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**TUCSON AIRPORT AUTHORITY | Board of Directors Regular Meeting  
Wednesday, September 7, 2022 | 3:00 p.m. | Hybrid Meeting**

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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, September 7, 2022, beginning at 3:00 p.m.** Directors and the public may attend in person, virtually, or telephonically.

- ➔ **In Person:** The TAA Board Room is on the departure level of the Tucson International Airport terminal and is situated between the Delta and Southwest ticket counters, and behind the Arroyo Trading Post. The address is 7250 South Tucson Boulevard, Tucson, Arizona, 85756.
- ➔ **Virtual/Telephonic:** Members of the public interested in observing the proceedings virtually or telephonically may do so through Microsoft Teams. Click on the hyperlink below to be taken to the registration form. Upon registering, you will receive an email confirmation containing the hyperlink, telephone number, and access code to join the meeting virtually or telephonically.

**MICROSOFT TEAMS REGISTRATION FORM**

The agenda for the meeting is as follows:

**1. CALL TO ORDER | ROLL CALL**

- |  |  |  |
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| <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 special meeting held on August 9, 2022.
- b. **RE-STATED FY 2020 AUDITED FINANCIAL STATEMENTS:** Adopt Resolution No. 2022-16 accepting the re-stated FY 2020 financial statements and independent auditor's reports from HBL CPAs.

- c. **FY 2021 AUDITED FINANCIAL STATEMENTS:** Adopt Resolution No. 2022-17 accepting the FY 2021 financial statements and independent auditor's reports from BeachFleischman, PLLC.

**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
- b. Strategic Plan 2.0 | Quarterly Update

**5. DISCUSSION/PRESENTATION**

- a. Strategic Plan 2.1 Overview | Discussion
- b. Labor Market and TAA Attrition Outlook | Discussion
- c. FY 2023 Budget Review | Discussion

**6. ACTION ITEMS**

- a. **STRATEGIC PLAN 2.1:** The Board of Directors will consider and may adopt Resolution No. 2022-21 approving and supporting the framework for the Tucson Airport Authority Strategic Plan 2.1.
- b. **RESOLUTION ON PARKING RATE ADJUSTMENTS:** The Board of Directors will consider and may adopt Resolution No. 2022-19 approving adjustments to the parking rates at Tucson International Airport, to be effective on and from November 1, 2022.
- c. **FY 2023 BUDGET AND CAPITAL IMPROVEMENT PROGRAM:** The Board of Directors will consider and may adopt Resolution No. 2022-20 approving the Tucson Airport Authority's budget and capital improvement program for the fiscal year beginning October 1, 2022 and ending September 30, 2023.
- d. **RESOLUTION ON DELEGATED AUTHORITY:** The Board of Directors will consider and may adopt Resolution No. 2022-12 delegating certain authority to the Tucson Airport Authority's President/CEO and clarifying those items requiring action by the Board of Directors and the Executive Council.

**DIVISION UPDATES**

- a. Operations
- b. Business and Commercial Development
- c. Finance and Regulatory Administration
- d. Planning and Engineering

**7. NEXT MEETING**

Wednesday, October 5, 2022 | 3:00 p.m. | Hybrid Meeting – TAA Board Room or Microsoft Teams

**8. ADJOURN**

**TUCSON AIRPORT AUTHORITY | Board of Directors Special Meeting  
Tuesday, August 9, 2022 | Immediately following the Finance and Risk Management  
Council meeting that begins at 9:00 a.m. | Virtual Meeting**

**THIS BOARD MEETING WAS HELD VIRTUALLY, 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 TO LISTEN TELEPHONICALLY.**

**1. CALL TO ORDER | ROLL CALL**

Chair Dusenberry called the meeting to order at 10:03 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

**Others Present:** TAA Member Tim Overton

**Staff Present:** President/Chief Executive Officer Danette Bewley, Vice President/General Counsel Christopher Schmaltz, Vice President/Chief Financial Officer Kirk Eickhoff, Deputy General Counsel Kim Ryan, Financial Controller Clark Wager, IT Customer Support Technician Randy Janek, and TAA Clerk Byron Jones

**2. CONSENT AGENDA**

- a. APPROVAL OF MINUTES:** Approve the minutes of the Board of Directors regular meeting held on June 1, 2022.

**MOTION BY Director Fernandez, SECONDED BY Treasurer Swaim, to APPROVE the consent agenda. The motion carried by the following vote:**

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

**Nays 0**

Due to technical issues, Director Rich was unable to participate in the vote.



**3. ACTION ITEMS**

**a. EMPLOYEE GROUP INSURANCE FOR FY 2023:**

- **Director Jackson** expressed approval for the insurance plans as presented. He requested that staff next year provide a historical analysis of how changes in insurance deductibles and premiums have affected employee retention and recruitment. In a competitive job market, the TAA should strive to avoid reducing employee benefits.

President/CEO Danette Bewley committed to preparing an analysis of historical trends—pre-COVID, during COVID, and post-COVID—and bringing it to the Board next year. She also stated that in discussions with insurance providers, staff’s goal is never to shortcut the benefits provided to employees; instead, they are trying to balance the level of benefits against the increases in insurance premiums.

In response to a request by **Director Rich**, Bewley also committed to having People Operations compile data regarding turnover rates during the past several years and present it to the Board during the next meeting.

- **Vice Chair Silvyn** stated that trends in the healthcare industry are reducing the options employers can offer. She supports People Operations’ efforts to educate the TAA’s employees on how and why certain plan design changes are necessary.

**MOTION BY Vice Chair Silvyn, SECONDED BY Director Falbaum, to ADOPT Resolution No. 2022-13 approving the Tucson Airport Authority’s employee group insurance coverages for the policy year beginning October 1, 2022 and ending September 30, 2023. The motion carried by the following vote:**

<b>Ayes</b>	<b>9</b>	<b>Chair Dusenberry, Vice Chair Silvyn, Secretary Hammond, Treasurer Swaim, Director Draper, Director Rich, Director Jackson, Director Fernandez, and Director Falbaum</b>
<b>Nays</b>	<b>0</b>	

**b. WORKERS' COMPENSATION INSURANCE FOR FY 2023:**

There was no discussion on this item.

**MOTION BY Secretary Hammond, SECONDED BY Director Draper, to ADOPT Resolution No. 2022-14 approving the Tucson Airport Authority's Workers' Compensation insurance coverage for the policy year beginning September 1, 2022 and ending August 31, 2023. 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**

**c. COMMERCIAL LINES OF INSURANCE FOR FY 2023:**

There was no discussion on this item.

**MOTION BY Treasurer Swaim, SECONDED BY Director Fernandez, to ADOPT Resolution No. 2022-15 approving the Tucson Airport Authority's commercial lines of insurance for the policy year beginning August 15, 2022 and ending August 14, 2023. 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**

**4. NEXT MEETING**

Wednesday, September 7, 2022 | 3:00 p.m. | Hybrid Meeting – TAA Board Room or Microsoft Teams

**5. ADJOURN**

There being no further business to discuss, Chair Dusenberry adjourned the meeting at 10:18 a.m.

**APPROVED BY:**

**Prepared by:**

\_\_\_\_\_  
Michael S. Hammond, Secretary

\_\_\_\_\_  
Byron M. Jones, CMC, TAA Clerk

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

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

DRAFT

**Date:** September 7, 2022

**To:** Board of Directors  
**From:** Kirk Eickhoff, VP Finance/CFO  
**Re:** Year-End Audit Update | FY 2020

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**Purpose:**

This memo provides an update of the year-end financial statement audit for the Tucson Airport Authority's (TAA) fiscal year ended September 30, 2020 (FY 2020). The audit for this period was performed by the public accounting firm HBL CPAs, P.C.

**Considerations:**

Laura L. Randol, CPA, CFE, the audit engagement partner for the TAA's FY 2020 audit, presented a summary of the audit as well as the firm's opinion on the financial statements prepared by management to the Audit Council. The result of the Audit Council presentation was a recommendation that the Board of Directors accept the financial statements and the auditor's opinion

Please note that the audit results presented pertain to a re-statement of the TAA's initial FY 2020 financial statements, originally issued on May 26, 2021. TAA management elected to re-issue the financial statements for this period due to supplementary guidance from the American Institute of Certified Public Accountants (AICPA), which was issued after the publication of the FY 2020 annual financial statements. The guidance provided specific direction on the timing of grant revenue recognition for qualified expense reimbursements received through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) relief program. This guidance stated that CARES Act grant revenues which the TAA had planned to recognize in FY 2021 should have instead been recognized in FY 2020. This is because TAA applied for and was provided grant reimbursement in FY 2021 for operating expenses incurred in FY 2020. Prior to initial issuance, TAA discussed the timing of CARES Act revenue recognition with HBL's auditors, and together agreed that the most conservative approach was to recognize the grant revenue in the period in which it was applied for, which was FY 2021. As a result of this re-statement, FY 2020 non-operating revenues increased by \$9.0 million.

Additionally, the TAA elected to record adjustments to net capital assets for FY 2020 for capital projects that were deemed to have been closed prior to September 30, 2020 yet had balances remaining in construction-in-progress. The TAA recorded additional entries to depreciation because of these adjustments. The re-stated balances for net capital assets are \$331.4 million and \$321.1 million for FY 2020 and FY 2019, respectively (decreases of \$1.4 million and \$0.4 million, respectively, from the originally stated balances).

**Recommendation:**

TAA management recommends that the Board of Directors accept the re-stated FY 2020 financial statements and independent auditor's reports from HBL CPAs.

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., ACCEPTING THE RE-STATED FY 2020 FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORTS FROM HBL CPAS, P.C.**

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

The Board of Directors hereby accepts the re-stated financial statements and independent auditor's reports from HBL CPAs, P.C., for the fiscal year ending September 30, 2020, relating to the following items:

- Audited Financial Statements
- A-133 Single Audit Reports and Schedules
- Passenger Facility Charge Program

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

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Bruce Dusenberry, Chair of the Board

ATTEST:

APPROVED AS TO FORM:

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Michael S. Hammond, Secretary

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Christopher Schmaltz, Vice President  
and General Counsel

**Date:** September 7, 2022

**To:** Board of Directors  
**From:** Kirk Eickhoff, VP Finance/CFO  
**Re:** Year-End Audit Update | FY 2021

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**Purpose:**

This memo provides an update of the year-end audit for the Tucson Airport Authority's (TAA) fiscal year ended September 30, 2021 (FY 2021). The audit for this period was performed by the public accounting firm BeachFleischman, PLLC.

**Considerations:**

Eric B. Maneval, CPA, the audit engagement partner for the TAA's FY 2021 audit, presented a summary of the audit as well as the firm's opinion on the financial statements prepared by TAA management to the Audit Council, which met on August 31, 2022. The outcome of the Audit Council Meeting was to support the recommendation by TAA management that the Board of Directors accept the financial statements and the auditor's opinion.

It should be noted that an unexpected delay occurred in finalizing the FY 2021 audit. This was due to supplementary guidance from the American Institute of Certified Public Accountants (AICPA), which BeachFleischman brought to TAA's attention, related to the appropriate recognition period for grant revenue received through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) relief program. This guidance stated that CARES Act grant revenues which the TAA had planned to recognize in FY 2021 should have instead been recognized in FY 2020). To fully comply with Generally Accepted Accounting Principles (GAAP), TAA management elected to issue a re-statement of its FY 2020 financial statements to recognize the CARES Act reimbursement revenue in that period, per the AICPA's guidance. Generally Accepted Audit Standards (GAAS) required that the restated FY 2020 annual financial statements be completed and finalized with an independent auditor's opinion before an opinion on the FY 2021 financial statements could be expressed. It is for these reasons that the FY 2021 financial statements have been significantly delayed. It should also be noted that the grant revenue timing issue and subsequent restatement led BeachFleischman to report a finding of a material weakness over internal control in TAA's Single Audit report. This finding, as well as management's response to the finding, was discussed with the Audit Council.

**Recommendation:**

TAA management recommends that the Board of Directors accept the FY 2021 financial statements and independent auditor's reports from BeachFleischman, PLLC.

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., ACCEPTING THE FY 2021 FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR’S REPORTS FROM BEACHFLEISHMAN, PLLC.**

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

The Board of Directors hereby accepts the financial statements and independent auditor’s reports from BeachFleishman, PLLC, for the fiscal year ending September 30, 2021, relating to the following items:

- Audited Financial Statements
- A-133 Single Audit Reports and Schedules
- Passenger Facility Charge Program

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

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Bruce Dusenberry, Chair of the Board

ATTEST:

APPROVED AS TO FORM:

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Michael S. Hammond, Secretary

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Christopher Schmaltz, Vice President  
and General Counsel



**Date:** September 7, 2022

**To:** Board of Directors  
**From:** Bruce Goetz, Executive Vice President/Chief Operating Officer  
**Re:** TAA Strategic Plan 2.0 | Quarterly Update (Period ending July 31, 2022)

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TAA staff continues to make progress on achieving our goals associated with Strategic Plan 2.0, adopted by the TAA Board in September 2021. With three quarters of our Fiscal Year 2022 behind us, several significant initiatives are well underway, and we are working on an update for FY23.

The attached report provides full detail of the progress made through the end of July; however, I want to highlight a few specific items.

- **Accelerate Performance**
  - Our Cultural Fundamentals program has been rolled out airport wide and is now a focus for Supervisors, Directors, and the Executive Team to lead and champion these behaviors.
  - The Performance Management process is underway with all leaders regularly conducting meaningful one-on-one meetings with their direct reports.
  - The Situational Leadership program has been taught to 58 Supervisors, Managers, Directors, and the ET.
  
- **Expand Prosperity**
  - The FAA Section 163 evaluation process, which is required for all TAA land transactions, has taken an excessive amount of time for FAA review and response, and has been largely unsuccessful. That said, our efforts to lease/develop non-aeronautical land has been severely impeded and we are unable to fully deliver on the initiative to develop non-aeronautical land as described in the Strategic Plan.

To remedy the issue, the TAA has taken a two-prong approach:

1. Begun the Environmental Assessment (EA)/Environmental Impact statement (EIS) process on certain parcels; and,
2. Communicated with representatives of the Arizona Delegation to make them aware of the FAA Section 163 issues, and the adverse impact it is having on our ability to attract businesses to Arizona and continue our mission to be a self-sustaining airport system. We have made recommendations to add specific language to the upcoming FAA Reauthorization Bill. Although this may not solve the immediate problem, it does provide an opportunity for better outcomes in the future.

- Discussions continue with our airline partners on a new Airline Use Agreement (AUA).
- **Upgrade to First Class Systems and Efficiencies**
  - We have hired a Sustainability Manager. Her role is to hire a consultant to assist us with our Sustainability Master Plan.
  - We are presently recruiting for the Vice President of Planning and Engineering position (final interview is scheduled for end of August).
  - Documentation of our internal process and procedures is well underway; 137 Standard Operating Procedures have been re-written or updated in the last 6 months.
  - The refresh of the Federal Inspection Service (FIS) area for Customs and Border Patrol is on schedule to meet completion prior to Flair Airlines beginning air service in late November. This project includes technology and passenger flow improvements.
- **Create TAA External Champions**
  - The “Nonstop for Tucson” transit marketing campaign will continue for one more year.
  - The TAA has a marketing campaign to increase community awareness of the REAL ID program which requires everyone to have an enhanced driver’s license to travel beginning May 3, 2023.
  - The TAA Member Survey has been completed; the data is being evaluated. The next step will involve a survey findings discussion with the Chair and Vice Chair.

We appreciate the Board’s continued support as we guide the organization and execute the Strategic Plan during these challenging and exciting times. If the Board has any questions or would like to discuss certain elements in more detail, please let me know at [bgoetz@flytucson.com](mailto:bgoetz@flytucson.com) or 520.573.4829.



TAA PLAN

ACCELERATE PERFORMANCE

Goal	Owner	Q...	Q4 '21	Q1 '22	Q2 '22	Q3 '22	Q4 '22	Current Co...	Board Update
TAA is a "Great Place To Work"	Twyla Salaiz							On Track	<p><b>NEW Twyla Salaiz:</b>            Since April, we have been focused in two areas of this goal; employee surveying and the launch of the TAA Cultural Fundamentals. We have established a two prong approach to assess the employee climate through an annual Employee Satisfaction Survey (ESS) launched in April and then quarterly short Pulse Surveys. Our ESS indicated our employees are satisfied with their jobs and working at TAA, with opportunities in how senior leaders connect with all employees and services provided by People Operations. In July, we sent out a Pulse survey with a tight focus on Leader/Employee connection and the services offered by People Operations. We are excited to show a healthy improvement with both areas of opportunity. We will have one more Pulse Survey before the end of this year. Simultaneously, we designed and are just finishing the launch of TAA's Cultural Fundamentals. These are 10 behavioral areas aligned with our Guiding Principles that describe how we want all employees to act in the workplace. It also encompasses additional behavior lenses for those who are leaders at TAA; System/Process Managers, People Managers, and Organizational Leaders. Many of our leaders have responsibilities that encompass more than one leadership lens. It was designed to apply to all with additional leadership behaviors that are now measured in the ESS, Pulse Survey, and newly developed TAA Leadership 360 Survey (releasing in October). Our launch plan includes an intranet page, executive videos discussing each fundamental, along with English/Spanish detailed descriptions. The combination of the Cultural Fundamentals and measuring how we are impacting the work environment sets us up for a 2024 Great Place to Work credential.</p> <p>07/21/2022</p>
Drive Performance Management	Twyla Salaiz							On Track	<p><b>NEW Twyla Salaiz:</b>            The newly introduced Performance Management Process combined with Situational Leadership model has created a full loop of driving performance. It creates a system of how TAA Leaders set expectations, monitor/measure performance, and conduct one-on-one meetings with team members that are effective. During June and July, we were able to see how employees checked in with their leaders on goal progress. The larger impact has been the establishment of one-on-one meetings with every leader and individual team member. Previously, many leaders felt meeting individually wasn't necessary for some roles which through our Q1 and Q2 leadership development, they committed to making this change which was confirmed in our Q3 Pulse Survey. Every employee who responded stated their leader had at least one individual meeting per month, with more than 50% at two or more per month. The ultimate outcome is that the majority of our employees are stating they understand the Performance Management process and feel connected to their leader.</p> <p>07/21/2022</p>

Goal	Owner	Q...	Q4 '21	Q1 '22	Q2 '22	Q3 '22	Q4 '22	Current Co...	Board Update
Target growth of internal talent	Twyla Salaiz							On Track	<p><b>NEW Twyla Salaiz:</b> Our primary focus for 2022 continues to be the implementation of the learning platform Udemy. We are on schedule for full launch in September, with the following accomplished YTD; super user access/use and administrator training to create customized learning paths. We are currently in the process of transferring TAA specific content into Udemy and identifying content needed from the open market to meet our safety and security learning requirements. In April, we met with all senior leaders to understand broad learning needs across TAA. The result are TAA Learning paths that will be created around technology, professional development, and leadership development. In reaching this goal, we feel this is a big step in developing internal talent by offering customized, standard, and individual online learning at an annual cost of \$110 per employee license.</p> <p>07/21/2022</p>
Implement Workforce Planning	Twyla Salaiz							On Track	<p><b>NEW Twyla Salaiz:</b> With the three Workforce Analysis and Organizational Design, we were able to determine where we did and did not need headcount for our 2022/2023 fiscal year. It informed of where critical headcount increases were needed and where we could stay at current headcount. As we look at the next year, our focus is around improving our workforce data management, understanding the reasons for regrettable attrition, and mitigation practices to improve retention. Another area of accomplishment is the continued implementation of the Compensation plan by hiring new employees appropriately in the compensation bands and fixing compression areas of existing employees. By the end of the year, we will have fully implemented the Compensation Plan established in 2020/2021.</p> <p>07/21/2022</p>

# EXPAND PROSPERITY

Goal	Owner	Q...	Q4 '21	Q1 '22	Q2 '22	Q3 '22	Q4 '22	Current Co...	Board Update
Increase Air Service Development Activity	John Voorhees							On Track	<p><b>NEW John Voorhees:</b> The following is an update on the Air Service Development focus areas:</p> <p><b>Increase Air Service Development Activity-</b> Omicron impacted enplanements by about 2.3% for the fiscal year. FY22 is on track for a 48% increase over FY21, a level which is 88% of our FY2019 benchmark, and which exceeds the national average in terms of percent recovery. FY22 budget (prepared in early 2021) was for 91% of FY2019 passenger levels.</p> <p><b>Air Service Evaluation of External resource needs-</b>We have decided to table the purchase of additional external data sources for at least the remainder of CY2022 based on ROI.</p> <p><b>Update Air Carrier Incentive Program-</b> The new incentive program has been drafted, and after internal signoff, it will go before the Board for approval.</p> <p><b>Increase Annual Enplanements-</b> The latest FY22 forecast has TUS finishing with 1.665 million enplanements.</p> <p>07/22/2022</p>
Execute New Airline Use Agreement (AUA)	Kirk Eickhoff							On Track	<p><b>NEW Kirk Eickhoff:</b> TAA has laid the foundation for negotiating the agreement and is in general alignment for the nature and direction of a new agreement. However, multiple vacancies on the finance team combined with bandwidth requirements for the FY2023 budget preparation have temporarily stalled the development of an initial proposal. Substantive work is not likely to resume until the FY2023 budget is complete. Given the overall timeline and foundation built, the overall timeline is not yet in jeopardy.</p> <p>05/17/2022</p>

Goal	Owner	Q...	Q4 '21	Q1 '22	Q2 '22	Q3 '22	Q4 '22	Current Co...	Board Update
Progressive Commercial Development Of TAA Land	John Voorhees							Behind	<p><b>NEW John Voorhees:</b> An anticipated recession and high inflation have caused businesses to rethink their expansion and renovation plans. BCD continues to do all it can to provide more land to the market should a client express interest in TUS.</p> <p>SkyWest has expressed some concern over construction costs. They have decided to delay the construction of their 200K SF hangar and office space project called "Project Penny". The SkyWest sublease through Bombardier will expire in March 2023, so SkyWest must move soon. They are currently examining other available properties at TUS (to include our new hangar) as a temporary solution to their occupancy needs.</p> <p>TAA staff have worked with the FAA ADO's office to release 166 acres of TAA land near Swan Road. This section of the Sonoran Commerce Center is currently available for lease or sale. There are 4 projects that have expressed interest in all or part of the land. The projects are all under financial evaluation by their companies.</p> <p>Project Payload (rocket engine test facility) has been lost to the City of Tucson. The FAA ADO's process to evaluate land for release (called a Section 163 review) took too long for the company to successfully continue its robust testing schedule. The City of Tucson has offered the project an equivalent section of land that required only City coordination to release.</p> <p>A local Fixed Base Operator and TAA staff are negotiating a large scale expansion of their operation at TUS. The concept includes the construction of two 30K+ SF hangars and a new executive terminal and flight school training center. Once business terms are agreed upon the company will seek funding from its corporate headquarters.</p> <p>Another Fixed Base Operator is negotiating terms to extend the company's lease term. The company plans to add a restaurant to the building and desires to expand the company's parking apron for additional outside aircraft parking. Finally, the company will install solar panels on top of their two main buildings.</p> <p>Ascent Aviation won a contract to perform engine testing for Pratt and Whitney Canada (a contract formerly held by Aerovation). Ascent will likely build a permanent test facility on the southeast side of TUS. They also plan to expand their leasehold on the west ramp of TUS. Terms are being negotiated.</p> <p>TAA staff continue to work with the FAA to bring land to market. TAA has begun an Environmental Assessment on a large portion of TUS property located south of Corona Road. Once complete, TAA will be able to market Sonora North (the property next to the Amazon fulfillment center) and the airside land south of Los Reales Road.</p> <p><i>07/22/2022</i></p>

## UPGRADE TO FIRST CLASS SYSTEMS AND EFFICIENCIES

Goal	Owner	Q...	Q4 '21	Q1 '22	Q2 '22	Q3 '22	Q4 '22	Current Co...	Board Update
Update and Refine IT and Marketing Functionality	Bruce Goetz							Complete	<p><b>NEW Bruce Goetz:</b> Realignment of the Air Service Development team to the Business and Commercial Development group is complete. One of the three new positions for IT has been filled and the other two positions will be posted for hiring by the end of January. 01/12/2022</p>
Critical System (Technology) Upgrades	Bruce Goetz							Complete	<p><b>NEW Bruce Goetz:</b> Installation of Microsoft TEAMS equipment for online collaboration is complete. Additionally, new network printers have been installed in all employee areas and project is complete. 05/13/2022</p>
Focus on Documentation	Bruce Goetz							On Track	<p><b>NEW Bruce Goetz:</b> All teams across the airport are on track to meet their goals on documenting institutional knowledge and updating / creating departmental SOP's. 07/21/2022</p>
Embrace Sustainability	Bruce Goetz							On Track	<p><b>NEW Bruce Goetz:</b> We received 5 Responses for Proposals for our Sustainability Master Plan. The selection committee is meeting next week for scoring. 07/21/2022</p>

## CREATE EXTERNAL TAA CHAMPIONS

Goal	Owner	Q...	Q4 '21	Q1 '22	Q2 '22	Q3 '22	Q4 '22	Current Co...	Board Update
Expand TAA Marketing Campaign	Danette Bewley							On Track	<p><b>NEW</b> <b>Jessie Allen:</b> TAA has continued to promote TUS as a key player in the community. New marketing creative has been created to currently reflect three messages: Nonstop for Tucson (general awareness), Nonstop for our Community, and REAL ID. From May through July, there was a fourth message: Nonstop for Summer Getaways. Working in collaboration with our marketing consultant, our quarterly media spend allocation was slightly revised to ensure higher frequency of messages to targeted audiences. Impressions from both digital and out-of-home venues continue to grow year-over-year. The new commercial has been running May 2022; we continue to receive praise from our community about the new messaging. In addition, we renegotiated a long-term agreement with Lamar Advertising to continue our transit marketing campaign for one year. Due to budget constraints, we have opted to discontinue the purchase of two of the four billboards in Eloy; however, we did purchase one additional billboard in the Tucson region to promote the REAL ID deadline.</p> <p>Due to the impending May 3, 2023, deadline for the REAL ID, the TAA team made the decision to allocate some of its marketing funds to increase community awareness of the target date. We have developed digital terminal signage for this cause and will be adding a new static sign near the terminal entrance from the rental car facility.</p> <p>07/26/2022</p>



Goal	Owner	Q...	Q4 '21	Q1 '22	Q2 '22	Q3 '22	Q4 '22	Current Co...	Board Update
Community Advocacy -	Danette Bewley								<p><b>NEW Jessie Allen:</b> The TAA Membership Survey officially opened for both Active and Emeritus Members on June 10, 2022. Unfortunately, due to a lack of timely responses from the Membership, two extensions were provided. As of July 26, one day after the second extension was given, we have participation from 50% of the active membership. The survey will close on August 1. Upon closing, NuPoint will analyze the results and provide TAA a report with a "Membership Value Proposition" and Member Advocacy Plan. NuPoint has drafted a starting template for the advocacy plan, and the Marketing team is enthusiastic about the direction of the plan.</p> <p>The Community Survey is in its final stages of development. NuPoint is currently preparing the survey within its backend program to provide a final draft for TAA review. At this point, the survey will go live mid-August as to increase our chance of timely success following the start of the new school year. We expect 700-800 respondents to complete the survey, which will provide the TAA an accurate representation of our community. Upon analysis of results, a "Community Value Proposition" will be developed. This CVP will reveal the heart of our business and present what return on investment our airport system wants to provide to our community.</p> <p>Additionally, TAA leaders continue to present to organizations throughout Southern Arizona. Danette Bewley continues to be the most requested speaker for local business groups. A training program is in development for the TAA Leadership group to cover aspects of public speaking and networking tips for community events.</p> <p>Strategic planning is underway for the TAA's 75th Anniversary celebration in 2023. The Marketing team is developing a proposal for CEO approval. The plan will focus on partnering with the community to help share TAA's story and community value proposition through creative activations both inside the terminal, in the community and through social media.</p> <p>07/26/2022</p>
TAA Membership and Board Advocacy	Danette Bewley								<p><b>NEW Jessie Allen:</b> The TAA Membership Survey officially opened for both Active and Emeritus Members on June 10, 2022. Unfortunately, due to a lack of timely responses from the Membership, two extensions were provided. As of July 26, one day after the second extension was given, we have participation from 50% of the active membership. The survey will close on August 1. Upon closing, NuPoint will analyze the results and provide TAA a report with a "Membership Value Proposition" and Member Advocacy Plan. NuPoint has drafted a starting template for the advocacy plan, and the Marketing team is enthusiastic about the direction of the plan.</p> <p>07/26/2022</p>

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., APPROVING AND SUPPORTING THE FRAMEWORK FOR THE TUCSON AIRPORT AUTHORITY STRATEGIC PLAN 2.1.**

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**WHEREAS** the Board of Directors approved the Tucson Airport Authority (TAA) Three-Year Strategic Plan (Strategic Plan 1.0) at its regular meeting on August 5, 2020, and approved the updates to the Plan as presented during its regular meeting on September 1, 2021 (Strategic Plan 2.0); and

**WHEREAS** the Strategic Plan continues to serve as the roadmap for success as the TAA fully emerges from the economic downturn caused by the COVID-19 pandemic and continues to pursue opportunities to maintain pre-COVID air service, to expand air service, and to take advantage of future economic development opportunities; and

**WHEREAS** the Strategic Plan is designed to adapt to changing conditions and that staff has determined that adjustments to the some of the plan’s initiatives and timelines are necessary to adapt to changing conditions;

**WHEREAS** the proposed Strategic Plan 2.1 fully supports the TAA’s mission to “Provide a sustainable airport system and constantly pursue initiatives that promote and grow business opportunities.”

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

The President/CEO and her designee(s) are authorized to take all actions necessary to finalize and to implement the framework of the Tucson Airport Authority Strategic Plan 2.1, as outlined in the attached presentation, hereby incorporated by reference and made a part hereof.

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

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Bruce Dusenberry, Chair of the Board

ATTEST:

APPROVED AS TO FORM:

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Michael S. Hammond, Secretary

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Christopher Schmaltz, Vice President  
and General Counsel

# Strategic Plan 2.1

TAA Board of Directors Meeting | September 7, 2022



## Why update SP 2.0 to SP 2.1?



*Annually review and update*

*Lessons learned from Strategic Plan 2.0*

*New perspectives from Executive Team and Directors*

*Continued Recovery from COVID-19*

# What hasn't changed?



## ***Mission***

Provide a sustainable airport system and constantly pursue initiatives that promote and grow business opportunities

## ***Vision***

Landing prosperity in Southern Arizona

## ***Guiding Principles***

We Deliver Results

We Work Smart

We Are Curious

We Play For The Team



# What has changed?



- *Building off initiatives started in SP 2.0*
- *Each section refined to reflect how industry recovery efforts have impacted us, along with external processes we have to adapt to.*
- *Continued emphasis on building leaders and performance management*

# Summary

	FY22	FY23	FY24	FY25+
Rally Cry	Take Off	Climb Out	Open Skies	New Destinations
Why	Invest for Success	Connected, Functioning Systems	High Performance	Employee Driven and Community Engaged Culture
Expand Prosperity	Staging the Resources	Execution and Engagement	Sustained Growth	Investigating New Opportunities
Accelerate Performance	Embed Capacity	Connected Flow	High Performing, Engaged Workforce	Recognition as Great Place to Work
Upgrade to First Class Systems and Efficiencies	Growing to Efficient Systems	Achieve Efficiency	Systems are Centers of Excellence	
Create External TAA Champions	Create Champions	We are the Champions	Engage the Futurists	TAA as Fulcrum for Regional Prosperity

## STRATEGIC INITIATIVES



# Strategic Initiatives

	FY22	FY23	FY24	FY25+
Rally Cry	Take Off	Climb Out	Open Skies	New Destinations
Why	Invest for Success	Connected, Functioning Systems	High Performance	Employee Driven and Community Engaged Culture
Expand Prosperity	Staging the Resources	Execution and Engagement	Sustained Growth	Investigating New Opportunities

STRATEGIC INITIATIVES

FOCUSES

1. Commercial Development Planning and Marketing
  2. Shovel Ready Infrastructure (both TAA land and our utility and community partners)
  3. Negotiate and Implement New Airline Use Agreement (AUA)
  4. Air Service Development
- FY22 Major Accomplishments
- Attracted Flair Airlines to TUS market; 5 Canadian cities will have non-stop service in Nov 2022.
  - Began groundwork for new AUA; developed regular meeting schedule with Airlines.
  - 165 acres of land currently on market; FAA reviewing 180+ acres for release CY22; started process to release 800 acres in FY24; prioritized land for disposal; Sonoran Commerce Center trademarked.

# Strategic Initiatives

		FY22	FY23	FY24	FY25+
Rally Cry		Take Off	Climb Out	Open Skies	New Destinations
Why		Invest for Success	Connected, Functioning Systems	High Performance	Employee Driven and Community Engaged Culture
Accelerate Performance		Embed Capacity	Connected Flow	High Performing, Engaged Workforce	Recognition as Great Place to Work
STRATEGIC INITIATIVES	FOCUSES	<ol style="list-style-type: none"> <li>1. Implement Workforce Planning</li> <li>2. Drive Performance Management</li> <li>3. Develop Employees to Increase Engagement</li> <li>4. Target Growth of Internal Talent</li> </ol>			
		<p>FY22 Major Accomplishments</p> <ul style="list-style-type: none"> <li>• Completed Employee Satisfaction Survey; 85% satisfied</li> <li>• Executed Year 3 of Compensation Plan adjustments</li> <li>• 100% of employees have Performance Development Plans</li> <li>• Completed Situational Leadership Training for 58 leaders in 30 days</li> </ul>			

# Strategic Initiatives

		FY22	FY23	FY24	FY25+
Rally Cry		Take Off	Climb Out	Open Skies	New Destinations
Why		Invest for Success	Connected, Functioning Systems	High Performance	Employee Driven and Community Engaged Culture
STRATEGIC INITIATIVES	Upgrade to First Class Systems and Efficiencies	Growing to Efficient Systems	Achieve Efficiency	Systems are Centers of Excellence	
	FOCUSES	<ol style="list-style-type: none"> <li>1. Establish a technology roadmap to meet all stakeholder needs</li> <li>2. Establish technology steering committee</li> <li>3. Scope Enterprise Documentation Strategy</li> <li>4. Complete Sustainability Master Plan</li> </ol>			
		<p>FY22 Major Accomplishments</p> <ul style="list-style-type: none"> <li>• Intellectual property; documented/updated over 139 Standard Operating Procedures.</li> <li>• Infrastructure Investment   Over \$1M invested in technology (computers, laptops, printers and TEAMS rooms; Re-imagined IT organizational structure; Rubber Removal Truck.</li> <li>• Hired Sustainability Manager; selected consultant for Sustainability Master Plan.</li> </ul>			



# Strategic Initiatives

		FY22	FY23	FY24	FY25+
Rally Cry		Take Off	Climb Out	Open Skies	New Destinations
Why		Invest for Success	Connected, Functioning Systems	High Performance	Employee Driven and Community Engaged Culture
STRATEGIC INITIATIVES	Create External TAA Champions	Create Champions	Create Champions	We are the Champions - Engage the Futurists	TAA as Fulcrum for Regional Prosperity
	FOCUSES	<ol style="list-style-type: none"> <li>1. Tourism</li> <li>2. Determine and activate Community Value Proposition</li> <li>3. Identify and cultivate Member Value Proposition</li> <li>4. External Communications and Marketing Delivers Results</li> </ol>			
		FY22 Major Accomplishments <ul style="list-style-type: none"> <li>• Expanded marketing campaign reach to accomplish more than 60M impressions.</li> <li>• Surveyed TAA Membership for Member Value Proposition.</li> <li>• Presented airport updates to more than 30 local and national organizations.</li> </ul>			

# Success Indicators

FY22	FY23	FY24	FY25+
<b>Take Off</b>	<b>Climb Out</b>	<b>Open Skies</b>	<b>New Destinations</b>
<b>Invest for Success</b>	<b>Connected, Functioning Systems</b>	<b>High Performance</b>	<b>Employee Driven and Community Engaged Culture</b>
<ul style="list-style-type: none"> <li>• Broker/Developer Selected Q4 (<b>Re-assessing approach</b>)</li> <li>• 100% employees have performance plan in BambooHR (<b>Achieved</b>)</li> <li>• Baseline documentations of critical infrastructure (<b>Achieved</b>)</li> <li>• Media impressions show increase of 10% (<b>On track</b>)</li> </ul>	<ul style="list-style-type: none"> <li>• New AUA signed by all parties and in place by 9/2023.</li> <li>• Employee satisfaction remains above 80%</li> <li>• Complete Sustainability Master Plan; assess implementation for FY23-24 budgets</li> <li>• Implement advocacy plan for TAA Membership</li> <li>• Complete Technology Road Map by 2/23</li> </ul>	<ul style="list-style-type: none"> <li>• 1,500 acres of land submitted to FAA for release</li> <li>• EVP (Employee Value Proposition) is defined and aligned to employee engagement</li> <li>• Community survey in FY24 reflects meaningful community asset recognition and growth</li> <li>• Embraced implementation of initiatives in Sustainability Master Plan</li> </ul>	<ul style="list-style-type: none"> <li>• Evaluate Air Cargo Ramp expansion</li> <li>• Recognized externally as a “Great Place to Work”</li> <li>• Collaborate with tourism partners to refine initiatives</li> <li>• Sonoran Commerce Center is a nationally recognized brand</li> <li>• Scoping of Enterprise Resource Planner (ERP) complete</li> </ul>

**THANK YOU!**  
Q&A SESSION



**Date:** September 7, 2022

**To:** Board of Directors  
**From:** Kirk Eickhoff, Vice President/CFO  
**Re:** Proposal for Parking Rate Increase

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**Background:**

TAA provides multiple public parking options for our passengers, offering a mix of amenities and price ranges. All TAA public parking lots deliver safe and convenient parking and are staffed by courteous and helpful contracted employees focused on customer service. TAA strives to provide rates that are affordable, competitive, and consistent. In that regard, rates at TAA’s public parking lots have not changed since February of 2017. In that time, TAA’s operating costs have risen, largely due to the increased cost of labor and supplies. The actual operating expenses recorded in FY 2017 were \$28.5M. The forecasted operating expenses for FY 2022 (current fiscal year) is \$33.8M. This reflects an increase of 18.6% and this number is expected to continue rising due to the historic inflationary pressure present in the broader economy.

In addition to increased operating expenses, TAA has planned for a \$1.8M capital project in FY 2023 to replace the Parking and Revenue Control System (PARCS), pending Board approval of the FY 23 Budget. The new PARCS system will replace an ageing system which is suffering from periodic communication failures, reporting problems, and other technical issues.

TAA’s parking lots are operated by Ace Parking Co. (Ace) under a management agreement which provides for reimbursement of Ace’s actual operating costs. In total, TAA expects to pay Ace \$1.5M in fees and cost reimbursements for FY 2022, up from \$1.2M in FY 2017. For FY 2023, significant increases in labor costs have driven the budgeted Ace management costs to \$1.7M. Personnel expenses represent nearly 90% of operating costs reimbursed to Ace. The largest employee groups at Ace are cashiers and shuttle bus drivers. Historically, these and certain other positions have had starting wages at or near the minimum wage. A ballot initiative approved in November 2016 increased Arizona’s minimum wage rate to from \$8.05 to \$10.00 on January 1, 2017, with scheduled incremental increases to reach \$12.00 by January 1, 2020, with required annual CPI adjustments thereafter. In November 2021, Tucson voters voted to approve the Tucson Minimum Wage Act, increasing the minimum wage for all business operating within incorporated Tucson to \$13.00/hr. The minimum wage will increase in scheduled increments, eventually reaching \$15.00/hr. by January 2025.

TAA is required to operate as a self-sustaining airport system. This means that TAA does not have the authority to levy taxes and must generate enough revenue to cover all operating and capital costs. Parking revenue is a significant contributor to TAA’s total resources. In FY 2022, parking revenue is expected to comprise 16.7% of total operating revenue.

**Analysis:**

To determine the appropriateness of parking rates, TAA management largely considered two factors: 1) lot utilization (% occupancy) at TUS and 2) prices of primary airport competitors. Studying individual lot utilization helped to determine specific demand for each available option. Generally, a high lot utilization indicates relatively high demand. The lots in highest demand at TUS are the daily lot, economy covered lot, and the parking garage. The average occupancy of the daily and economy covered parking lots exceeded 90% in the fiscal year immediately preceding the COVID-19 pandemic. The parking garage utilization exceeded 80% for the same period. These figures are annual averages and at times throughout the year, these lots frequently reached full capacity. A lot regularly reaching full capacity indicates that demand is exceeding supply (supporting a rate increase).

Current passenger volumes are approximately 88% of pre-COVID-19 volume. Despite a 12% decrease in total passengers, the current utilization for the highest demand lots is only 5% below pre-COVID levels. This means that the demand for parking is outpacing the COVID-19 recovery and suggests that the market will support a rate increase.

TAA management was sensitive to competition when developing the proposed rate changes. In the immediate vicinity, TAA faces competition from off-site parking providers that shuttle passengers to and from the airport terminal. These private lots offer both covered and uncovered options and primarily compete with our Economy and Economy Covered lots which comprise approximately 22% of TAA's overall parking revenues. Management's review of local competitors, such as Fast Park & Relax, Quick Park, and EZ Park, revealed that the published rates of off-airport providers are very close to TUS's current rates, with a general variance of 1-3%. TAA management anticipates that following a TUS rate increase, our local competitors will also raise rates in a similar manner, consistent with their historical behavior.

TAA management also reviewed the rates of in-state airports where comparable lots and garages are provided. The review primarily covered Phoenix area airports, specifically, Phoenix-Mesa Gateway and Phoenix Sky Harbor. The parking rates at Phoenix-Mesa Gateway's comparable economy lots are \$7 per day for uncovered parking and \$11 per day for covered option. Phoenix Sky Harbor's comparable lot rates are \$12 per day for the economy uncovered lot and \$30 per day for terminal adjacent garage parking. The proposed TUS rates are significantly lower than the offerings from our in-state airport competitors.



The chart below reflects TUS’ current and proposed rate information.

	Hourly Rate		Daily Rate		Daily Rate Change	
	Current	<b>Proposed</b>	Current	<b>Proposed</b>	\$ increase	% increase
Hourly Lot	\$2.00	<b>\$3.00</b>	\$13.00	<b>\$15.00</b>	\$2.00	15.4%
Daily Lot	\$2.00	<b>\$3.00</b>	\$10.00	<b>\$12.00</b>	\$2.00	20.0%
Economy Lot	N/A	<b>N/A</b>	\$4.50	<b>\$5.00</b>	\$0.50	11.1%
Economy Covered Lot	N/A	<b>N/A</b>	\$6.00	<b>\$7.50</b>	\$1.50	25.0%
Parking Garage	\$3.00	\$3.00	\$10.00	<b>\$12.00</b>	\$2.00	20.0%

**Impact:**

The proposed increase in parking rates is anticipated to provide an additional \$1.4M of annual parking revenue for TAA. Because the TAA operates under a fully residual airport use agreement with our airline partners, this increase in non-aeronautical revenue will help offset operating costs and aid TAA in maintaining a competitive rate base for the airlines operating at TUS.

**Recommendation:**

TAA management recommends that the Board of Directors approve the proposed new parking rates and authorize the President/CEO or her designee to take action to adjust public parking rates as described above, effective November 1, 2022.

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., APPROVING ADJUSTMENTS TO THE PARKING RATES AT TUCSON INTERNATIONAL AIRPORT, TO BE EFFECTIVE ON AND FROM NOVEMBER 1, 2022.**

**WHEREAS** the Tucson Airport Authority (TAA) provides public parking to customers at several locations at the Tucson International Airport; and

**WHEREAS** to provide parking rates that are affordable, competitive, and consistent, the TAA has maintained the same parking rates since February 2017; and

**WHEREAS** increases in the cost of labor and supplies since 2017, and a planned capital project in FY 2023 of \$1.8M to replace the Parking and Revenue Control System (PARCS) requires the TAA to generate additional revenues associated with this key airport infrastructure; and

**WHEREAS** the Board of Directors accepts staff’s analysis and recommendations as detailed in the Board Memorandum, a copy of which is attached as Exhibit A.

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

1. The proposed parking rates set forth in the table below are approved. The President/CEO or her designee(s) is authorized to take all actions necessary to implement adjustments to the parking rates at Tucson International Airport, as follows:

	Hourly Rate		Daily Rate	
	Current	<b>Proposed</b>	Current	<b>Proposed</b>
Hourly Lot	\$ 2.00	<b>\$ 3.00</b>	\$ 13.00	<b>\$ 15.00</b>
Daily Lot	\$ 2.00	<b>\$ 3.00</b>	\$ 10.00	<b>\$ 12.00</b>
Economy Lot	N/A	<b>N/A</b>	\$ 4.50	<b>\$ 5.00</b>
Economy Covered Lot	N/A	<b>N/A</b>	\$ 6.00	<b>\$ 7.50</b>
Parking Garage	\$ 3.00	<b>\$ 3.00</b>	\$ 10.00	<b>\$ 12.00</b>

2. The new parking rates shall be in effect on and from November 1, 2022.

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

\_\_\_\_\_  
Bruce Dusenberry, Chair of the Board

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Michael S. Hammond, Secretary

\_\_\_\_\_  
Christopher Schmaltz, Vice President  
and General Counsel

**Date:** September 7, 2022

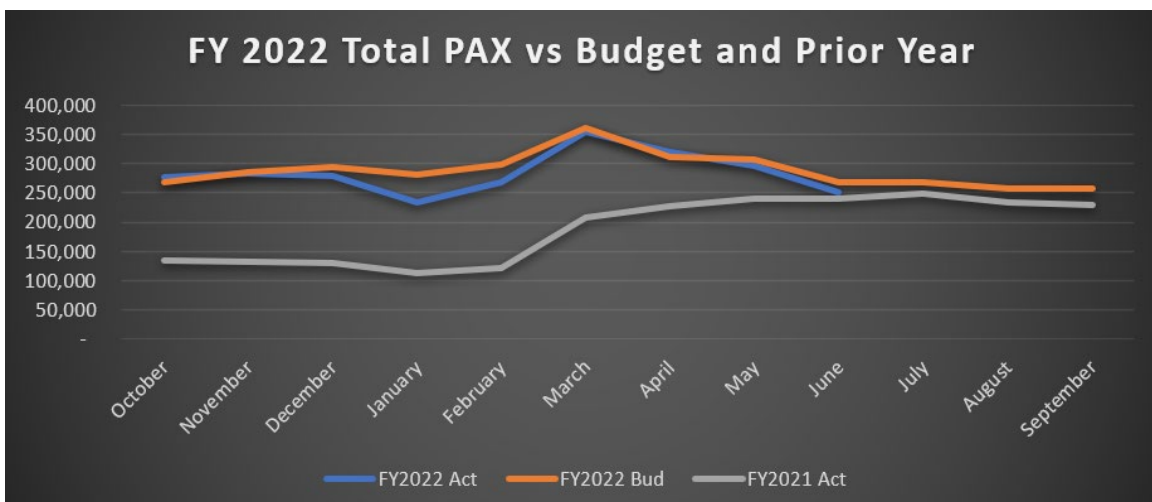
**To:** Board of Directors  
**From:** Kirk Eickhoff, Vice President / CFO  
**Re:** FY 2023 Tucson Airport Authority Operating Budget

**Purpose:**

Attached for your review is the FY 2023 Tucson Airport Authority (TAA) Operating Budget. The document entitled “Statement of Airport System Requirements” (Exhibit A) presents a comparative analysis of major revenue and expense categories for the FY 2023 budget, the current fiscal year forecast and approved budget (FY 2022).

**FY 2022 Forecast vs FY 2022 Budget:**

The fiscal year began with passenger volumes tracking closely to the annual budget. However, a spike in COVID-19 cases negatively impacted air travel from December 2021 through February 2022. Luckily, the traffic decrease was short-lived, and volumes recovered to levels consistent with the FY 2022 budget beginning in March 2022. The overall passenger volume expectation for FY 2022 was approximately 91% of pre-COVID-19 levels, beginning the year at 87% and steadily increasing to 93%. The current year-to-date volume is just over 88% of pre-COVID-19 levels. Despite lower than anticipated passenger volumes, TAA expects FY 2022 operating revenue to exceed budget by \$1.4M. The increase is mostly attributable to favorable performance from rental cars, a continuation of unbudgeted tie-down fees, and higher-than-expected royalties from sand and gravel. Operating expenses are also favorable by \$1.6M, due to personnel savings attributable to historically high vacancy rates and lower-than-expected contractual services. While FY 2022 projections are favorable to budget, operating income is still significantly below pre-COVID-19 levels, and TAA expects to deploy \$6.9M in federal rescue funds to balance the airport system residual calculation.



**FY 2023 Budget Volume Assumptions:**

Volume assumptions drive critical components of airport revenue planning, including Concessions and Landing Fees. Significant changes in volume have the potential to affect operating expenses as well. But overall, TAA's operating costs are fixed. The most significant cost drivers are FAA Part 139 requirements and the specific infrastructure and resources managed and maintained, which do not significantly change year-to-year. For FY 2023, budgeted volumes are consistent with current performance and are not expected to materially change TAA's operations.

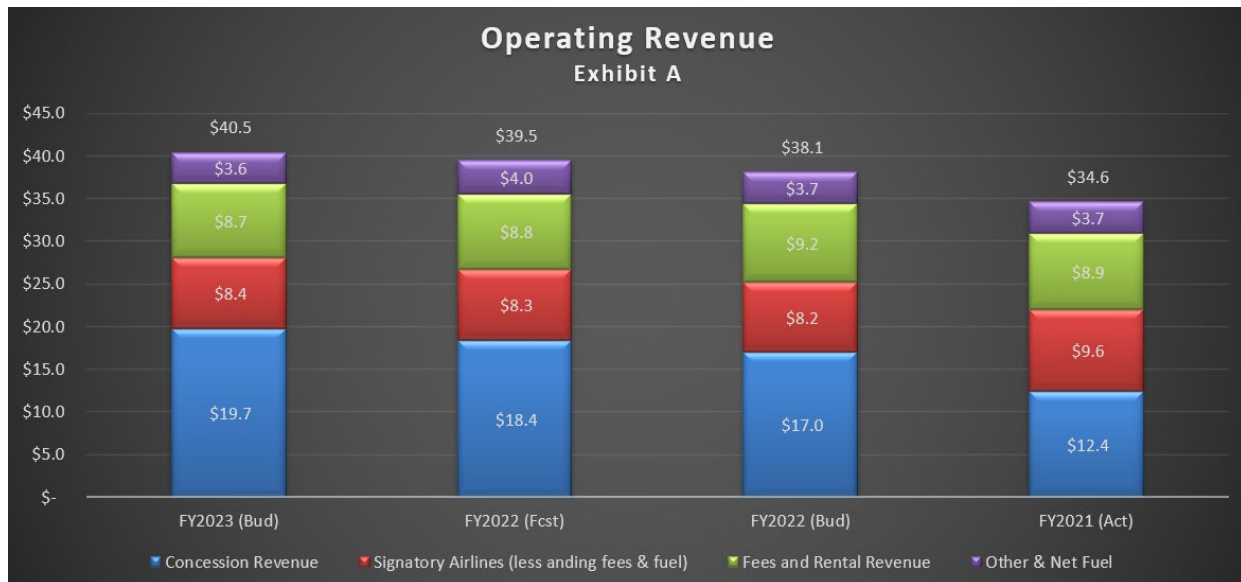
FY 2023 passenger activity is budgeted to increase 7.9% compared to the FY 2022 budget, with 3.7M total passengers expected at TUS. The budget assumes a gradual increase in service over the course of the year and includes seasonal service from Sun Country and Flair Airlines. Load factors are expected to remain high, resulting in a budgeted passenger volume of 94.5% of FY 2019 (pre-COVID-19) levels.

Landed weight is highly correlated with passenger volume. With the expectation of elevated load factors, the budgeted landed weight for FY 2023 is 3.5% higher than the FY 2022 budget and 94.3% of FY 2019 (pre-COVID-19).

**Revenue vs FY 2022 Budget:**

The FY 2023 operating revenues are expected to grow \$2.9M (7.5%) vs the FY 2022 budget and \$1.5M (3.7%) vs FY 2022 forecast (see chart below). The overall changes by revenue category are as follows:

- Concession Revenue - \$2.8M (16.3%) increase due to higher passenger volumes, a planned increase in vehicle parking rates, and a continuation of escalated rental car revenue. Minimum annual guarantees (MAG) for rental car tenants (RAC) have been restored. However, the rental car revenue is expected to exceed the MAG, so there is no anticipated fiscal impact from this change.
- Revenue from Signatory Airlines (other than landing fees and fuel) - \$0.2M (2.7%) increase which is attributable to an increase in required security reimbursements.
- Fees and Rental Revenue - \$0.4M (4.8%) decrease due to lower non-signatory landing fees and facility terminal rents.
- Other Revenue - \$0.1M (2.5%) decrease primarily due to decreased project reimbursements, partially offset by increased fuel flowage fees.



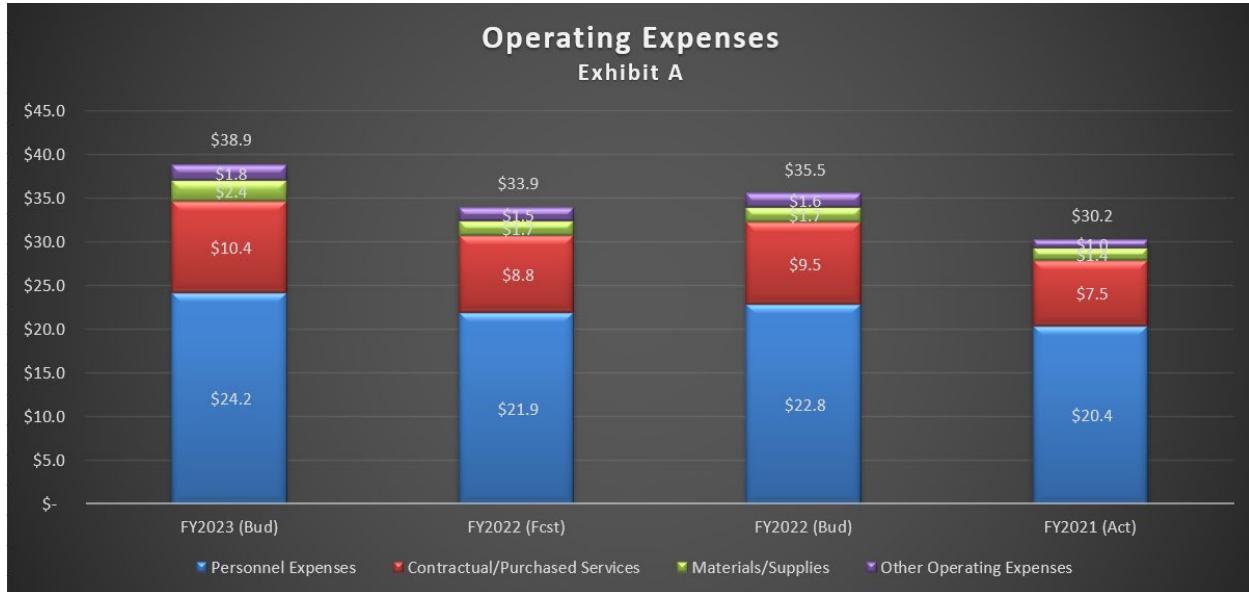
- Non-operating revenue is comprised solely of interest earnings on federally guaranteed debt securities—primarily agency notes and treasury bonds. Interest revenue is expected to increase \$0.1M from the FY 2022 budget as Federal Reserve rate increases implemented in 2022 are expected to continue through FY 2023.

**Operating Expenses vs FY 2022 Budget:**

The FY 2023 operating expenses are budgeted to increase \$3.4M or 9.7% compared to the FY 2022 budget and rise \$5.0M or 14.8% over the FY 2022 forecast (see chart below). The overall changes by expense category are described below:

- Personnel expense represents the majority of TAA’s operating expenses. The FY 2023 budget is \$24.2M, which is \$1.5M (6.5%) higher than the FY 2022 budget. The increase is attributable to strategic market adjustments and cost-of-living increases designed to promote employee retention and recruitment in a highly competitive labor market. TAA also faced significant increases in employee medical insurance costs. Through careful planning, changes in offerings, and passing through a portion of the increases to employees, TAA was able to limit the increase to less than 10% over the prior year.
- Contractual/Purchased Services includes investment focus areas and is expected to increase \$1.0M or 10.1% compared to the FY 2022 budget. Investments include additional marketing efforts; legal and consulting expenses required to complete a new Airline Use Agreement (AUA); engineering fees related to potential property development efforts; and restoration of the internal audit function at TAA. In addition to these investments, TAA is facing significant increases in parking management fees (driven by higher labor costs) and rising utility rates.

- Materials and supplies are budgeted to increase by \$0.7M due to multiple factors including inflation, additional software licenses, and replacements of small machinery and equipment.
- Other operating expenses are up \$0.3M due to restored travel and training, community events, and employee tuition reimbursement.



**Debt Service:**

Airport system debt service will increase by \$0.8M from the FY 2022 budget primarily due to special reserve loan funding of unbudgeted capital projects added during FY 2022. These projects include the MRO Aeropark Taxiway Entrance, Federal Inspection Station Refresh, and a Jet Bridge for Gate B-2.

**Fund Transfers:**

Except for the inflow of federal rescue funds, all fund transfers are budgeted and executed in accordance with the terms of the AUA.

- The Operations and Maintenance Reserve Fund is required to be maintained at a balance of 25% of budgeted operating expenses. The \$0.9M transfer is required to maintain this balance.
- The transfer to the Capital Improvement Fund is budgeted to increase 5.0% in FY 2023, as prescribed by the AUA.

- Transfers to the Special Reserve Fund are expected to increase slightly due to anticipated industrial area revenues.
- Common-area maintenance transfers are flat.
- The transfer from the Federal Rescue Fund of \$7.1M is used to balance the Airport System and maintain the prescribed landing fee rate of \$1.15 per thousand-pound unit, as required by the AUA amendment and extension agreement dated October 1, 2021.

**Total Capital Requirements:**

Total capital requirements are budgeted to decrease by \$2.3M compared to the FY 2022 budget. Attached are three separate exhibits detailing budgeted project information for FY 2023 Major Maintenance (Exhibit B), Capital Outlay (Exhibit C), and the Capital Improvement Program (CIP) (Exhibit D).

**Net Results and Summary:**

All budgeted items described above result in a signatory landing fee requirement of \$2.3M, which represents an 8.1% increase from the FY 2022 budget. When divided by the budgeted signatory landed weight, the calculated landing fee is \$1.15 per thousand-pound unit, as required by the AUA amendment and extension.

The total cumulative anticipated used of the federal rescue funds at the end of FY 2023 is \$20.9M (\$2.3M in FY 2020, \$4.1M in FY 2021, \$6.9M in FY 2022, and \$7.6M budgeted for FY 2023). In total, federal COVID-19 relief bills have provided TAA with \$44.5M in rescue grants. This does not include the \$31M allocation from the Bipartisan Infrastructure Law (BIL), as TAA plans to apply all BIL proceeds directly to the ongoing Airfield Safety Enhancement (ASE) project. As federal dollars are received, they are accounted for in a separate fund apart from the Airport System. At the close of each year, TAA transfers dollars from these funds into the airport system the amount required to balance the residual calculation.

An anticipated remainder of \$23.6M of rescue funds will be available to carry forward to FY 2024 and beyond. The planning for this remainder was aimed to help ensure adequate funding of the Airport System into the future and reduce the likelihood of a net shortfall situation (for which the signatory airlines are residually responsible). Should passenger volumes continue to increase, returning the airport to a self-sustaining operation prior to the exhaustion of the relief funds, any remaining dollars will be used to offset the local portion of the capital costs associated with the ASE project.

**Additional Information:**

TAA Management presented the FY 2023 TAA Operating Budget, including the materials contained within this board packet, to the Airport Airline Affairs Committee (AAAC) on August



22, 2022, and the Finance and Risk Management Council (FRMC) on August 31, 2022, respectively. Both bodies were receptive and supportive of the operating plans and FY 2023 Budget presented. The FRMC voted to recommend the Board of Directors approve the TAA FY 2023 Budget as presented.

Included with your agenda packet are updated summaries of the rates and charges that will become effective on October 1, 2021. The information provided includes terminal rentals, general rental rates and charges, and baggage claim allocations for the next six months of the fiscal year.

**Recommendation:**

TAA Management recommends the Board adopt Resolution No. 2022-20 approving the TAA Operating Budget for FY 2023.

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., APPROVING THE TUCSON AIRPORT AUTHORITY'S BUDGET AND CAPITAL IMPROVEMENT PROGRAM FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2022 AND ENDING SEPTEMBER 30, 2023.**

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

1. The FY 2023 Budget as presented in the attached Exhibit A ("Statement of Airport System Requirements 2023"), incorporated by reference herein and made a part thereof, is hereby approved.
2. The FY 2023 Capital Improvement Program requirements as detailed in the attached Exhibit B ("FY 2023 Major Maintenance"), Exhibit C ("FY 2023 Capital Outlay"), and Exhibit D ("FY 2023 Capital Improvement Program"), all incorporated by reference herein and made a part thereof, are hereby approved.
3. The President/CEO or her designee(s) is authorized to take all actions necessary to implement the FY 2023 Budget and Capital Improvement Program, subject to the provisions specified in the Board-approved Resolution on Delegated Authority in effect at the time such actions are taken.

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

\_\_\_\_\_  
Bruce Dusenberry, Chair of the Board

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Michael S. Hammond, Secretary

\_\_\_\_\_  
Christopher Schmaltz, Vice President  
and General Counsel

**TUCSON AIRPORT AUTHORITY**  
**STATEMENT OF AIRPORT SYSTEM REQUIREMENTS 2023**

	2023		2022		2021 Actual	2023 Budget vs 2022 Forecast					
	Budget		Forecast	Budget		Dollar Inc/(Dec)	% Inc/(Dec)				
<b>Operating Revenue</b>											
Revenue from Signatory Airlines (Other than landing fees and fuel sales)	\$	8,401,847	\$	8,258,783	\$	8,184,184	\$	9,627,451	\$	143,064	1.7%
Fees and Rental Revenue		8,733,696		8,793,608		9,218,097		8,943,852		(59,912)	-0.7%
Concession Revenue		19,726,626		18,365,441		16,955,814		12,384,557		1,361,185	7.4%
Fuel Sales (net of cost of sales)		33,501		30,456		35,365		36,711		3,046	10.0%
Other System Revenue		3,591,490		4,017,066		3,684,385		3,614,535		(425,576)	-10.6%
		<b>40,487,160</b>		<b>39,465,354</b>		<b>38,077,846</b>		<b>34,607,106</b>		<b>1,021,806</b>	<b>2.6%</b>
<b>Non-Operating Revenue</b>											
Interest Revenue		226,453		188,711		143,373		161,739		37,742	20.0%
		<b>226,453</b>		<b>188,711</b>		<b>143,373</b>		<b>161,739</b>		<b>37,742</b>	<b>20.0%</b>
<b>Total Revenue (1)</b>		<b>40,713,613</b>		<b>39,654,065</b>		<b>38,221,219</b>		<b>34,768,845</b>		<b>1,059,548</b>	<b>2.7%</b>
<b>Operating Expenses</b>											
Personnel Expenses		24,248,404		21,909,688		22,769,868		20,380,146		2,338,716	10.7%
Contractual/Purchased Services		10,444,775		8,836,474		9,484,932		7,468,407		1,608,301	18.2%
Materials/Supplies		2,390,561		1,667,980		1,652,671		1,405,381		722,581	43.3%
Other Operating Expenses		1,849,118		1,507,216		1,597,278		990,652		341,902	22.7%
<b>Total Operating Expenses</b>		<b>38,932,858</b>		<b>33,921,358</b>		<b>35,504,748</b>		<b>30,244,585</b>		<b>5,011,500</b>	<b>14.8%</b>
<b>Net Operating Income (1)</b>		<b>1,780,756</b>		<b>5,732,707</b>		<b>2,716,471</b>		<b>4,524,260</b>		<b>(3,951,951)</b>	<b>-68.9%</b>

(1) Excludes Signatory Landing Fees

**TUCSON AIRPORT AUTHORITY**  
**STATEMENT OF AIRPORT SYSTEM REQUIREMENTS 2023**

	2023		2022		2021	2023 Budget vs 2022 Forecast	
	Budget	Forecast	Budget	Budget	Actual	Dollar Inc/(Dec)	% Inc/(Dec)
<b>Debt Service</b>							
Airport Revenue Bonds (Subordinate Lien) (2)	3,996,806	4,003,208	4,003,208		5,679,658	(6,402)	-0.2%
PFC Payment	(3,996,806)	(4,003,208)	(4,003,208)		(5,679,658)	6,402	-0.2%
Special Reserve Advances	3,728,357	2,916,751	2,916,751		1,370,464	811,606	27.8%
Insurance Reserve Advances	956,829	956,829	956,829		956,829	-	0.0%
<b>Total Debt Service</b>	<b>4,685,186</b>	<b>3,873,580</b>	<b>3,873,580</b>		<b>2,327,293</b>	<b>811,606</b>	<b>21.0%</b>
<b>Fund Transfers</b>							
Operations & Maintenance Reserve	857,027	514,533	514,533		(113,197)	342,494	66.6%
Capital Improvement Fund	1,500,959	1,429,485	1,429,485		1,361,414	71,474	5.0%
Special Reserve Fund	1,951,881	1,917,208	2,194,491		1,913,978	34,673	1.8%
Maintenance Reserve Fund	-	-	-		2,000,000	-	0.0%
Common Area Major Maintenance Funds	143,670	144,014	144,014		143,688	(344)	-0.2%
Airline Reserve Fund	-	-	-		-	-	0.0%
Federal Rescue Funds	(7,574,294)	(6,882,061)	(8,128,504)		(4,186,826)	(692,233)	10.1%
<b>Total Fund Transfers</b>	<b>(3,120,756)</b>	<b>(2,876,821)</b>	<b>(3,845,981)</b>		<b>1,119,057</b>	<b>(243,935)</b>	<b>8.5%</b>
<b>Capital Requirements</b>							
Capital Improvement Projects (CIP)	7,917,408	7,041,398	2,008,390		2,663,534	876,010	12.4%
Capital Outlay	140,975	3,790,960	1,114,858		1,147,906	(3,649,985)	-96.3%
Capitalized Major Maintenance	1,009,366	4,641,508	4,463,533		912,462	(3,632,142)	-78.3%
<b>Special Funding Sources</b>							
Capital Improvement Fund	(1,500,959)	(1,429,485)	(1,429,485)		(1,361,414)	(71,474)	5.0%
Special Reserve Fund	(4,326,766)	(5,922,196)	-		(607,316)	1,595,430	100.0%
Maintenance Reserve Fund	(769,394)	(750,000)	(750,000)		-	(19,394)	0.0%
Common Area Major Maintenance Funds	-	(623,791)	(623,791)		(22,110)	623,791	100.0%
<b>Total Capital Requirements</b>	<b>2,470,630</b>	<b>6,748,394</b>	<b>4,783,505</b>		<b>2,733,062</b>	<b>(4,277,764)</b>	<b>-63.4%</b>
<b>Signatory Landing Fee Requirement (Residual)</b>	<b>\$ 2,254,304</b>	<b>\$ 2,012,446</b>	<b>\$ 2,094,633</b>		<b>\$ 1,655,152</b>	<b>\$ 241,858</b>	<b>12.0%</b>
<b>Landed Weight Signatory Airlines</b>	<b>1,962,252</b>	<b>1,749,953</b>	<b>1,821,420</b>		<b>1,439,112</b>	<b>212,299</b>	<b>12.1%</b>
<b>Calculated Landing Fee</b>	<b>\$ 1.15</b>	<b>\$ 1.15</b>	<b>\$ 1.15</b>		<b>\$ -</b>	<b>\$ -</b>	<b>0.0%</b>

EXHIBIT B



Portfolio Planning Dashboard

Plan Year: 2023  
 Program: MM  
 Portfolio Name: FY 2023 MM Final  
 Currency: Dollars (USA)  
 Revision: 0  
 Status: Draft

Plan Total: \$1,009,366.00  
 Selected To Fund: \$0.00

Initiative ID	Initiative	Funding Year	Project Manager	Total	Dept.	Workflow Status	Score	2022	2023	2024	2025	2026	Beyond 5
10220462	B-422 Repipe domestic HW/CW piping	2023	David Moore	\$219,398.00	521 - Maintenance	Approved	0.00000	\$0.00	\$219,398.00	\$0.00	\$0.00	\$0.00	\$0.00
20219019	Ryan Maintenance Bathroom and Water Heaters	2023	Adam Kretschmer	\$56,721.00	521 - Maintenance	Approved	0.00000	\$0.00	\$56,721.00	\$0.00	\$0.00	\$0.00	\$0.00
10220375	Sealcoat Airfreight Road (01)	2023	Dexter DeVera	\$3,894.00	401 - Planning & Engineering Management	Approved	0.00000	\$0.00	\$3,894.00	\$0.00	\$0.00	\$0.00	\$0.00
10220364	Sealcoat General Aviation Apron (AGA 03)	2023	Dexter DeVera	\$12,623.00	401 - Planning & Engineering Management	Approved	0.00000	\$0.00	\$12,623.00	\$0.00	\$0.00	\$0.00	\$0.00
10218996	B-288 Hangar Wall Installation	2023	Lorraine Behr	\$3,550.00	203 - Commercial & Business Development	Approved	0.00000	\$0.00	\$3,550.00	\$0.00	\$0.00	\$0.00	\$0.00
10222469	Air Cargo 1 B-239 Bay 5	2023	Lorraine Behr	\$159,500.00	404 - Facility Development	Approved	0.00000	\$0.00	\$159,500.00	\$0.00	\$0.00	\$0.00	\$0.00
20219113-802	Phase 2 - Land Survey of Ryan Airfield	2023	Luis Quintero	\$69,905.00	401 - Planning & Engineering Management	Approved	0.00000	\$0.00	\$69,905.00	\$0.00	\$0.00	\$0.00	\$0.00
10219213 (803)	Rehab. Park Avenue South	2023	Victor Palma	\$333,775.00	402 - Civil Development	Approved	0.00000	\$0.00	\$333,775.00	\$0.00	\$0.00	\$0.00	\$0.00
10223499	ADA Compliance Modifications Project	2023	Lorraine Behr	\$150,000.00	404 - Facility Development	Approved	0.00000	\$0.00	\$150,000.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Total</b>				<b>\$1,009,366.00</b>				<b>\$0.00</b>	<b>\$1,009,366.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>

EXHIBIT C



Portfolio Planning Dashboard

Plan Year: 2023  
 Program: CO  
 Portfolio Name: FY 2023 CO Final  
 Currency: Dollars (USA)  
 Revision: 0  
 Status: Draft

Plan Total: \$140,975.00  
 Selected To Fund: \$0.00

Initiative ID	Initiative	Funding Year	Project Manager	Total	Dept.	Workflow Status	Score	2022	2023	2024	2025	2026	Beyond 5
10320407	<a href="#">Replace Welder/Generator on TAA 426</a>	2023	Adam Kretschmer	\$20,352.00	521 - Maintenance	Approved	0.00000	\$0.00	\$20,352.00	\$0.00	\$0.00	\$0.00	\$0.00
10322483	<a href="#">New Tire Machine and Balancer for Fleet Shop</a>	2023	Alan Moseley	\$12,023.00	521 - Maintenance	Approved	0.00000	\$0.00	\$12,023.00	\$0.00	\$0.00	\$0.00	\$0.00
10322478	<a href="#">Replace Computer Monitors</a>	2023	Gregory Walton	\$30,000.00	302 - Information Technology & Telecommunications	Approved	0.00000	\$0.00	\$30,000.00	\$0.00	\$0.00	\$0.00	\$0.00
10322477	<a href="#">Additional GIS Survey Antennas</a>	2023	Luis Quintero	\$3,600.00	401 - Planning & Engineering Management	Approved	0.00000	\$0.00	\$3,600.00	\$0.00	\$0.00	\$0.00	\$0.00
10322489	<a href="#">Electronic Lock Upgrade - Phase II</a>	2023	Jeff Palmer	\$75,000.00	510 - Police Support	Approved	0.00000	\$0.00	\$75,000.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Total</b>				<b>\$140,975.00</b>				<b>\$0.00</b>	<b>\$140,975.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>

# EXHIBIT D

## TUCSON AIRPORT AUTHORITY Tucson International Airport (TUS) / Ryan Airfield (RYN) (8/5/22)

### FISCAL YEAR 2023 CAPITAL IMPROVEMENT PROGRAM

<u>TUS AIP Projects:</u>	<u>Total</u>	<u>Federal</u>	<u>State</u>	<u>TAA</u>	<u>See Note</u>
10119102 ASE Program	\$ 54,989,973	\$ 51,342,725	\$ 1,080,482	\$ 2,566,766	*

<b>TUS AIP Total:</b>	<b>\$ 54,989,973</b>	<b>\$ 51,342,725</b>	<b>\$ 1,080,482</b>	<b>\$ 2,566,766</b>
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<u>TUS ADOT Projects:</u>	<u>Total</u>	<u>Federal</u>	<u>State</u>	<u>TAA</u>
<b>TUS ADOT Total: \$ - \$ - \$ - \$ -</b>				

<u>RYN AIP Grant Projects:</u>	<u>Total</u>	<u>Federal</u>	<u>State</u>	<u>TAA</u>
20119088 Ryan Tower Equipment (BL)	\$ 323,963	\$ 295,001	\$ 14,481	\$ 14,481
20120297 Conduct Siting Study for New Ryan Tower	\$ 175,000	\$ 159,355	\$ 7,823	\$ 7,823
<b>RYN AIP Total: \$ 498,963 \$ 454,356 \$ 22,304 \$ 22,304</b>				

<u>RYN ADOT Grant Projects:</u>	<u>Total</u>	<u>Federal</u>	<u>State</u>	<u>TAA</u>
20120435 (802) APMS - TWY B (Sec. 20 & 30), TWY A (Sec. 20), TWY D (Sec. 20)	\$ 882,289	\$ -	\$ 794,060	\$ 88,229
20123492 APMS Runway 15/33	\$ 206,537	\$ -	\$ 185,883	\$ 20,654
<b>RYN ADOT Total: \$ 1,088,826 \$ - \$ 979,943 \$ 108,883</b>				

<b>Grant Total:</b>	<b>\$ 56,577,762</b>	<b>\$ 51,797,081</b>	<b>\$ 2,082,729</b>	<b>\$ 2,697,952</b>
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<u>TAA Funded Projects:</u>	<u>Total</u>	<u>Federal</u>	<u>State</u>	<u>TAA</u>
10122470 Replace Parking and Revenue Control System (PARCS)	\$ 1,760,000	\$ -	\$ -	\$ 1,760,000
10122484 EA and Supporting Work for Sonora East	\$ 925,000	\$ -	\$ -	\$ 925,000
10123464 Police Relocation	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000
10120275 (802) Sealcoat Runway 3/21	\$ 649,275	\$ -	\$ -	\$ 649,275
10219230 (803) Entry Monument Median and Roadside Landscaping	\$ 300,000	\$ -	\$ -	\$ 300,000
<b>TAA Total: \$ 4,634,275 \$ - \$ - \$ 4,634,275</b>				

<b>TOTAL TAA FUNDS NEEDED:</b>	<b>\$ 7,332,227</b>
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<u>Special Financing</u>	<u>Total</u>	<u>AANG</u>	<u>Other</u>	<u>TAA</u>
10119102 ASE Program	\$ 11,386,000	\$ 11,386,000	\$ -	\$ -
10120274 (802) Executive Ramp Improvements	\$ 1,894,178	\$ 1,540,338	\$ -	\$ 353,840
10110096 (803) Reconstruct AANG Road	\$ 1,039,484	\$ 808,143	\$ -	\$ 231,341
10119102 (823) ASE Program - Pima County Drainage Improvements	\$ 720,000	\$ -	\$ 720,000	\$ -
10119102 (824) ASE Program - Ascent Aviation	\$ 413,585	\$ -	\$ 413,585	\$ -
<b>Special Financing Total: \$ 15,453,247 \$ 13,734,481 \$ 1,133,585 \$ 585,181</b>				

**Note:**  
\* Project does not require Majority-In-Interest (MII) approval pursuant to the threshold limit of Section 6.1 or is covered under an exception listed under section 6.3 of the Airline Use Agreement.

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., DELEGATING CERTAIN AUTHORITY TO THE TUCSON AIRPORT AUTHORITY'S PRESIDENT/CEO AND CLARIFYING THOSE ITEMS REQUIRING ACTION BY THE BOARD OF DIRECTORS AND THE EXECUTIVE COUNCIL.**

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

1. The President/CEO has full authority as provided in the Tucson Airport Authority (TAA) Bylaws as the Chief Executive Officer of TAA. As stated in the Bylaws, the President/CEO shall have the authority to act on behalf of the Board of Directors and TAA in all respects except as provided below. All previous resolutions or statements of delegated authority are hereby superseded, rescinded and of no further force and effect.
2. The following require Board of Directors action:
  - a. The expenditure of funds in excess of \$500,000 for non-emergency items that are not identified or included in the currently adopted budget or currently available grant funds. The total expenditure made at the discretion of the President/CEO and her/his designees in response to an emergency situation involving the airport system shall be reported to the Board at the next regularly scheduled Board meeting. No ratification or approval of the emergency expenditures is required by the Board for TAA to pay any outstanding amounts owed unless TAA lacks currently available funds to pay amounts due.
  - b. Approval of all TAA insurance policies when the costs to TAA for acquisition of the next annual policy coverages, in total, exceeds the amount in the approved applicable budget for TAA insurance costs by \$500,000.
  - c. The leasing of land or facilities for a term longer than ten (10) years. (This does not include the granting of public utility easements or licenses whose term is longer than ten (10) years, meaning that the President/CEO or her/his designee has authority to execute any such public utility easement or license.)
  - d. Any sale of real property granting fee title to the buyer.



- e. The institution of litigation or formal legal proceedings (including arbitration) by TAA against another person or party, except for the pursuit of remedies provided under contract.
  - f. The settlement of litigation or formal legal proceedings involving TAA unless the settlement is insured and/or costs to TAA are \$500,000 or less.
  - g. The approval of a contract for construction or capital improvement project/program previously included in a fiscal year budget if the contract exceeds the amount in the budget by ten percent (10%) or \$500,000, whichever is greater.
  - h. The incurrence of third-party debt by TAA.
3. The following actions are delegated to the Board of Director's Executive Council and require Executive Council action, which acts with the full authority of the Board on these matters:
- a. Increases in employee benefits, pay grades and ranges in response to changing market conditions that prevented inclusion in the current fiscal year's budget that would cost TAA in excess of \$500,000 in the current fiscal year.

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

\_\_\_\_\_  
Bruce Dusenberry, Chair of the Board

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Michael S. Hammond, Secretary

\_\_\_\_\_  
Christopher Schmaltz, Vice President  
and General Counsel

**RESOLUTION OF THE BOARD OF DIRECTORS  
OF  
TUCSON AIRPORT AUTHORITY  
(Resolution on Delegated Authority)**

**WHEREAS**, it is deemed desirable and in the best interests of this corporation that the following actions be taken by the Board of Directors in order to allow for the businesslike operation and management of the Tucson Airport Authority (TAA),

**NOW, THEREFORE, IT IS RESOLVED THAT** except as provided below, the President/CEO has the full authority of the Board of Directors to represent, obligate and act for and on behalf of TAA in all respects not inconsistent with the Bylaws, existing Board-adopted Policies, contractual obligations or applicable legal requirements. This statement of delegated authority shall amend all prior Board statements, resolutions and policies regarding the same subject and all such documents shall be amended accordingly without further Board action.

Notwithstanding the above, the following actions require the action of the Board of Directors:

1. The expenditure of funds in excess of \$250,000 for nonemergency items that are not within the currently adopted budget or available grant funds;
2. The award of a contract for construction or other capital project that was included in a previously approved fiscal year budget or capital improvement program if the project exceeds the amount included in such budget or program by 10% or \$250,000, whichever is greater;
3. The award of public services contracts that are expected to result in annual revenues to TAA of over \$250,000 per year;
4. The leasing of land or facilities for a term longer than 5 years;
5. The incurrence of debt on behalf of TAA in excess of \$250,000 in principal amount;
6. Actions or contractual commitments that specifically require a resolution or action of the Board of Directors;
7. The sale or encumbrance of personal property other than in the ordinary course of business operations;
8. The sale of real property;
9. The institution of litigation or formal legal proceedings by TAA against another person or party, except for the pursuit of remedies provided under contract; and
10. The settlement of litigation or formal legal proceedings brought against TAA unless the settlement is insured or less than \$250,000.

And, notwithstanding the above, the following actions require the action of the Executive Council, which shall hereby have the full authority of the Board of Directors with respect to such matters:

1. Increases in employee benefits; and
2. Changes to employee pay grades and ranges.

**IT IS FURTHER RESOLVED THAT** the CEO is expected to take reasonable steps to provide the members of the Board with significant and material information, including, but not limited to:

1. Relevant and material industry trends;
2. Organization and community public events;
3. Concise, timely and accurate information and data regarding the organization's financial status and significant contracting and leasing activities;
4. Anticipated material media coverage of the organization;
5. Litigation, regulatory enforcement and other significant legal matters involving the organization;
6. Changes in environmental conditions that may significantly effect business operations or planning;
7. Changes in senior management staffing;
8. Significant changes in the public facilities or services;
9. Changes in significant business relationships;
10. Material changes in the assumptions upon which this and other Board-adopted policies have been established; and
11. Timely notification to the Board of any organizational non-compliance with Board policies.

RESOLUTION ADOPTED JUNE 2, 2009

  
\_\_\_\_\_  
Timothy J. Prouty, Chairman of the Board

Supersedes: Resolution on Delegated Authority adopted May 2, 2006 and revised on April 1, 2008.

**Date:** September 7, 2022

**To:** Board of Directors  
**From:** Kirk Eickhoff, Vice President/CFO  
**Re:** Summary of Financial Performance for June 2022

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**Financial Performance:**

- Operating Income before Depreciation and Amortization (YTD vs budget)
  - Tucson Airport Authority generated operating income before depreciation and amortization of \$613,087 for June 2022, which is \$314,381 favorable to budget due to favorable operating revenues and expenses described below.
  
- Operating Revenues (YTD vs budget)
  - In June, operating revenue of \$3,520,097 is favorable to budget by \$302,400 or 9.4% and favorable to prior year by \$149,042 or 4.4%. The increase from prior year is largely due to increased concession revenues, driven by the general recovery of passenger volumes and higher- than-expected percentage revenue from rental car contracts. Operating revenues for the month were down \$242,015 (6.4%) compared to June 2019 (pre-COVID).
  - Year-to-date operating revenues were greater than budgeted by \$1,705,412 or 5.6%, with favorable variances in landing fees, concession revenues, and other operating revenues partially offset by unfavorable variances in reimbursed services, land rent, 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 June, total operating expenses were lower than budget by \$11,981, largely due to lower-than- anticipated contractual services expenses.
  - Year-to-date operating expenses of \$24,929,059 are favorable to budget by \$1,934,336 or 7.2%. All expense categories were lower than budgeted, with contractual services and personnel expenses driving the majority of the favorable variance.

# FINANCIAL SUMMARY



For the nine months ending June 30, 2022

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

	CURRENT MONTH - June			June 2021	PRE-COVID June 2019
	BUDGET	ACTUAL	FAV (UNFAV)	ACTUAL	ACTUAL
<b>OPERATING REVENUES:</b>					
Landing fees	\$ 181,770	\$ 184,522	\$ 2,752	\$ 172,818	\$ 222,690
Space rentals	913,235	883,423	(29,812)	989,573	1,256,691
Land rent	306,460	304,943	(1,517)	306,426	291,900
Concession revenue	1,311,418	1,513,729	202,311	1,327,478	1,496,270
Reimbursed services	266,225	354,100	87,875	347,449	270,072
Other operating revenues	238,589	279,380	40,791	227,311	224,489
<b>Total Operating Revenues</b>	<b>3,217,697</b>	<b>3,520,097</b>	<b>302,400</b>	<b>3,371,055</b>	<b>3,762,112</b>
<b>OPERATING EXPENSES:</b>					
Personnel expenses	1,814,205	1,842,033	(27,828)	1,833,388	1,711,074
Contractual services	834,179	770,024	64,155	526,722	603,961
Materials and supplies	136,830	189,316	(52,486)	118,601	106,737
Other operating expenses	133,777	105,637	28,140	83,585	74,490
<b>Total Operating Expenses</b>	<b>2,918,991</b>	<b>2,907,010</b>	<b>11,981</b>	<b>2,562,296</b>	<b>2,496,262</b>
<b>NET OPERATING INCOME (LOSS) BEFORE DEPRECIATION AND AMORTIZATION</b>	<b>298,706</b>	<b>613,087</b>	<b>314,381</b>	<b>808,759</b>	<b>1,265,850</b>
Depreciation and Amortization	1,600,000	1,682,020	(82,020)	1,598,012	1,517,136
<b>OPERATING INCOME (LOSS)</b>	<b>(1,301,294)</b>	<b>(1,068,933)</b>	<b>232,361</b>	<b>(789,253)</b>	<b>(251,286)</b>
<b>NONOPERATING INCOME (EXPENSES)</b>					
Interest Income	36,945	38,960	2,015	50,226	270,798
Net increase/(decrease) in fair value of investments	-	(716,207)	(716,207)	(308,607)	159,926
Passenger facility charges	468,819	383,670	(85,149)	788,869	492,490
Interest expense and fiscal charges	(62,934)	(62,934)	-	(70,591)	(85,244)
Other nonoperating revenues (expenses)	-	(23,854)	(23,854)	-	28,251
<b>Total nonoperating revenues (expenses)</b>	<b>442,830</b>	<b>(380,365)</b>	<b>(823,195)</b>	<b>459,897</b>	<b>866,221</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS</b>	<b>(858,464)</b>	<b>(1,449,298)</b>	<b>(590,834)</b>	<b>(329,356)</b>	<b>614,935</b>
<b>CAPITAL CONTRIBUTIONS:</b>					
Federal	2,824,345	-	(2,824,345)	113,069	-
State	10,881	-	(10,881)	-	-
<b>Total capital contributions</b>	<b>2,835,226</b>	<b>-</b>	<b>(2,835,226)</b>	<b>113,069</b>	<b>-</b>
<b>INCREASE (DECREASE) IN NET POSITION</b>	<b>\$ 1,976,762</b>	<b>\$ (1,449,298)</b>	<b>\$ (3,426,060)</b>	<b>\$ (216,287)</b>	<b>\$ 614,935</b>



**TUCSON AIRPORT AUTHORITY**  
**STATEMENT OF REVENUES , EXPENSES AND**  
**CHANGES IN NET POSITION**  
*For the nine months ending June 30, 2022*

	CURRENT YEAR TO DATE			YTD -	PRE-COVID
				June 2021	YTD -
	BUDGET	ACTUAL	FAV (UNFAV)	ACTUAL	June 2019
<b>OPERATING REVENUES:</b>					
Landing fees	\$ 1,858,527	\$ 1,933,523	\$ 74,996	\$ 1,431,001	\$ 2,395,246
Space rentals	8,219,118	8,055,960	(163,158)	8,979,578	11,310,523
Land rent	2,757,119	2,756,708	(411)	2,782,466	2,637,800
Concession revenue	13,144,613	14,685,925	1,541,312	8,324,594	14,375,596
Reimbursed services	2,421,029	2,229,181	(191,848)	2,454,533	2,378,625
Other operating revenues	2,285,599	2,730,120	444,521	2,335,990	2,359,796
<b>Total operating revenues</b>	<b>30,686,005</b>	<b>32,391,417</b>	<b>1,705,412</b>	<b>26,308,162</b>	<b>35,457,586</b>
<b>OPERATING EXPENSES:</b>					
Personnel expenses	17,016,946	16,418,702	598,244	16,789,297	15,351,419
Contractual services	7,233,969	6,228,923	1,005,046	5,282,120	4,742,649
Materials and supplies	1,403,231	1,380,692	22,539	1,093,579	1,035,077
Other operating expenses	1,209,249	900,742	308,507	737,040	725,023
<b>Total Operating Expenses</b>	<b>26,863,395</b>	<b>24,929,059</b>	<b>1,934,336</b>	<b>23,902,036</b>	<b>21,854,168</b>
<b>NET OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION</b>	<b>3,822,610</b>	<b>7,462,358</b>	<b>3,639,748</b>	<b>2,406,126</b>	<b>13,603,418</b>
Depreciation and Amortization	14,400,000	15,114,281	(714,281)	14,236,944	13,644,768
<b>OPERATING INCOME (LOSS)</b>	<b>(10,577,390)</b>	<b>(7,651,923)</b>	<b>2,925,467</b>	<b>(11,830,818)</b>	<b>(41,350)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Interest Income	332,507	347,609	15,102	357,711	2,229,533
Net increase/(decrease) in fair value of investments	-	(4,772,414)	(4,772,414)	(306,370)	1,640,894
Passenger facility charges	4,717,469	4,912,138	194,669	3,108,887	5,653,314
Interest expense and fiscal charges	(591,783)	(591,783)	-	(659,801)	(821,431)
Gain/(Loss) on disposition of capital assets	-	3,250	3,250	(22,866)	9,628
Other nonoperating revenues (expenses)	497,507	426,028	(71,479)	13,988,872	88,770
<b>Total nonoperating revenues (expenses)</b>	<b>4,955,700</b>	<b>324,828</b>	<b>(4,630,872)</b>	<b>16,466,433</b>	<b>8,800,708</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS</b>	<b>(5,621,690)</b>	<b>(7,327,095)</b>	<b>(1,705,405)</b>	<b>4,635,615</b>	<b>8,759,358</b>
<b>CAPITAL CONTRIBUTIONS:</b>					
Federal	36,458,708	14,424,022	(22,034,686)	3,062,968	1,419,347
State	647,210	232,651	(414,559)	563,548	17,430
<b>Total capital contributions</b>	<b>37,105,918</b>	<b>14,656,673</b>	<b>(22,449,245)</b>	<b>3,626,516</b>	<b>1,436,777</b>
<b>INCREASE (DECREASE) IN NET POSITION</b>	<b>\$ 31,484,228</b>	<b>7,329,578</b>	<b>\$ (24,154,650)</b>	<b>8,262,131</b>	<b>10,196,135</b>
<b>TOTAL NET POSITION, (BEGINNING)</b>		<b>439,473,808</b>		<b>423,861,784</b>	<b>386,970,849</b>
<b>TOTAL NET POSITION, (ENDING)</b>		<b>\$ 446,803,386</b>		<b>\$ 432,123,915</b>	<b>\$ 397,166,984</b>

**TUCSON AIRPORT AUTHORITY  
STATEMENT OF NET POSITION**

<b>ASSETS</b>	<b>June-22</b>	<b>June-21</b>
<b>CURRENT ASSETS</b>		
Unrestricted assets:		
Cash and cash equivalents	19,359,540	\$ 21,914,552
Investments	111,999,194	113,562,189
Accounts receivable, net of allowance for doubtful accounts of \$328,609 and \$313,380 for FY2022 and FY2021, respectively	2,447,036	2,337,044
Accrued interest receivable	159,063	103,746
Grants receivable	6,020,959	9,165,066
Inventories	382,934	383,217
Prepaid expenses and other assets	585,525	184,825
Total unrestricted current assets	<u>140,954,251</u>	<u>147,650,639</u>
Restricted assets:		
Cash and cash equivalents	1,080,973	3,301,518
Investments	24,741,438	20,064,668
Accounts receivable	528,837	759,645
Accrued interest receivable	42,346	32,857
Total restricted current assets	<u>26,393,594</u>	<u>24,158,688</u>
<b>Total current assets</b>	<b><u>167,347,845</u></b>	<b><u>171,809,327</u></b>
<b>Noncurrent assets:</b>		
Unrestricted assets:		
Accounts receivable	-	136,897
Capital assets		
Not depreciated	146,222,105	122,588,514
Depreciated, net	201,298,958	209,909,459
Net capital assets	<u>347,521,063</u>	<u>332,497,973</u>
Total unrestricted noncurrent assets	<u>347,521,063</u>	<u>332,634,870</u>
<b>Total noncurrent assets</b>	<b><u>347,521,063</u></b>	<b><u>332,634,870</u></b>
<b>TOTAL ASSETS</b>	<b><u>514,868,908</u></b>	<b><u>504,444,197</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows from pensions	4,259,455	6,091,332
Total deferred outflows of resources	<u>4,259,455</u>	<u>6,091,332</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b><u>519,128,363</u></b>	<b><u>\$ 510,535,530</u></b>

**TUCSON AIRPORT AUTHORITY  
STATEMENT OF NET POSITION**

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

**LIABILITIES**

**CURRENT LIABILITIES**

**Payable from unrestricted assets:**

	<u>June-22</u>	<u>June-21</u>
Accounts payable	1,817,534	\$ 560,221
Accrued expenses	3,058,525	2,088,183
Unearned revenue	3,105,889	2,609,586
Current portion of environmental remediation payable	2,398,643	4,465,542
Current portion of bonds payable:		
Airport Subordinate Lien Revenue Bonds, Series 2018	1,565,000	1,510,000
Total payable from unrestricted assets	<u>11,945,591</u>	<u>11,233,532</u>

Payable from restricted assets

Accrued interest payable:

Airport Subordinate Lien Revenue Bonds, Series 2018	201,958	227,253
	<u>201,958</u>	<u>227,253</u>

Current portion of environmental remediation payable	389,951	402,420
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Total payable from restricted assets	<u>591,909</u>	<u>629,673</u>
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<b>Total current liabilities</b>	<b><u>12,537,500</u></b>	<b><u>11,863,205</u></b>
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**NONCURRENT LIABILITIES**

Payable from unrestricted assets

Bonds payable, net of current portion:

Airport Subordinate Lien Revenue Bonds, Series 2018	23,457,982	26,687,930
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Net pension liability	11,019,309	20,684,399
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Environmental Remediation Payable, net of current portion	17,852,422	18,306,912
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Total payable from unrestricted assets	<u>52,329,713</u>	<u>65,679,241</u>
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<b>Total noncurrent liabilities</b>	<b><u>52,329,713</u></b>	<b><u>65,679,241</u></b>
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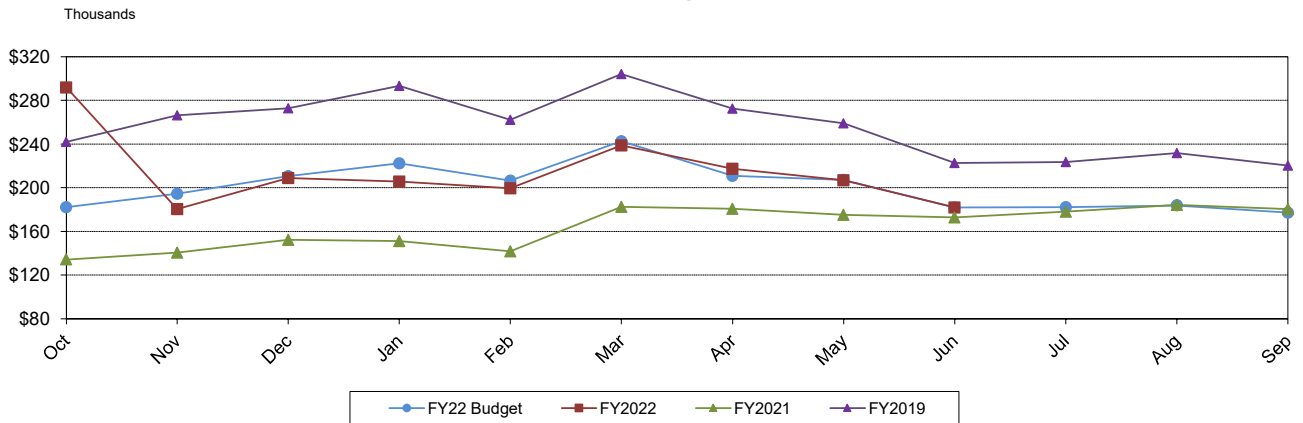
<b>TOTAL LIABILITIES</b>	<b><u>64,867,213</u></b>	<b><u>\$ 77,542,446</u></b>
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**TUCSON AIRPORT AUTHORITY  
STATEMENT OF NET POSITION**

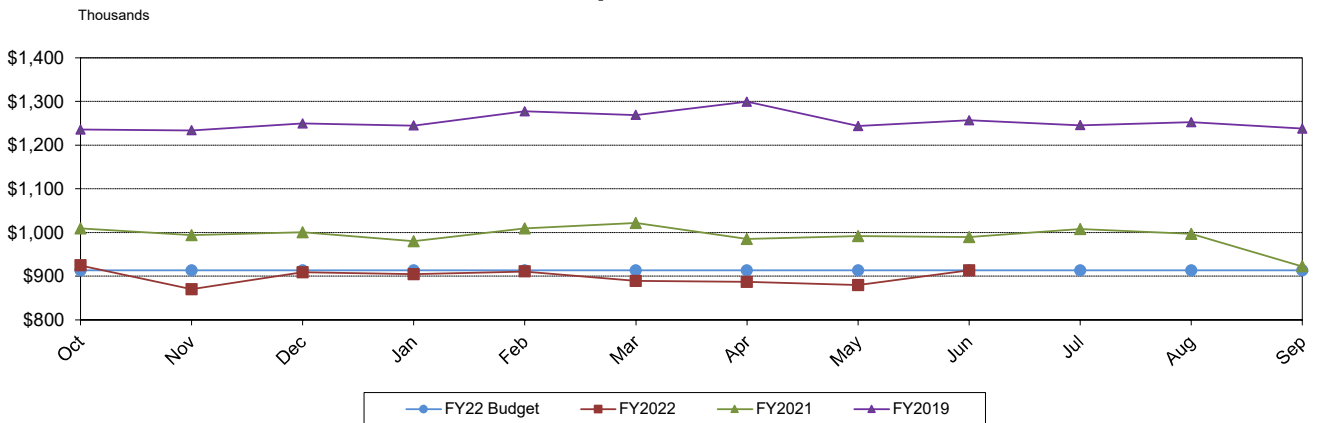
**LIABILITIES & NET ASSETS (Con't)**

	<b>June-22</b>	<b>June-21</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows from pensions	7,457,764	\$ 869,169
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>7,457,764</u>	<u>869,169</u>
<b>NET POSITION</b>		
Net Investment in capital assets	322,498,081	304,300,043
Restricted:		
Debt service	802,500	777,150
Capital projects	25,389,136	23,154,285
	<u>26,191,636</u>	<u>23,931,435</u>
Unrestricted	<u>98,113,669</u>	<u>103,892,437</u>
<b>TOTAL NET POSITION</b>	<b><u>446,803,386</u></b>	<b><u>432,123,915</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b><u>519,128,363</u></b>	<b><u>\$ 510,535,530</u></b>

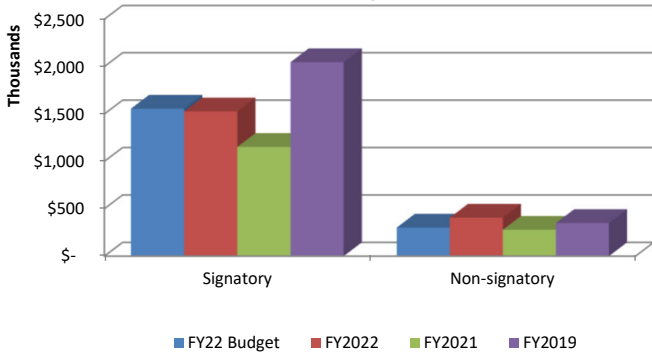
### Landing Fees



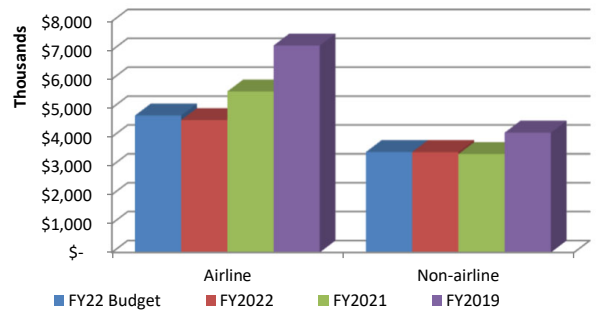
### Space Rentals



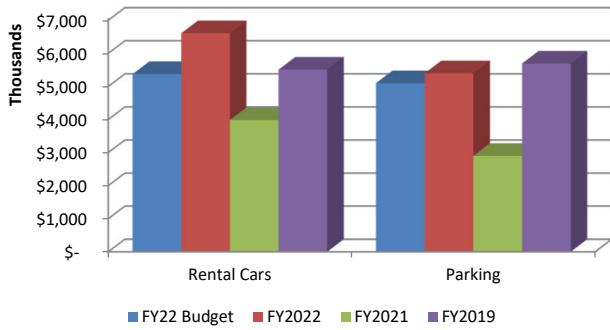
### YTD Landing Fees



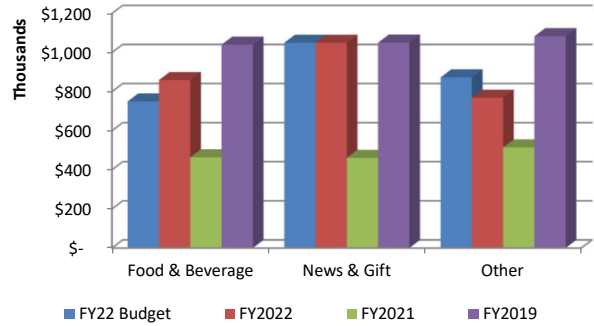
### YTD Space Rentals



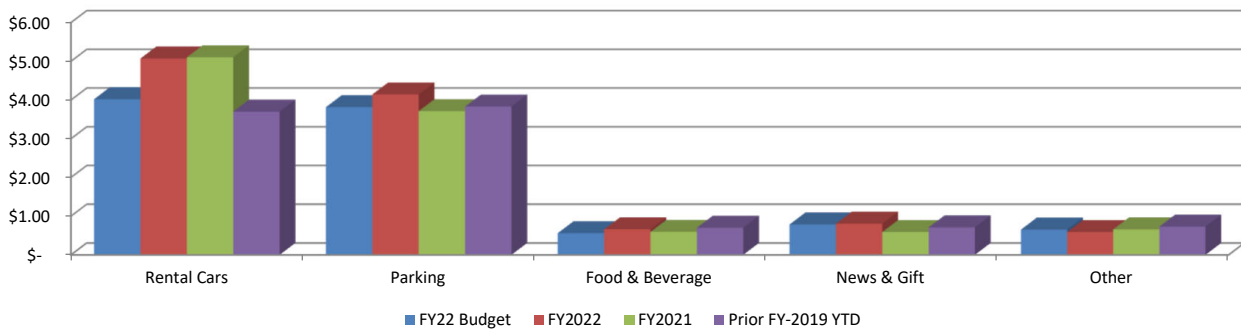
### YTD Concession Revenue



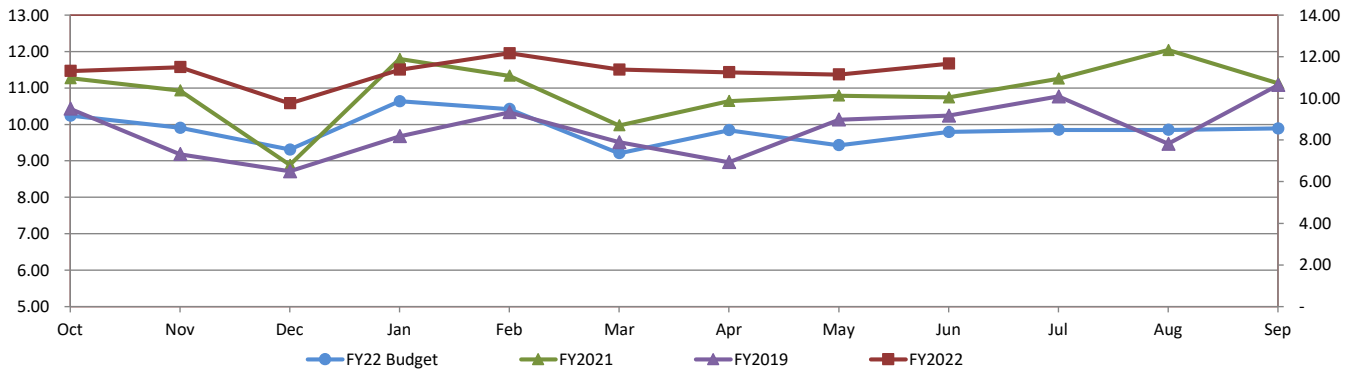
### YTD Concession Revenue



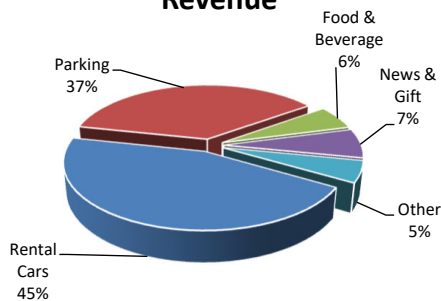
### Year-to-Date Concession Revenue per Enplaned Passenger



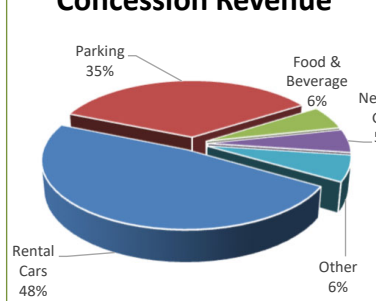
### Monthly Concession Revenue per Enplaned Passenger



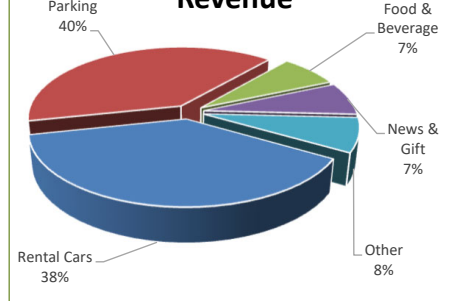
### FY-2022 YTD Concession Revenue



### FY-2021 YTD Concession Revenue

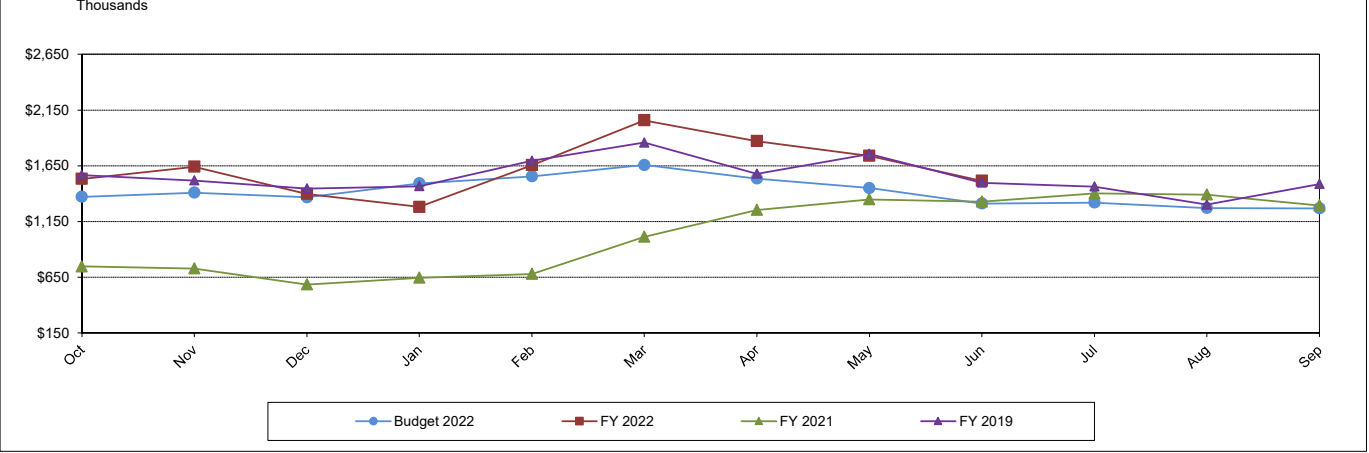


### FY-2019 YTD Concession Revenue

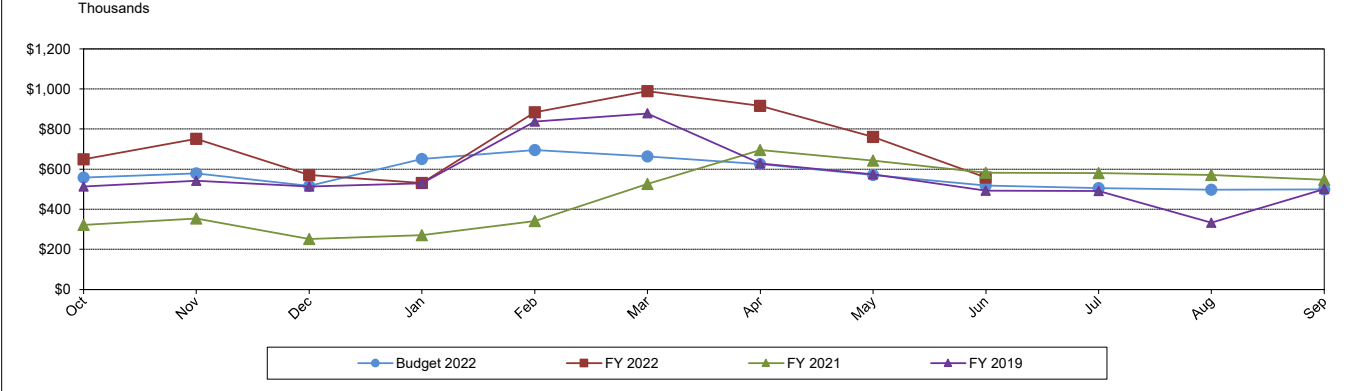




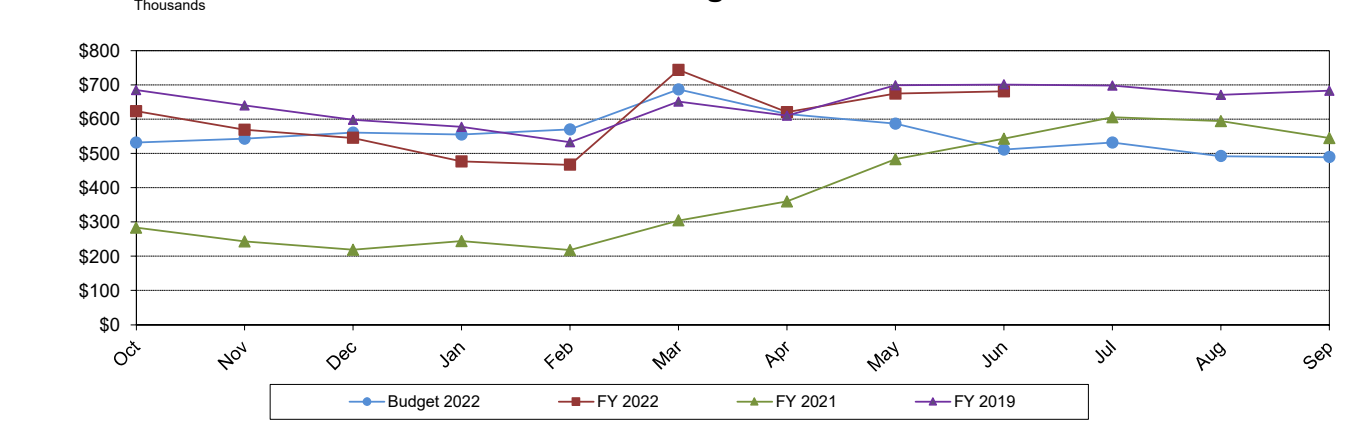
### Total Concession Revenue

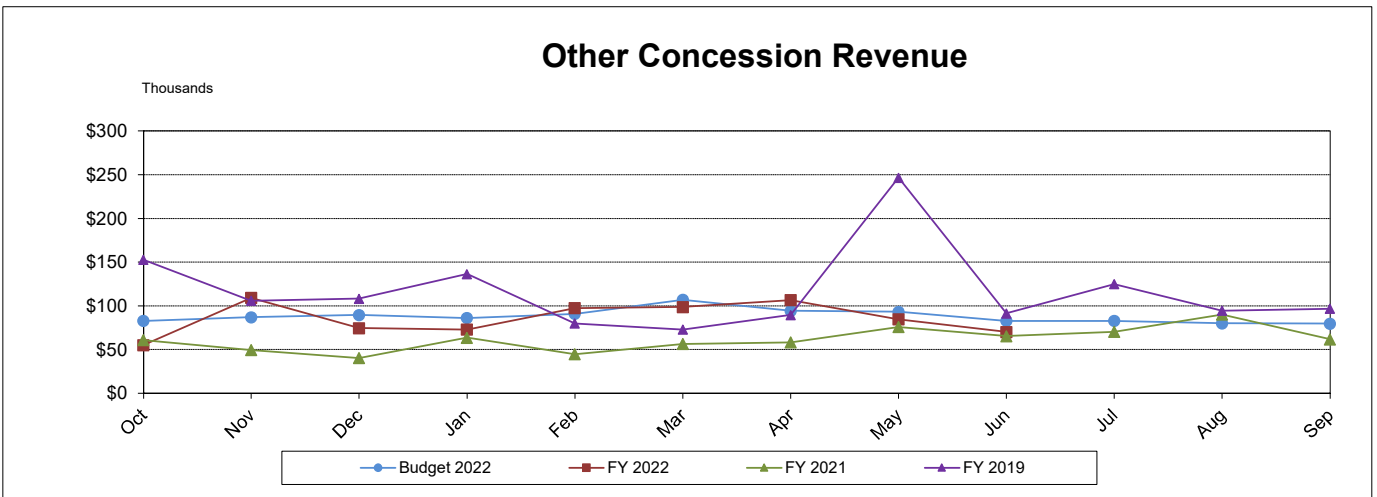
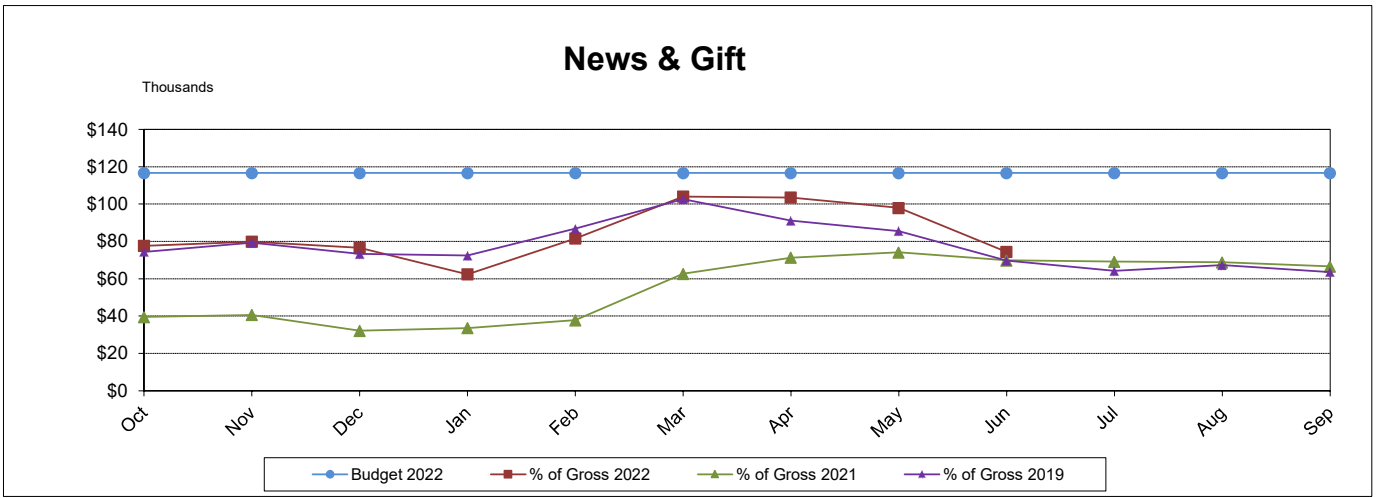
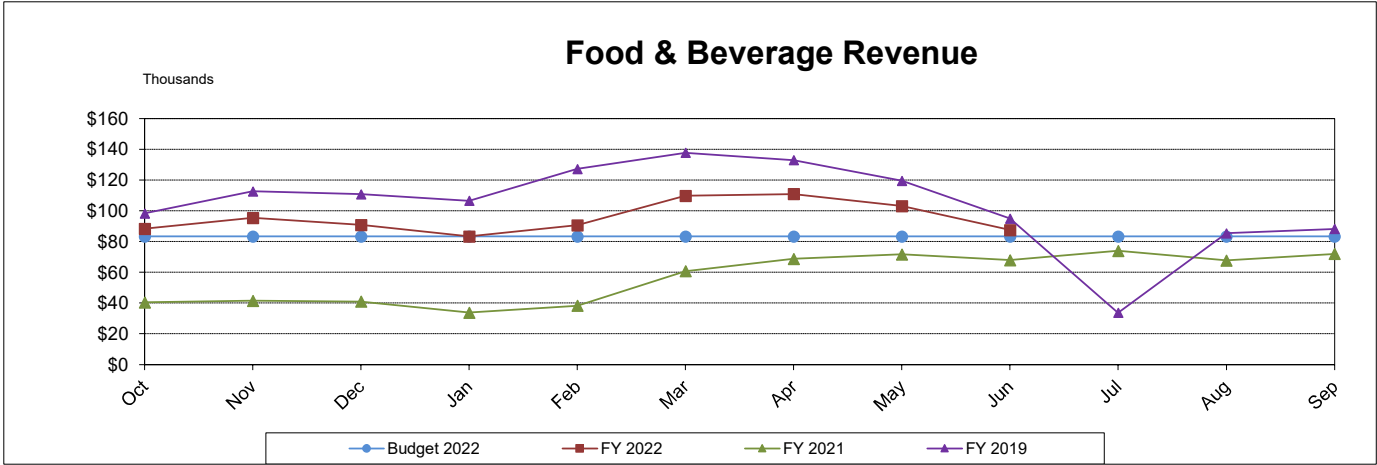


### Rental Car Revenue



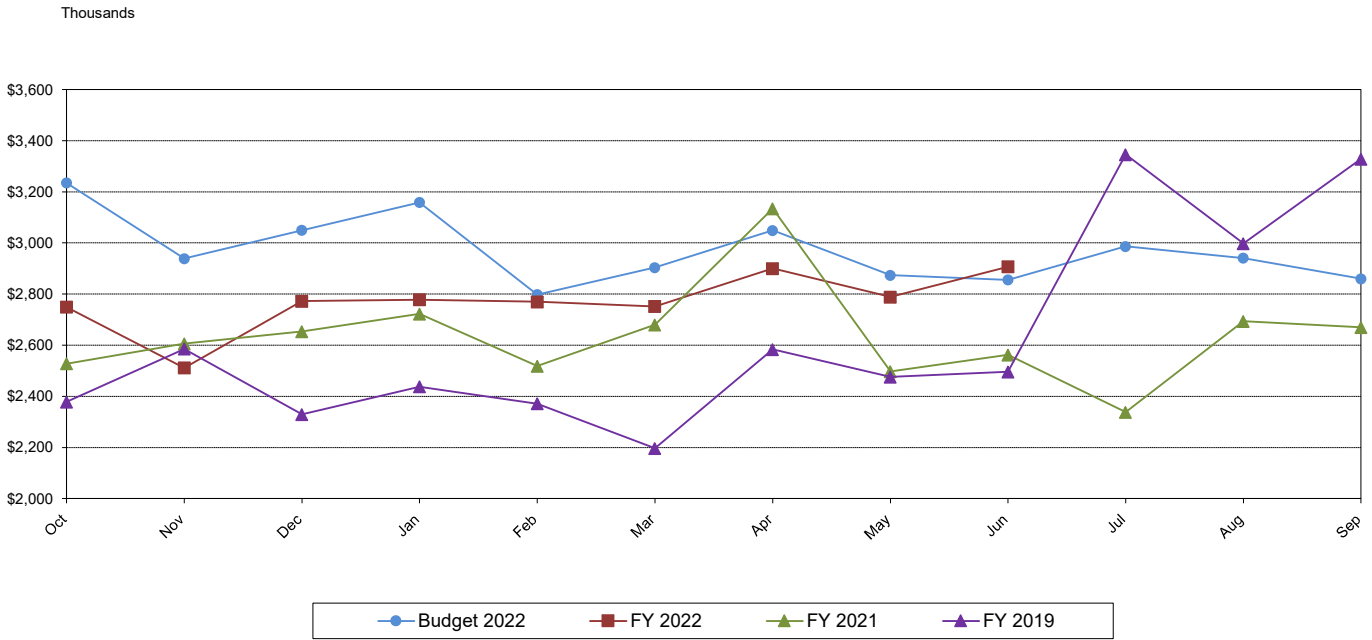
### Parking Revenue



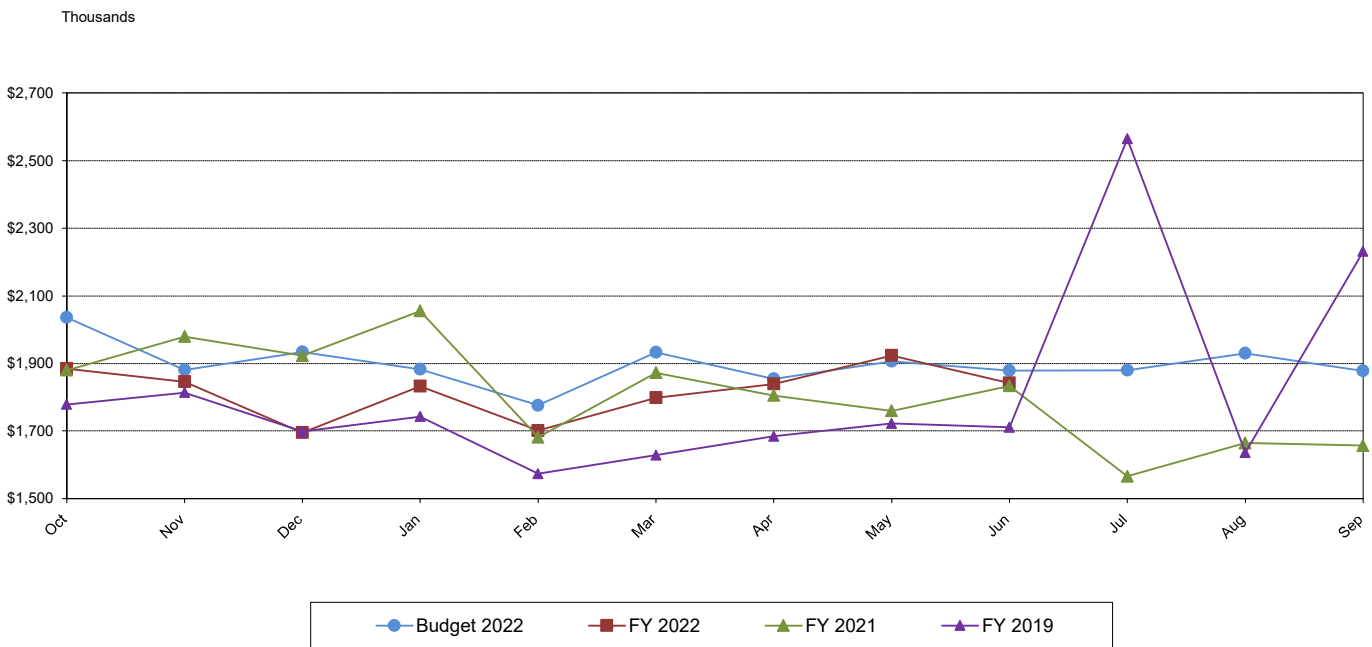


\* Minimum Annual Guarantees were waived from April 2020 to September 2021

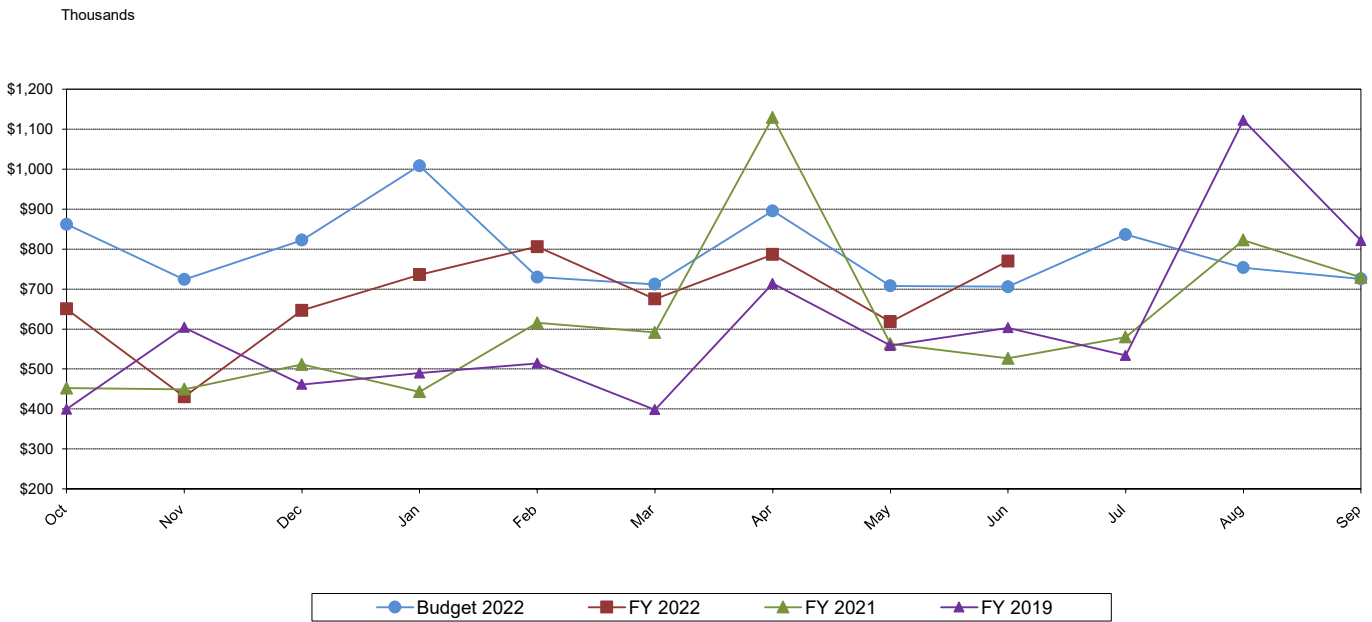
## Total Operating Expenses



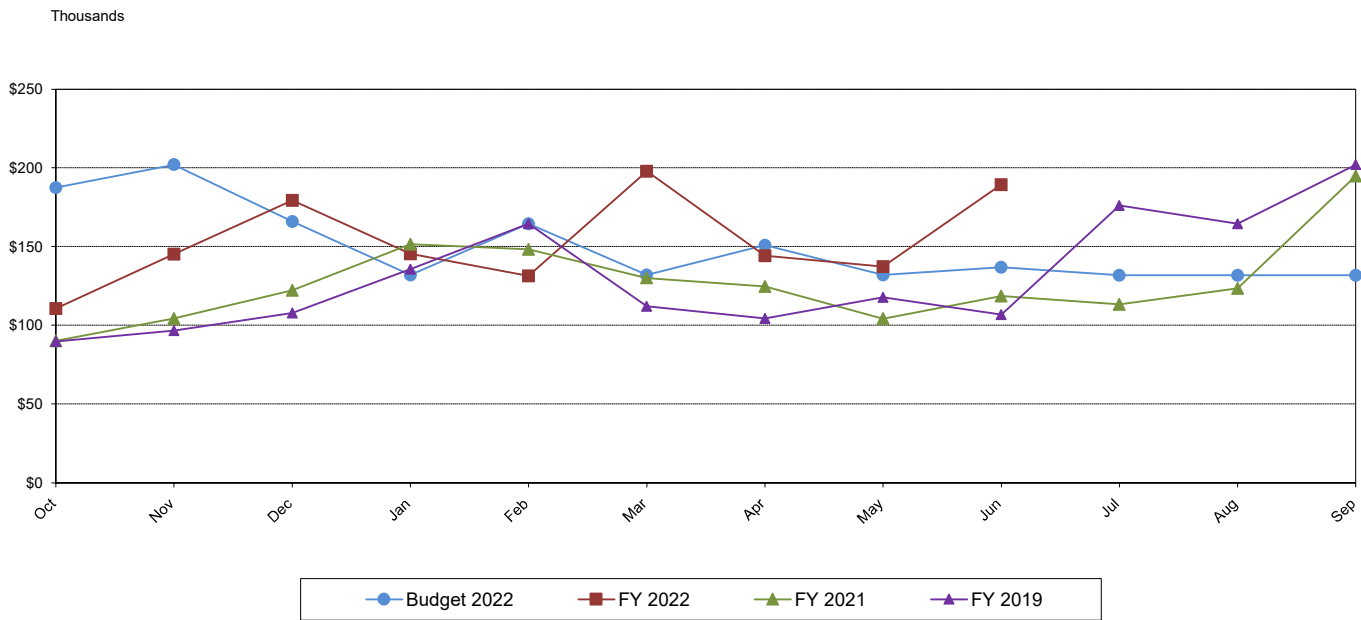
## Personnel Expenses



## Contractual Services

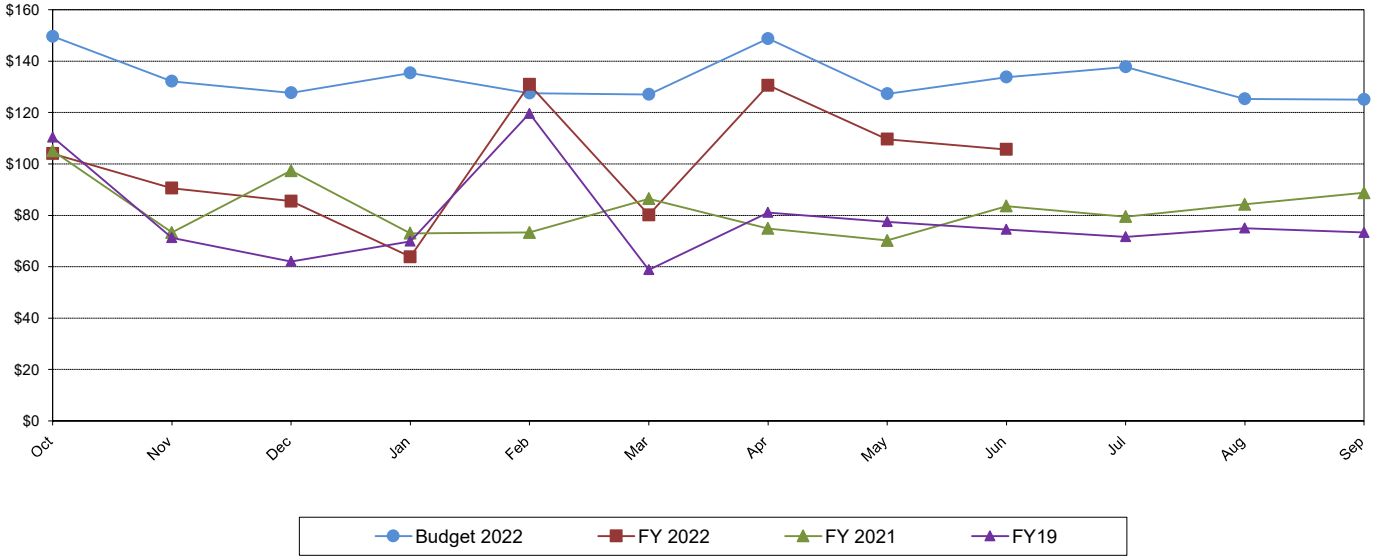


## Materials and Supplies

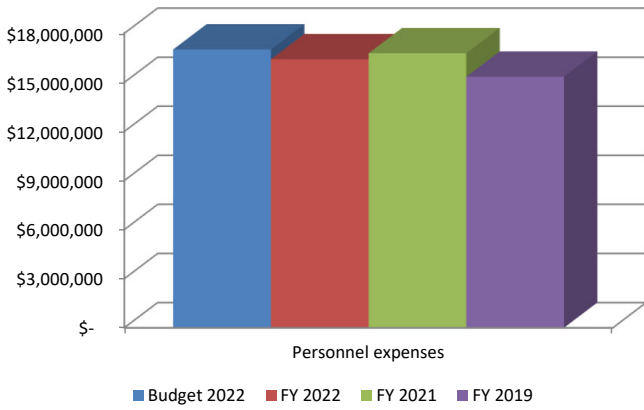


# Other Operating Expenses

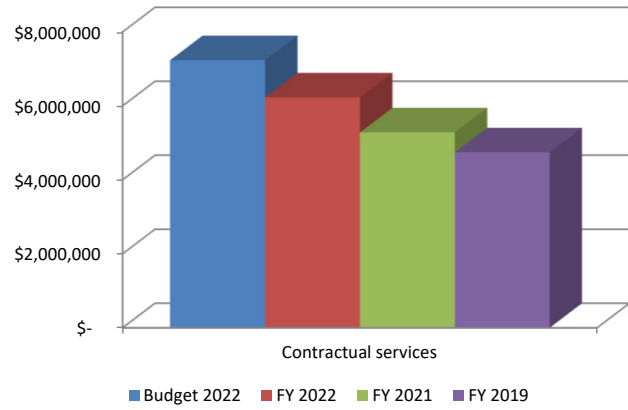
Thousands



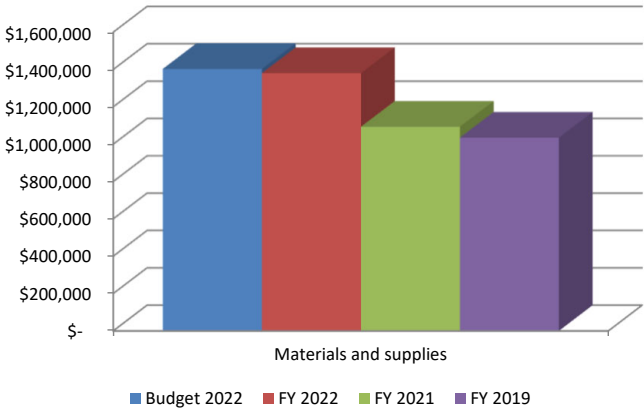
### YTD Personnel Expenses



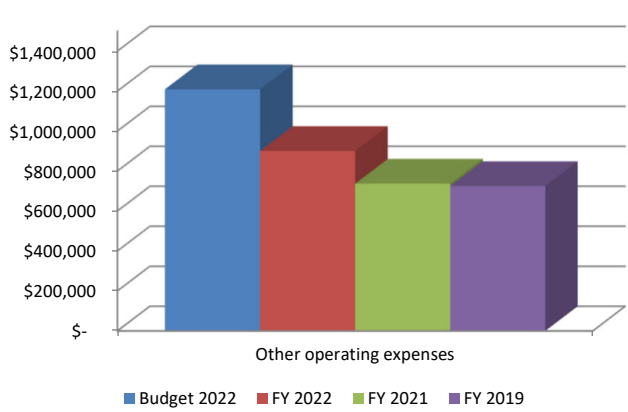
### YTD Contractual Services



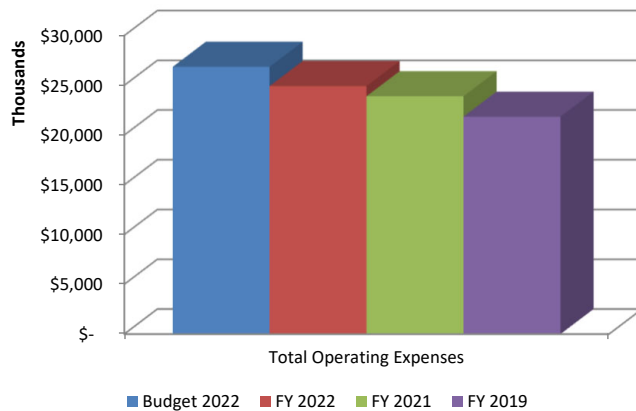
### YTD Materials and Supplies



### YTD Other Operating Expenses



### YTD Total Operating Expenses





**Date:** September 7, 2022

**To:** Board of Directors  
**From:** Kirk Eickhoff, Vice President/CFO  
**Re:** Aviation Activity and Statistics for June 2022

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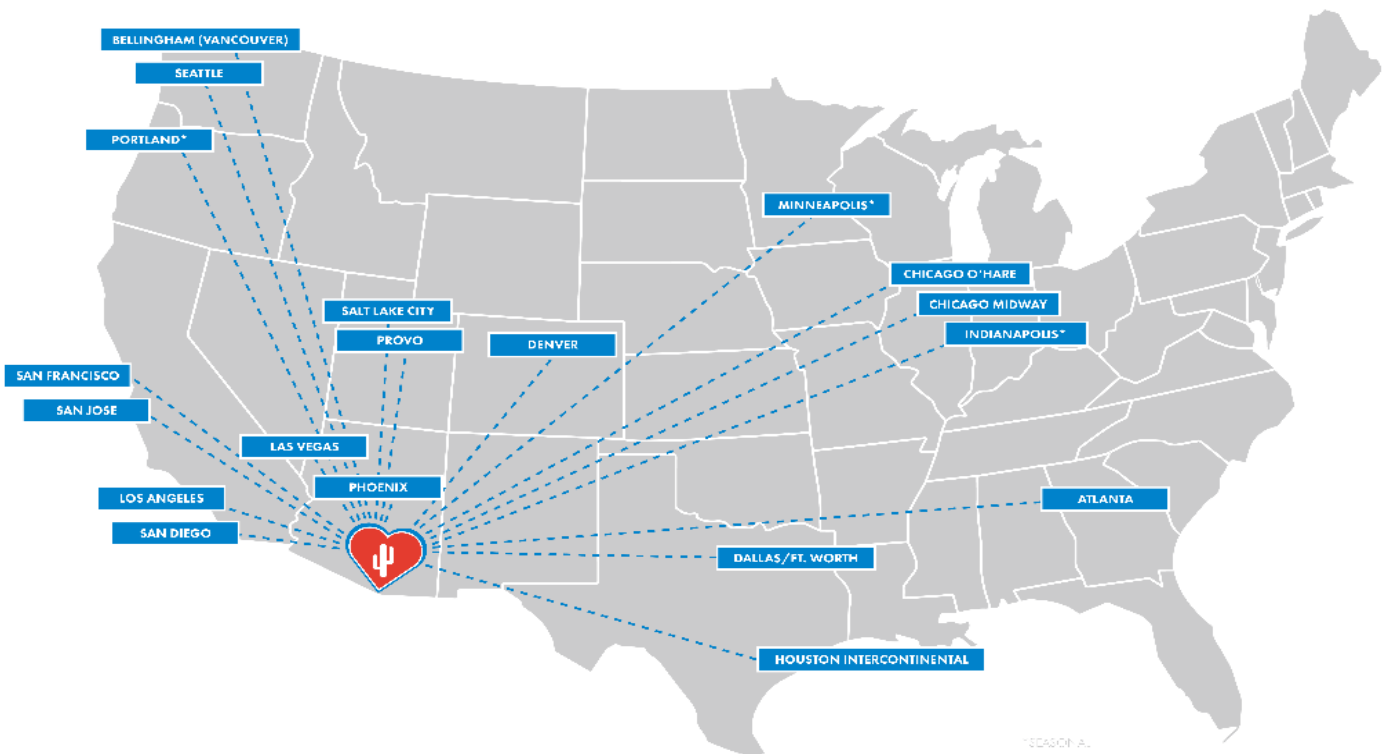
**Summary of Operations and Statistics:**

- Total Passengers (YTD vs prior year)
  - Total passengers for the month of June 2022 were 5.1% higher than prior year and 12.5% lower than June 2019 (pre-COVID).
  - YTD total passengers were 65.6% higher than prior year and 13.4% lower than the same period in 2019 (pre-COVID).
  
- Average Daily Scheduled Departures (YTD vs prior year, changes by routes & carrier)
  - The month of June had an average daily departure count of 42, which was 1 lower than prior year.
  - The decrease was attributable to additional service to Las Vegas (1), Phoenix (2) that was offset by decreases in service to Denver (1), Chicago Midway (1), and Chicago O'Hare (2).
  - A departure increase for American (2) was offset by decreases in service by United (2) and Allegiant (1).
  
- Average Daily Seat capacity (YTD vs prior years)
  - Seat capacity for June 2022 was 3.4% higher than June 2021 and 12.5% lower than June 2019.
  
- Load Factors (MTD & YTD vs prior years)
  - The load factor for June was 87.8%, which is 1.4% higher than June 2021 and 1.3% higher than June 2019.
  
- Aircraft Operations (MTD & YTD vs prior year)
  - Freight, measured in pounds, is 0.9% higher in June compared the same month last year.
  - Total aircraft operations were 5.5% higher than the same month last year, with increases in air carrier and military operations and decreases in air taxi and general aviation operations.
  - Year-to-date operations are flat compared to prior year, with increases in air carrier, air taxi, and military operations offsetting a decrease in general aviation operations.

# AVIATION ACTIVITY REPORTS

## Tucson International Airport (TUS)

For the nine months ending June 30, 2022



*Prepared by Tucson Airport Authority  
Finance Department*

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

PASSENGERS*				Fiscal YTD		
	Jun-22	Jun-21	% CHANGE	2022	2021	% CHANGE
ENPLANED	129,769	123,583	5.0%	1,302,827	781,062	66.8%
DEPLANED	121,667	115,637	5.2%	1,255,884	764,322	64.3%
<b>TOTAL</b>	<b>251,436</b>	<b>239,220</b>	<b>5.1%</b>	<b>2,558,711</b>	<b>1,545,384</b>	<b>65.6%</b>

\*Passenger figures include non-revenue passengers.

**LANDED WEIGHT\*\***

AIR CARGO	13,863	13,108	5.8%	120,278	122,483	-1.8%
AIR CARRIER	137,413	130,504	5.3%	1,381,302	1,055,554	30.9%
<b>TOTAL</b>	<b>151,276</b>	<b>143,612</b>	<b>5.3%</b>	<b>1,501,580</b>	<b>1,178,037</b>	<b>27.5%</b>

\*\*In thousand pound units.

**FREIGHT (in pounds)**

ENPLANED	2,862,636	2,596,489	10.3%	23,653,190	23,715,278	-0.3%
DEPLANED	2,885,978	3,101,554	-7.0%	27,100,173	27,270,333	-0.6%
<b>TOTAL</b>	<b>5,748,614</b>	<b>5,698,043</b>	<b>0.9%</b>	<b>50,753,363</b>	<b>50,985,611</b>	<b>-0.5%</b>

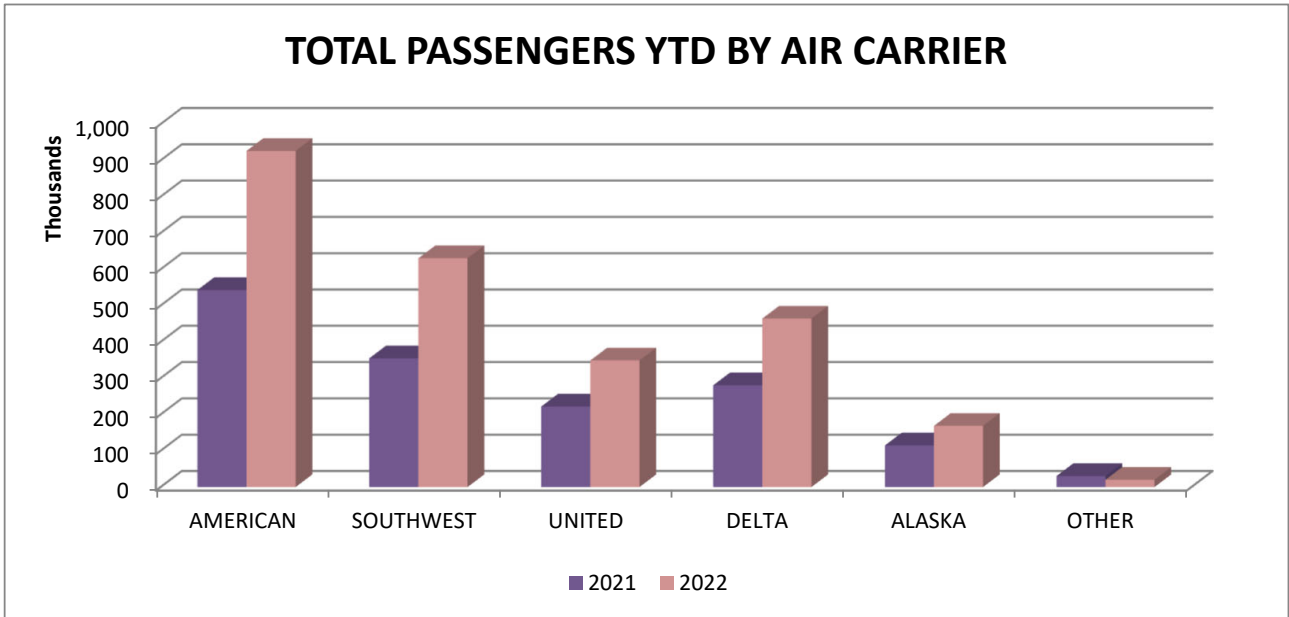
**MAIL (in pounds)**

ENPLANED	0	0	0.0%	300	23	1204.3%
DEPLANED	79	1,813	-95.6%	79	76,796	-99.9%
<b>TOTAL</b>	<b>79</b>	<b>1,813</b>	<b>-95.6%</b>	<b>379</b>	<b>76,819</b>	<b>-99.5%</b>

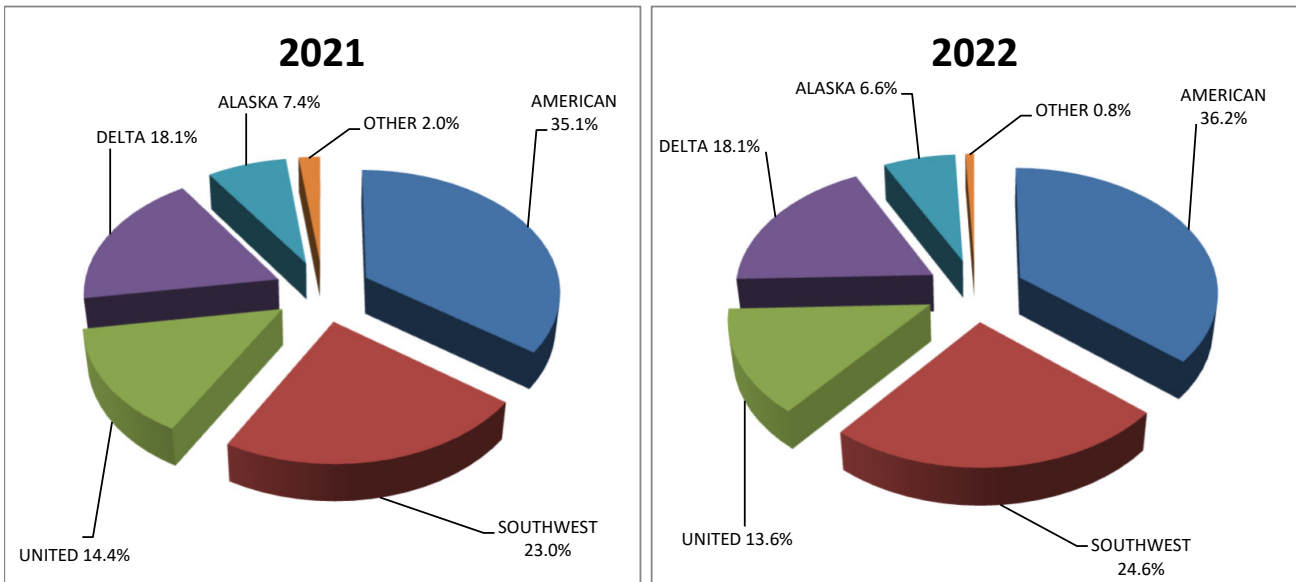
**AIRCRAFT OPERATIONS**

AIR CARRIER	2,516	2,344	7.3%	24,490	20,189	21.3%
AIR TAXI	1,449	1,684	-14.0%	14,174	12,982	9.2%
MILITARY	2,668	1,771	50.6%	18,998	15,698	21.0%
GENERAL AVIATION	5,390	5,600	-3.8%	48,711	57,803	-15.7%
<b>TOTAL</b>	<b>12,023</b>	<b>11,399</b>	<b>5.5%</b>	<b>106,373</b>	<b>106,672</b>	<b>-0.3%</b>

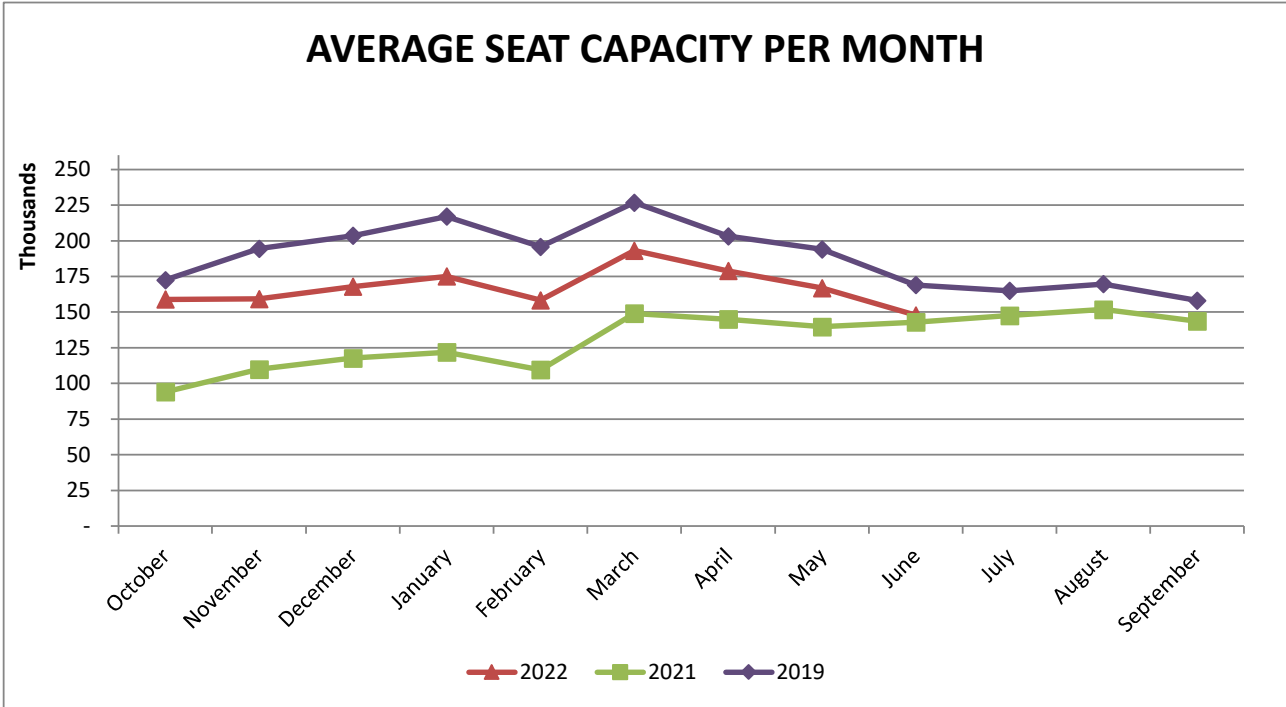
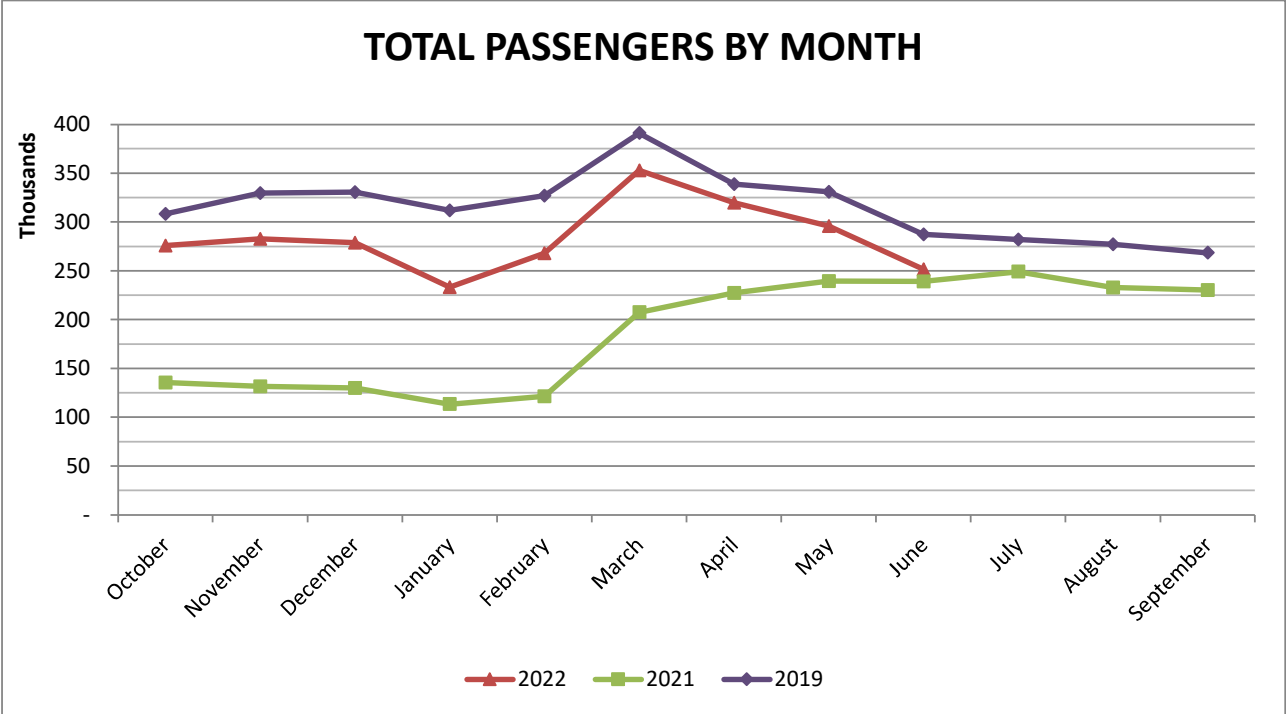
# TUCSON AIRPORT AUTHORITY TUS PASSENGER ACTIVITY



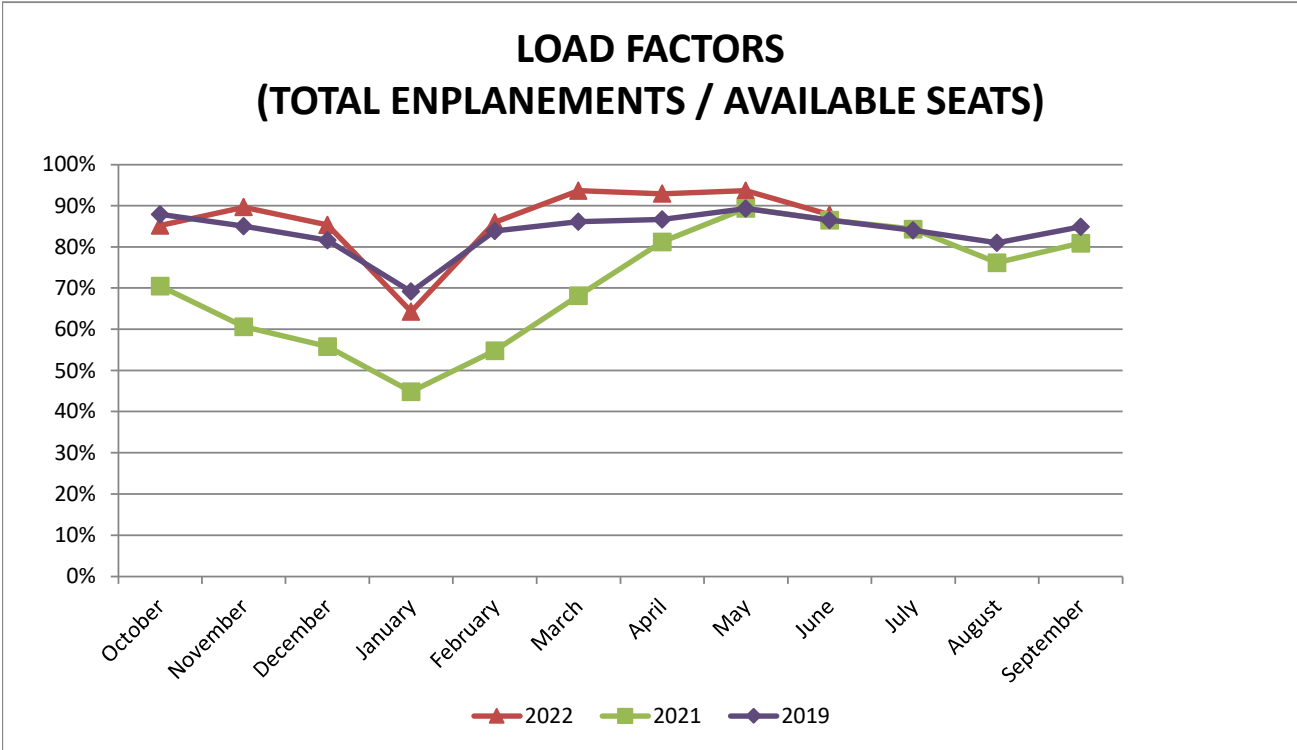
## AIR CARRIER MARKET SHARE



# 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 (2)</i>	ATL	2.0	1.7	0.3	382	318	64
DENVER <i>United (3), Southwest (2.1)</i>	DEN	5.1	6.1	(1.0)	548	547	1
DALLAS/FT WORTH <i>American (6)</i>	DFW	6.0	6.0	0.0	1,140	1,045	95
HOUSTON HOBBY <i>Southwest (.9)</i>	HOU	0.9	1.0	(0.1)	148	157	(9)
HOUSTON BUSH <i>United (2)</i>	IAH	2.0	2.0	0.0	152	152	0
LAS VEGAS <i>Southwest (2.8)</i>	LAS	2.8	2.3	0.5	427	350	77
LOS ANGELES <i>Delta (3), American (2) Southwest (1.1)</i>	LAX	6.1	5.7	0.4	541	484	57
CHICAGO MIDWAY <i>Southwest (.1)</i>	MDW	0.1	1.0	(0.9)	23	147	(124)
CHICAGO O'HARE <i>American (1), United ()</i>	ORD	1.0	3.0	(2.0)	128	335	(207)
PHOENIX <i>American (6.8)</i>	PHX	6.8	4.5	2.3	595	384	211
PROVO <i>Allegiant ()</i>	PVU	0.0	0.3	(0.3)	0	50	(50)
SAN DIEGO <i>Southwest (1)</i>	SAN	1.0	0.7	0.3	145	118	27
SEATTLE/TACOMA <i>Alaska (2) Delta (1)</i>	SEA	3.0	3.0	0.0	344	357	(13)
SAN FRANCISCO <i>United (2)</i>	SFO	2.0	2.0	0.0	125	100	25
SALT LAKE CITY <i>Delta (3)</i>	SLC	3.0	3.1	(0.1)	228	220	8
<b>TOTAL</b>		<b>41.8</b>	<b>42.4</b>	<b>(0.6)</b>	<b>4,926</b>	<b>4,764</b>	<b>162</b>

**Date:** September 7, 2022

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

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**Marketing:**

In the third quarter of fiscal year 2021, TAA marketing efforts resulted in more than 58 million impressions, not including those from print advertisements. An impression in digital marketing and advertising is defined as a count of every time your ad is served to a user.

An achievement during the third quarter included lower digital advertising CPCs (costs-per-click) and CPMs (cost-per-mille; in other words, cost-per-thousand impressions). This was driven by lower CPC costs from strategic use of display advertising on various websites and improved Facebook CPC performance. Our overall costs for impressions were lower than travel industry benchmarks.

- ➔ CPC: **\$1.08 (TAA cost)** vs. \$4.48 (industry average)
- ➔ CPM: **\$3.02 (TAA cost)** vs. \$7.00 (industry average)

Facebook was a strong performer last quarter due to strategic changes, including audience testing and visual refreshment. Display and Facebook each drove the most cost-efficient CPC thanks to the updated messaging. While radio and cable only ran in June for the third quarter, both continue to have steady reach and frequency in the market. Moving forward, we will produce a :15 second version of the :30 commercial to allow for additional digital video opportunities. We will also begin a campaign on NPR and PBS.

**In the Media:**

The TAA continues to partner with local and national media on unique storytelling opportunities. The ability to garner earned media has become more difficult especially during a highly competitive and political landscape. Despite the competition for mentions, we have managed to nearly double our earned media mentions compared to the same period last year. Through July 2022, we have earned more than \$3.4 million in advertising value equivalency (AVE).

**Community Involvement, Customer Experience and Recognition:**

**Community Involvement**

- ➔ The TAA's Airport Employee Community Effort (AECE) Committee hosted its "Monsoon Madness" charity event for the first time since the onset of the COVID-19 pandemic and raised approximately \$1,400 in support of the Ronald McDonald House and Sol Dog Lodge.

- ➔ TUS was the host site for a Delta Air Lines sponsored blood drive in support of the American Red Cross. The goal was to reach 16 units, but thanks to record participation, a total of 27 units were collected. According to the American Red Cross, the total units will potentially impact 81 lives.

### **Customer Experience**

- ➔ The TAA has launched a new interactive map for TUS on the flytucson.com website. Atrius, an Acuity Brands company formerly known as Locus Labs, is the aviation industry's leading indoor mapping and wayfinding solution. This interactive map allows for personal, intuitive experiences. The map, which is accessible through desktop and mobile devices, not only provides concession and airline information but also allows passengers to find directional information and online food ordering through the Grab app.

### **Recognition**

- ➔ Blue Lightning Initiative | The TAA has become nationally recognized for its successful rollout of the Blue Lightning Initiative; the aviation specific campaign designed to promote awareness and eradicate human trafficking. At the request of the Arizona Human Trafficking Council, which is ran under the Governor's Office of Youth, Faith, and Family, the TAA will present on our partnership with the Department of Homeland Security (DHS) and how we have implemented the campaign throughout TAA, TUS and RYN.

### **Advocacy Talking Points:**

A key responsibility as a TAA member is to be engaged and advocate for and actively promote the use of TUS for air travel. When amongst your family, friends, and business colleagues, we appreciate your advocacy of efforts made by TAA to be recognized as a strong economic engine for the region and as a pillar of our community.

Below is an updated elevator pitch you may consider during conversations with colleagues in the community.

- ➔ The Tucson Airport Authority (TAA) is an independent, non-profit organization with the responsibility to operate, manage and develop Tucson International Airport (TUS) and Ryan Airfield (RYN). The TAA receives no local tax dollars. It sustains operations from airport-generated revenues, like concessions, leases and landing fees. The TAA invests millions each year in safety, security, and customer service for the benefit of travelers, tenants, employees, and the entire Southern Arizona region. The airport system supports nearly 46,000 jobs and contributes to more than \$8.3 billion in economic activity.