



Metropolitan Airports Commission

TO: Operations, Finance and Administration Committee

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

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

DATE: July 13, 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 May 2022 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 - May 2022
 Operating Revenue**

	2021		2022			Total 2022 Budget
	Year to Date		Year To Date	Dollar	%	
	Actual		Actual	Budget	Variance	
OPERATING REVENUE						
Airline Rates & Charges						
Airline Agreement						
Landing Fees	\$ 22,615,904	\$ 27,729,349	\$ 27,934,723	\$ (205,374)	-0.7%	\$ 72,841,520
Ramp Fees	2,682,612	2,682,612	2,761,760	(79,148)	-2.9%	6,654,847
Airline R & R	2,196,990	2,246,513	2,269,120	(22,607)	-1.0%	5,467,757
Terminal 1 Rentals	14,070,893	17,614,662	17,551,864	62,798	0.4%	40,386,342
Terminal 1 Other Rentals	2,306,223	3,769,988	3,240,659	529,329	16.3%	9,040,732
Concessions Rebate	-	-	-	-		(16,255,417)
Total Airline Agreement	43,872,622	54,043,124	53,758,126	284,998	0.5%	118,135,781
Terminal 2 Lobby Fees	4,567,102	6,374,086	5,523,129	850,957	15.4%	10,601,014
Terminal 2 Other/Passenger Fees	1,395,429	2,315,861	1,903,945	411,916	21.6%	3,323,285
Total Airline Rates & Charges	\$ 49,835,153	\$ 62,733,071	\$ 61,185,200	\$ 1,547,871	2.5%	\$ 132,060,080
Concessions						
Terminal/Other						
Food & Beverage	\$ 6,208,368	\$ 8,726,063	\$ 8,458,466	\$ 267,597	3.2%	\$ 21,398,705
News	859,409	1,749,258	1,520,124	229,134	15.1%	4,039,040
Retail	1,460,895	1,726,929	1,821,860	(94,931)	-5.2%	4,528,962
Passenger Services	2,213,979	3,383,867	3,148,268	235,599	7.5%	6,659,970
Total Terminal/Other	\$ 10,742,651	\$ 15,586,117	\$ 14,948,718	\$ 637,399	4.3%	\$ 36,626,677
Parking/Ground Transportation						
Parking	\$ 23,365,710	\$ 46,082,847	\$ 38,667,396	\$ 7,415,451	19.2%	\$ 86,797,790
Ground Transportation Fees	1,951,099	3,623,880	3,098,017	525,863	17.0%	10,284,819
Auto Rental-On Airport	3,921,596	8,038,390	8,038,390	-	0.0%	19,292,134
Total Parking/Ground Transportation	29,238,405	57,745,117	49,803,803	7,941,314	15.9%	116,374,743
Other Concessions	1,028,965	1,033,622	1,006,189	27,433	2.7%	2,506,057
Total Concessions	\$ 41,010,021	\$ 74,364,856	\$ 65,758,710	\$ 8,606,146	13.1%	\$ 155,507,477
Rentals/Fees						
Buildings & Facilities	\$ 6,101,417	\$ 6,519,859	\$ 6,273,623	\$ 246,236	3.9%	\$ 15,181,278
Building Auto - CFC's	2,644,781	3,851,355	3,475,000	376,355	10.8%	15,973,559
Ground Rentals	4,647,967	5,722,857	5,536,842	186,015	3.4%	13,291,963
Reliever Airports	3,387,933	3,841,792	3,670,506	171,286	4.7%	9,017,580
Total Rentals/Fees	\$ 16,782,098	\$ 19,935,863	\$ 18,955,971	\$ 979,892	5.2%	\$ 53,464,380
Utilities and Other Revenue						
Utilities	\$ 1,178,649	\$ 1,477,823	\$ 1,585,782	\$ (107,959)	-6.8%	\$ 5,196,430
GA/Airside Fees	1,766,654	2,325,758	2,058,314	267,444	13.0%	6,039,405
MCD Fees	673,526	1,198,520	1,030,809	167,711	16.3%	3,272,410
Other Revenues	756,357	970,851	833,790	137,061	16.4%	1,975,913
Reimbursed Expense	561,187	1,163,880	1,238,910	(75,030)	-6.1%	3,154,000
Total Utilities and Other Revenue	\$ 4,936,373	\$ 7,136,832	\$ 6,747,605	\$ 389,227	5.8%	\$ 19,638,158
Total Operating Revenue	\$ 112,563,645	\$ 164,170,622	\$ 152,647,486	\$ 11,523,136	7.5%	\$ 360,670,095

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

Budget Variance Report - May 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>	\$ 112,563,645	\$ 164,170,622	\$ 152,647,486	\$ 11,523,136	7.5%	\$ 360,670,095	
OPERATING EXPENSE							
Personnel	\$ 38,267,144	\$ 37,917,996	\$ 38,455,765	\$ 537,769	1.4%	\$ 100,679,525	
Administrative Expenses	439,719	440,584	484,483	43,899	9.1%	1,464,985	
Professional Services	1,726,045	2,303,931	2,439,313	135,382	5.6%	7,392,117	
Utilities	6,177,371	7,683,013	7,226,411	(456,602)	-6.3%	21,518,919	
Operating Services/Expenses	10,261,999	11,772,229	12,095,628	323,399	2.7%	32,004,333	
Maintenance	13,856,884	15,919,349	16,398,272	478,923	2.9%	45,767,349	
Other	1,345,918	1,455,846	1,518,789	62,943	4.1%	6,145,952	
Total Operating Expense	\$ 72,075,080	\$ 77,492,948	\$ 78,618,661	\$ 1,125,713	1.4%	\$ 214,973,180	
<i>(excludes depreciation and noise amortization)</i>							
Net Operating Revenue	\$ 40,488,565	\$ 86,677,674	\$ 74,028,825	\$ 12,648,849	17.1%	\$ 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	\$ 1,091,000	\$ 2,254,476	\$ 2,285,698	\$ (31,222)	-1.4%	\$ 5,107,000	
Unrealized Gain/Loss on Investments	\$ -	\$ (3,045,014)	\$ -	\$ (3,045,014)		-	
Self-Liquidating Income	1,388,000	1,455,572	1,455,572	-	0.0%	2,079,000	
	\$ 2,479,000	\$ 665,034	\$ 3,741,270	\$ (3,076,236)	-82.2%	\$ 7,186,000	
Debt Service							
Short Term Financing	\$ (399,000)	\$ (325,260)	\$ (325,260)	\$ -	0.0%	\$ (7,896,000)	
Equip Financing Principal/Int Payments	(2,008,000)	(2,769,243)	(2,769,243)	-	0.0%	(4,415,000)	
Bond Principal/Interest Payments	-	-	-	-		(100,882,500)	
	\$ (2,407,000)	\$ (3,094,503)	\$ (3,094,503)	\$ -	0.0%	\$ (113,193,500)	
Equipment							
Capital Expenditures	\$ (454,000)	\$ (496,564)	\$ (496,564)	\$ -	0.0%	\$ (1,150,000)	
Equipment Purchases	(3,798,000)	(2,724,467)	(2,724,467)	-	0.0%	(13,003,050)	
Equipment Financing	-	2,850,000	2,850,000	-		2,850,000	
	\$ (4,252,000)	\$ (371,031)	\$ (371,031)	\$ -	0.0%	\$ (11,303,050)	
Other							
Six Month Reserve Transfer	\$ -	\$ (1,234,909)	\$ (1,234,909)	\$ -	0.0%	\$ (1,234,909)	
Grant Reimbursements	4,283,701	449,044	-	449,044		11,014,428	
Gain (Loss) on Equipment & Other	(19,000)	3,295	75,000	(71,705)	-95.6%	180,000	
	\$ 4,264,701	\$ (782,570)	\$ (1,159,909)	\$ 377,339	-32.5%	\$ 9,959,519	
Total Non-Operating Revenue (Expense)	\$ 84,701	\$ (3,583,070)	\$ (884,173)	\$ (2,698,897)	305.2%	\$ (107,351,031)	
Net Revenue Available for Designation	\$ 40,573,266	\$ 83,094,604	\$ 73,144,652	\$ 9,949,952	13.6%	\$ 38,345,884	

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

OPERATING REVENUE

Total operating revenue for May year-to-date is over budget \$11,523,136 or 7.5%. The revenue sources creating this variance are within the Airline Rates & Charges, Concessions, Rentals/Fees and Utilities and Other Revenue categories.

Airline Rates & Charges

Revenue from Airline Rates & Charges is over budget \$1,547,871 or 2.5%. Major contributors to this positive variance are as follows.

Terminal 1 Other Rentals

Terminal 1 Other Rentals is higher than budget \$529,329 or 16.3%. The majority of the variance comes from the increase in international passenger arrival fees that surpassed the budget expectation.

Terminal 2 Lobby Fees

Terminal 2 Lobby Fees are greater than budget \$850,957 or 15.4%. Airline operations exceeded budget expectations as Spring Break in the first quarter was a busy travel season.

Terminal 2 Other/Passenger Fees

Terminal 2 Other/Passenger Fees are over budget \$411,916 or 21.6%. The majority of the variance comes from the increase in international passengers greater than the budget as airlines resume operations to the Caribbean and Central America.

Concessions

Concessions revenue is \$8,606,146 or 13.1% higher than budget as explained below. The American Rescue Plan Act (ARPA) is a federal grant to support US airports in preventing and responding to the effects of the COVID-19 pandemic. For Food & Beverage, News, Retail and Passenger Services, approved ARPA rent credits in the amount of \$449,044 were utilized by the concessionaires. The ARPA grant funds received to offset these credits are reported in Non-Operating.

Food & Beverage and News

Food & Beverage is over budget \$267,597 or 3.2% and News revenue is over budget \$229,134 or 15.1%. The variances are due to a greater number of passenger enplanements than projected in the budget along with higher consumer spending.

Retail

Revenue from retail stores is below budget \$94,931 or 5.2%. 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 \$235,599 or 7.5%. The increase is mainly due to a biometrics screening company and a COVID testing company outperforming the expectation of the budget.

Parking

Parking is greater than budget \$7,415,451 or 19.2%. This positive variance is due to a greater number of passengers than expected and those on average choosing to park for a longer length of stay than projected in the budget.

Ground Transportation

Ground Transportation is exceeding the budget \$525,863 or 17.0%. Traveler spending on ground transportation services were higher than projected.

Rentals/Fees

Rentals/Fees is greater than budget \$979,892 or 5.2%. Notable in this category are the Auto Rental Customer Facility Charges (CFCs) that are over budget \$376,355 or 10.8%. This variance results from customers on average renting cars for a greater number of days than projected in the budget.

Utilities and Other Revenue

Utilities and Other Revenue is over budget \$389,227 or 5.8% for the following reasons.

GA/Airside Fees

GA/Airside Fees are higher than budget \$267,444 or 13.0% as revenue from commercial air service licensures is more than projected in the budget.

Maintenance, Cleaning & Distribution (MCD) Fees

MCD Fees are over budget \$167,711 or 16.3%. 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 \$137,061 or 16.4%. 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 May year-to-date is lower than budget \$1,125,713 or 1.4%. Most expense categories are under budget; however, one area over budget is Utilities, which is greater than budget \$456,602 or 6.3%. When the budget was created, the global spike in natural gas pricing from the inventory shortfall was not foreseen.

NON-OPERATING REVENUE (EXPENSE)

Total Non-Operating Expense for May year-to-date is higher than budget \$2,698,897. The following factors are creating this variance.

Other Non-Operating Revenue

Other Non-Operating Revenue is lower than budget \$3,076,236 or 82.2%. 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 under budget \$377,339 or 32.5%. The MAC received \$449,044 in ARPA grant funds to provide to the concessionaires in response to the effects of COVID-19. This variance is also due to costs related to the Terminal 2 boarding bridge damaged from strong winds in 2021. The MAC is expecting insurance reimbursement for these costs.