



Metropolitan Airports Commission

TO: Operations, Finance and Administration Committee

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

SUBJECT: **Budget Variance Report – July 2023**

DATE: August 30, 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 July 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 - July 2023
Operating Revenue**

	2022		2023			Total 2023 Budget
	Year to Date Actual	Year To Date Actual	Budget	Dollar Variance	% Variance	
OPERATING REVENUE						
Airline Rates & Charges						
Airline Agreement						
Landing Fees	\$ 39,820,462	\$ 49,248,875	\$ 49,100,000	\$ 148,875	0.3%	\$ 87,169,369
Ramp Fees	3,755,657	4,387,647	4,604,222	(216,575)	-4.7%	8,158,495
Airline R & R	3,145,043	3,350,106	3,285,210	64,896	2.0%	5,631,789
Terminal 1 Rentals	17,935,935	30,111,813	29,833,392	278,421	0.9%	51,142,958
Terminal 1 Other Rentals	5,345,682	5,641,203	4,859,750	781,453	16.1%	9,069,729
Concessions Rebate	-	-	-	-		(21,400,021)
Total Airline Agreement	70,002,779	92,739,644	91,682,574	1,057,070	1.2%	139,772,319
Terminal 2 Lobby Fees	7,851,407	8,524,415	8,396,298	128,117	1.5%	13,616,808
Terminal 2 Other/Passenger Fees	2,692,566	3,139,455	3,198,412	(58,957)	-1.8%	4,865,900
Total Airline Rates & Charges	\$ 80,546,752	\$ 104,403,514	\$ 103,277,284	\$ 1,126,230	1.1%	\$ 158,255,027
Concessions						
Terminal/Other						
Food & Beverage	\$ 9,831,323	\$ 15,657,704	\$ 16,067,772	\$ (410,068)	-2.6%	\$ 31,136,821
News	2,214,288	2,735,974	2,824,771	(88,797)	-3.1%	5,942,691
Retail	2,095,810	2,776,505	2,696,792	79,713	3.0%	4,823,857
Passenger Services	3,771,080	5,033,750	4,585,474	448,276	9.8%	7,963,998
Total Terminal/Other	\$ 17,912,501	\$ 26,203,933	\$ 26,174,809	\$ 29,124	0.1%	\$ 49,867,367
Parking/Ground Transportation						
Parking	\$ 61,283,277	\$ 75,734,663	\$ 69,628,082	\$ 6,106,581	8.8%	\$ 117,108,713
Ground Transportation Fees	5,935,763	7,485,747	6,710,016	775,731	11.6%	14,382,993
Auto Rental-On Airport	12,165,567	12,454,245	12,252,359	201,886	1.6%	22,945,180
Total Parking/Ground Transportation	79,384,607	95,674,655	88,590,457	7,084,198	8.0%	154,436,886
Other Concessions	1,529,435	1,682,143	1,609,047	73,096	4.5%	2,788,043
Total Concessions	\$ 98,826,543	\$ 123,560,731	\$ 116,374,313	\$ 7,186,418	6.2%	\$ 207,092,296
Rentals/Fees						
Buildings & Facilities	\$ 9,102,946	\$ 9,710,240	\$ 10,035,418	\$ (325,178)	-3.2%	\$ 17,356,162
Building Auto - CFCs	6,991,276	7,923,499	7,838,740	84,759	1.1%	19,072,359
Ground Rentals	7,848,173	9,206,502	7,494,375	1,712,127	22.8%	12,847,500
Reliever Airports	5,687,055	6,069,784	5,825,714	244,070	4.2%	10,199,595
Total Rentals/Fees	\$ 29,629,450	\$ 32,910,025	\$ 31,194,247	\$ 1,715,778	5.5%	\$ 59,475,616
Utilities and Other Revenue						
Utilities	\$ 2,000,931	\$ 3,405,828	\$ 3,027,230	\$ 378,598	12.5%	\$ 5,714,048
GA/Airside Fees	3,216,735	3,768,835	3,488,992	279,843	8.0%	6,731,425
MCD Fees	1,845,989	2,220,057	2,125,406	94,651	0.0%	4,487,527
Other Revenues	1,489,710	1,342,990	1,377,026	(34,036)	-2.5%	2,360,628
Reimbursed Expense	2,072,451	1,899,021	1,848,583	50,438	2.7%	3,169,000
Total Utilities and Other Revenue	\$ 10,625,816	\$ 12,636,731	\$ 11,867,237	\$ 769,494	6.5%	\$ 22,462,628
Total Operating Revenue	\$ 219,628,561	\$ 273,511,001	\$ 262,713,081	\$ 10,797,920	4.1%	\$ 447,285,567

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

**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	\$ 219,628,561	\$ 273,511,001	\$ 262,713,081	\$ 10,797,920	4.1%	\$ 447,285,567
OPERATING EXPENSE						
Personnel	\$ 50,823,516	\$ 62,345,070	\$ 63,256,589	\$ 911,519	1.4%	\$ 113,378,218
Administrative Expenses	585,492	793,237	871,345	78,108	9.0%	1,880,235
Professional Services	3,771,561	4,558,553	4,721,878	163,325	3.5%	9,649,915
Utilities	12,324,275	12,742,484	12,399,026	(343,458)	-2.8%	23,119,430
Operating Services/Expenses	15,301,342	19,164,735	19,978,835	814,100	4.1%	36,434,963
Maintenance	22,278,577	29,762,823	26,113,697	(3,649,126)	-14.0%	53,106,164
Other	4,022,963	4,262,354	4,364,449	102,095	2.3%	7,685,088
Total Operating Expense	\$ 109,107,726	\$ 133,629,256	\$ 131,705,819	\$ (1,923,437)	-1.5%	\$ 245,254,013

(excludes depreciation and noise amortization)

Net Operating Revenue	\$ 110,520,835	\$ 139,881,745	\$ 131,007,262	\$ 8,874,483	6.8%	\$ 202,031,554
------------------------------	-----------------------	-----------------------	-----------------------	---------------------	-------------	-----------------------

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	\$ 3,227,723	\$ 4,881,611	\$ 3,234,000	\$ 1,647,611	50.9%	\$ 5,544,000
Unrealized Gain/Loss-Investments	\$ (3,965,979)	1,009,753	-	1,009,753		-
Self-Liquidating Income	1,697,748	342,814	342,814	-	0.0%	587,681
	\$ 959,492	\$ 6,234,178	\$ 3,576,814	\$ 2,657,364	74.3%	\$ 6,131,681
Debt Service						
Short Term Financing	\$ (560,091)	\$ (1,123,936)	\$ (1,123,936)	\$ -	0.0%	\$ (2,639,500)
Equipment Financing Principal & Interest	(2,694,553)	(2,196,169)	(2,196,169)	-	0.0%	(4,223,458)
Bond Principal and Interest	(21,753,310)	(26,274,825)	(26,274,825)	-	0.0%	(121,163,358)
	\$ (25,007,954)	\$ (29,594,930)	\$ (29,594,930)	\$ -	0.0%	\$ (128,026,316)
Equipment						
Capital Expenditures	\$ (758,436)	\$ (797,267)	\$ (921,312)	\$ 124,045	-13.5%	\$ (1,219,000)
Equipment Purchases	(3,226,288)	(5,581,780)	(5,581,780)	-	0.0%	(13,275,000)
Equipment Financing	2,850,000	-	-	-	0.0%	4,400,000
	\$ (1,134,724)	\$ (6,379,047)	\$ (6,503,092)	\$ 124,045	-1.9%	\$ (10,094,000)
Other						
Six Month Reserve Transfer	\$ (1,234,909)	\$ (13,332,917)	\$ (13,332,917)	\$ -	0.0%	\$ (12,837,637)
Grant Reimbursements	10,425,774	20,000,000	-	20,000,000		6,900,000
Gain (Loss) on Equipment & Other	728,393	2,068,947	96,000	1,972,947	2055.2%	96,000
	\$ 9,919,258	\$ 8,736,030	\$ (13,236,917)	\$ 21,972,947	-166.0%	\$ (5,841,637)
Total Non-Operating Revenue (Expense)	\$ (15,263,928)	\$ (21,003,769)	\$ (45,758,125)	\$ 24,754,356	-54.1%	\$ (137,830,272)

Net Revenue Available for Designation	\$ 95,256,907	\$ 118,877,976	\$ 85,249,137	\$ 33,628,839	39.4%	\$ 64,201,282
--	----------------------	-----------------------	----------------------	----------------------	--------------	----------------------

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

OPERATING REVENUE

Total Operating Revenue for July year-to-date is over budget \$10,797,920 or 4.1%. The larger variances are within Airline Rates & Charges, Concessions, Rentals/Fees as well as Utilities and Other Revenue.

Airline Rates & Charges

Airline Rates & Charges are \$1,126,230 or 1.1% higher than budget. Terminal 1 Other Rentals are higher than budget \$781,453 as airlines piloted more international flights than projected. The remaining variance is due to other airline charges that are slightly higher than budget.

Concessions

Concessions revenue is \$7,186,418 or 6.2% higher than budget. Terminal concessions are flat compared to the budget. Passengers are spending less than projected on food and beverage and news concessions. However, this gap in concessions revenue is offset by passenger services and retail purchases that are exceeding the budget.

Ground transportation is greater than budget \$7,084,198 or 8.0%. The main players in this variance are Parking revenue at \$6,106,581 over budget and Transportation Network Companies exceeding the budget by \$650,032. These above budget variances are due to stronger spending per passenger than was projected for the budget.

Rentals/Fees

Rentals/Fees is over budget \$1,715,778 or 5.5%. The positive budget variance is due to a new lease with a large tenant that was generated after the budget was approved.

Utilities and Other Revenue

Utilities and Other Revenue are over budget \$769,494 or 6.5%. Utilities are \$378,598 higher than budget as tenants are consuming more than expected. Also, airside licensure fees are thriving.

OPERATING EXPENSES

Total operating expenses for July year-to-date are over budget \$1,923,437 or 1.5%. Personnel, Operating Services/Expenses and Maintenance costs have contributed to this budget variance.

Personnel

Personnel expenses are under budget \$911,519 or 1.4%. Multiple winter weather events brought an abundance of ice and snow in the first quarter. Additional hours were necessary for crews to clear the runways, public roads and parking lots to keep customers and employees safe. This is the main reason overtime is exceeding the budget by \$2,237,718. Offsetting the overtime variance are salaries and wages that are under budget \$3,320,082 from open positions.

Operating Services/Expenses

Operating Services/Expenses are lower than budget \$814,100 or 4.1%. Security Services are under budget \$520,514 as staffing was budgeted for gate security at full capacity, but the gates were not in

service as expected due to lower enplanements and construction. Queue line services are also under budget \$366,844 due to lower enplanements than projected and staffing issues with the contractor.

Maintenance

Maintenance costs are \$3,649,126 or 14.0% greater than budget. Most of this variance stems from extra snow and ice melting materials and equipment that were needed to make the runways and other surfaces safe during first quarter.

NON-OPERATING REVENUE (EXPENSE)

Non-Operating Expense for July year-to-date is lower than budget \$24,754,356 or 54.1%. The following factors are creating this variance.

Other Non-Operating Revenue

Other Non-Operating Revenue is higher than budget \$2,657,364 or 74.3%. Interest income exceeded the budget \$1,647,611 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 \$1,009,753 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.

Other

The Other category shows a variance of \$21,972,947 or 166.0%. This variance is predominantly due to reimbursement of airport operations expenses in the amount of \$20,000,000 allowed through the American Rescue Plan Act (ARPA) grant provided by the Federal Aviation Administration. The variance also includes extraordinary costs related to unexpected events, which are reimbursed by insurance companies.