



Metropolitan Airports Commission

TO: Operations, Finance and Administration Committee

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

SUBJECT: **Budget Variance Report – 1st Quarter 2023**

DATE: April 26, 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 1st 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 - 1st Quarter 2023
Operating Revenue

	2022		2023			Total 2023 Budget
	Year to Date		Year To Date	Dollar	%	
	Actual		Actual	Variance	Variance	
OPERATING REVENUE						
Airline Rates & Charges						
Airline Agreement						
Landing Fees	\$ 16,478,302	\$ 19,985,766	\$ 19,700,277	\$ 285,489	1.4%	\$ 87,169,369
Ramp Fees	1,609,567	1,973,239	1,973,239	-	0.0%	8,158,495
Airline R & R	1,347,983	1,412,704	1,407,947	4,757	0.3%	5,631,789
Terminal 1 Rentals	11,182,858	12,726,655	12,785,740	(59,085)	-0.5%	51,142,958
Terminal 1 Other Rentals	1,908,116	1,958,028	1,723,932	234,096	13.6%	9,069,729
Concessions Rebate	-	-	-	-	-	(21,400,021)
Total Airline Agreement	32,526,826	38,056,392	37,591,135	465,257	1.2%	139,772,319
Terminal 2 Lobby Fees	3,209,697	4,020,545	3,625,790	394,755	10.9%	13,616,808
Terminal 2 Other/Passenger Fees	1,270,008	1,276,453	1,325,271	(48,818)	-3.7%	4,865,900
Total Airline Rates & Charges	\$ 37,006,531	\$ 43,353,390	\$ 42,542,196	\$ 811,194	1.9%	\$ 158,255,027
Concessions						
Terminal/Other						
Food & Beverage	\$ 4,952,586	\$ 5,746,063	\$ 5,733,879	\$ 12,184	0.2%	\$ 31,136,821
News	851,646	913,658	913,658	-	0.0%	5,942,691
Retail	1,004,702	1,040,902	1,030,277	10,625	1.0%	4,823,857
Passenger Services	2,180,659	2,334,651	2,199,605	135,046	6.1%	7,963,998
Total Terminal/Other	\$ 8,989,593	\$ 10,035,274	\$ 9,877,419	\$ 157,855	1.6%	\$ 49,867,367
Parking/Ground Transportation						
Parking	\$ 27,061,661	\$ 34,823,639	\$ 32,322,005	\$ 2,501,634	7.7%	\$ 117,108,713
Ground Transportation Fees	1,672,913	2,331,075	1,991,251	339,824	17.1%	14,382,993
Auto Rental-On Airport	4,823,034	4,854,421	4,823,034	31,387	0.7%	22,945,180
Total Parking/Ground Transportation	33,557,608	42,009,135	39,136,290	2,872,845	7.3%	154,436,886
Other Concessions	591,083	634,512	654,794	(20,282)	-3.1%	2,788,043
Total Concessions	\$ 43,138,284	\$ 52,678,921	\$ 49,668,503	\$ 3,010,418	6.1%	\$ 207,092,296
Rentals/Fees						
Buildings & Facilities	\$ 3,909,006	\$ 4,104,055	\$ 4,172,150	\$ (68,095)	-1.6%	\$ 17,356,162
Building Auto - CFCs	1,692,403	1,951,714	1,907,236	44,478	0.0%	19,072,359
Ground Rentals	3,417,296	3,393,867	3,208,639	185,228	5.8%	12,847,500
Reliever Airports	1,973,271	2,115,909	2,138,876	(22,967)	-1.1%	10,199,595
Total Rentals/Fees	\$ 10,991,976	\$ 11,565,545	\$ 11,426,901	\$ 138,644	1.2%	\$ 59,475,616
Utilities and Other Revenue						
Utilities	\$ 716,555	\$ 1,052,942	\$ 971,105	\$ 81,837	8.4%	\$ 5,714,048
GA/Airside Fees	957,074	1,383,488	1,368,428	15,060	1.1%	6,731,425
MCD Fees	526,564	640,040	580,655	59,385	0.0%	4,487,527
Other Revenues	650,724	515,092	545,014	(29,922)	-5.5%	2,360,628
Reimbursed Expense	728,721	883,736	792,250	91,486	11.5%	3,169,000
Total Utilities and Other Revenue	\$ 3,579,638	\$ 4,475,298	\$ 4,257,452	\$ 217,846	5.1%	\$ 22,462,628
Total Operating Revenue	\$ 94,716,429	\$ 112,073,154	\$ 107,895,052	\$ 4,178,102	3.9%	\$ 447,285,567

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

Budget Variance Report - 1st Quarter 2023
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	\$ 94,716,429	\$ 112,073,154	\$ 107,895,052	\$ 4,178,102	3.9%	\$ 447,285,567
OPERATING EXPENSE						
Personnel	\$ 21,813,079	\$ 29,664,936	\$ 28,022,538	\$ (1,642,398)	-5.9%	\$ 111,438,418
Administrative Expenses	309,973	296,273	324,134	27,861	8.6%	1,880,235
Professional Services	1,064,108	1,411,188	1,444,777	33,589	2.3%	9,574,715
Utilities	3,561,596	4,668,269	4,639,510	(28,759)	-0.6%	23,119,430
Operating Services/Expenses	7,395,929	8,768,731	8,684,405	(84,326)	-1.0%	36,434,963
Maintenance	8,407,579	12,102,023	9,355,816	(2,746,207)	-29.4%	51,506,164
Other	1,354,964	2,001,006	2,031,634	30,628	1.5%	7,685,088

Total Operating Expense	\$ 43,907,228	\$ 58,912,426	\$ 54,502,814	\$ (4,409,612)	-8.1%	\$ 241,639,013
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(excludes depreciation and noise amortization)

Net Operating Revenue	\$ 50,809,201	\$ 53,160,728	\$ 53,392,238	\$ (231,510)	-0.4%	\$ 205,646,554
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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	\$ 1,320,100	\$ 1,882,139	\$ 1,386,000	\$ 496,139	35.8%	\$ 5,544,000
Unrealized Gain/Loss-Investments	(2,549,373)	1,216,225	-	1,216,225	-	-
Self-Liquidating Income	873,343	146,920	146,920	-	0.0%	587,681
	\$ (355,930)	\$ 3,245,284	\$ 1,532,920	\$ 1,712,364	111.7%	\$ 6,131,681
Debt Service						
Short Term Financing	\$ (152,717)	\$ (470,988)	\$ (470,988)	\$ -	0.0%	\$ (2,639,500)
Equipment Financing Principal & Interest	(2,501,742)	(1,800,697)	(1,800,697)	-	0.0%	(4,223,458)
Bond Principal and Interest	-	-	-	-	0.0%	(121,163,358)
	\$ (2,654,459)	\$ (2,271,685)	\$ (2,271,685)	\$ -	0.0%	\$ (128,026,316)
Equipment						
Capital Expenditures	\$ (288,947)	\$ (317,891)	\$ (394,848)	\$ 76,957	-19.5%	\$ (1,219,000)
Equipment Purchases	(1,198,364)	(950,060)	(950,060)	-	0.0%	(13,275,000)
Equipment Financing	-	-	-	-	0.0%	4,400,000
	\$ (1,487,311)	\$ (1,267,951)	\$ (1,344,908)	\$ 76,957	-5.7%	\$ (10,094,000)
Other						
Six Month Reserve Transfer	\$ (1,234,909)	\$ (13,332,917)	\$ (13,332,917)	\$ -	0.0%	\$ (12,837,637)
Grant Reimbursements	-	-	-	-	0.0%	6,900,000
Gain (Loss) on Equipment & Other	(24,784)	128,618	24,000	104,618	435.9%	96,000
	\$ (1,259,693)	\$ (13,204,299)	\$ (13,308,917)	\$ 104,618	-0.8%	\$ (5,841,637)

Total Non-Operating Revenue (Expense)	\$ (5,757,393)	\$ (13,498,651)	\$ (15,392,590)	\$ 1,893,939	-12.3%	\$ (137,830,272)
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Net Revenue Available for Designation	\$ 45,051,808	\$ 39,662,077	\$ 37,999,648	\$ 1,662,429	4.4%	\$ 67,816,282
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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 \$4,178,102 or 3.9%. The majority of this variance comes from Concessions.

Concessions

Total Concessions revenue is \$3,010,418 or 6.1% higher than budget as Parking revenue is greater than budget \$2,501,634 or 7.7%. Ground transportation fees, mainly from transportation network companies, are over budget \$339,824 or 17.1%. These above budget variances are due to stronger spending per passenger during this pandemic recovery period than was budgeted.

OPERATING EXPENSES

Total operating expenses for 1st quarter year-to-date are over budget \$4,409,612 or 8.1%. Personnel and Maintenance costs have produced most of this budget variance.

Personnel

Personnel expenses are higher than budget \$1,642,398 or 5.9%. Multiple winter weather events have brought an abundance of ice and snow. Additional hours were necessary for crews to clear the runways, public roads and parking lots to keep customers and employees safe. This caused overtime to exceed the budget by \$1,728,926.

Maintenance

Maintenance costs are \$2,746,207 or 29.4% greater than budget. Because of the ice and snow from winter storms, extra snow and ice melting materials were needed to make the runway and other surfaces safe.

NON-OPERATING REVENUE (EXPENSE)

Non-Operating Expense for 1st quarter year-to-date is lower than budget \$1,893,939 or 12.3%. The following factors are creating this variance.

Other Non-Operating Revenue

Other Non-Operating Revenue is higher than budget \$1,712,364 or 111.7%. Interest income exceeded the budget \$496,139 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 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

The Equipment category is under budget \$76,957 or 5.7% as Capital Expenditures were lower than expected.

Other

The Other category shows a variance of \$104,618 or 0.8%. This variance is predominantly due to extraordinary costs related to unexpected events, which are reimbursed from insurance companies.