



Metropolitan Airports Commission

TO: Operations, Finance and Administration Committee

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

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

DATE: January 3, 2024

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 November 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 - November 2023
Operating Revenue

	2022	2023			Total	
	Year to Date Actual	Year To Date Actual	Budget	Dollar Variance	% Variance	2023 Budget
OPERATING REVENUE						
Airline Rates & Charges						
Airline Agreement						
Landing Fees	\$ 62,947,268	\$ 78,886,422	\$ 79,900,000	\$ (1,013,578)	-1.3%	\$ 87,169,369
Ramp Fees	5,901,747	7,018,632	7,235,206	(216,574)	-3.0%	8,158,495
Airline R & R	4,942,102	5,300,505	5,162,473	138,032	2.7%	5,631,789
Terminal 1 Rentals	31,991,743	47,641,222	46,881,045	760,177	1.6%	51,142,958
Terminal 1 Other Rentals	8,766,239	9,071,940	7,876,563	1,195,377	15.2%	9,069,729
Concessions Rebate	-	-	-	-		(21,400,021)
Total Airline Agreement	114,549,099	147,918,721	147,055,287	863,434	0.6%	139,772,319
Terminal 2 Lobby Fees	9,581,454	12,897,509	12,577,074	320,435	2.5%	13,616,808
Terminal 2 Other/Passenger Fees	3,533,993	4,998,424	4,281,649	716,775	16.7%	4,865,900
Total Airline Rates & Charges	\$ 127,664,546	\$ 165,814,654	\$ 163,914,010	\$ 1,900,644	1.2%	\$ 158,255,027
Concessions						
Terminal/Other						
Food & Beverage	\$ 14,718,959	\$ 26,476,807	\$ 27,195,251	\$ (718,444)	-2.6%	\$ 31,136,821
News	3,119,560	4,688,018	5,044,964	(356,946)	-7.1%	5,942,691
Retail	3,325,527	4,649,152	4,432,054	217,098	4.9%	4,823,857
Passenger Services	6,293,315	7,632,032	7,019,225	612,807	8.7%	7,963,998
Total Terminal/Other	\$ 27,457,361	\$ 43,446,009	\$ 43,691,494	\$ (245,485)	-0.6%	\$ 49,867,367
Parking/Ground Transportation						
Parking	\$ 97,057,548	\$ 115,994,996	\$ 108,153,243	\$ 7,841,753	7.3%	\$ 117,108,713
Ground Transportation Fees	11,065,047	13,574,271	12,174,158	1,400,113	11.5%	14,382,993
Auto Rental-On Airport	22,058,196	22,728,852	22,310,368	418,484	1.9%	22,945,180
Total Parking/Ground Transportation	130,180,791	152,298,119	142,637,769	9,660,350	6.8%	154,436,886
Other Concessions	2,544,789	2,711,200	2,573,019	138,181	5.4%	2,788,043
Total Concessions	\$ 160,182,941	\$ 198,455,328	\$ 188,902,282	\$ 9,553,046	5.1%	\$ 207,092,296
Rentals/Fees						
Buildings & Facilities	\$ 14,613,273	\$ 15,374,570	\$ 15,730,162	\$ (355,592)	-2.3%	\$ 17,356,162
Building Auto - CFCs	14,523,104	16,624,336	16,268,722	355,614	2.2%	19,072,359
Ground Rentals	12,009,090	14,595,640	11,776,875	2,818,765	23.9%	12,847,500
Reliever Airports	9,489,079	10,073,769	9,625,674	448,095	4.7%	10,199,595
Total Rentals/Fees	\$ 50,634,546	\$ 56,668,315	\$ 53,401,433	\$ 3,266,882	6.1%	\$ 59,475,616
Utilities and Other Revenue						
Utilities	\$ 4,495,434	\$ 5,299,408	\$ 4,879,176	\$ 420,232	8.6%	\$ 5,714,048
GA/Airside Fees	5,313,667	6,056,452	5,398,103	658,349	12.2%	6,731,425
MCD Fees	3,201,909	3,852,703	3,730,024	122,679	3.3%	4,487,527
Other Revenues	2,241,075	2,254,450	2,163,898	90,552	4.2%	2,360,628
Reimbursed Expense	4,126,907	4,517,761	2,904,917	1,612,844	55.5%	3,169,000
Total Utilities and Other Revenue	\$ 19,378,992	\$ 21,980,774	\$ 19,076,118	\$ 2,904,656	15.2%	\$ 22,462,628
Total Operating Revenue	\$ 357,861,025	\$ 442,919,071	\$ 425,293,843	\$ 17,625,228	4.1%	\$ 447,285,567

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	
<i>Total Operating Revenue</i>	\$ 357,861,025	\$ 442,919,071	\$ 425,293,843	\$ 17,625,228	4.1%	\$ 447,285,567
OPERATING EXPENSE						
Personnel	\$ 84,542,667	\$ 101,608,159	\$ 103,706,245	\$ 2,098,086	2.0%	\$ 113,372,570
Administrative Expenses	988,188	1,388,582	1,489,927	101,345	6.8%	1,891,882
Professional Services	6,450,120	7,481,558	7,837,632	356,074	4.5%	10,581,591
Utilities	21,089,836	21,060,921	20,648,725	(412,196)	-2.0%	23,119,430
Operating Services/Expenses	23,881,111	28,306,080	29,601,418	1,295,338	4.4%	35,591,641
Maintenance	36,512,699	49,044,430	44,988,149	(4,056,281)	-9.0%	53,106,164
Other	3,425,056	4,984,300	5,050,564	66,264	1.3%	7,690,734

Total Operating Expense	\$ 176,889,677	\$ 213,874,030	\$ 213,322,660	\$ (551,370)	-0.3%	\$ 245,354,012
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(excludes depreciation and noise amortization)

Net Operating Revenue	\$ 180,971,348	\$ 229,045,041	\$ 211,971,183	\$ 17,073,858	8.1%	\$ 201,931,555
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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	
Other Non-Operating Revenue						
Interest Income	\$ 5,381,979	\$ 8,566,875	\$ 5,082,000	\$ 3,484,875	68.6%	\$ 5,544,000
Unrealized Gain/Loss-Investments	\$ (6,142,652)	2,732,732	-	2,732,732		-
Self-Liquidating Income	2,032,518	538,708	538,708	-	0.0%	587,681
	\$ 1,271,845	\$ 11,838,315	\$ 5,620,708	\$ 6,217,607	110.6%	\$ 6,131,681
Debt Service						
Short Term Financing	\$ (2,900,471)	\$ (3,952,101)	\$ (2,639,500)	\$ (1,312,601)	49.7%	\$ (2,639,500)
Equipment Financing Payments	(4,651,524)	(4,788,835)	(4,223,458)	(565,377)	13.4%	(4,223,458)
Bond Principal and Interest	(21,753,310)	(43,430,382)	(43,430,382)	-	0.0%	(121,163,358)
	\$ (29,305,305)	\$ (52,171,318)	\$ (50,293,340)	\$ (1,877,978)	3.7%	\$ (128,026,316)
Equipment						
Capital Expenditures	\$ (1,190,320)	\$ (1,261,924)	\$ (1,447,776)	\$ 185,852	-12.8%	\$ (1,579,392)
Equipment Purchases	(6,304,001)	(11,631,307)	(11,631,307)	-	0.0%	(13,275,000)
Equipment Financing	2,850,000	8,875,000	4,400,000	4,475,000	101.7%	4,400,000
	\$ (4,644,321)	\$ (4,018,231)	\$ (8,679,083)	\$ 4,660,852	-53.7%	\$ (10,454,392)
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		5,400,000
Gain (Loss) on Equipment & Other	(152,350)	873,331	96,000	777,331	809.7%	96,000
	\$ 9,038,515	\$ 7,540,414	\$ (13,236,917)	\$ 20,777,331	-157.0%	\$ (7,341,637)

Total Non-Operating Revenue (Expense)	\$ (23,639,266)	\$ (36,810,820)	\$ (66,588,632)	\$ 29,777,812	-44.7%	\$ (139,690,664)
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Net Revenue Available for Designation	\$ 157,332,082	\$ 192,234,221	\$ 145,382,551	\$ 46,851,670	32.2%	\$ 62,240,891
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Brackets () Represent Revenue Items under Budget and Expense Items over Budget

OPERATING REVENUE

Total Operating Revenue for November year-to-date is over budget \$17,625,228 or 4.1%. 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 \$1,900,644 or 1.2% higher than budget. Major contributors to this variance are as follows.

Landing Fees

Revenue from Landing Fees is under budget \$1,013,578 or 1.3%. Since August, enplanements and landed weight have both been slightly below budget.

Terminal 1 Rentals

Terminal 1 Rentals are \$760,177 or 1.6% higher than budget. The expansion of the G Concourse with Delta's new Sky Club increased terminal square footage.

Terminal 1 Other Rentals

Terminal 1 Other Rentals are over budget \$1,195,377 or 15.2% as airlines piloted more international flights than projected.

Concessions

Concessions revenue is \$9,553,046 or 5.1% higher than budget. Terminal concessions are slightly under budget by \$245,485. Passengers are spending slightly less than projected on food & beverage and news concessions. However, this gap in concessions revenue is offset by retail purchases and passenger services that are exceeding the budget.

Ground transportation is greater than budget \$9,660,350 or 6.8%. Parking revenue is \$7,841,753 over budget and Transportation Network Companies are exceeding the budget \$975,644. These above budget variances are due to stronger spending per passenger than was projected for the budget.

Rentals/Fees

Rentals/Fees is over budget \$3,266,882 or 6.1%. 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 \$2,904,656 or 15.2%. Utilities are \$420,232 greater than budget as tenants are consuming more than expected. Airside licensure fees are over budget \$658,349 as the airline industry continues to grow. Also, Reimbursed Expenses are higher than budget \$1,612,844 and is related to more safety and security expense reimbursement than anticipated.

OPERATING EXPENSE

Total operating expense for November year-to-date is higher than budget \$551,370 or 0.3%. Personnel, Operating Services/Expenses and Maintenance costs are the largest contributors to this budget variance.

Personnel

Personnel expenses are under budget \$2,098,086 or 2.0%. The major components for this variance are listed below.

- Salaries and wages are under budget \$4,820,206 from open positions.
- Overtime is exceeding the budget by \$2,260,670, mainly due to the multiple winter weather events that occurred in the first quarter.
- Union benefits are exceeding the budget \$389,592 for the additional FTEs for the winter augmentation plan.
- Workers' compensation claims are higher than projected by \$393,364.
- Severance is higher than expected by \$258,922.
- Pension costs are under budget \$529,972 based on open positions.

Operating Services/Expenses

Operating Services/Expenses are lower than budget \$1,295,338 or 4.4% as follows.

- Security Services are under budget \$724,534 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 under budget \$448,827 due to lower enplanements than projected and staffing issues with the contractor.
- The remaining variance stems from other miscellaneous operating services/expenses that are also under budget.

Maintenance

Maintenance costs are \$4,056,281 or 9.0% 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 the first quarter weather events as well as restocking materials for fourth quarter.

NON-OPERATING REVENUE (EXPENSE)

Non-Operating Expense for November year-to-date is lower than budget \$29,777,812 or 44.7%. The following factors are creating this variance.

Other Non-Operating Revenue

Other Non-Operating Revenue is higher than budget \$6,217,607 or 110.6%. Interest income exceeds the budget \$3,484,875 because of higher interest rates on investments than what was budgeted. 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 \$2,732,732 from a decrease in market interest

rates relative to the interest rates on investments 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.

Debt service

Debt Service is over budget \$1,877,978 or 3.7% mainly due to short term financing that is higher than budget based on rising interest rates. With the additional equipment leases generated, equipment financing is also exceeding the budget.

Equipment

Equipment has a variance of \$4,660,852 or 53.7%. Equipment leases were generated after the budget was approved, which increased financing.

Other

The Other category shows a variance of \$20,777,331 or 157.0%. 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.