



Metropolitan Airports Commission

TO: Operations, Finance and Administration Committee

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

SUBJECT: **Budget Variance Report – 2nd Quarter 2023**

DATE: August 2, 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 2nd Quarter 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 - 2nd Quarter 2023
Operating Revenue**

	2022		2023			Total 2023 Budget
	Year To Date	Year To Date		Dollar	%	
	Actual	Actual	Budget	Variance	Variance	
OPERATING REVENUE						
Airline Rates & Charges						
Airline Agreement						
Landing Fees	\$ 33,628,941	\$ 41,339,630	\$ 40,900,000	\$ 439,630	1.1%	\$ 87,169,369
Ramp Fees	3,219,135	3,729,900	3,946,476	(216,576)	-5.5%	8,158,495
Airline R & R	2,695,778	2,863,711	2,815,895	47,816	1.7%	5,631,789
Terminal 1 Rentals	15,208,304	25,734,892	25,571,479	163,413	0.6%	51,142,958
Terminal 1 Other Rentals	4,491,236	4,782,483	4,034,778	747,705	18.5%	9,069,729
Concessions Rebate	-	-	-	-		(21,400,021)
Total Airline Agreement	59,243,394	78,450,616	77,268,628	1,181,988	1.5%	139,772,319
Terminal 2 Lobby Fees	6,881,759	7,454,003	7,300,123	153,880	2.1%	13,616,808
Terminal 2 Other/Passenger Fees	2,517,408	2,844,107	2,844,711	(604)	0.0%	4,865,900
Total Airline Rates & Charges	\$ 68,642,561	\$ 88,748,726	\$ 87,413,462	\$ 1,335,264	1.5%	\$ 158,255,027
Concessions						
Terminal/Other						
Food & Beverage	\$ 9,831,323	\$ 12,937,993	\$ 13,282,077	\$ (344,084)	-2.6%	\$ 31,136,821
News	2,214,288	2,239,140	2,291,361	(52,221)	-2.3%	5,942,691
Retail	2,095,810	2,300,893	2,251,519	49,374	2.2%	4,823,857
Passenger Services	3,771,080	4,328,939	3,980,211	348,728	8.8%	7,963,998
Total Terminal/Other	\$ 17,912,501	\$ 21,806,965	\$ 21,805,168	\$ 1,797	0.0%	\$ 49,867,367
Parking/Ground Transportation						
Parking	\$ 54,030,509	\$ 67,028,621	\$ 61,354,082	\$ 5,674,539	9.2%	\$ 117,108,713
Ground Transportation Fees	4,735,037	6,054,994	5,359,265	695,729	13.0%	14,382,993
Auto Rental-On Airport	9,828,354	9,954,428	9,902,359	52,069	0.5%	22,945,180
Total Parking/Ground Transportation	68,593,900	83,038,043	76,615,706	6,422,337	8.4%	154,436,886
Other Concessions	1,281,047	1,410,429	1,354,069	56,360	4.2%	2,788,043
Total Concessions	\$ 87,787,448	\$ 106,255,437	\$ 99,774,943	\$ 6,480,494	6.5%	\$ 207,092,296
Rentals/Fees						
Buildings & Facilities	\$ 7,796,040	\$ 8,293,306	\$ 8,592,832	\$ (299,526)	-3.5%	\$ 17,356,162
Building Auto - CFCs	5,306,554	5,950,315	5,950,576	(261)	0.0%	19,072,359
Ground Rentals	6,775,676	7,888,642	6,423,748	1,464,894	22.8%	12,847,500
Reliever Airports	4,672,705	5,035,453	4,769,173	266,280	5.6%	10,199,595
Total Rentals/Fees	\$ 24,550,975	\$ 27,167,716	\$ 25,736,329	\$ 1,431,387	5.6%	\$ 59,475,616
Utilities and Other Revenue						
Utilities	\$ 1,739,014	\$ 2,661,530	\$ 2,318,972	\$ 342,558	14.8%	\$ 5,714,048
GA/Airside Fees	2,798,924	3,178,719	2,970,916	207,803	7.0%	6,731,425
MCD Fees	1,498,259	1,796,003	1,738,520	57,483	0.0%	4,487,527
Other Revenues	1,168,125	1,063,359	1,180,308	(116,949)	-9.9%	2,360,628
Reimbursed Expense	1,593,832	1,612,193	1,584,500	27,693	1.7%	3,169,000
Total Utilities and Other Revenue	\$ 8,798,154	\$ 10,311,804	\$ 9,793,216	\$ 518,588	5.3%	\$ 22,462,628
Total Operating Revenue	\$ 189,779,138	\$ 232,483,683	\$ 222,717,950	\$ 9,765,733	4.4%	\$ 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	
<i>Total Operating Revenue</i>	\$ 189,779,138	\$ 232,483,683	\$ 222,717,950	\$ 9,765,733	4.4%	\$ 447,285,567
OPERATING EXPENSE						
Personnel	\$ 44,515,788	\$ 54,179,212	\$ 54,211,246	\$ 32,034	0.1%	\$ 113,528,218
Administrative Expenses	510,687	652,776	738,108	85,332	11.6%	1,880,235
Professional Services	3,222,604	3,829,136	3,978,159	149,023	3.7%	9,649,915
Utilities	10,124,887	10,662,736	10,503,706	(159,030)	-1.5%	23,119,430
Operating Services/Expenses	13,794,863	16,327,854	17,308,997	981,143	5.7%	36,434,963
Maintenance	18,340,721	26,682,126	23,043,731	(3,638,395)	-15.8%	53,106,164
Other	1,541,627	2,305,002	2,365,636	60,634	2.6%	7,685,088
Total Operating Expense	\$ 92,051,177	\$ 114,638,842	\$ 112,149,583	\$ (2,489,259)	-2.2%	\$ 245,404,013
<i>(excludes depreciation and noise amortization)</i>						

Net Operating Revenue	\$ 97,727,961	\$ 117,844,841	\$ 110,568,367	\$ 7,276,474	6.6%	\$ 201,881,554
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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	\$ 2,734,376	\$ 4,058,606	\$ 2,772,000	\$ 1,286,606	46.4%	\$ 5,544,000
Unrealized Gain/Loss-Investments	\$ (4,098,740)	786,461	-	786,461		-
Self-Liquidating Income	1,576,660	293,841	293,841	-	0.0%	587,681
	\$ 212,296	\$ 5,138,908	\$ 3,065,841	\$ 2,073,067	67.6%	\$ 6,131,681
Debt Service						
Short Term Financing	\$ (453,209)	\$ (925,013)	\$ (925,013)	\$ -	0.0%	\$ (2,639,500)
Equipment Financing Principal & Interest	(2,638,489)	(2,167,235)	(2,167,235)	-	0.0%	(4,223,458)
Bond Principal and Interest	(21,753,310)	(26,274,825)	(26,274,825)	-	0.0%	(121,163,358)
	\$ (24,845,008)	\$ (29,367,073)	\$ (29,367,073)	\$ -	0.0%	\$ (128,026,316)
Equipment						
Capital Expenditures	\$ (600,726)	\$ (681,138)	\$ (789,696)	\$ 108,558	-13.7%	\$ (1,219,000)
Equipment Purchases	(3,060,136)	(3,999,658)	(3,999,658)	-	0.0%	(13,275,000)
Equipment Financing	2,850,000	-	-	-	0.0%	4,400,000
	\$ (810,862)	\$ (4,680,796)	\$ (4,789,354)	\$ 108,558	-2.3%	\$ (10,094,000)
Other						
Six Month Reserve Transfer	\$ (1,234,909)	\$ (13,332,917)	\$ (13,332,917)	\$ -	0.0%	\$ (12,837,637)
Grant Reimbursements	3,104,355	20,000,000	-	20,000,000	0.0%	6,900,000
Gain (Loss) on Equipment & Other	791,863	2,040,988	96,000	1,944,988	2026.0%	96,000
	\$ 2,661,309	\$ 8,708,071	\$ (13,236,917)	\$ 21,944,988	-165.8%	\$ (5,841,637)

Total Non-Operating Revenue (Expense)	\$ (22,782,265)	\$ (20,200,890)	\$ (44,327,503)	\$ 24,126,613	-54.4%	\$ (137,830,272)
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Net Revenue Available for Designation	\$ 74,945,696	\$ 97,643,951	\$ 66,240,864	\$ 31,403,087	47.4%	\$ 64,051,282
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Brackets () Represent Revenue Items under Budget and Expense Items over Budget

OPERATING REVENUE

Total Operating Revenue for 2nd Quarter year-to-date is over budget \$9,765,733 or 4.4%. The larger variances are within Airline Rates & Charges, Concessions, Rentals/Fees as well as Utilities and Other Revenue.

Airline Rates & Charges

Airline Rates & Charges is \$1,335,264 or 1.5% higher than budget. Landing fees are \$439,630 over budget as the number of flights was greater than expected. Terminal 1 Other Rentals are higher than budget \$747,705 as airlines piloted more international flights.

Concessions

Concessions revenue is \$6,480,494 or 6.5% 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 that are exceeding the budget.

Ground transportation is greater than budget \$6,422,337. The main players in this variance are Parking revenue at \$5,674,539 over budget and Transportation Network Companies exceeding the budget by \$543,885. These above budget variances are due to stronger spending per passenger than was projected for the budget.

Rentals/Fees

Rentals/Fees is over budget \$1,431,387 or 5.6%. 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 is over budget \$518,588 or 5.3%. Utilities are \$342,558 higher than budget as tenants are consuming more than expected. Also, airside licensure fees are thriving.

OPERATING EXPENSES

Total operating expenses for 2nd Quarter year-to-date are over budget \$2,489,259 or 2.2%. Personnel, Operating Services/Expenses and Maintenance costs have contributed to this budget variance.

Personnel

Personnel expenses are slightly under budget. 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 \$2,281,941. Offsetting the overtime variance are salaries and wages that are under budget \$2,335,647 from open positions.

Operating Services/Expenses

Operating Services/Expenses are lower than budget \$981,143 or 5.7%. Security Services are under budget \$451,297 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 \$380,425 due to lower enplanements than projected and staffing issues with the contractor.

Maintenance

Maintenance costs are \$3,638,395 or 15.8% 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 2nd Quarter year-to-date is lower than budget \$24,126,613 or 54.4%. The following factors are creating this variance.

Other Non-Operating Revenue

Other Non-Operating Revenue is higher than budget \$2,073,067 or 67.6%. Interest income exceeded the budget \$1,286,606 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 \$786,461 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 \$21,944,988 or 165.8%. 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.