



Metropolitan Airports Commission

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.

**Metropolitan Airports Commission
 Budget Variance Report - April 2022
 Operating Revenue**

	2021		2022			Total 2022 Budget
	Year to Date		Year To Date	Dollar	%	
	Actual	Actual	Budget	Variance	Variance	
OPERATING REVENUE						
Airline Rates & Charges						
Airline Agreement						
Landing Fees	\$ 16,858,349	\$ 22,087,856	\$ 22,034,560	\$ 53,296	0.2%	\$ 72,841,520
Ramp Fees	2,146,090	2,146,090	2,209,408	(63,318)	-2.9%	6,654,847
Airline R & R	1,757,621	1,797,248	1,815,296	(18,048)	-1.0%	5,467,757
Terminal 1 Rentals	10,721,058	14,922,844	14,910,438	12,406	0.1%	40,386,342
Terminal 1 Other Rentals	1,646,449	2,864,246	2,517,387	346,859	13.8%	9,040,732
Concessions Rebate	-	-	-	-		(16,255,417)
Total Airline Agreement	33,129,567	43,818,284	43,487,089	331,195	0.8%	118,135,781
Terminal 2 Lobby Fees	3,273,145	5,192,514	4,350,000	842,514	19.4%	10,601,014
Terminal 2 Other/Passenger Fees	1,149,270	1,994,837	1,609,020	385,817	24.0%	3,323,285
Total Airline Rates & Charges	\$ 37,551,982	\$ 51,005,635	\$ 49,446,109	\$ 1,559,526	3.2%	\$ 132,060,080
Concessions						
Terminal/Other						
Food & Beverage	\$ 6,206,789	\$ 7,136,322	\$ 6,690,913	\$ 445,409	6.7%	\$ 21,398,705
News	592,319	1,328,129	1,189,840	138,289	11.6%	4,039,040
Retail	1,394,955	1,319,908	1,452,008	(132,100)	-9.1%	4,528,962
Passenger Services	1,975,128	2,843,380	2,663,029	180,351	6.8%	6,659,970
Total Terminal/Other	\$ 10,169,191	\$ 12,627,739	\$ 11,995,790	\$ 631,949	5.3%	\$ 36,626,677
Parking/Ground Transportation						
Parking	\$ 18,320,506	\$ 36,730,176	\$ 31,311,365	\$ 5,418,811	17.3%	\$ 86,797,790
Ground Transportation Fees	1,425,113	2,640,684	2,288,838	351,846	15.4%	10,284,819
Auto Rental-On Airport	2,394,209	6,430,712	6,430,712	-	0.0%	19,292,134
Total Parking/Ground Transportation	22,139,828	45,801,572	40,030,915	5,770,657	14.4%	116,374,743
Other Concessions	798,593	805,762	794,353	11,409	1.4%	2,506,057
Total Concessions	\$ 33,107,612	\$ 59,235,073	\$ 52,821,058	\$ 6,414,015	12.1%	\$ 155,507,477
Rentals/Fees						
Buildings & Facilities	\$ 5,132,775	\$ 5,220,934	\$ 5,012,092	\$ 208,842	4.2%	\$ 15,181,278
Building Auto - CFC's	1,814,510	2,698,613	2,525,000	173,613	6.9%	15,973,559
Ground Rentals	3,769,912	4,546,563	4,430,654	115,909	2.6%	13,291,963
Reliever Airports	2,645,214	2,847,821	2,734,120	113,701	4.2%	9,017,580
Total Rentals/Fees	\$ 13,362,411	\$ 15,313,931	\$ 14,701,866	\$ 612,065	4.2%	\$ 53,464,380
Utilities and Other Revenue						
Utilities	\$ 796,516	\$ 965,366	\$ 1,033,687	\$ (68,321)	-6.6%	\$ 5,196,430
GA/Airside Fees	1,364,017	1,694,853	1,575,120	119,733	7.6%	6,039,405
MCD Fees	482,495	883,626	769,016	114,610	14.9%	3,272,410
Other Revenues	546,749	849,253	654,682	194,571	29.7%	1,975,913
Reimbursed Expense	392,375	971,190	997,128	(25,938)	-2.6%	3,154,000
Total Utilities and Other Revenue	\$ 3,582,152	\$ 5,364,288	\$ 5,029,633	\$ 334,655	6.7%	\$ 19,638,158
Total Operating Revenue	\$ 87,604,157	\$ 130,918,927	\$ 121,998,666	\$ 8,920,261	7.3%	\$ 360,670,095

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

Budget Variance Report - April 2022
Operating Expense
Non-Operating Revenue & Expense

	2021		2022			Total 2022 Budget
	Year to Date	Year To Date		Dollar	%	
	Actual	Actual	Budget	Variance	Variance	
Total Operating Revenue	\$ 87,604,157	\$ 130,918,927	\$ 121,998,666	\$ 8,920,261	7.3%	\$ 360,670,095
OPERATING EXPENSE						
Personnel	\$ 31,678,410	\$ 31,181,804	\$ 31,781,784	\$ 599,980	1.9%	\$ 100,679,525
Administrative Expenses	355,698	364,538	383,032	18,494	4.8%	1,464,985
Professional Services	1,282,074	1,587,767	1,638,063	50,296	3.1%	7,392,117
Utilities	4,793,178	5,710,630	5,872,297	161,667	2.8%	21,518,919
Operating Services/Expenses	8,380,040	8,712,907	8,946,299	233,392	2.6%	32,004,333
Maintenance	11,209,536	12,783,241	12,964,460	181,219	1.4%	45,767,349
Other	1,312,487	1,394,310	1,431,541	37,231	2.6%	6,145,952
Total Operating Expense	\$ 59,011,423	\$ 61,735,197	\$ 63,017,476	\$ 1,282,279	2.0%	\$ 214,973,180
<i>(excludes depreciation and noise amortization)</i>						

Net Operating Revenue	\$ 28,592,734	\$ 69,183,730	\$ 58,981,190	\$ 10,202,540	17.3%	\$ 145,696,915
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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	\$ 846,000	\$ 1,810,223	\$ 1,828,558	\$ (18,335)	-1.0%	\$ 5,107,000
Unrealized Gain/Loss on Investments	\$ -	\$ (3,218,124)	\$ -	\$ (3,218,124)		-
Self-Liquidating Income	1,107,000	1,164,457	1,164,457	-	0.0%	2,079,000
	\$ 1,953,000	\$ (243,444)	\$ 2,993,015	\$ (3,236,459)	-108.1%	\$ 7,186,000
Debt Service						
Short Term Financing	\$ (317,000)	\$ (231,305)	\$ (231,305)	\$ -	0.0%	\$ (7,896,000)
Equip Financing Principal/Int Payments	(1,979,000)	(2,740,759)	(2,740,759)	-	0.0%	(4,415,000)
Bond Principal/Interest Payments	-	-	-	-		(100,882,500)
	\$ (2,296,000)	\$ (2,972,064)	\$ (2,972,064)	\$ -	0.0%	\$ (113,193,500)
Equipment						
Capital Expenditures	\$ (363,000)	\$ (392,674)	\$ (392,674)	\$ -	0.0%	\$ (1,150,000)
Equipment Purchases	(3,477,000)	(1,510,340)	(1,510,340)	-	0.0%	(13,003,050)
Equipment Financing	-	2,850,000	2,850,000	-		2,850,000
	\$ (3,840,000)	\$ 946,986	\$ 946,986	\$ -	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	2,000	35,052	60,000	(24,948)	-41.6%	180,000
	\$ 2,000	\$ (1,199,857)	\$ (1,174,909)	\$ (24,948)	2.1%	\$ 9,959,519
Total Non-Operating Revenue (Expense)	\$ (4,181,000)	\$ (3,468,379)	\$ (206,972)	\$ (3,261,407)	1575.8%	\$ (107,351,031)

Net Revenue Available for Designation	\$ 24,411,734	\$ 65,715,351	\$ 58,774,218	\$ 6,941,133	11.8%	\$ 38,345,884
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Brackets () Represent Revenue Items under Budget and Expense Items over Budget

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.