



## Metropolitan Airports Commission

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TO: Operations, Finance and Administration Committee

FROM: Kathy Fisher, Manager - Budget (612-726-8158)

SUBJECT: **Budget Variance Report – August 2023**

DATE: October 4, 2023

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### **FOR ACTION**

#### **Summary**

The Metropolitan Airports Commission (MAC) Commission Bylaws and Rules of Procedure indicate that staff would provide monthly Variance Reports to the Operations, Finance and Administration Committee for review/ratification.

#### **Action Requested**

**Recommend that the full Commission accept the Budget Variance Report and authorize expenditures in these categories up to the budgeted or forecasted budget amounts.**

#### **Report**

The August 2023 Budget Variance Report is attached, which summarizes year-to-date operating and non-operating revenue and expenses and variances from budgeted amounts.

**Metropolitan Airports Commission  
Budget Variance Report - August 2023  
Operating Revenue**

	2022		2023			Total 2023 Budget
	Year to Date Actual		Year To Date Actual	Budget	Dollar Variance	
<b>OPERATING REVENUE</b>						
<b>Airline Rates &amp; Charges</b>						
Airline Agreement						
Landing Fees	\$ 46,040,396	\$ 57,263,350	\$ 57,300,000	\$ (36,650)	-0.1%	\$ 87,169,369
Ramp Fees	4,292,180	5,045,393	5,261,968	(216,575)	-4.1%	8,158,495
Airline R & R	3,594,307	3,836,514	3,754,526	81,988	2.2%	5,631,789
Terminal 1 Rentals	21,712,029	34,488,322	34,095,305	393,017	1.2%	51,142,958
Terminal 1 Other Rentals	6,275,446	6,552,417	5,667,016	885,401	15.6%	9,069,729
Concessions Rebate	-	-	-	-		(21,400,021)
Total Airline Agreement	81,914,358	107,185,996	106,078,815	1,107,181	1.0%	139,772,319
Terminal 2 Lobby Fees	8,410,196	9,602,516	9,501,189	101,327	1.1%	13,616,808
Terminal 2 Other/Passenger Fees	2,918,013	3,376,269	3,510,472	(134,203)	-3.8%	4,865,900
<b>Total Airline Rates &amp; Charges</b>	<b>\$ 93,242,567</b>	<b>\$ 120,164,781</b>	<b>\$ 119,090,476</b>	<b>\$ 1,074,305</b>	<b>0.9%</b>	<b>\$ 158,255,027</b>
<b>Concessions</b>						
Terminal/Other						
Food & Beverage	\$ 10,131,192	\$ 18,488,284	\$ 18,897,324	\$ (409,040)	-2.2%	\$ 31,136,821
News	2,054,777	3,270,283	3,380,986	(110,703)	-3.3%	5,942,691
Retail	2,484,291	3,250,091	3,149,704	100,387	3.2%	4,823,857
Passenger Services	4,895,487	5,581,840	5,162,889	418,951	8.1%	7,963,998
Total Terminal/Other	\$ 19,565,747	\$ 30,590,498	\$ 30,590,903	\$ (405)	0.0%	\$ 49,867,367
Parking/Ground Transportation						
Parking	\$ 69,456,263	\$ 85,404,919	\$ 78,892,266	\$ 6,512,653	8.3%	\$ 117,108,713
Ground Transportation Fees	7,160,594	8,904,058	8,116,053	788,005	9.7%	14,382,993
Auto Rental-On Airport	15,051,010	15,541,277	15,122,359	418,918	2.8%	22,945,180
Total Parking/Ground Transportation	91,667,867	109,850,254	102,130,678	7,719,576	7.6%	154,436,886
Other Concessions	1,821,593	1,893,890	1,868,019	25,871	1.4%	2,788,043
<b>Total Concessions</b>	<b>\$ 113,055,207</b>	<b>\$ 142,334,642</b>	<b>\$ 134,589,600</b>	<b>\$ 7,745,042</b>	<b>5.8%</b>	<b>\$ 207,092,296</b>
<b>Rentals/Fees</b>						
Buildings & Facilities	\$ 10,484,352	\$ 11,134,703	\$ 11,391,122	\$ (256,419)	-2.3%	\$ 17,356,162
Building Auto - CFCs	8,995,075	10,311,471	10,089,278	222,193	2.2%	19,072,359
Ground Rentals	8,901,040	10,510,950	8,565,000	1,945,950	22.7%	12,847,500
Reliever Airports	6,673,730	7,047,053	6,831,173	215,880	3.2%	10,199,595
<b>Total Rentals/Fees</b>	<b>\$ 35,054,197</b>	<b>\$ 39,004,177</b>	<b>\$ 36,876,573</b>	<b>\$ 2,127,604</b>	<b>5.8%</b>	<b>\$ 59,475,616</b>
<b>Utilities and Other Revenue</b>						
Utilities	\$ 2,548,730	\$ 3,910,413	\$ 3,450,664	\$ 459,749	13.3%	\$ 5,714,048
GA/Airside Fees	3,695,548	4,297,024	3,946,012	351,012	8.9%	6,731,425
MCD Fees	2,196,691	2,661,056	2,529,284	131,772	5.2%	4,487,527
Other Revenues	1,655,588	1,552,184	1,573,744	(21,560)	-1.4%	2,360,628
Reimbursed Expense	2,612,260	2,345,621	2,112,667	232,954	11.0%	3,169,000
<b>Total Utilities and Other Revenue</b>	<b>\$ 12,708,817</b>	<b>\$ 14,766,298</b>	<b>\$ 13,612,371</b>	<b>\$ 1,153,927</b>	<b>8.5%</b>	<b>\$ 22,462,628</b>
<b>Total Operating Revenue</b>	<b>\$ 254,060,788</b>	<b>\$ 316,269,898</b>	<b>\$ 304,169,020</b>	<b>\$ 12,100,878</b>	<b>4.0%</b>	<b>\$ 447,285,567</b>

Brackets ( ) Represent Revenue Items under Budget and Expense Items over Budget

**Operating Expense  
Non-Operating Revenue & Expense**

	2022		2023			Total 2023 Budget
	Year to Date	Year To Date		Dollar	%	
	Actual	Actual	Budget	Variance	Variance	
Total Operating Revenue	\$ 254,060,788	\$ 316,269,898	\$ 304,169,020	\$ 12,100,878	4.0%	\$ 447,285,567
<b>OPERATING EXPENSE</b>						
Personnel	\$ 57,761,808	\$ 70,475,812	\$ 71,874,732	\$ 1,398,920	1.9%	\$ 113,378,218
Administrative Expenses	709,865	910,384	961,914	51,530	5.4%	1,880,235
Professional Services	4,375,144	5,325,746	5,548,863	223,117	4.0%	9,649,915
Utilities	14,568,816	14,890,589	14,579,264	(311,325)	-2.1%	23,119,430
Operating Services/Expenses	18,362,689	21,997,642	23,058,822	1,061,180	4.6%	36,434,963
Maintenance	25,681,824	35,223,103	31,578,523	(3,644,580)	-11.5%	53,106,164
Other	3,883,743	4,355,478	4,161,655	(193,823)	-4.7%	7,685,088

<b>Total Operating Expense</b>	<b>\$ 125,343,889</b>	<b>\$ 153,178,754</b>	<b>\$ 151,763,773</b>	<b>\$ (1,414,981)</b>	<b>-0.9%</b>	<b>\$ 245,254,013</b>
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(excludes depreciation and noise amortization)

<b>Net Operating Revenue</b>	<b>\$ 128,716,899</b>	<b>\$ 163,091,144</b>	<b>\$ 152,405,247</b>	<b>\$ 10,685,897</b>	<b>7.0%</b>	<b>\$ 202,031,554</b>
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**NON-OPERATING REVENUE (EXPENSE)**

	2022		2023			Total 2023 Budget
	Year to Date	Year To Date		Dollar	%	
	Actual	Actual	Budget	Variance	Variance	
<b>Other Non-Operating Revenue</b>						
Interest Income	\$ 3,764,897	\$ 5,780,769	\$ 3,696,000	\$ 2,084,769	56.4%	\$ 5,544,000
Unrealized Gain/Loss-Investments	\$ (4,800,475)	1,434,284	-	1,434,284		-
Self-Liquidating Income	1,818,836	391,787	391,787	-	0.0%	587,681
	\$ 783,258	\$ 7,606,840	\$ 4,087,787	\$ 3,519,053	86.1%	\$ 6,131,681

**Debt Service**

Short Term Financing	\$ (767,300)	\$ (1,361,288)	\$ (1,361,288)	\$ -	0.0%	\$ (2,639,500)
Equipment Financing	(3,897,665)	(3,030,129)	(3,030,129)	-	0.0%	(4,223,458)
Bond Principal and Interest	(21,753,310)	(26,274,825)	(26,274,825)	-	0.0%	(121,163,358)
	\$ (26,418,275)	\$ (30,666,242)	\$ (30,666,242)	\$ -	0.0%	\$ (128,026,316)

**Equipment**

Capital Expenditures	\$ (866,473)	\$ (914,442)	\$ (1,052,928)	\$ 138,486	-13.2%	\$ (1,219,000)
Equipment Purchases	(4,095,981)	(7,213,414)	(7,213,414)	-	0.0%	(13,275,000)
Equipment Financing	2,850,000	-	-	-	0.0%	4,400,000
	\$ (2,112,454)	\$ (8,127,856)	\$ (8,266,342)	\$ 138,486	-1.7%	\$ (10,094,000)

**Other**

Six Month Reserve Transfer	\$ (1,234,909)	\$ (13,332,917)	\$ (13,332,917)	\$ -	0.0%	\$ (12,837,637)
Grant Reimbursements	10,425,774	20,000,000	-	20,000,000		6,900,000
Gain (Loss) on Equipment & Other	617,137	2,032,528	96,000	1,936,528	2017.2%	96,000
	\$ 9,808,002	\$ 8,699,611	\$ (13,236,917)	\$ 21,936,528	-165.7%	\$ (5,841,637)

<b>Total Non-Operating Revenue (Expense)</b>	<b>\$ (17,939,469)</b>	<b>\$ (22,487,647)</b>	<b>\$ (48,081,714)</b>	<b>\$ 25,594,067</b>	<b>-53.2%</b>	<b>\$ (137,830,272)</b>
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<b>Net Revenue Available for Designation</b>	<b>\$ 110,777,430</b>	<b>\$ 140,603,497</b>	<b>\$ 104,323,533</b>	<b>\$ 36,279,964</b>	<b>34.8%</b>	<b>\$ 64,201,282</b>
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Brackets ( ) Represent Revenue Items under Budget and Expense Items over Budget

## **OPERATING REVENUE**

Total Operating Revenue for August year-to-date is over budget \$12,100,878 or 4.0%. The larger variances are within Airline Rates & Charges, Concessions, Rentals/Fees as well as Utilities and Other Revenue.

### **Airline Rates & Charges**

Airline Rates & Charges are \$1,074,305 or 0.9% higher than budget. Terminal 1 Other Rentals are higher than budget \$885,401 as airlines piloted more international flights than projected. The remaining variance is due to other airline charges that are slightly higher than budget.

### **Concessions**

Concessions revenue is \$7,745,042 or 5.8% higher than budget. Terminal concessions are flat compared to the budget. Passengers are spending slightly less than projected on food & beverage and news concessions. However, this gap in concessions revenue is offset by passenger services and retail purchases that are exceeding the budget.

Ground transportation is greater than budget \$7,719,576 or 7.6%. The main players in this variance are Parking revenue at \$6,512,653 over budget and Transportation Network Companies exceeding the budget by \$694,236. These above budget variances are due to stronger spending per passenger than was projected for the budget.

### **Rentals/Fees**

Rentals/Fees is over budget \$2,127,604 or 5.8%. The positive budget variance is mainly due to a new lease with a large tenant that was generated after the budget was approved.

### **Utilities and Other Revenue**

Utilities and Other Revenue are over budget \$1,153,927 or 8.5%. Utilities are \$459,749 higher than budget as tenants are consuming more than expected. Airside licensure fees and expenses reimbursed by other organizations are also over budget as the airline industry continues to grow.

## **OPERATING EXPENSES**

Total operating expenses for August year-to-date are over budget \$1,414,981 or 0.9%. Personnel, Operating Services/Expenses and Maintenance costs have contributed to this budget variance.

### **Personnel**

Personnel expenses are under budget \$1,398,920 or 1.9%. Multiple winter weather events brought an abundance of ice and snow in the first quarter. Additional hours were necessary for crews to clear the runways, public roads and parking lots to keep customers and employees safe. This is the main reason overtime is exceeding the budget by \$2,359,258. Offsetting the overtime variance are salaries and wages that are under budget \$3,871,138 from open positions.

### **Operating Services/Expenses**

Operating Services/Expenses are lower than budget \$1,061,180 or 4.6%. Security Services are under budget \$566,146 as staffing was budgeted for gate security at full capacity, but the gates were not in service as expected due to lower enplanements and construction. Queue line services are also under budget \$400,614 due to lower enplanements than projected and staffing issues with the contractor.

### **Maintenance**

Maintenance costs are \$3,644,580 or 11.5% greater than budget. The main reason for this variance is that extra snow and ice melting materials and equipment were needed to make the runways and other surfaces safe during first quarter.

### **NON-OPERATING REVENUE (EXPENSE)**

Non-Operating Expense for August year-to-date is lower than budget \$25,594,067 or 53.2%. The following factors are creating this variance.

### **Other Non-Operating Revenue**

Other Non-Operating Revenue is higher than budget \$3,519,053 or 86.1%. Interest income exceeded the budget \$2,084,769 because of rising interest rates. Additionally, the MAC is required to report investments at market value. As the value increases or decreases, an unrealized gain or loss on investments is recorded. Since the beginning of the year, the market value of existing investments has increased \$1,434,284 from a slight decrease in interest rates in our portfolio. Since the MAC holds investments to maturity, these fluctuations in value are temporary unless the investment is sold. The stated coupon rate is still received.

### **Other**

The Other category shows a variance of \$21,936,528 or 165.7%. This variance is predominantly due to reimbursement of airport operations expenses in the amount of \$20,000,000 allowed through the American Rescue Plan Act (ARPA) grant provided by the Federal Aviation Administration. The variance also includes extraordinary costs related to unexpected events, which are reimbursed by insurance companies.