

TUCSON AIRPORT AUTHORITY
Finance and Risk Management Council: Environmental/Sustainability Sub-Council
Wednesday, May 29, 2024 | 1:00 p.m. | [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 **Finance and Risk Management Council: Environmental/Sustainability Sub-Council** will hold a meeting open to the public on **Wednesday, May 29, 2024, beginning at 1:00 p.m.** Council members and the public may attend virtually via the remote participation platform Microsoft Teams. As indicated in the following agenda, the Environmental/Sustainability Sub-Council may vote to go into executive session, which will not be open to the public, to discuss certain matters.

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"/> Tim Overton, Chair | <input type="checkbox"/> Omar Mireles, Vice Chair | <input type="checkbox"/> Rob Draper |
| <input type="checkbox"/> Ricardo Platt | <input type="checkbox"/> Tony Penn | <input type="checkbox"/> Angela Gee |
| <input type="checkbox"/> Lydia Aranda | | |

2. APPROVAL OF MINUTES

Approve the minutes of the Environmental/Sustainability Sub-Council meeting held on July 10, 2023.

3. PRESIDENT/CEO REPORT

State of the Industry | Update

4. EXECUTIVE SESSION

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

The Environmental/Sustainability Sub-Council 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

of legal advice and to consider TAA's position related to the matters as provided in [A.R.S. § 38-431\(A\)\(3\) and \(4\)](#).

5. RETURN FROM EXECUTIVE SESSION

6. ACTION ITEM

The Environmental/Sustainability Sub-Council may vote to direct TAA's attorneys to deliver the Council's recommendations to the Board of Directors as discussed in Executive Session.

7. ADJOURN

**TUCSON AIRPORT AUTHORITY | Finance and Risk Management Council
Environmental/Sustainability Sub-Council
Monday, July 10, 2023 | 2:00 p.m. | Virtual Meeting**

THIS ADVISORY COUNCIL MEETING WAS HELD VIRTUALLY, WITH COUNCIL MEMBERS ATTENDING VIA MICROSOFT TEAMS OR TELEPHONICALLY. MEMBERS OF THE PUBLIC WHO COMPLETED A REGISTRATION FORM RECEIVED A LINK TO VIEW THE MEETING VIA MICROSOFT TEAMS OR TO LISTEN TELEPHONICALLY.

1. CALL TO ORDER | ROLL CALL

Chair Overton called the meeting to order at 2:01 p.m.

Council Members Present: Chair Tim Overton, Vice Chair Omar Mireles, Council Member Rob Draper, Council Member Ricardo Platt*, Council Member Tony Penn, and Council Member Angela Gee

Council Members Absent: Council Member Mike Hannley

Staff Present: President/CEO Danette Bewley, Vice President/General Counsel Christopher Schmaltz, Vice President of Planning and Engineering Ken Nichols, Vice President/Chief Financial Officer Kim Allison, Deputy General Counsel Kim Outlaw Ryan, Director of Finance Clark Wager, and TAA Clerk Byron Jones

NOTE: Council Member Platt joined the meeting at 2:30 p.m.

2. APPROVAL OF MINUTES

Motion by Council Member Penn, seconded by Council Member Draper, to approve the minutes of the Environmental/Sustainability Sub-Council meeting held on December 15, 2022. The motion carried by the following vote:

Ayes 5 Chair Overton, Vice Chair Mireles, Council Member Draper, Council Member Penn, and Council Member Gee

Nays 0

3. PRESIDENT/CEO REPORT

a. State of the Industry | Update

President/CEO Danette Bewley reported the following:

- The United States Congress (Congress) is working on the five-year FAA Reauthorization Bill. TAA staff has been in continuous communication with the Arizona Congressional delegation regarding language to be included in the bill. A key priority is continued grant funding for the Airfield Safety Enhancement (ASE) Program. Approximately \$100M has been spent on the

project to date, and it is at a critical point where the funding flow needs to be consistent. Everything TAA has asked for has remained in the bill, which goes before the United States House of Representatives in the coming days.

- ❑ Staff is forecasting that 3.7M passengers will pass through TUS in 2023, which is a near recovery of the 3.8M passengers seen in 2019 (Pre-COVID-19). Seat capacity increased by 13 percent year over year during the first five months of 2023.

4. PRESENTATION/DISCUSSION

a. Tucson Airport Remediation Project (TARP) | Revised Environmental Remediation Liability Estimates for FY 2021 and FY2022:

Director of Finance Clark Wager presented. TAA performs an annual recalculation of its environmental liabilities, factoring in the current year’s expenses, invoices to be paid, and cost projections. TAA received un-accrued invoices from the City of Tucson and the Environmental Protection Agency (EPA) that should have been recorded in FY 2022. Revisions were made to accrue the invoices in the FY 2022 calculations.

- ❑ **City of Tucson:** 19 invoices totaling \$695,754.
 - There have historically been disputes regarding the amounts the City of Tucson was charging TAA.
 - The invoices, which included partial payments, covered the periods of June 2018 and November 2019 through March 2022. TAA and the City of Tucson arrived at an agreement on the outstanding amounts. TAA has confirmed that all invoices through September 30, 2022, have been paid.
- ❑ **EPA Oversight Costs:** Two (2) invoices totaling \$819,390.
 - The EPA distributes invoices on an infrequent basis.
 - TAA includes accrual for invoices in its annual calculations.

TAA is in the process of finalizing its FY 2022 Annual Comprehensive Financial Report (ACFR) as well as revising the FY 2021 ACFR. The estimated financial liabilities are as follows:

FY 2021 Estimated Environmental Liability

Program	As Filed	Revision	As of 9/30/2021
TARP	\$13,550,188	\$288,542	\$13,838,730
SRP	\$10,370,714	(\$231,251)	\$10,139,463
Total Env. Liability	\$23,920,902	\$57,291	\$23,978,193

FY 2022 Estimated Environmental Liability

Program	As Filed	Revision	As of 9/30/2022
TARP	\$11,210,417	\$956,387	\$12,166,804
SRP	\$9,749,573	(\$349,078)	\$9,400,495
Total Env. Liability	\$20,959,990	\$607,309	\$21,567,299

The Insurance Reserve Fund balance was \$31M as of September 30, 2022.

b. PFAS Matters and Engagement with ADEQ and the City of Tucson | Update:

Vice President/General Counsel Christopher Schmaltz presented an update regarding PFAS (per- and Polyfluoroalkyl substances) matters:

- ❑ TAA has had ongoing discussions with the Arizona Congressional delegation about the FAA addressing funding related to the transition from PFAS-containing foam to fluorine-free foam. This is an issue for every airport with an FAA Part 139 certification. For decades, the FAA required Part 139 airports to use PFAS-containing foam, and these airports now face significant costs in procuring new foam as well as disinfecting their firefighting equipment.
- ❑ EPA, ADEQ, and the City of Tucson are looking to pass on the PFAS-related costs to the United States Air Force and TAA.
- ❑ Though the TARP treatment system was initially scoped to extract TCE (Trichloroethylene) and 1,4 dioxane, it has been removing PFAS as well. PFAS is non-detectable currently in the water from the TARP plant due to treatment since the regulators began monitoring for it; however, due to the PFAS issue, the carbon in the filters will need to be replaced more frequently, which will add additional costs.
- ❑ EPA and ADEQ have communicated that they have administrative authority under both the Clean Water Act and the Safe Drinking Water Act to compel TAA to contribute funds towards the City of Tucson’s efforts to remove PFAS. TAA has responded that it does not support this action and detailed its plan going forward:
 - TAA is being proactive in that it is approaching PFAS as though it were already covered under CERCLA (Comprehensive Environmental Response, Compensation, and Liability Act of 1980).
 - TAA has hired a consultant to perform a historical analysis of foam use and other PFAS-containing substances used at TUS. A result of this study will be a recommendation on areas to test for PFAS.
 - TAA has committed to the EPA to be a community partner in this effort. It has requested that the City of Tucson provide estimates on the increased costs for replacing the carbon filters more frequently.

- There will be further discussions between the settling parties on how these costs may be allocated.

Staff will continue to keep the Sub-Council updated on future developments.

5. ACTION ITEM

a. ENVIRONMENTAL REMEDIATION PROJECTS AUDIT PROJECTIONS:

Council Member Platt abstained from voting because he joined the meeting late and did not hear the entire presentation.

Motion by Council Member Draper, seconded by Council Member Penn, to recommend to the Board of Directors that it accept the revised environmental remediation liability estimates for FY 2021 and FY 2022. The motion carried by the following vote:

Ayes	5	Chair Overton, Vice Chair Mireles, Council Member Draper, Council Member Penn, and Council Member Gee
Nays	0	
Abstentions	1	Council Member Platt

6. ADJOURN

There being no further business to discuss, Chair Overton adjourned the meeting at 2:53 p.m.

PREPARED BY:

Byron Jones, TAA Clerk

Date: _____