Subject:

Approve and Authorize Adoption of a Mid-Year Adjustment of $3,000,000,000 to the Fiscal Year 2020-2024 Capital Program Budget to Incorporate Implementation of the Airport Development Plan - Alternative 4

Recommendation:

Adopt Resolution No. 2020-0003, approving and authorizing adoption of a mid-year adjustment of $3,000,000,000 to the Fiscal Year 2020-2024 Capital Program Budget to incorporate implementation of the Airport Development Plan - Alternative 4.

Background/Justification:

The Airport Development Plan

In 2012, the San Diego County Regional Airport Authority (“Authority”) embarked on the next master-planning effort for San Diego International Airport (“SDIA”) known as the Airport Development Plan (“ADP”). The ADP focuses on identifying and developing the improvements needed to serve forecasted aviation demand through 2035 with more modern, efficient, and comfortable facilities. SDIA has had record-breaking growth over the last five years with over 24 million passengers being served in 2019. Activity levels at the Airport could approach 39 million passengers and 290,000 annual aircraft operations in 2035, based on the latest Federal Aviation Administration (“FAA”) approved forecast. SDIA’s ultimate capacity is determined by its single runway system and its mandatory departure curfew. In response to regional demand, operational growth is expected to continue over the next 30 years, but the rate of growth will likely decline as the throughput capacity of SDIA’s single runway is approached. Nevertheless, SDIA’s existing terminal gates and airfield facilities can accommodate the forecasted demand, but aircraft delays and passenger service levels of service would be unacceptable. In addition to accommodating this anticipated future activity level, the goals of the ADP are to maintain high levels of passenger satisfaction, ensure an operationally efficient airfield which meets FAA standards, optimize the productive use of Airport properties, improve ground access to the Airport, and meet passenger and employee parking demand. These goals are to be met in a manner that is socially responsible, as well as fiscally and environmentally sustainable.

The cornerstone of the ADP is the replacement of existing Terminal 1, which is over 50 years old, with a more modern, comfortable, and efficient terminal facility. The new Terminal 1 will increase to 30 gates (from 19) and be able to accommodate both narrow-body and wide-body aircraft. The new facility’s amenities will include more gate-area seating, restrooms, restaurants, and shops, as well as expanded security check point lanes. Similar to the curb front of the Airport’s Terminal 2, the new Terminal 1 will also separate arriving and departing passenger traffic with an elevated departures roadway that will include curbside check-in and will offer additional close-in parking options for passengers. A new on-airport entry roadway will provide a dedicated Airport access point for vehicles coming from the east, and will also include a multi-use path for pedestrians and bicyclists.
To help further reduce traffic on North Harbor Drive, all buses currently moving to and from the Rental Car Center and Employee Parking Lot will be removed from city streets and routed exclusively through the new on-airport entry and link road. On the airside, Taxiway B will be realigned to meet FAA standards and a new Taxiway A will allow bidirectional flow of aircraft. ADP - Alternative 4 also preserves an area for a future transit station to directly serve the terminals and for on-airport exit lanes that can be integrated into future regional transportation network improvements, which are now being evaluated as part of San Diego Association of Governments’ (SANDAG) new Regional Transportation Plan.

A separate resolution is currently pending before the Authority Board (“Board”) related to the certification of the ADP Environmental Impact Report (“EIR”) and the Adoption of ADP - Alternative 4.

Adjustment to the Capital Program Budget

On July 11, 2019, the Board approved a Capital Program Budget of $955,000,000 for FY2020-2024 at SDIA.

Should the Board proceed with certifying the ADP EIR, staff is requesting a mid-year adjustment of $3,000,000,000 to the FY2020-2024 Capital Program Budget to incorporate the following portions of the ADP into the Capital Program:

Package 1 – Terminal and Roadways: Phased construction of a new terminal building with up to 30 gates, aircraft boarding bridges, portion of aircraft apron surrounding the new terminal building, new entry, circulation, dual level arrival and departure roadways, pedestrian bridges, demolition of buildings, surface features and utilities, new and relocated utilities, storm drainage collection, storage and transmission facilities and existing central utility plant upgrades. This package also includes construction of new modular buildings for Airport and Contractor staff offices during design and construction.

Package 2 – Airside Improvements: Airfield pavement for aircraft parking and circulation at the new Terminal building, a new Group III Taxiway A, relocation of Group V Taxiway B, remain overnight aircraft parking apron, and associated airfield marking, lighting, signage, security/jet blast fencing and other associated facilities. Work also includes storm-water capture, infiltration and reuse facilities to meet the Authority sustainability goals and current and future State of California water quality regulations.

Package 3 – Administration Building: A new 4-story approximately 130,000 square foot office building that includes the Authority’s administrative offices, Authority Board Room, Airport Operations Center, Security Operations Center, and Emergency Operations Center.

Package 4 – Parking Structure: A parking structure of up to five stories with a capacity of up to 5,500 parking spaces. The structure includes commercial vehicle transportation islands on the ground level. This package also preserves space on the west side of the structure for a future transit station that would connect to a regional transit extension. The work of this package may be combined with Package 1 if the Authority determines that such a combination would provide significant benefits to the overall program.
The estimated amounts for the work packages are summarized in the table below:

<table>
<thead>
<tr>
<th>ADP Package</th>
<th>Estimated Amount¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Package 1 - Terminal and Roadways</td>
<td>$ 2,213,000,000</td>
</tr>
<tr>
<td>Package 2 - Airfield Pavement</td>
<td>$ 219,000,000</td>
</tr>
<tr>
<td>Package 3 - Administration Building</td>
<td>$ 103,000,000</td>
</tr>
<tr>
<td>Package 4 - Structured Parking</td>
<td>$ 291,000,000</td>
</tr>
<tr>
<td>Owner Contingency</td>
<td>$ 174,000,000</td>
</tr>
<tr>
<td><strong>Total Program Authorization Requested</strong></td>
<td><strong>$ 3,000,000,000</strong></td>
</tr>
</tbody>
</table>

¹ Estimated Package amounts will be adjusted in the future within the Total Program Authorization amount requested.

Staff expects to return to the Board over the next 24 months to request the award of design-build contracts for Packages 1, 3, and 4 and to request the award of design and construction contracts for Package 2.

**Fiscal Impact:**

Adequate funds for the Airport Development Program (ADP) packages 1 through 4 are included within the Board approved FY2020-FY2024 Capital Program-Budget. Funding for the $3 billion is made possible with the new ten year Airline Operating and Lease Agreement (AOLA), which became effective on July 1, 2019. This new agreement provides a guaranteed 1.4x debt service coverage, 600 days cash on hand, and a rate structure that accommodates the costs for ADP. Based on the budget and Plan of Finance over the next 5-7 years, the Authority anticipates Cost per Enplaned Passenger (CPE) will increase to a range of $23 to $24 and Debt per Enplaned Passenger will increase to a range of $275 to $315. Expected sources of funding include Revolving Lines of Credit on an interim basis, Authority Cash, FAA Airport Improvement Program Entitlement and Discretionary Grants, and General Airport Revenue Bonds (including Revenue Bonds backed by PFCs). Staff will periodically update the Board on the funding plan as it is further developed and refined, especially in regards to anticipated debt issuances which comprise the vast majority of ADP funding. Below is a graphic representation of the sources of funds for these projects.
Authority Strategies/Focus Areas:

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

**Strategies**

- [x] Community Strategy
- [x] Customer Strategy
- [ ] Employee Strategy
- [x] Financial Strategy
- [x] Operations Strategy

**Focus Areas**

- [x] Advance the Airport Development Plan
- [x] Transform the Customer Journey
- [x] Optimize Ongoing Business

Environmental Review:

A. CEQA: This Board action is not a project that would have a significant effect on the environment as defined by the California Environmental Quality Act (“CEQA”), as amended. 14 Cal. Code Regs. §15378. This Board action is not a “project” subject to CEQA. Cal. Pub. Res. Code §21065.


Application of Inclusionary Policies:

The Authority has the following inclusionary programs and policy: a Disadvantaged Business Enterprise (DBE) Program, an Airport Concession Disadvantaged Business Enterprise (ACDBE) Program and Policy 5.12. These programs and policy are intended to promote the inclusion of small, local, service disabled/veteran owned small business, historically underrepresented businesses and other business enterprises, on all contracts.
Through the Airport Development Plan work packages the Authority will work with future prime contractor awardees to maximize participation by small, local, disadvantaged business enterprises, service disabled/veteran owned small businesses and historically underrepresented businesses.

Prepared by:

DENNIS PROBST
DEVELOPMENT: VICE PRESIDENT & CHIEF DEVELOPMENT OFFICER
RESOLUTION NO. 2020-0003

A RESOLUTION OF THE BOARD OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY, APPROVING AND AUTHORIZING ADOPTION OF A MID-YEAR ADJUSTMENT OF $3,000,000,000 TO THE FISCAL YEAR 2020-2024 CAPITAL PROGRAM BUDGET TO INCORPORATE IMPLEMENTATION OF THE AIRPORT DEVELOPMENT PLAN - ALTERNATIVE 4

WHEREAS, in 2012, the San Diego County Regional Airport Authority (“Authority”) embarked on the next master-planning effort for San Diego International Airport (“SDIA”) known as the Airport Development Plan (“ADP”); and

WHEREAS, the ADP focuses on identifying and developing the improvements needed to serve forecasted aviation demand through the year 2035 with more modern, efficient and comfortable facilities; and

WHEREAS, SDIA has had record-breaking growth over the last five years with over 24 million passengers served in 2019; and

WHEREAS, activity levels at SDIA could approach 39 million passengers and 290,000 annual aircraft operations in 2035, based on the latest Federal Aviation Administration (“FAA”) approved forecast; and

WHEREAS, SDIA'S ultimate capacity is determined by its single runway system and its mandatory departure curfew; and

WHEREAS, SDIA’s existing terminal gates and airfield facilities can accommodate the forecasted demand, but aircraft delays and passenger service levels of service would be unacceptable; and

WHEREAS, in addition to accommodating this anticipated future activity level, the goals of the ADP are to maintain high levels of passenger satisfaction, ensure an operationally efficient airfield which meets FAA standards, optimize the productive use of Airport properties, improve ground access to the Airport, and meet passenger and employee parking demand; and

WHEREAS, these goals are to be met in a manner that is socially responsible, as well as fiscally and environmentally sustainable; and

WHEREAS, the cornerstone of the ADP is the replacement of existing Terminal 1, which is over 50 years old, with a more modern, comfortable, and efficient terminal facility; and
WHEREAS, the new Terminal 1 will increase to 30 gates (from 19) and be able to accommodate both narrow-body and wide-body aircraft, will include more gate-area seating, restrooms, restaurants, shops, as well as expanded security check point lanes, and also separate arriving and departing passenger traffic with an elevated departures roadway that will include curbside check-in and will offer additional close-in parking options for passengers; and

WHEREAS, a new on-airport entry roadway will provide a dedicated Airport access point for vehicles coming from the east, and will also include a multi-use path for pedestrians and bicyclists; and

WHEREAS, to help further reduce traffic on North Harbor Drive, all buses currently moving to and from the Rental Car Center and Employee Parking Lot will be removed from city streets and routed exclusively through the new on-airport entry and link road; and

WHEREAS, on the airside, Taxiway B will be realigned to meet FAA standards and a new Taxiway A will allow bidirectional flow of aircraft; and

WHEREAS, the ADP - Alternative 4 also preserves an area for a future transit station to directly serve the terminals and for on-airport exit lanes that can be integrated into future regional transportation network improvements, which are now being evaluated as part of San Diego Association of Governments’ (SANDAG) new Regional Transportation Plan; and

WHEREAS, on July 11, 2019, the Board approved a Capital Program Budget of $955,000,000 for FY2020-2024 at SDIA; and

WHEREAS, should the Board proceed with certifying the ADP EIR, staff is requesting a mid-year adjustment of $3,000,000,000 to the FY2020-2024 Capital Program Budget to incorporate the following portions of the ADP into the Capital Program:

Package 1 – Terminal and Roadways: Phased construction of a new terminal building with up to 30 gates, aircraft boarding bridges, portion of aircraft apron surrounding the new terminal building, new entry, circulation, dual level arrival and departure roadways, pedestrian bridges, demolition of buildings, surface features and utilities, new and relocated utilities, storm drainage collection, storage and transmission facilities and existing central utility plant upgrades. This package also includes construction of new modular buildings for Airport and Contractor staff offices during design and construction.
Package 2 – Airside Improvements: Airfield pavement for aircraft parking and circulation at the new Terminal building, a new Group III Taxiway A, relocation of Group V Taxiway B, remain overnight aircraft parking apron, and associated airfield marking, lighting, signage, security/jet blast fencing and other associated facilities. Work also includes storm-water capture, infiltration and reuse facilities to meet the Authority sustainability goals and current and future State of California water quality regulations.

Package 3 – Administration Building: A new 4-story approximately 130,000 square foot office building that includes the Authority’s administrative offices, Authority Board Room, Airport Operations Center, Security Operations Center, and Emergency Operations Center.

Package 4 – Parking Structure: A parking structure of up to five stories with a capacity of up to 5,500 parking spaces. The structure includes commercial vehicle transportation islands on the ground level. This package also preserves space on the west side of the structure for a future transit station that would connect to a regional transit extension. The work of this package may be combined with Package 1 if the Authority determines that such a combination would provide significant benefits to the overall program; and

WHEREAS, staff expects to return to the Board over the next 24 months to request the award of design-build contracts for Packages 1, 3, and 4 and to request the award of design and construction contracts for Package 2.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the adoption of a mid-year adjustment of $3,000,000,000 to the Fiscal Year 2020-2024 Capital Program Budget to incorporate implementation of the Airport Development Plan - Alternative 4; and

BE IT FURTHER RESOLVED that the Authority and its officers, employees, and agents hereby are authorized, empowered, and directed to do and perform all such acts as may be necessary or appropriate in order to effectuate fully the foregoing resolution; and

BE IT FURTHER RESOLVED that the Board finds this action is not a “project” as defined by the California Environmental Quality Act (“CEQA”) (California Public Resources Code §21065); and is not a “development” as defined by the California Coastal Act (California Public Resources Code §30106).
PASSED, ADOPTED, AND APPROVED by the Board of the San Diego County Regional Airport Authority at a regular meeting this 9th day of January, 2020, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ATTEST:

_________________________________
TONY R. RUSSELL
DIRECTOR, BOARD SERVICES /  
AUTHORITY CLERK

APPROVED AS TO FORM:

_________________________________
AMY GONZALEZ  
GENERAL COUNSEL
Item 2

Approve and Authorize Adoption of a Mid-Year Adjustment of $3,000,000,000 to the Fiscal Year 2020-2024 Capital Program Budget to Incorporate Implementation of the Airport Development Plan - Alternative 4

Board Meeting
January 09, 2020

Dennis Probst
Vice President & Chief Development Officer
Alternative 4 - Overall Project Scope

- Package 1 – Terminal and Roadways
- Package 2 – Airside Improvements
- Package 3 – Administration Building
- Package 4 – Parking Structure
Alternative 4 - Project Scope

Package 1 – Terminal and Roadways:

• New 30 Gate Terminal Building (Built in 2 Phases)
• Portion of Aircraft Apron
• New Entry Roadways
• New Circulation, Dual Level Arrival and Departure Roadways
• Storm Drainage Collection
Alternative 4 - Project Scope

Package 2 – Airside Improvements:

- Airfield Pavement for Aircraft Parking and Circulation
- New Taxiway A
- Relocation of Taxiway B
- Remain Overnight Aircraft Parking Apron
- Security / Jet Blast Fencing
- Stormwater Capture, Infiltration and Reuse Facilities
Alternative 4 - Project Scope

Package 3 – Administration Building:

- New 4-Story Office Building
- Authority’s Administrative Offices
- Authority Board Room
- Airport Operations Center
- Security Operations Center
- Emergency Operations Center
Alternative 4 - Project Scope

Package 4 – Parking Structure:
- Up to Five Stories With a Capacity of up to 5,500 Parking Spaces
- Commercial Vehicle Transportation Islands
- Preserves Space for a Future Transit Station Connecting to a Regional Transit Extension
ADP Alternative 4 Anticipated Implementation Timeline
# ADP Alternative 4 Proposed Budget

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Recommendation

Adopt Resolution No. 2020-00XX, approving and authorizing adoption of a mid-year adjustment of $3,000,000,000 to the Fiscal Year 2020-2024 Capital Improvement Program Budget to incorporate implementation of the Airport Development Plan – Alternative 4