

**TUCSON AIRPORT AUTHORITY | Board of Directors Regular Meeting
Wednesday, September 4, 2024 | 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. BOARD MEMBERS AND MEMBERS OF THE PUBLIC ATTENDED THE MEETING IN PERSON OR VIRTUALLY/TELEPHONICALLY VIA MICROSOFT TEAMS.

1. CALL TO ORDER | ROLL CALL

Chair Silvyn called the meeting to order at 3:02 p.m.

Directors Present: Chair Keri Silvyn, Vice Chair Mike Hammond, Secretary Phil Swaim, Treasurer Vance Falbaum, Director Todd Jackson, Director Calline Sanchez, Director Fran Katz, and Director Rhonda Piña

Directors Absent: Director Judy Rich and Director Ellen Wheeler

Staff Present: President/CEO Danette Bewley, Executive Vice President/Chief Operating Officer (COO) Bruce Goetz, Executive Vice President/General Counsel Chris Schmaltz, Vice President/Chief Revenue Officer (CRO) John Voorhees, Vice President of Airport Development Ken Nichols, Vice President/Chief Financial Officer (CFO) Kim Allison, Vice President of Operations Christopher Deitz, Chief Communications Officer Austin Wright, Chief People Officer Kim DeLaTorre, Deputy General Counsel Kim Outlaw Ryan, IT Customer Support Technician Hector Lopez, and TAA Clerk Byron Jones

2. CONSENT AGENDA

- a. Approval of Minutes (From the Board of Directors Regular Meeting held on June 5, 2024 and the Board of Directors Special Meeting held on July 26, 2024).
- b. Parking Management Services Contract Extension (Resolution No. 2024-12)
- c. 49 CFR Part 23 ACDBE Program Goals for FY 2025 through FY 2027 (Resolution No. 2024-13)
- d. PSPRS Pension Funding Policy for FY 2025

Motion by Treasurer Falbaum, seconded by Vice Chair Hammond, to approve the Consent Agenda. The motion carried by the following vote:

Ayes (8) Silvyn, Hammond, Swaim, Falbaum, Jackson, Sanchez, Katz, and Piña

Nays (0)

3. BOARD CHAIR REPORT

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

Chair Keri Silvyn reported the following:

- ❑ TAA continues to make great strides in filling keep positions. Joel Bermudez recently joined the organization as the new Manager of Financial Accounting and Reporting.
- ❑ The newly formed Project Management Office (PMO) is now fully staffed. The PMO manages all projects outside the Airfield Safety Enhancement Project (ASE).
- ❑ Fire Chief Tom Tucker recently returned from New Mexico. There he ran an emergency operations center setup to respond to the Ruidoso fires which broke out eight weeks prior. Chair Silvyn recognized Chief Tucker, who was present.
- ❑ Executive Assistant to the President/CEO Cathy Borders has announced that she is retiring after 23 years with TAA. Her last day is October 31, 2024.

4. PRESIDENT/CEO REPORT

a. State of the Industry | Update

President/CEO Danette Bewley reported the following:

- ❑ Airline CEOs recently met with Kelly Ortberg, the new CEO of the Boeing Company. They are expressing optimism that Mr. Ortberg will implement changes to improve the safety and reliability of their aircraft. The Federal Aviation Administration (FAA) continues to cap Boeing's production at 38 aircraft per month. This represents a significant challenge to the industry, which has fully recovered from the COVID-19 pandemic and now looks to add new routes or expand service in current markets.
- ❑ TUS secured a \$55M grant from the FAA for the Airfield Safety Enhancement (ASE) Program. This is the largest grant TAA has received to date. Furthermore, as a result of TAA's efforts at lobbying the FAA, the FAA has committed to re-deploying unused grant funds from airports nationwide to the ASE Program.

b. TAA Strategic Plan 2.1 | Update and Progress

Executive Vice President/COO Bruce Goetz reported the following highlights from the reported included in the agenda packet:

- ❑ TAA has rolled out Paycom, its new payroll and Human Resources Information System (HRIS).
- ❑ The first draft of the Airline Use Agreement is completed and is currently being reviewed the airlines. TAA anticipates holding a number of meetings over the next year as the agreement is finalized.
- ❑ TAA is behind in certain areas—such as finalizing the Sustainability Master Plan and implementation of an enterprise-wide document management system—because it had to prioritize the implementation of cybersecurity and other security measures mandated by the Transportation Security Administration (TSA) in addition to the mitigation of Per- and Polyfluoroalkyl Substances (PFAS) as mandated by the Environmental Protection Agency (EPA).
- ❑ The Executive Team has been working on an update to the strategic plan (“Strategic Plan 3.0”), which it will present to the Board of Directors during its meeting on November 6, 2024.

5. ACTION ITEMS

a. **Compensation Plan**

Chief People Officer Kim DeLaTorre presented:

- ❑ TAA has a market-driven compensation plan which it reviews annually.
- ❑ This year People Operations completed a thorough analysis of the entire plan. This included labor and marketing studies at airports and other industries. People Operations concluded that TAA still has a strong compensation plan which reflects best practices; however, 15 of the bands require adjustments in order to remain competitive. Additionally, 14 positions were re-graded within the current structure.
- ❑ The individuals in the re-graded positions are already placed well, so there will be few immediate impacts. Rather the updates will better position TAA to attract talent in the future.

There were no questions from the Board.

Motion by Secretary Swaim, seconded by Director Jackson, to adopt Resolution No. 2024-15 approving the Tucson Airport Authority Compensation Plan dated October 1, 2024. The motion carried by the following vote:

Ayes (8) Silvyn, Hammond, Swaim, Falbaum, Jackson, Sanchez, Katz, and Piña

Nays (0)

b. Operating Budget and Capital Budget for FY 2025

Vice President/Chief Financial Officer Kim Allison presented:

□ FY 2025 Budget Assumptions:

- Based on projections provided by the airlines, TAA is forecasting a 10.72% increase in landed weight and a 7.1% increase in passenger volume over FY 2024.
- TAA is proposing an overall 9% increase to various rates charged to the airlines. The airlines are in support of the increase.
- TAA projects that it will need to contribute \$29.5M to the Airfield Safety Enhancement Project (ASE). This will consist of funds left over from the Federal Rescue Fund combined with the Airline Reserve Fund (ARF). The airlines are in support of using the ARF for this purpose.
- There will be no new debt service in FY 2025.
- To balance the budget, the FY 2025 landing fee will increase from \$2.02 to \$2.99. The significant increase is the result of the TAA's efforts over the past two years to gradually bring the rate back to a break-even point after keeping it artificially low to support the airlines during the economic downturn caused by the COVID-19 pandemic.

Ms. Allison responded to general questions from the directors regarding the budget. The directors were in overall support of the budget and staff's efforts to control costs.

Motion by Director Jackson, seconded by Secretary Swaim, to adopt Resolution No. 2024-16 approving the Tucson Airport Authority Operating Budget, Major Maintenance Program, Capital Outlay Program, Capital Improvement Program, and authorizing environmental expenditures for the fiscal year beginning on October 1, 2024 and ending on September 30, 2025. The motion carried by the following vote:

Ayes (8) Silvyn, Hammond, Swaim, Falbaum, Jackson, Sanchez, Katz, and Piña

Nays (0)

6. DIVISION UPDATES

a. Airport Development

Executive Vice President/COO Bruce Goetz gave an update on the Airfield Safety Enhancement Project (ASE):

- To date, work has been completed on the End-Around Taxiway, the South Lighting Vault, and a majority of Taxiway C.
- Earthwork is underway on the new Runway 12R-30L and the center taxiway. TAA is projecting that these areas will be paved out by October 2026 and in service sometime in 2027.
- Construction and re-location of the earth-covered magazines is in progress. The re-location will need to be completed before the runway can be constructed.

b. Marketing and Air Service Development

Chief Communications Officer Austin Wright reported the following:

- TUS continues to perform well against its peer airports, having the highest fair performance and the highest seat capacity. Airlines are filling planes at higher fares while the number of seats continues to grow.
- Flights are projected to increase 12% during the fall and winter months.
- The industry continues to be volatile due to the aircraft shortage. There is a lot of competition between airports to get new routes, so TUS must continue to maintain good relations with the airlines.
- Air Service Development has had several meetings with a Mexican air carrier, which indicates the company is extremely interested in the Tucson market.
- Alaska Airlines and Southwest Airlines have both added routes to Sacramento International Airport (SMF). Sacramento has been TUS' most popular short-haul destination without nonstop service.
- TUS continues to see huge growth in the Chicago, Minneapolis, San Francisco, Denver, and Dallas markets.

7. NEXT MEETING

Wednesday, November 6, 2024, 3:00 p.m. | TAA Board Room and Microsoft Teams

8. ADJOURN

There being no further business to discuss, Chair Silvyn adjourned the meeting at 3:49 p.m.

APPROVED BY:

Prepared by:

Phil Swaim, Secretary

Byron Jones, TAA Clerk

Date: _____

Date: _____

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