



Metropolitan Airports Commission

TO: Operations, Finance and Administration Committee

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

SUBJECT: **Budget Variance Report – 1st Quarter 2022**

DATE: April 27, 2022

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 1st Quarter 2022 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 - 1st Quarter 2022
Operating Revenue

	2021	2022			%	Total 2022 Budget
	Year to Date Actual	Year To Date Actual	Budget	Dollar Variance		
OPERATING REVENUE						
Airline Rates & Charges						
Airline Agreement						
Landing Fees	\$ 12,248,944	\$ 16,478,302	\$ 16,352,921	\$ 125,381	0.8%	\$ 72,841,520
Ramp Fees	1,609,567	1,609,567	1,657,056	(47,489)	-2.9%	6,654,847
Airline R & R	1,318,253	1,347,983	1,361,472	(13,489)	-1.0%	5,467,757
Terminal 1 Rentals	8,673,112	11,182,858	11,182,917	(59)	0.0%	40,386,342
Terminal 1 Other Rentals	1,304,388	1,908,116	1,807,318	100,798	5.6%	9,040,732
Concessions Rebate	-	-	-	-		(16,255,417)
Total Airline Agreement	25,154,264	32,526,826	32,361,684	165,142	0.5%	118,135,781
Terminal 2 Lobby Fees	1,895,704	3,209,697	2,725,000	484,697	17.8%	10,601,014
Terminal 2 Other/Passenger Fees	759,790	1,270,008	1,067,724	202,284	18.9%	3,323,285
Total Airline Rates & Charges	\$ 27,809,758	\$ 37,006,531	\$ 36,154,408	\$ 852,123	2.4%	\$ 132,060,080
Concessions						
Terminal/Other						
Food & Beverage	\$ 4,334,303	\$ 4,952,586	\$ 4,877,191	\$ 75,395	1.5%	\$ 21,398,705
News	628,581	851,646	844,924	6,722	0.8%	4,039,040
Retail	1,109,635	1,004,702	1,080,257	(75,555)	-7.0%	4,528,962
Passenger Services	2,079,437	2,180,659	2,140,290	40,369	1.9%	6,659,970
Total Terminal/Other	\$ 8,151,956	\$ 8,989,593	\$ 8,942,662	\$ 46,931	0.5%	\$ 36,626,677
Parking/Ground Transportation						
Parking	\$ 12,770,258	\$ 27,061,661	\$ 23,956,190	\$ 3,105,471	13.0%	\$ 86,797,790
Ground Transportation Fees	917,963	1,672,913	1,517,670	155,243	10.2%	10,284,819
Auto Rental-On Airport	996,395	4,823,034	4,823,034	-	0.0%	19,292,134
Total Parking/Ground Transportation	14,684,616	33,557,608	30,296,894	3,260,714	10.8%	116,374,743
Other Concessions	544,024	591,083	588,124	2,959	0.5%	2,506,057
Total Concessions	\$ 23,380,596	\$ 43,138,284	\$ 39,827,680	\$ 3,310,604	8.3%	\$ 155,507,477
Rentals/Fees						
Buildings & Facilities	\$ 3,901,437	\$ 3,909,006	\$ 3,847,274	\$ 61,732	1.6%	\$ 15,181,278
Building Auto - CFC's	1,159,981	1,692,403	1,650,000	42,403	2.6%	15,973,559
Ground Rentals	2,850,616	3,417,296	3,309,700	107,596	3.3%	13,291,963
Reliever Airports	1,810,341	1,973,271	1,927,441	45,830	2.4%	9,017,580
Total Rentals/Fees	\$ 9,722,375	\$ 10,991,976	\$ 10,734,415	\$ 257,561	2.4%	\$ 53,464,380
Utilities and Other Revenue						
Utilities	\$ 507,833	\$ 716,555	\$ 732,664	\$ (16,109)	-2.2%	\$ 5,196,430
GA/Airside Fees	878,250	957,074	954,988	2,086	0.2%	6,039,405
MCD Fees	280,455	526,564	474,499	52,065	11.0%	3,272,410
Other Revenues	387,693	650,724	618,508	32,216	5.2%	1,975,913
Reimbursed Expense	307,314	728,721	755,346	(26,625)	-3.5%	3,154,000
Total Utilities and Other Revenue	\$ 2,361,545	\$ 3,579,638	\$ 3,536,005	\$ 43,633	1.2%	\$ 19,638,158
Total Operating Revenue	\$ 63,274,274	\$ 94,716,429	\$ 90,252,508	\$ 4,463,921	4.9%	\$ 360,670,095

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

Budget Variance Report - 1st Quarter 2022

Operating Expense

Non-Operating Revenue & Expense

	2021		2022			Total 2022 Budget
	Year to Date	Year To Date		Dollar	%	
	Actual	Actual	Budget	Variance	Variance	
<i>Total Operating Revenue</i>	\$ 63,274,274	\$ 94,716,429	\$ 90,252,508	\$ 4,463,921	4.9%	\$ 360,670,095
OPERATING EXPENSE						
Personnel	\$ 21,847,299	\$ 21,813,079	\$ 21,940,431	\$ 127,352	0.6%	\$ 100,679,525
Administrative Expenses	336,033	309,973	324,751	14,778	4.6%	1,464,985
Professional Services	710,044	1,064,108	1,089,586	25,478	2.3%	7,392,117
Utilities	3,265,393	3,561,596	3,574,508	12,912	0.4%	21,518,919
Operating Services/Expenses	6,145,026	7,395,929	7,605,139	209,210	2.8%	32,004,333
Maintenance	7,974,920	8,407,579	8,666,745	259,166	3.0%	45,767,349
Other	1,264,115	1,354,964	1,380,938	25,974	1.9%	6,145,952
Total Operating Expense	\$ 41,542,830	\$ 43,907,228	\$ 44,582,098	\$ 674,870	1.5%	\$ 214,973,180
<i>(excludes depreciation and noise amortization)</i>						
Net Operating Revenue	\$ 21,731,444	\$ 50,809,201	\$ 45,670,410	\$ 5,138,791	11.3%	\$ 145,696,915
NON-OPERATING REVENUE (EXPENSE)						
	2021		2022			Total 2022 Budget
	Year to Date	Year To Date		Dollar	%	
	Actual	Actual	Budget	Variance	Variance	
Other Non-Operating Revenue						
Interest Income	\$ 632,000	\$ (1,229,273)	\$ 546,028	\$ (1,775,301)	-325.1%	\$ 5,107,000
Self-Liquidating Income	830,000	873,343	873,343	-	0.0%	2,079,000
	\$ 1,462,000	\$ (355,930)	\$ 1,419,371	\$ (1,775,301)	-125.1%	7,186,000
Debt Service						
Short Term Financing	\$ (226,000)	\$ (152,717)	\$ (152,717)	\$ -	0.0%	\$ (7,896,000)
Equip Financing Principal/Int Payments	(1,077,000)	(2,501,742)	(2,501,742)	-	0.0%	(4,415,000)
Bond Principal/Interest Payments	-	-	-	-		(100,882,500)
	\$ (1,303,000)	\$ (2,654,459)	\$ (2,654,459)	\$ -	0.0%	\$ (113,193,500)
Equipment						
Capital Expenditures	\$ (181,000)	\$ (288,947)	\$ (288,947)	\$ -	0.0%	\$ (1,150,000)
Equipment Purchases	(2,464,000)	(1,198,364)	(1,198,364)	-	0.0%	(13,003,050)
Equipment Financing	-	-	-	-		2,850,000
	\$ (2,645,000)	\$ (1,487,311)	\$ (1,487,311)	\$ -	0.0%	\$ (11,303,050)
Other						
Six Month Reserve Transfer	\$ -	\$ (1,234,909)	\$ (1,234,909)	\$ -	0.0%	\$ (1,234,909)
Grant Reimbursements	-	-	-	-		11,014,428
Gain (Loss) on Equipment & Other	(5,000)	(24,784)	30,000	(54,784)	-182.6%	180,000
	\$ (5,000)	\$ (1,259,693)	\$ (1,204,909)	\$ (54,784)	4.5%	\$ 9,959,519
Total Non-Operating Revenue (Expense)	\$ (2,491,000)	\$ (5,757,393)	\$ (3,927,308)	\$ (1,830,085)	46.6%	\$ (107,351,031)
Net Revenue Available for Designation	\$ 19,240,444	\$ 45,051,808	\$ 41,743,102	\$ 3,308,706	7.9%	\$ 38,345,884

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

OPERATING REVENUE

Total operating revenue for 1st Quarter year-to-date is over budget \$4,463,921 or 4.9%. Revenue from Airline Rates & Charges and Concessions are the main sources of this positive variance.

Airline Rates & Charges

Revenue from Airline Rates & Charges is over budget \$852,123 or 2.4%. The largest variances are explained below.

Terminal 1 Other Rentals

Terminal 1 Other Rentals is over budget \$100,798 or 5.6%. The majority of the variance stems from the increase in international passengers as airlines resume operations to overseas destinations.

Terminal 2 Lobby Fees

Terminal 2 Lobby Fees are greater than budget \$484,697 or 17.8%. With the busy spring break travel season, airline operations exceeded budget expectations.

Terminal 2 Other/Passenger Fees

Terminal 2 Other/Passenger Fees are higher than budget \$202,284 or 18.9%. International passengers were greater than anticipated as airlines resume operations to the Caribbean.

Concessions

Concessions revenue is \$3,310,604 or 8.3% higher than budget as Parking is greater than budget \$3,105,471 or 13.0% and Ground Transportation is exceeding the budget \$155,243 or 10.2%. These positive variances are due to passenger levels and traveler spending that were higher than projected during the pandemic recovery.

OPERATING EXPENSE

Total Operating Expense for 1st Quarter year-to-date is under budget \$674,870 or 1.5%. There are no major variances in any of the expense categories through February.

NON-OPERATING REVENUE (EXPENSE)

Total Non-Operating Expense for 1st Quarter year-to-date is higher than budget \$1,830,085 or 46.6%. The following factors are creating this variance.

Other Non-Operating Revenue

Other Non-Operating Revenue is lower than budget \$1,775,301 or 125.1%. Interest Income is below budget as it includes the required reporting of the market value of investments. The decrease in the market value of existing investments results from the current rising interest rate environment. The decrease in market value exceeded interest income earned during this period. Since the MAC typically holds investments to maturity, these fluctuations in value are temporary unless the investment is sold. The stated coupon rate is still received.

Other

Other Non-Operating Expense is over budget \$54,784 or 4.5%. This variance is due to costs related to the Terminal 2 boarding bridge that was damaged from strong winds in 2021. The MAC expects to be reimbursed by insurance for these costs.