
TUCSON AIRPORT AUTHORITY | Board of Directors Regular Meeting
Wednesday, September 3, 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, September 3, 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	Fran Katz, Director
Phil Swaim, Vice Chair	Ellen Wheeler, Director
Vance Falbaum, Secretary	Calline Sanchez, Director
Rhonda Piña, Treasurer	Tim Overton, Director
Judy Rich, Director	Keri Silvyn, Director
Todd Jackson, 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 by a member of the Board of Directors. If removed from the Consent Agenda, the removed item(s) will be considered separately and individually.

a. Approval of Minutes

Approve the minutes of the Board of Directors Regular Meeting held on August 6, 2025.

b. Tucson Airport Authority Public Safety Personnel Retirement System Funding Policy for FY 2026

Approve Resolution No. 2025-08, adopting the Tucson Airport Authority's proposed Public Safety Personnel Retirement System Pension Funding Policy for the fiscal year beginning on October 1, 2025, and ending on September 30, 2026.

c. Air Service Incentive Program

Approve Resolution No. 2025-09, adopting the Tucson Airport Authority Air Service Incentive Program.

3. BOARD CHAIR REPORT

- a. TAA Advocacy

4. PRESIDENT/CEO REPORT

- a. Industry and TAA Airport System Update

5. PRESENTATION/DISCUSSION

TAA staff will present to the Board of Directors for Board consideration and discussion, the FY2026 Operating and Capital Budget package.

6. ACTION ITEM

The Board of Directors will consider and may act on the following items:

- a. **FY 2026 Operating and Capital Budget**

Resolution No. 2025-10 approving the Tucson Airport Authority Operating and Capital Budget, which includes the Major Maintenance Program, Capital Outlay Program, Capital Improvement Program, and authorizing environmental program expenditures for the fiscal year beginning on October 1, 2025, and ending on September 30, 2026.

- b. **TAA Parking Lot Rates Adjustment**

Resolution No. 2025-11 approving the Tucson Airport Authority Parking Lot Rates Adjustment.

- c. **TAA Compensation Plan**

Resolution No. 2025-12 approving the Tucson Airport Authority Compensation Plan dated October 1, 2025.

7. DIVISION UPDATES

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

- a. Financial Update

8. NEXT MEETING

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

9. ADJOURN

**TUCSON AIRPORT AUTHORITY | Board of Directors Regular Meeting
Wednesday, August 6, 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

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

Directors Present: Chair Mike Hammond, Vice Chair Phil Swaim, Treasure Rhonda Piña (via Teams), Director Tim Overton (via Teams), Director Judy Rich (via Teams), Director Calline Sanchez (via Teams), Director Todd Jackson (via Teams), and Director Ellen Wheeler

Directors Absent: Secretary Vance Falbaum, Director Keri Silvyn, and Director Fran Katz

Staff Present: President/CEO Danette Bewley, Executive Vice President/Chief Operations Officer Bruce Goetz, Executive Vice President/General Counsel Chris Schmaltz, Vice President/Chief Revenue Officer John 'Dutch' Voorhees, Vice President/Chief Information Officer Anthony Casella, Chief Communications Officer Austin Wright, Deputy General Counsel Kim Outlaw Ryan, IT Customer Support Technician Hector Lopez, and TAA Clerk Carolina Cordova

Others Present: David Mackey, outside TAA counsel

2. CONSENT AGENDA

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

Ayes (8) Hammond, Swaim, Piña, Rich, Jackson, Wheeler, Sanchez, Overton

Nays (0)

3. BOARD CHAIR REPORT

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

- ☐ Chair Hammond reported that the TAA continues to recruit for a candidate to fill the Deputy Chief of Finance position, who would support CFO Kim Allsion and lead the Finance Division to transfer accurate financial knowledge to the staff and TAA. Chair Hammond congratulated and welcomed Vince Michaels, who joins the Information Technology Department.

- ❑ President/CEO Bewley has been nominated for another term on the Airports Council International (ACI) Board. She also serves on the ACI Governance Committee, U.S. Policy Council, Community Opportunities Working Group and National Environmental Policy Act (NEPA) Ad Hoc Working Group. Chair Hammond also reported the following TAA executives engaged with ACI: Chris Schmaltz (Legal Committee Steering Group), Anthony Casella (Business Information Technology Council), Austin Wright (Marketing and Communications Council), Police Chief Scott Bader (Security Council), John 'Dutch' Voorhees, and Kim Allison.

4. PRESIDENT/CEO REPORT

State of the Industry | Update

a. President/CEO Danette Bewley reported the following:

- ❑ President/CEO Bewley reported that Bryan Bedford was confirmed as the Federal Aviation Administration (FAA) Administrator. She reported that he has served as an American business executive for over 30 years in the aviation industry. With this background he will be familiar with how to approach the oversight of Boeing, and other critical issues.
- ❑ President/CEO Bewley reported the TAA staff met with Representative Juan Ciscomani to discuss and tour the Airport Safety Enhancement (ASE) Project. There was ongoing discussion on grant funding needs, and highlighted PFAS issues and the need for the federal government to be responsible for the cost burden on airports due to mandated use of PFAS containing firefighting foam.
- ❑ The One Big Beautiful Bill Act was signed into law on July 4, 2025, and includes \$4 billion budgeted for the airports, and \$12.5 billion for the ATC Modernization.
- ❑ TUS passenger statistics are holding well and have survived several opportunities by airlines to reduce services. President/CEO Bewley reported that our airport is positioned well to receive additional funding. TUS is poised to hit 4.1 million passengers in 2025.

b. TAA Strategic Plan 3.0 Update

- ❑ Executive Vice President/Chief Operations Officer Bruce Goetz reviewed the memorandum distributed, highlighting the revenue per enplaned passenger tracking has increased. There is a large amount of interest in the general aviation hangers off Valencia Road, along with construction on new hangers.
- ❑ EVP/COO Goetz reported that carpets and seating will begin to be replaced and updated within the next two weeks, along with the fall signage masterplan approaching completion. Additionally, EVP/COO Goetz reported on the Parking Revenue Control System (PARCS) and Airport Management System (AMS) projects.

5. PRESENTATION/DISCUSSION

Vice President/Chief Revenue Officer John ‘Dutch’ Voorhees reported on the proposed Parking Lot Rates Adjustment:

- ☐ He reported that it has been three years since the last parking rate increase, and the presented increase is to address increased costs and is carefully calibrated to be sensitive to limit the increase. Additionally, now that PARCS has been rolled out, there is the need to recapture the cost of that project.
- ☐ TAA staff partnered with ASE Parking, the current parking operations management team, to develop a reasonable increase in rates and verify that the TAA will not be priced out by available off-site parking. This increase is projected to provide a potential \$2.1 million additional revenue to the airport system.
- ☐ Vice Chair Swaim asked if there were any concerns about the marketing strategy being impacted by the proposed increase in rates. CCO Wright advised that these teams worked together to ensure no issues arise from this.

6. DIVISION UPDATES

a. Air Service Development | Update

- ☐ CCO Wright reported that domestic air travel is down nationwide, however, TUS is still above average in this statistic.
- ☐ Consumers are spending more money on premium experiences which produce above average revenue for airlines. TUS is doing well in filling the seats the airlines are providing to and from TUS.
- ☐ Additional updates included the Sacramento flights not returning from Alaska Airlines, however, there will be a second daily flight to Portland, Oregon. Frontier continues to have three non-stop flights, and TUS continues to advocate with the airlines for East Coast flights.
- ☐ Vice Chair Swaim asked whether international travel was down and how this was impacting TUS. CCO Wright advised that this does not have a direct impact on TUS as the majority of our travel is domestic, however, we are still working toward flights to Mexico.

b. ASE | Update

- ☐ EVP/COO Goetz shared a drone video of the ASE project progress. He reported that the goal is to start pouring concrete in the November time frame. The batch plant will be mixing concrete on site with the total depth of the concrete plus base courses being 51 inches.

- ☐ EVP/COO Goetz reported that TUS is expecting to receive at least an additional \$50 million in grant funding in the next month or so. Chair Mike Hammond asked if any portion of the runway would be usable if the funding is not agreed upon, and EVP/COO Goetz advised that it would not be usable.

7. EXECUTIVE SESSION

Motion by Vice Chair Swaim, seconded by Director Wheeler, to enter Executive Session. Executive Session entered at 3:50 p.m. The motion carried by the following vote:

Ayes (8) Hammond, Swaim, Piña, Rich, Jackson, Wheeler, Sanchez, Overton

Nays (0)

Director Rich left the meeting at 4:20 p.m.

8. RETURN TO REGULAR SESSION

The Board returned to regular session at 4:57 p.m.

9. ACTION ITEM

Motion by Vice Chair Swaim, seconded by Director Wheeler directing TAA Counsel to proceed as discussed in executive session. The motion carried by the following vote:

Ayes (7) Hammond, Piña, Rich, Jackson, Wheeler, Sanchez, Overton

Nays (0)

10. NEXT MEETING

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

11. ADJOURN

Chair Hammond adjourned the meeting at 5:01 p.m.

APPROVED BY:

Prepared by:

Vance Falbaum, Secretary

Carolina Cordova, TAA Clerk

Date: _____

Date: _____

Date: September 3, 2025

To: TAA Board of Directors
From: Kim Allison, Vice President of Finance / CFO
Re: PSPRS Pension System Funding Policy FY 2026

Background:

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

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

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

The proposed TAA PSPRS Funding Policy for FY 2026 (Exhibit A of the attached draft resolution) is the legally required TAA policy which was prepared with the intent of satisfying the requirements established by A.R.S. § 38-863.01 in both letter and spirit.

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

Recommendation:

The TAA staff recommends that the Board of Directors approve as presented Resolution No. 2025-08 adopting the PSPRS Pension System Funding Policy for FY 2026.

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., APPROVING THE TUCSON AIRPORT AUTHORITY (TAA) POLICY ON FUNDING PENSION OBLIGATIONS UNDER THE ARIZONA PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM FOR FY 2026.

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

WHEREAS the Board of Directors accepts the staff recommendations as detailed in the Board Memorandum and TAA Public Safety Personnel Retirement System Pension Funding Policy FY2026.

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

The Board of Directors hereby adopts TAA *Public Safety Personnel Retirement System Pension Funding Policy FY2026* – attached hereto as Exhibit A and incorporated herein by reference, and made a part of this Resolution. The Board of Directors further directs the President/CEO (or her designee[s]) to execute the policy, assign an appropriate policy number, transmit the policy to the Public Safety Personnel Retirement System, and to take any further actions necessary to comply with A.R.S. § 38-863.01.

PASSED AND ADOPTED by the Board of Directors of the Tucson Airport Authority, Inc., this third day of September, 2025.

Michael S. Hammond, Chair of the Board

ATTEST:

APPROVED AS TO FORM:

Vance Falbaum, Secretary

Christopher Schmaltz, Vice President
and General Counsel

EXHIBIT A

TUCSON AIRPORT AUTHORITY POLICY

**PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
PENSION FUNDING POLICY FY2026**

Public Safety Personnel Retirement System Funding Policy

Policy No.	
Effective Date	09/03/2025
Authorized By	D. Bewley
Supersedes Policy No.	2024-10
Business Owner	Finance

Objective:

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

Scope:

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

Definitions/Terminology:

The following terms are used throughout this policy:

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

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

Procedure:

Employees of the TAA participate in PSPRS if they are employed in either police or firefighting capacities and meet the minimum work qualifications. The PSPRS administers an agent multiple-employer defined benefit pension plan. PSPRS acts as a common investment and administrative

agent which issues, on an annual basis, financial reports detailing pension plan assets, liabilities, pertinent funding information and actuarial assumptions. Under this structure, PSPRS comingles investment resources of all participating agencies and serves as the statewide uniform distributor of benefits. However, each participating agency is treated as an individual trust fund, with separately identifiable assets and liabilities. There are two separate participating agencies within TAA: Tucson Airport Authority Police Department (TAAPD); Tucson Airport Authority Fire Department (TAAFD).

Stability and Frequency of Contributions:

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

Acceptance of Pension Assets and Liabilities:

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

GASB 68 statements published by PSPRS for the plan year ended June 30, 2024 for TAAPD and TAAFD reflected the following:

	TAAFD	TAAPD	Total
Total Pension Liability	\$ 21,691,011	\$ 24,654,827	\$ 46,345,838
Plan Fiduciary Net Position	19,569,525	23,014,325	42,583,850
Net Pension Liability (Asset)	\$ 2,121,486	\$ 1,640,502	\$ 3,761,988
Funded Ratio*	90.22%	93.35%	91.89%

**Plan fiduciary net position as a percentage of total pension liability*

TAA’s funded ratio goal is 100% (fully funded) over a period of 15 years. This is consistent with the standard amortization period per the PSPRS’s Actuarial Valuation Report as of June 30, 2024.

Funded Ratio Target:

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

Authorized by:

Danette Bewley
President/CEO

Date

Date: September 3, 2025

To: Board of Directors
From: Brian Kidd, Deputy Chief of Strategic Marketing and Air Service Development
Re: Air Service Incentive Program

Background:

Incentive programs are universally used by major commercial airports in the United States to attract and support new air service. Airlines do not base decisions solely on airport incentives, but they are now expected as part of any new service launch.

The level of incentives offered by airports is limited by FAA guidelines. Funding from external community and government organizations external to the airport is increasingly important in securing new routes. Airports advise but do not control these efforts.

TAA has had an air service incentive program for Tucson International Airport (TUS) since 2011. It was modernized in 2023. New FAA guidelines have come into effect since 2023 that have allowed airports slightly more latitude, so the proposed policy for FY 2026 and 2027 includes updates to take advantage of these changes.

The program offers funding for marketing new nonstop service as well as waivers of landing fees and terminal use fees. Conditions to protect TAA's financial interest in the case of the airline not fulfilling the terms of the agreement remain in place.

Cost Analysis:

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

Though the level of qualifying air service activity is not precisely known in advance, TAA is allocating \$100,000 to incentives for new routes in FY2026.

Recommendation:

Adopt Resolution No. 2025-09 authorizing the President/CEO or her designee to execute airline incentive agreements in accordance with the provisions of the new Air Service Incentive Program, effective October 1, 2025.

Attachments:

1. Tucson Airport Authority Air Service Incentive Program: Fiscal Years 2026 and 2027
2. Tucson Airport Authority Air Service Incentive Program Participation Agreement
3. Resolution No. 2025-09



Air Service Incentive Program

Tucson Airport Authority

Fiscal Years 2026 and 2027

Tucson Airport Authority (TAA) Mission Statement

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

TAA Vision Statement

Landing Prosperity in Southern Arizona

For Qualifying Service Commencing between October 1, 2025 and September 30, 2027

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

The program incentives are available for airlines operating scheduled passenger service on a new route not currently served nonstop from TUS as well as service by new entrant airlines.

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

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

To receive marketing support, the advertising must be:

- (1) Solely for the purpose of promoting the new TUS route,
- (2) The TUS logo must be featured prominently in the advertising and promotional material,
- (3) TAA must approve the advertising in advance, and
- (4) TAA will pay for marketing based on invoices from approved non-airline 3rd parties.

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

“Seasonal service” is service which operates for less than seven months consecutively.

A “new entrant carrier” is an airline beginning service at TUS which has not served TUS in the preceding 24 months. A new entrant is considered an incumbent air carrier twelve months after commencing service at TUS.

If seasonal service converts to year-round service, the incentive reverts to the levels for year-round service.

United States and Territories:

Airport Fees

- 1) For the first 12 months of year-round service by an incumbent carrier to a destination not currently served nonstop;
- 2) First 12 months of service by a new entrant carrier to a destination currently served nonstop;
- 3) First 24 months of service by a new entrant carrier to a destination not currently served nonstop, or
- 4) First three years of seasonal service to a destination not currently served nonstop:
 - Airport fees (landing fees, additional terminal rent incurred due to new service, use fees) waived

Marketing Support

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

Destinations in Mexico or Canada:

Airport Fees

For the first 12 months of year-round service by an incumbent carrier, the first 24 months of service by a new entrant carrier, or the first three years of any seasonal service:

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

Marketing Support

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

Other International Destinations:

Airport Fees

For the first 24 months of year-round service or the first three years of seasonal service:

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

Marketing Support

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

Other Program Requirements

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

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

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

Any airline ending qualifying service at TUS during the period of this program which restarts service to that same market within the effective time period of this program is not eligible for further incentives.

Exhibit A
(Sample Participation Agreement)

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

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

RECITALS:

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

AGREEMENT

NOW, THEREFORE, the parties hereby agree as follows:

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

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

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

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

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

3. **Security.** Prior to the Start Date, Airline must provide TAA with a letter of credit or other security acceptable to TAA in an amount equal to \$ _____, the estimated amount of all incentives Airline will receive during the Term of this Agreement that may be reimbursable to TAA and are in excess of three months of Airline's average TAA rates and charges related to their entire TUS operations as of the Start Date. The letter of credit or other security must be in a form that is satisfactory to TAA and must remain in effect without interruption during the term of this Agreement and for three (3) months thereafter.

4. **Term.** This Agreement will automatically terminate on _____ and will not be subject to any extension.

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

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

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

[AIRLINE]

TUCSON AIRPORT AUTHORITY, INC.

Signature

Signature

Name
Title

Danette Bewley
President/CEO, Tucson Airport Authority

Date

Date

SAMPLE

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC.,
APPROVING THE TUCSON AIRPORT AUTHORITY (TAA) AIR SERVICE INCENTIVE PROGRAM FOR
FISCAL YEARS 2026 AND 2027.**

WHEREAS Air Service Development at Tucson International Airport (“TUS”) is a key component of the Tucson Airport Authority’s Strategic Plan as part of the Expand Prosperity Strategic Initiative, and it supports TAA’S efforts to bring quality air service to southern Arizona to meet the needs of business, tourism, and regional residents; and

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

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

The Board of Directors approves the TAA Air Service Incentive Program (“Program”), attached hereto, incorporated herein by reference and made a part of this Resolution, effective October 1, 2025 and expiring September 30, 2027. The Board of Directors further directs the President/CEO (or her designee[s]) to implement the Program, including executing participation agreements with new or existing carriers as the President/CEO (or her designee[s]) deem appropriate.

PASSED AND ADOPTED by the Board of Directors of the Tucson Airport Authority, Inc., this third day of September, 2025.

Michael S. Hammond, Chair of the Board

ATTEST:

APPROVED AS TO FORM:

Vance Falbaum, Secretary

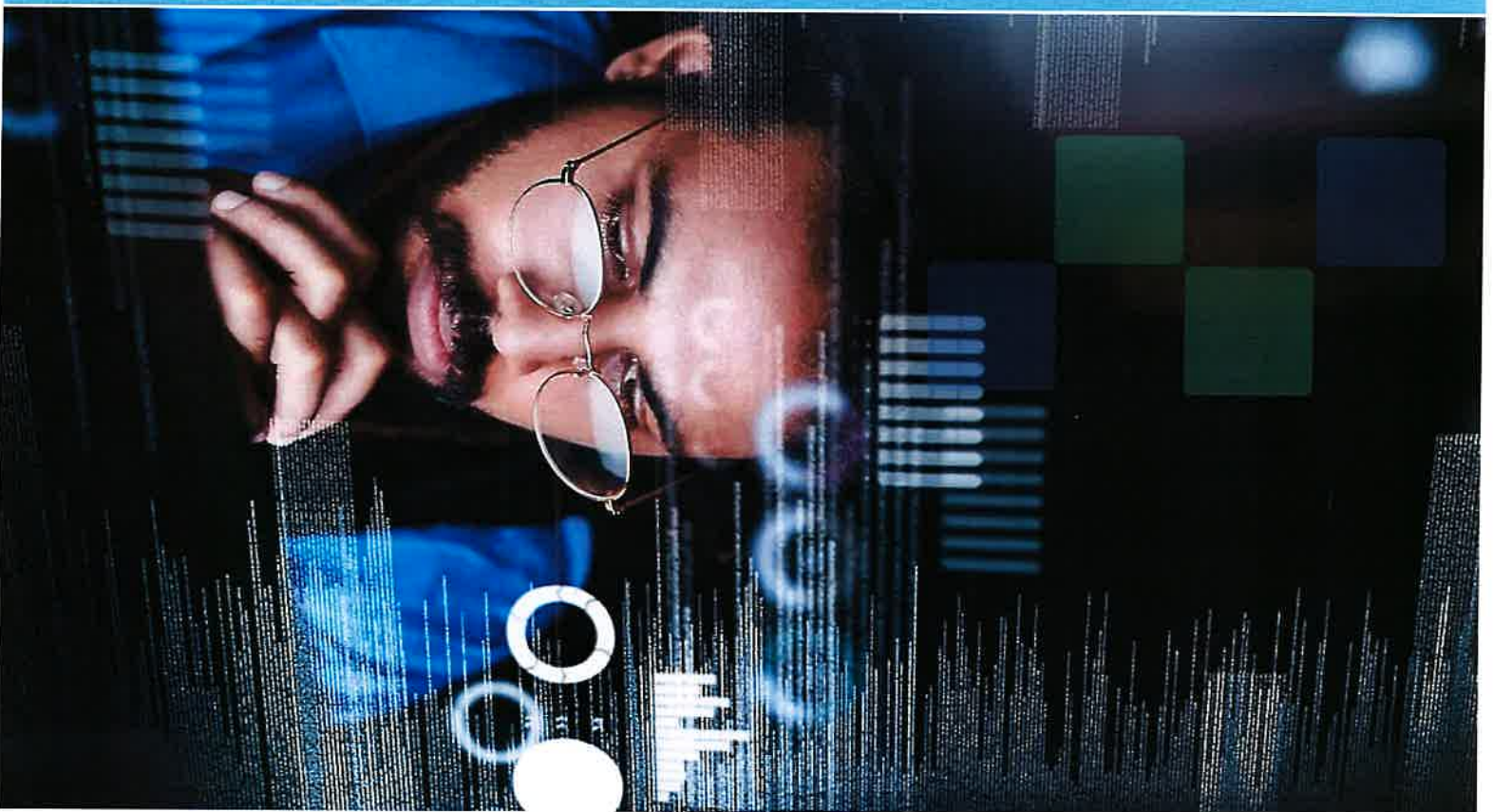
Christopher Schmaltz, Executive Vice
President and General Counsel



MAP DASHBOARD

Annual Report 2025

Making Action Possible For Southern Arizona



MAP Dashboard Celebrates 10 Years of Success

The award-winning MAP Dashboard is celebrating its 10th anniversary! The MAP was launched in late 2014 to measurably improve Southern Arizona through data-driven collective civic action and education.



Since its launch the MAP website has had nearly 400,000 users and is close to reaching a million pageviews. The MAP Dashboard is constantly changing to reflect the issues most relevant to the Southern Arizona region. Over the past decade we've published 156 feature articles highlighting key topics related to Tucson and Arizona. Additionally, the MAP has hosted 35 MAP Talks bringing together relevant and timely data with key insights from community experts on a wide range of topics.

The MAP Dashboard has been a pillar in the community for the past 10 years, providing up-to-date data and information to evaluate and measure key socio-economic indicators. Thus, it allows policymakers and engaged community members to make informed decisions on improving our region. Through this work, the MAP has received international, national, state, and local recognition in the 10 years since its launch.

- 2016 Award for Website Excellence by the Association for University Business and Economic Research
- 2016 DataViz Award from the Association of Public Data Users
- 2016 Finalists for the Arizona Governors Award for Innovation in Academia
- 2016 Common Ground Award from the Metropolitan Pima Alliance
- 2018 Impact Award from the International Community Indicators Consortium
- 2021 Research Award for Data Collection, Dissemination, and Visualization from the Council for Community and Economic Research (C2ER)
- 2023 Featured in the University of Arizona's Carnegie Classification for Community Engagement application

The MAP is constantly evolving, with new data, information, visualizations, and articles every month. Community input is vital to the MAP's mission. The MAP will continue to engage with community members to ensure it provides the most relevant and up-to-date information. We look forward to the next 10 years.

Executive Summary

The MAP Dashboard celebrated its 10th anniversary in 2024. The award-winning MAP Dashboard project was created to measurably improve Southern Arizona through data-driven collective civic action and education. The MAP provides users with measures of our region’s progress and access to the latest information and research. MAP fills a gap by providing a common collection of information upon which to evaluate our community and collaborate to address our shared issues.

The Southern Arizona community continues to embrace the MAP Dashboard. Since its launch, the website has had nearly 400,000 users and more than 940,000 page views. In addition, more than 3,000 people read the MAP newsletter each month, 443 people follow on X (formerly Twitter), and 342 people follow on Facebook.

Since its founding, the MAP Dashboard has been recognized for excellence five times by international, national, state, and local organizations. Most recently, the MAP was featured in the University of Arizona’s application for the Carnegie Classification for Community Engagement.

36 Core Indicators				
Economy	Education	Health & Social Well-Being	Infrastructure	Quality of Place
Business Growth	College Major	Behavioral Health	Air Travel	Air Quality
Employment Growth by Industry	Educational Attainment	Health Insurance Coverage	Congestion Trends	Cost of Living
GDP by Industry	High School Graduation Rates	Housing Cost Burden	Energy Use	Creative Occupations
Housing Affordability	PreK-12 Enrollment	Physical Well-Being	Internet Access	Outdoor Recreation Opportunities
Median Household Income	Student Achievement	Poverty Rate	Residential Water Use	Public Safety
Patents	Teacher Wages	Teen Birth Rate	Transportation to Work	Voter Turnout
				Working Age College Graduates

The content on the MAP Dashboard is constantly expanding and changing in response to the most pressing community issues. In addition to the 36 core data updates in the Economy, Education, Health & Social Well-Being, Infrastructure, Quality of Place, and Workforce & Demographics categories in 2024, several key changes were made to the Infrastructure category that reflected the community feedback received through a series of surveys and meetings. Those changes included:

- A new set of peer geographies for the Air Travel indicator
- The creation of a new core indicator that explores annual congestion costs and delay hours per auto commuter
- A detailed analysis of how electricity is generated for each geographic region
- Information on the availability of residential broadband by speed
- Expanding the water data to include information on each of Arizona’s Active Management Areas

Additionally, 19 feature articles appeared on the website. These included articles on:

- Funding regional transportation
- Poverty and education trends for the Southern Arizona communities
- Disability and employment in Tucson
- How much house can you afford
- Youth disconnection in Arizona
- Arizona's heat-related deaths
- Addressing food insecurity in Tucson
- Arizona's share of the foreign-born population falls
- And many others

The MAP Dashboard highlights regional impact through the Community Spotlight, which explores how various Southern Arizona organizations use the MAP Dashboard. Each Spotlight provides insight on how to get the most out of the MAP and inspires others to use the website in new ways. The Community Spotlight in 2024 featured the Community Foundation for Southern Arizona.

Community outreach and engagement is a key part of the MAP Dashboard. The University of Arizona's Economic and Business Research Center researchers frequently participate in print, radio, and television interviews. The MAP team and associated researchers gave six public presentations to local residents last year, reaching 1,159 attendees.

These public presentations included the following events:

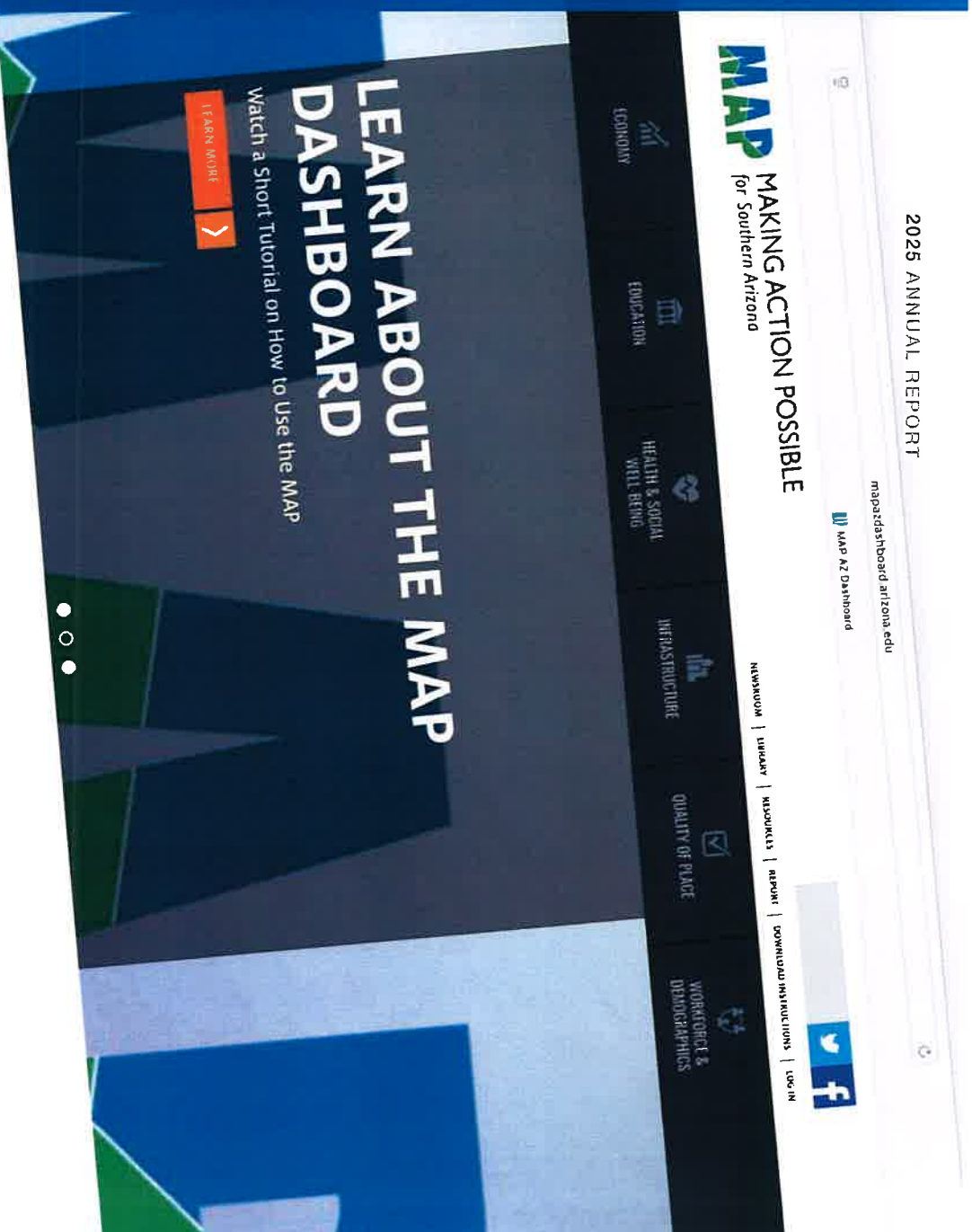
- Understanding Tucson's Health MAP Talk
- Eller's Breakfast with the Economists
- Arizona's Health Related Health Impacts MAP Talk
- Disability and Employment in Tucson MAP Talk
- Eller's Economic Outlook Luncheon
- Education Review

In 2024, the MAP Dashboard reviewed the Education category through community surveys and meetings. That included a thorough review of each current indicator and a discussion with the public and education experts on the most relevant indicators to our region. Community input on the MAP's selection of core indicators and feature articles is vital to our mission.

Information from the MAP Dashboard website reaches thousands of readers monthly through a full-color feature in the Sunday Business section and Monday Health section of the *Arizona Daily Star*.

This report provides a snapshot of the MAP Dashboard as of spring 2025, using the most up-to-date annual data. Since federal agencies release this information with significant delays, most estimates are for 2023 and 2024. In some cases, particularly the health-related data, the most recent estimates available for all comparison regions are for 2022. That is due to the time federal agencies require to acquire and report the data.

This report summarizes the latest results for all indicators and highlights key changes during the past year. It also documents changes to the website during 2024, brings together website metrics, and summarizes outreach activities.



Measuring Progress. Inspiring Action.



[View All Articles](#)

Featured Articles

Large Gains in Tucson's Manufacturing Jobs

Extreme Heat for Teen Southern Arizona City as Town

Arizona's Voter Turnout Dropped in 2024

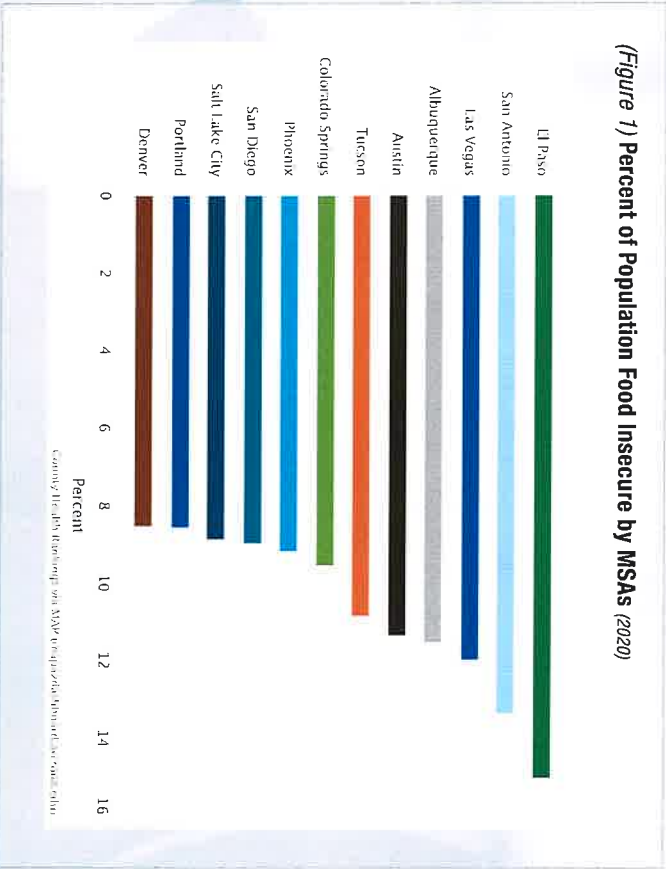
FEATURED ARTICLE

Tracking Food Insecurity

Beatriz Del Campo-Carrona, Research Economist
Economic and Business Research Center, Eller College of Management, University of Arizona

In 2020, El Paso recorded the highest food insecurity rate among metropolitan areas at 15.0%, while Denver had the lowest at 8.5%.

(Figure 1) Percent of Population Food Insecure by MSAs (2020)



The most recent [State of Food Security and Nutrition in the World \(SOFI\)](#) report, released by five United Nations specialized agencies, indicates that global hunger and the prevalence of moderate or severe food insecurity has remained relatively stable for three consecutive years, following a significant increase that occurred in the aftermath of the COVID-19 pandemic. In 2023, it was estimated that 28.9% of the worldwide population, equating to approximately 2.33 billion individuals, experienced moderate to severe food insecurity.

As illustrated in Figure 1, Tucson had the sixth-highest percent of food insecurity among peer western MSAs at 10.9%. The graph presents the most recent data for the MAP western MSAs, sourced from the County Health Rankings & Roadmaps (CHRR&R).



Children facing food insecurity
are prone to having inadequate
diets and unhealthy weight gain.

Child, Adult, and Senior Food Insecurity in Arizona

Children facing food insecurity are prone to having inadequate diets and unhealthy weight gain. Moreover, they face a greater chance of developing chronic illnesses, experiencing mental health issues, struggling academically, having stunted growth and development, and negative health habits later in life. Figure 2 displays the percent of children, adults, and senior population that were food insecure in 2022.

(Figure 2) Percent of Child, Adult, and Senior Population Food Insecure (2022)

	CHILD POPULATION (UNDER AGE 18)	OLDER POPULATION (50-59 YEARS)	SENIOR POPULATION (AGE 60 OR OLDER)
ARIZONA	18.5%	7.2%	9.4%
U.S.	16.5%	11.9%	8.7%

FEATURED ARTICLE

How Much House Can You Afford?

Jennifer Pullen, Senior Research Economist and MAP Dashboard Coordinator,
Economic and Business Research Center, Eller College of Management, University of Arizona

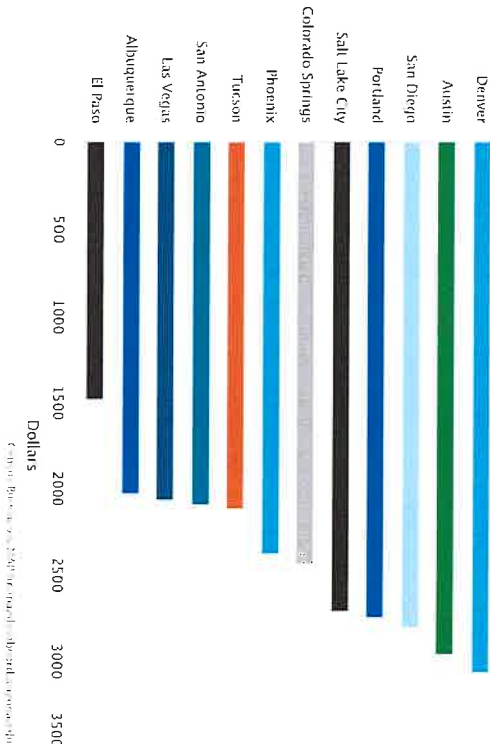
If you're like most people, you can't afford to pay cash for a home. In 2023, 78.0% of homes purchased were financed according to the National Association of Realtors "2023 Home Buyers and Sellers Generational Trends Report." The report shows that financing rates varied significantly by age, with lower rates for older buyers as they are more likely to use equity from a past home. Across all age groups that financed their home, the median down payment was 14%.

Have you ever wondered how much house you can afford? If you spend more than 30% of your income on your housing-related expenses then you are considered housing cost-burdened. Research has shown that households that are cost-burdened have a more difficult time paying for other necessities like healthcare, childcare, education, and even food.

In Tucson, the local median family income in 2022 was \$84,982. We can use each metropolitan area's median family income to calculate the maximum amount someone could afford to spend each month on their mortgage payment without being considered housing cost-burdened. In Tucson, a family that earns the local median family income of \$84,982 would need to spend less than \$2,125 each month on their mortgage to avoid being housing cost-burdened (Figure 1).

If you spend more than 30% of your income on your housing-related expenses then you are considered housing cost-burdened.

(Figure 1) Monthly Amount Spent on a Mortgage at The Point of Housing Cost Burden (2022)



Using the maximum amount someone could spend on their mortgage payment each month, we can calculate the price of an affordable house given a set of assumptions. Those assumptions include the amount of the down payment, length of the mortgage, interest rate, insurance (homeowners and principal mortgage insurance (PMI) – if applicable), and the local tax rate.

- In Tucson, a family earning the median income with a 10% down payment could afford to spend up to \$300,300 on a single-family home without being considered housing cost-burdened, which increases to \$357,500 if they put 20% down.



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The MAP Dashboard is Constantly Evolving – Major Changes in 2024

Jennifer Pullen, Senior Research Economist and MAP Dashboard Coordinator, Economic and Business Research Center, Eller College of Management, University of Arizona

The content on the MAP Dashboard constantly expands and changes in response to the most pressing community issues. In 2023, the MAP team reviewed the content of the Infrastructure category by conducting surveys and holding community meetings. The findings from our community engagement resulted in several key changes, which are highlighted below.

Air Travel

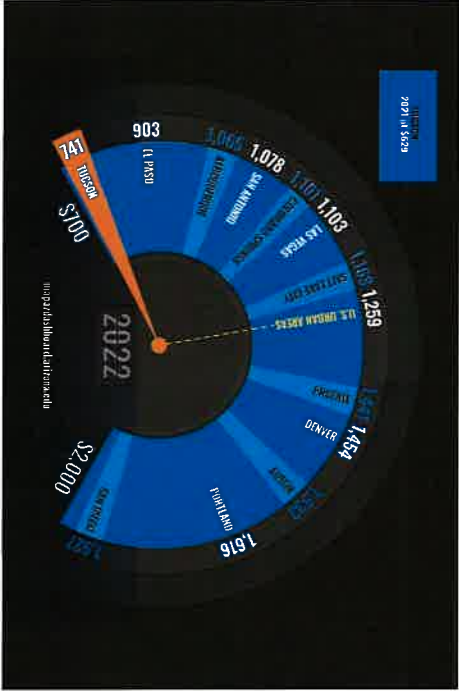
- Due to the nature of air travel, the MAP added a unique group of comparison geographies for the Tucson International Airport. These comparison airports include non-hub airports from similar-sized regions that often have a larger hub airport nearby.
- Tucson's peer airports include Albuquerque, Boise, Colorado Springs, El Paso, Palm Springs, Reno, Spokane, and Tulsa.



Congestion Trends

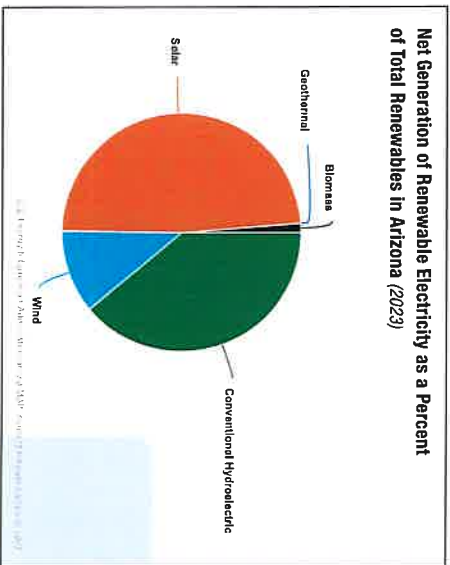
- The website now includes a new MAP core indicator that explores the annual congestion costs and delay hours per auto commuter for the Tucson urban area and its comparable peer regions.
- The Tucson urban area had the lowest congestion costs of all peer regions in 2022.

Annual Congestion Costs per Auto Commuter (2022)



Energy Use

- New data and analysis were included on how electricity is generated for each of the geographic regions explored on the MAP, including a breakdown of renewable sources of electricity.



Residential Water Use

- In 2024, the MAP Dashboard included the amount of residential water used per capita for each of Arizona's Active Management Areas. Additionally, each AMA consists of a breakdown of water supply by type.

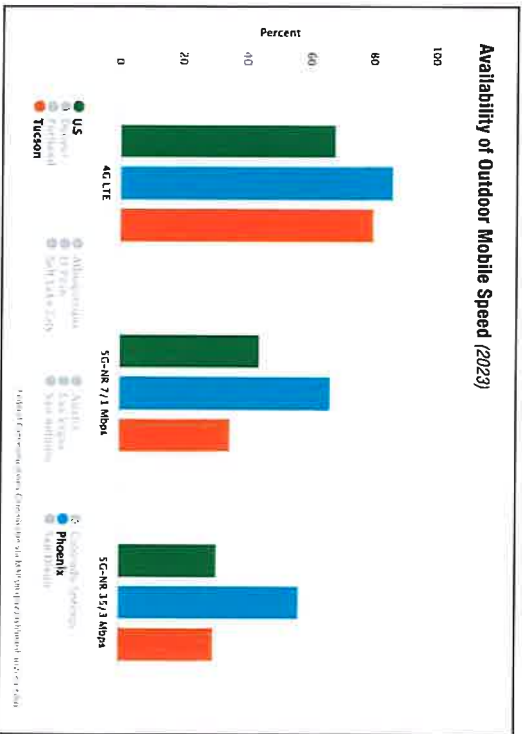
Internet Access

- The internet access indicator now includes the availability of residential broadband by speed, including 250/25 Mbps and 1000/10 Mbps. It also includes the availability of outdoor mobile by speed.

Residential Water Use in Gallons per Capita per Day (GPCD) in 2020



Availability of Outdoor Mobile Speed (2023)



WHITE PAPER

Why has Arizona's heat-related death rate increased tenfold in twenty years?

Slade Smith, JD, Assistant Director, Applied Health Policy Institute, Mel & Enid Zuckerman College of Public Health, University of Arizona

Kirin Goff, JD, MPH, Director, Applied Health Policy Institute, Mel & Enid Zuckerman College of Public Health, University of Arizona

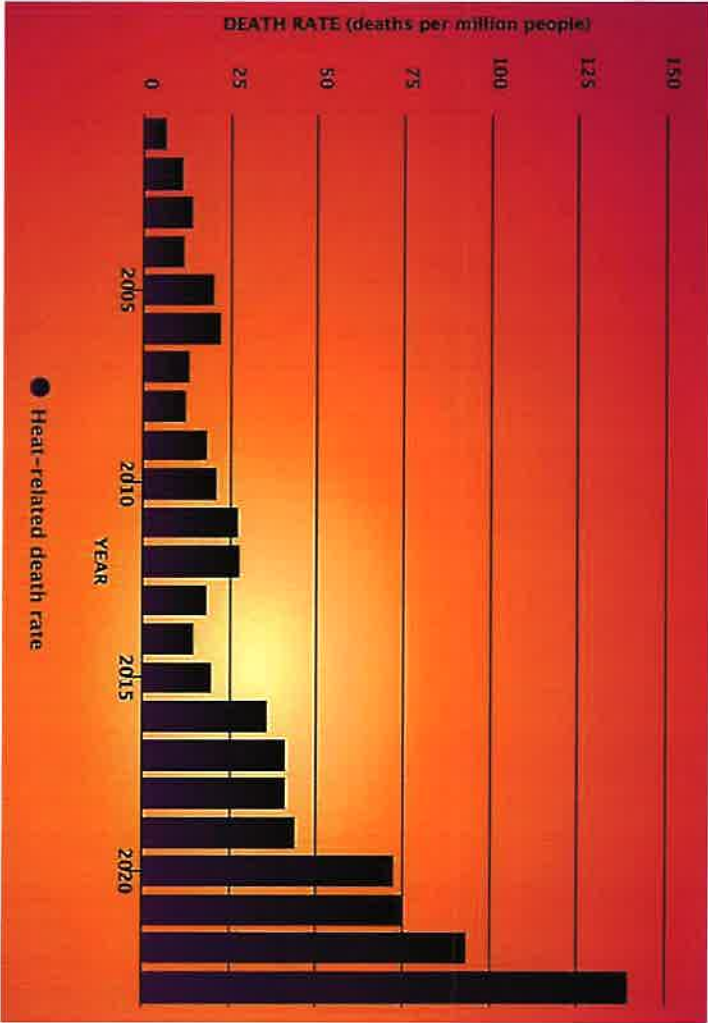
Sonia Kaufman, Ph.D. Candidate, School of Geography, Development & Environment, University of Arizona

In Maricopa County, which is home to about 60 percent of the state's population and includes the Phoenix Metropolitan Statistical Area (MSA), there were 645 heat-related deaths last year, setting a new record for the eighth consecutive year and shattering the previous record of 425 in 2022.

The MAP Dashboard funds White Papers every year from University of Arizona faculty to write on topics that are relevant to our region. Their expertise on the White Paper topic often provides a unique and in-depth perspective. The White Paper "Why has Arizona's heat-related death rate increased tenfold in twenty years?" written by Slade Smith, JD, is an excellent example.

The heat-related death rate in Arizona has increased roughly tenfold in the last twenty years. In Maricopa County, which is home to about 60 percent of the state's population and includes the Phoenix Metropolitan Statistical Area (MSA), there were 645 heat-related deaths last year, setting a new record for the eighth consecutive year and shattering the previous record of 425 in 2022 (Figure 1). And the death rate in Pima County was almost as high as Maricopa County, even though it was about seven degrees cooler.

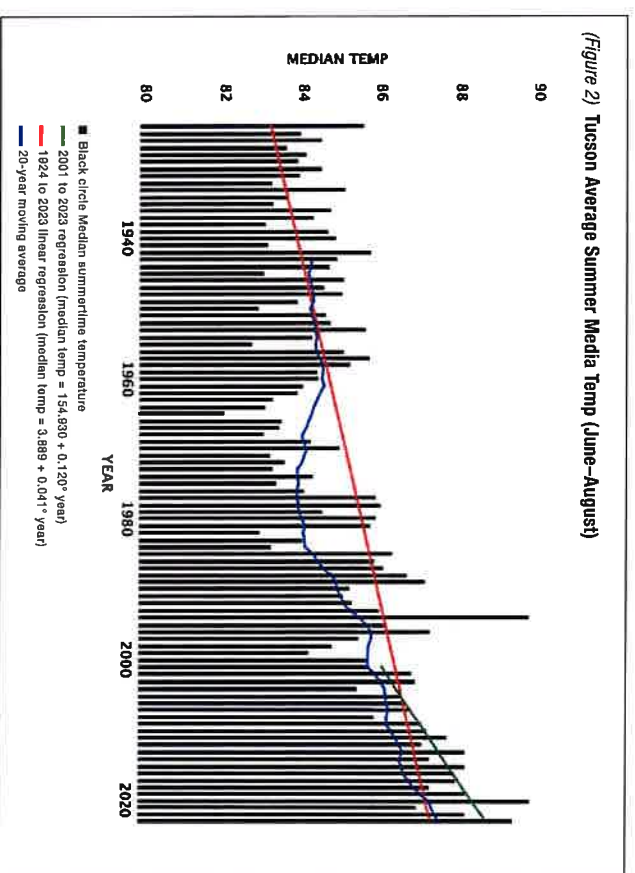
(Figure 1) Maricopa County Heat-Related Death Rates 2001-2023



Key Findings

Temperature

Phoenix summer daytime temperatures have increased by about seven degrees in the last 100 years. Much of this increase — likely most of it — is caused by a severe “urban heat island effect” rather than global climate change. An urban heat island occurs when temperatures inside a city are consistently higher than surrounding rural areas because the city is covered by surfaces that absorb more sunlight and emit more heat than the natural surfaces they displaced. Although Tucson has not warmed as much as Phoenix (about four degrees in the past 100 years), there is evidence that Tucson has warmed faster in the past two decades and may unfortunately be catching up to Phoenix (Figure 2).



Vulnerabilities

Our analysis reveals two general categories of victims with rapidly increasing death rates. The first group dies outdoors: these victims tend to be predominantly male and are often homeless. Outdoor deaths also often involve the use of one or more substances, most commonly methamphetamine, which appears to be particularly deadly when combined with extreme heat. The second group involves deaths that occur indoors, most often in a situation where the air conditioner isn't working. Indoor victims tend to be older, skew more female, and are much less likely to have used any substances.

Policy Implications

Policymakers should ramp up efforts to address the major causes of the crisis. For example, cities can reduce the coverage area of unshaded pavement over time by integrating trees into right-of-ways as public green infrastructure and removing unnecessary pavement to mitigate urban heat island effects.

Likewise, loosening land use laws can increase the supply of homes to help alleviate homelessness and financial stress that may be leaving people unable to afford air conditioning. Policies like these that make our cities more comfortable and affordable could improve many lives beyond those saved. Other emergency measures — more shelter beds, for example — will likely save many lives as soon as they are implemented.

MAP Dashboard

OVERVIEW

The award-winning Making Action Possible (MAP) Dashboard was formed through a unique partnership between the University of Arizona, the Community Foundation for Southern Arizona, and the Southern Arizona Leadership Council to develop a project to measurably improve Southern Arizona through data-driven collective civic action and education. Subsequently, the Pima Association of Governments and Sun Corridor Inc. joined the partnership in 2016 and 2018.

The partnership represents the non-profit and business communities, regional government, local economic development, and higher education. The MAP Dashboard fills a resource gap by providing a common collection of research and information to evaluate and measure key socio-economic indicators in our community and collaborate to address our shared issues.

The socioeconomic indicators are grouped into six categories: 1) Economy, 2) Education, 3) Health and Social Well-Being, 4) Infrastructure, 5) Quality of Place, and 6) Workforce and Demographics. For each indicator, users can learn how Southern Arizona is doing, how it compares, and what the latest trends tell us about our progress. Users can compare Southern Arizona to the United States, states in the West, and select Metropolitan Statistical Areas (MSAs). This information allows Southern Arizonans to decide priorities, shape and pursue effective policies, and seek external funding opportunities. They can also use the data to drive business and organizational decisions and build collaborative and cross-sector partnerships capable of taking action throughout our region.

While the MAP Dashboard focuses on state, county, and metropolitan area data, it also includes a wealth of information for cities and towns in the Southern Arizona region. The Southern Arizona region commonly consists of the following counties: Cochise, Graham, Greenlee, Pima, Pinal, Santa Cruz, and Yuma. The MAP Dashboard also includes data for all 15 Arizona counties and 41 of Southern Arizona's largest cities, towns, and census-designated places.

The MAP Dashboard celebrated its 10th anniversary in 2024. The MAP Dashboard has received international, national, state, and local recognition in the 10 years since its launch. It was awarded the 2016 Award for Website

Excellence by the Association for University Business and Economic Research and the 2016 DataViz Award from the Association of Public Data Users. The MAP Dashboard was one of three finalists for the Arizona Governor's Award for Innovation in Academia and received the 2016 Common Ground Award from the Metropolitan Pima Alliance. Additionally, in 2018, the MAP received the Impact award from the International Community Indicators Consortium for its demonstrated ability to drive positive community change in Southern Arizona. Most recently, the Council for Community and Economic Research (C2ER) awarded the MAP the 2021 Research Award for Data Collection, Dissemination, and Visualization for contributing to the success of local, regional, or state community, economic, and workforce development initiatives. In 2023, the MAP was featured in the University of Arizona's application for the Carnegie Classification for Community Engagement.

Local community support makes the MAP Dashboard possible. Funding partners include the Community Foundation for Southern Arizona, Pima Association of Governments, the Southern Arizona Leadership Council, Sun Corridor Inc., and the University of Arizona. The University of Arizona's Economic and Business Research Center maintains, updates, and administers the MAP Dashboard website.

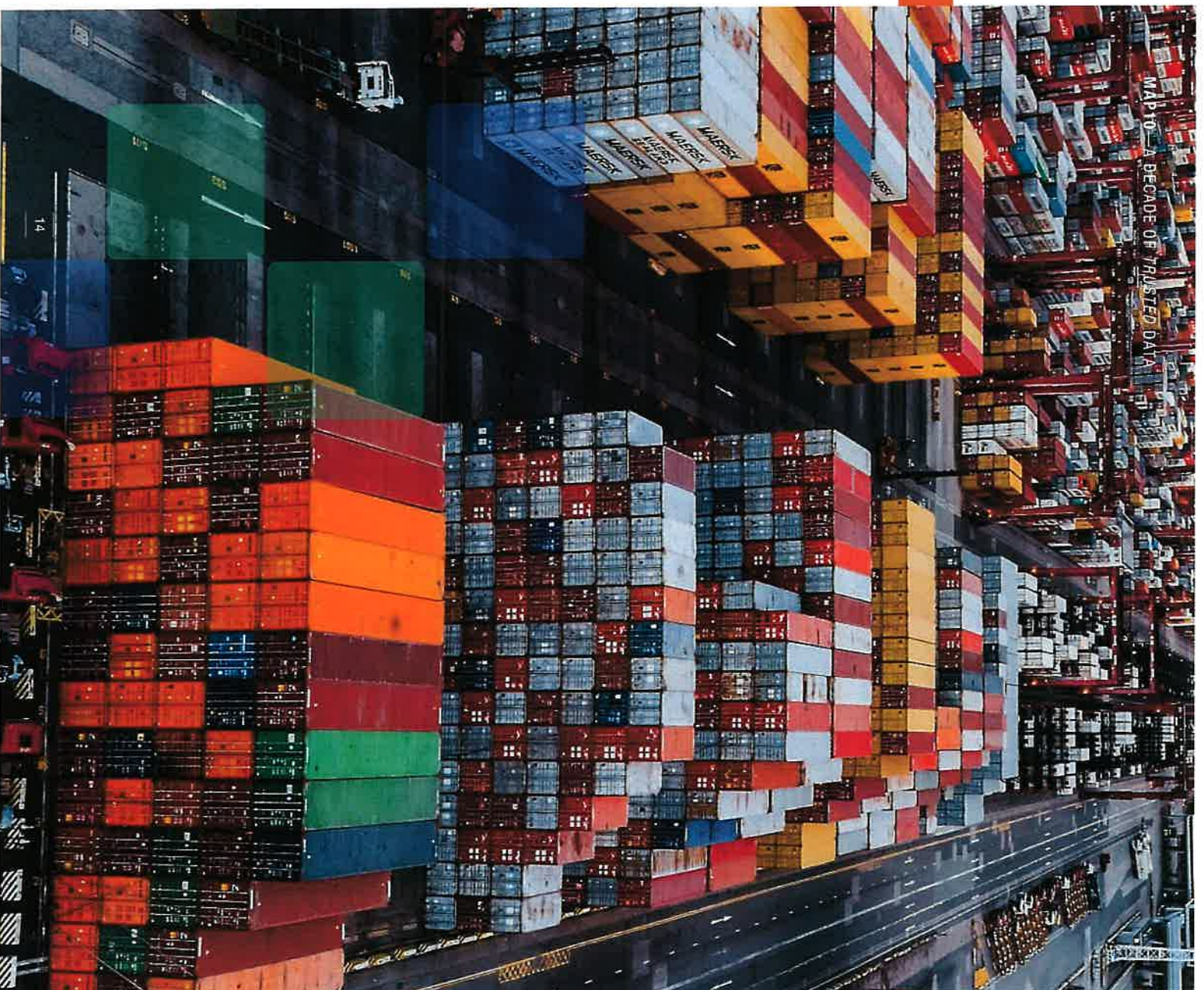
Community sponsors also provide financial support. Sustaining sponsors include the Thomas R. Brown Foundation, Tucson Electric Power, and Freeport McMoRan. Wells Fargo, the Arizona Community Foundation, and NuPoint Marketing are supporting sponsors, while Sundt Construction and Visit Tucson are contributing sponsors.



Economy

OVERVIEW

An **Economy** is defined by the production, distribution, and consumption of goods and services. The decisions of individuals and firms interacting in this process determine how economic resources are allocated. The quality of a region's economy reflects the opportunities available to individuals and businesses. Strong economies typically result in a high standard of living, higher wages, and consistent job growth. The economic indicators included in this section help identify where Southern Arizona stands compared to other economies in the western United States.



Economy Scorecard

INDICATOR	HOW ARE WE DOING?	FROM 2022 TO 2023	HOW DO WE COMPARE?	RECENT CHANGE
BUSINESS GROWTH	5.1%	FROM 2022 TO 2023		▼
EMPLOYMENT GROWTH	-0.5%	FROM 2023 TO 2024		▼
REAL GDP	4.6%	FROM 2022 TO 2023		▶
HOUSING AFFORDABILITY	45.3%			▶
MEDIAN HOUSEHOLD INCOME	\$67,929			▶
PATENTS	16.8 PER 10,000 WORKERS			▶

☀️ Ranked in Top 1/3 ☁️ Ranked in Middle 1/3 ☁️ Ranked in Bottom 1/3 ☁️ Ranked Last

MAP Scorecard "How Do We Compare?" Rankings Are Relative To The Following Peer Metropolitan Areas: Albuquerque, Austin, Colorado Springs, Denver, El Paso, Las Vegas, Phoenix, Portland, Salt Lake City, San Antonio, and San Diego

mapazdashboard.arizona.edu

NOTABLE ANNUAL CHANGES

- The MAP Dashboard added a new housing affordability indicator! In 2024, a household earning the median income in the Tucson MSA would need to spend 45.3% of that income to afford a median-priced home.
- The Tucson MSA posted an increase in inflation-adjusted Gross Domestic Product (GDP) of 4.6% in 2023, ranking it second among peer MSAs.

NOTE: Data refer to the Tucson Metropolitan Statistical Area (MSA) unless otherwise noted. Information published in this report uses the most up-to-date data available at time of publication

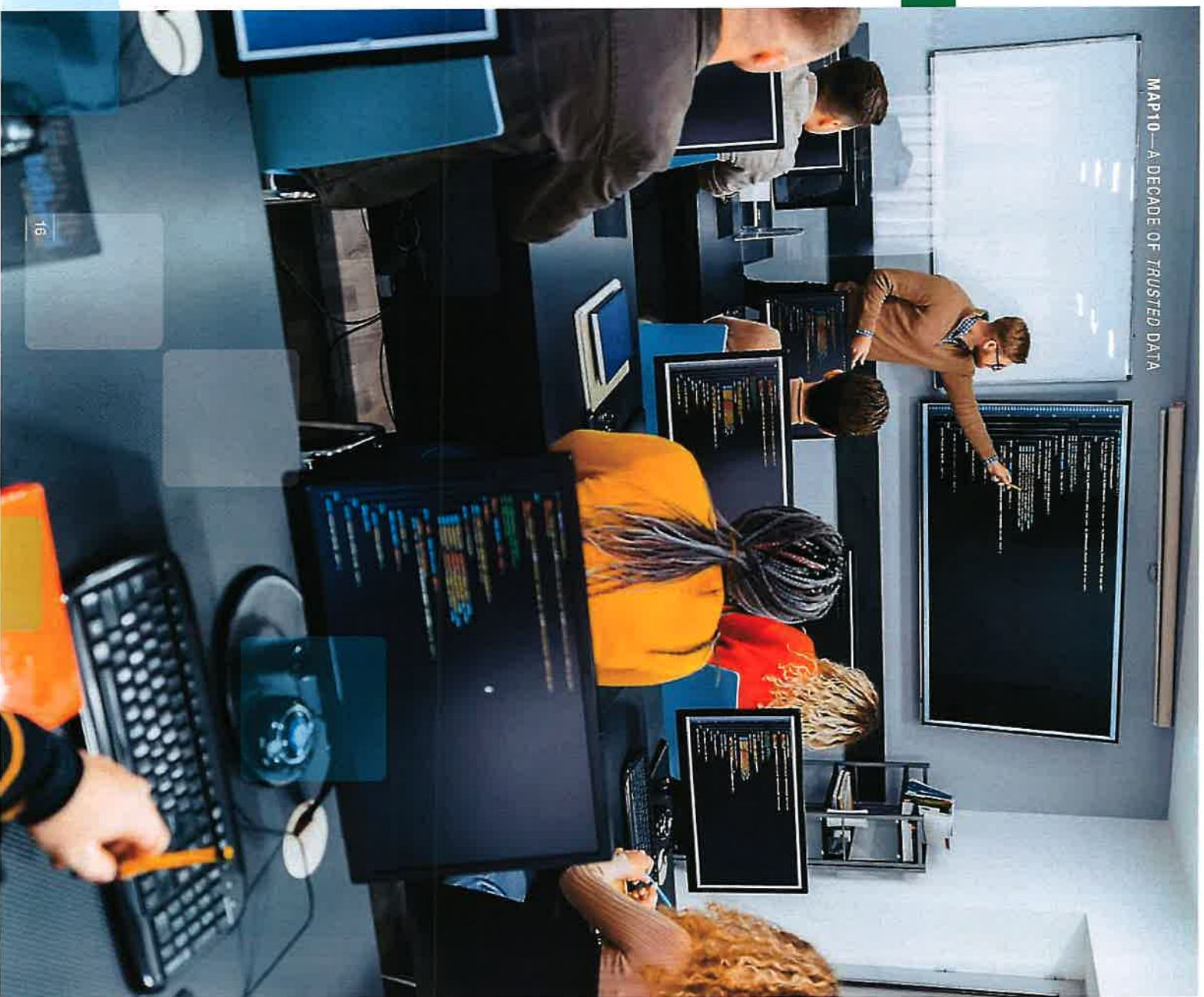
Economy

- Tucson MSA's growth in the number of establishments employing workers exceeded the nation in 2023 at 5.1%. According to the latest data on business starts, the Tucson MSA's leisure and hospitality sector generated the most new businesses.
- Total nonfarm employment in the Tucson MSA decreased by 0.5% in 2024, a substantial decline from 2023, and ranked the Tucson MSA last among peers.
- In 2023, the Tucson MSA posted the second-fastest GDP growth among peer MSAs, at 4.6%. That was a significant increase from 2022 when GDP grew by only 1.4%. Government activity accounted for 17.2% of Tucson's GDP.
- Households in the Tucson MSA earning the median income needed to spend 45.3% of that income to afford a median-priced home in 2024. That represents a share well about the 30% affordability cutoff. The share of income needed to afford a median-priced home in Tucson increased between 2023 and 2024, thus reducing affordability.
- In 2023, Tucson MSA's median household income of \$67,929 was more than \$10,000 less than the nation and well below the state of Arizona and many of its peer MSAs.
- At 16.8 patents per 10,000 workers, Tucson MSA's patent activity remains well above the state and national levels.

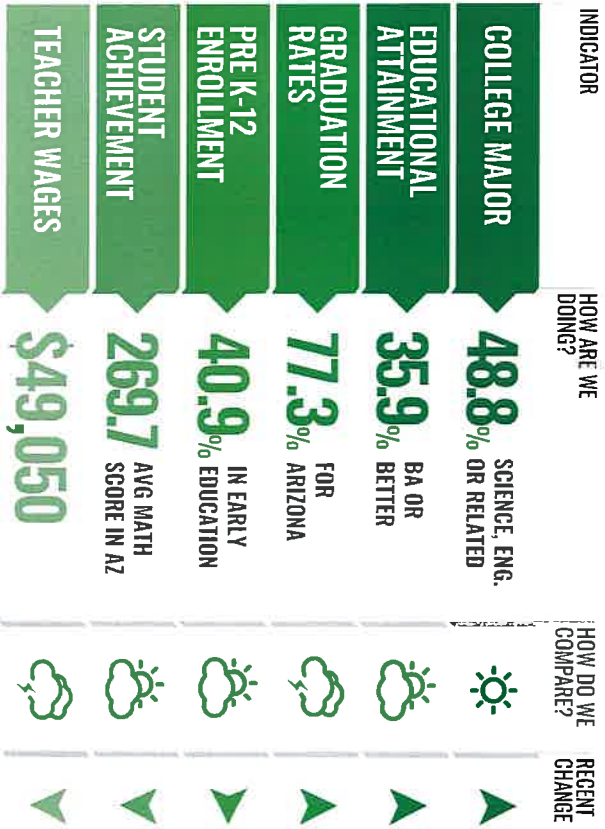
Education

OVERVIEW

Education is a key driver of economic success for individuals and regions. Individuals benefit from education in various ways, including higher productivity, higher wages, better health outcomes, and less need for publicly funded economic assistance. In addition, research has shown that the benefits of education spill over to the region as a whole. Local areas with high concentrations of highly educated residents tend to have better aggregate socioeconomic outcomes, such as higher per capita income, lower crime, and faster job and population growth. Thus, less educated residents also benefit by locating in regions with high educational attainment rates.



Education Scorecard



☀️ Ranked in Top 1/3 ☁️ Ranked in Middle 1/3 ☁️ Ranked in Bottom 1/3 ☁️ Ranked Last

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Albuquerque, Austin, Colorado Springs, Denver, El Paso, Las Vegas, Phoenix, Portland, Salt Lake City, San Antonio, and San Diego

mapazdashboard.arizona.edu

NOTABLE ANNUAL CHANGES

- Tucson MSA's teacher wages remained the lowest among peer MSAs, even after adjusting for regional differences in cost of living.
- Arizona's National Assessment of Educational Progress (NAEP) scores for 4th-grade reading and 8th-grade math declined in 2024, leaving the state's students behind their national peers.

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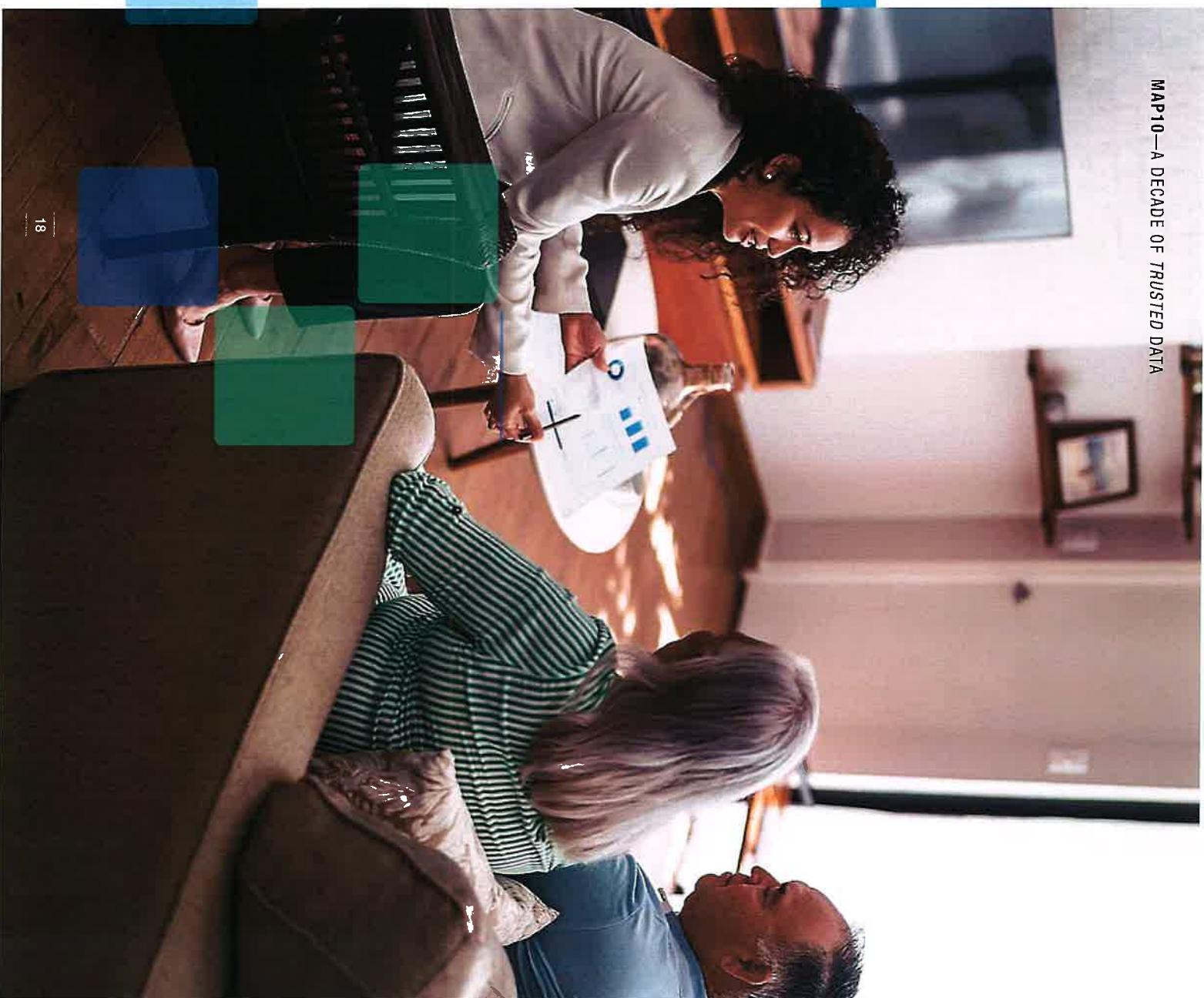
Education

- In 2023, 48.8% of Tucson MSA college graduates reported a science and engineering or related field as their major, ranking Tucson fourth among peer MSAs.
- College attainment rates vary strongly across age groups in the Tucson MSA. In 2023, 39.5% of the population aged 65+ had a Bachelor's degree or better. That represented the largest share among age groups and was nearly 10 percentage points higher than the national rate of 30.3%.
- Pima County (the same geographic region as the Tucson MSA) had the lowest high school graduation rate among all Arizona counties in 2023. Pima's rate of 71.2% was well below the reported rates for the state and the nation.
- In 2023, the percentage of three-to-four-year-olds enrolled in an early education program in the Tucson MSA was 40.9%, the same rate reported five years earlier in 2018.
- The percentage of students passing Arizona's AASA test varied significantly by race and ethnicity. In 2024, nearly all races achieved higher proficiency rates in third-grade English language arts than eighth-grade math. Asian students achieved the highest proficiency rate in both subjects, while Arizona's Native American students reported the lowest.
- Middle school teachers in the Tucson MSA earned \$50,660, the highest median wage among teaching professionals in 2024. However, that was the lowest among peer MSAs by nearly \$10,000.

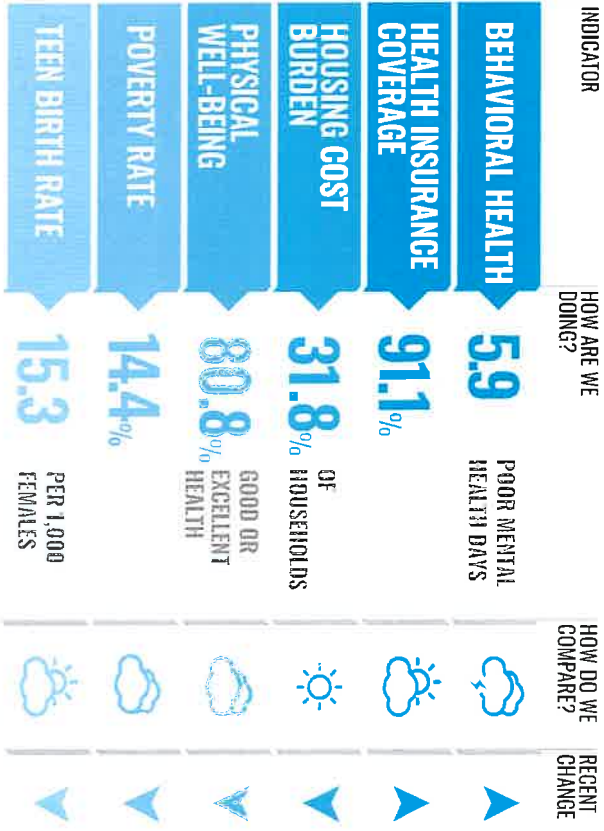
Health & Social Well-Being

OVERVIEW

Indicators in this section identify critical trends in the **health and social well-being** of Southern Arizona residents. Physical and behavioral well-being measures provide information about residents' health, which is vital in determining the overall quality of life. Households that are housing cost-burdened or whose income is at or near the poverty level are more likely to endure adverse social, economic, and health conditions. Likewise, those without health insurance coverage are at a greater risk of bankruptcy and illness. These data provide residents and policymakers with performance measures crucial to gauging the overall well-being of a region.



Health & Social Well-Being Scorecard



☀️ Ranked in Top 1/3 ☁️ Ranked in Middle 1/3 ☁️ Ranked in Bottom 1/3 ☁️ Ranked Last

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Albuquerque, Austin, Colorado Springs, Denver, El Paso, Las Vegas, Phoenix, Portland, Salt Lake City, San Antonio, and San Diego

mapzdashboard.arizona.edu

NOTABLE ANNUAL CHANGES

- In 2023, the Tucson MSA's poverty rate improved substantially from 2018, dropping by more than three percentage points to 14.4%.
- The percentage of the population who reported their health as good or excellent declined significantly in 2022, falling to a near-record low of 80.8%.

NOTE: Data refer to the Tucson Metropolitan Statistical Area (MSA) unless otherwise noted. Information published in this report uses the most up-to-date data available at time of publication

- In 2022, those living in the Tucson MSA reported 5.9 poor mental health days each month, up by nearly a full day from 2021.
- The Tucson MSA ranked sixth among peer MSAs in health insurance coverage, with a rate of 91.1%. Tucson's health insurance coverage rate lagged slightly behind the national rate.
- The Tucson MSA had the fourth-lowest housing cost burden rate among peer MSAs at 31.8% in 2023. That equated to 132,943 households in Tucson paying more than 30% of their income in housing costs.
- In 2022, residents in the Tucson MSA reported 4.4 poor physical health days per month. Tucson tied with Albuquerque and San Antonio for the eighth-highest rate among peer western MSAs.
- In 2023, the Tucson MSA's young population (those under 18) experienced a higher poverty rate of 18.7% than the state and nation, at 17.0% and 16.3%, respectively.
- Teen birth rates in the Tucson MSA, the state of Arizona, and nationally have fallen drastically over the past two decades. In 2023, Tucson's rate of 15.3 births per 1,000 females aged 15-19 was below the national rate.

Infrastructure

OVERVIEW

A region's overall prosperity is related to the quality of its **infrastructure**. People rely on transportation and communication networks to access employment, goods, and services. Businesses also rely on infrastructure to provide access to trade, raw materials, labor, and other inputs to production. Residents' responsible use of natural resources is also essential, as energy and water use can affect long-term regional sustainability. Well-planned and responsive infrastructure is often the result of collaboration between residents and policymakers. Data presented in this category identify key trends in infrastructure performance and provide a valuable basis to inform future decisions that can lead to improving current service levels and future demand.



Infrastructure Scorecard

INDICATOR	HOW ARE WE DOING?	HOW DO WE COMPARE?	RECENT CHANGE
AIR TRAVEL	3.9% GROWTH IN PASSENGERS		▲
CONGESTION TRENDS	\$741 COSTS PER AUTO COMMUTER		▲
ENERGY USE	14.0 CENTS PER KWH FOR AZ		▲
INTERNET ACCESS	93.2% HOUSEHOLDS W/ BROADBAND		▲
RESIDENTIAL WATER USE	146 GAL. DAILY PER CAPITA IN AZ		▲
TRANSPORTATION TO WORK	70.7% PEOPLE DROVE ALONE		▲

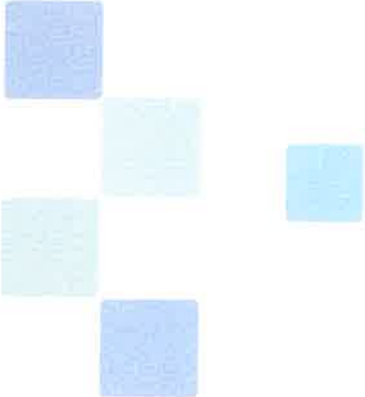
☀️ Ranked in Top 1/3 ☁️ Ranked in Middle 1/3 ☁️ Ranked in Bottom 1/3 ☁️ Ranked Last

MAP Scorecard "How Do We Compare?" Rankings Are Relative To The Following Peer Metropolitan Areas:
Albuquerque, Austin, Colorado Springs, Denver, El Paso, Las Vegas, Phoenix, Portland, Salt Lake City, San Antonio, and San Diego
mapazdashboard.arizona.edu

NOTABLE ANNUAL CHANGES

- The MAP Dashboard added a new core indicator that explores trends in congestion costs, annual delay hours per auto commuter, and commuting patterns over the decades.
- Arizona is home to the largest nuclear power plant in the United States. In 2023, 28.2% of Arizona's energy was generated by nuclear.

NOTE: Data refer to the Tucson Metropolitan Statistical Area (MSA) unless otherwise noted. Information published in this report uses the most up-to-date data available at time of publication



- In 2024, the Tucson International Airport ranked high relative to peers in the growth rate of passengers at 3.9%. Further, its growth rate of 13.1% in departures per day placed it first among peers.
- The Tucson urban area's congestion cost of \$741 per commuter in 2022 was the lowest among peer MSAs. Congestion costs in Tucson were nearly half that of the Phoenix urban area at \$1,441.
- In 2023, Arizona's average electricity price of 14 cents per kWh was less than the national average of 16 cents. Over the past decade, electricity prices in Arizona have increased by a modest 19.7% compared to the national increase of 31.9%.
- The MAP Dashboard added new data on the availability of residential broadband by speed for the Tucson MSA. In 2023, the Tucson MSA had one of the highest coverage rates at 250/25 Mbps but trailed peer MSAs at 1000/10 Mbps.
- Residential customers in the Tucson Active Management Area (AMA) used 126 gallons per capita per day (GPCD) of water in 2020. That was well above Tucson Water's reported rate of 83 GPCD in 2020. The Tucson AMA includes portions of Pima, Pinal, and Santa Cruz counties.
- In 2023, 13.8% of residents in the Tucson MSA reported working from home, ranking Tucson eighth among peer MSAs.

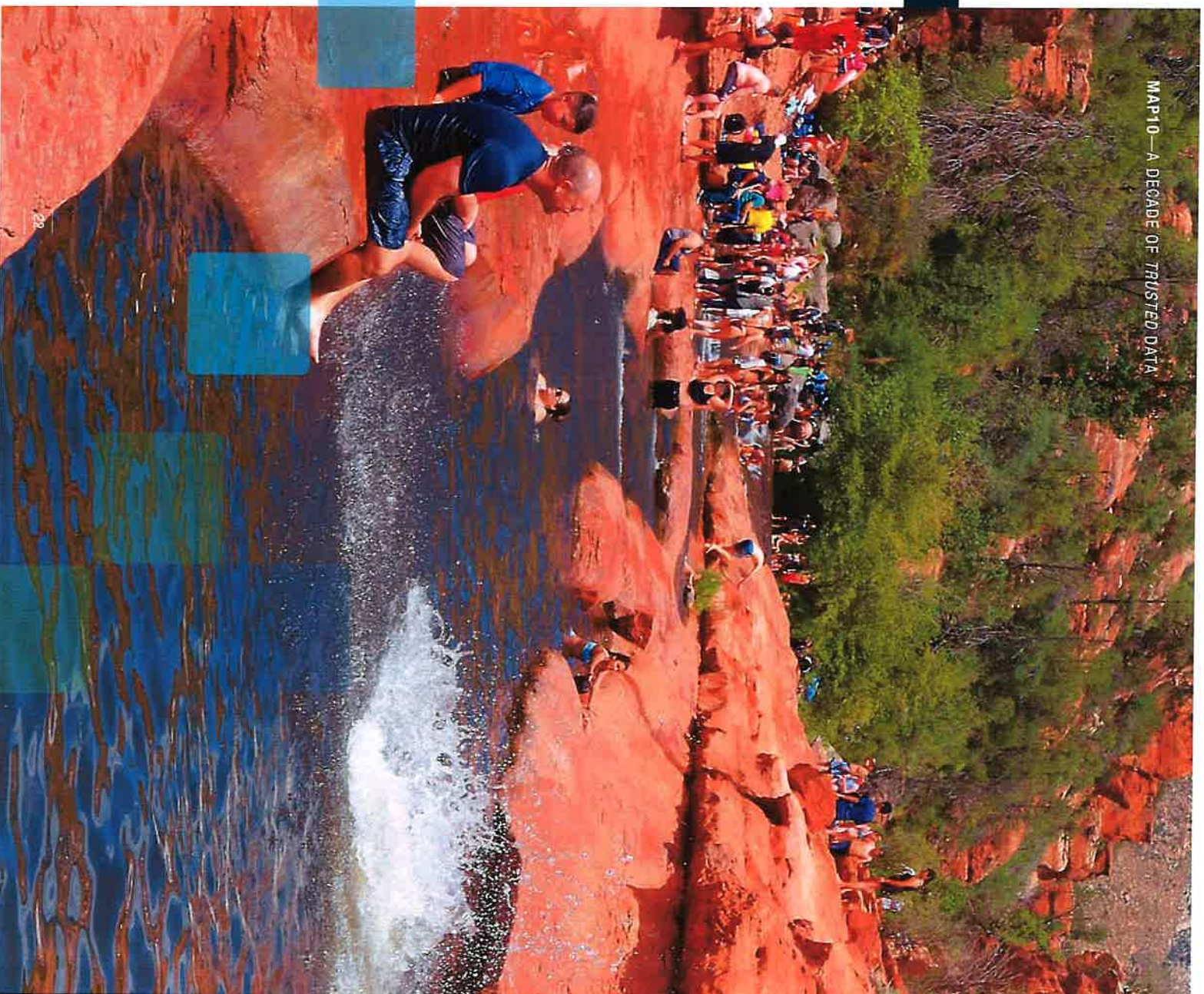
Quality of Place

OVERVIEW

Indicators in this category capture a wide range of influences on quality of life.

Individuals who feel safe in their homes and surrounding areas are more likely to be involved in their community, increase civic participation, and even engage in outdoor activities. Likewise, good air quality may increase residents' ability to participate in outdoor activities. Other aspects contributing to quality of life are access to cultural amenities, such as the arts, entertainment, and other creative activities. How an individual values the quality of a region may differ depending on a multitude of factors, such as race and ethnicity, age, socioeconomic status, gender, and personal preference. However, the indicators included in this category reflect a broad range of factors affecting the quality of life in a region.

MAP 10—A DECADE OF TRUSTED DATA



Quality of Place Scorecard

INDICATOR	HOW ARE WE DOING?	HOW DO WE COMPARE?	RECENT CHANGE
AIR QUALITY	46.6% GOOD DAYS		▼
COST OF LIVING	5.7% LESS THAN THE U.S.		▶
CREATIVE OCCUPATIONS	122.2 JOBS PER 1K RESIDENTS		▶
OUTDOOR RECREATION	-5.7% NATIONAL PARK VISITS		▶
PUBLIC SAFETY	473.5 VIOLENT CRIMES PER 100,000		▶
VOTER TURN OUT	57.6% IN ARIZONA		▶

☀️ Ranked in Top 1/3 ☁️ Ranked in Middle 1/3 ☁️ Ranked in Bottom 1/3 ☁️ Ranked Last

MAP Scorecard "How Do We Compare?" Rankings Are Relative To The Following Peer Metropolitan Areas:
Albuquerque, Austin, Colorado Springs, Denver, El Paso, Las Vegas, Phoenix, Portland, Salt Lake City, San Antonio, and San Diego

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NOTABLE ANNUAL CHANGES

- The cost of living in the Tucson MSA was 5.7% below the nation in 2023, ranking it fourth among peers.
- National parks in the Tucson MSA had 1,128,981 visitors in 2024, a decline of 5.7% in park visits from 2023.

NOTE: Data refer to the Tucson Metropolitan Statistical Area (MSA) unless otherwise noted. Information published in this report uses the most up-to-date data available at time of publication

- In 2023, air quality in the Tucson MSA was "good" 46.6% of the time, which ranked seventh out of 12 peer MSAs. The Tucson MSA reported no very unhealthy air quality days.
- The cost of living for a region can be broken down into four major categories: Goods, Housing, Other Services, and Utilities. In 2023, all four categories in Tucson were below the nation. The Goods category was 4.9% below the nation, while Housing, Other Services, and Utilities were 2.0%, 6.7%, and 17.0% below, respectively.
- The Tucson MSA's employment and wages in creative occupations lag behind the nation. In 2024, wages per worker in creative occupations for the Tucson MSA averaged \$93,262, nearly \$11,000 less than the national average.
- The percentage of federal recreational land covering the Tucson MSA was 29.0%, slightly higher than the national rate.
- In 2022, the Tucson MSA had a high rate of deaths due to firearms. Tucson's rate of 19.9 per 100,000 residents placed it with the third-highest rate among peers.
- During the 2024 presidential election, the voter turnout rate for the state of Arizona was 57.6%, 2.7 percentage points lower than the rate during the 2020 presidential election. The turnout in the Tucson MSA (Pima County) was slightly higher at 60.9%.

Workforce & Demographics

OVERVIEW

The indicators included in this section help identify Southern Arizona's **demographic mix and workforce characteristics** compared to other regions in the western United States. The data can provide government officials, policymakers, and planners with the information necessary to gauge demand for future resources. The type of resources a region may need in the future are highly dependent on the demographic mix and could range from educational needs to infrastructure to services, such as health care. Population growth measures how well a community attracts and retains residents, reflecting economic opportunities and quality of life. The workforce is a subset of the population and refers to those individuals who participate in the labor market. A highly educated and skilled workforce generates greater economic opportunities for a region's residents.



Workforce & Demographics Scorecard

INDICATOR	HOW ARE WE DOING?	HOW DO WE COMPARE?	RECENT CHANGE
EMPLOYMENT SHARE	121% JOB MIX EFF. VS. U.S.		▲
LABOR FORCE PARTICIPATION RATE	80.8% AGED 25 TO 54		▲
OCCUPATIONAL WAGES	\$46,450 MEDIAN		▲
POPULATION	0.6% 2023-2024 GROWTH		▲
WAGE DISTRIBUTION	3.5= HIGH WAGE + LOW WAGE		▲
WORKING AGE COLLEGE GRADUATES	34.2% AGED 25 TO 64		▲

☀️ Ranked in Top 1/3 ☁️ Ranked in Middle 1/3 ☁️ Ranked in Bottom 1/3 ☁️ Ranked Last

MAP Scorecard "How Do We Compare?" Rankings Are Relative To The Following Peer Metropolitan Areas:
Albuquerque, Austin, Colorado Springs, Denver, El Paso, Las Vegas, Phoenix, Portland, Salt Lake City, San Antonio, and San Diego
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NOTABLE ANNUAL CHANGES

- In 2024, government jobs accounted for 19.5% of the Tucson MSAs employment. The government sector includes federal civilian, state, and local government jobs. University of Arizona employees are included in state government.
- The Tucson MSA's median occupational wage of \$46,450 was up by a modest 3.2% in 2024, compared to wage growth of 11.5% and 6.0% in 2022 and 2023.

NOTE: Data refer to the Tucson Metropolitan Statistical Area (MSA) unless otherwise noted. Information published in this report uses the most up-to-date data available at time of publication

- In 2024, the Tucson MSA's employment mix by industry was similar to the U.S., with a few notable differences. Tucson had a higher share of employment in government and lower shares of employment in manufacturing and the trade, transportation, and utilities sectors.

- The labor force participation rate for the prime working age (25-54) for the Tucson MSA was 80.8% in 2023, ranking it low among peer MSAs.
- In 2023, the management occupations in the Tucson MSA paid the highest median wage at \$100,550, while the food preparation and serving occupations had the lowest at \$33,900.
- The population in the Tucson MSA increased by 0.6% in 2024, bringing the total population to 1,086,634 residents. That growth ranked Tucson eighth out of 12 peer MSAs.
- In 2024, the 90/10 ratio for the Tucson MSA was 3.5, while the U.S. had a ratio of 4.2. The smaller the ratio, the less wage inequality. In Tucson, wage earners at the 90th percentile earned \$107,090, which was 3.5 times more than workers at the 10th percentile.
- The Tucson MSA's working-age college attainment rate increased from 27.6% in 2000 to 34.2% in 2023.

Acknowledgements

The MAP Dashboard is made possible through the support of its partners and sponsors.

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The MAP Dashboard is a product of the Economic and Business Research Center in the Eller College of Management at the University of Arizona.

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The MAP Dashboard would like to thank NuPoint Marketing for their efforts in promoting the project.

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MAP Dashboard Update: Web Analytics



Over 3,000 people read
the MAP newsletter
each month



17.6% Increase in the
number of users visiting
the site each year from
2023 to 2024



939,058

Pageviews up 7.7%
between 2023 and 2024



443

X (Twitter) Followers



342

Likes on Facebook

MAP DASHBOARD
Annual Report 2025






FY 2026 TAA Operating Budget

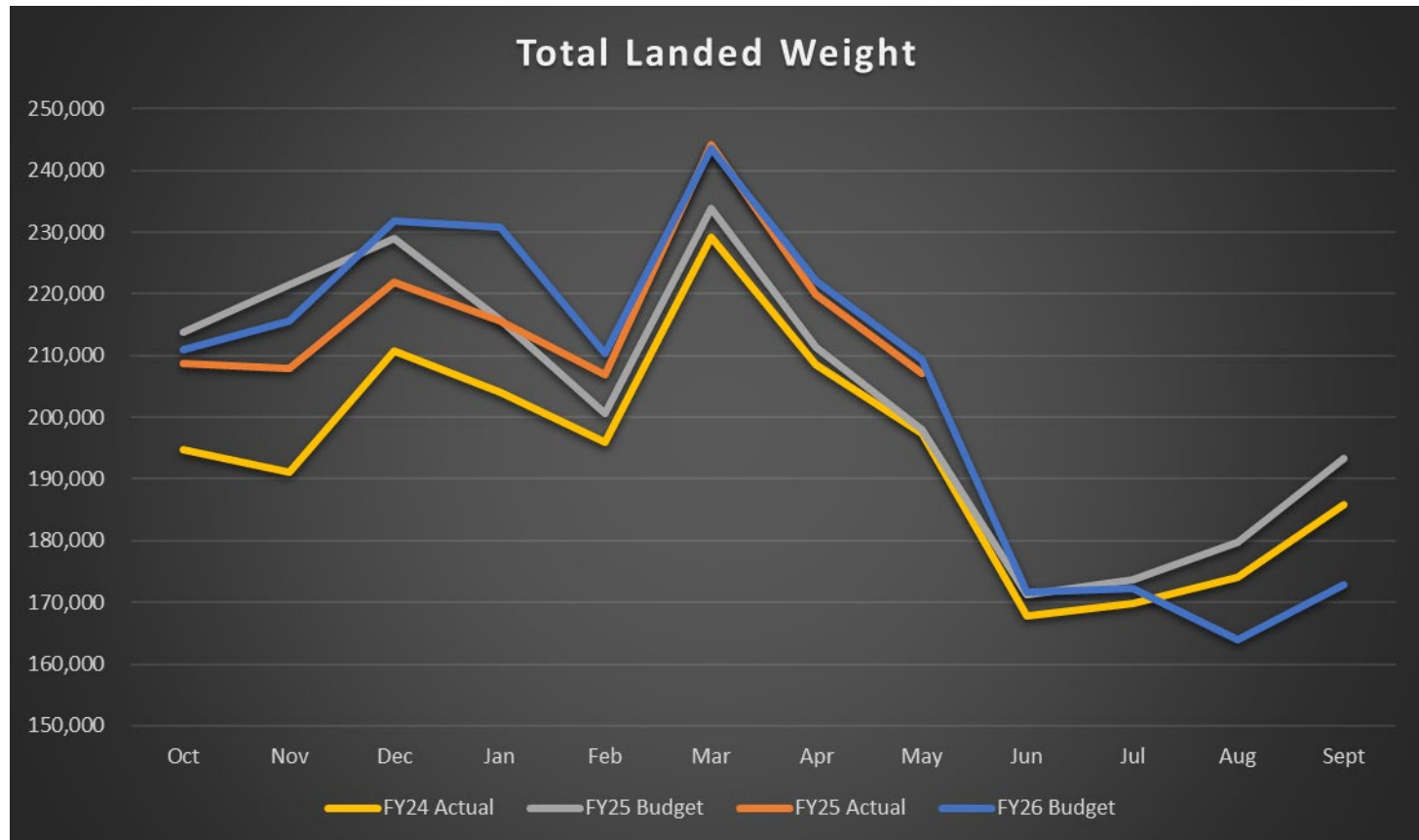
Board of Directors Meeting

September 3, 2025



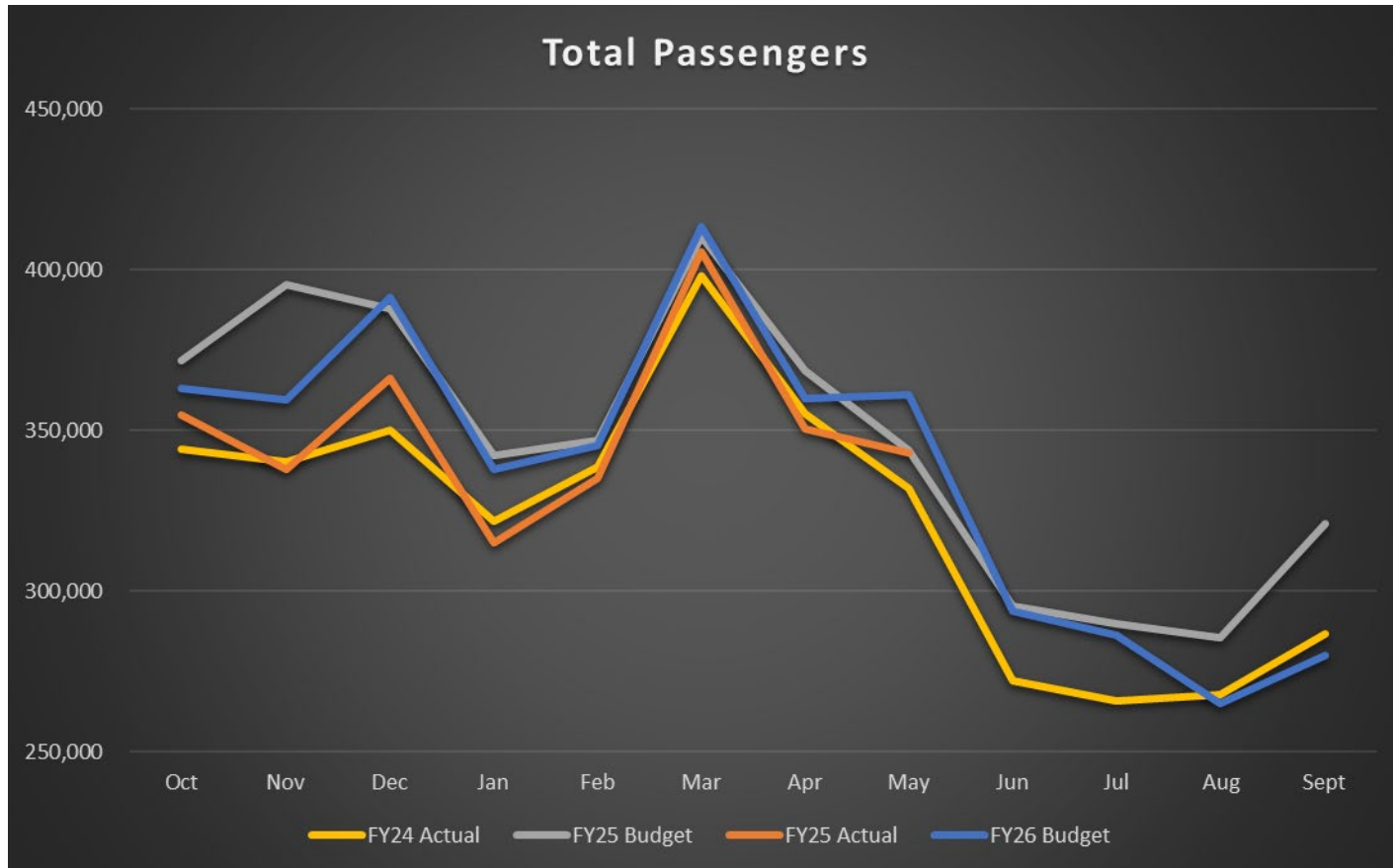
FY2026 Budget

FY 2026 Landed Weight Budget



- Forecasted 0.5% increase in total landed weight over FY 2025 Budget
- 6.2% increase YTD in actual landed weight year-over-year Oct-May

FY 2026 Passenger Budget



- 4.5% decrease in forecasted passengers FY 2025 – FY 2026
- 1.0% increase YTD in actual passengers year over year Oct-May

YTD May 2025 Flight & Passenger Activity

	<u>FY2025</u>	<u>FY2024</u>	<u>FY2023</u>
<u>Eight Months Year-To-Date</u>			
Total Passengers	2,807,735	2,780,509	2,569,120
Average Load Factor	78.1%	89.3%	84.6%
Average Daily Seat Capacity	7,452	6,720	6,415
Average Seat Count per Departure	122.7	121.3	129.3

FY 2026 Budget Rate Trend Proposal

Space/Charge Type	Fee Basis	FY 2024	FY2025	FY2026 Proposed	
<i>Rates effective October 1,</i>		<i>2023</i>	<i>2024</i>	<i>2025</i>	<i>% Increase</i>
Ticket counter, kiosk, phone bank	per sq/ft per year	\$ 92.01	\$ 100.29	\$ 102.72	2.42%
Airline ticket office (ATO)	per sq/ft per year	\$ 92.01	\$ 100.29	\$ 102.72	2.42%
Baggage makeup	per sq/ft per year	\$ 30.66	\$ 33.42	\$ 34.23	2.42%
Baggage storage	per sq/ft per year	\$ 92.01	\$ 100.29	\$ 102.72	2.42%
Operations area	per sq/ft per year	\$ 78.18	\$ 85.22	\$ 87.28	2.42%
Baggage claim	per sq/ft per year	\$ 87.26	\$ 95.11	\$ 97.41	2.42%
TSA EDS Bag Screening Pods	per sq/ft per year	\$ 55.22	\$ 60.18	\$ 61.64	2.42%
Holdroom per gate	per gate per year	\$ 134,167.77	\$ 146,242.87	\$ 149,779.55	2.42%
Aircraft parking position at leased gate	per position per year	\$ 9,625.68	\$ 10,491.99	\$ 10,745.73	2.42%

TAA-owned jet bridge at leased gate/2	per bridge per month	\$ 4,316.76	\$ 4,705.27	\$ 4,819.06
---------------------------------------	----------------------	-------------	-------------	-------------

Index	2017 = 100	2017 = 100	2017 = 100
Implicit Price Deflators for Gross Domestic Product	2022	2023	2024
Index numbers	118.02600	122.27300	125.23000
Rate increases year over year		1.035983597	1.024183589
Discount			

Source: Bureau of Economic Affairs, NIPA, Section 1 Domestic Product and Income

FY 2026 Landing Fee Requirement

Description	2026 Budget	2025 Forecast	2025 Budget	2024 Actual - Unaudited	2026 Budget vs 2025 Forecast \$ Incr./(\$ Decr.)	% Incr. (% Decr.)
Net Operating Income	5,932,281	5,135,202	5,135,202	11,522,252	797,079	15.5%
Debt Service						
Airport Revenue Bonds (Subordinate Lien)	3,995,966	3,998,174	3,998,174	3,996,652	(2,208)	-0.1%
PFC Payment	(3,995,966)	(3,998,174)	(3,998,174)	(3,996,652)	2,208	-0.1%
Special Reserve Advances	2,916,751	2,900,510	2,900,510	4,013,059	16,241	0.6%
Insurance Reserve Advances	956,829	956,829	956,829	956,829	-	0.0%
Total Debt Service	3,873,580	3,857,339	3,857,339	4,969,888	16,241	0.4%
Fund Transfers						
Operations & Maintenance Reserve	-	1,675,825	1,675,825	1,096,829	(1,675,825)	-100.0%
Capital Improvement Fund	1,824,423	1,654,808	1,654,808	1,576,007	169,615	10.2%
Special Reserve Fund	1,942,163	1,867,320	1,867,320	1,901,925	74,843	4.0%
Maintenance Reserve Fund	2,186,265	1,500,000	1,500,000	500,000	686,265	45.8%
Common Area Major Maintenance Funds	143,722	143,670	143,670	144,010	52	0.0%
Airline Reserve Fund (Dedicated to ASE)	-	(29,549,144)	(29,549,144)	(29,202,237)		
Total Fund Transfers	6,096,573	(22,707,521)	(22,707,521)	(23,983,466)	(745,050)	3.3%

FY 2026 Landing Fee

Description	2026 Budget	2025 Forecast	2025 Budget	2024 Actual - Unaudited	2026 Budget vs 2025 Forecast \$ Incr./(\$ Decr.)	% Incr. (% Decr.)
Capital Requirements						
Capital Improvement Projects (CIP)	1,263,000	28,246,269	28,246,269	33,654,907	(26,983,269)	-95.5%
Capital Outlay	5,250,000	3,777,000	3,777,000	1,706,591	1,473,000	39.0%
Capitalized Major Maintenance	824,000	927,634	927,634	996,004	(103,634)	-11.2%
Special Funding Sources		-			-	0.0%
Capital Improvement Fund	(1,824,423)	(1,654,808)	(1,654,808)	(1,576,007)	(169,615)	10.2%
Special Reserve Fund	-	-	-	-	-	0.0%
Maintenance Reserve Fund	(2,186,265)	-	-	-	(2,186,265)	0.0%
Common Area Major Maintenance Funds	-	-	-	-	-	0.0%
Total Capital Requirements	3,326,312	31,296,095	31,296,095	34,781,495	(27,969,783)	-89.4%
Signatory Landing Fee Requirement (Residual)	\$ 7,364,185	\$ 6,835,826	\$ 7,310,711	\$ 4,245,664	\$ 528,359	7.7%
Landed Weight Signatory Airlines	2,327,267	2,286,229	2,442,078	2,329,200	41,038	1.8%
Calculated Landing Fee	\$ 3.16		\$ 2.99		\$ 0.17	5.7%

FY 2026 Funding Highlights

- \$12.6 million in Capital Requirements (CIP, CO, MM)
- \$65.4 million of grant funding for ASE Program No new debt service in FY2026
- Seeking \$9.7 million in PFC funding for FY2026

FY 2026 Budget

Questions?

THANK YOU



September 3, 2025

To: TAA Board of Directors
From: Kim Allison, Vice President of Finance / CFO
Re: FY 2026 Tucson Airport Authority Operating and Capital Budget

Purpose:

Attached for your review is the FY 2026 Tucson Airport Authority (TAA) Operating and Capital Budget.

The TAA has submitted a Passenger Facility Charge (PFC) application to the Federal Aviation Administration (FAA) to impose and use PFC funds. A PFC is a \$4.50 per ticket fee collected from passengers by airlines with a percentage shared with eligible commercial service airports, after FAA approval to fund eligible airport improvement projects that enhance safety, security, capacity or environmental projects. We anticipate approval from the FAA in late September 2025.

The document entitled, "Statement of Airport System Requirements" (Exhibit A) presents a comparative analysis of major revenue and expense categories for the proposed FY 2026 budget, the current fiscal year forecast and approved FY 2025 budget.

Activity FY 2026 Forecast vs FY 2025 Budget:

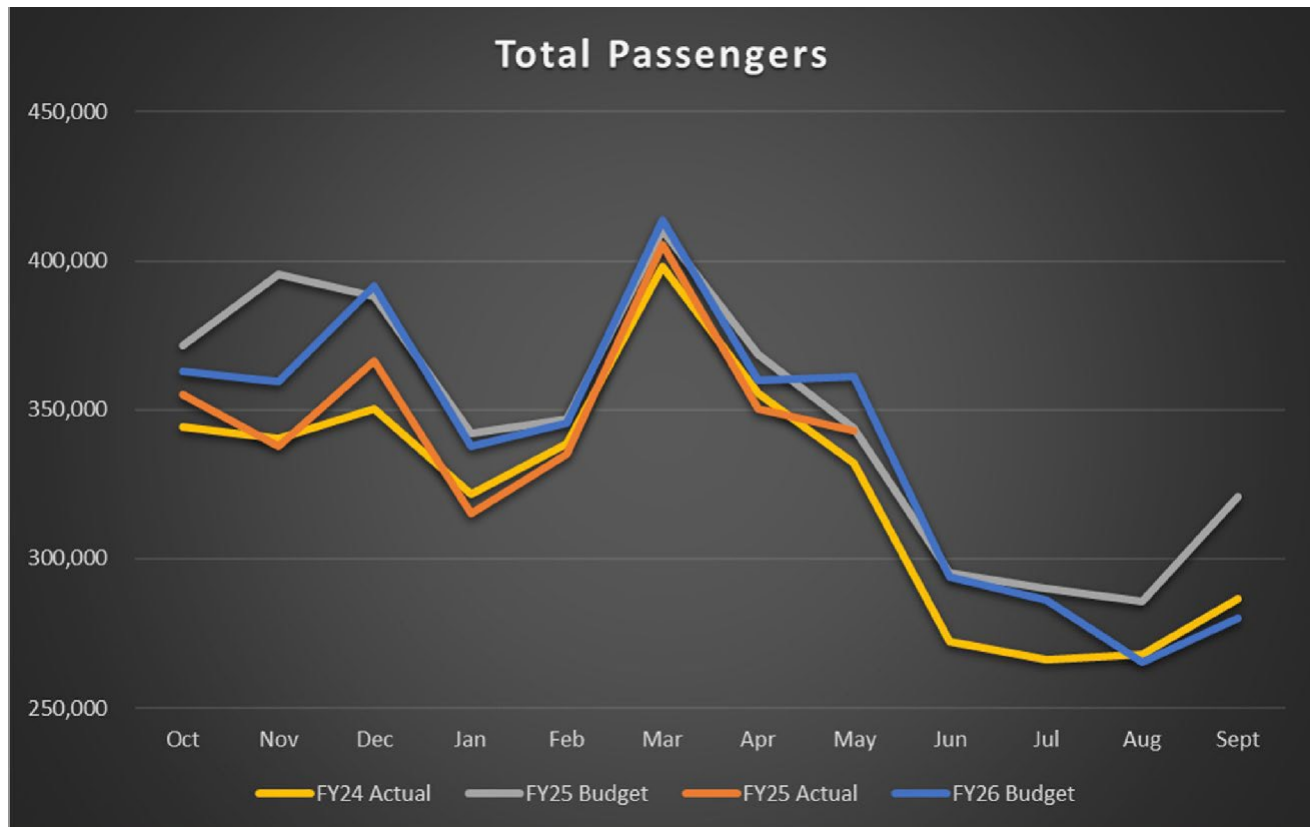
Overall, the fiscal year results have tracked favorably to the annual budget. Year-to-date through March 2025, operating revenues were favorable to the budget by 1.2%. This is despite unforeseen negative impacts in the global economy that have impacted the travel industry. Year-to-date through May 2025, enplaned passenger activity has been lower than budget by 4.67%, primarily due to the significant reduction of migrant travelers. Year-to-date through March 2025, operating expenses were favorable to budget by 15.1%.

FY 2026 Budget Volume Assumptions:

Volume assumptions drive critical components of airport revenue planning, including Concessions and Landing Fees. Significant changes in volume have the potential to affect operating expenses as well. Overall, TAA's operating costs are largely fixed. The most significant cost drivers are FAA Part 139 certification components that satisfy the operating certificate requirements and the specific infrastructure and resources managed and maintained, which do not significantly change year-to-year. For FY 2026, budgeted landed weight volume for signatory airlines is expected to increase by 1.8% over FY 2025. Accordingly, this is expected to be a driver in increasing TAA's Operating Revenue for the year.

FY 2026 passenger activity is budgeted to increase 4.1% compared to the FY 2025 forecast, with 4.1 million total expected passengers at TUS. Load factors are expected to remain relatively high with the load factor for FY 2026 forecast to be 80.3%.

Landed weight is highly correlated with passenger volume. With the expectation of elevated load factors, the budgeted landed weight for FY 2026 is 2.2% higher than the FY 2025 forecast.



Debt Service:

There will be no new airport system debt service for FY 2026. This is due in large part to \$65.4 million in federal and state funding awards for use in the Airfield Safety Enhancement (ASE) Program during FY 2026. See the Appendix section for additional details on the current outstanding airport system debt service.

Fund Transfers:

All fund transfers are budgeted and executed in accordance with the terms of the Airport Use Agreement (AUA). See table 1 for a detailed list of fund transfers.

- The transfer to the Capital Improvement Fund is budgeted to increase 5.0% in FY 2026, as prescribed by the AUA.
- Transfers to the Special Reserve Fund are expected to be \$1.9 million, which represents 52% of the anticipated net operating income of the industrial area, as prescribed by the AUA.
- A planned transfer of \$2.2M to the Maintenance Reserve fund for unplanned maintenance expenditures. This is the maximum annual amount allowed by the AUA.
- Common area maintenance transfers are flat.

The tables below provide details of the interfund loans included in the budget assumption for FY 2026.

Table 1

Special Reserve Fund Loans	Principal Payments	Interest Payments	Total Payments
Aerovation Hangar Door	\$87,561	\$1,812	\$89,373
ARDCO Hangar	\$23,389	\$15,743	\$39,132
HIDTA Hangar	\$45,518	\$31,869	\$77,386
Jet Bridges	\$117,619	\$75,144	\$192,762
Public Safety Personnel Retirement System	\$1,553,893	\$506,168	\$2,060,061
Series 2018 Refunding	\$287,213	\$50,927	\$338,140
Universal Hangar	\$53,743	\$21,592	\$75,336
Velocity Ryan Apron Improvement	\$41,971	\$2,589	\$44,560
Total	\$2,210,907	\$705,844	\$2,916,751
Total Budgeted Special Reserve Fund Interfund Loan Payment FY 2026			\$2,916,751

Insurance Reserve Fund Loans	Principal Payments	Interest Payments	Total Payments
QTA Expansion	\$60,760	\$6,107	\$66,867
RAC & Garage	\$806,904	\$83,058	\$889,962
Total	\$867,664	\$89,165	\$956,829
Total Budgeted Insurance Reserve Fund Interfund Loan Payment FY 2026			\$956,829

Total Capital Requirements:

Total capital requirements are budgeted to decrease by \$28.0 million compared to FY 2025 budget. The primary reason for the decrease is that the TAA is submitting a new PFC application with the FAA to support the ASE Program and design costs for the Checked Baggage Inspection System (CBIS), which shifts the cost burden from the airlines. Below are the tables detailing budgeted project information for FY 2026 including Major Maintenance, Capital Outlay, and the Capital Improvement Program.

FY 2026 MAJOR MAINTENANCE PROJECTS

Project Number	Project Name	Project Description	Project Cost
TBD	Upgrade Terminal Elevator Door Control Equipment	Terminal elevator door equipment is coming to end of life with multiple elevators no longer supported by the manufacturer. This project will replace all elevator door control equipment with modern controls with readily available parts.	\$235,000
TBD	Fire Department Laundry Area Buildout	The drain line in the laundry room is broken requiring extensive repairs. This project would fund the construction.	\$200,000
20219019	Ryan Maintenance Office Expansion	The revised plan is to place a mobile office at RYN.	\$180,000
10220371	Sealcoat GA Area B-1 (TCONDOS-06,07,10)	Seal coat sections TCONDOS:06 (85,872 sf), TCONDOS:07 (101,520 sf), and TCONDOS:08 (60,025 sf). This is ongoing pavement maintenance for our airport wide pavement management system.	\$134,000
TBD	Replace Gallery Men's Bathroom Floors	The floor in this bathroom is in terrible shape and is unsightly to our customers. This will create a tile floor over the terrazzo for better durability.	\$75,000
Total			\$824,000

FY 2026 CAPITAL OUTLAY PROJECTS

Project Number	Project Name	Project Description	Project Cost
TBD	Economy Covered Parking Expansion	The economy-covered lot (like all covered parking) is at capacity during warm months. This project nearly doubles the covered parking lot and adds potential revenue to TAA. Last year the economy lot grossed \$635,315; with expected parking rate increase ROI: 2 years.	\$1,607,000
TBD	Access Control System Total Camera Replacement	The original phase of the Access Control System (ACS) project only funded the hardware panels and readers. This current proposal will replace all the security cameras controlled by the ACS. The security cameras are past their useful life and no longer supported by the manufacturer.	\$1,100,000
TBD	New terminal sliding doors	The front entry sliding doors on both the ticketing and bag claim levels are 30 years old and parts are becoming difficult to obtain, creating lengthy service delays. This project will replace all the doors on both levels.	\$700,000
103235 96	Phase 2 Interior Terminal Signage	The signage master plan is nearly complete. Phase 2 begins the new signage implementation. Replace terminal signage, Phase 2.	\$500,000
TBD	Podiums at Gates	This will replace the outdated podiums at the gates on A and B concourses. The new design will allow the airlines to install additional video monitors specific to their customers and their operation.	\$300,000
TBD	Parking Revenue Control System (PARCS) – Phase 2	Add Annex and Airport Communications Center parking lot gate arms and control system to the Skidata environment for consistent operation, spare parts, and maintenance.	\$175,000
TBD	Purchase replacement TAA shuttle bus	Purchase new shuttle bus. Due to age and use, TAA 532 has met its useable service life.	\$165,000

<i>FY 2026 Capital Outlay Projects Continued</i>			
Project Number	Project Name	Project Description	Project Cost
10323564	Technology Lifecycle Management Program - Upgrade Edge Switches (FY26)	Replace/upgrade Edge Switches (Qty 20).	\$154,000
10324612	Terminal Seating	This will replace very dated and old seating on the ticketing and baggage claim levels to match newer style seating that was installed during the current fiscal year.	\$150,000
TBD	Breathing Air Compressor - Fire Department	Purchase a breathing air compressor for the Fire Department. This unit is used to fill the current cascade bottle system they have, and also their individual self-contained breathing apparatus (SCBA) bottles. Currently, they do not have a compressor, only a cascade fill station, and they rely on the AZANG fire department for filling, which is not the best practice.	\$75,000
TBD	Aircraft Recovery Dollies	Purchase aircraft dollies to assist with disabled aircraft recoveries.	\$70,000
10395002	Art Purchases	Every year the TAA has invested in art purchases to complement our passenger experience. These purchases will bring new art into the airport and purchase existing art on loan to the airport.	\$50,000
TBD	Medeco Intelligent Key System - Phase 2	Add more door cores and lock sets for the airport and outlying airport buildings.	\$50,000
TBD	Fire Lake C6-200 Incinerator	The incinerator is reaching the end of its expected life. The Maintenance Department has done several incinerator repairs to keep it running. The inside of the incinerator is crumbling and nothing can be done to repair it. Failure would be costly as it would mean we have to contract out regular Regulated Garbage pick-ups up to twice a week to remain in compliance with CBP regulations.	\$45,000
TBD	Annex Kitchen Renovation	The break room kitchen at the Annex Facility (TAA offices) is over 40 years old and is falling apart. This project renovates the kitchen to modern standards.	\$40,000

<i>FY 2026 Capital Outlay Projects Continued</i>			
Project Number	Project Name	Project Description	Project Cost
TBD	TAA Common Use Inserts	As TAA continues to move forward with Common Use technology, there is a need to have a consistent counter insert to match the existing new inserts designed for consistent operations.	\$30,000
TBD	Replace Car Wash Equipment at B-422	Current car wash equipment is beyond end of life and regularly breaks down. When equipment is down vehicles and equipment cannot be washed on site. Current equipment is not supported, and parts are increasingly hard to find causing extended down time of wash bay.	\$25,000
TBD	Install Potable Water Cabinet for A2 & A3	Install a potable water cabinet to service common use gates A2 & A3.	\$14,000
Total			\$5,250,000

Funding of Capital Requirements

Work continues on the Airfield Safety Enhancement Program (ASE) in FY 2026. TAA plans to apply \$65.4 million of grant funding to fund the ASE Program in FY 2026. In the event the FAA provides additional discretionary grants, this amount will increase.

TAA is in the favorable position of having cash on hand to fund the local portion of planned ASE Program phases in FY 2026 and other capital project priorities at TUS, while it continues to aggressively seek grant funding from federal and state sources. TAA recommends this fiscally responsible approach, as it avoids adding debt financing to the airport system during this time of elevated interest rates. TAA will continue to apply available balances in the Airline Reserve Fund to the ASE Program.

Net Results and Summary:

All budgeted items result in a signatory landing fee requirement of \$7.4 million. When divided by the budgeted signatory landed weight, the calculated landing fee is \$3.16 per thousand-pound unit, as required by the AUA amendment and extension.

Additional Information:

Included in your agenda packet are updated summaries of the rates and charges scheduled to take effect on October 1, 2025. These materials outline terminal rental rates, general rental rates and charges, and baggage claim allocations for the upcoming fiscal year. The referenced rates will also be communicated directly to each airline's local station manager and accounts payable contact.

In addition, on July 30, 2025, the TAA met with the Airline and Airport Affairs Committee (AAAC), a group of designated representatives from each airline (corporate executives). Members of the AAAC asked a few questions and expressed no concerns with the TAA's proposed FY 2026 Budget and the proposed landing fee.

The Finance and Risk Management Council held a meeting on August 20, 2025, and voted unanimously to recommend that the Board of Directors approve the proposed FY 2026 Operating and Capital Budget as presented.

Recommendation:

Adopt Resolution No. 2025-10 approving the Tucson Airport Authority Operating and Capital Budget, Major Maintenance Program, Capital Outlay Program, Capital Improvement Program, and authorizing environmental expenditures for the fiscal year beginning October 1, 2025, and ending on September 30, 2026.

Attachments:

- Exhibit A – Statement of Airport System Requirements FY 2026
- Exhibit B – FY 2026 Major Maintenance Program
- Exhibit C – FY 2026 Capital Outlay Program
- Exhibit D – FY 2026 Capital Improvement Program
- Exhibit E – Majority in Interest Landed Weights Summary – July 2024 – June 2025
- Exhibit F – Signatory Airline Majority-In-Interest (MII) Voting Ballot – FY 2026 Budget Items
- Exhibit G – TUS General Rates and Charges (Effective October 1, 2025)
- Exhibit H – Monthly Baggage Claim Area Rental Charges – October 2025 – September 2026

STATEMENT OF AIRPORT SYSTEM REQUIREMENTS FY2026 BUDGET

Description	2026 Budget	2025 Forecast	2025 Budget	2024 Actual - Unaudited	2026 Budget vs 2025 Forecast \$ Incr./(\$ Decr.)	% Incr. (% Decr.)
Operating Revenue						
Revenue from Signatory Airlines						
(Other than landing fees and fuel sales)	\$ 11,751,280	\$ 10,764,416	\$ 10,764,416	\$ 10,790,509	\$ 986,864	9.2%
Fees and Rental Revenue	11,971,268	11,601,807	11,601,807	10,578,933	369,461	3.2%
Concession Revenue	26,207,719	25,105,911	25,105,911	24,024,375	1,101,808	4.4%
Fuel Sales (net of cost of sales)	30,204	32,000	32,000	28,680	(1,796)	-5.6%
Other System Revenue	4,139,886	3,963,269	3,963,269	4,769,976	176,617	4.5%
	54,100,357	51,467,403	51,467,403	50,192,473	2,632,954	5.1%
Non-Operating Revenue						
Interest Revenue	1,692,056	2,175,000	2,175,000	2,131,937	(482,944)	-22.2%
	1,692,056	2,175,000	2,175,000	2,131,937	(482,944)	-22.2%
Total Revenue (1)	55,792,414	53,642,403	53,642,403	52,324,410	2,150,011	4.0%
Operating Expenses						
Personnel Expenses	31,858,192	30,835,930	30,835,930	27,276,629	1,022,262	3.3%
Contractual/Purchased Services	11,247,874	12,347,139	12,347,139	8,951,053	(1,099,265)	-8.9%
Materials/Supplies	4,816,437	3,421,053	3,421,053	3,166,713	1,395,384	40.8%
Other Operating Expenses	1,937,630	1,903,079	1,903,079	1,407,762	34,551	1.8%
Total Operating Expenses	49,860,133	48,507,201	48,507,201	40,802,158	1,352,932	2.8%
Net Operating Income (1)	5,932,281	5,135,202	5,135,202	11,522,252	797,079	15.5%
Debt Service						
Airport Revenue Bonds (Subordinate Lien) (2)	3,995,966	3,998,174	3,998,174	3,996,652	(2,208)	-0.1%
PFC Payment	(3,995,966)	(3,998,174)	(3,998,174)	(3,996,652)	2,208	-0.1%
Special Reserve Advances	2,916,751	2,900,510	2,900,510	4,013,059	16,241	0.6%
Insurance Reserve Advances	956,829	956,829	956,829	956,829	-	0.0%
Total Debt Service	3,873,580	3,857,339	3,857,339	4,969,888	16,241	0.4%
Fund Transfers						
Operations & Maintenance Reserve	-	1,675,825	1,675,825	1,096,829	(1,675,825)	-100.0%
Capital Improvement Fund	1,824,423	1,654,808	1,654,808	1,576,007	169,615	10.2%
Special Reserve Fund	1,942,163	1,867,320	1,867,320	1,901,925	74,843	4.0%
Maintenance Reserve Fund	2,186,265	1,500,000	1,500,000	500,000	686,265	45.8%
Common Area Major Maintenance Funds	143,722	143,670	143,670	144,010	52	0.0%
Airline Reserve Fund (Dedicated to ASE)	-	(29,549,144)	(29,549,144)	(29,202,237)		
Total Fund Transfers	6,096,573	(22,707,521)	(22,707,521)	(23,983,466)	(745,050)	3.3%
Capital Requirements						
Capital Improvement Projects (CIP)	1,263,000	28,246,269	28,246,269	33,654,907	(26,983,269)	-95.5%
Capital Outlay	5,250,000	3,777,000	3,777,000	1,706,591	1,473,000	39.0%
Capitalized Major Maintenance	824,000	927,634	927,634	996,004	(103,634)	-11.2%
Special Funding Sources						
Capital Improvement Fund	(1,824,423)	(1,654,808)	(1,654,808)	(1,576,007)	(169,615)	10.2%
Special Reserve Fund	-	-	-	-	-	0.0%
Maintenance Reserve Fund	(2,186,265)	-	-	-	(2,186,265)	0.0%
Common Area Major Maintenance Funds	-	-	-	-	-	0.0%
Total Capital Requirements	3,326,312	31,296,095	31,296,095	34,781,495	(27,969,783)	-89.4%
Signatory Landing Fee Requirement (Residual)	\$ 7,364,185	\$ 6,835,826	\$ 7,310,711	\$ 4,245,664	\$ 528,359	7.7%
Landed Weight Signatory Airlines	2,327,267	2,286,229	2,442,078	2,329,200	41,038	1.8%
Calculated Landing Fee	\$ 3.16		\$ 2.99		\$ 0.17	5.7%

**TUCSON AIRPORT AUTHORITY
FY 2026 MAJOR MAINTENANCE PROGRAM**

PROJECT NUMBER	INITIATIVE	AMOUNT
TBD	Upgrade Terminal Elevator Door Control Equipment	\$235,000
TBD	Fire Department Laundry Area Buildout	\$200,000
20219019	Ryan Maintenance Office Expansion	\$180,000
10220371	Sealcoat GA Area B-1 (TCONDOS-06,07,10)	\$134,000
TBD	Replace Gallery Men's Bathroom Floors	\$75,000
Total Major Maintenance		<u>\$824,000</u>

**TUCSON AIRPORT AUTHORITY
FY 2026 CAPITAL OUTLAY PROGRAM**

PROJECT NUMBER	INITIATIVE	AMOUNT
TBD	Economy Covered Parking Expansion	\$1,607,000
TBD	Camera Replacement	\$1,100,000
TBD	New terminal sliding doors	\$700,000
10323596	Phase 2 Interior Terminal Signage	\$500,000
TBD	Podiums at Gates	\$300,000
TBD	PARCS Phase 2	\$175,000
TBD	Purchase replacement TAA shuttle bus	\$165,000
10324612	Terminal Seating	\$150,000
10323564	Technology Lifecycle Program – Upgrade Switches	\$154,000
TBD	Breathing Air Compressor - Fire Department	\$75,000
TBD	Aircraft Recovery Dolly's	\$70,000
10395002	Art Purchases	\$50,000
TBD	Medeco Intelligent Key System - Phase 2	\$50,000
TBD	Fire Lake C6-200 Incinerator	\$45,000
TBD	Annex Kitchen Renovation	\$40,000
TBD	TAA Common Use Inserts	\$30,000
TBD	Replace Car Wash Equipment at B-422	\$25,000
TBD	Install Potable Water Cabinet for A2 & A3	\$14,000
Total Capital Outlay		<u>\$5,250,000</u>

Exhibit D

**TUCSON AIRPORT AUTHORITY
FY 2026 CAPITAL IMPROVEMENT PROGRAM**

<u>TUS AIP Projects:</u>		<u>Total</u>	<u>Federal</u>	<u>State</u>	<u>PFC</u>	<u>TAA</u>
10119102	ASE Program CMAR GMP #4C I/JA Runway 12R-30L Con Shoulders & Electrical	\$ 6,798,730	\$ 6,190,924	\$ 303,903	\$ 303,903	\$ -
10119102	ASE Program CMAR GMP #4D Runway 12R-30L Con Shoulders & Electrical	61,713,705	56,196,499	2,758,603	2,758,603	-
10124625	Fluorine-Free Foam (F3) Transition	450,000	450,000	-	-	-
TUS AIP Total:		\$ 68,962,435	\$ 62,837,423	\$ 3,062,506	\$ 3,062,506	\$ -
<u>TUS OTA Projects*:</u>		<u>Total</u>	<u>OTA</u>	<u>State</u>	<u>PFC</u>	<u>TAA</u>
10123546	Checked Baggage Inspection System (CBIS) Environmental Assessment and 100% Final Design	\$ 9,311,000	1,932,264	\$ -	6,628,736	\$ 750,000
TUS ADOT Total:		\$ 9,311,000	\$ 1,932,264	\$ -	\$ 6,628,736	\$ 750,000
<u>RYN AIP Grant Projects:</u>		<u>Total</u>	<u>Federal</u>	<u>State</u>	<u>PFC</u>	<u>TAA</u>
20124622	Realignment- Taxiway Hot Spot Mitigation at Taxiway Bravo: Construction	\$ 4,500,500	\$ 4,275,000	\$ 112,500	\$ -	\$ 113,000
RYN AIP Total:		\$ 4,500,500	\$ 4,275,000	\$ 112,500	\$ -	\$ 113,000
Grant Total:		\$ 82,773,935	\$ 69,044,687	\$ 3,175,006	\$ 9,691,242	\$ 863,000
<u>TAA Funded Projects:</u>		<u>Total</u>	<u>Federal</u>	<u>State</u>	<u>PFC</u>	<u>TAA</u>
20126001	Rehabilitation- Taxiway Delta 1: Construction- PCI 35	\$ 400,000	\$ -	\$ -	\$ -	\$ 400,000
TAA Total:		\$ 400,000	\$ -	\$ -	\$ -	\$ 400,000
TOTAL TAA FUNDS NEEDED:		\$ 1,263,000				

Note:

* Other Transaction Agreements (OTAs) are federal funding arrangements distinct from grants or contracts. In this case, they are issued to fund the federal government's interest in the identified project.

MAJORITY-IN-INTEREST
LANDED WEIGHTS SUMMARY
Jul 2024 - Jun 2025
(Based on 12 Month Period)

AIRLINE	Landed Weight	% of Total	Ranking
American	834,494,776	36.10%	1
Southwest	625,410,700	27.06%	2
United	366,153,573	15.84%	3
Delta	344,372,279	14.90%	4
Alaska	141,137,608	6.10%	5
TOTAL	2,311,568,936	100.00%	

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

Exhibit F

Signatory Airline Majority-In-Interest (MII)* Voting Ballot FY 2026 Budget Items

Project Name	Amount	Yes	No
1. Economy Covered Parking Expansion	\$1,607,000		
2. Access Control System Total Camera Replacement	\$1,100,000		

* MII CPI Adjusted Threshold is \$768,440

Airline: _____

Printed Name: _____

Title: _____

Signature: _____

Date: _____

Exhibit G

**Tucson International Airport
General Rates & Charges
Effective October 1, 2025 – September 30, 2026**

Space/Charge Type	Signatory Rates Effective 10/1/2024	Signatory Rates Effective 10/1/2025	Non- Signatory Rates Effective 10/1/2025	Fee Basis
Landing fee/1	\$2.99	\$3.16	\$3.95	per 1,000 lbs
Ticket counter, kiosk, phone bank	\$100.29	\$102.72	\$128.40	per sq/ft per year
Airline ticket office (ATO)	\$100.29	\$102.72	\$128.40	per sq/ft per year
Baggage makeup	\$33.42	\$34.23	\$42.79	per sq/ft per year
Baggage storage	\$100.29	\$102.72	\$128.40	per sq/ft per year
Operations area	\$85.22	\$87.28	\$109.10	per sq/ft per year
Baggage claim	\$95.11	\$97.41	N/A	per sq/ft per year
TSA EDS Bag Screening Pods/2	\$60.18	\$61.64	N/A	per sq/ft per year
Holdroom per gate/3	\$146,242.87	\$149,781.95	\$187,227.43	per gate per year
Custodial - exclusive space	\$32.58	\$33.36	N/A	per hour
Custodial - exclusive space with supplies	\$35.18	\$36.03	N/A	per hour
TAA-owned jet bridge at leased gate/3	\$4,705.27	\$4,819.14	\$6,023.92	per bridge per month
Aircraft parking position at leased gate/3	\$10,491.99	\$10,745.90	\$13,432.37	per position per year
Ramp scrubber at leased gate/3	\$2,740.83	\$2,807.16	\$3,508.94	per position per year
Terminal Operations Charge/4	N/A	N/A	\$2.84	per enplaned passenger
Non-leased ticket counter use fee	N/A	N/A	\$23.06	per turn per position
Non-leased bag makeup belt use fee	N/A	N/A	\$86.68	per turn
FIS facility fee - international flights	\$1.00	\$1.00	\$1.00	per deplaned passenger
Aircraft parking fees (in non-leased area):				
Remote apron RON	\$87.43	\$89.55	\$111.94	per day, max 10 days/month
Common Use Gates				
Holdroom, apron, support systems (A-1 - ground load only)/5	\$168.93	\$173.02	\$216.28	per turn
Holdroom, apron, support systems, bridge/5	\$228.23	\$233.76	\$292.19	per turn
Prorata security	\$189,525.44	\$194,111.95	N/A	per month
Main bag claim common use - Signatory Airlines/6	\$366,054.61	\$374,906.74	N/A	per month
Main bag claim common use - Non-Signatory Airlines/7	N/A	N/A	2.80	per enplaned passenger
Triturator	\$6.68	\$6.84	\$6.84	per key turn
Wash rack	\$4.00	\$4.10	\$4.10	per key turn

- 1 - Qualifying non-signatory cargo airlines pay the signatory landing fee rate.
- 2 - 8,016 square feet - this charge is included in the prorata security fee
- 3 - For airlines qualifying as low volume carriers and electing to lease one-half of a gate, this rate is reduced by half.
- 4 - Applies only to non-signatory airlines using the main terminal (A and B gates).
- 5 - TURN rates will be charged in 90 minute increments when the flight is operating as a turn between the hours of 8 am and 9 pm.
- 6 - 46,185 square feet. Allocated to signatory airlines on a 90/10 common use formula.
- 7 - Calculated based on average signatory airline cost per enplanement using budgeted signatory enplanements, plus 25% non-signatory premium.

Non-Signatory Premium

125% of signatory rates

TUCSON AIRPORT AUTHORITY
MONTHLY BAGGAGE CLAIM AREA RENTAL CHARGES OCT 2025 - SEP 2026

BASED ON JULY 2024 – JUNE 2025 ENPLANEMENTS

AIRLINE	Enplanements	Percent of Total	90% of Total	10% of Total	Signatory Total
ALASKA *	126,431	6.5%	\$21,897.67	\$7,498.13	\$29,395.80
AMERICAN *	712,529	36.6%	\$123,408.99	\$7,498.13	\$130,907.13
DELTA *	303,391	15.6%	\$52,546.88	\$7,498.13	\$60,045.02
SOUTHWEST	503,979	25.9%	\$87,288.43	\$7,498.13	\$94,786.57
UNITED *	301,816	15.5%	\$52,274.09	\$7,498.13	\$59,772.23

TOTAL Jul-Jun	1,948,146	100%	\$ 337,416.07	\$37,490.67	\$ 374,906.74
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Combined Total from 90% and 10% columns

\$374,906.74

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

BAG CLAIM AREA IS BASED ON 46,185 SQ FT MULTIPLIED BY \$97.41 PER SQ FT PER YEAR AT SIGNATORY RATES. ANNUAL CHARGE EQUALS \$4,498,880.85; MONTHLY CHARGE EQUALS \$374,906.74 PRORATED AS FOLLOWS: 10% DIVIDED EQUALLY AMONG USERS AND 90% APPORTIONED AMONG USERS SO THAT EACH PAYS THE PRORATED PERCENTAGE OF ITS ENPLANEMENTS TO THE TOTAL COMPUTED FOR TWELVE MONTHS ENDING THE FIRST OF JULY.

NON-SIGNATORY USE OF THE BAG CLAIM WILL BE ASSESSED AT A RATE OF \$2.80 PER ENPLANED PASSENGER, CALCULATED BY DIVIDING THE ANNUAL BAG CLAIM RENT OF \$4,498,880.85 BY THE NUMBER OF BUDGETED ENPLANED SIGNATORY PASSENGERS 2,008,800 TO ARRIVE AT AN AVERAGE SIGNATORY BAG CLAIM COST OF \$2.24. THE NON-SIGNATORY PERMIUM OF 25% IS APPLIED TO THIS RATE TO ARRIVE AT \$2.80.

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., APPROVING THE TUCSON AIRPORT AUTHORITY (TAA) OPERATING AND CAPITAL BUDGET, MAJOR MAINTENANCE PROGRAM, CAPITAL OUTLAY PROGRAM, AND THE CAPITAL IMPROVEMENT PROGRAM, AND AUTHORIZING ENVIRONMENTAL PROGRAM EXPENDITURES, FOR THE FISCAL YEAR BEGINNING ON OCTOBER 1, 2025, AND ENDING ON SEPTEMBER 30, 2026.

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

1. The Tucson Airport Authority's FY 2026 Operating and Capital Budget, Major Maintenance Program, Capital Outlay Program, and the Capital Improvement Program, as are set forth in the attached Board memorandum, are hereby approved.
2. The President/CEO (or her designee[s]) is authorized to take all actions necessary to implement the FY 2026 Operating and Capital Budget, Major Maintenance Program, Capital Outlay Program, and Capital Improvement Program, including all environmental expenditures for the fiscal year from available TAA funds that may be legally required or determined necessary associated with TAA environmental obligations under applicable law.

PASSED AND ADOPTED by the Board of Directors of the Tucson Airport Authority, Inc., this third day of September, 2025.

Michael S. Hammond, Chair of the Board

ATTEST:

APPROVED AS TO FORM:

Vance Falbaum, Secretary

Christopher Schmaltz, Executive Vice
President and General Counsel

Date: September 3, 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.

Recommendation:

TAA staff recommends that the TAA Board of Directors approve Board Resolution 2025-11 to authorize the President/CEO or her designee to adjust public parking rates as described above, effective October 1, 2025.

EXHIBIT A – PEER AIRPORT RATE COMPARISON

Peer Airport Comparison: Drive-up/Gate Rates

Terminal/ Daily Parking			Economy Covered			Economy Uncovered		
Airport	Code	Daily Rate	Airport	Code	Daily Rate	Airport	Code	Daily Rate
Burbank	BUR	\$42.00	Oakland	OAK	\$24.00	Nashville	BNA	\$18.00
San Jose	SJC	\$40.00	Dallas	DFW	\$22.00	San Jose	SJC	\$18.00
Phoenix Sky Harbor	PHX	\$33.00	Pittsburgh	PIT	\$20.00	Oakland	OAK	\$18.00
Oakland	OAK	\$28.00	Cleveland	CLE	\$20.00	Kansas City	MCI	\$18.00
Dallas	DFW	\$27.00	Phoenix Sky Harbor	PHX	\$19.00	Cleveland	CLE	\$17.00
Nashville	BNA	\$26.00	Nashville	BNA	\$19.00	Raleigh/Durham	RDU	\$16.00
Raleigh/Durham	RDU	\$25.00	Raleigh/Durham	RDU	\$18.00	Phoenix Sky Harbor	PHX	\$16.00
Pittsburgh	PIT	\$24.00	Portland	PDX	\$18.00	Portland	PDX	\$15.00
Houston	HOU	\$24.00	Houston	HOU	\$18.00	Dallas	DFW	\$15.00
Cleveland	CLE	\$22.00	Austin	AUS	\$16.00	Pittsburgh	PIT	\$15.00
Portland	PDX	\$21.00	San Antonio	SAT	\$16.00	Santa Ana	JWA	\$14.00
Austin	AUS	\$20.00	Columbus	CMH	\$16.00	Burbank	BUR	\$13.00
San Antonio	SAT	\$20.00	New Orleans	MSY	\$15.00	St. Louis	STL	\$12.00
Indianapolis	IND	\$20.00	Sacramento	SMF	\$15.00	New Orleans	MSY	\$12.00
Columbus	CMH	\$18.00	Indianapolis	IND	\$15.00	Sacramento	SMF	\$12.00
New Orleans	MSY	\$18.00	Burbank	BUR	\$13.00	Fort Myers	RSW	\$11.00
Sacramento	SMF	\$17.00	Kansas City	MCI	\$13.00	Austin	AUS	\$10.00
Kansas City	MCI	\$15.00	Cincinnati	CVG	\$13.00	San Antonio	SAT	\$10.00
Cincinnati	CVG	\$15.00	Phoenix-Mesa Gateway	AZA	\$11.00	Columbus	CMH	\$10.00
Albuquerque	ABQ	\$14.00	St. Louis	STL	\$10.00	Houston	HOU	\$10.00
Phoenix-Mesa Gateway	AZA	\$13.00	John Wayne (Santa Ana)	JWA	\$10.00	Indianapolis	IND	\$9.00
St. Louis	STL	\$12.00	Albuquerque	ABQ	\$10.00	Cincinnati	CVG	\$9.00
John Wayne (Santa Ana)	JWA	\$12.00	Fort Myers	RSW	\$9.00	Phoenix-Mesa Gateway	AZA	\$9.00
Tucson	TUS	\$12.00	Tucson	TUS	\$7.50	Albuquerque	ABQ	\$7.00
Fort Myers	RSW	\$11.00				Tucson	TUS	\$5.00

→ *Placement w/ Proposed Rate



**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC.,
APPROVING THE TUCSON AIRPORT AUTHORITY (TAA) PARKING LOT RATES ADJUSTMENT.**

WHEREAS TAA staff evaluated its parking operations for potential adjustments to parking lot rates to address escalating operating costs due to the increased cost of labor and supplies to operate TAA airport parking system, and

WHEREAS in support of the TAA Strategic Plan 3.0 commitments to Expanding Prosperity, and Project Excellence, adjusting parking lot rates will meet those rising costs to the airport system, add non-aeronautical revenue to support the implementation of new parking technology and improvements to the parking system at TUS, and contribute to maintaining a competitive rate-base for the airlines operating at TUS;

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

The Board of Directors approves the proposed TAA Parking Lot Rates Adjustment effective as of October 1, 2025. The Board of Directors further directs the President/CEO (or her designee[s]) to implement the TAA Parking Lot Rates Adjustment as she deems appropriate and necessary.

PASSED AND ADOPTED by the Board of Directors of the Tucson Airport Authority, Inc., this third day of September, 2025.

Michael S. Hammond, Chair of the Board

ATTEST:

APPROVED AS TO FORM:

Vance Falbaum, Secretary

Christopher Schmaltz, Executive Vice
President and General Counsel

Date: September 3, 2025

To: TAA Board of Directors
From: Kimberly DeLaTorre, Chief People Officer
Re: Compensation Plan

Background:

In 2020, The TAA implemented a comprehensive-market driven Compensation Plan, approved by the Executive Council on August 26, 2020. To remain market competitive and equipped to attract and retain high caliber talent, the TAA committed to conduct a comprehensive market study to validate and update, if necessary, the overall structure, bands, and position classifications at least every three years. TAA has proactively monitored the labor market, industry trends, and legal requirements beyond the original three-year commitment. As a result, the TAA has updated the plan periodically with strategic adjustments that maintain pace with the market. Consistent and thoughtful maintenance of the Compensation Plan and individual team member compensation since 2020 has enabled the TAA to strategically bring our workforce to the market without overburdening the system. The most recent thorough update of overall structure, bands, and position classifications was completed in FY25.

For FY26, TAA reviewed labor market and industry trends on several key roles and compensation programs. This analysis produced several strategic adjustments to be considered and adopted. If approved, the Compensation Plan will go into effect on October 1, 2025. The recommended update includes an adjustment to the Fire Department salary ranges, reflecting a new position; a market adjustment to the ranges of three salary grades (106, 107, and 113); a market adjustment to three positions (Executive Assistant to the President/CEO, Chief Communications Officer, and Chief People Officer); a market adjustment to the shift differential; the addition of a specialized assignment pay for Police Field Training Officer; and the addition of a proficiency pay program for bilingual pay for employees that meet eligibility criteria. The Compensation Plan will also be updated to include a new section, Appendix C, to consolidate information regarding TAA specialized compensation programs and shift differentials in one document.

The employment market continues to experience significant shifts. Competitive compensation continues to be a critical aspect of the TAA's ability to attract and retain top talent to fulfill key aspects of the Strategic Plan and maintain our operational requirements. This update to the Compensation Plan is required to provide TAA with the necessary tool to equitably determine competitive compensation for current and future team members.

Strategic Plan | Analysis

Since the development of Strategic Plan 1.0 in 2020, the TAA has focused on initiatives to support the airport system during challenging, uncertain times to build a foundation for the future. The attraction, development, and retention of talent is inextricably linked to success throughout the Strategic Plan.

In acknowledgement of this linkage, the TAA has an unwavering commitment to Accelerate Performance in pursuit of being recognized as a workplace of choice. This commitment has been reaffirmed in every iteration of the TAA strategic plan. Strategic Plan 3.0 renewed this mandate with updated goals, one of which is “Attract and retain top-tier talent through investments in compensation and benefits.” An essential ingredient in TAA’s pursuit of being recognized as a workplace of choice for the workforce of the future, is our ability to provide competitive total rewards packages.

Cost Analysis:

There are minimal costs for the changes in the Compensation Plan. Changes to the salary ranges (106, 107, 113, and Fire Captain) are structural changes with no individual compensation adjustments in the personnel budget. The market adjustment to one position is estimated to cost approximately \$5,500. The shift differential is estimated to cost approximately \$113,124. The additional specialized assignment pay for Field Training Officer is estimated to cost approximately \$4,500. The establishment of a bilingual pay program is estimated to cost approximately \$28,000. The FY26 Personnel Budget before the board, of \$31.9 million, includes the full impact of implementing these adjustments to the compensation plan.

Please note the FY26 Budget was discussed with the Airline and Airport Affairs Committee (AAAC) on July 29, 2025. The airlines had no objection to the proposed FY26 Budget.

Additionally, the Finance and Risk Management Council held a meeting on August 20, 2025, and voted unanimously to recommend that the Board of Directors approve the proposed FY 2026 Operating and Capital Budget.

Recommendation:

TAA staff recommends the Board of Directors adopt Resolution No. 2025-12 to approve the TAA Compensation Plan dated October 1, 2025.

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., APPROVING THE TUCSON AIRPORT AUTHORITY (TAA) COMPENSATION PLAN DATED OCTOBER 1, 2025.

WHEREAS the Tucson Airport Authority (TAA) adopted its first compensation plan on August 26, 2020 and updated the plan on August 23, 2021 and again on October 1, 2023; and

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

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

The Tucson Airport Authority Compensation Plan, attached to this resolution as Exhibit A and incorporated by reference herein, is approved with an effective date of October 1, 2025. Furthermore, the Chair of the Board and the President/CEO (or her designee[s]) is hereby authorized to execute the plan document in support of TAA's operational needs.

PASSED AND ADOPTED by the Board of Directors of the Tucson Airport Authority, Inc., this third day of September, 2025.

Michael S. Hammond, Chair of the Board

ATTEST:

APPROVED AS TO FORM:

Vance Falbaum, Secretary

Christopher Schmaltz, Vice President
and General Counsel

EXHIBIT A

TUCSON AIRPORT AUTHORITY

COMPENSATION PLAN EFFECTIVE OCTOBER 1, 2025



Tucson Airport Authority Compensation Plan

October 1, 2025

FOREWORD

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

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

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

Sincerely,



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



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Mission, Vision and Guiding Principles

Our Mission	Provide a sustainable airport system and constantly pursue initiatives that promote and grow business opportunities.
Our Vision	Landing Prosperity in Southern Arizona.
Our Guiding Principles	<p>Our guiding principles shape our culture; who we are and who we want to be. The members of the Executive Team are ambassadors of our culture, and will engage everyone in these expectations.</p> <p>We deliver results.</p> <ul style="list-style-type: none"> ➤ 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 deadlines. ➤ We work collaboratively for the greater good of travelers, customers, employees, business and community partners. <p>We work smart.</p> <ul style="list-style-type: none"> ➤ We are good at what we do, and we learn from each other. ➤ We are critical thinkers who anticipate, prioritize, and act with urgency. ➤ We move quickly with what works and commit to continuous improvement. ➤ We not only identify problems, we offer solutions. <p>We are curious.</p> <ul style="list-style-type: none"> ➤ 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. <p>We play for the team.</p> <ul style="list-style-type: none"> ➤ Because we care, we contribute to the quality of the lives of our employees and the people we serve. ➤ 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.

TAA COMPENSATION PLAN

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

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

Appendix A

Tucson Airport Authority Pay Structure and Grade Parameters					
Position Title	Grade	Tier	Min	Mid	Max
President/CEO	120	Negotiated			
Executive Vice President/Chief Operating Officer (COO)	118	4	234,480	293,100	351,720
Executive Vice President/General Counsel		4			
Vice President/Chief Financial Officer (CFO)	117	4	169,680	212,100	254,520
Vice President/Chief Information Officer (CIO)		4			
Vice President/Chief Revenue Officer (CRO)		4			
Vice President/Operations		4			
Vice President of Airport Development/Chief Development Officer (CDO)		4			
Chief Communications Officer	116	4	156,160	195,200	234,240
Chief People Officer		4			
No positions assigned to grade	115	4	139,680	174,600	209,520
Deputy Chief Information Officer	114	4	127,920	159,900	191,880
Deputy Chief of Airfield Development		4			
Deputy Chief of CERCLA/NEPA Programs		4			
Deputy Chief of Finance		4			
Deputy Chief of Program Delivery		4			
Deputy Chief of Strategic Marketing and Air Service Development		4			
Deputy General Counsel		4			
Director of Governance and Cyber Security	113	3	97,368	125,939	154,510
Director of Grants and Compliance		3			
Director of Infrastructure and Special Systems		3			
Director of Operations and Maintenance		3			
Director of Planning and Environmental Services		3			
Director of Project Management Office		3			
Associate General Counsel	112	3	87,719	117,700	147,681
Director of Procurement		3			
Director of Properties and Concessions		3			

Position Title	Grade	Tier	Min	Mid	Max
Deputy Director of Airside Operations	111	3	79,026	99,672	120,317
IT - Cybersecurity Analyst		3			
IT Network Systems Engineer		3			
IT Project Manager		3			
IT - Systems Administrator - Cloud Engineer		3			
Manager of Employee Services		3			
Manager of Financial Planning and Analysis		3			
Manager of Planning		3			
Airport Duty Manager	110	2	71,195	89,794	108,394
Airport Emergency Manager		2			
Application Design/Systems Administrator		2			
Compliance Audit Manager		2			
Manager of Airport Communications		2			
Manager of Airport Maintenance		2			
Manager Airport Security/Airport Security Coordinator		2			
Manager of Concessions and Ground Transportation		2			
Manager of Financial Accounting		2			
Manager of Office, Records and Warehouse		2			
Marketing Manager		2			
People Business Partner		2			
Project Manager I		2			
Safety Program Manager		2			
Assistant Project Manager	109	2	64,139	80,896	97,652
Electrical Supervisor		2			
Executive Assistant to President/CEO		2			
Procurement Supervisor		2			
Property Administrator		2			
Senior Accountant		2			
Senior Supervisor - Airfield and Landscape Maintenance		2			
TAA Clerk		2			

Position Title	Grade	Tier	Min	Mid	Max
Airfield Maintenance Supervisor	108	2	57,783	73,264	88,744
Airport Communications Supervisor		2			
Airport Security Office Supervisor		2			
Airside Operations Officer		2			
Construction Services Supervisor		2			
Facilities Maintenance Supervisor		2			
Grants & Compliance Accountant		2			
Insurance and Liability Administrator		2			
IT Customer Support Technician		2			
IT Systems Technician		2			
Office, Records and Warehouse Assistant Manager		2			
Procurement Administrator		2			
Senior Communications Specialist		2			
Senior Marketing Specialist		2			
Staff Accountant		2			
Electrician	107	2	53,619	67,984	82,349
Environmental Specialist		2			
Fleet Mechanic		2			
HVAC Technician		2			
Police Department Accreditation Training and Compliance Coordinator		2			
Senior Employment Specialist		2			
Airfield Maintenance Specialist	106	2	48,808	62,038	75,268
CAD/Mapping Specialist		2			
Custodial Supervisor		2			
Energy Management Control Systems Technician		2			
Facilities Maintenance Specialist		2			
GIS Specialist		2			
Legal Assistant		2			
Payroll and Finance Coordinator		2			
Police Administrative Technician		2			
Public Service Officer Supervisor		2			

Position Title	Grade	Tier	Min	Mid	Max
Airport Communications Specialist	105	2	45,990	56,797	67,604
Customer Engagement Specialist		1			
Procurement Services Specialist		1			
Access Control Specialist	104	1	42,981	53,081	63,181
Accounts Payable Specialist		1			
Accounts Receivable Specialist		1			
Business Support Specialist		1			
Ground Transportation and Concessions Coordinator		1			
Maintenance Support Specialist		1			
Public Service Officer		1			
Warehouse Lead	103	1	40,934	50,553	60,172
Landscaping Specialist	102	1	38,984	48,146	57,307
Warehouse Specialist	101	1	37,128	45,853	54,578
Custodian	100	1	35,360	43,670	51,979
Fleet Preventative Maintenance Technician		1			

Police	Grade	Tier	Min	Mid	Max
Chief of Police	Police	3	98,734	127,120	155,506
Police Captain		3	91,699	116,951	142,203
Police Lieutenant		3	84,663	106,782	128,900
Police Sergeant		2	72,986	92,053	111,120
Police Corporal		2	64,022	80,748	97,474
Police Corporal (Canine Handler) Base +8% Assignment		2			
Police Officer		2	62,400	76,024	89,648
Police Officer (Detective) Base +8% Assignment		2			
Police Officer (Canine Handler) Base +8% Assignment		2			
Fire	Grade	Tier	Min	Mid	Max
Fire Chief	Fire	3	98,734	127,120	155,506
Fire Captain		2	83,882	105,501	127,120
Fire Lieutenant		2	70,866	89,200	107,534
Firefighter		2	62,400	76,024	93,248
Part Time Intermittent	Grade	Tier	Min	Mid	Max
Project Officers (Set Rate Per Hour)	PO	1	17		

Appendix B

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

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

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

24 Hour TAA Team Member Vacation Allotment:

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

Appendix C

Shift Differential

Shift 1	Shift 2	Shift 3
Base Hourly Rate	Base Hourly Rate + \$1.00	Base Hourly Rate + \$2.00

Specialized Assignment Pay Structure

Assignment	
Police - Detective	Base +8%
Police - Canine Handler	Base +8%
Police - Field Training Officer	Base +5% (for training hours)
Custodial - Lead	\$2.00/hour



Preliminary
FY 2025 Q3 Financial Highlights (Oct 24-Jun 25)

TAA Board of Directors
September 3, 2025

YTD FY2025 Financial Results

	YTD (Oct-Jun) Actual	Total Annual Budget	75%
Operating Revenues	\$ 45,984,160	\$ 51,467,403	89.3%
Operating Expenses	31,354,285	48,507,201	64.6%

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

Revenues above 75% = favorable.

Expenses below 75% = favorable.

Financial results for FY25 are unaudited.

FY2025 YTD Operating Revenue

Operating Revenues

YTD

	Actual	Budget	Actual vs. Budget	
Landing fees	\$ 5,934,248	\$ 5,483,033	\$ 451,215	8.2%
Space rentals	11,643,144	11,515,859	\$ 127,285	1.1%
Land rent	3,040,284	2,870,226	\$ 170,058	5.9%
Concession revenue	20,338,849	18,829,434	\$ 1,509,415	8.0%
Reimbursed Services	2,152,852	2,580,192	\$ (427,340)	-16.6%
Other Operating Revenue	2,874,783	2,804,841	\$ 69,942	2.5%
Total operating revenues	<u>\$ 45,984,160</u>	<u>\$ 44,083,585</u>	<u>\$ 1,900,575</u>	<u>4.3%</u>

Reimbursed Services variance is due to a timing issue, i.e., when the government processes payments to the TAA. Concessions Revenue variance is primarily due to revenues related to prior year's catchup CPI increases billed in the current year.

A few activity based billings have been conservatively estimated while we work to get current with our billings. We will provide a true-up version once those billings have been completed.

Financial results for FY25 are unaudited.

2025 YTD Concession Revenue

<u>Account Description</u>	<u>YTD Actual</u>	<u>YTD Budget</u>	<u>Budget vs. Actual</u>	
Rental Cars	\$ 7,758,609	\$ 7,382,614	375,995	5.1%
Parking	8,364,612	7,824,051	540,561	6.9%
Ground Transportation	347,059	341,248	5,811	1.7%
Advertising	148,442	127,459	20,983	16.5%
Food & Beverage	1,224,215	1,136,298	87,917	7.7%
News & Gifts	1,080,436	1,070,132	10,304	1.0%
Transportation Network Company	1,187,322	796,555	390,767	49.1%
Peer-to-Peer Car Rental	112,582	90,785	21,797	24.0%
Employee Parking	113,975	56,755	57,220	100.8%
Vending Machines & Lockers	-	2,077	(2,077)	-100.0%
GA Percent Rent - FBO Millionair	1,597	1,460	137	9.4%
Total	\$ 20,338,849	\$ 18,829,434	\$ 1,509,415	8.0%

Financial results for FY25 are unaudited.

FY2025 YTD Operating Expenses

Operating Expenses

YTD

	Actual	Budget	Budget vs. Actual	
Personnel expenses	\$ 21,110,200	\$ 23,169,725	\$ 2,059,525	8.9%
Contractual services	7,226,804	8,746,234	\$ 1,519,431	17.4%
Materials and supplies	2,172,715	3,005,348	\$ 832,633	27.7%
Other operating expenses	844,567	1,501,872	\$ 657,305	43.8%
Total operating expenses	<u>\$ 31,354,285</u>	<u>\$ 36,423,179</u>	<u>\$ 5,068,894</u>	<u>13.9%</u>

Financial results for FY25 are unaudited.

2025 vs. 2024

	FY2025	FY2024	
	<u>YTD (Oct-Jun)</u>	<u>YTD (Oct-Jun)</u>	<u>2025 vs 2024</u>
Operating Revenues	\$ 45,984,160	\$ 40,698,739	13.0%
Operating Expenses	31,354,285	29,849,722	5.0%

5.0% increase = \$1,504,563

Contributing Factors - Overall personnel costs increased \$1.1M, Airport consultant fees increased \$540K (assistance to Finance Team), Advertising increased by \$200K

Financial results for FY25 are unaudited.

June 2025 Financial Results

	<u>Actual</u>	<u>Budget</u>	<u>Actual vs Budget</u>	<u>Increase (Decrease)</u>	<u>Prior Year (2024)</u>	<u>Current vs. Prior Year</u>	<u>Increase (Decrease)</u>
<u>Nine Months Year-To-Date</u>							
Operating Revenues	\$ 45,984,160	\$ 44,083,585	\$ 1,900,575	4.3%	\$ 40,698,739	\$ 5,285,421	13.0%
Operating Expenses	31,354,285	36,423,179	\$ 5,068,894	13.9%	29,849,722	\$ 1,504,563	5.0%
Operating Income	<u>\$ 14,629,875</u>	<u>\$ 7,660,406</u>	<u>\$ 6,969,469</u>		<u>\$ 10,849,017</u>	<u>\$ 3,780,858</u>	

5.0% increase = \$1,504,563

Contributing Factors - Overall personnel costs increased \$1.1M, Airport consultant fees increased \$540K (assistance to Finance Team), Advertising increased by \$200K

Financial results for FY25 are unaudited.

Date: September 3, 2025

To: Board of Directors
From: Kim Allison, Vice President/Chief Financial Officer
Re: Summary of Financial Performance for Fiscal Year 2025 (Year-to-date June 2025)

Operating Income before Depreciation and Amortization (Mar 2025 YTD vs. budget):

Tucson Airport Authority generated net operating income before depreciation and amortization of \$14,629,875 for the first three quarters of 2025, which was \$6,969,469 favorable to budget due to favorable operating revenues (due primarily to landing fees and concessions) and favorable expenses described below.

Operating Revenues (YTD vs budget):

Year-to-date operating revenues were favorable to budget by \$1,900,575 or 4.3%, with the major contributors being landing fees and concessions revenue. Reimbursed services are sporadic and tend to level out by the end of the year.

Operating Expenses (YTD vs budget):

Year-to-date total operating expenses of \$31,354,285 were favorable to budget by \$5,068,894 or 13.9%. All operating expenses were lower than budgeted; however, this could be attributed to timing of the expenses. TAA has experienced some extended personnel vacancy periods in several positions leading to unexpected savings in personnel expenses. Contractual services, materials and supplies, and other operating expenses occur at differing levels throughout the year and are expected to level out closer to budget by the end of the fiscal year.

Additional Notes:

The Finance Department has continued to face adversity this past year. They have faced multiple vacancies in several critical roles. The accounting industry at large continues to suffer from a reduced pipeline of qualified candidates making it difficult to fill these vacancies. Additional factors contributing to the staffing issues have been lack of adequate knowledge transfer from long-tenured team members that retired and lack of training that led to burnout. We have addressed these issues by adding two additional positions to the team as well as bringing in consultants to supplement the team while securing specialized software training to give the new team members confidence in their ability to perform job duties accurately. Due to these factors, we have seen a significant increase in morale over the last few months which is leading to stability on the team.

In February 2025 we filled the Accounts Receivable Coordinator position, which is the most critical yet most difficult role to fill. In addition to support from our consultants, we provided specialized software training to facilitate a successful career path for this team member. As a result, we are closer to being caught up with current billings.

Our tenants continue to pay regardless of whether they receive an invoice, and payment has not been an issue in large part. A few revenues have been conservatively estimated until the Finance Department gets caught up.

As we continue to work through these challenges, we appreciate the Board's support.