

**TUCSON AIRPORT AUTHORITY | Board of Directors Regular Meeting  
April 7, 2021 | 3:00 p.m. | Remote Participation Only**

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the members of the Tucson Airport Authority (TAA) and to the public that the **Board of Directors** will hold a meeting open to the public on **Wednesday, April 07, 2021, beginning at 3:00 p.m.** The meeting will be held by video and telephonically via the remote participation platform Webex. A link for members of the public to view the meeting will be posted along with the agenda at the web address below.

<https://www.flytucson.com/taa/public-meeting-information/>

The agenda for the meeting is as follows:

**CALL TO ORDER | ROLL CALL**

- |  |  |   |
|--|--|---|
| <input type="checkbox"/> Bruce Dusenberry, Chairperson | <input type="checkbox"/> Judy Rich, Director       | <input type="checkbox"/> Taunya Villicana, Ex officio |
| <input type="checkbox"/> Mike Hammond, Vice Chair      | <input type="checkbox"/> Phil Swaim, Director      |   |
| <input type="checkbox"/> Keri Silvyn, Secretary        | <input type="checkbox"/> Todd Jackson, Director    |   |
| <input type="checkbox"/> Bill Assenmacher, Treasurer   | <input type="checkbox"/> Sally Fernandez, Director |   |
| <input type="checkbox"/> Rob Draper, Director          |  |   |

**CONSENT AGENDA**

Matters listed under the Consent Agenda are routine and will be enacted by one motion and one vote. There will be no separate discussion of the items on the Consent Agenda unless removed from the Consent Agenda by the Chairperson after a request of a member of the Board of Directors. If removed from the Consent Agenda, the item(s) will be considered separately and individually.

**1. APPROVAL OF MINUTES**

Approve the draft minutes from the Board of Directors Regular Meeting held on March 3, 2021.

**2. SOUTHWEST AIRPORT SERVICES AIR CARGO LEASE AGREEMENT EXTENSION**

Adopt Resolution No. 2021-08 approving an extension of the air cargo lease agreement with Southwest Airport Services, Inc., at Tucson International Airport.

**CHAIRPERSON REPORT**

3. Staff Recognition | New or Promoted Employees, Awards and Acknowledgments
4. Bylaw Analysis | Information

## **PRESIDENT AND CEO REPORT**

5. Strategic Plan Quarterly Update
6. Pima County Health Department | Airport designated as a Point of Distribution for COVID-19 Vaccine

## **PRESENTATIONS**

7. Airline Industry | TUS Air Service Update (*Jack Penning, Managing Partner, Volaire Aviation*)
8. Sun Corridor | Economic Development Presentation (*Joe Snell, President and CEO Sun Corridor Inc.*)

## **ACTION ITEMS**

### **9. APPOINTMENT OF 2021 TAA ADVISORY COUNCILS**

The Board will consider and may adopt Resolution No. 2021-09 approving the recommended appointments to the TAA Advisory Councils for 2021.

### **10. SUN CORRIDOR CONTRACT AMENDMENT**

The Board will consider and may adopt Resolution No. 2021-05 authorizing a contract amendment to the existing Sun Corridor contract that will extend the term of the contract to align it with Sun Corridor's fiscal year.

### **11. SUN CORRIDOR AGREEMENT (TWO-YEAR AGREEMENT - \$175,000/YR; \$350,000 TOTAL)**

The Board will consider and may adopt Resolution No. 2021-06 authorizing the execution of a contract with Sun Corridor for the purpose of continuing its economic development services for another two-year term, beginning July 1, 2021.

## **DIVISION UPDATES**

### **12. FINANCE AND ADMINISTRATION**

- February 2021 YTD Financials: Financial Summary/Aviation Activity Report

### **13. BUSINESS AND COMMERCIAL DEVELOPMENT**

- Business Development Update

### **14. OPERATIONS**

- FAA | Federal Aviation Regulations Part 139 Inspection Update

**DIVISION UPDATES, continued**

**15. MARKETING AND AIR SERVICE**

- Marketing Update
- Air Service Update

**NEXT MEETING**

Wednesday, May 5, 2021 – 3:00 p.m. – Remote Participation Only via Webex.

**ADJOURN**

**DRAFT**

**TUCSON AIRPORT AUTHORITY | Board of Directors Regular Meeting  
March 3, 2021 | 3:00 p.m. | Remote Meeting**

THIS COUNCIL MEETING WAS A REMOTE PARTICIPATION ONLY MEETING. COUNCIL MEMBERS PARTICIPATED VIA WEBEX AND THE PUBLIC WAS PROVIDED WITH A LINK AND PHONE NUMBER/CODE WHICH THEY WERE ABLE TO JOIN THE MEETING VIA WEBEX.

**CALL TO ORDER | ROLL CALL**

Chairperson Dusenberry called the meeting to order at 3:03 p.m. He expressed condolences to Ex-officio Member Taunya Villicana and President and CEO Danette Bewley, who are dealing with the loss of family members at the present.

**Members Present:** Chairperson Bruce Dusenberry, Vice Chair Mike Hammond, Secretary Keri Silvyn, Treasurer Bill Assenmacher, Director Rob Draper, Director Judy Rich, Director Phil Swaim, Director Todd Jackson, and Director Sally Fernandez

**Members Absent:** Ex-officio Member Taunya Villicana

**Staff Present:** President and CEO Danette Bewley, Vice President and Chief Financial Officer Dick Gruentzel, Vice President of Planning and Engineering Mike Smejkal, Vice President and General Counsel Christopher Schmaltz, Vice President and Chief Operating Officer Bruce Goetz, Vice President and Chief Commercial Officer John Voorhees, Vice President and Chief Financial Officer (Incoming) Kirk Eickhoff, and TAA Clerk Byron Jones

Director Rich joined the meeting at 3:05 p.m.

**CONSENT AGENDA**

At the request of Secretary Silvyn, Items 2 and 3 were removed from the Consent Agenda.

1. Approve the minutes of the Board of Directors Regular Meeting held on January 25, 2021.

**MOTION BY Secretary Silvyn, SECONDED BY Director Fernandez, to APPROVE Consent Item 1. The motion carried by the following vote:**

**Ayes 9 – Chairperson Dusenberry, Vice Chair Hammond, Secretary Silvyn, Treasurer Assenmacher, Director Draper, Director Rich, Director Swaim, Director Jackson, and Director Fernandez**

**Nays 0 – None**

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## ACTION ITEMS

2. The Board will consider and may adopt Resolution No. 2021-05 authorizing a contract amendment to the existing Sun Corridor contract that will extend the term of the contract to align it with Sun Corridor's fiscal year.
3. The Board will consider and may adopt Resolution No. 2021-06 authorizing the execution of a contract with Sun Corridor for the purpose of continuing its economic development services for another two-year term, beginning July 1, 2021.

## BOARD DISCUSSION

- **Are the TAA's expectations of Sun Corridor clearly defined to ensure that they are providing marketing services on TAA's behalf and not acting as a broker?** President and CEO Danette Bewley explained that a detailed scope of work is outlined in the new contract, and it provides Sun Corridor with a clear blueprint of what they are expected to deliver. Sun Corridor has an extensive network, and there are several ways in which potential business partners connect with the TAA. Sun Corridor actively pursues leads by meeting with site selectors. In some instances, potential business partners will reach out to Sun Corridor or the TAA directly. If contacted, the TAA forwards the inquirer to Sun Corridor because they have greater knowledge of the types of incentive programs the state offers. The TAA is responsible for negotiating the terms of any deals that are finalized, but the initial contacts are typically made through Sun Corridor.
- **Uncertain whether Sun Corridor's marketing services would fall under the authority of the Arizona Department of Real Estate, but it is a question that merits a legal review.**
- **While the TAA does not want to be in the position of micromanaging Sun Corridor, they should at a minimum provide quarterly marketing updates to the TAA. Furthermore, the directors should receive a report and potentially discuss any contracts or contract renewals under Action Items rather than Consent.** Bewley explained that Sun Corridor provides a quarterly report on the work they have done, including leads they have followed and where they have been marketing the Tucson region and the airport properties. Staff from the TAA meets monthly with Sun Corridor, but the COVID-19 pandemic has severely impacted the economic development activities.
- **Expressed support for the relationship with Sun Corridor.**

Bewley stated that the last time Sun Corridor reported to the TAA was during a meeting of the Economic Development and Community Engagement Council in September 2020. They have worked with the TAA on several leads during the past year. Some of the companies have put their projects on hold due to economic conditions, and Joe Snell, Sun Corridor President and CEO, keeps the TAA informed of developments.

- **Believes the directors should receive further information regarding the contract and scope of work the TAA has negotiated with Sun Corridor. As directors, they want to ensure that a clear distinction has been made between marketing and brokerage and that they are not**

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approving anything that could potentially have legal consequences in the future. Bewley committed to providing additional information to the directors.

- **Should Items 2 and 3 be approved with the condition that the questions regarding Sun Corridor's status as a broker are answered, or should the matter be continued to the next meeting?** Vice President and General Counsel Christopher Schmaltz recommended that the items be continued.

Chairperson Dusenberry continued Items 2 and 3 to the Board of Directors Regular Meeting on April 7, 2021.

## CHAIRPERSON REPORT

4. Update and discussion on the structure and composition of the 2021 TAA Advisory Councils.

Chairperson Dusenberry reported that the directors need to establish the advisory councils for 2021. He will be circulating a proposed list of advisory council appointments to the directors, and he asked each of them to review the list and to provide feedback. The assignments will be finalized and placed on the agenda of the Board of Directors Regular Meeting on April 7, 2021.

Vice President and General Counsel Christopher Schmaltz reminded the directors to be careful with the use of email. One-on-one conversations are appropriate, but do not use the "Reply All" option, as the email chain could potentially violate the Arizona Open Meeting Law.

## PRESIDENT AND CEO REPORT

5. Federal Relief Package - Additional COVID-19 Funding.

President and CEO Danette Bewley reported that the United States Congress passed a second COVID-19 relief package in late 2020, and the TAA was recently informed by the Federal Aviation Administration (FAA) that Tucson International Airport (TUS) was allocated \$5.9M. Together with the first package of \$22.6M, TUS has received a total of \$28.5M. There is an additional relief package under consideration, with \$8 billion earmarked for airports. TUS is likely to receive an allocation from this package; however, it typically takes the FAA two-to-three months to determine the allotments. If the same percentage used in the previous packages is maintained, TUS would receive \$15M for day-to-day operational expenses. Concessionaires were also included in the latest relief package; they had been excluded from the previous two.

## DISCUSSION

6. Discussion of the staff proposal to use reserve funds to pay down Tucson Airport Authority's unfunded, accrued liabilities in the Arizona Public Safety Personnel Retirement System.

Vice President and Chief Financial Officer Kirk Eickhoff presented.

The TAA participates in two retirement systems: the Arizona State Retirement System (ASRS), and the Arizona Public Safety Personnel Retirement System (PSPRS). The vast majority of TAA employees are enrolled in ASRS, whereas all sworn, non-retired public safety officers are enrolled in the PSPRS. There

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are key differences between the two pension systems, and the key components of the PSPRS are as follows:

- All assets are pooled for investing, but each participating agency's assets and liabilities are accounted for separately.
- The TAA oversees two separate PSPRS plans: 1) TAA Police Pension, and 2) TAA Fire Pension.
- Each participating agency pays a different contribution rate as determined by the plan actuary.
- TAA contribution rates as of July 1, 2020: Police – 95.30%, Fire – 95.19%.
- Employee rates are capped at either 7.65% or 11.65%.

Based on the last data made available by the PSPRS, the combined police and fire PSPRS pension funds are currently funded at only 29%. The TAA's high contribute rates are determined by the PSPRS actuarial analysis, which calculates the contribution rates required to fully fund the plans over a 16-year period. From a financial perspective, this is not the optimal path for the TAA.

Several factors contributed to the underfunding of the pension plans:

- The value of the plan's assets was diminished by the 2008 market crash.
- Historically, the pension-benefit-increase (PBI) formula was unsustainable. The formula was changed in 2016 by voter initiative.
- The PSPRS was required to refund \$250M in employee contributions, plus interest, as the result of lawsuits filed by members challenging changes that were made to the plans after hire. This further reduced the plan's assets.
- A decline in the assumed earning rate.
- Changes in the mortality assumptions for beneficiaries (People are living longer).
- Changes in payroll growth assumptions.

If the TAA were to maintain the status quo, the PSPRS pension systems would be fully funded in 16 years; however, this would involve higher overall pension expenses. Lower starting assets translate to lower overall dollar returns, resulting in the need to pay higher contribution rates. This would also make the TAA more vulnerable to market volatility.

The optimal way to decrease the pension expense and to reduce rate volatility is to increase the funding of the pension liability. The TAA is in a favorable financial position to do this due to a provision in the current Airline Use Agreement which allows the TAA to divert up 52% of the revenues collected from industrial tenants into a Special Reserve Fund (SRF). This fund is used to finance various internal projects rather than going to the bond market. The current balance of the SRF is \$64M.

The TAA can use SRF dollars to "loan" money to the airport system to (airlines) fully fund the PSPRS pension, then repay the loan back into the SRF over a 16-year term at 2.5% interest. Staff estimates that \$27.2M would be required to fully fund the PSPRS pension, thereby reducing the net liability to zero dollars. Assuming the PSPRS can realize the anticipated 7.3% long-term yield on investments, the pension would remain fully funded.

Staff modeled the estimated net effect both a 5.3% and 7.3% return on investment would have on how much the TAA would need to pay into the PSPRS system over 16 years to fully fund the pension

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plans with and without paying down the unfunded, accrued liabilities.

(\$ Millions)	PSPRS Average Investment Return	
	7.30%	5.30%
TAA PSPRS contributions without UAL paydown	\$58.1	\$75.5
TAA PSPRS contributions with UAL paydown	<u>(\$9.7)</u>	<u>(\$33.1)</u>
Total savings	\$48.4	\$42.3
Principal & interest payments on SRF loan	<u>(\$33.0)</u>	<u>(\$33.0)</u>
Net savings to Airport System (airline rates & charges)	<u>\$15.4</u>	<u>\$9.3</u>
SRF Balance - End of Year 16		
With UAL paydown	\$36.5	\$36.5
Without UAL paydown	<u>(\$32.1)</u>	<u>(\$32.1)</u>
Increase in SRF balance	<u>\$4.5</u>	<u>\$4.5</u>

## Conclusions:

- With a 7.3% return, the airport system (airlines) will save \$15.4M over 16 years.
- With a 5.3% return, the airport system (airlines) will save \$9.3M over 16 years.
- In both scenarios, the SRF balance will end \$4.5M higher than if no action was taken.

## Summary:

- **Problem:** The TAA's PSPRS pension plans are underfunded, causing elevated employer contribution rates (higher expense) and higher volatility.
- **Proposed Solution:** Rather than issue bonds, the TAA will "loan" \$27.2M to the airport system to reduce (eliminate) the net pension liability.
- **Estimated Financial Benefits:** \$10-\$15M over 16 years, directly reducing the burden on the airport system, plus an additional \$4.5M in the SRF at the end of the loan term.
- **Other Benefits:** Demonstrates commitment to controlling airline costs, decreases rate volatility, and establishes the TAA as an employer of choice for police and fire personnel.

## BOARD DISCUSSION

- **Requested clarification on the SRF fund balance during years one through 15. Is the TAA at risk of having a shortfall if other situations arise, such as if anticipated grant funding for the Airfield Safety Enhancement (ASE) Program do not materialize?** The SRF is an optional source for local matching funds. It is difficult to predict how much grant funding can be obtained for the ASE project, because these types of projects may be grant funded anywhere between 70% and 91%. However, because the total cost is more than \$300M, the TAA will need to consider external financing options at some point. The airport system has extremely low debt service. Having the PSPRS pension plans fully funded would eliminate the liabilities from the balance sheet and would place the TAA in a more favorable position in the bond market.
- **Is the SRF the preferred funding source for capital improvement projects, and would that be curtailed during years one through 15?** Capital improvement projects are grant funded in large part, and the typical source for local funding is revenues derived from rates and fees the



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airport charges. The primary purpose of the SRF is as an investment source. An example of a typical use was the airport loaning a tenant the funds to replace a hangar door in return for their agreement to sign an additional ten-year lease.

The airport occasionally uses the SRF to fund capital improvement initiatives, such as the recently installed jet bridge on Concourse B. The TAA used a SRF loan to finance the cost, which will be amortized over 20 years through the rental rates the airline pays to use the gate. There is also revenue being generated from loans for previous projects that are currently paying into the SRF. The fund has also been used in some years to minimize the rate increases to the airlines. Balancing the types of uses and amounts that have historically been drawn from the SRF against the annual revenue flowing into it, the SRF is anticipated to remain solvent into the future.

- **Expressed support for the proposal. Having been involved previously in administering pension plans, this is a creative way to reduce future pension costs.**
- **Will this have an immediate effect on the TAA's reimbursement rate to the PSPRS?** This would be calculated into the rates beginning July 1, 2021, and the rate of reimbursement will decrease from 95% to around 15%. This will also have a significant effect on operating costs and the rates and fees the TAA charges the airlines.
- **Does the TAA have a policy to maintain a minimum balance in the SRF and a policy which governs the use of these funds? How will the TAA ensure there are sufficient funds available for emergencies?** There is currently no policy that requires that a minimum balance be maintained in the SRF. There is an additional operations and maintenance (O&M) reserve fund that is maintained as a backstop for emergencies. This fund is adjusted each year as, per the Airline Use Agreement, the TAA is required to set aside a minimum of 25% of its annual operating expenses in the account. The current balance is just over \$8M.
- **Requested that staff research whether other airports maintain an SRF like the TAA's and whether they have in place policies regarding its use.**
- **Were any other avenues looked at to make up the PSPRS pension deficit?** Some municipalities are using a different type of funding mechanism which involves collateralizing their infrastructure and leasing it back, but it is in essence a bond as they are paying interest on it. The advantage of fully funding the pension plans up front using internal financing is that it will allow the TAA to earn 2.5% interest as opposed to paying 2.5% interest.
- **Who manages the PSPRS pension system and the SRF fund?** The PSPRS has a professional staff that manages their financial portfolio and that their financial statements are available online through the PSPRS website. The TAA contracts with Patterson and Associates, an Austin, Texas-based broker to manage its SRF funds. They specialize in managing investment portfolios for public entities. Investment strategies are governed by the TAA's investment policy, which emphasizes preservation of capital, and state statutes, which control the use of public funds.
- **Questioned whether paying down the unfunded, accrued liabilities was necessary due to**

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**the fact there is no requirement that the plan be fully funded. Would the TAA achieve the same result by having Patterson and Associates adjust the targeted rate of return from 0.3% to 5.3% or 7.3%?**

- The TAA is subject to various state statutes and arbitrage regulations that govern how public moneys may be invested. A public agency cannot, for example, borrow money tax-free and then invest it for a higher rate of return.
- A result of not adopting the proposed plan would be to forego the projected \$15M in savings in rates and charges to the airlines, which effects the sustainability of the TAA's business model. The goal is to make TUS as attractive as possible to both continue and to expand their service in this market.

## ACTION ITEMS

### 7. FUNDING OF PUBLIC SAFETY PENSION UNFUNDED, ACCRUED LIABILITIES

**MOTION BY Treasurer Assenmacher, SECONDED BY Vice Chair Hammond, to ADOPT Resolution No. 2021-07 authorizing the use of up to \$27.2 Million of reserve funds for paying down the Tucson Airport Authority's unfunded, accrued liabilities in the Arizona Public Safety Personnel Retirement System. The motion carried by the following vote:**

**Ayes 8 – Chairperson Dusenberry, Vice Chair Hammond, Secretary Silvyn, Treasurer Assenmacher, Director Rich, Director Swaim, Director Jackson, and Director Fernandez**

**Nays 1 – Director Draper**

## DIVISION UPDATES

### 8. FINANCE AND ADMINISTRATION

#### A. January 2021 YTD Financials: Financial Summary/Aviation Activity Report

Vice President and Chief Financial Officer Kirk Eickhoff presented.

- FY21 year-to-date landed weight is 7.5% favorable to budget but is 39.4% lower than FY20.
- FY21 year-to-date passenger volume is 15.2% below budget, and it is 60.8% lower than FY20.
- Passenger numbers have been much lower than anticipated because of COVID-19, but over the past couple of weeks, there has been a noticeable increase as more people are vaccinated.
- The TAA is still on track to meet budget for FY21.
- All revenue categories except concessions were favorable to budget in January. The decrease in revenue from concessions is driven by the decline in passenger traffic.
- Operating expenses were lower than expected, driven primarily by cost-cutting measures and delays in contractual services. Expenditures in this category will increase during the second half of the fiscal year, but staff forecasts that it will come in under budget.

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January 2021 Flight & Passenger Activity				
<u>Month</u>	<u>Current</u> <u>Year</u>	<u>Prior</u> <u>Year</u>	<u>Change</u>	
Total Passengers	113,437	318,793	(205,356)	-64.4%
Average Daily Seat Capacity	3,931	6,530	(2,599)	-39.8%
Average Load Factor	44.9%	75.4%	-30.5%	
Average Daily Departures	35.5	57.2	(21.7)	-37.9%
<u>Four Months Year-To-Date</u>				
Total Passengers	510,577	1,300,933	(790,356)	-60.8%
Average Daily Seat Capacity	3,606	6,276	(2,670)	-42.5%
Average Load Factor	57.1%	83.3%	-26.2%	

January 2021 Financial Results						
(\$ Millions)			Actual vs.		Prior	Current vs.
<u>Month</u>	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>		<u>Year</u>	<u>Prior Year</u>
Operating Revenues	2.6	2.5	0.1	4.0%	3.9	(1.3) -33.0%
Operating Expenses	2.7	3.1	(0.3)	-11.2%	3.0	(0.3) -9.4%
Operating Income (Loss)	(0.1)	(0.5)	0.4	na	0.9	(1.0) na
<u>Four Months Year-To-Date</u>						
Operating Revenues	10.5	10.1	0.5	4.8%	15.6	(5.1) -32.5%
Operating Expenses	10.5	11.7	(1.2)	-10.1%	10.8	(0.3) -2.5%
Operating Income	0.0	(1.6)	1.7	na	4.8	(4.8) -99.3%

## 9. PLANNING AND ENGINEERING

### A. Airfield Safety Enhancement Program Quarterly Update

Vice President of Planning of Engineering Mike Smejkal presented.

- The Airfield Safety Enhancement (ASE) Program is moving from the design phase into the production phase, with construction of GMP 1 having already begun.
- The TAA will begin advertising the next major construction package (DBB1) soon.

## 10. OPERATIONS

### A. FAA Part-139 Inspection | March 22, 2021

Vice President and Chief Operations Officer Bruce Goetz presented.

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- The Federal Aviation Administration (FAA) will be onsite the week of March 29, 2021, to conduct the on-site inspection. This is the last step in the year-long process. Staff will have a further update at the Board of Directors Regular Meeting on April 7, 2021.
- The TAA recently acquired two surplus bomb robots from the federal government at little cost to the Authority. These specialized robots typically cost \$75K. One of the robots is brand-new while the other has seen some use. Some of the personnel on the TAA's police force have experience with explosive ordinance disposal, so these robots will be an asset to the TAA.

## 11. MARKETING AND AIR SERVICE

### A. Marketing Update

Director of Communications and External Relations Jessie Butler presented.

The TAA recently launched the "Nonstop for Tucson" campaign and is making use of all available means to promote the airport. Campaign advertisements have appeared on freeway billboards, social media, and staff is investigating the possibility of doing television advertisements in the next quarter. There have been 110,00 unique views of the campaign video in the past two weeks, which is very impressive. Staff is pleased with the analytics they see. Butler thanked the directors for their support during the program's development.

### BOARD DISCUSSION

- **What is the status of COVID-19 testing at the airport considering issues Pima County has had obtaining financial reimbursements from the state? Has there been any discussion of cancelling the testing, and would the TAA continue to offer the testing if the County withdraws its funding?** Vice President and Chief Operating Officer Bruce Goetz answered that the testing is still ongoing, although the number of tests per day has dropped significantly from the peak of 350 to 400 per day. They are currently performing 35-to-40 tests per day. The TAA remains in close contact with Pima County and Paradigm Labs, and up to now there has been no discussion of withdrawing their participation. In that event, the TAA would pursue funding from the State Department of Health to fund the testing considering Governor Doug Ducey's past comments supporting the testing of passengers flying into the state. Considering the decline in demand and the significant costs of testing, the TAA would discontinue the program without the support from the local or state governments.

### B. Air Service Update

Senior Director of Air Service Development and Marketing David Hatfield presented.

Southwest Airlines had previously resumed Saturday, nonstop flights to San Diego, California, with the intention of increasing to daily flights in April. They had also been scheduled to resume nonstop flights to Oakland, California, as of March 11, then maintain both the San Diego and Oakland routes through the summer. Due to soft booking numbers, they will be pulling these routes back in April. The strict quarantine that was affecting San Jose, California, was lifted today, so there is anticipation that interest in this market will pick up again soon.

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There are positive trends in the numbers during the past several weeks. Staff has noticed a significant increase in passenger traffic, which was initially attributed to the long, Rodeo Break weekend and the pent-up demand from families with kids being out of school; however, Visit Tucson is tracking an increase in resort and hotel bookings as well. For the first part of February, average daily traffic was 32% of what it was a year ago, but towards the end of the month, it had climbed to 48.9%. At the start of February, the percentage of daily seats filled was 54%, but by the end of the month, it was 76%.

## NEXT MEETING

The next meeting will be held on April 7, 2021, at 3:00 p.m. via Webex.

## ADJOURN

There being no further business to discuss, Chairperson Dusenberry adjourned the meeting at 4:49 p.m.

## APPROVED BY:

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Keri Silvyn, Secretary

Date: \_\_\_\_\_

## Prepared by:

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Byron M. Jones, CMC, CAP, TAA Clerk

Date: \_\_\_\_\_

**Date: April 7, 2021**

**To:** TAA Board of Directors  
**From:** John Voorhees, Vice President/Chief Commercial Officer  
**Re:** **Southwest Airport Services, Inc. – Lease Extension**

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**Background:**

Southwest Airport Services is currently renting a 1,440 square foot unit in the Air Cargo 1 building from TAA. This Lease is scheduled to expire as of April 30, 2021. Southwest Airport Services (“SAS”) has been a tenant in good standing at TUS for over ten years. They provide equipment and baggage handling system repairs for several airlines.

**Strategic Plan | Analysis**

The recommended action supports the Strategic Plan initiative to:

“Manage resources, control spending, use of CARES Act funds, and guarantee break-even (per Residual Agreement, focused on FY21 and FY22); position TUS as attractive, low-cost airport to retain and attract air service.”

Extending the lease will enable Southwest Airport Services to continue providing service to our customers for the next 5-year term.

**Cost Analysis:**

SAS has requested a five-year term extension for their lease, extending their obligation through April 30, 2026. They are currently paying rent of \$12.21 per square foot, or \$17,588.58 per year. Their rent is adjusted annually by the change in CPI. This tenant’s service is very valuable on the airfield and supports many airlines.

**Recommendation:**

TAA Management recommends the Board adopt Resolution No. 2021-08 approving extensions of the air cargo lease agreement with Southwest Airport Services, Inc., at Tucson International Airport.

Resolution No.	2021-08
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**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., APPROVING AN EXTENSION OF THE AIR CARGO LEASE AGREEMENT WITH SOUTHWEST AIRPORT SERVICES, INC., AT TUCSON INTERNATIONAL AIRPORT.**

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., AS FOLLOWS:

The President and CEO or her designee(s) is hereby authorized to take all actions necessary to extend the current lease agreement between the Tucson Airport Authority, Inc., and Southwest Airport Services, Inc., subject to the following key business terms:

- Facility Lease Landlord:** Tucson Airport Authority, Inc. (TAA)
- Tenant:** Southwest Airport Services
- Premises:** Air Cargo Terminal 1, 2600 E. Los Reales Rd., Tucson, AZ 85756
- Lease Term Extension:** Existing Lease shall be extended for an additional five years, with the lease expiring on April 30, 2026.
- Base Rent:** In accordance with existing Lease terms.

PASSED AND ADOPTED by the Board of Directors of the Tucson Airport Authority, Inc., this 7th day of April 2021.

\_\_\_\_\_  
Bruce Dusenberry, Chairperson

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Keri Silvyn, Secretary

\_\_\_\_\_  
Christopher Schmaltz, General Counsel

Date: April 7, 2021

To: TAA Board of Directors

From: Danette Bewley, President/CEO

Re: **Three-Year Strategic Plan (FY2021 – 2023) | 2021 Quarterly Update**

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### **Strategic Plan | Summary**

The TAA Board of Directors adopted the Tucson Airport Authority Three-Year Strategic Plan (for the period FY 2021 – 2023) on August 5, 2020, which became effective on October 1, 2020. The FY 2021 Thematic Goal is Align and Engage. The TAA Executive Team has enthusiastically embraced the challenge and is actively pursuing the key actions of each strategic initiative and deliverable.

### **FY 2021 | Align and Engage Highlights:**

- ➔ **Re-align our organization to deliver the Strategic Plan**
  - ➔ Cascaded the Strategic Plan through the organization
  - ➔ Organizational realignment completed; however, minor adjustments are being made to streamline the organization (as budget resources allow)
  - ➔ Division/Department Strategic Plans completed (that support the TAA Strategic Plan)
  - ➔ Cultural change critical discussions continue with forward progress on change management; process improvements are underway
  - ➔ Identified unmet personnel needs / Succession Plan development; identified positions, critical/single points of failure; will address solutions as budget resources allow and/or through future budget processes
  
- ➔ **Transform “HR” into a strategic resource known as People Operations**
  - ➔ Acquired Human Resources technology; implementation phase is underway
  - ➔ Rolled out People Operations Handbook (employee resource guide)
  
- ➔ **Develop a sustainable business model aligned to post-COVID-19 financial reality**
  - ➔ Regularly evaluated revenue vs. costs, and controlled spending; managed use of federal relief funds to offset revenue loss (ongoing)
  - ➔ Supported airline and tenant partners (through use of federal relief funds) to ensure sustainability (ongoing)
  - ➔ Consultant selected for Terminal Study and Development Implementation Plan (Phase I) to identify terminal needs/long term improvements
  
- ➔ **Inspire travel**
  - ➔ Air service restoration (ongoing)
  - ➔ Introduced new marketing/branding strategy (“Nonstop for Tucson” campaign)
  - ➔ Delivered exceptional and proactive response to “COVID-19” through TUS CARES campaign; implemented a myriad of initiatives focused on technology improvements and the “touchless journey,” and accredited by Global Biorisk Advisory Council; implemented COVID on site testing (in terminal and drive-thru) and authorized as a Point of Distribution (POD) to provide COVID vaccine (shots) to airport critical infrastructure workers
  - ➔ Engaged civic partners (Visit Tucson, City of Tucson, Pima County), Board appointments on Tucson Metro Chamber, Southern Arizona Leadership Council, etc. (ongoing)



The following information provides a snapshot of the progress achieved during the October – March 2021 period. There are adjustments to key action item deliverable deadlines to allow the new Chief People Officer (CPO), who starts on 4/5/21, to contribute her expertise to these initiatives:

1. Lead behavior, have critical conversations that communicate expectations for effective teamwork, tied to updated job descriptions; follow through and achieve results. Although some work has started, it is important to involve the CPO in discussions and decisions; revised deliverable date adjusted to 7/21.
2. Build succession and development for key roles to deliver the Strategic Plan and provide business continuity; revised deliverable date to 7/21.

Legend	<input checked="" type="checkbox"/> Completed	
	<input checked="" type="checkbox"/> Complete / Ongoing	
	In Development	
	Incomplete / Adjusted Deadline	
	Temporary Hold	

1 Re-Align Our Organization to Deliver the Strategic Plan					
Item	Description	Date Due	Date Delivered	Status	Executive Team Owner
1.1	Cascade the Strategic Plan Through the organization	Oct-20	Oct-20	<input checked="" type="checkbox"/>	Bewley
1.2	Evaluate span of control; functionally realign the organizational structure; align resources to meet current and future demand	Oct-20	Oct-20	<input checked="" type="checkbox"/>	Bewley
1.3	Each Division and Department will develop a plan to support and align to deliver on the key actions (for the year)	Nov-20	Nov-20	<input checked="" type="checkbox"/>	Bewley
1.4	Lead behavior, have critical conversations that communicate expectations for effective teamwork, tied to updated job descriptions; follow through and achieve results	<b>Dec-20 Revised to Jul-21</b>		<b>In Development</b>	Schmaltz
1.5	Build succession and development for key roles to deliver the Strategic Plan and provide business continuity	<b>Dec-20 Revised to Jul-21</b>		<b>In Development</b>	Schmaltz
1.6	Invest in leadership development for the Executive Team; execute Year 2 of consultant contract	Jan-21	Jan-21	<input checked="" type="checkbox"/>	Bewley
1.7	Develop best practices on how to work effectively based on learning experience from COVID-19 realities	Apr-21	Apr-21	<input checked="" type="checkbox"/> /Ongoing	Schmaltz
1.8	Review performance vs. Strategic Plan monthly and adapt and adjust FY 2022	May-21	Monthly Review	<input checked="" type="checkbox"/> /Ongoing	Bewley

There are adjustments to key action item deliverable dates to allow the new Chief People Officer (CPO), who starts on 4/5/21, to contribute her expertise to these initiatives:

1. Shift our mindset, policies, and practices from traditional HR into a strategic People Operations that melds HR with Talent and puts TAA on a path to becoming an Employer of Choice in our industry and region; revised deliverable date to 8/21.
2. Identify unmet personnel needs for each division; ensure each division has outlined expectations that support organizational success and the Strategic Plan by 12/20; revised deliverable date to 7/21.
3. Implement an updated performance management and reward system by 2/21, for evaluations period beginning 5/21; revised deliverable date to 6/21 for evaluations beginning 7/21.

Legend		
<input checked="" type="checkbox"/> Completed		Dark Green
<input checked="" type="checkbox"/> Complete / Ongoing		Light Green
In Development		Yellow
Incomplete / Adjusted Deadline		Red
Temporary Hold		Dark Red

2 Transform "HR" into a Strategic Resource Known as People Operations					
Item	Description	Date Due	Date Delivered	Status	Executive Team Owner
2.1	Shift mindset, policies and practices from traditional HR into a strategic People Operations that melds HR with Talent and puts TAA on a path to becoming an Employer of Choice in our industry and region	Dec-20	Revised to Aug-21	Incomplete (Hired CPO; starts 4/21)	Schmaltz
2.2	Acquire automated Human Resources technology to support the organization and business continuity; improve the customer (employee) experience by 12/20	Dec-20	Feb-21	<input checked="" type="checkbox"/> /Ongoing	Schmaltz
2.3	Develop and roll out a People Operations (Employee Handbook) manual by 12/20	Dec-20	Dec-20	<input checked="" type="checkbox"/>	Schmaltz
2.4	Identify unmet personnel needs for each division; ensure each division has outlined expectations that support organizational success and the Strategic Plan by 12/20	Dec-20	Revised to Jul-21	Incomplete (Hired CPO; starts 4/21)	Schmaltz
2.5	Establish and communicate expectations to meet the goals of the Strategic Plan in 1/21	Jan-21	Jan-21	<input checked="" type="checkbox"/>	Schmaltz
2.6	Implement an updated performance management and reward system by 2/21, for evaluations period beginning 5/21	Feb-21	Revised to Jun-21	Incomplete (Hired CPO; starts 4/21)	Schmaltz
2.7	Research options to launch a "Leadership Academy" by 9/21	Sep-21		In Development	Schmaltz

Due to the challenges created by the pandemic and financial uncertainties, an adjustment to a key action item has been made at the request of the corporate airline representatives:






1. Develop a preliminary cost model and prepare and refine the terms for the Airline Use Agreement by 5/21. The Airlines do not want to proceed with modeling for a long-term Airline Use Agreement. Rather, the preferred approach is to develop a 2-year amendment to the current Airline Use Agreement with changes to critical terms by 5/21.

Legend	<input checked="" type="checkbox"/> Completed	Green
	<input checked="" type="checkbox"/> Complete / Ongoing	Light Green
	In Development	Yellow
	Incomplete / Adjusted Deadline	Red
	Temporary Hold	Dark Red

3 Develop a Sustainable Business Model Aligned to Post COVID 19 Financial Reality					
Item	Description	Date Due	Date Delivered	Status	Executive Team Owner
3.1	Evaluate revenue forecasts (quarterly); develop low-mid-high revenue and expenditure forecasts; adjust FY21 budget	Dec-20	Dec-20	<input checked="" type="checkbox"/> /Ongoing	Gruentzel/ Eickhoff
3.2	Align TAA controlled elements with post-COVID-19 airline business model realities (revenue/expenses) by 1/21	Jan-21	Jan-21	<input checked="" type="checkbox"/> /Ongoing	Gruentzel/ Eickhoff
3.3	Manage/control resources/spending, use of CARES Act funds; guarantee break-even (per AUA), focused on FY21/FY22; position TUS as low-cost airport; retain / attract air service	Dec-20	Dec-20	<input checked="" type="checkbox"/> /Ongoing	Gruentzel/ Eickhoff
3.4	Incorporate Strategic Plan initiatives into the budget process; provide business case analyses and establish investment priorities and identify resources by 2/21	Feb-21	Feb-21	<input checked="" type="checkbox"/> /Ongoing	Eickhoff
3.5	<del>Develop a preliminary cost model, and prepare and refine the terms for the Airline Use Agreement by 5/21</del> <b>Develop 2-year amendment to the current Airline Use Agreement with changes to critical terms by 5/21</b>	May-21		In Development	Eickhoff
3.6	Update select outward facing business processes (review/adjust TAA business processes; make processes clear, transparent, and business-friendly) by 7/21	Jul-21		In Development	Voorhees
3.7	Define priorities and develop a Commercial and Industrial Business Implementation Plan by 7/21	Jul-21		In Development	Voorhees

Due to the challenges of the pandemic and social distancing requirements, a few key action items are on “temporary hold.”

1. Community outreach programs that attract the community to the airport (tours, events) by 11/20. As CDC guidance changes, staff will re-visit this deliverable and determine a revised deliverable deadline.
2. Engage TAA Members as ambassadors for the TAA and advocates who promote travel from TUS by 1/21. This initiative involved on-site training, discussion of presentation materials and handouts. It is recommended that staff solicit and receive input from the Community Engagement and Business Opportunities Council on the advocacy presentation(s) and materials developed. It is anticipated that the Board will approve the 2021 Councils at the 4/7/21 meeting; staff will re-visit this deliverable, coordinate with the Community Engagement and Business Opportunities Council, and determine a revised deliverable date.

Legend	<input checked="" type="checkbox"/> Completed	
	<input checked="" type="checkbox"/> Complete / Ongoing	
	In Development	
	Incomplete / Adjusted Deadline	
	Temporary Hold	

4 Inspire Travel					
Item	Description	Date Due	Date Delivered	Status	Executive Team Owner
4.1	Work with airline partners to restore air service	Dec-20	Dec-20	<input checked="" type="checkbox"/> /Ongoing	Bewley
4.2	Engage Visit Tucson, Tucson Metro Chamber, and other community organizations to support and advocate for TAA/TUS air service	Dec-20	Dec-20	<input checked="" type="checkbox"/> /Ongoing	Bewley
4.3	Introduce marketing/branding campaign by 10/20	Oct-20	Oct-20	<input checked="" type="checkbox"/>	Bewley
4.4	Focus on the airport-managed “touchless journey” passenger experience by investment in health and safety measures/technologies to inspire confidence in the health and safety of the airport by 10/20	Oct-20	Oct-20	<input checked="" type="checkbox"/>	Goetz
4.5	Develop community outreach programs that attract the community to the airport (tours, events) by 11/20	Nov-20	TBD	Temporary Hold	Bewley
4.6	Engage TAA Members as ambassadors for the TAA and advocates who promote travel from TUS; provide materials by 1/21	Jan-21	TBD	Temporary Hold	Bewley
4.7	Complete Terminal Study and Development Implementation Plan for long term improvements by 4/21	Apr-21	Jun 21	In Development	Smejkal

Resolution No.	2021-09
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**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., APPROVING THE RECOMMENDED APPOINTMENTS TO THE TAA ADVISORY COUNCILS FOR 2021.**

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., AS FOLLOWS:

The Board of Directors approves the recommended appointments for TAA Advisory Councils for 2021, which are attached as Exhibit A, incorporated by reference, and made a part hereof.

PASSED AND ADOPTED by the Board of Directors of the Tucson Airport Authority, Inc., this 7th day of April 2021.

\_\_\_\_\_  
Bruce Dusenberry, Chairperson

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Keri Silvyn, Secretary

\_\_\_\_\_  
Christopher Schmaltz, General Counsel

**COUNCILS REQUIRED BY BYLAWS**

**Audit Council**

**Izaro Urreiztieta, Chair**  
**David Smallhouse, Vice Chair**  
 Bill Assenmacher  
 Lisa Israel  
 Steve Pagnucco  
 John Fendenheim  
 Taunya Villicana  
 Dave Lyons  
 Tim Overton  
 Ellen Wheeler  
 Larry Cesare  
 Guillermo Figueroa

The objective of this council, pursuant to the Board-adopted Audit Council Policy, is to advise the TAA Board of Directors in fulfilling its oversight responsibility for the integrity of TAA's financial and operating results, compliance with legal and regulatory requirements related to financial reporting, and the performance of TAA's internal audit function and external auditors. The Audit Council has authority to conduct or authorize special audits and investigations into any matters within its scope of responsibility.

**Corporate Governance Council**

**Michael Duran, Chair**  
**Todd Jackson, Vice Chair**  
 Mike McGrath  
 Rob Draper  
 David Hameroff  
 Larry Lang  
 Judy Rich  
 Steve Holmes  
 Lee Lambert

The objective of this council is to advise the TAA Board of Directors in fulfilling its oversight responsibility regarding corporate governance, including Board and Membership duties, policies, and practices; TAA Articles of Incorporation; Bylaws; and other significant policies.

**Executive Council**

**Bruce Dusenberry, Chair**  
**Mike Hammond, Vice Chair**  
 Keri Silvyn, Secretary  
 Bill Assenmacher, Treasurer  
 Phil Swaim

This council, pursuant to the Bylaws, is comprised of the Chairperson, Vice-Chairperson, Secretary, Treasurer, and one other member of the Board appointed each year by the Chairman. Its objective is to set the compensation and the benefits of the President/CEO, to address specific matters that are specified by the Board from time to time and to assist and advise the President/CEO with respect to establishing compensation and benefits for the various classifications of employees.

**Finance and Risk Management Council**

**Tony Penn, Chair**

**June Crawford, Vice Chair**

Bill Assenmacher

Henry Boice

Ron Sable

Fran Katz

Lea Marquez-Peterson

Vance Falbaum

Phil Swaim

Mike Stilb

Brandt Hazen

The objective of this council is to advise the TAA Board of Directors in fulfilling its oversight responsibility relating to TAA investment and fund management, debt issuance and management, annual and biennial budgets, annual capital improvement program budget, insurance, and safety and risk management programs.

**Nominating Council**

**Lisa Lovallo, Chair**

**Steve Cole, Vice Chair**

Keri Silvyn

Rob Draper

Michael Duran

Vance Faulbaum

Ellen Wheeler

The objective of this council, which is set forth in the Bylaws, is to nominate individuals for TAA membership, to nominate TAA Members to serve on the Board of Directors, to nominate a slate of Board Officers and to suggest nominees to fill any vacancies on the Board. Members of this council are selected pursuant to TAA Bylaws.

**SPECIAL ADVISORY COUNCILS**

**Community Engagement and Business Opportunities Council**

- Dennis Minano, Chair**
- Omar Mireles, Vice Chair**
- Bill Assenmacher
- Bruce Ash
- Mike Hannley
- Mercy Valencia
- Ned Norris
- Steve Quinlan
- Michael Franks
- Joaquin Ruiz
- Gary Kippur
- Lisa Lovallo
- Ricardo Platt
- Lucinda Smedley
- Richard Underwood
- Kathy Ward
- Frances (Frank) Chambers
- Herb Kai
- Larry Cesare
- Calline Sanchez

The objective of this special council is promoting "Fly TUS" by engaging the community to utilize Tucson International Airport. The Council will inform the membership and community on the vital role TUS plays as a catalyst in the region's economic prosperity and encourage the community to fly and support TUS.

**Superfund Council**

- Rob Draper, Chair**
- Keri Silvyn, Vice Chair**
- Tony Finley
- Ellen Wheeler
- Dennis Minano
- Chris Sheafe (Non-Voting)
- David Lovitt (Non-Voting)
- Ted Sitterley (Non-Voting)

The objective of this special council is to advise the TAA Board of Directors in fulfilling its oversight responsibility concerning the ongoing environmental remediation projects and other activities related to the Tucson Airport Area Superfund Site.



**Date: April 7, 2021**

**To:** TAA Board of Directors  
**From:** Danette Bewley, President/CEO  
**Re:** **Contract Extension to Sun Corridor Inc. Agreement for the period April 21, 2021 through June 30, 2021 and Contract Amendment for the period July 1, 2021 through June 30, 2023**

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**Background:**

Sun Corridor Inc. (SCI) was established in 2005 (originally as Tucson Regional Opportunities/TREO) to consolidate and coordinate all economic development activities and programs within the region. The primary goal of SCI was to facilitate primary (non-retail) job and investment growth in the region. Its work also includes creating a competitive environment that allows primary employers to flourish and succeed. Economies, both nationally and internationally, compete for jobs and capital investment based on regional strengths. On July 1, 2015, SCI expanded its geographic coverage to effectively serve and represent the assets and economic activities of the mega region of Southern Arizona. SCI now brings the economic potential of Pima, Pinal, Santa Cruz, and Cochise Counties together to create opportunity and prosperity. SCI offers a comprehensive range of programs and services to facilitate the attraction of new primary companies, the retention/expansion of existing primary companies and the advocacy of increased commercial and industrial business creation/entrepreneurship.

SCI and the TAA began a partnership in April of 2018 (3-Year agreement; April 20, 2018 – April 20, 2021). Through this partnership, SCI has leveraged its reach with industry site selectors, national and international companies, and other operators to explore and assist the TAA work with major tenants to expand businesses or attract new businesses to the region and to TAA property. SCI attracts potential clients to TAA properties through a wide variety of business networks, site selector venues and publications but does not perform brokerage or real estate transactional services on behalf of the TAA. When presented with a potential client, SCI refers the business to TAA staff who then negotiate and execute business transactions. The TAA should continue this partnership with SCI and continue to pursue economic development opportunities to increase and diversify the revenue stream to the TAA.

**Strategic Plan | Analysis**

The TAA 3-Year Strategic Plan for FY 2021 - 2023, adopted by the Board on August 5, 2020, outlines the path which best allows the TAA to adapt to changing circumstances and immerse in recovery in 2021, capitalize on opportunities and adjust to the new reality of the known and unknown in 2022, and to dream big in 2023 and beyond. To meet these goals, the Strategic Plan includes specific economic development priorities:

- Define priorities and develop a Commercial and Industrial Business Implementation Plan by 7/21
- Develop GIS datasets for commercial and industrial development promotion and opportunity by 10/21
- Solicit Request for Proposal for partners in the development of commercial and industrial property by 10/21
- Select commercial and industrial development partner by 2/22
- Begin Phase 1 development of commercial and industrial infrastructure by 9/22
- Construct County Club Road Extension to open access for property development by 8/22

By the end of 2021 and into 2022, the TAA expects to make progress on the priorities listed above. The planning efforts and proactive execution of initiatives will position the TAA to be ready when the economy recovers. The professional experience and guidance from SCI are important elements and will add strength to the TAA approach to welcome and encourage commercial and industrial development.

**Cost Analysis:**

In April 2018, SCI entered into a 3-year agreement with the TAA in an amount not to exceed \$250,000 per year for a total contract value of \$750,000. Although the impacts of the pandemic have created economic challenges, industry forecasts indicate a slow recovery. To ensure the TAA is positioned for opportunity and recovery, the TAA and SCI have negotiated a new two-year agreement in the amount of \$350,000; \$175,000 each year. Additionally, SCI has requested to align the new contract with the company’s fiscal year which begins July 1, 2021. That said, TAA recommends the following:

Agreement	Term	Amount
Contract Extension to bridge the gap between April 21,2021 and June 30, 2021	April 21,2021 – June 30, 2021	\$34,041   pro rata basis of \$175,000 for 71 days
2 Year Contract Amendment	July 1, 2021 – June 30, 2023	\$350,000   \$175,000 per year

**Recommendation:**

TAA management recommends the Board adopt Resolution Nos. 2021-05 and 2021-06 by taking the following two actions:

1. Resolution No. 2021-05 - The Board amend the current Sun Corridor, Inc. agreement by extending the term of the agreement from April 21,2021 to June 30, 2021. The cost of this amendment is \$34,041.
2. Resolution No. 2021-06 - The Board approve the new Sun Corridor, Inc. 2-year agreement for \$350,000.

Resolution No.	2021-05
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**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., AUTHORIZING A CONTRACT AMENDMENT TO THE EXISTING SUN CORRIDOR CONTRACT.**

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., AS FOLLOWS:

The President and CEO or her designee is authorized to take all actions necessary to amend the current agreement with Sun Corridor, Inc., to extend the term of the agreement from April 21, 2021 to June 30, 2021, for the pro rata amount of \$34,041.

PASSED AND ADOPTED by the Board of Directors of the Tucson Airport Authority, Inc., this 7th day of April 2021.

\_\_\_\_\_  
Bruce Dusenberry, Chairperson

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Keri Silvyn, Secretary

\_\_\_\_\_  
Christopher Schmaltz, General Counsel

Resolution No.	2021-06
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**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., AUTHORIZING THE EXECUTION OF A CONTRACT WITH SUN CORRIDOR FOR THE PURPOSE OF CONTINUING ITS ECONOMIC DEVELOPMENT SERVICES FOR ANOTHER TWO-YEAR TERM, BEGINNING JULY 1, 2021.**

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., AS FOLLOWS:

1. The President and CEO or her designee is authorized to take all actions necessary to execute a professional services agreement with Sun Corridor, Inc., for economic development services in support of the Tucson Airport Authority’s Three-Year Strategic Plan and strategic objectives as outlined in the attached Exhibit A, *TAA Work Plan | Deliverable Schedule (July 1, 2021 – June 30, 2023)*, which is incorporated by reference and made a part hereof.
2. The term of the agreement shall be for two years, commencing on July 1, 2021 and terminating on June 30, 2023.
3. An expenditure of \$175,000 per year (\$350,000 in total) is authorized as stipulated in the terms of the professional services agreement.

PASSED AND ADOPTED by the Board of Directors of the Tucson Airport Authority, Inc., this 7th day of April 2021.

\_\_\_\_\_  
Bruce Dusenberry, Chairperson

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Keri Silvyn, Secretary

\_\_\_\_\_  
Christopher Schmaltz, General Counsel

**TAA Work Plan | Deliverable Schedule (July 1, 2021 – June 30, 2023)**

#	WORK PLAN DESCRIPTION	FREQUENCY			
		Monthly	Quarterly	As Needed	Metric
<b>1.</b>	<b>TAA STRATEGIC PLAN</b>				
1.1	Assist TAA staff to define priorities and develop a Commercial and Industrial Business Implementation Plan by 7/2021. <ul style="list-style-type: none"> <li>Discuss/meet monthly</li> </ul>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>
1.2	Assist TAA staff; review GIS datasets for commercial and industrial development promotion and opportunity by 10/21. <ul style="list-style-type: none"> <li>Discuss/meet monthly</li> </ul>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>
1.3	Assist TAA staff to develop Request for Proposal for partners in the development of commercial and industrial property by 10/21. <ul style="list-style-type: none"> <li>Discuss/meet monthly</li> </ul>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>
1.4	Assist TAA staff to select commercial and industrial development partner by 2/22. <ul style="list-style-type: none"> <li>Discuss/meet quarterly</li> </ul>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
1.5	Assist TAA staff as they begin Phase 1 development of commercial and industrial infrastructure by 9/22. <ul style="list-style-type: none"> <li>Discuss/ meet quarterly</li> </ul>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
1.6	Assist TAA staff as they plan, design and construct County Club Road Extension to open access for property development by 8/22. <ul style="list-style-type: none"> <li>Discuss/meet quarterly</li> </ul>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
<b>2.</b>	<b>DEVELOPMENT GOALS</b>				
2.1	Generate qualified leads for TAA available buildings and land sites with a focus in recruiting MRO's, General Aviation, Aerospace Manufacturing, Flight Schools (RYN Only), Air Cargo (TUS only), other compatible Aerospace, Defense, Aviation, Transportation, and Logistics uses. <ul style="list-style-type: none"> <li>Provide written status report with list of leads (and efforts to gain leads) to TAA on a quarterly basis</li> </ul>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
2.2	Continue to develop and maintain the Foreign Trade Zone (FTZ) program for future developments. Counsel TAA in the process to become an FTZ should TAA request to do so. <ul style="list-style-type: none"> <li>Provide written status report to TAA on a quarterly basis</li> </ul>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
2.3	Leverage unique strategic position to advocate TAA as a critical asset in the Southern Arizona mega-region and aggressively drive national and international awareness/exposure of Tucson/Southern Arizona as a business center. <ul style="list-style-type: none"> <li>Provide written status reports to TAA on a quarterly basis</li> </ul>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
2.4	Combine TAA economic development assets into Southern Arizona portfolio of assets; maintain TAA brand.				<input checked="" type="checkbox"/>

**TAA Work Plan | Deliverable Schedule (July 1, 2021 – June 30, 2023)**

3. STRATEGY					
WORK PLAN DESCRIPTION		FREQUENCY			
		Monthly	Quarterly	As Needed	Metric
<b>3.1 Strategy 1   Execute International and Domestic Sales Missions</b>					
3.1.1	Lead twelve (12) domestic promotional efforts that incorporate TAA assets and properties at outreach events; provide report and results of efforts. <ul style="list-style-type: none"> <li>• SCI and TAA staff will work together to identify TAA properties to target on specific missions.</li> <li>• Promotional events and conferences may include Site Selectors Guild Events, NAIOP Conferences, CoreNet Conferences, Aerospace &amp; Defense (A&amp;D) Forum / California Chapter, Area Development Forums, MRO Americas Conference, AUVSI Events, etc. (NOTE: List is subject to change based on availability, offering, and identification of new events).</li> </ul>				☑
3.1.2	Generate twelve (12) qualified domestic leads for TAA available buildings and land sites. <ul style="list-style-type: none"> <li>• Provide written status report to the TAA on a quarterly basis</li> </ul>		☑		☑
<b>3.2 Strategy 2   Outreach</b>					
3.2.1	Conduct regular, proactive outreach to site selectors, commercial real estate brokers, and other partners to promote TAA assets and properties, as well as provide updates on other TAA investments and activities <ul style="list-style-type: none"> <li>• Provide written status report to the TAA on a quarterly basis</li> </ul>		☑		☑
3.2.2	Convene and coordinate meetings with TAA related prospects, site selectors, and other regional partners as part of the site selection process <ul style="list-style-type: none"> <li>• Provide written status report to the TAA on a quarterly basis</li> </ul>			☑	☑
3.2.3	Prepare proposals in response to site selector Requests for Information (RFI's) or other leads from organizations <ul style="list-style-type: none"> <li>• Ensure proposals and other materials and medium submitted on behalf of the TAA are reviewed and approved by the TAA, in advance of submittal, and include TAA logos or other marketing designs as determined by the TAA</li> <li>• TAA shall be provided a hard copy or digital copy of all proposals submitted on its behalf</li> </ul>			☑	

**TAA Work Plan | Deliverable Schedule (July 1, 2021 – June 30, 2023)**

<b>STRATEGY (Cont'd)</b>					
<b>WORK PLAN DESCRIPTION</b>		<b>FREQUENCY</b>			
		<b>Monthly</b>	<b>Quarterly</b>	<b>As Needed</b>	<b>Metric</b>
3.2.4	Host in-bound virtual familiarization tour for site selectors that includes TAA assets and properties. <ul style="list-style-type: none"> <li>Coordinate with the TAA, in advance, all presentation materials, videos or other collateral materials.</li> <li>Coordinate all marketing and branding with TAA Marketing department</li> </ul>			<input checked="" type="checkbox"/>	
3.2.5	Conduct six (6) virtual outreach efforts/events to local commercial real estate network to generate qualified sales leads for TAA properties. <ul style="list-style-type: none"> <li>Provide written status report to the TAA on a quarterly basis</li> <li>Provide feedback regarding the effectiveness of outreach efforts</li> </ul>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
3.2.6	Enter TAA properties on Co-Star, the world leader in commercial real estate information that offers a searchable, full-market inventory of properties and spaces of commercial real estate. Examine other opportunities to advertise TAA properties in well-known publications <ul style="list-style-type: none"> <li>Provide written status report to the TAA on a quarterly basis</li> </ul>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
3.2.7	Engage the Arizona Commerce Authority team to make them aware of the TAA assets located at TUS and RYN; highlight the opportunities and benefits of these sites <ul style="list-style-type: none"> <li>Coordinate “Southern Arizona educational visits” on an annual basis for all ACA staff</li> <li>Initiate introductions between new ACA staff and new TAA staff</li> <li>Provide written status report to the TAA, as appropriate</li> </ul>			<input checked="" type="checkbox"/> Annual	<input checked="" type="checkbox"/>
3.2.8	Rather than attempt to compete with the momentum of the economic growth in Maricopa County, find ways to differentiate the value of doing business on TAA properties to attract unique industries and supply chain companies that benefit by being close to Maricopa County and California. <ul style="list-style-type: none"> <li>Provide written status report to the TAA on a quarterly basis</li> </ul>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>

**TAA Work Plan | Deliverable Schedule (July 1, 2021 – June 30, 2023)**

<b>STRATEGY (Cont'd)</b>						
<b>WORK PLAN DESCRIPTION</b>			<b>FREQUENCY</b>			
			<b>Monthly</b>	<b>Quarterly</b>	<b>As Needed</b>	<b>Metric</b>
<b>3.3 Strategy 3   Maintain Sound Research to Support Sales Efforts</b>						
	3.3.1	Conduct confidential economic impact studies on a per project basis <ul style="list-style-type: none"> <li>Provide all data/information to the TAA on a per project basis</li> </ul>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	3.3.2	Provide competitive communities comparison analysis, including cost and workforce analysis to determine level and use of incentives. <ul style="list-style-type: none"> <li>Provide all data/information to the TAA, as appropriate</li> </ul>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<b>3.4 Strategy 4   Foreign Trade Zone (FTZ)</b>						
	3.4.1	Conduct FTZ Analysis for Airport site by 12/21. <ul style="list-style-type: none"> <li>Provide written status report to the TAA on a quarterly basis</li> </ul>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
	3.4.2	Provide FTZ information and analysis to assist potential users with evaluating the FTZ program as a way to reduce costs and streamline processes <ul style="list-style-type: none"> <li>Guide and assist potential FTZ users through the application process</li> <li>Provide all data/information to the TAA</li> <li>Provide written status report to the TAA, as appropriate</li> </ul>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	3.4.3	Lead FTZ Workshop and promotion events to grow the program in the airport employment center area. <ul style="list-style-type: none"> <li>Provide written status report to the TAA, as appropriate</li> </ul>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<b>3.5 Strategy 5   Increase National Awareness through Public Relations Efforts</b>						
	3.5.1	Conduct National Marketing/PR Campaigns on an ongoing basis throughout the term to generate powerful stories of Tucson/Southern Arizona in mainstream business publications, economic development trade journals and industry-specific outlets. <ul style="list-style-type: none"> <li>Ensure all marketing and public relations campaign materials are coordinated with and approved, in advance, with TAA Marketing</li> <li>All materials must include TAA logos or other marketing designs as determined by the TAA.</li> </ul>			<input checked="" type="checkbox"/> <b>Ongoing</b>	<input checked="" type="checkbox"/>



**TAA Work Plan | Deliverable Schedule (July 1, 2021 – June 30, 2023)**

<b>STRATEGY (Cont'd)</b>						
<b>WORK PLAN DESCRIPTION</b>			<b>FREQUENCY</b>			
			<b>Monthly</b>	<b>Quarterly</b>	<b>As Needed</b>	<b>Metric</b>
3.5.2	Publish six (6) issues of “Select the Sun Corridor” e-newsletter with TAA news and property promotion, Tucson and Southern Arizona business news, announcements, trends, and promotion of targeted industries. <ul style="list-style-type: none"> <li>Reach 45,000 local and regional readers/annually; 135,000 over contract period</li> <li>Reach top national/international Site Selectors annually via BD news announcements, “Select the Sun Corridor” newsletter and virtual/inbound familiarization tours. Achieve 15,000 impressions annually: 45,000 over the contract period.</li> <li>Provide written status report to the TAA on a quarterly basis</li> </ul>		☑		☑	
3.5.3	Develop media pitches, fact sheets and other content; conduct digital marketing campaigns targeted to site selectors and corporate relocation decision makers on an ongoing basis. <ul style="list-style-type: none"> <li>Monitor editorial calendars</li> <li>Ensure all marketing and public relations campaign materials are coordinated with and approved, in advance, with TAA Marketing</li> <li>All materials must include TAA logos or other marketing designs as determined by the TAA.</li> <li>Provide written status report to the TAA, as appropriate</li> </ul>			☑ Ongoing	☑	
3.5.4	Develop, manage and coordinate announcements/news releases highlighting business development successful projects, via news releases, news conferences, social media, groundbreakings/events and e-news alerts. <ul style="list-style-type: none"> <li>Monitor editorial calendars</li> <li>Ensure all marketing and public relations campaign materials are coordinated with and approved, in advance, with TAA Marketing</li> <li>All materials must include TAA logos or other marketing designs as determined by the TAA.</li> <li>Provide written status report to the TAA, as appropriate</li> </ul>			☑ Ongoing	☑	

**TAA Work Plan | Deliverable Schedule (July 1, 2021 – June 30, 2023)**

<b>STRATEGY (Cont'd)</b>						
<b>WORK PLAN DESCRIPTION</b>			<b>FREQUENCY</b>			
			<b>Monthly</b>	<b>Quarterly</b>	<b>As Needed</b>	<b>Metric</b>
	3.5.5	Maintain and enhance TAA section on SCI website to drive stronger visitation and business development inquiries. <ul style="list-style-type: none"> <li>• Benchmark against competition to develop new content and ensure site is relevant and up to date with web trends</li> <li>• Feature TAA Properties (all data sections; videos and maps; downloads, links, and reports)</li> <li>• Ensure all marketing and public relations campaign materials are coordinated with and approved, in advance, with TAA Marketing</li> <li>• All materials must include TAA logos or other marketing designs as determined by the TAA</li> <li>• Manage content updates on an as needed basis</li> <li>• Provide written report to the TAA on a quarterly basis</li> </ul>		☑	☑	
	3.5.6	Social media: <ul style="list-style-type: none"> <li>• Include strong TAA promotional messages in SCI social media outlets; monitor trends and competition</li> <li>• Tweet positive news about TAA regularly</li> <li>• Post news on Facebook and Linked In pages</li> <li>• Post TAA videos on SCI YouTube channel</li> <li>• Achieve overall traditional (print and online) and social (Twitter, Facebook, and LinkedIn) earned media impressions of 15-30 million annually with a total of 45-90 million over the contract period. With TAA-specific messaging, achieve 70,000 earned media impressions annually: 210,000 over the contract period.</li> <li>• Provide written status report to the TAA on a quarterly basis</li> </ul>		☑		☑

Date: March 31, 2021

**To:** TAA Board of Directors

**From:** Kirk Eickhoff, Vice President/CFO

**Re:** **Summary of Financial Performance for February 2021**

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Financial Performance

- Operating Income before Depreciation and Amortization (MTD & YTD vs budget)
  - Tucson Airport Authority generated operating income before depreciation and amortization of \$79,197 for February 2021, which is \$85,168 favorable to budget.
  - Year-to-date, TAA's operating income before depreciation and amortization of \$114,390 is favorable to budget by \$1,750,900 due to favorable operating revenues and expenses described below.
  
- Operating Revenues (MTD & YTD vs budget)
  - Total monthly operating revenue of \$2,597,226 is unfavorable to budget by \$20,348 or 0.8% and unfavorable to prior year by \$1,519,885 or 36.9%. The decline from prior year is largely due to a decrease in concession revenue attributable to diminished passenger volumes related to COVID-19.
  - Year-to-date operating revenues were greater than budgeted by \$460,773 or 3.6%, with favorable variances in all categories, except concession revenue. Other operating revenues and landing fees contributed the largest variances.
    - The favorable variance in other operating revenue is largely attributable to additional unbudgeted tie-down revenue and higher than expected royalties on sand and gravel mining.
  
- Operating Expenses (MTD vs YTD vs budget)
  - In February, total operating expenses were less than budget by \$105,516, with favorable variances in all categories except materials and supplies.
  - Year-to-date operating expenses of \$13,027,787 are favorable to budget by \$1,290,127 or 9.0%. All expense categories were lower than budgeted, with contractual services producing the largest variance, due to timing on maintenance and repair contracts, airport consultant fees, advertising, and lower than expected utilities expense.

# FINANCIAL SUMMARY



For the five months ending February 28, 2021

**TUCSON AIRPORT AUTHORITY  
STATEMENT OF REVENUES , EXPENSES AND  
CHANGES IN NET POSITION**

	CURRENT MONTH - February			PRIOR YEAR - February
	BUDGET	ACTUAL	FAV (UNFAV)	ACTUAL
<b>OPERATING REVENUES:</b>				
Landing fees	\$ 120,334	\$ 141,712	\$ 21,378	\$ 230,524
Space rentals	979,075	1,009,202	30,127	1,276,296
Land rent	296,440	316,123	19,683	301,912
Concession revenue	770,678	680,257	(90,421)	1,819,392
Reimbursed services	261,459	252,168	(9,291)	240,700
Other operating revenues	189,588	197,764	8,176	248,287
<b>Total Operating Revenues</b>	<b>2,617,574</b>	<b>2,597,226</b>	<b>(20,348)</b>	<b>4,117,111</b>
<b>OPERATING EXPENSES:</b>				
Personnel expenses	1,771,031	1,681,115	89,916	1,739,462
Contractual services	635,240	615,486	19,754	604,486
Materials and supplies	128,650	148,119	(19,469)	171,901
Other operating expenses	88,624	73,309	15,315	132,972
<b>Total Operating Expenses</b>	<b>2,623,545</b>	<b>2,518,029</b>	<b>105,516</b>	<b>2,648,821</b>
<b>NET OPERATING INCOME (LOSS) BEFORE DEPRECIATION AND AMORTIZATION</b>	<b>(5,971)</b>	<b>79,197</b>	<b>85,168</b>	<b>1,468,290</b>
Depreciation and Amortization	1,572,782	1,571,534	1,248	1,536,675
<b>OPERATING INCOME (LOSS)</b>	<b>(1,578,753)</b>	<b>(1,492,337)</b>	<b>86,416</b>	<b>(68,385)</b>
<b>NONOPERATING INCOME (EXPENSES)</b>				
Interest Income	76,667	43,668	(32,999)	233,248
Net increase/(decrease) in fair value of investments	-	(137,534)	(137,534)	184,077
Passenger facility charges	308,814	156,162	(152,652)	507,619
Interest expense and fiscal charges	(74,671)	(74,671)	-	(81,988)
Gain/(Loss) on disposition of capital assets	-	-	-	1,772,856
Other nonoperating revenues (expenses)	7,092,261	7,092,261	(0)	85
<b>Total nonoperating revenues (expenses)</b>	<b>7,403,071</b>	<b>7,079,886</b>	<b>(323,185)</b>	<b>2,615,897</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS</b>	<b>5,824,318</b>	<b>5,587,549</b>	<b>(236,769)</b>	<b>2,547,512</b>
<b>CAPITAL CONTRIBUTIONS:</b>				
Federal	301,409	491,404	189,995	-
State	14,796	344,267	329,471	-
<b>Total capital contributions</b>	<b>316,205</b>	<b>835,671</b>	<b>519,466</b>	<b>-</b>
<b>INCREASE (DECREASE) IN NET POSITION</b>	<b>\$ 6,140,523</b>	<b>\$ 6,423,220</b>	<b>\$ 282,697</b>	<b>\$ 2,547,512</b>

**TUCSON AIRPORT AUTHORITY**  
**STATEMENT OF REVENUES , EXPENSES AND**  
**CHANGES IN NET POSITION**  
*For the five months ending February 28, 2021*

	<b>CURRENT YEAR TO DATE</b>			<b>PRIOR YEAR</b>
	<b>BUDGET</b>	<b>ACTUAL</b>	<b>FAV (UNFAV)</b>	<b>ACTUAL</b>
<b>OPERATING REVENUES:</b>				
Landing fees	\$ 599,543	\$ 719,779	\$ 120,236	\$ 1,174,195
Space rentals	4,899,803	4,991,866	92,063	6,269,711
Land rent	1,482,199	1,556,276	74,077	1,516,653
Concession revenue	3,508,104	3,384,044	(124,060)	8,034,895
Reimbursed services	1,307,293	1,327,339	20,046	1,404,085
Other operating revenues	884,462	1,162,873	278,411	1,334,543
<b>Total operating revenues</b>	<b>12,681,404</b>	<b>13,142,177</b>	<b>460,773</b>	<b>19,734,082</b>
<b>OPERATING EXPENSES:</b>				
Personnel expenses	9,551,436	9,518,608	32,828	9,077,761
Contractual services	3,553,880	2,471,216	1,082,664	3,055,201
Materials and supplies	669,167	615,988	53,179	755,746
Other operating expenses	543,431	421,975	121,456	542,275
<b>Total Operating Expenses</b>	<b>14,317,914</b>	<b>13,027,787</b>	<b>1,290,127</b>	<b>13,430,983</b>
<b>NET OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION</b>	<b>(1,636,510)</b>	<b>114,390</b>	<b>1,750,900</b>	<b>6,303,099</b>
Depreciation and Amortization	7,831,227	7,835,031	(3,804)	7,652,783
<b>OPERATING INCOME (LOSS)</b>	<b>(9,467,737)</b>	<b>(7,720,641)</b>	<b>1,747,096</b>	<b>(1,349,684)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Interest Income	383,333	246,858	(136,475)	1,280,612
Net increase/(decrease) in fair value of investments	-	(109,922)	(109,922)	329,837
Passenger facility charges	1,433,459	1,023,152	(410,307)	2,919,296
Interest expense and fiscal charges	(373,357)	(373,357)	-	(234,167)
Gain/(Loss) on disposition of capital assets	-	10,100	10,100	2,175,246
Other nonoperating revenues (expenses)	13,982,489	13,988,972	6,483	237,658
<b>Total nonoperating revenues (expenses)</b>	<b>15,425,924</b>	<b>14,785,803</b>	<b>(640,121)</b>	<b>6,708,482</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS</b>	<b>5,958,187</b>	<b>7,065,162</b>	<b>1,106,975</b>	<b>5,358,798</b>
<b>CAPITAL CONTRIBUTIONS:</b>				
Federal	2,254,645	2,792,965	538,320	1,031,042
State	116,078	458,783	342,705	31,014
<b>Total capital contributions</b>	<b>2,370,723</b>	<b>3,251,748</b>	<b>881,025</b>	<b>1,062,056</b>
<b>INCREASE (DECREASE) IN NET POSITION</b>	<b>\$ 8,328,910</b>	<b>10,316,910</b>	<b>\$ 1,988,000</b>	<b>6,420,854</b>
<b>TOTAL NET POSITION, (BEGINNING)</b>		<b>417,409,968</b>		<b>396,401,145</b>
<b>TOTAL NET POSITION, (ENDING)</b>		<b>\$ 427,726,878</b>		<b>\$ 402,821,999</b>

**TUCSON AIRPORT AUTHORITY  
STATEMENT OF NET POSITION**

**ASSETS**

**CURRENT ASSETS**

Unrestricted assets:

	<u>February-21</u>	<u>February-20</u>
Cash and cash equivalents	\$ 34,973,953	\$ 31,379,896
Investments	126,084,506	125,977,342
of \$313,380 and \$210,550 for FY2021 and FY2020, respectively	1,798,820	2,566,225
Accrued interest receivable	286,853	499,123
Grants receivable	9,301,884	240,200
Inventories	374,789	292,624
Prepaid expenses and other assets	450,386	271,307
<b>Total unrestricted current assets</b>	<u>173,271,191</u>	<u>161,226,717</u>

Restricted assets:

Cash and cash equivalents	4,509,350	3,458,481
Investments	18,896,539	27,400,503
Accounts receivable	316,632	974,092
Accrued interest receivable	61,595	108,535
<b>Total restricted current assets</b>	<u>23,784,116</u>	<u>31,941,611</u>

<b>Total restricted current assets</b>	<u>23,784,116</u>	<u>31,941,611</u>
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<b>Total current assets</b>	<u>197,055,307</u>	<u>193,168,328</u>
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**Noncurrent assets:**

Unrestricted assets:

Accounts receivable	208,610	411,893
Capital assets		
Not depreciated	138,020,354	113,627,927
Depreciated, net	192,757,090	200,090,659
<b>Net capital assets</b>	<u>330,777,444</u>	<u>313,718,586</u>
<b>Total unrestricted noncurrent assets</b>	<u>330,986,054</u>	<u>314,130,479</u>

<b>Total noncurrent assets</b>	<u>330,986,054</u>	<u>314,130,479</u>
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<b>TOTAL ASSETS</b>	<u>528,041,361</u>	<u>507,298,807</u>
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**DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows from pensions	3,992,003	3,992,003
<b>Total deferred outflows of resources</b>	<u>3,992,003</u>	<u>3,992,003</u>

<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 532,033,364</u>	<u>\$ 511,290,810</u>
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**TUCSON AIRPORT AUTHORITY  
STATEMENT OF NET POSITION**

<b>LIABILITIES</b>	<b>February-21</b>	<b>February-20</b>
<b>CURRENT LIABILITIES</b>		
<b>Payable from unrestricted assets:</b>		
Accounts payable	\$ 791,814	\$ 532,254
Accrued expenses	1,668,319	1,831,791
Unearned revenue	2,835,346	3,552,452
Construction contracts payable	-	-
Current portion of environmental remediation payable	4,703,774	4,873,321
Current portion of bonds payable:		
Airport Subordinate Lien Revenue Bonds, Series 2018	1,510,000	1,465,000
<b>Total payable from unrestricted assets</b>	<b>11,509,253</b>	<b>12,254,818</b>
<b>Payable from restricted assets</b>		
<b>Accrued interest payable:</b>		
Airport Subordinate Lien Revenue Bonds, Series 2018	399,159	263,656
	<u>399,159</u>	<u>263,656</u>
Current portion of environmental remediation payable	402,420	149,762
	<u>402,420</u>	<u>149,762</u>
<b>Total payable from restricted assets</b>	<b>801,579</b>	<b>413,418</b>
	<u>801,579</u>	<u>413,418</u>
<b>Total current liabilities</b>	<b>12,310,832</b>	<b>12,668,236</b>
	<u>12,310,832</u>	<u>12,668,236</u>
<b>NONCURRENT LIABILITIES</b>		
<b>Payable from unrestricted assets</b>		
<b>Bonds payable, net of current portion:</b>		
Airport Subordinate Lien Revenue Bonds, Series 2018	28,218,571	31,310,658
Net pension liability	44,126,998	44,126,998
Environmental Remediation Payable, net of current portion	18,306,912	19,019,746
<b>Total payable from unrestricted assets</b>	<b>90,652,481</b>	<b>94,457,402</b>
	<u>90,652,481</u>	<u>94,457,402</u>
<b>Total noncurrent liabilities</b>	<b>90,652,481</b>	<b>94,457,402</b>
	<u>90,652,481</u>	<u>94,457,402</u>
<b>TOTAL LIABILITIES</b>	<b>\$ 102,963,313</b>	<b>\$ 107,125,638</b>
	<u>\$ 102,963,313</u>	<u>\$ 107,125,638</u>

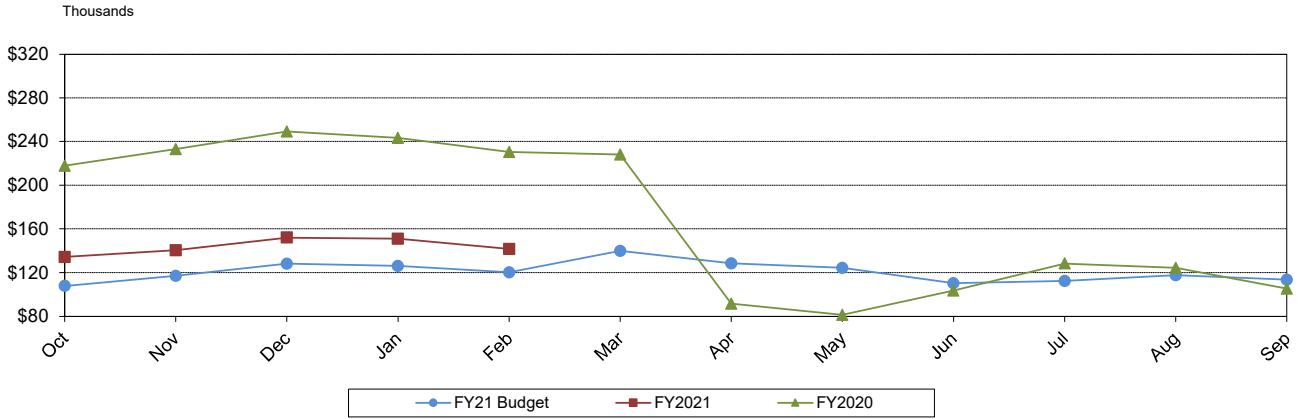


**TUCSON AIRPORT AUTHORITY  
STATEMENT OF NET POSITION**

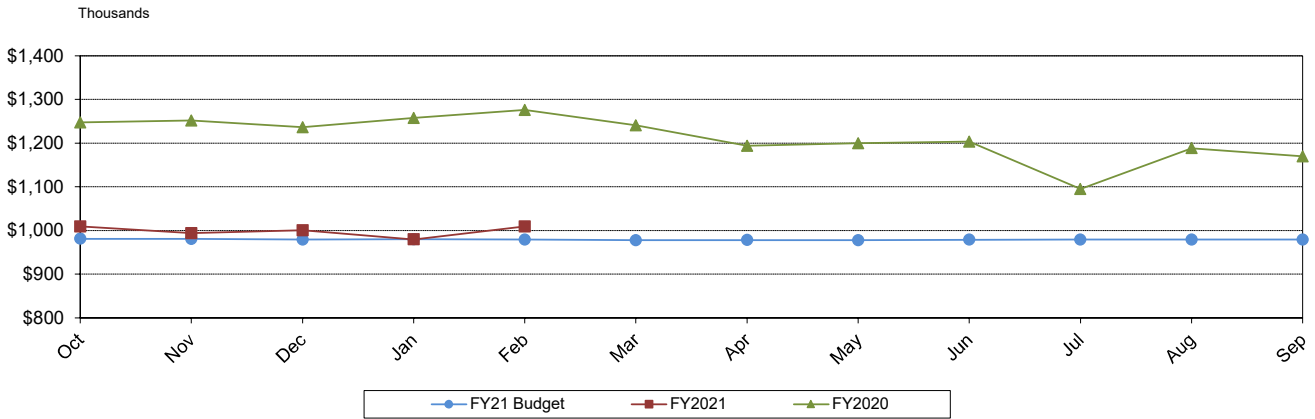
**LIABILITIES & NET ASSETS (Con't)**

	<u>February-21</u>	<u>February-20</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows from pensions	\$ 1,343,173	\$ 1,343,173
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>1,343,173</u>	<u>1,343,173</u>
<b>NET POSITION</b>		
Net Investment in capital assets	301,048,873	280,942,928
Restricted:		
Debt service	1,257,984	1,396,254
Capital projects	22,126,974	30,281,701
	<u>23,384,957</u>	<u>31,677,955</u>
Unrestricted	<u>103,293,048</u>	<u>90,201,116</u>
<b>TOTAL NET POSITION</b>	<u><b>427,726,878</b></u>	<u><b>402,821,999</b></u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u><b>\$ 532,033,364</b></u>	<u><b>\$ 511,290,810</b></u>

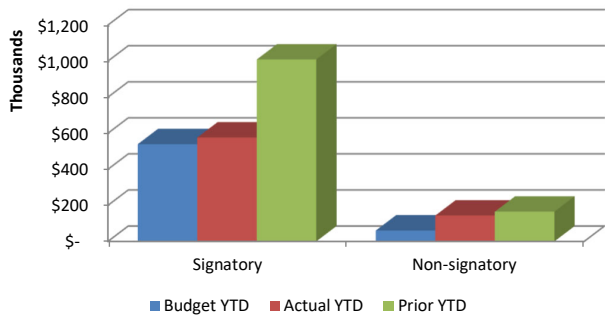
### Landing Fees



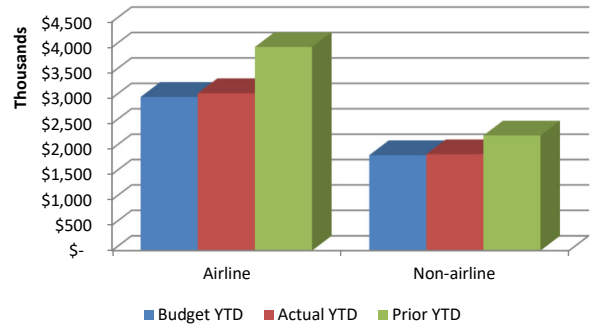
### Space Rentals

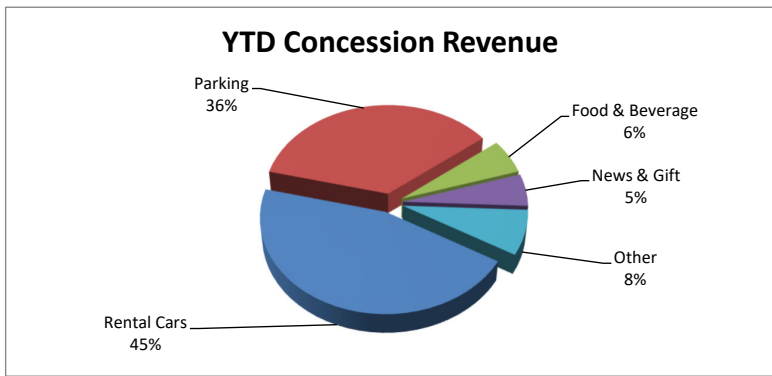
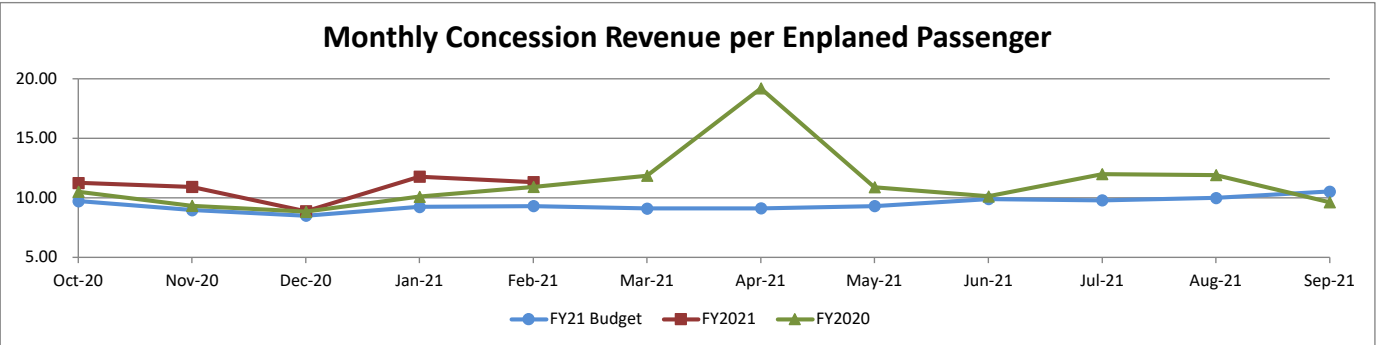
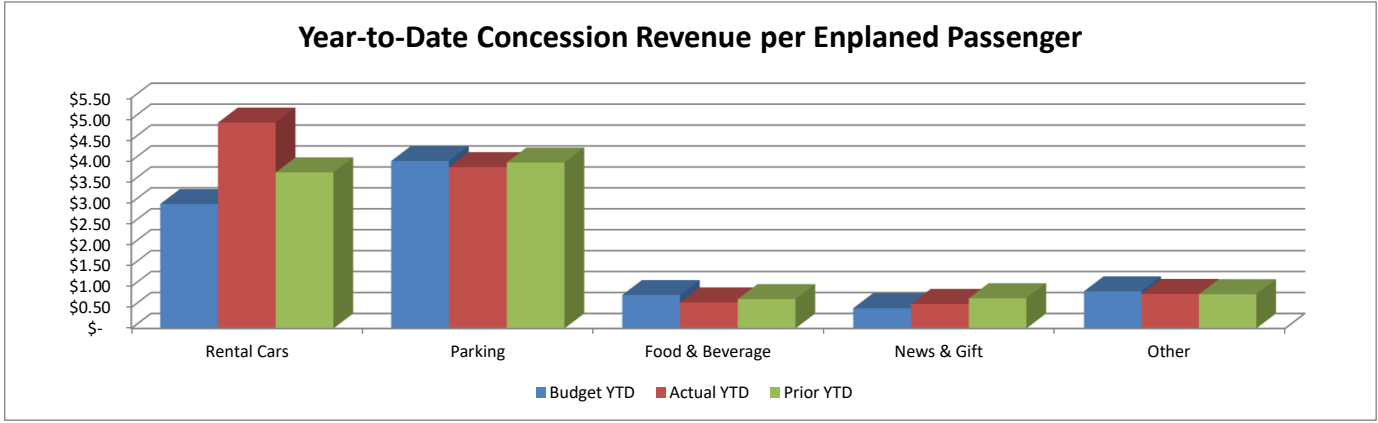
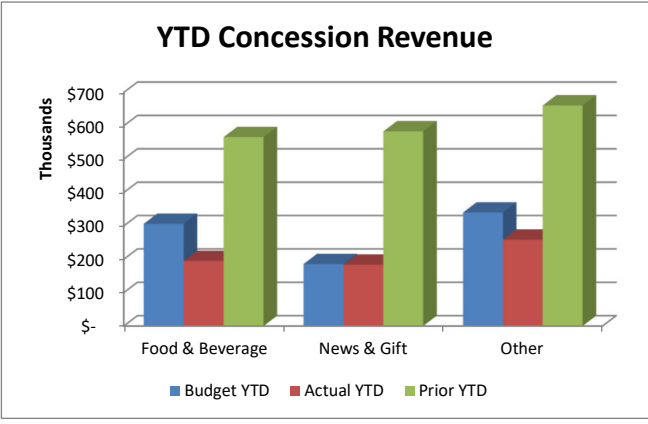
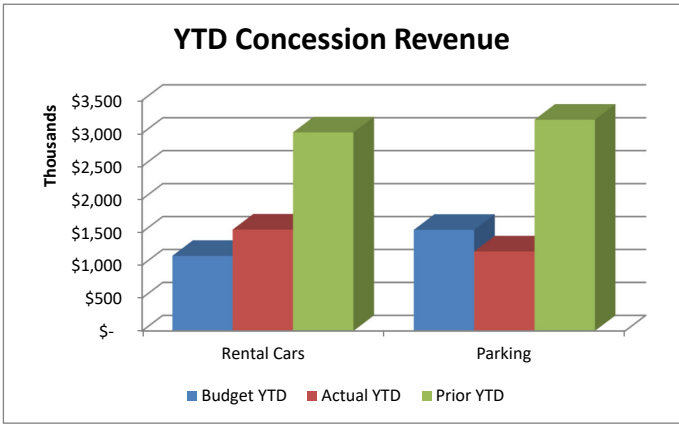


### YTD Landing Fees

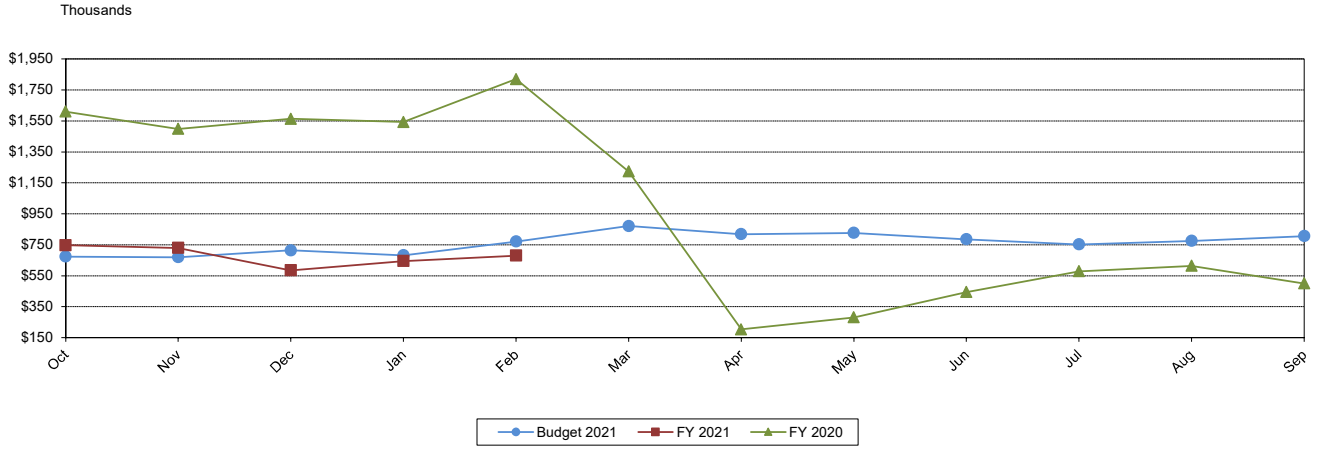


### YTD Space Rentals

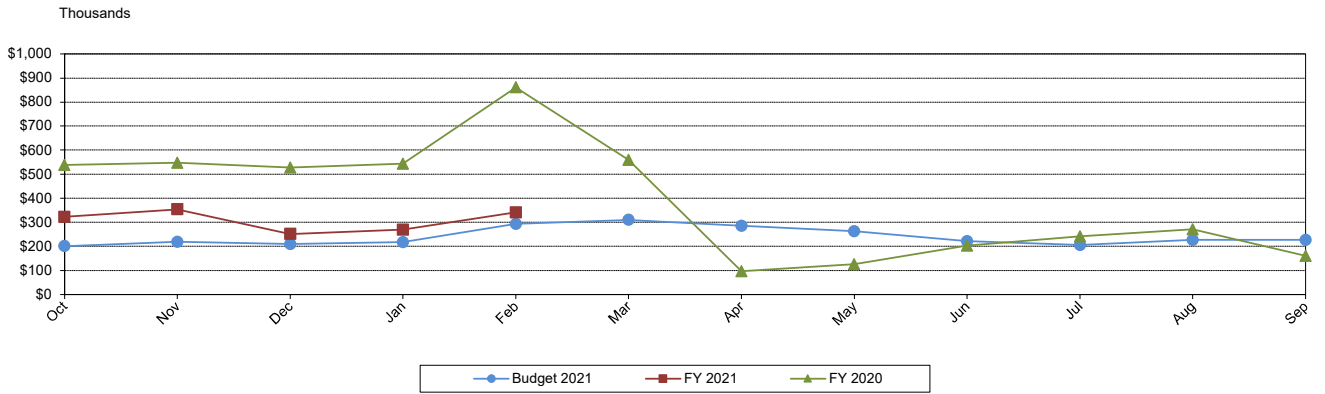




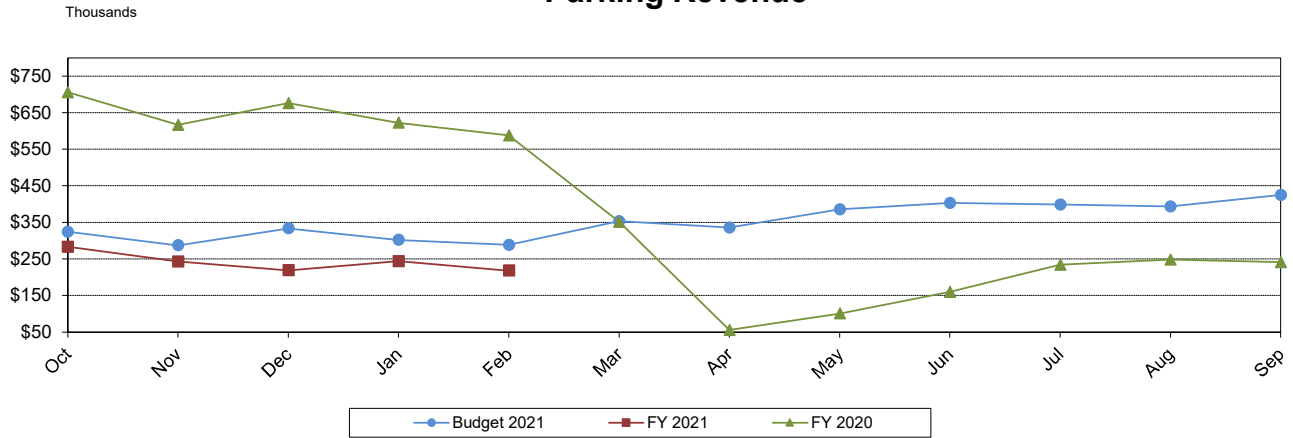
### Total Concession Revenue

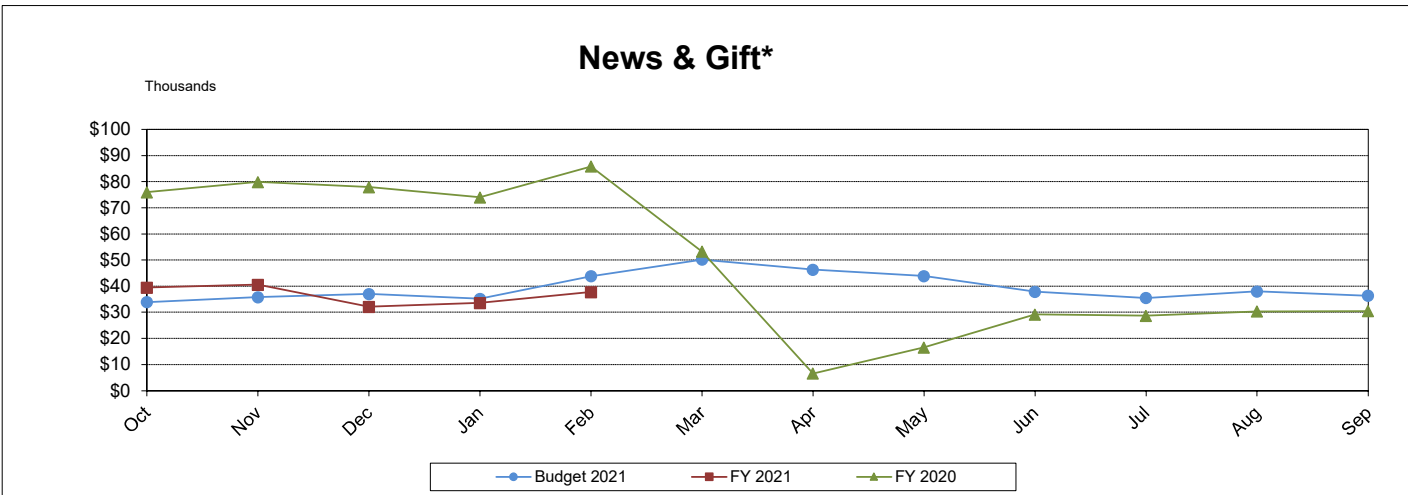
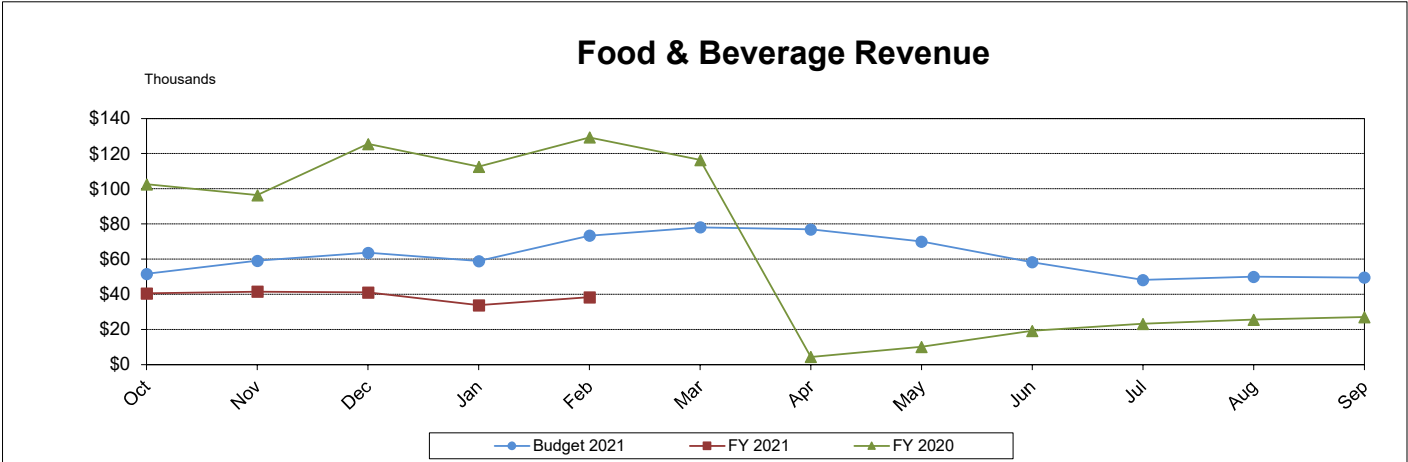


### Rental Car Revenue

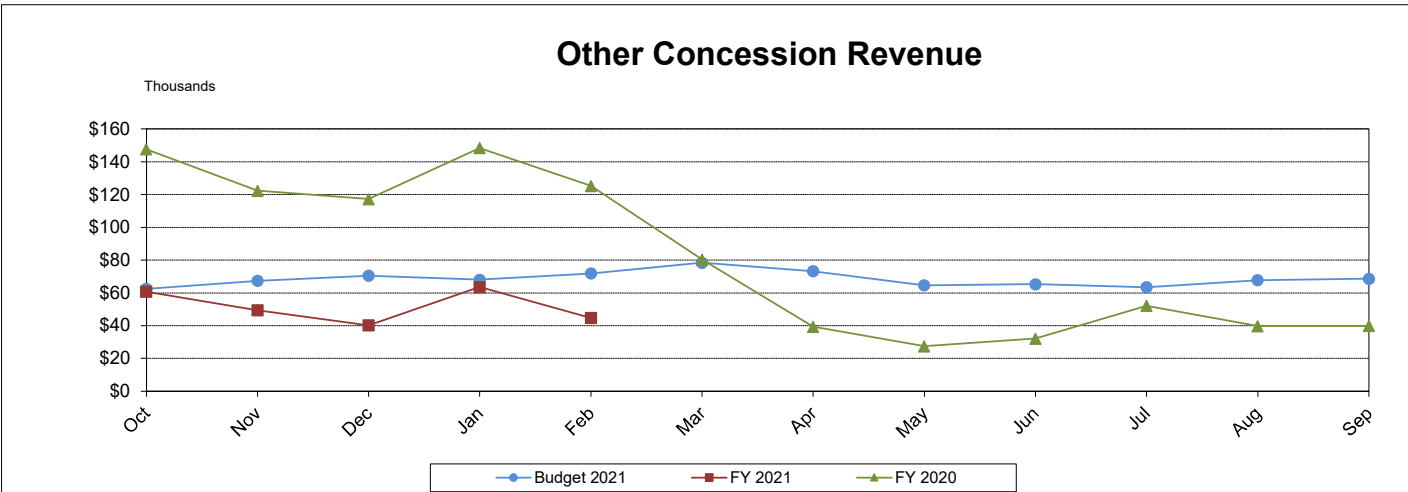


### Parking Revenue

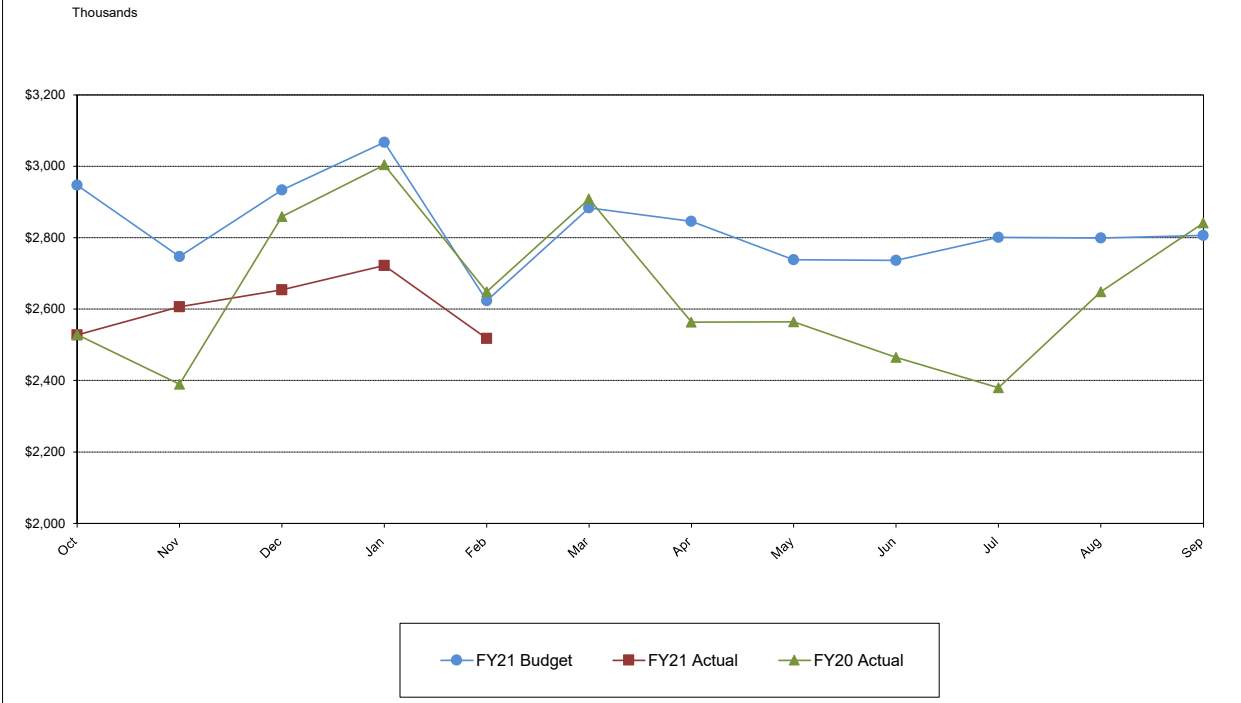




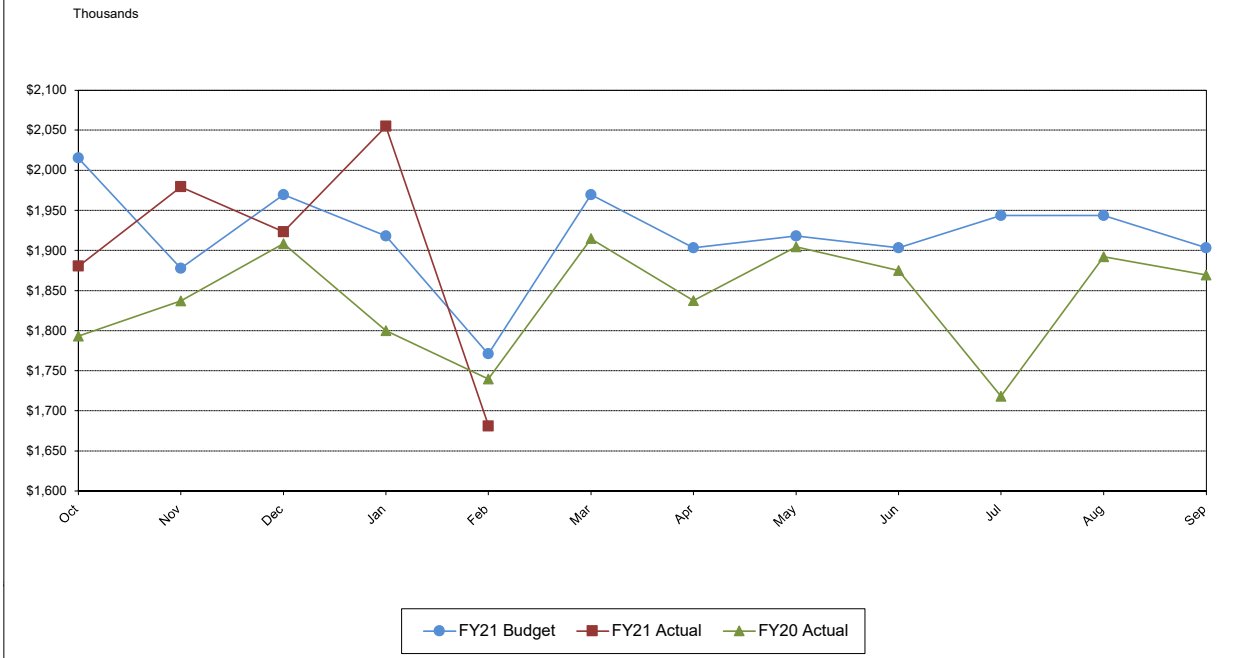
\*Hudson News is required to pay the greater of a calculated percent of gross revenue or a monthly minimum guarantee (MAG) of \$117k. However, in light of the impact of COVID -19 on passenger volume, the MAG was suspended in April 2020.



## Total Operating Expenses

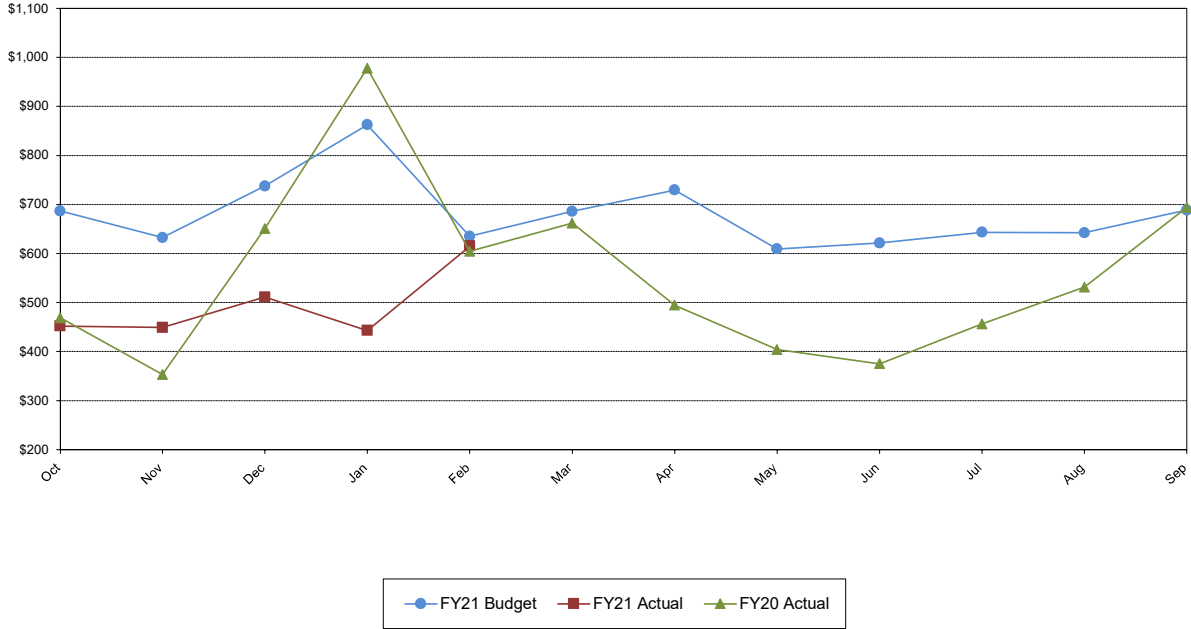


## Personnel Expenses



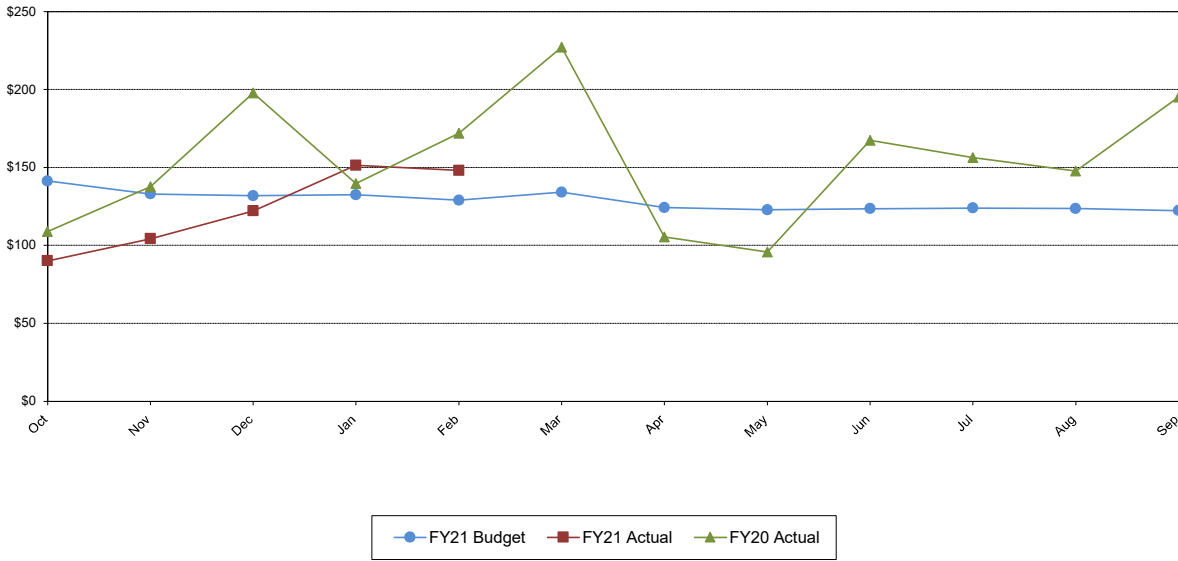
## Contractual Services

Thousands



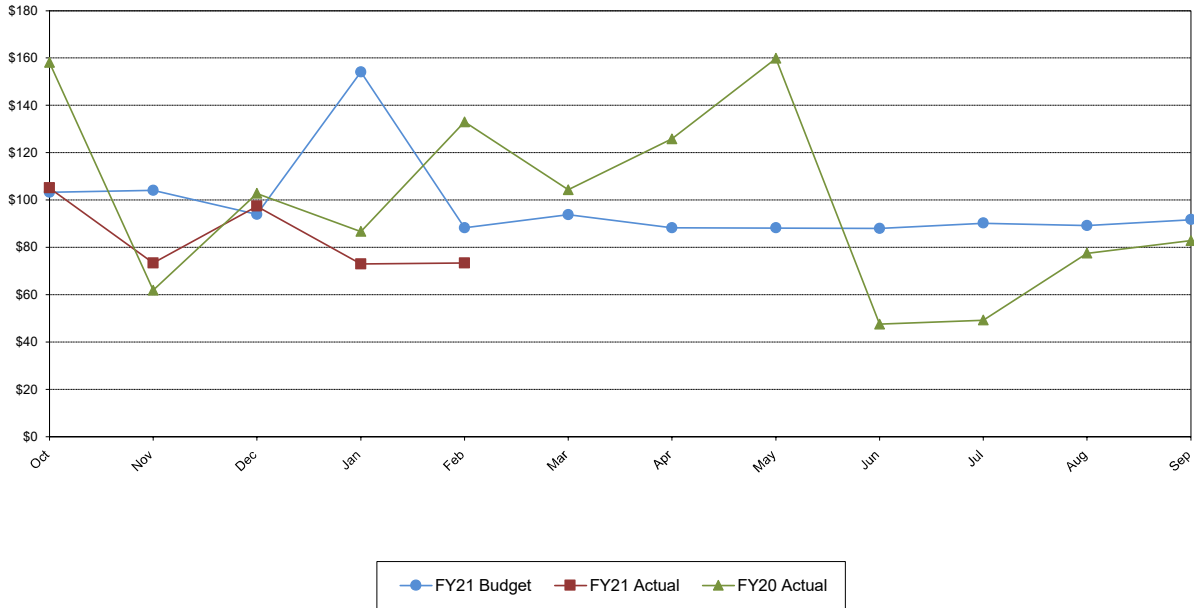
## Materials and Supplies

Thousands



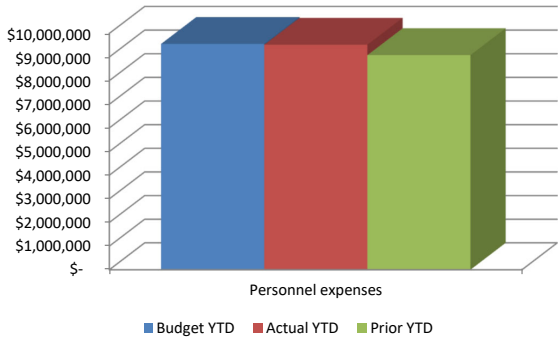
## Other Operating Expenses

Thousands

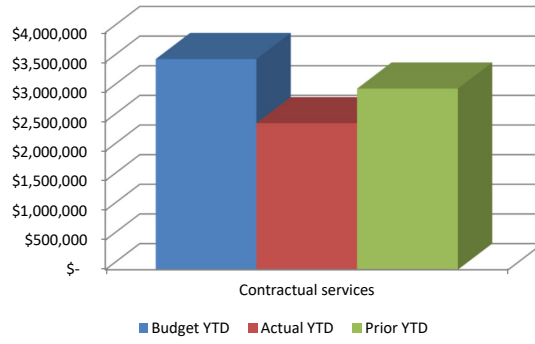




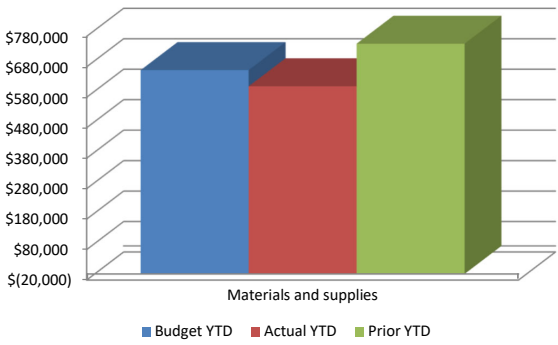
### YTD Personnel Expenses



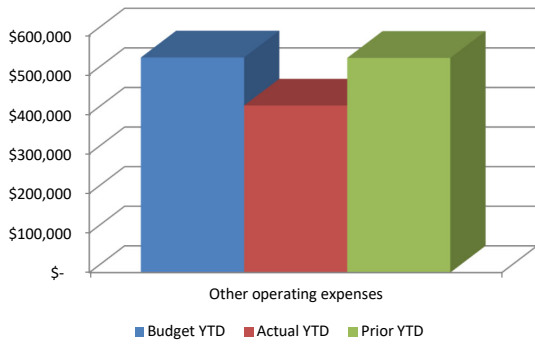
### YTD Contractual Services



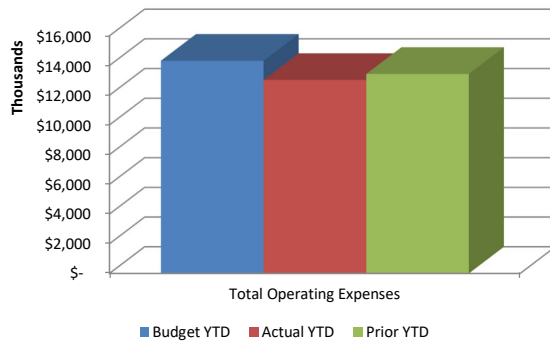
### YTD Materials and Supplies



### YTD Other Operating Expenses



### YTD Total Operating Expenses



Date: March 31, 2021

**To:** TAA Board of Directors  
**From:** Kirk Eickhoff, Vice President/CFO  
**Re:** **Aviation Activity and Statistics for February 2021**

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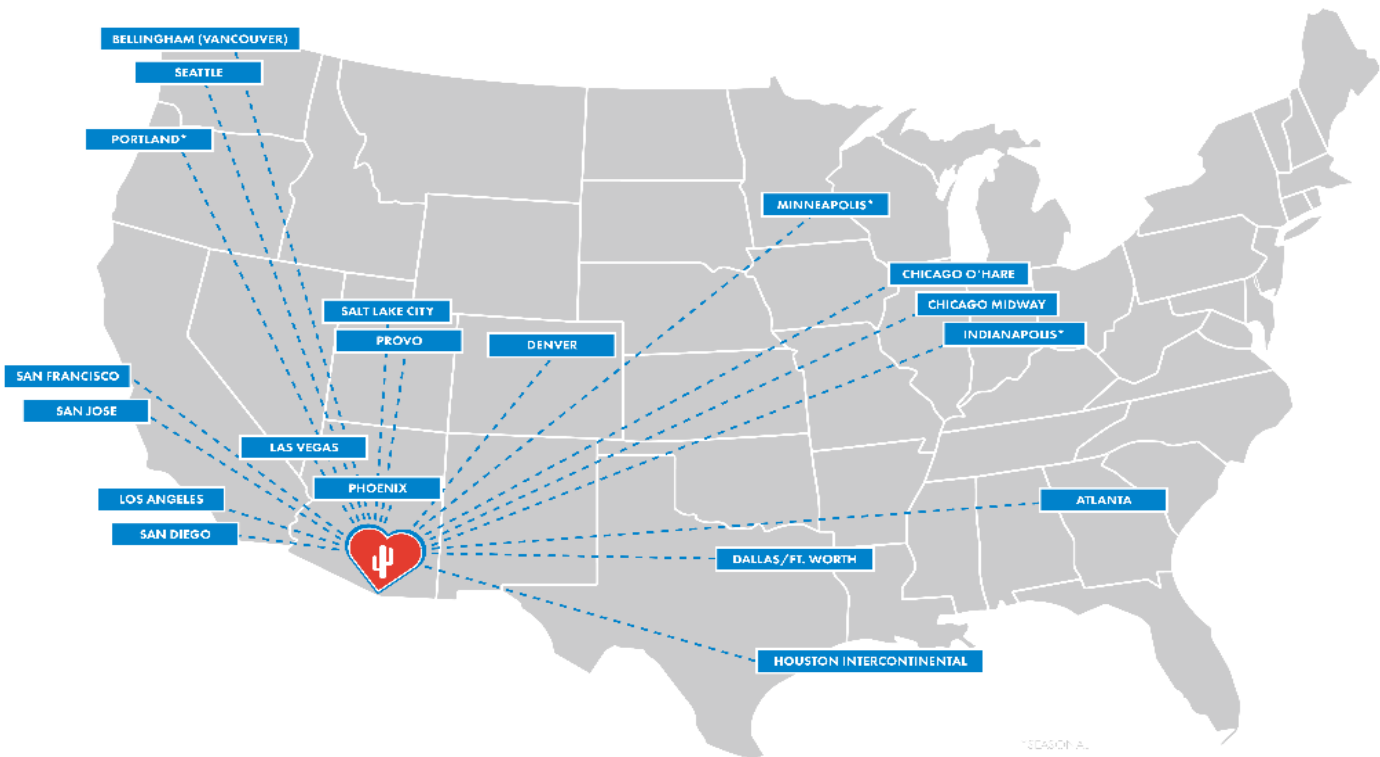
Summary of Operations and Statistics

- Total Passengers (MTD & YTD vs prior year)
  - Total passengers for the month of February 2021 were 63.3% lower than prior year.
  - YTD total passengers were 61.3% lower than prior year.
- Average Daily Scheduled Departures (MTD vs prior year, changes by routes & carrier)
  - The month of February had an average daily departure count of 35, which was 24 lower than prior year.
  - The decrease was attributable to service cuts to Denver (2), Dallas/Ft. Worth (2), Houston Bush (2), Las Vegas (1), Los Angeles (7), Chicago Midway (1), Chicago O’Hare (1), Portland (1), Phoenix (4), San Diego (2), San Francisco (2), and San Jose (1), offset by increases to Houston Hobby (1) and Salt Lake City (1).
  - Departure decreases by carrier were American (10), Southwest (7), United (6), Alaska (1). Total departures from Delta and others were unchanged from prior year.
- Average Daily Seat capacity (MTD vs prior years)
  - Seat capacity for February 2021 was 42.7% lower than prior year and 44.1% lower than 2019.
- Load Factors (MTD & YTD vs prior years)
  - The load factor for February was 54.8%, which is 332.4% lower than FY2020 and 29.0% lower than FY2019 for the same month.
  - The February year-to-date load factor of 56.7% was 27.4% lower than FY2020 and 24.4% lower than FY2019.
- Aircraft Operations (MTD & YTD vs prior year)
  - Freight, measured in pounds, is 15.1% lower in February compared the same month last year and year-to-date is 6.8% higher than prior year.
  - Total aircraft operations were 6.2% lower than the same month last year, with decreases in air carrier and air taxi partially offset by increases in military and general aviation.
  - Year-to-date operations are 1.4% lower than prior year, with decreases in air carrier and air taxi partially offset by increases in military and general aviation.

# AVIATION ACTIVITY REPORTS

## Tucson International Airport (TUS)

For the five months ending February 28, 2021



**TUCSON AIRPORT AUTHORITY  
TUS PASSENGER ACTIVITY  
TUCSON AIRPORT AUTHORITY  
TUS ACTIVITY OVERVIEW**

PASSENGERS*	Feb-21	Feb-20	% CHANGE	Fiscal YTD		% CHANGE
				2021	2020	
ENPLANED	60,022	166,528	-64.0%	313,297	809,351	-61.3%
DEPLANED	61,326	163,707	-62.5%	318,628	821,817	-61.2%
<b>TOTAL</b>	<b>121,348</b>	<b>330,235</b>	<b>-63.3%</b>	<b>631,925</b>	<b>1,631,168</b>	<b>-61.3%</b>

\*Passenger figures include non-revenue passengers.

**LANDED WEIGHT\*\***

AIR CARGO	12,064	13,054	-7.6%	67,728	68,444	-1.0%
AIR CARRIER	103,756	179,141	-42.1%	522,789	906,666	-42.3%
<b>TOTAL</b>	<b>115,820</b>	<b>192,195</b>	<b>-39.7%</b>	<b>590,517</b>	<b>975,110</b>	<b>-39.4%</b>

\*\*In thousand pound units.

**FREIGHT (in pounds)**

ENPLANED	1,998,893	2,524,736	-20.8%	13,147,492	12,652,730	3.9%
DEPLANED	2,251,035	2,479,174	-9.2%	14,762,648	13,490,979	9.4%
<b>TOTAL</b>	<b>4,249,928</b>	<b>5,003,910</b>	<b>-15.1%</b>	<b>27,910,140</b>	<b>26,143,709</b>	<b>6.8%</b>

**MAIL (in pounds)**

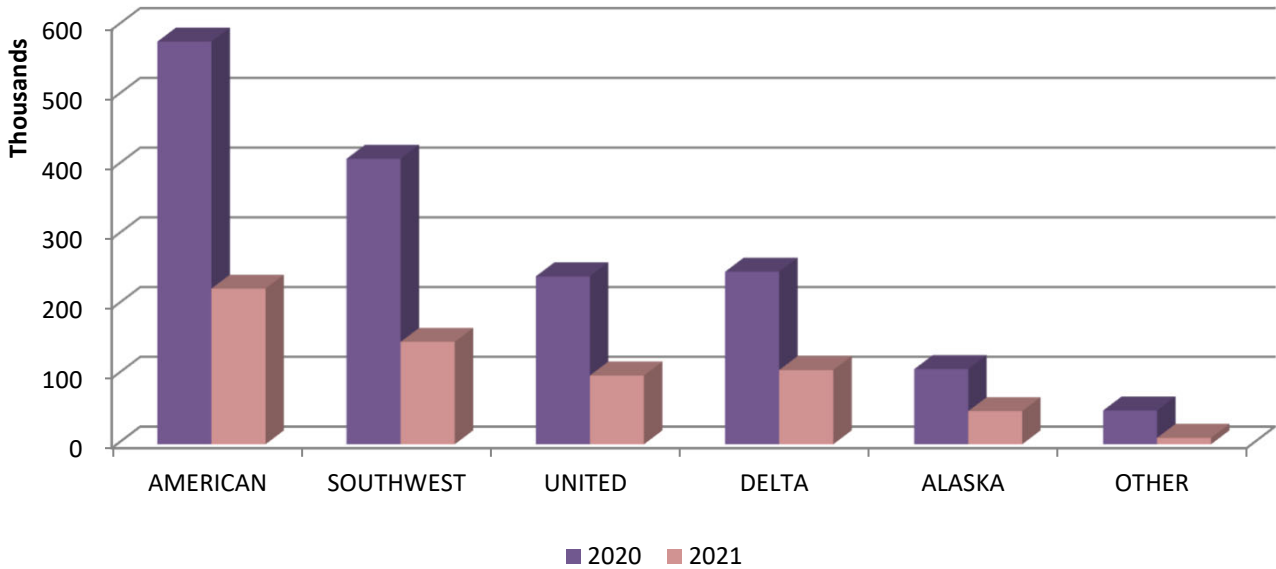
ENPLANED	0	1	-100.0%	23	1,557	-98.5%
DEPLANED	12,744	1,327	860.4%	52,647	4,013	1211.9%
<b>TOTAL</b>	<b>12,744</b>	<b>1,328</b>	<b>859.6%</b>	<b>52,670</b>	<b>5,570</b>	<b>845.6%</b>

**AIRCRAFT OPERATIONS**

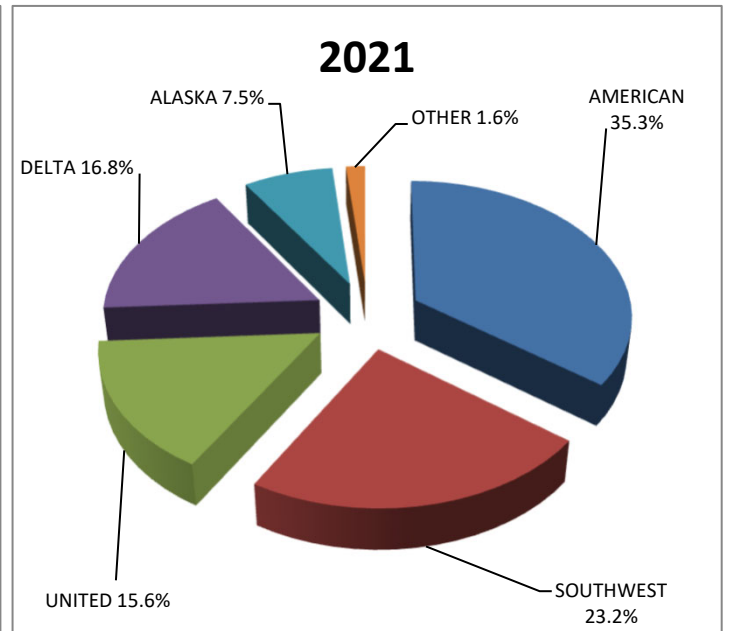
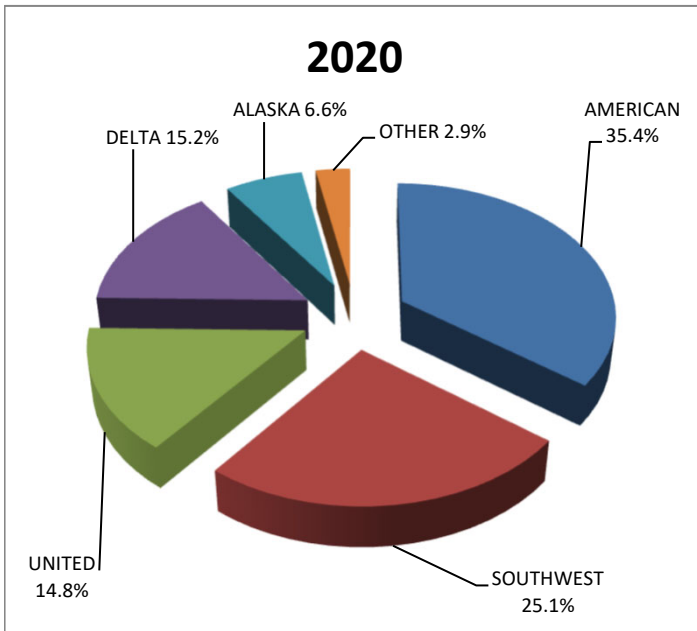
AIR CARRIER	1,945	3,300	-41.1%	10,185	16,536	-38.4%
AIR TAXI	1,302	1,465	-11.1%	6,733	6,953	-3.2%
MILITARY	1,652	1,591	3.8%	8,168	7,640	6.9%
GENERAL AVIATION	6,846	6,160	11.1%	31,467	26,234	19.9%
<b>TOTAL</b>	<b>11,745</b>	<b>12,516</b>	<b>-6.2%</b>	<b>56,553</b>	<b>57,363</b>	<b>-1.4%</b>

# TUCSON AIRPORT AUTHORITY TUS PASSENGER ACTIVITY

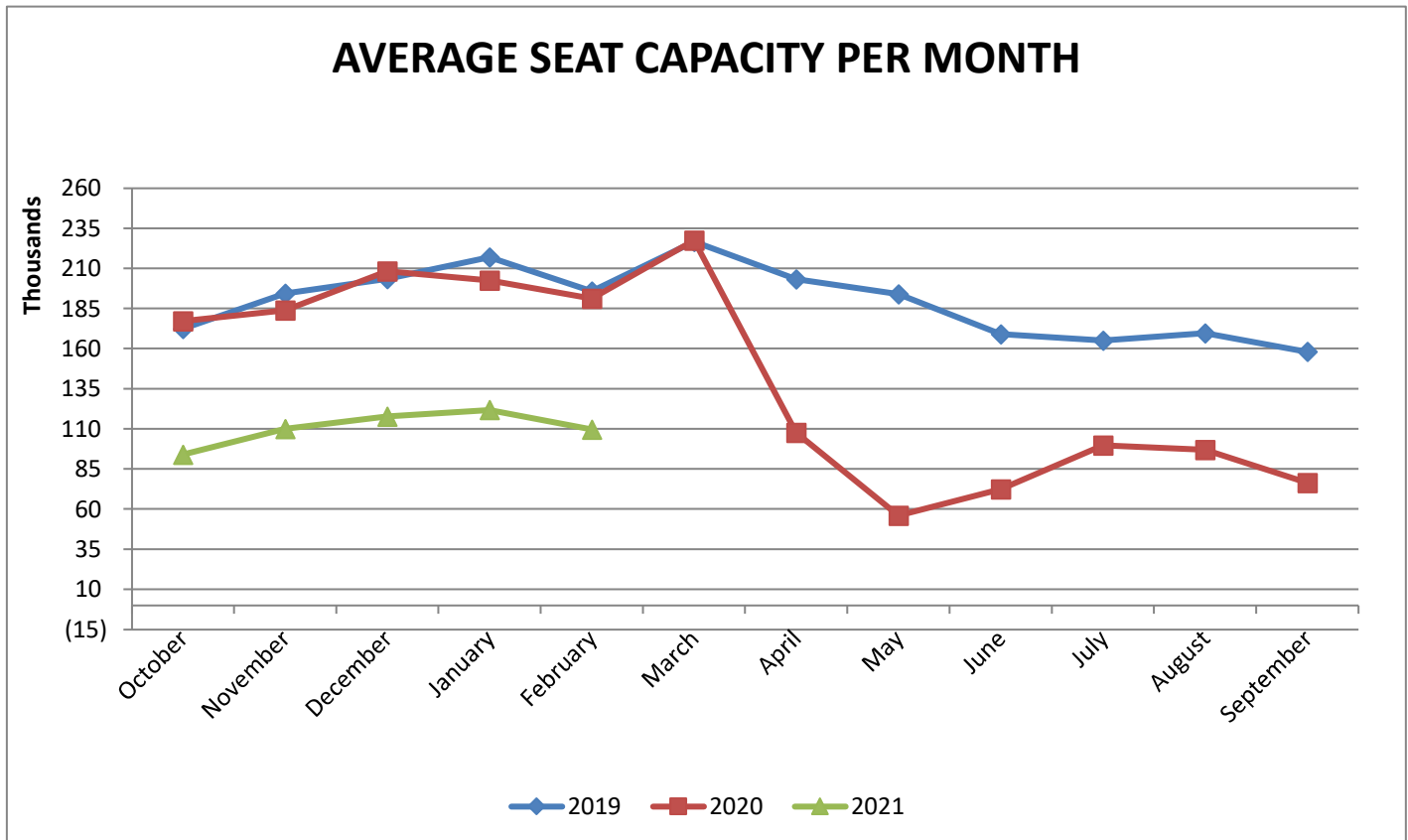
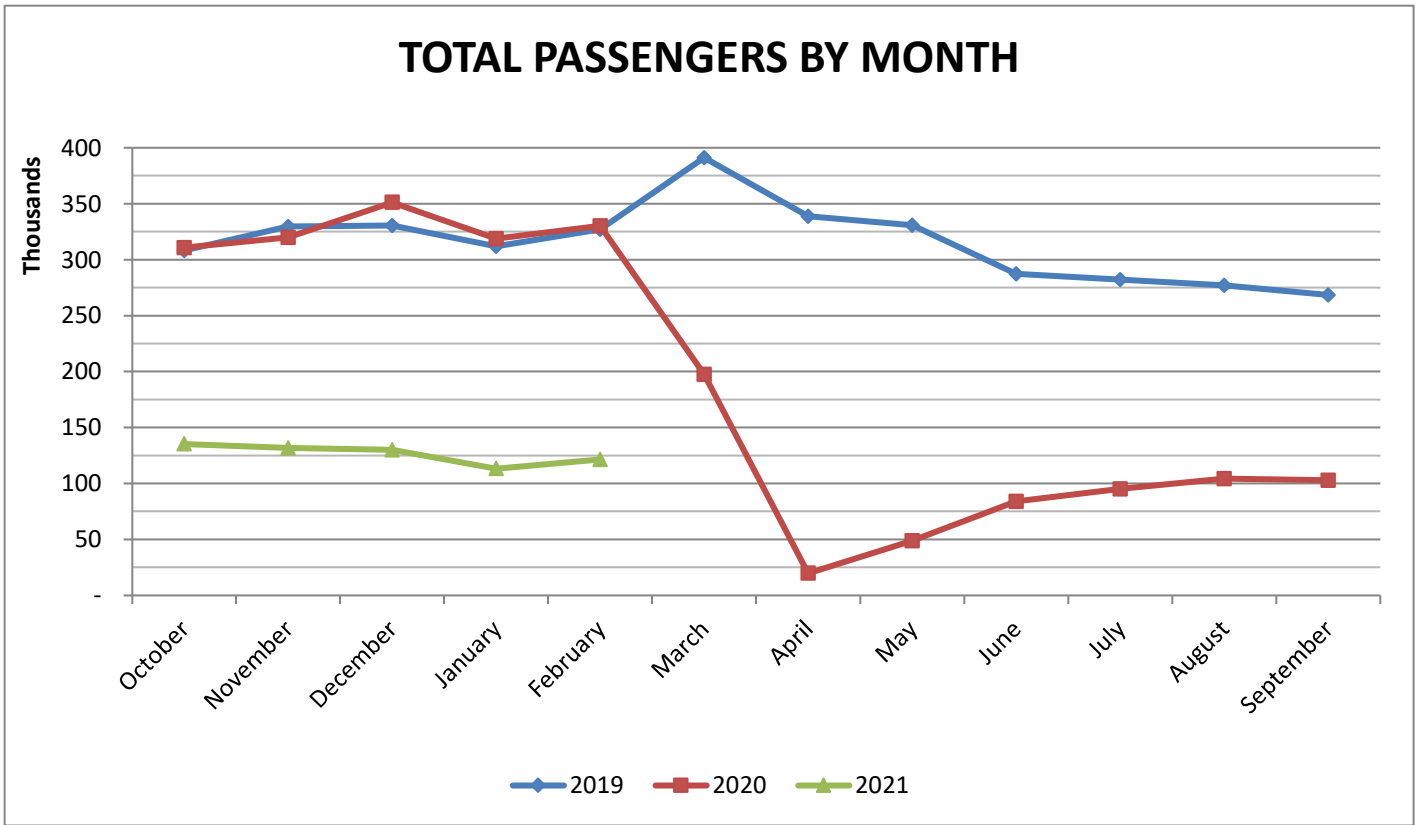
## TOTAL PASSENGERS YTD BY AIR CARRIER



## AIR CARRIER MARKET SHARE

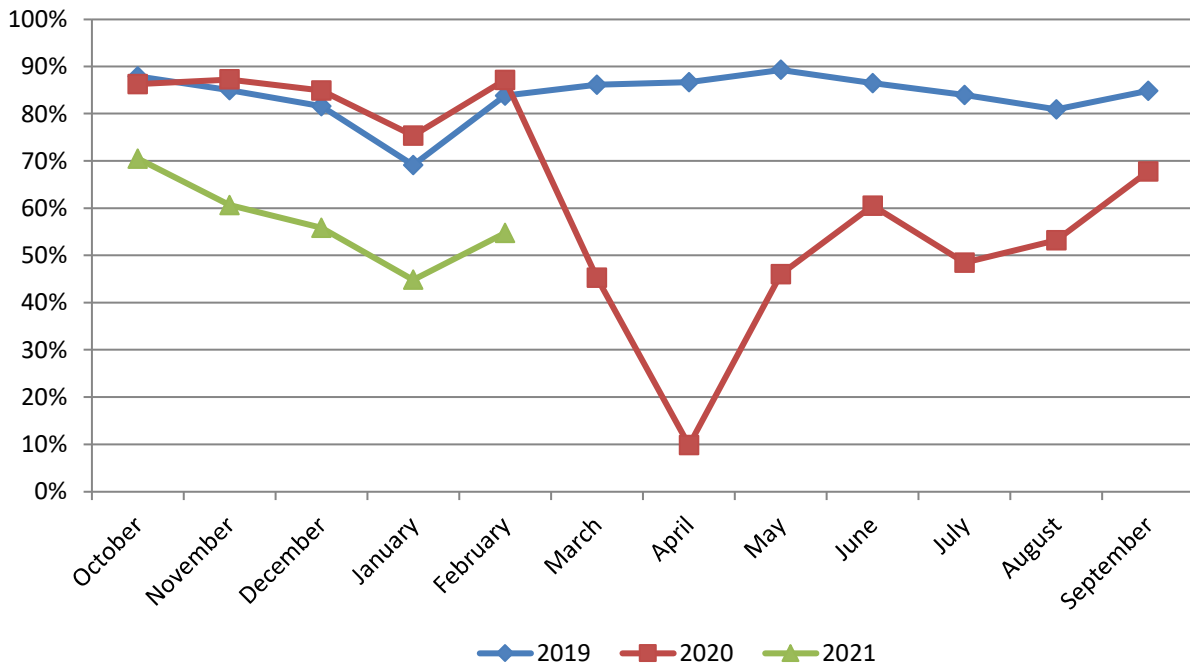


# TUCSON AIRPORT AUTHORITY TUS PASSENGER ACTIVITY



# TUCSON AIRPORT AUTHORITY TUS PASSENGER ACTIVITY

## LOAD FACTORS (AVAILABLE SEATS / TOTAL ENPLANEMENTS)



**TUCSON AIRPORT AUTHORITY  
TUS PASSENGER ACTIVITY**

**TUS MONTHLY FLIGHT SCHEDULE SUMMARY**

NONSTOP DESTINATIONS and Airline	Code	Average Daily Departures			Average Daily Seats		
		Current Year	Prior Year	Difference	Current Year	Prior Year	Difference
ATLANTA <i>Delta (1.9)</i>	ATL	1.9	2.4	(0.5)	369	399	(30)
BELLINGHAM <i>Allegiant (0.0)</i>	BLI	0.0	0.3	(0.3)	0	45	(45)
DENVER <i>United (2.9), Southwest (1.9), Frontier (.1)</i>	DEN	4.9	7.1	(2.2)	484	721	(237)
DALLAS/FT WORTH <i>American (5.1)</i>	DFW	5.1	6.9	(1.8)	837	1,149	(312)
HOUSTON HOBBY <i>Southwest (0.8)</i>	HOU	0.8	0.0	0.8	118	0	118
HOUSTON BUSH <i>United (1.6)</i>	IAH	1.6	4.0	(2.4)	138	333	(195)
LAS VEGAS <i>Southwest (2.1)</i>	LAS	2.1	3.1	(1.0)	313	460	(147)
LOS ANGELES <i>Delta (1.9)</i>	LAX	1.9	8.4	(6.5)	147	823	(676)
CHICAGO MIDWAY <i>Southwest (0.1)</i>	MDW	0.1	0.8	(0.7)	20	123	(103)
MINNEAPOLIS <i>Delta (0.9), Sun Country (0.3)</i>	MSP	1.2	1.2	0.0	236	202	34
INDIANAPOLIS <i>Allegiant (0.2)</i>	IND	0.2	0.3	(0.1)	38	51	(13)
CHICAGO O'HARE <i>American (0.6), United (1.0)</i>	ORD	1.6	3.0	(1.4)	117	377	(260)
PORTLAND <i>Alaska (1.0)</i>	PDX	1.0	2.0	(1.0)	73	157	(84)
PHOENIX <i>American (3.4)</i>	PHX	3.4	6.9	(3.5)	264	640	(376)
PROVO <i>Allegiant (0.2)</i>	PVU	0.2	0.3	(0.1)	37	51	(14)
SAN DIEGO <i>Southwest (0.0)</i>	SAN	0.0	2.0	(2.0)	0	291	(291)
SEATTLE/TACOMA <i>Alaska (1.9) Delta (1.0)</i>	SEA	2.9	3.0	(0.1)	338	441	(103)
SAN FRANCISCO <i>United (2.3)</i>	SFO	2.3	4.0	(1.7)	128	247	(119)
SAN JOSE <i>Southwest (0.0)</i>	SJC	0.0	0.8	(0.8)	0	123	(123)
SALT LAKE CITY <i>Delta (3.7)</i>	SLC	3.7	2.5	1.2	256	192	64
<b>TOTAL</b>		<b>34.9</b>	<b>59.0</b>	<b>(24.1)</b>	<b>3,913</b>	<b>6,825</b>	<b>(2912)</b>



Date: March 26, 2021

To: TAA Board of Directors  
From: Jessie Butler, Director of Communications and External Relations  
Re: **Marketing Update**

**Nonstop for Tucson Campaign**

We have concluded our first full month of the ‘Nonstop for Tucson’ campaign.

We will continue to advertise in the following spaces, and will evaluate additional opportunities as we receive them:

- Display Ads (banner ads)
- Digital Video (YouTube)
- Billboards (along I-10)
- Social Ads (Facebook)
- Pandora and Spot Radio
- Tucson Roadrunners arena dasher boards

**Economy Lot Shuttles**

We are excited to share all our economy lot shuttle busses will be fully wrapped with ‘Nonstop for Tucson’ messaging. The first of four have been completed. All shuttles will be wrapped by May.

The new design also allows TAA to advertise air service and economic development opportunities on the back of shuttles.



**Social Media**

Organic social media posts continue to be one of the best ways for the TAA to share messaging.

Noteworthy analytics between February 26 – March 24, 2021:

- Twitter | almost to 10k followers, profile visits up 30%
- Facebook | reached more than 320k people, post engagement up 16%
- Instagram | accounts reached increased 9%
- March 25 posts regarding federal mask mandate garnered more than 70k impressions (as of 3/26); in less than 24 hours, the Twitter post itself had more than 50k impressions.

**Community Involvement**

- TAA Fire Department hosted a private COVID-19 vaccination pod over a two-day period thanks to Pima County Health Department. Nearly 400 people, primarily airport employees were vaccinated during this period.
- The TAA will fund, for a second year, the 'Wheels Up for Aviation Technology Scholarship' for Pima Community College. This scholarship will support three students continuing their education at the TUS campus.
- TAA Leadership is scheduling numerous presentations to local community groups during April and May.

**Date: March 30, 2021**

**To:** TAA Board of Directors  
**From:** Dave Hatfield, Senior Director of Air Service Development  
**Re:** **April TUS Air Service Update**

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### Air Service Overview

Airlines are increasingly optimistic that bookings for summer travel will continue to grow nationally, thanks largely to vaccinations which is resulting in jurisdictions relaxing restrictions. How that plays out for Tucson International Airport (TUS) remains to be seen as summer is not typically our busiest time of the year.

TUS is back to an average of 42 flights per day in April, which is still below the 62 daily departures that were scheduled for April 2020 before the pandemic took its toll.

Nonstop flights from Tucson have been restored to all but three pre-COVID destinations – Bellingham, San Diego and San Jose. San Diego flights are due to return in June. San Jose flights are on indefinite hold. At this point it is doubtful that the Bellingham flights will resume. The new route was struggling before Canada closed the border.

Looking ahead, below is a summary of what the airlines have planned for TUS for the summer. (These are subject to change.)

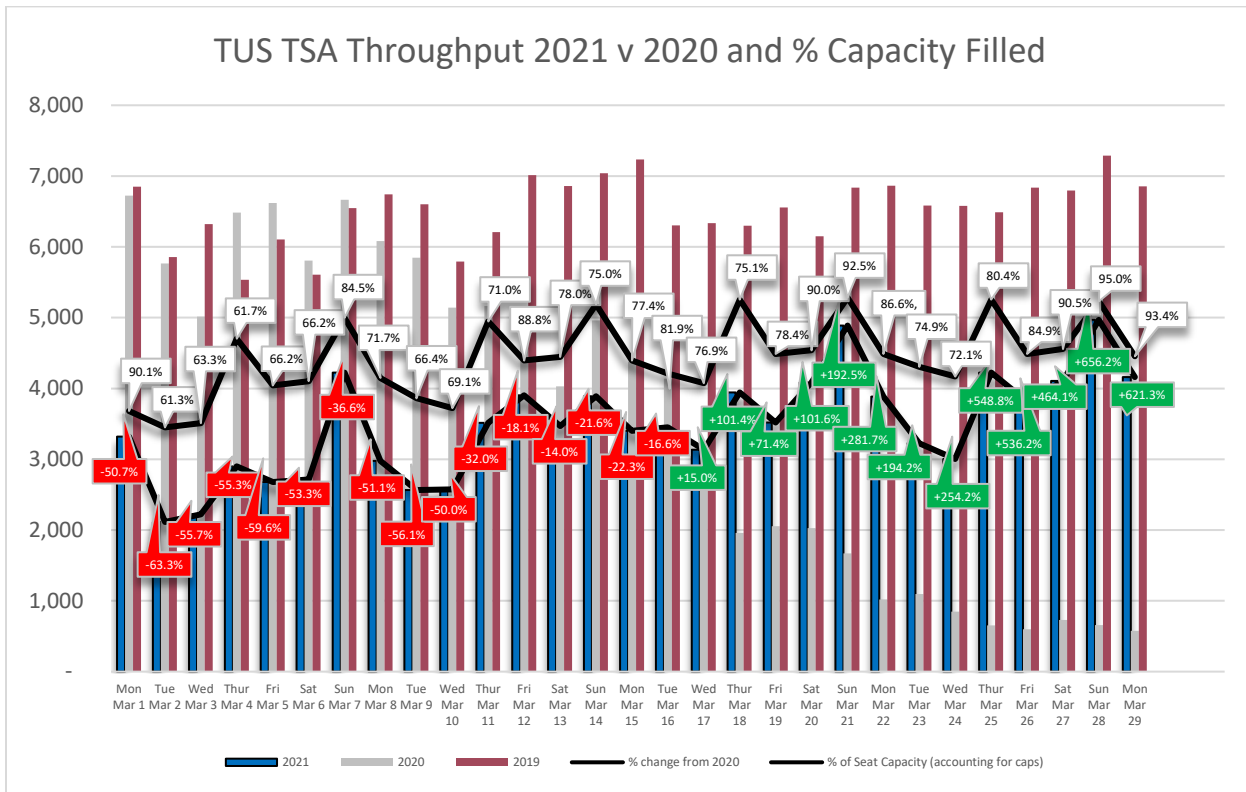
- **Atlanta** – Delta will maintain 1 daily nonstop flight.
- **Chicago** – Three airlines will each maintain one daily nonstop – American and United to/from O’Hare and Southwest to/from Midway.
- **Dallas/Fort Worth** – American is already back up to 6 daily roundtrips to/from its largest hub and expects to maintain 5 to 6 daily flights through the summer.
- **Denver** – United is increasing frequency to 4 daily roundtrips, but all are on regional jets. Southwest is planning to maintain 2-3 daily nonstops. Frontier is still working on its plans but has indicated it will stay through the summer with at least one flight per week.
- **Houston** – Southwest is committed to maintaining at least one daily roundtrip on its new TUS-Hobby Airport flight. United expects to keep at least 2 daily roundtrips to/from its hub at Bush Intercontinental Airport.
- **Las Vegas** – Southwest is planning to maintain 2 daily roundtrips. New since last year, Allegiant is planning to operate flights on Thursdays and Sundays at least into August.
- **Los Angeles** – Once the busiest route from TUS, Delta is currently operating 3 daily roundtrips, which are only nonstop flights on the route. Both American and Southwest say they are planning to resume flights in June.

- **Minneapolis** – Although Delta had anticipated it would try to keep this route going through the summer, it has now its seasonal flights in late April. Sun Country is also ending its twice weekly flights in mid-April and has already announced it will return next winter.
- **Oakland** – Southwest began flights on the route in March but has decided to end them after April 11. (The decision was based on bookings, which increased after the decision was made to suspend the flights.)
- **Phoenix** – American is putting more focus on Sky Harbor as a hub for connections throughout the Rocky Mountain region and the Pacific Coast. TUS will continue to have 5-6 daily flights for those connections.
- **Portland** – This one is up in the air. Alaska had planned to keep the flights year-round but the latest plan is to end them on May 19 and resume flights again June 17. Whether that happens will be based on bookings and other priorities for the airline.
- **Provo** – Allegiant has scheduled flights on Thursdays and Sundays to continue at least into August.
- **Salt Lake City** – Delta has significantly increased operations at the newly completed terminal at SLC and is now planning to add a 5<sup>th</sup> daily roundtrip this summer. That is the most service we've ever had on the route.
- **San Diego** – Southwest is currently scheduled to resume nonstop flights on June 6.
- **San Francisco** – United has scheduled 3-4 daily roundtrips on the route, mostly for connections..
- **San Jose** – Santa Clara County took an aggressive approach to restrictions during COVID impacted the airport. Southwest still includes TUS-SJC flights on its route map but so far says it has no date for resuming the flights.
- **Seattle** – Delta will join Alaska this summer with nonstop flights.

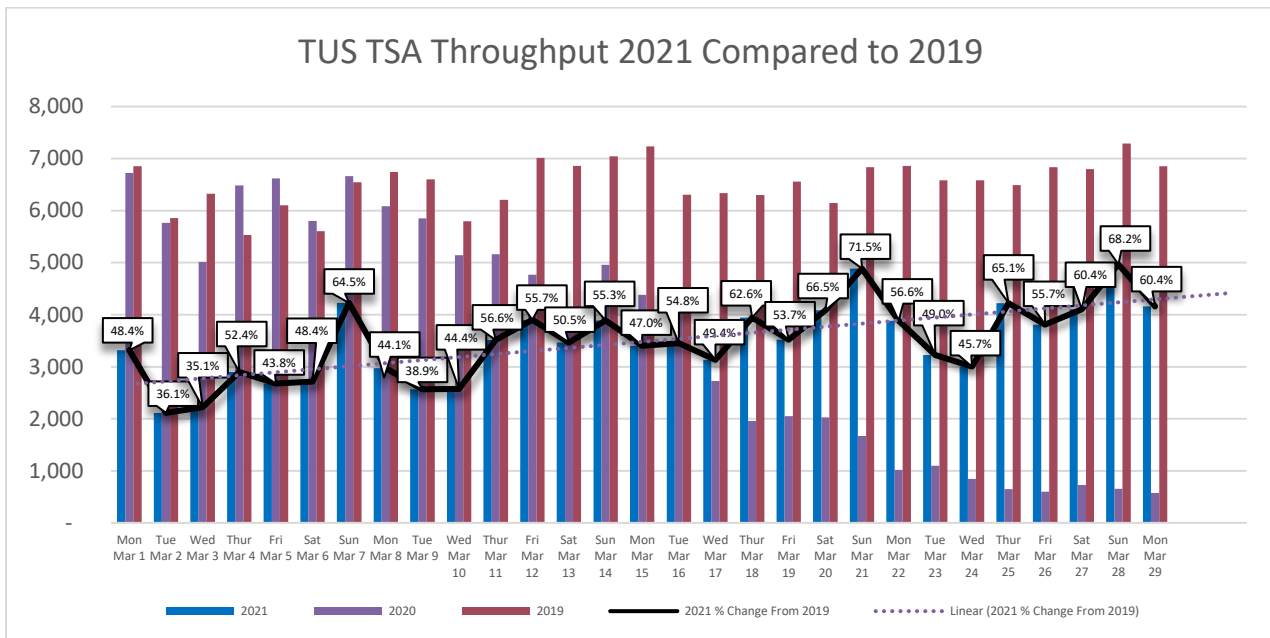
### Positive Indicators

In late March, there was a noticeable upturn in passenger counts at TUS. The following chart shows TSA Passenger screenings each day through March. TUS had its first positive year-over-year numbers on March 17 but that had mostly to do with plummeting numbers each day last year as shown in the gray columns. Despite that, there was slow steady growth through the remainder of the month.

More importantly, the chart also shows the percentage of available daily seats filled by those going through TSA screening. (Available daily seats is adjusted for Delta Air Lines continuing to block seats on its flights.) The gap between the number of passengers and seats was narrow with 90% or more of seats filled on several days. In short, airline flights were leaving Tucson nearly full.



TAA’s budget this fiscal year was predicated on passenger levels returning to an average of 50% of 2019. Using the TSA numbers, the average for March was 53.1% of 2019.



### **Impact of COVID-19 on Airports**

The U.S. Department of Transportation released preliminary 2020 data showing how airports fared in 2020. While all commercial airports had fewer passengers, the decline at leisure destinations generally were not as severe as business centers. The DOT uses passenger numbers to rank airports for operational and funding purposes.

TUS was among airports that fared better, down 55.3% compared to a national average of 60.2% for the 100 largest commercial airports. As a result, TUS is projected to move up from No. 74 to No. 70 when the report is finalized late this year.

Among the top 100 airports, 33 moved up two rankings or more.

- 9 are in Florida, including 4 of the 5 making the largest jumps in rankings.
- 3 are in Arizona (In addition to TUS, Sky Harbor moved from 13 to 8 and Mesa Gateway moved from 100 to 82)
- 4 of the 5 biggest gaining airports are dominated by ultra-low cost carrier Allegiant, including Punta Gorda, Florida, and Mesa Gateway, both of which are served only by Allegiant.
- 12 of the airports are airline hubs.

Among the 33 airports that had the most significant declines in the DOT rankings:

- 6 are in New York, led by Kennedy International Airport that dropped from No. 6 to No. 24.
- 4 others serve urban areas in the east and northeast: Boston, Washington Dulles, Washington Reagan and Providence, R.I.
- 7 are in California – Long Beach, San Francisco, San Jose, Orange County, Los Angeles, Oakland and Burbank.
- 4 are in Hawaii – Lihue, Kauai; Kailua Kona on the Big Island; Kahului, Maui; and Honolulu.

The DOT list of the top 100 airports is on the next page.

DOT Preliminary 2020 (as of March 22, 2021)						
	Rank		Enplanements	YOY Chng		
Large Hub	1	ATL	Atlanta International	18,873,000	-60.1%	↔
	2	DFW	Dallas/Fort Worth International	16,957,000	-45.5%	↑ 2
	3	DEN	Denver International	15,778,000	-50.7%	↑ 2
	4	ORD	Chicago O'Hare International	12,859,000	-62.2%	↓ 1
	5	CLT	Charlotte Douglas International	12,420,000	-44.6%	↑ 6
	6	LAX	Los Angeles International	10,924,000	-64.1%	↓ 4
	7	LAS	Las Vegas McCarran International	10,139,000	-55.2%	↑ 3
	8	PHX	Phoenix Sky Harbor International	10,121,000	-52.6%	↑ 5
	9	MCO	Orlando International	9,691,000	-54.1%	↔
	10	SEA	Seattle-Tacoma International	8,801,000	-60.4%	↓ 2
	11	IAH	Houston Bush Intercontinental	6,934,000	-57.8%	↑ 5
	12	MSP	Minneapolis -St. Paul International	6,670,000	-62.0%	↑ 5
	13	FLL	Fort Lauderdale/Hollywood	6,612,000	-51.8%	↑ 6
	14	DET	Detroit Metropolitan Wayne County	6,384,000	-60.7%	↑ 4
	15	SFO	San Francisco International	6,189,000	-69.6%	↓ 8
	16	EWR	Newark Liberty International	6,104,000	-62.0%	↓ 4
	17	SLC	Salt Lake City International	5,824,000	-52.7%	↑ 7
	18	PHL	Philadelphia International	5,410,000	-61.4%	↑ 2
	19	BOS	Boston Logan International	5,254,000	-68.7%	↓ 4
	20	MIA	Miami International	5,242,000	-51.4%	↓ 6
	21	BWI	Baltimore/Washington International	5,224,000	-58.8%	↑ 1
	22	TPA	Tampa International	4,814,000	-53.6%	↑ 6
	23	SAN	San Diego International	4,502,000	-62.8%	↑ 1
	24	JFK	New York Kennedy International	4,109,000	-70.8%	↓ 18
	25	MDW	Chicago Midway International	4,098,000	-57.6%	↑ 4
	26	BNA	Nashville International	3,985,000	-54.6%	↑ 5
	27	LGA	New York LaGuardia	3,945,000	-72.3%	↓ 6
Medium Hub	28	DAL	Dallas Love Field	3,658,000	-54.7%	↑ 5
	29	DCA	Washington Reagan National	3,540,000	-68.9%	↓ 3
	30	PDX	Portland International	3,349,000	-64.3%	↔
	31	AUS	Austin Bergstrom International	3,100,000	-62.4%	↑ 1
	32	STL	St. Louis Lambert International	2,994,000	-60.6%	↑ 2
	33	HOU	Houston Hobby	2,960,000	-55.3%	↑ 3
	34	IAD	Washington Dulles International	2,898,000	-62.6%	↓ 9
	35	RSW	Southwest Florida Int'l (Fort Myers)	2,872,000	-40.8%	↑ 9
	36	SMF	Sacramento International	2,617,000	-58.3%	↑ 4
	37	MSY	Louis Armstrong New Orleans Int'l	2,599,000	-61.5%	↑ 1
	38	HNL	Honolulu Inouye International	2,593,000	-65.9%	↓ 10
	39	RDU	Raleigh-Durham International	2,306,000	-65.7%	↓ 2
	40	SJU	Luis Muñoz Marín Int'l San Juan. PR	2,210,000	-46.4%	↑ 8
	41	MCI	Kansas City International	2,155,000	-62.3%	↔
	42	SJC	San Jose International	2,130,000	-70.6%	↓ 7
	43	OAK	Oakland International	2,111,000	-65.8%	↓ 4
	44	CLE	Cleveland-Hopkins International	1,971,000	-58.9%	↔
	45	IND	Indianapolis International	1,976,000	-57.1%	↑ 3
	46	SAT	San Antonio International	1,832,000	-61.8%	↓ 3
	47	SNA	John Wayne Orange County	1,794,000	-64.5%	↓ 5
	48	PIT	Pittsburgh International	1,728,000	-62.3%	↓ 2
	49	CVG	Cincinnati /Northern Kentucky Int'l	1,721,000	-59.7%	↔
	50	CMH	John Glenn Columbus International	1,564,000	-61.9%	↔

Medium Hub	51	PBI	Palm Beach International	1,486,000	-56.2%	↑ 2
	52	JAX	Jacksonville International	1,364,000	-60.6%	↔
	53	MKE	Milwaukee Gen Mitchell International	1,253,000	-62.4%	↑ 1
	54	ONT	Ontario International	1,194,000	-54.0%	↑ 3
	55	BDL	Bradley International (Hartford, CT)	1,138,000	-64.9%	↔
	56	OGG	Kahului (Maui)	1,076,000	-70.2%	↓ 6
	57	ANC	Ted Stevens Anchorage International	1,075,000	-58.8%	↑ 1
	58	OMA	Omaha Eppley Airfield	1,034,000	-57.7%	↑ 2
	59	MEM	Memphis International	1,009,000	-55.9%	↑ 4
	60	BUR	Bob Hope Hollywood Burbank	997,000	-66.6%	↓ 4
	61	BOI	Boise Air Terminal	990,000	-51.8%	↑ 7
Small Hub	62	RNO	Reno-Tahoe International	958,000	-55.1%	↑ 2
	63	CHS	Charleston AFB/International (S.C.)	944,000	-60.1%	↓ 1
	64	OKC	Oklahoma City Will Rogers World	931,000	-56.3%	↑ 1
	65	GEG	Spokane International	912,000	-53.0%	↑ 4
	66	ORF	Norfolk International	884,000	-55.5%	↑ 5
	67	ABQ	Albuquerque International Sunport	868,000	-67.1%	↓ 8
	68	GRR	Grand Rapids Ford International	863,000	-51.6%	↑ 7
	69	RIC	Richmond International	839,000	-61.6%	↓ 3
	70	<b>TUS</b>	<b>Tucson International</b>	<b>821,000</b>	<b>-55.5%</b>	<b>↑ 4</b>
	71	SDF	Louisville Muhammad Ali International	784,000	-61.5%	↓ 4
	72	SFB	Orlando Sanford International	780,000	-47.7%	↑ 7
	73	PIE	St. Pete-Clearwater International	726,000	-35.1%	↑ 19
	74	ELP	El Paso International	720,000	-58.6%	↑ 3
	75	BUF	Buffalo Niagara International	697,000	-71.5%	↓ 14
	76	TUL	Tulsa International	664,000	-55.8%	↑ 5
	77	PVD	Providence T.F. Green	640,000	-67.0%	↓ 5
	78	DSM	Des Moines International	631,000	-55.6%	↑ 6
	79	PGD	Punta Gorda (FL)	630,000	-23.3%	↑ 28
	80	BHM	Birmingham Shuttlesworth Int'l	621,000	-58.9%	↔
	81	SRQ	Sarasota/Bradenton International	610,000	-35.9%	↑ 16
	82	AZA	Phoenix-Mesa Gateway	594,000	-31.3%	↑ 18
	83	KOA	Kailua Kona (Hawaii)	590,000	-67.5%	↓ 13
	84	SAV	Savannah/Hilton Head	578,000	-60.1%	↑ 2
	85	PNS	Pensacola International	577,000	-47.4%	↑ 9
	86	TYS	McGhee Tyson (Knoxville, TN)	557,000	-55.0%	↑ 2
	87	MYR	Myrtle Beach International	545,000	-57.3%	↓ 1
	88	PSP	Palm Springs International	544,000	-49.9%	↑ 1
	89	ALB	Albany International	510,000	-65.9%	↓ 6
	90	GSP	Greenville Spartanburg International	506,000	-60.1%	↓ 5
	91	LGB	Long Beach	502,000	-71.3%	↓ 15
	92	LIH	Lihue (Kauai)	481,000	-70.0%	↓ 14
	93	VPS	Destin Fort Walton Beach (Valparaiso, FL)	471,000	-42.1%	↑ 14
	94	LIT	Bill and Hilary Clinton (Little Rock, AR)	469,000	-56.7%	↓ 13
	95	BZN	Bozeman Yellowstone International	446,000	-43.0%	↑ 14
	96	SYR	Syracuse Hancock International	433,000	-65.9%	↓ 6
	97	ROC	Frederick Douglass-Rochester Int'l	412,000	-67.7%	↓ 10
	98	MSN	Dane County Regional (Madison, WI)	411,000	-64.3%	↓ 7
	99	FAT	Fresno Yosemite International	402,000	-51.5%	↓ 1
	100	ECP	NW Florida Beaches Int'l (Panama City)	399,000	-35.8%	↑ 18