
**TUCSON AIRPORT AUTHORITY | Board of Directors Regular Meeting
Tuesday, April 4, 2023 | 3:00 p.m. | TAA Board Room and Microsoft Teams**

THIS MEETING OF THE TUCSON AIRPORT AUTHORITY (TAA) BOARD OF DIRECTORS WAS HELD IN A HYBRID MANNER, WITH BOARD MEMBERS PRESENT IN THE TAA BOARD ROOM OR VIRTUALLY VIA MICROSOFT TEAMS. MEMBERS OF THE PUBLIC WERE ABLE TO ATTEND IN PERSON. MEMBERS OF THE PUBLIC WHO COMPLETED A REGISTRATION FORM RECEIVED A LINK TO VIEW THE MEETING VIA MICROSOFT TEAMS OR TO LISTEN TELEPHONICALLY.

THE TAA BOARD ROOM IS LOCATED ON THE DEPARTURE LEVEL OF THE TUCSON INTERNATIONAL AIRPORT TERMINAL BETWEEN THE SOUTHWEST AIRLINES AND DELTA AIRLINES TICKET OFFICES, AND BEHIND THE ARROYO TRADING POST. THE ADDRESS IS 7250 SOUTH TUCSON BOULEVARD, TUCSON, ARIZONA, 85756.

1. CALL TO ORDER | ROLL CALL

Chair Silvyn called the meeting to order at 3:03 p.m.

Directors Present (In Person): Chair Keri Silvyn, Vice Chair Mike Hammond, Secretary Phil Swaim, and Treasurer Vance Falbaum

Directors Present (Virtual): Director/Immediate Past Chair Bruce Dusenberry, Director Judy Rich, Director Todd Jackson, Director Sally Fernandez, Director Fran Katz, and Director Rhonda Piña

Directors Absent: Director Calline Sanchez

Staff Present: President/CEO Danette Bewley, Executive Vice President/Chief Operating Officer Bruce Goetz, Vice President/General Counsel Chris Schmaltz, Vice President/Chief Revenue Officer John Voorhees, Vice President of Planning and Engineering Ken Nichols, Vice President/Chief Financial Officer Kim Allison, Chief Technology Officer Anthony Casella, Chief Communications Officer Austin Wright, Director of Finance Clark Wager, and TAA Clerk Byron Jones

2. CONSENT AGENDA

- a. Approval of Minutes
- b. City of Tucson | MOU on City-Vacated Right-of-Way Being Added to Lease Premises

Motion by Vice Chair Hammond, seconded by Director Fernandez, to approve the Consent Agenda. The motion carried by the following vote:

Ayes (10) Silvyn, Hammond, Swaim, Falbaum, Dusenberry, Rich, Jackson, Fernandez, Katz, and Piña

Nays (0)

3. BOARD CHAIR REPORT

a. TAA and Staff Recognition | New or Promoted Employees, Awards, and Acknowledgments

- Chair Silvyn acknowledged the passing of Emeritus Member Barbara Harper from cancer on April 26, 2023. Ms. Harper was involved in many aspects of aviation prior to and during her tenure as a TAA Member.
- Kim Allison joined the TAA as the new Vice President and Chief Financial Officer.
- The TAA Police Department was the only law enforcement agency from Southern Arizona to work with the 2023 Super Bowl security team.
- The Father's Day Council Tucson selected Director Falbaum as one of its 2023 Father of the Year honorees.

4. PRESIDENT/CEO REPORT

a. State of the Industry | Update

President/CEO Danette Bewley reported the following:

- Bewley and other staff members traveled to Washington, D.C., to attend the Airports Council International Legislative Conference, where they met with members of Arizona's congressional delegation. They addressed national aviation priorities in addition to the TAA's priorities related to grant funding and some of the directives coming from the capital. She believed they made progress in communicating the priorities that need to be addressed in the five-year reauthorization bill for the Federal Aviation Administration (FAA). A further meeting with Senator Kyrsten Sinema's office was scheduled for the following week.
- The FAA Administrator position has been vacant for 18 months, with the current nominee having withdrawn from consideration, which will start the process over. This lack of a permanent leader is concerning given that the FAA—due to staffing shortages—had begun asking airlines to reduce the number of flights.
- At Tucson International Airport (TUS), air capacity from November 2022 through March 2023 reflected an 18% increase year over year. Flight schedules for the summer and fall look very promising. Traffic is projected to recover to 2019 levels by the end of 2023 or the beginning of 2024.
- Air service staff attended Routes America and met with several airlines. Allegiant Airlines has expressed an interest in returning to the Tucson market. They also

spoke with representatives from JetBlue Airlines and Viva Aerobús, an ultra-low-cost carrier based in Mexico.

Board Discussion:

- ❑ **What is the status of Flair Airlines?** Bewley stated that Flair Airlines operates seasonally during the winter months; therefore, the airline has finished operations for the year. She acknowledged that Flair had challenges towards the end of the season. Some of their aircraft were repossessed according to news reports. Furthermore, an agent visited TUS to take possession of Flair’s aircraft. The TAA’s policy is to cooperate if an agent has the appropriate paperwork, but it does not facilitate the process or act in a way to harm its business partners. Flair has indicated that they are interested in returning next winter and increasing their service.

b. Strategic Plan | Update

Executive VP/COO Bruce Goetz referred the Board to the staff memo that was included in the agenda packet. He noted that staff continues to make significant progress under each of the four strategic plan initiatives and highlighted the following:

- ❑ Expand Prosperity: There is a continued slowdown in Section 163 land releases due to understaffing at the FAA.
- ❑ Upgrade to First Class Systems: Cyber security has been in the forefront during the past six months due to new mandates from the Transportation Security Administration (TSA). I.T. staff is working to implement upgrades to the TAA’s cybersecurity posture.

5. DISCUSSION/PRESENTATION

a. Member Advocacy Plan | Update

Chief Communications Officer Austin Wright presented an overview of the Membership Advocacy Plan, which is currently in development. The TAA’s primary advocacy goal is for Members to serve as vocal champions on the airport’s behalf in their professional and social organizations. The plan will be rolled out in three phases:

- ❑ **Phase 1 – Establish Key Messaging:** Community and Member surveys show that the TAA’s strongest talking point is its economic impact, which is \$8.3B to the Southern Arizona community. The goal is to ensure that TAA develops a consistent message for Members to share in the community.

- Phase 2 – Increase Member Education:** Once the messaging is solidified, Members will be provided with the tools necessary to be External Champions. This includes developing a central repository of information, brochures, fact sheets, etc.
- Phase 3 – Foster Member Participation:** The TAA will collaborate with Members in print media (editorials, newsletters, etc.), video marketing, and social media.

Staff will continue to provide updates as the plan continues to develop.

Chair Silvyn added that this initiative was the result of the Board realigning and streamlining the advisory councils to better support the Strategic Plan. This will provide those Members not currently serving on an advisory council with opportunities for engagement and to learn more about the TAA.

b. Airfield Safety Enhancement Project | Update

VP of Planning and Engineering Ken Nichols gave of a brief overview of the project timeline and the major milestones reached to date.

- The End-Around Taxiway (Design-Bid-Build 1) project is nearing completion. The remaining work will entail installing a Barrier Arresting Cable system, which will be completed later this summer.
- The South Lighting Vault (Guaranteed Maximum Price 1) is substantially complete and is currently in the grant closeout process.
- Drainage and other preparatory work has begun in order to lay the asphalt for the new Taxiway C. Temporary asphalt is also in place so that the area remains operational during construction.
- The general aviation runway will be closed beginning in the fall to allow for construction to begin on the new commercial service runway. The closure is anticipated to last for five years depending on anticipated levels of funding. The TAA has already begun to encourage general aviation operators to relocate to Ryan Airfield (RYN).

6. ACTION ITEMS

a. OUTBOUND BAGGAGE SYSTEM IMPROVEMENTS | BUDGET AMENDMENT:

There was no staff presentation regarding Item 6.a.

Board Discussion:

- How will the airline’s baggage operations be impacted during the construction?**
Bewley explained that the Board approved funding last year to improve the

outbound baggage system to prepare for Flair Airlines seasonal service. Southwest Airlines will use this belt system while theirs is being overhauled.

Motion by Treasurer Falbaum, seconded by Director Fernandez, to adopt Resolution No. 2023-08 approving a budget amendment for an overhaul or replacement of the American Airlines Outbound Baggage Handling System in an amount not to exceed \$1,250,000. The motion carried by the following vote:

Ayes (10) Silvyn, Hammond, Swaim, Falbaum, Dusenberry, Rich, Jackson, Fernandez, Katz, and Piña

Nays (0)

Motion by Vice Chair Hammond, seconded by Secretary Swaim, to adopt Resolution No. 2023-09 approving a budget amendment for an overhaul or replacement of the Southwest Airlines Outbound Baggage Makeup Unit in an amount not to exceed \$250,000. The motion carried by the following vote:

Ayes (10) Silvyn, Hammond, Swaim, Falbaum, Dusenberry, Rich, Jackson, Fernandez, Katz, and Piña

Nays (0)

7. DIVISION UPDATES

a. Operations

Executive VP/COO Bruce Goetz reported the following:

i. FAA FAR Part 139 Inspection

The annual inspection occurred in March. The onsite inspector found three minor issues related to one of the fueling vendors. Otherwise, he was extremely complimentary of the staff's professionalism and the overall condition and appearance of the airfield.

ii. FAA FAR Part 139 Triennial Drill

During the same week, the airport held a required safety drill involving a simulated aircraft fire on the field. Elements of the drill included fire control and the rescue and transportation of accident victims coordinated by the emergency operations center. The after-action report identified some areas of improvement, several of which have already been implemented. The remaining improvements will be phased in during the next six months.

Director Jackson left the meeting at 4:02 p.m.

b. Finance and Regulatory Administration

Director of Finance Clark Wager reported the following:

i. January 2023 YTD Financials: Financial Summary | Aviation Activity Report

- Staff is working to finalize the FY22 financial statement audit with audit firm BeachFleischmann. The Board will receive a report during the board meeting in June 2023.
- Aviation activity continues to show a positive trend.
 - Landed weight year-to-date was 14.5% favorable to budget. Landed weight was 29.9% favorable to budget during the month of January.
 - The average load factor year-to-date was 80.1%. The average load factor was 69.6% during the month of January. This ratio was affected by the airlines using larger aircraft.
 - Passenger volume was slightly above budget (+0.3%) in January. Passenger traffic was 92% of pre-COVID levels during the month, and the airport is at 95% pre-COVID levels for the year to date.
- Financial results continue to be favorable, driven by strong landing fees, space rentals, concessions, parking, and rental cars.
 - Operating revenues were \$3.7M during the month of January, or 2.9% favorable to budget.
 - Operating revenues year-to-date were \$14.4M, or 4.3% favorable to budget.
 - The increase in parking rates which went into effect in November 2022 has been a significant factor in the strong revenues.
 - Rental car revenues—which had been abnormally high during the preceding two years—have begun to soften due to fluctuations in the economy and the car market in general.
- To date TAA has been awarded \$44.4M through the federal rescue programs: **CARES Act** (Coronavirus Aid, Relief, and Economic Security Act), **CRRSAA** (Coronavirus Response and Relief Supplemental Appropriations Act of 2021), and **ARPA** (American Rescue Plan Act of 2021). Of this amount, approximately 98% has been drawn down. The TAA has been using these funds to balance the airport system during the pandemic. Roughly \$23M of these funds remain to be used towards allowable expenses.

c. Planning and Engineering

In the interest of time, Chair Silvyn tabled the Planning and Engineering division update to the next Board meeting.

8. EXECUTIVE SESSION

- a. **Federal Aviation Administration Financial Review of TAA** (*Pursuant to A.R.S. § 38-431.03(A)(3) and (4)*).
- b. **TAA Cybersecurity Posture** (*Pursuant to A.R.S. § 38-431.03(A)(2) and (3)*).

Motion by Secretary Swaim, seconded by Vice Chair Hammond, to convene an executive session regarding Items 8.a and 8.b. The motion carried by the following vote:

Ayes (9) Silvyn, Hammond, Swaim, Falbaum, Dusenberry, Rich, Fernandez, Katz, and Piña

Nays (0)

Chair Silvyn adjourned the public meeting, and the Board went into executive session at 4:15 p.m.

9. RETURN FROM EXECUTIVE SESSION

The executive session adjourned at 5:15 p.m. Chair Silvyn reconvened the public meeting at 5:16 p.m.

10. NEXT MEETING

Wednesday, June 7, 2024, 3:00 p.m. | Hybrid Meeting – TAA Board Room and Microsoft Teams

11. ADJOURN

There being no further business to discuss, Chair Silvyn adjourned the meeting at 5:16 p.m.

APPROVED BY:

Phil Swaim
Phil Swaim (Dec 8, 2023 16:39 MST)
Phil Swaim, Secretary

Date: Dec 8, 2023

Prepared by:

Byron M. Jones
Byron M. Jones (Dec 8, 2023 16:00 MST)
Byron M. Jones, CMC, TAA Clerk

Date: Dec 8, 2023