

---

**TUCSON AIRPORT AUTHORITY | Board of Directors**  
**Wednesday, September 6, 2023 | 3:00 p.m. | TAA Board Room and [Microsoft Teams](#)**

---

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 6, 2023, beginning at 3:00 p.m.** Directors and the public may attend in person or virtually.

**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:** Members of the public interested in observing the proceedings may do so through Microsoft Teams. Click [HERE](#) 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 online or by phone.

The agenda for the meeting is as follows:

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

- |   |  |
|---|--|
| <input type="checkbox"/> Keri Silvyn, Chair                     | <input type="checkbox"/> Mike Hammond, Vice Chair  |
| <input type="checkbox"/> Phil Swaim, Secretary                  | <input type="checkbox"/> Vance Falbaum, Treasurer  |
| <input type="checkbox"/> Bruce Dusenberry, Immediate Past Chair | <input type="checkbox"/> Judy Rich, Director       |
| <input type="checkbox"/> Todd Jackson, Director                 | <input type="checkbox"/> Sally Fernandez, Director |
| <input type="checkbox"/> Calline Sanchez, Director              | <input type="checkbox"/> Fran Katz, Director       |
| <input type="checkbox"/> Rhonda Piña, Director                  |  |

**2. CONSENT AGENDA**

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

**a. Approval of Minutes**

Approve the minutes of the Board of Directors regular meeting held on June 14, 2023.

**b. FY 2024 PSPRS Pension Funding Policy**

Adopt Resolution No. 2023-13 adopting the TAA Policy on Funding Pension Obligations under the Arizona Public Safety Personnel Retirement System for FY 2024.

**c. FAA Part 26 DBE Policy Statement and Participation Goals for FY 2024-2026**

Adopt Resolution No. 2023-14 approving TAA’s FAA Part 26 Disadvantaged Business Enterprise (DBE) Policy Statement and Participation Goal for Fiscal Years 2024 – 2026.

**d. FAA Part 21 Nondiscrimination Program and Policy Statement**

Adopt Resolution No. 2023-15 approving the Tucson Airport Authority’s FAA Part 21 Nondiscrimination Program and Policy Statement.

**3. BOARD CHAIR REPORT**

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

**4. PRESIDENT/CEO REPORT**

State of the Industry | Update

**5. PRESENTATION/DISCUSSION**

**Member Advocacy Plan | Update**

The Board will receive a presentation on the Member Advocacy Plan.

**6. ACTION ITEMS**

**a. New Air Service Incentive Program for FY 2024 and FY 2025**

Adopt Resolution No. 2023-16 authorizing the President/CEO (or her designee[s]) to execute airline incentive agreements in accordance with the provisions of the new Air Service Incentive Program, effective October 1, 2023 and expiring September 30, 2025.

**b. TAA Compensation Plan**

The Board will consider and may adopt Resolution No. 2023-17 approving the Tucson Airport Authority Compensation Plan dated October 1, 2023.

**c. FY 2024 Budget and Capital Improvement Program**

The Board will consider and may adopt Resolution No. 2023-18 approving the Tucson Airport Authority budget and capital improvement program for the fiscal year beginning October 1, 2023 and ending September 30, 2024.

**7. DIVISION UPDATES**

The Board may receive a short presentation or ask questions of Division representatives based upon material in the Board packet.

- a. Finance and Regulatory Administration**
- b. Planning and Engineering**
- c. Marketing and Strategic Communications**
- d. Air Service Development**

**8. EXECUTIVE SESSION**

**a. FAA Financial Compliance Review**

The Board may vote to discuss matters pertaining to the Federal Aviation Administration (FAA) financial compliance review with TAA's attorneys and representatives in executive session for the purposes provided in A.R.S. § 38-431(A)(3) and (4).

**b. Environmental Matters with EPA and ADEQ - Tucson Airport Remediation Project, Soils Remediation Project, PFAS Issues**

The Board may vote to discuss matters pertaining to the Tucson Airport Remediation Project (TARP), including the remediation of per- and polyfluoroalkyl substances (PFAS) and TAA engagement with the Environmental Protection Agency, the Arizona Department of Environmental Quality, and the City of Tucson, with TAA's attorneys and representatives in executive session for the purposes provided in A.R.S. § 38-431(A)(3) and (4).

**9. RETURN FROM EXECUTIVE SESSION**

**10. NEXT MEETING**

Wednesday, November 1, 2023, 3:00 p.m. | Hybrid Meeting – TAA Board Room and Microsoft Teams

**11. ADJOURN**

**TUCSON AIRPORT AUTHORITY | Board of Directors Regular Meeting  
Wednesday, June 14, 2023 | 3:00 p.m. | TAA Board Room and Microsoft Teams**

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

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

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

Chair Silvyn called the meeting to order at 3:01 p.m.

**Directors Present:** Chair Keri Silvyn, Vice Chair Mike Hammond, Treasurer Vance Falbaum, Director/Immediate Past Chair Bruce Dusenberry, Director Judy Rich, Director Todd Jackson, Director Sally Fernandez, Director Calline Sanchez, Director Fran Katz, and Director Rhonda Piña

**Directors Absent:** Secretary Phil Swaim

**Staff Present:** President/CEO Danette Bewley, Executive Vice President/Chief Operating Officer Bruce Goetz, Vice President/General Counsel Chris Schmaltz, Vice President/Chief Revenue Officer John Voorhees, Vice President/Chief People Officer Twyla Salaiz, Vice President of Planning and Engineering Ken Nichols, Vice President/Chief Financial Officer Kim Allison, Deputy General Counsel Kim Outlaw Ryan, Chief Communications Officer Austin Wright, and TAA Clerk Byron Jones

Director Rich arrived at 3:11 p.m.

Director Sanchez arrived at 3:17 p.m.

**2. CONSENT AGENDA**

- a. Approval of Minutes
- b. Appointments to the Nominating Council

**Motion by Council Member Piña, seconded by Director Dusenberry, to approve the Consent Agenda. The motion carried by the following vote:**

**Ayes (7) Silvyn, Hammond, Falbaum, Dusenberry, Jackson, Katz, and Piña**  
**Nays (0)**

### **3. BOARD CHAIR REPORT**

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

Board Chair Keri Silvyn reported the following:

- ❑ Adam Kretschmer’s role was expanded from Director and Custodial Services to Director of Operations and Maintenance. The key change with this promotion is the addition of oversight of airfield operations at TUS and RYN.
- ❑ Robert Madrigal has been promoted from Senior Supervisor-Facilities Maintenance to Deputy Director of Maintenance.
- ❑ Adam Merrill has been promoted from Airport Duty Manager to Deputy Director of Airside Operations.
- ❑ President/CEO Danette Bewley has joined the Arizona Tourism and Lodging Board.
- ❑ Chief Communications Officer Austin Wright has joined the Visit Tucson Board.

The Wellness Council of America recently awarded TAA its “Best Practices in Mental/Emotional Well-Being” for businesses under 250 employees. President/CEO Danette Bewley recognized members of the TAA’s Wellness Committee who were present.

### **4. PRESIDENT/CEO REPORT**

#### **a. State of the Industry | Update**

President/CEO Danette Bewley reported the following:

- ❑ Congress is in the process of crafting the Federal Aviation Administration (FAA) reauthorization bill. TAA is working with the Arizona congressional delegation to include additional language in the bill that is critical to the aviation industry as well as earmarks which will provide adequate and timely funds as implementation of the Airfield Safety Enhancement (ACE) program continues.
- ❑ TAA is part of a nine-airport coalition recommending that Congress make exceptions to the Perimeter Rule, which requires that any airports beyond 1,250 miles from DCA (Ronald Reagan Airport) are restricted from flying to DCA. Other airports in the coalition include Spokane, Boise, Reno, Sacramento, San Diego, Albuquerque, and San Antonio.
- ❑ Alaska Airlines will resume its nonstop service to Washington’s Paine Field (PAE) on October 1.

- ❑ Southwest Airlines recently announced they will offer nonstop service to Dallas Love Field on peak travel days over the winter holiday season. This will be the first time this route has been served since 2019.

**b. Strategic Plan | Update**

Executive Vice President/COO Bruce Goetz stated that a report providing a detailed update on progress with the Strategic Plan was included in the agenda packet. He highlighted the following from the report:

- ❑ TAA received Section 163 approval from the FAA to proceed with developing some of the land south of the airport (Sonora South Parcel).
- ❑ Last week TAA filed the submittals required by the Transportation Security Administration's (TAA) new cybersecurity directives.

**5. DISCUSSION/PRESENTATION**

**TAA Attrition Trends in an Employee Talent Market**

Vice President/Chief People Officer Twyla Salaiz presented:

- ❑ It is currently an employee's market. There are employee shortages throughout the economy, which means that employees have many opportunities to choose from.
- ❑ The attrition rate between June 2022 and June 2023 was 25.6%, with an average monthly turnover of 2%. There are two types of attrition:

**Transitioning (10% of 25.6%)**

- One third of the attrition rate is related to custodial staff turnover and is highest in the second and third shifts. TAA is losing custodians who have no experience, and the second and third shifts have less supervisors who have less experience.
- To improve this trend, TAA has created a "lead" position to provide supervisory support 24/7. This gives employees with little experience a pathway to be promoted into a supervisory role.
- People Operations performs site visits to these shifts on a monthly basis.
- Considering requiring six months of experience as a minimum requirement.

**Regrettable Attrition (6.4% of 25.6%)**

- Employees who voluntarily separate from TAA.
- 75% have three years or less with the organization.
- 90% found a different job due to a "better opportunity."
- Some are frustrated with leadership and the rate of cultural change; some believe the cultural change is moving too fast, whereas others believe it is moving too slow.

- ❑ The remainder (9.2% of 25.6%) are retirees or individuals who are not a good fit for the organization.
- ❑ Actions are in place or being put into place to try to retain employees who are leaving due to “regrettable attrition.” The retention strategy is focused on four key areas: Engagement, Gratitude, Career Development, and Proactive Understanding.
  - People Operations is holding “office hours” on a rotating basis for different work areas.
  - TAA is proposing to increase the salary bands in FY 2024 to align with the talent market’s salary changes and attract the best talent.
  - People Operations has launched an all-employee survey focused on engagement with co-workers, leaders, and TAA.
  - Leaders will be held accountable for connecting with their team members and completing all onboarding actions for new hires.

## 6. ACTION ITEMS

Vice President/Chief Revenue Officer John Voorhees presented on items 6.a. and 6.b.

### a. **Rent-a-Car Contract Extensions:**

The current rental car contract expires on July 31, 2023. TAA is currently in the process of negotiating the terms of a new five-year contract with the rental car agencies. Because this change is significant, the rental car agencies requested to extend the current contract on a month-to-month basis—up to six months—while the bid process is ongoing. This will allow them to conduct a financial analysis under the terms of the new contract. TAA seeks to align the contracts with the fiscal year (October 1 to September 30).

There was no board discussion regarding this item.

**Motion by Director Rich, seconded by Vice Chair Hammond, to adopt Resolution No. 2023-11 authorizing the President/CEO (or her designee[s]) to enter into amendments to extend the Rent-A-Car contracts on a month-to-month basis not to exceed a six (6) month period. The motion carried by the following vote:**

**Ayes (9) Silvyn, Hammond, Falbaum, Dusenberry, Rich, Jackson, Sanchez, Katz, and Piña**

**Nays (0)**

**b. Ascent Aviation | New Ground Lease:**

There was no board discussion regarding this item.

**Motion by Director Rich, seconded by Director Katz, to adopt Resolution No. 2023-12 authorizing the President/CEO (or her designee[s]) to execute a new ground lease with Ascent Aviation for the construction of a permanent engine test facility, subject to key business terms. The motion carried by the following vote:**

**Ayes (9) Silvyn, Hammond, Falbaum, Dusenberry, Rich, Jackson, Sanchez, Katz, and Piña**

**Nays (0)**

Due to technical issues, Director Fernandez was unable to participate in the votes for items 6.a. and 6.b.

**7. DIVISION UPDATES**

**a. Finance and Regulatory Administration**

Vice President/CFO Kim Allison reported on the financial and aviation activity results for March 2023 rather than February 2023 as indicated on the agenda.

**February 2023 YTD Financials: Financial Summary | Aviation Activity Report**

Aviation Activity

- Landed weight YTD was 13.1% favorable to budget.
- Load factors YTD were 87.3%.
- Passenger volume YTD was 1.5% below budget but is tracking close to budget.

Financial Results

- Operating revenues YTD were \$22.9M, or 8.5% favorable to budget.
- Operating expenses YTD were \$19.5M, or 0.1% below budget.
- Revenues from the various concession categories were all above budget.

**FY 2023 Financial Statement Audit | Update**

The auditing firm Beach Fleischman is on target to finalize the audit in the coming days. The findings will be presented at the September board meeting.



**b. Planning and Engineering**

Vice President of Planning and Engineering Ken Nichols reported the following:

- ❑ Airfield Safety Enhancement Program | Update
  - Considerable progress has been made on outboard Taxiway Charlie.
  - Staff are communicating with tenants and users to prepare for the long-term shutdown of Runway 11R/29L (general aviation runway) for reconstruction of the new Runway 12R/30L.
- ❑ Discussions with the United States Environmental Protection Agency and the Arizona Department of Environmental Quality regarding Per- and Polyfluorinated Substances (PFAS) | Update
  - The FAA mandated in the past that airports use firefighting foams which contain PFAS. There are fluorine-free (F3) foams currently under development, but they have yet to be approved by the FAA or the U.S. Department of Defense. TAA is being proactive and preparing for the conversion of the firefighting equipment.
  - TAA has met with officials from the U.S. Environmental Protection Agency (EPA) and the Arizona Department of Environmental Quality (ADEQ). Both agencies have expressed interest in TAA's historic use of PFAS and the steps being taken for remediation.
  - TAA is also working with the U.S. Air Force and the City of Tucson. TAA has communicated to all parties that it is committed to being a partner in developing a comprehensive solution.
  - A contractor has been hired to perform a historical analysis on where PFAS has been on the airfield. TAA has also invited the EPA and ADEQ to conduct sampling as well. All these steps are being taken to prepare a workable solution to present to the parties at a future meeting.
  - Staff will keep the Board informed as the process progresses.

**8. NEXT MEETING**

Wednesday, September 6, 2024, 3:00 p.m. | Hybrid Meeting – TAA Board Room and Microsoft Teams

**9. ADJOURN**

There being no further business to discuss, Chair Silvyn adjourned the meeting at 4:21 p.m.

**APPROVED BY:**

**Prepared by:**

\_\_\_\_\_  
Phil Swaim, Secretary

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

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

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

DRAFT

**Date:** September 6, 2023

**To:** Board of Directors  
**From:** Kim Allison, Vice President/Chief Financial Officer  
**Re:** Public Safety Pension System Funding Policy

---

**Background:**

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

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

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

Policy 2023-14 – TUCSON AIRPORT AUTHORITY PUBLIC SAFETY PENSION FUNDING POLICY FY2024 (**Exhibit A** of the attached Resolution No. 2023-14) is the legally required TAA policy which was prepared with the intent of satisfying the requirements established by A.R.S. § 38-863.01 in both letter and spirit.

**Policy Summary:**

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

**Recommendation:**

Adopt Resolution No. 2023-14 adopting the TAA Policy on Funding Pension Obligations under the Arizona Public Safety Personnel Retirement System for FY 2024.

**Attachments:**

1. Resolution No. 2023-13
2. Exhibit A – Policy No. 2023-14 – PSPRS Funding Policy FY 2024
3. Arizona Revised Statutes § 38-863.01

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., ADOPTING THE TAA POLICY ON FUNDING PENSION OBLIGATIONS UNDER THE ARIZONA PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM FOR FY 2024.**

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

**WHEREAS** the Finance and Risk Management Council considered the staff-proposed policy for FY 2024 during its meeting on August 22, 2023, and by 6 to 0 voted to recommend to the Board of Directors that it adopt the policy as presented; and

**WHEREAS** the Board of Directors accepts the staff recommendations as detailed in the Board Memorandum and *TAA Policy No. 2023-14 – Public Safety Personnel Retirement System Pension Funding Policy FY2024*).

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

The Board of Directors hereby adopts *TAA Policy No. 2023-14 – Public Safety Personnel Retirement System Pension Funding Policy FY2024* – attached as Exhibit A and incorporated by reference and made a part of this resolution, authorizes the President/CEO or her designee[s] to execute the policy, to transmit the policy to the Public Safety Personnel Retirement System, and to take any further actions necessary to comply with A.R.S. § 38-863.01.

**PASSED AND ADOPTED** by the Board of Directors of the Tucson Airport Authority, Inc., this sixth day of September, 2023.

\_\_\_\_\_  
Keri Silvyn, Chair of the Board

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Phil Swaim, Secretary

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

EXHIBIT A

**TUCSON AIRPORT AUTHORITY POLICY NO. 2023-14**

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM  
PENSION FUNDING POLICY FY2024

**Public Safety Personnel Retirement System Funding Policy**

Policy No.	2023-14
Effective Date	09/06/2023
Authorized By	D. Bewley
Supersedes Policy No.	N/A

**Objective:**

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

**Scope:**

This policy will be submitted to PSPRS upon authorization to comply with A.R.S. § 38-863.01. Additionally, in accordance with A.R.S. § 38-863.01, TAA is required to make this policy available on the company website. The aspects of this policy that relate to payroll withholdings and payment of contributions into the PSPRS programs applies to the Finance department and the bi-weekly payroll process.

**Definitions/Terminology:**

The below terms are used throughout this policy:

**Unfunded Actuarial Accrued Liability (UAAL)** – This represents the calculated difference between trust assets and the estimated future cost of pensions earned by employees. UAAL arises when actual results in the pension program differ from the assumptions used in previous actuarial valuations.

**Annual Required Contribution (ARC)** – This represents the annual amount that TAA is required to pay into the pension funds. This amount is a percentage of current payroll expense. The percentage is determined by PSPRS through actuarial valuations. It is comprised of two primary components: normal pension cost – estimated cost of pension benefits earned by participating employees in the current plan year; and amortization of UAAL.

**Procedure:**

Employees of the TAA participate in PSPRS if they are employed in either police or firefighting capacities and meet the minimum work qualifications. The PSPRS administers an agent multiple-employer defined benefit pension plan. PSPRS acts as a common investment and administrative agent which issues, on an annual basis, financial reports detailing pension plan assets, liabilities, pertinent funding information and actuarial assumptions. Under this structure, PSPRS comingles investment resources of all participating agencies and serves as the statewide uniform distributor

of benefits. However, each participating agency is treated as an individual trust fund, with separately identifiable assets and liabilities. There are two separate participating agencies within TAA: Tucson Airport Authority Police Department (TAAPD), and Tucson Airport Authority Fire Department (TAAFD).

**Stability and Frequency of Contributions:**

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

**Acceptance of Pension Assets and Liabilities:**

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

GASB 68 statements published by PSPRS for the plan year ended June 30, 2022 for TAAPD and TAAFD reflected the following:

	TAAFD	TAAPD	Total
Total Pension Liability	\$ 20,538,606	\$ 23,493,843	\$ 44,032,449
Plan Fiduciary Net Position	18,347,937	21,821,332	40,169,269
Net Pension Liability (Asset)	\$ 2,190,669	\$ 1,672,511	\$ 3,863,180
Funded Ratio*	89.33%	92.88%	91.23%

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

TAA’s funded ratio goal is 100% (fully funded) over a period of 15 years. This is consistent with the standard amortization period per the PSPRS’s Actuarial Valuation Report as of June 30, 2022.

**Funded Ratio Target:**

TAA will continue to remit ARC payments on a bi-weekly basis as defined by PSPRS with the goal of maintaining a 100% funded ratio. PSPRS reviews its pension assumptions annually. Accordingly, the ARC and amortization period may be adjusted as a result of these reviews. TAA plans to remit ARC as required by PSPRS to achieve its goal of 100% funding within a 15-year period.

Authorized by:

\_\_\_\_\_  
Danette Bewley  
President/CEO

\_\_\_\_\_  
Date



### 38-863.01. Pension funding policies; employers

A. Each governing body of an employer shall annually:

1. Adopt a pension funding policy for the system for employees who were hired before July 1, 2017. The pension funding policy shall include funding objectives that address at least the following:

(a) How to maintain stability of the governing body's contributions to the system.

(b) How and when the governing body's funding requirements of the system will be met.

(c) Defining the governing body's funded ratio target under the system and the timeline for reaching the targeted funded ratio.

2. Formally accept the employer's share of the assets and liabilities under the system based on the system's actuarial valuation report.

B. The governing body shall post the pension funding policy on the governing body's public website and transmit the pension funding policy to the board.

**Date:** September 6, 2023

**To:** Board of Directors  
**From:** Bert Resimont, Compliance Audit Administrator  
**Re:** Part 26 DBE Program Policy Statement and Participation Goal for Fiscal Years 2024-2026 (Three-Year Submittal)

---

**Background:**

As a condition of receiving financial assistance from the Federal Aviation Administration (FAA), the Tucson Airport Authority (TAA) is required to establish and implement a Disadvantaged Business Enterprise (DBE) Program in compliance with the Department of Transportation regulations as outlined in 49 CFR Part 26. Under Part 26, TAA is required to ensure that DBEs, defined as small businesses that are majority owned by one or more socially and economically disadvantaged individuals, are provided a fair and equal opportunity to participate in TAA's construction contracting opportunities.

**Analysis:**

TAA must also periodically establish an aspirational DBE participation goal for federally funded construction projects. In setting the overall goal, TAA reviews planned capital projects, determines the types of trades and services needed, and analyzes the local market availability of DBEs able to provide the necessary work. After adjustment based on actual experience and DBE participation levels, a three-year goal is established and published with a request for public comment and input. Following this public comment period, the goal must be submitted to the FAA for acceptance.

After the necessary review and analysis, TAA's proposed aspirational goal for DBE participation in its federally funded construction projects for fiscal years 2024 – 2026 is 7%.

Based on the Ninth Circuit Court of Appeals decision in *Western States Paving Co. v. Washington State Department of Transportation*, 407 F.3d 983 (2005), TAA has implemented a race-neutral program to meet the overall goal of 7%. Since eliminating race-conscious measures in its DBE program in response to the *Western States* ruling, TAA has increased DBE participation each year, and expects to continue to build on its successful race-neutral outreach program in order to meet its goals.

**Public Consultation:**

As required by Part 26, TAA has taken the following actions to provide public notice of the proposed goal and solicit public input:

- April 10, 2023 – TAA sent out a notice for a public consultation meeting to discuss the availability of DBE and non-DBE firms, the effects of discrimination on opportunities for DBEs and TAA's efforts to establish a level playing field for the participation of DBEs.

- April 21, 2023 – TAA held a public consultation meeting in the executive conference room and via Microsoft TEAMS video. TAA invited contractor associations such as the Associated Minority Contractors of Arizona and the Arizona Alliance of Construction Trades. TAA also provided the notice to Reproductions, Inc., Shirley’s Plan Service, and the Arizona Commerce Authority, which invited anyone to participate in the meeting and to comment upon reviewing the TAA DBE plan and goal setting procedures. Following the consultation meeting, TAA published a notice and request for comments regarding the proposed Part 26 goal of 7%.
- April 25, 2023 – TAA published a notice with the proposed goal for DBE participation at 7% for the fiscal years beginning October 1, 2024 through September 30, 2026. Comments with respect to the proposed goal and the rationale for its determination were accepted until June 8, 2023. No additional input or comments were received before the comment period closed.

**Recommendation:**

Adopt Resolution No. 2023-14 approving TAA’s FAA Part 26 Disadvantaged Business Enterprise (DBE) Program Policy Statement and Participation Goal for Fiscal Years 2024 – 2026.

**Attachments:**

1. Resolution No. 2023-14
2. Exhibit A – DBE Policy Statement

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., APPROVING TAA'S FAA PART 26 DISADVANTAGED BUSINESS ENTERPRISE (DBE) PROGRAM POLICY STATEMENT AND PARTICIPATION GOAL FOR FISCAL YEARS 2024 – 2026.**

---

**WHEREAS** the U.S. Department of Transportation (USDOT) requires entities receiving grants from the Federal Aviation Administration (FAA) under 49 CFR Part 26 to ensure that DBEs are afforded a fair opportunity to compete for federally funded transportation contracts; and

**WHEREAS** TAA desires to apply for and receive such grants from the FAA for its various construction projects; and

**WHEREAS** USDOT regulations require TAA to periodically adopt and circulate a policy statement expressing its commitment to the DBE program, stating its objectives and outlining responsibilities for its implementation; and

**WHEREAS** TAA conducted a review and analysis and solicited feedback from interested parties regarding its goal of 7% DBE participation in federally-funded projects for fiscal years 2024 – 2026; and

**WHEREAS** the Board of Directors accepts the staff recommendations as outlined in the attached Policy Statement and the Board Memorandum.

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

The President/CEO or her designee[s]) is hereby authorized to adopt the Disadvantaged Business Enterprise (DBE) participation overall goal for federally funded projects at 7% for fiscal years 2024 – 2026, to execute the updated DBE policy statement (attached hereto as Exhibit A and incorporated by reference herein), to submit this goal to the Federal Aviation Administration (FAA), and to take any further actions which are necessary to comply with applicable federal regulations.

**PASSED AND ADOPTED** by the Board of Directors of the Tucson Airport Authority, Inc., this sixth day of September, 2023.

---

Keri Silvyn, Chair of the Board

ATTEST:

APPROVED AS TO FORM:

---

Phil Swaim, Secretary

---

Christopher Schmaltz, Vice President  
and General Counsel

EXHIBIT A

**TUCSON AIRPORT AUTHORITY POLICY NO. 2023-11**

DISADVANTAGED BUSINESS ENTERPRISE (DBE)  
PROGRAM POLICY STATEMENT

**Tucson Airport Authority  
 Disadvantaged Business Enterprise  
 Program (DBE) Policy Statement**

Policy No.	2023-11
Effective Date	9/6/2023
Authorized By	President/CEO
Supersedes Board Adoption	12/08/2021

The Tucson Airport Authority (TAA), certified operator of Tucson International Airport (TUS) and Ryan Airfield (RYN), has received Federal financial assistance from the U.S. Department of Transportation ("USDOT") and, as a condition of receiving this assistance, has signed an assurance that it will comply with the requirements of USDOT regulations (49 CFR Parts 23 and 26; hereinafter, the "DBE Regulations") concerning the participation of disadvantaged business enterprises ("DBEs") in DOT programs.

It is the policy of TAA to comply with the requirements of the DBE Regulations and to ensure that DBEs, as defined in the DBE Regulations, have a fair and equal opportunity to participate in TAA's USDOT-assisted projects or concession contracts. To the extent reasonably possible and consistent with other legal requirements, it is the goal of TAA:

- To ensure nondiscrimination in the award and administration of TAA's USDOT-assisted or concession contracts;
- To create a level playing field on which DBEs can compete fairly for TAA's USDOT-assisted or concession contracts;
- To ensure that the DBE program is narrowly tailored in accordance with applicable law;
- To ensure that only firms that fully meet this part's eligibility standards are permitted to participate as DBEs at our airport;
- To help remove barriers to the participation of DBEs in TAA's USDOT assisted contracts and opportunities for concessions at our airport;
- To promote the use of DBEs in all types of federally assisted contracts and procurement activities; and
- To provide appropriate flexibility to our airports in establishing and providing opportunities for DBEs.

The Compliance Administrator has been designated as the DBE Liaison Officer (DBELO). In that capacity, the Compliance Administrator is responsible for implementing all aspects of the DBE program. The DBE Liaison Officer shall report directly to the CEO with respect to the implementation of the TAA DBE Program. Implementation of the DBE program is accorded the

same priority as compliance with all other legal obligations incurred by TAA in its financial assistance agreements with the United States Department of Transportation.

TAA has disseminated this policy statement to the TAA Board of Directors and all the components of our organization. TAA has distributed this statement to DBE and non-DBE business communities in our area. The statement was distributed at the public comment meeting for the DBE program and via the TAA website. A copy of this policy statement shall be available through the solicitation processes for all USDOT-assisted or concession contracts.

---

Authorized by:

---

Danette Bewley  
President/CEO

---

Date



**Date:** September 6, 2023

**To:** Board of Directors  
**From:** Bert Resimont, Compliance Audit Administrator  
**Re:** TITLE VI Part 21 Nondiscrimination Program

---

**Background:**

As a condition of receiving financial assistance from the Federal Aviation Administration (FAA), the Tucson Airport Authority (TAA) is required to establish and implement a Nondiscrimination Program in compliance with the U.S. Department of Transportation (USDOT) regulations as outlined in 49 CFR Part 21. Under Part 21, TAA is required to comply with statutory obligations to ensure against discrimination on the basis of race, color, national origin, age, sex (including sexual orientation and gender identity), or creed in all activities.

**Analysis:**

Starting in fiscal year 2024, the USDOT requires all small/non-hub airports to implement a Nondiscrimination Program according to Title VI, 49 CFR Part 21 as a condition of receiving federal grant awards. The Nondiscrimination Program requirement will be added to the federal grant application checklist that must be completed for submission, review and award of grant funds. The TAA Department of Programs and Regulatory Compliance has created TAA's Nondiscrimination Program according to USDOT and FAA requirements, and will have responsibility of ensuring adherence to the program.

**Recommendation:**

Adopt Resolution No. 2023-15 approving TAA's FAA Part 21 Nondiscrimination Program and Policy Statement.

**Attachments:**

1. Resolution No. 2023-15
2. Exhibit A – TAA Title VI Program Nondiscrimination Policy Statement

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., APPROVING TAA’S FAA PART 21 NONDISCRIMINATION PROGRAM AND POLICY STATEMENT.**

---

**WHEREAS** the U.S. Department of Transportation (USDOT) requires entities receiving grants from the Federal Aviation Administration (FAA) under 49 CFR Part 21 to ensure that no person shall on the grounds of race, color, national origin, sex, sexual orientation, gender identity, creed, age, or disability (hereafter, the “protected bases”), as provided by Title VI of the Civil Rights Act of 1964, the Civil Rights Restoration Act of 1987 (PL 100.259), and the Section 520 of the Airport and Airway Improvement Act of 1982, and related authorities (hereafter, “Title VI and related requirements”), be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity; and

**WHEREAS** TAA desires to apply for and receive such grants from the FAA for its various construction projects; and

**WHEREAS** USDOT regulations require TAA to create a Nondiscrimination Program and adopt and circulate a policy statement expressing its commitment to the Program, stating its objectives and outlining responsibilities for its implementation; and

**WHEREAS** the Board of Directors accepts the staff recommendations as outlined in the attached Policy Statement and the Board Memorandum.

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

The President/CEO or her designee[s]) is hereby authorized to adopt the Nondiscrimination Program, to execute the *Title VI, Civil Rights Act of 1964 Nondiscrimination Policy Statement* (attached hereto as Exhibit A and incorporated by reference herein), to submit this Program to the Federal Aviation Administration (FAA), and to take any further actions which are necessary to comply with applicable federal regulations.

**PASSED AND ADOPTED** by the Board of Directors of the Tucson Airport Authority, Inc., this sixth day of September, 2023.

---

Keri Silvyn, Chair of the Board

ATTEST:

APPROVED AS TO FORM:

---

Phil Swaim, Secretary

---

Christopher Schmaltz, Vice President  
and General Counsel

EXHIBIT A

**TUCSON AIRPORT AUTHORITY POLICY NO. 2023-12**

FAA PART 21 NONDISCRIMINATION PROGRAM POLICY STATEMENT

**TITLE VI, CIVIL RIGHTS ACT OF 1964  
 NONDISCRIMINATION POLICY  
 STATEMENT**

Policy No.	2023-12
Effective Date	9/6/2023
Authorized By	President/CEO
Supersedes Policy No.	New Policy

Tucson Airport Authority (TAA) assures that no person shall on the grounds of race, color, national origin, sex, sexual orientation, gender identity, creed, age, or disability (hereafter, the “protected bases”), as provided by Title VI of the Civil Rights Act of 1964, the Civil Rights Restoration Act of 1987 (PL 100.259), and the Section 520 of the Airport and Airway Improvement Act of 1982, and related authorities (hereafter, “Title VI and related requirements”), be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity.

TAA further assures every effort will be made to ensure nondiscrimination in all of its programs and activities, whether those programs are federally funded or not. Any time communities may be impacted by programs or activities, every effort will be made to involve them and the general public in the decision-making process.

TAA requires nondiscrimination assurances, as proscribed by FAA, from each tenant, contractor, and concessionaire providing an activity, service, or facility at the airport. Assurances must be included in any related lease, contract, or franchise agreement between TAA and each tenant, contractor, and concessionaire, as well as in any similar agreements with their own sub-tenants and sub-contractors.

TAA’s Title VI Coordinator (Bert Resimont, 520-573-4892, bresimont@flytucson.com) is the point of contact for all Title VI matters and related responsibilities, including those required by 49 CFR Part 21.

Adopted by TAA Board of Directors: September 6, 2023

Authorized by:

\_\_\_\_\_  
 Danette Bewley  
 President/CEO

\_\_\_\_\_  
 Date





## THE FACES OF **Airport Safety** Tucson Airport Authority

Tucson International Airport (TUS) is known for convenience. Everyone deserves a stress-free journey. However, many might not realize what it takes to provide such a pleasant experience. Our priorities are safety, security, and customer service.

Nobody embodies that more than the public safety professionals working for the Tucson Airport Authority (TAA). Members of the Tucson Airport Authority Fire Department (TAAFD) and Tucson Airport Authority Police Department (TAAPD) are trained to respond to emergencies of any kind, and they always approach these situations with a customer service mindset.

We serve a diverse population of travelers, and a top priority is to treat everyone with a high level of customer service. The many faces that provide this customer service are the same ones certified by Arizona Peace Officer Standards and Training Board and accredited by the Commission on Accreditation for Law Enforcement Agencies. Several are also certified Transportation Security Administration Explosive Detection Canine teams. Those K-9 duos, as well as our Explosive Ordnance Disposal technician, respond to calls for service from the Pima Regional Bomb Squad far beyond the walls of TUS.

Our firefighters recently successfully completed a comprehensive inspection performed by the Federal Aviation Administration as part of annual airport recertification, who test the department's capability to respond to emergencies. Their specialized Aircraft Rescue and Fire Fighting trucks are required apparatus to ensure proper response capabilities when an incident occurs on the airfield. All firefighters who are eligible have completed their Master Firefighter certification through the American Association of Airport Executives. This distinction highlights the dedication of TAAFD to hold itself to a higher standard of aircraft rescue and firefighting.

Our public safety professionals may be the first or last faces a customer sees when traveling through TUS. We are so proud to highlight and celebrate them as Faces of Tucson.

**7250 S. Tucson Blvd., Suite 300, Tucson, AZ 85756;**  
**(520) 573-8100; FlyTucson.com**

CELEBRATING  
**75**  
YEARS  
TUCSON AIRPORT  
AUTHORITY

**TUCSON**  
AIRPORT AUTHORITY  
TUCSON INTERNATIONAL AIRPORT • RYAN AIRFIELD

# MEMBER ADVOCACY PLAN

## CREATING EXTERNAL CHAMPIONS

September 6, 2023





# ADVOCACY GOAL



Members serve as vocal Champions, both within the community at large and their personal circles, for the critical role TAA plays in the economic vitality of the region.



# KEY MESSAGING



# THE MESSAGES

## 1 | Tucson Market Leakage to Phoenix and Mesa is a Concern

- 32.7% of air journeys taken by the Tucson area now use Phoenix as their airport.
- We must change that dynamic in order to consistently grow our air service offerings at Tucson.

## 2 | TUS/RYN are an Economic Engine for Southern Arizona

- Each year TUS/RYN are responsible for an economic impact of \$8.3 BILLION dollars.  
(TUS: \$8.296B / RYN: \$35M)

## 3 | Nonstop for Tucson: Help Advocate for Use of New Nonstop Routes

- When TUS secures a new flight, it is far from a guarantee to stay long term. Advocate for the community to fly our newest routes to show demand to the airline to maintain these new routes.

# PREPARE FOR TAKEOFF



# HOW WE SHARE THIS INFO

## Tactics:

- Advocacy Plan
- Regular updates in the monthly Member Advisory with advocacy talking points.
  - ADOT will update the TUS and RYN economic impact statistics soon, which we will communicate when available.
  - As new routes are announced, we will share them in the Member Advisory to ensure you have the latest information to communicate.
- A link to this presentation, with voiceover will be shared with all Members in the next Member Advisory including the formal written Advocacy Plan.
- Each member will receive a card for their wallet to ensure the talking points are always within reach.

# THANK YOU.

## Q&A SESSION

**Austin Wright**  
Chief Communications Officer



# Tucson Airport Authority

Member Advocacy Plan | September 2023

## **Tucson Airport Authority** **Member Advocacy Plan | Creating External Champions**

---

### **Tucson Airport Authority**

The Tucson Airport Authority, certificated operator of Tucson International Airport (TUS) and Ryan Airfield (RYN), is a unique nonprofit created by community business leaders and established by Arizona state charter in 1948. The TAA is not a taxing authority and does not benefit from local tax dollars. Large-scale development, like the Airfield Safety Enhancement Program, relies on grants from the FAA and ADOT, and the revenue earned by the TAA through its business practices to bring projects from concept to reality to better serve the Southern Arizona region.

### **Mission**

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

### **Vision**

Landing prosperity in Southern Arizona.

---

### **Creating External Champions**

The 60 Members of the Tucson Airport Authority serve as vocal champions of the TAA, TUS, and RYN, within the community and your personal circles and business networks, to educate others about the critical role TAA plays in the economic vitality of the region. Discussions to educate and advocate are important, and the following messages are designed to assist you with general talking points. Please note these message/talking points will be refreshed from time to time, and TAA staff will ensure you receive periodic updates.

### **Top 3 Key Messages**

#### **1. Tucson Market Leakage to Phoenix Sky Harbor and Mesa Gateway is a Concern**

Almost one-third of air journeys taken by the Tucson area now use Phoenix as their airport. The goal is to change this dynamic to grow air service offerings at TUS.

Airlines can identify where a person lives from their personal data. If they know a person is willing to drive to an airport outside their residential region (Phoenix, Mesa Gateway), it presents challenges to add new flights at TUS. Airlines can also determine if a person attempts to book a flight from TUS (even if that booking is unsuccessful). This demonstrates demand which the airlines pay attention to.



### How to Communicate this Message Effectively:

Our Community Value Proposition found that “Businesses are more likely to relocate or stay in Tucson with a strong local airport.”

- Check flights at TUS first. The ticket cost to your destination may be similarly priced.
- For those choosing to drive, the total trip time from home or work to your destination, including extra time you must allow for driving to Phoenix, parking, and shuttling to the airport, is shorter from TUS in many cases, even with a connection.
- When you do the math, your trip costs, including the ticket, fuel, parking, and mileage, are very often lower at TUS.
- When you return from your trip, you are already closer to home.
- Using TUS as a primary airport saves gas, reduces traffic and stress.

#### Did you know?

- ✓ Parking at TUS for one week in a covered terminal garage costs \$84.
- ✓ To park in a covered terminal garage at PHX is \$214 per week.
- ✓ Factor in gas and parking, a one-week trip from TUS instead of PHX can save you \$165 on average.

## 2. TUS/RYN are an Economic Engine for Southern Arizona

Each year TUS/RYN are responsible for an economic impact of \$8.3 BILLION dollars (TUS: \$8.296B / RYN: \$35M).

### How to Communicate this Message Effectively:

Our Community Value Proposition found that “Having a strong local airport is important to our community.”

- TUS | Commercial Service Airport
  - Supports more than 45,000 local jobs. These jobs result in \$2.5 billion in earnings from high wage jobs.
  - 80 tenants (including Raytheon, Bombardier, major airlines, etc.).
  - The TAA is poised to invest \$1.5 billion dollars in the next decade, between two large scale capital projects to improve airport infrastructure.
  - Airfield Safety Enhancement Program (ASE - \$400M)
  - Terminal Modernization (\$1.1B)
  - 3.4 million passengers used TUS in 2022, with a projected 3.9 million in 2023. Each passenger brings tourism dollars to Tucson.
- RYN | General Aviation Airport
  - Supports approximately 216 jobs.
  - 25 tenants and more than 200 based aircraft.
  - Supports services to general aviation and flight instruction facilities.
  - Federal Contract Tower (a safety element; attracts operators to use RYN for their training needs)

### Did you know?

- ✓ The Federal Aviation Administration is the TAA's regulator. While the TAA has 5,000 acres of developable land around TUS and approximately 1,800 acres at RYN with development opportunities, all development must include federal review (a process that can take more than a year for segments of land).
- ✓ Presently, the TAA is working with the FAA to "clear" certain parcels of land for development (in compliance with the National Environmental Protection Act (NEPA) process).

### 3. Nonstop for Tucson: Help Advocate for Use of New Nonstop Routes

When TUS secures a new flight, there is no guarantee the route will remain long term. Advocate for the community to fly our newest routes to show demand to the airlines to maintain these new routes.

#### How to Communicate this Message Effectively:

- Paine Field (Everett, WA) service returns on Alaska Airlines 5 days a week starting October 1, 2023.
- Orange County begins daily service on Alaska Airlines December 14, 2023.
- Chicago-Midway (MDW) will increase to daily service on Southwest Airlines in March of 2024.
- We have attracted substantial capacity on existing flights beginning fall and winter of 2023 on which we need help to sustain:
  - Southwest | San Diego, Las Vegas
  - Alaska | Portland, Seattle
  - United | Chicago, Denver
  - American | Dallas/Ft. Worth, Los Angeles

### Did you know?

- ✓ Of the 25 new routes TUS has secured over the past decade, only five remain.
- ✓ When TUS secures a new route, is it important our community support the flight by following this simple philosophy: **'Fly local, Fly TUS!'**

## Frequently Asked Questions or Common Misconceptions (Airlines, Airports, TAA, FAA or TSA?)

The travel experience can be confusing and there often misconceptions about who does what. To help demystify some general misconceptions and arm you with the right answer when family, friends, colleagues, or other people approaches you, we have provided the following information.

### Did you know? Just a few FAQs...

#### Airlines:

- ✓ are regulated by the federal government
- ✓ are solely responsible for bag drop times to the baggage carousel. Each airline has a specific target time, and they are closely monitored. The employees working on the ramp unloading baggage are employees of a specific airline or their affiliated contractor.
- ✓ are responsible for the services of the aircraft and flight including catering, fueling, and baggage handling, pilots, flight attendants and other support crew.
- ✓ have a lost and found. If an item is lost while on board an aircraft, it is best to fill out a lost and found report with the specific airline.
- ✓ are required by federal law to ensure passengers can get off an aircraft when a tarmac delay reaches 3-hours (this usually occurs during inclement weather (weather diversion), when there is high-traffic and congestion at a busier airport (gate not available), or even when a mechanical issue prevents an aircraft from returning to the gate. There are stiff penalties levied by the Department of Transportation if an airline exceeds 3 hours. During the 3-hours, airlines are required to provide water (typically, airports help the airlines whenever possible but are not responsible or liable for the airline delay or potential fines).
- ✓ sometimes overbook flights. Passengers who do not check in on time or are not prepared at the cutoff boarding time may lose their seat. The passenger will need to work with the airline to re-book their trip.
- ✓ are responsible for the deicing of aircraft in cold weather. The deice fluids and the operation of deicing are performed solely by the airlines or their affiliated contractor.

#### Airports:

- ✓ are federally regulated by the Federal Aviation Administration (FAA) and the Transportation Security Administration (TSA) and must meet and maintain all compliance requirements to operate a commercial service airport.
- ✓ are responsible to provide the infrastructure required to support aviation and air travel. This includes and is not limited to roadways, parking lots, facilities, runways, taxiways, aprons, jet bridges, baggage systems and other infrastructure and support elements.
- ✓ are prohibited from engaging in revenue diversion; revenues earned by the airport system must be used to support the airport system.

## **Did you know? Just a few FAQs...**

### **TAA:**

- ✓ Safety, security and customer service are our top priorities.
- ✓ Operates Tucson International Airport (TUS) and Ryan Airfield (RYN). The three-letter airport codes are assigned by the FAA.
- ✓ employs nearly 300 specialized, professional staff who are experts in airport management, airline management, public administration and other technical fields.
- ✓ leases space to aeronautical and non-aeronautical tenants (a landlord with an airfield!) to increase economic development and prosperity for the TAA and the region (\$8.3B annual impact!).
- ✓ works directly with the airlines to support Tucson with non-stop and one-stop flights to worldwide destinations (anyone can get to over 310 destinations from TUS).
- ✓ has a Police Department that enforces the laws of the state of Arizona (sworn officers) and fulfills specialized requirements related to airport and aviation security, including Explosive Detection Canines (dog/handler K-9 teams), Explosive Ordnance Officers and specialized equipment to respond to and manage critical events. The K-9 team members are also part of the Pima Regional Bomb Squad.
- ✓ has a Fire Department with Emergency Medical Technicians and Paramedics and have specialty training and certifications related to Aircraft Rescue and Fire Fighting. Several of the fire trucks are specialized for aircraft and include aircraft skin piercing capabilities to extinguish a fire inside an aircraft.
- ✓ manages the safety of the airfield with expert airside operations and maintenance personnel.
- ✓ has a lost and found. If an item is lost in the airport, it is best to check with the Airport Security Office. Many times, our team has recovered lost and high-value items and are waiting to reunite a traveler with their item.

### **FAA (Department of Transportation):**

- ✓ regulates airport safety and is one of the TAA's regulators.
- ✓ is responsible to provide Air Traffic Control Services throughout the national airspace system.
- ✓ may implement delay programs for flight spacing and flow control.

### **TSA (Department of Homeland Security):**

- ✓ regulates the nations' aviation security and is one of the TAA's regulators.
- ✓ is responsible to provide security screening at the security checkpoints following TSA protocols
- ✓ Customs and Border Protection (CBP) manages the Global Entry and TSA Pre-Check program that allows expedited, low-risk travelers to enter the U.S (CBP) or pass-through TSA security checkpoints in designated lanes.

---

## Speakers Bureau/Speaking Engagements

For those Members who want to have a TAA presentation at the ready, we have several presentations developed that highlight different topics.

- If you want to be the presenter, we can schedule time with you to help you understand the points so you can deliver a presentation on behalf of the TAA.
- If you want a member of the TAA staff to deliver the presentation, we can help at your request and be available for any group or organization.

If you have any questions, please contact Austin Wright, Chief Communications Officer, at [awright@flytucson.com](mailto:awright@flytucson.com) or Danette Bewley, President/CEO, at [dbewley@flytucson.com](mailto:dbewley@flytucson.com).

Thank you for your service and advocacy.

**Date:** September 6, 2023

**To:** Board of Directors  
**From:** Brian Kidd, Director of Air Service Development  
**Re:** Air Service Incentive Program

---

**Background:**

Incentive programs are used by most US commercial airports to help attract and provide initial support for new air service. While airlines do not base decisions solely on airport incentives, the programs are a consideration in the decision-making process. Funding from community and government organizations external to the airport is often more important in securing new routes.

The TAA has had an air service incentive program for Tucson International Airport (TUS) since 2011. It was revised in 2013 to eliminate restrictions that had been in the original plan, such as seasonal service and overnight flights. Since 2015, the program has been unchanged.

The TAA Air Service Incentive Program for Fiscal Years 2024 and 2025 significantly simplifies and updates our program to maintain TUS' competitiveness with peer airports. It also conforms to proposed new Federal Aviation Administration guidelines for such programs.

The program offers funding for marketing new flights, as well as landing fee and terminal use fee waivers. Conditions to protect TAA's financial interest in the case of the airline not fulfilling the terms of the agreement are included.

**Strategic Plan | Analysis:**

The program supports TAA's strategic initiative, "Expand Prosperity", as increased passenger activity is central to the economic growth of the airport and Southern Arizona.

**Cost Analysis:**

The waived fees offered to airlines in the incentive program are more than offset by the additional passenger revenue realized in terminal concessions, rental cars, parking, and passenger facility charges (PFCs). Funds for the program are included as part of budget planning.

Though the annual amount of qualifying air service activity is not precisely known in advance, TAA has budgeted \$100,000 for incentives related to the marketing of anticipated new routes in FY24.

**Recommendation:**

Adopt Resolution No. 2023-16 approving the Tucson Airport Authority Air Service Incentive Program for Fiscal Years 2024 and 2025.

**Attachments:**

1. Resolution No. 2023-16
2. Exhibit A – TAA Air Service Incentive Program: Fiscal Years 2024 and 2025

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., APPROVING THE TUCSON AIRPORT AUTHORITY AIR SERVICE INCENTIVE PROGRAM FOR FISCAL YEARS 2024 AND 2025.**

---

**WHEREAS** air service development at TUS is a key component of the Tucson Airport Authority’s Strategic Plan as part of the Expand Prosperity Strategic Initiative. It supports TAA’s efforts to bring quality air service to southern Arizona to meet the needs of business, tourism, and local residents; and

**WHEREAS** In compliance with the Federal Aviation Administration’s draft guidelines on US air carrier incentive programs, TAA has updated its Air Service Incentive Program intending to attract and support new service and encourage existing carriers to expand their service at TUS.

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

The TAA Air Service Incentive Program (the “Program”), attached to this Resolution as Exhibit A and incorporated by reference herein, is approved, effective October 1, 2023 and expiring September 30, 2025. The President/CEO (or her designee[s]) is authorized and directed to implement the Program, including executing participation agreements with new or existing carriers as the President/CEO (or her designee[s]) deem necessary.

**PASSED AND ADOPTED** by the Board of Directors of the Tucson Airport Authority, Inc., this sixth day of September, 2023.

---

Keri Silvyn, Chair of the Board

ATTEST:

APPROVED AS TO FORM:

---

Phil Swaim, Secretary

---

Christopher Schmaltz, Vice President  
and General Counsel



EXHIBIT A

**TUCSON AIRPORT AUTHORITY**

AIR SERVICE INCENTIVE PROGRAM  
FOR FISCAL YEARS 2024 AND 2025



# Air Service Incentive Program

Tucson Airport Authority

Fiscal Years 2024 and 2025

---

**Tucson Airport Authority (TAA) Mission Statement**

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

**TAA Vision Statement**

Landing Prosperity in Southern Arizona

---

**For Qualifying Service Commencing between October 1, 2023 and September 30, 2025**

The Tucson Airport Authority (TAA) implements this Air Service Incentive Program in order to encourage new nonstop air service from Tucson International Airport (TUS). TAA has projected that such new air service will result in increased airport revenues, including airline revenues, parking, food and beverage, retail and other concession revenues that exceed the costs of the Incentive Program and result in an overall lower cost per enplaned passenger at TUS.

The program incentives are available for an airline operating scheduled passenger service on a new nonstop route to an airport not currently served nonstop from TUS, or any service by a new entrant airline.

Only one airline per destination airport can receive an incentive during the term of the program.

Charter operations, including operators under Parts 121, 135, and 380, are not eligible.

To receive marketing support, the advertising must be:

- (1) Solely for the purpose of promoting the new TUS route,
- (2) The TUS logo must be featured prominently in the advertising and promotional material,
- (3) The Tucson Airport Authority (TAA) must approve the advertising in advance,
- (4) TAA will pay for marketing based on invoices from approved non-airline 3<sup>rd</sup> parties, and
- (5) Marketing incentives for the qualifying new route must be used no later than twelve months from the start of service.

If the qualifying service is not operated for at least 12 consecutive months (year-round service) or three consecutive months (seasonal service), the airline is required to reimburse TAA for all airport fee waivers received by or credited to the airline within thirty (30) days of demand from TAA.

**United States and Territories:**

Airport Fees

First 12 months of service (year-round or new entrant) or 36 months (seasonal, incumbent):

- Airport fees (landing fees, additional terminal rent incurred due to new service, use fees) waived.

Marketing Support

- \$100,000 per destination for daily service
- If less than daily, the amount is prorated, based on the scheduled average weekly frequency in the first four weeks of service (e.g., twice a week service would qualify for 2/7<sup>th</sup> of \$100,000, or \$28,571)

**Canada or Mexico:**

Airport Fees

First 12 months of service (year-round or new entrant) or 36 months (seasonal, incumbent):

- Airport fees (landing fees, additional terminal rent incurred due to new service, use fees) waived.

Marketing Support

- \$250,000 per destination for twice weekly, 12-month service
- If service is less frequent, the amount is prorated, based on the number of departures in the first twelve months scheduled as of service commencement (e.g., once weekly operation for 16 weeks would qualify for 16/104 of \$250,000, or \$38,462)

**Other International Destinations:**

Airport Fees

First 12 months of service (year-round or new entrant) or 36 months (seasonal incumbent):

- Airport fees (landing fees, additional terminal rent incurred due to new service, use fees) waived.

Marketing Support

- \$500,000 per destination for once weekly, 12-month service
- If service is less frequent, the amount is prorated, based on the number of weeks of scheduled service in the first twelve months as of service commencement (e.g., once weekly service for 16 weeks would qualify for 16/52 of \$500,000, or \$153,846)

**Other Program Requirements**

To be eligible for the Program, the airline must submit a TAA application listing the details of the planned service and receive approval from TAA.

In the spirit of partnership, airlines determined to be eligible for one or more incentives under this Incentive Program will be required to have a Participation Agreement with TAA fully executed at least 60 days prior to service commencement in order for TAA to make any incentive-based payments for marketing expenditures related to the new route. A sample agreement is attached as Exhibit A.

The airline must be in good financial standing with TAA, as determined by TAA, to qualify for and to receive incentives.

Exhibit A  
(Sample Participation Agreement)

**TUCSON AIRPORT AUTHORITY  
AIR SERVICE INCENTIVE PROGRAM  
PARTICIPATION AGREEMENT**

This Participation Agreement (“Agreement”) is entered into and made effective as of \_\_\_\_\_, 20\_\_, by and between **TUCSON AIRPORT AUTHORITY, INC.**, an Arizona nonprofit corporation (“TAA”) and \_\_\_\_\_ (“Airline”).

**RECITALS:**

- A. TAA operates Tucson International Airport located in Tucson, Arizona (“TUS”).
- B. Airline is engaged in the business of scheduled air transportation of passengers.
- C. TAA and Airline wish to encourage and promote new air service at TUS, benefitting the greater Tucson community and fostering economic development at the airport and in the Southern Arizona region.
- D. TAA wishes to increase the number of nonstop destinations served by Airline from the Airport by providing certain incentives for such service for a limited period, all in accordance with the Air Service Incentive Program, attached hereto as Exhibit A (the “Incentive Program”).

**AGREEMENT**

NOW, THEREFORE, the parties hereby agree as follows:

**1. Air Service Incentives.** TAA and Airline agree that the new nonstop service offered by Airline between TUS and \_\_\_\_\_, scheduled to commence \_\_\_\_\_ (the “Start Date”) and scheduled to operate at least \_\_\_\_\_ times per week (the “Qualifying Flight”), is eligible for the following incentives under the Incentive Program:

1.1 Marketing Incentive. TAA will contribute marketing expenditures related to the Qualifying Flight, up to a maximum of \$\_\_\_\_\_ to promote TUS, Airline and the Qualifying Flight in TV, radio, print, outdoor, internet or other similar marketing campaigns. Airline and TAA will collaborate to coordinate and direct campaigns related to the Qualifying Flight, but all marketing materials and promotions must be approved by TAA before publication or distribution and must include reference to TUS as well as Airline in accordance with FAA policy. TAA will only pay for approved marketing services and expenses directly to third-party advertising and marketing providers, and not to Airline, upon receipt of invoices or other documentation of approved marketing services and expenses.

1.2 Landing Fee Waiver. TAA agrees to waive all landing fees otherwise payable by Airline for the Qualifying Flight for a period of \_\_\_\_\_ from the Start Date.

1.3 **Terminal Rent and Use Fee Credit.** TAA agrees to waive any incremental terminal rent and use fees generated by the Qualifying Flight for a period of \_\_\_\_\_ from the Start Date.

2. **Continued Service.** Airline acknowledges and agrees that the incentives granted to Airline are expressly conditioned upon Airline commencing scheduled service as of the Start Date and maintaining the Qualifying Flight through at least [date]. In the event Airline does not commence scheduled service on the Start Date or does not schedule the Qualifying Flight to operate through at least [date], Airline will reimburse TAA within thirty (30) days of TAA's written demand, for all waived fees and credits received. In the event Airline fails to so reimburse TAA, TAA may draw upon Airline's letter of credit (*or other security*) described below in an amount up to all of the waived fees and incentives granted to Airline. Airline must also pay all costs and expenses (including attorney's fees) incurred by TAA to collect such reimbursement amounts, whether or not legal action or proceedings are brought.

3. **Term.** This Agreement will terminate when all amounts that may be due and owing to TAA by Airline associated with any Qualifying Flight(s) have been fully paid to TAA.

4. **Compliance with Laws.** This Agreement is at all times subject to and subordinate to applicable state and federal laws and regulations, and the provisions of any existing or future agreement between TAA and the United States Government or other governmental authority relating to the operation or maintenance of the Airport. This Agreement is further intended to meet the standards for airport incentive programs for promotion of air carrier service set forth in the Federal Aviation Administration ("FAA") Statement of Policy and Procedures Concerning the Use of Airport Revenue (1999) and Air Carrier Incentive Program Guidebook (2010), as they may be amended from time to time. If at any time the FAA or other governmental authority determines that the Incentive Program or this Agreement does not comply with any applicable laws, rules, regulations or federal grant assurances or obligations, TAA may terminate this Agreement immediately upon written notice to Airline.

5. **Governing Law.** This Agreement, its application and interpretation, and all rights and obligations of the parties hereunder shall be governed by and construed in accordance with the laws of the State of Arizona. Venue in any action or other proceeding in connection with this Agreement will be in Pima County, Arizona.

IN WITNESS WHEREOF, the parties have signed this Agreement as of the date stated above.

**Date:** September 6, 2023

**To:** Board of Directors  
**From:** Twyla Salaiz, Vice President/Chief People Officer  
**Re:** Compensation Plan

---

**Background:**

The TAA implemented a comprehensive market driven Compensation Plan, approved by the Executive Council on August 26, 2020, with an update approved by the Executive Council on August 23, 2021. In consideration of TAA bylaw changes in 2022, approval of the Compensation Plan rests with the full Board of Directors. This tool has been invaluable in determining competitive salary ranges, fulfilling our EEOC/FLSA requirements, and determining appropriate salary levels for new positions. After three years of utilizing the plan and evaluating the marketplace, it is important to have the Board of Directors approve an update to the Compensation Plan.

The Compensation Plan, if approved, will go into effect on October 1, 2023 in conjunction with the FY24 Budget. The update includes a 5% increase to the salary bands for all positions. Over the last two years, we have seen significant inflation that has impacted the competitiveness of our salaries. In looking at market trends, our salary bands are competitive for inexperienced and not for those with extensive experience. While we are increasing the top end of the salary band, our minimums remain the same. This should give the TAA competitive advantage when negotiating salaries for top talent while keeping entry level at an affordable level. For all positions, we carefully align candidate experience within the salary band to ensure our offers are attractive to those who bring experience to the TAA.

In addition, the employment market and salary ranges have experienced significant movement, which has required the TAA to make some adjustments throughout the year. To codify these adjustments and to remain competitive and retain and attract top talent, the Compensation Plan requires an update.

**Strategic Plan | Analysis:**

The TAA 3-Year Strategic Plan, adopted by the Board on August 5, 2020 was amended in September 2021 (Strategic Plan 2.0) and September 2022 (Strategic Plan 2.1), respectively. These amendments reflected initiatives related to the pandemic and pandemic recovery, and also outlined the path which best allowed the TAA to focus on goals related to the transformation of human resources into People Operations. One such goal is to “update the reward system.”

Since the implementation of the Compensation Plan, we have strategically brought our workforce into the plan without overburdening the system. Initially, we moved every employee within the band followed by moving them (if appropriate) up to within 25% of the band. In the



FY21 Budget, a financial investment was made to affect adjustments for specific individuals who were in a job/position that was compensated below the market wage. The FY21 Budget included resources for additional market adjustments to specific positions/individuals in the lower pay bands and to adjust the minimum starting wage to \$15.00/hour.

During FY22 and FY23, respectively, the TAA fully implemented the compensation plan and structured offers so that every new employee was appropriately placed within the band. As an additional good faith effort, employee salaries are reviewed with a DEI (Diversity Equity and Inclusion) lens to identify any pay inequities.

**Cost Analysis:**

There are minimal costs to the changes in the Compensation Plan; the estimated impact of raising the salary band is approximately \$50,000 for FY24. The FY24 Personnel Budget of \$26.8 million includes the impact of expanding the salary bands.

**Recommendation:**

Adopt Resolution No. 2023-17 approving the Tucson Airport Authority Compensation Plan dated October 1, 2023.

**Attachments:**

1. Resolution No. 2023-17
2. Exhibit A – TAA Compensation Plan

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., APPROVING THE TUCSON AIRPORT AUTHORITY COMPENSATION PLAN DATED OCTOBER 1, 2023.**

---

**WHEREAS** the Tucson Airport Authority (TAA) adopted its first compensation plan on August 26, 2020 and updated the aforementioned plan on August 23, 2021; and

**WHEREAS** periodic updates to TAA’s compensation plan are necessary to respond to changing economic and market conditions to ensure that the organization retains its ability to attract, retain, and motivate high-quality employees who are dedicated to the organization’s continued success; and

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

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

The Tucson Airport Authority Compensation Plan, attached to this resolution as Exhibit A and incorporated by reference herein, is approved with an effective date of October 1, 2023. Furthermore, the Chair of the Board and the President/CEO are hereby authorized to execute the plan document.

**PASSED AND ADOPTED** by the Board of Directors of the Tucson Airport Authority, Inc., this sixth day of September, 2023.

\_\_\_\_\_  
Keri Silvyn, Chair of the Board

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Phil Swaim, Secretary

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

EXHIBIT A

**TUCSON AIRPORT AUTHORITY**

COMPENSATION PLAN EFFECTIVE OCTOBER 1, 2023



# Tucson Airport Authority Compensation Plan

October 1, 2023

## **FOREWORD**

Since the inception of the Tucson Airport Authority (TAA) in 1948, it has provided Tucsonans and visitors to Southern Arizona with excellence in aviation services and facilities, hallmarked by unparalleled safety, security and customer service at Tucson International Airport (TUS) and Ryan Airfield (RYN). To deliver on our mission, vision and guiding principles requires we attract and retain a diverse and talented work force.

The TAA compensation and reward programs are designed to be externally competitive, transparent, and internally equitable, to enhance the organization's ability to attract, retain, and motivate high-quality, enthusiastic staff who contribute to TAA's continued success. Further, through well designed pay structures and programs, TAA aims to motivate team members to meet and exceed the requirements of their jobs, which includes obtaining and maintaining proper certifications, licensure, and credentials, and maintaining expected performance, behaviors, and conduct. TAA promotes team members' professional growth by having a pay structure where progress within pay ranges is based on a consistent and systematic process of pay increases, subject to availability of financial resources and executive approval.

Through this Compensation Plan, your TAA team plans to deliver results, work smart, remain curious, and play for the team!

Sincerely,



Danette M. Bewley, A.A.E.  
President/Chief Executive Officer  
Tucson Airport Authority



## Table of Contents

	Page
TAA Mission, Vision and Guiding Principles	2
Compensation Plan	3
➔ Authority and Administration of the Compensation Plan	3
➔ Compensation Philosophy	3
➔ Market Analysis	3
➔ Pay Structure	4
Authorization	4
Appendix A   Assignment of Classifications to Pay Grades	
Appendix B   Vacation Tiers	

## Mission, Vision and Guiding Principles

<p><b>Our Mission</b></p>	<p><b>Provide a sustainable airport system and constantly pursue initiatives that promote and grow business opportunities.</b></p>
<p><b>Our Vision</b></p>	<p><b>Landing Prosperity in Southern Arizona.</b></p>
<p><b>Our Guiding Principles</b></p>	<p><b>Our guiding principles shape our culture; who we are and who we want to be. The members of the Executive Team are ambassadors of our culture, and will engage everyone in these expectations.</b></p> <hr/> <p><b>We deliver results.</b></p> <ul style="list-style-type: none"> <li>➔ We manage an airport system where safety, security and customer service are our top priorities.</li> <li>➔ We are accountable. We do what we say we will do.</li> <li>➔ We clearly communicate expectations and listen to make sure others understand and agree with deadlines.</li> <li>➔ We work collaboratively for the greater good of travelers, customers, employees, business and community partners.</li> </ul> <hr/> <p><b>We work smart.</b></p> <ul style="list-style-type: none"> <li>➔ We are good at what we do, and we learn from each other.</li> <li>➔ We are critical thinkers who anticipate, prioritize, and act with urgency.</li> <li>➔ We move quickly with what works and commit to continuous improvement.</li> <li>➔ We not only identify problems, we offer solutions.</li> </ul> <hr/> <p><b>We are curious.</b></p> <ul style="list-style-type: none"> <li>➔ We embrace change, are unafraid to question our assumptions, and use mistakes for learning.</li> <li>➔ We value feedback, growth, agility and self-improvement.</li> <li>➔ We anticipate future needs and possibilities.</li> <li>➔ We see opportunities others may miss.</li> </ul> <hr/> <p><b>We play for the team.</b></p> <ul style="list-style-type: none"> <li>➔ Because we care, we contribute to the quality of the lives of our employees and the people we serve.</li> <li>➔ We embrace diversity, equity and inclusion, working in furtherance of these principles.</li> <li>➔ We are transparent and treat everyone with respect and dignity.</li> <li>➔ We are connected. We make sure everyone understands their unique contribution to our overall success.</li> <li>➔ We encourage leadership from everyone.</li> </ul>

**TAA COMPENSATION PLAN**

<p><b>Authority and Administration of the Compensation Plan</b></p>	<p>The TAA Board of Directors has adopted the TAA Compensation Plan and has delegated its administration of the Compensation Plan to the President/CEO. The President/CEO has the authority to periodically review and make market adjustments to the pay ranges to remain current and aligned with the relevant labor market. Implementation of pay structure changes are subject to the availability of financial resources and must be included in the respective fiscal year budget as authorized by the TAA Board of Directors.</p>
<p><b>Compensation Philosophy</b></p>	<p>The TAA compensation and reward programs are designed to be externally competitive, transparent, and internally equitable, to enhance the organization’s ability to attract, retain, and motivate high-quality, enthusiastic staff who contribute to TAA’s mission, vision, guiding principles and initiatives to achieve success. Further, through well designed pay structures and programs, TAA aims to motivate team members to meet and exceed the requirements of their jobs, which includes obtaining and maintaining proper certifications, licensure, and credentials, and maintaining expected performance, behaviors, and conduct. TAA promotes team members’ professional growth through a pay structure where progress within pay ranges is based on recognizing performance accompanied by a consistent and systematic process of pay increases, subject to availability of financial resources and executive approval.</p> <p>TAA bases pay grades on external competitive market analysis and internal equity. TAA sets its compensation philosophy to meet the relevant labor market. Where possible and appropriate, TAA targets the 50<sup>th</sup> percentile of the market for the midpoint of the pay grades for similar jobs while remaining flexible for those classifications which require either higher or lower percentiles based upon market data and internal equity.</p>
<p><b>Market Analysis</b></p>	<p>To remain competitive in the market and attract and retain the highest caliber of talent, the TAA will conduct a comprehensive review of the pay structure and pay bands, using industry and market data, every three years subject to availability of financial resources.</p> <p>The market analysis will compare TAA classifications to similar classifications in the external market by matching job responsibilities and requirements with other similar organizations. Comparative data is evaluated at the local, statewide, regional, or national level, based on the breadth of the recruiting area needed to acquire appropriate candidates for the position. Data collected from other geographic areas are adjusted to align with the cost of living and cost of wages in the relevant labor market.</p> <p>Not all classifications are easily matched with the external market. For these classes, an internal equity analysis, or job evaluation, will be conducted to define an appropriate pay grade. Classifications are compared with other TAA classifications that have similar licensing, knowledge, skills, responsibilities, and training required to perform the job.</p>



<p><b>Pay Structure</b></p>	<p>The pay structure represents an open-range concept, where each job is assigned to a pay grade that best reflects the relevant labor market range for similar jobs and has three reference points - Minimum, Midpoint, and Maximum - for the range (Appendix A).</p> <p>The pay rate of a team member with little or no experience for their position is typically assigned close to the minimum of the pay grade of the assigned job classification. Whereas, the pay rate of a team member who is experienced for their position and acts at the level of full performance may be assigned at the midpoint of the pay grade of the assigned job classification or higher with the approval of the President/CEO.</p> <p>The pay structure is administered by the President/CEO, who will periodically review and adjust the pay ranges, as appropriate, to remain current and aligned with the relevant labor market. Adjustments are subject to the availability of financial resources and must be included in the respective fiscal year budget as authorized by the TAA Board of Directors.</p>
-----------------------------	---

<p><b>AUTHORIZATION</b></p>	
<p><b>Keri Silvyn</b> Chair, Board of Directors Tucson Airport Authority</p>	<p><b>Danette Bewley</b> President/CEO Tucson Airport Authority</p>
<p><b>Date</b></p>	<p><b>Date</b></p>

# Appendix A

Tucson Airport Authority   Pay Structure and Grade Parameters					
Position Title	Grade	Tier	Min	Mid	Max
President/CEO	120	Negotiated			
Executive Vice President/Chief Operating Officer (COO)	118	4	171,595	220,929	270,263
Vice President /Chief People Officer (CPO)	117	4	153,210	197,258	241,306
Vice President/Chief Financial Officer (CFO)		4			
Vice President/General Counsel		4			
Vice President/Planning and Engineering		4			
Vice President /Chief Revenue Officer (CCO)		4			
No positions assigned to grade	116	4	136,795	176,123	215,452
Chief Communications Officer	115	4	122,138	162,062	201,986
Chief Technology Officer		4			
Deputy General Counsel	114	4	109,052	140,404	171,757
Director Applications and Support	113	3	97,368	125,361	153,355
Director of Finance		3			
Director of Infrastructure and Special Systems		3			
Director of Operations and Maintenance		3			
Director of People Operations		3			
Director of Air Service Development	112	3	87,719	110,635	133,552
Director of Civil Development		3			
Director of Facilities Development		3			
Director of Marketing and Strategic Communications		3			
Director of Procurement		3			
Director of Programs and Regulatory Compliance		3			
Director of Properties and Concessions		3			
Financial Controller		3			
Deputy Director of Airside Operations	111	3	79,026	99,672	120,317
Deputy Director of Maintenance		3			
IT - Systems Administrator - Cloud Engineer		3			
Project Controls Manager		3			
Project Manager (IT)		3			
Sustainability Manager		3			

Position Title	Grade	Tier	Min	Mid	Max
Airport Emergency Manager	110	2	71,195	89,794	108,394
Manager of Airport Communications		2			
Manager Airport Security/Airport Security Coordinator		2			
Manager of Concessions and Ground Transportation		2			
Manager of Employee Services		2			
Manager Financial Accounting and Reporting		2			
Manager Financial Planning, Budgeting and Analysis		2			
Manager of People Operations Systems and Learning		2			
Manager of Planning		2			
Network Systems Administrator		2			
Project Manager I		2			
Safety Program Manager		2			
Airport Duty Manager	109	2	64,139	80,896	97,652
Assistant Project Manager		2			
Application Design/Systems Administrator		2			
Electrical Supervisor		2			
Manager of Office, Records and Warehouse		2			
Senior Supervisor - Airfield and Landscape Maintenance		2			
Senior Supervisor - Facilities Maintenance		2			
TAA Clerk		2			
Airfield Maintenance Supervisor	108	2	57,783	72,879	87,974
Airport Security Office Supervisor		2			
Compliance Audit Administrator		2			
Construction Services Supervisor		2			
Facilities Maintenance Supervisor		2			
Fleet Maintenance Supervisor		2			
GIS/CAD Supervisor		2			
IT Customer Support Technician		2			
IT Systems Technician		2			
Office, Records and Warehouse Assistant Manager		2			
Procurement Administrator		2			
Property Administrator		2			

Position Title	Grade	Tier	Min	Mid	Max
Customer Experience Administrator	107	2	52,057	65,657	79,256
Creative Marketing Specialist		2			
Electrician		2			
Environmental Specialist		2			
Executive Assistant to President/CEO		2			
Police Programs Coordinator		2			
Senior Employment Specialist		2			
Senior Supervisor - Custodial Services		2			
Staff Accountant		2			
Airside Operations Officer	106	2	46,898	57,919	68,940
Custodial Supervisor		2			
Communications Specialist		2			
Energy Management Control Systems Technician		2			
Facilities Maintenance Specialist		2			
Fleet Mechanic		2			
GIS Specialist		2			
HVAC Technician		2			
Insurance and Finance Coordinator		2			
Legal Assistant		2			
Police Administrative Technician		2			
Project Specialist		2			
Public Service Officer Supervisor		2			
Information Technology Telecommunications Technician I	105	1	42,635	52,654	62,672
Procurement Services Specialist		1			
Senior Airport Communications Specialist		2			
Senior Payroll and Revenue Specialist		1			
Access Control Specialist	104	1	38,759	47,867	56,975
Accounts Payable Specialist		1			
Accounts Receivable Specialist		1			
Airfield Maintenance Specialist		1			
Airport Communications Specialist		2			
Business Support Specialist		1			
Ground Transportation and Concessions Coordinator		1			
Maintenance Support Specialist		1			
Public Service Officer		1			

Position Title	Grade	Tier	Min	Mid	Max
Warehouse Lead	103	1	35,235	43,515	51,795
Landscaping Specialist	102	1	33,800	41,743	49,686
Warehouse Specialist	101	1	32,760	40,459	48,157
Custodian	100	1	31,200	38,532	45,864
Groundskeeper		1			
Police					
Police	Grade	Tier	Min	Mid	Max
Chief of Police	Police	3	98,734	127,120	155,506
Police Captain		3	91,699	116,951	142,203
Police Lieutenant		3	84,663	106,782	128,900
Police Sergeant		2	72,986	92,053	111,120
Police Corporal		2	64,022	80,748	97,474
Police Corporal (Canine Handler) Base +8% Assignment		2			
Police Officer		2	56,160	70,832	85,504
Police Officer (Detective) Base +8% Assignment		2			
Police Officer (Canine Handler) Base +8% Assignment		2			
Fire					
Fire	Grade	Tier	Min	Mid	Max
Fire Chief	Fire	3	98,734	127,120	155,506
Fire Captain		2	83,882	92,491	101,099
Firefighter		2	57,850	72,932	88,013
Part Time Intermittent					
Part Time Intermittent	Grade	Tier	Min	Mid	Max
Project Officers (Set Rate Per Hour)	PO	1	15		

# Appendix B

**TAA Team Member Vacation Allotment (Except 24-hour Fire):**

<b>Tier Level</b>	<b>Years of Service or Role Experience Required*</b>	<b>Annual Vacation Days</b>
Tier 1	0 - 5 years (New Hire)	12 days (3.70hrs / pay period)
Tier 2	5 - 10 years	17 days (5.24hrs / pay period)
Tier 3	10 - 15 years	22 days (6.77hrs / pay period)
Tier 4	15+ years	25 days (7.70hrs / pay period)

*\*Leadership may choose to place a role at a higher tier due to difficulty in recruiting new employees, placement will affect both new and existing employees*

**24 Hour TAA Team Member Vacation Allotment:**

<b>Tier Level</b>	<b>Years of Service or Role Experience Required</b>	<b>Annual Vacation Days</b>
Tier 1	0 - 5 years (New Hire)	5.55hrs / pay period
Tier 2	5 - 10 years	7.86hrs / pay period
Tier 3	10 - 15 years	10.16hrs / pay period
Tier 4	15+ years	11.55hrs / pay period





## **FY 2024 TAA Operating Budget**

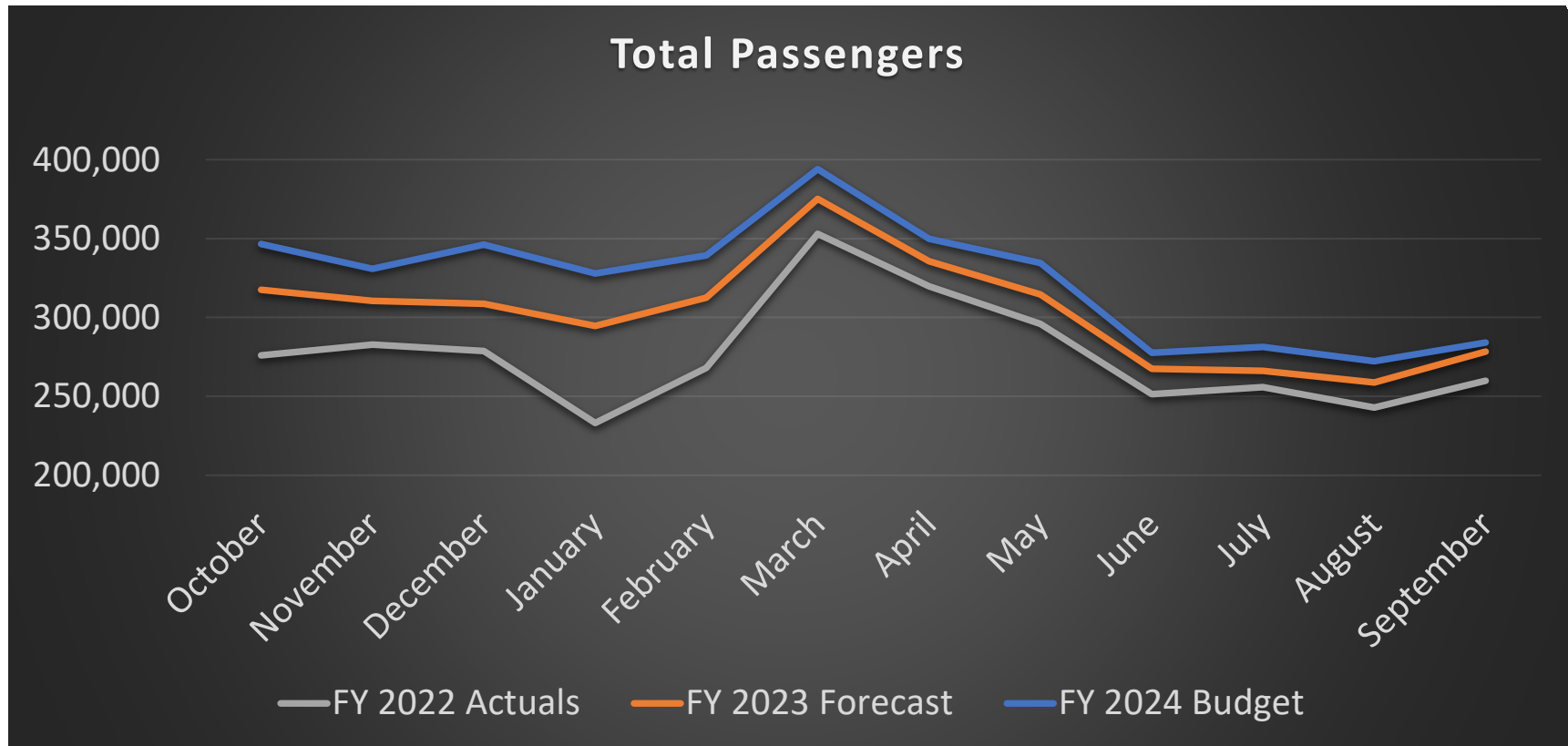
TAA Board of Directors Meeting

September 6, 2023

The background of the slide is a photograph of a modern building with a large, multi-paned window. In the foreground, there are two saguaro cacti, one on the left and one on the right. The sky is clear and blue. A thin, dark red vertical line is positioned to the left of the main text.

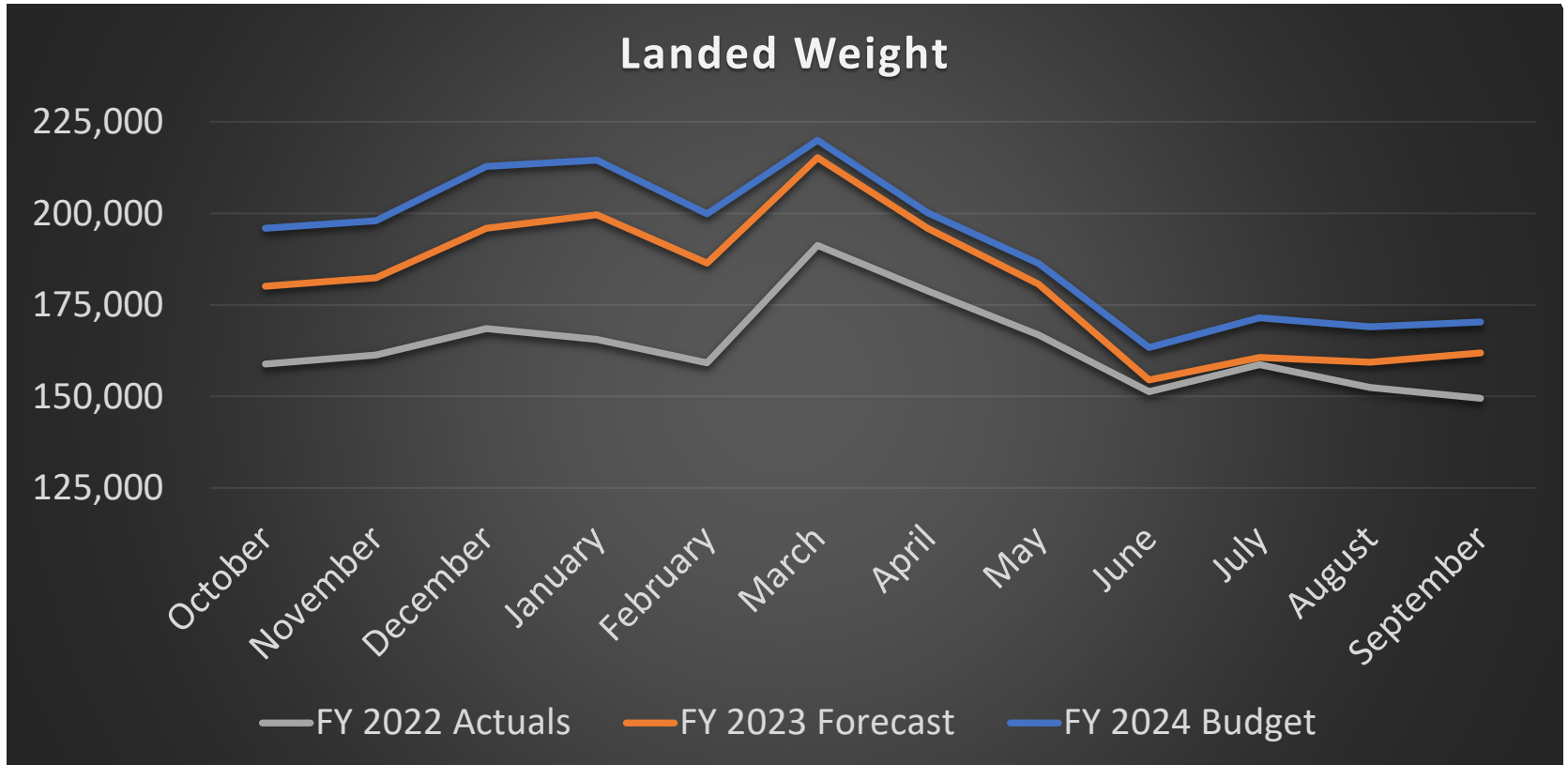
# FY 2024 Budget

# FY 2024 Passenger Budget



- Forecasted 6.81% increase in total passengers over FY 2023

# FY 2024 Landed Weight Budget



- Forecasted 10.72% increase in total landed weight over FY 2023

# FY 2024 Revenues

	2024	2023	2023	2022	2024 Budget vs 2023 Forecast	
	Budget	Forecast	Budget	Actual	Dollar Inc/(Dec)	% Inc/(Dec)
<u>Operating Revenue</u>						
Revenue from Signatory Airlines						
(Other than landing fees and fuel sales)	\$ 9,671,803	\$ 8,504,402	\$ 8,401,847	\$ 8,210,992	\$ 1,167,401	13.73%
Fees and Rental Revenue	10,511,128	9,581,720	8,733,696	8,466,501	929,409	9.70%
Concession Revenue	22,390,019	22,289,906	19,726,626	18,741,847	100,113	0.45%
Fuel Sales (net of cost of sales)	26,136	26,136	33,501	40,324	-	0.00%
Other System Revenue	4,035,087	3,962,505	3,591,490	3,972,189	72,582	1.83%
	46,634,174	44,364,669	40,487,160	39,431,853	2,269,505	5.12%
<u>Non-Operating Revenue</u>						
Interest Revenue	526,646	921,631	226,453	264,669	(394,985)	-42.86%
Total Revenue	\$ 47,160,820	\$ 45,286,299	\$ 40,713,613	\$ 39,696,522	\$ 1,874,520	4.14%

# FY 2024 Expenses

	<b>2024</b>	<b>2023</b>	<b>2023</b>	<b>2022</b>	<b>2024 Budget vs 2023 Forecast</b>	
	<b>Budget</b>	<b>Forecast</b>	<b>Budget</b>	<b>Actual</b>	<b>Dollar Inc/(Dec)</b>	<b>% Inc/(Dec)</b>
Total Revenue	\$ 47,160,820	\$ 45,286,299	\$ 40,713,614	\$ 39,696,522	\$ 1,874,520	4.1%
<b>Operating Expenses</b>						
Personnel Expenses	26,835,175	25,009,124	24,248,404	23,398,275	1,826,051	7.3%
Contractual/Purchased Services	11,670,643	8,896,346	10,444,775	8,954,187	2,774,297	31.2%
Materials/Supplies	3,288,132	2,359,996	2,390,561	1,704,130	928,136	39.3%
Other Operating Expenses	1,813,709	1,823,583	1,849,118	1,315,735	(9,874)	-0.5%
Total Operating Expenses	43,607,659	38,089,049	38,932,858	35,372,328	5,518,610	14.5%
Net Operating Income	\$ 3,553,161	\$ 7,197,251	\$ 1,780,756	\$ 4,324,194	\$ (3,644,090)	-50.6%

# FY 2024 Landing Fee Requirement

	<b>2024</b>	<b>2023</b>	<b>2023</b>	<b>2022</b>	<b>2024 Budget vs 2023 Forecast</b>	
	<b>Budget</b>	<b>Forecast</b>	<b>Budget</b>	<b>Actual</b>	<b>Dollar Inc/(Dec)</b>	<b>% Inc/(Dec)</b>
Net Operating Income	\$ 3,553,161	\$ 7,197,251	\$ 1,780,756	\$ 4,324,194	\$ (3,644,090)	-50.6%
Total Debt Service	4,969,887	4,685,186	4,685,186	4,225,865	284,701	6.1%
Total Fund Transfers	(11,242,662)	1,574,040	(3,120,756)	3,115,094	(12,816,702)	-814.3%
<b>Capital Requirements</b>						
Capital Improvement Projects (CIP)	33,654,907	7,917,408	7,917,408	2,008,390	25,737,499	325.1%
Capital Outlay	1,706,591	140,975	140,975	1,114,858	1,565,616	1110.6%
Capitalized Major Maintenance	996,004	2,986,073	1,009,366	4,463,533	(1,990,069)	-66.6%
<b>Special Funding Sources</b>						
Capital Improvement Fund	(1,576,007)	(1,500,959)	(1,500,959)	(1,429,485)	(75,048)	5.0%
Special Reserve Fund	-	(4,326,766)	(4,326,766)	(6,515,453)	4,326,766	-100.0%
Maintenance Reserve Fund	-	(1,976,707)	(769,394)	-	1,976,707	-100.0%
Common Area Major Maintenance Funds	-	-	-	(602,108)	-	0.0%
Total Capital Requirements	34,781,495	3,240,024	2,470,630	(960,265)	31,541,471	973.5%
Airline Reserve Funds Applied to System	21,732,745	-	-	-	21,732,745	100.0%
Signatory Landing Fee Requirement (Residual)	\$ 3,222,815	\$ 2,301,999	\$ 2,254,303	\$ 2,056,501	\$ 920,816	40.0%

# FY 2024 Landing Fee

	2024		2023		2024 Budget vs 2023 Forecast	
	Budget	Forecast	Budget	Actual	Dollar Inc/(Dec)	% Inc/(Dec)
Signatory Landing Fee Requirement (Residual)	\$ 3,222,815	\$ 2,301,999	\$ 2,254,303	\$ 2,056,501	\$ 920,816	40.0%
Landed Weight Signatory Airlines	2,142,102	2,001,739	1,962,252	1,788,249	140,364	7.0%
Calculated Landing Fee	\$ 1.50		\$ 1.15		\$ 0.35	30.4%



# FY 2024 Funding Highlights

- \$34.8 million in Capital Requirements
- \$21.7 million of funds from Airline Reserve Fund
- \$18.4 million of CARES, CRRSAA, ARPA collections
- \$3.1 million of available ASE program capacity
- No new debt service in FY24 (SRF, IRF)

# ASE Program

- \$180 million of construction between FY24 & FY25
- \$3.1 million of program capacity used for FY24
- Remaining CARES, CRRSAA, ARPA in FY25

# Environmental Remediation

- Long-term programs: SRP and TARP
- Annual liability includes expense forecast
- Liability as of Sept. 30, 2022:
  - SRP: \$12,166,804
  - TARP: \$9,400,495
  - **Total: \$21,567,299**
- Insurance Reserve Fund balance: \$31 million
  - *as of Sept. 30, 2022*

# FY 2024 Budget

Questions?

# THANK YOU





U.S. Department  
of Transportation  
**Federal Aviation  
Administration**

Western-Pacific Region  
Office of Airports  
Phoenix Airports District Office

3800 N Central Avenue  
Suite 1025, 10<sup>th</sup> Floor  
Phoenix, AZ 85012

August 3, 2023

Tucson Airport Authority  
ATTN: Danette Bewley, A.A.E.  
President/CEO  
Tucson International Airport  
7250 S Tucson Boulevard  
Suite 300  
Tucson, AZ 85756

via email – [dbewley@flytucson.com](mailto:dbewley@flytucson.com)

Dear Ms. Bewley:

The purpose of this letter is to reaffirm the Federal Aviation Administration's (FAA) appreciation and support for the leadership and attention demonstrated by the Tucson Airport Authority (TAA) to address important airfield safety improvements at the Tucson International Airport (TUS).

Beginning in 2010, TAA began the planning process to enhance the airfield operating environment of TUS. At that time, TUS was incurring numerous runway incursions, in which taxiing aircraft interfered with aircraft that were taking off and/or landing. In response, TAA developed a collaborative partnership with FAA and other stakeholders that resulted in an Airfield Safety Enhancement (ASE) program, which identified needed airfield improvements and resulted in a FAA 2018 Record of Decision (ROD) from the Environmental Impact Statement (EIS).

Since 2018, TAA has been working on the actual construction changes for ASE, such as drainage, grading and other construction activities that will ultimately be utilized for the completion of ASE. TAA is currently working to initiate the most substantial components of ASE:

1. the demolition of Runway 11R/29L;
2. the relocation and construction of Runway 12L/30R (runway heading changes are a result of the magnetic variation changes);
3. the construction of a center parallel taxiway;
4. the construction of a full-length taxiway adjacent to the TAA property boundary with Raytheon Missile Systems (RMS). In addition, TAA is finalizing a property exchange with the United States Air Force (USAF) to ensure TAA has the necessary Runway Safety Area for Runway 12R/30L (where RMS bunkers exist today), and;
5. RMS has the appropriate property and replacement munition storage bunkers so they can continue their mission.

The TAA is also working on residential sound insulation, which is required by the 2018 EIS.

The FAA values the long-term partnership with TAA and their approach to safety and standards. Federal Funding assistance has been provided to TAA since ASE was initiated and we look forward to assisting TAA with the upcoming phases of ASE as federal resources allow.

We applaud TAA for their commitment and dedication to enhancing the safety of TUS and the National Airspace System. You are a model for other airports.

Sincerely,

**MICHAEL N  
WILLIAMS**

Digitally signed by MICHAEL  
N WILLIAMS  
Date: 2023.08.03 18:35:50  
-07'00'

Mike N Williams, A.A.E.  
Manager

CC Mark McClardy, Director, Airports Division, Western-Pacific Region

**Date:** September 6, 2023

**To:** Board of Directors  
**From:** Kim Allison, Vice President/Chief Financial Officer  
**Re:** FY 2024 Tucson Airport Authority Operating Budget

---

**Purpose:**

Attached for your review is the FY 2024 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 2024 budget, the current fiscal year forecast and approved budget (FY 2023).

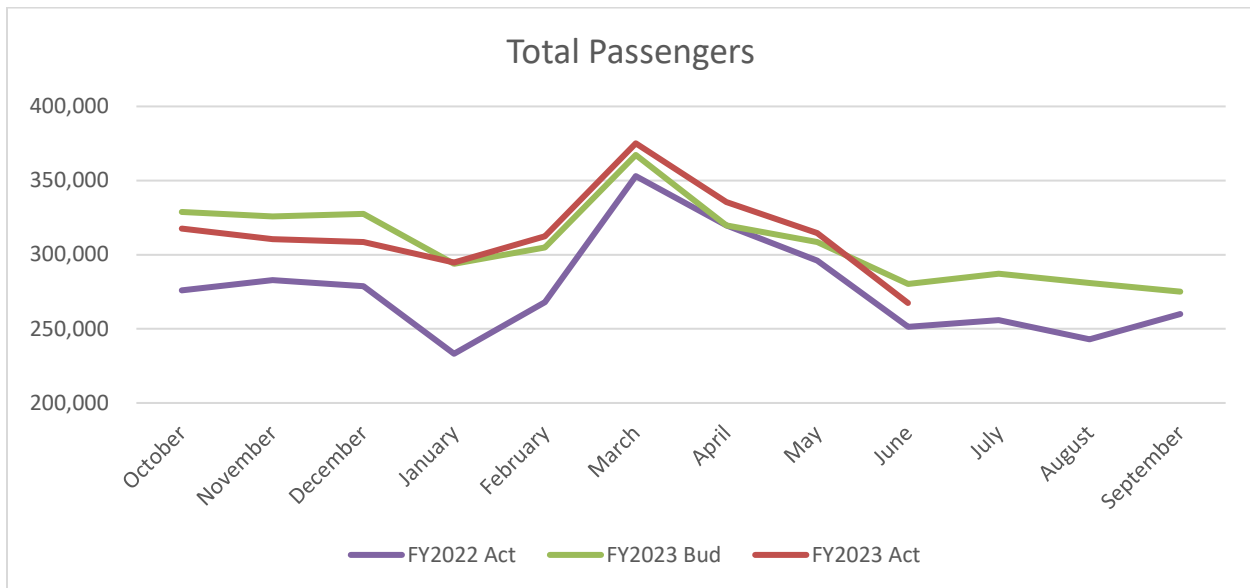
**FY 2023 Forecast vs FY 2023 Budget:**

Overall, the fiscal year has tracked closely to the annual budget, as TAA continued its recovery from the economic effects of the COVID-19 pandemic. Year-to-date through June 2023, enplaned passenger activity has exceeded budget by 2.1%. The higher-than-expected enplaned passenger volume, as well as higher-than-expected concession revenue per enplaned passenger during FY 2023 have contributed to an optimistic forecast for operating revenues. TAA expects FY2023 operating revenue to exceed budget by \$3.9 million. This increase is largely driven by higher-than-expected parking and rental car revenues. TAA implemented a planned increase in parking rates in all its lots, effective November 1, 2022. It is noteworthy that TAA has experienced favorable parking revenues to budget despite this increase. TAA has also maintained in FY 2023 the strong recovery from the COVID-19 pandemic that it began to experience in the second half of FY 2022. The overall passenger volume expectation for FY 2023 was approximately 98% of pre-COVID-19 levels. The current year-to-date volume is just over 96.0% of pre-COVID-19 levels. Operating expenses are also favorable by \$1.0 million, due to contractual services savings. TAA continues to look for ways to manage expenses during a period of historically high inflation and instability in the hiring market.

**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. Overall, TAA’s operating costs are largely 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 2024, budgeted landed weight volume for signatory airlines is expected to increase by 9.2% over the budgeted volume for FY 2023. Accordingly, this is expected to be a driver in increasing TAA’s Operating Revenue for the year.





FY 2024 passenger activity is budgeted to increase 5.0% compared to the FY 2023 budget, with 3.9 million total expected passengers at TUS. The budget resembles the FY 2019 passenger volume, with a return to pre-COVID seasonality. Load factors are expected to remain relatively high, resulting in a budgeted passenger volume of 102.7% of FY 2019 (pre-COVID-19) levels.

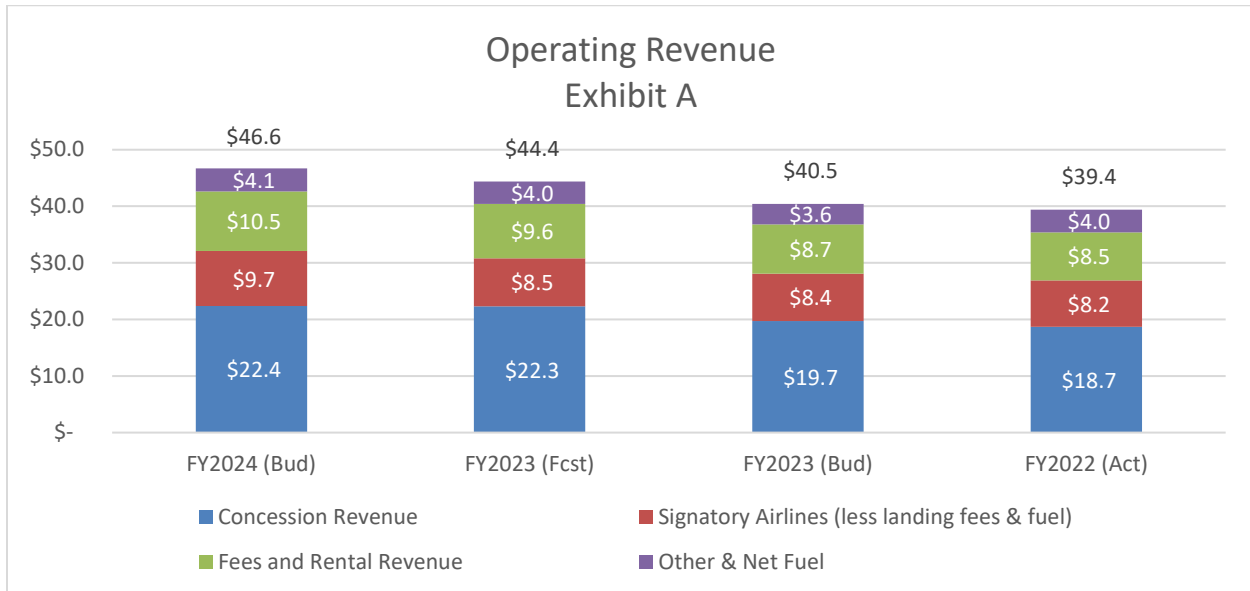
Landed weight is highly correlated with passenger volume. With the expectation of elevated load factors, the budgeted landed weight for FY 2024 is 15.7% higher than the FY 2023 budget and 102.6% of FY 2019 (pre-COVID-19).

**Revenue vs. FY2023 Budget:**

The FY 2024 operating revenues are expected to grow \$6.1 million (15.2%) vs the FY 2023 budget and \$2.3 million (5.1%) vs FY 2023 forecast (see chart below). The overall changes by revenue category are as follows:

- Concession Revenue - \$2.7 million (13.5%) increase due to higher passenger volumes, increased parking rates for all lots, and a continuation of escalated rental car revenue. Minimum annual guarantees (MAG) for rental car tenants (RAC) have been restored this fiscal year; however, the rental car revenue is expected to exceed the MAG, so there is no financial risk from this change. Food & Beverage and Retail are also exceeding MAG due to new operations management as well as general increased pricing due to inflation.
- Revenue from Signatory Airlines (other than landing fees and fuel) - \$1.3 million (15.1%) increase which is largely attributable to an increase in terminal rate charges. Terminal rate charges increased as part of the FY 2024 AUA extension agreement and the discontinuation of the 25% discount on fixed terminal rents that TAA offered in response to the impacts of the COVID-19 pandemic.

- Fees and Rental Revenue - \$1.8 million (20.4%) increase due to higher non-signatory landing fees and facility terminal rent.
- Other Revenue - \$0.4 million (12.4%) increase primarily due to including budget for tie-down revenues, which were not budgeted in prior years.



- Non-operating revenue is comprised of interest earnings on federally guaranteed debt securities, mainly agency notes and treasury bonds. Interest revenue is expected to increase \$0.3 million from the FY 2023 budget as Federal Reserve rate increases implemented in 2023 are expected to continue into FY 2024.

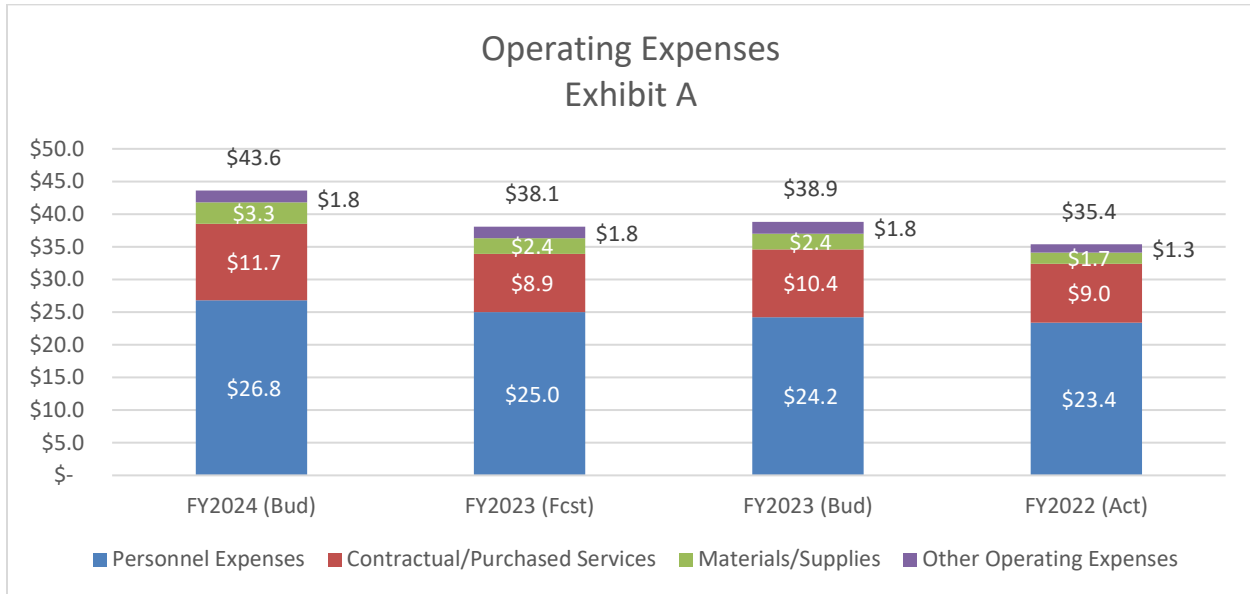
**Operating Expenses vs FY 2023 Budget:**

The FY 2024 operating expenses are budgeted to increase \$4.7 million or 12.0% compared to the FY 2023 budget and increase \$5.5 million or 14.5% over the FY 2023 forecast (see chart below). The overall changes by expense category are described below:

- Personnel expenses represent the majority of TAA’s operating expenses. The FY 2024 budget is \$26.8 million which is \$2.6M (10.7%) higher than FY23 budget. Factored into the Personnel expense category are fully burdened employee salaries (salary and benefits); funds to increase positions related to safety, security, and federal mandates; a Cost-of-Living Adjustment, performance management recognition and adjustments to the TAA Compensation Plan (to allow the TAA to retain and attract highly skilled talent). In addition, the increase is attributable to a lower vacancy allowance assumption. TAA experienced improved employee retention factors in FY 2023 than what was budgeted. As the vacancy allowance serves as an offset to the personnel budget, a reduced vacancy assumption will increase the overall budget.
- Contractual/Purchased Services is expected to increase \$1.2 million or 10.7% compared to FY 2023 budget. The increase is due to increases in engineering fees, airport consultant

fees, and other professional services. TAA also budgeted for increases in utilities expenses due to scheduled rate increases in FY 2024.

- Materials and supplies are budgeted to increase by \$0.9 million or 37.6% due to multiple factors including inflation and additional software licenses.
- Other operating expenses are down 1.9% compared to the FY 2023 budget, mainly due to reduced travel and training expenses.



**Debt Service:**

Airport system debt service will increase by \$0.3M from FY 2023 budget primarily due to special reserve loan funding of capital projects funded by the Special Reserve Fund during FY 2023. These projects include improvements to the Executive Ramp and reconstruction of AANG road. See the Appendix section for additional details on current outstanding airport system debt service.

**Fund Transfers:**

All fund transfers are budgeted and executed in accordance with the terms of the Airport Use Agreement (AUA), an agreement between the TAA and the signatory airlines at Tucson International Airport (TUS).

- The Operations and Maintenance Reserve Fund is required to be maintained at a balance of 25% of budgeted operating expenses. The \$3.2M 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 be \$1.8 million, which largely represents 52% of anticipated net operating income of the industrial area.
- A planned transfer of \$500,000 to the Maintenance Reserve fund for unplanned maintenance expenditures. The balance of this fund is currently \$905,556.

- Common area maintenance transfers are largely flat.
- Prior collections of the CARES, CRRSAA, and ARPA grants of \$18.4 million will be used to fund capital program expenses in FY 2024.
- The transfer from the Airline Reserve Fund of \$21.7 million is used to fund the capital program for FY 2024.

**Total Capital Requirements:**

Total capital requirements are budgeted to increase by \$32.3M compared to the FY 2023 budget. This increase is due in large part to the Airfield Safety Enhancement Program and the timing of specific phases of work. Attached are three separate exhibits detailing budgeted project information for FY 2024 Major Maintenance (Exhibit B), Capital Outlay (Exhibit C), and the Capital Improvement Program (CIP) (Exhibit D).

**Funding of Capital Requirements:**

TAA will be continuing work on the Airfield Safety Enhancement Project (ASE) in FY 2024. TAA has performed a reconciliation of the ASE program approved budget to date and has identified \$42.5 million of available program capacity (of which \$3.1 million is local program capacity) that it will apply to upcoming project phases. Such capacity arose as grant funding for certain ASE project phases was awarded by the FAA at higher levels than originally budgeted.

TAA is in the favorable position of having cash on hand to fund the local portion of planned ASE project phases in FY 2024 and other capital project priorities at TUS, while it continues to aggressively seek grant funding from federal and state sources. TAA has identified \$18.4 million of receipts from the CARES, CRRSAA, and ARPA grants and \$21.7 million of Airline Reserve Funds for use in funding the capital program for FY 2024. (TAA is reserving \$2.7 million of CARES, CRRSAA, and ARPA grant collections to cover the forecasted shortfall of the airport system in FY 2023.) TAA recommends this fiscally responsible approach, as it avoids adding debt financing to the airport system during this time of elevated interest rates.

The table below represents the balance of the Airline Reserve Fund as of May 31, 2023, following a reconciliation of the airport system.

<b>Balance as of 5/31/2023</b>	<b>\$ 2,370,167.86</b>
<i>Transfer In: Revenue Fund (110) excess balance</i>	<i>\$ 799,660.69</i>
<i>Transfer In: O&amp;M Capital Fund (113) &amp; O&amp;M Misc. Reimbursements (114) balance</i>	<i>\$ 8,408.78</i>
<i>Transfer In: O&amp;M Rollover Fund (115) balance</i>	<i>\$ 13,991,700.78</i>
<i>Transfer In: Maintenance Reserve Fund (130) excess balance</i>	<i>\$ 435,205.93</i>
<i>Transfer In: Capital Improvement Fund (140) excess balance</i>	<i>\$ 5,537,850.60</i>
<i>Transfer In: Federal Rescue Fund (141)</i>	<i>\$ 7,397,227.00</i>
<i>Transfer In: FAA Land Acquisition Fund (210) balance</i>	<i>\$ 3,722,083.97</i>
<i>Transfer Out: Special Reserve Fund (150) income</i>	<i>\$ (9,846,724.49)</i>
<b>Reconciled Balance as of 5/31/2023</b>	<b>\$ 24,415,581.12</b>

**Net Results and Summary:**

All budgeted items described above result in a signatory landing fee requirement of \$3.2 million. When divided by the budgeted signatory landed weight, the calculated landing fee is \$1.50 per thousand-pound unit, as required by the AUA amendment and extension.

The ASE program will continue to require significant investment by TAA through its completion. TAA has committed to the airlines it will use the remaining balance of the Airline Reserve Fund and any remaining CARES, CRRSAA, and ARPA collections remaining after the airport system is balanced for FY 2023 for the capital program in FY 2025. The fund balances above do not include the \$31M allocation from the Bipartisan Infrastructure Law (BIL), as TAA also plans to apply all BIL proceeds directly to the ongoing Airfield Safety Enhancement (ASE) project. The increase in landing fee for FY 2024 will allow the TAA to preserve airport system funds for future phases of the ASE program. Additionally, it will require the non-signatory and cargo operators to contribute more into the airport system.

**Environmental Remediation Liability:**

TAA currently manages two environmental remediation programs at TUS: the Tucson Airport Remediation Project (TARP) and the Soils Remediation Project (SRP). TAA participates with the Environmental Protection Agency (EPA) on TARP through a consent decree. TAA is engaged with the EPA, Arizona Department of Environmental Quality (ADEQ) and City of Tucson and shares liability with Boeing and General Dynamics.

TAA staff perform an annual calculation of the remaining liability for these two programs. This calculation considers the current year's expenses, outstanding invoices to be paid, and future cost projections. TAA pays for any expenses incurred from an internal fund named the Insurance Reserve Fund. Although these funds are not legally restricted, TAA has designated these funds for the purpose of paying future environmental remediation costs. As such, TAA has historically not included environmental remediation liability expenses in the annual Operating & Maintenance Budget, and it is not included in the airport system landing fee calculation. It is included in this memo for informational purposes.

TAA staff presented to the TAA Environmental and Sustainability Sub-council on July 10, 2023 the revised estimated liability for both TARP and SRP. As of September 30, 2022, the estimated remaining liability is \$12,166,804 for TARP and \$9,400,495 for SRP, a total estimated liability of \$21,567,299. The balance of the Insurance Reserve Fund as of September 30, 2022 was \$31 million.

TAA staff will perform another estimated calculation of the environmental remediation liability as of September 30, 2023 during the course of the financial statement audit for FY 2023.

**Additional Information:**

Included with the agenda packet are updated summaries of the rates and charges that will become effective October 1, 2023. The information provided includes terminal rentals, general rental rates and charges and baggage claim allocations for the next fiscal year. The referenced rates will also be communicated to each airline operator (corporate accounts payable and local station manager).

In addition, on August 15, 2023, the TAA met with the Airline and Airport Affairs Committee (AAAC), a group of designated representatives from each airline (corporate executives). Members of the AAAC indicated no issue with the TAA's proposed FY24 Budget. Furthermore, staff presented the FY24 Budget to the Finance and Risk Management Council during its meeting on August 22, 2023. The Council voted unanimously (6-0) to recommend that the Board approve the FY24 Budget.

**Recommendation:**

Adopt Resolution No. 2023-18 approving the Tucson Airport Authority budget and capital improvement program for the fiscal year beginning October 1, 2023 and ending September 30, 2024.

**Attachments:**

1. Appendix A – FY 2024 Interfund Loans Summary
2. Resolution No. 2023-18
  - Exhibit A – Statement of Airport System Requirements 2024
  - Exhibit B – FY 2024 Major Maintenance Program
  - Exhibit C – FY 2024 Capital Outlay Program
  - Exhibit D – FY 2024 Capital Improvement Program
3. Majority-in-Interest (Landed Weights Summary) – July 2022 through June 2023
4. Signatory Airline Majority-in-Interest Voting Ballot – FY 2024 Budget Items
5. TUS General Rates and Charges (Effective October 1, 2023)
6. Monthly Baggage Claim Area Rental Charges – October 2023 through September 2024

**Appendix**

The tables below provide details of the interfund loans included in the budget assumption for FY 2024.

Special Reserve Fund Loans	Principal Payments	Interest Payments	Total Payments
ARDCO Hangar	\$17,002	\$22,130	\$39,132
HIDTA Hangar	32,761	44,626	77,386
Jet Bridges	96,915	95,847	192,762
Public Safety Personnel Retirement System	1,406,167	653,894	2,060,061
Series 2018 Refunding	252,315	85,825	338,140
TSA Offsite Leasehold 2110 E Airport Drive	3,128	7	3,135
Universal Hangar	39,457	35,878	75,336
Velocity Ryan Apron Improvement	39,925	4,635	44,560
<b>Total</b>	<b>\$1,887,670</b>	<b>\$942,843</b>	<b>\$2,830,513</b>
<i>Estimated payments on current and new projects completed in FY 2024</i>			1,182,545
<b>Total Budgeted Special Reserve Fund Interfund Loan Payment FY 2024</b>			<b>\$4,013,059</b>

Insurance Reserve Fund Loans	Principal Payments	Interest Payments	Total Payments
QTA Expansion	\$45,959	\$20,908	\$66,867
RAC & Garage	619,908	270,054	889,962
<b>Total</b>	<b>\$665,866</b>	<b>\$290,962</b>	<b>\$956,829</b>
<b>Total Budgeted Insurance Reserve Fund Interfund Loan Payment FY 2024</b>			<b>\$956,829</b>

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., APPROVING THE TUCSON AIRPORT AUTHORITY BUDGET AND CAPITAL IMPROVEMENT PROGRAM FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2023 AND ENDING SEPTEMBER 30, 2024.**

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

1. The FY 2024 Budget as presented in the attached Exhibit A (“Statement of Airport System Requirements 2024”), incorporated by reference and made a part of this resolution, is hereby approved.
2. The FY 2024 Capital Improvement Program requirements as detailed in the attached Exhibit B (“FY 2024 Major Maintenance Program”), Exhibit C (“FY 2024 Capital Outlay Program”), and Exhibit D (“FY 2024 Capital Improvement Program”), all incorporated by reference and made a part of this resolution, are hereby approved.
3. The President/CEO or her designee[s]) is authorized to take all actions necessary to implement the FY 2024 Budget and Capital Improvement Program, including paying all environmental remediation liability expenditures for the fiscal year that may be legally required or determined necessary associated with existing TAA environmental obligations.

**PASSED AND ADOPTED** by the Board of Directors of the Tucson Airport Authority, Inc., this sixth day of September, 2023.

\_\_\_\_\_  
Keri Silvyn, Chair of the Board

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Phil Swaim, Secretary

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



**TUCSON AIRPORT AUTHORITY**

**FY 2024 BUDGET AND CAPITAL IMPROVEMENT PROGRAM**

**Exhibit A**

Statement of Airport System Requirements 2024

**Exhibit B**

FY 2024 Major Maintenance Program

**Exhibit C**

FY 2024 Capital Outlay Program

**Exhibit D**

FY 2024 Capital Improvement Program

TUCSON AIRPORT AUTHORITY  
STATEMENT OF AIRPORT SYSTEM REQUIREMENTS 2024

	2024		2023		2022	2024 Budget vs 2023 Forecast	
	Budget	Forecast	Budget	Budget	Actual	Dollar Inc/(Dec)	% Inc/(Dec)
<b>Operating Revenue</b>							
Revenue from Signatory Airlines (Other than landing fees and fuel sales)	\$ 9,671,803	\$ 8,504,402	\$ 8,401,847	\$ 8,210,992	\$ 1,167,401	13.7%	
Fees and Rental Revenue	10,511,128	9,581,720	8,733,696	8,466,501	929,409	9.7%	
Concession Revenue	22,390,019	22,289,906	19,726,626	18,741,847	100,113	0.4%	
Fuel Sales (net of cost of sales)	26,136	26,136	33,501	40,324	-	0.0%	
Other System Revenue	4,035,087	3,962,505	3,591,490	3,972,189	72,582	1.8%	
	<b>46,634,174</b>	<b>44,364,669</b>	<b>40,487,161</b>	<b>39,431,853</b>	<b>2,269,505</b>	<b>5.1%</b>	
<b>Non-Operating Revenue</b>							
Interest Revenue	526,646	921,631	226,453	264,669	(394,985)	-42.9%	
	<b>526,646</b>	<b>921,631</b>	<b>226,453</b>	<b>264,669</b>	<b>(394,985)</b>	<b>-42.9%</b>	
<b>Total Revenue (1)</b>	<b>47,160,820</b>	<b>45,286,299</b>	<b>40,713,614</b>	<b>39,696,522</b>	<b>1,874,520</b>	<b>4.1%</b>	
<b>Operating Expenses</b>							
Personnel Expenses	26,835,175	25,009,124	24,248,404	23,398,275	1,826,051	7.3%	
Contractual/Purchased Services	11,670,643	8,896,346	10,444,775	8,954,187	2,774,297	31.2%	
Portion of Major Maintenance Expensed	-	-	-	-	-	0.0%	
Materials/Supplies	3,288,132	2,359,996	2,390,561	1,704,130	928,136	39.3%	
Other Operating Expenses	1,813,709	1,823,583	1,849,118	1,315,735	(9,874)	-0.5%	
<b>Total Operating Expenses</b>	<b>43,607,659</b>	<b>38,089,049</b>	<b>38,932,858</b>	<b>35,372,328</b>	<b>5,518,610</b>	<b>14.5%</b>	
<b>Net Operating Income (1)</b>	<b>3,553,161</b>	<b>7,197,251</b>	<b>1,780,756</b>	<b>4,324,194</b>	<b>(3,644,090)</b>	<b>-50.6%</b>	

(1) Excludes Signatory Landing Fees

TUCSON AIRPORT AUTHORITY  
STATEMENT OF AIRPORT SYSTEM REQUIREMENTS 2024

	2024		2023		2022	2024 Budget vs 2023 Forecast	
	Budget	Forecast	Budget	Actual	Dollar Inc/(Dec)	% Inc/(Dec)	
<b>Debt Service</b>							
Airport Revenue Bonds (Subordinate Lien) (2)	3,996,652	3,996,806	3,996,806	4,003,799	(154)	0.0%	
PFC Payment	(3,996,652)	(3,996,806)	(3,996,806)	(4,003,799)	154	0.0%	
Special Reserve Advances	4,013,059	3,728,357	3,728,357	3,269,037	284,701	7.6%	
Insurance Reserve Advances	956,829	956,829	956,829	956,829	-	0.0%	
<b>Total Debt Service</b>	<b>4,969,887</b>	<b>4,685,186</b>	<b>4,685,186</b>	<b>4,225,865</b>	<b>284,701</b>	<b>6.1%</b>	
<b>Fund Transfers</b>							
Operations & Maintenance Reserve	3,215,192	857,027	857,027	514,533	2,358,165	275.2%	
Capital Improvement Fund	1,576,007	1,500,959	1,500,959	1,429,485	75,048	5.0%	
Special Reserve Fund	1,753,553	1,755,220	1,951,881	1,456,253	(1,668)	-0.1%	
Maintenance Reserve Fund	500,000	-	-	-	500,000	0.0%	
Common Area Major Maintenance Funds	144,899	143,670	143,670	143,498	1,230	0.9%	
Airline Reserve Fund	-	-	-	-	-	0.0%	
Federal Rescue Funds	(18,432,313)	(2,682,836)	(7,574,294)	(428,674)	(15,749,477)	587.0%	
<b>Total Fund Transfers</b>	<b>(11,242,662)</b>	<b>1,574,040</b>	<b>(3,120,756)</b>	<b>3,115,094</b>	<b>(12,816,702)</b>	<b>-814.3%</b>	
<b>Capital Requirements</b>							
Capital Improvement Projects (CIP)	33,654,907	7,917,408	7,917,408	2,008,390	25,737,499	325.1%	
Capital Outlay	1,706,591	140,975	140,975	1,114,858	1,565,616	1110.6%	
Capitalized Major Maintenance	996,004	2,986,073	1,009,366	4,463,533	(1,990,069)	-66.6%	
<b>Special Funding Sources</b>							
Capital Improvement Fund	(1,576,007)	(1,500,959)	(1,500,959)	(1,429,485)	(75,048)	5.0%	
Special Reserve Fund	-	(4,326,766)	(4,326,766)	(6,515,453)	4,326,766	-100.0%	
Maintenance Reserve Fund	-	(1,976,707)	(769,394)	-	1,976,707	-100.0%	
Common Area Major Maintenance Funds	-	-	-	(602,108)	-	0.0%	
<b>Total Capital Requirements</b>	<b>34,781,495</b>	<b>3,240,024</b>	<b>2,470,630</b>	<b>(960,265)</b>	<b>31,541,471</b>	<b>973.5%</b>	
<b>Airline Reserve Fund (Beginning Balance)</b>							
Coverage from prior fiscal year		-	-	-	-	0.0%	
Excess / (Shortfall) from prior fiscal year operations	24,415,581	-	-	-	24,415,581	0.0%	
<b>Total Beginning Balance</b>	<b>24,415,581</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,415,581</b>	<b>0.0%</b>	
<b>Airline Reserve Funds Applied to System</b>	<b>21,732,745</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,732,745</b>	<b>0.0%</b>	
<b>Signatory Landing Fee Requirement (Residual)</b>	<b>\$ 3,222,815</b>	<b>\$ 2,301,999</b>	<b>\$ 2,254,303</b>	<b>\$ 2,056,501</b>	<b>\$ 920,816</b>	<b>40.0%</b>	
<b>Landed Weight Signatory Airlines</b>	<b>2,142,102</b>	<b>2,001,739</b>	<b>1,962,252</b>	<b>1,788,249</b>	<b>140,364</b>	<b>7.0%</b>	
<b>Calculated Landing Fee</b>	<b>\$ 1.50</b>	<b>\$ 1.15</b>	<b>\$ 1.15</b>	<b>\$ 0.35</b>	<b>\$ 0.35</b>	<b>0.0%</b>	

EXHIBIT B



Portfolio Planning Dashboard

Plan Year: 2024  
 Program: MM  
 Portfolio Name: FY 2024 MM Program - EXHIBIT B  
 Currency: Dollars (USA)  
 Revision: 0  
 Status: Draft

Plan Total: \$996,004.00  
 Selected To Fund: \$0.00

Initiative ID	Initiative	Funding Year	Project Manager	Total	Dept.	Workflow Status	Score	2024	2025	2026	2027	2028	Beyond 5
10220455	<a href="#">10220455 B-230 Replace Flooring in Custodial Supervisor Office</a>	2024	Robert Madrigal	\$21,488.00	521 - Maintenance	Approved	0.00000	\$21,488.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
10223495	<a href="#">10223495 Install cameras around maintenance yard and warehouse</a>	2024	Leslie Atkinson	\$25,000.00	521 - Maintenance	Approved	0.00000	\$25,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
10223570	<a href="#">10223500 Fire Extinguisher Prop (1)</a>	2024	Tom Tucker	\$17,270.00	503 - Fire	Draft	0.00000	\$17,270.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
10223571	<a href="#">10223515 TUS APMS Update(1)</a>	2024	Dexter DeVera	\$370,163.00	402 - Civil Development	Draft	0.00000	\$370,163.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
10223572	<a href="#">10223533 Utilities and Road to support Engine Test Facility(1)</a>	2024	Victor Palma	\$287,083.00	203 - Commercial & Business Development	Draft	0.00000	\$287,083.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
10223573	<a href="#">10223541 Common Use - Gates and Gate Management - Phase 1 (1)</a>	2024	Anthony Casella	\$275,000.00	302 - Information Technology & Telecommunications	Draft	0.00000	\$275,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Total</b>				<b>\$996,004.00</b>				<b>\$996,004.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>

EXHIBIT C



Portfolio Planning Dashboard

Plan Year: 2024  
 Program: CO  
 Portfolio Name: FY 2024 CO Program - EXHIBIT C  
 Currency: Dollars (USA)  
 Revision: 0  
 Status: Draft

Plan Total: \$1,706,591.00  
 Selected To Fund: \$0.00

Initiative ID	Initiative	Funding Year	Project Manager	Total	Dept.	Workflow Status	Score	2024	2025	2026	2027	2028	Beyond 5
10395002 (805)	10395002 FY 24 Art Aquisition	2024	Danette Bewley	\$35,000.00	104 - Marketing & External Relations	Approved	0.00000	\$35,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
10322466	10322466 Airport Management System Modules-SaaS	2024	Leslie Atkinson	\$284,050.00	302 - Information Technology & Telecommunications	Approved	0.00000	\$284,050.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
10322472	10322472 Art Gallery Seating - Area C & D	2024	Tyler Rothe	\$50,000.00	104 - Marketing & External Relations	Approved	0.00000	\$50,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
10322474	10322474 4x4 Pickup Truck 4 Door for Director of Maintenance	2024	Alan Moseley	\$31,000.00	521 - Maintenance	Approved	0.00000	\$31,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
10322482	10322482 2023 Chevrolet Silverado 2500 for RYN Airfield specialist	2024	Alan Moseley	\$59,069.00	521 - Maintenance	Approved	0.00000	\$59,069.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
10323501	10323501 New Track Loader to replace TAA 155 Case Uniloader	2024	Alan Moseley	\$84,603.00	521 - Maintenance	Approved	0.00000	\$84,603.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
10323527	10323527 New Payroll System	2024	Clark Wager	\$100,000.00	311 - Finance	Approved	0.00000	\$100,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
10323528	10323528 New ERP Software	2024	Clark Wager	\$190,000.00	311 - Finance	Approved	0.00000	\$190,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
10323534	10323534 Upgrade Oracle servers to the Cloud	2024	Anthony Casella	\$280,000.00	302 - Information Technology & Telecommunications	Approved	0.00000	\$280,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
10323536	10323536 TLMP - Replace Meraki WiFi Units (49ea)	2024	Anthony Casella	\$58,800.00	302 - Information Technology & Telecommunications	Approved	0.00000	\$58,800.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
10323537	10323537 TLMP - Marketing Monitor replacement in Baggage 4ea	2024	Anthony Casella	\$15,000.00	302 - Information Technology & Telecommunications	Approved	0.00000	\$15,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
10323538	10223538 Replace TAA Fuel Farm Controller	2024	Anthony Casella	\$30,000.00	302 - Information Technology & Telecommunications	Approved	0.00000	\$30,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

EXHIBIT C



Portfolio Planning Dashboard

Initiative ID	Initiative	Funding Year	Project Manager	Total	Dept.	Workflow Status	Score	2024	2025	2026	2027	2028	Beyond 5
10323542	<a href="#">10323542 TLMP - Call Recorders for ACC</a>	2024	Anthony Casella	\$75,000.00	302 - Information Technology & Telecommunications	Approved	0.00000	\$75,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
10323548	<a href="#">10323548 Ride on vacuum to replace TAA520</a>	2024	Adam Kretschmer	\$14,000.00	505 - Custodial	Approved	0.00000	\$14,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
20323566	<a href="#">20323566 RYN Airfield Lighting ATS Replacement</a>	2024	Leonard Ward	\$40,000.00	521 - Maintenance	Submitted	0.00000	\$40,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
10322481	<a href="#">10322481 2023 Chevrolet Silverado 2500 to replace TAA 388</a>	2024	Alan Moseley	\$59,069.00	521 - Maintenance	Approved	0.00000	\$59,069.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
10323539	<a href="#">10323539 TLMP - Desktop monitor replacements - Phase 2</a>	2024	Anthony Casella	\$10,000.00	302 - Information Technology & Telecommunications	Approved	0.00000	\$10,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
10323545	<a href="#">Upgrade Vaisala Lightning detection system</a>	2024	Anthony Casella	\$140,000.00	521 - Maintenance	Approved	0.00000	\$140,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
10323550	<a href="#">10323550 Polaris Utility Vehicle</a>	2024	Adam Kretschmer	\$51,000.00	502 - Police	Approved	0.00000	\$51,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
10323525	<a href="#">10323525 Update Airport Training Videos</a>	2024	Bruce Goetz	\$100,000.00	101 - Executive	Approved	0.00000	\$100,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Total</b>				<b>\$1,706,591.00</b>				<b>\$1,706,591.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>

**TUCSON AIRPORT AUTHORITY**  
**Tucson International Airport (TUS) / Ryan Airfield (RYN)**  
**EXHIBIT D**

**FISCAL YEAR 2024 CAPITAL IMPROVEMENT PROGRAM**

<b>TUS AIP Projects:</b>		<b>Total</b>	<b>Federal</b>	<b>State</b>	<b>Other ***</b>	<b>TAA</b>	<b>See Note</b>
Reconciliation of Prior Years ASE Program Budgets		\$ (42,502,453)	\$ (38,808,735)	\$ (575,113)	\$ -	\$ (3,118,605)	
10119102	ASE Program (Construction)	\$ 90,000,000	\$ 63,151,231	\$ 3,100,000	\$ 21,479,464	\$ 2,269,305	*
10119102 (802)	Land Exchange	\$ 19,000,000	\$ 17,301,400	\$ 849,300	\$ -	\$ 849,300	*, **

<b>TUS AIP Total:</b>	<b>\$ 66,497,547</b>	<b>\$ 41,643,896</b>	<b>\$ 3,374,187</b>	<b>\$ 21,479,464</b>	<b>\$ -</b>
-----------------------	----------------------	----------------------	---------------------	----------------------	-------------

<b>TUS ADOT Projects:</b>		<b>Total</b>	<b>Federal</b>	<b>State</b>	<b>Other</b>	<b>TAA</b>
		\$ -	\$ -	\$ -	\$ -	\$ -

<b>TUS ADOT Total:</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
------------------------	-------------	-------------	-------------	-------------	-------------

<b>RYN AIP Grant Projects:</b>		<b>Total</b>	<b>Federal</b>	<b>State</b>	<b>Other</b>	<b>TAA</b>	
20119088	Ryan Tower Equipment (Replacement)	\$ 700,000	\$ 637,420	\$ 31,290	\$ -	\$ 31,290	*

<b>RYN AIP Total:</b>	<b>\$ 700,000</b>	<b>\$ 637,420</b>	<b>\$ 31,290</b>	<b>\$ -</b>	<b>\$ 31,290</b>
-----------------------	-------------------	-------------------	------------------	-------------	------------------

<b>RYN ADOT Grant Projects:</b>		<b>Total</b>	<b>Federal</b>	<b>State</b>	<b>Other</b>	<b>TAA</b>	
20130331	Connector Road Reconstruction and Sewer Extension to Airfield Drive	\$ 1,157,216	\$ -	\$ 1,157,216	\$ -	\$ -	*
20112202	Aviator Lane Mill & Overlay and Sewer Extension	\$ 1,249,132	\$ -	\$ 1,249,132	\$ -	\$ -	*
20120351	Land Acquisition for ROFA & RPZ (2.81 acres)	\$ 54,183	\$ -	\$ 48,765	\$ -	\$ 5,418	*

<b>RYN ADOT Total:</b>	<b>\$ 2,460,531</b>	<b>\$ -</b>	<b>\$ 2,455,113</b>	<b>\$ -</b>	<b>\$ 5,418</b>
------------------------	---------------------	-------------	---------------------	-------------	-----------------

<b>Grant Total:</b>	<b>\$ 69,658,078</b>	<b>\$ 42,281,316</b>	<b>\$ 5,860,590</b>	<b>\$ 21,479,464</b>	<b>\$ 36,708</b>
---------------------	----------------------	----------------------	---------------------	----------------------	------------------

<b>TAA Funded Projects:</b>		<b>Total</b>	<b>Federal</b>	<b>State</b>	<b>Other</b>	<b>TAA</b>
10123464 (802)	Police Relocation	\$ 400,000	\$ -	\$ -	\$ -	\$ 400,000
10123531	Rehabilitate Taxiway A from TA:01 to TA1:04	\$ 1,119,817	\$ -	\$ -	\$ -	\$ 1,119,817
10123503	Replace Passenger Boarding Bridges (B2 & B3)	\$ 2,200,000	\$ -	\$ -	\$ -	\$ 2,200,000
10123570	Outbound Baggage Improvements (Alaska, Delta, United)	\$ 1,500,000	\$ -	\$ -	\$ -	\$ 1,500,000
10120385	Terminal Roadways Rehabilitation	\$ 2,143,712	\$ -	\$ -	\$ -	\$ 2,143,712
10114596 (802)	Access Control System (ACS) Construction	\$ 3,428,461	\$ -	\$ -	\$ -	\$ 3,428,461
10123546 (801)	In-Line Baggage Handling System (Conceptual Design)	\$ 600,000	\$ -	\$ -	\$ -	\$ 600,000
10219214 (803)	Country Club Extension Concept Design, Environmental and Aeronautical Way Airside/Landside Const.	\$ 746,745	\$ -	\$ -	\$ -	\$ 746,745

<b>TAA Total:</b>	<b>\$ 12,138,735</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,138,735</b>
-------------------	----------------------	-------------	-------------	-------------	----------------------

<b>TOTAL TAA FUNDS NEEDED:</b>	<b>\$ 21,479,464</b>	<b>\$ 12,175,443</b>
--------------------------------	----------------------	----------------------

<b>Total TAA Need</b>	<b>\$ 33,654,907</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.

\*\* Land Exchange is programmed as a future grant reimbursement. Temporary financing will be used until grant funded.

\*\*\* Other funding has been identified from the Airline Reserve Fund for ASE Program funding for FY 2024 and will not have a direct impact on landing fee.

# MAJORITY-IN-INTEREST

## LANDED WEIGHTS SUMMARY

**Jul 2022 - Jun 2023**  
**(Based on 12 Month Period)**

<b>AIRLINE</b>	<b>Landed Weight</b>	<b>% of Total</b>	<b>Ranking</b>
<b>American</b>	<b>723,064,450</b>	<b>36.75%</b>	<b>1</b>
<b>Southwest</b>	<b>492,058,400</b>	<b>25.01%</b>	<b>2</b>
<b>Delta</b>	<b>359,130,423</b>	<b>18.25%</b>	<b>3</b>
<b>United</b>	<b>307,435,122</b>	<b>15.62%</b>	<b>4</b>
<b>Alaska</b>	<b>86,020,611</b>	<b>4.37%</b>	<b>5</b>
<b>TOTAL</b>	<b>1,967,709,006</b>	<b>100.00%</b>	

*"Majority-In-Interest" is defined in the "Airport Use Agreement" as follows:*

*It shall mean a numerical majority of Signatory Airlines, which numerical majority shall have landed more than 50% of the Total Landed Weight at the Airport in the latest 12 months for which such data is available and which months were not affected by schedule reductions resulting from labor disputes.*



Signatory Airline Majority-In-Interest (MII)  
 Voting Ballot  
 FY 2024 Budget Items

Project Name	Yes	No
1. Police Relocation		
2. Rehabilitate Taxiway A from TA:01 to TA1:04		
3. Replace Passenger Boarding Bridges (B2 & B3)		
4. Outbound Baggage Improvements (Alaska, Delta, United)		
5. Terminal Roadways Rehabilitation		
6. Access Control System (ACS) Construction		
7. In-Line Baggage Handling System (Conceptual Design)		
8. Country Club Extension Concept Design, Environmental and Aeronautical Way Airside/Landside Const.		

Airline \_\_\_\_\_

Printed Name \_\_\_\_\_

Title \_\_\_\_\_

Signature \_\_\_\_\_

Date \_\_\_\_\_

**Tucson International Airport  
General Rates & Charges  
Rates Effective October 1, 2023**

**FY 2024 Rates Effective October 1, 2023**

Space/Charge Type	Current Signatory Rates thru 9/30/2023	Signatory	Non-Signatory	Fee Basis
Landing fee/9	\$1.15	\$1.50	\$1.88	per 1,000 lbs
Ticket counter, kiosk, phone bank	\$65.21	\$92.01	\$115.01	per sq/ft per year
Airline ticket office (ATO)	\$65.21	\$92.01	\$115.01	per sq/ft per year
Baggage makeup	\$21.73	\$30.66	\$38.33	per sq/ft per year
Baggage storage	\$65.21	\$92.01	\$115.01	per sq/ft per year
Operations area	\$55.40	\$78.18	\$97.73	per sq/ft per year
Baggage claim	\$61.84	\$87.26	NA	per sq/ft per year
TSA EDS Bag Screening Pods/1	\$39.13	\$55.22	NA	per sq/ft per year
Holdroom per gate/2	\$95,080.52	\$134,167.77	\$167,709.71	per gate per year
Custodial - exclusive space	\$28.24	\$32.13	\$32.13	per hour
Custodial - exclusive space with supplies	\$30.50	\$34.70	\$34.70	per hour
TAA-owned jet bridge at leased gate/2	\$4,078.95	\$4,078.95	\$5,098.69	per bridge per month
Aircraft parking position at leased gate/2	\$9,095.23	\$9,625.68	\$12,032.10	per position per year
Ramp scrubber at leased gate/2	\$2,376.00	\$2,703.41	\$3,379.27	per position per year
Terminal Operations Charge/3	NA	NA	\$1.80	per enplaned passenger
Non-leased ticket counter use fee	NA	NA	\$20.65	per turn per position
Non-leased bag makeup belt use fee	NA	NA	\$77.64	per turn
FIS facility fee - international flights	\$1.00	\$1.00	\$1.00	per deplaned passenger
Aircraft parking fees (in non-leased area):				
Remote apron RON	\$75.79	\$80.21	\$100.26	per day, max 10 days/month
Terminal apron at common use gate/4	\$75.79	\$80.21	\$100.26	per day, no monthly maximum
Non-leased A & B Gate use fees:				
Apron and support systems	\$13.10	\$12.95	\$16.19	per turn
Bridge only	\$51.41	\$51.41	\$64.26	per turn
Apron, bridge and support systems	\$64.51	\$64.35	\$80.44	per turn
Holdroom and apron	\$109.41	\$151.02	\$188.77	per turn
Holdroom, apron, support systems	\$112.96	\$153.86	\$192.32	per turn
Holdroom, apron, support systems, bridge	\$164.37	\$205.26	\$256.58	per turn
C Gate use fee/5:				
Narrowbody aircraft	\$340.59	\$340.59	\$340.59	per turn
Regional jet	\$136.24	\$136.24	\$136.24	per turn
Prorata security/6	\$180,500.42	\$180,500.42	\$180,500.42	per month
Main bag claim common use - Signatory Airlines/7	\$238,006.70	\$335,841.93	NA	per month
Main bag claim common use - Non-Signatory Airlines/8	NA	NA	2.60	per enplaned passenger
Triturator	\$5.79	\$6.59	\$6.59	per key turn
Wash rack	\$3.47	\$3.95	\$3.95	per key turn

- 1 - 8,016 square feet - this charge is included in the prorata security fee
- 2 - For airlines qualifying as low volume carriers and electing to lease one-half of a gate, this rate is reduced by half.
- 3 - Applies only to non-signatory airlines using the main terminal (A and B gates).
- 4 - Fee applies if parked at common use gate more than three hours after flight arrival.
- 5 - C Gate use fee includes all use of buildings and apron.
- 6 - Total monthly charge is prorated based upon each airline's percentage of enplaned passengers for the month  
Applies to all signatory and non-signatory airlines using A, B and C gates
- 7 - 46,185 square feet. Allocated to signatory airlines on a 90/10 common use formula.
- 8 - Calculated based on average signatory airline cost per enplanement using budgeted signatory enplanements, plus 25% non-signatory premium.
- 9 - Qualifying non-signatory cargo airlines pay the signatory landing fee rate.

**Non-Signatory Premium**

**125%** of signatory rates

# TUCSON AIRPORT AUTHORITY

## MONTHLY BAGGAGE CLAIM AREA RENTAL CHARGES

OCT 2023 - SEP 2024

AIRLINE	BASED ON JUL 2022-JUN 2023 ENPLANEMENTS	Percent of Total	90% of Total	10% of Total	Signatory Total
ALASKA *	85,126	4.7%	\$14,086.83	\$6,716.84	\$20,803.67
AMERICAN *	671,209	36.7%	\$111,073.09	\$6,716.84	\$117,789.93
DELTA *	327,108	17.9%	\$54,130.53	\$6,716.84	\$60,847.37
SOUTHWEST	455,931	25.0%	\$75,448.43	\$6,716.84	\$82,165.27
UNITED *	287,154	15.7%	\$47,518.85	\$6,716.84	\$54,235.69

TOTAL JUL-DEC	1,826,528	100.0%	\$302,257.73	\$33,584.19	\$335,841.93
---------------	-----------	--------	--------------	-------------	--------------

Combined Total from 90% and 10% columns

\$335,841.93

\*NOTE: Operating Affiliate airline enplanements have been added to the mainline carriers' enplanement totals.

*BAG CLAIM AREA IS BASED ON 46,185 SQ FT MULTIPLIED BY \$87.26 PER SQ FT PER YEAR AT SIGNATORY RATES. ANNUAL CHARGE EQUALS \$4,030,103.10; MONTHLY CHARGE EQUALS \$335,841.93 PRORATED AS FOLLOWS: 10% DIVIDED EQUALLY AMONG USERS AND 90% APPORTIONED AMONG USERS SO THAT EACH PAYS THE PRORATED PERCENTAGE OF ITS ENPLANEMENTS TO THE TOTAL COMPUTED FOR TWELVE MONTHS ENDING THE FIRST OF JULY.*

*NON-SIGNATORY USE OF THE BAG CLAIM WILL BE ASSESSED AT A RATE OF \$2.60 PER ENPLANED PASSENGER, CALCULATED BY DIVIDING THE ANNUAL BAG CLAIM RENT OF \$4,030,103.10 BY THE NUMBER OF BUDGETED ENPLANED SIGNATORY PASSENGERS 1,940,776 TO ARRIVE AT AN AVERAGE SIGNATORY BAG CLAIM COST OF \$2.08. THE NON-SIGNATORY PERMIUM OF 25% IS APPLIED TO THIS RATE TO ARRIVE AT \$2.60.*



## **Financial Update**

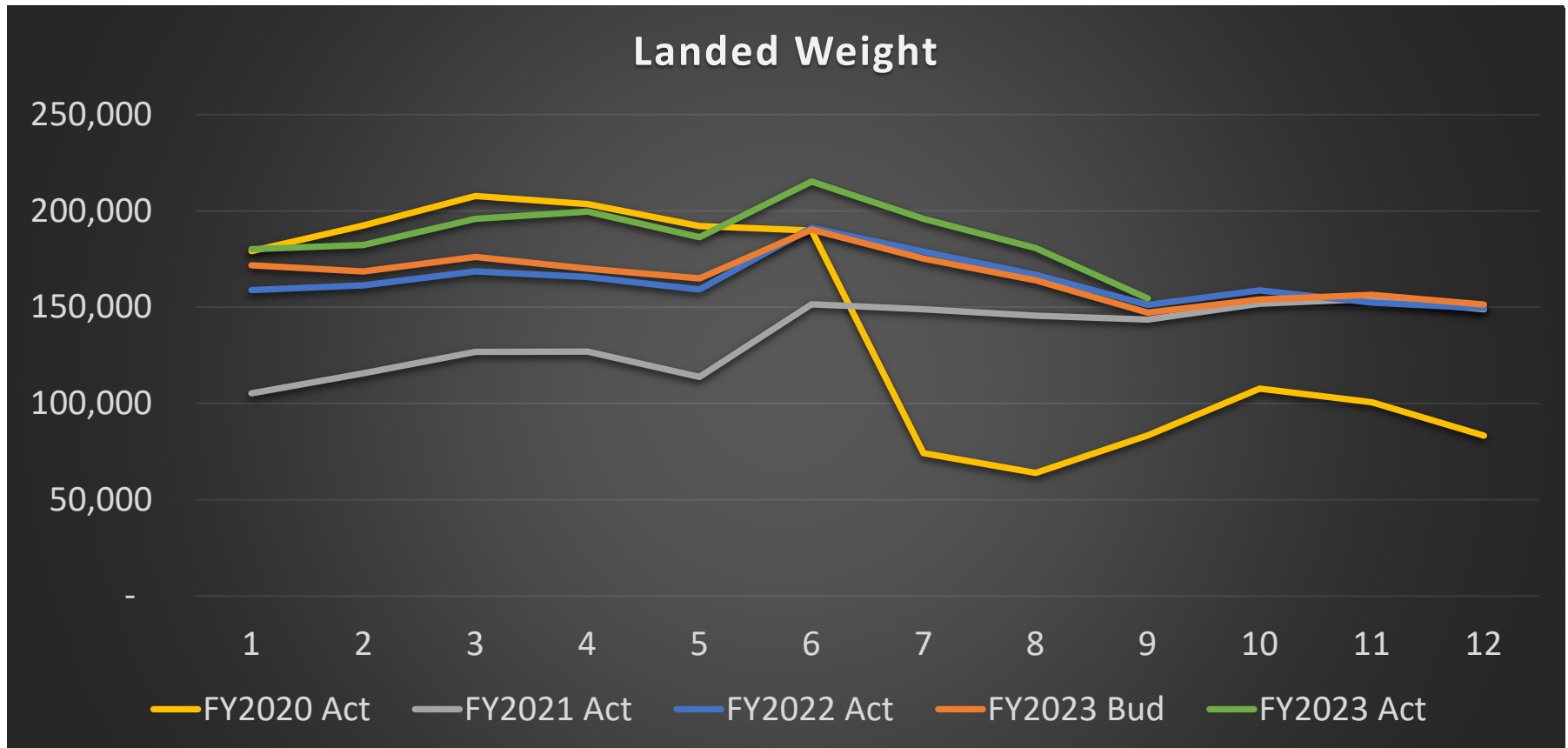
Board of Directors Meeting

September 6, 2023

# June 2023 Operating Highlights

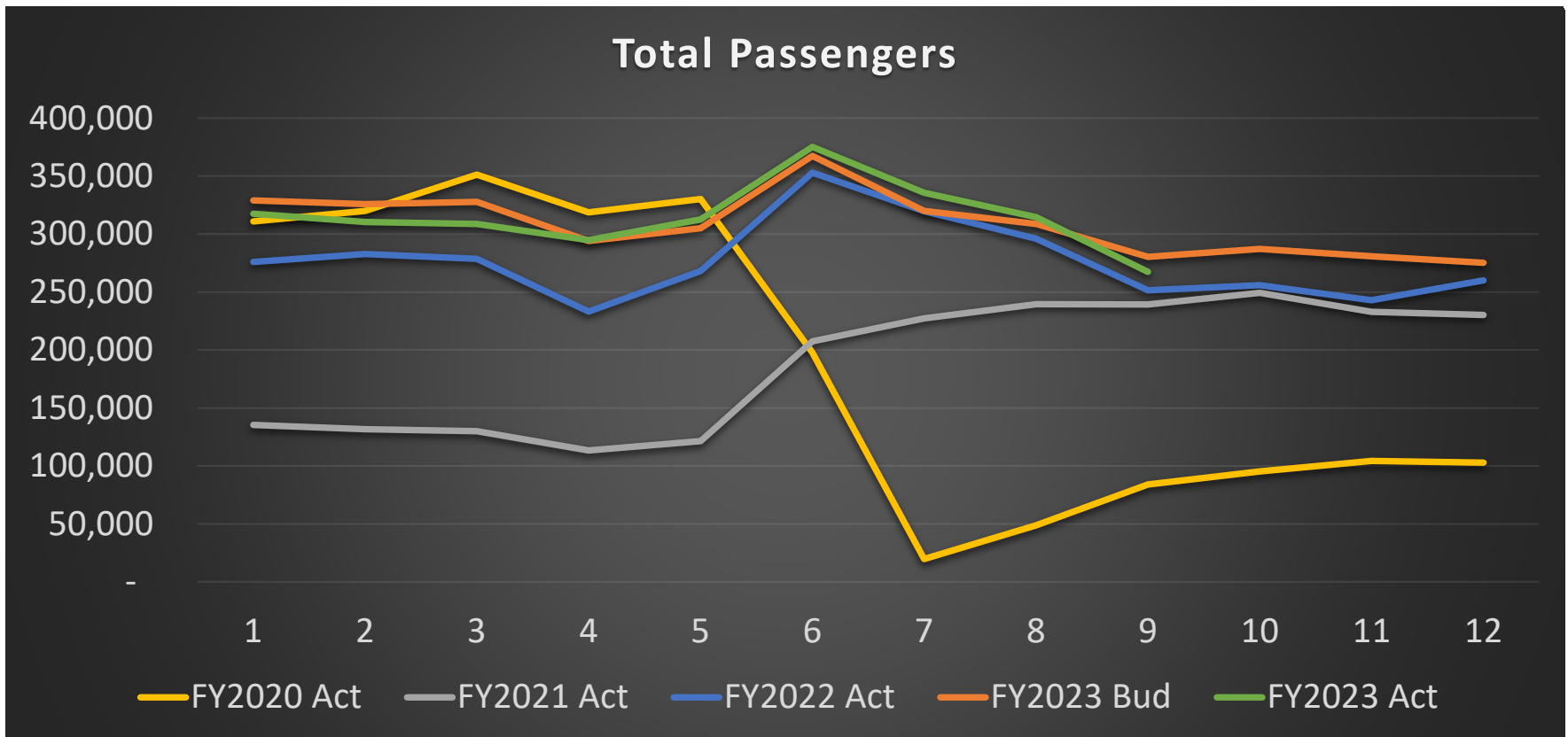
- Aviation Activity
  - Landing Activity in FY23
    - YTD FY23 landed weight 10.6% favorable to budget
    - June 2023 landed weight 5.0% favorable to budget
  - FY23 Load Factors
    - YTD: 85.2%
    - Month (June): 91.7%

# FY 2023 Operating Statistics



- June Landed Weight is 5.0% above budget
- YTD Landed Weight is 10.6% above budget and 43.5% higher than FY2021

# FY 2023 Operating Statistics



- June passenger volume is 4.6% below budget
- YTD passenger volume is 0.7% below budget and 83.5% higher than FY2021

# June 2023 Flight & Passenger Activity

	<u>FY2023</u>	<u>FY2022</u>	<u>FY2021</u>	<u>FY2020</u>	<u>FY2019</u>
<u>Month</u>					
Total Passengers	267,430	251,436	239,220	83,937	287,368
Average Load Factor	91.7%	87.8%	86.5%	60.5%	86.5%
Average Daily Departures	40.5	41.8	42.4	22.8	50.1
Average Daily Seat Capacity	5,099	4,926	4,764	2,410	5,632
 <u>Nine Months Year-To-Date</u>					
Total Passengers	2,812,030	2,558,711	1,545,384	1,981,263	2,955,673
Average Load Factor	85.2%	86.5%	69.1%	69.6%	83.8%
Average Daily Seat Capacity	6,270	5,516	4,138	5,225	6,482
Average Seat Count per Departure	125.9	117.8	112.5	105.9	112.5



# YTD 2023 Financial Results

	YTD (Oct-Jun) Actual	Total Annual Budget	<u>75%</u>
Operating Revenues	\$ 35,195,702	\$ 42,864,610	82.1%
Operating Expenses	28,568,936	39,128,979	73.0%

*June (9<sup>th</sup> month) / 12 months total = 75%*

*Revenues above 75% = favorable.*

*Expenses below 75% = favorable.*

*Financial results for FY23 are unaudited.* Page 113 of 150

# June 2023 Financial Results

	<u>Actual</u>	<u>Budget</u>	<u>Actual vs. Budget</u>		<u>Prior Year (2022)</u>	<u>Current vs. Prior Year</u>		<u>Pre-Covid June 2019</u>
<b><u>June</u></b>								
Operating Revenues	\$ 3,866,523	\$ 3,628,827	\$ 237,696	6.6%	\$ 3,520,096	\$ 346,427	9.8%	\$ 3,762,112
Operating Expenses	3,036,794	3,101,990	65,197	2.1%	2,907,010	(129,784)	-4.5%	2,496,262
Operating Income (Loss)	<u>\$ 829,730</u>	<u>\$ 526,837</u>	<u>\$ 302,893</u>		<u>\$ 613,087</u>	<u>\$ 216,643</u>		<u>\$ 1,265,850</u>
<b><u>Nine Months Ended 6/2023</u></b>								
Operating Revenues	\$ 35,195,702	\$ 32,088,609	\$ 3,107,093	9.7%	\$ 32,391,417	\$ 2,804,285	8.7%	\$ 35,457,586
Operating Expenses	28,568,936	29,701,122	1,132,186	3.8%	24,929,059	(3,639,877)	-14.6%	21,854,168
Operating Income	<u>\$ 6,626,766</u>	<u>\$ 2,387,487</u>	<u>\$ 4,239,279</u>		<u>\$ 7,462,358</u>	<u>\$ (835,592)</u>		<u>\$ 13,603,418</u>

*Financial results for FY23 are unaudited.*

# June 2023 Operating Revenues

## Operating Revenues

<u>June</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual vs. Budget</u>	
Landing fees	\$ 200,773	\$ 178,866	\$ 21,907	12.2%
Space rentals	936,748	893,868	42,880	4.8%
Land rent	315,141	304,166	10,975	3.6%
Concession revenue	1,751,765	1,728,388	23,377	1.4%
Reimbursed Services	283,588	266,816	16,772	6.3%
Other Operating Revenue	378,508	256,723	121,785	47.4%
<b>Total operating revenues</b>	<b>\$ 3,866,523</b>	<b>\$ 3,628,827</b>	<b>\$ 237,696</b>	<b>6.6%</b>

*Financial results for FY23 are unaudited.*

# 2023 YTD Concession Revenue

<u>Account Description</u>	<u>YTD Actual</u>	<u>YTD Budget</u>	<u>Actuals vs. Budget</u>	
Rental Cars	\$ 6,784,833	\$ 6,226,779	\$ 558,054	9.0%
Parking	7,174,372	6,318,175	856,197	13.6%
Ground Transportation	321,672	295,268	26,403	8.9%
Advertising	110,145	93,750	16,395	17.5%
Food & Beverage	637,796	337,149	300,647	89.2%
News & Gifts	887,096	813,547	73,549	9.0%
Transportation Network Company	607,687	532,587	75,100	14.1%
Peer-to-Peer Car Rental	28,799	-	28,799	0.0%
Other	83,092	77,416	5,677	7.3%
<b>Total</b>	<b>\$ 16,635,492</b>	<b>\$ 14,694,672</b>	<b>\$ 1,940,820</b>	<b>13.2%</b>

*Financial results for FY23 are unaudited.*

# June 2023 Operating Expenses

## Operating Expenses

<u>June</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual vs. Budget</u>	
Personnel expenses	\$ 2,053,180	\$ 1,974,233	\$ (78,947)	-4.0%
Contractual services	686,780	772,570	85,790	11.1%
Materials and supplies	213,469	196,663	(16,806)	-8.5%
Other operating expenses	83,364	158,524	75,160	47.4%
Total operating expenses	<u>\$ 3,036,794</u>	<u>\$ 3,101,990</u>	<u>\$ 65,197</u>	<u>2.1%</u>

*Financial results for FY23 are unaudited.*

# 2023 YTD Revenue

## Operating Revenues

<u>YTD</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual vs.</u>	
			<u>Budget</u>	
Landing fees	\$ 2,120,576	\$ 1,817,256	\$ 303,320	16.7%
Space rentals	8,476,143	8,017,629	458,514	5.7%
Land rent	2,793,491	2,737,498	55,993	2.0%
Concession revenue	16,635,492	14,694,672	1,940,820	13.2%
Reimbursed Services	2,358,954	2,401,340	(42,386)	-1.8%
Other Operating Revenue	2,811,047	2,420,214	390,833	16.1%
<b>Total operating revenues</b>	<b>\$ 35,195,702</b>	<b>\$ 32,088,609</b>	<b>\$ 3,107,093</b>	<b>9.7%</b>

*Financial results for FY23 are unaudited.*

# 2023 YTD Expenses

## Operating Expenses

### YTD

	<u>Actual</u>	<u>Budget</u>	<u>Actual vs. Budget</u>	
Personnel expenses	\$ 18,725,929	\$ 18,857,288	\$ 131,359	0.7%
Contractual services	6,617,677	7,533,443	915,766	12.2%
Materials and supplies	1,926,243	1,965,670	39,427	2.0%
Other operating expenses	1,299,086	1,344,721	45,635	3.4%
<b>Total operating expenses</b>	<b><u>\$ 28,568,936</u></b>	<b><u>\$ 29,701,122</u></b>	<b><u>\$ 1,132,186</u></b>	<b><u>3.8%</u></b>

*Financial results for FY23 are unaudited.*

# 2023 vs 2022

	<b>2023</b> <b><u>Oct-Jun</u></b>	<b>2022</b> <b><u>Oct-Jun</u></b>	<b><u>2023 vs 2022</u></b>
<b>Operating Revenues</b>	<b>\$ 35,195,702</b>	<b>\$ 32,391,417</b>	<b>8.7%</b>
<b>Operating Expenses</b>	<b>28,568,936</b>	<b>24,929,059</b>	<b>14.6%</b>

*Financial results for FY23 are unaudited.*



# 2023 vs 2019 (Pre-Covid)

	<b>2023</b> <b><u>Oct-Jun</u></b>	<b>Pre-Covid</b> <b><u>Oct-Jun 2019</u></b>	<b><u>2023 vs 2019</u></b>
<b>Operating Revenues</b>	<b>\$ 35,195,702</b>	<b>\$ 35,457,586</b>	<b>-0.7%</b>
<b>Operating Expenses</b>	<b>28,568,936</b>	<b>21,854,168</b>	<b>30.7%</b>

*Financial results for FY23 are unaudited.*

# 2023 vs 2019 Expenses

- Operating Expense Increase **\$6,714,769**
- \$3,374,511 Personnel-COLA, merit, new positions
- \$1,875,029 Contractual Services
- \$ 891,166 Materials and Supplies
- \$ 124,459 Dues and subscriptions
- \$ 400,609 Insurance
- \$ 48,995 Miscellaneous other expenses
- **\$6,714,769** Total

# Finance Update

Questions?

**Date:** September 6, 2023

**To:** Board of Directors  
**From:** Kim Allison, Vice President/Chief Financial Officer  
**Re:** Summary of Financial Performance for June 2023

---

**Operating Income before Depreciation and Amortization (YTD vs budget):**

- Tucson Airport Authority generated operating income before depreciation and amortization of \$829,730 for June 2023, which is \$302,893 favorable to budget due to favorable operating revenues described below.
- Year-to-date, Tucson Airport Authority generated operating income before depreciation and amortization of \$6,626,766, which is 4,239,279 favorable to budget or 177.6%.

**Operating Revenues (YTD vs budget):**

- In June, operating revenue of \$3,866,523 is favorable to budget by \$237,696 or 6.6% and favorable to prior year by \$346,427 or 9.8%. The increase from prior year is largely due to increased concession revenues and other operating revenues. Operating revenues for the month were favorable \$104,411 (2.8%) compared to June 2019 (pre-COVID) largely due to increased concession revenues and other operating revenues and partially offset by decreased space rentals.
- Year-to-date operating revenues were favorable to budget by \$3,107,093 or 9.7%, with favorable variances in all revenue categories, with the exception of reimbursed services.

**Operating Expenses (YTD vs budget):**

- In June, total operating expenses were less than budget by \$65,197 or 2.1%. The favorable variance is largely due to lower-than-budgeted contractual services expenses and other operating expenses. Operating expenses were favorable to prior year by \$129,784 or 4.5% and were favorable to June 2019 (pre-COVID) by \$540,532 or 21.7%.
- Year-to-date operating expenses of \$28,568,936 are favorable to budget by \$1,132,186 or 3.8%. All operating expense categories are lower than budgeted. Contractual services expenses drive the majority of the favorable variance.

# FINANCIAL SUMMARY



For the nine months ending June 30, 2023

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

	CURRENT MONTH - June 2023			June 2022	PRE-COVID June 2019
	BUDGET	ACTUAL	FAV (UNFAV)	ACTUAL	ACTUAL
<b>OPERATING REVENUES:</b>					
Landing fees	178,866	200,773	21,907	184,522	\$ 222,690
Space rentals	893,868	936,748	42,880	883,423	1,256,691
Land rent	304,166	315,141	10,975	304,943	291,900
Concession revenue	1,728,388	1,751,765	23,377	1,513,729	1,496,270
Reimbursed services	266,816	283,588	16,772	354,100	270,072
Other operating revenues	256,723	378,508	121,785	279,380	224,489
<b>Total Operating Revenues</b>	<b>3,628,827</b>	<b>3,866,523</b>	<b>237,696</b>	<b>3,520,096</b>	<b>3,762,112</b>
<b>OPERATING EXPENSES:</b>					
Personnel expenses	1,974,233	2,053,180	(78,947)	1,842,033	1,711,074
Contractual services	772,570	686,780	85,790	770,024	603,961
Materials and supplies	196,663	213,469	(16,806)	189,316	106,737
Other operating expenses	158,524	83,364	75,160	105,637	74,490
<b>Total Operating Expenses</b>	<b>3,101,990</b>	<b>3,036,794</b>	<b>65,197</b>	<b>2,907,010</b>	<b>2,496,262</b>
<b>NET OPERATING INCOME (LOSS) BEFORE DEPRECIATION AND AMORTIZATION</b>	<b>526,837</b>	<b>829,730</b>	<b>302,893</b>	<b>613,087</b>	<b>1,265,850</b>
Depreciation and Amortization	1,763,217	1,768,252	(5,035)	1,682,020	1,517,136
<b>OPERATING INCOME (LOSS)</b>	<b>(1,236,380)</b>	<b>(938,522)</b>	<b>297,858</b>	<b>(1,068,933)</b>	<b>(251,286)</b>
<b>NONOPERATING INCOME (EXPENSES)</b>					
Interest Income	43,868	219,929	176,061	38,960	270,798
Net increase/(decrease) in fair value of investments	-	64,421	64,421	(716,207)	159,926
Passenger facility charges	553,277	523,604	(29,673)	383,670	492,490
Interest expense and fiscal charges	(55,059)	(55,059)	-	(62,934)	(85,244)
Gain/(Loss) on disposition of capital assets	-	-	-	-	-
Other nonoperating revenues (expenses)	881,773	857,918	(23,854)	(23,854)	28,251
<b>Total nonoperating revenues (expenses)</b>	<b>1,423,859</b>	<b>1,610,813</b>	<b>186,955</b>	<b>(380,365)</b>	<b>866,221</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS</b>	<b>187,479</b>	<b>672,291</b>	<b>484,812</b>	<b>(1,449,299)</b>	<b>614,935</b>
<b>CAPITAL CONTRIBUTIONS:</b>					
Federal	3,680,928	3,195,539	(485,389)	-	-
State	54,372	152,028	97,657	-	-
<b>Total capital contributions</b>	<b>3,735,300</b>	<b>3,347,568</b>	<b>(387,732)</b>	<b>-</b>	<b>-</b>
<b>INCREASE (DECREASE) IN NET POSITION</b>	<b>\$ 3,922,779</b>	<b>4,019,859</b>	<b>\$ 97,080</b>	<b>\$ (1,449,299)</b>	<b>\$ 614,935</b>

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

*For the nine months ending June 30, 2023*

	CURRENT YEAR TO DATE - June 2023			YTD - June 2022	PRE-COVID YTD - June 2019
	BUDGET	ACTUAL	FAV (UNFAV)	ACTUAL	ACTUAL
	<b>OPERATING REVENUES:</b>				
Landing fees	\$ 1,817,256	\$ 2,120,576	\$ 303,320	\$ 1,933,523	\$ 2,395,246
Space rentals	8,017,629	8,476,143	458,514	8,055,960	11,310,523
Land rent	2,737,498	2,793,491	55,993	2,756,708	2,637,800
Concession revenue	14,694,672	16,635,492	1,940,820	14,685,925	14,375,596
Reimbursed services	2,401,340	2,358,954	(42,386)	2,229,181	2,378,625
Other operating revenues	2,420,214	2,811,047	390,833	2,730,120	2,359,796
<b>Total operating revenues</b>	<b>32,088,609</b>	<b>35,195,702</b>	<b>3,107,093</b>	<b>32,391,417</b>	<b>35,457,586</b>
<b>OPERATING EXPENSES:</b>					
Personnel expenses	18,857,288	18,725,929	131,359	16,418,702	15,351,419
Contractual services	7,533,443	6,617,677	915,766	6,228,923	4,742,649
Materials and supplies	1,965,670	1,926,243	39,427	1,380,692	1,035,077
Other operating expenses	1,344,721	1,299,086	45,635	900,742	725,023
<b>Total Operating Expenses</b>	<b>29,701,122</b>	<b>28,568,936</b>	<b>1,132,186</b>	<b>24,929,059</b>	<b>21,854,168</b>
<b>NET OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION</b>	<b>2,387,487</b>	<b>6,626,766</b>	<b>4,239,279</b>	<b>7,462,358</b>	<b>13,603,418</b>
Depreciation and Amortization	15,868,949	15,951,155	(82,206)	15,114,281	13,644,768
<b>OPERATING INCOME (LOSS)</b>	<b>(13,481,462)</b>	<b>(9,324,388)</b>	<b>4,157,074</b>	<b>(7,651,923)</b>	<b>(41,350)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Interest Income	394,816	1,290,710	895,894	347,609	2,229,533
Net increase/(decrease) in fair value of investments	-	2,329,139	2,329,139	(4,772,414)	1,640,894
Passenger facility charges	5,631,661	5,416,919	(214,742)	4,912,138	5,653,314
Interest expense and fiscal charges	(521,637)	(521,637)	0	(591,783)	(821,431)
Gain/(Loss) on disposition of capital assets	-	-	-	3,250	9,628
Other nonoperating revenues (expenses)	881,773	712,326	(169,447)	426,028	88,770
<b>Total nonoperating revenues (expenses)</b>	<b>6,386,613</b>	<b>9,227,457</b>	<b>2,840,844</b>	<b>324,828</b>	<b>8,800,708</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS</b>	<b>(7,094,849)</b>	<b>(96,931)</b>	<b>6,997,918</b>	<b>(7,327,095)</b>	<b>8,759,358</b>
<b>CAPITAL CONTRIBUTIONS:</b>					
Federal	33,128,353	14,542,377	(18,585,976)	14,424,022	1,419,347
State	489,344	324,836	(164,508)	232,651	17,430
<b>Total capital contributions</b>	<b>33,617,697</b>	<b>14,867,213</b>	<b>(18,750,484)</b>	<b>14,656,673</b>	<b>1,436,777</b>
<b>INCREASE (DECREASE) IN NET POSITION</b>	<b>\$ 26,522,848</b>	<b>\$ 14,770,281</b>	<b>\$ (11,752,567)</b>	<b>7,329,578</b>	<b>10,196,135</b>
<b>TOTAL NET POSITION, (BEGINNING)</b>		<b>471,797,006</b>		<b>443,000,496</b>	<b>386,970,849</b>
<b>TOTAL NET POSITION, (ENDING)</b>		<b>\$ 486,567,287</b>		<b>\$ 450,330,074</b>	<b>\$ 397,166,984</b>

**TUCSON AIRPORT AUTHORITY  
STATEMENT OF NET POSITION**

<b>ASSETS</b>	<b>June-23</b>	<b>June-22</b>
<b>CURRENT ASSETS</b>		
Unrestricted assets:		
Cash and cash equivalents	32,805,003	19,359,541
Investments	94,415,762	111,999,193
Accounts receivable, net of allowance for doubtful accounts of \$620,814 and \$328,609 for FY2023 and FY2022, respectively	12,856,548	2,358,496
Accrued interest receivable	180,628	159,063
Grants receivable	6,169,362	7,214,219
Short-Term lease receivable	5,040,303	5,125,804
Inventories	451,535	382,934
Prepaid expenses and other assets	456,361	585,525
<b>Total unrestricted current assets</b>	<b>152,375,502</b>	<b>147,184,775</b>
Restricted assets:		
Cash and cash equivalents	8,198,503	1,080,973
Investments	22,061,280	24,741,438
Accounts receivable	1,030,407	528,837
Accrued interest receivable	44,898	42,346
<b>Total restricted current assets</b>	<b>31,335,088</b>	<b>26,393,594</b>
<b>Total current assets</b>	<b>183,710,590</b>	<b>173,578,369</b>
<b>Noncurrent assets:</b>		
Unrestricted assets:		
Long-Term lease receivable	80,137,980	85,421,232
Capital assets		
Not depreciated	161,930,662	134,948,126
Depreciated, net	207,141,168	214,322,623
Net capital assets	369,071,830	349,270,749
<b>Total unrestricted noncurrent assets</b>	<b>449,209,810</b>	<b>434,691,981</b>
<b>Total noncurrent assets</b>	<b>449,209,810</b>	<b>434,691,981</b>
<b>TOTAL ASSETS</b>	<b>632,920,400</b>	<b>608,270,350</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows from pensions	5,599,775	4,180,444
<b>Total deferred outflows of resources</b>	<b>5,599,775</b>	<b>4,180,444</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>638,520,175</b>	<b>612,450,795</b>



**TUCSON AIRPORT AUTHORITY  
STATEMENT OF NET POSITION**

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

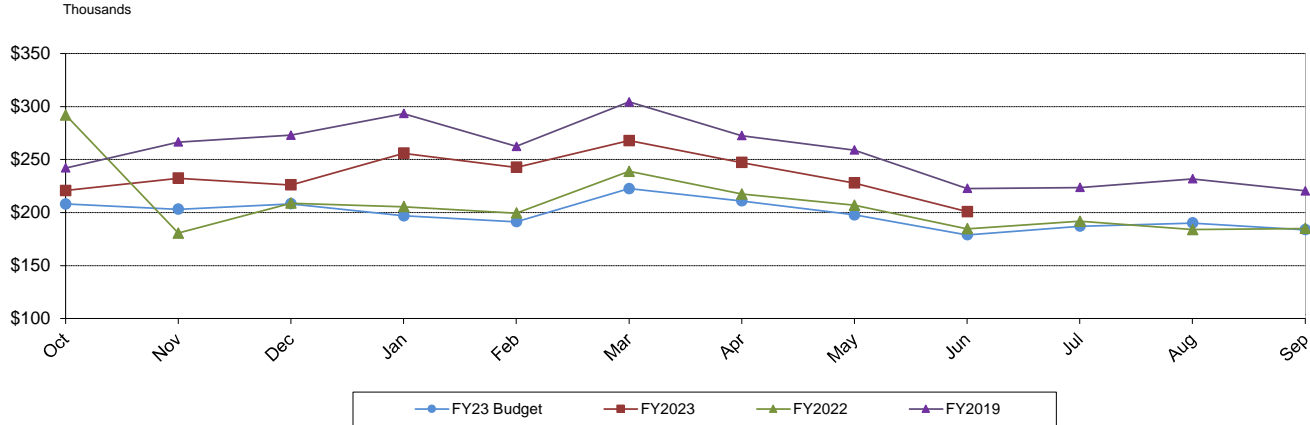
<b>LIABILITIES</b>	<b>June-23</b>	<b>June-22</b>
<b>CURRENT LIABILITIES</b>		
<b>Payable from unrestricted assets:</b>		
Accounts payable	1,396,370	1,817,536
Accrued expenses	2,390,936	3,058,525
Unearned revenue	1,479,364	1,532,591
Construction contracts payable	-	1,929,956
Current portion of environmental remediation payable	2,565,605	2,398,643
Current portion of bonds payable:		
Airport Subordinate Lien Revenue Bonds, Series 2018	1,610,000	1,565,000
<b>Total payable from unrestricted assets</b>	<b>9,442,275</b>	<b>12,302,251</b>
<b>Payable from restricted assets</b>		
Accrued interest payable:		
Airport Subordinate Lien Revenue Bonds, Series 2018	175,892	201,958
	175,892	201,958
Current portion of environmental remediation payable	572,412	392,447
<b>Total payable from restricted assets</b>	<b>748,304</b>	<b>594,405</b>
<b>Total current liabilities</b>	<b>10,190,579</b>	<b>12,896,656</b>
<b>NONCURRENT LIABILITIES</b>		
Payable from unrestricted assets		
Bonds payable, net of current portion:		
Airport Subordinate Lien Revenue Bonds, Series 2018	20,152,680	23,457,982
Net pension liability	20,039,902	11,019,309
Environmental Remediation Payable, net of current portion	16,520,990	17,849,926
<b>Total payable from unrestricted assets</b>	<b>56,713,572</b>	<b>52,327,217</b>
<b>Total noncurrent liabilities</b>	<b>56,713,572</b>	<b>52,327,217</b>
<b>TOTAL LIABILITIES</b>	<b>66,904,151</b>	<b>65,223,873</b>

**TUCSON AIRPORT AUTHORITY  
STATEMENT OF NET POSITION**

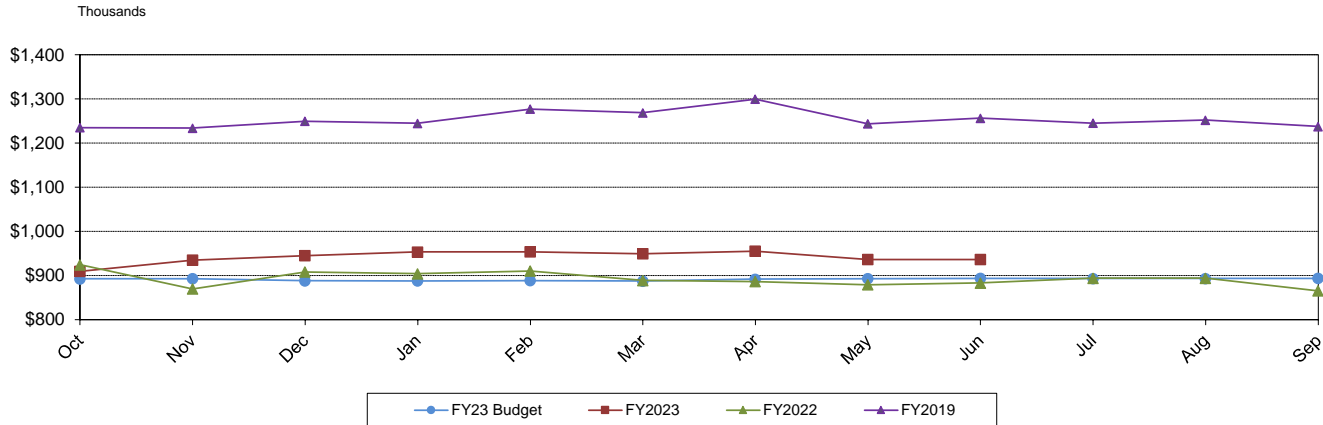
**LIABILITIES & NET ASSETS (Con't)**

	<u>June-23</u>	<u>June-22</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows from pensions	1,192,681	7,457,762
Deferred inflows from leases-ST	5,147,628	5,310,886
Deferred inflows from leases-LT	78,708,428	84,128,201
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>85,048,737</u>	<u>96,896,848</u>
<b>NET POSITION</b>		
Net Investment in capital assets	347,309,150	324,247,767
Restricted:		
Debt service	830,000	802,500
Capital projects	30,329,196	25,389,136
	<u>31,159,196</u>	<u>26,191,636</u>
Unrestricted	<u>108,098,941</u>	<u>99,890,671</u>
<b>TOTAL NET POSITION</b>	<u><b>486,567,287</b></u>	<u><b>450,330,074</b></u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u><u><b>638,520,175</b></u></u>	<u><u><b>612,450,795</b></u></u>

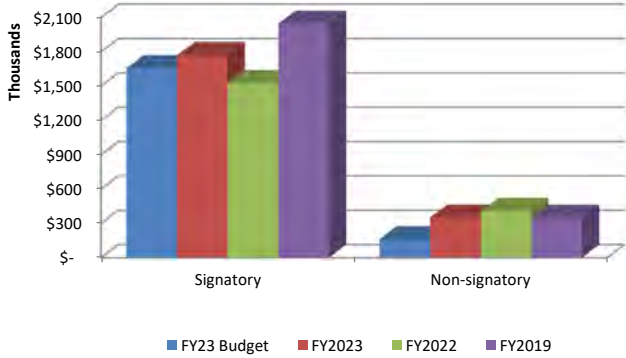
### Landing Fees



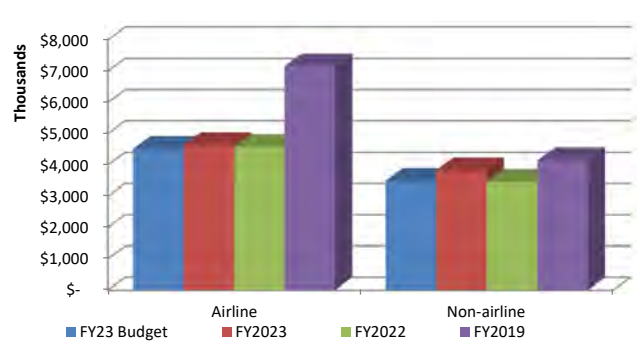
### Space Rentals

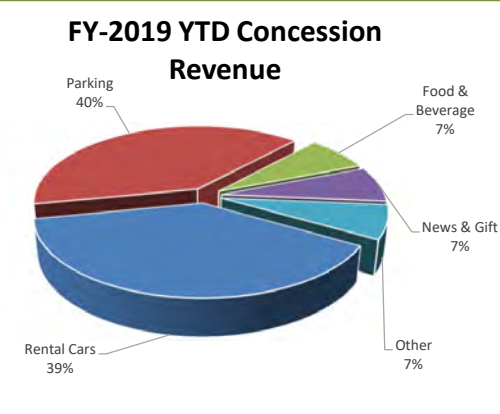
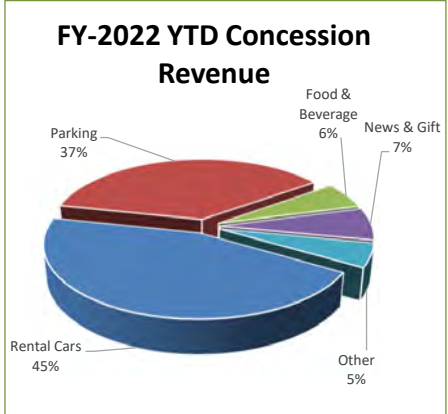
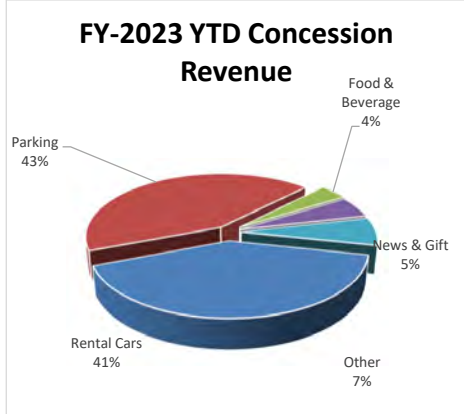
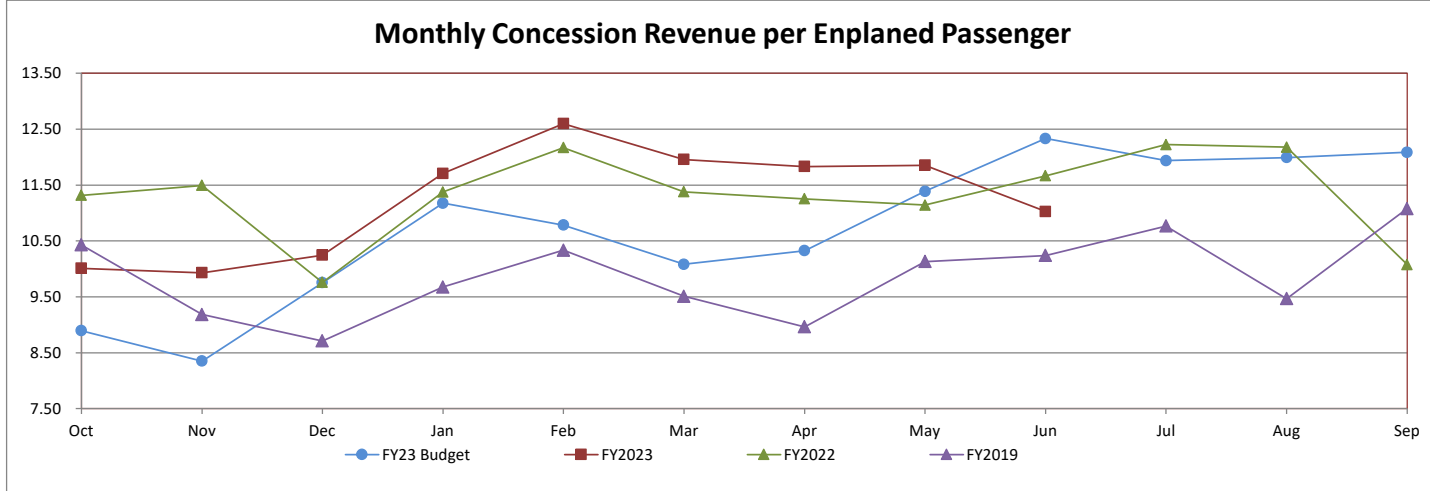
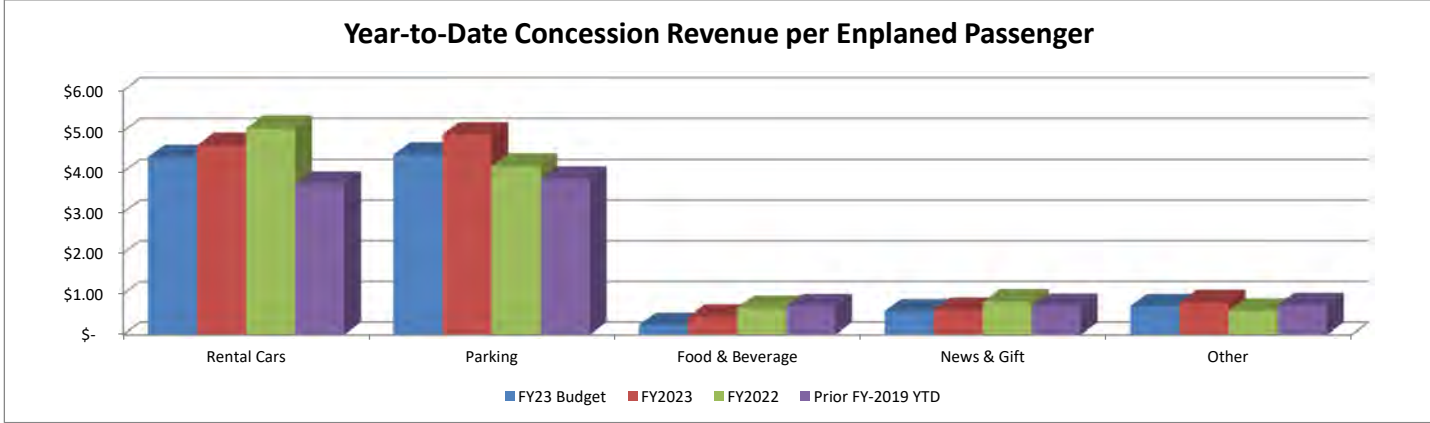
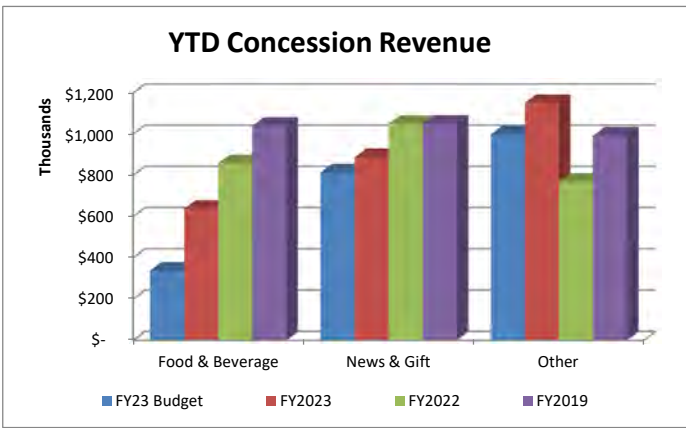
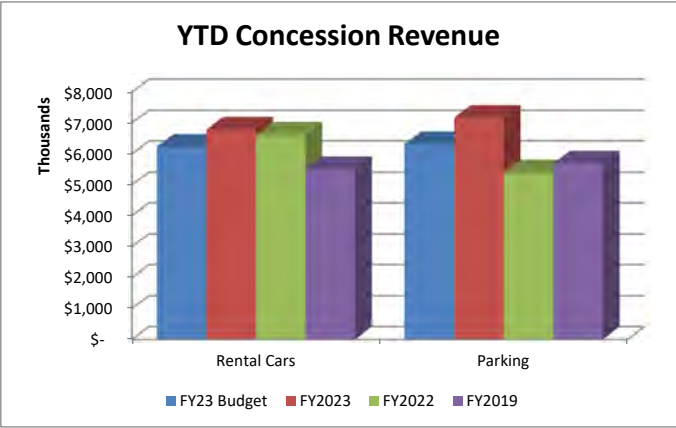


### YTD Landing Fees

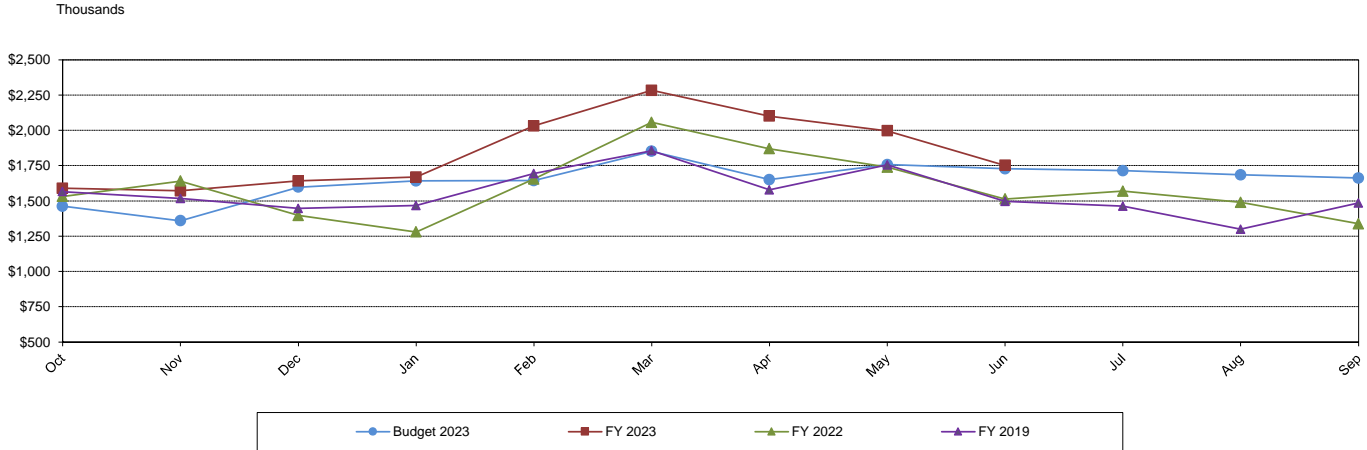


### YTD Space Rentals

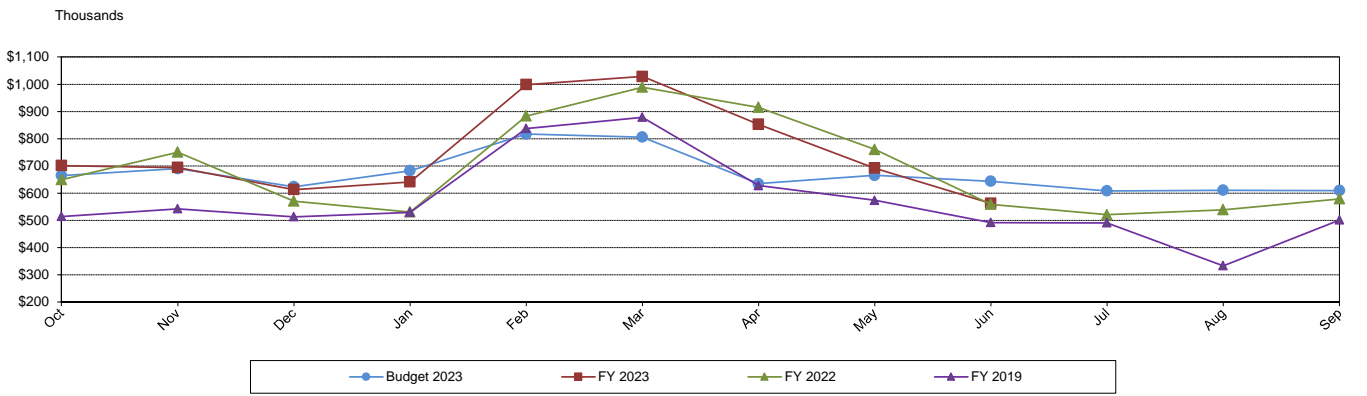




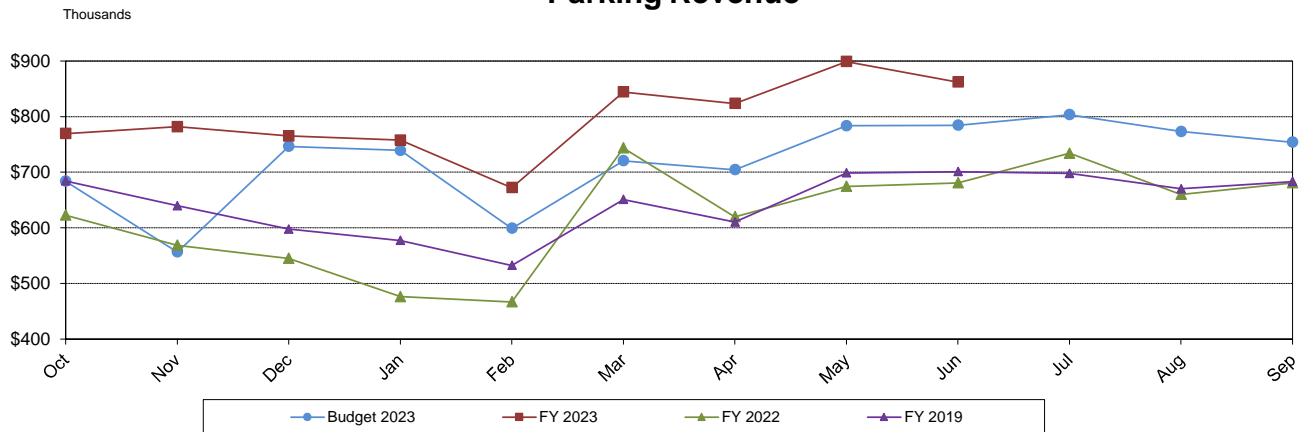
### Total Concession Revenue

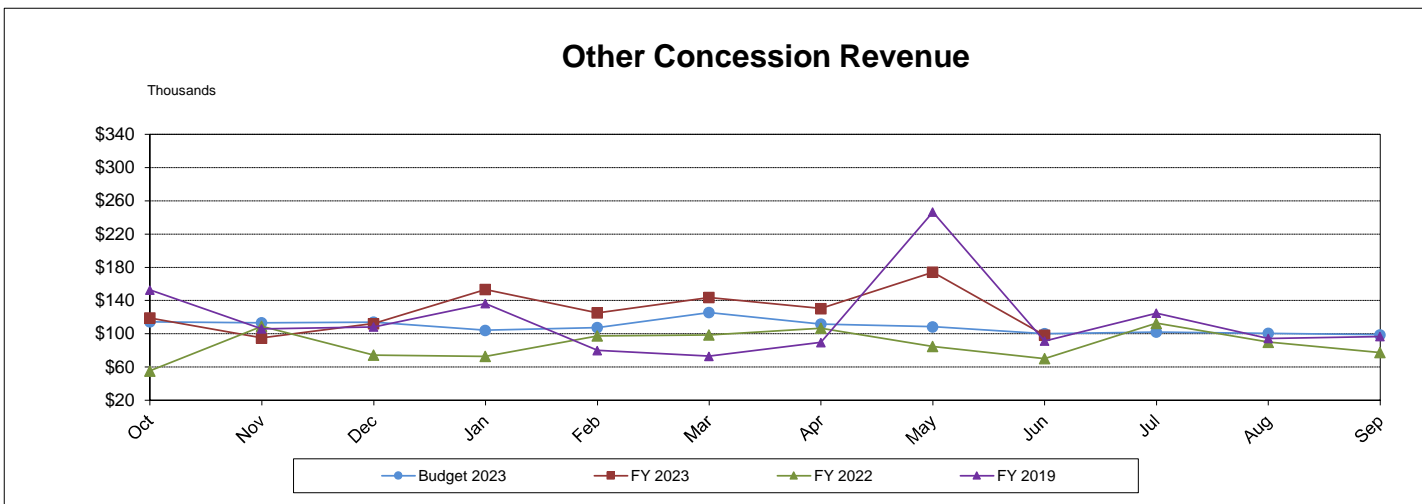
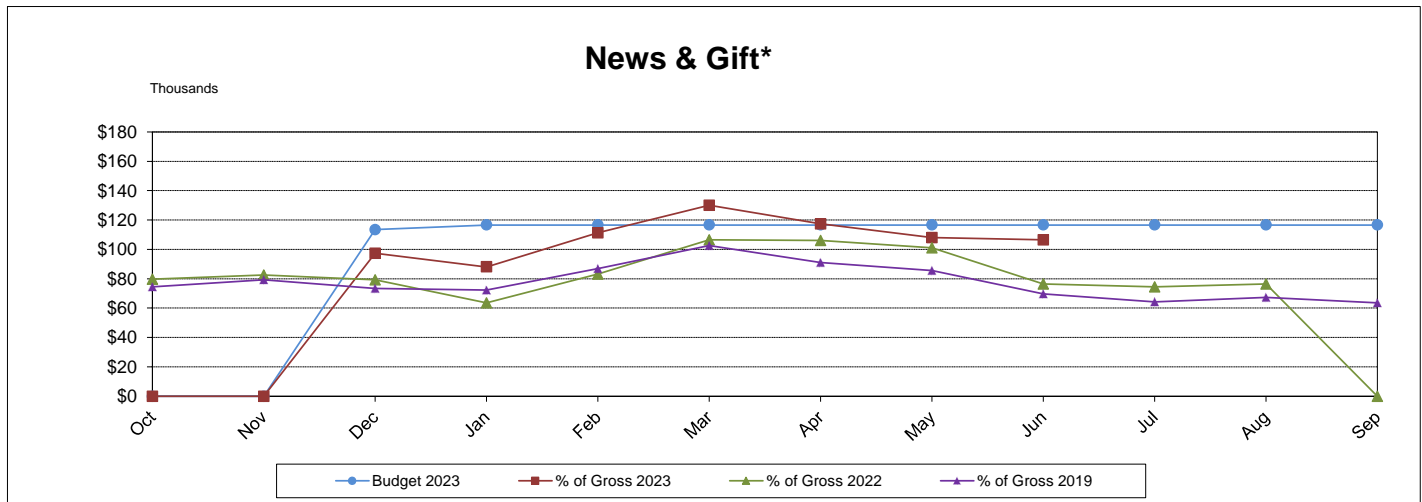
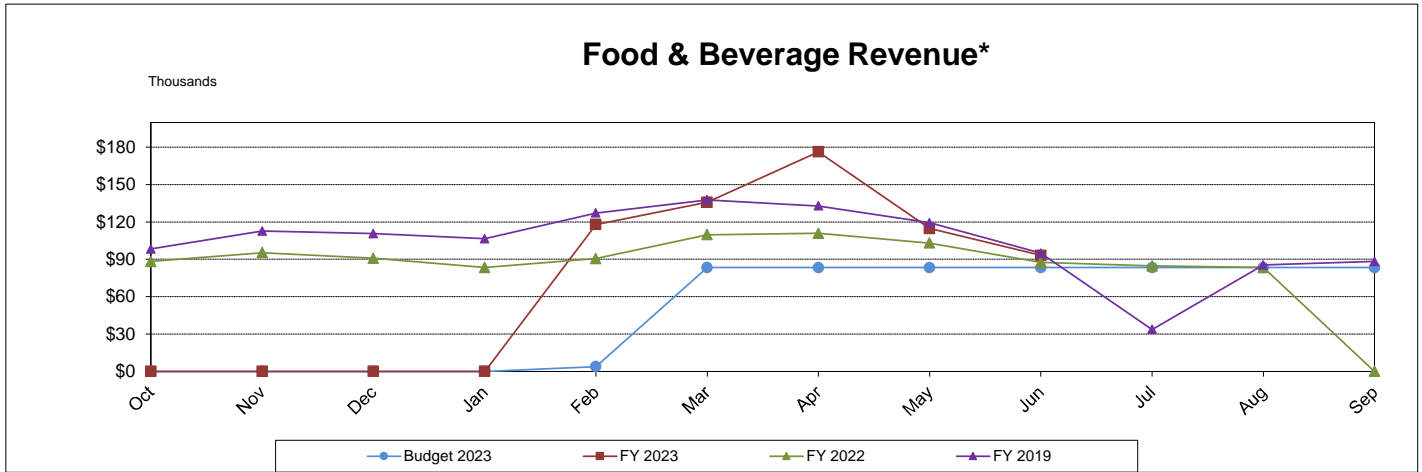


### Rental Car Revenue



### Parking Revenue

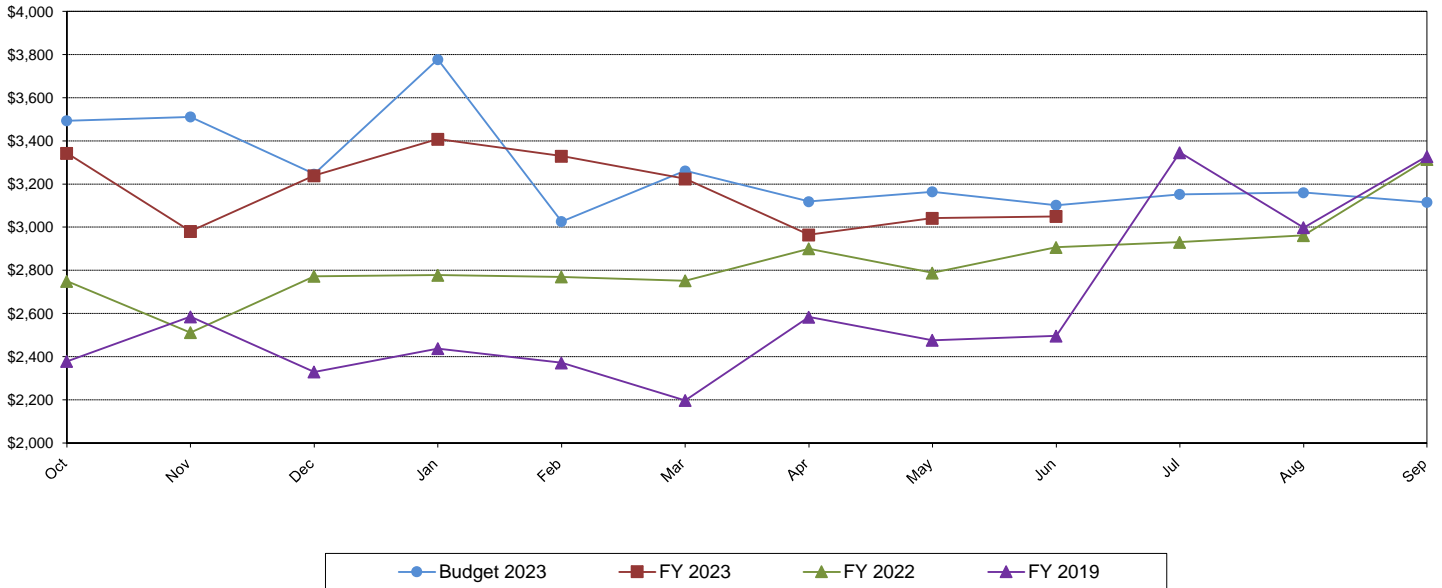




\* Minimum Annual Guarantees were waived from April 2020 to September 2021. Additionally, TAA provided monthly invoice credits for concession tenants beginning in September 2022, in accordance with the ARPA concession relief plan submitted to the FAA. These credits will appear as reimbursements from the FAA in Other non-operating revenues.

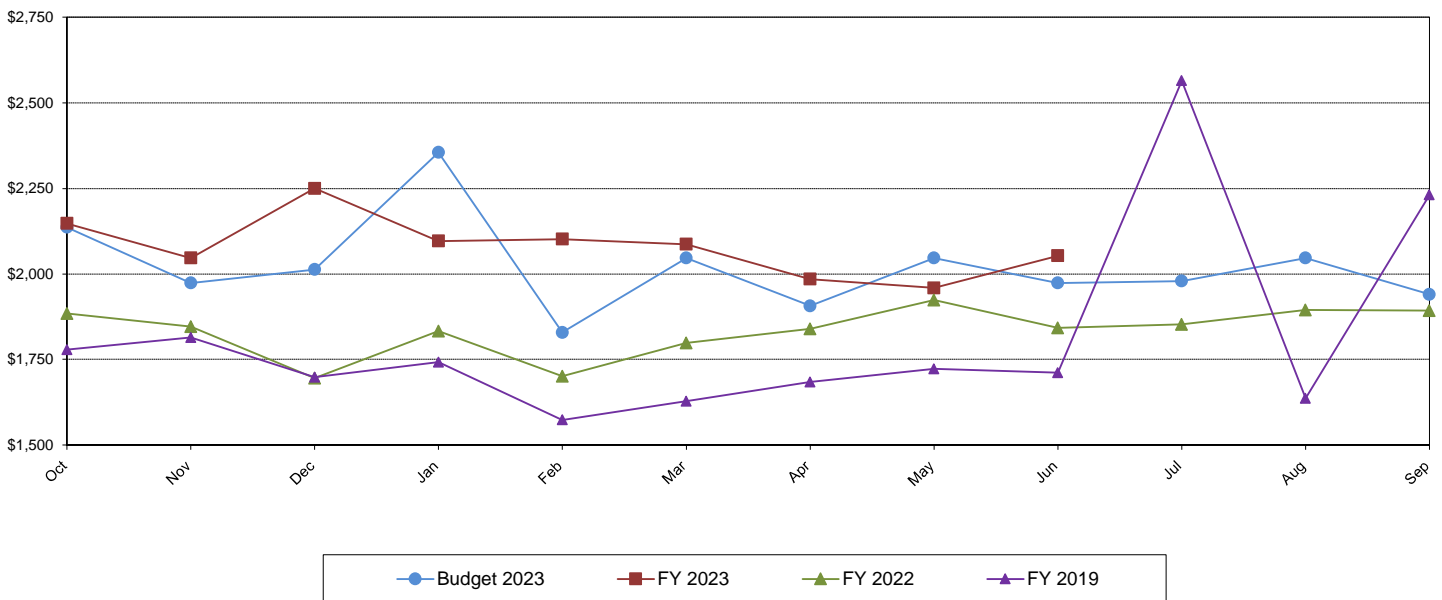
## Total Operating Expenses

Thousands

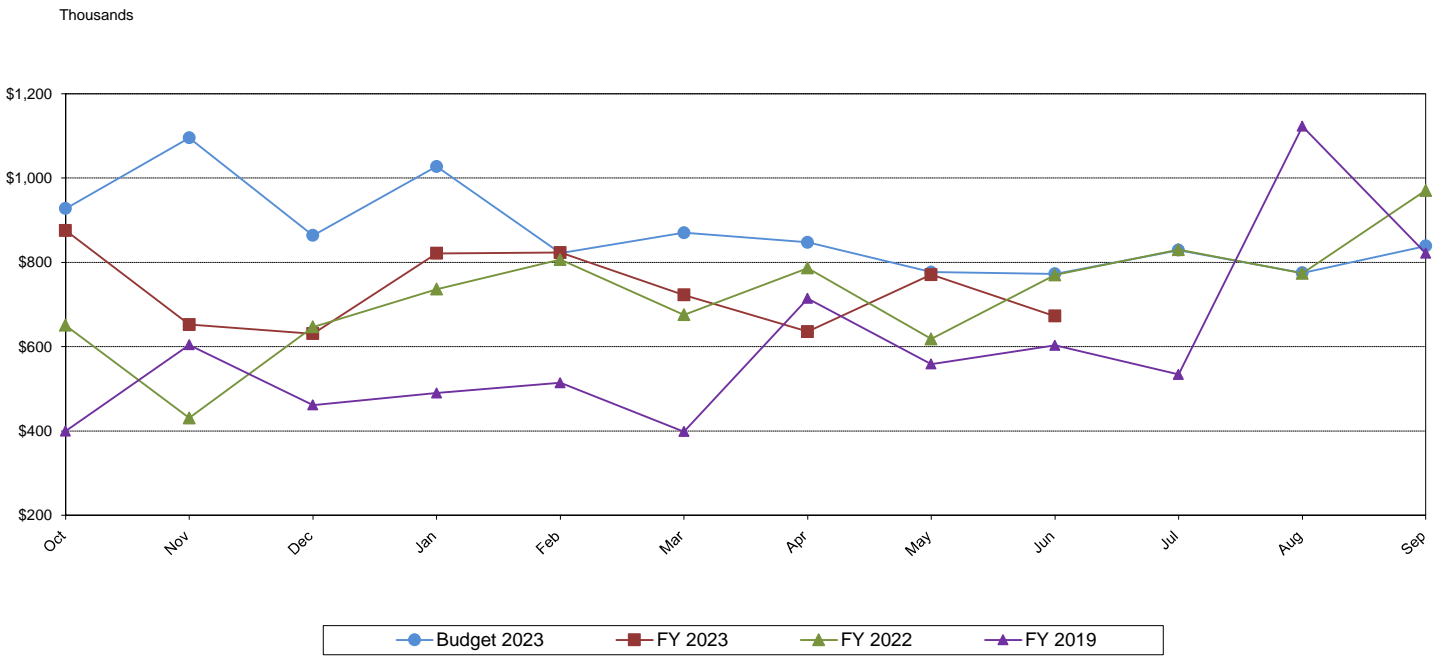


## Personnel Expenses

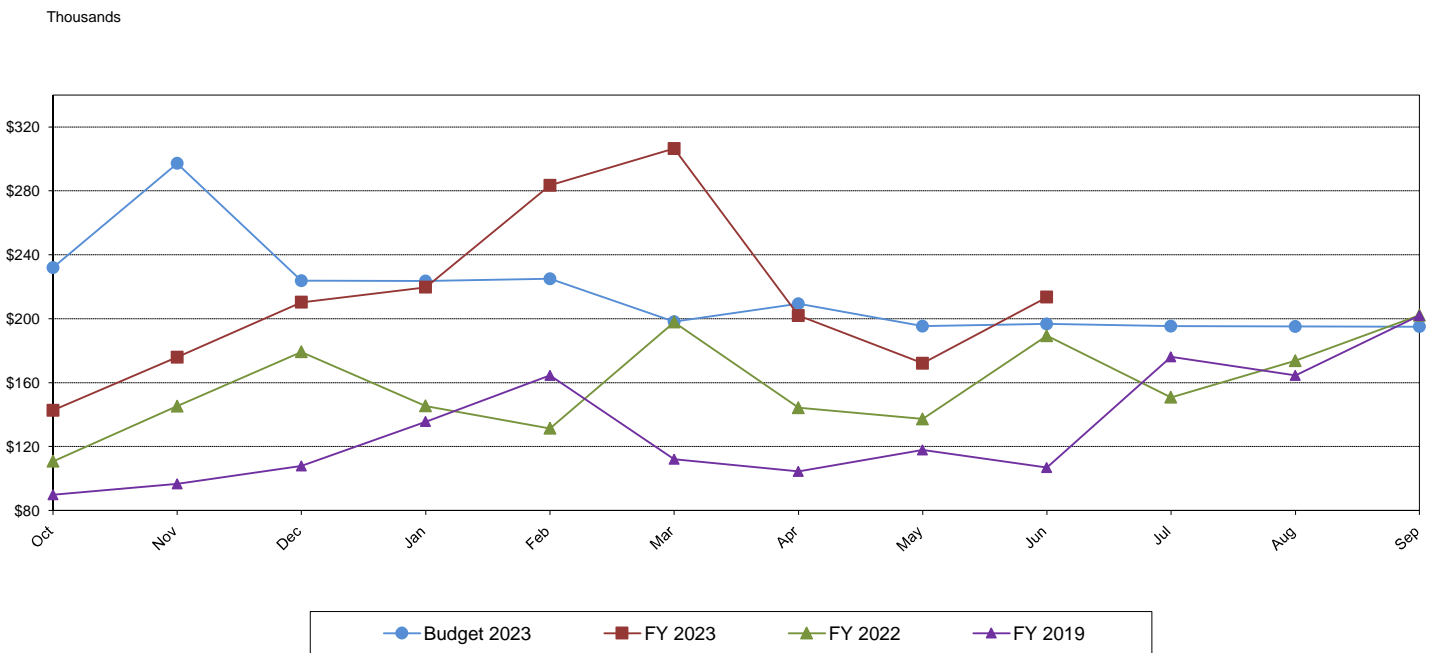
Thousands



## Contractual Services



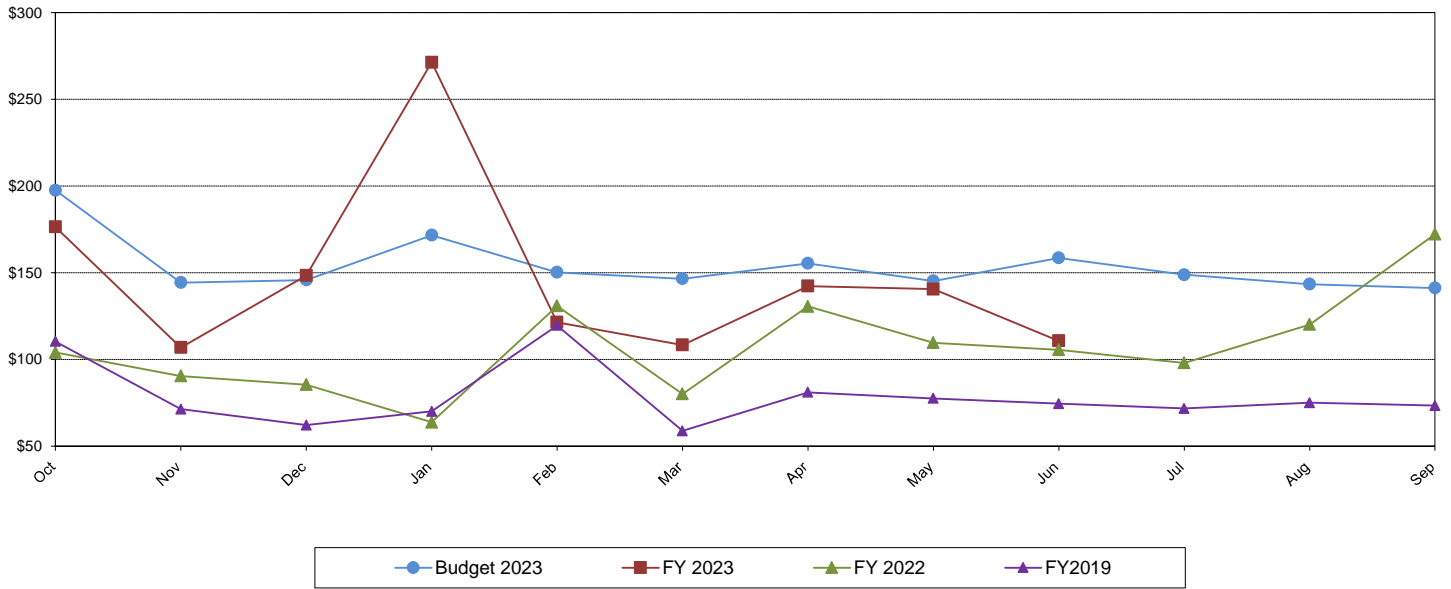
## Materials and Supplies





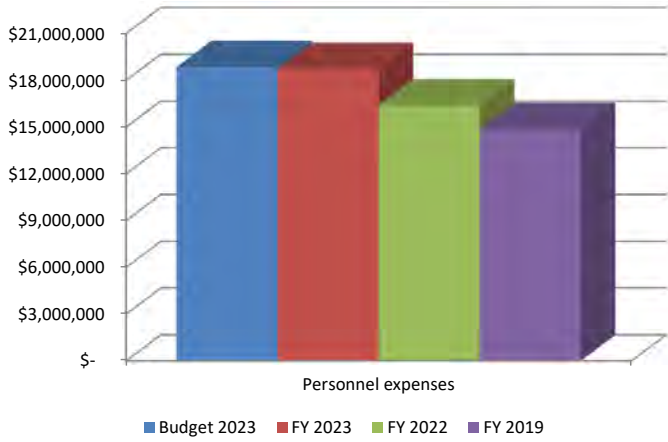
## Other Operating Expenses\*

Thousands

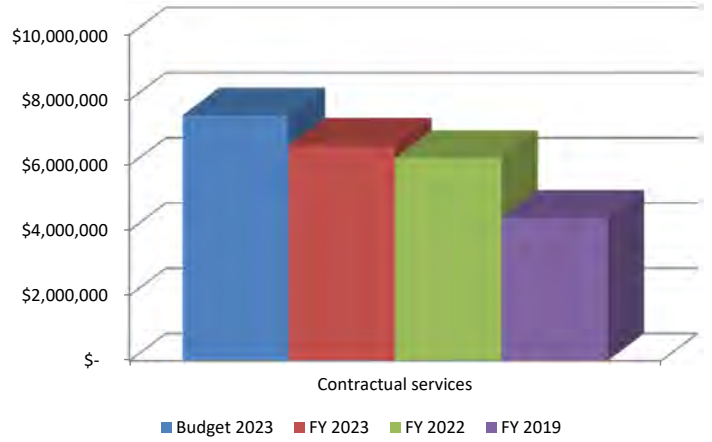


\* January 2023 includes an un-budgeted one-time payment of \$110K for the repair of the metal panels of the damaged departure-level overhang.

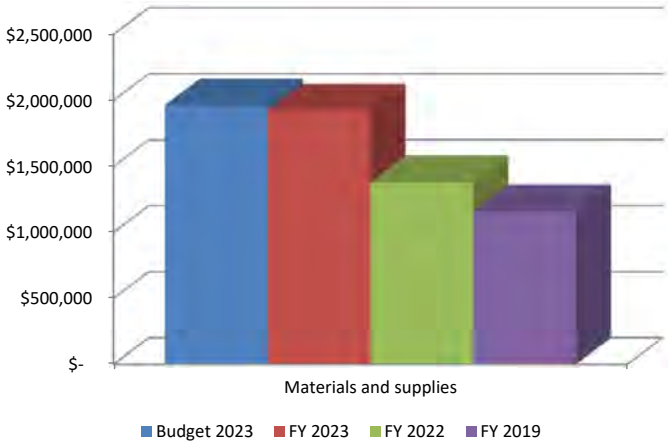
### YTD Personnel Expenses



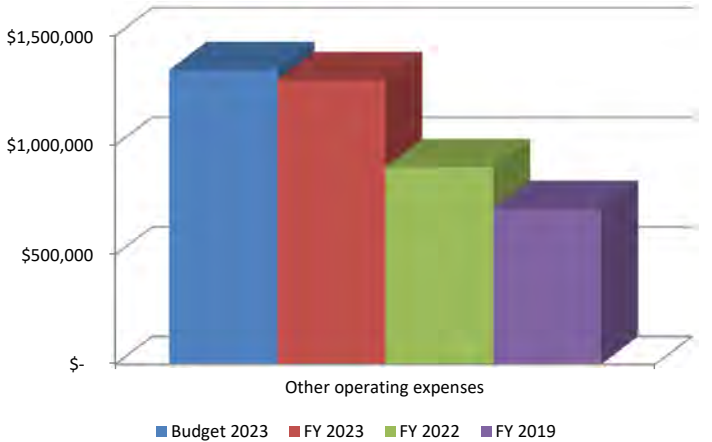
### YTD Contractual Services



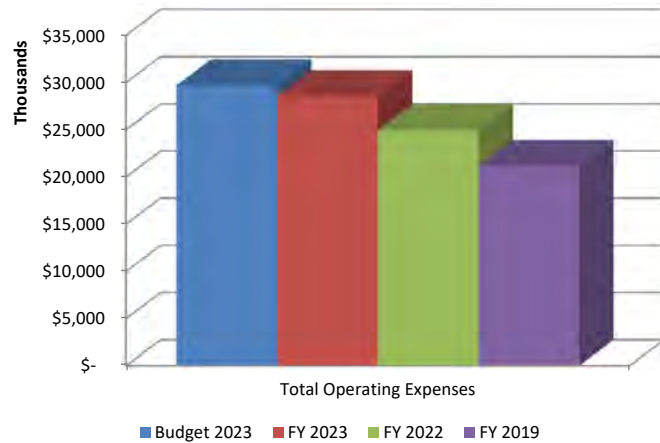
### YTD Materials and Supplies



### YTD Other Operating Expenses



### YTD Total Operating Expenses



**Date:** September 6, 2023

**To:** Board of Directors  
**From:** Clark Wager, Director of Finance  
**Re:** Aviation Activity and Statistics for June 2023

---

**Total Passengers (YTD vs prior year):**

- Total passengers for the month of June 2023 were 6.4% higher than prior year and 6.9% lower than June 2019 (pre-COVID).
- Total passengers year-to-date through June 2023 were 10.9% higher than the same period last year and 4.0% lower than the same period in FY 2019.

**Average Daily Scheduled Departures (YTD vs prior year, changes by routes & carrier):**

- The month of June had an average daily departure count of 41, which was 1 lower than prior year.
- Additional service to San Diego (1) was offset by decreases in service to Dallas/Ft Worth (1) and Phoenix (1).
- Departure increases for Southwest (2) were offset by decreases in service for American (2) and United (1).

**Average Daily Seat capacity (YTD vs prior years):**

- Seat capacity for June 2023 was 3.5% higher than June 2022 and 9.5% lower than June 2019.
- YTD, seat capacity was 13.7% higher than the same period in 2022 and 3.6% lower than the same period in 2019 (pre-COVID).

**Load Factors (MTD & YTD vs prior years):**

- The load factor for June was 91.71%, which is 3.9% higher than June 2022 and 5.2% higher than June 2019.
- YTD, the load factor was 85.20%, which is 1.3% lower than the same period in 2022 and 1.4% higher than the same period in 2019.

**Aircraft Operations (MTD & YTD vs prior year):**

- Freight, measured in pounds, is 1.8% lower in June compared to the same month last year.
- Total aircraft operations were 3.6% higher in June than the same month last year, with increases in all aircraft operations categories except general aviation.
- Year-to-date operations are 14.4% higher compared to prior year, with increases in all aircraft operations categories except general aviation.

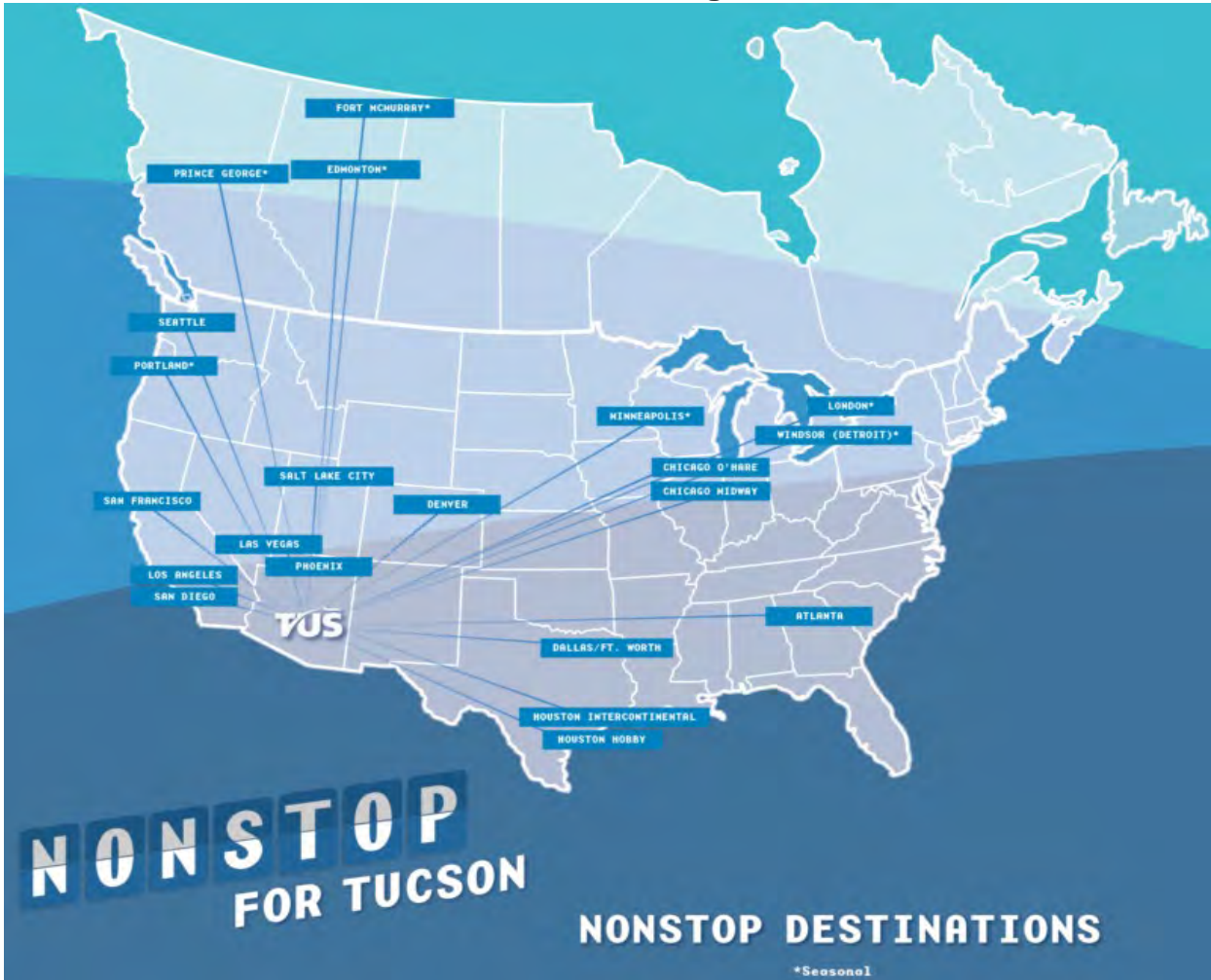
TUCSON AIRPORT AUTHORITY  
TUS PASSENGER ACTIVITY



# AVIATION ACTIVITY REPORTS

## Tucson International Airport (TUS)

For the nine months ending June 30, 2023



*Prepared by Tucson Airport Authority  
Finance Department*

**TUCSON AIRPORT AUTHORITY  
TUS PASSENGER ACTIVITY**

**TUCSON AIRPORT AUTHORITY  
TUS ACTIVITY OVERVIEW**

PASSENGERS*				Fiscal YTD		
	Jun-23	Jun-22	% CHANGE	2023	2022	% CHANGE
ENPLANED	140,297	129,769	8.1%	1,458,413	1,302,827	11.9%
DEPLANED	127,133	121,667	4.5%	1,378,137	1,255,884	9.7%
<b>TOTAL</b>	<b>267,430</b>	<b>251,436</b>	<b>6.4%</b>	<b>2,836,550</b>	<b>2,558,711</b>	<b>10.9%</b>

\*Passenger figures include non-revenue passengers.

**LANDED WEIGHT\*\***

AIR CARGO	13,740	13,863	-0.9%	117,833	120,278	-2.0%
AIR CARRIER	140,753	137,413	2.4%	1,572,912	1,381,302	13.9%
<b>TOTAL</b>	<b>154,493</b>	<b>151,276</b>	<b>2.1%</b>	<b>1,690,745</b>	<b>1,501,580</b>	<b>12.6%</b>

\*\*In thousand pound units.

**FREIGHT (in pounds)**

ENPLANED	2,903,046	2,862,636	1.4%	23,207,230	23,653,190	-1.9%
DEPLANED	2,743,253	2,885,978	-4.9%	24,221,238	27,100,173	-10.6%
<b>TOTAL</b>	<b>5,646,299</b>	<b>5,748,614</b>	<b>-1.8%</b>	<b>47,428,468</b>	<b>50,753,363</b>	<b>-6.6%</b>

**MAIL (in pounds)**

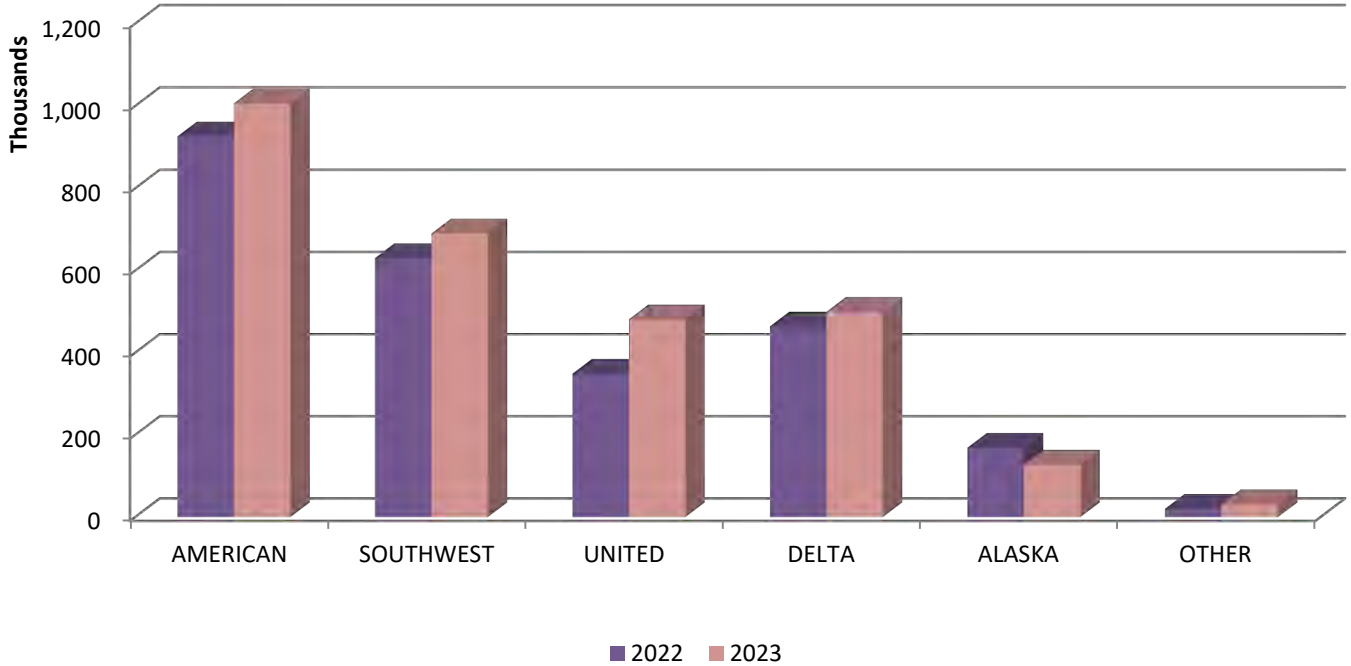
ENPLANED	0	0	0.0%	192	300	-36.0%
DEPLANED	0	79	-100.0%	206	79	160.8%
<b>TOTAL</b>	<b>0</b>	<b>79</b>	<b>-100.0%</b>	<b>398</b>	<b>379</b>	<b>5.0%</b>

**AIRCRAFT OPERATIONS**

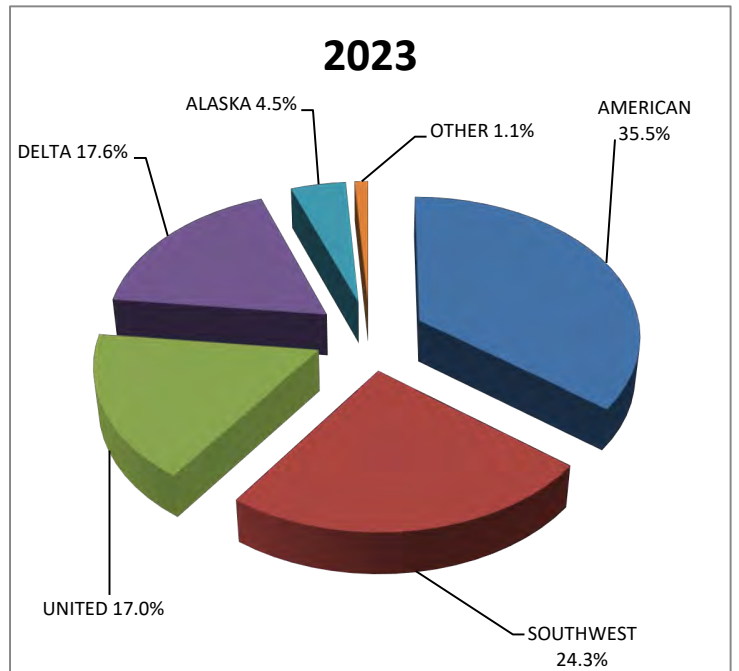
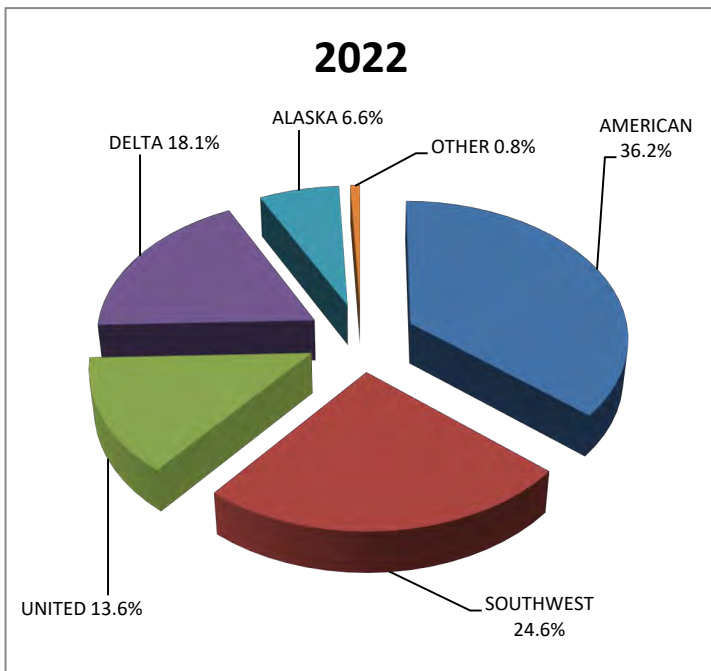
AIR CARRIER	2,665	2,516	5.9%	26,996	24,490	10.2%
AIR TAXI	3,417	1,449	135.8%	24,174	14,174	70.6%
MILITARY	2,749	2,668	3.0%	23,373	18,998	23.0%
GENERAL AVIATION	3,625	5,390	-32.7%	47,186	48,711	-3.1%
<b>TOTAL</b>	<b>12,456</b>	<b>12,023</b>	<b>3.6%</b>	<b>121,729</b>	<b>106,373</b>	<b>14.4%</b>

# TUCSON AIRPORT AUTHORITY TUS PASSENGER ACTIVITY

## TOTAL PASSENGERS YTD BY AIR CARRIER

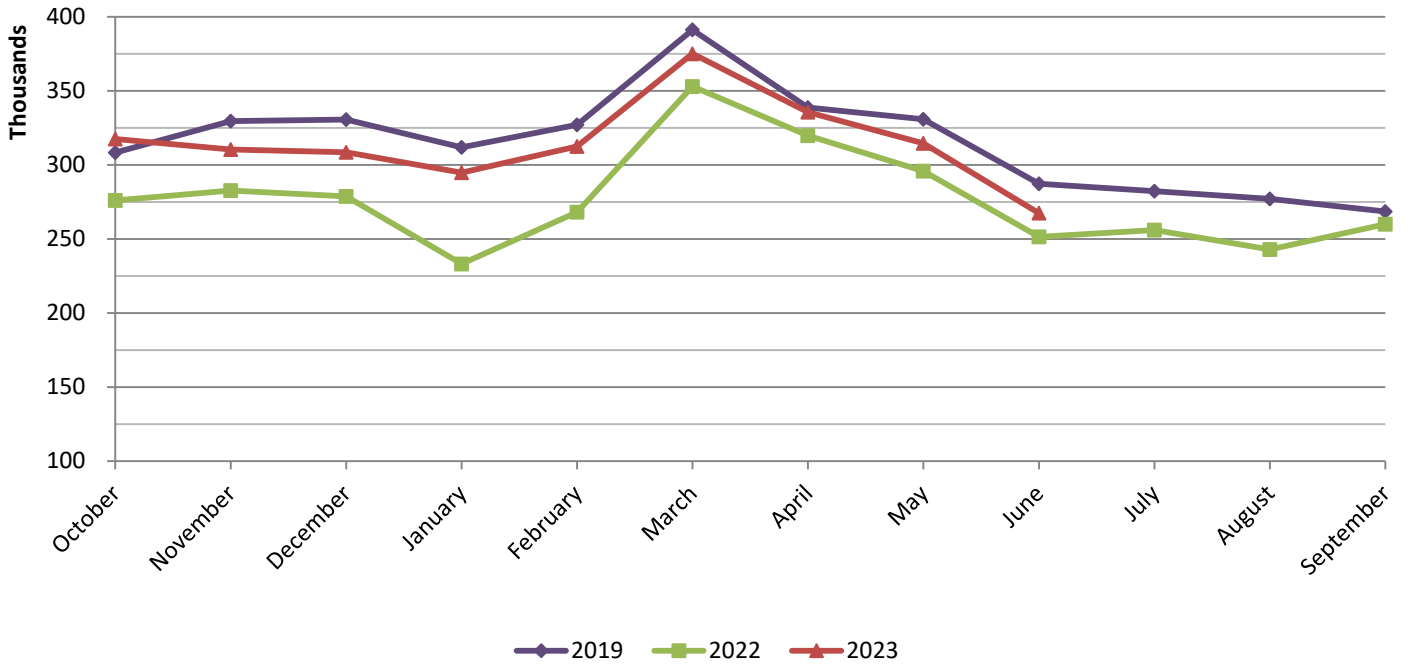


## AIR CARRIER MARKET SHARE

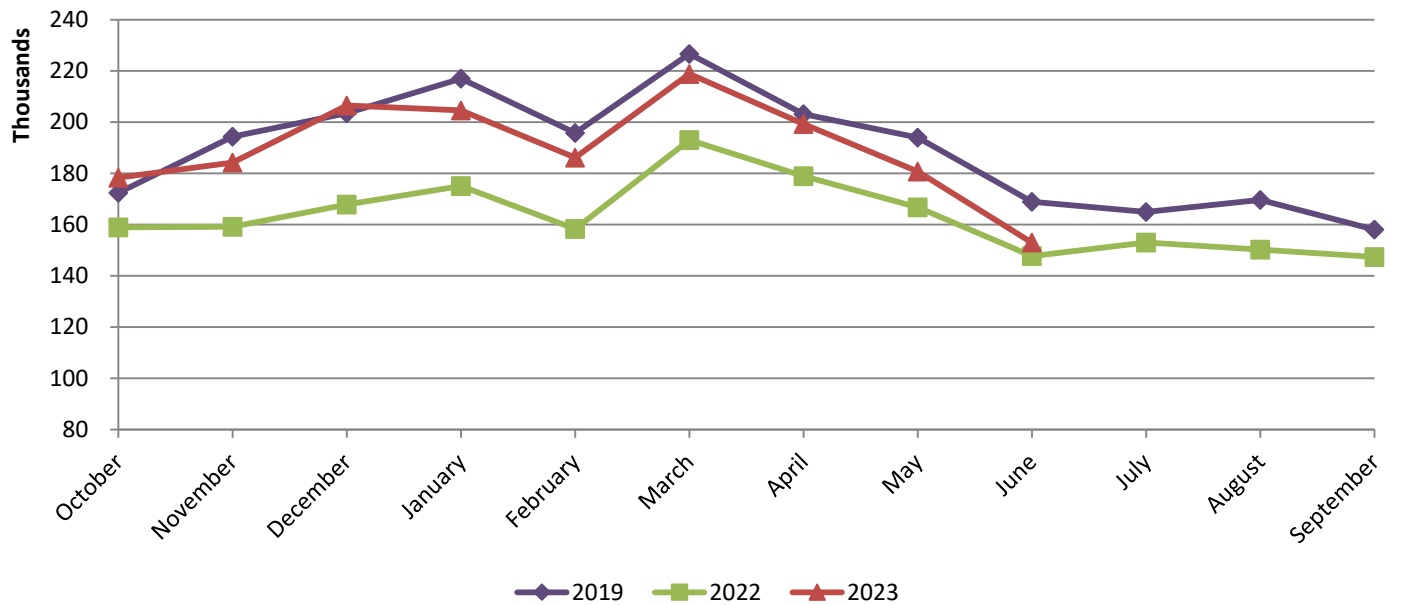


# TUCSON AIRPORT AUTHORITY TUS PASSENGER ACTIVITY

## TOTAL PASSENGERS BY MONTH

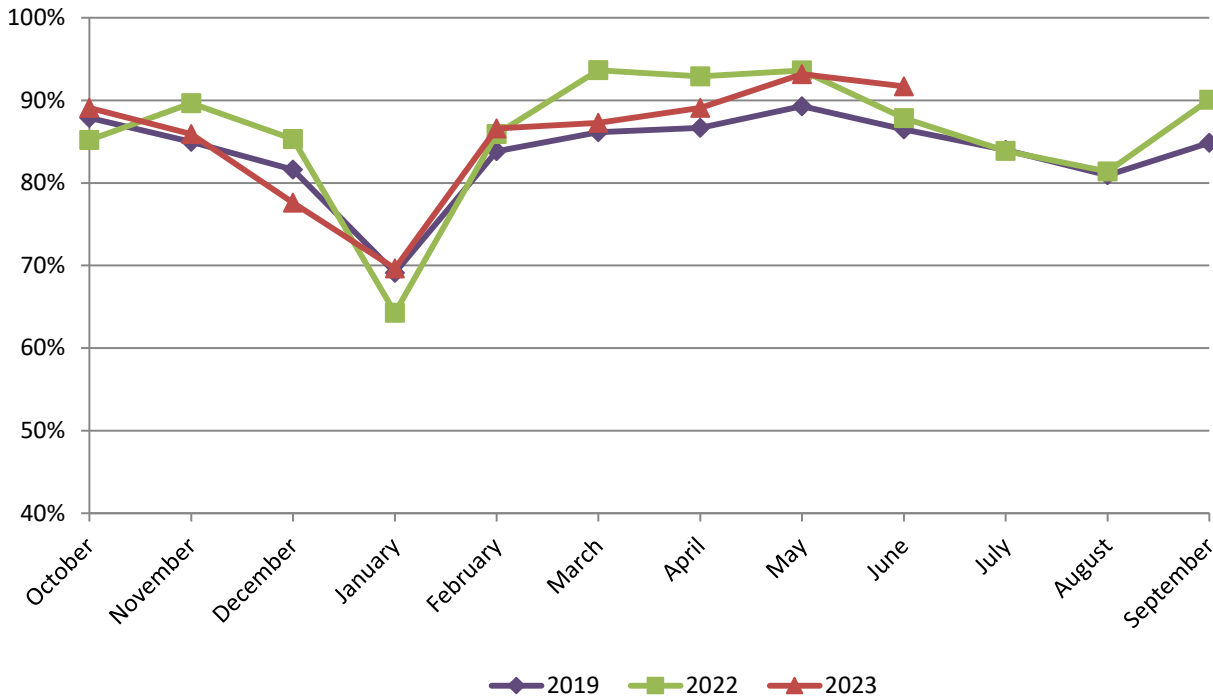


## AVERAGE SEAT CAPACITY PER MONTH



# TUCSON AIRPORT AUTHORITY TUS PASSENGER ACTIVITY

## LOAD FACTORS (TOTAL ENPLANEMENTS / AVAILABLE SEATS)





**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	2.0	0.0	363	382	(19)
DENVER <i>United (2), Southwest (3)</i>	DEN	5.0	5.1	(0.1)	655	547	108
DALLAS/FT WORTH <i>American (5)</i>	DFW	5.0	6.0	(1.0)	943	1,138	(195)
HOUSTON HOBBY <i>Southwest (1)</i>	HOU	1.0	0.9	0.1	148	148	0
HOUSTON BUSH <i>United (2)</i>	IAH	2.0	2.0	0.0	152	152	0
LAS VEGAS <i>Southwest (2.9)</i>	LAS	2.9	2.8	0.1	440	427	13
LOS ANGELES <i>Delta (2.9), American (1.7) Southwest (1.7)</i>	LAX	6.3	6.1	0.2	636	542	94
CHICAGO MIDWAY <i>Southwest (.1)</i>	MDW	0.1	0.1	0.0	22	23	(1)
CHICAGO O'HARE <i>American (1) United (0)</i>	ORD	1.0	1.0	0.0	176	128	48
PHOENIX <i>American (5.7)</i>	PHX	5.7	6.8	(1.1)	602	595	7
SAN DIEGO <i>Southwest (1.7)</i>	SAN	1.7	1.0	0.7	253	145	108
SEATTLE/TACOMA <i>Alaska (2) Delta (1)</i>	SEA	3.0	3.0	0.0	361	342	19
SAN FRANCISCO <i>United (1.8)</i>	SFO	1.8	2.0	(0.2)	124	125	(1)
SALT LAKE CITY <i>Delta (3)</i>	SLC	3.0	3.0	0.0	223	228	(5)
<b>TOTAL</b>		<b>40.5</b>	<b>41.8</b>	<b>(1.3)</b>	<b>5,098</b>	<b>4,922</b>	<b>176</b>

**Date:** September 6, 2023

**To:** Board of Directors  
**From:** Ken Nichols, Vice President of Planning and Engineering  
**Re:** Planning and Engineering Update

---

This report provides an update on activities since the June 14, 2023 Board Meeting.

**Capital Improvement Program (CIP):**

Staff completed development of the annual CIP, which is included in the budget package. In addition, staff prepared the 5-year CIP and participated in the annual Joint Planning Conference with FAA and ADOT to review the plans.

**Airfield Safety Enhancement (ASE) Program:**

The Airfield Safety Enhancement (ASE) Program is a critical safety project and the largest capital program in the 75-year history of the TAA. The multi-year \$400+ million program of projects (in 2023 dollars) will transform the airfield layout at TUS to meet the latest FAA safety standards as part of the FAA Runway Incursion Mitigation Program. The program includes four major projects, land exchanges, and noise mitigation.

*Recent Accomplishments (since June)*

- Substantial Completion of MRO Taxiway
- Punchlist construction for End-Around Taxiway (Taxiway D)
- Grants received for south parallel taxiway (New Taxiway C) and connector taxiways
- Submitted grant package for first phase of runway construction

*Anticipated Activities (before end of 2023)*

- Close Runway 11R/29L
- Runway Renumbering due to MAGVAR Change. Runway designations will be Runway 12/30 and Runway 4/22.
- Grant closeout for Electric Vault Construction
- Punchlist construction for End-Around Taxiway (Arm-Dearm Pad)
- Completion of Land Exchange with USAF (Parcels F & G)
- Begin construction of Earth Covered Magazine Relocation and Fencing

Funding Needs and Strategy

The timeline and progress of the remaining ASE Program elements (\$271M) are dependent on the commitment of adequate federal grant funding (\$209.6M) and matched by the TAA’s share (\$51.5M). In addition, the TAA has been fortunate to call ADOT a partner (\$10.3M) in the ASE Program. In close consultation with the FAA, the TAA has mapped out a federal funding strategy to ensure the ASE Program is completed in the next 4 years.

The table below depicts the remaining ASE funding requirements. As noted, FY 2024 and FY 2025 are the most critical in the program. These phases of the project must be constructed in an expedited manner to resume service on the new parallel runway and provide redundancy for airfield operations.

<b>REMAINING ASE PROGRAM FUNDING REQUIREMENTS PROJECTION</b>						
<u>Year</u>	<u>Phase Description</u>	<u>Total Cost</u>	<u>Federal</u>	<u>State</u>	<u>TAA</u>	
FY 2024	New Runway Construction-Phase 1	\$ 90,000,000	\$ 63,151,231	\$ 3,100,000	\$ 23,748,769	
FY 2025	New Runway Construction-Phase 2	\$ 90,000,000	\$ 63,151,231	\$ 3,100,000	\$ 23,748,769	
FY 2026	Roadway and Fencing	\$ 6,000,000	\$ 5,463,600	\$ 268,200	\$ 268,200	
FY 2026	Connecting Taxiways-Phase 1	\$ 33,638,346	\$ 30,631,078	\$ 1,503,634	\$ 1,503,634	
FY 2027	Connecting Taxiways-Phase 2	\$ 32,911,366	\$ 29,969,090	\$ 1,471,138	\$ 1,471,138	
As Programmed	Land Exchange Reimbursement	\$ 19,000,000	\$ 17,301,400	\$ 849,300	\$ 849,300	
<b>Total</b>		<b>\$ 271,549,712</b>	<b>\$ 209,667,630</b>	<b>\$ 10,292,272</b>	<b>\$ 51,589,810</b>	

**Date:** September 6, 2023

**To:** TAA Board of Directors  
**From:** Brian Kidd, Director of Air Service Development  
**Re:** Air Service Development Update

---

**Industry:**

**Pilot Shortage**

Pilot shortages, particularly for captain positions, continue to plague the ability of US airlines to publish and maintain accurate advance schedules. Increased early retirements during COVID, significant and costly training requirements, and general difficulty in getting pilots to the finish line in terms of certification have all slowed the pipeline for captains. Southwest Airlines has made progress in getting its trainees through the simulator phase, and so they feel confident in publishing final schedules several months in advance. However, the main issues are with the regional operators such as SkyWest and Horizon, which provide some of the service for Delta, Alaska, United and American at TUS. At this point, TUS schedules have not been affected for this winter, but schedules are not final. We anticipate the pilot shortage to be an ongoing concern across the industry for several more years. Many airlines understand how vital it is to invest in pilot training for the future. As a result, airlines have now started their own pilot training academies to address longer term pilot staffing challenges.

**Aircraft Shortage**

TUS continues to experience full flights. To add capacity, many airlines have upgauged their aircraft to meet the increased demand (this means changing the type of aircraft used to a larger type of aircraft). This approach, however, does not solve the need for additional seats, especially now that the level of demand at TUS is at near 2019 pre-COVID levels, even though not all flights have been restored.

As you are aware, one-third of the passengers who could be using TUS as their primary airport are making the drive north to fly from Phoenix Sky Harbor or Mesa-Gateway Airport because they cannot book a flight from TUS or are flying on an airline that does not serve TUS. Compounding this issue is the aircraft shortage. The aircraft shortage is caused by the number of aircraft retired by the airlines during the pandemic, the number of aircraft that remain in storage and are not airworthy, or aircraft that are on order from Boeing or Airbus. In any of the examples noted, the aircraft shortage is a challenge to adding flights to TUS. In this regard, we compete against our peer airports for the available aircraft assets and routes.

Last, another issue that ties the pilot shortage to the aircraft shortage is that pilots are only certified to operate one type of aircraft at a time, except for pilots who are dual certified on the B757/B767 aircraft. While a pilot may have multiple type ratings, he/she can only operate one type aircraft at a time unless they certify on another aircraft type. This makes marrying the pilot with a specific aircraft type challenging for airline schedulers. (Note: A pilot will change the type

of aircraft he/she flies to increase their pay; the more complex an aircraft is, the more a pilot is paid). Airline pilots are probably tested more than any other profession. Every 12 months, pilots must complete the following:

- Pass a medical assessment ensuring they are fit to fly (reduces to every 6 months when above the age of 60).
- Complete a 'Line Check'. This is a bit like a driving test, but in the aircraft. An examiner observes you operating the aircraft to ensure you are compliant with company rules and regulations and are doing the job to a proficient standard.
- Every 6 months, pilots must go into the simulator where they practice emergency procedures whilst being assessed by an examiner over a couple of days.
- Complete technical testing to ensure they maintain a high level of technical proficiency on their aircraft type.

These are complex issues that the airlines are working to resolve to meet the growing demand of the travel sector.

### **International Opportunities**

Mexico remains in a Category 2 safety status with the Federal Aviation Administration, which prevents Mexican airlines from beginning new US routes and from code sharing with US airlines. The two-year old impasse, though seemingly on the verge of being lifted several times, lingers, and prevents TUS from moving forward on initiatives with Mexican carriers.

The latest setback involves Mexico forcing all cargo freighter flights out of the main Mexico City airport to a new, underutilized airport far from the city. Under the Open Skies Agreement between the US and Mexico, unilateral changes to access are not permitted. To increase pressure on Mexico to reconsider its new policy, the US has suspended its review of the Allegiant/VivaAerobus joint venture, citing Mexico's violation of the Open Skies agreement.

Until this issue as well as the Category 2 issue is resolved, VivaAerobus, a Mexican carrier, and Allegiant Air cannot work together on projects that could lead to eventual transborder service for TUS.

### **Winter Service Updates:**

#### **Alaska Airlines**

- Daily service to Orange County (SNA) on Alaska Airlines commences December 14 and is scheduled to continue through our peak season next spring, and year-round if successful. The last time this route was flown was in the early 1980's.
- Alaska's nonstop service to North Seattle (PAE) is scheduled to resume in October after a 17-month hiatus. The Portland (PDX) nonstop on Alaska also returns in October.

**Southwest Airlines**

- Nonstop service to Dallas-Love (DAL) on Southwest Airlines will be offered on peak travel days over the winter holiday season, and then continuing twice weekly, on weekends, into at least the spring. This route has been unserved since 2019.
- Southwest's service to Chicago-Midway will be increasing to daily as of March 8, 2024. It is currently served once weekly and will be twice weekly in the fall and winter.
- Southwest's early 2024 schedule, in addition to Dallas-Love and Chicago-Midway, features year-over-year frequency increases to Denver, Las Vegas, and San Diego, and a weekday reduction to one Los Angeles departure daily (2x on Sundays only). LAX has suffered with continuing access road congestion and a general lack of demand versus the other LA Basin airports post-pandemic. It provides little additional connectivity for Southwest beyond what is offered at Las Vegas.

**United Airlines**

- United is ramping up its service to Chicago O'Hare (ORD) beginning September 29 on Boeing 737-800 aircraft. It will be the most capacity they have had in the TUS-ORD market since 2019.

Existing routes with the largest year-over-year increases:

- Southwest-Las Vegas
- Southwest- San Diego
- American- Dallas/Ft. Worth
- United- Denver; Alaska- Seattle

**Airline Meetings:**

TAA met with Southwest Airlines at its headquarters in late July to give a comprehensive market update and to discuss specific opportunities. We met with seven additional carriers at an airline meeting conference in August, focusing on eventually obtaining service to Mexico (once the Category 2 safety status is lifted) and the East Coast, as well as more service to Texas and California.