TUCSON AIRPORT AUTHORITY | Board of Directors Regular Meeting
Wednesday, August 6, 2025 | 3:00 p.m.
7250 S. Tucson Blvd. 85756|TAA Board Room

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, August 6, 2025, beginning at 3:00 p.m.**

In-Person: The TAA Board Room is on the departure level of the Tucson International Airport terminal and is situated on the second level between the Delta and Southwest ticket counters, and behind the Arroyo Trading Post.

The agenda for the meeting is as follows:

1. CALL TO ORDER | ROLL CALL

Mike Hammond, Chair
Phil Swaim, Vice Chair
Vance Falbaum, Secretary
Rhonda Piña, Treasurer
Judy Rich, Director
Todd Jackson, Director
Fran Katz, Director
Ellen Wheeler, Director
Calline Sanchez, Director
Tim Overton, Director
Keri Silvyn, 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 May 7, 2025, and the Special Board of Directors Meeting held on June 24, 2025.

3. BOARD CHAIR REPORT

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

4. PRESIDENT/CEO REPORT

State of the Industry | Update

a. Industry and TAA Airport System Update
b. TAA Strategic Plan 3.0 Update

5. PRESENTATION/DISCUSSION

TAA staff will present to the Board of Directors for Board consideration and discussion on the analysis and recommendation on the proposed parking lots rate adjustments for FY2026.

6. 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. **Air Service Development | Update**
b. **ASE | Update**

7. EXECUTIVE SESSION

The Board may vote to go into executive session for the following purposes:

a. **TAA Cybersecurity, National Security Threat Advisories, and Sensitive Security Information:** For legal advice, and discussion and consultation with the TAA attorneys and representatives for the federally confidential purposes that include TAA cybersecurity, National Security Threat Advisories, and Sensitive Security Information as provided in A.R.S. § 38-431.03(A)(2) and (3).

b. **FAA Grant Agreements and Funding Requirements**
For legal advice, and to consider its position and instruct its attorneys regarding the TAA position and for discussion or consultation with the attorneys of TAA regarding contracts that are the subject of negotiation related to the Federal Aviation Administration updates to grant assurances and grant agreement terms and conditions pursuant to A.R.S. §§ 38-431.03(A)(3) and (4).

8. REGULAR TO REGULAR SESSION

9. ACTION ITEM

The Board of Directors will consider and may direct its attorney(s) to proceed as discussed in the executive session on the FAA Grant Agreements and related contracts under negotiation.

10. NEXT MEETING

Wednesday, September 3, 2025, at 3:00PM l TAA Board Room

11. ADJOURN

TUCSON AIRPORT AUTHORITY | Board of Directors Regular Meeting
Wednesday, May 7, 2025 | 3:00 p.m. | TAA Board Room and Microsoft Teams

THIS REGULAR MEETING OF THE TUCSON AIRPORT AUTHORITY (TAA) BOARD OF DIRECTORS WAS HELD IN A HYBRID MANNER. BOARD MEMBERS ATTENDED THE MEETING IN PERSON OR VIRTUALLY VIA MICROSOFT TEAMS. MEMBERS OF THE PUBLIC WERE INVITED TO ATTEND IN PERSON.

1. CALL TO ORDER | ROLL CALL

Vice Chair Swaim called the meeting to order at 3:15 p.m.

Directors Present: Vice Chair Phil Swaim, Secretary Vance Falbaum, Director Fran Katz (via Teams), Director Tim Overton, Director Judy Rich (via Teams), Director Ellen Wheeler

Directors Absent: Chair Mike Hammond, Treasurer Rhonda Piña, Director Calline Sanchez, Director Todd Jackson, Director Keri Silvyn

Staff Present: President/CEO Danette Bewley, Executive Vice President/Chief Operations Officer Bruce Goetz, Executive Vice President/General Counsel Chris Schmaltz, Vice President/Chief Financial Officer Kim Allison, Chief People Officer Kim DeLaTorre, Deputy General Counsel Kim Outlaw Ryan, IT Customer Support Technician Hector Lopez, TAA Clerk Carolina Cordova, and TAA Legal Assistant Jennifer Shields

Others Present: Eric Maneval, BeachFleischman, PLLC

2. CONSENT AGENDA

Motion by Director Wheeler, seconded by Director Overton, to approve the Consent Agenda. The motion carried by the following vote:

Ayes (6) Swaim, Falbaum, Rich, Katz, Overton, and Wheeler

Nays (0)

3. BOARD CHAIR REPORT

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

- Vice Chair Swaim discussed industry challenges and uncertainty at the federal level related to funding and stated that the TAA is well positioned to advocate for itself and navigate through change. Ongoing projects at TUS including ASE and CBIS are addressing necessary infrastructure upgrades.

- Vice Chair Swaim and President/CEO Bewley along with other TAA advocates and representatives attended the Chamber of Southern Arizona kickoff luncheon, celebrating the merger of Tucson Metro Chamber and Sun Corridor.
- Vice Chair Swaim discussed People Operations' continuous work toward filling open positions within the TAA. The Deputy Chief of Finance position remains open, and it would aid Vice President/Chief Financial Officer Kim Allison in her duties. The TAA welcomes Carolina Cordova as the new TAA Clerk.
- Vice Chair Swaim discussed the 'Wheels Up Scholarship' and the partnership between the TAA and Pima Foundation supporting the Pima Community College of Aviation Technology Program. The scholarship program inspired a matching investment by one of the Airport's tenants. The TAA's annual scholarship commitment is $7,500, and matched with another $7,500 by the airport tenant, for a total of $15,000.
- TAAPD Sergeant Ray Smith was awarded the Veteran Servant Award by Congressman Juan Ciscomani.

4. <u>PRESIDENT/CEO REPORT</u>

State of the Industry | Update

President/CEO Danette Bewley reported the following:

- Bewley extended congratulations to Mike Hammond for the 40th Anniversary of PICOR, and also congratulated Calline Sanchez for receiving the honor of "Woman of the Year" by Greater Tucson Leadership
- Bewley discussed industry challenges and uncertainty at the federal level related to funding and stated in response to a question from Director Falbaum that the TAA is taking a conservative approach with advancing the necessary phases of ASE and stated that the TAA is investigating other viable revenue sources including PFCs and bonds for reimbursement for other projects including CBIS;
- Responding to a question from Director Wheeler regarding federal funding commitments, Bewley reported that the TAA is monitoring the situation and emphasized that federal staffing is critical to airport safety.
- TAA is still collecting PFCs for the Terminal Optimization Project that occurred between 2015-2017 period. TAA projected to be paid back in 2027, which will allow the TAA flexibility to apply for authorization to collect PFCs for new projects.
- Economic Impact: Airport Council International commissioned a study to evaluate the impacts commercial service airports bring to the nation. The industry generates $12.8 million jobs and $619 billion in annual payroll, along with $1.8 trillion in annual output.
- TUS continues to be poised to hit 4.1 million passenger loads in 2025 barring any economic disruptions.

- Delta Air Lines will be incorporating a new texture called the "riblet" to aircraft's surfaces. This is inspired by sharks and the similarities shared by a shark's body which will be meant to improve air flow and increase fuel efficiency on older 767 and newer 737 aircraft. By copying this texture, airflow becomes smoother and reduces drag by helping the aircraft use less fuel and reduce carbon emissions.

5. PRESENTATION/DISCUSSION

Principal Eric Maneval, representing the auditing firm BeachFleischman, PLLC, presented the findings of the audit to the Board. The following items were presented:

a. TAA FY 2022 and 2023 Annual Comprehensive Report

b. TAA FY 2023 Passenger Facility Charge Program Report

c. TAA FY2023 Single Audit Report

- Vice President/Chief Financial Officer Kim Allison addresses staffing challenges and delays to financial reports.
- Eric Maneval presented and reviewed the Audit reports.
- In response to a question from Director Rich regarding the Single Audit vs. the ACFR, Maneval responded that the Single Audit is required due to TAA receipt of federal funds and that staffing challenges are the primary cause for the finding of material weakness was due to staffing challenges.
- In response to a question from Director Rich regarding delay in TAA financial reporting, Bewley committed to providing the Board with a current financial report at the August Board meeting.

6. ACTION ITEM

Motion by Secretary Falbaum, seconded by Director Overton, to approve Resolution No. 2025-07, accepting the FY 2023 financial statements and related audit opinions as expressed by BeachFleischman.

Ayes (6) Swaim, Katz, Falbaum, Rich, Overton, and Wheeler

Nays (0)

7. EXECUTIVE SESSION

No executive session was held during this Board meeting.

8. NEXT MEETING

Wednesday, August 6, 2025, at 3:00 p.m. | TAA Board Room

9. ADJOURN

There being no further business to discuss, Vice Chair Swaim adjourned the meeting at 3:45 p.m.

APPROVED BY:

_____
Vance Falbaum, Secretary

Date: _____

Prepared by:

_____
Carolina Cordova, TAA Clerk

Date: _____

DRAFT

TUCSON AIRPORT AUTHORITY | Board Meeting – Special
Tuesday, June 24, 2025 | 9:00 a.m. | TAA Board Room and Microsoft Teams

THIS SPECIAL MEETING OF THE TUCSON AIRPORT AUTHORITY (TAA) BOARD OF DIRECTORS WAS HELD IN A HYBRID MANNER. BOARD MEMBERS ATTENDED THE MEETING VIRTUALLY VIA MICROSOFT TEAMS. MEMBERS OF THE PUBLIC WERE INVITED TO ATTEND IN PERSON.

1. CALL TO ORDER | ROLL CALL

Chair Hammond called the meeting to order at 9:00a.m.

Directors Present via Teams: Chair, Mike Hammond, Secretary Vance Falbaum, Treasurer, Rhonda Piña, Director Fran Katz, Director Tim Overton, Director Judy Rich, and Director Keri Silvyn

Directors Absent: Vice Chair Phil Swaim, Director Calline Sanchez, Director Todd Jackson, and Director Ellen Wheeler

Staff Present: President/CEO Danette Bewley, Executive Vice President/Chief Operations Officer Bruce Goetz, Executive Vice President/General Counsel Chris Schmaltz, Chief People Officer Kim DeLaTorre, Chief Communications Officer Austin Wright, Deputy General Counsel Kim Outlaw Ryan, IT Customer Support Technician Hector Lopez, and TAA Clerk Carolina Cordova

2. PRESIDENT/CEO REPORT

State of the Industry | Update

President/CEO Danette Bewley reported the following:

a. TAA has received numerous terrorism awareness related advisories due to recent geopolitical events. TAA is following the directives of the Transportation Security Administration in terms of TAA security, including TAA's physical and cyber efforts. She committed to sharing additional information in an Executive Session format at the next Board meeting.

3. EXECUTIVE SESSION:

Motion by Director Judy Rich, seconded by Director Keri Silvyn to convene in executive session for the purposes identified on the Agenda. The motion carried with the following vote and the Board convened into executive session at 9:05 a.m.:

Ayes (7) **Hammond, Falbaum, Piña, Rich, Katz, Overton, and Silvyn**

Nays (0)

* Director Keri Silvyn exited the meeting at 10:00a.m.

4. RETURN TO REGULAR SESSION

The Board returned to the regular meeting, and Chair Hammond reconvened the public meeting at 10:00 a.m.

5. ACTION ITEMS

Motion by Secretary Vance Falbaum, seconded by Director Rhonda Piña to direct the President/CEO and TAA Executive Vice President/General Counsel to proceed as discussed in executive session. The motion carried with the following vote:

Ayes (6) Hammond, Falbaum, Piña, Rich, Katz, and Overton

Nays (0)

6. DIVISION UPDATES

Finance | FY2025 Financial Update

Executive Vice President/ Chief Operations Officer Bruce Goetz presented the FY2025 Financial Update on behalf of Vice President/Chief Financial Officer Kim Allison:

- Financial expenses are lower and highlighted that ANG revenue is below that of 2024 due to a new Joint Use Agreement with the National Guard which included a lower negotiated payment rate.
- TAA 2025 operating revenues are 12.5% higher compared to 2024.
- Chair Hammond asked a question regarding employee parking prices and Executive Vice President Bruce Goetz advised that he would relay the question to Vice President/ Chief Financial Officer Kim Allison and provide an answer. Executive Vice President/ General Counsel Chris Schmaltz clarified with Chair Hammond that the employee prices in the financial report were not TAA employee prices but airline and other tenant employee parking prices.
- Director Rich asked a question to clarify if there were any significant changes in the financial report for April and May 2025. Executive Vice President Bruce Goetz anticipated no major changes and President/CEO Danette Bewley further explained findings from Chief Financial Officer Kim Allison. The goal is to have all major financial clean-up efforts resolved by the end of CY2025.
- Chair Hammond asked a question regarding the high turnover rates in the Finance Department. Chief People Officer Kim DeLaTorre reported that exit interviews and surveys have been conducted upon the end of employment for exiting team members. She reported that employment turnover was as

anticipated with the transformation of internal processes and other changes Chief Financial Officer Kim Allison has incorporated. Other challenges remain for the accounting and finance industry in recruiting and finding quality candidates with the requisite skillsets, especially for the specialized airport positions.

- Secretary Falbaum asked a question regarding the discovered areas of concern within existing processes and why they were not discovered in the financial report from BeachFleischman, PLLC. President/CEO Bewley advised that the auditors were looking specifically for FAA and other compliance issues, and their report reflects these efforts and findings.

Marketing and Strategic Communications | Economic Impact Report

Chief Communications Officer Austin Wright presented the Economic Impact Report:

- TAA operations onsite business, military operations, and visitor spending generated 42,012 jobs, $2.9 billion in wages, and $10.9 billion in economic output. This reflected an increase from the previous Economic Impact Report of $8.3 billion to $10.9 billion.
- President/ CEO Bewley advised that Economic Impact Report will be shared with organization members through TAA Member Advisories and with the general public to assist with TAA's efforts to attract new business opportunities.

7. NEXT MEETING

Wednesday, August 6, 2025, at 3:00 p.m. | TAA Board Room

8. ADJOURN

There being no further business to discuss, Chair Hammond adjourned the meeting at 10:21a.m.

APPROVED BY:

_____
Vance Falbaum, Secretary

Date: _____

Prepared by:

_____
Carolina Cordova, TAA Clerk

Date: _____

DRAFT

TUCSON AIRPORT AUTHORITY
TUCSON INTERNATIONAL AIRPORT • RYAN AIRFIELD

BOARD MEMORANDUM

Date: August 6, 2025

To: TAA Board of Directors

From: Bruce Goetz, Executive Vice President/COO

Re: TAA Strategic Plan 3.0 Update| February – July 2025

In November 2024 the Board of Directors adopted a new update to our Strategic Plan, version 3.0.

The attached report provides full detail of the progress made for the months of February through July 2025. I want to highlight a few specific items for this updated version of Strategic Plan 3.0.

1. **Accelerate Performance**

   a. People Operations Business Partners are working with all Divisions to review team capability and capacity directly related to organizational goals, enabling proactive talent investment and planning decisions.

   b. To remain competitive with our hiring, People Operations conducted market analyses on compensation ranges for select roles and ancillary compensation programs. The resulting adjustments target continued talent attraction and retention efforts. Staff is working on an update to the Compensation Plan, for future Board approval, to reflect market changes.

2. **Expand Prosperity**

   The TAA continues its efforts to lease/develop aeronautical and non-aeronautical land at TUS and RYN.

   A few notable updates include:

   a. Revenue per Enplaned Passenger (RPE) – Overall concessions revenue are anticipated to be 14% higher this year.

   b. Million Air (FBO) will begin construction of its 12K SF hangar in the Valencia GA area. This is one of four projects for the fixed base operator. Million Air intends to:
      i. Pave additional ramp space
      ii. Install solar panels on all building rooftops
      iii. Construct a restaurant in the first floor of the company's main building

   c. General Aviation (GA) hangar interest has increased. There are three prospects negotiating terms to build in the Valencia GA area. This has caused staff to

analyze the layout of the GA ramp to accommodate larger corporate aircraft. A new GA growth strategy is being developed.

d. AES solar grows ever closer to executing their option lease. There are a few small issues to resolve.

3. <u>Upgrade to First Class Systems and Efficiencies</u>

a. Sustainability: Work is underway to develop goals and initiatives. Estimated completion of the study is now Q4FY25. This project has experienced delays due to the attention required on TAA/EPA discussions (separate environmental matter).

b. Technology:
   i. Access Control System – A Purchase Order (PO) has been issued, and work is expected to begin this fall. The project will take approximately one year to complete this work.
   ii. Airport Management System – Interviews were held in June, and a vendor was selected. TAA staff are working to have a contract in place by the end of July. The project will take approximately 18 months to implement all the modules associated with this system.

c. Cyber Security:
   i. Significant projects continue to take place with new hardware and software being implemented to thwart the ongoing cybersecurity threats.
   ii. TSA completed its regulated cybersecurity audit in March and expressed strong approval of TAA's efforts. They noted they would recommend that other airports consult with the TAA IT Department as a model of best practices.

4. <u>Create TAA External Champions</u>

a. Air Service/Airlines:
   i. Frontier started Las Vegas flights on May 22nd. This is their second nonstop destination. Frontier has also programmed to start flights to Dallas later in the year.
   ii. TAA attended the ACI Jumpstart Air Service Conference in Indianapolis in June 2025 and met with 7 airlines.
   iii. Alaska Airlines will extend their Portland season into June for 2026, and Delta will do the same with their Minneapolis flight, extending two high performing seasonal routes.

iv. TAA continues to meet with numerous airlines to attract new air service.

b. Advocacy Planning:
   i. The TAA continues to send a monthly 'Member Advisory,' which includes timely "advocacy" information.
   ii. TAA was Signature Sponsor of the Marana State of the Town, a critical market for TUS with high leakage.

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Strategic Plan 3.0

Strategic Initiatives

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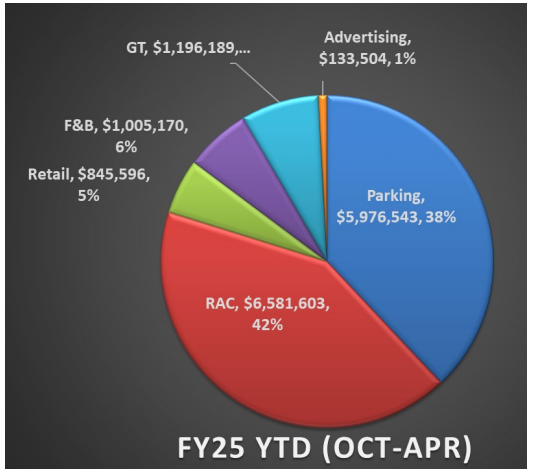
STRATEGIC INITIATIVES

STRATEGIC INITIATIVES

FY2025 – FY2027

	EXPAND PROSPERITY	ACCELERATE PERFORMANCE	PROJECT EXCELLENCE	TAA CHAMPIONS
Continue the Transformational Journey	*Powering Growth*	*Leverage Talent to Support Investments (Projects, Programs, and Initiatives)*	*Modernize Airfield Safety and Terminal Complex*	*Drive the Vision*
The Future is Now	*Invest to Support Economic Demand*	*Energize Leadership for our Workforce of the Future*	*Evolve Innovation and Agility*	*Elevate Advocacy*
The Power of Engagement	*Realize the Benefits of a Connected Community*	*Secure Recognition as Employer of Choice*	*Embed Efficiency and System Reliability*	*Engage Community and Industry Change Makers*

TUCSON AIRPORT AUTHORITY

Goal	Owner	Q4 ’24	Q1 ’25	Q2 ’25	Q3 ’25	Q4 ‘25	Status	Focus Areas	Board Update
Develop Business Intelligence practices to timely track and positively influence airport revenue generation trends	John Voorhees						On Track	➢ **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.**	➢ **BCD staff have begun tracking metrics to provide indicators of business health. The graph below depicts the share of concessions revenue by type and the YTD revenue earned as of April 2025:**  ➢ **In time BCD will report on Market share, Customer satisfaction, Lease values, and other metrics that inform business decisions.** ➢ **BCD met with Hudson (news and gift concession) to discuss their contract extension. They will provide a CAPEX plan to incentivize TAA to extend their agreement by two more years.** ➢ **Delaware North (food and beverage concessionaire) has begun cashless operations at all restaurants except Sir Veza’s and El Charro. While there have been some negative feedback, overall revenue continues to rise. Revenue made nominal gains of 2.3% year over year for April. Overall revenue is on pace for a 14% increase from FY24. Delaware North has also installed customer service Kiosks. Public sentiment is generally favorable due to reduced wait times.**

Goal	Owner	Q4 ’24	Q1 ’25	Q2 ’25	Q3 ’25	Q4 ‘25	Status	Focus Areas	Board Update
Market/Develop the TAA land to enhance the revenue stream and ensure economic stability	John Voorhees						On Track	➢ **Continue to market/develop the TAA land to enhance the revenue stream and ensure economic stability.**	➢ **VP/CRO hosted site visits from:** • **General Aviation (GA) hangar interest has increased. There are three prospects negotiating terms to build in the Valencia GA area. This has caused staff to rethink the layout of the GA ramp. New GA growth strategy is forthcoming.** ➢ **AES solar grows ever closer to executing their option lease. There are a few small issues to resolve.** ➢ **Sonora North Environmental Assessment is on hold pending TAA procurement of a developer. Negotiations ongoing with development company. TAA intends to present business terms for a joint venture agreement by year’s end.** ➢ **US Customs and Border Protection provided LOI for 6868 S. Plumer Ave. TAA awaiting response on counter-proposal. Could yield $350,000 in annual revenue.** ➢ **Project Farm third appraisal is in process. All parties await the valuation of the appraisal to continue talks.** ➢ **Vanquish Air LLC is close to executing a lease in the air cargo area. The Tenant flies C-130 A/Hs and will use TUS as their primary logistics hub.** ➢ **Million Air will begin construction of its 12K SF hangar in the Valencia GA area. This is one of four projects for the fixed base operator. Million Air intends to:** ➢ **Pave additional ramp space** ➢ **Install solar panels on all building rooftops** ➢ **Construct a restaurant in the first floor of the company’s main building** ➢ **Pratt and Whitney have requested an extension to their license agreement on A-17. Funding for the new Engine Test Facility is still routing through internal Pratt & Whitney channels. Once approved Pratt and Whitney will execute the TAA lease and begin construction. Anticipated completion date 6/30/26.**

Goal	Owner	Q4 ’24	Q1 ’25	Q2 ’25	Q3 ’25	Q4 ‘25	Status	Focus Areas	Board Update
Negotiate Airline Use Agreement • Finalize new AUA into a fully adopted long term agreement between the airlines and the TAA	Austin Wright						On Track	➢ 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 project. concessions and parking programs with terminal modernization project. ➢ Continue to market/develop the TAA land to enhance the revenue stream and ensure economic stability.	Meetings are continuing on a regular cadence with the airlines. Gating priorities are now finalized for FY 2026. While the AUA will not be fully adopted at the start of FY 2026, the draft AUA continues to be updated as we work to meet a timeline that works for the airlines as we have had several rounds of review and revision. Airlines are running the draft by their legal departments. We will continue to work collaboratively with the airlines to have the new AUA in place and executed by the start of FY 27.
Expand Air Service Development Options • Continue to focus on capacity growth with existing carriers • Work to engage airline partners to add new markets • Align marketing efforts with air service initiatives to drive demand at TUS	Austin Wright						On Track		Frontier started Las Vegas flights on May 22nd. This is their second nonstop destination. TAA attended ACI Jumpstart in Indianapolis in June 2025, meeting with 7 airlines Alaska Airlines will extend their Portland season into June for 2026, and Delta will do the same with their Minneapolis flight. Extending two high performing seasonal routes. This also captures U of A travel as the nonstop flights will still be operating at TUS at the end of the school year. TUS continues to gain additional seat capacity, Sept 2024-June 2025 had the largest capacity gains compared to any of the 30 peer west coast airports.

Goal	Owner	Q4 ’24	Q1 ’25	Q2 ’25	Q3 ’25	Q4 ‘25	Status	Focus Areas	Board Update
Evaluate, update, and implement Market-Driven Total Rewards.	Kim DeLaTorre						**On Track**	➢ **Leverage competitive employment packages to attract and retain top-tier talent as indicated by reductions in regrettable attrition and increased offer acceptance.** ➢ **Update the TAA employment processes and policies in support of the workforce of the future.**	**TAA continues to see positive progress on overall talent retention and acceptance of offers. TAA's filled headcount has been on a positive trend since 2021 with currently 93% of budgeted FTE positions filled (250 filled of 269 authorized). So far for FY25, there have been 35 new hires.** **TAA conducted market analyses on compensation ranges for select roles and ancillary compensation programs. The resulting adjustments target continued talent attraction and retention efforts. TAA’s benefit offering was classified as market competitive by external assessment and benchmarks.**
Increase efficiency and embed People Operations as business partners in the Airport system.	Kim DeLaTorre						**On Track**	➢ **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.**	**TAA People Operations is connecting talent strategy to business strategy. This will enable People Business Partners to work with business leaders to review team capability and capacity directly related to organizational goals, enabling proactive talent investment and planning decisions. Each member of the executive team drafted their plan, which will be required for future talent requests.**
Unlock potential through expanded leader driven Performance Management.	Kim DeLaTorre						**On Track**	➢ **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.**	**TAA People Operations developed a Leadership Orientation to be launched in Q4. This orientation will cover Performance Management and the related leader and supervisor responsibilities to provide a baseline for all leaders of the process (an initiative that is responsive to data from exit interviews, hiring, and attrition data).**
Benchmark and invest in Culture and Team Member Engagement.	Kim DeLaTorre						**On Track**	➢ **Employ competitive benchmarking for the TAA employee value proposition using data-driven best practices and research for workplaces.**	**People Operations continues to research and leverage best practices regarding an expanded survey approach for the organization; and embedding best practices into policy changes, processes, and team member engagement opportunities.** **Key advancements in this area include: TAA’s Pulse Survey scheduled for September 2025; Individual leadership assessments, and team assessments (exit surveys, leadership assessments, team assessments, stay interviews) which are being used to develop action plans for initiatives and key development areas.**

Goal	Owner	Q4 '24	Q1 '25	Q2 '25	Q3 '25	Q4 '25	Status	Focus Areas	Board Update
ASE Program: Complete Construction and Commissioning of the New Commercial Runway	Bruce Goetz						On Track	➢ 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.	Significant progress has been made on the ASE project since the last update. New Taxiway Bravo has had its first two lifts of asphalt placed, and the final lift will be placed in August. New runway 12R-30L has had approximately 60% of the first layer of base rock placed. The asphalt taxiway and rock on the runway are significant accomplishments as it covers approximately 62 acres of exposed earth. We are anticipating additional grants in the July-September time frame to continue this work.
ASE Program: Update City of Tucson and Pima County Zoning Code and Comprehensive Planning Documents to Reflect Airfield Configuration at the Completion of the ASE Program	Bruce Goetz						On Track		During meetings with the City of Tucson and Pima County, both requested that the TAA propose revisions and updates the TAA desires to see for the Airport Environs Zones. The City of Tucson shared that they do not have capacity to work on the updates to Airport Environs Zones until at least Summer 2026.
Implement Sustainability Management Plan	Bruce Goetz						On Track		After a principle and strategy prioritization exercise was completed in February the draft sustainability master plan was started. An outline and several chapters have been developed and are currently being commented on by the steering committee. Edits will continue into July with a targeted SMP completion date of October 2025.
Develop Comprehensive Pavement Management Program	Bruce Goetz						Complete		Project was completed in December 2024. Pavement maintenance projects are underway.

Goal	Owner	Q4 ’24	Q1 ’25	Q2 ’25	Q3 ’25	Q4 ‘25	Status	Focus Areas	Board Update
Scope Enterprise Documentation Strategy	Anthony Casella						On Track	➢ 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.	Phase 1 is complete, however phase 2 will not start until late FY 26 due to the efforts needed to comply with TSA Cyber Security mandates along with the Airport Management System taking priority. The two phases are as follows: Phase 1: • Converting all users to Microsoft OneDrive – complete • Converting and cleaning up departmental share drives and moving to backend SharePoint – clean up and archive of files – complete Phase 2: (On hold) • Procure a document management system to manage both digital and paper documents. This system will assist in the retention and deletion of files as well as archiving
TAA Cyber Security Program	Anthony Casella						On Track		• TSA Inspection – Completed. TAA passed the inspection • Cybersecurity Awareness and Compliance Policy – revised policy to identify risks and risk levels to achieve a more comprehensive policy • Least Privileged Access to critical systems – complete • Procedure/Policy Cyber development per mandate – many procedures created to meet the TSA Cyber Mandates • Disaster Recovery/Business Continuity plan – in progress • Internet and content filtering solution implemented allowing a more granular approach to protecting TAA
Project Management Office (PMO)	Anthony Casella						On Track		• Microsoft Project Web App has been implemented and PMO team members are utilizing to manage their respective projects. • Executive dashboards are complete. High-level real-time tracking of project status • TAA Team member PM training curriculum to be developed • New Project Intake process has been implemented with more efficient automation and decision-making logic

Goal	Owner	Q4 ’24	Q1 ’25	Q2 ’25	Q3 ’25	Q4 ‘25	Status	Focus Areas	Board Update
Implement Airport Management System	Anthony Casella						On Track	➢ **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.**	• **RFP is complete** • **Vendor has been selected; contract negotiations to take place in July. We anticipate starting implementation in September.**
Implement new Financial System	Anthony Casella						Not Started		**We do not anticipate starting this until the Q3 FY26 at the earliest.**
Install new Access Control System	Anthony Casella						On Track		• **Scope of Work completed** • **Vendor selected for all critical components for the Access Control System.** • **PO issued to integrator.** • **Implementation anticipated 12 months.**

Goal	Owner	Q4 '24	Q1 '25	Q2 '25	Q3 '25	Q4 '25	Status	Focus Areas	Board Update
Leverage the Board of Directors and Membership to be positive voices of advocacy in our community. • **Continue to regularly communicate via Member Advisory and Top 3 for Advocacy the top points where our Member network can expand outreach efforts** • **Support the TAA with efforts that require influence and expertise**	Austin Wright						**On Track**	➢ **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.**	**The TAA continues to communicate regularly with the Board and Membership through Member Advisories. In addition, we have shared to the 'Year in Review' video to ensure there is full knowledge of the progress being made at our airports. We have edited the Year in Review to a shorter 5-minute version for easy public consumption.** **The TAA continues to engage in our community through partnerships and sponsorships to ensure our message of flying locally with ease is received and applied. This approach is geared to reduce leakage.**
Continue Outreach and Partnerships within the Tourism Sector • **Establish key partnership with University of Arizona** • **Leverage tourism partners like Visit Tucson to attract business and air service to the region** • **Maintain our position as an airport that is a community and business partner that is easy to do business with; fostering revenue growth and expansion**	Austin Wright						**On Track**		**Most notably TAA was Signature Sponsor of the Marana State of the Town, a critical market for TUS with high leakage.** **Additionally, we continue to meet with the University of Arizona on a regular cadence to continue to establish partnerships to capture student, faculty, and family travel.** **TAA has established a relationship with the Film Department at Visit Tucson, working to attract filming to the region.** **We continue to engage with Visit Tucson and serve on their board as they are a critical entity in selling our city as a destination. Inbound traffic is strong.**

Goal	Owner	Q4 ’24	Q1 ’25	Q2 ’25	Q3 ’25	Q4 ‘25	Status	Focus Areas	Board Update
Leverage Community and Industry Champions to advance the interests of the TAA at a National, Regional, and local level • **Airlines champion TAA because of its cost-effective structure** • **The community values the TAA because of its ease of use and strong economic impact** • **Nationally the TAA is well positioned with legislators to be positioned appropriately for funding and advancement opportunities.**	Austin Wright						On Track	➢ **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.**	With the completion of the federal reconciliation process and passage of The One Big Beautiful Bill Act, TAA will continue to communicate its priorities to the AZ delegation, including highlighting the need for PFAS liability protection for commercial service airports, and PFC reform, among other items.

TUCSON AIRPORT AUTHORITY
TUCSON INTERNATIONAL AIRPORT • RYAN AIRFIELD

BOARD MEMORANDUM

Date: August 6, 2025

To: Board of Directors

From: John Voorhees, Vice President/Chief Revenue Officer

Re: Proposal for Parking Rate Increase

Background:

In preparation for the FY26 Budget, TAA staff evaluated its parking operations for potential increases to cover higher operating costs. This overview is provided for the Board's information.

TAA provides multiple public parking options for the traveling public, offering a mix of amenities and price ranges. All TAA public parking lots deliver safe and convenient parking and are staffed by courteous and helpful employees, focused on customer service. TAA strives to provide rates that are affordable, competitive, and consistent. In that regard, rates at TAA's public parking lots have not changed since November of 2022. Since then, TAA's operating costs have risen, largely due to the increased cost of labor and supplies.

TAA's parking lot operating costs are expected to be $1,809,800 for FY 2026, up from $1,470,986 in FY 2023 (the last time rates were adjusted). Personnel expenses represent nearly 90% of operating costs reimbursed to Ace Parking Inc, TAA's parking management company. The largest employee groups at Ace are cashiers and shuttle bus drivers. Historically, these and certain other positions have had starting wages at or near the minimum wage. A ballot initiative approved in November 2016 increased Arizona's minimum wage rate from $8.05 to $10.00 on January 1, 2017, with scheduled incremental increases to reach $12.00 by January 1, 2020, after which there were required annual CPI adjustments. In November 2021, Tucson voters voted to approve the Tucson Minimum Wage Act, increasing the minimum wage for all businesses operating within incorporated Tucson to $15.00/hr by January 2025.

In addition to increased operating expenses, TAA recently completed a $2M capital project to replace the Parking and Revenue Control System (PARCS). The new PARCS system replaced an aging system which was suffering from periodic communication failures, reporting problems, and other technical issues. This investment has yielded increased reliability and several features to improve the customer experience at TUS.

Strategic Plan | Analysis:

TAA is required to operate as a self-sustaining airport system. Parking revenue is a significant contributor to TAA's total revenue base. In FY 2025, parking revenue is expected to be 19% of TAA's total operating revenue, with actual revenue at over $10M.

Adjusting parking lot rates will add significant additional revenue to the airport system to respond to increase costs on the airport system. This demonstrates TAA's commitment to Expanding

Prosperity, one of TAA's pillars in Strategic Plan 3.0. Because the TAA operates under a fully residual airport use agreement with our airline partners, this non-aeronautical revenue will contribute to meeting overall airport operating costs and aid TAA in maintaining a competitive rate base for the airlines operating at TUS.

Cost Analysis:

To determine the appropriate level of rate increase, TAA management and Ace considered two primary factors: 1) lot utilization (% occupancy) at TUS and, 2) prices of peer airports (see exhibit A). Studying individual lot utilization helped to determine specific demand for each available option. The parking lots in highest demand at TUS are the daily lot, economy covered lot, and the parking garage. The average peak occupancy of the daily and economy covered lots exceeded 90% in the current fiscal year. The parking garage utilization exceeded 80% for the same period. These figures are annual averages and at times throughout the year, these lots frequently reach full capacity.

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

TAA staff and Ace also reviewed the rates of in-state airports where comparable lots and garages are provided. The review primarily covered Phoenix area airports, specifically, Mesa Gateway (AZA) and Sky Harbor (PHX). The proposed TUS rates are significantly lower than the offerings from PHX and lower than most offerings provided by AZA.

Please see below for TUS's current and proposed rate information:

	Hourly Rate		Daily Rate	
	Current	**Proposed**	Current	**Proposed**
Hourly Lot	$3.00	**$4.00**	$15.00	**$ 18.00**
Daily Lot	N/A	**$4.00**	$12.00	**$ 15.00**
Economy Lot	N/A	**N/A**	$5.00	**$ 6.00**
Economy Covered Lot	N/A	**N/A**	$7.50	**$ 9.00**
Parking Garage	N/A	**$4.00**	$12.00	**$ 15.00**

According to the market study, the proposed increase in parking rates could provide an additional $2.1M of annual parking revenue for TAA in the first year. TAA staff have conservatively estimated (for FY26 budget planning purposes) an increase of $1.1M in FY26 additional revenue, due to economic and market uncertainties.

TAA staff have included the recommended market adjustments in the FY26 Budget, for the Board's approval in September 2025.

EXHIBIT A – PEER AIRPORT RATE COMPARISON

Peer Airport Comparison: Drive-up/Gate Rates

Terminal/ Daily Parking

Airport	Code	Daily Rate
Burbank	BUR	$42.00
San Jose	SJC	$40.00
Phoenix Sky Harbor	PHX	$33.00
Oakland	OAK	$28.00
Dallas	DFW	$27.00
Nashville	BNA	$26.00
Raleigh/Durham	RDU	$25.00
Pittsburgh	PIT	$24.00
Houston	HOU	$24.00
Cleveland	CLE	$22.00
Portland	PDX	$21.00
Austin	AUS	$20.00
San Antonio	SAT	$20.00
Indianapolis	IND	$20.00
Columbus	CMH	$18.00
New Orleans	MSY	$18.00
Sacramento	SMF	$17.00
Kansas City	MCI	$15.00
Cincinnati	CVG	$15.00
Albuquerque	ABQ	$14.00
Phoenix-Mesa Gateway	AZA	$13.00
St. Louis	STL	$12.00
John Wayne (Santa Ana)	JWA	$12.00
Tucson	**TUS**	**$12.00**
Fort Myers	RSW	$11.00

Economy Covered

Airport	Code	Daily Rate
Airport	**Code**	**Daily Rate**
Oakland	OAK	$24.00
Dallas	DFW	$22.00
Pittsburgh	PIT	$20.00
Cleveland	CLE	$20.00
Phoenix Sky Harbor	PHX	$19.00
Nashville	BNA	$19.00
Raleigh/Durham	RDU	$18.00
Portland	PDX	$18.00
Houston	HOU	$18.00
Austin	AUS	$16.00
San Antonio	SAT	$16.00
Columbus	CMH	$16.00
New Orleans	MSY	$15.00
Sacramento	SMF	$15.00
Indianapolis	IND	$15.00
Burbank	BUR	$13.00
Kansas City	MCI	$13.00
Cincinnati	CVG	$13.00
Phoenix-Mesa Gateway	AZA	$11.00
St. Louis	STL	$10.00
John Wayne (Santa Ana)	JWA	$10.00
Albuquerque	ABQ	$10.00
Fort Myers	RSW	$9.00
Tucson	**TUS**	**$7.50**

Economy Uncovered

Airport	Code	Daily Rate
Nashville	BNA	$18.00
San Jose	SJC	$18.00
Oakland	OAK	$18.00
Kansas City	MCI	$18.00
Cleveland	CLE	$17.00
Raleigh/Durham	RDU	$16.00
Phoenix Sky Harbor	PHX	$16.00
Portland	PDX	$15.00
Dallas	DFW	$15.00
Pittsburgh	PIT	$15.00
Santa Ana	JWA	$14.00
Burbank	BUR	$13.00
St. Louis	STL	$12.00
New Orleans	MSY	$12.00
Sacramento	SMF	$12.00
Fort Myers	RSW	$11.00
Austin	AUS	$10.00
San Antonio	SAT	$10.00
Columbus	CMH	$10.00
Houston	HOU	$10.00
Indianapolis	IND	$9.00
Cincinnati	CVG	$9.00
Phoenix-Mesa Gateway	AZA	$9.00
Albuquerque	ABQ	$7.00
Tucson	**TUS**	**$5.00**

*Placement w/ Proposed Rate

ACE

TUCSON AIRPORT AUTHORITY
TUCSON INTERNATIONAL AIRPORT • RYAN AIRFIELD

BOARD MEMORANDUM

Date: August 6, 2025

To: Board of Directors

From: Austin Wright, Chief Communications Officer

Re: Air Service Development/Marketing Update

Domestic air travel demand softened as the industry headed into summer. GDP growth estimates were reduced, even though air travel spending is at its all-time high as a percentage of GDP (1%). TUS is affected as well but continued to gain capacity at a rate greater than the domestic industry through July (+8.4% YTD for TUS vs. +1.6% for all domestic). Airlines observed the weakening demand and have removed capacity at TUS and elsewhere for the fall. FY2025 passenger estimates for TUS have been reduced to near flat year-over-year. On a positive note, we finally lapped the year-over-year comparisons that were affected by the outbound immigrant travel spike of Fall 2023-Spring 2024.

Air service development priorities for the community continue to be East Coast and Mexico, although these are not well aligned with airlines' priorities at this time, based on recent in-person meetings with eight airlines. As Tucson is one of the largest markets without New York nonstop service, some airlines are willing to explore that opportunity. Currently, most airlines are focused on shoring up performance on their service to mid-continent hubs, which offer multiple connections to all East Coast destinations and Europe. Other airlines plan to respond to a stronger end to their seasonal flights this spring by extending the 2026 season. Portland, OR on Alaska will benefit next season, with a schedule extending into June 2026, and Delta is currently planning this for MSP. Alaska's service to Sacramento this spring did not perform well enough to be renewed. Alaska chose not to use the marketing incentives offered by TUS and Sacramento as they were short staffed in its marketing department. TUS did a substantial amount of marketing of the route on its own. Alaska is also hampered by limited E175 regional jet hours available. Aircraft deliveries, while improving, still lag 40% below airlines' plans for deliveries in 2025.

Airlines continue to seek out niche revenue streams. "Micro-pools" of specific demand, including ski resorts, concerts, football games, and "experience travel" to new destinations, attract specific additions of flights. Cuts to midweek flying are more prevalent than ever. Premium travel is where the revenue lies; Delta Air Lines produces 46% of its revenue from premium demand. TUS generates above average revenue metrics, as potential local customers seeking the lowest possible fare continue to use PHX or Mesa Gateway airports instead. Despite our increased capacity, TUS continues to command a $40 average fare premium each way vs. PHX.

On May 22, 2025, Frontier commenced Las Vegas service, adding to its Denver service. They did take advantage of TUS' Incentive Program. The TUS Incentive Program is better than most of our similarly sized competitors, which attracts more air carrier interest.

Our marketing efforts are designed to increase demand for TUS, retain more of our local market, and reduce leakage to PHX and support new/expanded/weaker performing air service.