

September 28, 2017

CALL AND NOTICE OF A REGULAR MEETING OF THE BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

NOTICE is hereby given that a regular meeting of the Burbank-Glendale-Pasadena Airport Authority will be held <u>Monday</u>, <u>October 2, 2017</u>, at 9:00 a.m., in the Airport Skyroom of Hollywood Burbank Airport, 2627 Hollywood Way, Burbank.

Terri Williams, Board Secretary Burbank-Glendale-Pasadena Airport Authority



REGULAR COMMISSION MEETING

AGENDA

OCTOBER 2, 2017

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

Regular Meeting of Monday, October 2, 2017 9.00 A.M.

NOTE TO THE PUBLIC: The Commission invites public comments on airport-related non-agenda matters during the Public Comment period. The Commission will receive public comments on agenda items as each item is reached. Members of the public are requested to observe the following decorum when attending or participating in meetings of the Commission:

- Turn off cellular telephones and pagers.
- Refrain from disorderly or boisterous conduct, including loud, threatening, profane, or abusive language, clapping, whistling, stamping, or other acts that disrupt or otherwise render unfeasible the orderly conduct of the meeting.
- If you desire to address the Commission during the Public Comment period, fill out a speaker request card and present it to the Commission's secretary.
- Limit public comments to five minutes, or such other period of time as may be specified by the presiding officer, and confine remarks to matters that are on the Commission's agenda for consideration or are otherwise within the subject matter jurisdiction of the Commission.

Any disclosable public records related to an open session item on a regular meeting agenda and distributed by the Authority to the Commission less than 72 hours prior to that meeting are available for public inspection at Hollywood Burbank Airport (2627 Hollywood Way, Burbank) in the administrative office during normal business hours.

In accordance with the Americans with Disabilities Act of 1990, if you require a disability-related modification or accommodation to attend or participate in this meeting, including auxiliary aids or services, please call the Board Secretary at (818) 840-8840 at

- 1. PLEDGE OF ALLEGIANCE
- 2. ROLL CALL
- 3. APPROVAL OF AGENDA
- 4. PUBLIC COMMENT
- 5. CONSENT CALENDAR
 - a. Committee Minutes (For Note and File)
 - 1) Operations and Development Committee

[See page 1]

(i) August 7, 2017

2) Finance and Administration Committee

(i) August 7, 2017 [See page 5]

b. Commission Minutes (For Approval)

1) September 18, 2017 [See page 7]

c. Auditor Required Communications for the FY 2017 Financial Audits

6. ITEMS FOR COMMISSION APPROVAL

 a. Award of Contract – Project Number E17-08 Design Services for Portions of Taxiways C and D General Aviation Ramp Rehabilitation and Pavement Management System [See page 25]

 b. Award of Purchase Order – American Association of Airport Executives for Interactive Employee Training Database System Upgrade [See page 31]

c. Award of Lease - Seventh Amendment to Lease and Concession Agreement MCS Burbank, LLC

[See page 42]

7. ITEMS FOR COMMISSION INFORMATION

a. Airline Schedule Analysis

[See page 49]

8. CLOSED SESSION

- a. CONFERENCE WITH LABOR NEGOTIATORS
 (California Government Code Section 54957.6)
 Authority Representatives: Frank Miller
 Employee Organization: IAFF I-60
- THREAT TO PUBLIC SERVICES OR FACILITIES (California Government Code Section 54957(a))
 Consultation with Director of Public Safety
- c. PUBLIC EMPLOYEE PERFORMANCE EVALUATION (California Government Code Section 54957(b))

Title: Executive Director

9. ADJOURNMENT

COMMISSION NEWSLETTER October 2, 2017

[Regarding agenda items]

5. CONSENT CALENDAR

(Consent Calendar items may be enacted by one motion. There will be no separate discussion on these items unless a Commissioner so requests, in which event the item will be removed from the Consent Calendar and considered in its normal sequence on the agenda.)

- a. COMMITTEE MINUTES Approved minutes of the August 7, 2017, Operations and Development Committee; and the August 7, 2017, Finance and Administration Committee are included in the agenda packet for information purposes.
- b. COMMISSION MINUTES Draft minutes of the September 18, 2017, meeting are attached for Commission's review and approval.
- c. AUDITOR REQUIRED COMMUNICATIONS FOR THE FY 2017 FINANCIAL AUDITS: In accordance with applicable professional standards, the Authority's auditor, Macias Gini & O'Connell LLP, has provided the attached letter to the Commission outlining its audit responsibilities, and planned scope and timing of the FY 2017 financial audits. Also attached is a copy of the annual engagement letter, which substantially conforms to the professional services agreement between the Authority and MGO for audit services. At the September 18, 2017, Finance and Administration Committee meeting, the Committee voted unanimously (3–0) to recommend to the Commission that it note and file these communications.

6. ITEMS FOR COMMISSION APPROVAL

- a. PROJECT NUMBER E17-08 DESIGN SERVICES FOR PORTIONS OF TAXIWAYS C AND D; GENERAL AVIATION RAMP REHABILITATION; AND PAVEMENT MANAGEMENT SYSTEM A staff report is attached. At the September 18, 2017, meeting of the Operations and Development Committee ("Committee"), the Committee voted unanimously (3–0) to recommend that the Commission: (i) Authorize execution of a Professional Services Agreement for an engineering design contract in the amount of \$920,486.00 to RDM International, Inc. ("RDM"); (ii) approve the deployment of TBI Force Account including the services for in-house consultants for design management services for a not-to-exceed amount of \$50,000.00; and (iii) establish a Project Aggregate Contingency of approximately 3% of the estimated total project budget in the amount of \$30,000.
- b. AWARD OF PURCHASE ORDER AMERICAN ASSOCIATION OF AIRPORT EXECUTIVES FOR INTERACTIVE TRAINING DATABASE UPGRADE A staff report is attached. At the September 18, 2017, meeting of the Operations and Development Committee ("Committee"), the Committee voted unanimously (3–0) to recommend that the Commission authorize the Executive Director to execute a sole source purchase order with the American Association of Airport Executives to revise and update the current proprietary interactive Employee Training Database system used at Hollywood Burbank Airport for a lump-sum amount of \$130,270.

c. AWARD OF LEASE - SEVENTH AMENDMENT TO LEASE AND CONCESSION AGREEMENT MCS BURBANK LLC – A staff report is included in the agenda packet. At the Finance and Administration Committee ("Committee") meeting held on September 18, 2017, the Committee voted unanimously to recommend to the Commission that it approve a Seventh Amendment to the Lease and Concession Agreement ("Amendment") with the Authority's exclusive food and beverage concessionaire, MCS Burbank LLC ("MCS"). The proposed Amendment will provide MCS with an additional 105 square feet of space for a "Guy Fieri Sammich Joint Grab 'N Go" located in Terminal A and 70 square feet of space for a "Wolfgang Puck Kitchen Grab 'N Go" to be located in Terminal B. The proposed Amendment will generate an additional \$13,146 annually through an increase to the Minimum Annual Guarantee and an additional \$3,150 through an increase to the Space Rent. With this proposed Amendment, the total revenue from MCS increases from \$1,409,907 to \$1,426,203 annually.

7. ITEMS FOR COMMISSION INFORMATION

a. AIRLINE SCHEDULE ANALYSIS – A staff report is included in the agenda packet. Staff has received notice of changes in service, fleet mix, and scheduled operating times from one airline serving Hollywood Burbank Airport. This report change is reflected in detail below and on the attached Schedule Change Analysis.

Approved September 18, 2017

MINUTES OF THE REGULAR MEETING OF THE OPERATIONS AND DEVELOPMENT COMMITTEE BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

MONDAY, AUGUST 7, 2017

A regular meeting of the Operations and Development Committee was called to order on this date in the Airport Skyroom of the Burbank-Glendale-Pasadena Airport Authority, 2627 Hollywood Way, Burbank, California, at 8:30 a.m., by Chairman Brown.

ROLL CALL

Present: Commissioners Brown and Selvidge;

Commissioner Sinanyan (arrived at 8:32 a.m.)

Absent: None

Also Present: Staff: Frank Miller, Executive Director;

John Hatanaka, Senior Deputy Executive Director; Paul Chang, Manager, Engineering; Ed Skvarna, Director of Public Safety/Chief of Police, Airport Authority Police Department; Nerissa Sugars, Air Service Development and Marketing; Mary Tromp,

Manager, Parking Revenue

1. Approval of Agenda Commissioner Selvidge moved approval of the

agenda and there being no objection, the agenda

was approved (2-0, one absent).

Commissioner Sinanyan arrived at 8:32 a.m.

2. Public Comment There were no public speakers.

3. Approval of Minutes

a. July 17, 2017 Commissioner Selvidge moved approval of the

minutes of the July 17, 2017, meeting. There being

no objection, the minutes were approved

(2-0, one absent).

4. Contracts and Leases

a. Award of Contract: Project Number E16-07 Hangar 34

Roof Rehabilitation

Staff presented a proposed contract for the Hangar 34 roof rehabilitation, Project Number E16-07, recommending that the Committee recommend to the Commission that the following actions take place:

- Award a construction contract in the amount of \$329,500 to Universal Coatings to install a polyurethane foam roofing on Hangar 34;
- Authorize the issuance of a sole source Purchase Order in the lump sum amount of \$11,900 to National Roofing Consultants, or NRC, the engineer of record for construction administration services:
- Approve the deployment of TBI Force Account, including in-house construction management services, field observation, and security for the not-to-exceed amount of \$60,000;
- Authorize the establishment of an aggregate project contingency of \$40,000.

Staff provided background repair history of the Hangar 34 roof, along with the costs associated with the project and the biding process. Staff noted, along with a breakdown of costs, the appropriations for the completion of the Hangar 34 roof are part of the Adopted 2017/2018 Fiscal Year Capital Plan with an approved budget of \$485,000.

Following Staff's presentation, which included various questions from the Committee, Commissioner Sinanyan moved approval of Staff's recommendation to the Commission, seconded by Commissioner Selvidge.

The motion was approved unanimously (3-0).

Staff submitted a redlined version of Amendment No. 1 to the Wireless Communications Use and Maintenance Agreement ("Radio Agreement") and ask that it supersede the copy of the proposed Radio Agreement in the Committee's Agenda Packet for its consideration, and further request that the Operations and Development Committee recommend it to the Commission for approval. The Amendment No. 1 extends the term of the Radio Agreement by three years so that the expiration date is October 8, 2020. Staff also noted there will be no change to the other provisions of the Radio Agreement.

Staff reported that on October 8, 2007, in order to improve the Authority's public safety communication system from an analog system to a digital system, the Commission authorized Staff to execute the Radio Agreement. The purpose of the Radio

Motion

Motion Approved

b. Amendment No. 1 to Wireless Communications Use and Maintenance Agreement with the City of Burbank Agreement is to allow the Airport's public safety radio communications to be fully interoperable with surrounding police and fire agencies. Under the Radio Agreement, the Authority became a subscriber to the Interagency Communications Interoperability System ("ICIS"), which is a joint powers agency that enables its member agencies to communicate with each other at the tactical level within a large region of Los Angeles County. Burbank is an ICIS member and, through Verdugo Dispatch, both the Burbank Police Department and the Burbank Fire Department operate on ICIS.

The Radio Agreement gives the Authority ICIS connectivity and roaming capability, under Burbank's ICIS membership, for 64 Authority-owned digital radios primarily used by the Airport public safety and operations departments. Additionally, the Authority receives from Burbank basic maintenance service of the airport radios as part of the monthly service fee paid to Burbank. The service fee initially was \$25 per radio per month, and that amount has been adjusted each even-numbered year based on the local Consumer Price Index. The Radio Agreement has a 10-year term and is set to expire on October 8, 2017.

Staff is recommending that the Committee recommend to the Commission approval of Amendment No. 1 to the Radio Agreement with the City of Burbank and authorization for execution by the Authority President.

Commissioner Selvidge moved approval of Staff's recommendation to the Commission. The motion was seconded by Commissioner Sinanyan.

The motion was approved unanimously (3-0).

5. Items for Information

Motion

a. June 2017 Passenger Statistics and Parking Information

Motion Approved

Staff reported the statistics for the month of June 2017, and noted an overall increase in revenue passengers of 171/2 percent and a 13 percent increase in carrier capacity compared to June 2016.

Staff reported parking statistics for June 2017, show \$1,600,000 in overall parking revenue.

6. Other Contracts and Leases and Capital Projects

This item was not discussed.

7. Adjournment

There being no further business, the meeting was adjourned at 8:47 a.m.

MINUTES OF THE REGULAR MEETING OF THE FINANCE AND ADMINISTRATION COMMITTEE BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

MONDAY, AUGUST 7, 2017

A regular meeting of the Finance and Administration Committee was called to order on this date in the Airport Skyroom of the Burbank-Glendale-Pasadena Airport Authority, 2627 Hollywood Way, Burbank, California, at 10:19 a.m., by Chairman Tornek.

AB 23 Disclosure: The Senior Deputy Executive Director announced that, as a result of the convening of this meeting of the Finance and Administration Committee, each Committee member is entitled to receive and shall be provided \$200.

ROLL CALL

Present: Commissioners Tornek and Gharpetian.

Absent: Commissioner Adams

Also Present: Staff: Frank Miller, Executive Director; John

Hatanaka, Senior Deputy Executive Director; Kathy David, Deputy Executive Director, Finance and Administration; David Freedman, Director, Strategic

Planning and Business Development

Columbia Management Investment Advisors: James A. Wilkinson, Institutional Relationship Manager and Ron Stahl, Institutional Relationship

Manager (both via teleconference)

1. Approval of AgendaThe agenda was approved as presented.

2. Public Comment There were no public speakers.

3. Approval of Minutes

a. July 17, 2017 Draft minutes for the July 17, 2017, Finance and

Administration Committee meeting were presented

for approval.

Motion Commissioner Gharpetian moved approval of the

minutes, seconded by Commissioner Tornek.

Motion Approved There being no objection, the minutes were

approved (2-0).

4. Items for Discussion

a. CMIA Quarterly Investment Portfolio Review

Via teleconference representatives from CMIA (Columbia Management Investment Advisors, LLC) updated the Committee on the status of the Authority's PFC investment portfolio for the quarter ended June 30, 2017.

- 5. Items for Information
 - a. Committee Pending Items
- 6. Adjournment

There being no further business, the meeting was adjourned at 11:08 a.m.

Subject to approval

MINUTES OF THE REGULAR MEETING OF THE BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

MONDAY, SEPTEMBER 18, 2017

A regular meeting of the Burbank-Glendale-Pasadena Airport Authority was called to order this date in the Airport Skyroom, 2627 Hollywood Way, Burbank, California, at 9:03 a.m., by President Tornek.

1. PLEDGE OF ALLEGIANCE

Commissioner Selvidge led the assembly in the recitation of the Pledge of Allegiance to the

Flag.

2. ROLL CALL

Present:

Commissioners Tornek, Adams, Brown, Gharpetian, Sinanyan, Devine, Wiggins and

Selvidge

Absent:

Commissioner Madison

Also Present:

Staff: Frank Miller, Executive Director;
John Hatanaka, Senior Deputy Executive
Director; Nerissa Sugars, Manager, Air Service
Development; Mary Tromp, Manager, Parking
Revenue; Maggie Martinez, Manager, Noise
and Environmental Compliance; Michael
Johnston, Business Development Specialist;
Madeleine Zavala, Manager, Business and

Property

Gail Goldman, Art Consultant; Fausto

Fernandez, Artist; Dink O'Neal, City of Burbank,

Art in Public Places

3. APPROVAL OF AGENDA

There were no changes to the agenda.

4. PUBLIC COMMENT

There was no public comment.

5. CONSENT CALENDAR

a. Commission Minutes (For Approval)

Minutes of the August 21, 2017, Commission meeting were included in the agenda packet for review and approval.

1) August 21, 2017

MOTION

Commissioner Sinanyan moved approval of the Consent Calendar; seconded by Commissioner

Devine.

MOTION APPROVED

There being no objection, the motion was approved (8-0, one absent).

AYES:

Commissioners Adams, Brown, Gharpetian, Tornek, Sinanyan, Devine, Wiggins and Selvidge

NOES: None

ABSENT: Commissioner Madison

6. ITEMS FOR COMISSION **APPROVAL**

a. Approval of Conceptual **Design and Modification of Task Schedule for Public** Art at the Regional **Intermodal Transportation** Center ("RITC") **Art Panels**

Staff presented to the Commission for approval the conceptual design for the artwork that will be displayed on six panels of the Regional Intermodal Transportation Center ("RITC") at Hollywood Burbank Airport and approval of Amendment No. 1 to Artwork Commission Agreement for the Modification of the Task Schedule.

The Artwork Commission Agreement between Burbank-Glendale-Pasadena Airport Authority ("Authority") and Fausto Fernandez ("Artist"), which was approved at the February 6, 2017, Authority meeting, requires that the Commission approve the Artist's conceptual artwork prior to beginning the fabrication process.

Gail Goldman, the art consultant engaged to act on behalf of the Authority in September 2015, refreshed the Commission on the process undertaken in selecting the Artist as part of the City of Burbank Art in Public Places requirement for the RITC. She presented communications from members of the Artist Selection Committee which is comprised of one representative from each partner from the arts commission staffs from the cities of Burbank, Glendale and Pasadena: one staff member from Hollywood Burbank Airport and herself, in which they expressed support and endorsed the Artists' work.

flowing collage of images representing each of the cities of Burbank, Glendale, and Pasadena across the six panels. After responding to questions from the Commission, it was requested that the Artist consider making modifications to the conceptual design depicting each city in an individual panel prior to the beginning of the fabrication process for the artwork to be displayed at the RITC.

The entire project including design, production and installation was initially scheduled to be completed in May 2018. Due to an additional structural engineering review and additional time associated with finalizing contract negotiations, budget review and confirmation. the proposed modified schedule has been reviewed and agreed upon by all associated parties and will provide ample time to complete the project. The project will be completed in September 2018.

MOTION

Commissioner Selvidge moved to approve Amendment No. 1 to Artwork Commission Agreement for the modification of the Task Schedule; seconded by Commissioner Selvidge.

MOTION APPROVED

The motion was approved (8-0, one absent) by the following vote:

AYES:

Commissioners Adams, Brown, Gharpetian, Tornek, Sinanyan, Devine, Wiggins and Selvidge

NOES:

None

ABSENT: Commissioner Madison

7. ITEMS FOR COMMISSION INFORMATION

a. New Carrier -Mokulele Airlines Staff presented to the Commission an informational item on the addition of a new airline carrier, Mokulele Airlines, Inc., ("Mokulele") which has entered into an Airport Use and Facilities Operating Permit with Burbank-Glendale-Pasadena Airport Authority to begin service from Hollywood Burbank

Airport to Santa Maria Airport on October 3, 2017.

They have met all requirements to operate at Hollywood Burbank Airport, including execution of the Authority's Operating Permit, insurance, security agreement, and security deposits.

Mokulele will operate out of Terminal B offering service to Santa Maria Airport with two daily flights Monday through Friday and one flight on the weekends.

b. Airline Schedule Analysis

Staff reported schedule change notices were received from American Airlines and United Airlines. American eliminated one Tuesday and Saturday flight to Phoenix but will be reinstating it in October. United announced they will eliminate two weekend flights to San Francisco and one weekend flight to Denver.

c. July 2017
Passenger/Cargo
Statistics and
Parking Information

Staff presented the results of the July 2017 Passenger/Cargo Statistics and Parking Information.

Staff presented the results of the July 2017 Passenger/Cargo Statistics and Parking Information.

8. CLOSED SESSION

The meeting recessed to closed session at 9:55 a.m.

- a. Existing CONFERENCE WITH LEGAL COUNSEL EXISTING LITIGATION (California Government Code Section 54956.9(d)(1))
 Name of Case: Maricelli v. Burbank-Glendale-Pasadena Airport Authority (WCAB Case No.BC664537)
- CONFERENCE WITH LABOR NEGOTIATORS (California Government Code Section 54957.6)
 Authority Representatives: Frank R. Miller Employee Organization: IAFF I-60
- c. PUBLIC EMPLOYEE PERFORMANCE EVALUATION (California Government Code Section 54957(b))

Title: Executive Director

	Meeting Reconvened to Open Session	The meeting reconvened to open session at 11:04 a.m. with the following Commissioners present: Adams, Brown, Gharpetian, Sinanyan, Devine, Tornek and Wiggins.
	Closed Session Report	President Tornek announced Item c. was deferred and that no reportable action was taken in closed session.
9.	ADJOURNMENT	There being no further business, the meeting was adjourned at 11:04 a.m.
		Ray Adams, Secretary
		Date
	Terry Tornek, President	
-	Date	

STAFF REPORT PRESENTED TO THE BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY OCTOBER 2, 2017

AUDITOR REQUIRED COMMUNICATIONS FOR THE FY 2017 FINANCIAL AUDITS

SUMMARY

In accordance with applicable professional standards, the Authority's auditor, Macias Gini & O'Connell LLP ("MGO") has provided the attached letter to the Commission outlining its audit responsibilities, and planned scope and timing of the FY 2017 financial audits. Also attached is a copy of the annual engagement letter, which substantially conforms to the professional services agreement between the Authority and MGO for audit services. At the September 18, 2017, meeting of the Finance and Administration Committee ("Committee"), it was voted unanimously (3–0) to recommend to the Commission that it note and file these Auditor communications.

BACKGROUND

In accordance with professional standards issued by the American Institute of Certified Public Accountants ("AICPA"), MGO has issued the attached letter which (1) outlines its responsibilities under U.S. Generally Accepted Auditing Standards, Government Auditing Standards, and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards ("Uniform Guidance") related to the Single Audit of federal grant programs; and (2) outlines its planned scope and timing of the FY 2017 audits. The Auditor's responsibilities and management's responsibilities are detailed in the accompanying letters.

As the Committee functions as the Authority's Audit Committee, this letter provides a basic outline of the auditor's responsibilities related to the audits, together with its basic audit approach in accordance with professional standards.

Staff met with the MGO partner, director, manager and senior auditor on July 13, 2017, for an audit planning meeting to discuss in detail any significant accounting, auditing and reporting matters that may affect the FY 2017 financial audits, as well as to discuss the timing of audit fieldwork and reporting. Audit fieldwork will begin on September 25, 2017, with the final reports expected to be issued no later than December 4, 2017.

STAFF RECOMMENDATION

At the September 18, 2017, meeting of the Finance and Administration Committee ("Committee"), it was voted unanimously (3–0) to recommend to the Commission that it note and file these Auditor communications.



September 1, 2017

To the Board of Commissioners Burbank-Glendale-Pasadena Airport Authority

We are engaged to audit the financial statements of the Burbank-Glendale-Pasadena Airport Authority (the Authority) for the year ended June 30, 2017. We are also engaged to perform a compliance audit of the Passenger Facility Charge Program in accordance with compliance requirements described in the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration, and of the Customer Facility Charge Program in accordance with compliance requirements set forth under the California Civil Code Section 1936, as amended by Senate Bill (SB) 1192 and Assembly Bill (AB) 359, and an examination on the Authority's compliance with covenants and other requirements as outlined in any the related indentures issued related to outstanding debt issues. Professional standards require that we provide you with the following information related to our audit. We would also appreciate the opportunity to meet with you to discuss this information further since a two-way dialogue can provide valuable information for the audit process.

Our Responsibility under Auditing Standards Generally Accepted in the United States of America, Government Auditing Standards, Uniform Guidance, Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration, and the California Civil Code

As stated in our engagement letter dated July 13, 2017, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audits, we will consider the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We will also consider internal control over compliance with requirements that could have a direct and material effect on a major federal program as described by the Uniform Guidance, compliance requirements described in the *Passenger Facility Charge Audit Guide* for Public Agencies, and the compliance requirements described in the *California Civil Code*; in order to determine our auditing procedures for the purpose of expressing our opinions on compliance and to test and report on internal control over compliance in accordance with those requirements.

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we will perform tests of its compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our financial statement audit. Also in accordance with Uniform Guidance, we will examine, on a test basis, evidence about the Authority's compliance with the types of compliance requirements described in the *Office of Management and Budget* (OMB) Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on the Authority's compliance with those requirements. While our audit will provide a reasonable basis for our opinion, it will not provide a legal determination on the Authority's compliance with those requirements.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to Management's Discussion and Analysis, which supplements the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

We have been engaged to report on Schedule of Expenditures of Federal Awards, Schedule of Passenger Facility Charge Revenues and Expenditures, Schedule of Customer Facility Charge Revenues and Expenditures, which accompany the financial statements but are not RSI. Our responsibility for this supplementary information, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Planned Scope, Timing of the Audit, and Other

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

We expect to begin our audit on approximately September 25, 2017 and issue our report no later than December 4, 2017. Jim Godsey is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

This information is intended solely for the use of the Members of the Board of Airport Commissioners 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,

Jim Godsey, Partner

Macias Gini & O'Connell LLP



September 1, 2017

Board of Airport Commissioners Burbank-Glendale-Pasadena Airport Authority Burbank, California

Ladies and Gentlemen:

We are pleased to confirm our understanding of the services we are to provide Burbank-Glendale-Pasadena Airport Authority (the Authority) for the year ended June 30, 2017. We will audit the basic financial statements of the Authority as of and for the year ended June 30, 2017. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Authority's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Authority's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding 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 will 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. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis

We have also been engaged to report on supplementary information other than RSI that accompanies the Authority's basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our 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, and we will provide an opinion on it in relation to the financial statements as a whole:

- 1. Schedule of Expenditures of Federal Awards
- 2. Schedule of Passenger Facility Charge Revenues and Expenditures
- 3. Schedule of Customer Facility Charge Revenues and Expenditures

We will also perform a compliance audit on the Authority's federal award programs in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), the Passenger Facility Charge Program in accordance with compliance requirements described in the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration, and the Customer Facility

Charge Program in accordance with compliance requirements set forth under the California Civil Code Section 1939, as amended by Assembly Bill (AB) 2051. In addition, we will also conduct an examination on the Authority's compliance with covenants and other requirements as outlined in any Indentures issued related to outstanding debt issues.

Audit Objectives

The objective of our audit is the expression of an opinion as to whether your financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on—

- 1. Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with Government Auditing Standards.
- 2. Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).
- Internal control over Passenger Facility Charge Program and an opinion (or disclaimer of opinion)
 on compliance with requirements described in the Passenger Facility Charge Audit Guide for
 Public Agencies, issued by the Federal Aviation Administration.
- 4. Internal control over Customer Facility Charge Program and opinion (or disclaimer of opinion) on compliance with requirements described in the California Civil Code Section 1939, as amended by AB 2051.

The Government Auditing Standards report on internal control over financial reporting and on compliance and other matters will include a paragraph that states that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control and compliance, and (2) the report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, the *California Civil Code Section 1939*, as amended by AB 2051; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of accounting records, a determination of major program(s) in accordance with the Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the Board of Airport Commissioners of the Authority.

We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

Audit Procedures-General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with accounting principles generally accepted in the United States of America and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the Authority and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to Government Auditing Standards.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

As required by the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance requirements applicable to the program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration.

As required by the California Civil Code Section 1939, as amended by AB 2051, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to the program. However, our tests will be less in scope that would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the California Civil Code Section 1939, as amended by AB 2051.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Authority's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the Office of Management and Budget (OMB) Compliance Supplement for the types of compliance requirements that could have a direct and material effect on each of the Authority's major programs. The purpose of these procedures will be to express an opinion on the Authority's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

The Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration, requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to the program. Our procedures will consist of tests of transactions and other applicable procedures described in the Passenger Facility Charge Audit Guide for Public Agencies, issued by Federal Aviation Administration for the types of compliance requirements that could have a direct and material effect on the Authority's program. The purpose of these procedures will be to express an opinion on the Authority's compliance with requirements applicable to the program in our report on compliance issued pursuant to the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration.

The California Civil Code Section 1939, as amended by AB 2051, requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to the program. Our procedures will consist of tests of transactions and other applicable procedures described in the California Civil Code Section 1939, as amended by AB 2051, for the types of compliance requirements that could have a direct and material effect on the Authority's program. The purpose of these procedures will be to express an opinion on the Authority's compliance with requirements applicable to the program in our report on compliance issued pursuant to the California Civil Code Section 1939, as amended by AB 2051.

Section 6.05 to Article VI of the Indenture dated May 1, 2005, as amended by the Fourth Mellon Trust Company (Section 6.05 to Article VI), requires us to plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to the program. Our procedures will consist of tests of transactions and other applicable procedures described in Section 6.05 to Article VI, for the types of compliance requirements that could have a direct and material effect on the Authority's program. The purpose of these procedures will be to express an opinion on the Authority's compliance with requirements applicable to the program in our report on compliance issued pursuant to Section 6.05 to Article VI.

Other Services

We will also assist in preparing the financial statements and related notes of the Authority in conformity with accounting principles generally accepted in the United States of America, based on information provided by you. This nonaudit service does not constitute an audit under *Government Auditing Standards* and such service will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for the financial statements, schedule of expenditures of federal awards, and all accompanying information as well as all representations contained therein. Management is also responsible for identifying all federal awards received and understanding and complying with the compliance requirements, and for preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in accordance with the requirements of the Uniform Guidance.

Management is responsible for (1) establishing and maintaining effective internal controls, including internal controls over federal awards, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with accounting principles generally accepted in the United States of America; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance, (3) additional information that we may request for the purpose of the audit, and (4) unrestricted access to persons within the Authority from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements as a whole.

Your responsibilities also include identifying significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Authority involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Authority received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the Authority complies with applicable laws, regulations, contracts, agreements, and grants.

Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon, or make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with accounting principles generally accepted in the United States of America. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon, or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with accounting principles generally accepted in the United States of America; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements and related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

Third-party Service Providers

We may from time to time and depending on the circumstances, use third-party service providers in serving the Authority. We may share confidential information about the Authority with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of the Authority's personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of the Authority's information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of the Authority's confidential information to others. If a third-party service provider is deemed necessary, we will obtain written consent from the Executive Director of the Authority, prior to assigning, transferring, or subcontracting any interest in this agreement. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Assistance from the Authority

We understand that your employees will prepare all cash, accounts receivable, or other confirmations and schedules we request and will locate any documents selected by us for testing. Further, the Authority will provide us with access to the internet for the purpose of access to our workpapers.

Data Collection Form

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditors' reports or nine months after the end of the audit period.

Report Copies

We will provide copies of our reports to the Board of Airport Commissioners; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

Audit Documentation

The audit documentation considered to be proprietary in nature for this engagement is the property of Macias Gini & O'Connell LLP (MGO) and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to cognizant oversight agency for audit or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of MGO personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of seven (7) years after the report release date or for any additional period requested by the cognizant agency or the oversight agency for audit, or pass-through entity. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation. However, MGO does not keep any original client records, so we will return those to you at the completion of the services rendered under this engagement. When records are returned to you, it is your responsibility to retain and protect your records for possible future use, including potential examination by any government or regulatory agencies. By your signature below, you acknowledge and agree that upon expiration of the seven-year period, MGO shall be free to destroy our records related to this engagement.

Engagement Partner

We expect to begin our audit on approximately September 25, 2017 and to issue our reports no later than December 4, 2017. Jim Godsey is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Fees

Our fees are outlined in the Contract No. A6261 dated July 10, 2017.

<u>Independence</u>

Professional and certain regulatory standards require us to be independent, in both fact and appearance, with respect to the Authority in the performance of our services. Any discussions that the Authority representatives have with professional personnel of MGO regarding employment could pose a threat to our independence. Therefore, you agree to inform us prior to any such discussions so that we can implement appropriate safeguards to maintain our independence.

General

Government Auditing Standards require that we provide you with a copy of the most recent external peer review report and any letter of comment, and any subsequent peer review reports and letter of comments received during the period of the contract. Our 2015 peer review report accompanies this letter.

We appreciate the opportunity to be of service to the Authority and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Jim Godsey, Partner

Macias Gini & O'Connell LLP

RESPONSE:

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This letter correctly sets forth the understanding of the Burbank-Glendale Pasadena Airport Authority.
Management signature: tathy law.d town. Hatavaka
Title: Deputy Executive Director Som 1. Hartan Med Vector Som 1. Hartan Med Vector Seputy Executive Director Small Seputy Executive Director Seputy Executive
Date: 9/1/17 Sept. 1, 2017

STAFF REPORT PRESENTED TO THE BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY OCTOBER 2, 2017

PROJECT NUMBER E17-08
DESIGN SERVICES FOR
PORTIONS OF TAXIWAYS C AND D
GENERAL AVIATION RAMP REHABILITATION
AND
PAVEMENT MANAGEMENT SYSTEM

SUMMARY

At the September 18, 2017, meeting of the Operations and Development Committee ("Committee"), the Committee voted unanimously (3–0) to recommend that the Commission:

- i) Authorize execution of a Professional Services Agreement for an engineering design contract in the amount of \$920,486. to RDM International, Inc. ("RDM");
- ii) Approve the deployment of TBI Force Account including the services for in-house consultants for design management services for a not-to-exceed amount of \$50,000.; and
- iii) Establish a Project Aggregate Contingency of approximately 3% of the estimated total project budget in the amount of \$30,000.

PROJECT DESCRIPTION AND PHASING

The Burbank-Glendale-Pasadena Airport Authority ("Authority") has identified the need to rehabilitate the asphalt pavement on the west ends of Taxiway C and Taxiway D, as well as the general aviation ramp areas that lie within the northwest quadrant of the Airport. The scope of services is one complete construction project composed of two distinct design areas along with two evaluation projects. It is anticipated that construction will be completed within one construction season. The design process will identify the most suitable and cost-effective rehabilitation of the areas within the project scope while considering any future or anticipated FAA design requirements so the Airfield can be brought into compliance before those changes are mandated.

Although the ends of the taxiways do not require extensive phasing, the portions of general aviation ramp interacting with airport tenants will require phasing which results in affecting the least disturbance to operations. Also included within the proposed scope of services are the design, development, and implementation of an Airside Pavement Management System. The implementation of this system will assist in future Airport Improvement Program ("AIP") grant requests by providing increase detailed information for planning pavement projects within the airfield area.

BACKGROUND

The last rehabilitation for the end portions of Taxiways C and D were 1979 and 1990, respectively. The general aviation ramp areas were last rehabilitated in 1997 and all have

served more than their useful life.

PROCUREMENT

Staff publicly solicited responses to a combined Request for Qualifications/Request for Proposals ("RFQ/RFP") on the Authority's PlanetBids e-procurement website, and advertised the competitive opportunity in the Dodge Construction News, several local newspapers, as well as public postings on the internet and in the Burbank, Glendale, and Pasadena City Halls. Staff received three responses from qualified engineering firms. Those three firms, listed alphabetically, are:

- AECOM Orange, California
- RDM Chantilly, Virginia
- T.Y. Lin International, Los Angeles, California

SELECTION PROCESS

With federal funding a major component for this project, the selection process is governed by FAA Advisory Circular 150/5100-14E ("AC") *Architectural, Engineering, and Planning Consultant Services for Airport Grant Projects*, which states: "Consultants must be engaged on the basis of their qualifications and experience, with fees determined through negotiations following selection. This can be accomplished by means of Qualifications Based Selection procedures, whereby Statements of Qualifications are requested from a number of consultants. The qualifications of consultants responding are evaluated and the best qualified consultant is selected, subject to a mutual understanding of the scope of services and negotiation of a fair and reasonable fee."

Staff instituted a two-step analysis system with Step 1 being the review of the written proposals and determining which firms are most qualified based on the above criteria. Although all three firms were qualified, the firms of RDM and T. Y. Lin International ranked significantly higher than the third submission. Thus the firms of RDM and T.Y. Lin International were invited to participate in the oral interview portion of the procurement.

Step 1-Written Proposal Evaluations

The written responses were individually evaluated by three representatives of the Airport Engineering Department and were given a score based upon four (4) selection criteria. The maximum possible score available was 100 points as the sum of the selection criteria categories described below:

- SC-1 Airport Pavement Design Experience (25 points)
- SC-2 Recent Experience in AIP Funded Projects (25 points)
- SC-3 Project Team (40 points)
- SC-4 Airport Geographic Information System/FAA Advisory Circular 150/5300-18 (10 points)

The scoring sheet for the proposals is attached. The close scoring between the top two firms led to the oral evaluations of those two firms only. The evaluation interviews were conducted by staff from Engineering and Procurement departments.

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Step 2-Interview Evaluations

The two firms interviewed were asked to present their expertise based upon the following criterion:

- IC-1 Taxiway Design Approach (25 points)
- IC-2 General Aviation Design Approach (25 points)
- IC-3 Pavement Management System (30 points)
- IC-4 Project Team/DBE Participation Approach (20 points)

A copy of the scoring worksheet for Step 2 is attached. Based on the results of Steps 1 and 2, the evaluation team identified RDM as the most qualified, and entered into a negotiation of scope. Staff then requested RDM to prepare and submit the scope of services for the project and successfully negotiated a mutually agreeable scope of services for the project.

Fee Negotiations

At the time the FY2017/2018 Budget was prepared, the estimated construction cost of design services was \$600,000. Prior to the release of the Request for Qualifications, Staff received approval from the FAA to include the Pavement Management System scope with an increase of \$300,000 for a total design budget of \$900,000.

Staff was prohibited from any fee discussions with any of the proposers until after a determination of the most qualified firm was reached. Once the establishment of the scope of services with RDM was determined, Staff engaged EQLaunch to provide an independent fee estimate (IFE) to serve as a benchmark in establishing of a fair and current market value for the project. After receiving the IFE, Staff requested and received a price proposal from RDM. The negotiation resulted in a final fee price that is within 3.7% that of the IFE. AC guidelines state that engineering fees should fall within a 10% range at the end of the negotiation process.

A lump sum fee proposal for Work Order #1 was negotiated with RDM in the amount of \$920,486. However, this fee amount is greater than the original budget. It should also be noted that during the negotiation process, it was suggested that the actual cost of construction may be closer to \$5,000,000 than the initial \$4,000,000 anticipated at the time of the project planning estimate, primarily due to future forecast of market conditions and escalation of construction costs. The IFE also noted this same trend. FAA reviewed the Record of Negotiations submitted by staff, and the IFE prepared by EQLaunch, and concurred with the selection of RDM. FAA subsequently approved grant funding sufficient to cover 80.59% of the full cost of the RDM negotiated proposal, with the local match from the Authority coming from a pending PFC application.

A separate Work Order #2 (Phase 2) for Construction Administration services will be negotiated and brought back to the Commission for consideration when an award of contract for construction services is presented. The reasoning for this is until the construction bids are received, Staff cannot accurately negotiate the Construction Administration portion that will be established closer to the time of construction.

DBE PROGRAM

Certain elements of the Authority's adopted "race conscious" Disadvantaged Business Enterprise ("DBE") program and guidelines were incorporated into the construction bid documents. The triennial DBE Program Goal is 13%; however, the Goal established for this specific project was set at 16% based on the scope of services and work required for the project. Based upon paperwork received by RDM, Staff expects to achieve a DBE participation level of 71% on this contract

FORCE ACCOUNT (TBI)

Project design phase management is proposed to be performed by the TBI Engineering Department with support from in-house consultants (Azrial, EQLaunch) for a not-to-exceed amount of \$50,000. This amount is approximately 5% of the engineering design costs. Engineering Staff and the in-house consultants will oversee the design process and provide constructability review to ensure the project is compatible with the Authority's protocols.

OPERATIONAL IMPACTS

The field research required to complete the project will either be performed at night or during the day with little or no operational impacts.

FUNDING

The FY 2017/2018 Facility Development budget included \$900,000 for the design and pavement management system portion of the project, which based on the projected costs listed below, may require a future budget amendment.

Projected Costs:

RDM	\$	920,486
Project Administration	\$	50,000
Project Aggregate Contingency	<u>\$</u>	30,000
Total	<u>\$1</u>	,000,486

Funding for this project will consist of a combination of an AIP grant and local matching funds. FAA requires that the design costs be negotiated before AIP grant funding is approved. The Authority has received an AIP grant of \$725,310 which represents 80.59% of the previously estimated costs for the design of the project and all other associated costs. A portion of the required 19.41% local match is contained within a pending Passenger Facility Charge ("PFC") application. It is proposed that the Authority provide the full local matching fund requirement in advance with the intent to receive reimbursement subject to FAA approval of the pending PFC application and any subsequent amendments to it.

Available Funding:

Grant 3-06-0031-62-2017	\$ 725,310
Local Match (PFC application - pending)	<u>\$ 116,540</u>
Sub-Total	\$ 841,850
Airport Reserve (cash flow only)	<u>\$ 158,636</u>
Total	\$1,000,486 (See Note 1)

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\STAFF REPORTS\COMMISSION\10-2-17\PROJECT NUMBER E17-08
DESIGN SERVICES FOR PORTIONS OF TAXIWAYS C AND D
GENERAL AVIATION RAMP REHABILITATION AND
PAVEMENT MANAGEMENT SYSTEM

Note 1 – The amount of \$158,636 will ultimately be funded via a combination of a future amendment to the AIP Grant Application and PFC Application for the revised forecasted costs of \$1,000,486.

SCHEDULE

The design phase of the project will commence after the award and execution of a Professional Services Agreement with construction phase plans and specifications anticipated to be delivered to the Authority for bidding in the second quarter of 2018.

STAFF RECOMMENDATION

At the September 18, 2017, meeting of the Operations and Development Committee, the Committee voted unanimously (3–0) to recommend that the Commission:

- i) Authorize execution of a Professional Services Agreement for an engineering design contract in the amount of \$920,486 to RDM International, Inc. ("RDM");
- ii) Approve the deployment of TBI Force Account including the services for in-house consultants (Azrial, EQLaunch) for design management phase services for a not-to-exceed amount of \$50,000.; and
- iii) Establish a Project Aggregate Contingency of approximately 3% of the estimated total project budget in the amount of \$30,000.

E17-08 Taxiways C9/28/2017 West End Design Services

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Comments							
Aliport Geographic Information System	-	10	10	o.	10	6	
Recent Experience in Alp Funded Projects Team	-	40		22	38	34	
Recent Experien	-	25	The state of the state of	24	25	24	
Airport pavement Design Experience Recent Ex	-	25	Her Assessment	24	25	24	
	Weighting Factor:	Maximum Points Possible	一日 日本	AECOM	RDM International	T.Y. Linn	Non-Responsive:

Evaluator: Date: Averaged-All 3 evaluators 5/15/2017

STAFF REPORT PRESENTED TO THE BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY OCTOBER 2, 2017

AWARD OF PURCHASE ORDER AMERICAN ASSOCIATION OF AIRPORT EXECUTIVES FOR INTERACTIVE EMPLOYEE TRAINING DATABASE SYSTEM UPGRADE

SUMMARY

At the September 18, 2017, meeting of the Operations and Development Committee ("Committee"), the Committee voted unanimously (3–0) to recommend that the Commission authorize the Executive Director to execute a sole source purchase order with the American Association of Airport Executives ("AAAE") to revise and update the current proprietary Interactive Employee Training Database ("IET") system used at Hollywood Burbank Airport ("Airport") for a lump-sum amount of \$130,270.

This system is an integral part of the Burbank-Glendale-Pasadena Airport Authority's ("Authority") security program. It provides the Authority the ability to record and verify the training and testing of each individual that is authorized and issued an Authority security identification badge to work at specific areas of the Airport. The issuance of these security badges are governed and subject to audit by both the Transportation Security Administration ("TSA") and Federal Aviation Administration ("FAA").

DESCRIPTION

The Authority has employed the IET system for all TSA and FAA required employee training since it was initially installed in December 2005. This system has been in active use to educate new and current employees using several different training video modules in two languages, English and Spanish. Each module has interactive questions to test employees on a variety of subjects. This system not only records the current test scores, but maintains a database on the individual's past results. These records that the system generates are subject to review and audit by the two respective federal agencies.

Using this system of training and depending on the number of modules required, an individual's testing may take an hour to two hours to complete. The IET system employed by the Authority allows for up to six persons to undergo training and testing simultaneously. On average, the Security Office processes 425 new and renewal badge applications per month. Each application requires not only that the appropriate training module be completed, but also requires the successful passing of an associated test for each module. This training and testing is required to be taken annually in order to renew one's security badge.

The current IET system is nearing end of life and will no longer be supported to receive future updates and maintenance. This IET is a proprietary system which can only be upgraded and maintained by AAAE. Additionally the current videos are dated and are in need of revisions that reflect the current state of the airport facilities.

SOURCE OF FUNDING

As part of the Fiscal Year 2017-2018 budget process Staff included a potential IET Replacement to be funded through a future PFC Application. That application is currently in process for the proposed amount of \$130,270.

SCHEDULE

If approved, an AAAE Project Team will be assigned to meet and review development phases, scope of work and agree on a timeline for the video production of each training module. Staff would then have 30 days to review and approve each course and its material before the final delivery of the revised training system.

RECOMMENDATION:

At the September 18, 2017, meeting of the Operations and Development Committee, the Committee voted unanimously (3–0) to recommend that the Commission authorize the Executive Director to execute a sole source purchase order with the AAAE to complete this task for a lump sum amount of \$130,270, as the current proprietary IET system that is essential for the Authority's security program is in need of revision and update.



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August 16, 2017

Sumire Spurlock Airport Security Manager Hollywood Burbank Airport 2627 N Hollywood Way Burbank, CA 91505 (818) 524-3826

Dear Ms. Spurlock,

The American Association of Airport Executives (AAAE) is pleased to provide Hollywood Burbank Airport (BUR) with our proposal for IET-LS. Founded in 1928, AAAE is the world's largest professional organization for airport executives, representing thousands of airport management personnel at public-use commercial and general aviation airports. AAAE's members represent some 850 airports and hundreds of companies and organizations that support airports. AAAE serves its membership through results-oriented representation in Washington, D.C. and delivers a wide range of industry services and professional development opportunities including training, meetings and conferences, and a highly respected accreditation program.

Training within the airport environment is highly specialized, regulated and complex. AAAE leads our industry in providing innovative products and services to meet the dynamic needs of your operation and is able to customize solutions for BUR.

Please find below additional information regarding our IET-LS training platform, our project team and our price proposal. Pricing is valid for 90 days.

AAAE is a 501 (C) (6) non-profit corporation. The association employs over 70 team members. Our Dunn and Bradstreet number is 06-869-7523, and our overall financial credit rating is ER4. AAAE's TIN is 510094939.

We look forward to supporting Hollywood Burbank Airport.

Sincerely,

Kyle Herbig

Director, Customer Solutions and Technology Services

AAAE

601 Madison Street, Suite 400

Alexandria, VA 22314

Email: kyle.herbig@aaae.org Telephone: (703) 797.2536

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Product Overview

AAAE offers a customized, web-based training solution that will update and enhance your current airport training curriculum. Our web-based system, Interactive Employee Training Learning Suite (IET-LS), is airport-specific, scalable and has cloud-based capabilities. Our product design can accommodate new features and dynamic content that can reflect your specific needs. The IET Learning Suite system can efficiently accommodate integration with other airport systems such as badging, providing a comprehensive and cost effective solution.

IET-LS is designed to be accessed over the airport's Internet connection and/or an independent Internet connection. The login process is secure and allows administrators to restrict and/or grant individual access privileges.

IET Learning Suite functions as a platform, managing various airport specific interactive training programs and testing and can also integrate with the badging office. Our training programs will reflect some specific airport requests incorporated with current e-Learning methodologies that truly enhance the learning experience. The Airport Operator is able to be notified when an individual is getting close to needing recurrent training using the Records and Reporting Database. IET-LS includes an automated service that sends emails to alert trainees and supervisors.

All training modules are highly interactive and designed with a Virtual Instructor, requiring the student to regularly evaluate and respond to scenario based challenges and questions. Customizable for your airport, our courseware includes graphics, high definition (HD) video and a comprehensive bank of randomly generated questions. Test results are automatically stored and maintained in a secure database. These records are accessible on demand to authorized personnel. The training records database provides easy searches and reports of test and participant data in pre-defined parameters (i.e., by date, employer, name, etc.). Certificates can be converted to PDF and emailed to each employee following the successful completion of the training program. Other paperless options are available for certificate delivery.

The self-paced training modules fully comply with all federal/local training requirements. The hardware is Energy Star 5.2 certified, All-in-One with rugged "touch-computer" space saving design, which provides a unique HD experience and interactivity that IET-LS can now provide.

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Project Roles and Responsibilities

The AAAE Project Team will be directly involved in all aspects of the project and is responsible for planning and execution. The team consists of a Project Manager who will be your primary point of contact, and a number of Team members, who are assigned to deliver their tasks according to the project schedule or timeline. On large projects, some team members may serve as Team Leads, providing task and technical leadership. The Project Manager will be responsible for overseeing the day-to-day activity and coordinate all functions and work flows.

At initiation of the project, the Project Manager will schedule a kick off meeting to review development phases and approval cycles. The courses and their contents will be provided to the airport for review, and the airport will have time to review course material as detailed in the following page. A delay in reviewing and approving courses and content may result in significant delays in delivery of a completed training system. The Project Manager will provide the airport with a project timeline and scope of work. Once the scope of work and timeline has been approved and the work has started, any further changes will require a change order and additional costs may be applied.

AAAE Kev Personnel

AAAE KEY PERSONNEI
Cathy Haggerty – Senior Producer
Lawrence Way VP, Training and Technology Services
Jim Martin - Staff VP – Senior Instructional Designer and Content Developer
Rajan Ramasamy, PMP - Technical Senior Project Manager
Adam Cho – Director of Technical Integration
Trina Hadden – Director Operations

Hollywood Burbank Airport Primary POC:

3			
	*	2	2

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Authorized Contacts

Please detail those required and/or authorized to review and approve the final script, review and approve the final video production and conduct user acceptance testing:

Name	Name
Title	Title
Email	Email
Phone	Phone

Course Script Approval — Those authorized to review and approve course scripts will have 10 business days to make editing comments upon delivery from a producer. If no comments or edits are received after 10 business days from delivery, AAAE will assume BUR has accepted and approved the script as delivered and proceed to the next phase of production. If BUR makes changes to the approved script after the commenting period is complete, then a change order will be initiated at a rate of \$150 per hour charged to BUR.

Course Video Production Approval — Those authorized to review and approve course video production will have 7 business days to make editing comments upon notification from a producer. If no comments or edits are received after 7 business days from delivery, AAAE will assume BUR has accepted and approved the production as delivered and proceed to the next phase of the project. If BUR makes changes to the approved video production after the commenting period is complete, then a change order will be initiated at a rate of \$150 per hour charged to BUR.

User Acceptance Testing – Those authorized to conduct user acceptance testing will have **7 business days** to make comments upon delivery. If no comments are received after **7 business days** from delivery, AAAE will assume BUR has accepted and approved the delivered courses and complete the project. If BUR makes changes to the courses after the user acceptance period is complete, then a change order will be initiated at a rate of \$150 per hour charged to BUR.

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Hollywood Burbank Airport IET Learning Suite

AAAE will create courses in the IET LS format. When filming new courses, IET-LS courses are filmed in HD and incorporate new learning concepts.

For employees returning for annual training, recurrent courses can reduce the training time substantially from an hour to fifteen minutes dependent on the trainees' ability to pass all of the exercises. Recurrent training (which represents a large part of trainees) results in airports delivering a substantial financial savings to its tenants while remaining compliant and reducing the load on the training room. This efficiency can increase employee productivity.

IET-LS Feature includes a Virtual Instructor with 4 personalities to select from per course.

Course Development will include the following services:

- Advance consultation on custom videotaping
- Custom content / scenario development
- Story boarding and visual development
- On-site videotaping, to include site survey
- Visualization and scene layouts
- Dramatization and scenario development
- Pre-production meetings for role playing development
- Directing and production of scenarios
- Overseeing scene treatment and continuity
- Non-linear editing and post production
- Narration and Audio mixing
- All graphics and graphic art work
- Interactive script development and branching for Upgraded IET
- Integration of custom video into interactive course for Upgraded IET
- Programming interactive assessments for Upgraded IET
- A review version of the interactive course
- Packaging of approved interactive program
- Final interactive program loaded on each unit
- Installation and On-site testing
- Quality assurance

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IET-LS Platform & Courses

AAAE will create semi-custom courses for BUR on the IET-LS platform at the following rates:

COURSE	DESCRIPTION	PRICE
SIDA – Initial Training Covers requirements related to Part 1542 Airport Semi-Custom Security, /SIDA including definitions of secured areas, badge types and access privileges, badge display, piggybacking, challenging, escorting and sensitive security information and any airport-specific information at BUR.		\$18,000
Driver Training, Non-Movement Area Initial Training Semi-Custom	Covers the requirements for driving on the Non-Movement Area; maintaining vehicle safety; definitions and causes of incidents and accidents; and all Non-Movement Area signage, marking and lighting.	\$18,000
Driver Training, Movement Area Initial Training Semi-Custom	Covers the requirements for driving; maintaining vehicle safety; definitions and causes of incidents, accidents and incursions; how to properly communicate with the tower; and all Movement Area signage, marking and lighting.	\$18,000
Environmental Awareness Custom	Covers local, state and federal environmental requirements affecting the airport. Describes: best management practices/good housekeeping; hazardous materials and other pollutants and how to properly dispose of them, deal with spills, storm water discharge procedures, waste and garbage handling and disposal and vehicle washing methods	\$18,000
Recurrent Training Courses: SIDA DTNON Environmental Awareness	Recurrent courses are highly interactive, scenario based and designed to test the application of knowledge existing employees already possess. Questions missed on a specific topic require the employee to retake the initial portion of training on that topic.	\$30,000 (\$10,000 per course)
Spanish Versions of Course: SIDA DTNON	AAAE will provide Voiceover and Open Captioning of IET-LS courses translated into Spanish.	\$24,000 (\$8,000 per course)
Environmental Awareness		
New Authorized Signatory Non-Custom	This course covers the basic requirements and responsibilities of company employees who are designated according to the SD 1542-04-08 Series as signatory authorities.	No Charge
Security Guard Course	AAAE will convert existing course to play on the IET-LS platform	No Charge
Training Records and Reporting System and Player Application Fees	Learning Suite (LMS) for Training Records and Reporting web-based application	\$15,000
Multi-Course Discount (20%)		(\$25,200)
Total: Software / Courseware Cost	All fees are a one-time charge	\$115,800.00

THE BARCEAY BEICDING I GOLMADISON STRIFT I ALEXANDRIA, VA 22314 PHONE: 703.824.0504 I PAX: 703.820.1395 I WWW.AAAE.ORG

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Hardware for Training Room

AAAE will configure, QC and ship hardware for BUR's training room at the following rates:

Hardware	Description	Price per Unit	Total Cost
Lenovo "All-in- One" touch computers	Technical Specifications: Quad-Core i5 / 3.2 GHZ; Ram 4 GB (upgrade up to 32 GB); HDD 500 GB 7200 rpm Intel HD Graphics 530; GigE Network WLAN: 802.11b/g/n; Biuetooth 4.0; Windows 7; Monitor: LED 23.8" 1920 x 1080 (Full HD) Multi- Touch	\$1,995 @ 6	\$11,970
Configuration of IET-LS	Configuration labor, shipping and quality control	Provided by AAAE	No Charge
On-Site Installation (Optional)	AAAE technician provides on-site installation support in coordination with local IT department	\$2,500 @ 1	\$2,500 (Optional)
Total: Hardware	All fees are one-time charge		\$11,970.00
With Optional Go Live Support			\$14,470.00

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TOTAL Project Cost for IET-LS Platform

IET-LS Course / Software Costs	\$115,800.00
IET-LS Hardware and Configuration Costs	\$11,970.00
Total Project Cost	\$127,700.00
With Optional Go Live Support	\$130,270.00

Approved and accepted: BUR – Hollywood Burbank	Airport	
Signature		Date
Printed Name		
Title		
Approved and accepted: AAAE – American Associati	ion of Airport Executives	
Signature		Date
Printed Name		
Fitto		

Please sign above and return executed copy to:

AAAE, Attn: Kyle Herbig, 601 Madison Street, Suite 400 Alexandria VA 22314 or email; kyle.herbig@aaae.org.

Statement of Confidentiality: All rights reserved. This document is intended for certain Hollywood Burbank Airport (BUR) employees ONLY. No part of this document may be reproduced, stored in, or introduced into a database or retrieval system, or transmitted, in any form or by any means, (electronic, mechanical, photocopying, recording, or otherwise) without the prior written permission of AAAE. AAAE reserves all rights in the confidential information and intellectual property contained in this document. This document contains information relating to a potential business, commercial, financial and technical relationship activity between AAAE and BUR. This information is intended for the sole use of the recipient only and the disclosure of this information to a third party would expose AAAE to considerable disadvantage. The products or architecture names mentioned in this document are registered trademarks and trade names of their respective owners.

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Name of Customer: August 16, 2017

Bob Hope Airport (BUR)

Name of project:

IET Legacy System Upgrade

Project scope:

This upgrade includes updating seven (7) existing IET Legacy courses including scripts, video and graphics for SIDA, SIDA Spanish, Driver Training Movement, Driver Training Non-Movement, Driver Training Non-Movement Spanish, Environmental Training and Environmental Training Spanish courses. Two (2) existing IET Legacy courses will be converted to play on the updated software including Authorized Signatory and Security Guard and three (3) new recurrent courses will be created including SIDA, Driver Training Non-Movement and Environmental Training. Hardware upgrades include six (6) Lenovo All-In-One computers and the Training Records and Reporting Database that is compatible with existing training data contained in the IET Legacy Training Records and Reporting Database.

Proposed exception to full and open competition:

BUR Airport purchased two (2) American Association of Airport Executives (AAAE) IET workstations in 2006 and since then has added 4 additional workstations that were acquired through a Sole Source, Proprietary Equipment and Software agreement. The IET is a proprietary system used to meet training requirements for application and renewal of SIDA and Airport Operations Area badges at the Pass & ID office and delivers the up-to-date training content needed to ensure safe and secure operations. This request is to upgrade the IET Legacy systems currently in use at BUR to the new version of the software, IET-LS. Being that this is a proprietary system, upgrades and course conversions can only be performed by AAAE.

In addition, BUR desires to expand the existing courses to include 3 new recurrent versions. As it is necessary for all training to be consistent, and results reported to the same central database, it is necessary to purchase additional courses through AAAE as it is the only provider of the IET and the most recent version, the IET LS system. Video updates are not available from alternative sources as AAAE is the only manufacturer and installer of the software and videos. Maintenance and video updates of the proprietary system can only be performed by AAAE.

The IET training system is not available from a competitive source and the AAAE IET training system is patented and customized. Each IET workstation is connected to a central database maintained and managed by AAAE. The secure database stores training records for the individuals and these records are made available to authorized personnel. This allows the airport to comply with FAA mandated training and record keeping requirements found in FAR Part 139. The AAAE IET LS system is the only training system available that is fully compatible with the existing proprietary IET Legacy system, allowing the airport to continue leveraging its original investment in the training system.

Sincerely,

Patrick Raker

Senior Vice President

Training and Technology Services, AAAE

STAFF REPORT PRESENTED TO THE BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY OCTOBER 2, 2017

SEVENTH AMENDMENT TO LEASE AND CONCESSION AGREEMENT MCS BURBANK LLC

SUMMARY

At the September 18, 2017, meeting of the Finance and Administration Committee ("Committee"), the Committee voted unanimously (3–0) to recommend that the Commission approve a Seventh Amendment to the Lease and Concession Agreement ("Amendment") with the Authority's exclusive food and beverage concessionaire, MCS Burbank LLC ("MCS"). The proposed Amendment will provide MCS with an additional 105 square feet of space for a "Guy Fieri Sammich Joint Grab 'N Go" located in Terminal A and 70 square feet of space for a "Wolfgang Puck Kitchen Grab 'N Go" to be located in Terminal B. The proposed Amendment will generate an additional \$13,146 annually through an increase to the Minimum Annual Guarantee ("MAG") and an additional \$3,150 through an increase to the Space Rent. With this proposed Amendment, the total annual revenue from MCS increases from \$1,409,907 to \$1,426,203.

BACKGROUND

MCS has had a presence at the airport since May 1992, and on December 31, 2000, the Authority entered into a Lease and Concession Agreement with MCS for the operation of a food and beverage concession at the airport. The original ten-year term of the Agreement was extended under the Second Amendment to June 30, 2013, and subsequent Amendments have extended the term to June 30, 2023. MCS currently leases over 14,000 square feet of terminal space which is comprised of food and beverage concession, offices and storage space.

MCS is a tenant in good standing that consistently performs over the MAG. Currently MCS pays the Authority the greater of MAG or percentage of gross revenues (12% food and beverage/17% alcohol). The current MAG amount is \$1,137,259 and the space rental income is \$272,648 annually.

AMENDMENT DETAILS

Effective Date:

October 3, 2017

Lease Term:

Expires June 30, 2023

Annual Adjustment:

CPI Adjusted Annually

MAG:

Increase of \$13,146 annually to \$1,150,405

Space Rent:

Increase of \$3,150 annually to \$275,798

Other:

Concessionaire responsible for expenses related to occupancy including maintenance, utilities, insurance, permits and applicable taxes

IMPACT ON REVENUE

The proposed Seventh Amendment will generate approximately \$16,296 annually.

RECOMMENDATION

At the September 18, 2017 meeting of the Finance and Administration Committee ("Committee"), the Committee voted unanimously (3–0) to recommend that the Commission approve of a Seventh Amendment to the Lease and Concession Agreement between MCS Burbank LLC and the Burbank-Glendale-Pasadena Airport Authority, and to authorize the President to execute same.

SEVENTH AMENDMENT TO LEASE AND CONCESSION AGREEMENT

This SEVENTH AMENDMENT TO LEASE AND CONCESSION AGREEMENT (this "Seventh Amendment") is dated as of ________, 2017 by and between the BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY, a public entity formed under a joint exercise of powers agreement among the Cities of Burbank, Glendale and Pasadena, California, pursuant to the California Joint Exercise of Powers Act ("Lessor"), and MCS BURBANK, LLC, a Nevada limited liability company ("Concessionaire").

RECITALS

- A. Lessor and Concessionaire entered into a Lease and Concession Agreement dated December 31, 2000, a First Amendment dated October 15, 2001, a Second Amendment dated September 2, 2003, a Third Amendment dated November 5, 2012, a Fourth Amendment dated May 5, 2014, a Fifth Amendment to Lease and Concession Agreement dated February 2, 2015, and a Sixth Amendment to Lease and Concession Agreement dated September 6, 2016 (the "Agreement"), pursuant to which Concessionaire was granted a food and beverage sales concession at locations within the air passenger terminal of the Burbank-Glendale-Pasadena Airport ("Airport").
- B. Lessor and Concessionaire desire to amend the Agreement to add additional space to the Premises.

THEREFORE, the parties hereto agree as follows:

- 1. <u>Defined Terms.</u> Unless this Seventh Amendment provide otherwise, capitalized terms used herein shall have the meanings set forth in the Agreement.
- 2. <u>Premises.</u> As of October 3, 2017, the Premises shall be increased by an additional 175 square feet, and all references to the "Premises" in the Lease shall include such additional space. <u>Exhibit "A"</u> to the Lease is hereby replaced with <u>Exhibit "A"</u> attached hereto which includes such additional space.
- 3. <u>Minimum Annual Privilege Fee; Minimum Annual Guarantee.</u> Section 7.1.1 of the Agreement is hereby amended as of October 3, 2017 to read in full as follows:
 - "7.1.1 Minimum Annual Guarantee; Annual Adjustment. The Minimum Annual Guarantee shall be One Million One Hundred Fifty Thousand Four Hundred Five and 40/100 Dollars (\$1,150,405.40). Beginning on January 1, 2018, and on each January 1 thereafter during the remainder of the Term ("Adjustment Date"), the Minimum Annual Guarantee shall be increased (an "Adjustment") in proportion to the percentage increase, if any, in the Consumer Price Index published by the Bureau of Labor Statistics of the United States Department of Labor for all Urban Consumers all items (base years 1982-1984 = 100) for Los Angeles Riverside Orange County, CA (SMSA) ("Index") for the month of December immediately preceding the Adjustment Date as compared to the Index for the month of December in the immediately preceding calendar year, provided that, in no event

shall any Adjustment be greater than three percent (3%) of the amount of the Minimum Annual Guarantee immediately preceding such Adjustment. Lessor shall calculate the amount of increase in the Minimum Annual Guarantee after United States Department of Labor publishes the applicable December Index and shall give Concessionaire notice of the amount of the increase. Concessionaire shall continue to pay installments of the unadjusted Minimum Annual Guarantee until Lessor notified Concessionaire of the amount of increase. Concessionaire shall pay the amount of the increase in the Minimum Annual Guarantee. multiplied by the number of installments coming due since the Adjustment Date, with the installment of Minimum Annual Guarantee next coming due under this Agreement, and shall thereafter pay the installments of Minimum Annual Guarantee due under this Agreement at such increased rate. If the Index referred to in this section is changed, discontinued, or revised during the Term, Lessor shall use the available Consumer Price Index published by the United States Department of Labor that obtains substantially the same result provided by the Index referred to herein.

4. <u>Section 7.2.</u> As of October 3, 2017, Section 7.2.1 of the Agreement is hereby deleted in its entirety and replaced with the following:

"Rental Payments. In addition to the amounts payable under Subsection 7.1, during the remaining Term of this Agreement, monthly in advance, without deduction or offset, the Concessionaire shall pay to the Lessor as Premises rent ("Rental Payment") the amount of Twenty-Two Thousand Nine Hundred Eighty-Three and 18/100 Dollars (\$22,983.18)."

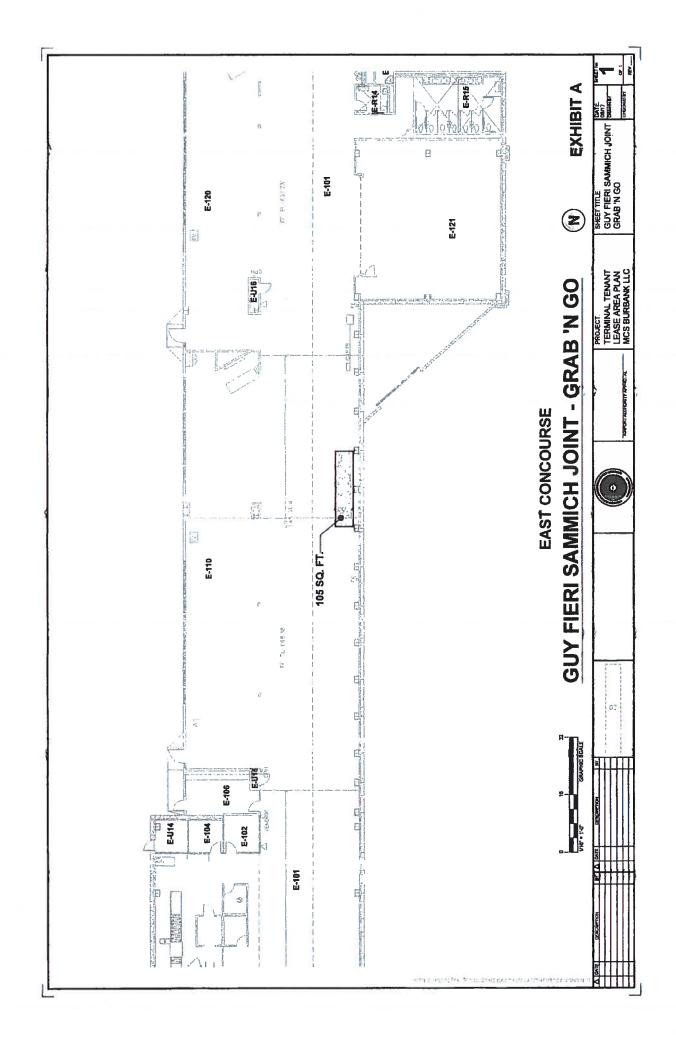
IN WITNESS WHEREOF, this Seventh Amendment has been executed by the undersigned as of the date first written above.

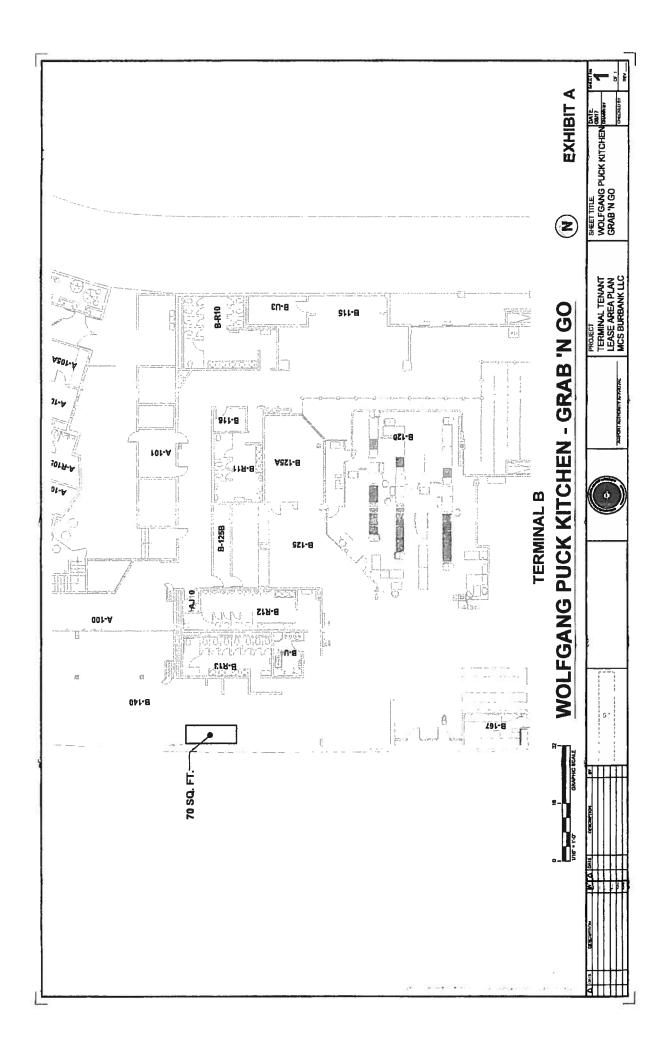
<u>LESSOR</u> :	AIRPORT AUTHORITY, a public entity
	By:Print Name:Title:
CONCESSIONAIRE:	MCS BURBANK, LLC, a Nevada limited liability company
	By: DMONO MINO
	Print Name: TAMARE MORA
	Title: 10001004

EXHIBIT "A"

REVISED DESCRIPTION OF PREMISES (INCLUDING THE ADDED SPACE)

(Attached.)





STAFF REPORT PRESENTED TO THE BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY OCTOBER 2, 2017

AIRLINE SCHEDULE ANALYSIS

Staff has received notice of changes in service, fleet mix, and scheduled operating times from one airline serving Hollywood Burbank Airport. This report change is reflected in detail below and on the attached Schedule Change Analysis.

SOUTHWEST AIRLINES

Effective October 1, 2017, Southwest Airlines made an adjustment to its schedule by adding two Monday through Friday round-trip flights, one to Oakland and one to San Jose. In addition, Southwest added one Sunday round-trip flight to Oakland and one flight to Phoenix and they also eliminated one Sunday round-trip flight to Salt Lake City. The number of scheduled flight changes in arrivals and departures represents a net increase of eleven round-trip flights per week, operating during the daytime and evening hours. The overall schedule change will increase the noise impact area by 0.39 acres.

OVERALL IMPACT

After incorporating Southwest's schedule adjustments, this schedule results in an increase of 3,082 weekly seats or a 2.25% increase from the prior schedule, leaving the revised schedule with a combined total of 139,869 available weekly seats.

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY* SCHEDULE ANALYSIS

Airline: Southwest Airlines

Report Date: 10/02/17

Effective Date: 10/01/17

1) <u>Aircraft Operations Summary (includes both arrivals and departures)</u>:

	Weekly Operations			
Aircraft Type	<u>Seats</u>	Current Operations	Proposed Operations	Difference
B737-300	137	0	0	0
B737-500	122	0	0	0
B737-700	143	692	716	24
B737-800	175	30	28	-2
Total		722	744	22

<u>vveekly Seats</u>				
Current Available Seats	Proposed Available Seats	Difference		
0	0	0		
0	0	0		
98,956	102,388	3,432		
5,250	4,900	-350		
104,206	107,288	3,082		

Wookly Soate

2) <u>Discussion of the change in operations and voluntary curfew</u>

Effective October 1, 2017, Southwest Airlines made an adjustment to its schedule by adding two Monday through Friday round-trip flights, one to Oakland and one to San Jose. In addition, Southwest added one Sunday round-trip flight to Oakland and one flight to Phoenix, and they also eliminated one Sunday round-trip flight to Salt Lake City. The number of scheduled flight changes in arrivals and departures represents a net increase of eleven round-trip flights per week, operating during the daytime and evening hours. The overall schedule change will increase the noise impact area by 0.39 acres.

3) Change in 65 dB CNEL Impact Area - Projected to 6/30/18:

	<u>Current</u>	Proposed	<u>d</u>	<u>Change</u>
Acres	9.75	10.14		0.39
	an impact on th with this schedu	ne voluntary curfew lle change?	Yes No	x

^{*}Report change in noise impact area is based on published airline schedules. Actual noise impact area for the reported period may vary as a result of unanticipated changes in the number of aircraft operations or in the times of aircraft departures and/or arrivals.