
**TUCSON AIRPORT AUTHORITY | Board of Directors Regular Meeting
April 6, 2022 | 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 **April 6, 2022, beginning at 3:00 p.m.** The meeting will be held virtually via Microsoft Teams. Attendees may register for the event by clicking on the hyperlink below. Upon submitting the registration form, attendees will receive an email confirmation containing the information to view the meeting via Microsoft Teams or to listen to the meeting telephonically.

MICROSOFT TEAMS REGISTRATION FORM
(<https://www.flytucson.com/taa/meetings/>)

The agenda for the meeting is as follows:

1. CALL TO ORDER | ROLL CALL

- | | | |
|--|--|--|
| <input type="checkbox"/> Bruce Dusenberry, Chair | <input type="checkbox"/> Phil Swaim, Treasurer | <input type="checkbox"/> Todd Jackson, Director |
| <input type="checkbox"/> Keri Silvyn, Vice Chair | <input type="checkbox"/> Rob Draper, Director | <input type="checkbox"/> Sally Fernandez, Director |
| <input type="checkbox"/> Mike Hammond, Secretary | <input type="checkbox"/> Judy Rich, Director | <input type="checkbox"/> Vance Falbaum, Director |

2. 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 Board Chair 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.

- a. **APPROVAL OF MINUTES:** Approve the minutes of the Board of Directors regular meeting held on January 24, 2022.
- b. **APPOINTMENT OF ADVISORY COUNCILS:** Adopt Resolution No. 2022-07 approving the recommended appointments to the TAA Advisory Councils for 2022.
- c. **PSPRS PENSION FUNDING POLICY FOR FY 2022:** Adopt Resolution No. 2022-08 adopting the TAA policy on funding pension obligations under the Arizona Public Safety Personnel Retirement System for FY2022.

3. BOARD CHAIR REPORT

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

4. PRESIDENT/CEO REPORT

- a. State of the Industry | Update

5. ACTION ITEMS

- a. **THREAT CONTAINMENT UNIT – BUDGET AMENDMENT:** The Board of Directors will consider and may adopt Resolution No. 2022-09 authorizing the President/CEO or her designee(s) to purchase a Threat Containment Unit for TAA Police Department use.
- b. **FEDERAL INSPECTION SERVICES – BUDGET AMENDMENT:** The Board of Directors will consider and may adopt Resolution No. 2022-10 authorizing the President/CEO or her designee(s) to adopt a budget amendment for the refresh of the Federal Inspection Station and outbound baggage system overhaul.
- c. **RENTAL CAR – AGREEMENT EXTENSION:** The Board of Directors will consider and may adopt Resolution No. 2022-11 authorizing the President/CEO or her designee(s) to execute a one-year extension of the rental car lease and concessions agreements with the Avis/Budget, Hertz/Dollar, and Enterprise/National/Alamo rental car companies.

6. DIVISION UPDATES

- a. **BUSINESS AND COMMERCIAL DEVELOPMENT:**
 - 1. Project Payload | Update
 - 2. Air Service | Update
- b. **FINANCE AND REGULATORY ADMINISTRATION:**
 - 1. February 2022 YTD Financials | Financial Summary/Aviation Activity Report
- c. **OPERATIONS:**
 - 1. FAA FAR Part 139 | Annual Airport Certification Inspection
- d. **PLANNING AND ENGINEERING:**
 - 1. Airfield Safety Enhancement Program (ASE) | Quarterly Update

7. NEXT MEETING

Wednesday, June 1, 2022 | 3:00 p.m. | Remote participation via Microsoft Teams

8. ADJOURN

**TUCSON AIRPORT AUTHORITY | Board of Directors Regular Meeting
Monday, January 24, 2022 | Approximately 10:15 a.m. | Remote Participation Only**

THIS BOARD MEETING WAS HELD WITH REMOTE PARTICIPATION ONLY, WITH DIRECTORS ATTENDING VIA MICROSOFT TEAMS OR TELEPHONICALLY. MEMBERS OF THE PUBLIC WHO COMPLETED A REGISTRATION FORM RECEIVED A LINK TO VIEW THE MEETING VIA MICROSOFT TEAMS OR TELEPHONICALLY.

1. CALL TO ORDER | ROLL CALL

Chair Dusenberry called the meeting to order at 10:11 a.m.

Directors Present: Chair Bruce Dusenberry, Vice Chair Keri Silvyn, Secretary Mike Hammond, Treasurer Phil Swaim, Director Rob Draper, Director Judy Rich, Director Todd Jackson, Director Sally Fernandez, and Director Vance Falbaum

Staff Present: President/Chief Executive Officer Danette Bewley, Vice President/General Counsel Christopher Schmaltz, Vice President/Chief Commercial Officer John Voorhees, Deputy General Counsel Kim Ryan, IT Cloud and Systems Engineer Matt Chandler, and TAA Clerk Byron Jones

2. ELECTION OF OFFICERS

Chair Dusenberry reported that the Nominating Council recommended the following slate of corporate officers for 2022:

- Chair: Bruce Dusenberry
- Vice Chair: Mike Hammond
- Secretary: Keri Silvyn
- Treasurer: Phil Swaim

Director Silvyn previously stepped out of the line of succession due to family matters. Ms. Silvyn has a desire to serve as Chair; however, with the Chair now serving a two-year term, she will reach her term limit as a director before the Chair position opens. It was determined that Director Hammond still has enough years to advance to Chair, so they agreed that for 2022, Director Silvyn will serve as Vice Chair and Director Hammond will serve as Secretary. This will allow for Director Silvyn to serve as Chair in 2023 and 2024, and Director Hammond to serve as Chair in 2025 and 2026.

MOTION BY Director Hammond, SECONDED BY Director Falbaum, to APPOINT as corporate officers for 2022: CHAIR – Bruce Dusenberry, VICE CHAIR – Keri Silvyn,

SECRETARY – Mike Hammond, and TREASURER – Phil Swaim. The motion carried by the following vote:

Ayes 9 Chair Dusenberry, Director Draper, Director Rich, Director Silvyn, Director Hammond, Director Swaim, Director Jackson, Director Fernandez, and Director Falbaum

Nays 0

3. BOARD TRAINING | DISCUSSION

Vice President and General Counsel Christopher Schmaltz and Deputy General Counsel Kim Ryan gave a presentation to the Board about its corporate governance, its fiduciary responsibilities, and its obligations under the Arizona Open Meeting Law (OML) and the Arizona Public Records Law.

- Directors have a fiduciary duty to act in good faith in accordance with the TAA’s governing documents, and to exercise the duties of care, loyalty, and obedience.
- The Board establishes policies for the TAA and hires the President/CEO to execute these policies in the day-to-day operations of the airport.
- The Board and all the TAA’s advisory councils are subject to the Arizona OML.
- Board members are personally liable for violations of the OML and are subject to enforcement actions and penalties up to and including removal from office.
- All communications made by directors in their official capacity—regardless of the device used—are subject to the Public Records Law.

4. CONSENT AGENDA

- a. APPROVAL OF MINUTES:** Approve the minutes of the Board of Directors regular meeting held on December 8, 2021.
- b. DELEGATION OF AUTHORITY TO THE PRESIDENT/CEO FOR 2022:** Adopt Resolution No. 2022-01 delegating authority to the President/CEO or her designee(s) for the application, execution, and delivery of grant agreements, military construction cooperative agreements, and associated intergovernmental agreements.
- c. 2022 BOARD OF DIRECTORS MEETING SCHEDULE:** Adopt Resolution No. 2022-02 approving the 2022 Board of Directors meeting schedule and acknowledging the date of the 2023 Annual Meeting and the initial meeting of the 2023 Board of Directors.
- d. REQUESTS FOR EMERITUS MEMBERSHIP:** Adopt Resolution No. 2022-03 approving the applications submitted by four active Members to transition to Emeritus.

- e. **YEAR-THREE CONTRACT WITH HILL ENTERPRISES, INC.:** Adopt Resolution No. 2022-04 authorizing the President/CEO or her designee(s) to execute a contract with Hill Enterprises, Inc., for approximately \$346,250 for leadership development and coaching, as well as facilitation of the annual review process for the President/CEO.

MOTION BY Vice Chair Silvyn, SECONDED BY Secretary Hammond, to APPROVE the consent agenda. The motion carried by the following vote:

Ayes 9 Chair Dusenberry, Vice Chair Silvyn, Secretary Hammond, Treasurer Swaim, Director Draper, Director Rich, Director Jackson, Director Fernandez, and Director Falbaum

Nays 0

5. CHAIRPERSON REPORT

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

There were no items to report.

6. PRESIDENT/CEO REPORT

President/CEO Danette Bewley reported on the following:

- a. State of the Industry | Update

In a recent interview, Southwest Airlines CEO Robert Jordan explained the importance of investing in employees. The TAA shares this vision. The Strategic Plan 2.0, which was adopted on September 1, 2021, outlines several priorities the TAA will focus on during the next several years; among them are investing in its employees and returning to a profitable business model that does not solely rely on aeronautical revenue.

- b. Strategic Plan 2.0 | Quarterly Update

The TAA recently purchased a new software solution called Cascade. Cascade is designed for strategic planning and will improve how strategic plan initiatives are tracked and reported.

7. DISCUSSION/PRESENTATION

- a. The Board of Directors will discuss and give direction on the format for Board meetings for the remainder of 2022 or until the COVID-19 emergency declaration has been rescinded.

Chair Dusenberry explained that this is an opportunity for the Board to express how it wants to hold meetings in 2022. With COVID numbers continuing to decrease, the Board may choose to continue holding virtual meetings for the time being, begin holding in-person meetings at the airport, or adopt a hybrid approach which allows directors to attend either virtually or in person.

BOARD DISCUSSION

- Director Rich stated that it has been a challenge holding virtual meetings for two years. Ms. Rich favors resuming in-person meetings once it is safe to do so, though it is still an open question as to when this will be. She speculated that it will be safe within the next two-to-three months and would support beginning hybrid meetings at that time.
- Secretary Hammond agreed with Director Rich and stated that allowing directors the option to attend meetings through technology is convenient.

The Board's consensus was to continue monitoring the situation and to move to hybrid meetings (in person and virtual) as soon as it is determined to be safe.

8. EXECUTIVE SESSION

The Board of Directors, upon a majority vote, may convene into executive session for the following:

- a. Pursuant to A.R.S. §§ 38-431.03(A)(3) and (A)(7): For discussion or consultation with the TAA attorney or attorneys for legal advice and discussions or consultations with designated representatives of the public body in order to consider its position and instruct its representatives regarding negotiations for the purchase, sale, or lease of real property at Ryan Airfield (RYN).
- b. Pursuant to A.R.S. § 38-431.03(A)(7): For discussion or consultation with designated representatives of the public body in order to consider its position and instruct its representatives regarding negotiations for the purchase, sale or lease of real property related to the development project known as "Project Payload."

MOTION BY Director Fernandez, SECONDED BY Vice Chair Silvyn, to CONVENE into executive session. The motion carried by the following vote:

Ayes 9 Chair Dusenberry, Vice Chair Silvyn, Secretary Hammond, Treasurer Swaim, Director Draper, Director Rich, Director Jackson, Director Fernandez, and Director Falbaum

Nays 0

The regular meeting recessed, and the Board of Directors convened in executive session at 10:41 a.m.

9. RECONVENE THE REGULAR MEETING

The executive session adjourned, and the Board of Directors resumed the regular meeting at 11:21 a.m.

10. ACTION ITEMS

a. FOURTH AMENDMENT TO THE LEASE WITH AEROPLEX/MILLION AIR:

There was no discussion regarding this item.

MOTION BY Secretary Hammond, SECONDED BY Director Fernandez, to ADOPT Resolution No. 2022-05 approving a fourth amendment to the lease with Aeroplex/Million Air for expansion of square footage and extending the term of the lease. The motion carried by the following vote:

Ayes 9 Chair Dusenberry, Vice Chair Silvyn, Secretary Hammond, Treasurer Swaim, Director Draper, Director Rich, Director Jackson, Director Fernandez, and Director Falbaum

Nays 0

b. “PROJECT PAYLOAD” LEASE AGREEMENT:

There was no discussion regarding this item.

MOTION BY Secretary Hammond, SECONDED BY Director Rich, to ADOPT Resolution No. 2022-06 authorizing the President/CEO or her designee to execute a five-year lease agreement with the company known as “Project Payload,” subject to key business terms. The motion carried by the following vote:

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

Nays **0**

Abstained **1** **Director Draper**

11. ADJOURN

There being no further business to discuss, Chair Dusenberry adjourned the meeting at 11:27 a.m.

APPROVED BY:

Prepared by:

Michael S. Hammond, Secretary

Byron M. Jones, CMC, TAA Clerk

Date: _____

Date: _____

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., APPROVING THE RECOMMENDED APPOINTMENTS TO THE TAA ADVISORY COUNCILS FOR 2022.

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

The recommended appointments to TAA Advisory Councils for 2022, which are attached as Exhibit A, incorporated by reference, and made a part hereof, are approved.

PASSED AND ADOPTED by the Board of Directors of the Tucson Airport Authority, Inc., this sixth day of April, 2022.

Bruce Dusenberry, Chair of the Board

ATTEST:

APPROVED AS TO FORM:

Michael S. Hammond, Secretary

Christopher Schmaltz, Vice President
and General Counsel

EXHIBIT A

**TUCSON AIRPORT AUTHORITY
ADVISORY COUNCILS | 2022**

COUNCILS REQUIRED BY BYLAWS

Audit Council

David Smallhouse, Chair
Tony Finley, Vice Chair
David Lyons
John Parker
Taunya Villicana
Isaac Figueroa
Cristina Baena

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

Todd Jackson, Chair
David Hameroff, Vice Chair
Michael Duran
Larry Lang
Frank Chambers
Tim Medcoff
Trindy LeForge

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
Keri Silvyn, Vice Chair
Mike Hammond, Secretary
Phil Swaim, Treasurer
Judy Rich

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.

(Note: This Council was established and voted on by the Board of Directors on January 24, 2022; and is listed for information only).

Finance and Risk Management Council and Environmental/Sustainability Sub-Council

Tim Overton, Chair
Omar Mireles, Vice Chair
Rob Draper
Ricardo Platt
Mike Hannley
Angela Gee
Tony Penn

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.

The objective of the sub-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.

Nominating Council

Lisa Lovallo, Chair
Steve Cole, Vice Chair
Phil Swaim
Rob Draper
Rhonda Pina
Ellen Wheeler
Fran Katz

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.

Date: April 6, 2022

To: TAA Board of Directors
From: Kirk Eickhoff, Vice President/CFO
Re: Public Safety Pension System Funding Policy

Background:

Arizona Revised Statute (A.R.S.) § 38-863.01 requires that the governing body of an employer participating in the Arizona Public Safety Personnel Retirement System (PSPRS) adopt a pension funding policy for employees hired before July 1, 2017. The policy is to include:

- Objectives to address the maintenance of the stability of contributions
- How and when funding requirements will be met
- A funded ratio target and a timeline to reach the target

The policy must also include a formal acceptance of the pension assets and liabilities based on published PSPRS actuarial reports.

Policy 2022-03 – TUCSON AIRPORT AUTHORITY PUBLIC SAFETY PENSION FUNDING POLICY FY2022 (**Exhibit A** of the attached Resolution No. 2022-08) is the legally required TAA policy which was prepared with the intent of satisfying the requirements established by A.R.S. § 38-863.01 in both letter and spirit.

Policy Summary:

The policy broadly describes the nature and function of the two TAA PSPRS pension plans, formalizes the established a commitment to required bi-weekly funding of required pension contributions, accepts the pension assets and liabilities as presented in recent annual reports provided by PSPRS, and declares TAA's goal of maintaining a 100% funded ratio.

Recommendation:

TAA Management recommends that the Board adopt Resolution No. 2022-08 to approve and adopt Policy 2022-03 – TUCSON AIRPORT AUTHORITY PUBLIC SAFETY PENSION FUNDING POLICY FY2022.

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., ADOPTING THE TAA POLICY ON FUNDING PENSION OBLIGATIONS UNDER THE ARIZONA PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM FOR FY 2022.

WHEREAS Arizona Revised Statute (A.R.S.) § 38-863.01 mandates that each governing body shall annually adopt a pension funding policy for the Public Safety Personnel Retirement System (PSPRS) for employees hired before July 1, 2017; and

WHEREAS the Board of Directors accepts the staff recommendations as detailed in the Board Memorandum and TAA Policy 2022-03 (PSPRS Pension Funding Policy FY2022).

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

The Board of Directors hereby adopts TAA Policy 2022-03 (PSPRS Pension Funding Policy FY2022), attached hereto as Exhibit A and incorporated by reference herein, and authorizes and directs TAA’s President and CEO to execute the policy, with the intent of communicating the general commitment and strategy of funding public safety pension obligations and satisfying the requirements established by A.R.S. § 38-863.01.

PASSED AND ADOPTED by the Board of Directors of the Tucson Airport Authority, Inc., this sixth day of April, 2022.

Bruce Dusenberry, Chair of the Board

ATTEST:

APPROVED AS TO FORM:

Michael S. Hammond, Secretary

Christopher Schmaltz, Vice President
and General Counsel

EXHIBIT A

TUCSON AIRPORT AUTHORITY POLICY NO. 2022-03

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
PENSION FUNDING POLICY FY2022

**Public Safety Personnel Retirement
 System Pension Funding Policy FY2022**

| | |
|-----------------------|------------|
| Policy No. | 2022-03 |
| Date | 04/06/2022 |
| Authorized By | D. Bewley |
| Supersedes Policy No. | N/A |

This policy is a statement of the objectives of the Tucson Airport Authority (TAA) regarding the funding of the public safety pension in which it participates for public safety employees participating in the Public Safety Personnel Retirement System (PSPRS) hired before July 1, 2017. It represents a commitment to our participating PSPRS employees and was specifically prepared to assure TAA’s compliance with A.R.S § 38-863.01.

TAA PSPRS Plan Description

Employees of the TAA who are employed in either police or firefighting capacities and meet the minimum work qualifications participate in PSPRS. The PSPRS administers an agent multiple-employer defined benefit pension plan. The PSPRS acts as a common investment and administrative agent which issues, on an annual basis, financial reports detailing pension plan assets, liabilities, pertinent funding information and actuarial assumptions. Under this structure, PSPRS comingles investment resources of all participating agencies and serves as the statewide uniform distributor of benefits. However, each participating agency is treated as an individual trust fund, with separately identifiable assets and liabilities. There are two separate participating agencies within TAA: Tucson Airport Authority Police Department (TAAPD), and Tucson Airport Authority Fire Department (TAAFD).

Stability and Frequency of Contributions

Upon completion of the bi-weekly payroll process, TAA shall remit to the PSPRS all required pension contributions for participating employees as defined by the PSPRS. In general, the required contributions are derived by applying the required percentage contribution rate (published by PSPRS annually) to each employee’s pensionable wages (as defined by PSPRS).

The PSPRS contribution rate is comprised of two primary components:

- 1) Normal pension cost – estimated cost of pension benefits earned by participating employees in the current plan year
- 2) Amortization of any unfunded actuarial accrued liabilities (UAAL) – difference between trust assets and the estimated future costs of pensions earned by employees

GASB 68 statements published by PSPRS for the plan year ended June 30, 2021 for TAAPD and TAAFD reflected the following:

| | TAAFD | TAAPD | Total |
|-------------------------------|--------------|----------------|---------------|
| Total Pension Liability | \$19,884,116 | \$22,684,942 | \$42,569,058 |
| Plan Fiduciary Net Position | 20,205,933 | 23,820,740 | 44,026,673 |
| Net Pension Liability (Asset) | \$ (321,817) | \$ (1,135,798) | \$(1,457,615) |
| Funded Ratio* | 101.62% | 105.01% | 103.42% |

*Plan fiduciary net position as a percent of total pension liability

Because TAA has a funded ratio of greater than 100% for the plan year ended June 30, 2021, there is no UAAL which limits the rate to the amount required to service the normal pension cost.

Acceptance of Pension Assets and Liabilities

TAA accepts the reported share of pension assets and liabilities for both TAAPD and TAAFD as presented in the GASB 68 statements provided by PSPRS.

Funded Ratio Target

In April of 2021, the TAA voluntarily contributed amounts to PSPRS estimated to equal the UAALs for both TAAPD and TAAFD to fully-fund each plan’s pension liability. The GASB 68 reports for the plan year ended June 30, 2021 confirm that the strategy was effective and the discretionary contribution was sufficient to achieve that goal.

TAA will continue to remit the required pension contributions on a bi-weekly basis as defined by PSPRS. Should the returns on PSPRS investments fall below the amounts used in the actuarial assumptions, TAA may again reflect a UAAL for one or both of its PSPRS pension plans. In this case, TAA will remit the required percentage of pensionable wages as defined by PSPRS, which will include both the normal contribution and an amount amortizing the UAAL, with the goal of maintaining a 100% funded ratio.

Authorized by:

Danette Bewley
President/CEO

Date



FACTS&FIGURES

Project: New Fuel Facility

Location: Tucson (AZ) Int'l Airport

Key Components: Trio of 168,000-gallon above-ground tanks connecting to existing hydrant system; new operations building with digital & electronic systems to measure incoming & outgoing fuel

Cost: \$28.8 million (including consultant fees)

Timeline: Cost analysis performed in 2016; permits approved in early 2019; construction late 2020 to early 2022

Local Fuel Consortium: Tucson Fuel Facilities LLC

Airline Members: Alaska; American; Avelo; Delta; FedEx; SkyWest; Southwest; United

Fuel Facility Operations/Fuel Management: Swissport

Facility Lease: Sept. 1, 2019-June 30, 2051

Est. Annual Lease Rate: \$.50/sq. ft. per year

2019 Fuel Distribution: 27,258,689 gallons

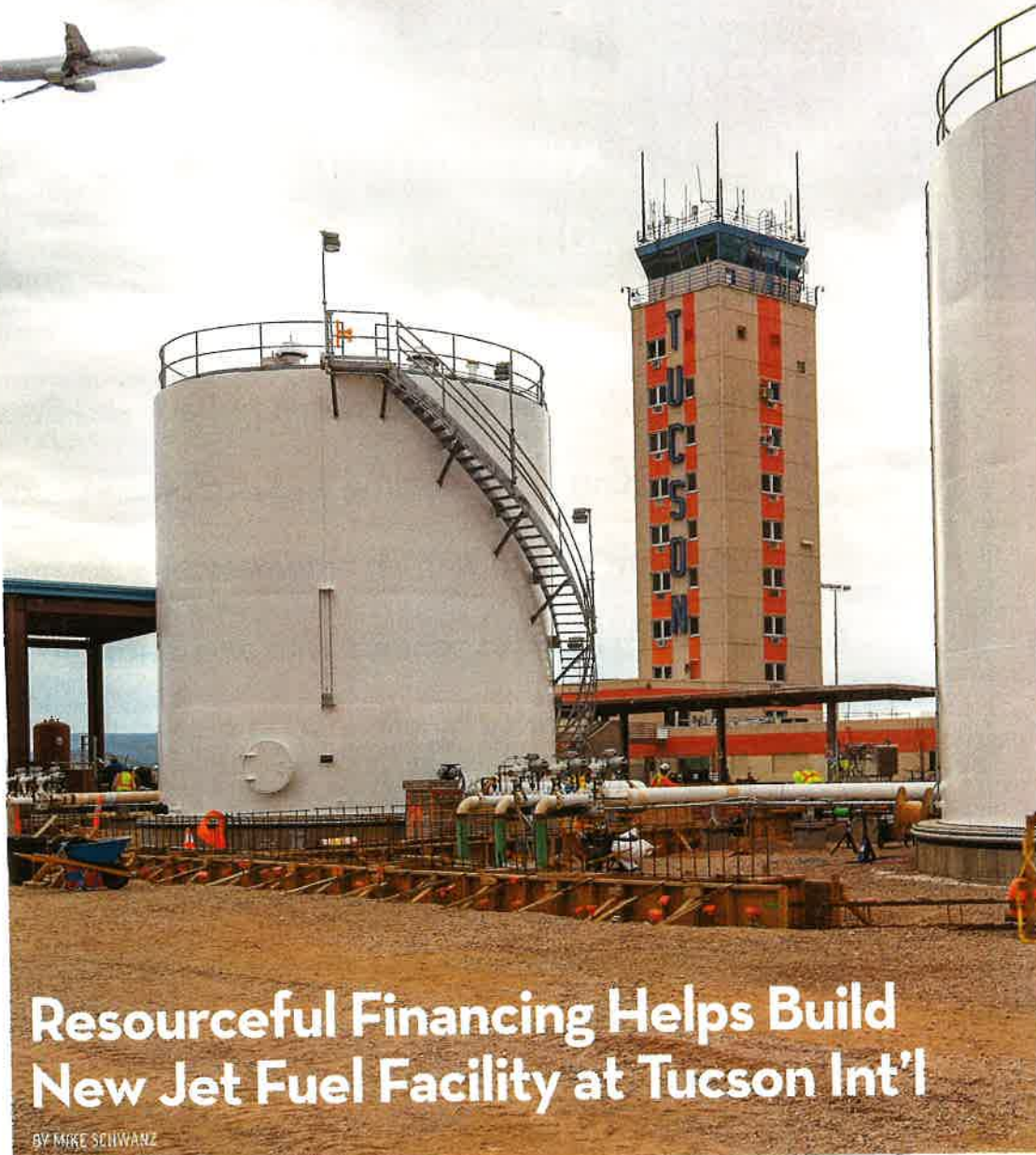
2019 Consortium Aircraft Operations: 21,378

General Contractor: Burns & McDonnell

Mechanical Subcontractor: Ref-Chem LP

Electrical Subcontractor: Triad Electrical & Controls

Civil Subcontractor: L. Keely Construction
Tank Subcontractor: Pittsburg Tank & Tower



Resourceful Financing Helps Build New Jet Fuel Facility at Tucson Int'l

BY MIKE SCHWANZ

When it's time to update or replace an aging jet fuel facility, financing can be a big challenge. At Tucson International Airport (TUS), the local airline consortium worked with airport officials and an outside engineering consulting firm to find a creative way to ensure a steady fuel supply for all airport users.

The need for a new fuel facility at TUS became evident as early as 2014. "Our old fuel station, which dates back to the 1970s, was nearing the end of its useful life and becoming expensive to maintain," explains Danette Bewley,



DANETTE BEWLEY

president and chief executive officer of the Tucson Airport Authority. "We knew there were more efficient ways to manage it, so we started discussions with the airlines, which created the local fuel consortium (Tucson Fuel Facilities LLC) to take over its operation."

That transition went smoothly, she adds, and discussions quickly turned to improving the outdated fuel facility to meet future needs. "We were all on the same page," Bewley reports.

After Tucson Fuel Facilities took over operations in 2014, one of the first things it did was hire Burns & McDonnell to evaluate the facility and determine what needed to be upgraded to meet current and future needs.



Cost Analysis

The engineering consulting firm began a detailed analysis of the existing fuel station in 2016. "The electrical system was 40 years old, and in poor shape,"

states Grant Smith, director of the Commercial Fueling and Ramp Services Aviation Group for Burns & McDonnell. "Mechanical parts were at least 30 years old. The underground storage tanks were single-walled; federal regulations for new installations now require fuel tanks to be double-walled."



GRANT SMITH

In the end, the team estimated it would cost between \$15 million and \$20 million to upgrade the existing single-walled underground tank system. The cost for a new system with above-ground storage tanks and a new operations building was approximately \$25 million.

Not surprisingly, the relatively small price difference between the two options made the consortium lean toward building new. However, spending \$25 million would be a challenge, explains Mark Bourdeau, global fuel procurement and operations manager for Delta Air Lines and consortium chair at the time. "All of our members knew the old fuel facility was not feasible long-term, and that it

had to be replaced," says Bourdeau. "We were having more and more mechanical problems with it. As a result, we asked Burns & McDonnell to extend our agreement with them and help us come up with a solution on financing."

One of the keys to accomplishing this was an agreement about when the engineering consultant firm would get paid. "We did charge [the consortium] upfront for the initial cost analysis work," explains Smith. "However, we agreed to delay getting most of our fee until all the financing was in place, and construction actually began."

Details regarding the exact scope of the project could not be determined until the design process was further along. Instead of charging the fuel consortium its regular fee for that work, Burns & McDonnell agreed to cover those upfront costs. "After a contract with Tucson Fuel Facilities was finalized, our team went through the process of developing a capital budget for the new facility through internal design work and cost estimating," Smith says. "We also agreed to supervise the design, all construction phases and operations training. We are responsible for delivery and the final product, and all this required us to work closely with airport officials from start to finish. They were very helpful in helping us get permits approved from the fire department, environmental agencies and other local officials."

Before any of this was done, the consortium's current lease with the airport had to be extended, Smith adds. A 30-year term provided security for both the airport and its lending institutions. The Burns & McDonnell team worked closely with airport and consortium officials during the lease revision process.

Working on the new lease was a complicated process that took months. "Our attorneys and the Tucson Fuel Facilities attorneys had discussions on many provisions," says Bewley. "The final lease amount will depend on the final footprint of the fuel facility once it opens."

After the new lease was signed, the fuel consortium was then able to shop for financing. This process was expedited because the airlines based at TUS had already established themselves with

insurance companies, banks and other potential lenders. "The lender we chose also had a relationship with Tucson airport officials over the years," says Bourdeau. "As a result, obtaining financing was not really an issue. We got a good interest rate to ease the financial obligations of our organization."

In addition, the eight airlines that belong to the fuel consortium will not have to pay extra fees. Expenses for the new financing and facility will simply be part of their annual dues.

Final contracts and permits were approved in early 2019, and construction began in late 2020.

Construction Challenges

Overseeing the final stages of construction fell to Kent Goggan, the current consortium chair and manager of fuel operations for American Airlines.

"The heavy lifting, such as getting construction permits and design, was done before I took over," Goggan comments. "For the last year or so, my job has been to monitor construction. During this period, I made on-site visits every six to eight weeks. We coordinated these visits with officials from the airport as well as Burns & McDonnell."

Contractors have encountered a few minor challenges—namely unmapped underground utilities and electrical equipment, and



New above-ground storage tanks connect to the airport's existing hydrant system.

standing water in a few spots at the project site. "But overall, things went smoothly," Goggan reports. "The project managers and engineers sent us a weekly report, which kept us updated throughout construction."

Goggan is especially pleased about the facility's new operations building, which is equipped with digital and electronic systems to measure incoming and outgoing fuel. "It will be a huge upgrade," he says. "Until now, Swissport, our fuel management company, was based in the basement under the airport's old traffic control tower. This new facility should help their staff considerably."

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10 YEARS



With the new facility up and running, Swissport will continue to be responsible for daily operations. It will also manage budgets and costs, and will report to the consortium.

As construction neared completion, Goggan checked that everything was working correctly, and that the new operations building is up to standards.

“Obviously, we need to ensure that the fuel is getting to the airlines,” he remarks. “We also have to make sure that all the people working with Swissport know every aspect of the new fuel facility.”

Burns & McDonnell will assist with training.

Many Benefits

Instead of eight underground tanks, the new facility has three larger tanks above ground. Each can hold 168,000 gallons and connects to the airport’s existing hydrant system, which delivers fuel to various airline gates. Refueling trucks that serve cargo planes and private aircraft have access to the tanks as well but pay a slightly higher per-gallon fee than consortium members, Bourdeau points out.

Fortunately, the hydrants at TUS are relatively new, and are still in good condition. The project team does not expect to encounter issues connecting the new storage tanks to the hydrants.

Now that the new fueling facility is operational, the old underground tanks will be removed.

Bewley is enthusiastic about the new facility and its features. “By the airlines obtaining secure financing for a 30-year lease, it ensures a streamlined process for both the airport and the airlines now and for the future,” she says. “By moving the new fuel facility closer to our fence line, fuel delivery trucks no longer have to drive airside like they used to. With the new above-ground tanks, there is room to add another tank in the future, if demand warrants that. We also expect to meet all environmental regulations from the city and state governments.”

Looking ahead, the airport may use the valuable space now occupied by the old underground storage tanks to expand Concourse B. “This gives us more flexibility for growth,” Bewley remarks.

In general, the airport authority is optimistic that business will continue to grow in 2022. Like nearly all airports, TUS experienced significant declines in air traffic during 2020. As 2021 came to a close, Bewley expected TUS to end the year with about 85% of the flight operations it logged in 2019, before the pandemic hit. “In 2022 and beyond, we hope that the commercial airlines using our airport will add more flights to meet demand, and this will be a win-win for the consortium as well as us,” she concludes. ✈️

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BURNS MCDONNELL

CREATE AMAZING.

Date: April 6, 2022

To: TAA Board of Directors

From: Bruce Goetz, Executive Vice President and Chief Operating Officer

Re: Budget Amendment | Authorization to Purchase a Threat Containment Unit

Background:

In 2019, when Danette Bewley assumed the role as President/CEO, she was clear that the TAA have an operational focus on safety, security, and customer service. One of her top priorities has been to rebuild a manpower challenged and underfunded Police Department so it is positioned to meet the security and public safety issues that arise in an airport environment, including threat detection, mitigation, and threat containment, without compromising officer safety or compliance with federal regulations and state laws.

Over the last few years, the TAA has been on a path to rebuild the Police Department and its support functions, and we are not finished with this effort. We have hired additional Police Officers and provided the necessary equipment and training. In addition, we have focused on heightened security measures and threat mitigation through the three (3) K-9 Explosive Detection Teams, and an officer certified in explosive ordnance disposal (EOD), and specialized robotic equipment. However, there is a component that is missing: a Threat Containment Unit (TCU). A TCU, which is trailer-mounted, is a piece of equipment unit used by bomb squad personnel to place a (potential) explosive item in a hardened unit that can safely contain a blast should it occur.

The TAA planned to include a TCU in the FY23 budget, as this piece of equipment is needed to complete the EOD component (discover, analyze, and remove). Please note that there are a few TCUs in our region, owned by the military and one used though a contract by a civilian police agency, respectively. It is highly unlikely the military can or will allow deployment of their TCU to the airport (that is, if it is still in Tucson when it may be needed), and the civilian police agency cannot guarantee availability of their unit, either; furthermore, may suspend their contract for their unit for unknown reasons. This condition puts the TAA at risk for expedited disposal of a threat and may result in extended airport closures while we wait for an agency somewhere in the state to provide the necessary equipment. The TAA is better positioned with its own equipment so it can quickly respond, recover, and restore airport operations when safe and as soon as possible.

Strategic Plan | Analysis:

The aviation sector has always been a favored target for terrorist actors with ill intent. Over the last few months, the Department of Homeland Security has indicated the nations' threat condition may change because of intelligence and emerging global threats.

The TAA mission is to “provide a sustainable airport system and constantly pursue initiatives that promote and grow business opportunities.” In addition, one of the strategic pillars is to “Upgrade to First Class Systems and Efficiencies.” To ensure a sustainable airport system, it is necessary to take preventative action and have the necessary equipment available when it is needed to and minimize down time for critical infrastructure and restore the airport to normal operations.

Cost Analysis:

The TAA can purchase the vendor’s tradeshow model now for \$317,883 as they are manufacturing newer models for sale (and are priced over \$430,000). The tradeshow model is fully functional and will meet the needs of the TAA and could be on-site within 30 days of ordering. To purchase a brand-new TCU would take more than 6 months to build and be delivered to the airport.

The source of funds will be Airport System Funds.

Recommendation:

TAA management recommends the Board adopt Resolution No. 2022-09 to authorize the President/CEO or her designee to purchase the Threat Containment Unit for \$317,883.

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., AUTHORIZING THE PRESIDENT/CEO OR HER DESIGNEE(S) TO PURCHASE A THREAT CONTAINMENT UNIT FOR TAA POLICE DEPARTMENT USE.

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

The President/CEO or her designee(s) are hereby authorized to execute a budget amendment to purchase a Threat Containment Unit in the amount of approximately \$318,000.

PASSED AND ADOPTED by the Board of Directors of the Tucson Airport Authority, Inc., this sixth day of April, 2022.

Bruce Dusenberry, Chair of the Board

ATTEST:

APPROVED AS TO FORM:

Michael S. Hammond, Secretary

Christopher Schmaltz, Vice President
and General Counsel

Date: April 6, 2022

To: TAA Board of Directors

From: John Voorhees, Vice President and Chief Commercial Officer

Re: Federal Inspections Services (FIS) and Outbound Baggage System Improvements

Background:

On March 29, 2022, the TAA announced that Flair will offer new international air service to at least 8 locations in Canada. Flair is a Canadian ultra-low-cost carrier (ULCC) that seeks to open the Tucson market to Canadian air travel during the winter months. The basic terms of the agreement are for Flair to offer at least 8 flights weekly for four winter months starting December 2022.

To accommodate the new service TAA proposes the completion of two projects. The first project is to complete a refresh of the existing FIS and include technology improvements. The existing FIS was constructed in the early 2000's and has been used occasionally over the last 15 years by both small international carriers and ULCCs. TAA proposes a refresh of the FIS to include functional and technology improvements to improve Customs processing based on current technologies and practices. In addition, the project updates wall coverings and carpeting to replace outdated materials and be consistent with the rest of the terminal and removes walls to create more space in the FIS area. The costs for this project are approximately \$1,000,000.

The second project is to complete an overhaul of the outbound baggage belt that will be utilized by Flair. The existing equipment for the baggage system utilizes 1980's technology and TAA had programmed a project for the replacement of this system in Fiscal Year 2023. With the start of Flair's operations in late 2022, TAA believes this system should be overhauled prior to their start. Therefore, TAA staff advocates accelerating the project to FY 2022. The cost for this project is approximately \$500,000.

Strategic Plan | Analysis:

This proposed action supports the Strategic Plan initiative to increase Air Service Development. By inviting Flair to operate at TUS the airport benefits from international air travel. The community also benefits from up to 8 new destinations for travel and a possible influx of visitors from underserved locations in Canada.

The refresh of the FIS and baggage belt system may also highlight TUS as a more attractive international destination for future air carriers as well.

Cost Analysis:

TAA anticipates direct revenue from the international service to be approximately \$200,000 - \$400,000 per year (depending on the robust nature of Flair's schedule). That revenue will largely be mitigated by the TAA initial startup incentives during the first year of Flair's operation. It is anticipated that the TAA will see a return on investment (ROI) for the FIS updates and baggage system refurbishment by years 4-8 of the airline's operation.

The ROI assumption is based on this airline's activity being the sole source of funding for the construction costs. TAA Air Service Development has aggressively sought additional international air carriers to bolster air travel and the airport financial system.

The second order effect of Flair's operation will be the community impact of increased tourism. The market Flair serves have not been previously exposed to Tucson and southern Arizona. It is reasonable to expect a noticeable increase in Canadian tourist activity in the region. Home sales are often a byproduct of continued Canadian interest in a region. TAA has partnered with Visit Tucson to advertise our region.

If authorized by the Board, the next step for the TAA is to present these projects for airline review and approval.

Recommendation:

TAA management recommends the Board adopt Resolution No. 2022-10 authorizing the President/CEO or her designee to adopt a budget amendment for FIS Improvements and outbound baggage system overhaul in the amount of \$1,500,000.

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., AUTHORIZING THE PRESIDENT/CEO OR HER DESIGNEE(S) TO ADOPT A BUDGET AMENDMENT FOR THE REFRESH OF THE FEDERAL INSPECTION STATION AND OUTBOUND BAGGAGE SYSTEM OVERHAUL.

WHEREAS Flair Airlines, a Canadian ultra-low-cost foreign air carrier, desires to enter the Tucson International Airport (TUS) market by providing international air service to and from several destinations in Canada; and

WHEREAS improvements are necessary to modernize the décor of the Federal Inspection Station (FIS) and to increase passenger flow by updating technology to current standards; and

WHEREAS staff has determined that the outbound baggage carousel international travelers will use is nearing the end of its functional use and that its early replacement is necessary to efficiently accommodate the anticipated increase in air service; and

WHEREAS the foregoing improvements will increase TUS's marketability to attract additional international air service; and

WHEREAS the Board of Directors accepts the staff recommendations as detailed in the Board Memorandum.

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

The President/CEO or her designee(s) is authorized to adopt a budget amendment for the refresh of the Federal Inspection Station (FIS) (10220450 - \$1,000,000) and outbound baggage system overhaul (10116868-801 - \$500,000) totaling approximately \$1,500,000.

PASSED AND ADOPTED by the Board of Directors of the Tucson Airport Authority, Inc., this sixth day of April, 2022.

Bruce Dusenberry, Chair of the Board

ATTEST:

APPROVED AS TO FORM:

Michael S. Hammond, Secretary

Christopher Schmaltz, Vice President
and General Counsel

Date: April 6, 2022

To: TAA Board of Directors
From: John Voorhees, Vice President and Chief Commercial Officer
Re: Rental Car Agency Agreement Extension

Background:

The Airport Rental Car Lease and Concessions Agreements (agreements) are scheduled to expire on July 31, 2022. These 5-year agreements were signed into effect on August 1, 2017, between TAA and the Avis/Budget, Hertz/Dollar, Enterprise/National/Alamo rental car companies. Due to current unforeseen and incalculable circumstances, staff recommends extending these agreements for a one-year period to July 31, 2023, rather than negotiating new contracts.

TAA faces at least two significant decisions that involve the business relationship with our rental car companies: First, the ongoing operational and financial impact of the COVID-19 pandemic on rental car revenue and financial relief due to the disruption of staffing and supply chain difficulties; Second, the uncertainty surrounding anticipated technological innovations in the rental car industry. The lack of predictive financial analysis and potential fiscal impact of electrification on the rental car industry has compelled the rental car companies to request a one-year extension to the existing agreement while they gather more data.

During the COVID-19 pandemic, the rental car companies (RACs) were provided rent relief by TAA through two different mechanisms: minimum annual guarantee (MAG) waiver and fixed terminal rent discount of 25%. The MAG waiver is by virtue of a contractual obligation to provide such relief during a national emergency declaration affecting motor vehicle transportation. TAA has also discounted fixed facility rent in the airport terminal (which includes RAC space) by twenty-five percent as part of the two-year Airline Use Agreement Amendment and Extension, executed on October 1, 2021. The COVID-19 era has not yet passed, and neither TAA nor our RAC partners can confidently forecast its future effects on travel, revenue, MAG, and rental rates. This uncertainty is likely to have an unfavorable effect on RAC bids in an RFP process.

As noted above, TAA will also be challenged with the RACs' requests for electrical power improvements to accommodate electric vehicles (EV) in the rental market. In October 2021, Hertz purchased one-hundred thousand Tesla vehicles for nationwide rental customer use. Shortly after the Hertz announcement, Enterprise requested the TAA's plans for increased power to accommodate EV chargers. The future use of EVs by other RACs and its effect on airport facility power requirements cannot be confidently projected, yet. However, EV use will be an industry standard in a short time and TAA must be prepared to adapt to the new line of business.

Staff believes it would be imprudent to broker a large-scale agreement with such uncertainty in the industry. Staff addressed the concern with each of the RACs, all of which agreed to maintain the existing relationship one more year.

Staff consulted the TAA Legal Department to determine the best course of action for extending this agreement. The Legal Department responded that a one-year extension could be affected through the execution of a form amendment to the existing lease document. However, since the extension would take the contractual relationship beyond five years the execution of this extension would require TAA Board approval under the delegation of authority policy.

Strategic Plan | Analysis:

This proposed action supports the Strategic Plan initiative to bolster non-aeronautical revenue. The one-year extension gives the RACs and the TAA time to respond to the uncertainties of the COVID economy and produce the smartest solution for mutual benefit in the next year.

Cost Analysis:

TAA staff believe it is in the airport's best interest to proceed with the RAC agreements as written and to extend the agreements for a one-year period, as uncertainty may negatively impact RAC proposals this year. On-airport RAC revenue to TAA was \$6,464,991 for the 12-month period ended on September 30, 2021. This represents 17.8 percent of total TAA revenue.

There is no additional cost to the TAA. The extension of this agreement offers one year of additional revenue.

Recommendation:

Considering the above factors, including the legal opinion, staff recommends moving forward with an amendment for a one-year extension of the Airport Rental Car Lease and Concessions Agreements to July 31, 2023.

TAA management recommends the Board adopt Resolution No. 2022-11 for the one-year extension of the Rental Car Lease and Concessions Agreements between TAA and the Avis/Budget, Hertz/Dollar, and Enterprise/National/Alamo rental car companies.

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., AUTHORIZING THE PRESIDENT/CEO OR HER DESIGNEE(S) TO EXECUTE A ONE-YEAR EXTENSION OF THE RENTAL CAR LEASE AND CONCESSIONS AGREEMENTS WITH THE AVIS/BUDGET, HERTZ/DOLLAR, AND ENTERPRISE/NATIONAL/ALAMO RENTAL CAR COMPANIES.

WHEREAS the Board of Directors accepts the staff recommendations as detailed in the Board Memorandum.

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

The President/CEO or her designee(s) is authorized to execute a one-year extension of the rental car lease and concessions agreements with Avis/Budget, Hertz/Dollar, and Enterprise/National/Alamo rental car companies.

PASSED AND ADOPTED by the Board of Directors of the Tucson Airport Authority, Inc., this sixth day of April, 2022.

Bruce Dusenberry, Chair of the Board

ATTEST:

APPROVED AS TO FORM:

Michael S. Hammond, Secretary

Christopher Schmaltz, Vice President
and General Counsel

Date: April 6, 2022

To: TAA Board of Directors
From: Dave Hatfield, Senior Director of Air Service Development
Re: April 2022 TUS Air Service Update

New Air Service

On March 29 the TAA, along with several airports, the airline and Visit Tucson announced new international air service. Details of that are provided separate from this memorandum.

Avelo Airlines

Avelo Airlines operations at TUS were short-lived. Despite a promising start in December with load factors comparable to what the airline had experience in other new markets, bookings in January fell precipitously, largely due to the omicron variant. On one day there were only 11 people who went through TSA Security to board one of Avelo’s departing flights from TUS. According to the airline’s leadership, Avelo did not have the resources to sustain the route. Despite the TAA staff’s best efforts, Avelo chose to withdraw from TUS after only a few weeks in the market. As an ultra-low-cost carrier that has only been flying since April 2021, Avelo did not have access to federal government support funds during the pandemic. This was certainly a factor in the quick decision to leave TUS.

As a result of not meeting the minimum time for service requirement, TAA did not reimburse Avelo for money it spent on marketing. However, per the terms of the TAA incentive agreement, Avelo did receive landing fee waivers and terminal rent credits for flights it did operate at TUS.

Support for Low Fare Airlines

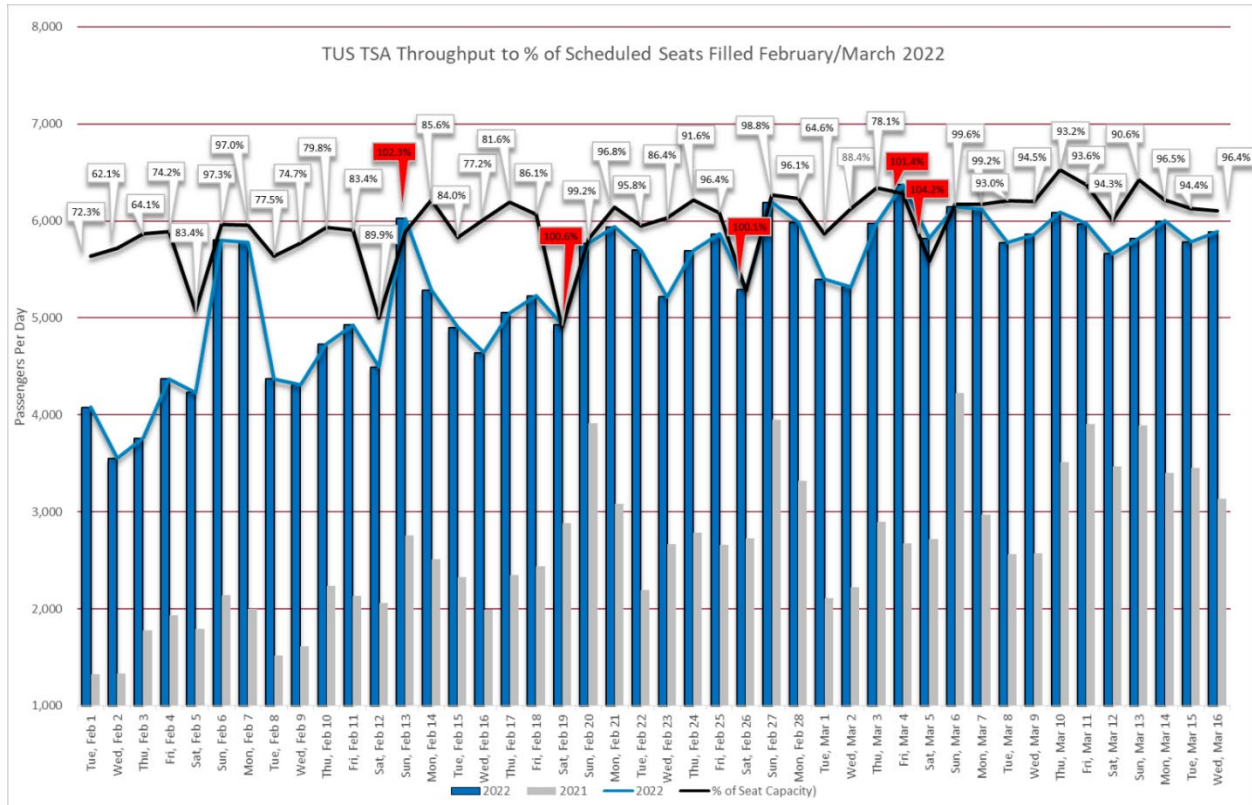
The recent departures of both Allegiant and Frontier airlines provide a good example for what happens when TUS passengers don’t support air service. Both airlines, along with Southwest Airlines, offered nonstop flights between TUS and Las Vegas. Newly released 3rd quarter 2021 data from the U.S. Department of Transportation provides insight to the decision. The chart below shows the three airlines, the average one-way fare paid by passengers and the percentage of seats filled by paying passengers on each airline (load factor). As a very general point of reference, airlines’ break-even load factor is 77%. When load factors drop below this threshold airlines reevaluate the routes and, in the case, they divest from the airport.

| Airline | Average Fare | Avg % of seats filled per flight (Load Factor) |
|----------------|---------------------|---|
| Allegiant | \$33. | 35% |
| Frontier | \$50. | 43% |
| Southwest | \$127. | 87% |

About 6.9% of passengers traveling between Tucson and Las Vegas used connecting flights through Phoenix, Los Angeles or San Diego. About 36% of Southwest’s passengers made connections to destinations beyond Las Vegas.

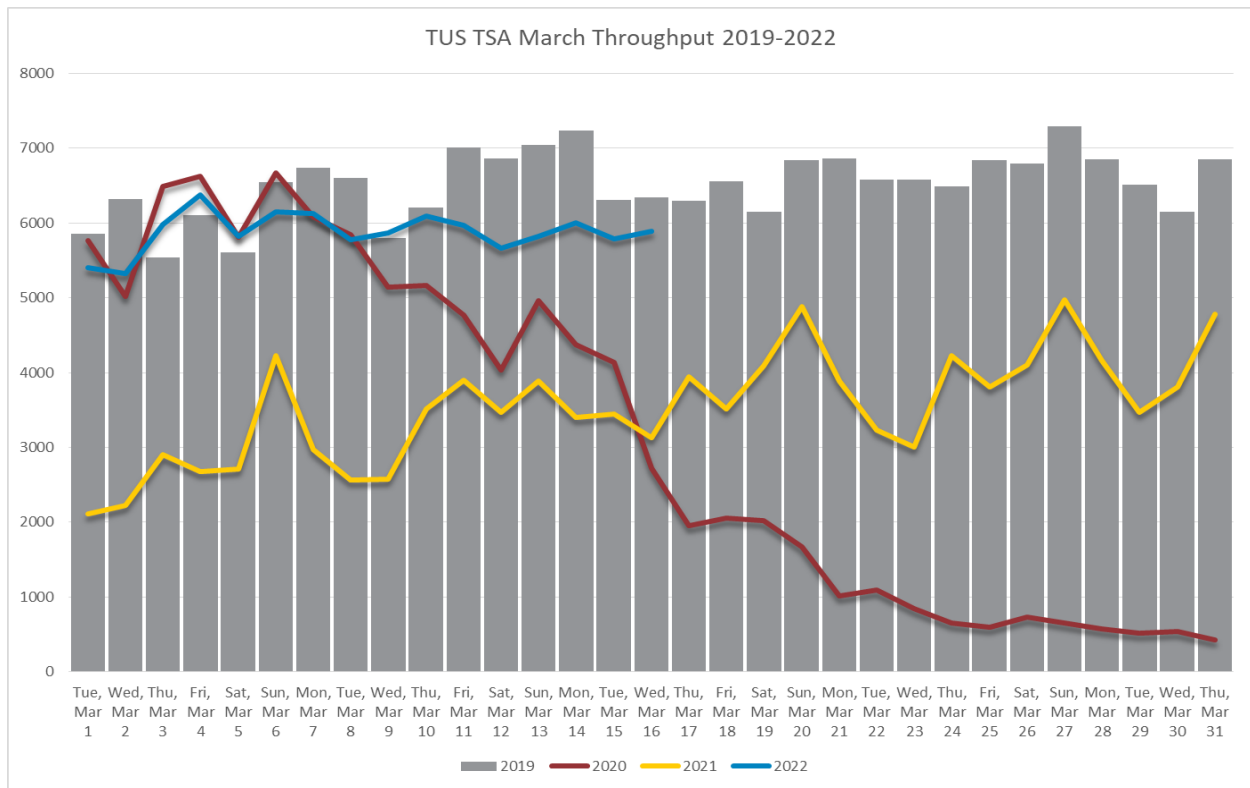
Passengers Filling Flights

Airlines at TUS recovered quickly in February from the negative effects of omicron. While not an exact correlation, the chart below shows the number of people screened each day by TSA at TUS, compared to the number of available seats scheduled by the airlines. The gap between the black line and the blue line, indicates the different between seat capacity (black) and TSA screenings (blue). It is estimated the TSA screens 4-7% more people than board flights as passengers. Since mid-February, TSA screenings are at 95% or more of capacity – including five days in February and March when they exceeded 100%.



Comparing the Last Four Years

The following chart tracks March TSA Throughput at TUS from 2019 through 2022. The gray columns are for pre-pandemic benchmark of 2019, showing the rapid decline of 2020 in red, the moderate recovery of 2021 in yellow and 2022 in blue.



The most significant factor inhibiting growth at TUS is the lack of available seats. For March, airlines have scheduled an average of 6,216 outbound seats per day, compared with 7,280 per day in March 2019, a 14.2% decrease. The TAA Air Service Development team continues to work aggressively with our airline partners to bolster seat capacity at TUS.

Status Report

Staffing shortages continue to impact airline schedules. As a winter destination, TUS has not been impacted as much by cuts and, in fact, airlines have added service. Some highlights:

- Atlanta (ATL) capacity in March is 59.2% above March 2019 with Delta offering three daily flights.
- Dallas/Fort Worth (DFW) capacity is just 22 seats below the March 2019 daily average. Although American has reduced from seven daily flights to six, all are now on board larger Airbus 321 aircraft with more than 180 seats.
- Alaska Airlines’ new flights to/from Everett, Washington, now rank as the second-best performing route from Paine Field (PAE). As of March 17, the flights are operating daily. Due to scheduling issues, Alaska is still planning to put the flight on hiatus over the summer but anticipates it will return next winter. Alaska is also considering making it a year-round route in 2023.
- Airlines operating to Los Angeles have adopted different strategies. Delta has increased capacity by 5.3% with three flights per day. Southwest has reduced capacity by 36% with two flights per day. American has reduced capacity by 45%, also with two flights per day.

Date: April, 6, 2022

To: TAA Board of Directors
From: Kirk Eickhoff, Vice President/Chief Financial Officer
Re: Summary of Financial Performance for February 2022

Financial Performance

- Operating Income before Depreciation and Amortization (YTD vs budget)
 - Tucson Airport Authority generated operating income before depreciation and amortization of \$928,757 for February 2022, which is \$208,330 favorable to budget due to favorable operating revenues and expenses described below.

- Operating Revenues (YTD vs budget)
 - In February, operating revenue of \$3,698,336 is favorable to budget by \$179,718 or 5.1% and favorable to prior year by \$1,101,110 or 42.4%. The increase from prior year is largely due to increased concession revenues, driven by the general recovery of passenger volumes and restoration of minimum annual guarantees. Operating revenues for the month were down \$418,775 (10.2%) compared to February 2020 (pre-COVID).
 - Year-to-date operating revenues were greater than budgeted by \$355,614 or 2.1%, with favorable variances in landing fees, land rent, concession revenues, and other operating revenues partially offset by unfavorable variances in reimbursed services and space rentals.
 - The favorable variance in landing fees is largely attributable to back billings of landing fees. The favorable variance in concession revenue is a result of higher-than-expected rental car revenues and parking revenues.

- Operating Expenses (YTD vs budget)
 - In February, total operating expenses were lower than budget by \$28,612, largely due to lower-than-anticipated personnel and materials and supplies expenses offset by higher-than-expected contractual services.
 - Year-to-date operating expenses of \$13,581,572 are favorable to budget by \$1,599,609 or 10.5%. All expense categories were lower than budgeted, with contractual services and personnel expenses driving the majority of the favorable variance.

FINANCIAL SUMMARY



For the five months ending February 28, 2022

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

| | CURRENT MONTH - February | | | February 2021 | February 2020 |
|---|--------------------------|---------------------|---------------------|---------------------|---------------------|
| | BUDGET | ACTUAL | FAV (UNFAV) | ACTUAL | ACTUAL |
| OPERATING REVENUES: | | | | | |
| Landing fees | \$ 206,474 | \$ 199,335 | \$ (7,139) | \$ 141,712 | \$ 230,524 |
| Space rentals | 913,235 | 910,449 | (2,786) | 1,009,202 | 1,276,296 |
| Land rent | 305,760 | 311,540 | 5,780 | 316,123 | 301,912 |
| Concession revenue | 1,555,381 | 1,655,322 | 99,941 | 680,257 | 1,819,392 |
| Reimbursed services | 266,225 | 309,471 | 43,246 | 252,168 | 240,700 |
| Other operating revenues | 271,543 | 312,219 | 40,676 | 197,764 | 248,287 |
| Total Operating Revenues | 3,518,618 | 3,698,336 | 179,718 | 2,597,226 | 4,117,111 |
| OPERATING EXPENSES: | | | | | |
| Personnel expenses | 1,776,033 | 1,701,070 | 74,963 | 1,681,115 | 1,739,462 |
| Contractual services | 730,056 | 806,274 | (76,218) | 615,486 | 604,486 |
| Materials and supplies | 164,530 | 131,354 | 33,176 | 148,119 | 171,901 |
| Other operating expenses | 127,572 | 130,881 | (3,309) | 73,309 | 132,972 |
| Total Operating Expenses | 2,798,191 | 2,769,579 | 28,612 | 2,518,029 | 2,648,821 |
| NET OPERATING INCOME (LOSS) BEFORE DEPRECIATION AND AMORTIZATION | 720,427 | 928,757 | 208,330 | 79,197 | 1,468,290 |
| Depreciation and Amortization | 1,600,000 | 1,680,457 | (80,457) | 1,571,534 | 1,536,675 |
| OPERATING INCOME (LOSS) | (879,573) | (751,700) | 127,873 | (1,492,337) | (68,385) |
| NONOPERATING INCOME (EXPENSES) | | | | | |
| Interest Income | 36,945 | 37,415 | 470 | 43,668 | 233,248 |
| Net increase/(decrease) in fair value of investments | - | (556,544) | (556,544) | (137,534) | 184,077 |
| Passenger facility charges | 529,711 | 547,725 | 18,014 | 156,162 | 507,619 |
| Interest expense and fiscal charges | (67,163) | (67,163) | - | (74,671) | (81,988) |
| Gain/(Loss) on disposition of capital assets | - | - | - | - | 1,772,856 |
| Other nonoperating revenues (expenses) | - | - | - | 7,092,261 | 85 |
| Total nonoperating revenues (expenses) | 499,493 | (38,567) | (538,060) | 7,079,886 | 2,615,897 |
| INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS | (380,080) | (790,267) | (410,187) | 5,587,549 | 2,547,512 |
| CAPITAL CONTRIBUTIONS: | | | | | |
| Federal | 2,869,878 | 3,039,507 | 169,629 | 491,404 | - |
| State | 13,117 | 102,260 | 89,143 | 344,267 | - |
| Total capital contributions | 2,882,995 | 3,141,767 | 258,772 | 835,671 | - |
| INCREASE (DECREASE) IN NET POSITION | \$ 2,502,915 | \$ 2,351,500 | \$ (151,415) | \$ 6,423,220 | \$ 2,547,512 |

TUCSON AIRPORT AUTHORITY
STATEMENT OF REVENUES , EXPENSES AND
CHANGES IN NET POSITION
For the five months ending February 28, 2022

| | CURRENT YEAR TO DATE | | | YTD - | YTD - |
|--|----------------------|-----------------------|------------------------|-----------------------|-----------------------|
| | BUDGET | ACTUAL | FAV (UNFAV) | February 2021 | February 2020 |
| OPERATING REVENUES: | | | | | |
| Landing fees | \$ 1,015,859 | \$ 1,086,043 | \$ 70,184 | \$ 719,779 | \$ 1,174,195 |
| Space rentals | 4,566,177 | 4,517,503 | (48,674) | 4,991,866 | 6,269,711 |
| Land rent | 1,533,381 | 1,536,529 | 3,148 | 1,556,276 | 1,516,653 |
| Concession revenue | 7,193,512 | 7,505,704 | 312,192 | 3,384,044 | 8,034,895 |
| Reimbursed services | 1,356,127 | 1,215,321 | (140,806) | 1,327,339 | 1,404,085 |
| Other operating revenues | 1,284,053 | 1,443,623 | 159,570 | 1,162,873 | 1,334,543 |
| Total operating revenues | 16,949,109 | 17,304,723 | 355,614 | 13,142,177 | 19,734,082 |
| OPERATING EXPENSES: | | | | | |
| Personnel expenses | 9,509,601 | 9,015,728 | 493,873 | 9,518,608 | 9,077,761 |
| Contractual services | 4,147,539 | 3,379,273 | 768,266 | 2,471,216 | 3,055,201 |
| Materials and supplies | 851,673 | 711,834 | 139,839 | 615,988 | 755,746 |
| Other operating expenses | 672,368 | 474,737 | 197,631 | 421,975 | 542,275 |
| Total Operating Expenses | 15,181,181 | 13,581,572 | 1,599,609 | 13,027,787 | 13,430,983 |
| NET OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION | 1,767,928 | 3,723,151 | 1,955,223 | 114,390 | 6,303,099 |
| Depreciation and Amortization | 8,000,000 | 10,508,199 | (2,508,199) | 7,835,031 | 7,652,783 |
| OPERATING INCOME (LOSS) | (6,232,072) | (6,785,048) | (552,976) | (7,720,641) | (1,349,684) |
| NONOPERATING REVENUES (EXPENSES): | | | | | |
| Interest Income | 184,726 | 195,981 | 11,255 | 246,858 | 1,280,612 |
| Net increase/(decrease) in fair value of investments | - | (2,387,945) | (2,387,945) | (109,922) | 329,837 |
| Passenger facility charges | 2,513,096 | 2,628,690 | 115,594 | 1,023,152 | 2,919,296 |
| Interest expense and fiscal charges | (335,817) | (335,817) | - | (373,357) | (234,167) |
| Gain/(Loss) on disposition of capital assets | - | - | - | 10,100 | 2,175,246 |
| Other nonoperating revenues (expenses) | - | (529) | (529) | 13,988,972 | 237,658 |
| Total nonoperating revenues (expenses) | 2,362,005 | 100,380 | (2,261,625) | 14,785,803 | 6,708,482 |
| INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS | (3,870,067) | (6,684,668) | (2,814,601) | 7,065,162 | 5,358,798 |
| CAPITAL CONTRIBUTIONS: | | | | | |
| Federal | 25,161,319 | 3,039,507 | (22,121,812) | 2,792,965 | 1,031,042 |
| State | 603,683 | 102,260 | (501,423) | 458,783 | 31,014 |
| Total capital contributions | 25,765,002 | 3,141,767 | (22,623,235) | 3,251,748 | 1,062,056 |
| INCREASE (DECREASE) IN NET POSITION | \$ 21,894,935 | (3,542,901) | \$ (25,437,836) | 10,316,910 | 6,420,854 |
| TOTAL NET POSITION, (BEGINNING) | | 440,735,269 | | 425,257,641 | 396,401,145 |
| TOTAL NET POSITION, (ENDING) | | \$ 437,192,368 | | \$ 435,574,551 | \$ 402,821,999 |

**TUCSON AIRPORT AUTHORITY
STATEMENT OF NET POSITION**

| ASSETS | February-22 | February-21 |
|--|------------------------------|------------------------------|
| CURRENT ASSETS | | |
| Unrestricted assets: | | |
| Cash and cash equivalents | \$ 15,710,269 | \$ 34,973,953 |
| Investments | 115,866,781 | 126,084,506 |
| Accounts receivable, net of allowance for doubtful accounts of \$257,121 and \$313,380 for FY2022 and FY2021, respectively | 3,166,342 | 1,776,727 |
| Accrued interest receivable | 157,237 | 286,853 |
| Grants receivable | 5,780,755 | 18,355,718 |
| Inventories | 402,912 | 374,789 |
| Prepaid expenses and other assets | 699,837 | 450,386 |
| Total unrestricted current assets | <u>141,784,133</u> | <u>182,302,932</u> |
| Restricted assets: | | |
| Cash and cash equivalents | 2,290,348 | 4,509,350 |
| Investments | 23,354,791 | 18,896,539 |
| Accounts receivable | 546,032 | 316,632 |
| Accrued interest receivable | 41,603 | 61,595 |
| Total restricted current assets | <u>26,232,774</u> | <u>23,784,116</u> |
| Total current assets | <u>168,016,907</u> | <u>206,087,048</u> |
| Noncurrent assets: | | |
| Unrestricted assets: | | |
| Accounts receivable | - | 208,610 |
| Capital assets | | |
| Not depreciated | 137,274,268 | 138,020,354 |
| Depreciated, net | 200,529,122 | 192,757,090 |
| Net capital assets | <u>337,803,390</u> | <u>330,777,444</u> |
| Total unrestricted noncurrent assets | <u>337,803,390</u> | <u>330,986,054</u> |
| Total noncurrent assets | <u>337,803,390</u> | <u>330,986,054</u> |
| TOTAL ASSETS | <u>505,820,297</u> | <u>537,073,102</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred outflows from pensions | 6,091,332 | 6,091,332 |
| Total deferred outflows of resources | <u>6,091,332</u> | <u>6,091,332</u> |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | <u>\$ 511,911,629</u> | <u>\$ 543,164,435</u> |

**TUCSON AIRPORT AUTHORITY
STATEMENT OF NET POSITION**

LIABILITIES & NET ASSETS (Con't)

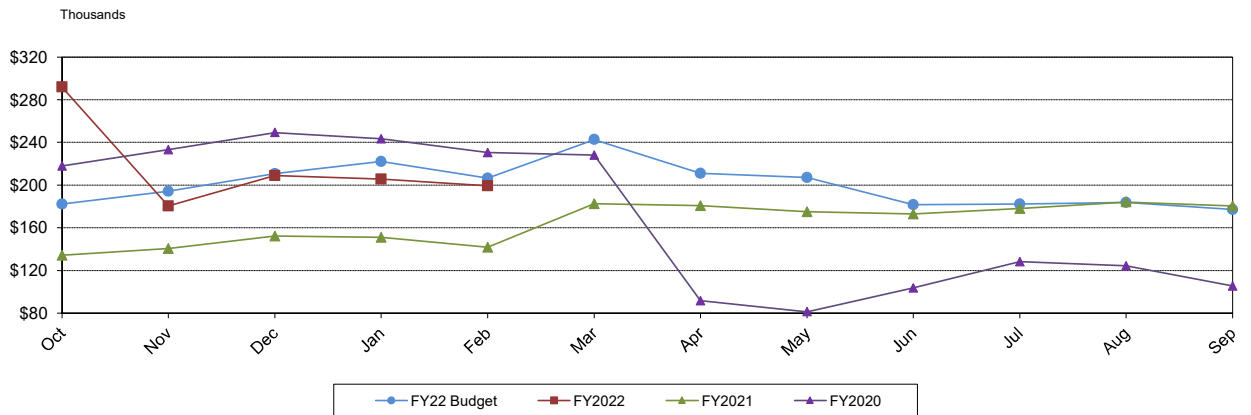
| LIABILITIES | February-22 | February-21 |
|---|-----------------------------|------------------------------|
| CURRENT LIABILITIES | | |
| Payable from unrestricted assets: | | |
| Accounts payable | \$ 911,287 | \$ 791,815 |
| Accrued expenses | 1,428,471 | 1,668,319 |
| Unearned revenue | 3,068,745 | 2,835,346 |
| Current portion of environmental remediation payable | 2,551,551 | 4,703,774 |
| Current portion of bonds payable: | | |
| Airport Subordinate Lien Revenue Bonds, Series 2018 | 1,565,000 | 1,510,000 |
| Total payable from unrestricted assets | <u>9,525,054</u> | <u>11,509,254</u> |
| Payable from restricted assets | | |
| Accrued interest payable: | | |
| Airport Subordinate Lien Revenue Bonds, Series 2018 | 357,743 | 399,159 |
| | <u>357,743</u> | <u>399,159</u> |
| Current portion of environmental remediation payable | 389,951 | 402,420 |
| | <u>747,694</u> | <u>801,579</u> |
| Total payable from restricted assets | <u>747,694</u> | <u>801,579</u> |
| Total current liabilities | <u>10,272,748</u> | <u>12,310,833</u> |
| NONCURRENT LIABILITIES | | |
| Payable from unrestricted assets | | |
| Bonds payable, net of current portion: | | |
| Airport Subordinate Lien Revenue Bonds, Series 2018 | 25,040,523 | 28,218,571 |
| Net pension liability | 20,684,399 | 47,884,399 |
| Environmental Remediation Payable, net of current portion | 17,852,422 | 18,306,912 |
| Total payable from unrestricted assets | <u>63,577,344</u> | <u>94,409,882</u> |
| Total noncurrent liabilities | <u>63,577,344</u> | <u>94,409,882</u> |
| TOTAL LIABILITIES | <u>\$ 73,850,092</u> | <u>\$ 106,720,715</u> |

**TUCSON AIRPORT AUTHORITY
STATEMENT OF NET POSITION**

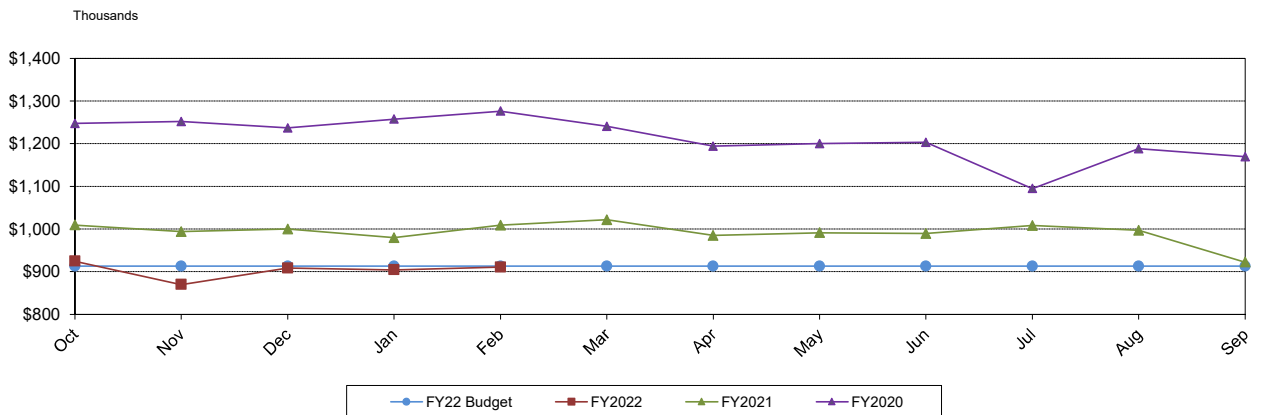
LIABILITIES & NET ASSETS (Con't)

| | <u>February-22</u> | <u>February-21</u> |
|--|------------------------------|------------------------------|
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred inflows from pensions | \$ 869,169 | \$ 869,169 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>869,169</u> | <u>869,169</u> |
| NET POSITION | | |
| Net Investment in capital assets | 311,197,867 | 301,048,873 |
| Restricted: | | |
| Debt service | 1,304,167 | 1,257,984 |
| Capital projects | <u>24,570,864</u> | <u>22,126,974</u> |
| | 25,875,031 | 23,384,957 |
| Unrestricted | <u>100,119,470</u> | <u>111,140,721</u> |
| TOTAL NET POSITION | <u>437,192,368</u> | <u>435,574,551</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | <u>\$ 511,911,629</u> | <u>\$ 543,164,435</u> |

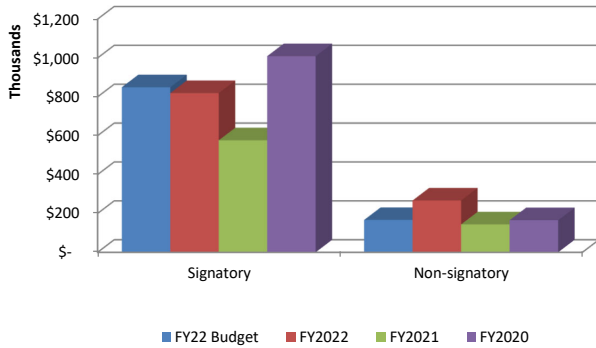
Landing Fees



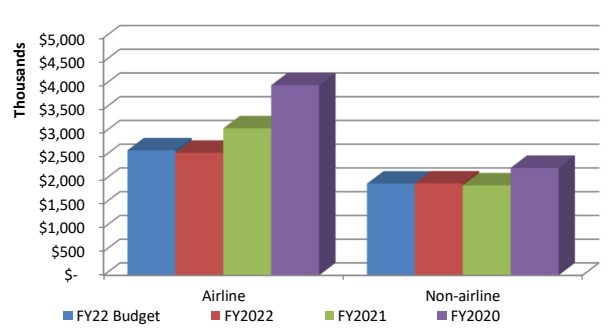
Space Rentals

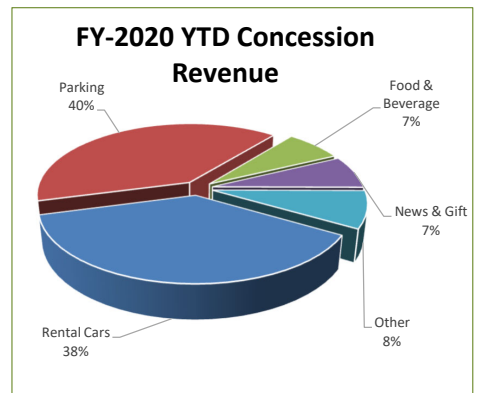
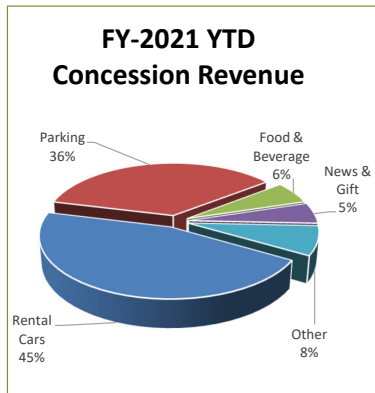
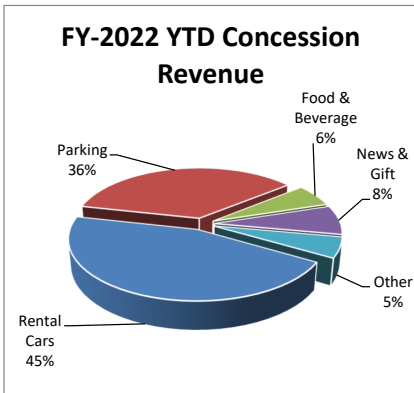
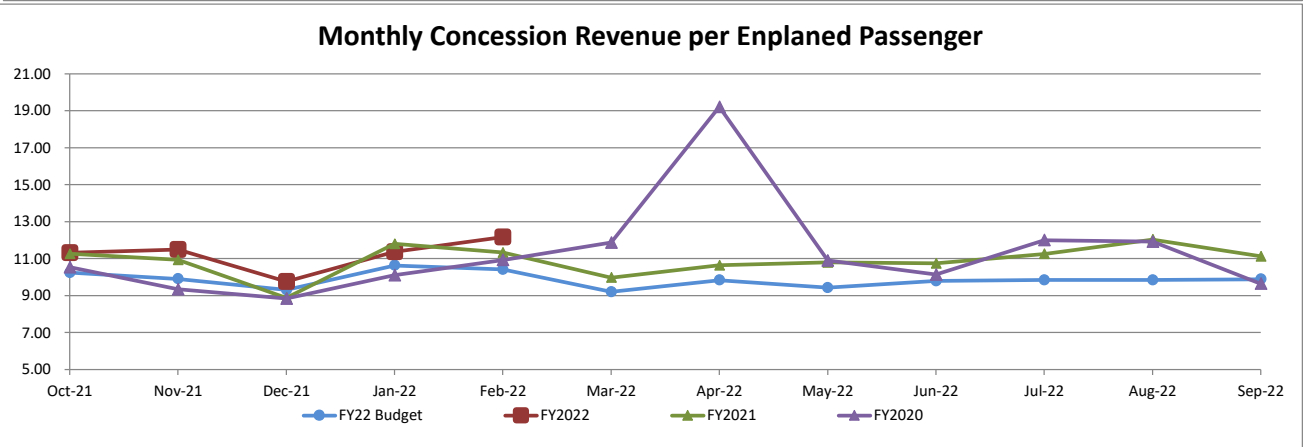
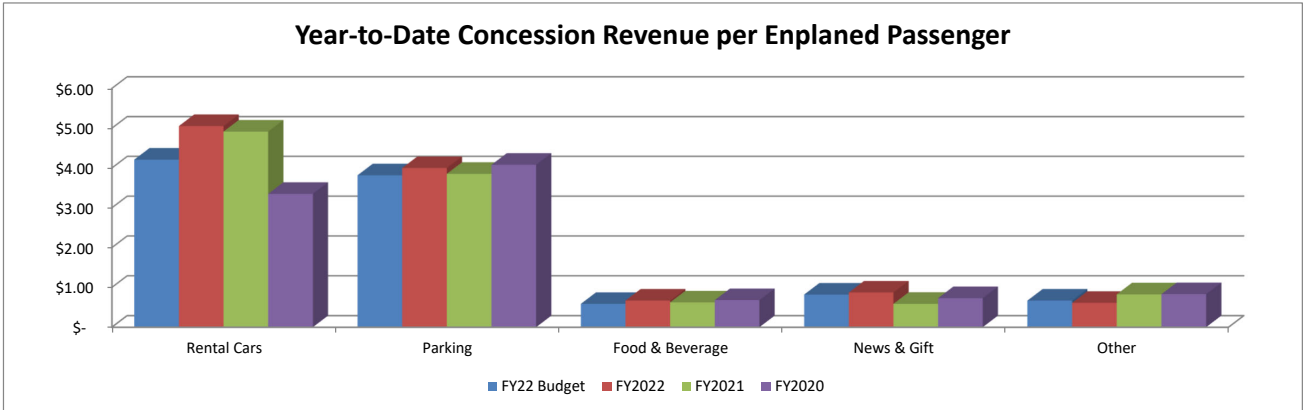
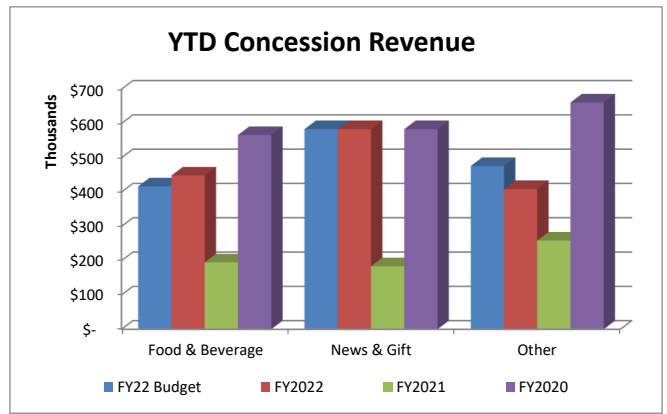
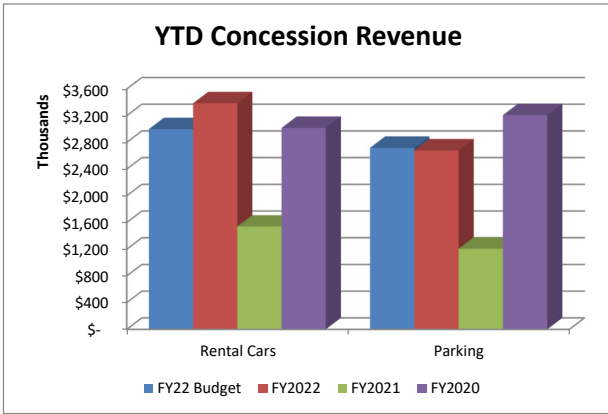


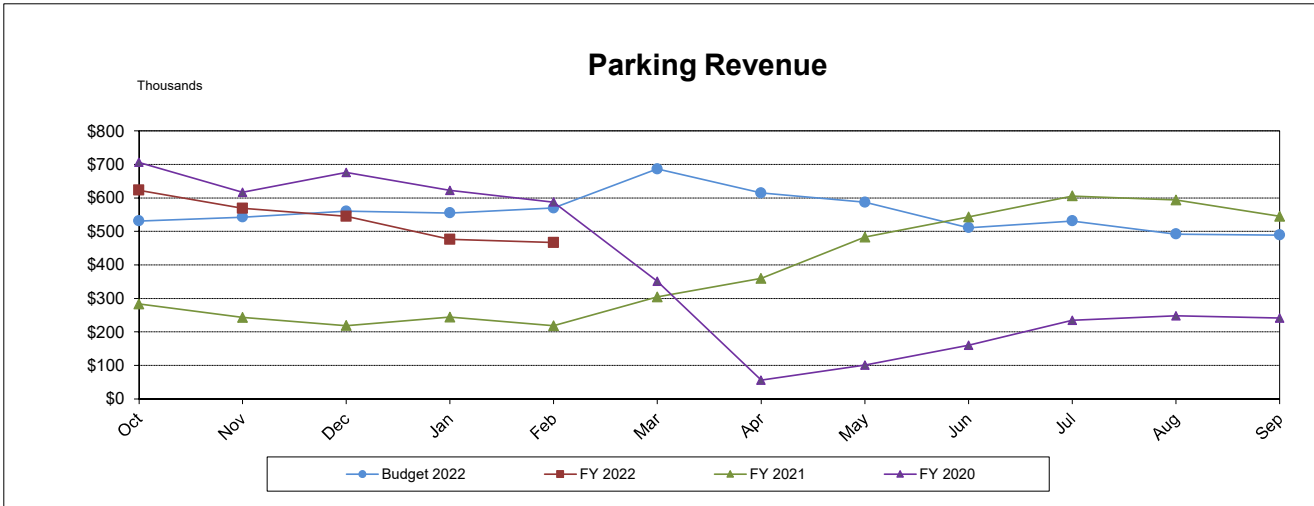
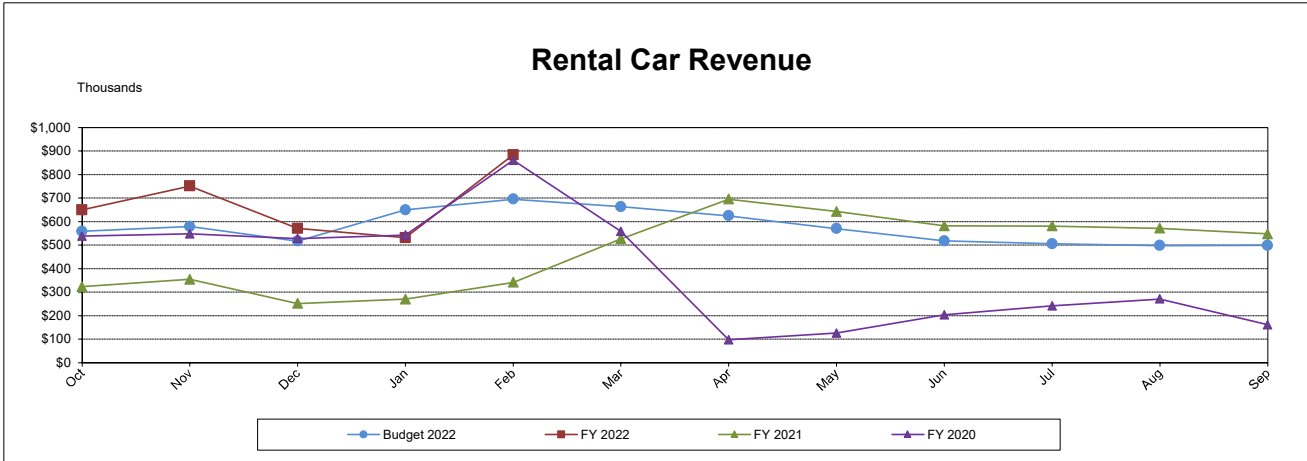
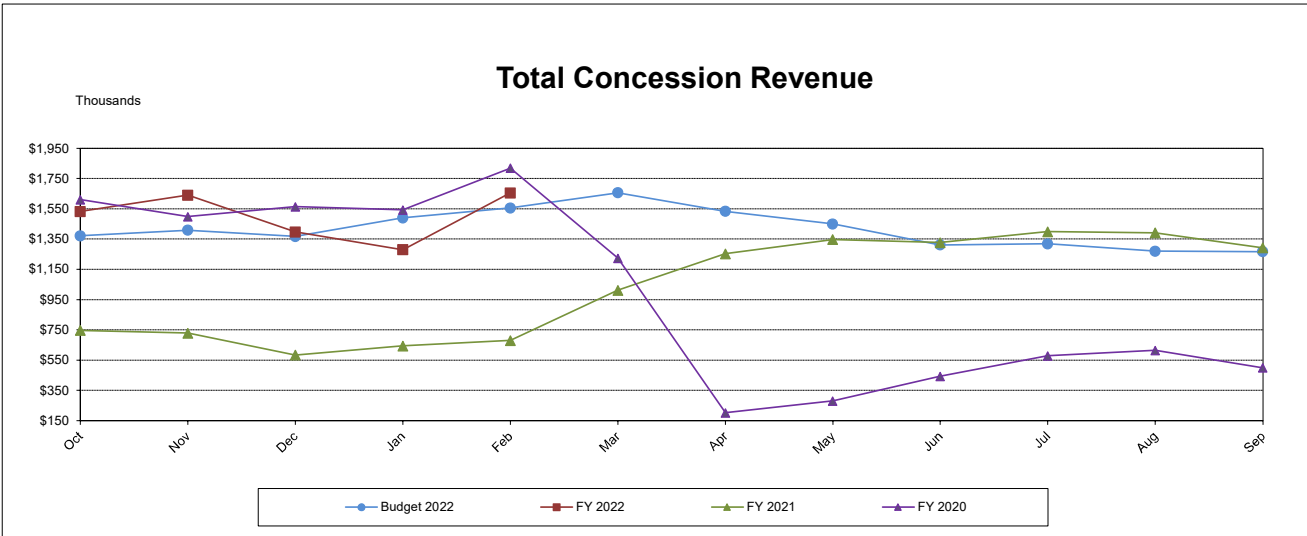
YTD Landing Fees

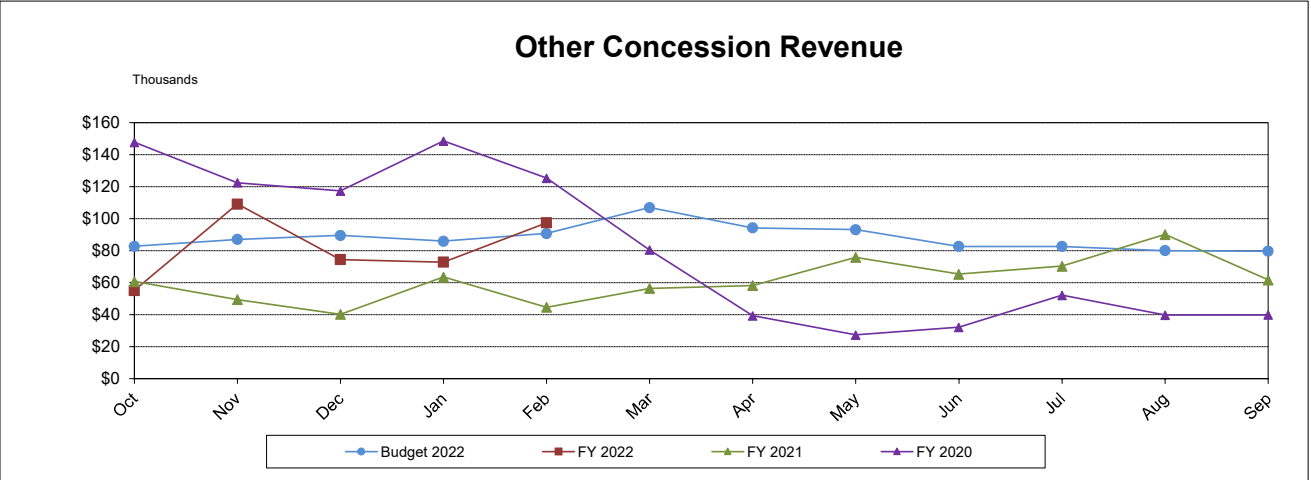
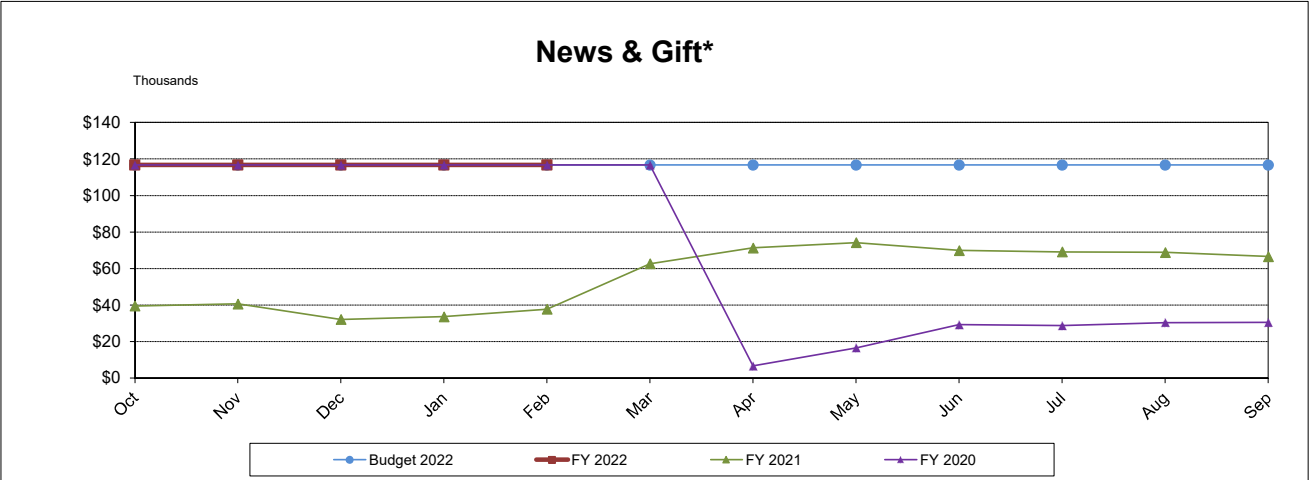
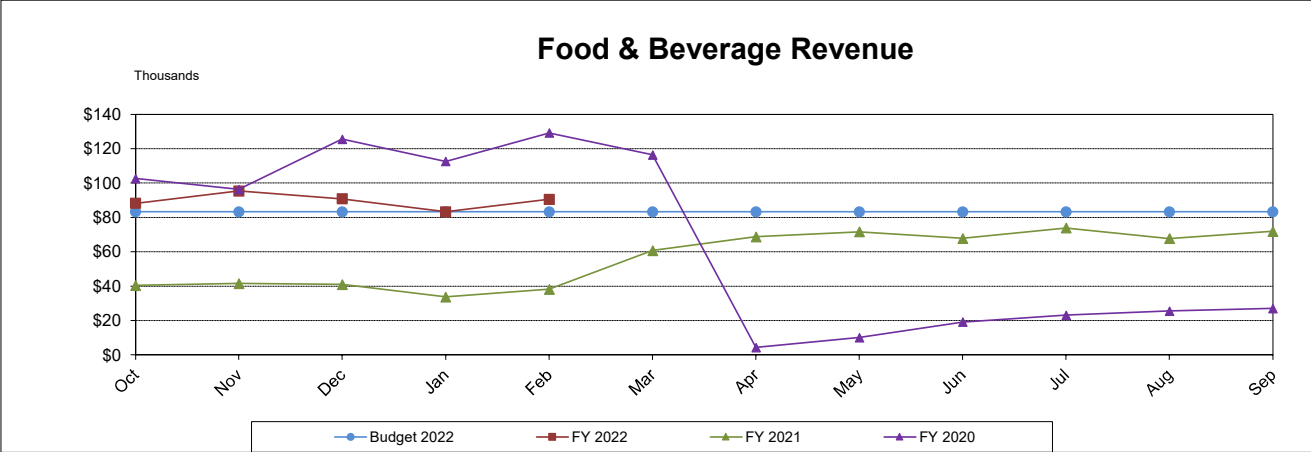


YTD Space Rentals



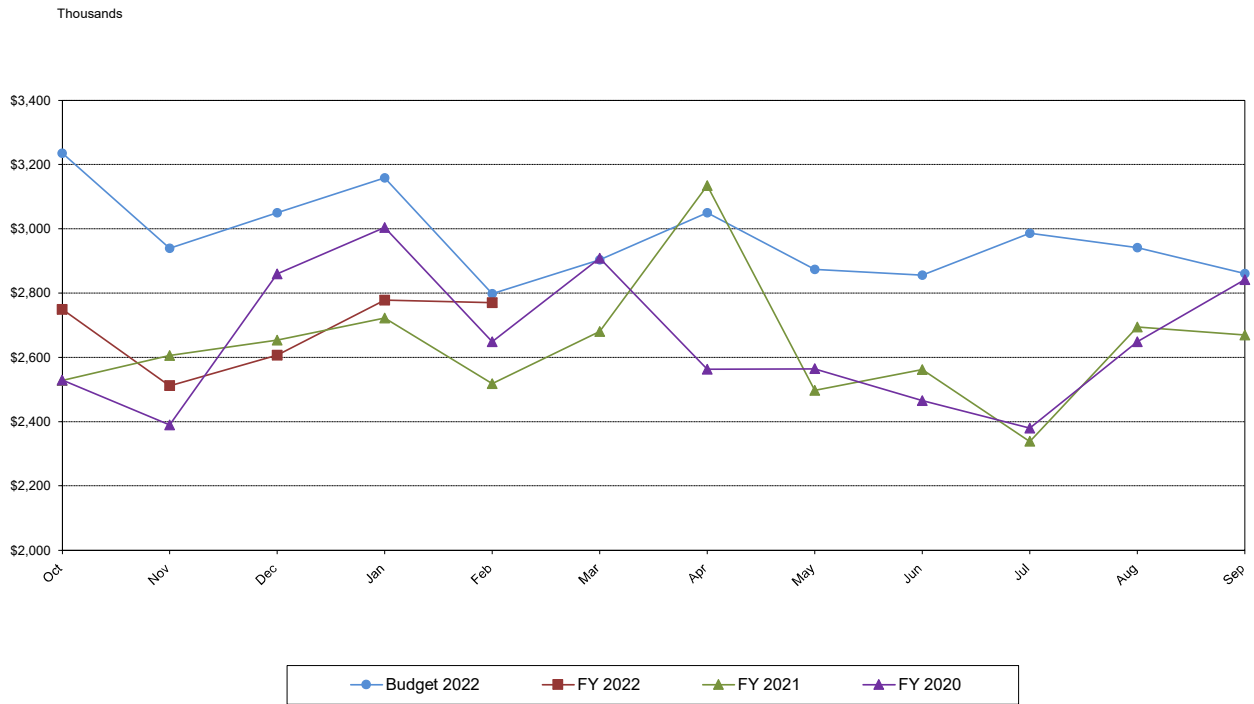




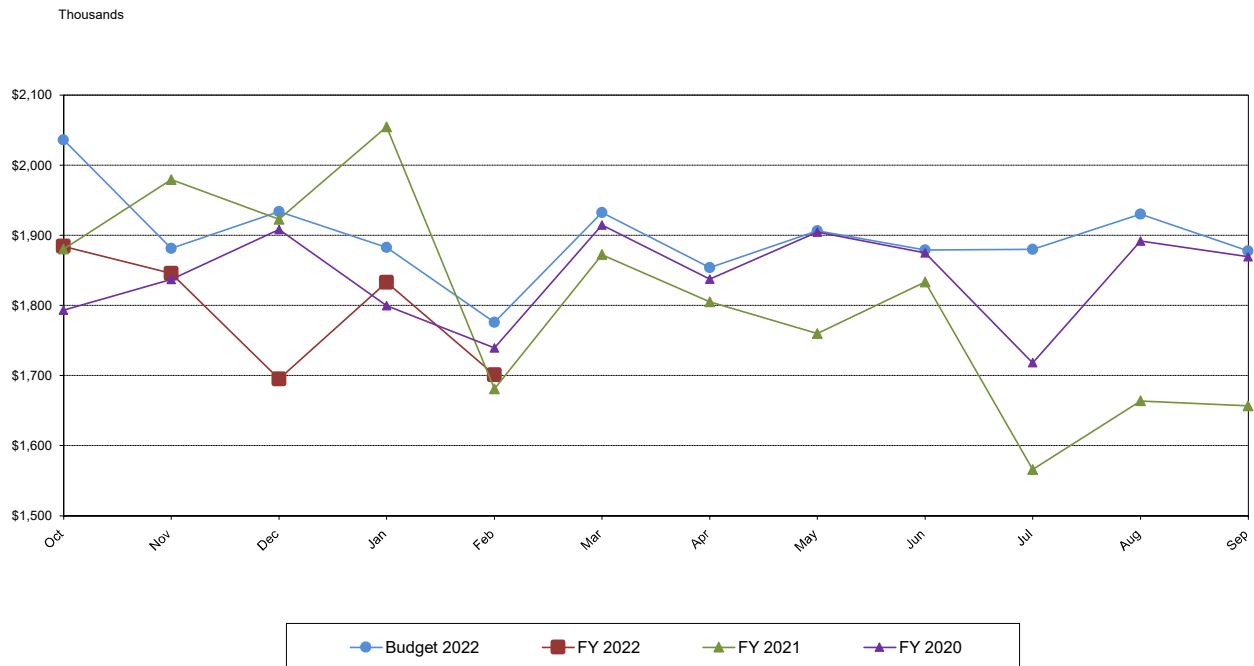


* Minimum Annual Guarantees were waived from April 2020 to September 2021

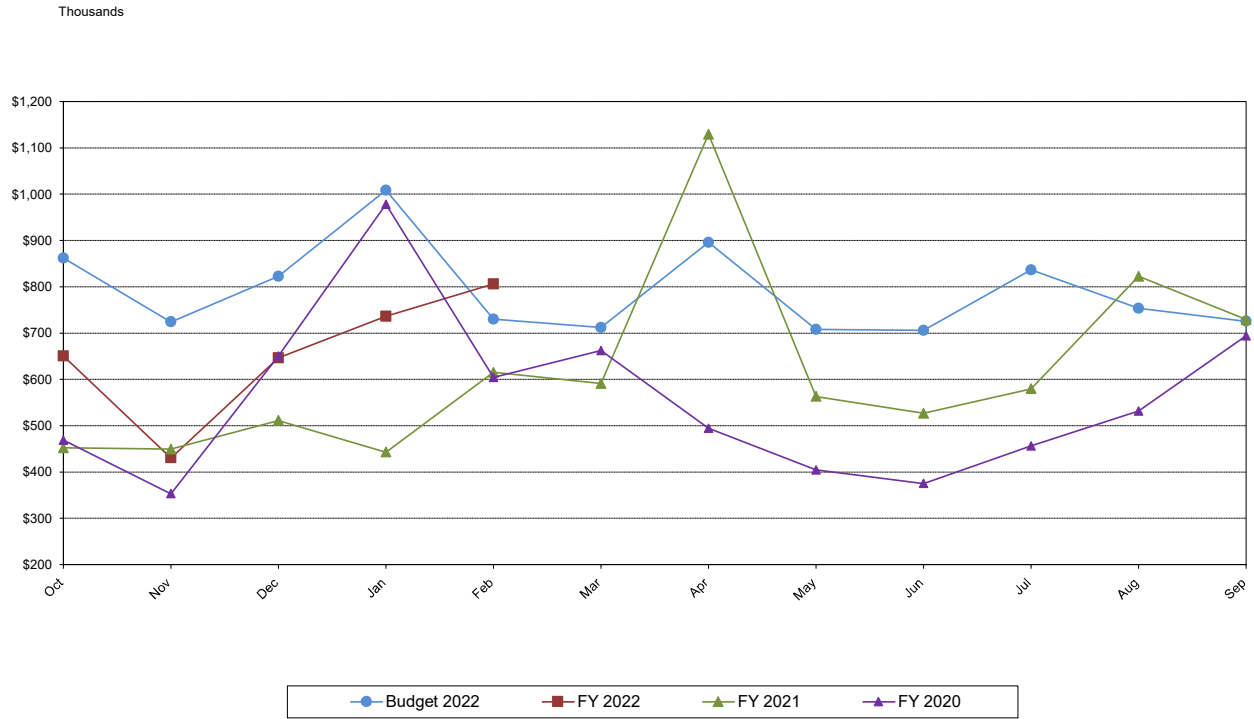
Total Operating Expenses



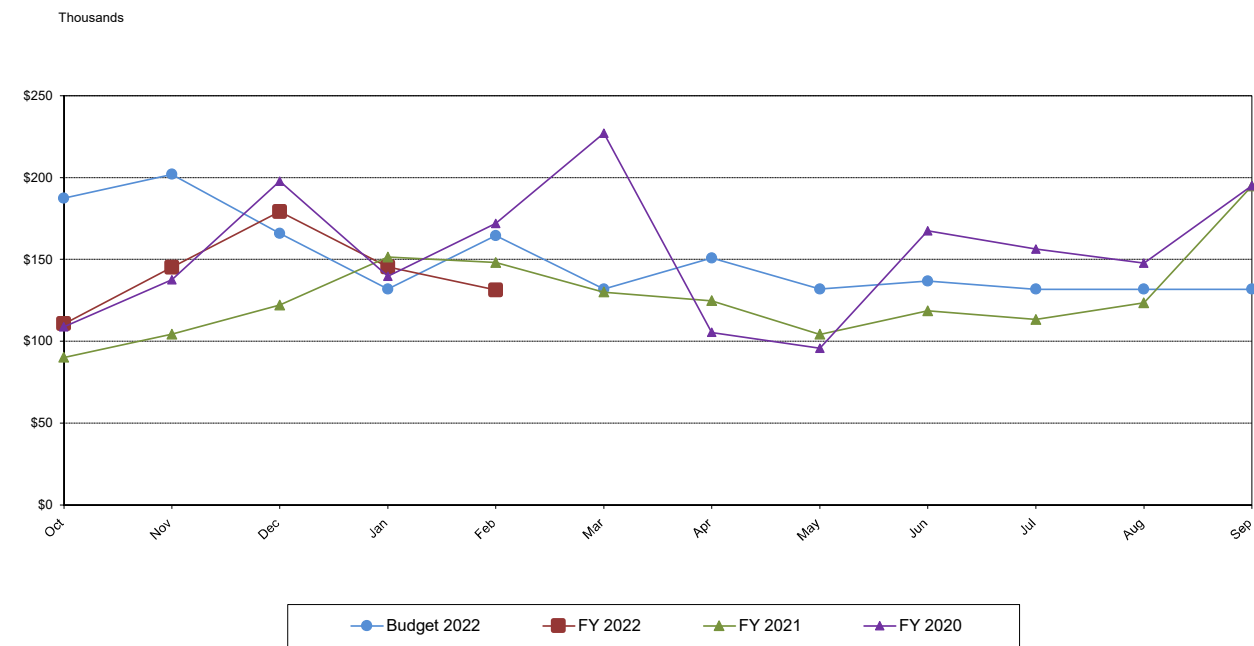
Personnel Expenses



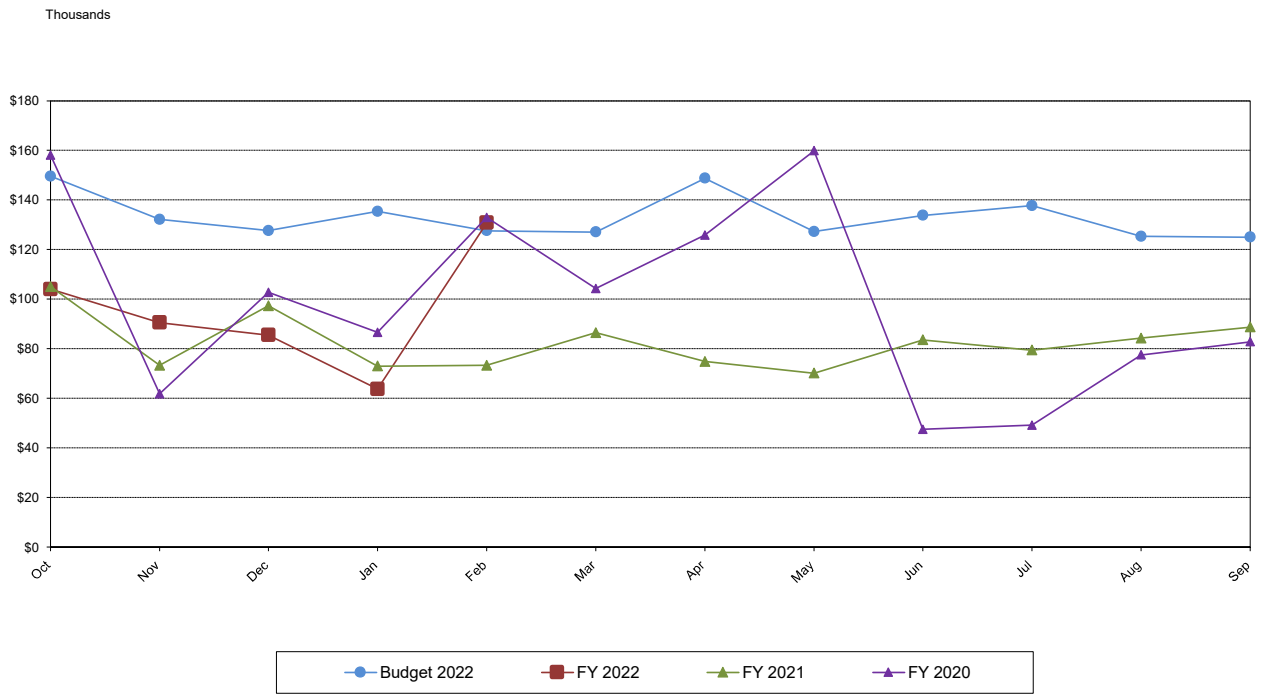
Contractual Services

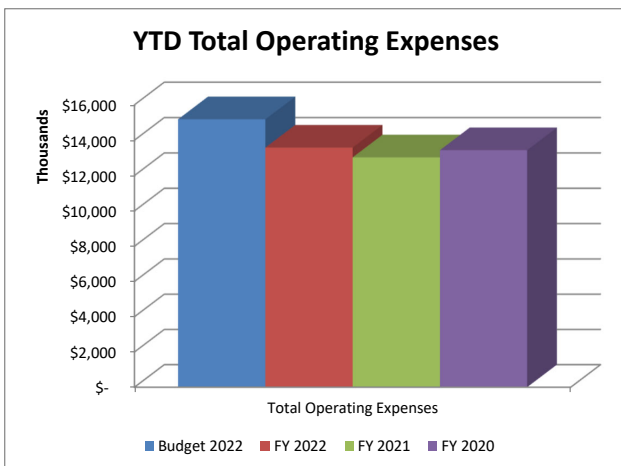
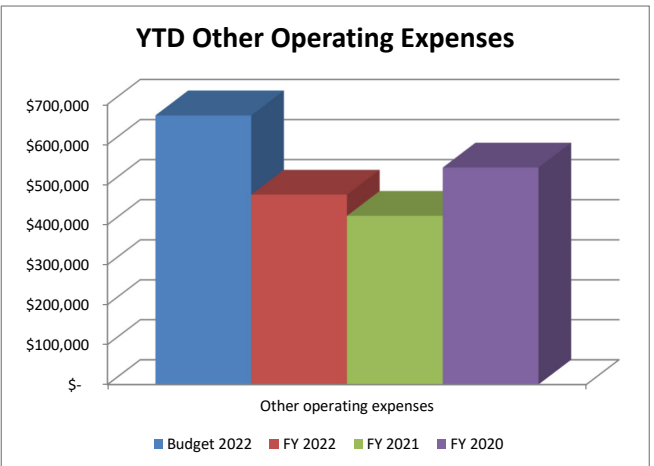
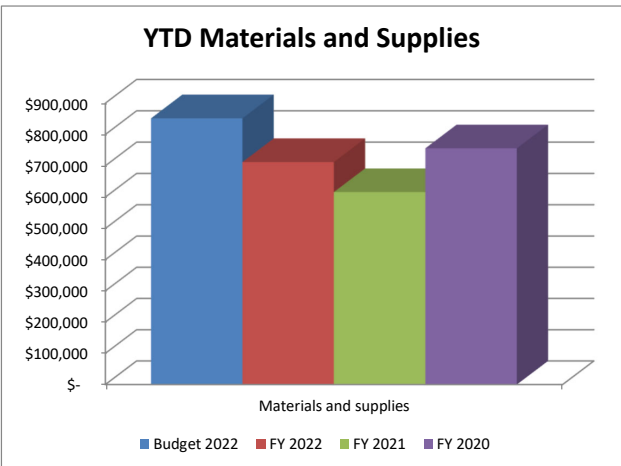
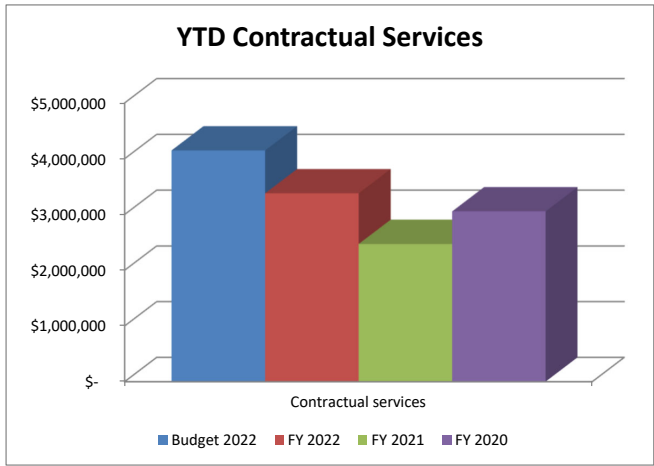
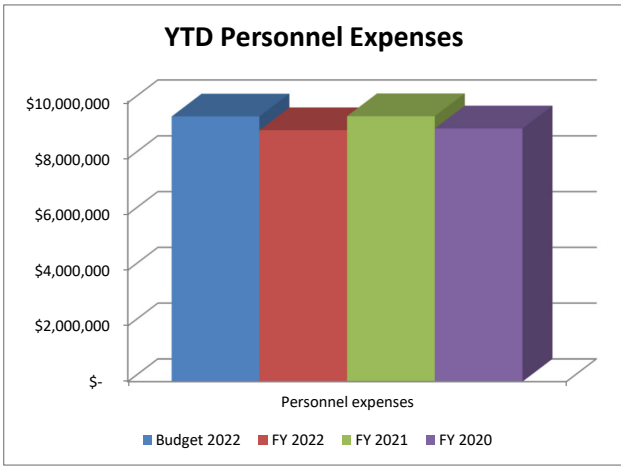


Materials and Supplies



Other Operating Expenses





Date: April, 6, 2022

To: TAA Board of Directors
From: Kirk Eickhoff, Vice President/Chief Financial Officer
Re: Aviation Activity and Statistics for February 2022

Summary of Operations and Statistics

- Total Passengers (YTD vs prior year)
 - Total passengers for the month of February 2022 were 120.9% higher than prior year and 18.8% lower than February 2020 (pre-COVID).
 - YTD total passengers were 111.8% higher than prior year and 17.9% lower than February 2020.

- Average Daily Scheduled Departures (YTD vs prior year, changes by routes & carrier)
 - The month of February had an average daily departure count of 45, which was 10 higher than prior year.
 - The increase was attributable to additional service to Denver (1), Houston Bush (1), Los Angeles (4), Chicago Midway (1), Oakland (1), Chicago O'Hare (1), Phoenix (1), and San Diego (1), partially offset by decrease in service to Salt Lake City (1).
 - Departure increases by carrier included Southwest (5), American (4), Alaska (1), and United (1), partially offset by a decrease in service by Delta (1).

- Average Daily Seat capacity (YTD vs prior years)
 - Seat capacity for February 2022 was 44.5% higher than prior year and 17.2% lower than February 2020.

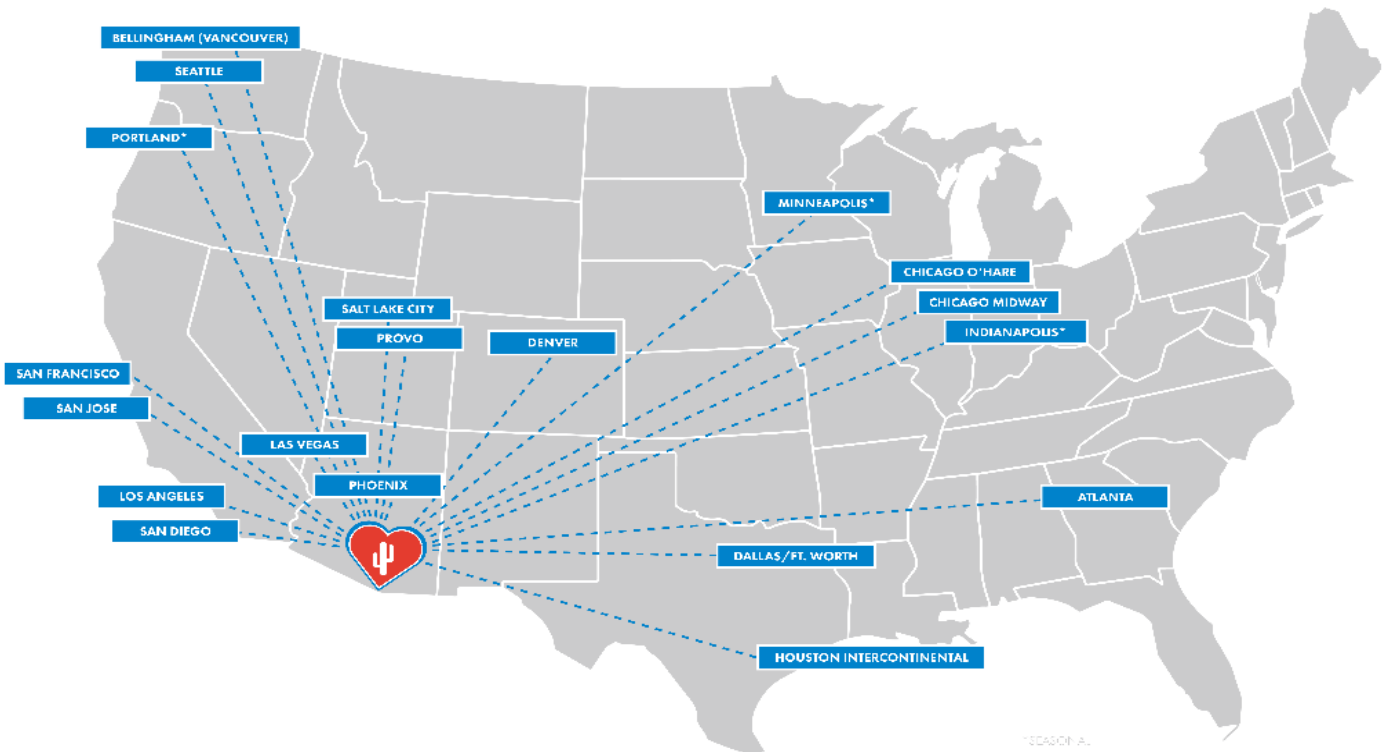
- Load Factors (MTD & YTD vs prior years)
 - The load factor for February was 85.9%, which is 31.1% higher than February 2021 and 1.2% lower than February 2020.

- Aircraft Operations (MTD & YTD vs prior year)
 - Freight, measured in pounds, is 22.4% higher in February compared the same month last year.
 - Total aircraft operations were 2.9% higher than the same month last year, with increases in all categories, except general aviation.

AVIATION ACTIVITY REPORTS

Tucson International Airport (TUS)

For the five months ending February 28, 2022



*Prepared by Tucson Airport Authority
Finance Department*

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

| PASSENGERS* | | | | Fiscal YTD | | |
|--------------|----------------|----------------|---------------|------------------|----------------|---------------|
| | Feb-22 | Feb-21 | % CHANGE | 2022 | 2021 | % CHANGE |
| ENPLANED | 136,048 | 60,022 | 126.7% | 669,984 | 313,297 | 113.8% |
| DEPLANED | 131,981 | 61,326 | 115.2% | 668,676 | 318,628 | 109.9% |
| TOTAL | 268,029 | 121,348 | 120.9% | 1,338,660 | 631,925 | 111.8% |

*Passenger figures include non-revenue passengers.

LANDED WEIGHT**

| | | | | | | |
|--------------|----------------|----------------|--------------|----------------|----------------|--------------|
| AIR CARGO | 12,090 | 12,064 | 0.2% | 66,197 | 67,728 | -2.3% |
| AIR CARRIER | 147,087 | 101,697 | 44.6% | 747,471 | 520,731 | 43.5% |
| TOTAL | 159,177 | 113,761 | 39.9% | 813,668 | 588,459 | 38.3% |

**In thousand pound units.

FREIGHT (in pounds)

| | | | | | | |
|--------------|------------------|------------------|--------------|-------------------|-------------------|--------------|
| ENPLANED | 2,496,877 | 1,998,893 | 24.9% | 12,468,405 | 13,147,492 | -5.2% |
| DEPLANED | 2,703,088 | 2,250,184 | 20.1% | 15,080,374 | 14,761,797 | 2.2% |
| TOTAL | 5,199,965 | 4,249,077 | 22.4% | 27,548,779 | 27,909,289 | -1.3% |

MAIL (in pounds)

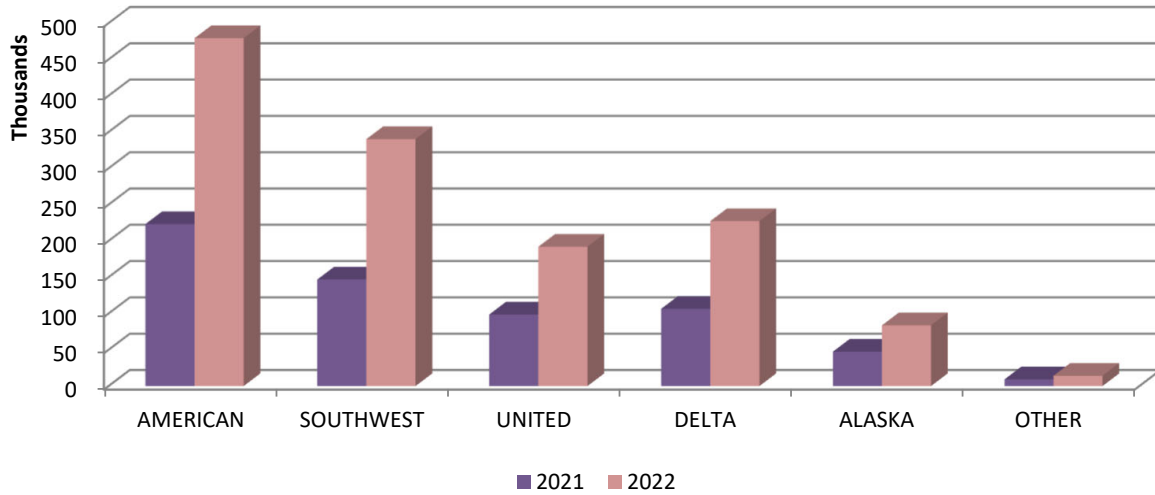
| | | | | | | |
|--------------|----------|--------------|----------------|------------|---------------|---------------|
| ENPLANED | 0 | 0 | 0.0% | 300 | 23 | 1204.3% |
| DEPLANED | 0 | 9,571 | -100.0% | 0 | 49,474 | -100.0% |
| TOTAL | 0 | 9,571 | -100.0% | 300 | 49,497 | -99.4% |

AIRCRAFT OPERATIONS

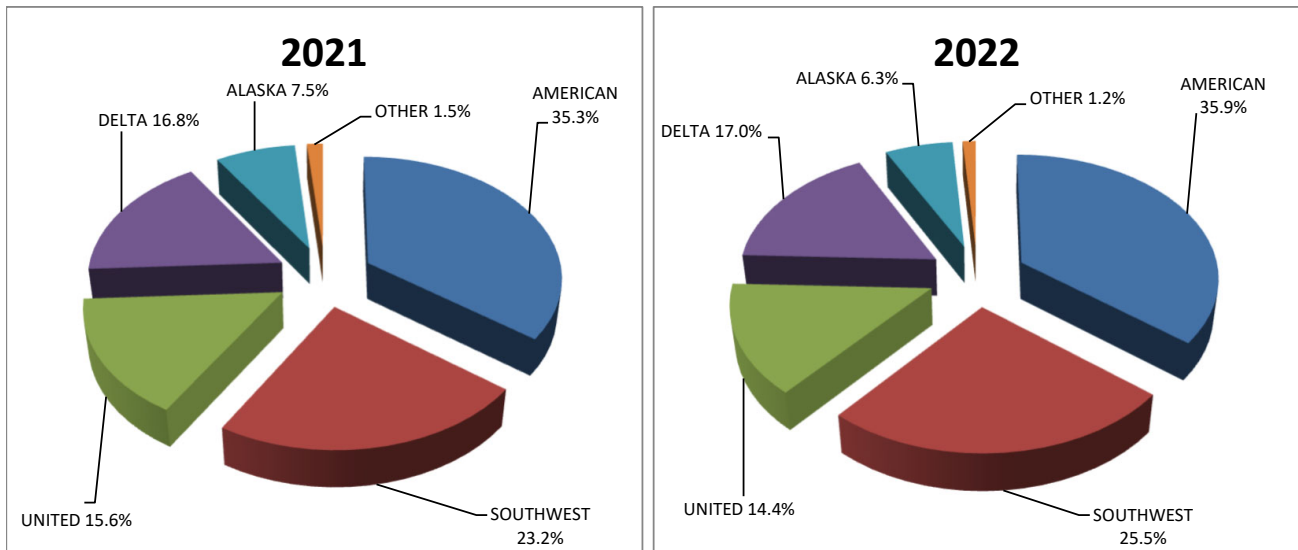
| | | | | | | |
|------------------|---------------|---------------|-------------|---------------|---------------|-------------|
| AIR CARRIER | 2,547 | 1,945 | 31.0% | 13,427 | 10,185 | 31.8% |
| AIR TAXI | 1,538 | 1,302 | 18.1% | 7,871 | 6,733 | 16.9% |
| MILITARY | 2,077 | 1,652 | 25.7% | 9,121 | 8,168 | 11.7% |
| GENERAL AVIATION | 5,918 | 6,846 | -13.6% | 26,849 | 31,467 | -14.7% |
| TOTAL | 12,080 | 11,745 | 2.9% | 57,268 | 56,553 | 1.3% |

TUCSON AIRPORT AUTHORITY TUS PASSENGER ACTIVITY

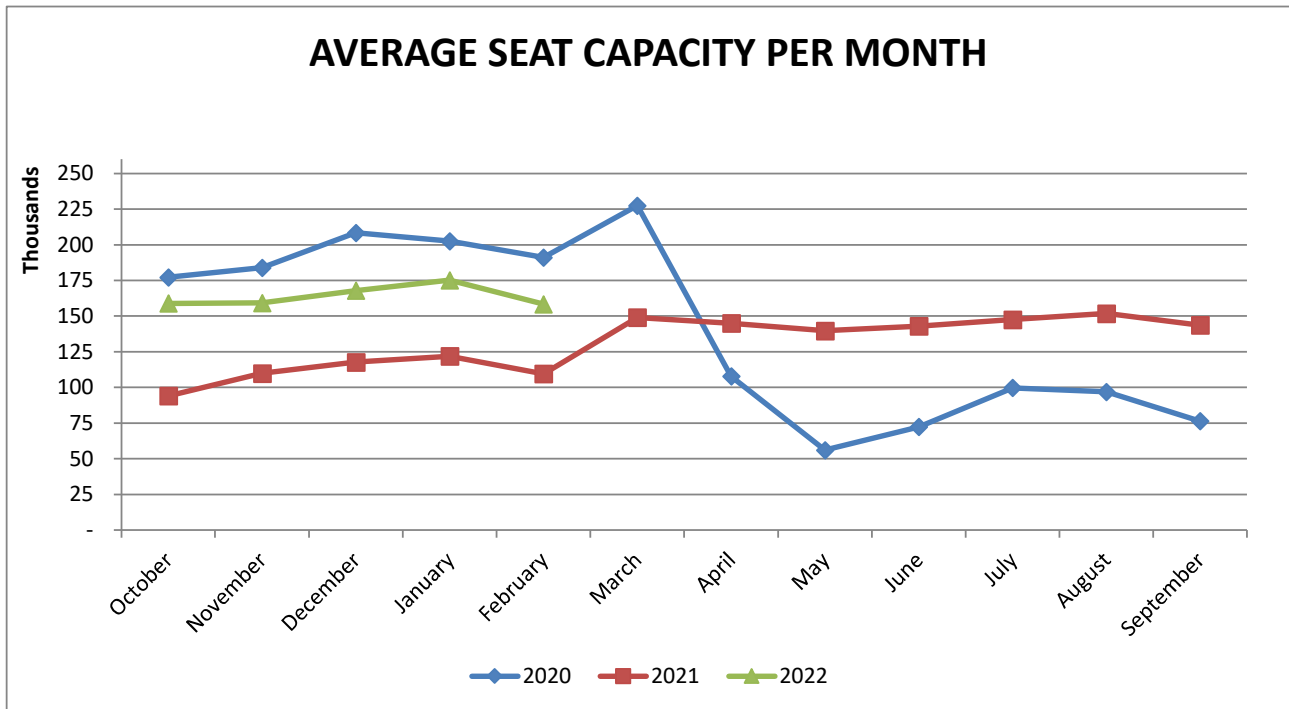
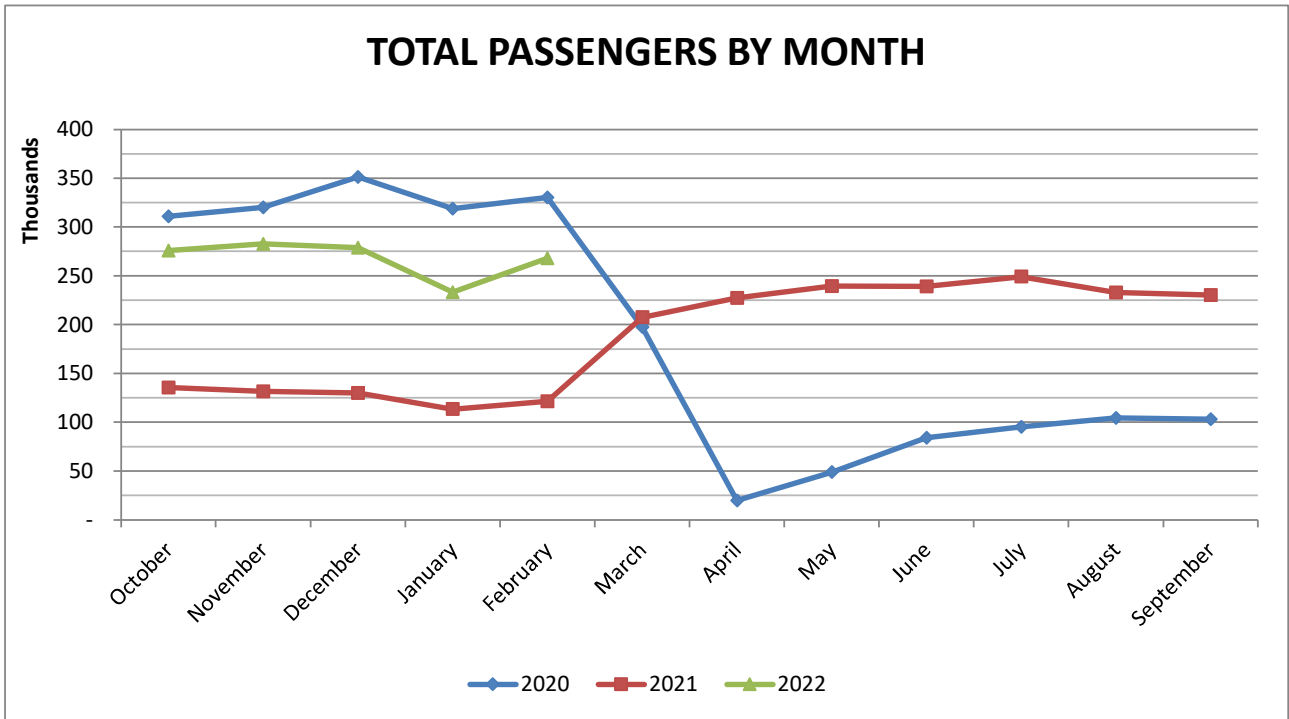
TOTAL PASSENGERS YTD BY AIR CARRIER



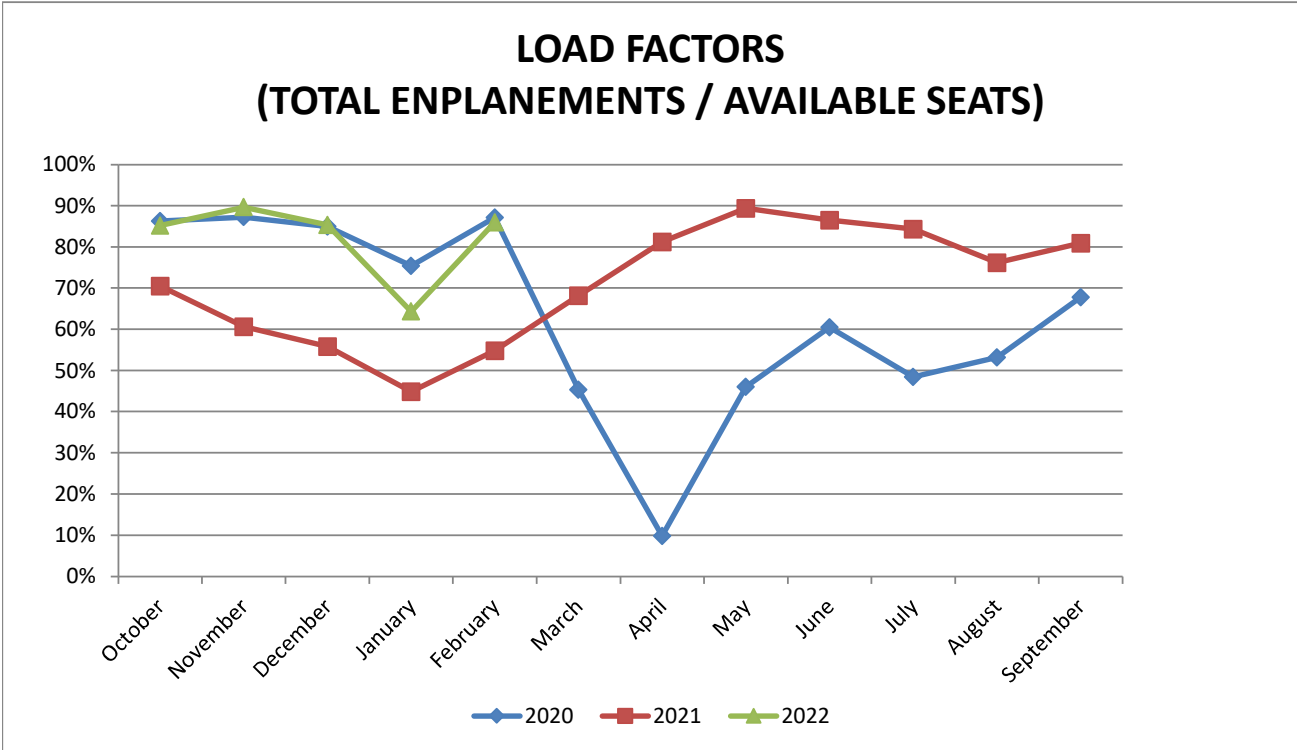
AIR CARRIER MARKET SHARE



TUCSON AIRPORT AUTHORITY TUS PASSENGER ACTIVITY



**TUCSON AIRPORT AUTHORITY
TUS PASSENGER ACTIVITY**



TUCSON AIRPORT AUTHORITY

TUS PASSENGER ACTIVITY

TUS MONTHLY FLIGHT SCHEDULE SUMMARY

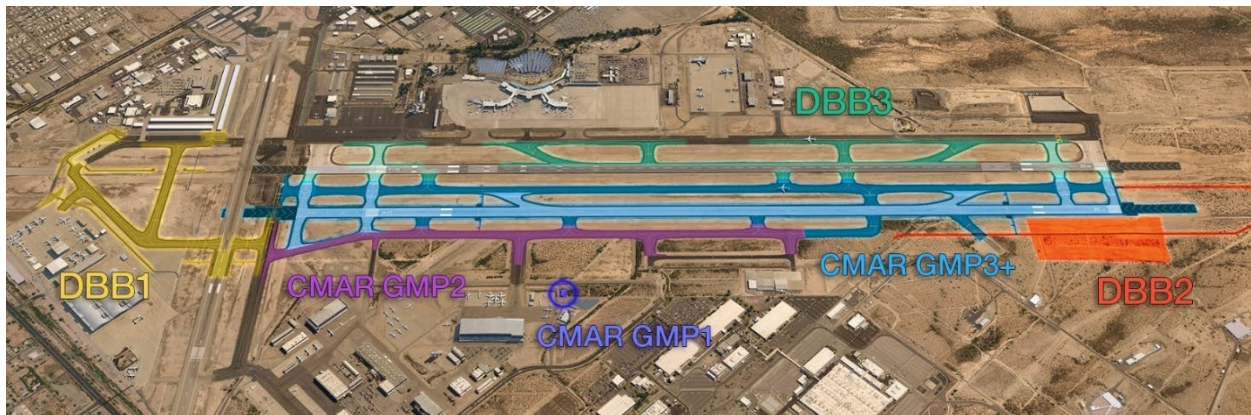
| NONSTOP DESTINATIONS <i>and Airline</i> | Code | Average Daily Departures | | | Average Daily Seats | | |
|---|------|--------------------------|-------------|-------------|---------------------|--------------|--------------|
| | | Current Year | Prior Year | Difference | Current Year | Prior Year | Difference |
| ATLANTA <i>Delta (1.8)</i> | ATL | 1.8 | 1.9 | (0.1) | 342 | 369 | (27) |
| EVERETT <i>Alaska (.6)</i> | PAE | 0.6 | 0.0 | 0.6 | 42 | 0 | 42 |
| DENVER <i>United (2.9), Southwest (2.8)</i> | DEN | 5.7 | 4.9 | 0.8 | 732 | 484 | 248 |
| DALLAS/FT WORTH <i>American (4.8)</i> | DFW | 4.8 | 5.1 | (0.3) | 917 | 837 | 80 |
| HOUSTON HOBBY <i>Southwest (.8)</i> | HOU | 0.8 | 0.8 | 0.0 | 118 | 118 | 0 |
| HOUSTON BUSH <i>United (2.9)</i> | IAH | 2.9 | 1.6 | 1.3 | 246 | 138 | 108 |
| INDIANAPOLIS <i>Allegiant ()</i> | IND | 0.0 | 0.2 | (0.2) | 0 | 38 | (38) |
| LAS VEGAS <i>Southwest (2), Frontier(.3)</i> | LAS | 2.3 | 2.1 | 0.2 | 347 | 313 | 34 |
| LOS ANGELES <i>Delta (2.7), American (1.6) Southwest (1.8)</i> | LAX | 6.1 | 1.9 | 4.2 | 625 | 147 | 478 |
| CHICAGO MIDWAY <i>Southwest (1)</i> | MDW | 1.0 | 0.1 | 0.9 | 169 | 20 | 149 |
| MINNEAPOLIS <i>Delta (0.4), Sun Country (0.3)</i> | MSP | 0.7 | 1.3 | (0.6) | 116 | 235 | (119) |
| OAKLAND <i>Southwest (.8)</i> | OAK | 0.8 | 0.0 | 0.8 | 118 | 0 | 118 |
| CHICAGO O'HARE <i>American (1.9), United (1)</i> | ORD | 2.9 | 1.6 | 1.3 | 434 | 118 | 316 |
| PORTLAND <i>Alaska (1)</i> | PDX | 1.0 | 1.0 | 0.0 | 160 | 73 | 87 |
| PHOENIX <i>American (5.2)</i> | PHX | 5.2 | 3.5 | 1.7 | 505 | 264 | 241 |
| PROVO <i>Allegiant ()</i> | PVU | 0.0 | 0.2 | (0.2) | 0 | 37 | (37) |
| SAN DIEGO <i>Southwest (1)</i> | SAN | 1.0 | 0.0 | 1.0 | 142 | 0 | 142 |
| SEATTLE/TACOMA <i>Alaska (1.9) Delta (1)</i> | SEA | 2.9 | 2.9 | 0.0 | 345 | 337 | 8 |
| SAN FRANCISCO <i>United (1.9)</i> | SFO | 1.9 | 2.3 | (0.4) | 97 | 128 | (31) |
| SALT LAKE CITY <i>Delta (2.7)</i> | SLC | 2.7 | 3.7 | (1.0) | 197 | 256 | (59) |
| TOTAL | | 45.1 | 35.1 | 10.0 | 5,652 | 3,912 | 1,740 |

Date: April 6, 2022

To: TAA Board of Directors
From: Mike Smejkal, PE, AAE – VP of Planning & Engineering
Re: ASE Quarterly Update

Scope Overview:

The Airfield Safety Enhancement Program is a safety and standards project that brings the TUS airfield up to date with FAA standards and removes two (2) Hot Spots from the Airfield. The program includes 4 projects (CMAR, DBB1, DBB2, DBB3), land transactions with TAA, USAF and COT (Parcel F, G & H), and noise mitigation programs including sound insulation for residences and acquisition/relocation program.



Milestones reached in last Quarter:

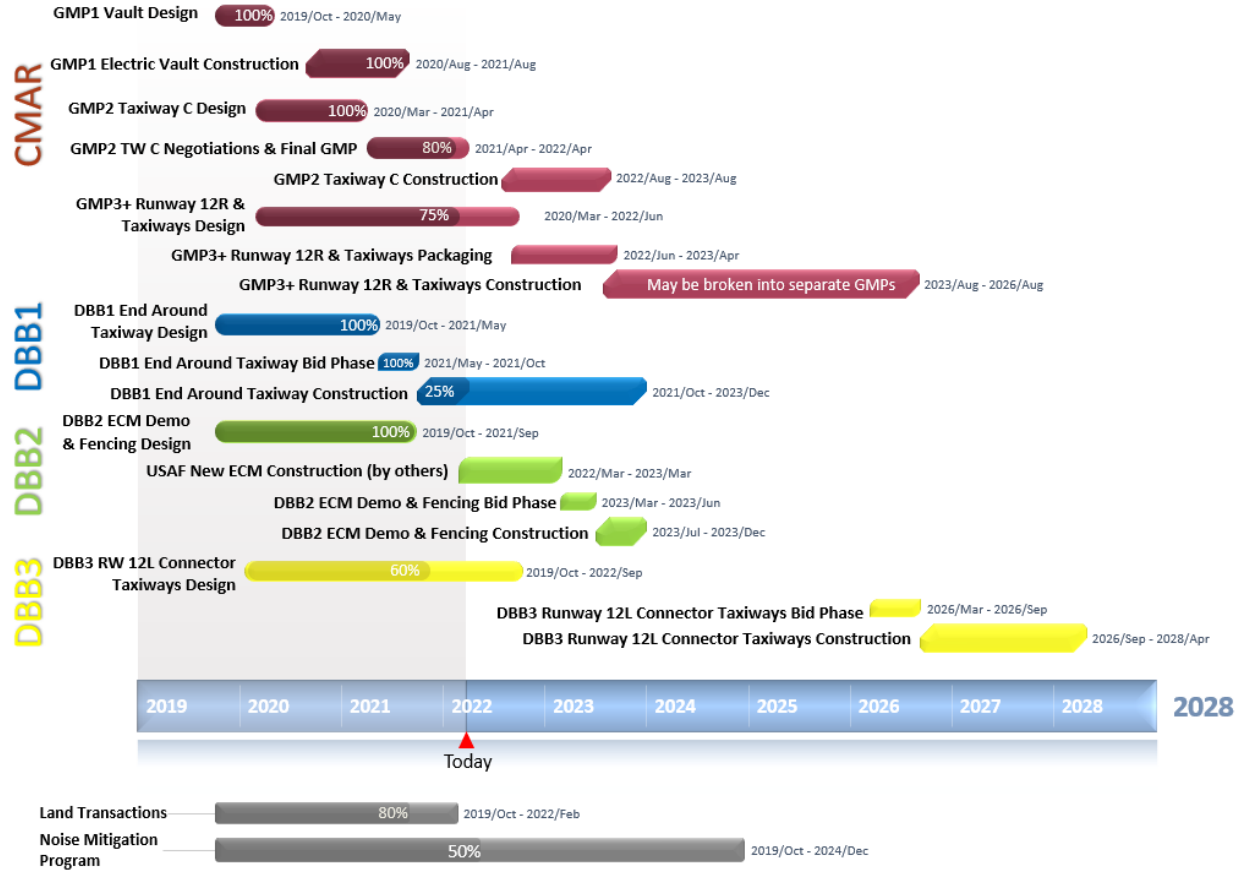
- DBB1 (End Around Taxiway) – Phases 1-3 Completed. New Taxiway D3 Opened
- DBB2 (Earth Covered Magazine Demolition) – 100% design sign off received from USAF and FAA.
- GMP#2 (Taxiway C) Final Design Completed and Construction Pricing being finalized.
- Safety Risk Panels for GMP3+ completed.
- USAF/Army Corps of Engineers – Approved Appraisal for Parcel F. Land Release Request submitted to FAA.

3 Month Look ahead

- Grant Award for GMP#2 (Taxiway C) Construction (AIP & BIL grants).
- Property Owner Outreach for Sound Insulation Program to begin.
- DBB1 (End Around Taxiway) – Open Taxiway G for PCC & Ascent’s new access.
- FAA to release Parcel F from federal obligations which will allow land swap to proceed.

Milestone Program Schedule

ASE Program High Level Schedule March 2022



Program Costs:

| | Committed Cost | Invoiced to Date |
|-------------------|----------------------|----------------------|
| Administrative | \$ 799,997 | \$ 295,841 |
| Design | \$ 14,162,467 | \$ 11,990,740 |
| PM/CM | \$ 9,183,008 | \$ 5,605,907 |
| Construction | \$ 33,789,396 | \$ 13,494,817 |
| Land Acquisition | \$ 2,089,814 | \$ 188,427 |
| Noise Mitigation | \$ 1,069,095 | \$ 14,823 |
| Misc. Costs | \$ 412,059 | \$ 412,059 |
| Totals | \$ 61,505,836 | \$ 32,002,614 |
| Current Budget | 358,327,566 | |
| Percent Committed | 17.2% | |
| Percent Spent | 8.9% | |
| | | |
| | | |



Date: April 6, 2022

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

Marketing:

One of the Strategic Plan undertakings for Marketing this quarter is to launch a community survey to determine a Community Value Proposition (CVP). This will allow the TAA to compare consumer sentiment as compared to pre-COVID when the TAA conducted research before the “Nonstop for Tucson” campaign began. Through the survey, our goal is to garner insightful information that will assist our marketing efforts and focus to:

- Enhance the customer experience
- Increase awareness of TUS as an economic engine
- Create external champions

After a year of marketing outreach success, A new “Nonstop for Tucson” video commercial is planned to air in the May timeframe. A new radio ad, which includes new digital ads incorporating community support and air service and terminal concessions, is also planned.

In the Media:

We continue to partner with local and national media on unique storytelling opportunities. Social media has become the cornerstone for media picking up human interest stories regarding the airport. Below are some of our noteworthy media analytics for January 2022.

Through earned and proactive public relations efforts, the TAA has earned more than \$152k in advertising value equivalency (AVE) during the first two months of the year.

In case you missed media coverage with mentions of TAA, below are some of the most recently covered stories:

- [Tucson Airport Authority joins Blue Lightning Initiative](#)
- [Warm Welcome Volunteer recognized as Arizona’s Heart & Sol](#)
- [Federal grant supports PCC’s aviation tech program](#)
- [TAA Promotes Adam Kretschmer to Director of Maintenance](#)
- [SkyWest to Expand Presence at TUS](#)

Community Involvement and Recognition:

- Blue Campaign - Blue Lightning Initiative | The TAA launched the Blue Lightning Initiative, an anti-human trafficking campaign with the Department of Homeland Security, in February 2022. We have re-engaged with human trafficking experts with Tucson Police Department and Homeland Security Investigations and will be an active participant at

quarterly SAATURN meetings.

- City of Tucson Veterans Affairs Committee (VAC) | Jessie Allen was appointed to this committee as a representative of the TAA to update the group on the TUS Military Lounge, which is fully funded by TAA and community partners.
- Community Presentations | Since the start of the year, the TAA has had a steady stream of requests to present to the community and have provided 6 presentations between January and March 2022. If you would like a TAA representative to speak to one of the groups you participate in or have a recommendation for us to pursue, please contact Jessie Allen.
- Metropolitan Pima Alliance Common Ground Awards | TAA is a Gold sponsor for the MPA Common Ground Awards. Furthermore, the TAA submitted an award application for the multi-party working group that resulted in the ASE Program Land Transaction Deal.

In the Terminal:

- Temporary Art Exhibits | New temporary exhibit displays were installed January. The following artists are featured from January through July 2022:
 - Upper Link Gallery | Steven Derks
 - Center Gallery | Harrie Handler and Lisa Love
 - Lower Link Gallery | Brenda Peo

Warm Welcome Volunteers | More of our volunteers are choosing to return to service in the terminal as the COVID-19 pandemic declines.