



## Metropolitan Airports Commission

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TO: Operations, Finance and Administration Committee

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

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

DATE: July 5, 2023

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### **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 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 - May 2023  
Operating Revenue**

	2022	2023		Dollar Variance	%	Total 2023 Budget
	Year to Date Actual	Year To Date Actual	Budget			
<b>OPERATING REVENUE</b>						
<b>Airline Rates &amp; Charges</b>						
Airline Agreement						
Landing Fees	\$ 27,729,349	\$ 33,893,630	\$ 33,300,000	\$ 593,630	1.8%	\$ 87,169,369
Ramp Fees	2,682,612	3,288,731	3,288,731	-	0.0%	8,158,495
Airline R & R	2,246,513	2,354,506	2,346,579	7,927	0.3%	5,631,789
Terminal 1 Rentals	17,614,662	21,211,092	21,309,566	(98,474)	-0.5%	51,142,958
Terminal 1 Other Rentals	3,769,988	3,814,057	3,328,813	485,244	14.6%	9,069,729
Concessions Rebate	-	-	-	-		(21,400,021)
Total Airline Agreement	54,043,124	64,562,016	63,573,689	988,327	1.6%	139,772,319
Terminal 2 Lobby Fees	6,374,086	6,387,184	6,228,496	158,688	2.5%	13,616,808
Terminal 2 Other/Passenger Fees	2,315,861	2,540,073	2,577,656	(37,583)	-1.5%	4,865,900
<b>Total Airline Rates &amp; Charges</b>	<b>\$ 62,733,071</b>	<b>\$ 73,489,273</b>	<b>\$ 72,379,841</b>	<b>\$ 1,109,432</b>	<b>1.5%</b>	<b>\$ 158,255,027</b>
<b>Concessions</b>						
Terminal/Other						
Food & Beverage	\$ 8,726,063	\$ 10,808,991	\$ 10,795,169	\$ 13,822	0.1%	\$ 31,136,821
News	1,749,258	1,820,999	1,812,896	8,103	0.4%	5,942,691
Retail	1,726,929	1,864,138	1,829,161	34,977	1.9%	4,823,857
Passenger Services	3,383,867	3,712,265	3,414,188	298,077	8.7%	7,963,998
Total Terminal/Other	\$ 15,586,117	\$ 18,206,393	\$ 17,851,414	\$ 354,979	2.0%	\$ 49,867,367
Parking/Ground Transportation						
Parking	\$ 46,082,847	\$ 58,207,814	\$ 52,566,940	\$ 5,640,874	10.7%	\$ 117,108,713
Ground Transportation Fees	3,623,880	4,743,935	4,112,519	631,416	15.4%	14,382,993
Auto Rental-On Airport	8,038,390	8,142,378	8,049,349	93,029	1.2%	22,945,180
Total Parking/Ground Transportation	57,745,117	71,094,127	64,728,808	6,365,319	9.8%	154,436,886
Other Concessions	1,033,622	1,138,236	1,107,083	31,153	2.8%	2,788,043
<b>Total Concessions</b>	<b>\$ 74,364,856</b>	<b>\$ 90,438,756</b>	<b>\$ 83,687,305</b>	<b>\$ 6,751,451</b>	<b>8.1%</b>	<b>\$ 207,092,296</b>
<b>Rentals/Fees</b>						
Buildings & Facilities	\$ 6,519,859	\$ 6,895,650	\$ 7,145,851	\$ (250,201)	-3.5%	\$ 17,356,162
Building Auto - CFCs	3,851,355	4,348,235	4,329,426	18,809	0.0%	19,072,359
Ground Rentals	5,722,857	6,522,255	5,347,732	1,174,523	22.0%	12,847,500
Reliever Airports	3,841,792	4,003,034	3,755,349	247,685	6.6%	10,199,595
<b>Total Rentals/Fees</b>	<b>\$ 19,935,863</b>	<b>\$ 21,769,174</b>	<b>\$ 20,578,358</b>	<b>\$ 1,190,816</b>	<b>5.8%</b>	<b>\$ 59,475,616</b>
<b>Utilities and Other Revenue</b>						
Utilities	\$ 1,477,823	\$ 1,870,725	\$ 1,767,579	\$ 103,146	5.8%	\$ 5,714,048
GA/Airside Fees	2,325,758	2,637,261	2,502,012	135,249	5.4%	6,731,425
MCD Fees	1,198,520	1,428,437	1,407,402	21,035	0.0%	4,487,527
Other Revenues	970,851	869,660	983,590	(113,930)	-11.6%	2,360,628
Reimbursed Expense	1,163,880	1,524,313	1,450,417	73,896	5.1%	3,169,000
<b>Total Utilities and Other Revenue</b>	<b>\$ 7,136,832</b>	<b>\$ 8,330,396</b>	<b>\$ 8,111,000</b>	<b>\$ 219,396</b>	<b>2.7%</b>	<b>\$ 22,462,628</b>
<b>Total Operating Revenue</b>	<b>\$ 164,170,622</b>	<b>\$ 194,027,599</b>	<b>\$ 184,756,504</b>	<b>\$ 9,271,095</b>	<b>5.0%</b>	<b>\$ 447,285,567</b>

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		
<i>Total Operating Revenue</i>	\$ 164,170,622	\$ 194,027,599	\$ 184,756,504	\$ 9,271,095	5.0%	\$ 447,285,567	
<b>OPERATING EXPENSE</b>							
<b>Personnel</b>	\$ 37,917,996	\$ 46,333,481	\$ 45,723,965	\$ (609,516)	-1.3%	\$ 111,438,418	
<b>Administrative Expenses</b>	440,584	557,260	592,942	35,682	6.0%	1,880,235	
<b>Professional Services</b>	2,303,931	3,096,878	3,207,726	110,848	3.5%	9,574,715	
<b>Utilities</b>	7,683,013	7,952,204	8,017,337	65,133	0.8%	23,119,430	
<b>Operating Services/Expenses</b>	11,772,229	14,116,578	14,403,210	286,632	2.0%	36,434,963	
<b>Maintenance</b>	15,919,349	23,168,551	19,570,861	(3,597,690)	-18.4%	51,506,164	
<b>Other</b>	1,455,846	2,198,624	2,263,961	65,337	2.9%	7,685,088	
<b>Total Operating Expense</b>	<b>\$ 77,492,948</b>	<b>\$ 97,423,576</b>	<b>\$ 93,780,002</b>	<b>\$ (3,643,574)</b>	<b>-3.9%</b>	<b>\$ 241,639,013</b>	
<i>(excludes depreciation and noise amortization)</i>							
<b>Net Operating Revenue</b>	<b>\$ 86,677,674</b>	<b>\$ 96,604,023</b>	<b>\$ 90,976,502</b>	<b>\$ 5,627,521</b>	<b>6.2%</b>	<b>\$ 205,646,554</b>	
<b>NON-OPERATING REVENUE (EXPENSE)</b>							
	2022		2023				Total 2023 Budget
	Year to Date	Year To Date		Dollar	%		
	Actual	Actual	Budget	Variance	Variance		
<b>Other Non-Operating Revenue</b>							
Interest Income	\$ 2,254,476	\$ 3,331,759	\$ 2,310,000	\$ 1,021,759	44.2%	\$ 5,544,000	
Unrealized Gain/Loss-Investments	\$ (3,045,014)	915,896	-	915,896	-	-	
Self-Liquidating Income	1,455,572	244,867	244,867	-	0.0%	587,681	
	\$ 665,034	\$ 4,492,522	\$ 2,554,867	\$ 1,937,655	75.8%	\$ 6,131,681	
<b>Debt Service</b>							
Short Term Financing	\$ (325,260)	\$ (697,043)	\$ (697,043)	\$ -	0.0%	\$ (2,639,500)	
Equipment Financing Principal & Interest	(2,769,243)	(2,138,302)	(2,138,302)	-	0.0%	(4,223,458)	
Bond Principal and Interest	-	-	-	-	0.0%	(121,163,358)	
	\$ (3,094,503)	\$ (2,835,345)	\$ (2,835,345)	\$ -	0.0%	\$ (128,026,316)	
<b>Equipment</b>							
Capital Expenditures	\$ (496,564)	\$ (525,308)	\$ (658,080)	\$ 132,772	-20.2%	\$ (1,219,000)	
Equipment Purchases	(2,724,467)	(3,486,630)	(3,486,630)	-	0.0%	(13,275,000)	
Equipment Financing	2,850,000	-	-	-	0.0%	4,400,000	
	\$ (371,031)	\$ (4,011,938)	\$ (4,144,710)	\$ 132,772	-3.2%	\$ (10,094,000)	
<b>Other</b>							
Six Month Reserve Transfer	\$ (1,234,909)	\$ (13,332,917)	\$ (13,332,917)	\$ -	0.0%	\$ (12,837,637)	
Grant Reimbursements	449,044	-	-	-	0.0%	6,900,000	
Gain (Loss) on Equipment & Other	3,295	395,176	96,000	299,176	311.6%	96,000	
	\$ (782,570)	\$ (12,937,741)	\$ (13,236,917)	\$ 299,176	-2.3%	\$ (5,841,637)	
<b>Total Non-Operating Revenue (Expense)</b>	<b>\$ (3,583,070)</b>	<b>\$ (15,292,502)</b>	<b>\$ (17,662,105)</b>	<b>\$ 2,369,603</b>	<b>-13.4%</b>	<b>\$ (137,830,272)</b>	
<b>Net Revenue Available for Designation</b>	<b>\$ 83,094,604</b>	<b>\$ 81,311,521</b>	<b>\$ 73,314,397</b>	<b>\$ 7,997,124</b>	<b>10.9%</b>	<b>\$ 67,816,282</b>	

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

## **OPERATING REVENUE**

Total operating revenue for May year-to-date is over budget \$9,271,095 or 5.0%. The larger variances are within Airline Rates & Charges, Concessions and Rentals/Fees.

### **Airline Rates & Charges**

Airline Rates & Charges is \$1,109,432 or 1.5% higher than budget. Landing fees are \$593,630 over budget as the number of flights was greater than expected. Terminal 1 Other Rentals are higher than budget \$485,244 as airlines flew more international flights.

### **Concessions**

Concessions revenue is \$6,751,451 or 8.1% higher than budget. Terminal Concessions are higher than budget \$354,979. Ground Transportation, mainly Parking and Transportation Network Companies are greater than budget \$5,640,874 and \$631,416, respectively. These above budget variances are due to stronger spending per passenger than was projected for the budget.

### **Rentals/Fees**

Rentals/Fees is over budget \$1,190,816 or 5.8%. The positive budget variance is due to a new lease that was generated after the budget was approved.

## **OPERATING EXPENSES**

Total operating expenses for May year-to-date are over budget \$3,643,574 or 3.9%. Personnel and Maintenance costs have produced most of this budget variance.

### **Personnel**

Personnel expenses are higher than budget \$609,516 or 1.3%. 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 caused overtime to exceed the budget by \$2,203,802. Offsetting the overtime variance are salaries and wages that are under budget \$1,755,575 from open positions.

### **Maintenance**

Maintenance costs are \$3,597,690 or 18.4% 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.

## **NON-OPERATING REVENUE (EXPENSE)**

Non-Operating Expense for May year-to-date is lower than budget \$2,369,603 or 13.4%. The following factors are creating this variance.

### **Other Non-Operating Revenue**

Other Non-Operating Revenue is higher than budget \$1,937,655 or 75.8%. Interest income exceeded the budget \$1,021,759 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 \$915,896 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 \$132,772 or 3.2 % as Capital Expenditures were lower than expected in the budget.

**Other**

The Other category shows a variance of \$299,176 or 2.3%. This variance is predominantly due to extraordinary costs related to unexpected events, which are reimbursed from insurance companies.