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Come Fly Away

*Undertaking a \$3.8 Billion Expansion of an Operating Airport
(and best practices for building megaprojects)*

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Introduction

The San Diego County Regional Airport Authority is nearing completion of a \$3.8 billion expansion of the San Diego International Airport while it remains in operation. Megaprojects of this nature require a variety of elements to be successful, from design and construction to partnering and claim resolution. Following a brief discussion on the history of aviation in San Diego, this article will outline best practices for completing similar projects.

History of Aviation in San Diego: Innovation and Progress

San Diego, California, is known for its beaches and sunshine. However, the city's history in aviation is equally important and far-reaching. From the early pioneers who tested aircraft designs in the region's winds to modern-day aerospace giants, San Diego has played a significant role in shaping the aviation industry.

Early Beginnings: The Birth of Aviation in San Diego

The origins of aviation in San Diego trace back to the early 20th century, when the first experimental flights were conducted. In 1883, John Montgomery would glide from the coastal hills of San Diego to become the first person in North America to make a controlled flight. In 1911, the Wright brothers' influence on aviation began to take hold in Southern California. Charles and Robert Lang, who were early aviation enthusiasts, conducted one of the first successful flights in San Diego. That same year, Glenn Curtiss opened a flying school and established San Diego as the birthplace of Naval Aviation.

The city quickly became a hub for flying enthusiasts who sought to test new aircraft designs, and its mild climate made it an ideal location for flight trials. In 1927, Ryan Aircraft built the Spirit of St. Louis in San Diego, which would eventually transport Charles Lindbergh on his historic New York to Paris flight.

World War II and the Rise of Military Aviation

World War II was a transformative period for aviation in San Diego. The U.S. Navy's presence in the region was crucial to the success of the military's operations, and San Diego became the focal point for naval aviation development. In 1928, the U.S. Navy established Naval Air Station North Island (now part of Naval Base Coronado), which became a key base for aircraft development and naval aviation operations.

During the war, the region became a central hub for the production of military aircraft. Companies such as Convair and Douglas Aircraft Company set up major production facilities in San Diego, contributing to the construction of iconic aircraft such as the B-24 Liberator and the DC-3 transport plane. Thousands of workers flocked to San Diego to contribute to the war effort, and the city's population swelled as a result.

The development of military aviation was not limited to just production; training and testing also played a significant role. Pilots were trained in the city's many military bases, and test flights often occurred in the open skies over the Pacific. The San Diego region earned a reputation as the "birthplace of naval aviation," and many aviation advancements were made during this period, including improvements in radar technology, navigation, and aircraft engineering.

Post-War Boom and the Rise of Commercial Aviation

Following the end of World War II, San Diego transitioned from a war-driven economy to one that was increasingly focused on commercial aviation. The closing of some military production plants, however, did not

slow the city's growth in aerospace. Ryan Aeronautical Company (later known as Teledyne Ryan Aeronautical) and General Atomics continued to drive aviation development forward. San Diego's prominence in aerospace was solidified in 1951 when San Diego International Airport (originally known as Lindbergh Field) opened its doors to commercial flights.

The 1960s brought new challenges and opportunities for aviation in San Diego. The growing demand for air travel led to rapid expansion in commercial airline services. At the same time, innovations in aerospace engineering continued to thrive in the city, particularly with the development of unmanned aerial vehicles (UAVs) and advanced missile systems and aerospace research and development.

San Diego as a Center for Aerospace Innovation

In the latter half of the 20th century, San Diego solidified its role as a global leader in aerospace innovation. The city is home to one of the largest concentrations of military and civilian aerospace contractors in the U.S. The continued research and testing of UAVs, such as the MQ-9 Reaper, and the development of new jet technologies in San Diego ensured its place at the cutting edge of aviation.

Conclusion: The Ongoing Legacy of Aviation in San Diego

Today, aviation continues to be a critical part of San Diego's economy and identity. The city's reputation as a hub for aerospace and military aviation persists, with major companies continuing to innovate in both commercial and defense sectors. From its humble beginnings to its place as an aerospace giant, San Diego's contributions to aviation have been immense. The city remains a key player in the global aerospace industry, pushing the boundaries of flight and space exploration into the future.

San Diego International Airport and Terminal 1 Expansion

While the San Diego International Airport dates back to 1927, Terminal 1 opened in 1967. That year, it served 2.5 million passengers. When the expansion is completed, Terminal 1 will see over 13 million passengers a year. The expansion project will add 11 new gates, expanded traveler amenities and an expanded parking structure. At a cost of over \$3.8 billion, the joint venture designing and constructing the expansion is a partnership.

When completed, the airport as a whole will serve over 25 million passengers per year, contributing over \$12 billion in regional economic impact and supporting over 115,000 direct and indirect jobs. Incredibly, this will be accomplished utilizing the busiest single-runway airport in the United States.

The Nuts and Bolts of Megaprojects

Megaprojects involve mega-cost, -size, and -risk. Pre-planning, foresight and experience can help navigate such projects and their variables.

Partnering and Team Building

Vet and assemble the project team at the earliest opportunity, striving to ensure the core will remain through the life of the project (which could be several years). This operates to promote accountability, transparency, and responsibility.

Identify the Appropriate Delivery Method

Any good project's delivery method will dictate cost, schedule, and risk allocation. Common delivery strategies include:

1. Traditional: design-bid-build
2. Collaborative: construction management at risk
3. Integrative: the owner, designer, and contractor all have a stake in the project and operate in the best interests of the project
4. Partnership: public- and private-sector partners work together to execute large infrastructure projects with minimal public agency outlays

Whichever delivery method is employed, buy in from the owner is key.

Risk Management

Risk has many faces. While it can be a threat, it can also be an opportunity. It can be known or unknown, predictable or unforeseeable, quantifiable or simply subject to intuition. No matter the shape or form it takes, risk must be accepted, accounted for and addressed. These same practices can be applied to megaprojects.

Risk evaluation requires a proactive (as opposed to reactive) approach. Particularly within the context of construction of megaprojects. However, it is a complex, inexact science. An off-the-shelf formula does not exist to measure or quantify risk. Instead, experience and the human factor comprise this equation.

Risk assessment has three goals:

- Uncovering known risks, those which can be identified and understood because they have been experienced in the past.
- Making the known risks transparent and easy for those involved to see and comprehend.
- Understanding and identifying unknown and unanticipated risks a company has not experienced before.

For each identified risk, a potential loss is associated with it. In other words, money. Part and parcel of risk assessment is estimating the likely occurrence of potential losses, and the scope of those losses.

When evaluating risk, parties must have an honest understanding of their appetite for risk, and look at risk in a strategic fashion. Emotional bias (evidenced by gut instincts and haphazard decision-making) *may* lead to positive results. However, the better approach is to carefully assess the risk in a thoughtful, honest manner. When done correctly (and honestly), parties can better ensure the identified risks are aligned with the party's risk tolerance.

More importantly, because risk is not stagnant, risk assessment is not a "one and done" exercise. With each passing day, events inside and outside a party's orbit arise which can modify or increase the risks that must be addressed. Those risks must be assessed and cross-checked against the party's risk tolerance and overall goals.

Consequently, even the most robust risk management practices will have their limitations. An organization would be mistaken if it does not periodically review its risk management practices, even on a project-by-project basis. Underscoring this is the reality that after a claim is resolved or a potential risk averted, those involved gain additional experience that can help identify, assess and contain risk going forward.

Equally important is having many voices at the table when evaluating risk. Risks can and often do intersect. And sometimes those intersections are not obvious if only one individual is charged with assessing risk, viewing the situation and circumstances through a singular lens. While you want to avoid paralysis by analysis, risk evaluation should be approached broadly, with eyes and ears wide open. One method that captures many voices and points of view is the concept of enterprise risk management.

Project Neutrals

On a mega construction project such as an airport terminal expansion, a project neutral can play a critical role in promoting claim avoidance and ensuring the overall success of the job. Serving as an impartial third party, the project neutral facilitates timely resolution of disputes and misunderstandings among the owner, design professionals, and contractors before they escalate into formal claims or litigation. By being embedded in the project from the outset, the neutral fosters collaboration, encourages transparent communication, and helps maintain alignment among all stakeholders. Their presence can prevent minor issues from disrupting the project timeline or inflating costs, thus supporting the shared goal of delivering the project on schedule and within budget.

To be effective, a project neutral must be widely respected and genuinely independent, with no allegiance to any party involved. The ideal candidate would have deep experience in complex construction projects—ideally in aviation or public infrastructure—and possess both technical knowledge and a strong understanding of contract law and dispute resolution. Just as importantly, they must be decisive, pragmatic, and capable of rendering fast, fair judgments to keep the project moving. Their top priority should be quick, informed decision-making that balances the interests of all parties while avoiding unnecessary delays or cost overruns. In this capacity, the project neutral becomes an essential safeguard for the continuity and integrity of the overall project.

Claim Resolution

On a mega construction project like an airport terminal expansion, the inevitability of claims—whether related to design changes, schedule delays, or unforeseen site conditions—makes it essential to have a structured, reliable process for claim resolution. Without a clear mechanism in place, claims can quickly derail the project, leading to stalled progress, strained relationships, and spiraling costs. To mitigate these risks, it is vital to resolve claims swiftly and fairly while allowing construction to proceed uninterrupted. A proactive approach to claim resolution not only preserves working relationships among the owner, design team, and contractors but also protects the overall project timeline and budget from being compromised by protracted disputes.

The most effective way to manage claims during ongoing construction is to empower an independent third-party neutral to handle their evaluation and resolution. This neutral, who must be mutually agreed upon by all key stakeholders and possess strong credentials in construction law and project management, should be granted authority to assess claims in real-time. By engaging this neutral in a standing dispute resolution role—such as a dispute resolution board (DRB) member or project adjudicator—the project team can avoid lengthy arbitration or litigation proceedings. The neutral should focus on issuing timely, practical decisions based on facts and contract terms, with the goal of maintaining project momentum and minimizing disruptions to ongoing work. This approach fosters a culture of resolution rather than conflict, which is essential for the successful delivery of a

project of this magnitude.

Develop project-specific policies and procedures

Megaprojects require many hands to successfully complete. Communication is king, and all parties must have a clear understanding of the goal. Those involved can include the owner's team; joint venture partners; lenders; insurers; outside counsel; subcontractors; suppliers; and others. While collaboration is the goal, successful projects will demand policies and procedures, clear roles and responsibilities, and transparency.

Documentation

Accurate documentation is foundational to supporting and resolving claims on a mega construction project such as an airport terminal expansion. Given the scale, complexity, and number of stakeholders involved, maintaining clear, contemporaneous records ensures that all parties have a reliable account of events, communications, and decisions as they unfold. Whether the claim involves delays, scope changes, or unforeseen conditions, well-organized documentation—such as daily reports, meeting minutes, change orders, schedules, and correspondence—provides the factual basis necessary to evaluate entitlement and quantify impacts. Without this level of documentation, parties risk relying on incomplete or subjective recollections, which can prolong disputes and undermine credibility. Meticulous recordkeeping not only strengthens the legitimacy of a party's position but also facilitates faster, fairer resolution of claims, preserving the project's schedule and financial integrity.

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