April 29, 2020

Mr. David Bean
Director of Research and Technical Activities
Governmental Accounting Standards Board
401 Merritt 7
Norwalk, CT 06856-5116

RE: Project No. 3-39, Postponement of the Effective Dates of Certain Authoritative Guidance

The San Diego County Regional Airport Authority would like to thank the Governmental Accounting Standards Board (GASB) for its attention to our earlier letter dated March 25, 2020, and the swift response in issuing Exposure Draft - Postponement of the Effective Dates of Certain Authoritative Guidance. We, furthermore, appreciate the opportunity to provide our comments to the Exposure Draft.

As the operators of San Diego International Airport (SAN), we believe an extension of two years for the effective date of GASB 87 is required and warranted. The additional time needed is not because implementation of this pronouncement is complex and challenging, but rather because the sudden and unforeseen circumstances caused by the COVID-19 pandemic are rapidly changing our business to the point that the ability to measure and make key assumptions regarding our agreements will not be possible in the immediate future.

The COVID-19 pandemic has severely impacted the aviation industry. Passenger traffic at SAN has fallen by more than 95%. As we shut down terminals, our business partners, i.e. leaseholders, have laid off employees, closed their shops and restaurants, parked their cars and buses and all but ceased business. We are receiving a flood of requests for relief measures from deferral agreements to lease modifications that will impact a large number of lease agreements.

As we are still in the very early stages of this crisis, the full impact of COVID-19 on SAN and our business partners, and our agreements with them, will not be known for another year or two. During this time, ongoing review of all of agreements will be required and revision of the GASB 87 agreement facts and key assumptions will unquestionably be required. The impact these modifications will have on our financial statements will confuse the end user and distract from the more critical financial issues presented in our financial reports.

Industry experts estimate that airline travel will not recover until 2023 or later. During a period when users of our financial statements will be scrutinizing our financial strength and the impact of the COVID-19 pandemic, implementation of a significant standard such as GASB 87 will further complicate and actually lessen transparency in financial reporting when transparency and clarity of financial reporting is essential.
The Authority greatly appreciates the one-year extension for other guidance as provided in the Exposure Draft and we believe that with regard to GASB 87 it is justified and prudent to grant a two-year extension for such an overarching change in financial reporting in light of this unprecedented economic crisis.

Thank you again for your consideration, and please do not hesitate to contact me if I can provide any additional input.

Respectfully,

Scott Brickner
Scott Brickner
Vice President and Chief Financial Officer