
TUCSON AIRPORT AUTHORITY | Board of Directors Regular Meeting
Wednesday, November 6, 2024 | 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, November 6, 2024, beginning at 3:00 p.m.** Directors and the public may attend in person or remotely.

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.

Remote: Members of the public interested in observing the proceedings remotely may do so via 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"/> Judy Rich, Director | <input type="checkbox"/> Todd Jackson, Director |
| <input type="checkbox"/> Calline Sanchez, Director | <input type="checkbox"/> Fran Katz, Director |
| <input type="checkbox"/> Rhonda Piña, Director | <input type="checkbox"/> Ellen Wheeler, 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 September 4, 2024.

b. Emeritus Membership Appointments

Adopt Resolution No. 2024-17 approving the requests from certain Tucson Airport Authority Members to transition to Emeritus Member.

c. Pratt and Whitney Engine Services | Ground Lease Amendment

Adopt Resolution No. 2024-18 authorizing the President/CEO or her designee(s) to execute a new ground lease with Pratt and Whitney Engine Services Inc. for the construction of a permanent engine test facility on TAA-owned property, subject to key business terms.

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

TAA Strategic Plan 3.0

The Board will receive a presentation from members of the Executive Team regarding the Tucson Airport Authority Strategic Plan, Version 3.0, which sets forth the organization's goals and strategic objectives for FY 2025 through FY 2027.

6. ACTION ITEM

TAA Strategic Plan 3.0

The Board will consider and may adopt Resolution No. 2024-19 accepting the update of the Tucson Airport Authority Strategic Plan ("TAA Strategic Plan 3.0"), setting the organization's goals and strategic objectives for FY 2025 through FY 2027.

7. DIVISION UPDATES

At the discretion of the Board Chair, the Board of Directors may receive a short presentation or ask questions of division representatives based upon material in the Board packet.

a. Finance and Regulatory Administration

b. Marketing and Air Service Development

8. NEXT MEETING

Wednesday, December 4, 2024 at 3:00 p.m. | Hybrid Meeting – TAA Board Room and Microsoft Teams

9. ADJOURN

**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: _____

DRAFT

Date: November 6, 2024

To: Board of Directors
From: Byron M. Jones, TAA Clerk
Re: Emeritus Member Appointments

Background:

The Nominating Council considered the Emeritus Member applications submitted by the Members below during its meeting on August 19, 2024. The Council voted unanimously to recommend to the Board of Directors that it approve the requests from these Members to transition to Emeritus Member status effective on the dates specified in the accompanying resolution. The Board of Directors has the authority to approve or reject Emeritus Member requests; they are not subject to a vote of the Membership.

[TAA Bylaws § 2.1.2\(b\)\(i\)](#): “Members who have completed a minimum of ten (10) years of service may be considered for Emeritus Member status. Emeritus Membership shall be limited to those members who have provided distinguished service to the Authority over a sustained period of time.”

Emeritus Member Requests:

▪ **Michael Hannley (21 years):**

Mr. Hannley was elected to the TAA in January 2003. He completed his 15-year term in 2018, and he was approved for a successive five-year term to expire in January 2023. During its meeting on April 6, 2022, the Board of Directors appointed Mr. Hannley to a two-year term on the Finance and Risk Management Council. His membership term was automatically extended an additional 15 months to coincide with the expiration of his council appointment on April 5, 2024 [[TAA Bylaws § 2.1.2\(a\)\(iv\)](#)]. Having been an active Member for 21 years, Mr. Hannley has requested to transition to Emeritus Member. If approved by the Board, his change in membership status shall be retroactive to April 6, 2024.

▪ **David Smallhouse (21 years):**

Mr. Smallhouse was elected to the TAA in January 2003. He completed his 15-year term in 2018, and he was approved for a successive five-year term to expire in January 2023. During its meeting on April 6, 2022, the Board of Directors appointed Mr. Smallhouse to a two-year term on the Audit Council. His membership term was automatically extended an additional 15 months to coincide with the expiration of his council appointment on April 5, 2024 [[TAA Bylaws § 2.1.2\(a\)\(iv\)](#)]. Having been an active Member for 21 years, Mr. Smallhouse has requested to transition to Emeritus Member. If approved by the Board, his change in membership status shall be retroactive to April 6, 2024.

- **Michael Duran (12 years):**

Mr. Duran was elected to the TAA in January 2012. Though he has not completed a full 15-year term, he has served the requisite ten years to be considered for Emeritus Member. If approved by the Board, Mr. Duran's change in membership status shall be effective immediately.

- **Steve Pagnucco (20 years):**

Mr. Pagnucco was elected to the TAA in January 2005. He completed his 15-year term in 2020 and was approved for a successive five-year term to expire in January 2025. At that time, Mr. Pagnucco will have served the maximum number of 20 years as an active Member. He has requested to transition to Emeritus Member. If approved by the Board, Mr. Pagnucco's change in membership status will be effective upon the expiration of his term on January 26, 2025.

- **Gary Kippur (15 years):**

Mr. Kippur was elected to the TAA in 2010. In January 2025, Mr. Kippur will complete his 15-year term, and he has requested to transition to Emeritus Member. If approved by the Board, Mr. Kippur's change in membership status will be effective upon the expiration of his term on January 26, 2025.

Recommendation:

Adopt Resolution No. 2024-17 approving the requests from certain Tucson Airport Authority Members to transition to Emeritus Member.

Attachments:

1. Emeritus Member applications submitted by Michael Hannley, David Smallhouse, Michael Duran, Steve Pagnucco, and Gary Kippur
2. Resolution No. 2024-17

GENERAL INFORMATION	
Name:	Mike Hannley
TAA Member since (year):	2003
<p>Continuing Member: Active Members may serve for 15 years, and may request, subject to approval, to serve an additional five years as an Active Member, or transition to Emeritus Member. The member application for an additional five years of Membership is considered based upon participation and contribution to TAA's mission.</p> <p>Emeritus Member: Active Members must serve a minimum of 10 years to be eligible for emeritus membership. Members may apply to become emeritus beginning at 10 years, and at any time thereafter while they are a Member. The TAA Bylaws provide that the maximum time a Member may serve is 20 years (15 years plus 5 as a Continuing Member (subject to some exceptions related to Board service)).</p> <p>Emeritus Members will:</p> <ol style="list-style-type: none"> 1. Be invited to the membership business meetings of the Tucson Airport Authority, but not entitled to vote; 2. be invited to all Tucson Airport Authority membership social functions; 3. retain parking privileges at the airport as provided to all TAA members; and 4. be utilized as invited and, if willing, as consultants to the Tucson Airport Authority on special issues. 	
<p>I wish to extend my term as an Active Member an additional five (5) years <input type="checkbox"/></p>	
<p>I wish to convert to Emeritus Member status <input checked="" type="checkbox"/></p>	

Please describe your participation and contribution to TAA's mission.

<p>My contribution In continued involvement wit TAA, is from my past Board and Executive committee. Additionally, the depth of experience in Audit, Compliance and Risk should be welcomed with my continued to the TAA mission.</p>
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SIGNATURE	DATE
<p><i>Mike Hannley</i></p> <p>Mike Hannley (Jun 13, 2024 13:47 MDT)</p>	<p>June 13, 2024</p>

GENERAL INFORMATION	
Name:	David C. Smallhouse
TAA Member since (year):	2003
<p>Continuing Member: Active Members may serve for 15 years, and may request, subject to approval, to serve an additional five years as an Active Member, or transition to Emeritus Member. The member application for an additional five years of Membership is considered based upon participation and contribution to TAA's mission.</p> <p>Emeritus Member: Active Members must serve a minimum of 10 years to be eligible for emeritus membership. Members may apply to become emeritus beginning at 10 years, and at any time thereafter while they are a Member. The TAA Bylaws provide that the maximum time a Member may serve is 20 years (15 years plus 5 as a Continuing Member (subject to some exceptions related to Board service)).</p> <p>Emeritus Members will:</p> <ol style="list-style-type: none"> 1. Be invited to the membership business meetings of the Tucson Airport Authority, but not entitled to vote; 2. be invited to all Tucson Airport Authority membership social functions; 3. retain parking privileges at the airport as provided to all TAA members; and 4. be utilized as invited and, if willing, as consultants to the Tucson Airport Authority on special issues. 	
<p>I wish to extend my term as an Active Member an additional five (5) years <input type="checkbox"/></p>	
<p>I wish to convert to Emeritus Member status <input checked="" type="checkbox"/></p>	

Please describe your participation and contribution to TAA's mission.

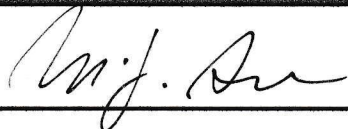
<p>If I were able to, I would be applying to extend my term as an Active Member for an additional 5 years. It has been an honor and a privilege to serve. I believe I have served on a council each year I have been an Active Member and a few times on more than one. Most recently, I chaired the Audit Council. More importantly, I do enjoy being an ambassador to what is truly my favorite airport. TIA plays such a key role in economic development in our region.</p> <p>If I am approved to become an Emeritus Member, I welcome the opportunity to continue to serve on a council or an ad hoc committee.</p>

SIGNATURE	DATE
<p><u>D. C. Smallhouse</u> <small>D. C. Smallhouse (Mar 25, 2024 12:00 PDT)</small></p>	<p>March 25, 2024</p>

GENERAL INFORMATION	
Name:	MICHAEL J. DURAN
TAA Member since (year):	2012
<p>Continuing Member: Active Members may serve for 15 years, and may request, subject to approval, to serve an additional five years as an Active Member, or transition to Emeritus Member. The member application for an additional five years of Membership is considered based upon participation and contribution to TAA's mission.</p> <p>Emeritus Member: Active Members must serve a minimum of 10 years to be eligible for emeritus membership. Members may apply to become emeritus beginning at 10 years, and at any time thereafter while they are a Member. The TAA Bylaws provide that the maximum time a Member may serve is 20 years (15 years plus 5 as a Continuing Member (subject to some exceptions related to Board service)).</p> <p>Emeritus Members will:</p> <ol style="list-style-type: none"> 1. Be invited to the membership business meetings of the Tucson Airport Authority, but not entitled to vote; 2. be invited to all Tucson Airport Authority membership social functions; 3. retain parking privileges at the airport as provided to all TAA members; and 4. be utilized as invited and, if willing, as consultants to the Tucson Airport Authority on special issues. 	
<p>I wish to extend my term as an Active Member an additional five (5) years <input type="checkbox"/></p>	
<p>I wish to convert to Emeritus Member status <input checked="" type="checkbox"/></p>	

Please describe your participation and contribution to TAA's mission.

<p>SERVED ON NOMINATING COMMITTEE</p> <p>SERVED ON FINANCE & AUDIT COMMITTEE</p> <p>SERVED ON AD HOC COMMITTEE TO INTERVIEW CONSULTANT CANDIDATES TO BE HIRED TO ASSIST TAA STAFF WITH NEW AIRPORT USE AGREEMENT</p>
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SIGNATURE	DATE
	7/2024

GENERAL INFORMATION	
Name:	Steve Pagnucco
TAA Member since (year):	2004
<p>Continuing Member: Active Members may serve for 15 years, and may request, subject to approval, to serve an additional five years as an Active Member, or transition to Emeritus Member. The member application for an additional five years of Membership is considered based upon participation and contribution to TAA's mission.</p> <p>Emeritus Member: Active Members must serve a minimum of 10 years to be eligible for emeritus membership. Members may apply to become emeritus beginning at 10 years, and at any time thereafter while they are a Member. The TAA Bylaws provide that the maximum time a Member may serve is 20 years (15 years plus 5 as a Continuing Member (subject to some exceptions related to Board service)).</p> <p>Emeritus Members will:</p> <ol style="list-style-type: none"> 1. Be invited to the membership business meetings of the Tucson Airport Authority, but not entitled to vote; 2. be invited to all Tucson Airport Authority membership social functions; 3. retain parking privileges at the airport as provided to all TAA members; and 4. be utilized as invited and, if willing, as consultants to the Tucson Airport Authority on special issues. 	
<p>I wish to extend my term as an Active Member an additional five (5) years <input type="checkbox"/></p>	
<p>I wish to convert to Emeritus Member status <input checked="" type="checkbox"/></p>	

Please describe your participation and contribution to TAA's mission.

<p>As the Vice President of Operations at Universal Avionics, I have the unique perspective of being both a member and a tenant of the TAA. In this role I have experienced and advocated for the importance of our company and others flying out of this great airport vs driving to Phx. I have also experienced the outstanding service provided to our hangar operations by TAA and the great cooperations between tenants for fuel, maintenance, storage, etc. I hope this unique perspective will continue to help me contribute to the committees I support, particularly as I retire and have more time for this type of community service.</p>

SIGNATURE	DATE
<p><u>Steve Pagnucco</u> <small>Steve Pagnucco (Jul 25, 2024 10:10 PDT)</small></p>	<p>July 25, 2024</p>

GENERAL INFORMATION	
Name:	Gary Kippur
TAA Member since (year):	2009
<p>Continuing Member: Active Members may serve for 15 years, and may request, subject to approval, to serve an additional five years as an Active Member, or transition to Emeritus Member. The member application for an additional five years of Membership is considered based upon participation and contribution to TAA's mission.</p> <p>Emeritus Member: Active Members must serve a minimum of 10 years to be eligible for emeritus membership. Members may apply to become emeritus beginning at 10 years, and at any time thereafter while they are a Member. The TAA Bylaws provide that the maximum time a Member may serve is 20 years (15 years plus 5 as a Continuing Member (subject to some exceptions related to Board service)).</p> <p>Emeritus Members will:</p> <ol style="list-style-type: none"> 1. Be invited to the membership business meetings of the Tucson Airport Authority, but not entitled to vote; 2. be invited to all Tucson Airport Authority membership social functions; 3. retain parking privileges at the airport as provided to all TAA members; and 4. be utilized as invited and, if willing, as consultants to the Tucson Airport Authority on special issues. 	
<p>I wish to extend my term as an Active Member an additional five (5) years <input type="checkbox"/></p>	
<p>I wish to convert to Emeritus Member status <input checked="" type="checkbox"/></p>	

Please describe your participation and contribution to TAA's mission.

<ol style="list-style-type: none"> 1. First and foremost, I promote flying from Tucson and not Phoenix with everyone. 2. Serving on multiple committees during my tenure. Most notable the committee to vet and recommend the architect of the solar parking structures. 3. Serving on the insurance committee

SIGNATURE	DATE
 <small>Gary Kippur (Aug 1, 2024 15:34 PDT)</small>	August 1, 2024

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., APPROVING THE REQUESTS FROM CERTAIN TUCSON AIRPORT AUTHORITY MEMBERS TO TRANSITION TO EMERITUS MEMBER.

WHEREAS Section 2.1.2(b) of the Tucson Airport Authority's Bylaws provide that "Members who have completed a minimum of ten (10) years of service may be considered for Emeritus Member status, and that "Emeritus Membership shall be limited to those members who have provided distinguished service to the Authority over a sustained period of time;" and

WHEREAS five Members who have met the minimum service requirement have applied to transition from Member to Emeritus Member; and

WHEREAS the Nominating Council reviewed the applications during its meeting on August 19, 2024, and voted unanimously to forward a recommendation of approval to the Board of Directors; and

WHEREAS the Board of Directors concurs with the Nominating Council's recommendations.

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

1. In recognition of their years of dedicated and distinguished service to the Tucson Airport Authority, the requests from **MICHAEL HANNLEY (21 years)** and **DAVID SMALLHOUSE (21 years)**, to become Emeritus Members, with all the rights and privileges of that category of membership, are hereby approved retroactive to April 6, 2024.
2. In recognition of his years of dedicated and distinguished service to the Tucson Airport Authority, the request from **MICHAEL DURAN (12 years)** is hereby approved effective immediately.
3. In recognition of their years of dedicated and distinguished service to the Tucson Airport Authority, the requests from **STEVE PAGNUCCO (20 years)** and **GARY KIPPUR (15 years)**, to become Emeritus Members, with all the rights and privileges of that category of membership, are hereby approved effective upon the expiration of their terms on January 26, 2025.

[CONTINUED ON FOLLOWING PAGE]

PASSED AND ADOPTED by the Board of Directors of the Tucson Airport Authority, Inc., this sixth day of November, 2024.

Keri Silvyn, Chair of the Board

ATTEST:

APPROVED AS TO FORM:

Phil Swaim, Secretary

Christopher Schmaltz, Executive Vice
President and General Counsel

DRAFT

Date: November 6, 2024

To: Board of Directors
From: John Voorhees, Vice President/Chief Revenue Officer
Re: Pratt & Whitney Ground Lease Terms

Background:

In July 2024, the TAA Board of Directors approved business terms for the lease of land to the Raytheon Company (Raytheon) to construct an engine test facility (ETF). Raytheon's subsidiary company, Pratt and Whitney Engine Services, Inc. (P&W) performs warm weather, long-term engine testing through a contract with Ascent Aviation (Ascent) - a current aircraft maintenance, repair, and overhaul (MRO) provider at Tucson International Airport (TUS). Shortly after the terms of the agreement were approved, Raytheon facilities staff requested that TAA change the named entity on the lease from the Raytheon Company to Pratt & Whitney Engine Services Inc. The terms of the P&W lease agreement are identical to those approved by the Board for a lease agreement with Raytheon in July 2024 (see Exhibit B).

This memo is accompanied by a Letter of Intent from Pratt & Whitney Engine Services, Inc. and the approved business terms with Raytheon which P&W will honor (see Exhibit A).

Strategic Plan | Analysis:

This lease will support TAA's Strategic Initiative to increase airport revenue and contribute to TAA's self-sustaining financial system strategy (Expanding Prosperity). In addition, it supports TAA's Upgrades to 1st Class Systems by removing the existing engine test facility from the A-17 location on the TUS airfield that it currently occupies and adding to the infrastructure for this type of use elsewhere on the airport.

Cost Analysis:

The terms of the agreement have not changed since the Board approved them in July 2024.

Recommendation:

TAA staff recommends the Board adopt Resolution No. 2024-18 authorizing the President/CEO or her designee(s) to execute a new ground lease with Pratt & Whitney Engine Services Inc. for the construction of the permanent engine test facility, subject to key business terms.

Attachments:

1. Resolution No. 2024-18
2. Exhibit A: Pratt & Whitney Letter of Intent with Key Business Terms
3. Exhibit B: Resolution No. 2024-10 - Board approval of the Raytheon Ground Lease

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., AUTHORIZING THE PRESIDENT/CEO OR HER DESIGNEE(S) TO EXECUTE A NEW GROUND LEASE WITH PRATT & WHITNEY ENGINE SERVICES INC. FOR THE CONSTRUCTION OF A PERMANENT ENGINE TEST FACILITY ON TAA-OWNED PROPERTY, SUBJECT TO KEY BUSINESS TERMS.

WHEREAS the Board of Directors, during a special meeting held on July 26, 2024, adopted Resolution No. 2024-10 approving the business terms for a ground lease with Raytheon Company to construct an engine test facility (ETF) on TAA-owned property; and

WHEREAS the ETF will be operated by Pratt & Whitney Engine Services, a Raytheon Company subsidiary; and

WHEREAS Raytheon Company requested that TAA change the proposed lease agreement to reflect the actual legal entity who will be the tenant in the operation of the ETF, subject to the business terms of the original agreement; and

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

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

The President/CEO or her designee(s) is authorized to execute a new ground lease with Pratt & Whitney Engine Services for the construction of an engine test facility on TAA-owned property, subject to key business terms approved by the Board of Directors on July 26, 2024, with the adoption of Resolution No. 2024-10 (Exhibit A), and affirmed by the Letter of Intent from Pratt & Whitney Engine Services dated September 23, 2024 (Exhibit B), both documents attached hereto and made a part hereof.

PASSED AND ADOPTED by the Board of Directors of the Tucson Airport Authority, Inc., this sixth day of November, 2024.

Keri Silvyn, Chair of the Board

[CONTINUES ON FOLLOWING PAGE]

ATTEST:

APPROVED AS TO FORM:

Phil Swaim, Secretary

Christopher Schmaltz, Executive Vice
President and General Counsel

DRAFT



Pratt & Whitney Engine Services
1525 Midway Park Road
Bridgeport, WV 26330
(304) 842-5421

September 23, 2024

Tucson Airport Authority
7250 South Tucson Boulevard
Tucson, AZ 85756

RE: NON-BINDING LETTER OF INTENT

To Whom it May Concern:

Pursuant to this Non-Binding Letter of Intent, Pratt & Whitney Engine Services, Inc. intends to lease the property listed as the Premises specified in Exhibit A attached hereto and made a part hereof under terms and conditions similar to those in Exhibit A. This Letter of Intent is non-binding and all terms and conditions are subject to the negotiation and execution of a mutually acceptable Lease.

Sincerely,

PRATT & WHITNEY ENGINE SERVICES, INC.

By: _____

A handwritten signature in blue ink, appearing to read 'David B. Gorman', written over a horizontal line.

David B. Gorman, Vice President of
Raytheon Technologies Realty, Inc.
Authorized Agent

Date:	May 6, 2024
Agreement Type:	Ground Lease
Landlord:	Tucson Airport Authority, Inc. ("TAA" or "Landlord")
Tenant	Pratt & Whitney Engine Services, Inc.
Premises:	<p>Option A: Minimum five (5)-acre parcel to be developed for aircraft engine test facility.</p> <p>Option B: if Tenant provides a satisfactory dust mitigation plan as well as a plan to park vehicles and accommodate emergency vehicles a minimum three (3)-acre parcel to be developed for aircraft engine testing facility.</p>
Project Description:	Construct an aircraft engine test facility ("ETF") (as depicted in Exhibits A and B). Enter into ground lease for the subject parcel.
Lease Term:	Ten (10) years from Rent Commencement defined below. With a possible five (5)-year extension.
Lease Effective Date:	Upon full execution of binding lease agreement by both parties.
Lease & Rent Commencement Date:	Upon completion and relocation of test site, but no later than nine-months from Effective Date.
Base Rent:	<p>Option A: \$0.39/SF X 217,800 SF = \$84,942/year (\$7,078.50/month)</p> <p>Option B: \$0.39/SF X 130,680 SF = \$50,965.20/year (\$4,247.10/ month)</p>
Rate Adjustments:	Rent will be adjusted annually in accordance with the Consumer Price Index. It will never be adjusted downward.
Taxes:	The Tenant will be responsible to pay for all applicable taxes regarding the construction project and other applicable taxes at no cost to TAA.
Other Conditions:	None.
Site Development:	<p>At no cost to TAA, Tenant will make all improvements at its sole cost and expense which will be subject to Landlord's advance review and written approval of the proposed improvements. Approval of these modifications is subject to the TAA Tenant Improvement Review Panel (TIRP). No improvements or modifications will be completed prior to a written notice to proceed from the TIRP.</p> <ul style="list-style-type: none">○ Tenant will develop the ETF including all supporting facilities.○ Tenant will construct access road(s) to the facility.<ul style="list-style-type: none">▪ TAA to provide specifications for road construction (locations, construction type, etc). Tenant will construct road similar in specifications to dirt roads currently on property.○ Tenant will fulfill all municipal permitting requirements.○ TAA will provide survey and legal description of the site as an Exhibit to the lease document.

- TAA will seek all appropriate NEPA FAA approvals to facilitate the establishment of the ETF operation prior to lease execution.
- TAA to provide Tenant Improvement Allowance (TIA) in the amount of \$106,400 to be utilized for the installation of utilities. TAA to determine best method for reimbursement. (rent credit or reimbursement payment upon completion)

MX Responsibilities:

Tenant will be responsible for the maintenance of the Premises under this agreement.

TAA will be responsible for the maintenance of airport surfaces and infrastructure to support the engine test operation.

Utilities:

Tenant shall pay for all utility services supplied to the Premises, including, but not limited to, electricity, gas, water, and data.

Sample Lease:

The attached sample is for informational purposes only (see Exhibit C). Actual lease terms offered by TAA may have material differences at TAA's discretion. A binding lease agreement will be subject to review by Tenant's Real Estate counsel.

TAA Approval of Terms:

Lease terms are subject to approval of TAA's Board of Directors.

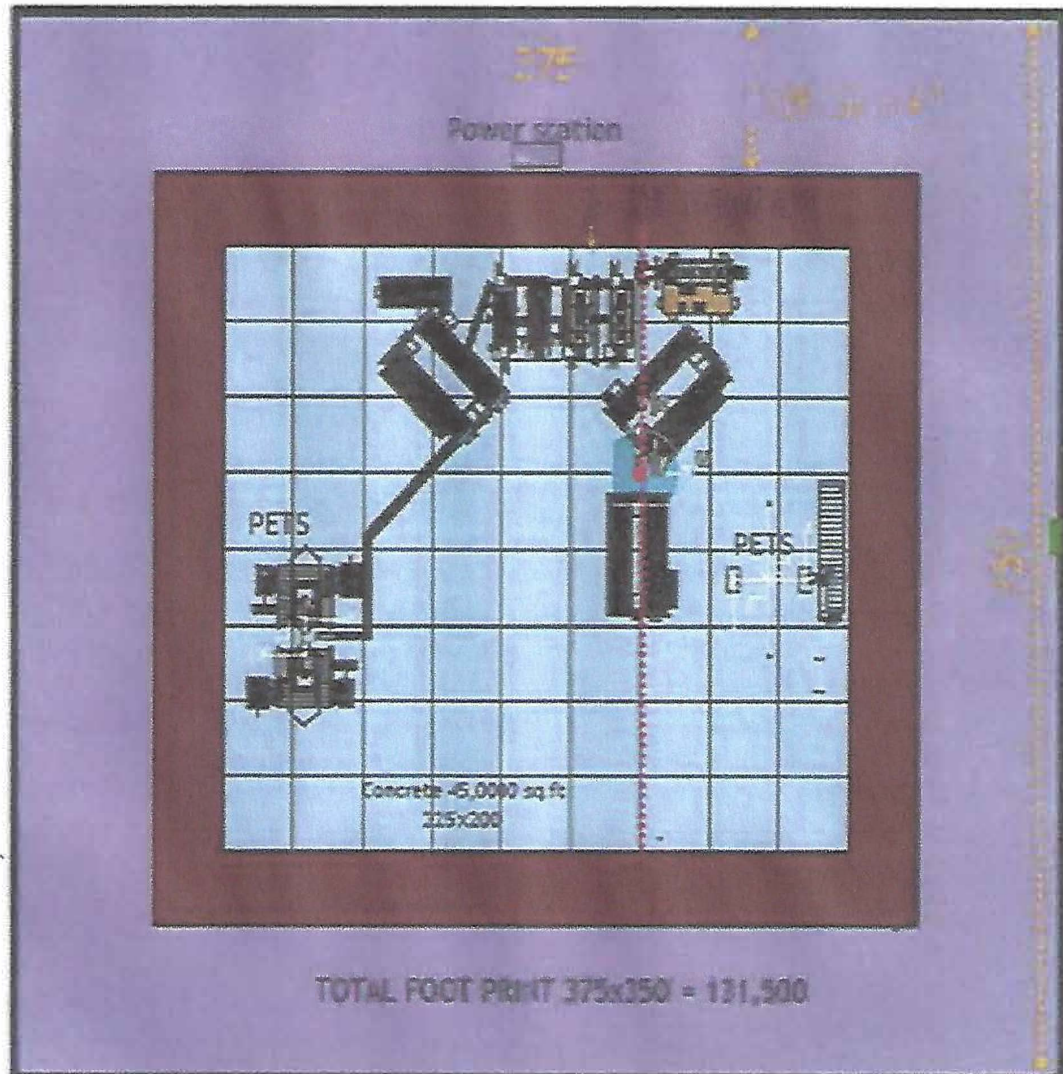
This proposal represents an expression of interest in pursuing acceptable business terms for which Landlord and Tenant can mutually execute a lease document for the Premises. No legal obligation or liability shall arise between the parties until the execution of a standard Lease agreement that is satisfactory to each party and its counsel. Unless accepted or responded to by Tenant this offer shall expire as of 5:00 p.m. local time, May 22, 2024.

Agreed and Accepted:

Authorized Signatory, Raytheon

Date

Engine Test Pad



Site Layout




A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., AUTHORIZING THE PRESIDENT/CEO OR HER DESIGNEE(S) TO EXECUTE A NEW GROUND LEASE WITH RAYTHEON COMPANY, TO CONSTRUCT AN ENGINE TEST FACILITY ON TAA-OWNED PROPERTY, SUBJECT TO KEY BUSINESS TERMS.

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


The President/CEO or her designee(s) is authorized to execute a new ground lease with Raytheon Company to construct an Engine Test Facility on up to five acres of TAA-owned property, subject to key business terms set forth in Exhibit A ("Key Business Terms") of Exhibit 1 (Board Memorandum) and the Exhibits thereto, the foregoing documents being attached to this resolution and incorporated herein by reference.

PASSED AND ADOPTED by the Board of Directors of the Tucson Airport Authority, Inc., this twenty-sixth day of July, 2024.


Keri Silvyn (Aug 2, 2024 06:18 MDT)


Keri Silvyn, Chair of the Board

ATTEST:


Phil Swaim (Jul 31, 2024 10:46 PDT)

Phil Swaim, Secretary

APPROVED AS TO FORM:


Chris Schmaltz (Aug 5, 2024 08:03 PDT)

Christopher Schmaltz, Executive Vice
President and General Counsel

Date: July 26, 2024

To: Board of Directors
From: John Voorhees, Vice President/Chief Revenue Officer
Re: Raytheon Company ground lease terms

Background:

Tucson Airport Authority (“TAA”) and Raytheon Company (“Raytheon”) have negotiated business terms for the development of up to five acres of land within TUS airport property. Raytheon’s subsidiary company, Pratt and Whitney Canada (P&WC) performs warm weather, long-term engine testing through a contract with Ascent Aviation (“Ascent”) - a current aircraft maintenance, repair, and overhaul (MRO) provider at TUS. One year ago, the Board authorized TAA staff to negotiate a ground lease with Ascent for the purpose of building an engine test facility (ETF). The negotiation stalled because P&WC was reticent to support Ascent’s agreement at that time. At TAA’s urging, Raytheon has intervened in the process to take responsibility for the site leasing and development. The terms of this agreement reflect the new business dynamic. The layout of the site and general implementation are similar to the previous Board Memo dated June 14, 2023.

Ascent currently operates a temporary engine test facility located on the A-17 ramp on the east side of the airport. This ramp was not designed or intended to house a static engine test facility. The presence of the test center limits the capacity of the ramp for its intended purpose and complicates scheduling large aircraft parking on the ramp. The A-17 ramp is often used for irregular operations and emergencies. TAA staff have sought to relocate the operation for the past two years, but operational schedules and business realignments have hindered progress until now.

The proposed site is mostly open to the environment, as a critical component of the testing regimen. The site will consist of two engine test stands, a control room, acoustic test microphones for sound engineering phase testing, restroom facilities, various support apparatus, and parking lot spaces.

TAA has conducted the appropriate level of environmental research and analysis to satisfy FAA National Environmental Policy Act (NEPA) requirements. The FAA found that there was no further federal action required. TAA can proceed with the development. As an open-air site, operating aircraft engines, TAA evaluated the impact of noise on the area. The noise of the site will remain within the current noise contours of the airport. The only other environmental concern will be the design of the site and its potential impact to the airfield’s navigation aids (NAVAIDS). There are deliberate steps Raytheon must take to mitigate all negative impacts to TUS NAVAIDS and TAA will be engaged in this effort. The tenant will be responsible for mitigating

all other planning and construction related issues as part of the normal permitting process with the City of Tucson.

Strategic Plan | Analysis:

This lease will support TAA's Strategic Initiative to increase airport revenue and contribute to TAA's self-sustaining financial system strategy (Expanding Prosperity). Ascent is a long-term tenant of TUS and a valued partner in the aviation industry. The company saved nearly 30 jobs from a company that went out of business in 2022. Ascent has provided jobs for the community and additional lease revenue to the TAA.

Cost Analysis:

TAA proposed a ten (10) year lease ("Initial Term"), and extension option of one additional period of five (5) years. The business terms include an updated lease rate of \$.39 per square foot / per year with an annual CPI rate adjustment. This amounts to a yearly rental revenue of \$84,942. Over the life of the Initial Term, TAA would realize approximately \$850,000 in revenue (not including CPI adjustments).

TAA renegotiated the site development responsibilities with Raytheon. Instead of TAA conducting a project to bring utilities to the site boundary, Raytheon will perform this task. TAA will provide Raytheon a tenant improvement allowance in the form of rent credit up to a maximum of \$106,400 to install utilities. TAA will also provide an ALTA survey and legal description for the parcel. The expected cost of survey and legal description is less than \$8,000 and will be funded through the Business and Commercial Development Operations and Maintenance Fund.

The primary benefit of this effort is to increase revenue received into the airport system. The second order benefit of the improvements will be to remove the temporary site from A-17, and to further develop future sites in the area where the ETF will be located.

Recommendation:

TAA staff recommends the Board adopt Resolution No. 2024-XX authorizing the President/CEO or her designee(s) to execute a new ground lease with Raytheon Company for the construction of the permanent engine test facility, subject to key business terms.

Attachments:

1. Resolution No. 2024-10
2. Exhibit A: Key Business Terms

EXHIBIT A: KEY BUSINESS TERMS

Date:	May 6, 2024
Agreement Type:	Ground Lease
Landlord:	Tucson Airport Authority, Inc. ("TAA" or "Landlord")
Tenant:	Raytheon Company, a Delaware Corporation ("Tenant")
Premises:	Option A: Minimum five (5)-acre parcel to be developed for aircraft engine test facility. Option B: if Tenant provides a satisfactory dust mitigation plan as well as a plan to park vehicles and accommodate emergency vehicles a minimum three (3)-acre parcel to be developed for aircraft engine testing facility.
Project Description:	Construct an aircraft engine test facility ("ETF"). Enter into ground lease for the subject parcel.
Lease Term:	Ten (10) years from Rent Commencement defined below. With a possible five (5)-year extension.
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Taxes:	The Tenant will be responsible to pay for all applicable taxes regarding the construction project and other applicable taxes at no cost to TAA.
Other Conditions:	None.
Site Development:	At no cost to TAA, Tenant will make all improvements at its sole cost and expense which will be subject to Landlord's advance review and written approval of the proposed improvements. Approval of these modifications is subject to the TAA Tenant Improvement Review Panel (TIRP). No improvements or modifications will be completed prior to a written notice to proceed from the TIRP. <ul style="list-style-type: none">○ Tenant will develop the ETF including all supporting facilities.○ Tenant will construct access road(s) to the facility.<ul style="list-style-type: none">▪ TAA to provide specifications for road construction (locations, construction type, etc). Tenant will construct road similar in specifications to dirt roads currently on property.

- Tenant will fulfill all municipal permitting requirements.
- TAA will provide survey and legal description of the site as an Exhibit to the lease document.
- TAA will seek all appropriate NEPA FAA approvals to facilitate the establishment of the ETF operation prior to lease execution.
- TAA to provide Tenant Improvement Allowance (TIA) in the amount of \$106,400 to be utilized for the installation of utilities. TAA to determine best method for reimbursement. (rent credit or reimbursement payment upon completion)

MX Responsibilities:

Tenant will be responsible for the maintenance of the Premises under this agreement.

TAA will be responsible for the maintenance of airport surfaces and infrastructure to support the engine test operation.

Utilities:

Tenant shall pay for all utility services supplied to the Premises, including, but not limited to, electricity, gas, water, and data.

Sample Lease:

The attached sample is for informational purposes only (see Exhibit C). Actual lease terms and conditions shall be subject to review by TAA's discretion. A binding lease agreement will be subject to review by Tenant's Real Estate counsel.

TAA Approval of Terms:

Lease terms are subject to approval of TAA's Board of Directors.

This proposal represents an expression of interest in pursuing acceptable business terms for which Landlord and Tenant can mutually execute a lease document for the Premises. No legal obligation or liability shall arise between the parties until the execution of a standard Lease agreement that is satisfactory to each party and its counsel. Unless accepted or responded to by Tenant this offer shall expire as of 5:00 p.m. local time, May 22, 2024.

Exhibit A: Engine Test Pad

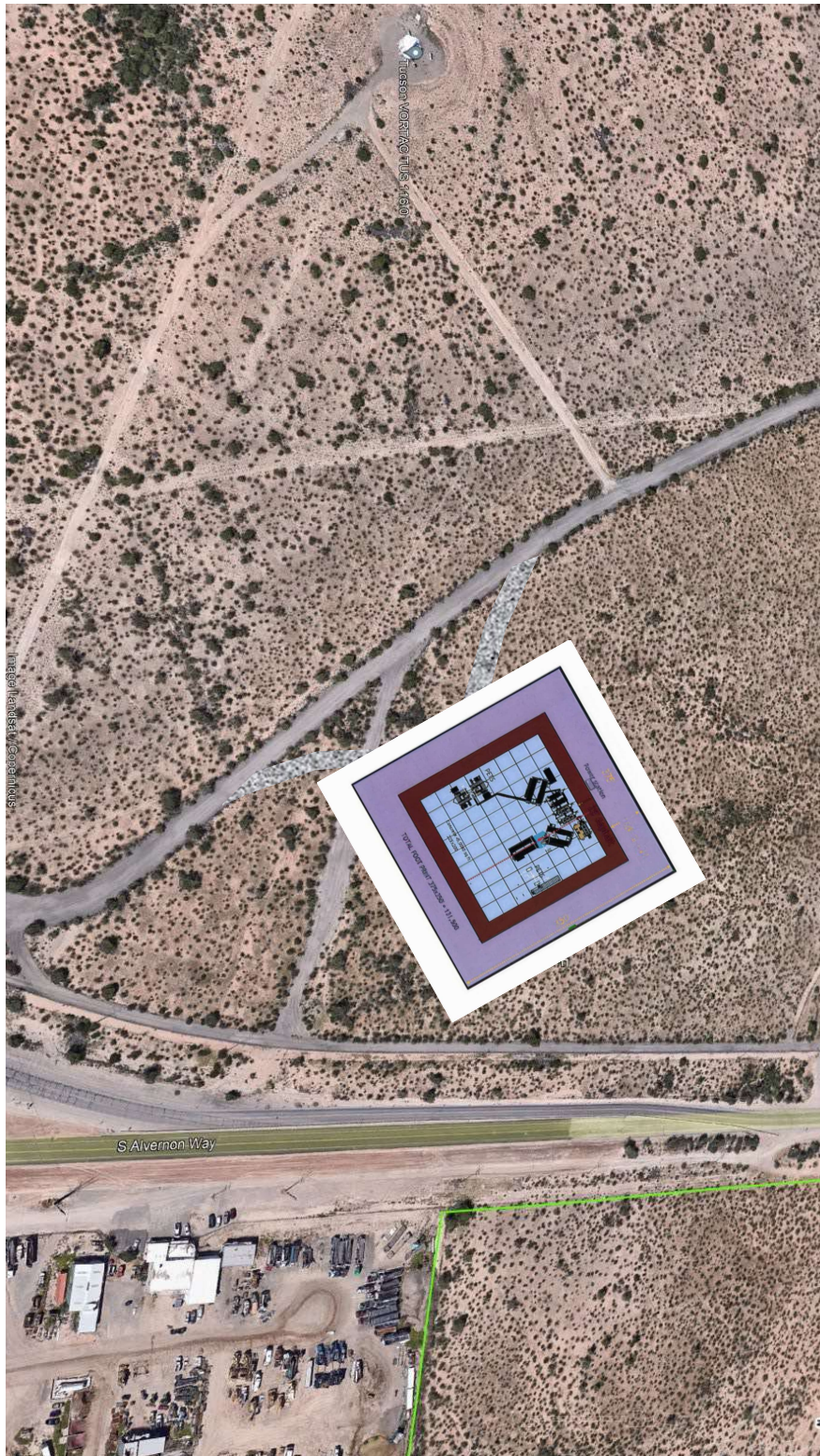


Exhibit B: Site Layout





FACTS&FIGURES

Project: Airfield Safety Enhancement Program

Location: Tucson International Airport (TUS), Tucson, AZ

Operator: Tucson Airport Authority

Main Components: Demolishing, relocating, and constructing Runway 12R-30L (runway numbers shifted with the MAGVAR changes); constructing new taxiways and connectors; installing aircraft guidance systems; modernizing airfield geometry to meet current FAA standards

Cost: \$400 million

Funding: TAA, FAA, ADOT, Military (through MCCA process)

Project Timeline: Preliminary needs assessment in 2010; master plan update in 2015; EIS in 2017, groundbreaking in 2019; completion expected by 2028/2029

Program Manager: WSP

Construction Manager at Risk and Design-Bid-Build 1 Construction: Granite Construction

Design-Bid-Build 1 Prime Contractors:

Jacobs; Dibble

Design-Bid-Build 2 Prime Contractor: Garver

Design-Bid-Build 3 Prime Contractor: Reynolds, Smith & Hills

Construction Manager at Risk Design: HDR Inc.

Environmental Impact Statement Consultant: Landrum & Brown

Phase 1 & 2 Studies and Master Plan

Update: HNTB

Safety Risk Management Panel Facilitator:

Jacobsen Daniels

Jet Blast Deflector: Blast Deflectors, Inc.

Key Benefits: Modernizing the airfield to current FAA standards; enhancing safety; providing operational redundancy with parallel runway

Tucson International Leverages Partnerships and Federal Funding to Enhance Airfield Safety

BY JODI RICHARDS



Tucson International Airport (TUS), operated by the Tucson Airport Authority (TAA), an independent organization enabled by state legislation in 1948, is currently 14+ years into its Airfield Safety Enhancement Program (ASE); the last four years being under construction of the comprehensive airfield safety initiative. The multi-project program, estimated at \$400 million, is designed to update Arizona's second-busiest airport to current federal standards and usher in a new era of safety for TUS. One major component is to eliminate a parallel runway only used by general aviation aircraft, relocate it, and construct a new runway that mirrors the primary runway to support all operators. The new parallel runway will also provide operational redundancy and support future growth, which will serve the region for decades.

Described as the airport's largest project to date, the ASE Program is about 14+ years in the making. From identifying specific needs and completing planning and environmental studies to securing funding and establishing construction phasing, TAA leaders and their project partners have worked together to plan and coordinate complex enabling

projects and phases. Construction is slated for completion by 2028/2029, and Danette Bewley, President/CEO of Tucson Airport Authority (TAA) expects the changes to be amazing.

"Having the runways separated for safety and redundancy will be a game changer for us," says Bewley.

Per the program, the TAA demolished Runway 11R-29L (8,803 feet long x 75 feet wide) and will replace it with a new parallel runway that is 11,000 feet long x 150 feet wide, which mirrors the primary runway. Rich Bauer, lead aviation designer with program manager WSP, notes that other crucial elements include new taxiways and connector taxiways, installation of aircraft guidance systems and modernization



DANETTE BEWLEY



RICH BAUER

of airfield geometry to meet current FAA standards. Additionally, a MAGVAR change was required, and last November the TAA changed the parallel runways at TUS from 11-29 to 12-30 and the crosswind runway from 03-21 to 04-22.

To minimize airfield disruption, manage TAA cash flow and maximize grant funding, construction was divided into four major pieces:

The new Runway 12R-30L and Connector Taxiways Project includes:

- a new electrical vault (completed in 2021)
- construction of an end-around taxiway and modifications to existing taxiways (completed in 2024)
- demolition of the existing general aviation runway (completed in 2024)
- Underway
 - relocation and construction of new commercial service runway,
 - constructing a center taxiway between the existing and new parallel commercial runways,
 - constructing an outer taxiway and new connector taxiways,
 - installing a new barrier arresting kit system for the Arizona Air National Guard (paid through Military Construction Cooperative Agreement), and
 - performing sound attenuation at homes identified in the 2017 environmental impact study.

In addition to the airfield aspects of the program, the TAA engaged in complex land negotiations that involved a land swap between the United States Air Force (USAF) and the TAA. The TAA needed a parcel owned by the USAF for the safety area for the new runway, and the USAF needed a parcel owned by the TAA to construct a new storage facility. Before the TAA can commission the new runway, it must pay for the construction of the new storage facility for Raytheon Technologies Corporation followed by the removal of the 12 Earth Covered Magazines presently used by Raytheon to store its products.

The Earth-Covered Magazine Demolition and Fencing Project includes demolishing

and replacing 12 earth-covered magazines and expanding the airport safety area.

The Runway 12R-30L Connector Taxiways Project will modify connectors and taxiways to commercial runway standards and relocate aircraft guidance systems.

The airport chose to use the construction manager at risk delivery method for the Runway 12R-30L and Connector Taxiways Project. The other three phases are design-bid-build projects.

Unwanted Distinction

When FAA amended its reporting requirements and expanded the definition of airfield incursion in 2007, TUS led the U.S. for reported airfield incursions in 2008. "That's not a good list to be at the top of," Bewley laments.

The airport's previous configuration of parallel runways was problematic. "Pilots confused Taxiway Alpha as Runway 29R, and Runway 29L for Runway 29R. Wrong surface landings and runway incursions were all too common at TUS," she explains.

A study of needed airfield safety improvements performed in 2010 identified four hot spots. "We resolved two without any major construction, but the two that remained were runway issues that could not be resolved until we reconstructed and realigned the airfield geometry," Bewley explains.

An airfield safety enhancement study, completed in 2012, reviewed the airfield geometry with the goal of reducing incursions and improving overall safety. The study used a modified safety management system/safety risk management approach to evaluate and prioritize potential airfield enhancements. The findings yielded recommendations for near-term operational and safety-enhancing airfield geometry improvements, as well as longer-term airfield redevelopment.

Recommendations include airfield geometry mitigation strategies designed to:

- minimize or eliminate aircraft from accessing Runway 11R-29L by crossing Runway 11L-29R,

- minimize the potential for pilots approaching from the south to misidentify the left and right parallel runways, and
- enhance awareness of the interaction between Taxiway Delta and Runways 11R and 11L.

Recommended changes included aligning the end of Runway 29L with Runway 29R to address runway misidentification issues and adding a center parallel taxiway to provide a place for aircraft to turn off Runway 11R-29L before proceeding across Runway 11L-29R.

A Master Plan Update that validates the need for airfield safety enhancements and includes an implementation plan was completed in 2015. The preferred runway program—relocating Runway 11R-29L and constructing a center parallel taxiway—incorporated the runway and taxiway safety elements identified in the airfield safety enhancement study as well as additional safety elements developed through the master planning process.

Although the project team presented a few alternatives that leveraged airport-owned land, the TAA selected a plan that

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required the TAA to acquire additional property. From there, TAA and the United States Air Force entered a Memorandum of Understanding that outlined property transactions among the entities. "We coordinated with neighboring jurisdictions to swap land under mutually beneficial agreements," Bewley explains. "They got something they needed, and we got something we needed."

"It really was a win-win for all parties," she adds. "For instance, the Air Force has an opportunity to use the land we swapped with them to relocate the storage facilities away from the airport to a different location, and the land we received on our side of the swap will become our safety area. We both got what we needed."

After the TAA completed a series of scoping meetings, an Environmental Impact Statement and a public hearing workshop, FAA gave its approval for the airfield improvement program to proceed in 2017. The first shovel hit the ground in 2019 for an enabling project to construct an electrical lighting vault. "It doesn't sound exciting, but you have to start somewhere," quips Bewley. Plus, the south airfield electrical lighting vault was needed for subsequent phases of the program.

Runway 11R-29L was demolished because at 8,803 feet long and 75 feet wide, it could only support small general aviation aircraft. Now that it is cleared away, that space is being prepared for the new runway with drainage and earth compaction. Concrete paving is slated to start in summer 2025.

The latest project milestone was achieved this June, when crews finished installing an end-around taxiway and the largest F-16 Arm/De-Arm Pad in the country. This \$25.7 million enabling project was a collaborative effort between the TAA and Arizona Air National Guard — 162d Fighter Wing to significantly boost flexibility and efficiency to support their mission. The Arizona Air National Guard is the training base for allied nations using the F-16 and has 75 based F-16s at TUS. In addition, it is a vital component of the nations' "Enduring Freedom" operation. The Arm/De-Arm Pad provides 14 aircraft positions on the apron for simultaneous pre- and post-flight actions. The new end-around taxiway allows military aircraft efficient access to and from the airfield and around active runways. Other significant project elements include a barrier arresting kit on Runway 4-22, construction of new taxiways F, G and D3, and a Gate B entrance. This aspect was funded by grants from the FAA, Arizona Air National Guard and Arizona Department of Transportation.

As that project ended, construction simultaneously began on the outboard Taxiway C and other work on the south side of the airfield.

Planning and Partnerships

Bewley notes that this project benefits from deep involvement of the TAA, FAA, USAF, Arizona Air National Guard, Raytheon Technologies, the city of Tucson and Pima County. Working group meetings allowed the parties to come together and rally around this important airfield project, she adds.


Investing the necessary time and energy for planning is key to a program like this, Bewley emphasizes, particularly because of the extended timeline, numerous stakeholders

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and various funding sources that are involved. "We didn't go into this without a really good plan," she advises. "And just like we planned for various elements of the Airfield Safety Enhancement Program, we also planned how we would manage it through a number of consultants that are excellent in their field, and how we would fund it." To date, the TAA has leveraged TAA financial resources to fund the Program, offset by grant reimbursements.

One important logistic plan was coordinating with TSA and installing a fence that placed the project site outside of the Air Operations Area (AOA). At any given time, there can be up to hundreds of crewmembers working, so badging and controlling access to the site would have added more challenges and slowed down the progress, Bewley explains.

About five miles of temporary security fencing was installed to separate the project site from the AOA. Work inside that fence is coordinated carefully with Airside Operations personnel and the air traffic control tower.

Program phasing relied heavily on the sequence of funding TAA secured for the project, notes WSP Project Manager Sterling Stewart. "The TAA received several grants that allowed us to move forward to a certain point."



STERLING STEWART

"If you have a GMP contractor out there, your worst nightmare is to get to the point where they run out of work, and you have no funding to move to the next phase. Then, we must pay to bring him back," Stewart relates. "It's challenging."

Some of the transactions for land acquisition have been slower than anticipated because they include aspects that are out of the TAA's control. As a result, the project team relied on using dirt from the new parcel, but when the transaction did not match up to the "dirt need," the TAA had to find an alternate source of dirt. "As funny as that sounds, it adds cost where we are trying to be efficient and effective," says Bewley.

Although the main goals of the Airfield Safety Enhancement Program are improving safety and conforming to current aircraft separation standards, increasing capacity will be an added benefit.

The program provides the airport much-needed flexibility to serve a mix of traffic that ranges from fighter jets and commercial airlines to small general aviation aircraft,

business jets and cargo planes. "It really takes this airport into the future for decades," adds Bewley.

As projects continue, losing the smaller parallel runway 11R-29L meant working with the general aviation community to use the TAA's other reliever airport Ryan Airfield (RYN) to minimize delays. In fact, one aspect of the project was for the TAA to relocate a flight school from TUS to RYN. "As much as you think you are communicating and coordinating, you have to do even more, because there are so many moving pieces and so many players involved in different phases and layers." ✈️

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Strategic Plan 3.0

Strategic Initiatives

<div>STRATEGIC INITIATIVES</div> <div>STRATEGIC INITIATIVES</div>		STRATEGIC INITIATIVES			
		EXPAND PROSPERITY	ACCELERATE PERFORMANCE	PROJECT EXCELLENCE	TAA CHAMPIONS
		Continue the Transformational Journey	Leverage Talent to Support Investments (Projects, Programs, and Initiatives)	Modernize Airfield Safety and Terminal Complex	Drive the Vision
		The Future is Now	Energize Leadership for our Workforce of the Future	Evolve Innovation and Agility	Elevate Advocacy
FY2025 – FY2027		The Power of Engagement	Secure Recognition as Employer of Choice	Embed Efficiency and System Reliability	Engage Community and Industry Change Makers

Expand Prosperity

The TAA's focus is to manage, maintain, operate, and develop TUS and RYN as a self-sustaining airport system that supports the operation with essential investments. To that end, the TAA must expand prosperity through air service development, which contributes approximately 65% of airport revenue, and business development initiatives (new leases, and aeronautical and non-aeronautical land development), which contributes approximately 35% of airport revenue, respectively.

FY25 - FY27 Focus Areas:

Make business decisions that contribute to the \$8.3-billion-dollar+ economic impact through the following measures:

- Increase air service in underserved key domestic and international markets.
- Develop Business Intelligence practices to timely track and positively influence airport revenue generation trends.
- Begin planning initiatives related to terminal modernization, including enabling projects. Align concessions and parking programs with terminal modernization project.
- Continue to market/develop the TAA land to enhance the revenue stream and ensure economic stability.

Accelerate Performance

The TAA recognizes that our team members are at the core of everything we do to support the organization and the airport system. Accelerating performance defines our unwavering commitment to invest in a culture that drives engagement and rewards excellence. To realize our strategic and operational objectives, we must continuously look inward to attract, engage, activate, and retain critical talent.

FY25 - FY27 FOCUS AREAS:

- Leverage competitive employment packages to attract and retain top-tier talent as indicated by reductions in regrettable attrition and increased offer acceptance.
- Expand workforce analysis to support organizational priorities, by closely examining team capabilities and capacities, acquiring resilient talent, and utilizing data to support leadership decision-making.
- Continued focus on position specific and behavioral based Performance Management preparing leaders to unlock potential through clear expectations, goals, and consistent feedback to discuss progress.

Project Excellence

The TAA has been on a multi-year journey to evaluate and modernize its critical building and facility infrastructure and many information technology infrastructure platforms, business support platforms, and systems at TUS and RYN. “Project Excellence” builds upon the previous section title “Upgrade to First Class Systems and Efficiencies” initiative by instilling a focus on project planning, development, and delivery using the platforms and systems implemented in recent years.

FY25 - FY27 FOCUS AREAS:

- Continue construction of the ASE Program; deliver project results that meet FAA safety standards and criteria.
- Complete Information Technology initiatives.
- Develop a comprehensive funding strategy for infrastructure improvements; optimize grant funding opportunities in conjunction with appropriate financing.
- Begin the design of enabling projects that support future concourse modernization; begin construction of enabling projects as grant funding is available and airline support is obtained.

TAA Champions

The goal of this strategic initiative is to continue to activate TAA Champions. The TAA Membership has been active as champions for the TAA and the airport system and the economic assets that it operates for the benefit of the Southern Arizona region. The TAA also reinforced relationships with our airline partners, while establishing key partnerships within the tourism sector, including Visit Tucson, the Arizona Tourism, Lodging and Sports Authority, the Southern Arizona Sports, Tourism, and Film Authority, and the UA Athletics Department. In addition, the TAA leveraged important relationships with policymakers to promote critical legislation for the TAA and the aviation sector.

FY25 - FY27 FOCUS AREAS:

- Board and Membership continue to serve as a strategic tool for championing the mission of the TAA.
- Airline relationships and strategic management of the TAA cost structure will have a positive result in increased air service, and a higher revenue yield for the TAA.
- TAA is recognized as an industry leader, positioning TUS as a top performing airport to allow for future growth and prosperity.

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., ACCEPTING THE UPDATE OF THE TUCSON AIRPORT AUTHORITY STRATEGIC PLAN ("TAA STRATEGIC PLAN 3.0"), SETTING THE ORGANIZATION'S GOALS AND STRATEGIC OBJECTIVES FOR FY 2025 THROUGH FY 2027.

WHEREAS TAA's Strategic Plan is an essential tool used by the Executive Team to identify the goals and strategic objectives the organization will undertake to continue its drive to expand prosperity through furthering air service development and business development initiatives; and

WHEREAS to provide the most value to the organization, the TAA's Strategic Plan is reviewed on a regular basis and updated to adapt to changing conditions; and

WHEREAS the proposed update to the TAA's Strategic Plan ("Strategic Plan 3.0") fully supports the TAA's mission to "Provide a sustainable airport system and constantly pursue initiatives that promote and grow business opportunities;" and

WHEREAS the Board of Directors accepts the Executive Team's recommendations as presented in the aforementioned Strategic Plan 3.0.

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

The Board of Directors formally accepts and supports the TAA's Strategic Plan 3.0, attached hereto by this reference, incorporated herein, and made a part hereof and authorizes the President/CEO and her designee(s) to take all actions necessary to carry out the initiatives outlined in the plan, subject to the requirements of the Resolution on Delegated Authority adopted by the Board of Directors on September 7, 2022 (Resolution No. 2022-12).

PASSED AND ADOPTED by the Board of Directors of the Tucson Airport Authority, Inc., this sixth day of November, 2024.

Keri Silvyn, Chair of the Board

[CONTINUES ON FOLLOWING PAGE]

ATTEST:

APPROVED AS TO FORM:

Phil Swaim, Secretary

Christopher Schmaltz, Executive Vice
President and General Counsel


DRAFT



STRATEGIC PLAN 3.0

TUCSON AIRPORT AUTHORITY





“TAA is pleased to share that the Tucson International Airport has recovered from the pandemic, and is poised for growth, which confirms its importance as a vital economic engine for the Southern Arizona region.”

DANETTE BEWLEY
PRESIDENT/CEO

PRESIDENT/ CEO LETTER



TAA STRATEGIC PLAN 3.0

The Tucson Airport Authority (TAA), a quasi-governmental agency, was formed in 1948 to develop, operate and maintain Tucson International Airport (TUS). In 1951, Ryan Airfield (RYN) was integrated into the TAA organization. The TAA is governed by 60-person membership and an 11-member Board of Directors. The focus of the TAA is safety, security, customer service, and business/economic development.

The Tucson Airport Authority developed Strategic Plan 1.0 which began during the pandemic in 2020 and included initiatives to support the airport system during a challenging and uncertain time, to build a foundation for the future. In 2021, as the pandemic and economic recovery were ongoing, the TAA updated the plan to Strategic Plan 2.0, which was bolder and included several important investment initiatives. The Strategic Plan was once again updated in 2021 to version 2.1, which reflected several accomplishments and updated goals. Now in 2024, it is time to reflect on the accomplishments between 2020 and 2023 and refocus on strategic objectives to update the Strategic Plan.

A few accomplishments include:

Expand Prosperity

- Regularly communicated and coordinated with our airline partners, which were integral in the restoration of flights and to forecasting recovery. Flight restoration reflected a 12% year-over-year increase from 2022 to 2023; the Department of Transportation rated Tucson International Airport (TUS) #4 of the top 75 airports in the nation for year-over-year growth in 2023.

- Framework for a modernized 10-year Airline Use Agreement was completed.
- Expanded “Nonstop” campaign to reach more Tucsonans through commercials, radio, social media, and other platforms to reduce leakage to other airports and increase use of TUS air service options during 2023. In addition, the TAA’s marketing occurred in target cities to support existing and new routes.
- The TAA continued to partner with the FAA to position the TAA land for the commercial market. Nearly 1600 acres were cleared by the FAA, and the TAA executed 14 new leases. This helps diversify the revenue stream and contribute to financial stability.

Accelerate Performance

- Incorporated the Cultural Fundamentals into a refined Performance Management system; 100% of team members have a performance plan that emphasizes excellence in what they do and how they get it done.
- Delivered individual and organizational employee feedback mechanisms and surveys, increasing awareness, and enabling response to strengths and opportunity focus areas.
- Executed an annual market analysis of the Compensation Plan and total rewards, including an updated market study with internal equity adjustments to support attraction and retention of talent.
- Developed and completed a customized business and leadership development program for Directors.

Project Excellence

Project excellence builds on the previous Upgrade to First Class Systems and comprises the following:

- Initiated the construction phase(s) of the critical Airfield Safety Enhancement Program; completed several enabling projects, including the Airfield Electrical Lighting Vault, End-Around Taxiway, demolition of Runway 11R/29L, and began construction on an Outboard Taxiway and relocated Runway 12R/30L.
- Upgraded and Replaced Technology
 - Upgraded and Expanded Lightning Detection System
 - Upgraded and Expanded Electronic Video Information Displays/Paging System
 - Updated Emergency Operations Center Technology
 - Implemented Common Use Gate System
 - Created New Board Portal
 - Improved our Cybersecurity readiness across our Systems
 - Implemented a modernized payroll/ Human Resource Information System (HRIS)
- Completed federally mandated Cyber-Security Plan.
- Launched sustainability planning efforts and captured existing sustainability projects to ensure TAA had a comprehensive list to include in the Sustainability Management Plan.

TAA Champions

- Surveyed the TAA Membership and the Southern Arizona community, respectively, to evaluate value propositions.
- Met frequently with national policymakers, influencing decisions that affected the TAA and the nations' airports.

➤ As a result, many of the TAA's legislative priorities were included in the FAA Reauthorization Act signed into law in May 2024.

- Shared the TAA's legislative priorities with TAA Members to ensuring Members had the latest information and talking points when talking to local, state, and national elected officials.
- Created "Top 3 for Advocacy," which included important talking points for the TAA Membership.

In closing, it is exciting to share that the TAA has fully recovered from the pandemic and is positioned to exceed activity levels reached in the period from 2007 – 2008, a high point for TUS. Furthermore, TUS is poised for growth that may result in the re-classification of the airport from a small-hub commercial service airport to a medium-hub commercial service airport in the coming years.

With an acknowledgment of the progress made between 2020 and 2023, it is once again time to update the Strategic Plan to respond to our current position and to forecast the future position we want to achieve.

I encourage you to support and take part in Strategic Plan 3.0, support your dedicated TAA team and the wonderful airport system it operates, maintains, and develops for our community.

When your airport thrives, your community thrives.

Sincerely,



Danette Bewley
President/CEO



MISSION

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

VISION

Landing Prosperity in Southern Arizona.

GUIDING PRINCIPLES

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.



We deliver results.

- ✈ We manage an airport system where safety, security and customer service are our top priorities.
- ✈ We are accountable. We do what we say we will do.
- ✈ We clearly communicate expectations and listen to make sure others understand and agree with them.
- ✈ We work collaboratively for the greater good of travelers, customers, employees, business and community partners.

We work smart.

- ✈ We are good at what we do, and we learn from each other.
- ✈ We are critical thinkers who anticipate, analyze, prioritize, and act with urgency.
- ✈ We move quickly with what works and commit to continuous improvement.
- ✈ We not only identify problems, we offer solutions.



We are curious.

- ✈ We embrace change, are unafraid to question our assumptions, and use mistakes for learning.
- ✈ We value feedback, growth, agility, and self-improvement.
- ✈ We anticipate future needs and possibilities.
- ✈ We see opportunities others may miss.

We play for the team.

- ✈ Because we care, we contribute to the quality of the lives of our employees and the people we serve.
- ✈ We embrace diversity, equity, and inclusion, working in furtherance of these principles.
- ✈ We are transparent and treat everyone with respect and dignity.
- ✈ We are connected. We make sure everyone understands their unique contribution to our overall success.
- ✈ We encourage leadership from everyone.



“The TAA has many exciting projects, programs, and initiatives underway to position the organization and airport system for success.”

DANETTE BEWLEY

PRESIDENT/CEO



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TAA CHAMPIONS

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STRATEGIC INITIATIVES



STRATEGIC INITIATIVES



**EXPAND
PROSPERITY**

FY2025 – FY2027

*Continue the
Transformational
Journey*

Powering Growth

The Future is Now

*Invest to Support Economic
Demand*

*The Power of
Engagement*

*Realize the Benefits of a
Connected Community*

TAA established four “Strategic Initiatives,” or rally cries, intended to build upon themselves each year. Our annual goals and focus areas for the year directly reflect our fiscal year “Rally Cry.”



**ACCELERATE
PERFORMANCE**



**PROJECT
EXCELLENCE**



**TAA
CHAMPIONS**

***Leverage Talent to Support
Investments (Projects, Programs,
and Initiatives)***

***Modernize Airfield Safety and
Terminal Complex***

Drive the Vision

***Energize Leadership for our
Workforce of the Future***

***Evolve Innovation and
Agility***

Elevate Advocacy

***Secure Recognition as
Employer of Choice***

***Embed Efficiency and System
Reliability***

***Engage Community and
Industry Change Makers***

EXPAND PROSPERITY



"TUS has worked strategically to restore commercial flights and has exceeded pre-pandemic levels; TUS is poised for additional growth and must actively plan for future demand."

Austin Wright

Chief Communications Officer

EXPAND PROSPERITY

The TAA's focus is to manage, maintain, operate, and develop TUS and RYN as a self-sustaining airport system that supports the operation with essential investments. To that end, the TAA must expand prosperity through air service development (additional frequency, new entrants) and business development (new leases, and aeronautical and non-aeronautical land development) initiatives.

TUS has recovered from the pandemic with commercial service flights above pre-pandemic levels. Airlines find the TAA's low-cost structure appealing, and discussions are ongoing with various airline stakeholders to increase frequency, add new routes, and with prospective new entrants. In addition, there are land resources at TUS and RYN that are available and will be leveraged through proper federal processes to bring the land to market and increase aeronautical and non-aeronautical revenue.

INITIATIVE SUMMARY:

Airlines

- The TAA enjoys an exceptional partnership with our airline partners and has extended reach and contacts with air carriers who do not yet fly into TUS.
 - The TAA's goal remains to be positioned as a cost-effective airport where airlines can expand service and offer new routes for our community, or new entrants can join to expand our world reach.
 - Our air service focus will continue to be underserved domestic markets and targeted international markets.
- Through a collaborative effort, the TAA has worked diligently to modernize an Airline Use Agreement (AUA) with our air carrier stakeholders. When executed, the AUA provides the TAA economic stability through a 10-year residual agreement, which allows the TAA to focus on major capital development to upgrade and modernize outdated facilities.
- Expand TV, radio, digital, print and billboard marketing to enhance awareness of the airport offerings.

Land Development

- The TAA will continue to work effectively with the FAA, through a complex environmental process, to bring non-aeronautical land to the market over the next several years. These actions support the long-term sustainability of the TAA and airport system and will add value to the community in the form of regional economic development.
 - The TAA will continue to actively pursue business development strategies to develop and market TUS and RYN land to targeted industries.

FY25 - FY27 Focus Areas:

Make business decisions that contribute to the \$8.3-billion-dollar+ economic impact through the following measures:

- Increase air service in underserved key domestic and international markets.
- Develop Business Intelligence practices to timely track and positively influence airport revenue generation trends.
- Begin planning initiatives related to terminal modernization; begin enabling projects. Align concessions and parking programs with terminal modernization project.
- Continue to market/develop the TAA land to enhance the revenue stream and ensure economic stability.

ACCELERATE PERFORMANCE



**“We will leverage an engaged,
high-performing workforce to
achieve our long-term goals.”**

Kim DeLaTorre

Chief People Officer



ACCELERATE PERFORMANCE

The TAA recognizes that our team members are at the core of everything we do to support the TAA and the airport system. Accelerating performance defines our unwavering commitment to invest in a culture that drives engagement and rewards excellence. To realize our strategic and operational objectives, we must continuously look inward to attract, engage, activate, and retain critical talent. Previous versions of the strategic plan focused on the service provided by People Operations to manage culture and improve the development of the TAA's team members. Strategic Plan 3.0 reorients this to acknowledge the important role that every team member and leader plays in creating and fostering the culture created by our daily work and behavior.

INITIATIVE SUMMARY:

People Operations will focus on providing partnership that connects organizational priorities to talent resources and solutions within the airport system flow of business. Team members will be empowered, engaged, and recognized for excellence. Leaders will be equipped with data to make informed decisions that unleash the potential of their teams and the organization.

Market-Driven Total Rewards

- Attract and retain top-tier talent through investments in market competitive compensation and benefits.
- Update the TAA employment processes and policies in support of the workforce of the future.

Focus on People Operations

- Realign People Operations as business partner to connect People Operations processes with operational priorities. This refined alignment is designed to proactively support the talent and contribute to the sustainable airport system and business needs of TUS and RYN.

Performance Management

- Leverage the curated process to enhance leader and employee connection. Leaders confidently take responsibility in their role to empower the workforce and reward excellence.
- Focus on clear priorities and goals, clear and meaningful feedback, and a recognition that accountability and follow through on commitments leads to success.

Invest in Culture and Team Member Engagement

- Continue efforts to invest in cultural transformation to be an employer of choice.
- Employ competitive benchmarking for the TAA employee value proposition using data-driven best practices and research for workplaces.

FY25 - FY27 FOCUS AREAS:

- Leverage competitive employment packages to attract and retain top-tier talent as indicated by reductions in regrettable attrition and increased offer acceptance.
- Expand workforce analysis to support organizational priorities, by closely examining team capabilities and capacities, acquiring resilient talent, and utilizing data to support leadership decision-making.
- Continued focus on position specific and behavioral based Performance Management preparing leaders to unlock potential through clear expectations, goals, and consistent feedback to discuss progress.

PROJECT EXCELLENCE



"The critical Airfield Safety Enhancement Program, an FAA safety and standards program, will modernize the airfield and position TUS for long-term success that will meet the aviation needs for decades to come."

Bruce Goetz

Executive Vice President/COO

PROJECT EXCELLENCE

The TAA has been on a multi-year journey to evaluate and modernize its critical building and facility infrastructure and many information technology infrastructure platforms, business support platforms, and systems at Tucson International Airport and Ryan Airfield. Project excellence builds upon the previous Upgrade to First Class Systems and Efficiencies initiative by instilling a focus on project planning, development, and delivery using the platforms and systems implemented in recent years.

INITIATIVE SUMMARY:

For the TAA to operate the airport system effectively and achieve maximum efficiency, it is necessary to continue efforts to upgrade infrastructure, update systems and processes to accommodate future growth and/or meet federal directives.

Airfield Safety Enhancement (ASE) Program

- The ASE Program is the largest program in the TAA's history with an estimated cost of \$400M. Enabling projects completed since ground-breaking in 2019 include construction of an airfield lighting vault, multiple taxiways, major drainage improvements, and demolition of a parallel runway. Work to be completed includes construction of a replacement parallel runway, improvements to the existing parallel runway, and construction of several taxiways connecting both runways.
 - The TAA's focus is to continue to deliver the program for the benefit of the airport's commercial, general aviation, and military users.

Information Technology

- Cyber Security Program | The TAA has completed a Cyber Implementation Plan as part of multiple TSA mandates. However, this is a complex program with a myriad of systems being upgraded to secure our environment and protect critical TAA and employee data.
 - The TAA's focus is the continued implementation of new systems over the next few years.
- Common Use Technology | Airlines have requested access to the TAA gates (non-leased gates) to support their increased operations at TUS. The TAA began the implementation of common use technology which allows all airlines to use shared gates when required during their increased flight volume.
 - The TAA's focus is to continue this effort and complete the identified phases over the next few years.
- Access Control System (ACS) | The TAA has completed phase 1 of a multi-phase access control system replacement at TUS. This new ACS will have more integration to other systems to increase safety and security at TUS.
 - The TAA's focus is to begin Phase 2 of this project in FY25.

- Parking and Revenue Control System (PARCS) | The TAA will replace the aging parking management system with a modern system, making it easier for passengers to find and reserve parking spots at TUS.
 - The TAA's focus is to complete this project in FY25.
- Airport Management System (AMS) | The TAA will procure a new software platform that will combine numerous disparate software applications into a single platform with interconnected modules. Example modules include:
 - Safety Management System
 - Part 139, ARFF and Fueling Inspections
 - Work Order Management
 - Lease Management with Tenant Portal
 - Gate Management

Terminal Modernization

- In 2023, the TAA completed a Terminal Needs Assessment. This identified deficiencies in the terminal complex, including the outbound baggage handling system, the number of gates needed to support future demand, inadequate concourse size, and several other critical infrastructure elements. In response, the TAA met with our airline partners to discuss the present state of the terminal and a phased approach to plan for a modernized facility that meets forecasted needs.
 - Over the next few years, our focus is to optimize grant opportunities, and design and construct enabling infrastructure projects.
 - Begin the design process for future concourse modernization, as resources allow and in coordination with the airlines.

Note: Pictures are concept renderings, not a final design.



FY25 - FY27 FOCUS AREAS:

- Complete Information Technology initiatives.
- Develop a comprehensive funding strategy for infrastructure improvements including optimization of grant funding opportunities in conjunction with appropriate financing.
- Continue implementation of the Airfield Safety Enhancement Program (estimated completion of ASE is FY28, depending on grant funding).
- Begin design for future concourse modernization and associated projects.

TAA CHAMPIONS



**“When people work together and
are champions, common goals
can be achieved.”**

Danette Bewley
President/CEO

TAA CHAMPIONS

The goal of this strategic initiative is to activate the TAA Membership to become champions for the TAA and the airport system and the economic assets that it operates for the benefit of the Southern Arizona region. Through an Advocacy Plan, the TAA provided information and different ways to engage and support the TAA through effective messaging. The TAA also reinforced relationships with our airline partners, while establishing key partnerships within the tourism sector, including Visit Tucson, the Arizona Tourism, Lodging and Sports Authority, the Southern Arizona Sports, Tourism, and Film Authority, and the UA Athletics Department.

INITIATIVE SUMMARY:

- **Board and Member Engagement**
 - Leverage Member networks to expand outreach efforts.
 - Communications of 'Top 3 for Advocacy'.
 - Support the TAA with efforts that require influence and expertise (legislative priorities, etc.).
- **Community and Industry Champions**
 - Industry Outcomes
 - Airlines champion the TAA because of its cost-efficient business structure, positive performance data, ease of access to decision-makers that result in increased air service and revenue.
 - Federal agencies support and champion critical infrastructure projects that enhance the airport system, and further support the operational needs of our tenants, passengers, customers, and users, through grant opportunities.
 - Regional Outcomes
 - Community and business leader outreach and engagement
 - The TAA strategically partnered with local Chambers of Commerce and regional media partners to ensure the TAA's messaging resonates in the business community. Targeting key decision makers is critical to ensure business travel remains at TUS.
 - National Outcomes
 - Legislators
 - The TAA legislative team and Membership regularly meet with elected officials on a local, state, and federal level to ensure our legislative initiatives for our airport and nation's airport system are top of mind.

FY25 - FY27 FOCUS AREAS:

- Board and Membership external engagement will continually expand as they serve as impactful voices in our community and serve as a strategic tool for championing the mission of the TAA.
- Airline relationships and strategic management of TAA costs will have a positive result in increased air service, and a higher revenue yield for the TAA.
- TAA is recognized as an industry leader, positioning TUS as a top performing airport to allow for future growth and prosperity.





FY 2024 Q3 (April-June 2024) Financial Highlights

Board of Directors Meeting

November 6, 2024

FY 2024 Operating Statistics-Landed Weight



- June Landed Weight is 2.5% higher than budget, 8.4% higher than FY2023
- YTD Landed Weight is 0.5% higher than budget, 6.4% higher than FY2023

FY 2024 Operating Statistics-Passengers



- June passenger volume is 2.0% lower than budget, 1.8% higher than FY2023
- YTD passenger volume is 0.2% above budget, 7.6% higher than FY2023

YTD 2024 Flight & Passenger Activity

<u>Nine Months Year-To-Date</u>	<u>FY2024</u>	<u>FY2023</u>	<u>FY2022</u>
Total Passengers	3,052,748	2,836,550	2,558,711
Average Load Factor	88.5%	85.2%	86.5%
Average Daily Seat Capacity	6,593	6,248	5,496
Average Seat Count per Departure	117.2	140.1	127.6

YTD FY2024 Financial Results

	YTD (Oct-Jun) Actual	Total Annual Budget	75.00%
Operating Revenues	\$ 39,115,355	\$ 46,634,174	83.9%
Operating Expenses	29,849,949	44,709,160	66.8%

June (9th month) / 12 months total = 75%

Revenues above 75% = favorable.

Expenses below 75% = favorable.

Financial results for FY24 are unaudited.

FY2024 YTD Operating Revenue

Operating Revenues

YTD

	Actual	Budget	Actual vs. Budget	
Landing fees	\$ 3,857,517	\$ 3,589,721	\$ 267,796	7.5%
Space rentals	10,897,787	10,142,368	\$ 755,419	7.4%
Land rent	2,869,997	2,772,611	\$ 97,386	3.5%
Concession revenue	18,436,530	17,476,834	\$ 959,696	5.5%
Reimbursed Services	2,304,539	2,354,795	\$ (50,256)	-2.1%
Other Operating Revenue	3,006,822	2,779,026	\$ 227,796	8.2%
Total operating revenues	<u>\$ 41,373,192</u>	<u>\$ 39,115,355</u>	<u>\$ 2,257,837</u>	<u>5.8%</u>

Financial results for FY24 are unaudited.

FY2024 YTD Operating Expenses

Operating Expenses

YTD

	Actual	Budget	Budget vs. Actual	
Personnel expenses	\$ 19,988,340	\$ 20,877,942	\$ 889,602	4.3%
Contractual services	6,651,399	8,100,215	\$ 1,448,816	17.9%
Materials and supplies	2,100,841	3,777,222	\$ 1,676,381	44.4%
Other operating expenses	1,109,370	1,401,037	\$ 291,667	20.8%
Total operating expenses	<u>\$ 29,849,950</u>	<u>\$ 34,156,416</u>	<u>\$ 4,306,466</u>	<u>12.6%</u>

Financial results for FY24 are unaudited.

Q2 2024 Financial Results

	Actual	Budget	Actual vs Budget		Prior Year (2023)	Current vs. Prior Year	
<u>Nine Months Year-To-Date</u>							
Operating Revenues	\$ 41,373,192	\$ 39,115,355	\$ 2,257,837	5.8%	\$ 35,195,703	\$ 6,177,489	17.6%
Operating Expenses	29,849,949	34,156,416	\$ 4,306,467	12.6%	28,568,935	\$ 1,281,014	4.5%
Operating Income	\$ 11,523,243	\$ 4,958,939	\$ 6,564,304		\$ 6,626,768	\$ 4,896,475	

Financial results for FY24 are unaudited.

2024 vs 2023

	FY2024 <u>YTD (Oct-Jun)</u>	FY2023 <u>Oct-Jun</u>	<u>2024 vs 2023</u>
Operating Revenues	\$ 39,115,355	\$ 35,195,703	11.1%
Operating Expenses	29,849,949	28,568,935	4.5%

Financial results for FY24 are unaudited.

Date: November 6, 2024

To: Board of Directors
From: Kim Allison, Chief Financial Officer
Re: Summary of Financial Performance for June 2024

Operating Income before Depreciation and Amortization (June 2024 and YTD vs budget):

- Tucson Airport Authority generated net operating income before depreciation and amortization of \$1,019,501 for June 2024, which was \$636,987 favorable to budget due to favorable operating revenues (largely landing fees, concessions, and space rent) and favorable expenses described below.
- Year-to-date, Tucson Airport Authority generated net operating income before depreciation and amortization of \$11,523,243 which favorably exceeded the budget by \$6,564,304. The favorable position is attributable to operating revenues and expenses described below.

Operating Revenues (YTD vs budget):

- In June, operating revenue of \$4,285,761 was favorable to budget by \$473,007 or 12% and favorable to prior year by \$419,238 or 10%. The increase from prior year is largely due to increased concession revenues, other operating revenues, and space rentals.
- Year-to-date operating revenues were favorable to budget by \$2,257,837 or 5%, with the major contributors being space rent and concessions revenue.

Operating Expenses (YTD vs budget):

- In June, total operating expenses were under budget by \$163,981 or 4%. The favorable variance is largely due to timing of contractual services, materials, and supplies. Those expenses occur sporadically throughout the year and typically level out to be in-line with the budget by year-end. Operating expenses were unfavorable to prior year by \$229,466 or 7% due to increased personnel costs, contractual services, materials and supplies and other operating expenses. This is in line with the historical inflation rate as well as rebuilding to a healthy operating level post-Covid.
- Year-to-date total operating expenses of \$29,849,949 are favorable to budget by \$4,306,467 or 12%. All operating expense categories are lower than budgeted.

FINANCIAL SUMMARY



For the nine months ending June 30, 2024

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

	CURRENT MONTH - June 2024			June 2023
	ACTUAL	BUDGET	FAV (UNFAV)	ACTUAL
OPERATING REVENUES:				
Landing fees	370,296	327,977	42,319	200,773
Space rentals	1,225,408	1,105,952	119,456	936,748
Land rent	320,667	231,959	88,707	315,141
Concession revenue	1,783,572	1,602,287	181,285	1,751,765
Reimbursed services	211,017	272,980	(61,962)	283,588
Other operating revenues	374,801	271,599	103,202	378,508
Total Operating Revenues	4,285,761	3,812,754	473,007	3,866,523
OPERATING EXPENSES:				
Personnel expenses	2,148,410	2,154,922	6,512	2,053,180
Contractual services	718,891	772,802	53,911	686,780
Materials and supplies	286,408	381,531	95,123	213,469
Other operating expenses	112,551	120,986	8,435	83,364
Total Operating Expenses	3,266,260	3,430,241	163,981	3,036,794
NET OPERATING INCOME (LOSS) BEFORE DEPRECIATION AND AMORTIZATION	1,019,501	382,513	636,987	829,730
Depreciation and Amortization	1,741,531	1,857,365	115,834	1,768,252
OPERATING INCOME (LOSS)	(722,031)	(1,474,852)	752,821	(938,522)
NON-OPERATING INCOME (EXPENSES)				
Interest Income	432,266	60,094	372,172	219,929
Net increase/(decrease) in fair value of investments	182,444	-	182,444	64,421
Passenger facility charges	772,166	590,899	181,266	523,604
Interest expense and fiscal charges	(46,942)	(49,185)	2,243	(55,059)
Gain/(Loss) on disposition of capital assets	-	-	-	-
Other non-operating revenues (expenses)	49,259	-	49,259	857,918
Total non-operating revenues (expenses)	1,389,193	601,809	787,384	1,610,813
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	667,162	(873,043)	1,540,205	672,291
CAPITAL CONTRIBUTIONS:				
Federal	3,896,444	-	3,896,444	3,195,539
State	127,688	-	127,688	152,028
Total capital contributions	4,024,132	-	4,024,132	3,347,567
INCREASE (DECREASE) IN NET POSITION	4,691,294	(873,043)	5,564,337	4,019,858

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

For the nine months ending June 30, 2024

	CURRENT YEAR TO DATE - June 2024			YTD - June 2023
	ACTUAL	BUDGET	FAV (UNFAV)	ACTUAL
OPERATING REVENUES:				
Landing fees	3,857,517	3,589,721	267,796	2,120,576
Space rentals	10,897,787	10,142,368	755,419	8,476,143
Land rent	2,869,997	2,772,611	97,386	2,793,491
Concession revenue	18,436,530	17,476,834	959,696	16,635,492
Reimbursed services	2,304,539	2,354,795	(50,256)	2,358,954
Other operating revenues	3,006,822	2,779,026	227,796	2,811,047
Total operating revenues	41,373,192	39,115,355	2,257,837	35,195,703
OPERATING EXPENSES:				
Personnel expenses	19,988,340	20,877,942	889,602	18,725,929
Contractual services	6,651,399	8,100,215	1,448,816	6,617,677
Materials and supplies	2,100,841	3,777,222	1,676,381	1,926,243
Other operating expenses	1,109,370	1,401,037	291,667	1,299,086
Total Operating Expenses	29,849,949	34,156,416	4,306,467	28,568,935
NET OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	11,523,243	4,958,939	6,564,304	6,626,768
Depreciation and Amortization	16,017,068	16,716,288	699,220	16,033,218
OPERATING INCOME (LOSS)	(4,493,825)	(11,757,349)	7,263,525	(9,406,450)
NONOPERATING REVENUES (EXPENSES):				
Interest Income	3,716,636	540,848	3,175,788	1,290,710
Net increase/(decrease) in fair value of investments	2,315,512	-	2,315,512	2,329,139
Passenger facility charges	4,885,240	6,014,614	(1,129,374)	5,416,919
Interest expense and fiscal charges	(449,394)	(442,664)	(6,730)	(521,637)
Gain/(Loss) on disposition of capital assets	23,550	-	23,550	-
Other nonoperating revenues (expenses)	82,914	-	82,914	712,326
Total nonoperating revenues (expenses)	10,574,458	6,112,798	4,461,660	9,227,457
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	6,080,634	(5,644,551)	11,725,185	(178,993)
CAPITAL CONTRIBUTIONS:				
Federal	15,078,769	-	15,078,769	14,542,377
State	640,790	-	640,790	324,836
Total capital contributions	15,719,559	-	15,719,559	14,867,213
INCREASE (DECREASE) IN NET POSITION	21,800,193	(5,644,551)	27,444,744	14,688,220
TOTAL NET POSITION, (BEGINNING)	505,250,130			471,956,349
TOTAL NET POSITION, (ENDING)	527,050,323			486,644,569

TUCSON AIRPORT AUTHORITY
STATEMENT OF NET POSITION

ASSETS	June-24	June-23
CURRENT ASSETS		
Unrestricted assets:		
Cash and cash equivalents	74,709,479	33,047,857
Investments	39,325,513	94,096,683
Accounts receivable, net	3,475,112	12,856,548
Accrued interest receivable	162,691	180,628
Grants receivable	8,435,237	6,146,377
Short-Term lease receivable	4,109,048	5,040,303
Inventories	431,074	451,535
Prepaid expenses and other assets	686,575	456,361
Total unrestricted current assets	131,334,729	152,276,292
Restricted assets:		
Cash and cash equivalents	21,483,627	8,274,004
Investments	12,372,754	22,062,005
Accounts receivable	-	1,030,407
Accrued interest receivable	32,478	44,898
Total restricted current assets	33,888,859	31,411,314
Total current assets	165,223,588	183,687,606
Noncurrent assets:		
Unrestricted assets:		
Long-Term lease receivable	77,179,062	80,137,980
Right of use assets	665,361	571,936
Capital assets	-	-
Not depreciated	206,862,928	161,930,662
Depreciated, net	214,264,438	207,059,105
Net capital assets	421,127,366	368,989,767
Total unrestricted noncurrent assets	498,971,789	449,699,683
Total noncurrent assets	498,971,789	449,699,683
TOTAL ASSETS	664,195,377	633,387,289
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows from pensions	5,599,775	5,599,775
Total deferred outflows of resources	5,599,775	5,599,775
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	669,795,152	638,987,064

**TUCSON AIRPORT AUTHORITY
STATEMENT OF NET POSITION**

LIABILITIES & NET ASSETS (Con't)

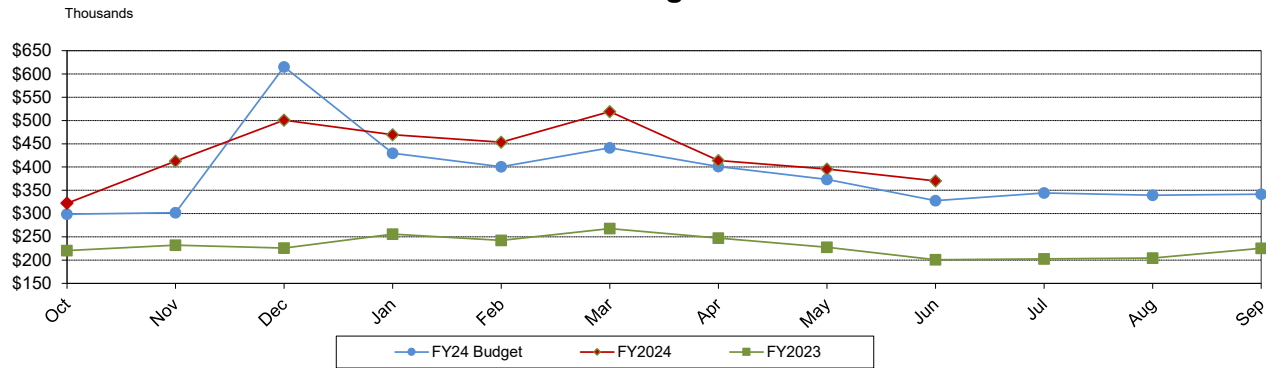
LIABILITIES	June-24	June-23
CURRENT LIABILITIES		
Payable from unrestricted assets:		
Accounts payable	916,053	1,396,375
Accrued expenses	2,715,205	2,390,936
Unearned revenue	2,133,587	1,479,364
Construction contracts payable	-	-
Short-Term subscription payables	189,802	220,302
Current portion of environmental remediation payable	394,991	2,565,605
Current portion of bonds payable:	-	-
Airport Subordinate Lien Revenue Bonds, Series 2018	1,660,000	1,610,000
Total payable from unrestricted assets	8,009,638	9,662,582
Payable from restricted assets		
Accrued interest payable:		
Airport Subordinate Lien Revenue Bonds, Series 2018	148,975	175,892
	148,975	175,892
Current portion of environmental remediation payable	1,517,081	572,412
Total payable from restricted assets	1,666,056	748,304
Total current liabilities	9,675,694	10,410,886
NON-CURRENT LIABILITIES		
Payable from unrestricted assets		
Bonds payable, net of current portion:		
Airport Subordinate Lien Revenue Bonds, Series 2018	16,747,516	20,152,680
Long-Term subscription payables	21,367	169,306
Net pension liability	20,039,902	20,039,902
Environmental Remediation Payable, net of current portion	15,216,302	16,520,990
Total payable from unrestricted assets	52,025,087	56,882,878
Total non-current liabilities	52,025,087	56,882,878
TOTAL LIABILITIES	61,700,781	67,293,764

**TUCSON AIRPORT AUTHORITY
STATEMENT OF NET POSITION**

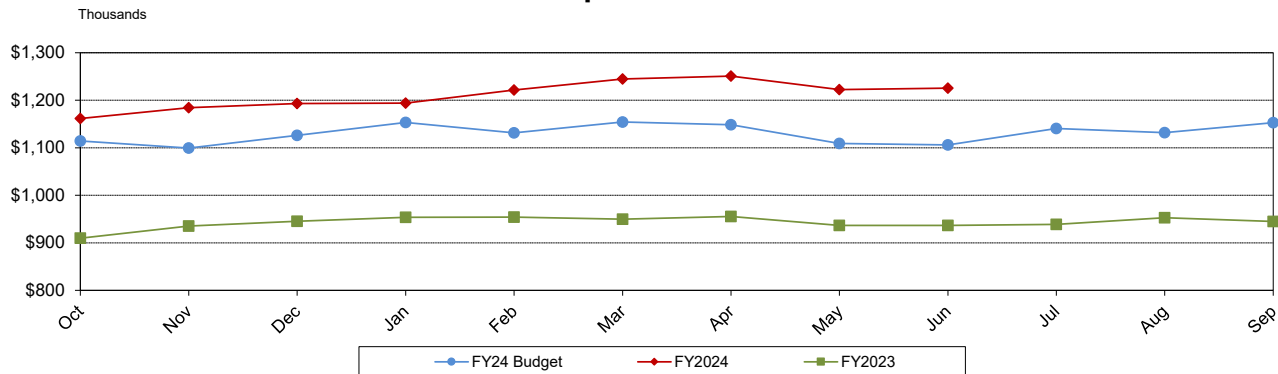
LIABILITIES & NET ASSETS (Con't)

	June-24	June-23
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows from pensions	1,192,681	1,192,679
Deferred inflows from leases-ST	4,245,029	5,147,626
Deferred inflows from leases-LT	75,606,338	78,708,426
TOTAL DEFERRED INFLOWS OF RESOURCES	81,044,048	85,048,731
NET POSITION		
Net Investment in capital assets	402,719,850	347,227,087
Restricted:		
Debt service	855,000	830,000
Capital projects	32,884,884	30,405,422
	33,739,884	31,235,422
Unrestricted	90,590,589	108,182,060
TOTAL NET POSITION	527,050,323	486,644,569
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	669,795,152	638,987,064

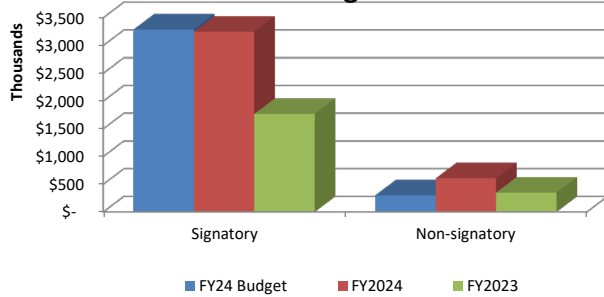
Landing Fees



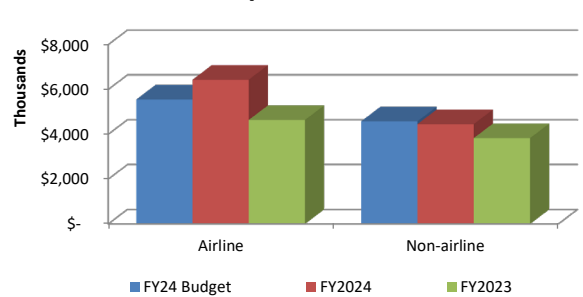
Space Rentals



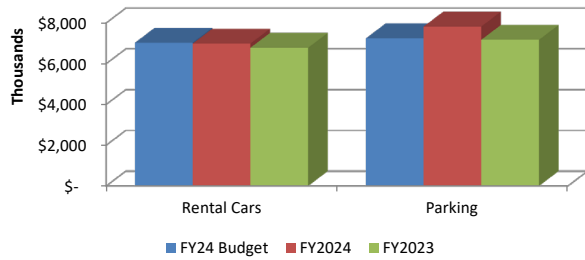
YTD Landing Fees



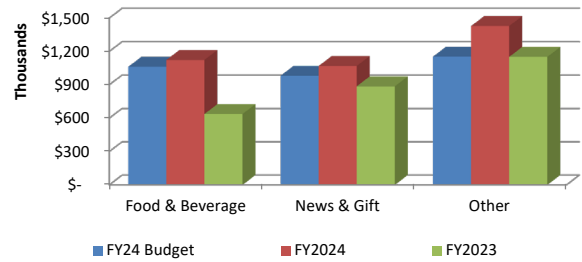
YTD Space Rentals



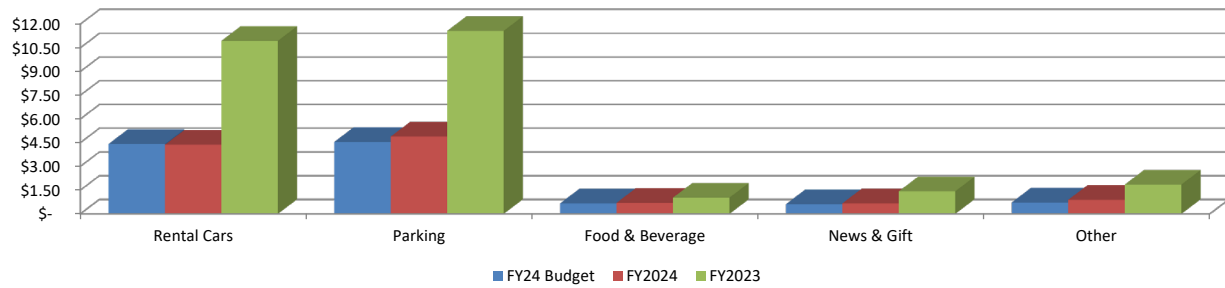
YTD Concession Revenue



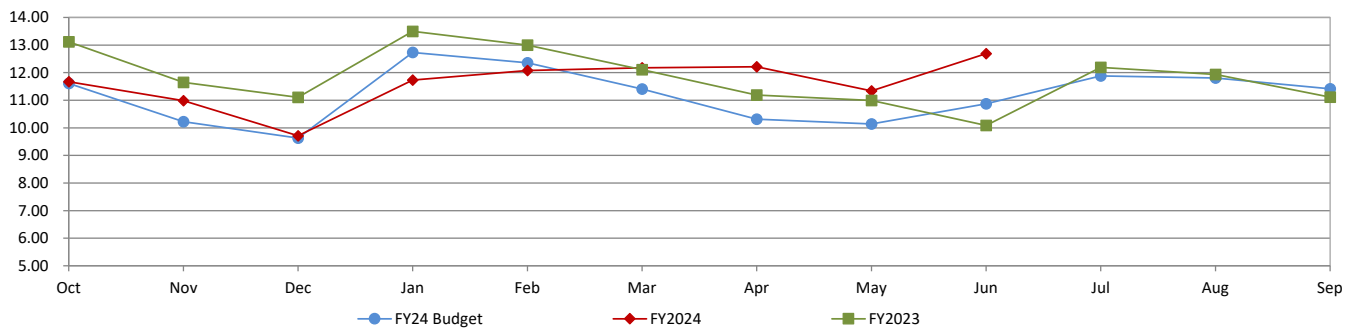
YTD Concession Revenue



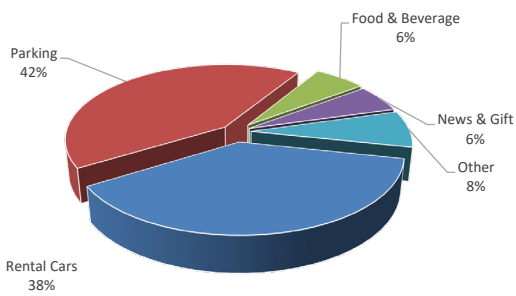
Year-to-Date Concession Revenue per Enplaned Passenger



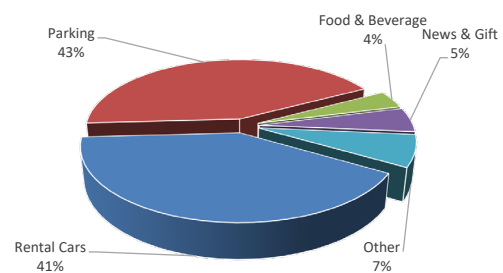
Monthly Concession Revenue per Enplaned Passenger



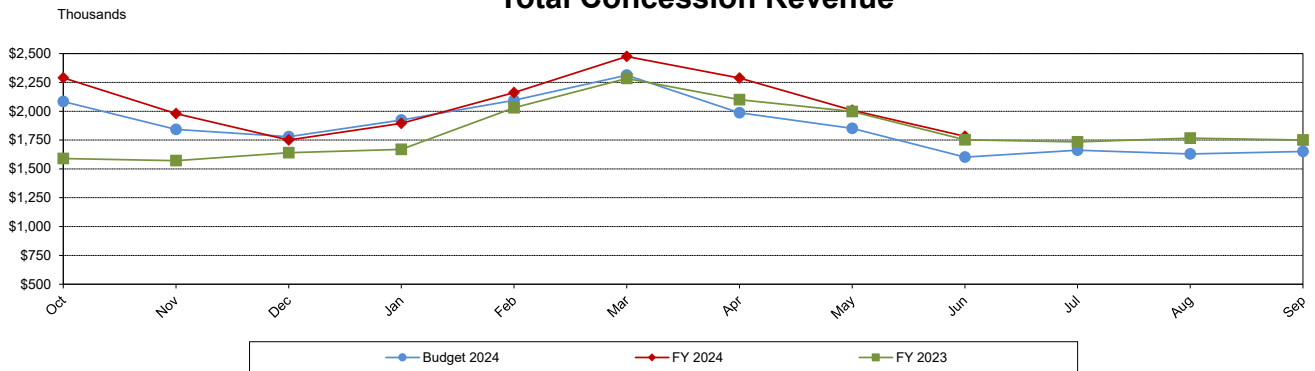
FY-2024 YTD Concession Revenue



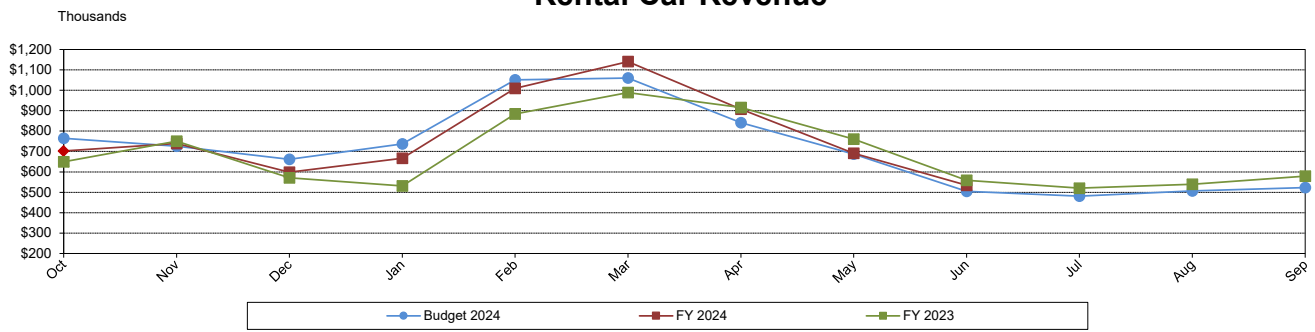
FY-2023 YTD Concession Revenue



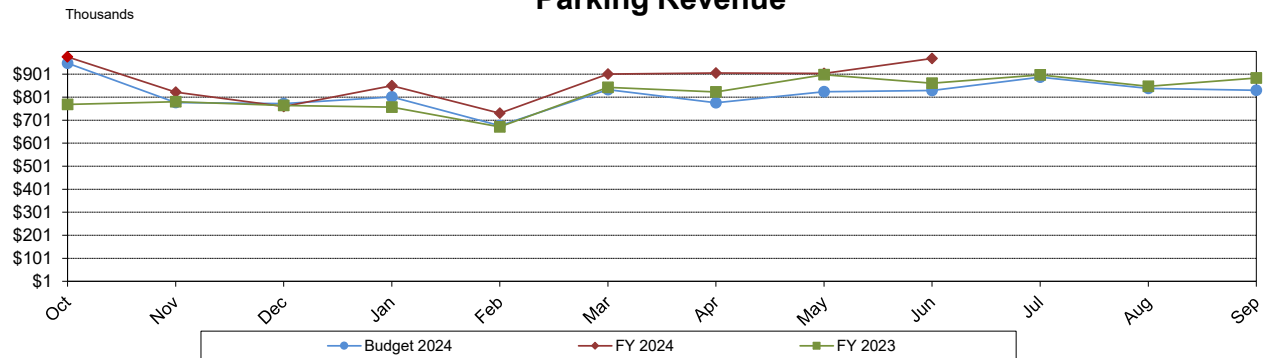
Total Concession Revenue

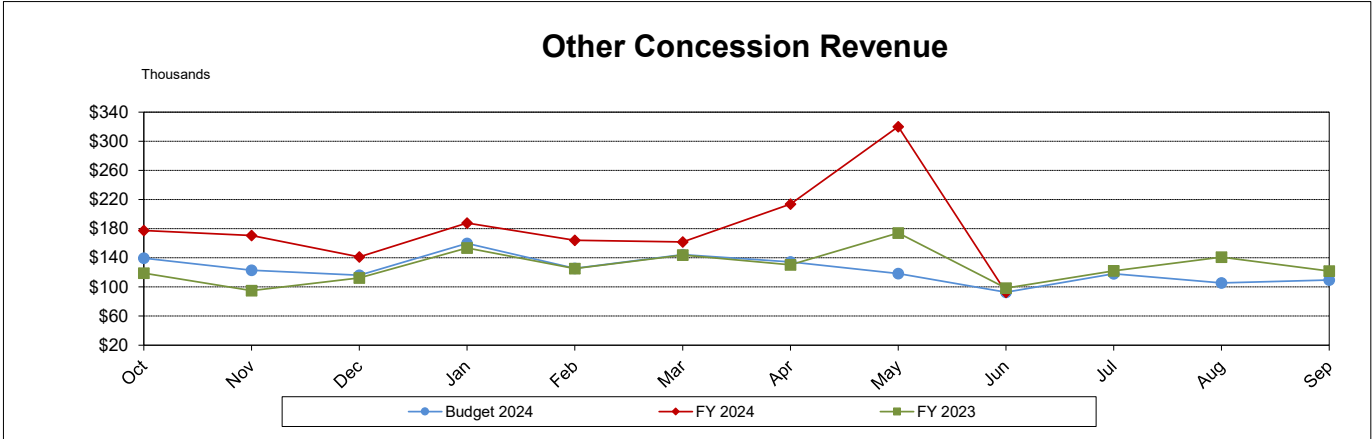
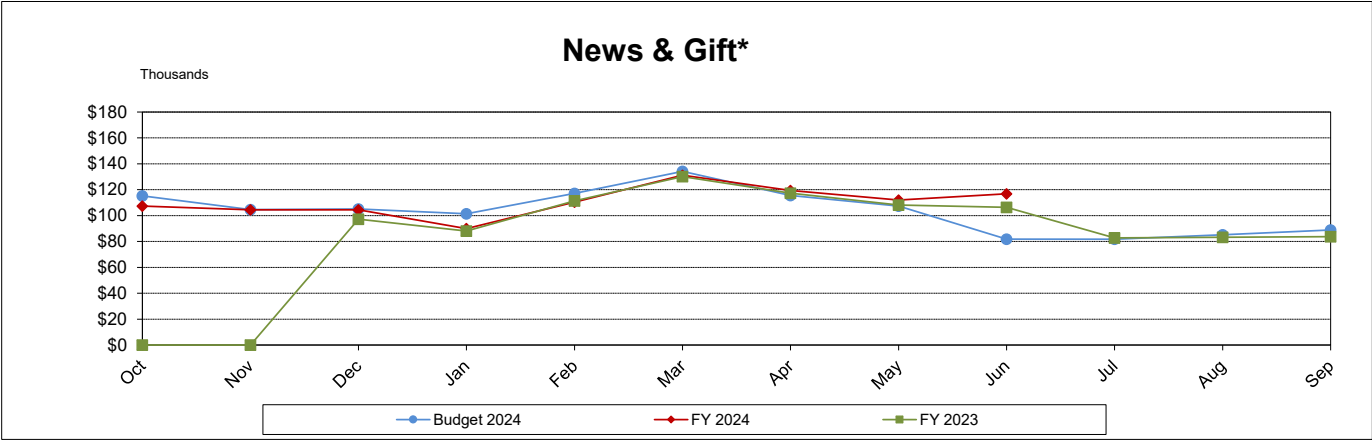
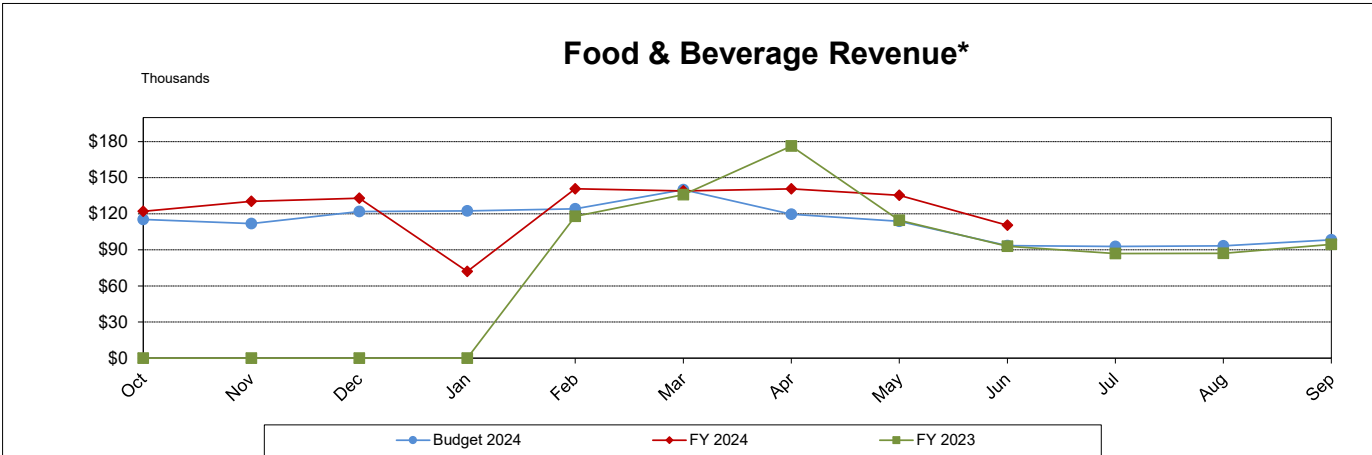


Rental Car Revenue



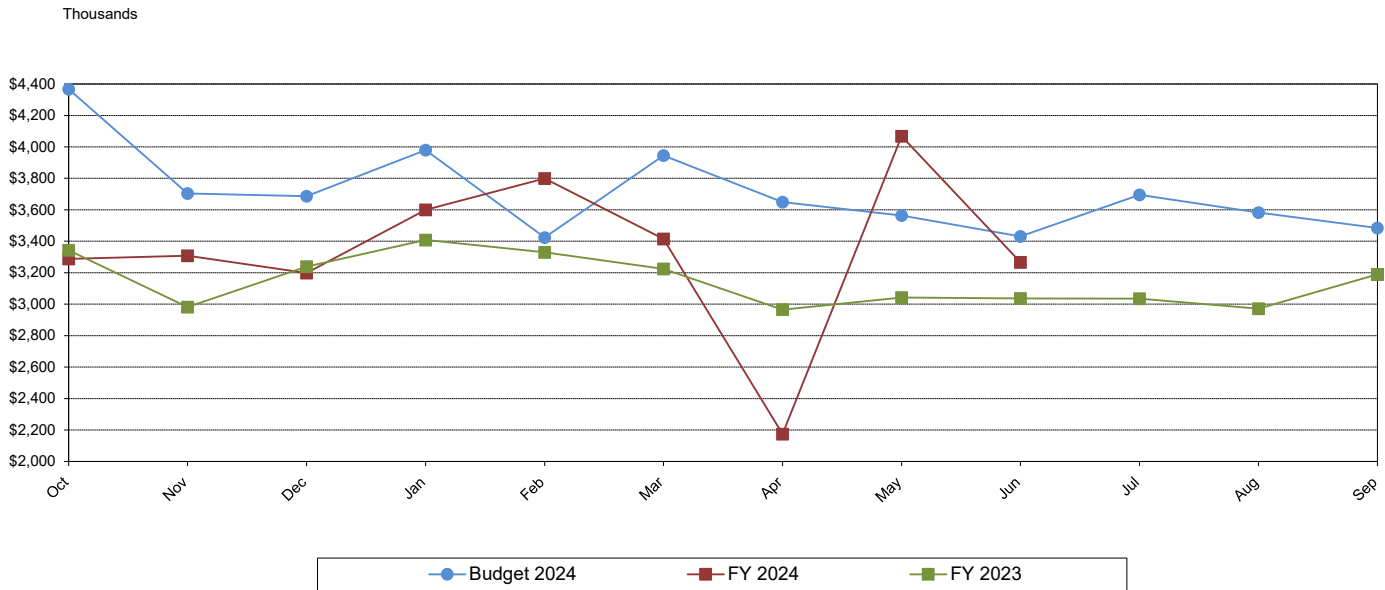
Parking Revenue



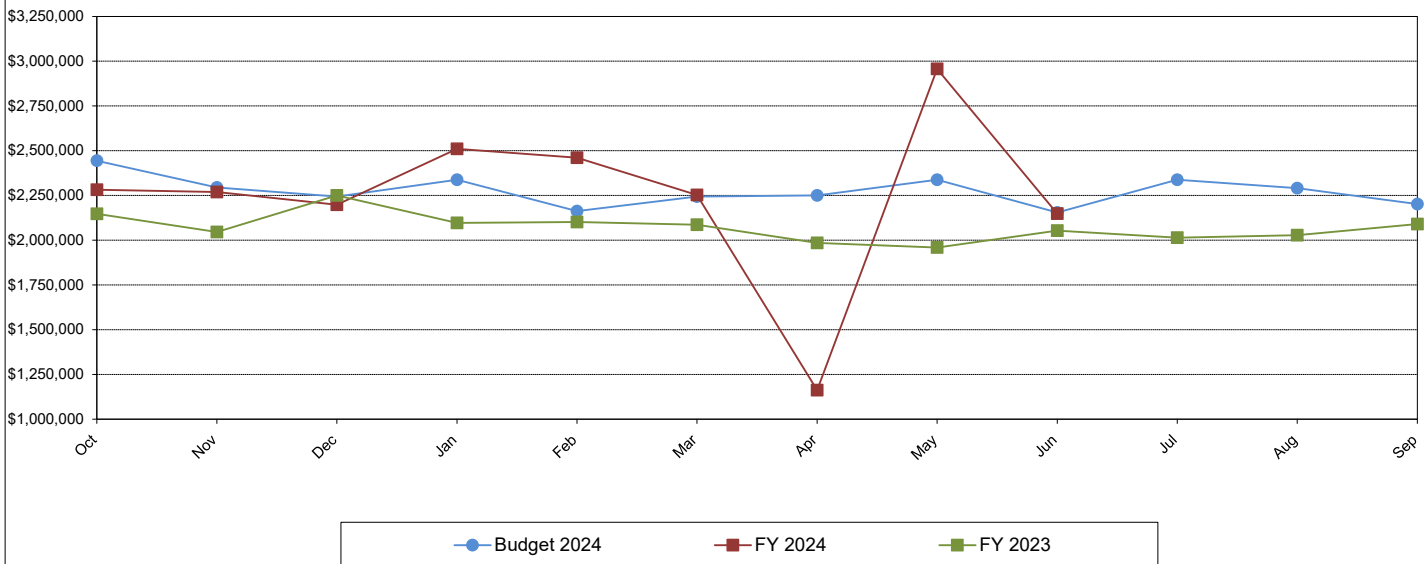


* Minimum Annual Guarantees were waived from April 2020 to September 2021. Additionally, TAA provided monthly invoice credits for concession tenants beginning in September 2022, in accordance with the ARPA concession relief plan submitted to the FAA. These credits will appear as reimbursements from the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

Total Operating Expenses

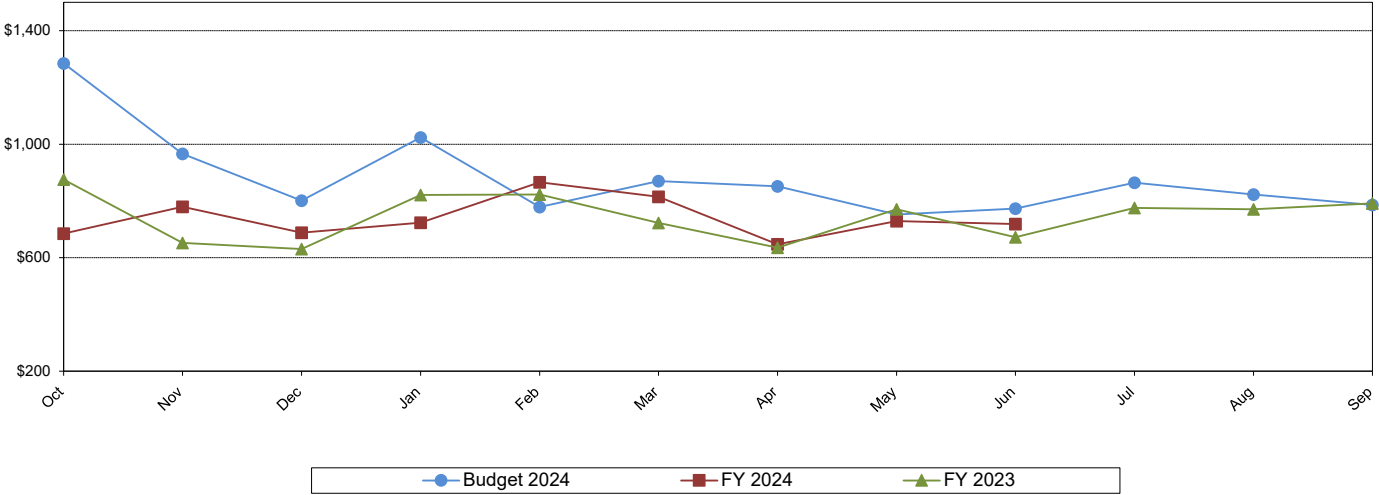


Personnel Expenses



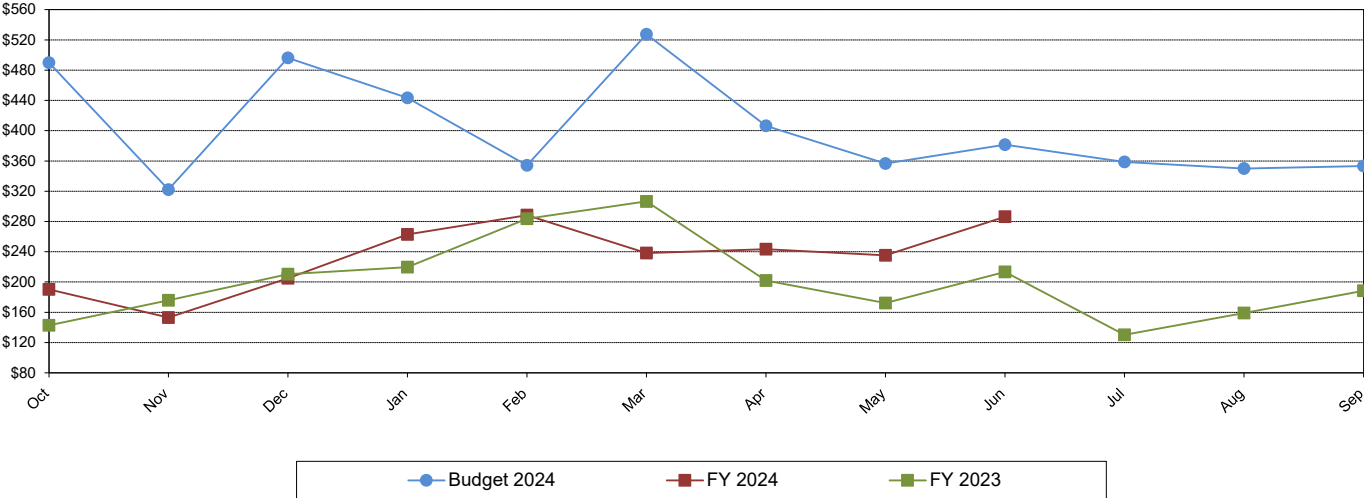
Contractual Services

Thousands



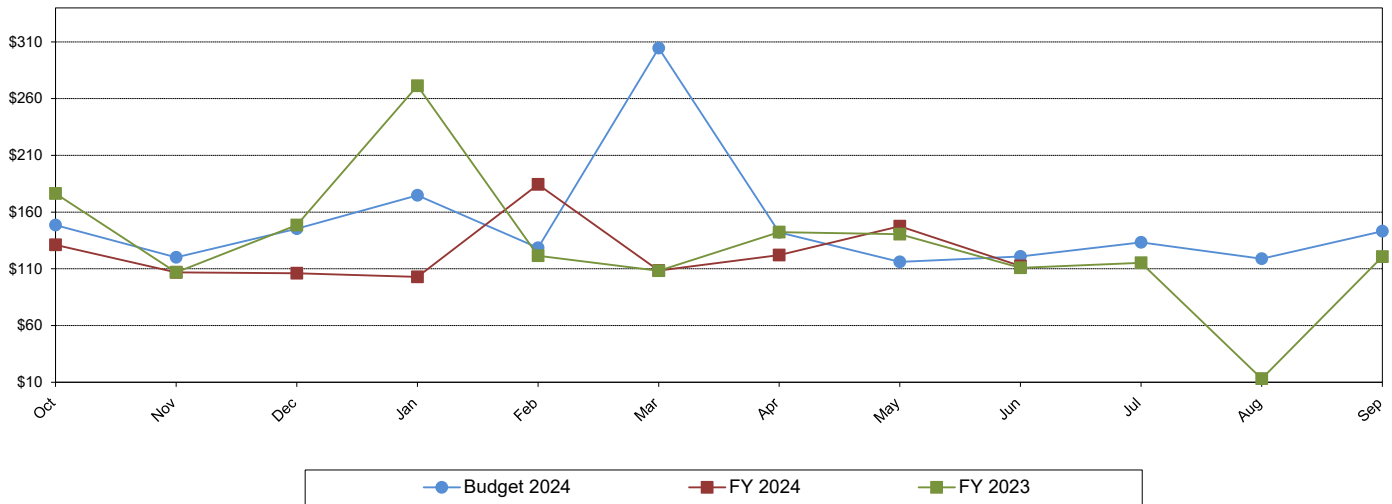
Materials and Supplies

Thousands



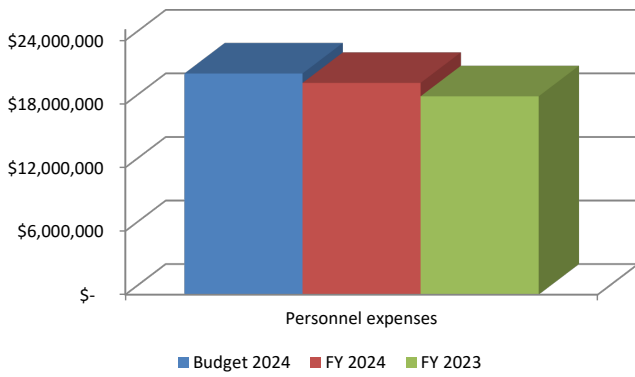
Other Operating Expenses*

Thousands

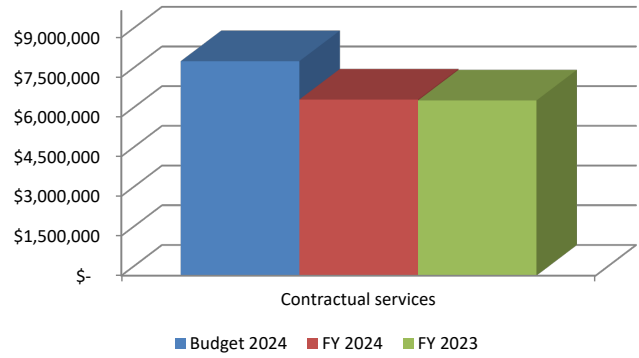


* January 2023 includes an un-budgeted one-time payment of \$110K for the repair of the metal panels of the damaged departure-level overhang.

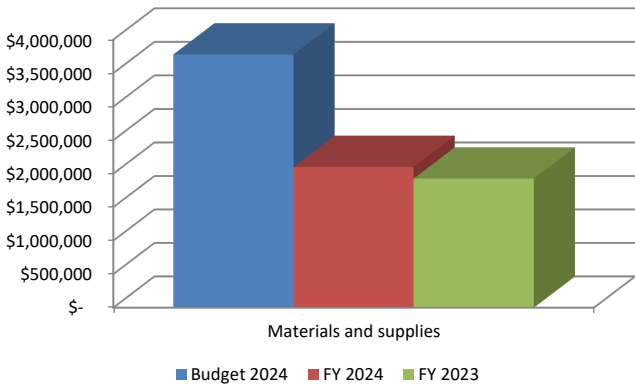
YTD Personnel Expenses



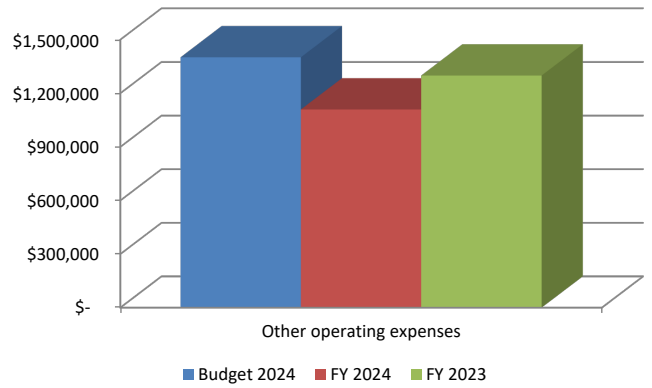
YTD Contractual Services



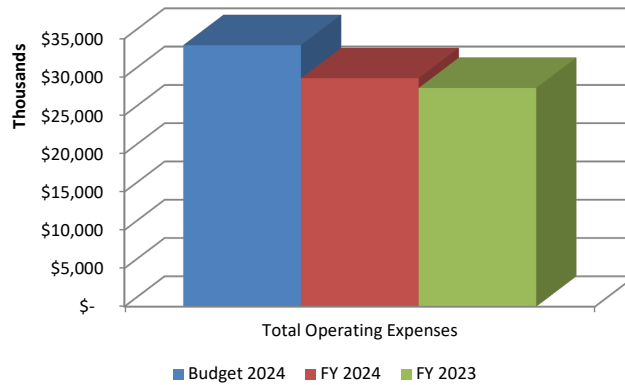
YTD Materials and Supplies



YTD Other Operating Expenses



YTD Total Operating Expenses



Date: November 6, 2024

To: Board of Directors
From: Kim Allison, Chief Financial Officer
Re: Aviation Activity and Statistics for June 2024

Total Passengers (YTD vs prior year):

- Total passengers for the month of June 2024 were 1.8% higher than June 2023.
- Total passengers year-to-date through June 2024 were 7.6% higher than June 2023.

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

- The month of June 2024 had an average daily departure count of 47.4, which is 6.9 higher than June 2023.

Average Daily Seat capacity (YTD vs prior years):

- Seat capacity for June 2024 was 9.0% higher than June 2023.
- YTD, seat capacity was 5.5% higher than the same period in 2023.
- Up-gauged aircraft and increased flights are driving this increase in capacity.

Load Factors (MTD & YTD vs prior years):

- The load factor for June 2024 was 84.3%, which is 7.4% lower than June 2023. This is due to increased flights and up-gauged aircraft being at less than capacity during the slower summer season.
- YTD, the load factor was 88.5%, which is 3.3% higher than the same period in 2023.

Aircraft Operations (MTD & YTD vs prior year):

- Freight, measured in pounds, is 14.5% lower in June 2024 compared to June 2023. Cargo activity is trending down industry wide affecting airports across the nation.
- Total aircraft operations were 27.6% lower in June 2024 compared to June 2023, with decreases in all aircraft operations categories except air carrier. General Aviation aircraft was diverted from TUS to RYN due to the ASE program activity going on at TUS. Military operations are down from last year due to fluctuations in training of international pilots.
- Year-to-date operations are 20.7% lower compared to prior year, with decreases in all aircraft operations categories except air carrier.

Date: November 6, 2024

To: Board of Directors

From: Austin Wright, Chief Communications Officer

Re: November 2024 Air Service Development Update

At the September 2024 Board Meeting, the Board requested additional information regarding the Cost Per Enplaned Passengers (CPE). The requested data is important as the TAA works to attract new airlines and routes and is used by airlines when making route decisions. The table below highlights Tucson International Airport (TUS) compared to our 14 west coast peer airports. TUS ranked as the second least expensive airport. This data highlights our strong position as a cost-effective airport for airlines.

Airport	CPE
El Paso, TX	\$5.19
Tucson, AZ	\$5.80
Palm Spring, CA	\$6.18
Ontario, CA	\$7.44
Reno, NV	\$7.92
Fresno, CA	\$8.98
Albuquerque, NM	\$10.45
Santa Ana, CA	\$11.13
Long Beach, CA	\$11.94
Sacramento, CA	\$12.82
Oakland, CA	\$13.18
San Jose, CA	\$15.57
Burbank, CA	No Data Provided
Santa Barbara, CA	No Data Provided

Source – DWU Consulting 2023 Data

Capacity growth continues to be impressive at TUS. In fact September 2024 reflected an 11% capacity gain compared to September 2023. TUS far outpaced the average national capacity growth of 2.3%.

YOY Change		
September 2024 TUS Seat Capacity	190,103	11.0%
September 2024 Domestic Seat Capacity	86.9 million	2.3%

TUS projects strong capacity gains through March of 2025, with an overall 9.5% growth rate from October 2024 to March 2025.

YOY Change		
Oct. 2024-March 2025 TUS Seat Capacity	1,343,972	9.5%

Looking forward, filed schedules remain robust and TUS continues to escape most of the capacity cuts occurring in the industry. One point of caution that we must carefully monitor passenger growth as it continues to lag compared to seat capacity growth and has been below forecast through the summer. A complicating factor is related to immigrant flows through TUS, which reached its peak in late 2023. Less immigrant travelers equals fewer paying passengers in seats. As the passenger mix is beginning its seasonal change to more inbound, we will look for signs of normalization. The competition of our local market and associated leakage to PHX remains our biggest challenge.

YOY Change		
August 2024 Passengers	267,899	1.7%
August 2024 Load Factor	77.8%	-2.7 pts.

The TAA is actively focusing its marketing efforts on critical local markets with the highest leakage to other airports. These efforts include targeted social media ads for users in critical zip codes as well as new billboards in Marana and Nogales. In addition, we have increased our marketing presence in top inbound markets like Chicago and Minneapolis to inspire inbound travel to ensure our added capacity is fully utilized.

In October, as part of our constant airline relationship management and development, Brian Kidd, Deputy Chief of Strategic Marketing and Air Service Development, met with all incumbent airlines at the Take Off North America Conference in Green Bay, WI. In addition, he met with Breeze Airways, Allegiant Airlines, and JetBlue. Our efforts to influence these airlines and other airlines to add new service to TUS continues.