



Metropolitan Airports Commission

TO: Operations, Finance and Administration Committee

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

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

DATE: November 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 October 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 - October 2023
Operating Revenue**

	2022	2023			%	Total 2023 Budget
	Year to Date Actual	Year To Date Actual	Budget	Dollar Variance		
OPERATING REVENUE						
Airline Rates & Charges						
Airline Agreement						
Landing Fees	\$ 57,351,310	\$ 71,837,810	\$ 72,700,000	\$ (862,190)	-1.2%	\$ 87,169,369
Ramp Fees	5,365,225	6,360,885	6,577,460	(216,575)	-3.3%	8,158,495
Airline R & R	4,492,837	4,812,776	4,693,158	119,618	2.5%	5,631,789
Terminal 1 Rentals	28,215,649	43,258,441	42,619,132	639,309	1.5%	51,142,958
Terminal 1 Other Rentals	7,977,338	8,263,504	7,165,773	1,097,731	15.3%	9,069,729
Concessions Rebate	-	-	-	-		(21,400,021)
Total Airline Agreement	103,402,359	134,533,416	133,755,523	777,893	0.6%	139,772,319
Terminal 2 Lobby Fees	9,233,294	11,751,043	11,650,255	100,788	0.9%	13,616,808
Terminal 2 Other/Passenger Fees	3,337,864	3,966,710	4,049,589	(82,879)	-2.0%	4,865,900
Total Airline Rates & Charges	\$ 115,973,517	\$ 150,251,169	\$ 149,455,367	\$ 795,802	0.5%	\$ 158,255,027
Concessions						
Terminal/Other						
Food & Beverage	\$ 12,783,583	\$ 23,848,353	\$ 24,432,374	\$ (584,021)	-2.4%	\$ 31,136,821
News	2,682,713	4,223,883	4,479,680	(255,797)	-5.7%	5,942,691
Retail	3,020,894	4,184,778	4,009,696	175,082	4.4%	4,823,857
Passenger Services	6,007,356	6,968,741	6,430,420	538,321	8.4%	7,963,998
Total Terminal/Other	\$ 24,494,546	\$ 39,225,755	\$ 39,352,170	\$ (126,415)	-0.3%	\$ 49,867,367
Parking/Ground Transportation						
Parking	\$ 88,211,770	\$ 106,780,360	\$ 99,338,557	\$ 7,441,803	7.5%	\$ 117,108,713
Ground Transportation Fees	9,539,763	11,678,277	10,772,915	905,362	8.4%	14,382,993
Auto Rental-On Airport	20,067,400	20,846,646	20,252,359	594,287	2.9%	22,945,180
Total Parking/Ground Transportation	117,818,933	139,305,283	130,363,831	8,941,452	6.9%	154,436,886
Other Concessions	2,324,597	2,467,917	2,354,000	113,917	4.8%	2,788,043
Total Concessions	\$ 144,638,076	\$ 180,998,955	\$ 172,070,001	\$ 8,928,954	5.2%	\$ 207,092,296
Rentals/Fees						
Buildings & Facilities	\$ 13,216,404	\$ 13,962,309	\$ 14,283,815	\$ (321,506)	-2.3%	\$ 17,356,162
Building Auto - CFCs	12,853,209	14,770,019	14,399,631	370,388	2.6%	19,072,359
Ground Rentals	10,950,823	13,175,078	10,706,250	2,468,828	23.1%	12,847,500
Reliever Airports	8,478,507	9,031,963	8,674,298	357,665	4.1%	10,199,595
Total Rentals/Fees	\$ 45,498,943	\$ 50,939,369	\$ 48,063,994	\$ 2,875,375	6.0%	\$ 59,475,616
Utilities and Other Revenue						
Utilities	\$ 3,514,429	\$ 4,580,765	\$ 4,044,304	\$ 536,461	13.3%	\$ 5,714,048
GA/Airside Fees	4,770,434	5,459,382	4,934,811	524,571	10.6%	6,731,425
MCD Fees	2,872,177	3,453,525	3,326,146	127,379	3.8%	4,487,527
Other Revenues	2,082,168	1,998,781	1,967,180	31,601	1.6%	2,360,628
Reimbursed Expense	3,909,571	3,965,246	2,640,833	1,324,413	50.2%	3,169,000
Total Utilities and Other Revenue	\$ 17,148,779	\$ 19,457,699	\$ 16,913,274	\$ 2,544,425	15.0%	\$ 22,462,628
Total Operating Revenue	\$ 323,259,315	\$ 401,647,192	\$ 386,502,636	\$ 15,144,556	3.9%	\$ 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>	\$ 323,259,315	\$ 401,647,192	\$ 386,502,636	\$ 15,144,556	3.9%	\$ 447,285,567
OPERATING EXPENSE						
Personnel	\$ 75,909,091	\$ 92,279,896	\$ 93,402,284	\$ 1,122,388	1.2%	\$ 113,378,218
Administrative Expenses	907,007	1,148,683	1,207,041	58,358	4.8%	1,880,235
Professional Services	5,669,143	7,114,981	7,195,846	80,865	1.1%	9,649,915
Utilities	19,203,231	18,262,728	17,889,421	(373,307)	-2.1%	23,119,430
Operating Services/Expenses	21,313,740	26,142,694	27,488,364	1,345,670	4.9%	36,434,963
Maintenance	32,675,674	42,974,259	40,580,651	(2,393,608)	-5.9%	53,106,164
Other	4,127,994	4,901,675	4,744,109	(157,566)	-3.3%	7,685,088
Total Operating Expense	\$ 159,805,880	\$ 192,824,916	\$ 192,507,716	\$ (317,200)	-0.2%	\$ 245,254,013

(excludes depreciation and noise amortization)

Net Operating Revenue	\$ 163,453,435	\$ 208,822,276	\$ 193,994,920	\$ 14,827,356	7.6%	\$ 202,031,554
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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	\$ 4,912,814	\$ 7,645,256	\$ 4,620,000	\$ 3,025,256	65.5%	\$ 5,544,000
Unrealized Gain/Loss-Investments	\$ (6,498,751)	1,376,638	-	1,376,638		-
Self-Liquidating Income	1,986,221	489,734	489,734	-	0.0%	587,681
	\$ 400,284	\$ 9,511,628	\$ 5,109,734	\$ 4,401,894	86.1%	\$ 6,131,681
Debt Service						
Short Term Financing	\$ (1,024,361)	\$ (1,871,657)	\$ (1,871,657)	\$ -	0.0%	\$ (2,639,500)
Equipment Financing	(4,621,591)	(4,759,902)	(4,223,458)	(536,444)	12.7%	(4,223,458)
Bond Principal and Interest	(21,753,310)	(43,430,382)	(43,430,382)	-	0.0%	(121,163,358)
	\$ (27,399,262)	\$ (50,061,941)	\$ (49,525,497)	\$ (536,444)	1.1%	\$ (128,026,316)
Equipment						
Capital Expenditures	\$ (1,079,280)	\$ (1,146,950)	\$ (1,316,160)	\$ 169,210	-12.9%	\$ (1,219,000)
Equipment Purchases	(5,784,258)	(9,457,174)	(9,457,174)	-	0.0%	(13,275,000)
Equipment Financing	2,850,000	8,875,000	4,400,000	4,475,000	101.7%	4,400,000
	\$ (4,013,538)	\$ (1,729,124)	\$ (6,373,334)	\$ 4,644,210	-72.9%	\$ (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	(16,488)	897,888	96,000	801,888	835.3%	96,000
	\$ 9,174,377	\$ 7,564,971	\$ (13,236,917)	\$ 20,801,888	-157.2%	\$ (5,841,637)
Total Non-Operating Revenue (Expense)	\$ (21,838,139)	\$ (34,714,466)	\$ (64,026,014)	\$ 29,311,548	-45.8%	\$ (137,830,272)

Net Revenue Available for Designation	\$ 141,615,296	\$ 174,107,810	\$ 129,968,906	\$ 44,138,904	34.0%	\$ 64,201,282
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Brackets () Represent Revenue Items under Budget and Expense Items over Budget

OPERATING REVENUE

Total Operating Revenue for October year-to-date is over budget \$15,144,556 or 3.9%. 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 \$795,802 or 0.5% higher than budget. Major contributors to this variance are as follows.

Landing Fees

Revenue from Landing Fees is under budget \$862,190 or 1.2%. Since August, enplanements and landed weight have both been slightly below budget.

Terminal 1 Rentals

Terminal 1 Rentals are \$639,309 or 1.5% higher than budget. The expansion of the G Concourse with Delta's new Sky Club increased terminal square footage.

Terminal 1 Other Rentals

Terminal 1 Other Rentals are over budget \$1,097,731 or 15.3% as airlines piloted more international flights than projected.

Concessions

Concessions revenue is \$8,928,954 or 5.2% higher than budget. Terminal concessions are mildly under budget by \$126,415. Passengers are spending slightly less than projected on food & 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 \$8,941,452 or 6.9%. The main players in this variance are Parking revenue at \$7,441,803 over budget and Transportation Network Companies exceeding the budget by \$829,090. These above budget variances are due to stronger spending per passenger than was projected for the budget.

Rentals/Fees

Rentals/Fees is over budget \$2,875,375 or 6.0%. The positive budget variance is mainly 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 \$2,544,425 or 15.0%. Utilities are \$536,461 greater than budget as tenants are consuming more than expected. Airside licensure fees are over budget \$524,571 as the airline industry continues to grow. Also, reimbursed Expenses are higher than budget \$1,324,413 and is related to more safety and security expense reimbursement than anticipated.

OPERATING EXPENSES

Total operating expenses for October year-to-date are higher than budget \$317,200 or 0.2%. Personnel, Operating Services/Expenses and Maintenance costs are the largest contributors to this budget variance.

Personnel

Personnel expenses are under budget \$1,122,388 or 1.2%. the major components for this variance are listed below.

- Salaries and wages are under budget \$4,513,152 from open positions.
- Overtime is exceeding the budget by \$2,719,073, mainly due to the multiple winter weather events that occurred in the first quarter.
- Union benefits are exceeding the budget \$315,757 for the additional FTEs for the winter augmentation plan.
- Workers' compensation claims are higher than projected by \$279,587.
- Severance is higher than expected by \$241,066.
- Pension costs are under budget \$229,239.

Operating Services/Expenses

Operating Services/Expenses are lower than budget \$1,345,670 or 4.9% as follows.

- Security Services are under budget \$681,769 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 under budget \$473,224 due to lower enplanements than projected and staffing issues with the contractor.
- The remaining variance stems from other miscellaneous operating services/expenses that are also under budget.

Maintenance

Maintenance costs are \$2,393,608 or 5.9% greater than budget. The main reason for this variance is that extra snow and ice melting materials and equipment were needed to make the runways and other surfaces safe during first quarter.

NON-OPERATING REVENUE (EXPENSE)

Non-Operating Expense for October year-to-date is lower than budget \$29,311,548 or 45.8%. The following factors are creating this variance.

Other Non-Operating Revenue

Other Non-Operating Revenue is higher than budget \$4,401,894 or 86.1%. Interest income exceeded the budget \$3,025,256 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 \$1,376,638 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

Equipment has a variance of \$4,644,210 or 72.9%. Equipment leases were generated after the budget was approved, which increased financing.

Other

The Other category shows a variance of \$20,801,888 or 157.2%. 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.