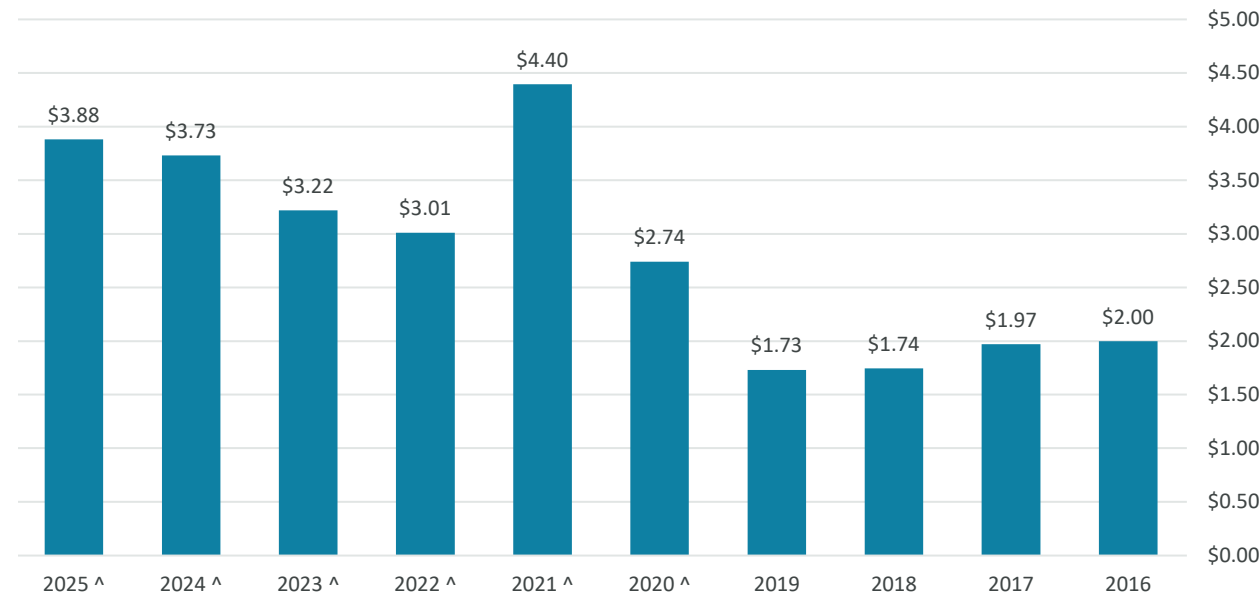
**Terminal Rate** is the rate billed to the airlines for the rent of terminal space per square foot.



EXHIBIT S-5  
AUTHORITY LANDING FEE  
RATE (\$ PER 1,000 LBS)

Fiscal Years Ended June 30,

AUTHORITY LANDING FEE RATE



\*Signatory Rate

**Terminal Rate** is the rate billed to the airlines for the rent of terminal space per square foot.

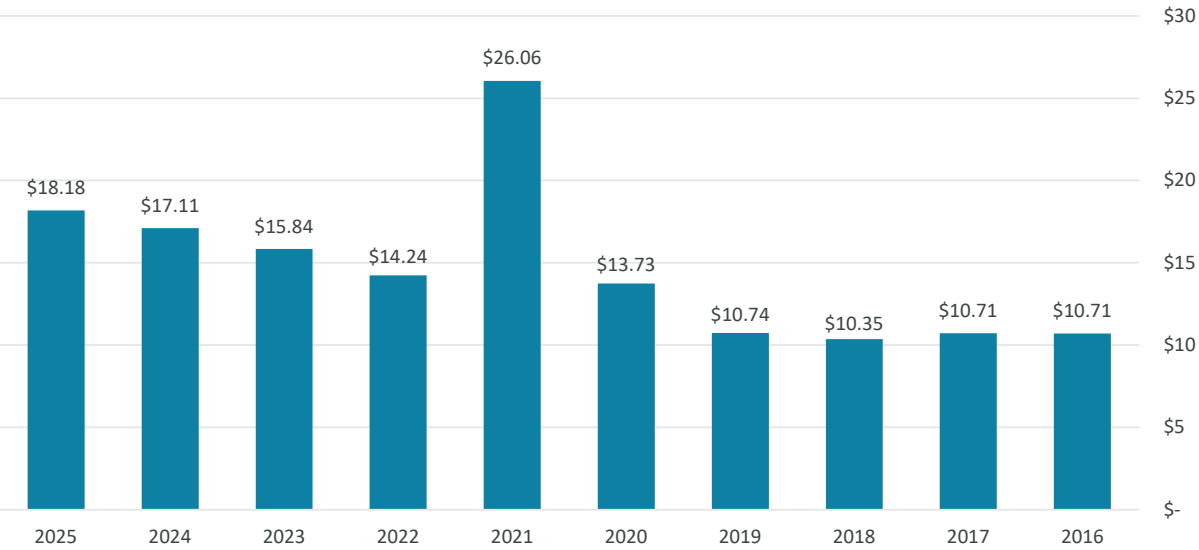


EXHIBIT S-7  
AIRLINE COST PER  
ENPLANED PASSENGER

Fiscal Years Ended June 30,

COST PER ENPLANED PASSENGER

| Fiscal Year | Enplaned<br>Passengers<br>(in thousands) | Cost per<br>Enplaned<br>Passenger |
|-------------|--|-----------------------------------|
| 2016        | 10,206                                   | \$10.71                           |
| 2017        | 10,596                                   | \$10.71                           |
| 2018        | 11,732                                   | \$10.35                           |
| 2019        | 12,356                                   | \$10.74                           |
| 2020        | 9,235                                    | \$13.73                           |
| 2021        | 4,861                                    | \$26.06                           |
| 2022        | 9,953                                    | \$14.24                           |
| 2023        | 11,868                                   | \$15.84                           |
| 2024        | 12,467                                   | \$17.11                           |
| 2025        | 12,644                                   | \$18.18                           |

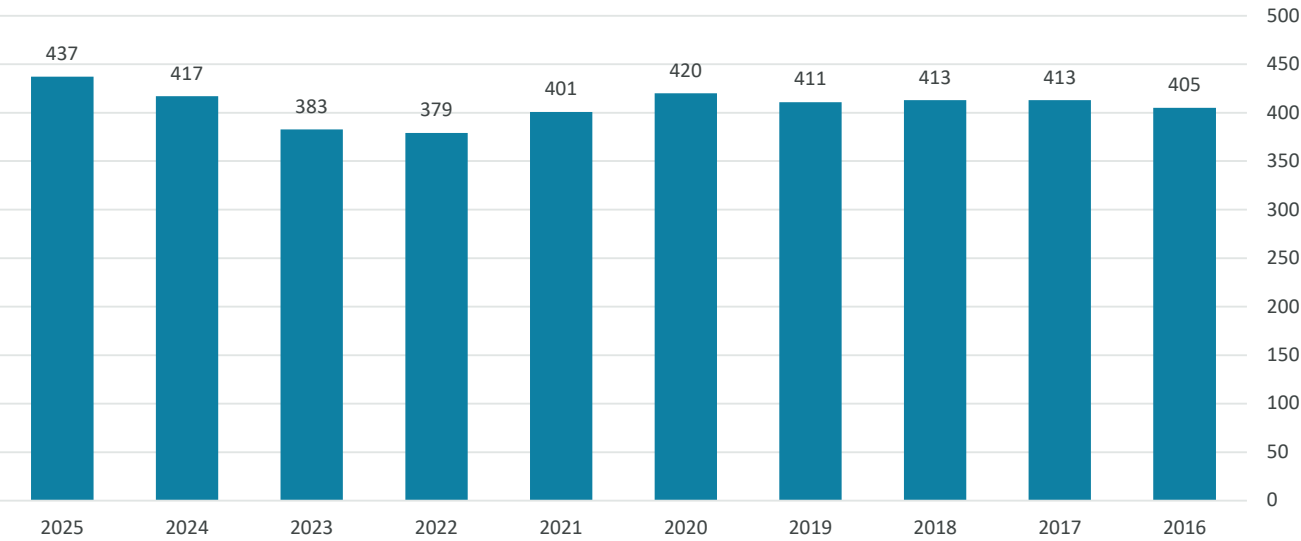


**Airline Cost per Enplaned Passenger** is the total annual cost of fees and charges paid by the airlines divided by the total fiscal year enplanements.

EXHIBIT S-8  
AUTHORITY EMPLOYEE  
HEAD COUNT

Fiscal Years Ended June 30,

AUTHORITY EMPLOYEE HEAD COUNT



The Airport Authority does not have part-time employees. This chart reflects the average number of employees for the fiscal years shown above.





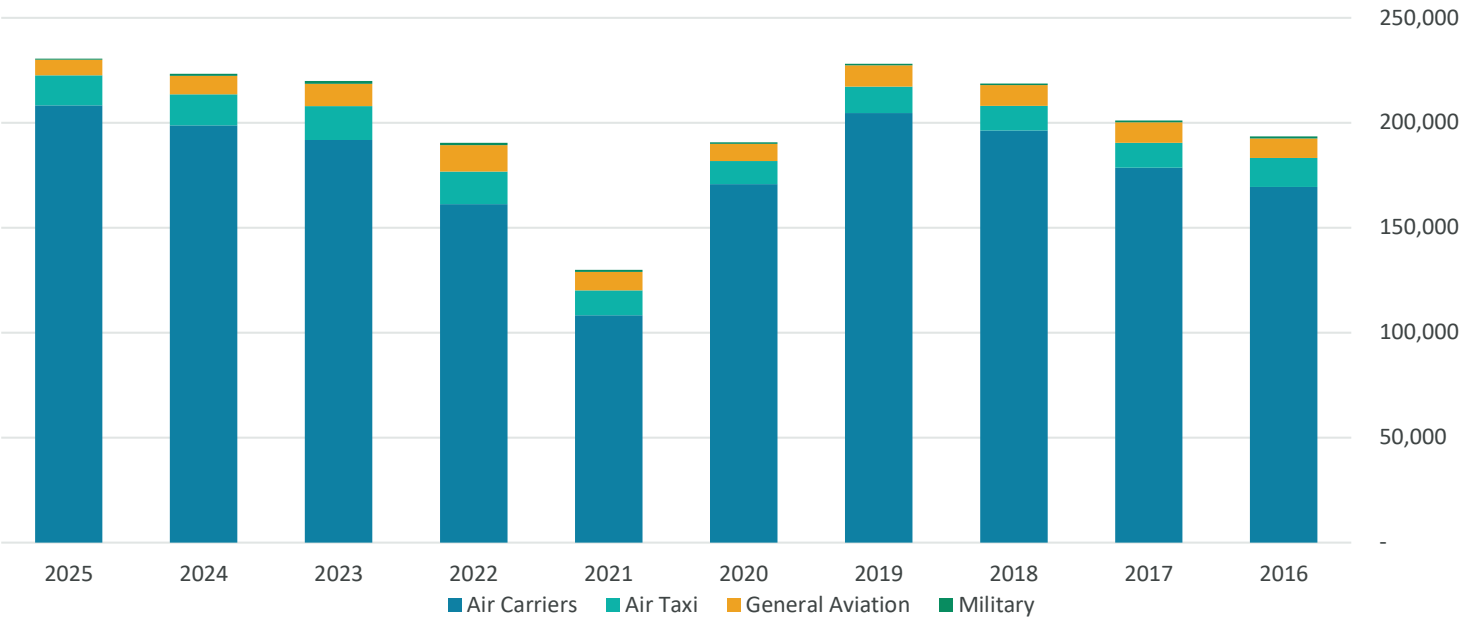
EXHIBIT S-9  
AIRCRAFT OPERATIONS  
(TAKEOFFS & LANDINGS)

Fiscal Years Ended June 30,

| Fiscal Year | Air Carriers | Air Taxi | General Aviation | Military | Total   |
|-------------|--------------|----------|------------------|----------|---------|
| 2016        | 169,365      | 13,741   | 9,439            | 906      | 193,451 |
| 2017        | 178,579      | 11,899   | 9,719            | 814      | 201,011 |
| 2018        | 196,253      | 11,903   | 9,816            | 699      | 218,671 |
| 2019        | 204,627      | 12,539   | 10,167           | 759      | 228,092 |
| 2020        | 170,757      | 10,990   | 8,174            | 825      | 190,746 |
| 2021        | 108,240      | 11,844   | 8,835            | 1,098    | 130,017 |
| 2022        | 161,150      | 15,547   | 12,611           | 1,177    | 190,485 |
| 2023        | 191,751      | 16,144   | 10,699           | 1,351    | 219,945 |
| 2024        | 198,749      | 14,794   | 8,819            | 891      | 223,253 |
| 2025        | 208,173      | 14,343   | 7,649            | 447      | 230,612 |

Source: FAA ATADS Report: Air Operations Standard Report (itinerant only)

AIRCRAFT OPERATIONS

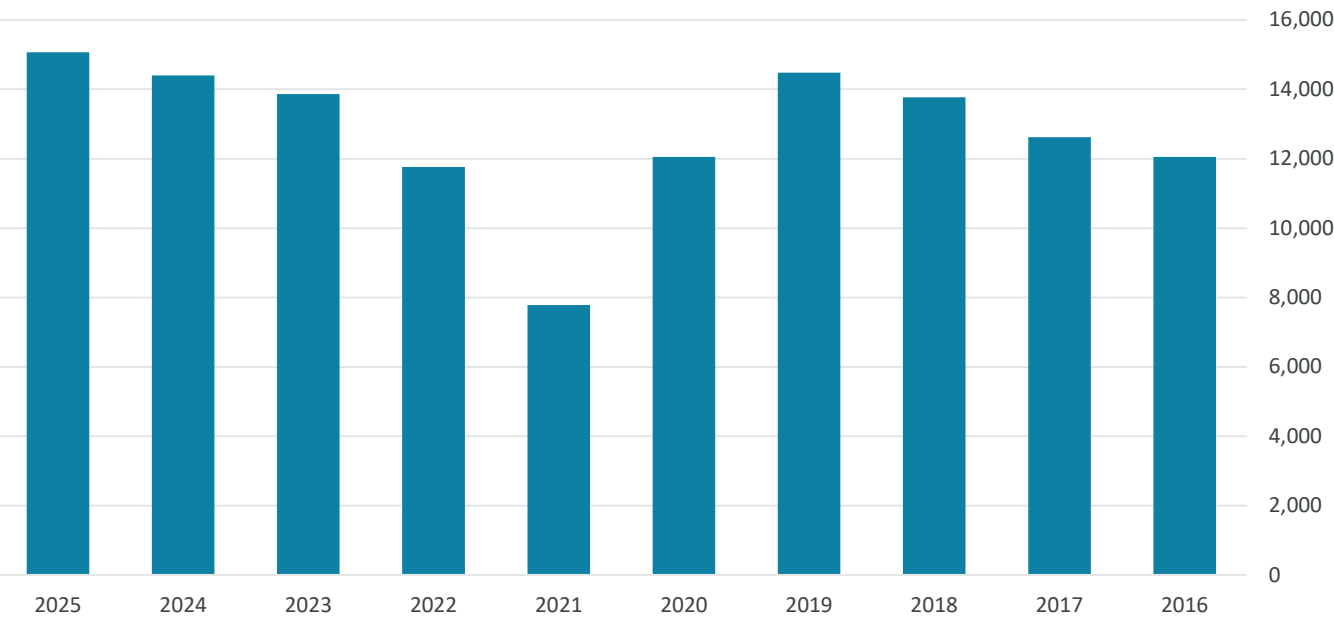


**Aircraft Operations** are the takeoffs and landings at SDIA. They represent the level of demand for air service by the airlines operating at SDIA.

EXHIBIT S-10  
AIRCRAFT LANDED  
WEIGHTS (IN MILLIONS LBS)

Fiscal Years Ended June 30,

AIRCRAFT LANDED WEIGHTS (IN MILLIONS LBS)



Source: San Diego Regional Airport Authority

**Landed Weight** is the maximum gross certificated landed weight in one million pound units as stated in the airlines' flight operational manual. Landed weight is used to calculate landing fees for both airline and general aviation aircraft operated at the airport.



EXHIBIT S-11  
AIRCRAFT LANDED WEIGHTS BY  
AIRLINE (THOUSAND POUNDS)

Fiscal Years Ended June 30,

| Airline                        | 2025       | 2024       | 2023       | 2022       | 2021      | 2020       | 2019       | 2018       | 2017       | 2016       |
|--------------------------------|------------|------------|------------|------------|-----------|------------|------------|------------|------------|------------|
| Southwest Airlines             | 4,642,938  | 4,758,859  | 5,001,008  | 3,688,292  | 2,277,011 | 4,422,096  | 5,180,064  | 4,924,451  | 4,470,104  | 4,257,162  |
| Alaska Airlines <sup>3</sup>   | 1,742,008  | 1,504,134  | 1,410,162  | 1,196,955  | 769,364   | 1,162,582  | 1,411,255  | 1,131,807  | 999,875    | 924,310    |
| United Airlines <sup>1</sup>   | 1,696,251  | 1,664,205  | 1,450,512  | 1,260,134  | 694,980   | 1,201,192  | 1,566,148  | 1,492,873  | 1,355,185  | 1,250,500  |
| Delta Airlines                 | 1,645,527  | 1,573,722  | 1,516,632  | 1,497,160  | 1,049,374 | 1,221,773  | 1,389,312  | 1,183,702  | 1,175,285  | 1,153,074  |
| American Airlines <sup>2</sup> | 1,556,024  | 1,498,180  | 1,317,772  | 1,238,946  | 917,691   | 1,201,659  | 1,415,134  | 1,471,318  | 1,428,538  | 1,467,922  |
| Skywest Airlines               | 1,032,217  | 844,860    | 755,828    | 709,412    | 504,012   | 481,705    | 637,117    | 627,038    | 465,023    | 359,197    |
| Frontier Airlines              | 456,349    | 434,930    | 311,884    | 264,830    | 199,836   | 204,924    | 247,145    | 232,794    | 167,590    | 115,238    |
| Spirit Airlines                | 370,741    | 319,139    | 288,873    | 165,464    | 125,589   | 230,911    | 331,366    | 328,424    | 286,162    | 351,977    |
| JetBlue Airlines               | 274,866    | 313,015    | 316,168    | 292,311    | 171,957   | 260,940    | 281,715    | 293,160    | 244,364    | 199,232    |
| Federal Express                | 233,727    | 321,999    | 405,893    | 476,195    | 466,734   | 394,288    | 375,807    | 388,782    | 390,716    | 444,038    |
| Hawaiian Airlines              | 221,869    | 205,340    | 209,839    | 211,844    | 122,574   | 155,345    | 237,560    | 161,486    | 147,568    | 147,406    |
| United Parcel                  | 182,958    | 139,418    | 137,094    | 138,064    | 138,926   | 146,624    | 138,860    | 143,678    | 146,778    | 135,318    |
| Horizon Air- Alaska Airlines   | 89,475     | 80,100     | 41,325     | 166,950    | 145,050   | 146,100    | 82,650     | 100,303    | 54,799     | 60,268     |
| Allegiant                      | 25,479     | 38,475     | 75,345     | 53,883     | 38,889    | 19,387     | 31,927     | 47,516     | 57,227     | 17,403     |
| ABX Air                        | 14,805     | 0          | 272        | 6,068      | 83,216    | 42,542     | -          | -          | -          | -          |
| Subtotal                       | 14,185,234 | 13,696,376 | 13,238,607 | 11,366,508 | 7,705,202 | 11,292,068 | 13,326,060 | 12,527,333 | 11,389,213 | 10,883,044 |
| All Others                     | 882,067    | 705,033    | 620,449    | 397,577    | 74,326    | 761,012    | 1,155,169  | 1,242,613  | 1,226,855  | 1,165,098  |
| Total                          | 15,067,300 | 14,401,408 | 13,859,056 | 11,764,084 | 7,779,528 | 12,053,080 | 14,481,229 | 13,769,945 | 12,616,068 | 12,048,142 |
| Annual % Change                | 4.6%       | 3.9%       | 17.8%      | 51.2%      | -35.5%    | -16.8%     | 5.2%       | 9.1%       | 4.7%       | 4.6%       |

Source: San Diego County Regional Airport Authority

<sup>1</sup> United and Continental completed their merger on October 1, 2010 and began operating as United on November 30, 2011. The enplanements are combined for the purpose of this table.

<sup>2</sup> US Airways merged with American Airlines on December 9, 2013. A single operating certificate was issued by the FAA and operational integration was on April 7, 2015. The enplanements are combined for the purpose of this table.

<sup>3</sup> Alaska Airlines and Virgin America received their single operating certificate from the FAA on January 11, 2018 and began operating as Alaska Airlines on April 25, 2018. The enplanements are combined for the purpose of this table.

EXHIBIT S-11  
AIRCRAFT LANDED WEIGHTS BY  
AIRLINE (THOUSAND POUNDS)

Fiscal Years Ended June 30,

| Airline                        | 2025   | 2024   | 2023   | 2022   | 2021   | 2020   | 2019   | 2018   | 2017   | 2016   |
|--------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Southwest Airlines             | 30.8%  | 33.0%  | 36.1%  | 31.4%  | 29.3%  | 36.7%  | 35.8%  | 35.8%  | 35.4%  | 35.3%  |
| Alaska Airlines <sup>3</sup>   | 11.6%  | 10.4%  | 10.2%  | 10.2%  | 9.9%   | 9.6%   | 9.7%   | 8.2%   | 7.9%   | 7.7%   |
| United Airlines <sup>1</sup>   | 11.3%  | 11.6%  | 10.5%  | 10.7%  | 8.9%   | 10.0%  | 10.8%  | 10.8%  | 10.7%  | 10.4%  |
| Delta Airlines                 | 10.9%  | 10.9%  | 10.9%  | 12.7%  | 13.5%  | 10.1%  | 9.6%   | 8.6%   | 9.3%   | 9.6%   |
| American Airlines <sup>2</sup> | 10.3%  | 10.4%  | 9.5%   | 10.5%  | 11.8%  | 10.0%  | 9.8%   | 10.7%  | 11.3%  | 12.2%  |
| Skywest Airlines               | 6.9%   | 5.9%   | 5.5%   | 6.0%   | 6.5%   | 4.0%   | 4.4%   | 4.6%   | 3.7%   | 3.0%   |
| Frontier Airlines              | 3.0%   | 3.0%   | 2.3%   | 2.3%   | 2.6%   | 1.7%   | 1.7%   | 1.7%   | 1.3%   | 1.0%   |
| Spirit Airlines                | 2.5%   | 2.2%   | 2.1%   | 1.4%   | 1.6%   | 1.9%   | 2.3%   | 2.4%   | 2.3%   | 2.9%   |
| JetBlue Airlines               | 1.8%   | 2.2%   | 2.3%   | 2.5%   | 2.2%   | 2.2%   | 1.9%   | 2.1%   | 1.9%   | 1.7%   |
| Federal Express                | 1.6%   | 2.2%   | 2.9%   | 4.0%   | 6.0%   | 3.3%   | 2.6%   | 2.8%   | 3.1%   | 3.7%   |
| Hawaiian Airlines              | 1.5%   | 1.4%   | 1.5%   | 1.8%   | 1.6%   | 1.3%   | 1.6%   | 1.2%   | 1.2%   | 1.2%   |
| United Parcel                  | 1.2%   | 1.0%   | 1.0%   | 1.2%   | 1.8%   | 1.2%   | 1.0%   | 1.0%   | 1.2%   | 1.1%   |
| Horizon Air- Alaska Airlines   | 0.6%   | 0.6%   | 0.3%   | 1.4%   | 1.9%   | 1.2%   | 0.6%   | 0.7%   | 0.4%   | 0.5%   |
| Allegiant                      | 0.2%   | 0.3%   | 0.5%   | 0.5%   | 0.5%   | 0.2%   | 0.2%   | 0.3%   | 0.5%   | 0.1%   |
| ABX Air                        | 0.1%   | 0.0%   | 0.0%   | 0.1%   | 1.1%   | 0.4%   | -      | -      | -      | -      |
| Subtotal                       | 94.1%  | 95.1%  | 95.5%  | 96.6%  | 99.0%  | 93.7%  | 92.0%  | 91.0%  | 90.3%  | 90.3%  |
| All Others                     | 5.9%   | 4.9%   | 4.5%   | 3.4%   | 1.0%   | 6.3%   | 8.0%   | 9.0%   | 9.7%   | 9.7%   |
| Total                          | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |





EXHIBIT S-12  
PASSENGER  
ENPLANEMENTS

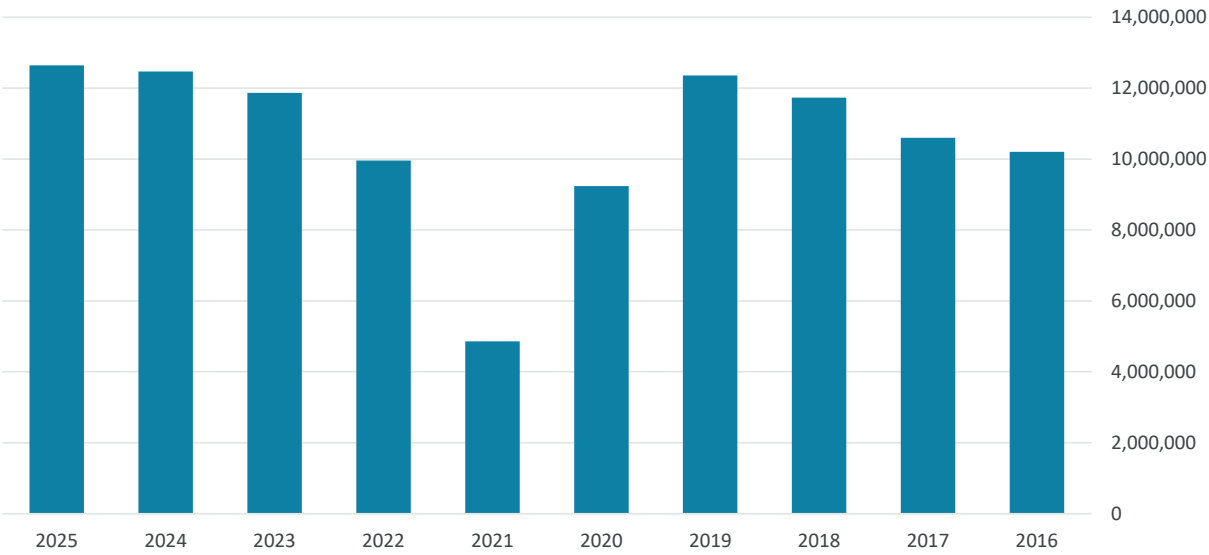
Fiscal Years Ended June 30,

| FiscalYear | Enplaned<br>Passengers | %<br>Change SAN | % Change US<br>Average * |
|------------|------------------------|-----------------|--------------------------|
| 2016       | 10,206,222             | 5.1 %           | 5.4 %                    |
| 2017       | 10,596,483             | 3.8 %           | 3.4 %                    |
| 2018       | 11,731,833             | 10.7 %          | 4.3 %                    |
| 2019       | 12,356,286             | 5.3 %           | 4.3 %                    |
| 2020       | 9,235,459              | (25.3)%         | (25.9)%                  |
| 2021       | 4,860,931              | (47.4)%         | (41.5)%                  |
| 2022       | 9,953,162              | 104.8 %         | 91.8 %                   |
| 2023       | 11,867,569             | 19.2 %          | 16.8 %                   |
| 2024       | 12,467,114             | 5.1 %           | 8.1 %                    |
| 2025       | 12,644,000             | 1.4 %           |                          |

\* Source: U.S. Department of Transportation T-100

<sup>1</sup> International data for April - June 2025 not available at time of publication.

PASSENGER ENPLANEMENTS



Source: San Diego County Regional Airport Authority

**Enplaned Passenger** is any revenue passenger boarding at the airport, including any passenger that previously disembarked from another aircraft (i.e. connecting passenger).





EXHIBIT S-13  
ENPLANEMENT MARKET SHARE  
BY AIRLINE BY FISCAL YEAR

Fiscal Years Ended June 30,

| Air Carrier                    | 2025       | 2024       | 2023       | 2022      | 2021      | 2020      | 2019       | 2018       | 2017       | 2016       |
|--------------------------------|------------|------------|------------|-----------|-----------|-----------|------------|------------|------------|------------|
| Air Canada                     | 130,591    | 150,385    | 135,080    | 43,376    | -         | 90,425    | 130,404    | 110,684    | 93,274     | 48,985     |
| Alaska Airlines <sup>1</sup>   | 1,600,386  | 1,409,363  | 1,350,550  | 1,099,999 | 474,179   | 976,326   | 1,253,433  | 1,031,537  | 918,841    | 902,705    |
| Allegiant Airlines             | 26,798     | 40,984     | 75,959     | 49,355    | 22,391    | 13,162    | 30,750     | 44,934     | 49,480     | 16,825     |
| American Airlines <sup>2</sup> | 1,457,414  | 1,469,523  | 1,282,356  | 1,238,336 | 767,833   | 1,050,613 | 1,339,334  | 1,366,634  | 1,339,489  | 1,369,003  |
| Breeze Airways                 | 43,517     | 13,276     | -          | -         | -         | -         | -          | -          | -          | -          |
| British Airways                | 126,838    | 112,146    | 91,914     | 41,417    | -         | 57,998    | 83,492     | 82,543     | 90,200     | 89,723     |
| Condor                         | -          | -          | -          | -         | -         | -         | -          | 7,815      | 3,902      | -          |
| Delta Air Lines                | 1,471,844  | 1,500,480  | 1,411,595  | 1,215,201 | 567,589   | 1,058,188 | 1,336,885  | 1,126,873  | 1,088,647  | 1,061,889  |
| Edelweiss                      | -          | -          | -          | -         | -         | 2,317     | 6,271      | 6,990      | 1,215      | -          |
| Frontier Airlines              | 444,343    | 449,549    | 349,379    | 272,802   | 180,181   | 201,280   | 277,320    | 254,760    | 180,235    | 118,990    |
| Hawaiian Airlines              | 153,650    | 141,924    | 148,305    | 133,525   | 61,754    | 102,759   | 149,744    | 108,971    | 107,776    | 102,462    |
| Japan Airlines                 | 42,223     | 32,670     | 31,380     | 12,784    | 1,027     | 43,596    | 66,688     | 62,034     | 59,916     | 59,647     |
| JetBlue Airways                | 225,536    | 273,590    | 285,079    | 249,217   | 90,332    | 195,279   | 230,909    | 248,325    | 224,700    | 182,605    |
| Lufthansa                      | 61,774     | 46,227     | 47,928     | 13,695    | -         | 34,654    | 49,974     | 13,037     | -          | -          |
| Southwest Airlines             | 3,936,989  | 4,086,618  | 4,190,108  | 3,393,713 | 1,627,594 | 3,474,860 | 4,656,029  | 4,457,984  | 3,967,487  | 3,840,455  |
| Spirit Airlines                | 356,000    | 323,698    | 303,804    | 168,192   | 111,604   | 225,279   | 323,623    | 318,201    | 287,208    | 327,183    |
| Sun Country Airlines           | 47,256     | 47,605     | 41,618     | 35,962    | 23,461    | 37,073    | 40,167     | 41,466     | 40,109     | 34,886     |
| Swoop, Inc.                    | -          | -          | 543        | 3,637     | -         | -         | -          | -          | -          | -          |
| United Airlines <sup>3</sup>   | 1,550,335  | 1,556,765  | 1,412,222  | 1,256,748 | 552,709   | 1,043,393 | 1,481,166  | 1,405,663  | 1,266,055  | 1,165,565  |
| US Airways <sup>2</sup>        | -          | -          | -          | -         | -         | -         | -          | -          | -          | -          |
| Virgin America <sup>1</sup>    | -          | -          | -          | -         | -         | -         | -          | 183,672    | 212,158    | 211,075    |
| Volaris                        | -          | -          | -          | -         | -         | -         | -          | -          | 3,948      | 21,343     |
| WestJet                        | 51,960     | 42,592     | 32,290     | 11,836    | -         | 28,905    | 42,939     | 39,285     | 41,043     | 34,516     |
| Total Air Carrier              | 11,727,454 | 11,697,395 | 11,190,110 | 9,239,795 | 4,480,654 | 8,636,107 | 11,499,128 | 10,911,408 | 9,975,683  | 9,587,857  |
| Regional                       | -          | -          | -          | -         | -         | 161,113   | 296,091    | 251,066    | 195,126    | 249,723    |
| Compass                        | -          | -          | -          | -         | -         | 161,113   | 296,091    | 251,066    | 195,126    | 249,723    |
| Horizon Air                    | 78,039     | 70,064     | 35,578     | 137,421   | 89,894    | 107,373   | 64,135     | 82,131     | 53,517     | 64,758     |
| Skywest Airlines               | 822,573    | 699,655    | 641,881    | 575,946   | 290,383   | 330,866   | 496,932    | 487,228    | 372,157    | 301,592    |
| Other                          | -          | -          | -          | -         | -         | -         | -          | -          | -          | 2,292      |
| Total Regional                 | 900,612    | 769,719    | 677,459    | 713,367   | 380,277   | 599,352   | 857,158    | 820,425    | 620,800    | 618,365    |
| Total Passengers               | 12,628,066 | 12,467,114 | 11,867,569 | 9,953,162 | 4,860,931 | 9,235,459 | 12,356,286 | 11,731,833 | 10,596,483 | 10,206,222 |

Source: San Diego County Regional Airport Authority

<sup>1</sup> Alaska Airlines and Virgin America received their single operating certificate from the FAA on January 11, 2018 and began operating as Alaska Airlines on April 25, 2018.

The enplanements are combined for the purpose of this table.

<sup>2</sup> US Airways merged with American Airlines on December 9, 2013. A single operating certificate was issued by the FAA and operational integration was on April 7, 2015.

The enplanements are combined for the purpose of this table.

<sup>3</sup> United and Continental completed their merger on October 1, 2010 and began operating as United on November 30, 2011. The enplanements are combined for the purpose of this table.

EXHIBIT S-13  
ENPLANEMENT MARKET SHARE  
BY AIRLINE BY FISCAL YEAR

Fiscal Years Ended June 30,

| Air Carrier                    | 2025   | 2024   | 2023  | 2022  | 2021  | 2020  | 2019  | 2018  | 2017  | 2016  |
|--------------------------------|--------|--------|-------|-------|-------|-------|-------|-------|-------|-------|
| Air Canada                     | 1.1%   | 1.3%   | 1.2%  | 0.4%  | 0.0%  | 1.0%  | 1.1%  | 0.9%  | 0.9%  | 0.5%  |
| Alaska Airlines <sup>1</sup>   | 13.6%  | 12.0%  | 12.1% | 11.1% | 9.8%  | 10.6% | 10.1% | 8.8%  | 8.7%  | 8.8%  |
| Allegiant Airlines             | 0.2%   | 0.4%   | 0.7%  | 0.5%  | 0.5%  | 0.1%  | 0.2%  | 0.4%  | 0.5%  | 0.2%  |
| American Airlines <sup>2</sup> | 12.4%  | 12.6%  | 11.5% | 12.4% | 15.8% | 11.4% | 10.8% | 11.6% | 12.6% | 13.4% |
| Breeze Airways                 | 0.4%   | 0.1%   | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | -     | -     | -     |
| British Airways                | 1.1%   | 1.0%   | 0.8%  | 0     | -     | 0.6%  | 0.7%  | 0.7%  | 0.9%  | 0.9%  |
| Condor                         | 0.0%   | 0.0%   | 0.0%  | -     | -     | -     | -     | 0.1%  | -     | -     |
| Delta Air Lines                | 12.6%  | 12.8%  | 12.6% | 12.2% | 11.7% | 11.5% | 10.8% | 9.6%  | 10.3% | 10.4% |
| Edelweiss                      | 0.0%   | 0.0%   | 0.0%  | -     | -     | 0.0%  | 0.1%  | 0.1%  | -     | -     |
| Frontier Airlines              | 3.8%   | 3.8%   | 3.1%  | 2.7%  | 3.7%  | 2.2%  | 2.2%  | 2.2%  | 1.7%  | 1.2%  |
| Hawaiian Airlines              | 1.3%   | 1.2%   | 1.3%  | 1.3%  | 1.3%  | 1.1%  | 1.2%  | 0.9%  | 1.0%  | 1.0%  |
| Japan Airlines                 | 0.4%   | 0.3%   | 0.3%  | 1     | -     | 0.5%  | 0.5%  | 0.5%  | 0.6%  | 0.6%  |
| JetBlue Airways                | 1.9%   | 2.3%   | 2.5%  | 2.5%  | 1.9%  | 2.1%  | 1.9%  | 2.1%  | 2.1%  | 1.8%  |
| Lufthansa                      | 0.5%   | 0.4%   | 0.4%  | 0     | -     | 0.4%  | 0.4%  | 0.1%  | -     | -     |
| Southwest Airlines             | 33.6%  | 34.9%  | 37.4% | 34.1% | 33.5% | 37.6% | 37.7% | 38.0% | 37.4% | 37.6% |
| Spirit Airlines                | 3.0%   | 2.8%   | 2.7%  | 1.7%  | 2.3%  | 2.4%  | 2.6%  | 2.7%  | 2.7%  | 3.2%  |
| Sun Country Airlines           | 0.4%   | 0.4%   | 0.4%  | 0.4%  | 0.5%  | 0.4%  | 0.3%  | 0.4%  | 0.4%  | 0.3%  |
| Swoop, Inc.                    | 0.0%   | 0.0%   | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  |
| United Airlines <sup>3</sup>   | 13.2%  | 13.3%  | 12.6% | 12.6% | 11.4% | 11.3% | 12.0% | 12.0% | 11.9% | 11.4% |
| US Airways <sup>2</sup>        | 0.0%   | 0.0%   | 0.0%  | 0.0%  | -     | -     | -     | -     | -     | -     |
| Virgin America <sup>1</sup>    | 0.0%   | 0.0%   | 0.0%  | 0.0%  | -     | -     | -     | 1.6%  | 2.0%  | 2.1%  |
| Volaris                        | 0.0%   | 0.0%   | 0.0%  | 0.0%  | -     | -     | -     | -     | -     | 0.2%  |
| WestJet                        | 0.4%   | 0.4%   | 0.3%  | 0.1%  | -     | 0.3%  | 0.3%  | 0.3%  | 0.4%  | 0.3%  |
| Total Air Carrier              | 92.9%  | 93.8%  | 94.3% | 92.8% | 92.2% | 93.5% | 93.1% | 93.0% | 94.1% | 93.9% |
| Regional                       | 0.0%   | 0.0%   | -     | -     | -     | 1.7%  | 2.4%  | 2.1%  | 1.8%  | 1.9%  |
| Compass                        | 0.0%   | 0.0%   | -     | -     | -     | 1.7%  | 2.4%  | 2.1%  | 1.8%  | 1.9%  |
| Horizon Air                    | 0.6%   | 0.6%   | 0.3%  | 1.4%  | 1.8%  | 1.2%  | 0.5%  | 0.7%  | 0.5%  | 0.6%  |
| Skywest Airlines               | 6.5%   | 5.6%   | 5.4%  | 5.8%  | 6.0%  | 3.6%  | 4.0%  | 4.2%  | 3.5%  | 3.0%  |
| Other                          | 0.0%   | 0.0%   | -     | -     | -     | -     | -     | -     | -     | -     |
| Total Regional                 | 7.1%   | 6.2%   | 5.7%  | 7.2%  | 7.8%  | 6.5%  | 6.9%  | 7.0%  | 5.9%  | 6.1%  |
| Total Passengers               | 100.0% | 100.0% | 100%  | 100%  | 100%  | 100%  | 100%  | 100%  | 100%  | 100%  |



| San Diego International Airport    |            |
|------------------------------------|------------|
| Number of runways                  | 1          |
| Length of runway (feet)            | 9,401 feet |
| Number of gates                    | 47         |
| Remote aircraft parking positions  | 27         |
| Terminal rentable square footage   | 587,683    |
| Airport Land Area                  | 661 acres  |
| On airport parking spaces (public) | 5,806      |

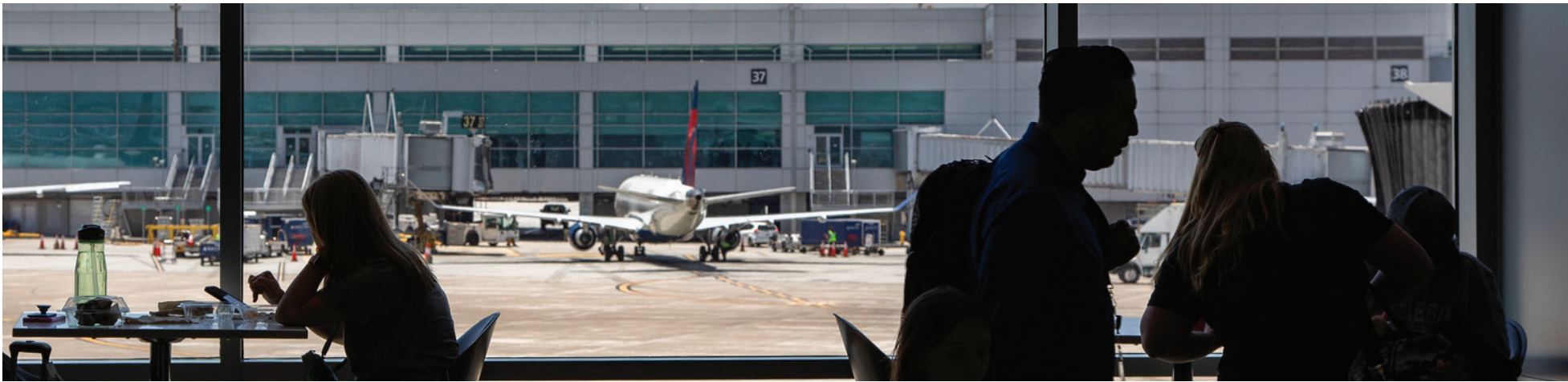
The parking spaces shown above are controlled and operated by the Airport Authority and reported on a weighted average basis.

The terminal rentable square footage is a weighted average figure that reflects square footage changes due to construction or remodeling.



| Organization                          | Location    | Industry                                 |
|---------------------------------------|-------------|--|
| 32nd Street Naval Station             | San Diego   | Federal Government National Security     |
| Collins Aerospace                     | Chula Vista | Aircraft Components-Manufacturers        |
| Employees' Association-SDG&E          | San Diego   | Associations                             |
| General Dynamics Nassco               | San Diego   | Ship Builders & Repairers                |
| Illumina Inc                          | San Diego   | Biotechnology Products & Services        |
| Jennifer Moreno Dept-Veterans         | San Diego   | Hospitals                                |
| Kaiser Permanente Vandever Medical    | San Diego   | Physicians & Surgeons                    |
| Kaiser Permanente Zion Medical Center | San Diego   | Hospitals                                |
| MCCS MCRD San Diego-Marine Corps      | San Diego   | Military Bases                           |
| Merchants Building Maintenance        | San Diego   | Janitor Service                          |
| Naval Medical Center San Diego        | San Diego   | Hospitals                                |
| Page One Seo                          | San Diego   | Mental Health Services                   |
| Rady Children's Hospital              | San Diego   | Hospitals                                |
| San Diego Community College           | San Diego   | Junior-Community College-Tech Institutes |
| San Diego County Sheriff              | Santee      | Police Departments                       |
| Scripps Mercy Hospital San Diego      | San Diego   | Hospitals                                |
| Scripps Research Institute            | La Jolla    | Laboratories-Research & Development      |
| Seaworld San Diego                    | San Diego   | Amusement & Theme Parks                  |
| Sharp Grossmont Hospital              | La Mesa     | Hospitals                                |
| Sharp Grossmont Rehabilitation Center | La Mesa     | Vocational Rehabilitation Services       |
| Sharp Mary Birch Hospital             | San Diego   | Hospitals                                |
| Sony Electronics Inc                  | San Diego   | Electronic Equipment & Supplies-Retail   |
| UCSD-Neutral Computation              | La Jolla    | University-College Dept/Facility/Office  |
| University of California              | La Jolla    | University-College Dept/Facility/Office  |
| University of California San Diego    | La Jolla    | Schools-Universities & Colleges Academic |

Sources: America's Labor Market Information System (ALIMS) Employer Database, 2025 2nd Edition  
*This list is not exhaustive. Employment levels are estimates.*





| Year | Labor Force | Employment | Unemployment | Unemployment Rate |       |
|------|-------------|------------|--------------|-------------------|-------|
|      |             |            |              | SD County         | State |
| 2016 | 1,560,600   | 1,482,400  | 78,200       | 5.0%              | 5.3%  |
| 2017 | 1,568,800   | 1,501,500  | 67,300       | 4.3%              | 4.7%  |
| 2018 | 1,578,100   | 1,521,500  | 56,600       | 3.6%              | 4.2%  |
| 2019 | 1,571,000   | 1,517,800  | 53,200       | 3.4%              | 4.0%  |
| 2020 | 1,553,000   | 1,346,200  | 206,800      | 13.3%             | 14.0% |
| 2021 | 1,540,200   | 1,427,100  | 113,100      | 7.3%              | 7.6%  |
| 2022 | 1,571,300   | 1,516,700  | 54,600       | 3.5%              | 4.4%  |
| 2023 | 1,587,600   | 1,526,100  | 61,500       | 3.9%              | 5.0%  |
| 2024 | 1,581,400   | 1,510,700  | 70,800       | 4.5%              | 5.2%  |
| 2025 | 1,590,000   | 1,513,000  | 77,000       | 4.8%              | 5.4%  |

Source: California Employment Development Dept., Labor Market Information Division

Unemployment Rate and Labor Force, not seasonally adjusted

Source: California Employment Development Department Labor Market Information Division Unemployment Rate and Labor Force, not seasonally adjusted.



Fiscal Years Ended June 30,

|  | 2025           | 2024           | 2023           | 2022           | 2021           | 2020           | 2019           | 2018           | 2017           | 2016           |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Senior Bonds Revenues <sup>1</sup>   | \$ 478,751,920 | \$ 449,402,733 | \$ 397,652,115 | \$ 321,285,474 | \$ 225,154,340 | \$ 279,294,343 | \$ 306,683,097 | \$ 276,983,726 | \$ 255,540,858 | \$ 238,640,326 |
| Operating and Maintenance Expenses   | (201,602,874)  | (189,012,370)  | (177,921,959)  | (96,134,968)   | (88,039,540)   | (136,297,647)  | (165,925,555)  | (157,246,523)  | (154,455,699)  | (151,327,220)  |
| Net Revenues <sup>4</sup>  | \$ 277,149,046 | \$ 260,390,363 | \$ 219,730,156 | \$ 225,150,506 | \$ 137,114,800 | \$ 142,996,696 | \$ 140,757,542 | \$ 119,737,204 | \$ 101,085,159 | \$ 87,313,106  |
| Senior Bond Debt Service <sup>3</sup>                                      |                |                |                |                |                |                |                |                |                |                |
| Principal  | \$ 2,865,000   | \$ 2,235,000   | \$ -           | \$ 3,635,598   | \$ 8,315,000   | \$ 7,925,000   | \$ 2,320,000   | \$ 2,240,000   | \$ 2,155,000   | \$ 2,090,000   |
| Interest   | 1,321,282      | 979,238        | -              | 7,195,563      | 17,685,100     | 18,081,350     | 18,174,150     | 18,263,750     | 18,349,950     | 18,414,600     |
| PFCs used to pay debt service  | -              | -              | -              | (4,691,941)    | (11,172,249)   | (11,260,741)   | (9,544,261)    | (9,547,482)    | (9,548,626)    | (9,490,326)    |
| Federal Relief used to pay debt service                                    | -              | -              | -              | (1,539,286)    | (3,406,934)    | (6,501,585)    | -              | -              | -              | -              |
| Total Debt Service for the Senior Bond                                     | \$ 4,186,282   | \$ 3,214,238   | \$ -           | \$ 4,599,934   | \$ 11,420,918  | \$ 8,244,024   | \$ 10,949,889  | \$ 10,956,268  | \$ 10,956,324  | \$ 11,014,274  |
| Senior Bonds Debt Service Coverage   | 66.20          | 81.01          | -              | 48.95          | 12.01          | 17.35          | 12.85          | 10.93          | 9.23           | 7.93           |
| Subordinate Debt Subordinate Net Revenues <sup>4</sup>                     | \$ 272,962,764 | \$ 257,176,125 | \$ 219,730,156 | \$ 220,550,572 | \$ 125,693,882 | \$ 134,752,672 | \$ 129,807,653 | \$ 108,780,936 | \$ 90,128,835  | \$ 76,298,832  |
| Subordinate Annual Debt Service <sup>4</sup>                               |                |                |                |                |                |                |                |                |                |                |
| Principal  | \$ 36,050,000  | \$ 40,495,000  | \$ 43,385,000  | \$ 34,040,000  | \$ 22,315,000  | \$ 17,745,000  | \$ 15,895,000  | \$ 14,830,000  | \$ 9,430,000   | \$ 9,000,000   |
| Interest   | 56,513,339     | 59,106,383     | 56,052,373     | 48,876,516     | 41,720,733     | 39,404,449     | 37,917,500     | 37,197,656     | 26,085,029     | 26,495,600     |
| Variable Rate Debt <sup>5</sup>  | -              | -              | -              | -              | -              | 1,894,813      | 7,497,649      | 7,335,123      | 7,000,066      | 6,760,189      |
| PFCs used to pay debt service  | -              | -              | -              | (25,313,393)   | (8,833,085)    | (18,744,592)   | (20,461,072)   | (20,457,851)   | (20,456,707)   | (20,331,674)   |
| Federal Relief used to pay debt service                                    | -              | -              | -              | (16,460,714)   | (22,593,066)   | (14,313,843)   | -              | -              | -              | -              |
| Total Subordinate Annual Debt Service                                      | \$ 92,563,339  | \$ 99,601,383  | \$ 99,437,373  | \$ 41,142,409  | \$ 32,609,582  | \$ 25,985,827  | \$ 40,849,077  | \$ 38,904,928  | \$ 22,058,389  | \$ 21,864,115  |
| Subordinate Obligations Debt Service Coverage                              | 2.95           | 2.58           | 2.33           | 5.36           | 3.85           | 5.19           | 3.18           | 2.80           | 4.09           | 3.48           |
| Aggregate Debt Aggregate Net Revenues                                      | \$ 272,962,764 | \$ 257,176,125 | \$ 219,730,156 | \$ 225,150,506 | \$ 137,114,800 | \$ 142,996,696 | \$ 140,757,542 | \$ 119,737,204 | \$ 101,085,159 | \$ 87,313,106  |
| Aggregate Annual Debt Service  |                |                |                |                |                |                |                |                |                |                |
| Principal  | \$ 38,915,000  | 42,730,000     | 43,385,000     | 37,675,598     | 30,630,000     | 25,670,000     | 18,215,000     | 17,070,000     | 11,585,000     | 11,090,000     |
| Interest   | 57,834,621     | 60,085,621     | 56,052,373     | 56,072,079     | 59,405,833     | 57,485,799     | 56,091,650     | 55,461,406     | 44,434,979     | 44,910,200     |
| Variable Rate Debt <sup>5</sup>  | -              | -              | -              | -              | -              | 1,894,813      | 7,497,649      | 7,335,123      | 7,000,066      | 6,760,189      |
| PFC Funds Applied to Debt Service  | -              | -              | -              | (30,005,334)   | (20,005,333)   | (30,005,333)   | (30,005,333)   | (30,005,333)   | (30,005,333)   | (29,822,000)   |
| CARES Act used to pay debt service   | -              | -              | -              | (18,000,000)   | (26,000,000)   | (20,815,428)   | -              | -              | -              | -              |
| Total Annual Debt Service  | \$ 96,749,621  | \$ 102,815,621 | \$ 99,437,373  | \$ 45,742,343  | \$ 44,030,500  | \$ 34,229,851  | \$ 51,798,966  | \$ 49,861,196  | \$ 33,014,712  | \$ 32,938,389  |
| Aggregate Obligations Debt Service Coverage                                | 2.86           | 2.53           | 2.21           | 4.92           | 3.11           | 4.18           | 2.72           | 2.40           | 3.06           | 2.65           |
| Aggregate Net Revenues (Including PFC, BAB Subsidy and CARES Act Grant)    | \$ 272,962,764 | \$ 260,390,363 | \$ 219,730,156 | \$ 273,155,840 | \$ 183,120,133 | \$ 195,906,855 | \$ 175,449,049 | \$ 154,408,727 | \$ 135,721,711 | \$ 121,791,304 |
| Total Annual Debt Service (Excluding PFC, BAB Subsidy and CARES Act Grant) | \$ 96,749,621  | 102,815,621    | 99,437,373     | 93,747,677     | 90,035,833     | 87,140,009     | 86,490,473     | 84,532,719     | 67,651,265     | 67,416,588     |
| Revenue Method - Debt Service Coverage on Aggregate Debt                   | 2.86           | 2.53           | 2.21           | 2.91           | 2.03           | 2.25           | 2.03           | 1.83           | 2.01           | 1.81           |

<sup>1</sup> FY 2021-FY2024 Revenues are calculated pursuant to the provisions of the Master Senior Indenture and the Master Subordinate Indenture. Revenues have been revised since the publication of this table in FY2024 to relect the exclusion of interest earning on amounts on deposit in the Senior and Subordinate Construction Funds and the Subordinate Capitalized Interest Accounts.

<sup>2</sup> Net Revenues and Subordinate Net Revenues are calculated pursuant to the provisions of the Master Senior Indenture and Master Subordinate Indenture, as appropriate.

<sup>3</sup> Debt service with respect to the Senior Bonds is calculated pursuant to the provisions of the Master Senior Indenture.

<sup>4</sup> Subordinate Annual Debt Service is calculated pursuant to the provisions of the Master Subordinate Indenture.

<sup>5</sup> Includes principal and interest.



EXHIBIT S-18  
DEBT SERVICE COVERAGE -  
SERIES 2014 CFC BONDS

Fiscal Years Ended June 30,

|   | 2025          | 2024          | 2023          | 2022          | 2021          | 2020          | 2019          | 2018          | 2017          | 2016          |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| CFC Collections   | \$ 36,479,020 | \$ 35,912,592 | \$ 34,374,844 | \$ 30,333,350 | \$ 15,755,254 | \$ 30,239,698 | \$ 41,918,554 | \$ 41,036,526 | \$ 36,527,853 | \$ 33,207,946 |
| Bond Funding Supplemental Consideration                     |               |               |               |               | -             | -             | -             | -             | -             | -             |
| Transfers from CFC Stabilization Fund                       |               |               |               | 14,357        | 9,540,452     | 3,563,874     | -             | -             | -             | -             |
| Interest Earnings <sup>1</sup>                              | 2,639,816     | 2,061,329     | 1,405,285     | 324,938       | 855,813       | 1,502,382     | 1,544,474     | 919,740       | 466,134       | 332,761       |
| Total Amounts Available                                     | 39,118,836    | 37,973,921    | 35,780,128    | 30,672,645    | 26,151,519    | 35,305,954    | 43,463,028    | 41,956,266    | 36,993,987    | 33,540,707    |
| Rolling Coverage Fund Balance <sup>2</sup>                  | 6,576,008     | 6,575,737     | 6,575,173     | 6,576,235     | 6,575,382     | 6,575,637     | 6,575,894     | 6,576,363     | 4,902,363     | 2,451,182     |
| Total Amounts Available, plus Rolling Coverage Fund Balance | \$ 45,694,843 | \$ 44,549,658 | \$ 42,355,301 | \$ 37,248,880 | \$ 32,726,901 | \$ 41,881,591 | \$ 50,038,922 | \$ 48,532,629 | \$ 41,896,350 | \$ 35,991,889 |
| Series 2014 Debt Service Requirements                       | 21,920,025    | 21,919,123    | 21,917,242    | 21,920,783    | 21,917,940    | 21,918,789    | 21,919,646    | 21,921,210    | 16,341,210    | 8,170,605     |
| Coverage excluding Rolling Coverage Fund                    | 1.78          | 1.73          | 1.63          | 1.40          | 1.19          | 1.61          | 1.98          | 1.91          | 2.26          | 4.11          |
| Coverage including Rolling Coverage Fund                    | 2.08          | 2.03          | 1.93          | 1.70          | 1.49          | 1.91          | 2.28          | 2.21          | 2.56          | 4.41          |

<sup>1</sup> Includes earnings on investments in the Senior Reserve Fund, the Rolling Coverage Fund and the CFC Surplus Fund.  
<sup>2</sup> Includes amount on deposit in the Rolling Coverage Fund at the beginning of each Fiscal Year, up to an amount not to exceed 30% of the Series 2014 Debt Service Requirements for such Fiscal Year.

EXHIBIT S-19  
DEBT PER ENPLANED  
PASSENGER

Fiscal Years Ended June 30,

| Fiscal Year | Outstanding Bond Debt <sup>1</sup> | Outstanding Short-Term Debt | Leases    | Total Outstanding Debt | Enplaned Passengers | Debt per Enplaned Passenger |
|-------------|------------------------------------|-----------------------------|-----------|------------------------|---------------------|-----------------------------|
| 2016        | 1,302,846,043                      | 32,581,000                  | 7,717,734 | 1,343,144,777          | 10,206,222          | 131.60                      |
| 2017        | 1,287,602,498                      | 58,998,000                  | 7,442,314 | 1,354,042,812          | 10,596,483          | 127.78                      |
| 2018        | 1,609,960,696                      | 20,163,000                  | 7,143,865 | 1,637,267,561          | 11,731,833          | 139.56                      |
| 2019        | 1,581,628,919                      | 13,719,000                  | 6,820,351 | 1,602,168,270          | 12,356,286          | 129.66                      |
| 2020        | 1,881,208,470                      | -                           | 6,496,837 | 1,887,705,307          | 9,235,459           | 204.40                      |
| 2021        | 1,835,597,883                      | -                           | 6,201,974 | 1,841,799,857          | 4,860,931           | 378.90                      |
| 2022        | 3,667,843,691                      | 80,100,000                  | 5,878,682 | 3,753,822,373          | 9,953,162           | 377.15                      |
| 2023        | 3,600,793,592                      | 80,100,000                  | 5,524,543 | 3,686,418,135          | 11,867,569          | 310.63                      |
| 2024        | 4,539,393,230                      | -                           | 5,136,616 | 4,544,529,846          | 12,467,114          | 364.52                      |
| 2025        | 4,464,493,235                      | -                           | 4,711,675 | 4,469,204,910          | 12,628,066          | 353.91                      |

<sup>1</sup> Outstanding Bond Debt includes unamortized bond premium  
<sup>2</sup> Starting in 2014, Outstanding Bond Debt includes CFC Bond issuance







**SAN DIEGO  
INTERNATIONAL AIRPORT**

## Staff Report

**Meeting Date: December 4, 2025**

**Subject:**

**Approve and Authorize the President/CEO to Negotiate and Execute a Third Amendment to a Reimbursable Agreement with the Department of Transportation Federal Aviation Administration (FAA) for Engineering and Technical Support Related to New T1 Airside Improvements**

**Recommendation:**

Adopt Resolution No. 2025-0083, approving and authorizing the President/CEO to negotiate and execute a third amendment to a Reimbursable Agreement between the Department of Transportation Federal Aviation Administration (FAA) and the San Diego County Regional Airport Authority for engineering and technical support related to Project No. 411001 New T1 Airside Improvements.

**Background/Justification:**

The New T1 Airside Improvements project includes the relocation of Taxiway B and associated modifications to Taxiways B4, B5, B6, B7, B8, B9, and B10. Existing Department of Transportation Federal Aviation Administration ("FAA") infrastructure within the footprint of the work includes Runway Status Light ("RWSL") systems at Taxiways B4, B6, and B10, and Fiber Optic Transmission Systems ("FOTS") duct bank and cabling. Modifications to the existing FAA infrastructure will be required to accommodate the relocation of Taxiway B and associated taxiway modifications.

On June 3, 2021, the San Diego County Regional Airport Authority ("Authority") Board ("Board") adopted Resolution No. 2021-0060, authorizing the President/CEO to execute a Reimbursable Agreement in the amount of \$62,982.85 between the FAA and the Authority for the FAA to provide engineering, technical support, participate in project meetings, and perform construction document design reviews related to the New T1 Airside Improvements project.

On December 2, 2021, the San Diego County Regional Airport Authority ("Authority") Board ("Board") adopted Resolution No. 2021-0141, authorizing the President/CEO to execute an amendment to the Reimbursable Agreement in an amount up to \$50,000 between the FAA and the Authority for the FAA to provide construction oversight services related to the New T1 Airside Improvements project.



On June 2, 2022, the San Diego County Regional Airport Authority (“Authority”) Board (“Board”) adopted Resolution No. 2022-058, authorizing the President/CEO to execute an amendment to the Reimbursable Agreement to increase the amount by \$56,443.48 between the FAA and the Authority for the FAA to provide construction oversight services related to the New T1 Airside Improvements project.

Since the Board adopted Resolution No. 2022-058, Authority staff and consultants have coordinated with FAA staff and determined that the existing Reimbursable Agreement between the FAA and the Authority will need to be amended a third time to fund additional FAA costs for engineering support services, including installation, test, and checkout of equipment within FAA facilities.

Staff requests that the Board approve and authorize the President/CEO to negotiate and execute a third amendment to the Reimbursable Agreement between the FAA and the Authority to increase the amount by \$16,093.88 resulting in a not to exceed amount of \$185,520.21.

## Fiscal Impact:

Adequate Funding for the Amendment to the FAA Reimbursable agreement is included in the Board approved FY 2026-FY2030 Capital Program Budget within the New T1 line item. Source of funds for this project will include AIP Grants and General Airport Revenue Bonds.

## Authority Strategies/Focus Areas:

This item supports one or more of the following (*select at least one under each area*):

### Strategies

- |   |  |  |   |   |
|---|--|--|---|---|
| <input type="checkbox"/> Community Strategy | <input type="checkbox"/> Customer Strategy | <input type="checkbox"/> Employee Strategy | <input type="checkbox"/> Financial Strategy | <input checked="" type="checkbox"/> Operations Strategy |
|---|--|--|---|---|

### Focus Areas

- |  |   |  |
|--|---|--|
| <input checked="" type="checkbox"/> Advance the Airport Development Plan | <input type="checkbox"/> Transform the Customer Journey | <input type="checkbox"/> Optimize Ongoing Business |
|--|---|--|

## Environmental Review:

- A. CEQA: This Board action is for a project approved as part of the Airport Development Plan for which an Environmental Impact Report (SCH No. 2017011053; SDCRAA# EIR-18-01) was certified on January 9, 2020.
- B. California Coastal Act Review: This Board action is for a project for which the California Coastal Commission issued Coastal Development Permits (CDP 6-20-0154, CDP 6-20-0447, CDP 6-20-0611) on September 30, 2021.
- C. NEPA: This Board action is a project that involves additional approvals or actions by the Federal Aviation Administration (FAA) under the National Environmental Policy Act (NEPA) and received approval and was issued a Finding of No Significant Impact (FONSI) and Record of Decision (ROD) by the Federal Aviation Administration (FAA) on October 22, 2021.

## Prepared by:

Bob Bolton  
Director, Airport Design & Construction

RESOLUTION NO. 2025-0083

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY APPROVING AND AUTHORIZING THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE A THIRD AMENDMENT TO A REIMBURSABLE AGREEMENT BETWEEN THE DEPARTMENT OF TRANSPORTATION FEDERAL AVIATION ADMINISTRATION (FAA) AND THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY FOR ENGINEERING AND TECHNICAL SUPPORT RELATED TO PROJECT NO. 411001 NEW T1 AIRSIDE IMPROVEMENTS

**WHEREAS**, the New T1 Airside Improvements project includes the relocation of Taxiway B and associated modifications to Taxiways B4, B5, B6, B7, B8, B9, and B10; and

**WHEREAS**, existing Department of Transportation Federal Aviation Administration ("FAA") infrastructure within the footprint of the work includes Runway Status Light ("RWSL") systems at Taxiways B4, B6, and B10, and Fiber Optic Transmission Systems ("FOTS") duct bank and cabling; and

**WHEREAS**, modifications to the existing FAA infrastructure will be required to accommodate the relocation of Taxiway B and associated taxiway modification; and

**WHEREAS**, on June 3, 2021, the San Diego County Regional Airport Authority ("Authority") Board ("Board") adopted Resolution No. 2021-0060, authorizing the President/CEO to execute a Reimbursable Agreement in the amount of \$62,982.85 between the FAA and the Authority for the FAA to provide engineering, technical support, participate in project meetings, and perform construction document design reviews related to the New T1 Airside Improvements project; and



**WHEREAS**, on December 2, 2021, the San Diego County Regional Airport Authority ("Authority") Board ("Board") adopted Resolution No. 2021-0141, authorizing the President/CEO to execute an amendment to the Reimbursable Agreement in an amount up to \$50,000 between the FAA and the Authority for the FAA to provide construction oversight services related to the New T1 Airside Improvements project; and

**WHEREAS**, on June 2, 2022, the San Diego County Regional Airport Authority ("Authority") Board ("Board") adopted Resolution No. 2022-0058, authorizing the President/CEO to execute an amendment to the Reimbursable Agreement to increase the amount by \$56,443.48 between the FAA and the Authority for the FAA to provide construction oversight services related to the New T1 Airside Improvements project; and

**WHEREAS**, since the Board adopted Resolution No. 2022-0058, Authority staff and consultants have coordinated with FAA staff and determined that the existing Reimbursable Agreement between the FAA and the Authority will need to be amended a third time to fund additional FAA costs for engineering support services, including installation, test and checkout of equipment within FAA facilities; and

**WHEREAS**, staff requests that the Board approve and authorize the President/CEO to negotiate and execute a third amendment to the Reimbursable Agreement between the FAA and the Authority to increase the amount by \$16,093.88 resulting in a not to exceed amount of \$185,520.21.

**NOW, THEREFORE, BE IT RESOLVED** that the Board hereby approves and authorizes the President/CEO to negotiate and execute an Amendment to a Reimbursable Agreement between the Department of Transportation Federal Aviation Administration (FAA) and the San Diego County Regional Airport Authority for Engineering and Technical Support related to Project No. 411001 New T1 Airside Improvements to increase the amount by \$16,093.88 resulting in a not to exceed amount of \$185,520.21; and

**BE IT FURTHER RESOLVED** that the Board finds that this action is for a project approved as part of the Airport Development Plan for which an Environmental Impact Report (SCH No. 2017011053- SDCRAA # EIR-18-01) was certified on January 9, 2020; and

**BE IT FURTHER RESOLVED** that the Board finds that this action is for a project that the California Coastal Commission issued Coastal Development Permits (CDP-6-20-01, CDP 6-20-0447, and CDP 6-20-0611), on September 30, 2021; and

**BE IT FURTHER RESOLVED** that this Board action is for a project that involves additional approvals or actions by the Federal Aviation Administration (FAA) under the National Environmental Policy Act (NEPA) and received approval and was issued a Finding of No Significant Impact (FONSI) and Record of Decision (ROD) by the FAA on October 22, 2021.

**PASSED, ADOPTED, AND APPROVED** by the Board of the San Diego County Regional Airport Authority at a regular meeting this 4<sup>th</sup> day of December 2025, by the following vote:

**AYES:** Board Members:

**NOES:** Board Members:

**ABSENT:** Board Members:

**ATTEST:**

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ANNETTE FAGAN ORTIZ  
AUTHORITY CLERK

**APPROVED AS TO FORM:**

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AMY GONZALEZ  
GENERAL COUNSEL

## Staff Report

**Meeting Date: December 4, 2025**

**Subject:**

**Approve and Authorize the President/CEO to Grant an Easement for Electrical Utility Service to San Diego Gas & Electric Company**

**Recommendation:**

Adopt Resolution No. 2025-0084, approving and authorizing the President/CEO to negotiate and execute an easement for electrical utility purposes with San Diego Gas & Electric Company for the construction of new electrical infrastructure in support of Project No. 413002 Shuttle Lot Relocation at San Diego International Airport.

**Background/Justification:**

On February 3, 2022, the San Diego County Regional Airport Authority ("Authority") Board ("Board") awarded a Contract to construct Project No. 413002 Shuttle Lot Relocation [Resolution No. 2022-0013]. The Project scope consisted of the construction of a new storage and operations facility for the Authority's electric shuttle bus fleet that will be located off airport property, along the north-east side of Pacific Highway, between Laurel Street and Palm Street. This site consists of two parcels, one that is being leased from the San Diego Unified Port District ("Port"), and another that was previously occupied by Specialty Produce, which operated a warehouse with surface parking that has since been purchased by the Authority. The Authority requires office space and other facilities to be constructed on the latter parcel, which will be utilized by the Shuttle Lot operator and its employees.

The Project design requires the construction of San Diego Gas & Electric Company ("Utility") owned underground facilities, together with aboveground structures consisting of, but not limited to, pad-mounted electrical equipment, and appurtenances for the transmission and distribution of electricity to the Authority owned facilities on site, along with communications facilities and appurtenances used solely and exclusively for the Utility's internal communications. The proposed utility easement ("Easement") to be granted to the utility is needed to support the "Utility Facilities" depicted on Exhibit "A" to this staff report.



The easement is required to allow the Authority to complete the Shuttle Lot Relocation project according to the construction plans, as well as to provide the utility with the appropriate rights needed to maintain and repair its infrastructure. The easement will provide the utility with the right to erect, construct, change the size of, improve, reconstruct, relocate, repair, maintain, operate and use electrical and communications utility facilities, including any appurtenances thereto, together with the right of ingress and egress upon, over, under, along and across the Easement area.

## Fiscal Impact:

The proposed easement does not provide for monetary consideration to be paid to or by the Authority. Therefore, there is no direct fiscal impact.

## Authority Strategies/Focus Areas:

This item supports one or more of the following (*select at least one under each area*):

### Strategies

☐ Community Strategy ☒ Customer Strategy ☐ Employee Strategy ☐ Financial Strategy ☒ Operations Strategy

### Focus Areas

☒ Advance the Airport Development Plan ☒ Transform the Customer Journey ☐ Optimize Ongoing Business

## Environmental Review:

- A. CEQA: This Board action is for a project that is Categorically Exempt as defined by the California Environmental Quality Act ("CEQA"), New Construction or Conversion of Small Structures (14 Cal. Code of Regs §15303) - Class 3, which consists of new, small facilities and equipment including electrical, gas and other utility extensions.
- B. California Coastal Act Review: This Board action is for a project that is located on Port tidelands, and a Coastal Development Permit Amendment (CDP-2021-05) was issued consistent with the adopted Port Master Plan on August 10, 2021.
- C. NEPA: This Board action is for a project that was issued a Categorical Exclusion by the Federal Aviation Administration on June 9, 2021.

## Prepared by:

Bob Bolton  
Director, Airport Design & Construction

RESOLUTION NO. 2025-0084

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY APPROVING AND AUTHORIZING THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE AN EASEMENT FOR ELECTRICAL UTILITY PURPOSES WITH SAN DIEGO GAS & ELECTRIC COMPANY FOR THE CONSTRUCTION OF NEW ELECTRICAL INFRASTRUCTURE IN SUPPORT OF PROJECT NO. 413002 SHUTTLE LOT RELOCATION AT SAN DIEGO INTERNATIONAL AIRPORT

**WHEREAS**, on February 3, 2022, the San Diego County Regional Airport Authority ("Authority") Board ("Board") awarded a Contract to construct Project No. 413002 Shuttle Lot Relocation [Resolution No. 2022-0013]; and

**WHEREAS**, the Project scope consisted of the construction of a new storage and operations facility for the Authority's electric shuttle bus fleet that will be located off airport property, along the north-east side of Pacific Highway, between Laurel Street and Palm Street; and

**WHEREAS**, this site consists of two parcels, one that is being leased from the San Diego Unified Port District ("Port"), and another that was previously occupied by Specialty Produce, which operated a warehouse with surface parking that has since been purchased by the Authority; and

**WHEREAS**, the Authority requires office space and other facilities to be constructed on the previously occupied Specialty Produce parcel, which will be utilized by the Shuttle Lot operator and its employees; and

**WHEREAS**, the Project design requires the construction of San Diego Gas & Electric Company ("Utility") owned underground facilities, together with aboveground structures consisting of, but not limited to, pad-mounted electrical equipment, and appurtenances for the transmission and distribution of electricity to the Authority owned facilities on site, along with communications facilities and appurtenances used solely and exclusively for the Utility's internal communications; and

**WHEREAS**, the utility easement (“Easement”) to be granted to the Utility is needed to support the “Utility Facilities” depicted on Exhibit “A” to the staff report; and

**WHEREAS**, the Easement is required to allow the Authority to complete the Shuttle Lot Relocation project according to the construction plans, as well as to provide the Utility with the appropriate rights needed to maintain and repair its infrastructure; and

**WHEREAS**, the Easement will provide the Utility the right to erect, construct, change the size of, improve, reconstruct, relocate, repair, maintain, operate and use electrical and communications utility facilities, including any appurtenances thereto, together with the right of ingress and egress upon, over, under, along and across the Easement area.

**NOW, THEREFORE, BE IT RESOLVED** that the Board hereby approves and authorizes the President/CEO to negotiate and execute an easement for electrical utility purposes with San Diego Gas & Electric Company for the construction of electrical infrastructure in support of Project No. 413002 Shuttle Lot Relocation at San Diego International Airport; and

**BE IT FURTHER RESOLVED** that the Board finds that this action is for a project that is Categorically Exempt as defined by the California Environmental Quality Act (“CEQA”), New Construction or Conversion of Small Structures (14 Cal. Code of Regs. §15303) – Class 3, which consists of new, small facilities and equipment including electrical, gas and other utility extensions; and

**BE IT FURTHER RESOLVED** that the Board finds that this action is for a project that is located on Port tidelands, and a Coastal Development Permit Amendment (CDP-2021-05) was issued consistent with the adopted Port Master Plan on August 10, 2021; and

**BE IT FURTHER RESOLVED** that the Board finds that this action is for a project that was issued a Categorical Exclusion by the Federal Aviation Administration on June 9, 2021.



**PASSED, ADOPTED, AND APPROVED** by the Board of the San Diego County Regional Airport Authority at a regular meeting this 4<sup>th</sup> day of December 2025, by the following vote:

**AYES:** Board Members:

**NOES:** Board Members:

**ABSENT:** Board Members:

**ATTEST:**

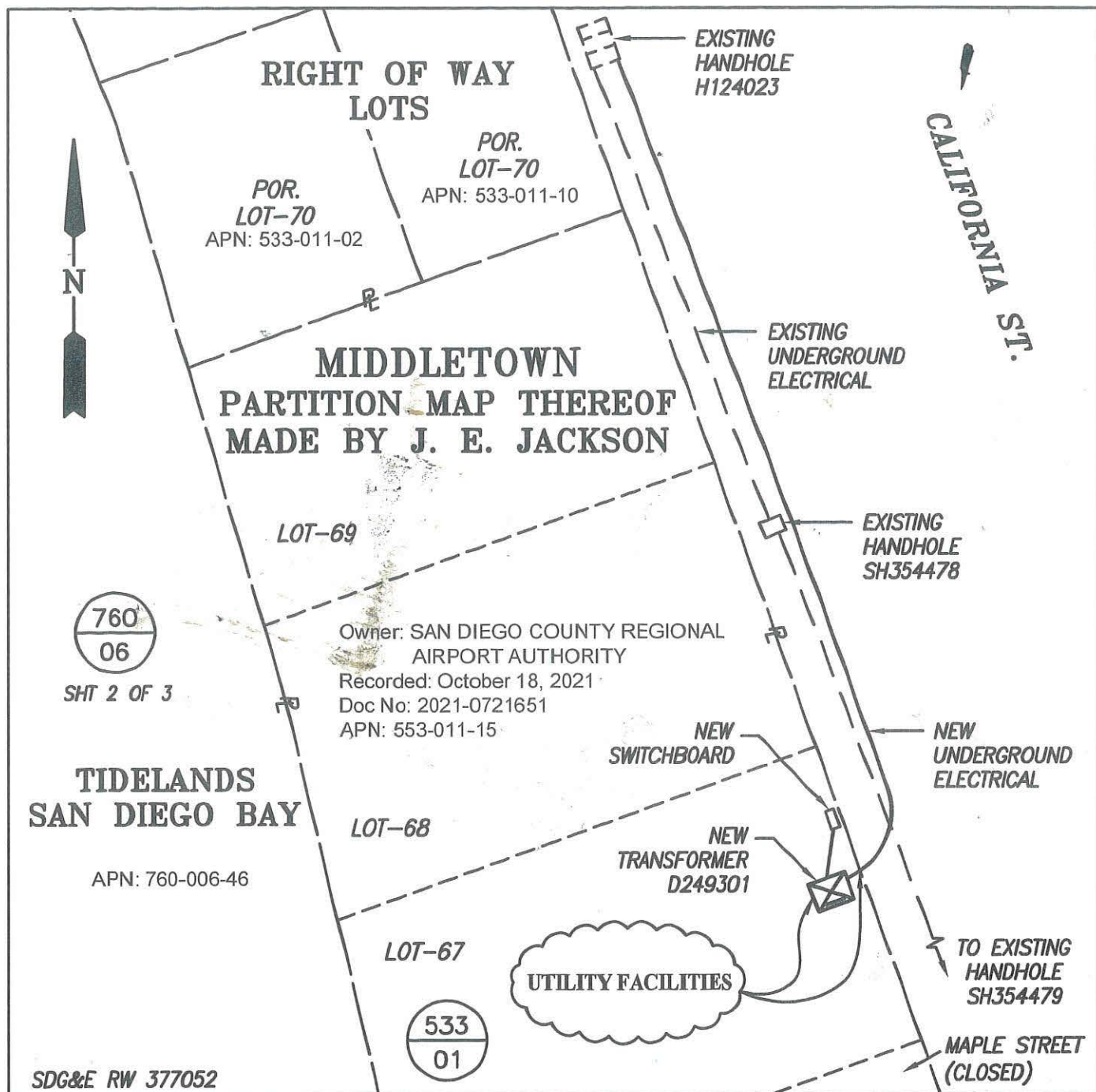
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ANNETTE FAGAN ORTIZ  
AUTHORITY CLERK

**APPROVED AS TO FORM:**

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AMY GONZALEZ  
GENERAL COUNSEL



**UG ELEC.**

**EXHIBIT "A"**

|  |             |                        |                  |                         |          |
|--|-------------|------------------------|------------------|-------------------------|----------|
| <b>SAN DIEGO GAS &amp; ELECTRIC</b><br>SAN DIEGO, CALIFORNIA   |             | ORIGINATOR:<br>J. TODD | OK TO INSTALL:   | PROJECT NO.<br>3-711028 |          |
|  |             | SURVEYED BY:<br>NONE   | R/W OK: SM       |                         |          |
| <b>NB 2554 CALIFORNIA STREET</b><br>SAN DIEGO REGIONAL AIRPORT AUTHORITY<br>2554 CALIFORNIA ST., SAN DIEGO, CA<br>SAN DIEGO COUNTY |             | DRAWN BY:<br>SLS/BT    | DATE: 03/17/2025 | NOTIF. NO.<br>3-734551  |          |
|  |             | DATE: 03/17/2025       | THOS. BROS.      | DRAWING NO.             |          |
|  |             | SCALE:<br>NOT TO SCALE |                  |                         |          |
| NO.  | SUPPLEMENTS |                        |                  | DATE:                   | BY APP'D |
|  |             |                        |                  |                         |          |
|  |             |                        |                  |                         |          |
|  |             |                        |                  |                         |          |

## Staff Report

**Meeting Date: December 4, 2025**

**Subject:**

**Approve the Second Amendment to the Legal Services Agreement with Pillsbury Winthrop Shaw Pittman LLP extending the term for one year**

**Recommendation:**

Adopt Resolution No. 2025-0085, approving the second amendment to the legal services agreement with Pillsbury Winthrop Shaw Pittman LLP increasing the term by one year.

**Background/Justification:**

On August 9, 2023, the Authority and Pillsbury, Winthrop, Shaw Pittman LLP ("Pillsbury") entered into a legal services agreement for pension plan consulting services with a term of one year and a not-to-exceed compensation amount of fifty thousand dollars (\$50,000). On March 26, 2024, the parties executed the first amendment to the Agreement extending the term for one year and increasing the not-to-exceed compensation amount to one hundred ten thousand dollars (\$110,000). Pillsbury continues to provide Social Security and tax legal advice regarding changes to the Authority's pension plan related to the 218 vote. The General Counsel recommends that the Board approve a one-year extension to the term of the Agreement, resulting in a termination date of August 9, 2026, to allow Pillsbury to continue providing legal advice regarding these pension issues. The not to exceed compensation amount remains unchanged.

**Fiscal Impact:**

Adequate funding for this agreement is included in the adopted FY206 and conceptually approved 2027 Operating Expense Budgets within the Contractual Services line item.



## Authority Strategies/Focus Areas:

This item supports one or more of the following (*select at least one under each area*):

### Strategies

- ☐ Community Strategy   ☐ Customer Strategy   ☒ Employee Strategy   ☐ Financial Strategy   ☒ Operations Strategy

### Focus Areas

- ☐ Advance the Airport Development Plan   ☐ Transform the Customer Journey   ☒ Optimize Ongoing Business

### Environmental Review:

- A. CEQA: This Board action is not a “project” as defined by the California Environmental Quality Act (“CEQA”) CEQA. (Cal. Pub. Res. Code §21065).
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.
- C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration (“FAA”) and, therefore, no formal review under the National Environmental Policy Act (“NEPA”) is required.

### Prepared by:

Amy Gonzalez  
General Counsel

RESOLUTION NO. 2025-0085

A RESOLUTION OF THE BOARD OF THE SAN DIEGO  
COUNTY REGIONAL AIRPORT AUTHORITY  
APPROVING THE SECOND AMENDMENT TO THE  
LEGAL SERVICES AGREEMENT WITH PILLSBURY  
WINTHROP SHAW PITTMAN LLC EXTENDING THE  
TERM FOR ONE YEAR

**WHEREAS**, on August 9, 2023, the Authority and Pillsbury, Winthrop, Shaw Pittman LLP (“Pillsbury”) entered into a legal services agreement for pension plan consulting services with a term of one year and a not-to-exceed compensation amount of fifty thousand dollars (\$50,000); and

**WHEREAS**, on March 26, 2024, the parties executed the first amendment to the Agreement extending the term for one year and increasing the not-to-exceed compensation amount to one hundred ten thousand dollars (\$110,000); and

**WHEREAS**, Pillsbury continues to provide Social Security and tax legal advice regarding changes to the Authority’s pension plan related to the 218 vote; and

**WHEREAS**, the General Counsel recommends that the Board approve a one-year extension to the term of the Agreement, resulting in a termination date of August 9, 2026, to allow Pillsbury to continue providing legal advice regarding these pension issues.

**NOW, THEREFORE, BE IT RESOLVED** that the Board hereby approves a second amendment to the legal services agreement with Pillsbury increasing the term by one year, resulting in a termination date of August 9, 2026; and

**BE IT FURTHER RESOLVED** that the Board finds that this action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act (CEQA); and

**BE IT FURTHER RESOLVED** that the Board finds that this action is not a “development” as defined by the California Coastal Act (California Public Resources Code §30106); and

**BE IT FURTHER RESOLVED** that the Board finds that this action is not a project that involves additional approvals or actions by the Federal Aviation Administration ("FAA") and, therefore, no formal review under the National Environmental Policy Act ("NEPA") is required.

**PASSED, ADOPTED, AND APPROVED** by the Board of the San Diego County Regional Airport Authority at a regular meeting this 4<sup>th</sup> day of December 2025, by the following vote:

**AYES:** Board Members:

**NOES:** Board Members:

**ABSENT:** Board Members:

**ATTEST:**

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ANNETTE FAGAN ORTIZ  
AUTHORITY CLERK

**APPROVED AS TO FORM:**

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AMY GONZALEZ  
GENERAL COUNSEL



## Staff Report

**Meeting Date: December 4, 2025**

**Subject:**

**Approve and Authorize the President/CEO to Negotiate and Execute a Power Purchase Agreement and Site Lease with Staten Solar Corporation to Finance, Design, Install, Operate, and Maintain a Solar Photovoltaic Generating System at New Terminal 1**

**Recommendation:**

Adopt Resolution No. 2025-0086, approving and authorizing the President/CEO to: (1) negotiate and execute a solar Power Purchase Agreement ("PPA") with Staten Solar Corporation ("Staten") to finance, design, install, operate, and maintain a solar photovoltaic generating ("PV") system at New Terminal 1 ("NT1") in an amount not-to-exceed \$18,000,000 for a term of twenty years from the start of solar generation of each project phase; (2) negotiate and execute a Site Lease with Staten for the development of a PV system at NT1, for the same term as the PPA; and (3) consent to the future assignment of the PPA and Site Lease from Staten to a PPA-specific special purpose limited liability corporation for Project No. 104311 NT1 PV Panels & Battery Storage at San Diego International Airport.

**Background/Justification:**

The San Diego County Regional Airport Authority ("Authority") currently has 5.5 megawatts ("MW") of electrical generation capacity at San Diego International Airport ("SDIA") across two solar photovoltaic generating ("PV") systems. The first, a 3.3 MW system at Terminal 2 West ("T2W") that began operating in 2016, consists of a 1.1 MW array on the T2W roof and a 2.2 MW array in the parking lot west of Terminal 2 Parking Plaza ("T2W system"), while the second, a 2.2 MW system in the Employee Parking lot on the north side of SDIA ("Northside system"), began operating in 2017. From January 2016 to December 2024, the two PV systems generated almost 73 million kilowatt-hours ("kWh") of electricity, representing approximately 15% of the over 486 million kWh consumed at SDIA during that period.

Both the T2W system and the Northside system were procured by the Authority using separate Power Purchase Agreements ("PPA"). A PPA structure requires no upfront capital construction investment from the Authority. Instead, the Authority leases the site upon which the PV system is located to a PPA provider. The PPA provider owns, designs, installs, operates, and maintains a PV system. The Authority then purchases the power generated

at a fixed price per kWh over a fixed 20-year contract term. The PPA structure also allows the provider to utilize available tax incentives unavailable to a public agency, which results in cost savings passed back to the Authority via a lower electricity rate. At the end of the PPA term, the Authority has the option to purchase the system at fair market value, have the system removed at no cost to the Authority, or extend the PPA.

The fixed rate for the T2W System is \$0.1367 per kWh and for the Northside system it is \$0.1395 per kWh. From January 2016 to December 2024, the Authority paid \$10,682,277 under the two PPAs, which includes the fixed rate and mandatory charges that the electric utility, San Diego Gas & Electric ("SDG&E"), charges for having a PV system. The average rate for electricity that the Authority paid SDG&E was \$0.168/kWh in calendar year 2018 and had increased by over 78% to \$0.301/kWh in calendar year 2024. In addition, the rate charged by SDG&E is expected to increase steadily over the next ten years, which, if the increases occur, would result in additional future savings from the PPAs.

The Authority's Strategic Energy Plan ("STEP") guides the Authority's sustainability and energy goals. The STEP identified an immediate need for up to 4 MW of solar generation at SDIA and identified the roof of New Terminal 1 ("NT1") as an ideal location. After further analysis and study, staff determined that up to 3.4 MW of solar could fit on the NT1 roof and could be implemented in 2 construction phases, the first starting after the opening of Phase 1A of NT1 in 2025 and the second PV phase starting in late 2027 or early 2028 to align with the construction of Phase 1B of NT1.

In addition, staff analyzed various implementation options and determined that a PPA would result in a lower cost to the Authority over 20 years than either (1) continuing to purchase power from SDG&E, or (2) using Authority capital to design and build the PV system and Authority operating funds to operate and maintain the system.

On July 11, 2025, staff issued a Request for Proposal ("RFP") to design, fabricate, deliver, install, operate, and maintain a PV system on the roof of NT1. The RFP requested information from respondents related to their overall experience including total PV capacity put into service; their experience implementing projects similar in scope and complexity to the proposed project; their technical approach to the design, operations, and maintenance of the PV system; and their proposed fees, including the fixed rate per kWh along with any early termination fees. In addition, Authority Policy 5.12 was applied to this RFP, which provided for small, local, and veteran-owned business preferences for qualified respondents.

On September 5, 2025, the Authority received seven proposals, six of which were considered responsive. Responsive proposals were received from:

Current Energy LLC ("Current")  
 Staten Solar Corporation ("Staten")  
 Valley Pacific Builders dba Pacific Solar ("Pacific Solar")  
 Aggreko ETS Holdings LLC ("Aggreko")  
 Wasatch Energy Group ("Wasatch")  
 Endelos Construction LLC ("Endelos")

An RFP evaluation panel consisting of managers from Authority Design and Construction ("ADC"), Facilities Management, Planning, Noise, and Environment, Capital Financial Planning and Airline Relations, and a consultant supporting ADC with support from a technical advisory group of Authority staff and consultants was created to review the responsive proposals. The evaluation panel thoroughly reviewed, ranked, and scored the proposals as indicated below:

## Shortlist Rankings

|               | Panelist 1 | Panelist 2 | Panelist 3 | Panelist 4 | Panelist 5 | Total | Rank |
|---------------|------------|------------|------------|------------|------------|-------|------|
| Current       | 4          | 4          | 3          | 3          | 5          | 19    | 4    |
| Staten        | 2          | 2          | 1          | 2          | 2          | 9     | 2    |
| Pacific Solar | 3          | 3          | 3          | 4          | 4          | 17    | 3    |
| Aggreko       | 4          | 6          | 6          | 5          | 3          | 24    | 5    |
| Wasatch       | 1          | 1          | 2          | 1          | 1          | 6     | 1    |
| Endelos       | 6          | 5          | 3          | 6          | 6          | 26    | 6    |

## Combined Shortlist Scores

|               | SBE | LBE | VOSBE | Proposed Fees/ | Respondent Cost | Project Experience | Technical Project Approach | Team | Total |
|---------------|-----|-----|-------|----------------|-----------------|--------------------|----------------------------|------|-------|
| Current       | 0   | 0   | 0     | 1125           | 310             | 500                | 480                        | 450  | 2865  |
| Staten        | 150 | 0   | 0     | 625            | 330             | 700                | 1230                       | 450  | 3485  |
| Pacific Solar | 0   | 0   | 0     | 1250           | 230             | 400                | 750                        | 360  | 2990  |
| Aggreko       | 0   | 0   | 0     | 1125           | 240             | 460                | 540                        | 330  | 2695  |
| Wasatch       | 0   | 0   | 0     | 875            | 330             | 760                | 1020                       | 540  | 3525  |
| Endelos       | 150 | 100 | 0     | 125            | 320             | 560                | 900                        | 465  | 2620  |

The two highest ranked respondents were invited to interview on November 3, 2025. The respondents were asked to provide responses to a specific list of questions, prepared by the evaluation panel, which targeted the evaluation criteria presented in the RFP.



After the interview, the evaluation panel ranked and scored the shortlisted respondents. The evaluation panel's final rankings and scoring are presented below:

## Final Rankings

|         | Panelist 1 | Panelist 2 | Panelist 3 | Panelist 4 | Panelist 5 | Total | Rank |
|---------|------------|------------|------------|------------|------------|-------|------|
| Staten  | 1          | 1          | 2          | 2          | 1          | 7     | 1    |
| Wasatch | 2          | 2          | 1          | 1          | 2          | 8     | 2    |

## Combined Final Scores

|         | SBE | LBE | VOSBE | Proposed Respondent Fees/Cost | Project Experience | Technical Project Experience | Approach | Team | Total |
|---------|-----|-----|-------|-------------------------------|--------------------|------------------------------|----------|------|-------|
| Staten  | 150 | 0   | 0     | 1000                          | 420                | 840                          | 1140     | 615  | 4165  |
| Wasatch | 0   | 0   | 0     | 1250                          | 350                | 700                          | 1140     | 540  | 3980  |

Based on the final ranking and scores above, the evaluation panel determined that Staten is the most qualified respondent.

Staten is headquartered in San Jose, California and has specialized in the design, construction, and financing of PV systems for 17 years. It has placed 25 MW of PV systems in operation and has approximately 100 MW in development. Locally, Staten is building PV systems at multiple San Diego Unified School District sites.

The project will be placed into service in two phases. The roof of Phase 1A of NT1 is available now and Staten can begin design, permitting, and construction. Phase 1B of NT1 is currently under construction and is expected to be available in late 2027 or early 2028, after which Staten will complete the PV system. Staten has proposed the costs and estimated generation per phase as shown in the table below:

|          | Estimated 20-year generation (kWh) | Cost per kWh | Total Estimated Cost |
|----------|------------------------------------|--------------|----------------------|
| Phase 1A | 96,144,499                         | \$ 0.1397    | \$ 13,431,386.51     |
| Phase 1B | 27,996,007                         | \$ 0.1590    | \$ 4,451,365.11      |
|          |                                    |              | \$ 17,882,751.62     |

Staten's proposal indicated that it intends to execute the PPA and lease with the Authority but will request assignment of the agreements to a special purpose limited liability corporation that is owned and operated by Staten and financing partners. This structure is standard industry practice, used for the existing T2W and Northside systems. It serves to isolate the project ownership from parent companies, allowing for asset ownership by multiple investors and facilitating the pass-through of tax credits for the solar installation.

Authority staff requests that the Authority Board approve and authorize the President/CEO to proceed with the following:

1. negotiate and execute a solar PPA with Staten to finance, design, install, operate, and maintain the PV system at NT1 in an amount not-to-exceed \$18,000,000 and a term of 20 Years from the start of solar generation of each project phase;
2. negotiate and execute a Site Lease with Staten for the development of a PV system at NT1, for the same term as the PPA; and
3. consent to the future assignment of the PPA and Site Lease from Staten to a PPA-specific special purpose limited liability corporation.

The Authority will purchase all electricity generated by the PV system under the PPA terms, at a cost not-to-exceed \$18,000,000 over the 20-year term. These expenses will be included in future Authority operating budgets and are expected to significantly reduce the Authority's operating costs for the purchase of electric energy over the life of the agreement.

Under the terms of the PPA, the Authority will not pay any design and construction costs or any operating or maintenance costs for the PV system other than the PPA rate. This allows the Authority to preserve capital for other CIP projects.

## Fiscal Impact:

Adequate funds for Authority and consultant staff costs associated with managing the design and construction of the PV system are included within the Board approved FY2026-FY2030 Capital Program Budget in Project No. 104311 NT1 PV Panels & Battery Storage. This project is funded by Authority Cash. The lease & Operating cost for the PV System will be part of future Operating Budget Requests presented to the Board. Depending on future SDG&E rates, savings on electricity costs under the PPA are expected to be in the range of 10% to 30% over the term of the PPA.

## Authority Strategies/Focus Areas:

This item supports one or more of the following:

### Strategies

- ☒ Community Strategy ☐ Customer Strategy ☐ Employee Strategy ☒ Financial Strategy ☐ Operations Strategy

### Focus Areas

- ☐ Advance the Airport Development Plan ☐ Transform the Customer Journey ☒ Optimize Ongoing Business

## Environmental Review:

- A. CEQA: This Board action is for a project approved as part of the Airport Development Plan for which an Environmental Impact Report (SCH No. 2017011053; SDCRAA# EIR-18-01) was certified on January 9, 2020.
- B. California Coastal Act Review: This Board action is for a project for which the California Coastal Commission issued Coastal Development Permits (CDP 6-20-0154, CDP 6-20-0447, CDP 6-20-0611) on September 30, 2021.
- C. NEPA: This Board action is for a project that involves additional approvals or actions by the Federal Aviation Administration (FAA) under the National Environmental Policy Act (NEPA) and received approval and was issued a Finding of No Significant Impact (FONSI) and Record of Decision (ROD) by the FAA on October 22, 2021.

## Prepared by:

Bob Bolton  
Director, Airport Design & Construction



RESOLUTION NO. 2025-0086

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY APPROVING AND AUTHORIZING THE PRESIDENT/CEO TO: (1) NEGOTIATE AND EXECUTE A SOLAR POWER PURCHASE AGREEMENT ("PPA") WITH STATEN SOLAR CORPORATION ("STATEN") TO FINANCE, DESIGN, INSTALL, OPERATE, AND MAINTAIN A SOLAR PHOTOVOLTAIC GENERATING ("PV") SYSTEM AT NEW TERMINAL 1("NT1") IN AN AMOUNT NOT TO EXCEED \$18,000,000 FOR A TERM OF TWENTY YEARS FROM THE START OF SOLAR GENERATION OF EACH PROJECT PHASE; (2) NEGOTIATE AND EXECUTE A SITE LEASE WITH STATEN FOR THE DEVELOPMENT OF A PV SYSTEM AT NT1, FOR THE SAME TERM AS THE PPA; AND (3) CONSENT TO THE FUTURE ASSIGNMENT OF THE PPA AND SITE LEASE FROM STATEN TO A PPA-SPECIFIC SPECIAL PURPOSE LIMITED LIABILITY CORPORATION FOR PROJECT NO. 104311 NT1 PV PANELS AND BATTERY STORAGE AT SAN DIEGO INTERNATIONAL AIRPORT

**WHEREAS**, the San Diego County Regional Airport Authority ("Authority") currently has 5.5 megawatts ("MW") of electrical generation capacity at San Diego International Airport ("SDIA") across two solar photovoltaic generating ("PV") systems; and

**WHEREAS**, the first PV system is a 3.3 MW system at Terminal 2 West ("T2W system") that began operating in 2016 and the second, a 2.2 MW system in the Employee Parking lot on the north side of the airport ("Northside system") that began operating in 2017; and

**WHEREAS**, from January 2016 to December 2024, the two PV systems generated almost 73 million kilowatt-hours ("kWh") of electricity, representing approximately 15% of the over 486 million kWh consumed at SDIA during that period; and

**WHEREAS**, both the T2W system and the Northside system were procured by the Authority using separate Power Purchase Agreements (“PPA”); and

**WHEREAS**, a PPA structure requires no upfront capital construction investment from the Authority with the Authority leasing the site upon which the PV system is located to a PPA provider that owns, designs, installs, operates, and maintains a PV system and the Authority purchasing the power generated at a fixed price per kWh over a fixed 20-year contract term; and

**WHEREAS**, a PPA structure also allows the provider to utilize available tax incentives unavailable to a public agency, which results in cost savings passed back to the Authority via a lower electricity rate; and

**WHEREAS**, from January 2016 to December 2024, the Authority paid \$10,682,277 under the two PPAs, which includes the fixed rate and mandatory charges that the electric utility, San Diego Gas & Electric (“SDG&E”), charges for having a PV system; and

**WHEREAS**, the average rate for electricity that the Authority paid SDG&E increased by over 78% from calendar year 2018 to calendar year 2024; and

**WHEREAS**, the Authority’s Strategic Energy Plan guides the Authority’s sustainability and energy goals and identified an immediate need for up to 4 MW of solar generation at SDIA with the roof of New Terminal 1 (“NT1”) as an ideal location; and

**WHEREAS**, after further analysis and study, staff determined that up to 3.4 MW of solar could fit on the NT1 roof and could be implemented in 2 construction phases, the first starting after the opening of Phase 1A of NT1 in 2025 and the second starting in late 2027 or early 2028 to align with the construction of Phase 1B of NT1; and

**WHEREAS**, staff analyzed various implementation options and determined that a PPA would result in a lower cost to the Authority over 20 years than either (1) continuing to purchase power from SDG&E, or (2) using Authority capital to design and build the PV system and Authority operating funds to operate and maintain the system; and

**WHEREAS**, on July 11, 2025, staff issued a Request for Proposal ("RFP") to design, fabricate, deliver, install, operate, and maintain a PV system on the roof of NT1; and

**WHEREAS**, on September 5, 2025, the Authority received seven proposals, six of which were considered responsive; and

**WHEREAS**, an RFP evaluation panel consisting of managers from Authority Design and Construction ("ADC"), Facilities Management, Planning, Noise, and Environment, Capital Financial Planning and Airline Relations, and a consultant supporting ADC with support from a technical advisory group of Authority staff and consultants was created to review the responsive proposals; and

**WHEREAS**, the evaluation panel thoroughly reviewed, ranked, and scored the proposals; and

**WHEREAS**, the two highest ranked respondents were invited to interview on November 3, 2025, and were asked to provide responses to a specific list of questions, prepared by the evaluation panel, which targeted the evaluation criteria presented in the RFP; and

**WHEREAS**, after the interviews, the evaluation panel ranked and scored the shortlisted respondents; and

**WHEREAS**, based on the final ranking and scores, the evaluation panel determined that Staten Solar Corporation ("Staten") is the most qualified respondent; and



**WHEREAS**, Staten's proposal indicated that it intends to execute the PPA and lease with the Authority but will request assignment of the agreements to a special purpose limited liability corporation that is owned and operated by Staten and financing partners; and

**WHEREAS**, this structure is standard industry practice, used for the existing T2W and Northside systems, and serves to isolate the project ownership from parent companies, allowing for asset ownership by multiple investors and facilitating the pass-through of tax credits for the solar installation.

**NOW, THEREFORE, BE IT RESOLVED** that the Board hereby approves and authorizes the President/CEO to: (1) negotiate and execute a solar Power Purchase Agreement ("PPA") with Staten Solar Corporation ("Staten") to finance, design, install, operate, and maintain a solar photovoltaic generating ("PV") system at New Terminal 1 ("NT1") in an amount not-to-exceed \$18,000,000 for a term of twenty years from the start of solar generation of each project phase; (2) negotiate and execute a Site Lease with Staten for the development of a PV system at NT1, for the same term as the PPA; and (3) consent to the future assignment of the PPA and Site Lease from Staten to a PPA-specific special purpose limited liability corporation for Project No. 104311 NT1 PV Panels & Battery Storage at San Diego International Airport; and

**BE IT FURTHER RESOLVED** that the Board finds that this action is for a project approved as part of the Airport Development Plan for which an Environmental Impact Report (SCH No. 2017011053; SDCRAA# EIR-18-01) was certified on January 9, 2020; and

**BE IT FURTHER RESOLVED** that the Board finds that this action is for a project for which the California Coastal Commission issued Coastal Development Permits (CDP 6-20-0154, CDP 6-20-0447, CDP 6-20-0611) on September 30, 2021; and

**BE IT FURTHER RESOLVED** that the Board finds that this action is for a project that involves additional approvals or actions by the Federal Aviation Administration (FAA) under the National Environmental Policy Act (NEPA) and received approval and was issued a Finding of No Significant Impact (FONSI) and Record of Decision (ROD) by the FAA on October 22, 2021.

**PASSED, ADOPTED, AND APPROVED** by the Board of the San Diego County Regional Airport Authority at a regular meeting this 4th day of December 2025, by the following vote:

**AYES:** Board Members:

**NOES:** Board Members:

**ABSENT:** Board Members:

**ATTEST:**

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ANNETTE FAGAN ORTIZ  
AUTHORITY CLERK

**APPROVED AS TO FORM:**

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AMY GONZALEZ  
GENERAL COUNSEL

## Staff Report

**Meeting Date: December 4, 2025**

**Subject:**

**Customer Facility Charge Rate Amendment**

### Recommendation:

Adopt Resolution No. 2025-0087, authorizing the implementation and collection of an alternative Customer Facility Charge pursuant to California Government Code § 50474.3 in the amount of \$12 per transaction day (maximum of five days) effective February 4, 2026 for purposes of paying debt related obligations of the consolidated rental car facility, major maintenance costs of the consolidated rental car facility and operating expenses of the associated common use transportation system.

### Background/Justification:

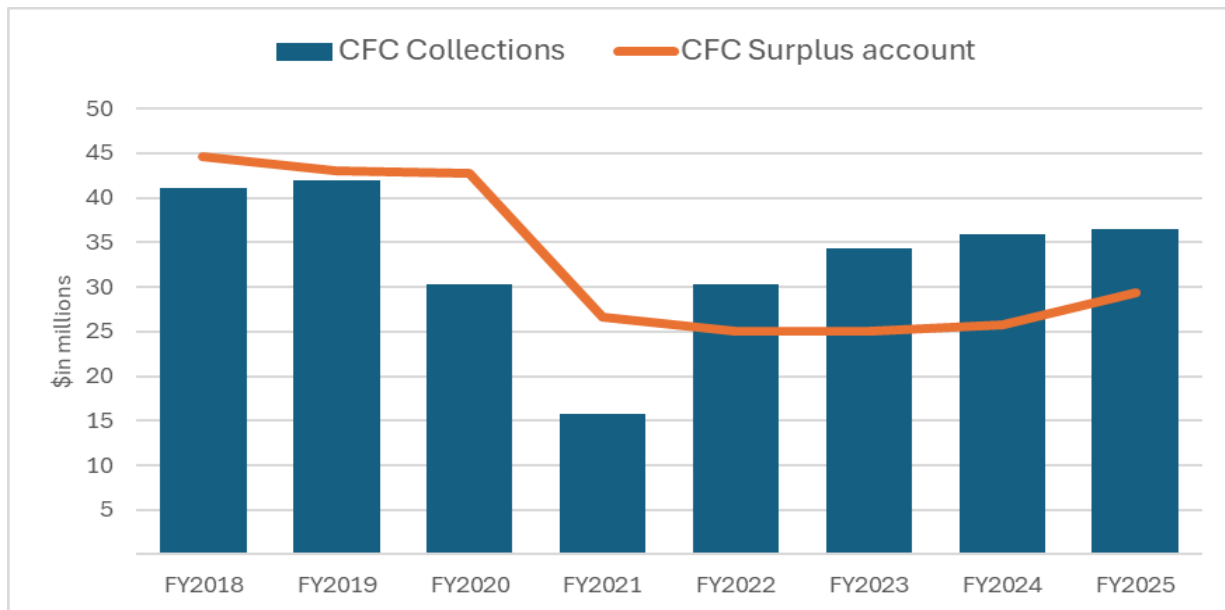
The Rental Car industry plays an important role in the success of San Diego International Airport (SDIA) by providing rental car services to SDIA customers and non-airline revenue to the Authority. The Authority constructed the consolidated airport car rental facilities (CONRAC) in 2016 and operates the associated common use transportation system. Customer Facility Charges (CFCs) are utilized to pay the debt relating to the CONRAC and operating expenses of the common use transportation system.

California Government Code §50474.3 allows an airport to require rental car companies (RAC) to collect an alternative Customer Facility Charge (CFC) per rental car transaction day (maximum of 5 days) from a renter for any of the following purposes: 1) to finance, design, and construct consolidated airport car rental facilities (CONRAC) ; (2) to finance, design, construct, and operate common-use transportation systems that move passengers between airport terminals and those consolidated car rental facilities, and acquire vehicles for use in that system; and, (3) to finance, design, and construct terminal modifications solely to accommodate and provide customer access to the common-use transportation system.

Currently CFC collections are insufficient to meet the future needs of CONRAC Debt Service and required reserve contributions and the common use transportation system. Under current California Code §50474.3, the Authority charges an alternative CFC fee of \$9.00 per rental car transaction day, up to 5 days. CFCs are collected by RACs from rental customers and remitted to the Authority.



Prior to pandemic, annual CFC collections exceeded \$40 million and the CFC Surplus Fund balances increased through 2019, at which time the balance exceeded \$44 million. Post-pandemic, CFC collections continue to lag previous years' collections, even as enplanements have fully recovered beyond pre-pandemic levels.



The decline in CFC collections constrained the ability of CFC balances to meet debt obligations and common-use transportation system expenditures. There is expected to be a shortfall in CFC balances beginning in FY 2027. Any shortfall must be funded by additional contributions from the RACs.

| \$ in millions                       | Forecast at <b>\$9.00/Day</b> |         |         |         |         |         |
|--------------------------------------|-------------------------------|---------|---------|---------|---------|---------|
|                                      | FY 23                         | FY 24   | FY 25   | FY 26   | FY 27   | FY 28   |
| Opening Balance                      | \$ 25.0                       | \$ 25.0 | \$ 25.8 | \$ 29.3 | \$ 28.7 | \$ 25.0 |
| Total CFC Revenue (collected)        | 34.1                          | 35.5    | 36.5    | 36.7    | 37.4    | 38.2    |
| CFC Paygo                            | -                             | 5.6     |         |         |         |         |
| Bond Fund and Reserve Contributions  | (23.9)                        | (23.7)  | (19.1)  | (16.7)  | (22.6)  | (22.6)  |
| Common Use Transportation expenses   | (11.9)                        | (15.2)  | (15.0)  | (19.1)  | (18.5)  | (19.1)  |
| Amortization (Busses and Facilities) | -                             | -       | -       | (2.2)   | (5.4)   | (7.3)   |
| Interest received on CFC Balances    | 0.6                           | 0.9     | 1.1     | 0.8     | 0.7     | 0.6     |
| CFC Balance                          | \$ 23.9                       | \$ 28.1 | \$ 29.3 | \$ 28.7 | \$ 20.3 | \$ 14.8 |
| Loan/(repayments) from/to Authority  | 1.1                           | (2.3)   | -       | -       | -       | -       |
| CFC Balance shortfall                | -                             | -       | -       | -       | 4.7     | 10.2    |
| CFC Fund Balance                     | \$ 25.0                       | \$ 25.8 | \$ 29.3 | \$ 28.7 | \$ 25.0 | \$ 25.0 |

The annual balances and transactions are presented on a cash basis and common-use transportation expenses have 11 monthly payments in FY 2025 and 13 payments in FY 2026 due to the timing of invoice payments. If both years were adjusted to reflect 12 payments FY 2025 common-use transportation expenses would be \$16.4M and FY 2026 would be \$17.6M.

On October 1, 2025, California legislation was amended, effective January 1, 2026, to allow:

- CFC per day collection rate of up to \$12/Day (maximum of 5 days)
- CFC eligible expenses to include major maintenance of a CONRAC

If the Board approves an increase in the Alternative CFC to \$12 per day (beginning February 4, 2026) there are forecasted sufficient annual CFCs to fully fund all eligible expenses of the CONRAC facilities and the common-use transportation system.

| \$ in millions                       | Forecast at <b>\$12.00/DAY</b> |         |         |         |         |         |
|--------------------------------------|--------------------------------|---------|---------|---------|---------|---------|
|                                      | FY 23                          | FY 24   | FY 25   | FY 26   | FY 27   | FY 28   |
| Opening Balance                      | \$ 25.0                        | \$ 25.0 | \$ 25.8 | \$ 29.3 | \$ 31.3 | \$ 31.5 |
| Total CFC Revenue (collected)        | 34.1                           | 35.5    | 36.5    | 41.7    | 49.9    | 50.9    |
| Capital Items + Major Maintenance    | -                              | 5.6     | -       | (1.6)   | (2.0)   | (2.0)   |
| Bond Fund and Reserve Contributions  | (23.9)                         | (23.7)  | (19.1)  | (16.7)  | (22.6)  | (22.6)  |
| Common Use Transportation expenses   | (11.9)                         | (15.2)  | (15.0)  | (19.1)  | (18.5)  | (19.1)  |
| Amortization (Busses and Facilities) | -                              | -       | -       | (3.0)   | (8.1)   | (11.3)  |
| Interest received on CFC Balances    | 0.6                            | 0.9     | 1.1     | 0.8     | 1.6     | 1.6     |
| CFC Balance                          | \$ 23.9                        | \$ 28.1 | \$ 29.3 | \$ 31.3 | \$ 31.5 | \$ 29.0 |
| Loan/(repayments) from/to Authority  | 1.1                            | (2.3)   | -       | -       | -       | -       |
| CFC Balance shortfall                | -                              | -       | -       | -       | -       | -       |
| CFC Fund Balance                     | \$ 25.0                        | \$ 25.8 | \$ 29.3 | \$ 31.3 | \$ 31.5 | \$ 29.0 |

Compared to the \$9.00/Day forecast there is a \$30.2 million increase in CFC revenue of which \$5.6 million is applied to pay major maintenance costs expected over the forecast period. A further \$14.9 million can be used to meet other eligible CFC expenses that represent the shortfall which is paid directly by the RACs under the \$9/day forecast. Increases to amortization of \$7.5 million compared to the \$9.00/day forecast represent an accelerated amortization schedule to utilize increased CFC balances. The \$12.00/day forecast also adds additional interest revenue of \$1.8 million because of the higher CFC collections.

The airport may increase the CFC rate to \$12/day under the following conditions:

The airport conducts a publicly noticed hearing pursuant to the Ralph M. Brown Act to review the costs of; the debt related to the construction of the CONRAC, operating the common use transportation systems and major maintenance of the CONRAC system in which all the following occur:

- (i) The airport establishes the amount of revenue necessary to; pay debt obligations of the CONRAC, operate any common-use transportation system or acquire vehicles for use in that system and to pay major maintenance cost of the CONRAC, based on evidence presented at the hearing.
- (ii) The airport finds, based on the evidence presented at the hearing, that the \$9 per transaction day fee previously authorized will not generate sufficient revenue to finance; the debt obligations of the CONRAC, reasonable costs to operate the common-use transportation system, or acquire vehicles for use in that system and pay for major maintenance of the CONRAC
- (iii) The airport finds that the reasonable cost of the operations requires an additional amount of revenue that would be generated by the proposed increase in the daily rate
- (iv) The airport outlines each of the following:
  - Steps it has taken to limit costs.
  - Other potential alternatives for meeting its revenue needs other than the collection of the fee.
  - The extent to which rental car companies or other businesses or individuals using the facility or common-use transportation system will pay for the costs associated with these facilities and systems other than the fee from rental customers; and
- (v) The airport undertakes an independent review of projected CFC revenues and related costs to ensure they are reasonable.

Items i, ii and iii are demonstrated in the forecasts above.

The Authority has taken the following steps to limit costs and offers the following alternatives to meet its revenue needs other than collection of the fee:

1. The contract for the common use bussing system used at the CONRAC was awarded after a competitive solicitation in 2022
2. The Authority utilized alternative funding for the bus maintenance facility as CFCs were insufficient to fund this facility up-front. The Authority funded the construction, and CFCs are utilized to repay these costs over 10-year period
3. The Authority funded terminal modifications (e.g., shuttle bus pick-up islands, etc.) that support the CONRAC facility and common-use transportation system with other sources of Airport revenues
4. The Authority evaluated other sources of funds to support the operation of the CONRAC facilities, including AIP grants and PFCs
5. The Authority continually evaluates opportunities to refinance existing debt to reduce total debt service



Plante Moran LLP (Plante Moran) has performed an examination the Schedule of Forecasted Revenues and Expenses and Sources of Uses of Funds of the San Diego International Airport Rental Car Center for the periods July 1, 2022, through June 30, 2028 (the "Forecasted Schedule"). The examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA). The procedures included evaluating the reasonableness of the underlying assumptions used by Authority management, as well as assessing the preparation and presentation of the Forecasted Schedule in conformity with AICPA guidelines for prospective financial information. Plante Moran has issued an opinion that reports that the forecast is presented, in all material respects, in accordance with the guidelines for the presentation of a forecast established by the AICPA, and the underlying assumptions are suitably supported and provide a reasonable basis for management's forecast.

### **Fiscal Impact:**

The existing \$9.00/day collection rate is insufficient to fully fund the Debt service and required reserve contributions, annual common-use transportation operation and major maintenance of the CONRAC. Increasing the CFC rate to \$12, beginning February 4, 2026, is expected to allow CFC collections to adequately fund the CFC eligible expenditures.

## Authority Strategies/Focus Areas:

This item supports one or more of the following (*select at least one under each area*):

### Strategies

- ☐ Community Strategy   ☐ Customer Strategy   ☐ Employee Strategy   ☐ Financial Strategy   ☒ Operations Strategy

### Focus Areas

- ☐ Advance the Airport Development Plan   ☐ Transform the Customer Journey   ☒ Optimize Ongoing Business

## Environmental Review:

- A. CEQA: This Board action is not a “project” as defined by the California Environmental Quality Act (“CEQA”) (Cal. Pub. Res. Code §21065).
- B. California Coastal Act Review: This Board action is not a "development" as defined by the California Coastal Act. Cal. Pub. Res. Code §30106.
- C. NEPA: This Board action is not a project that involves additional approvals or actions by the Federal Aviation Administration (“FAA”) and, therefore, no formal review under the National Environmental Policy Act (“NEPA”) is required.

## Prepared by:

Scott Brickner  
Vice President/CFO

RESOLUTION NO. 2025-0087

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY AUTHORIZING THE IMPLEMENTATION AND COLLECTION OF AN ALTERNATIVE CUSTOMER FACILITY CHARGE PURSUANT TO CALIFORNIA GOVERNMENT CODE §50474.3 IN THE AMOUNT OF \$12 PER TRANSACTION DAY (MAXIMUM OF FIVE DAYS) EFFECTIVE FEBRUARY 4, 2026 FOR PURPOSES OF PAYING DEBT RELATED OBLIGATIONS OF THE CONSOLIDATED RENTAL CAR FACILITY, MAJOR MAINTENANCE COSTS OF THE CONSOLIDATED RENTAL CAR FACILITY AND OPERATING EXPENSES OF THE ASSOCIATED COMMON USE TRANSPORTATION SYSTEM

**WHEREAS**, the rental car industry plays an important role in the success of San Diego International Airport (SDIA) by providing rental car services to SDIA customers and non-airline revenue to the Authority; and

**WHEREAS**, California Government Code §50474.3 allows an airport to require rental car companies to collect an Alternative Customer Facility Charge (CFC) per rental car transaction day (maximum of 5 days) from a renter for any of the following purposes: 1) to finance, design, and construct consolidated airport car rental facilities (CONRAC) ; (2) to finance, design, construct, and operate common-use transportation systems that move passengers between airport terminals and those consolidated car rental facilities, and acquire vehicles for use in that system; and, (3) to finance, design, and construct terminal modifications solely to accommodate and provide customer access to common-use transportation system (Cal. Gov. Code §50474.3); and



**WHEREAS**, on October 4, 2012, the Board authorized the implementation and collection of an Alternative CFC in the amount of \$6 per transaction day, effective November 2012, \$7.50 per transaction day effective January 1, 2014, and \$9 per transaction day effective January 1, 2017 [Resolution No. 2012-0111]; and

**WHEREAS**, the Authority posts reports on its internet website on an annual basis detailing the following: (1) the total amount of CFCs collected; (2) how the funds are spent; and (3) the amount and reason for any changes in the airport's budget or financial needs for the facility or the common use system; and

**WHEREAS**, on October 1, 2025, California Government Code §50474.3 was amended to allow an Alternative CFC per day collection rate of up to \$12 (maximum of 5 days) and CFC usage to include major maintenance of a CONRAC; and

**WHEREAS**, pursuant to Government Code §50474.3, an airport may increase the CFC rate to the \$12 per day under the following conditions:

The airport conducts a publicly noticed hearing pursuant to the Ralph M. Brown Act to review the costs of operating the Bussing systems and major maintenance of the CONRAC facilities in which all the following occur:

- (i) The airport establishes the amount of revenue necessary to Pay debt obligations associated with the CONRAC, operate any common-use transportation system, or acquire vehicles for use in that system, and to pay major maintenance cost of the CONRAC;
- (ii) The airport finds that the \$9 per transaction day fee previously authorized will not generate sufficient revenue to operate the common-use transportation system, or acquire vehicles for use in that system, or pay for major maintenance of the CONRAC;
- (iii) The airport finds that the reasonable cost of the operations requires the additional amount of revenue that would be generated by the proposed daily rate;

(iv) The airport outlines each of the following:

- Steps it has taken to limit costs.
- Other potential alternatives for meeting its revenue needs other than the collection of the fee.
- The extent to which rental car companies or other businesses or individuals using the facility or common-use transportation system will pay for the costs associated with these facilities and systems other than the fee from rental customers; and

(v) The airport undertakes an independent review of projected CFC revenues and related costs to ensure they are reasonable; and

**WHEREAS**, to satisfy the statutory requirements to collect an increased alternative CFC, The Authority performed a financial forecast analysis (Analysis); and

**WHEREAS**, the Analysis concludes that the proposed Alternative CFC will provide the revenue necessary to operate the common-use transportation system, acquire vehicles for use in that system and pay for anticipated major maintenance costs of the CONRAC; and

**WHEREAS**, based upon the Analysis, the authorized current Alternative CFC fee of \$9 per transaction day will not generate sufficient revenue to operate the common-use transportation system, acquire vehicles for use in that system and pay for anticipated major maintenance costs of the CONRAC; and

**WHEREAS**, the reasonable cost to operate the common use transportation system, acquire vehicles for use in that system and pay for anticipated major maintenance costs requires the additional amount of revenues that would be generated by an increase in the Alternative CFC of \$12 per day (maximum of 5 days) as demonstrated in the Analysis which is attached hereto as Exhibit A; and

**WHEREAS**, the Authority has taken the following steps to limit costs and offers the following alternatives to meet its revenue needs other than collection of the fee:

1. Common Use Transportation contract was bid in a competitive solicitation in 2022
2. The Authority has utilized alternative funding for the bus maintenance facility as CFCs were insufficient to fund this facility up-front. The Authority funded the construction, and CFCs are utilized to repay these costs over 10-year period
3. The Authority has funded terminal modifications (e.g., shuttle bus pick -up islands, etc.) with other sources of Airport revenues and not used CFCs .
4. The Authority evaluated other sources of funds including AIP grants and PFCs
5. The Authority continually evaluates opportunities to refinance existing debt to reduce total debt service; and

**WHEREAS**, Plante Moran LLP (Plante Moran) examined the Schedule of Forecasted Revenues and Expenses and Sources of Uses of Funds of the San Diego International Airport Rental Car Center for the periods within and from July 1, 2022, through June 30, 2028 (Forecasted Schedule) which is attached hereto as Exhibit B; and

**WHEREAS**, Plante Moran conducted its examination in accordance with the attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included such procedures that Plante Moran considered necessary to evaluate both the assumptions used by the Authority management and the preparation and presentation of the Forecasted Schedule; and

**WHEREAS**, Plante Moran finds that the Forecasted Schedule is presented in conformity with guidelines for presentation of a forecast established by the American Institute of Certified Public Accountants, and the underlying assumptions provide a reasonable basis for Authority management's forecast.



**NOW, THEREFORE, BE IT RESOLVED** that the Board hereby finds:

- (i) The rates stated herein and as authorized by Government Code §50474.3 as an Alternative CFC represents the amount of revenue necessary to operate the common-use transportation system, and acquire vehicles for use in that system, and pay for major maintenance costs of the CONRAC based on evidence presented during the hearing;
- (ii) The current Alternative CFC contract fee of \$9 per day (maximum of 5 days) will not generate sufficient revenue to finance the operation of the common-use transportation system, to acquire vehicles for use in that system and pay for major maintenance of the CONRAC; and
- (iii) The reasonable costs to operate the common-use transportation system, acquire vehicles for use in that system and perform major maintenance of the CONRAC requires the additional amount of revenue that would be generated by the proposed daily rate, authorized pursuant to Government Code §50474.3 as Alternative CFCs; and

**BE IT FURTHER RESOLVED** that the Board authorizes the implementation of the following Alternative CFC Rates on the implementation dates set forth below:

**Implementation Date and Rate**

February 4, 2026, \$12/day<sup>1</sup>

<sup>1</sup> Limited to a maximum of 5 days per transaction, pursuant to Cal. Government Code §50474.3; and

**BE IT FURTHER RESOLVED** that the Board finds that neither airport general funds nor general airport obligation funding instruments are planned for use within the RCC program; and

**BE IT FURTHER RESOLVED** that it is intended that the rental car industry will be solely financially responsible for: 1) non-CFC eligible items associated with the CONRAC such as facility operating and maintenance expenses and ground rent; and 2) CFC collection shortfalls, if such were to occur, for CFC eligible items; and

**BE IT FURTHER RESOLVED** the Board directs the President/CEO to take all necessary steps and execute all necessary documents to effectuate this CFC rate adjustment; and

**BE IT FURTHER RESOLVED** the Board directs the President/CEO to take all necessary steps and execute all necessary documents to adjust either upward or downward the CFC rate in the future to comply with applicable laws; and

**BE IT FURTHER RESOLVED** that the Board finds that this action is not a “project” as defined by the California Environmental Quality Act (“CEQA”) (California Public Resources Code §21065); and

**BE IT FURTHER RESOLVED** that the Board finds that this action is not a “development” as defined by the California Coastal Act (California Public Resources Code §30106); and

**BE IT FURTHER RESOLVED** that the Board finds that this action is not a project that involves additional approvals or actions by the Federal Aviation Administration (“FAA”) and, therefore, no formal review under the National Environmental Policy Act (“NEPA”) is required.

**PASSED, ADOPTED, AND APPROVED** by the Board of the San Diego County Regional Airport Authority at a regular meeting this 4<sup>th</sup> day of December 2025, by the following vote:

**AYES:** Board Members:

**NOES:** Board Members:

**ABSENT:** Board Members:

**ATTEST:**

---

ANNETTE FAGAN ORTIZ  
AUTHORITY CLERK

**APPROVED AS TO FORM:**

---

AMY GONZALEZ  
GENERAL COUNSEL



## Exhibit A

### \$9/day CFC forecast

### Forecast at **\$9.00/Day**

*\$ in millions*

|                                      | FY 23   | FY 24   | FY 25   | FY 26   | FY 27   | FY 28   |
|--------------------------------------|---------|---------|---------|---------|---------|---------|
| Opening Balance                      | \$ 25.0 | \$ 25.0 | \$ 25.8 | \$ 29.3 | \$ 31.3 | \$ 31.5 |
| Total CFC Revenue (collected)        | 34.1    | 35.5    | 36.5    | 41.7    | 49.9    | 50.9    |
| Capital Items + Major Maintenance    | -       | 5.6     | -       | (1.6)   | (2.0)   | (2.0)   |
| Bond Fund and Reserve Contributions  | (23.9)  | (23.7)  | (19.1)  | (16.7)  | (22.6)  | (22.6)  |
| Common Use Transportation expenses   | (11.9)  | (15.2)  | (15.0)  | (19.1)  | (18.5)  | (19.1)  |
| Amortization (Busses and Facilities) | -       | -       | -       | (3.0)   | (8.1)   | (11.3)  |
| Interest received on CFC Balances    | 0.6     | 0.9     | 1.1     | 0.8     | 1.6     | 1.6     |
| CFC Balance                          | \$ 23.9 | \$ 28.1 | \$ 29.3 | \$ 31.3 | \$ 31.5 | \$ 29.0 |
| Loan/(repayments) from/to Authority  | 1.1     | (2.3)   | -       | -       | -       | -       |
| CFC Balance shortfall                | -       | -       | -       | -       | -       | -       |
| CFC Fund Balance                     | \$ 25.0 | \$ 25.8 | \$ 29.3 | \$ 31.3 | \$ 31.5 | \$ 29.0 |

- At the current \$9/Day CFC rate, there are insufficient annual CFCs to fully fund all expenditures

### \$12/day CFC Forecast

### Forecast at **\$12.00/Day** Beginning

February 4

*\$ in millions*

|                                      | FY 23   | FY 24   | FY 25   | FY 26   | FY 27   | FY 28   |
|--------------------------------------|---------|---------|---------|---------|---------|---------|
| Opening Balance                      | \$ 25.0 | \$ 25.0 | \$ 25.8 | \$ 29.3 | \$ 31.3 | \$ 31.5 |
| Total CFC Revenue (collected)        | 34.1    | 35.5    | 36.5    | 41.7    | 49.9    | 50.9    |
| Capital Items + Major Maintenance    | -       | 5.6     | -       | (1.6)   | (2.0)   | (2.0)   |
| Bond Fund and Reserve Contributions  | (23.9)  | (23.7)  | (19.1)  | (16.7)  | (22.6)  | (22.6)  |
| Common Use Transportation expenses   | (11.9)  | (15.2)  | (15.0)  | (19.1)  | (18.5)  | (19.1)  |
| Amortization (Busses and Facilities) | -       | -       | -       | (3.0)   | (8.1)   | (11.3)  |
| Interest received on CFC Balances    | 0.6     | 0.9     | 1.1     | 0.8     | 1.6     | 1.6     |
| CFC Balance                          | \$ 23.9 | \$ 28.1 | \$ 29.3 | \$ 31.3 | \$ 31.5 | \$ 29.0 |
| Loan/(repayments) from/to Authority  | 1.1     | (2.3)   | -       | -       | -       | -       |
| CFC Balance shortfall                | -       | -       | -       | -       | -       | -       |
| CFC Fund Balance                     | \$ 25.0 | \$ 25.8 | \$ 29.3 | \$ 31.3 | \$ 31.5 | \$ 29.0 |

- At the proposed \$12/Day CFC rate, there are sufficient annual CFCs to fully fund all eligible expenditures

**San Diego County Regional Airport Authority**

**Forecasted Schedule of Rental Car Center**

**Sources and Uses of Cash**

**Cash Basis**

**June 30, 2026 through 2028**

**San Diego County Regional Airport Authority**  
**Forecasted Schedule of Rental Car Center Sources and Uses of Cash**  
**Cash Basis**  
**June 30, 2026 through 2028**

**Contents**

**Forecasted Financial Schedule – Cash Basis**

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## Examination Report on a Financial Forecast

### Independent Accountant's Report

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

We have examined the accompanying forecasted schedule, the San Diego County Regional Airport Authority (the "Authority") Forecasted Schedule of Rental Car Center Sources and Uses of Cash, Cash Basis for each of the years ending June 30, 2026 through 2028, based on the guidelines for the presentation of a forecast established by the AICPA. Management of the Authority is responsible for preparing and presenting the forecast in accordance with the guidelines for the presentation of a forecast established by the AICPA. Our responsibility is to express an opinion on the forecast based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the forecast is presented in accordance with the guidelines for the presentation of a forecast established by the AICPA, in all material respects. An examination involves performing procedures to obtain evidence about the forecast. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the forecast, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the accompanying forecast is presented, in all material respects, in accordance with the guidelines for the presentation of a forecast established by the AICPA, and the underlying assumptions are suitably supported and provide a reasonable basis for management's forecast.

There will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

This partial presentation of financial information was prepared by management for the purpose of complying with the State of California's rules regarding assessment of a Customer Facility Charge in its Rental Car Center and should not be used for any other purpose.

The Forecasted Schedule of Rental Car Center Sources and Uses of Cash, Cash Basis presents only the activities of the RCC related to CFC inflows and eligible disbursements from CFC funds. It is not intended to be a forecast of the financial position, results of operations, and changes in net position and cash flows of the Authority as a whole.

We draw attention to the basis of accounting used in the forecast, which is described in the *Summary of Significant Accounting Policies* footnote to the Forecasted Financial Information. The forecast is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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

***Emphasis of Matter - Sensitive Assumption***

We draw attention to the *Summary of Significant Assumptions* footnote to the Forecasted Financial Information, which describes the particularly sensitive assumption regarding the projected growth in airport enplanements and the related demand for rental car services. The forecasted Customer Facility Charge (CFC) revenue is highly dependent on these assumptions, which are subject to significant uncertainty due to factors such as economic conditions, changes in travel patterns, and potential regulatory actions. As a result, there is a reasonable possibility that actual results may differ materially from those forecasted. Our opinion is not modified in respect of this matter.

The accompanying forecast and this report are intended solely for the information and use of management and the State of California and are not intended to be, and should not be, used by anyone other than these specified parties.

*Plante & Moran, PLLC*

November 24, 2025

**San Diego County Regional Airport Authority**  
**Forecasted Schedule of Rental Car Center Sources and Uses of Cash**  
**Cash Basis**  
**Years Ending June 30, 2026 to 2028**

|   | <b>Historical-----</b> |                      |                      | <b>Forecast-----</b> |                      |                      |
|---|------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | <b>2023</b>            | <b>2024</b>          | <b>2025</b>          | <b>2026</b>          | <b>2027</b>          | <b>2028</b>          |
| <b>Revenues and other cash receipts</b>     |                        |                      |                      |                      |                      |                      |
| Revenue from Customer Facility Fee charges  | \$ 34,090,190          | \$ 35,479,333        | \$ 36,515,858        | \$ 41,698,713        | \$ 49,901,837        | \$ 50,899,874        |
| Investment income                           | 824,086                | 1,262,928            | 1,313,582            | 2,135,052            | 1,595,930            | 1,556,568            |
| Excess Renewal & Replacement Reserve        | -                      | -                    | 3,653,338            | 3,853,373            | -                    | -                    |
| CFC Eligible Cost Refund from Authority     | -                      | 5,588,239            | -                    | -                    | -                    | -                    |
| Loan Proceeds and Repayments <sup>(1)</sup> | 1,108,552              | (2,276,624)          | -                    | -                    | -                    | -                    |
|   | <u>\$ 36,022,828</u>   | <u>\$ 40,053,876</u> | <u>\$ 41,482,778</u> | <u>\$ 47,687,138</u> | <u>\$ 51,497,767</u> | <u>\$ 52,456,442</u> |
| <b>Expenditures and other cash payments</b> |                        |                      |                      |                      |                      |                      |
| Operating expenses                          | 11,919,906             | 15,170,472           | 14,959,944           | 19,123,597           | 18,507,954           | 19,056,862           |
| Capital expenditures                        | -                      | -                    | -                    | 1,630,000            | 2,000,000            | 2,000,000            |
| Amortization                                | -                      | -                    | -                    | 2,960,295            | 8,145,789            | 11,302,177           |
| Interest expense                            | 15,247,242             | 14,874,123           | 14,480,025           | 14,063,832           | 13,624,423           | 13,160,401           |
| Principal payments on long-term debt        | 6,670,000              | 7,045,000            | 7,440,000            | 7,855,000            | 8,295,000            | 8,760,000            |
| Deposit to Renewal and Replacement Fund     | 2,185,680              | 2,185,680            | 1,092,840            | -                    | 728,561              | 728,561              |
|   | <u>\$ 36,022,828</u>   | <u>\$ 39,275,275</u> | <u>\$ 37,972,809</u> | <u>\$ 45,632,723</u> | <u>\$ 51,301,727</u> | <u>\$ 55,008,001</u> |
| <b>Cash, Beginning of Year</b>              | <u>\$ 25,000,000</u>   | <u>\$ 25,000,000</u> | <u>\$ 25,778,601</u> | <u>\$ 29,288,570</u> | <u>\$ 31,342,984</u> | <u>\$ 31,539,024</u> |
| Net Change in Available Cash                | -                      | 778,601              | 3,509,969            | 2,054,414            | 196,040              | (2,551,558)          |
| CFC Fund Balance Shortfall                  | -                      | -                    | -                    | -                    | -                    | -                    |
| <b>Cash, End of Year</b>                    | <u>\$ 25,000,000</u>   | <u>\$ 25,778,601</u> | <u>\$ 29,288,570</u> | <u>\$ 31,342,984</u> | <u>\$ 31,539,024</u> | <u>\$ 28,987,466</u> |

*Source: Management*

*(1) The negative balance shown for the Loan Proceeds and Repayments in FY 2024 reflects the repayment of loan principal \$2,159 thousand and interest \$117,255. The principal includes loans made in FY2022 of \$1,015 thousand.*



**San Diego County Regional Airport Authority**  
**Assumptions and Notes to Forecasted Financial Information**  
**June 30, 2026 through 2028**

**Note 1: Basis of Assumptions**

The underlying assumptions described herein are based on historical data, management's assumptions and other related currently available information.

The accompanying financial forecast has been prepared in connection with San Diego Regional Airport Authority's (Authority) operation of the Rental Car Center (RCC). The forecast schedule of Rental Car Center Sources and Uses of Cash (Schedule) has been prepared to comply with California Government Code 50474.1 – 50474.3 (Code).

The accompanying financial statement forecast represents, to the best of management's knowledge and belief, the RCC's expected sources and uses of cash during the forecast period. Accordingly, the forecast reflects management's judgment as of November 24, 2025, the date of this forecast, of the expected conditions and its expected course of action. The assumptions disclosed herein are those which management believes are significant to the forecast and are not all inclusive. Variances between the forecasted and actual results can be expected as events and circumstances frequently do not occur as expected and those variances may be material.

Legislation and regulations at all levels of government affect, and may continue to affect the airline industry, and, in turn, the revenue and expenses of the RCC. This financial forecast is based on a \$12 CFC charge effective February 4, 2026, with the existing \$9.00 CFC rate in place up until February 4, 2026. If future legislation or regulations related to the airline industry or the RCC's operations are enacted or forecast regulation changes do not occur, the outcome of such legislation or regulations could have a material effect on future cash flows.

Unless otherwise stated, all dates used herein refer to the Authority's fiscal year, which ends on June 30.

**Note 2: Summary of Significant Accounting Policies**

Management has prepared this forecast to comply with the Code's rules regarding an examination of the CFC every three years. As such, the significant accounting policies and assumptions disclosed herein relate to those necessary to forecast the RCC operations related to the CFC cash flows. The significant accounting policies used in this forecast are based on those historically used by the Authority and those expected to be used in the future.

# **San Diego County Regional Airport Authority**

## **Assumptions and Notes to Forecasted Financial Information**

### **June 30, 2026 through 2028**

#### ***Nature of Operations***

The Authority was established pursuant to *California State Act AB 93* (Act), which was signed into California state law in October 2001. The Act established the Authority effective January 1, 2002, as a local agency of regional government with jurisdiction throughout the County of San Diego (the County). The Authority is vested with five principal responsibilities: (1) the operation of San Diego International Airport (SDIA or the Airport), (2) the planning and operation of any future airport that could be developed as a supplement to or replacement for SDIA, (3) the development of a comprehensive land use plan for the entire County, (4) to serve as the region's Airport Land Use Commission, and (5) preparing a Regional Aviation Strategic Plan (completed in fiscal year 2011).

The Authority is governed by an appointed Board of Directors (Board) of nine members representing all areas of San Diego County and up to three additional members serving as non-voting, ex-officio Board members. Three Board members serve as the Executive Committee consisting of one Board member from each of the following "defined jurisdictions": the City of San Diego, the County of San Diego, and one Board member from among the east county cities, south county cities, or north county inland cities. The Board members serve three-year terms. The management and operations of the Authority are carried out by a staff headed by the President /Chief Executive Officer, who is appointed by and reports directly to the Authority Board of Directors.

The primary service area for the Airport consists of the County and portions of Orange and Riverside Counties, as well as a portion of the Baja California, Mexico.

#### ***Basis of Accounting and Presentation***

The financial statements of the Authority, which are not included within this report, are prepared to conform with accounting principles generally accepted in the United States of America. Its financial statements are presented using the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets, liabilities, and deferred inflows and outflows of resources, if any, from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated nonexchange transactions are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and program-specific, government-mandated nonexchange transactions. Government-mandated nonexchange transactions that are not program specific, property taxes, investment income, and interest on capital assets-related debt are included in non-operating revenues and expenses.

The Schedule has been prepared in accordance with the cash basis, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP).

# **San Diego County Regional Airport Authority**

## **Assumptions and Notes to Forecasted Financial Information**

### **June 30, 2026 through 2028**

#### ***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### ***Risk Management***

The Authority is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than earthquake insurance. Settled claims have not exceeded this commercial coverage in any of the three preceding years and are not expected to exceed such limits during the forecast period.

The Authority does not deem the cost of earthquake insurance cost beneficial, so has elected to self-insure against that risk and increase its reliance on laws designed to assist public entities through the *Federal Emergency Management Agency and California Disaster Assistance Act*. The Authority has historically designated a portion of its net position as a contingency for earthquake losses and expects to continue to do so during the forecast period.

#### ***Investment Income***

Investment income includes dividend and interest income earned on the CFC cash balances, Debt Service Reserve and the Debt Service account.

#### ***Capital Assets***

Capital assets associated with the RCC generally consist of buses and a maintenance facility. Given the use of cash-basis accounting method, the Authority does not depreciate these assets. However, the Authority does charge amortization to recover the costs of these assets and the cost of capital. All assets are amortized using the straight-line method to recover the expenditures as efficiently as possible

|                      |                |
|----------------------|----------------|
| Maintenance Facility | 10 to 15 years |
| Buses                | 4 to 7 years   |



# **San Diego County Regional Airport Authority**

## **Assumptions and Notes to Forecasted Financial Information**

### **June 30, 2026 through 2028**

#### ***Customer Facility Charge Revenues***

The Authority received approval in May 2009 from the state of California under § 1936 of the California Civil Code to impose a \$10 CFC per contract on rental cars at the Airport. In accordance with the Code, the proceeds of this fee were used to perform the analyses necessary to determine the general feasibility of developing a consolidated airport rental facility (RCC) and establishing a project scope.

In 2010, the Code was amended to allow the CFC fee to move from a per transaction fee to a per day fee of up to \$9 per day (limited to 5 days per transaction) if the Authority completes appropriate hearings and evidence to show that the fee is necessary to construct and finance the RCC and operate the common use transportation system.

On October 6, 2012, the Authority's Board approved a CFC fee of \$6.00 per day. The Board also approved an increase in the fee to \$7.50 per day effective January 1, 2014. The Board approved an increase in the fee to \$9.00 per day effective January 1, 2017. In addition, starting in January 2016, a fee of \$2.17 per day (for up to five days for each rental) was charged for rentals from operators whose customers utilize the central busing service but whose operations are not located in the RCC. The fee for the off-site operators increased to \$3.41 per day effective July 1, 2019. California Legislation was amended in October 2025 to allow a collection rate up to \$12 per day. The Authority intends to seek Board approval in December 2025 to collect at this rate from February 4, 2026. The amended legislation now permits CFCs to fund major maintenance costs related to the RCC. CFC proceeds were used to plan, design and obtain financing for the RCC located on the northeast side of the Authority's property. The RCC was financed with proceeds from \$305,285,000 of CFC revenue bonds which were issued in February 2014. The total amount expended for the RCC and enabling projects (primarily composed of infrastructure improvements) was approximately \$361,622,000. The RCC project was substantially completed and placed in service as of the year ended June 30, 2016. Refer *Bus Shuttle Facility section* for discussion relating to replacement maintenance facility.

CFC revenues are collected by the rental car companies and are remitted to the CFC Bond trustee the following month. The CFC Bond trustee makes the required deposits to the debt service and other necessary reserves and the remaining funds are remitted back to the Authority. CFC revenues may be expended for certain qualified costs related to the RCC, including:

- Debt service on the RCC related financing
- Capital costs related to the RCC, including enabling infrastructure improvements
- Costs related to operation of common busing service to connect passengers to the RCC
- Major Maintenance costs related to the RCC

#### ***Income Tax Status***

The Authority is a governmental entity and is exempt from income taxes under Section 115 of the Internal Revenue Code.

# **San Diego County Regional Airport Authority**

## **Assumptions and Notes to Forecasted Financial Information**

### **June 30, 2026 through 2028**

#### **Note 3: General Description of the Authority**

The Authority operates San Diego International Airport (Airport). The primary service area of the Airport is San Diego County, portions of Orange and San Bernardino Counties and the northern portion of Baja California, Mexico. The Federal Aviation Administration (FAA) classifies the Airport as a “large-hub” airport, a category which means that at least 1 percent of United States domestic air travel is enplaned at the Airport. For calendar year 2024, the Airport is the 26<sup>th</sup> busiest airport in the United States as ranked by number of enplaned and deplaned passengers.

The Airport is the busiest single-runway airport in the United States based on passenger levels. The Airport has a single 9,401-foot runway accompanied by two primary taxiways. The Airport has two passenger terminals (Terminal 1 and Terminal 2). . On September 23, 2025, the Airport Authority held the grand opening of Phase 1A of the newly constructed Terminal 1. The new, nearly 1 million square foot terminal opened with 19 new gates, with 3 additional gates to be added in the Spring of 2026. It replaces the 336 thousand square foot, 58-year-old Terminal 1 with a modern, world class facility designed to elevate the passenger experience and meet the growing travel demands of the San Diego region. Demolition of the old Terminal 1 began immediately after the opening to make way for construction of Phase B, which will open in early 2028, bringing the total number of gates in the new terminal to 30. The New Terminal 1 Project encompasses a \$3.8 billion project that includes in addition to the new terminal, a new airfield and apron improvements, a five-story close-in parking garage and more than four miles of new roadway that includes dual-level roadway that separates arrivals and departures. The project is funded by Airport Revenue Bonds, Passenger Facility Charges, Federal grants and airport cash.

#### **Note 4: Description of the RCC**

The Authority’s Board adopted an Airport Master Plan in 2008 which included construction of the RCC. The purpose of the RCC was to consolidate all rental car operations at the Airport in order to improve customer service for passengers, while also expanding the space available for rental car company operations. The RCC also had a positive environmental impact by lowering the number of buses transporting passengers to rental car company locations. Because all rental car locations previously were off-site, each company operated its own transport service.

The RCC is located on an approximately 25-acre site on the northeast side of the Airport’s property. It consists of a multi-level parking garage with space for rental car counters, office space, service bays, and fuel distribution and storage.

In addition to the RCC facility, a number of enabling projects were also necessary. These included:

- Construction of a limited access roadway for transporting passengers from the terminals to the RCC.
- An electrical distribution system to provide power to the RCC and other facilities on the northeast side of the Airport.
- Landscaping, sidewalk, and other improvements

**San Diego County Regional Airport Authority**  
**Assumptions and Notes to Forecasted Financial Information**  
**June 30, 2026 through 2028**

The following amounts were spent on property and equipment related to the RCC:

|                                  |                       |
|----------------------------------|-----------------------|
| RCC facility                     | \$ 301,132,018        |
| Enabling projects                | 32,420,923            |
| Transit buses                    | 15,587,549            |
| Bus staging and implementation   | 8,005,053             |
| RCC way finding                  | 1,981,193             |
| Bus roadway improvements         | 1,447,475             |
| Installation of car wash blowers | <u>1,047,907</u>      |
|                                  | <u>\$ 361,622,118</u> |

*Source: Authority*

The RCC was financed with the proceeds of a \$305,285,000 issuance of 2014 CFC Revenue Bonds (Bonds) by the Authority. The financing included \$29,390,000 of 2014A tax-exempt bonds and \$275,895,000 of 2014B taxable bonds. The Bonds have interest rates ranging from 2.537 percent to 5.594 percent and require annual payments of principal (including mandatory sinking fund redemptions) and semi-annual interest payments through 2043. The CFC Bond Indenture requires that funds be established to deposit debt service payments and to maintain a debt service reserve fund, a rolling coverage reserve fund and the revenues generated by the CFC. It also establishes certain covenants on the Authority. The debt service fund, debt service reserve fund, and rolling coverage reserve fund cash balances are restricted for use and are therefore not included in the Schedule's beginning or ending cash balances.



# San Diego County Regional Airport Authority

## Assumptions and Notes to Forecasted Financial Information

### June 30, 2026 through 2028

The original project sources and uses of the 2014 CFC Bond proceeds were as follows:

#### Sources

|                        |                       |
|------------------------|-----------------------|
| Principal amount       | \$ 305,285,000        |
| Original issue premium | <u>594,266</u>        |
|                        | <u>\$ 305,879,266</u> |

#### Uses

|                                  |                       |
|----------------------------------|-----------------------|
| Deposit to construction fund     | \$ 244,577,757        |
| Deposit to debt service accounts | 30,503,592            |
| Deposit to reserve fund          | 21,921,902            |
| Deposit to rolling coverage fund | 6,576,571             |
| Costs of issuance                | <u>2,299,444</u>      |
|                                  | <u>\$ 305,879,266</u> |

*Source: Authority*

Management expects the balance in the Debt Service Reserve Fund and Rolling Coverage Fund to be approximately \$22,300,000 and \$7,200,000, respectively, during the forecast period. The 2014 CFC Bonds could be called and refunded for savings and if that were to happen the balances of the Debt Service Reserve Fund and the Rolling Coverage Fund would change. As noted above, these cash balances are not available for general RCC use, thus are not included in the accompanying Schedule's beginning or ending cash balances.

At the time of the 2014 CFC Bond issue, the projected cost of the RCC plus all related projects was \$354,824,000. However, actual project costs totaled approximately \$361,622,000. These costs include the purchase of 14 additional transit buses in January 2019. These costs were funded as follows:

|  |                       |
|--|-----------------------|
| Proceeds from Series 2014 Bonds            | \$ 244,578,000        |
| Previously collected CFC fees and CFC fees |                       |
| Collected during construction              | <u>117,044,118</u>    |
|  | <u>\$ 361,622,118</u> |

*Source: Management*

# San Diego County Regional Airport Authority

## Assumptions and Notes to Forecasted Financial Information

### June 30, 2026 through 2028

#### Note 5: Assessment of Demand

An assessment of the expected future demand for rental cars at the RCC was conducted by management for the purpose of providing a basis for the financial forecast. The assessment of RCC utilization included the following:

- Assessment of historical demand for rental car services at the airport
- Historical enplanements at the airport and the relationship of those enplanements to rental car transactions
- Origin and Destination Percentage of Airport Traffic Analysis of economic and demographic changes in the San Diego area
- Volume capacity for the Airport
- Impact of alternative transportation choices for Airport passengers

The demand assessment is designed to highlight, within the given parameters, management's basis for estimating future demand for rental car services at the Airport.

Management has prepared a forecast of enplanements, as shown in the table below. Consistent with the FAA forecast of the overall U.S. airline industry, the FAA has forecast that the total enplanements at the Airport will continue to steadily increase, as shown:

|                            | Enplanements | Change % |
|----------------------------|--------------|----------|
| <b>Historical - SDCRAA</b> |              |          |
| 2023 (FY)                  | 11,867,569   |          |
| 2024                       | 12,467,114   | 5.05%    |
| 2025                       | 12,754,659   | 2.31%    |
| <b>Forecast - SDCRAA</b>   |              |          |
| 2026                       | 12,873,068   | 0.93%    |
| 2027                       | 13,130,529   | 2.00%    |
| 2028                       | 13,425,966   | 2.25%    |
|                            | Enplanements | Change % |
| <b>Historical - FAA</b>    |              |          |
| 2023 (CY)                  | 11,997,396   |          |
| 2024 <sup>(1)</sup>        | 12,691,120   | 5.78%    |
| 2025                       | 13,267,248   | 4.54%    |
| <b>Forecast - FAA</b>      |              |          |
| 2026                       | 13,624,492   | 2.69%    |
| 2027                       | 13,967,717   | 2.52%    |
| 2028                       | 14,323,406   | 2.55%    |

Source: FAA Terminal Area Forecast – Jan 2025 & Management

(1) The FAA begins the forecast period in calendar year 2024. This forecast is on a U.S. Government calendar year (CY) basis of October through September.

Note: Management's forecast reflects the Authority's fiscal year (FY) of July through June.

# San Diego County Regional Airport Authority

## Assumptions and Notes to Forecasted Financial Information

### June 30, 2026 through 2028

From 2023 to 2028, the Airport's compounded annual growth (CAGR) in enplanements is projected to grow at 2.5 percent. Fiscal year 2023 enplanement growth began the strong recovery following the COVID 19 pandemic which significantly impacted enplanements in FY 2020-FY 2022. This recovery continued through FY 2024 and FY 2025 where enplanements exceeded pre-pandemic levels. From FY 2026 to FY 2028, Management has forecasted that enplanements will increase moderately as the economy faces headwinds from the uncertain impacts of federal trade policies and other inflationary pressures and the Federal Government shutdown in October and November 2025. Management considers this a particularly sensitive assumption, given these uncertain impacts, however the fundamentals of the San Diego's strong origin and destination air service market will continue to see that the total enplanements will continue to increase, but at a slower rate than recent history. This slower rate of growth is consistent with the FAA's forecast and independent forecasts undertaken in relation to the issue of Senior Series 2025 Revenue Bonds to fund the New Terminal 1 (refer [https://www.san.org/Airport-Authority/Financials?EntryId=18108&Command=Core\\_Download](https://www.san.org/Airport-Authority/Financials?EntryId=18108&Command=Core_Download) for details of independent forecast).

This data, obtained for the FAA's most recent Terminal Area Forecast, projects a 3.6 percent CAGR in enplanements at the Airport from 2023 through 2028. Historical amounts differ slightly from those shown by management in the following table due to differing measurement periods. The FAA measurements are presented on a U.S. Government fiscal year basis of October through September, while management's forecast is presented on a basis of July through June.

The Airport's traffic consists largely of "origin and destination" (O&D) passengers, which indicates that most passengers are beginning or ending their trip in San Diego. Historically, approximately 97 percent of the Airport's passengers have been O&D. Management expects this trend to continue during the forecast period. A high O&D passenger load results in a larger percentage of passengers requiring rental cars as compared to airports whose enplanements primarily represent connecting passengers. The following table shows the percentage of O&D and connecting passengers at the airport from 2023 to 2025.

|      | <b>O&amp;D<br/>Passengers</b> | <b>Total<br/>Connecting<br/>Passengers</b> | <b>O&amp;D %</b> |
|------|-------------------------------|--|------------------|
| 2023 | 11,543,584                    | 323,985                                    | 97.3%            |
| 2024 | 12,115,541                    | 351,573                                    | 97.2%            |
| 2025 | 12,400,717                    | 353,942                                    | 97.2%            |

*Source: Authority*



**San Diego County Regional Airport Authority**  
**Assumptions and Notes to Forecasted Financial Information**  
**June 30, 2026 through 2028**

**Note 6: RCC Center Operations and Forecast Transactions**

The RCC has been open since January 2016. Current rental car companies (Companies) based in the RCC include:

**Rental Car Center Tenants**

Avis Car Rental  
Enterprise Rent-a-Car  
Fox Rent A Car  
The Hertz Corporation  
Payless Rent A Car  
SIXT

Each of the Companies has entered lease agreements with the Authority related to their space in the RCC. Pursuant to these agreements, the Companies make monthly payments ranging from approximately \$23,500 to \$205,000 to the Airport for the lease of the space and also have agreed to assume all operating expenses of maintaining the RCC building. The lease payments are based on the Companies' pro rata share of the land lease. These agreements expire on June 30, 2046. Lease payments are considered general revenues of the Airport and not used to pay RCC-related expenditures.

These lease agreements also require the Companies to collect the CFC fee from their customer and remit the fees to the Airport. In addition, there is currently one Company located outside the RCC that utilizes the busing service that transports passengers from the terminal to the RCC. This Company then incurs the expense of transporting the passengers to their off-site location and remit a CFC to the Airport to offset the cost of the bus transportation. The CFC rate charged to Companies outside the RCC was \$3.41 during the historic period. Average total revenue from these off-site services was approximately \$95,000 per year during the historic period. Management does not expect these revenues to vary materially during the forecast period.

Management's forecast of RCC transactions is based on the historical number of rental car transactions per enplanement, as well as the number of rental car days per transaction. As is shown in the following table, between 2023 and 2025 there was an average of 0.09 rental car transactions per enplanement. This is considered a sensitive assumption. Management has assumed this level of transactions will continue in the forecast period.

The average duration of each rental car transaction was 4.49 days in 2023, 4.57 days in 2024, and 4.54 days in 2025. Management has forecast an average duration of 4.49 days during the forecast period, which is slightly lower than the combined average of 2023 through 2025. Management considers this a sensitive assumption.

**San Diego County Regional Airport Authority**  
**Assumptions and Notes to Forecasted Financial Information**  
**June 30, 2026 through 2028**

|                           | <b>Enplanements</b> | <b>Rental Car Transactions</b> | <b>Transactions Per Enplanement</b> | <b>Rental Car Days</b> | <b>Average Days Per Rental</b> |
|---------------------------|---------------------|--------------------------------|-------------------------------------|------------------------|--------------------------------|
| Historical (Fiscal Years) |                     |                                |                                     |                        |                                |
| 2023                      | 11,867,569          | 1,116,215                      | 0.09                                | 5,007,076              | 4.49                           |
| 2024                      | 12,467,114          | 1,154,973                      | 0.09                                | 5,279,089              | 4.57                           |
| 2025                      | 12,754,659          | 1,192,193                      | 0.09                                | 5,412,781              | 4.54                           |
| Forecast                  |                     |                                |                                     |                        |                                |
| 2026                      | 12,873,068          | 1,193,416                      | 0.09                                | 5,356,860              | 4.49                           |
| 2027                      | 13,130,529          | 1,217,285                      | 0.09                                | 5,463,998              | 4.49                           |
| 2028                      | 13,425,966          | 1,244,857                      | 0.09                                | 5,589,015              | 4.49                           |

*Source: Authority*

The CFC applies to only the first five days of each rental car transaction. As such, management has forecasted the percentage of total rental car days that are subject to the CFC based on historical information. As shown below, the ratio of days subject to the CFC to total rental car days has been approximately 76 percent between 2023 and 2025. Management has assumed this rate will be 76.6 percent throughout the forecast period. The increase in percentage in 2025 is consistent with the decrease in average days per rental in the above table.

|                           |                        | Rental Days                | Percentage            |
|---------------------------|------------------------|----------------------------|-----------------------|
|                           | <u>Rental Car Days</u> | <u>&lt; 5 Day Duration</u> | <u>Subject to CFC</u> |
| Historical (Fiscal Years) |                        |                            |                       |
| 2023                      | 5,007,076              | 3,839,522                  | 76.7%                 |
| 2024                      | 5,279,089              | 3,995,244                  | 75.7%                 |
| 2025                      | 5,412,781              | 4,118,643                  | 76.1%                 |
| Forecast                  |                        |                            |                       |
| 2026                      | 5,356,860              | 4,104,089                  | 76.6%                 |
| 2027                      | 5,463,998              | 4,186,171                  | 76.6%                 |
| 2028                      | 5,589,015              | 4,281,912                  | 76.6%                 |

*Source: Management*

**Note 7: Operating Expenses**

The California statutes related to the CFC fee limit the costs that may be considered for purposes of establishing the CFC amount. The Airport has included the following costs in its forecast:

- Amortization for bus maintenance facility and Bus replacements.
- Land rent for the bus shuttle facility
- Direct cost of busing, including personnel, and operating/maintenance costs of the bus fleet

**San Diego County Regional Airport Authority**  
**Assumptions and Notes to Forecasted Financial Information**  
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*Bus Shuttle Facility*

During the historic period the RCC's bus shuttle facility was located on approximately 116,000 square feet of land on Airport property. The New T1, necessitated the relocation of the airport's shuttle lot. The old facility was paid for with CFCs. When the shuttle lot facility was decommissioned the unamortized portion of the facility was \$5.59 million and this amount was reimbursed by the Authority to the CFC surplus fund in fiscal year 2024.

The newly established shuttle lot, encompassing 138,000 square feet, is located on property partially owned by the Airport Authority and leased from the Port District. This new facility includes a 3,794 square foot maintenance building. Phase 1 of the shuttle lot commenced operations in October 2023, with full completion anticipated by January 2026. The total estimated cost of the new shuttle lot is projected to be approximately \$18.2 million. Based on projected usage, 50% of the new shuttle lot's capital costs will be allocated to the CFC busing operation. This capital cost will be recovered from CFC funds and/or amortized over a 10-year period. For purposes of this forecast, management has assumed that all of these capital costs will be amortized, which is incorporated into the CFC forecast. Management forecasts the annual amortization due from the CFC to the Airport to be approximately \$22.4 million over the forecasted period ending in fiscal 2028 and this includes \$3.5 million for the Bus Shuttle facility

CFCs are also used to pay for the shuttle facility's use of the land. The annual rent charge during the forecast period at the new facility is approximately \$211,000 per year.

*Direct Busing Cost*

During the forecast period the Authority assumes the some of the existing 35 buses will be replaced. The replacement buses are expected to be purchased in FY 2026 and FY 2027 for \$19.2 million and \$16.8 million, respectively. The Authority will fund these buses with Authority funds and reimburse itself for any use of Authority funds from CFC balances at an amortized rate over four years. The forecast includes approximately \$18.9 million of amortization relating to the bus replacements, assuming full funding with Authority funds.

The Airport conducted a competitive bid process for a third-party to operate the bus shuttle service for the RCC. Effective October 1, 2022, an agreement was executed between the Airport and its third-party operator. In accordance with the agreement, the fees include compensation for service and reimbursable expenses. Compensation for services is based on an hourly rate per shuttle bus operation hours and includes reimbursable expenses of such items as fueling, cleaning, and other fees.

**San Diego County Regional Airport Authority**  
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The total costs of this agreement over the forecast period are as follows:

|                              | <b>Historic</b>     |                     |                     |                     | <b>Forecast</b>     |                     |
|------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                              | <b>2023</b>         | <b>2024</b>         | <b>2025</b>         | <b>2026</b>         | <b>2027</b>         | <b>2028</b>         |
| Busing Costs                 | 10,490,790          | 14,532,081          | 14,748,924          | 18,912,577          | 18,296,934          | 18,845,842          |
| Land/Ground Rent             | 1,429,116           | 638,391             | 211,020             | 211,020             | 211,020             | 211,020             |
| Operating Expenses           | <u>\$11,919,906</u> | <u>\$15,170,472</u> | <u>\$14,959,944</u> | <u>\$19,123,597</u> | <u>\$18,507,954</u> | <u>\$19,056,862</u> |
| Total Rental Days            | 5,007,076           | 5,279,089           | 5,412,781           | 5,356,860           | 5,463,998           | 5,589,015           |
| Cost per Rental Day          | \$ 2.10             | \$ 2.75             | \$ 2.72             | \$ 3.53             | \$ 3.35             | \$ 3.37             |
| Adjusted Cost per Rental Day | \$ 2.10             | \$ 2.75             | \$ 3.00             | \$ 3.26             | \$ 3.35             | \$ 3.37             |

*Note: Cost per rental day for fiscal 2025 and fiscal 2026 have been adjusted to account for the use of cash basis accounting. Under this method, 2025 had 11 months of activity and 2026 had 13 months of activity. The adjusted figures presented reflect 12 months of busing costs for each fiscal year for comparability.*

**Note 8: Investment Income**

RCC funds are held in cash accounts. Management has forecast these funds will earn approximately 2.50 percent annual interest income throughout the forecast period.

**Note 9: Long-term Debt and Financing Cash Flows**

The RCC was initially financed by the 2014 CFC Bonds and CFC revenue. Scheduled debt service on the 2014 CFC Bonds during the forecast period is:

|      | <b>Principal</b> | <b>Interest</b> | <b>Total</b> |
|------|------------------|-----------------|--------------|
| 2026 | \$7,855,000      | \$14,063,832    | \$21,918,832 |
| 2027 | 8,295,000        | 13,624,423      | 21,919,423   |
| 2028 | 8,760,000        | 13,160,401      | 21,920,401   |

*Source: Authority*

The CFC Bond Indenture requires that the Airport establish a CFC Surplus Fund (which includes any unexpended funds in the Project Account and the CFC stabilization account) to hold funds related to the RCC. This Fund was initially established with proceeds of the CFC collected by the Companies before the RCC was operational. The minimum targeted balance of this fund is \$25 million. If the Fund falls below \$25 million, the Authority may loan up to \$10 million to the Surplus Fund to achieve the minimum balance. If this Authority loan is not sufficient to meet the minimum Surplus Fund balance, then the Companies will be required to make contributions to the Surplus Fund as required by the Bond Indenture and lease agreements.

Due to the significant decrease in CFC revenues in 2020-2022, as a result of the COVID-19 pandemic, the Airport loaned approximately \$1,051,000 to the CFC Surplus Fund in fiscal year



**San Diego County Regional Airport Authority**  
**Assumptions and Notes to Forecasted Financial Information**  
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ended June 30, 2022 and a further \$1,108,552 in fiscal year 2023. The airport used available balances to repay the loan in fiscal 2024, To the extent the loan is required interest shall be due semi-annually on each January 1 and July 1 at a rate equal to the 10- year Treasury Rate plus 350 basis points.

**Note 10: Capital Expenditures**

Management has forecast that between FY 2026 and FY 2028 there will be capital expenditures to undertake major maintenance projects including electrical upgrades in the RCC. As discussed in the Bus Shuttle Facility section above, CFCs will be applied toward the RCC's use of the new busing facility.

**Note 11: Working Capital Assumptions**

Management has assumed that all CFC fees will be remitted to the Airport by the Companies within approximately 45 days of being collected. The forecast schedule of rental car center sources and uses of cash forecast total CFC fees on the cash basis.

Management has also assumed that payments to its shuttle bus contract will be paid in the month following services. Expenses included in the Schedule are on the cash basis.

**Note 12: Steps taken to Limit Costs**

The Airport conducted a competitive bid process for a third-party to operate the bus shuttle service for the RCC. The 2014 Bonds may be refunded and the Authority is continually looking for opportunities to refinance the debt at lower rates.

**San Diego County Regional Airport Authority**  
**Assumptions and Notes to Forecasted Financial Information**  
**June 30, 2026 through 2028**



Item 12

# Public Hearing and Board Presentation

## Consolidated Rental Car Facility and Common-Use Transportation System

Customer Facility Charge Rate Amendment

Presented by:  
John Dillon  
Director of Finance and Risk Management

# Current California CFC Legislation



- ▶ Under current California Government Code §50474.3, the Authority charges a CFC fee of \$9.00 per rental car transaction day, up to 5 days
- ▶ Fees are collected by Rental Car Companies from rental customers and remitted to the Authority



# Current California CFC Legislation

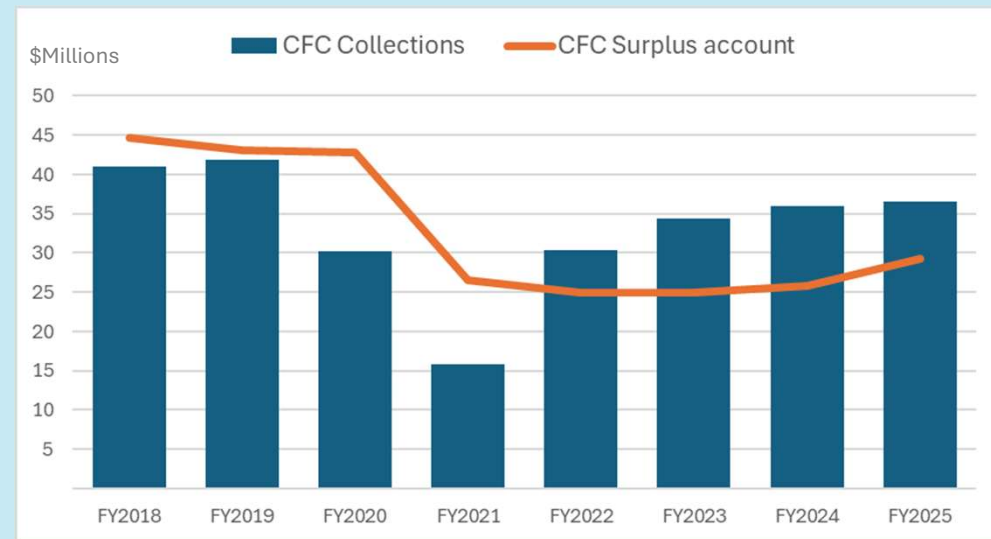


- ▶ Currently, CFC fees can be used for any of the following purposes:
  1. to finance, design, and construct consolidated airport car rental facilities (CONRAC);
  2. to finance, design, construct, and operate a common-use transportation system that moves passengers between airport terminals and CONRAC, and acquire vehicles for use in that system; and,
  3. to finance, design, and construct terminal modifications solely to accommodate and provide customer access to common-use transportation systems

# CFC Collections and CFC Surplus Balance



- Prior to pandemic, annual CFC collections exceeded \$40 million
- CFC Surplus Fund balances increased through 2019 at which time the balance exceeded \$44 million
- Post-pandemic, CFC collections continue to lag previous collections, even as enplanements have fully recovered pre-pandemic levels



- FY 2025 CFC collections = 87.0% of FY 2019 collections

# CFC Forecast At Current \$9/Day Rate



## Forecast at \$9.00/Day

*\$ in millions*

|                                      | FY 23   | FY 24   | FY 25   | FY 26   | FY 27   | FY 28   |
|--------------------------------------|---------|---------|---------|---------|---------|---------|
| Opening Balance                      | \$ 25.0 | \$ 25.0 | \$ 25.8 | \$ 29.3 | \$ 28.7 | \$ 25.0 |
| Total CFC Revenue (collected)        | 34.1    | 35.5    | 36.5    | 36.7    | 37.4    | 38.2    |
| Capital Items + Major Maintenance    | -       | 5.6     |         |         |         |         |
| Bond Fund and Reserve Contributions  | (23.9)  | (23.7)  | (19.1)  | (16.7)  | (22.6)  | (22.6)  |
| Common Use Transportation expenses   | (11.9)  | (15.2)  | (15.0)  | (19.1)  | (18.5)  | (19.1)  |
| Amortization (Busses and Facilities) | -       | -       | -       | (2.2)   | (5.4)   | (7.3)   |
| Interest received on CFC Balances    | 0.6     | 0.9     | 1.1     | 0.8     | 0.7     | 0.6     |
| CFC Balance                          | \$ 23.9 | \$ 28.1 | \$ 29.3 | \$ 28.7 | \$ 20.3 | \$ 14.8 |
| Loan/(repayments) from/to Authority  | 1.1     | (2.3)   | -       | -       | -       | -       |
| CFC Balance shortfall <sup>1</sup>   | -       | -       | -       | -       | 4.7     | 10.2    |
| CFC Fund Balance <sup>2</sup>        | \$ 25.0 | \$ 25.8 | \$ 29.3 | \$ 28.7 | \$ 25.0 | \$ 25.0 |

- At the current \$9/Day CFC rate, there are insufficient annual CFCs to fully fund all expenditures

<sup>1</sup>Shortfall will be met by the RACS (supplemental consideration) per the terms of the lease

<sup>2</sup>CFC Balance must not fall below \$25 Million per terms of Bond Indenture

# Amended California CFC Legislation



- ▶ On October 1, 2025 California legislation was amended, effective January 1, 2026, to allow:
  1. CFC per day collection rate of up to \$12 (maximum of 5 days)
  2. CFC usage to include major maintenance of a CONRAC



# CFC Forecast At Proposed \$12/Day Rate



Forecast at **\$12.00/Day<sup>1</sup>**

*\$ in millions*

|                                      | FY 23   | FY 24   | FY 25   | FY 26   | FY 27   | FY 28   |
|--------------------------------------|---------|---------|---------|---------|---------|---------|
| Opening Balance                      | \$ 25.0 | \$ 25.0 | \$ 25.8 | \$ 29.3 | \$ 31.3 | \$ 31.5 |
| Total CFC Revenue (collected)        | 34.1    | 35.5    | 36.5    | 41.7    | 49.9    | 50.9    |
| Capital Items + Major Maintenance    | -       | 5.6     | -       | (1.6)   | (2.0)   | (2.0)   |
| Bond Fund and Reserve Contributions  | (23.9)  | (23.7)  | (19.1)  | (16.7)  | (22.6)  | (22.6)  |
| Common Use Transportation expenses   | (11.9)  | (15.2)  | (15.0)  | (19.1)  | (18.5)  | (19.1)  |
| Amortization (Busses and Facilities) | -       | -       | -       | (3.0)   | (8.1)   | (11.3)  |
| Interest received on CFC Balances    | 0.6     | 0.9     | 1.1     | 0.8     | 1.6     | 1.6     |
| CFC Balance                          | \$ 23.9 | \$ 28.1 | \$ 29.3 | \$ 31.3 | \$ 31.5 | \$ 29.0 |
| Loan/(repayments) from/to Authority  | 1.1     | (2.3)   | -       | -       | -       | -       |
| CFC Balance shortfall                | -       | -       | -       | -       | -       | -       |
| CFC Fund Balance                     | \$ 25.0 | \$ 25.8 | \$ 29.3 | \$ 31.3 | \$ 31.5 | \$ 29.0 |

- At the proposed \$12/Day CFC rate, there are sufficient annual CFCs to fully fund all eligible expenditures

<sup>1</sup>Actual Rate increase will be set for February 4 2026 to give RACs 60 days notice

# Requirements For Increasing CFC Fee



California Government Code §50474.3(b) generally requires the following conditions to increase the CFC - the Airport must:

- Establish the revenue necessary to meet the costs of operating the common-use transportation systems and major maintenance of the CONRAC and demonstrate the current fee is insufficient
- Outline:
  - Steps taken to limit the costs
  - Potential alternatives to the CFC for meeting the revenue needs
  - The extent to which costs of CONRAC-related facilities are paid from sources other than the CFC fee
- Undertake an independent review of projected CFC revenues and related costs to ensure they are reasonable

# Steps to Limit Costs and Alternative Funding



In addition to CFC Bond debt service, CFCs fund the common-use transportation system and any potential major maintenance needs

- Common Use transportation contract was bid out in a competitive solicitation in 2022
- The Authority has utilized alternative funding for the bus maintenance facility as CFCs were insufficient to fund this facility up-front. The Authority funded the construction, and CFCs will be utilized to repay these costs over 10-year period
- Other potential funding sources include FAA AIP grants, PFCs and Airport general revenues, RAC Supplemental Consideration
- The Authority continually evaluates opportunities to refinance existing debt to reduce total debt service

# Users Pay for Costs of CONRAC Facilities



| Cost  | CFCs       | Rental Car Companies                          |
|---|------------|---|
| CONRAC Facility Ground Rent                 | No (0%)    | Yes (100%)                                    |
| CONRAC Facility Operating Expenses          | No (0%)    | Yes(100%)                                     |
| CONRAC Facility Construction & Debt Service | Yes (100%) | No; But RACs assume 100% of any CFC shortfall |
| CONRAC Major Maintenance                    | Yes(100%)* | No; But RACs assume 100% of any CFC shortfall |
| Common Use Bussing                          | Yes (100%) | No; But RACs assume 100% of any CFC shortfall |

\* Effective 1/1/26 as part of amended legislation that was passed



# Recommended Action and Questions



- Adopt Resolution No. \_\_\_\_\_ authorizing the implementation and collection of an Alternative Customer Facility Charge pursuant to California Government Code §50474.3 in the amount of \$12.00 per transaction day effective February 4, 2026. The increased CFC fee will fund the common use transportation system and any major maintenance costs of the CONRAC.



## **PUBLIC COMMENT**

MEETING DATE: 12-4-25

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY  
SPEAKER REQUEST FORM**

If you wish to speak during this meeting, please complete this form and submit it to the Authority Clerk prior to the initiation of the portion of the agenda containing the item to be addressed

- Please fill out a speaker slip for each separate item on which you would like to speak
- Speakers are limited to three (3) minutes
- **NOTE:** If you are the applicant, please indicate it next to your name. Applicants, groups and referring jurisdictions are limited to five (5) minutes. **(Groups must register with the Authority prior to the meeting)**
- You may speak only once under Public Comment

I WOULD LIKE TO SPEAK DURING: Public Comment X non agenda Public Comment OR ON Agenda Item No. \_\_\_\_\_  
AND

I WOULD LIKE TO SPEAK IN: Support \_\_\_\_\_ or Opposition \_\_\_\_\_ to this Item.

**PLEASE PRINT CLEARLY AND LEGIBLY:**

NAME: \_\_\_\_\_

CITY OF RESIDENCE: \_\_\_\_\_

Address: \_\_\_\_\_

(Optional)

PHONE: \_\_\_\_\_

(Optional)

\_\_\_\_ Please check here if you are a registered lobbyist with the Authority.

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Address: \_\_\_\_\_

(Optional)

PHONE: \_\_\_\_\_

(Optional)

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