



Metropolitan Airports Commission

TO: Operations, Finance and Administration Committee

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

SUBJECT: **Budget Variance Report – 3rd Quarter 2023**

DATE: November 1, 2023

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 3rd Quarter 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 - 3rd Quarter 2023
Operating Revenue

	2022	2023			%	Total 2023 Budget
	Year to Date Actual	Year To Date Actual	Budget	Dollar Variance		
OPERATING REVENUE						
Airline Rates & Charges						
Airline Agreement						
Landing Fees	\$ 51,623,381	\$ 64,371,862	\$ 64,900,000	\$ (528,138)	-0.8%	\$ 87,169,369
Ramp Fees	4,828,702	5,703,139	5,919,714	(216,575)	-3.7%	8,158,495
Airline R & R	4,043,572	4,323,979	4,223,842	100,137	2.4%	5,631,789
Terminal 1 Rentals	25,488,124	38,876,902	38,357,219	519,683	1.4%	51,142,958
Terminal 1 Other Rentals	7,190,530	7,454,842	6,459,809	995,033	15.4%	9,069,729
Concessions Rebate	-	-	-	-		(21,400,021)
Total Airline Agreement	93,174,309	120,730,724	119,860,584	870,140	0.7%	139,772,319
Terminal 2 Lobby Fees	8,959,997	10,695,763	10,618,080	77,683	0.7%	13,616,808
Terminal 2 Other/Passenger Fees	3,155,920	3,691,325	3,822,530	(131,205)	-3.4%	4,865,900
Total Airline Rates & Charges	\$ 105,290,226	\$ 135,117,812	\$ 134,301,194	\$ 816,618	0.6%	\$ 158,255,027
Concessions						
Terminal/Other						
Food & Beverage	\$ 11,306,008	\$ 21,370,921	\$ 21,728,798	\$ (357,877)	-1.6%	\$ 31,136,821
News	2,256,033	3,772,296	3,948,191	(175,895)	-4.5%	5,942,691
Retail	2,681,506	3,686,101	3,587,338	98,763	2.8%	4,823,857
Passenger Services	5,402,268	6,261,599	5,788,714	472,885	8.2%	7,963,998
Total Terminal/Other	\$ 21,645,815	\$ 35,090,917	\$ 35,053,041	\$ 37,876	0.1%	\$ 49,867,367
Parking/Ground Transportation						
Parking	\$ 77,792,312	\$ 94,935,952	\$ 88,518,836	\$ 6,417,116	7.2%	\$ 117,108,713
Ground Transportation Fees	8,384,151	10,299,246	9,486,700	812,546	8.6%	14,382,993
Auto Rental-On Airport	17,932,848	18,494,249	18,072,359	421,890	2.3%	22,945,180
Total Parking/Ground Transportation	104,109,311	123,729,447	116,077,895	7,651,552	6.6%	154,436,886
Other Concessions	2,074,245	2,208,219	2,111,009	97,210	4.6%	2,788,043
Total Concessions	\$ 127,829,371	\$ 161,028,583	\$ 153,241,945	\$ 7,786,638	5.1%	\$ 207,092,296
Rentals/Fees						
Buildings & Facilities	\$ 11,750,724	\$ 12,551,643	\$ 12,837,468	\$ (285,825)	-2.2%	\$ 17,356,162
Building Auto - CFCs	11,046,735	12,696,653	12,377,961	318,692	2.6%	19,072,359
Ground Rentals	9,953,980	11,846,616	9,635,625	2,210,991	22.9%	12,847,500
Reliever Airports	7,621,897	7,993,391	7,827,313	166,078	2.1%	10,199,595
Total Rentals/Fees	\$ 40,373,336	\$ 45,088,303	\$ 42,678,367	\$ 2,409,936	5.6%	\$ 59,475,616
Utilities and Other Revenue						
Utilities	\$ 3,178,731	\$ 4,247,604	\$ 3,747,484	\$ 500,120	13.3%	\$ 5,714,048
GA/Airside Fees	4,255,184	4,851,776	4,412,427	439,349	10.0%	6,731,425
MCD Fees	2,549,326	3,073,835	2,933,161	140,674	4.8%	4,487,527
Other Revenues	1,843,580	1,718,259	1,770,462	(52,203)	-2.9%	2,360,628
Reimbursed Expense	3,613,675	3,792,326	2,376,750	1,415,576	59.6%	3,169,000
Total Utilities and Other Revenue	\$ 15,440,496	\$ 17,683,800	\$ 15,240,284	\$ 2,443,516	16.0%	\$ 22,462,628
Total Operating Revenue	\$ 288,933,429	\$ 358,918,498	\$ 345,461,790	\$ 13,456,708	3.9%	\$ 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	
Total Operating Revenue	\$ 288,933,429	\$ 358,918,498	\$ 345,461,790	\$ 13,456,708	3.9%	\$ 447,285,567
OPERATING EXPENSE						
Personnel	\$ 68,545,699	\$ 83,720,132	\$ 84,874,078	\$ 1,153,946	1.4%	\$ 113,378,218
Administrative Expenses	787,677	1,033,960	1,103,589	69,629	6.3%	1,880,235
Professional Services	5,061,553	6,209,068	6,413,509	204,441	3.2%	9,649,915
Utilities	16,974,661	17,277,937	16,872,370	(405,567)	-2.4%	23,119,430
Operating Services/Expenses	19,783,039	23,761,139	24,942,323	1,181,184	4.7%	36,434,963
Maintenance	28,415,300	38,246,425	35,464,696	(2,781,729)	-7.8%	53,106,164
Other	3,979,196	4,465,673	4,574,847	109,174	2.4%	7,685,088
Total Operating Expense	\$ 143,547,125	\$ 174,714,334	\$ 174,245,412	\$ (468,922)	-0.3%	\$ 245,254,013

(excludes depreciation and noise amortization)

Net Operating Revenue	\$ 145,386,304	\$ 184,204,164	\$ 171,216,378	\$ 12,987,786	7.6%	\$ 202,031,554
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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	\$ 4,427,108	\$ 5,984,132	\$ 4,158,000	\$ 1,826,132	43.9%	\$ 5,544,000
Unrealized Gain/Loss-Investments	\$ (6,149,109)	1,562,037	-	1,562,037		-
Self-Liquidating Income	1,939,924	440,761	440,761	-	0.0%	587,681
	\$ 217,923	\$ 7,986,930	\$ 4,598,761	\$ 3,388,169	73.7%	\$ 6,131,681
Debt Service						
Short Term Financing	\$ (767,300)	\$ (1,638,902)	\$ (1,638,902)	\$ -	0.0%	\$ (2,639,500)
Equipment Financing	(4,384,022)	(4,521,334)	(4,223,458)	(297,876)	0.0%	(4,223,458)
Bond Principal and Interest	(21,753,310)	(26,274,825)	(26,274,825)	-	0.0%	(121,163,358)
	\$ (26,904,632)	\$ (32,435,061)	\$ (32,137,185)	\$ (297,876)	0.9%	\$ (128,026,316)
Equipment						
Capital Expenditures	\$ (972,276)	\$ (1,033,279)	\$ (1,184,544)	\$ 151,265	-12.8%	\$ (1,219,000)
Equipment Purchases	(5,198,907)	(7,760,593)	(7,760,593)	-	0.0%	(13,275,000)
Equipment Financing	2,850,000	8,875,000	4,400,000	4,475,000	0.0%	4,400,000
	\$ (3,321,183)	\$ 81,128	\$ (4,545,137)	\$ 4,626,265	-101.8%	\$ (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	286,565	1,920,156	96,000	1,824,156	1900.2%	96,000
	\$ 9,477,430	\$ 8,587,239	\$ (13,236,917)	\$ 21,824,156	-164.9%	\$ (5,841,637)
Total Non-Operating Revenue (Expense)	\$ (20,530,462)	\$ (15,779,764)	\$ (45,320,478)	\$ 29,540,714	-65.2%	\$ (137,830,272)

Net Revenue Available for Designation	\$ 124,855,842	\$ 168,424,400	\$ 125,895,900	\$ 42,528,500	33.8%	\$ 64,201,282
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Brackets () Represent Revenue Items under Budget and Expense Items over Budget

OPERATING REVENUE

Total Operating Revenue for 3rd Quarter year-to-date is over budget \$13,456,708 or 3.9%. 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 \$816,618 or 0.6% higher than budget. The largest variance comes from Terminal 1 Other Rentals that are higher than budget \$995,033 as airlines piloted more international flights than projected.

Concessions

Concessions revenue is \$7,786,638 or 5.1% 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 \$7,651,552 or 6.6%. The main players in this variance are Parking revenue at \$6,417,116 over budget and Transportation Network Companies exceeding the budget by \$812,546. These above budget variances are due to stronger spending per passenger than was projected for the budget.

Rentals/Fees

Rentals/Fees is over budget \$2,409,936 or 5.6%. 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 \$2,443,516 or 16.0%. Utilities are \$500,120 greater than budget as tenants are consuming more than expected. Airside licensure fees are over budget as the airline industry continues to grow. Also, reimbursed Expenses are higher than budget \$1,415,576 and is related to more safety and security expense reimbursement than anticipated.

OPERATING EXPENSES

Total operating expenses for 3rd Quarter year-to-date are over budget \$468,922 or 0.3%. Personnel, Operating Services/Expenses and Maintenance costs are the largest contributors to this budget variance.

Personnel

Personnel expenses are under budget \$1,153,946 or 1.4%. the major components for this variance are listed below.

- Salaries and wages are under budget \$4,288,956 from open positions.
- Overtime is exceeding the budget by \$2,599,594, mainly due to the multiple winter weather events that occurred in the first quarter.

- Union benefits are exceeding the budget \$228,087 for the additional FTEs for the winter augmentation plan.
- Workers' compensation claims are higher than projected by \$223,016.
- Severance is higher than expected by \$198,877.

Operating Services/Expenses

Operating Services/Expenses are lower than budget \$1,181,184 or 4.7%. Security Services are under budget \$610,107 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 \$435,196 due to lower enplanements than projected and staffing issues with the contractor.

Maintenance

Maintenance costs are \$2,781,729 or 7.8% 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 3rd Quarter year-to-date is lower than budget \$29,540,714 or 65.2%. The following factors are creating this variance.

Other Non-Operating Revenue

Other Non-Operating Revenue is higher than budget \$3,388,169 or 73.7%. Interest income exceeded the budget \$1,826,132 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 \$1,562,037 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.

Equipment

Equipment is over budget \$4,626,265 or 101.8%. Equipment leases were generated after the budget was approved.

Other

The Other category shows a variance of \$21,824,156 or 164.9%. 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.