
**TUCSON AIRPORT AUTHORITY | Finance and Risk Management Council Meeting
Wednesday, August 31, 2022 | 3:00 p.m. | Virtual Meeting**

THIS ADVISORY COUNCIL MEETING WAS HELD VIRTUALLY, WITH COUNCIL MEMBERS ATTENDING VIA MICROSOFT TEAMS OR TELEPHONICALLY. MEMBERS OF THE PUBLIC WHO COMPLETED A REGISTRATION FORM RECEIVED A LINK TO VIEW THE MEETING VIA MICROSOFT TEAMS OR TO LISTEN TELEPHONICALLY.

1. CALL TO ORDER | ROLL CALL

Chair Overton called the meeting to order at 3:03 p.m.

Council Members Present: Chair Tim Overton, Vice Chair Omar Mireles, Council Member Mike Hannley, Council Member Rob Draper, Council Member Ricardo Platt, and Council Member Angela Gee

Council Members Absent: Council Member Tony Penn

Others Present: Director Todd Jackson, Director Sally Fernandez, and Director Vance Falbaum

Staff Present: President/CEO Danette Bewley, Vice President/General Counsel Christopher Schmaltz, Vice President/Chief Financial Officer Kirk Eickhoff, Deputy General Counsel Kim Outlaw Ryan, Financial Controller Clark Wager, and TAA Clerk Byron Jones

2. APPROVAL OF MINUTES

Motion by Council Member Draper, seconded by Chair Overton, to approve the minutes of the Finance and Risk Management Council meeting held on August 9, 2022. The motion carried by the following vote:

Ayes 5 Chair Overton, Vice Chair Mireles, Council Member Draper, Council Member Platt, and Council Member Gee

Nays 0

3. PRESIDENT/CEO REPORT

a. State of the Industry | Update

President/CEO Danette Bewley reported the following:

- Airlines continue to face workforce challenges due to pilot shortages. This has led to many flight cancellations. Although Tucson International Airport (TUS) has maintained most of its routes, passengers traveling to and from TUS are being affected by delays at other airports.

- ❑ TUS has recovered between 85% and 90% of pre-COVID passenger volumes. Industry analysts are forecasting that a full recovery from the pandemic will not occur until 2024; as a result, TAA is anticipating that passenger volumes in FY 2023 will remain flat.

4. PRESENTATION

a. FY 2023 Budget and Capital Improvement Program | Discussion

Vice President/CFO Kirk Eickhoff presented:

- ❑ **FY 2022 Forecast vs FY 2022 Budget:**
 - Operating revenues are projected to come in \$1.5M favorable to budget. This is due primarily to concession revenues derived from rental car transactions.
 - Operating expenses are projected to come in \$1.6M favorable to budget. Savings in operating expenses were attributable to historically high personnel vacancy rates and lower-than-expected contractual services.
 - TAA will use \$6.9M in federal rescue funds to balance the airport system residual calculation in FY 2022.
- ❑ **FY 2023 Budget Assumptions:**
 - The projections are for passenger volumes to increase 7.9% vs FY 2022; this equates to a 94.5% recovery of pre-COVID passenger volumes.
 - Operating revenues are budgeted to grow \$2.4M (+6.3%) vs the FY 2022 budget and \$1.0M (+2.6%) vs the FY 2022 forecast.
 - Key to the revenue increase is additional concessions revenue driven by higher passenger volumes and a proposed parking rate increase.
 - Also factored in is \$600K in relief to airport concessionaires related to the pandemic-related American Rescue Plan Act of 2021 (ARPA).
 - Operating expenses are budgeted to increase \$3.4M (+9.7%) compared to the FY 2022 budget and rise \$5.0M (+14.8%) over the FY 2022 forecast. Increases in operating expenses are attributed to the following:
 - A graduated cost of living adjustment.
 - Increases in contractual and purchased services related to developing a new Airline Use Agreement (AUA) and property development.

- Increases in materials and supplies for additional software licenses and replacement of small machinery and equipment.
- Other expenses tied to restored travel and training, community events, and employee tuition reimbursement.
- The calculated landing fee for FY 2023 is \$1.15 per thousand pounds of landed weight.
- The TAA plans to use \$7.6M in federal rescue funds to balance the airport system residual calculation. This will leave \$23.6M in FY 2024 and beyond.

Council Member Hannley joined the meeting at 3:59 p.m.

5. ACTION ITEM

a. TAA BUDGET AND CAPITAL IMPROVEMENT PROGRAM FOR FY 2023:

The council members' questions were answered during the presentation. There was no further discussion prior to the vote.

Motion by Vice Chair Mireles, seconded by Council Member Hannley, to recommend to the Board of Directors that it approve the Budget and Capital Improvement Program for the Tucson Airport Authority for the fiscal year beginning October 1, 2022 and ending September 30, 2023. The motion carried by the following vote:

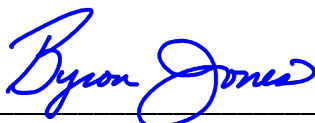
Ayes 6 Chair Overton, Vice Chair Mireles, Council Member Draper, Council Member Hannley, Council Member Platt, and Council Member Gee

Nays 0

6. ADJOURN

There being no further business to discuss, Chair Overton adjourned the meeting at 4:06 p.m.

PREPARED BY:



Byron M. Jones, CMC, TAA Clerk

Date: August 8, 2024