[ms-0398.030.015.0091]

DCAO Boland

MAY 23 1991

THE AIRPORT STRATEGY GROUP

1000 POTOMAC STREET, NW
SUITE 300
WASHINGTON, DC 20007
202/337-6363
FAX: 202/333-0871

May 21,1991

Bruce R. Boland
Deputy Chief Administrative Officer
The County of San Diego
1600 Pacific Highway, Rm. 215
San Diego, CA 92101-2472

Dear Admiral Boland:

It was a pleasure to meet with you recently and be briefed on the exciting concept San Diego is considering to solve its current air transportation dilemma. All of us in the group you met with believe that a trans-national airport is one of the most imaginative ideas we have heard of and agree that despite some potential difficulties, the idea has merit and real chances for success if those difficulties are managed well.

Collectively, the principal members of The Airport Strategy Group have more than 100 years of experience in the fields of airport and air transportation service development. In our view, San Diego County and the metropolitan area it encompasses have the potential to be the next major western United States air transportation crossroads for travel and trade --- north, south, east and west. I have enclosed a short proposal on how The Airport Strategy Group believes it could be instrumental in helping the region reach its goal and fulfill its potential.

Once again, it was a true pleasure meeting with you and hearing the story of San Diego. I hope our proposal is of interest and members of our firm would be pleased to come to San Diego and further discuss its elements. I am looking forward to hearing from you in the near future.

With Best Regards,

Leo

Leo J. Schefer
Managing Director
The Airport Strategy Group

THE AIRPORT STRATEGY GROUP

1000 POTOMAC STREET, NW
SUITE 300
WASHINGTON, DC 20007
202/337-6363
FAX: 202/333-0871

A PROPOSAL for A NEW SAN DIEGO INTERNATIONAL AIRPORT

BACKGROUND

The County of San Diego and the incorporated municipalities within the County are facing an air transportation crisis that in the near future could have an adverse impact on continued regional prosperity. In the past twenty-five years, air transportation has become the mass transportation mode for people and goods and a major stimulus for economic growth. It will continue to be so into the next century. In studies it has been determined that a single daily non-stop international flight can produce more than $500 million in additional economic activity for a community. It also has been demonstrated that areas with excellent air service are the ones that attract the corporate headquarters and facilities of high technology, environmentally compatible companies. Communities that fail to modernize and expand their local air transportation facilities will be left in the twilight of the growing global economy and will lose those types of companies that are leaders in this growth. Communities that choose to dedicate economic and political resources to air transportation improvements will move ahead and begin diverting vital businesses and population to their areas.

San Diego Lindbergh Field has reached a point of saturation in terms of terminal, runway and air space. Its convenient location near the center of downtown San Diego, although a current benefit to many users, has become an obstacle for needed expansion and modernization of the area's air transportation facilities. Clearly, the various communities using Lindbergh Field as their airport must now confront the issue of when, where and how to develop additional air transportation facilities to assure they will not be left on the sidelines as observers of future global prosperity instead of participants in that prosperity.

The San Diego metropolitan area, with its wealth of population and economic activity, presents a complexity of political and governmental units and private sector organizations. Each of these groups necessarily has its interests and concerns in how the region develops and which projects are supported. Local studies conducted over the past several years in San Diego have indicated that a new airport would be an essential element in the region's continued attractiveness as a place to live and work. Yet, no specific solution has been put in place. Major airport development projects can take a minimum

of ten years from conception to opening of the facility for air service. For the San Diego area to assure its place on the domestic and international trading map of the 21st Century, it needs to begin making choices on how to move forward today.

ELEMENTS FOR IMPLEMENTATION

To be successful, new airport projects must have the full and cohesive backing of all the major stakeholders in the community --- residents, politicians, general and tourism industries, airlines and governmental bodies. Gaining approval for a new airport project and asssuring that project is allowed to be implemented effectively requires two critical steps:

- The creation of a community coalition of the major stakeholders which will provide strong support for the project and see it through to fruition.
- The creation of the umbrella supervisory organization that will oversee technical aspects of implementation for the project from site selection to construction of the runways.

The Airport Strategy Group is a firm of skilled professionals who have experience in developing airport community support coalitions by identifying community leadership resources, defining appropriate policies and goals for those coalitions, and creating a local core professional staff to support the coalition's on-going work program. The principals in the firm also have considerable experience in helping communities design a management structure for overseeing airport projects from start to operational conclusion. Both of these activities require professionals who have the capabilities to determine the vested interests of the major stakeholders but who also can provide a neutral view of how those interests can be moderated and compromises implemented when conflicts inevitably arise.

THE AIRPORT STRATEGY GROUP'S PROPOSAL

The Airport Strategy Group proposes that the County of San Diego contract with it to:

Phase A

(1) Perform a study and draft a report for presentation to leading community officials in the public sector on methods for establishing an umbrella airport supervisory organization and a stakeholders coalition to support the creation of a new San Diego area international airport. This report will assess and identify community leadership resources and political and governmental structure; determine and describe the positions of major public and private stakeholders and make specific

recommendations on how they can be melded into a force.

(2) Following approval of the draft report, develop a draft budget for the airport supervisory organization and the community support coalition; make recommendations on methods for financing the on-going activities of both groups; determine staffing requirements; and, draft policies, goals and timetables for implementation.

Phase B

After the County of San Diego sanctions Phase A (1) and (2) as a workable plan, a team of experts from the firm will work with the County and other governmental units and interested parties, as the County so determines, to commence Phase B which will include:

(1) The development of a prospectus for an airport support community coalition, using as its basis the information contained in the Phase A report.

(2) The recruiting of members and acquisition of initial financial support to establish an airport support community coalition.

(3) Serve as the professional staff for that coalition while local professional staff are be retained and trained to assume such duties and responsibilities.

(4) Work with the umbrella supervisory organization and the coalition to develop a draft use policy for airports located in the area. Development of this airports use policy will be essential for obtaining the needed level of funding for the new San Diego international airport.

The Airport Strategy Group anticipates that from the time the contract is let to completion of Phase A (1) and (2) will take approximately four months and approximately nine months to accomplish Phase B (1) through (3), including development of membership, funding and staff. The firm also anticipates it will require approximately two months to complete Phase B (4). The costs of Phase A (1) is estimated to be $65,000, plus reimbursement for reasonable and documented out-of-pocket expenses and related travel charges. The costs of Phase A (2) is estimated to be $35,000, plus reimbursement for reasonable and documented out-of-pocket expenses and related travel charges. The costs of Phase B (1) through (3) is estimated to be $100,000, plus reimbursement for reasonable and documented out-of-pocket expenses and related travel charges. The costs of Phase B (4) is estimated to be $50,000, plus reimbursement for reasonable and documented out-of-pocket expenses and related travel charges.

THE AIRPORT STRATEGY GROUP

1000 POTOMAC STREET, NW
SUITE 300
WASHINGTON, DC 20007
202/337-6363
FAX: 202/333-0871

Most cities are realizing that today an airport and the air service it receives can be a primary economic driver in the community. Covenient air service has been identified by many corporations as one of the most important reasons for selecting a city as the site for a new plant or major office. A single international flight per day can produce $500 million in economic activity a year.

Tourism has become a trillion-dollar per year global business in which cities around the world are competitors. The critical issue for a community is how to capture a significant piece of this economic benefit and assure itself a position on the domestic and global trading map.

The Airport Strategy Group can create the appropriate dynamic among the varied interests in your community to make its local airport a domestic and international gateway for trade and tourism and the center of economic growth in the area. Principals in the group have more than a century of collective experience in drawing together varied, and often seemingly conflicting interests, to establish a pro-active coalition which will attract air service, investment and commercial activity to your city.

Although local conditions shape how each airport support coalition develops and what tasks confront such a group, the common denominator is assuring the airport in the community remains a vital and vibrant economic asset. To do so requires an understanding of the aviation industry and the problems and opportunities it faces. Splintered activity within a community can often do more harm than good for overall development of an airport.

The Airport Strategy Group's principals were founders of one of the first airport community support groups in the nation. They also participated in the founding of USA-BIAS, the airport coalition that has successfully caused the U.S. Government to change its approach towards civil aviation bilateral negotiations giving airport and community interests equal weight with airline interests. In the early 1980s, some of the firm's principals provided leadership among feuding labor unions for the formation of one of the airline industry's first Employee Stock Ownership Plans.

Airports and their communities must be able to identify the strengths of each faction of the local leadership and meld

them into a force for progress and development. **The Airport Strategy Group** can provide the expert advice and administrative support for leadership and coalition development. Once a coalition is formed, **The Airport Strategy Group** can train local leaders in the techniques for targeting goals and creating financial self-sufficiency for its continued work as an airport support group.

The Airport Strategy Group also has the skills and expertise to analyze and assess the strengths of a community's market base and design a realistic strategic plan for passenger and cargo air service development. It can assess the quality of the airport's working relationships with its tenants and surrounding residential areas, the airport's administrative/management structure and the airport's competitive position relative to other airports in the region.

Every community seeking to build its airport into an economic force for growth can use the skills and expertise of **The Airport Strategy Group** to help its airport facility to achieve its full economic and social potential for the benefit of the community.

THE AIRPORT STRATEGY GROUP

1000 POTOMAC STREET, NW
SUITE 300
WASHINGTON, DC 20007
202/337-6363
FAX: 202/333-0871

LEO J. SCHEFER

Leo J. Schefer is President of the Washington Airports Task Force and a Managing Director of The Airport Strategy Group. The Washington Airports Task Force is one of the original community supported service promotion and marketing organizations and supports air service development at Washington Dulles and Washington National airports. Since helping found the Task Force in 1982, the number of passengers using air service at Washington Dulles International Airport has increased from two million to nearly 11 million. Mr. Schefer, trained as an aeronautical engineer, is former Vice President-Public Affairs, British Aerospace, Inc. He has been involved in the aerospace and the air transportation industries for more than 30 years. Between 1970 and 1973, he participated as a British Aerospace representative in discussions that led to the European involvement in the National Aeronautics and Space Administration's space transportation system. In 1985, Mr. Schefer was instrumental in the National Air and Space Museum's efforts to acquire the Space Shuttle Enterprise for display. He was a principal participant in obtaining U.S. landing rights for the Anglo/French supersonic transport aircraft, the Concorde.

STEPHEN L. GELBAND

Stephen L. Gelband is a senior partner in the law firm of Hewes, Morella, Gelband & Lamberton and a Managing Director of The Airport Strategy Group. Mr. Gelband has served as counsel to international and domestic airlines, airports, travel agents, tour operators, fuel companies, shipping companies, state and local governments, civic and trade associations, theater owners and producers, charitable organizations, communications users and general business clients. A 1955 graduate of the Harvard Law School, Mr. Gelband served as a trial attorney for the now defunct U.S. Civil Aeronautics Board and is an expert in aviation regulatory law.

ROSALIND K. ELLINGSWORTH

Rosalind K. Ellingsworth, a Managing Director of The Airport Strategy Group, has more than 18 years of experience in the civil aviation industry specializing in government policy formulation for bilateral and multilateral negotiations as well as public information concerning the industry. For five

years, Ms. Ellingsworth served as the direct supervisor of the U.S. Department of Transportation's international civil aviation negotiating staff. She was lead DOT participant in bilateral negotiations with Argentina, Australia, Brazil, Canada, France, Israel, Mexico, New Zealand, Peru, Switzerland, the Soviet Union, Trinidad and Tobago, The United Kingdom and Venezuela. Ms. Ellingsworth also directed the U.S. government's negotiating staff for multilateral discussions with the European Civil Aviation Conference on pricing and computer reservation systems practices. Prior to joining the government, Ms. Ellingsworth served as Transport Editor of Aviation Week & Space Technology and Managing Editor of Airline Executive Magazine. Following her government service, she was Editor of Aviation Daily. Currently, she is an independent consultant to airlines, airports and government.

WILLIAM S. SWELBAR

William S. Swelbar, a Managing Director of The Airport Strategy Group, has more than 10 years of experience providing financial, economic and strategic planning advice to airlines, airports and labor organizations. Mr. Swelbar has designed computerized labor costing, financial and operational performance models for use by companies to analyze industry performance. He served as financial adviser to the Association of Flight Attendants during the employee-led effort to buy United Airlines. He designed a computerized system for worldwide forecasts of airline traffic and financial performance which was based on the European Currency Unit and the International Monetary Fund's Special Drawing Rights in order to eliminate distortions in financial performance produced through currency fluctuations. Mr. Swelbar has directed and authored numerous reports for investment, litigation and merger and acquisition projects. He has considerable experience in forecasting, business plan development, labor contract terms and air carrier fleet analysis.

VINCENT A. RIVELLESE

Vincent A. Rivellese is Vice President of Air Service Development for the Washington Airports Task Force and Vice President of Marketing for The Airport Strategy Group. Mr. Rivellese has more than 25 years of experience in the U.S. airline industry working directly for airlines in a variety of positions, as well as the U.S. Civil Aeronautics Board prior to its sunset in 1984 and the Virginia Department of Aviation. Mr. Rivellese has served as an expert advisor to Washington Dulles and Washington National airports on air service

development and in that role has managed a variety of analytical studies which demonstrate the feasibility of new air services. He has spent the last decade designing marketing presentations for the Washington Metropolitan Area which have been instrumental in attracting new domestic and international air service to the community. Mr. Rivellese also has served as the airports' representative in meetings with the U.S. Departments of Transportation and State concerning bilateral negotiations with a large number of countries. He has extensive experience with airport use and lease agreements, vendor contracts and airline scheduling and pricing practices.

LESLIE A. NELSON

Leslie A. Nelson is Vice President of Business and Community Services for the Washington Airports Task Force and Vice President of Community Resources for The Airport Strategy Group. Ms. Nelson has 10 years of experience in the air transportation industry serving in a variety of capacities including advertising, public relations and fund raising. Prior to joining the Task Force, Ms. Nelson was manager of advertising and public relations for British Aerospace, Inc. Ms. Nelson has highly developed skills working with the private sector to form a cohesive network of support for public facilities such as airports. She has significant experience in organizing and administrating major conferences, meetings and fund raising events and membership development.