



Metropolitan Airports Commission

TO: Operations, Finance and Administration Committee

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

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

DATE: March 29, 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 February 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 - February 2023
 Operating Revenue**

	2022	2023				Total
	Year to Date Actual	Year To Date Actual	Budget	Dollar Variance	% Variance	2023 Budget
OPERATING REVENUE						
Airline Rates & Charges						
Airline Agreement						
Landing Fees	\$ 10,471,712	\$ 12,524,492	\$ 12,290,881	\$ 233,611	1.9%	\$ 87,169,369
Ramp Fees	1,073,045	1,315,493	1,354,310	(38,817)	-2.9%	8,158,495
Airline R & R	898,939	941,802	938,632	3,170	0.3%	5,631,789
Terminal 1 Rentals	7,455,278	8,484,437	8,489,731	(5,294)	-0.1%	51,142,958
Terminal 1 Other Rentals	1,127,491	1,189,152	1,076,624	112,528	10.5%	9,069,729
Concessions Rebate	-	-	-	-		(21,400,021)
Total Airline Agreement	21,026,465	24,455,376	24,150,178	305,198	1.3%	139,772,319
Terminal 2 Lobby Fees	1,563,520	1,650,809	1,688,484	(37,675)	0.0%	13,616,808
Terminal 2 Other/Passenger Fees	626,964	1,082,465	874,038	208,427	23.8%	4,865,900
Total Airline Rates & Charges	\$ 23,216,949	\$ 27,188,650	\$ 26,712,700	\$ 475,950	1.8%	\$ 158,255,027
Concessions						
Terminal/Other						
Food & Beverage	\$ 3,139,095	\$ 3,643,336	\$ 3,591,532	\$ 51,804	1.4%	\$ 31,136,821
News	519,631	563,839	547,699	16,140	2.9%	5,942,691
Retail	618,693	691,509	673,960	17,549	2.6%	4,823,857
Passenger Services	1,620,413	1,692,235	1,673,451	18,784	1.1%	7,963,998
Total Terminal/Other	\$ 5,897,832	\$ 6,590,919	\$ 6,486,642	\$ 104,277	1.6%	\$ 49,867,367
Parking/Ground Transportation						
Parking	\$ 15,040,837	\$ 20,639,804	\$ 17,586,295	\$ 3,053,509	17.4%	\$ 117,108,713
Ground Transportation Fees	817,108	1,242,212	966,360	275,852	28.5%	14,382,993
Auto Rental-On Airport	3,215,356	3,234,504	3,215,356	19,148	0.6%	22,945,180
Total Parking/Ground Transportation	19,073,301	25,116,520	21,768,011	3,348,509	15.4%	154,436,886
Other Concessions	380,125	414,116	432,816	(18,700)	-4.3%	2,788,043
Total Concessions	\$ 25,351,258	\$ 32,121,555	\$ 28,687,469	\$ 3,434,086	12.0%	\$ 207,092,296
Rentals/Fees						
Buildings & Facilities	\$ 2,613,908	\$ 2,745,639	\$ 2,761,495	\$ (15,856)	-0.6%	\$ 17,356,162
Building Auto - CFCs	844,691	995,820	953,618	42,202	0.0%	19,072,359
Ground Rentals	2,047,124	2,090,827	2,134,317	(43,490)	-2.0%	12,847,500
Reliever Airports	1,329,373	1,381,244	1,333,490	47,754	3.6%	10,199,595
Total Rentals/Fees	\$ 6,835,096	\$ 7,213,530	\$ 7,182,920	\$ 30,610	0.4%	\$ 59,475,616
Utilities and Other Revenue						
Utilities	\$ 470,757	\$ 719,252	\$ 674,070	\$ 45,182	6.7%	\$ 5,714,048
GA/Airside Fees	379,010	846,167	781,489	64,678	8.3%	6,731,425
MCD Fees	243,444	334,324	323,102	11,222	0.0%	4,487,527
Other Revenues	380,362	386,923	369,082	17,841	4.8%	2,360,628
Reimbursed Expense	227,682	674,720	646,054	28,666	4.4%	3,169,000
Total Utilities and Other Revenue	\$ 1,701,255	\$ 2,961,386	\$ 2,793,797	\$ 167,589	6.0%	\$ 22,462,628
Total Operating Revenue	\$ 57,104,558	\$ 69,485,121	\$ 65,376,886	\$ 4,108,235	6.3%	\$ 447,285,567

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

Budget Variance Report - February 2023
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>	\$ 57,104,558	\$ 69,485,121	\$ 65,376,886	\$ 4,108,235	6.3%	\$ 447,285,567
OPERATING EXPENSE						
Personnel	\$ 14,226,857	\$ 15,767,353	\$ 15,101,901	\$ (665,452)	-4.4%	\$ 111,438,418
Administrative Expenses	200,157	237,943	242,180	4,237	1.7%	1,880,235
Professional Services	424,524	546,989	565,759	18,770	3.3%	9,574,715
Utilities	2,129,321	1,007,929	1,088,681	80,752	7.4%	23,119,430
Operating Services/Expenses	5,218,261	5,765,720	5,691,924	(73,796)	-1.3%	36,434,963
Maintenance	4,710,998	5,955,746	4,662,304	(1,293,442)	-27.7%	51,506,164
Other	1,327,734	1,953,886	1,921,952	(31,934)	-1.7%	7,685,088

Total Operating Expense	\$ 28,237,852	\$ 31,235,566	\$ 29,274,701	\$ (1,960,865)	-6.7%	\$ 241,639,013
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(excludes depreciation and noise amortization)

Net Operating Revenue	\$ 28,866,706	\$ 38,249,555	\$ 36,102,185	\$ 2,147,370	5.9%	\$ 205,646,554
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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	\$ 861,529	\$ 1,146,760	\$ 874,054	\$ 272,706	31.2%	\$ 5,544,000
Unrealized Gain/Loss-Investments	(1,280,523)	(206,809)	-	(206,809)		-
Self-Liquidating Income	582,229	97,947	97,947	-	0.0%	587,681
	\$ 163,235	\$ 1,037,898	\$ 972,001	\$ 65,897	6.8%	\$ 6,131,681

Debt Service

Short Term Financing	\$ (75,716)	\$ (210,009)	\$ (210,009)	\$ -	0.0%	\$ (2,639,500)
Equipment Financing Principal & Interest	(824,153)	(863,255)	(863,255)	-	0.0%	(4,223,458)
Bond Principal and Interest	-	-	-	-	0.0%	(121,163,358)
	\$ (899,869)	\$ (1,073,264)	\$ (1,073,264)	\$ -	0.0%	\$ (128,026,316)

Equipment

Capital Expenditures	\$ (191,455)	\$ (211,341)	\$ (263,232)	\$ 51,891	-19.7%	\$ (1,219,000)
Equipment Purchases	(688,384)	(596,023)	(596,023)	-	0.0%	(13,275,000)
Equipment Financing	-	-	-	-	0.0%	4,400,000
	\$ (879,839)	\$ (807,364)	\$ (859,255)	\$ 51,891	-6.0%	\$ (10,094,000)

Other

Six Month Reserve Transfer	\$ (1,234,909)	\$ (13,332,917)	\$ (13,332,917)	\$ -	0.0%	\$ (12,837,637)
Grant Reimbursements	-	-	-	-	0.0%	6,900,000
Gain (Loss) on Equipment & Other	(17,523)	126,270	16,000	110,270	689.2%	96,000
	\$ (1,252,432)	\$ (13,206,647)	\$ (13,316,917)	\$ 110,270	-0.8%	\$ (5,841,637)

Total Non-Operating Revenue (Expense)	\$ (2,868,905)	\$ (14,049,377)	\$ (14,277,435)	\$ 228,058	-1.6%	\$ (137,830,272)
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Net Revenue Available for Designation	\$ 25,997,801	\$ 24,200,178	\$ 21,824,750	\$ 2,375,428	10.9%	\$ 67,816,282
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Brackets () Represent Revenue Items under Budget and Expense Items over Budget

OPERATING REVENUE

Total operating revenue for February year-to-date is over budget \$4,108,235 or 6.3%. Revenue from Concessions is the main source of this positive variance.

Concessions

Concessions revenue is \$3,434,086 or 12.0% higher than budget. Terminal Concessions are slightly higher than budget \$104,277 and Ground Transportation, mainly Parking, is greater than budget \$3,348,509. These above budget variances are due to slightly stronger spending per passenger than was budgeted during this pandemic period.

OPERATING EXPENSES

Total operating expenses for February year-to-date are over budget \$1,960,865 or 6.7%. Personnel and Maintenance costs have produced most of this budget variance.

Personnel

Personnel expense is higher than budget \$665,452 or 4.4%. Multiple winter weather events have brought an abundance of ice and snow. 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 \$647,675.

Maintenance

Maintenance costs are \$1,293,442 or 27.7% greater than budget. Because of the ice and snow from winter storms, extra snow and ice melting materials were needed to make the runway and other surfaces safe.

NON-OPERATING REVENUE (EXPENSE)

Non-Operating Expense for February year-to-date is lower than budget \$228,058 or 1.6%. The following factors are creating this variance.

Other Non-Operating Revenue

Non-Operating Revenue is higher than budget \$65,897 or 6.8%. Interest income exceeded the budget \$272,706 with 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. 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.

Equipment

The Equipment category is under budget \$51,891 or 6.0% as Capital Expenditures are slightly lower than expected.

Other

The Other category shows a variance of \$110,270 or 0.8%. This variance is predominantly due to extraordinary costs related to unexpected events, which are reimbursed from insurance companies.