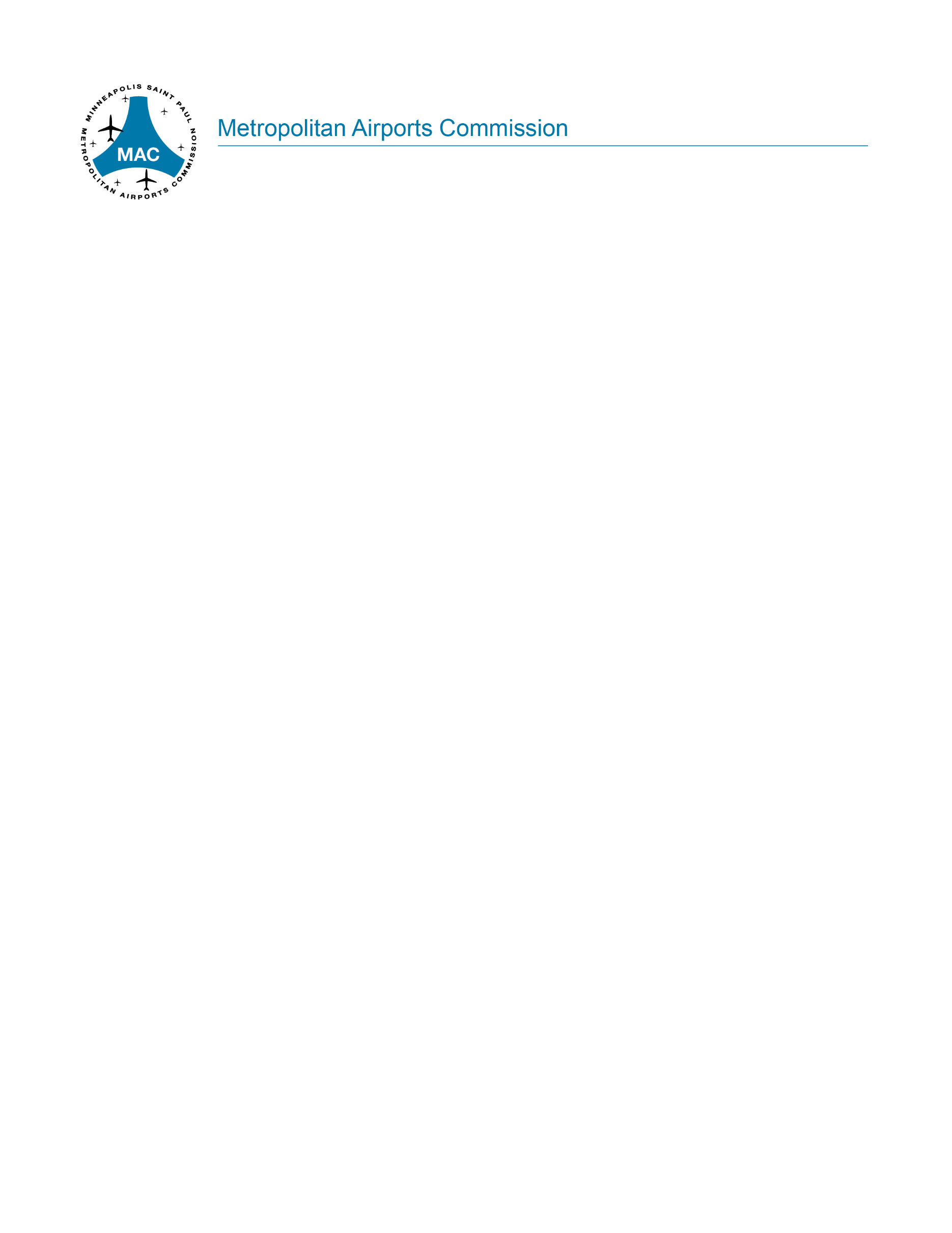
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TO: Operations, Finance and Administration Committee

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

SUBJECT: **Budget Variance Report – April 2022**

DATE: June 1, 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 April 2022 Operating Budget Variance Report is attached which summarizes year-to-date revenue and expenses and variances from budgeted amounts.

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**OPERATING REVENUE**

Total operating revenue for April year-to-date is over budget $8,920,261 or 7.3%. The revenue sources creating this variance are within the Airline Rates & Charges, Concessions, and Utilities and Other Revenue categories.

***Airline Rates & Charges***

Revenue from Airline Rates & Charges is over budget $1,559,526 or 3.2%. Major contributors to this positive variance are as follows.

***Terminal 1 Other Rentals***

Terminal 1 Other Rentals is over budget $346,859 or 13.8%. The majority of the variance comes 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 $842,514 or 19.4%. 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 $385,817 or 24.0%. International passengers were greater than anticipated as airlines resume operations to the Caribbean.

***Concessions***

Concessions revenue is $6,414,015 or 12.1% higher than budget as explained below.

***Food & Beverage and News***

Food & Beverage is over budget $445,409 or 6.7% and News revenue is over budget $138,289 or 11.6%. The increase is due to a greater number of passenger enplanements than projected in the budget along with higher consumer spending.

***Retail***

Retail stores revenue is below budget $132,100 or 9.1%. All retail stores were budgeted to open on January 1, 2022. A few stores did not open as soon as expected.

***Passenger Services***

Revenue from Passenger Services is higher than budget $180,351 or 6.8%. The increase is mainly due to ALCLEAR, a biometrics screening company, outperforming the expectation of the budget.

***Parking and Ground Transportation***

Parking is greater than budget $5,418,811 or 17.3% and Ground Transportation is exceeding the budget $351,846 or 15.4%. These positive variances are due to increased passenger levels and traveler spending on these services that were higher than projected.

***Utilities and Other Revenue***

Utilities and Other Revenue is over budget $334,655 or 6.7% for the following reasons.

***GA/Airside Fees***

GA/Airside Fees are higher than budget $119,733 or 7.6% as commercial air service license revenue is more than projected in the budget.

***Maintenance, Cleaning & Distribution (MCD) Fees***

MCD Fees are over budget $114,610 or 14.9%. The increase is a direct correlation to the increase in concession revenue as it is a percentage of sales.

***Other Revenues***

Other Revenues consists of fines, permit fees, badging revenue and other miscellaneous revenue. This category is over budget $194,571 or 29.7%. Badging fees are exceeding the budget for new vendor and employee badges throughout the terminal. In addition, building permits and fees are higher than the budget expected for new construction.

**OPERATING EXPENSE**

Total Operating Expense for April year-to-date is lower than budget $1,282,279 or 2.0%. There are no major variances in any of the expense categories.

**NON-OPERATING REVENUE (EXPENSE)**

Total Non-Operating Expense for April year-to-date is higher than budget $3,261,407. The following factors are creating this variance.

***Other Non-Operating Revenue***

Other Non-Operating Revenue is lower than budget $3,236,459 or 108.1%. 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. The decrease in the market value of existing investments results from the current rising interest rate environment. 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.

***Other***

Other Non-Operating Expense is over budget $24,948 or 2.1%. 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.