



Metropolitan Airports Commission

TO: Operations, Finance and Administration Committee
FROM: Kathy Fisher, Manager - Budget (612-726-8158)
SUBJECT: **Budget Variance Report – 2nd Quarter 2021**
DATE: July 28, 2021

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 2nd Quarter 2021 Operating Budget Variance Report is attached which summarizes year-to-date revenue and expenses and variances from budgeted amounts.

Metropolitan Airports Commission
Budget Variance Report - 2nd Quarter 2021
Operating Revenue

	2020	2021				Total 2021 Budget
	Year to Date	Year To Date		Dollar	%	
	Actual	Actual	Budget	Variance	Variance	
OPERATING REVENUE						
Airline Rates & Charges						
Airline Agreement						
Landing Fees	\$ 22,341,063	\$ 26,499,568	\$ 30,156,390	\$ (3,656,822)	-12.1%	\$ 72,841,520
Ramp Fees	3,465,844	3,219,135	3,236,094	(16,959)	-0.5%	6,654,847
Airline R & R	2,472,688	2,633,739	2,653,188	(19,449)	-0.7%	5,308,502
Terminal 1 Rentals	20,422,359	14,106,779	20,140,668	(6,033,889)	-30.0%	40,386,342
Terminal 1 Other Rentals	3,344,118	2,753,634	2,878,481	(124,847)	-4.3%	8,949,314
Concessions Rebate		-	-	-		(15,606,069)
Total Airline Agreement	52,046,072	49,212,855	59,064,821	(9,851,966)	-16.7%	118,534,456
Terminal 2 Lobby Fees	5,810,141	4,929,436	5,895,661	(966,225)	-16.4%	9,992,646
Terminal 2 Other/Passenger Fees	1,714,307	1,534,669	1,563,811	(29,142)	-1.9%	2,681,159
Total Airline Rates & Charges	\$ 59,570,520	\$ 55,676,960	\$ 66,524,293	\$ (10,847,333)	-16.3%	\$ 131,208,261
Concessions						
Terminal/Other						
Food & Beverage	\$ 9,965,490	\$ 6,323,590	\$ 4,416,935	\$ 1,906,655	43.2%	\$ 17,201,015
News	1,607,994	1,195,177	958,061	237,116	24.7%	3,521,672
Retail	2,407,753	1,556,558	972,041	584,517	60.1%	3,749,742
Passenger Services	3,568,108	2,497,492	2,601,817	(104,325)	-4.0%	5,628,112
Total Terminal/Other	17,549,345	11,572,817	8,948,854	2,623,963	29.3%	30,100,541
Parking/Ground Transportation						
Parking	28,100,305	28,142,591	28,159,608	(17,017)	-0.1%	69,702,000
Ground Transportation Fees	3,706,111	2,595,588	3,531,082	(935,494)	-26.5%	9,717,331
Auto Rental-On Airport	9,432,262	3,858,443	9,554,850	(5,696,407)	-59.6%	19,292,132
Total Parking/Ground Transportation	41,238,678	34,596,622	41,245,540	(6,648,918)	-16.1%	98,711,463
Other Concessions	1,065,152	1,153,564	1,179,703	(26,139)	-2.2%	2,498,017
Total Concessions	\$ 59,853,175	\$ 47,323,003	\$ 51,374,097	\$ (4,051,094)	-7.9%	\$ 131,310,021
Rentals/Fees						
Buildings & Facilities	\$ 6,172,942	\$ 7,161,741	\$ 7,313,415	\$ (151,674)	-2.1%	\$ 14,765,952
Building Auto - CFC's	3,782,909	3,719,974	3,584,233	135,741	3.8%	15,485,478
Ground Rentals	5,802,480	5,556,139	5,714,560	(158,421)	-2.8%	11,636,049
Reliever Airports	3,654,539	4,136,061	4,033,176	102,885	2.6%	8,616,329
Total Rentals/Fees	\$ 19,412,870	\$ 20,573,915	\$ 20,645,384	\$ (71,469)	-0.3%	\$ 50,503,808
Utilities and Other Revenue						
Utilities	\$ 3,030,133	\$ 1,413,556	\$ 1,496,795	\$ (83,239)	-9.5%	\$ 4,996,628
GA/Airside Fees	2,260,129	2,194,001	2,208,312	(14,311)	-0.6%	4,679,938
Maintenance, Cleaning, Distribution Fees	946,534	895,409	975,728	(80,319)	-8.2%	2,772,944
Other Revenues	930,374	858,267	871,942	(13,675)	-1.6%	2,373,060
Reimbursed Expense	1,043,020	672,040	747,282	(75,242)	-10.1%	3,609,000
Total Utilities and Other Revenue	\$ 8,210,190	\$ 6,033,273	\$ 6,300,059	\$ (266,786)	-4.2%	\$ 18,431,570
Total Operating Revenue	\$147,046,755	\$ 129,607,151	\$ 144,843,833	\$ (15,236,682)	-10.5%	\$ 331,453,660

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

Budget Variance Report - 2nd Quarter 2021						
Operating Expense						
Non-Operating Revenue & Expense						
	2020		2021			Total
	Year to Date	Year To Date		Dollar	%	2021
	Actual	Actual	Budget	Variance	Variance	Budget
<i>Total Operating Revenue</i>	\$ 147,046,755	\$ 129,607,151	\$ 144,843,833	\$ (15,236,682)	-10.5%	\$ 331,453,660
OPERATING EXPENSE						
Personnel	\$ 44,756,448	\$ 45,137,508	\$ 45,703,427	\$ 565,919	1.2%	\$ 94,206,500
Administrative	727,684	470,417	500,560	30,143	6.0%	1,351,569
Professional Services	2,869,795	2,077,323	2,157,829	80,506	3.7%	6,310,316
Utilities	6,994,293	8,407,417	8,591,392	183,975	2.1%	19,896,708
Operating Services	14,060,554	12,318,908	12,187,159	(131,749)	-1.1%	27,643,462
Maintenance	18,910,284	17,262,777	17,578,554	315,777	1.8%	41,458,294
Other	1,443,970	1,441,188	1,526,836	85,648	5.6%	3,639,119
Total Operating Expense	\$ 89,763,028	\$ 87,115,538	\$ 88,245,757	\$ 1,130,219	1.3%	\$ 194,505,968
<i>(excludes depreciation and noise amortization)</i>						
Net Operating Revenue	\$ 57,283,727	\$ 42,491,613	\$ 56,598,076	\$ (14,106,463)	-24.9%	\$ 136,947,692
NON-OPERATING REVENUE (EXPENSE)						
	2020		2021			Total
	Year to Date	Year To Date		Dollar	%	2021
	Actual	Actual	Budget	Variance	Variance	Budget
Other Non-Operating Revenue						
Interest Income	\$ 3,849,000	\$ 1,237,000	\$ 1,251,000	\$ (14,000)	-1.1%	\$ 4,864,000
Self-Liquidating Income	1,584,000	1,669,000	1,669,000	-	0.0%	3,321,000
	5,433,000	2,906,000	2,920,000	(14,000)	-0.5%	8,185,000
Debt Service						
Short Term Financing	\$ (369,000)	\$ (513,000)	\$ (513,000)	\$ -	0.0%	\$ (6,964,500)
Equip Financing Principal/Interest Payments	(2,230,000)	(2,036,000)	(2,036,000)	-	0.0%	(4,422,630)
Bond Principal/Interest Payments	(25,987,000)	(23,412,000)	(23,412,000)	-	0.0%	(100,943,700)
	\$ (28,586,000)	\$ (25,961,000)	\$ (25,961,000)	\$ -	0.0%	\$ (112,330,830)
Equipment						
Capital Expenditures	\$ (624,000)	\$ (545,000)	\$ (545,000)	\$ -	0.0%	\$ (1,150,000)
Equipment Purchases	(3,248,000)	(4,393,000)	(4,393,000)	-	0.0%	(8,271,850)
Equipment Financing	3,395,000	-	-	-	0.0%	-
	\$ (477,000)	\$ (4,938,000)	\$ (4,938,000)	\$ -	0.0%	\$ (9,421,850)
Other						
Six Month Reserve Transfer	\$ (7,035,000)	\$ -	\$ -	\$ -	-	\$ -
CARES Act Grant Reimbursement	-	4,283,701	-	4,283,701	-	-
Gain (Loss) on Equipment & Other	106,000	(31,000)	90,000	(121,000)	-134.4%	180,000
	\$ (6,929,000)	\$ 4,252,701	\$ 90,000	\$ 4,162,701	4625.2%	\$ 180,000
Total Non-Operating Revenue (Expense)	\$ (30,559,000)	\$ (23,740,299)	\$ (27,889,000)	\$ 4,148,701	-14.9%	\$ (113,387,680)
Net Revenue Available for Designation	\$ 26,724,727	\$ 18,751,314	\$ 28,709,076	\$ (9,957,762)	-34.7%	\$ 23,560,012
<i>Brackets () Represent Revenue Items under Budget and Expense Items over Budget</i>						

OPERATING REVENUE

Total operating revenue for the 2nd Quarter 2021 year-to-date is under budget by \$15,236,682 or 10.5%. The revenue sources creating this variance are within the Airline Rates & Charges and Concessions revenue categories.

Airline Rates & Charges

The revenue from Airline Rates & Charges is below budget \$10,847,333 or 16.3% as a result of the following:

Landing Fees

Landing Fees are lower than budget \$3,656,822 or 12.1%. Landing fees are an activity-based fee. Flight activity was lower than projected as the COVID-19 pandemic continues to affect air service.

Terminal 1 Rentals

Terminal 1 Rental Fees are below budget \$6,033,889 or 30.0%. Terminal rental relief was provided to the airlines through the COVID-19 relief program approved by the MAC in 2020. Airlines were given the option to take 90% of the available terminal rent credit in 2020 or 2021 with the remaining 10% rental credit provided in June of 2021. A few airlines chose to use the 90% credit in 2020; however, most airlines used the credit in 2021. Terminal rental relief credits totaling \$5,973,202 has been applied through the 2nd quarter of 2021.

Concessions

Concessions revenue is \$4,051,094 or 7.9% below budget as a result of the following:

Food & Beverage, News and Retail

For Food & Beverage, News and Retail revenue, the budget expected no Minimum Annual Guarantee (MAG) revenue from January through June as part of the concession relief package authorized by the MAC. Until concessionaire amendments are processed and the waivers are entered into the MAC's financial system, the MAGs show as revenue. This results in Food & Beverage concessions being over budget by \$1,906,655 or 43.2%, News revenue higher than budget by \$237,116 or 24.7% and revenue from Retail Stores over budget by \$584,517 or 60.1%.

Ground Transportation Fees

Ground Transportation Fees are under budget \$935,494 or 26.5%. These fees are activity-based by carrying passengers to and from the airport. This variance is mainly due to less Transportation Network Companies (TNC) activity than projected in the budget.

Auto Rental-On Airport

For Auto Rental-On Airport, the budget expected MAG revenue for all of 2021. After the budget was approved, MAG relief was provided to the auto rental agencies for the months of January through June as authorized by the MAC's COVID-19 relief program. Instead of the MAG, the auto rental agencies will pay 10 percent rent. This results in Auto Rental-On Airport revenue to be under budget \$5,696,407 or 59.6%.

OPERATING EXPENSE

Total operating expense for 2nd Quarter 2021 year-to-date is under budget \$1,130,219 or 1.3%. There are no major variances in any of the expense categories.

NON-OPERATING REVENUE (EXPENSE)

Total non-operating expense for 2nd Quarter 2021 year-to-date is lower than budget \$4,148,701 or 14.9%. The Federal Aviation Administration reimbursed Coronavirus Aid, Relief, and Economic Security (CARES) Act funds as economic relief to eligible US airports affected by the prevention of, preparation for, and response to the COVID-19 pandemic. The MAC received \$4,283,701 in federal aid in 2021. This amount is offset by extraordinary costs related to the commercial vehicle canopy fire in 2020 which is expected to be reimbursed by insurance.