



U.S. Department
of Transportation
**Federal Aviation
Administration**

Office of Airport Compliance
and Management Analysis

800 Independence Ave., SW.
Washington, DC 20591

December 11, 2023

Ms. Danette Bewley, A.A.E.
President/CEO
Tucson Airport Authority
7250 South Tucson Blvd. Suite 300
Tucson, AZ 85756

Re: Transmittal of Final Financial Compliance Report

Dear Ms. Bewley:

Thank for your August 28, 2023, response to the Federal Aviation Administration's (FAA) draft compliance review report of the Tucson International Airport (TUS) and Tucson Airport Authority (TAA), airport sponsor and operator of TUS. We appreciate your letter recognizing TAA's full commitment to address recommendations proposed by the FAA's Office of Airport Compliance and Management Analysis (ACO) during the January 23 – January 26, 2023, financial compliance review.

The draft report recommendation, TUS's response and the FAA's final response are as follows:

FAA Form 126 and 127 Operating and Financial Summary

FAA Recommendation: FAA recommends that the CATS Form 5100 -127 be adjusted to the actual amounts presented in their audited financial statements for the period of FY 2016 – 2021 and subsequent years. Line 9.3 Nets Assets, Ending Balance should be corrected to the amounts presented in Row Corrected 9.3 Ending Balances of Table A above.

TAA Response: TAA fully agrees with your conclusion and recommendations. TAA's Audited Financial Statements were restated in 2017/2018/2019, but the CATS forms were not updated at that time. We have now corrected this error. We have updated all CATS Forms 5100-127 for periods between FY 2016-2021 to reflect TAA's Audited Financial Statements as requested. Should restatements occur in the future, we will update our CATS Forms 5100-127 immediately following release of the updated Financial Statements.

Airport Financial Transactions and Payments

\$20,000 payment to Southern Arizona Leadership Council (SALC)

FAA Recommendation: Our recommendations for TAA are as follows:

1. TAA should revisit its Member/Director Conflict of Interest Policy to ensure that any conflicts of interest that may arise due to TAA's CEO serving on the board of SALC are adequately addressed.
2. Consider alternatives: TAA should consider alternative organizations or partnerships that can provide similar benefits without conflicts of interest. This review should include an analysis of the benefits, costs, and risks associated with each alternative.
3. Ensure transparency: TAA should ensure that its membership in the SALC and the conflicts of interest are disclosed in its annual reports and other public disclosures. This transparency will help to build trust and maintain the confidence of stakeholders.

TAA Response: TAA welcomes the feedback in the draft Report on the TAA—SALC arrangement. We appreciate the draft Report's conclusion not to question the legitimacy of the expense, and we wholeheartedly agree on the attention that must be given to potential conflicts of interest.

Generally, the missions of TAA and SALC are fully aligned. As noted in the draft Report, TAA's President and CEO serves on the SALC Board of Directors. Having her be part of helping to direct the mission and policy positions of SALC has direct benefits to TAA and its mission.

TAA's President and CEO, and other members of the TAA Board of Directors who also serve on the SALC Board, are keenly aware of the potential for conflicts of interest on any policy position that SALC might take that is contrary to TAA's interests. TAA's Vice President and General Counsel conducts annual conflict of interest training for all Board members and the President and CEO also receives that training at the Board meeting. The TAA Conflict of Interest form and the Board's Conflict of Interest Policy make very clear that Members must be sensitive to potential conflicts of interest, they must disclose those potential conflicts and they must not, under any circumstance, participate in any action that might be in conflict with TAA's interests.

Participation in SALC has direct benefits to TAA, however TAA will remain vigilant in its assessment of SALC actions and policy positions that might be contrary to TAA's interests. If SALC acts or generally takes positions that are a conflict to TAA's interests, TAA will, of course, reevaluate any benefits to TAA in membership and if necessary, cease to contribute its funds to that organization.

TAA is transparent about these concerns and regularly communicates with its members on this issue. TAA will examine its conflict-of-interest policies to ensure that they adequately address the potential for conflicts of interest in the metro Tucson community involving TAA and other organizations here. If changes or clarifications are deemed necessary, TAA will make them. TAA will examine its annual reporting to determine if any additional potential conflicts disclosures are necessary to further its commitment to transparency.

\$62,500 quarterly payment to Sun Corridor Inc.

FAA Recommendation: We recommend TAA take the following actions:

1. Address conflicts of interest: The conflicts of interest between TAA's Chairwoman of the Board and Sun Corridor should be addressed. This could include ensuring that the Chairwoman recuses herself from any decisions related to Sun Corridor or implementing other measures to avoid any perceived conflicts of interest.
2. Consider alternative economic development partners: TAA should consider alternative economic development partners if Sun Corridor is not producing any results. It may be beneficial to research and evaluate other economic development partners that could provide more successful outcomes.
3. Re-evaluate the payment structure: The payment structure between TAA and Sun Corridor should be re-evaluated to ensure that TAA is getting value for its investment. This could include adjusting the payment structure to be more performance-based or implementing other measures to ensure that Sun Corridor is accountable for its services.
4. Consider an as-needed basis approach: Consider Sun Corridor's service as-needed basis instead of through a fixed-term contract. It would provide more flexibility for TAA to work with other economic development partners if necessary.
5. Consider performing economic development in-house: TAA already has a staff member dedicated to identifying business opportunities and promoting economic development. Bringing these services in-house could provide TAA with greater control and flexibility over the process, as well as potential cost savings. Additionally, building internal expertise in economic development could be valuable in the long run. However, the decision to perform economic development services in-house or hire an external partner like Sun Corridor should be based on a thorough analysis of TAA's specific needs and priorities, as well as an assessment of the costs and benefits associated with each approach.

TAA Response: TAA's relationship with Sun Corridor is much like its relationship with SALC with, as you have noted, the addition of monies paid by TAA to Sun Corridor for economic development services directly intended to benefit TAA. TAA is both a member of Sun Corridor and a client of Sun Corridor. There are benefits to TAA in both categories.

As you recognize, economic development efforts directly focused on improving the revenue mix for TAA's airport system is a legitimate O&M expenditure for TAA. As we noted to the FAA team during their visit, the lack of tangible projects on TAA property as a result of the Sun Corridor contract has been disappointing, but not every O&M expenditure has (or is required to have) a clear return on investment.

Like SALC, similar potential conflicts of interest concerns exist with Sun Corridor. The nature of the metro Tucson community is such that there is significant cross pollination among business and public policy groups here. That reality reinforces the need for the regular training we provide to our Board members on recognizing and disclosing potential conflicts. Our Vice President and

General Counsel is consistent in reminding our Board and TAA Members of the importance of being sensitive to these potential conflicts.

Sun Corridor is often recognized as the main provider of private economic development support here in metro Tucson, and that is generally the case for large scale economic development efforts. However, TAA is committed to exploring all options in terms of improving the return on investment with economic development partners who may be an alternative. TAA will evaluate whether it is in TAA's interest to competitively select an economic development partner — it may still be that Sun Corridor, with all the benefits that it brings to TAA, will be the partner that will give TAA the best opportunity for economic development growth for the TAA airport system. We don't know what we don't know however, so TAA will pursue more knowledge intended to produce better results.

Regardless of who may be our economic development support, any agreed upon pay structure will be more focused on measurable deliverables and value to TAA. No such operation can guarantee a positive return on investment; however, the scope of work with a partner can better articulate the measurable deliverables TAA expects from such a partner. TAA will make sure that any contract we enter into will have a scope optimized to produce such improved results. As the draft Report notes, we are currently closely examining our specific needs and priorities, and the costs and benefits associated with our economic development efforts. The results of that internal examination will drive decisions we make in this area going forward.

FAA's Response: After thoroughly reviewing TAA's Corrective Action Plan (CAP) concerning the recommendations in the draft report, the FAA is pleased to confirm that these matters are now considered closed. However, should TAA decide to make any modifications to the outlined corrective actions, TAA should notify the FAA immediately. In such cases, please be aware that the FAA reserves the right to re-open the recommendation until it is satisfactorily resolved/corrected.

The FAA would like to express our gratitude for the clarification provided regarding the handling of 911 calls in the TUS and Ryan Field areas, which are managed by TAA's Airport Communication Center (ACC), responsible for dispatching TAA Police. This information is valuable for our understanding and coordination efforts.

Furthermore, we commend TAA for its proactive approach in promptly completing and sharing a clear and updated disposal policy for the art program. This demonstrates a commitment to compliance and best practices, aligning with our shared goal of ensuring safe and efficient operations.

We express our gratitude for your cooperation and commitment to effectively addressing these recommendations. Our appreciation extends to you, your team, and other city officials for promptly providing the FAA with the necessary responses to our recommendations. As a result of your responsiveness and efforts, we are pleased to announce that all matters are now considered closed. We will proceed with the publication of the final audit report on financial

compliance review. Once again, thank you for your collaboration and dedication to achieving a successful resolution. Should you have any further questions, please contact Olu Okegbenro, Lead Financial Management Analyst at (202) 267-9605.

Sincerely,

KEVIN WILLIS
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WILLIS
Date: 2023.12.05 12:56:17
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Kevin C. Willis
Director, Office of Airport Compliance
and Management Analysis

Enclosure

CC: Mark McClardy, Director AWP

**Federal Aviation Administration
Office of Airports Compliance and Management Analysis
Financial Compliance Review – Draft Report**

**TUCSON INTERNATIONAL AIRPORT
January 23, 2023 – January 26, 2023**



**Federal Aviation Administration
Office of Airports Compliance and Management Analysis
Draft Financial Compliance Review**

The Federal Aviation Administration (FAA), Office of Compliance and Management Analysis (ACO), conducted a financial compliance review at the Tucson International Airport (TUS) to evaluate compliance with Federal statutes and FAA requirements. The FAA conducted this review at TUS and the Tucson Airport Authority (TAA) offices from January 23, 2023 – January 27, 2023.

As the airport sponsor, TAA manages TUS and is responsible for ensuring compliance with Federal statutes, the Airport Improvement Program (AIP) Grant Assurances, and FAA policies for federally obligated airports. Airport sponsors agree to certain obligations when they accept Federal grant funds or Federal property transfers for airport purposes. The FAA enforces these obligations through its Airport Compliance Program. The ACO conducts a financial compliance review of selected airports each fiscal year.

Unlawful revenue diversion, as defined in section II, C of the *Policy Concerning the Use of Airport Revenue* (Revenue Use Policy) 64 Fed. Reg. 7697 (Feb 16, 1999), as “the use of airport revenue for purposes other than the capital or operating costs of the airport, the local airport system, or other local facilities owned or operated by the airport owner or operator and directly and substantially related to air transportation or property.” The ACO is responsible for ensuring that airports adhere to AIP Grant Assurances and the FAA’s Revenue Use Policy.

We reviewed the following financial topics at TUS:

- Form 126 & 127 Reporting
- Leases and Agreements
- Fire Fighting (ARFF)
- Advertising and Incentives
- Financial Transactions and Payments
- Art in Public Places
- Police and Security Services
- Noise Land Program
- Fleet Services

Financial Data Reported to FAA

FAA Form 126 and 127 Operating and Financial Summary

Section 111 of the Federal Aviation Administration Authorization (FAA) Act of 1994, Public Law 103-305 (August 23, 1994) established the requirement for commercial service airports to file financial reports with the FAA. These reports are the Financial Government Payment Report, Form 5100-126, and the Operating Financial Summary, Form 5100-127. Congress enacted the reporting requirements to inform the public about how airports collect and disburse funds and to provide the FAA with a means of evaluating sponsor compliance with revenue use requirements. Form 5100-126 reports the financial transactions between the Airport and other governmental entities and all services and property provided to such units. Form 5100-127 reports Airport financial operating results.

FAA attempted to reconcile the information reported on both forms with the sponsor's FY 2021 and 2020 Annual Comprehensive Financial Reports (ACFR). However, the FAA found the information presented in the sponsor's Form 5100-127 did not reconcile to the FY 2021 & 2020 ACFR. The sponsor had not updated the financial information to reflect the audited financial reports and had made data entry errors in the *9.0 Net Assets* section of the CATS Form 5100-127. Table A presents the differences between amounts reported in the CATS Form 5100-127 and the corresponding ACFRs for the fiscal years 2021 and 2020 and incorrect calculations.

Line 9.1 *Change in Net Assets* between the FY 2021 ACFR and the Form 5100-127 reflects a net loss of \$3,196,156 which is -20.62% of the audited Net Asset. The FAA considers this to be a material variance, and the Form 5100-127 should be adjusted to prevent misleading data from being presented to the public. The variances encountered between the FY 2020 ACFR and Forms 5100-127 for the determination of the line 9.1 *Change in Net Assets* were immaterial. However, the beginning balances of the Net Assets (Line 9.2) of the FY 2020 ACFR and Form 5100-127 varied by (\$383,472) with the ending balance for Net Assets (Line 9.3) in the CATS system somehow agreeing with that as reported in the FY 2020 ACFR.

<i>Table A</i>	FY 2021 Form 5100- 127	FY 2021 ACFR	Difference	FY 2020 Form 5100- 127	FY 2020 ACFR	Difference
9.1 Change in Net Assets	\$18,699,571	\$15,503,415	(3,196,156)	\$27,844,131	\$27,844,111	(20)
9.2 Net Assets (deficit), Beginning	423,861,783	423,861,783	0	396,401,144	396,017,672	(383,472)
9.3 Net Assets (deficit), Ending Balance	\$439,365,198	\$439,365,198	0	\$423,861,783	\$423,861,783	0
Corrected 9.3 Ending Balances	\$442,561,354	\$439,365,198	(3,196,156)	\$424,245,275	\$423,861,783	(413,492)

Advisory Circular 150/5100-19D *Guide for Airport Financial Reports Filed by Airport Sponsors* (June 23, 2011) advises that the FAA Authorization Act of 1994 doesn't require audited information, but the FAA prefers audited data. The FAA financial reporting database (CATS) allows sponsors to update financial data at any time. The FAA recommends that TUS adjust Form 5100-127 to the amounts presented in the actual audited financial statements.

During our financial review, we discovered that a payment of \$110,333.08 made to the FAA was not reported on FY 2021 Form 5100-126. TAA's accounting staff informed us that the payment was a reimbursement to the FAA for construction work, and they were unaware that it needed to be reported on Form 126.

We provided TAA's accounting staff with a copy of Advisory Circular No. 150/5100-19D to show the instructions for filing Form 126. After reviewing the circular, TAA's accounting staff updated Form 126 accordingly and provided a copy of the revised Form 126 to the FAA compliance staff. Also, the FAA was able to reconcile the amounts reported on TAA's Form 127 to TAA's financial statements.

Conclusion: FAA recommends that the CATS Form 5100-127 be adjusted to the actual amounts presented in their audited financial statements for the period of FY 2016 – 2021 and subsequent years. Line 9.3 Nets Assets, Ending Balance should be corrected to the amounts presented in Row Corrected 9.3 Ending Balances of Table A above.

Single Audit Report Finding

2 CFR Part §200.511 states the auditee is responsible for follow-up and corrective action of all findings. In addition, the auditee must prepare a corrective action plan (CAP) in accordance with §200.511. At the completion of the audit, the auditee must prepare, in a document separate from the auditor's findings described in §200.516, a corrective action plan to address each audit finding included in the current year auditor's reports.

In TAA's 2021 Single Audit Report, a finding of material weakness was identified, due to grant revenue being reported in the wrong period. The auditor discovered that the COVID-19 grant funding was recorded when drawdowns occurred, causing it to be misreported in respective periods on both the financial statements and the schedule of expenditures of Federal awards. Noting this misreporting could have been avoided had TAA staff followed proper revenue recognition procedures, a CAP was established.

We conducted a follow-up on the implementation status of TAA's CAP for this material weakness finding. TAA reported that an internal meeting was held to educate accounting staff on the proper evaluation of new revenue funding streams to ensure accurate reporting of revenue. We recommended that TAA develop written policies and procedures for recognizing expenses on the Schedule of Expenditure of Federal Awards to avoid future errors. A written policy was developed and provided to the FAA financial compliance staff onsite.

Conclusion: Issue resolved. No follow-up is required.

Airport Financial Transactions and Payments

To assess compliance of TAA's expenditures with the FAA's *Revenue Use Policy*, we interviewed finance department staff to understand their accounting practices. We judgmentally selected 76 accounting transactions to determine if these expenditures were allowable, allocable, and reasonable under the *Revenue Use Policy*. Finally, we randomly selected five service agreements with related lobby activities, government relations, and public communications to determine if the scope of work in these agreements was related to airport operations. During our evaluation of the transactions, we identified four exceptions. TAA provided additional information and explanations, which allowed us to resolve two of the exceptions. However, the other two exceptions remained unresolved and are described below.

\$20,000 payment to Southern Arizona Leadership Council (SALC)

TAA paid \$20,000 for its 2020 SALC Annual Membership dues. According to TAA:

SALC is important to TAA because it focuses on infrastructure and relationships that benefit the airport system. SALC's influence has a direct impact on public policy and infrastructure spending at all levels of government. SALC helps prioritize transportation projects that benefit the airport system, and TAA's membership in SALC is a key pathway to influence state budget priorities. TAA's membership sometimes pays direct dividends back to membership.

In our research on the SALC, we found that TAA's Chief Executive Officer (CEO) is a board member of the organization. While we do not question the legitimacy of this expense, the relationship between TAA's CEO and SALC appears to be a conflict of interest. Further, we are concerned that an actual conflict of interest may exist and should be addressed.

Conclusion: Our recommendations for TAA are as follows:

4. TAA should revisit its Member/Director Conflict of Interest Policy to ensure that any conflicts of interest that may arise due to TAA's CEO serving on the board of SALC are adequately addressed.
5. Consider alternatives: TAA should consider alternative organizations or partnerships that can provide similar benefits without conflicts of interest. This review should include an analysis of the benefits, costs, and risks associated with each alternative.
6. Ensure transparency: TAA should ensure that its membership in the SALC and the conflicts of interest are disclosed in its annual reports and other public disclosures. This transparency will help to build trust and maintain the confidence of stakeholders.

\$62,500 quarterly payment to Sun Corridor Inc.

TAA entered into a three-year agreement (2018-2021) with Sun Corridor to provide economic development and consulting services to promote TAA's nonaeronautical land on the airport. Under the agreement, TAA agreed to make quarterly payments of \$62,500 (\$250,000 annually)

to Sun Corridor. In July 2021, the agreement was renewed but with a reduction in Sun Corridor's annual compensation to \$175,000.

According to TAA, their relationship with Sun Corridor provides direct access to economic development expertise, benefiting TAA. TAA brings knowledge in airports and airport development, while Sun Corridor has a broad network of developers, site selectors, and economic development professionals that would take TAA a significant amount of time to develop on their own. However, Sun Corridor has not been successful in promoting any of TAA's nonaeronautical properties despite being in a business relationship since 2018. While Sun Corridor has submitted business proposals and potential clients, none of them have materialized, despite TAA investing more than a million dollars over the life of the agreements.

In addition, TAA has a staff member who is dedicated to identifying business opportunities and promoting economic development for TAA's nonaeronautical land. However, this individual does not have the same extensive network of developers and site selectors as Sun Corridor.

Finally, our research on Sun Corridor Inc. revealed that TAA's Board Chairwoman also serves as a board member of Sun Corridor Inc. While we acknowledge the legitimacy of this contractual relationship, because of Sun Corridor Inc.'s poor performance, we are concerned about conflicts of interest that may arise or already exist. This arrangement should be addressed sooner than later.

Conclusion: We recommend TAA take the following actions:

6. Address conflicts of interest: The conflicts of interest between TAA's Chairwoman of the Board and Sun Corridor should be addressed. This could include ensuring that the Chairwoman recuses herself from any decisions related to Sun Corridor or implementing other measures to avoid any perceived conflicts of interest.
7. Consider alternative economic development partners: TAA should consider alternative economic development partners if Sun Corridor is not producing any results. It may be beneficial to research and evaluate other economic development partners that could provide more successful outcomes.
8. Re-evaluate the payment structure: The payment structure between TAA and Sun Corridor should be re-evaluated to ensure that TAA is getting value for its investment. This could include adjusting the payment structure to be more performance-based or implementing other measures to ensure that Sun Corridor is accountable for its services.
9. Consider an as-needed basis approach: Consider Sun Corridor's service as-needed basis instead of through a fixed-term contract. It would provide more flexibility for TAA to work with other economic development partners if necessary.
10. Consider performing economic development in-house: TAA already has a staff member dedicated to identifying business opportunities and promoting economic development. Bringing these services in-house could provide TAA with greater control and flexibility over the process, as well as potential cost savings. Additionally, building internal expertise in economic development could be valuable in the long run. However, the decision to perform economic development services in-house or hire an external partner

like Sun Corridor should be based on a thorough analysis of TAA's specific needs and priorities, as well as an assessment of the costs and benefits associated with each approach.

Uses of Airport Property

Background

Each federally assisted airport owner/operator is required by statute and Grant Assurances 24 and 25 to have an airport fee and rental structure that will make the airport as self-sustaining as possible and minimize the airport's reliance on Federal funds and local tax revenues. The FAA has generally interpreted the self-sustaining assurances to require airport sponsors to charge fair market value (FMV) commercial rates for nonaeronautical uses of airport property.

Leases and Agreements

The FAA received 157 commercial leases and agreements (collectively known as contracts) pertaining to the property and concessions at TUS to determine if the airport sponsor followed acceptable practices for the leasing of airport property. Of the 157 contracts, the FAA reviewed approximately 25 percent or 40 contracts.

During this review, the FAA determined that properties are appraised at either fair rental value or a FMV depending on the lease. All properties are appraised before executing a new lease or when a tenant wants to expand their leasehold. Upon an expansion request, a new appraisal is required.

All leases reviewed contained provisions for annual increases with an escalation of 3%, and the Airport or Real Estate Division approves all sub-leases, depending on the duration. The FAA found the lease program to be fairly administered. There were no indication of outside influences or political favoritism for the soliciting and awarding of leased property.

Conclusion: No follow up is required because the FAA found no irregularities with leasing and agreements at the Airport.

Aircraft Rescue and Fire Fighting (ARFF)

Aircraft Rescue and Fire Fighting (ARFF) at Index C rated TUS involves the response, hazard mitigation, and rescue, if necessary, of aircraft passengers and crew involved in an airport ground emergency. ARFF is staffed with 20 firefighters, captains, and a fire chief working 24 hours a day.

The ARFF staff do not perform off-airport runs unless there is an emergency situation. TUS has a memorandum of understanding for mutual aid with the Air National Guard and City of Tucson. TAA staff indicated that 99.99% of structural runs are handled by the City of Tucson. The City

of Tucson handles all ambulance services. The patient, not TAA is billed for any services provided.

Conclusion: No follow up is required because the FAA found no irregularities with the ARFF at the Airport.

Airport Marketing, Air Carrier Incentives, and Advertising.

TAA marketing falls under the Office of Communications. The Chief Communications Officer handles marketing and air service development at TAA. TAA has 2 distinct marketing programs. Local marketing of TUS which includes commercials, bus wraps, trams, radio ads, and other tools to market TUS. They also promote and provide education on the airport at Chamber of Commerce events. The overall emphasis of the marketing is to show the benefits of using TUS.

There is also an air service development side of the program whose sole mission is to attract new entrants and ensure existing carrier meets the need for new under-served markets. TAA has an air service development consultant who has a primary responsibility to sell TUC to prospective carriers. In addition, the Office of Communications does not:

- Participate or pay for tourism marketing activities,
- Participate in any familiarization tours of the regional area, or
- Use airport revenue for regional or destination marketing

TAA encourages existing air carriers and new entrants to add new by offering the carriers incentives for the added service. TAA worked with Visit Tucson to attract Flair Airlines. Flair Airlines is currently receiving a two-year incentive package which includes a waiver of landing fees, reduced terminal rents, and a small marketing budget.

Lamar Advertising handles the billboards around the airport. The service is conducted in coordination with the TAA.

Conclusion: No follow up is required because the FAA found no irregularities with the Airport Marketing, Air Carrier Incentives, and Advertising at TAA.

Art in Public Places

Tucson Airport Authority spends \$25,000 a year on art related projects, which are part of the capital budget. Tucson Airport art program consists of two components which are directed by TAA. The permanent collections include the permanent pieces which are acquired by the airport for the terminals while the community rotating pieces are the pieces in the various Galleries at the airport. Artists are invited to submit art pieces for consideration in the community rotating

pieces program. The art program has been revamped, revitalized, and refreshed old art due to damages, as well as added dozens of new art pieces in the last three years.

The airport owns more than 200 pieces of art and the airport is in the process of auditing the pieces. TAA has an insurance policy in place to cover liability for damages or theft of displayed art. No art is for sale thus no prices are displayed but, the passengers can contact the artists directly to purchase any of their art. TAA has an established art program policies and procedures but are currently working on a disposal policy.

Recommendation: The FAA recommends that TAA create a disposal policy for its art program and provide us with a copy when it becomes available.

Conclusion: No follow up is required because the FAA found no irregularities with the Airport art in public places at TAA.

Police and Law Enforcement Services

TAA has its own Police Department that was established in 1973. The department operates independently from the City of Tucson and Pima County. The Authority and Police Department are headquartered at the TUS terminal. TUS is the only airport in Arizona that has its own Police Department. There are 27 authorized sworn officers in the department. The Authority runs 3-6 officers per shift depending on the day of the week, which is dictated by Transportation Security Administration and based on the number of open checkpoints.

The airport has 14-15 non-sworn civilian police aids authorized through Arizona legislative action to handle non-emergency and non-violent crimes at the airport. Responsibilities also include: Random ID badge checks and vehicle inspections, clerical work in ID badging office handling case files, lost and found, and entering police reports into the records management system.

Off-airport policing is conducted in compliance with mutual aid agreements. If TAA Police are in transit from TUS and Ryan field and a need for law enforcement occurs, TAA would assist. 911 calls are handled by the City of Tucson Communications Centers. TUS has its own training facilities for TAA Officers, however, other Police agencies come in for training on invitation. Any VIP details are escorted to the edge of the airfield, then the City of Tucson Police take over.

Conclusion: No follow up is required because the FAA found no irregularities with the Airport Police and Security services at TAA.

Noise Land Program

TAA has a limited noise land program. Before a parcel designated as noise land is sold, TAA must establish why they don't need the property and determine FMV. This can include conducting an appraisal, determining the limits of the property, the acreage, and evaluating the remaining encumbrances. Once the parcel is sold, TAA updates the Airport Layout Plan and maintains justification as to why the property was sold. Recently Parcel H, north of Airport Blvd

was sold to the City of Tucson. The funds were reinvested in other airport development projects. Parcels 31, 24, 35, and 33 are being maintained as a noise buffer. TAA also has a residential sound insulation program from homes located inside the 65DNL in progress. Noise remediation projects include the upgrading of residential doors, windows, HVAC, thicker attic insulation and sound proof dry wall. TAA maintains a noise land inventory and reuse plan however TAA stated it is not on file with the Phoenix Airports District Office.

Conclusion: FAA finds no irregularities concerning Noise Land and Noise remediation programs at TAA.

Fleet Services

Tucson Airport Authority maintains the vehicles in the airport fleet in-house. Major repairs are sent out to the respective dealerships depending on the brand in question. ARFF trucks are acquired through cooperative agreements utilizing AIP grant funds. Also, ARFF equipment repairs are done by the manufacturer or warranty vendors. Several ARFF Trucks have been purchased and tagged disposal restrictions and TAA work with the Airport District Office (ADO) on disposals. When vehicles purchased with the AIP grants are disposed, the revenue generated from such disposals are credited to the respective grants. The sales price is based on the appraisal value approved by the ADO and the disposals are conducted through a zero cost online auction. TAA fixed asset management system requires a 5-year replacement plan to ensure that the airport recovers some disposal revenue. Also, the system tracks the depreciation of vehicles in the fleet.

Conclusion: No follow up needed as our review found no issues with the fleet services at TAA.