

Duluth Airport Authority 2021 2nd Quarter Financial Update



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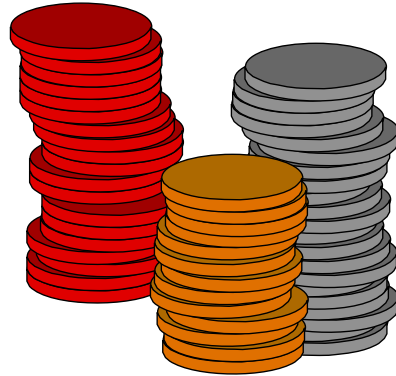
Duluth Airport Authority DAA Board Packet Budget vs. Actual Summary From Jan 2021 to Jun 2021

Unaudited							
Financial Row	Prior Year Actual (Jan 2020 - Jun 2020)	Current Year Actual (Jan 2021 - Jun 2021)	Budget Amount (Jan 2021 - Jun 2021)	% of Budget	Variance from Prior Year	Variance From Budget	Total Budget (Jan 2021 - Jun 2021)
Ordinary Income/Expense							
Income							
Non-Aeronautical Revenue	904,567	1,299,957	913,025	142.38%	395,390	386,933	1,865,240
Non-Passenger Aeronautical Revenue	684,947	689,500	705,176	97.78%	4,553	(15,676)	1,455,426
Passenger Airline Aeronautical Revenue	649,656	676,571	637,060	106.20%	26,914	39,511	1,281,878
Total - Income	2,239,170	2,666,028	2,255,260	118.21%	426,858	410,768	4,602,544
Gross Profit	2,239,170	2,666,028	2,255,260	118.21%	426,858	410,768	4,602,544
Expense							
Miscellaneous Expenses	23,123	31,962	15,911	200.88%	8,839	16,051	32,660
Personnel Compensation & Benefits	1,055,574	1,083,070	1,196,684	90.51%	27,496	(113,614)	2,460,392
Services and Charges	830,868	904,683	994,270	90.99%	73,815	(89,586)	1,877,099
Supplies	260,245	416,600	288,565	144.37%	156,355	128,036	574,230
Total - Expense	2,169,811	2,436,315	2,495,430	97.63%	266,504	(59,114)	4,944,381
Net Ordinary Income	69,359	229,713	(240,169)	-95.65%	160,354	469,882	(341,838)
Other Income and Expenses							
Other Income							
Non-Operating Revenue	204,390	228,676	183,357	124.72%	24,285	45,318	365,939
Total - Other Income	204,390	228,676	183,357	124.72%	24,285	45,318	365,939
Other Expense							
Non-Operating Expense	137,228	124,322	164,322	75.66%	(12,906)	(40,000)	328,644
Total - Other Expense	137,228	124,322	164,322	75.66%	(12,906)	(40,000)	328,644
Net Other Income	67,163	104,354	19,035	548.22%	37,191	85,318	37,295
Net Income Exclusive of Project Expenses, Depreciation & Amortization	136,522	334,066	(221,134)	-151.07%	197,544	555,200	(304,543)
Projects/Grants	(322,700)	(2,041,515)	4,444,000	-45.94%	(1,718,815)	(6,485,515)	8,888,000
Depreciation & Amortization	(5,578,034)	0	(5,027,685)	0.00%	5,578,034	5,027,685	(10,055,370)
Net Income	(5,764,212)	(1,707,449)	(804,819)	212.15%	4,056,763	(902,630)	(1,471,913)

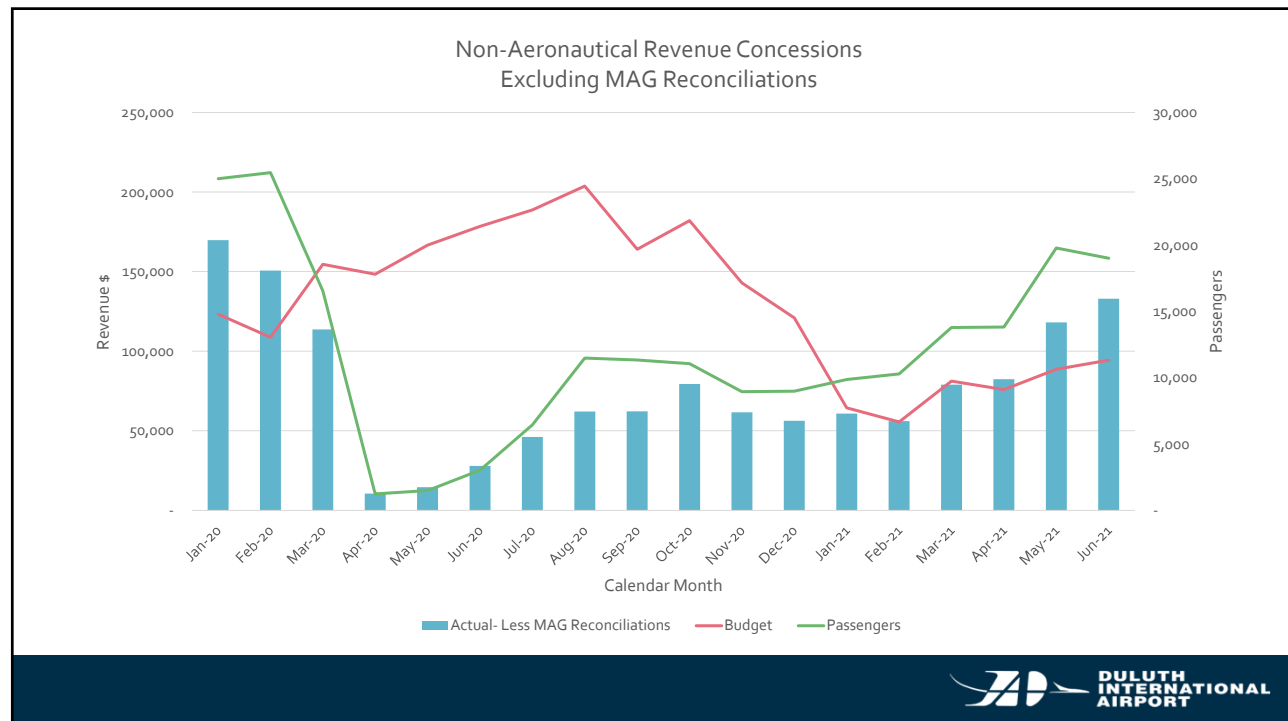
- This report is based on an allocated budget, which is seasonally adjusted.
- At this time the DAA is at a positive variance budget vs actual of over \$55k. The positive variance is inflated due to increased revenues from the MAG reconciliation for the parking lot of \$330,923.82. Expenses are also overstated by the \$10k boiler replacement. After removing these anomalies, the DAA is at a positive variance of \$334k.
- No CARES or CRSSA expense reimbursements have been requested in 2021.
- The results of this report are expected to change slightly with audit adjustments as well as delayed revenue and expense postings.
- The largest variance from budget in revenues comes the parking concession MAG adjustment of \$330k and car rental concession which is up \$63k, while other concessions are very close to budget. Non-passenger aeronautical revenue is only \$15k off from budget and passenger airline aeronautical revenue is over budget due to increased landing fees of \$39k.
- The largest variance from budget in expenses come from the boiler replacement project of \$10k, this will be rectified when capitalized to be removed from operating expenses in future financial updates. Removing the boiler costs expenses, we would be \$6k under budget.
- Non-operating income is close to budget with PFCs coming in higher than expected, while expenses are down due budgeted line of credit interest which hasn't been utilized for a total positive variance vs budget of over \$8k.

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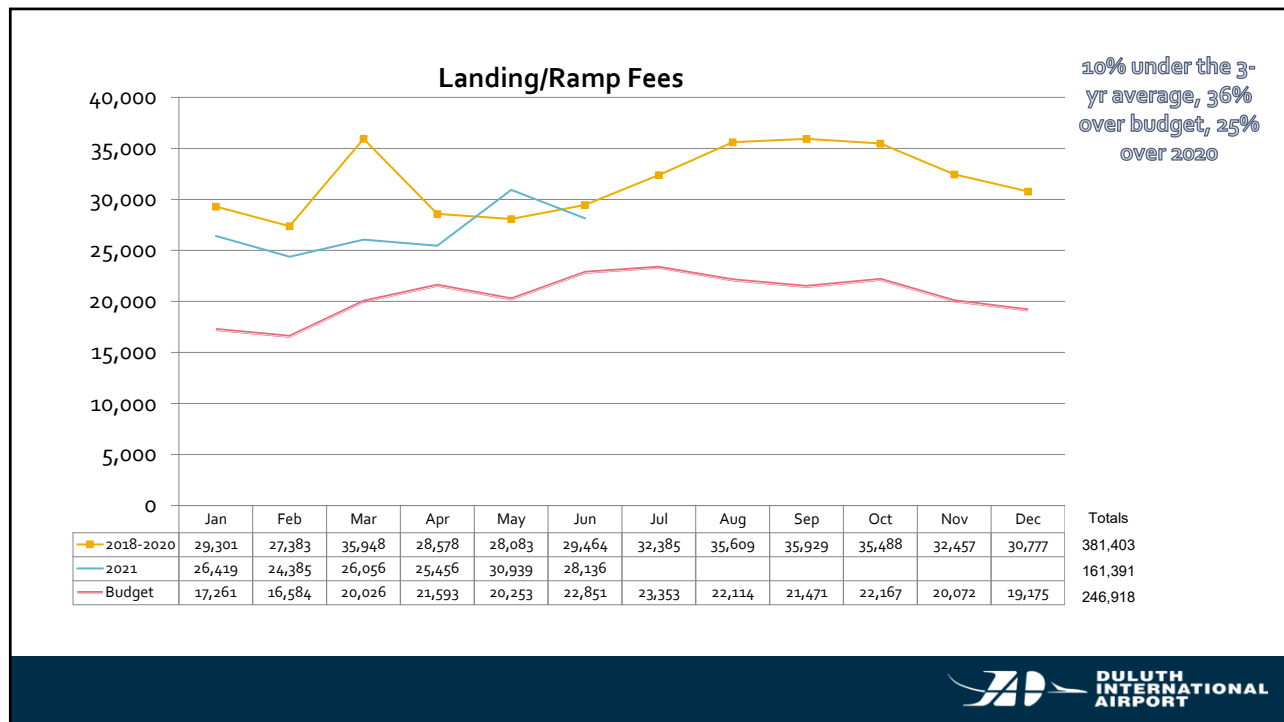
Revenues



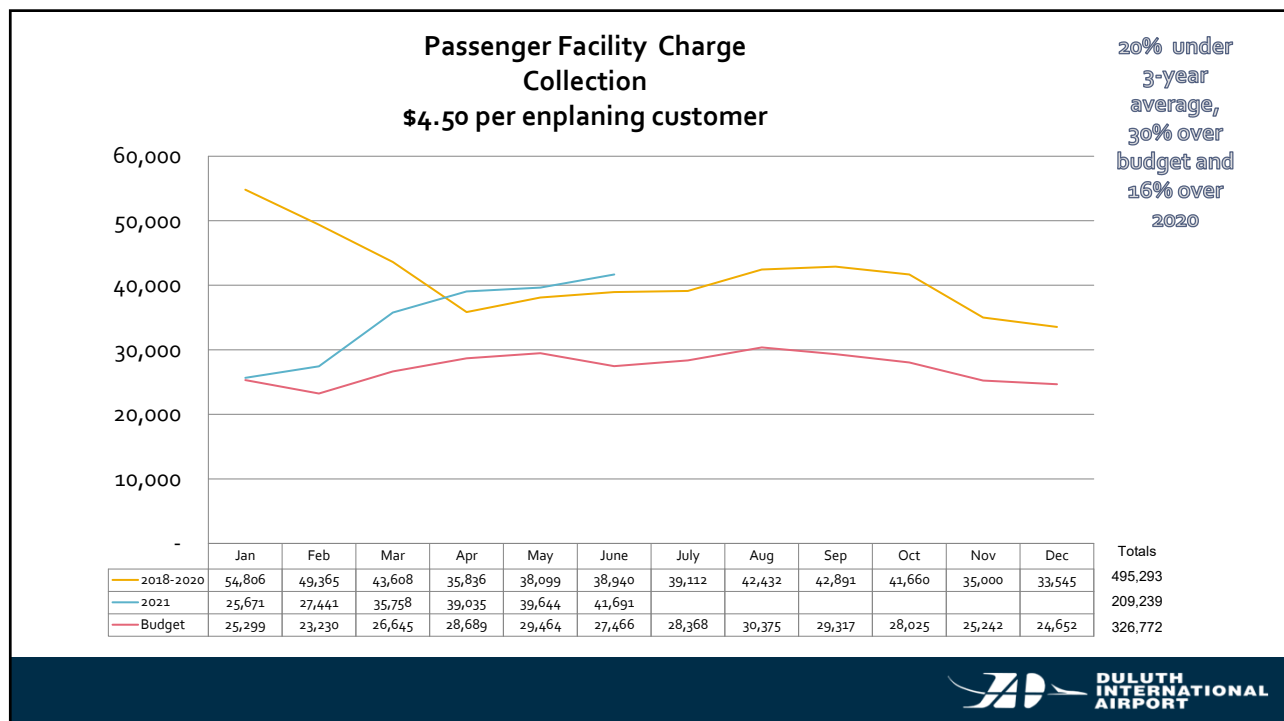
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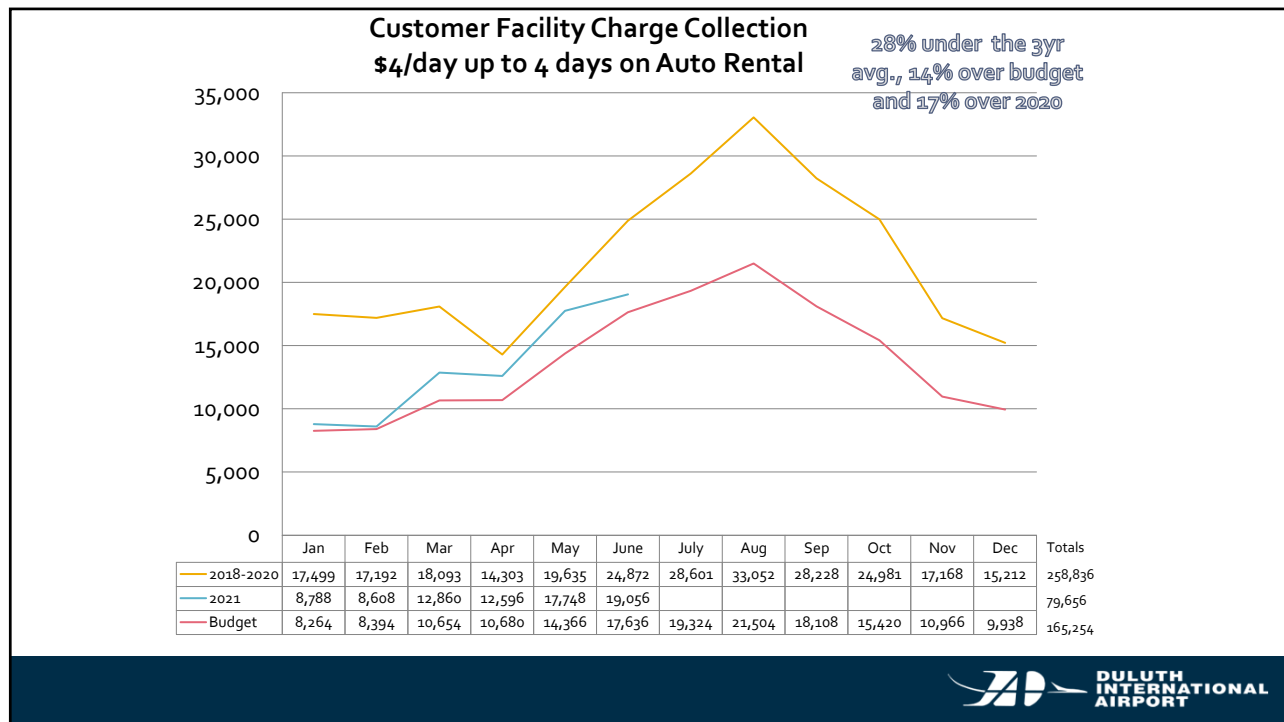
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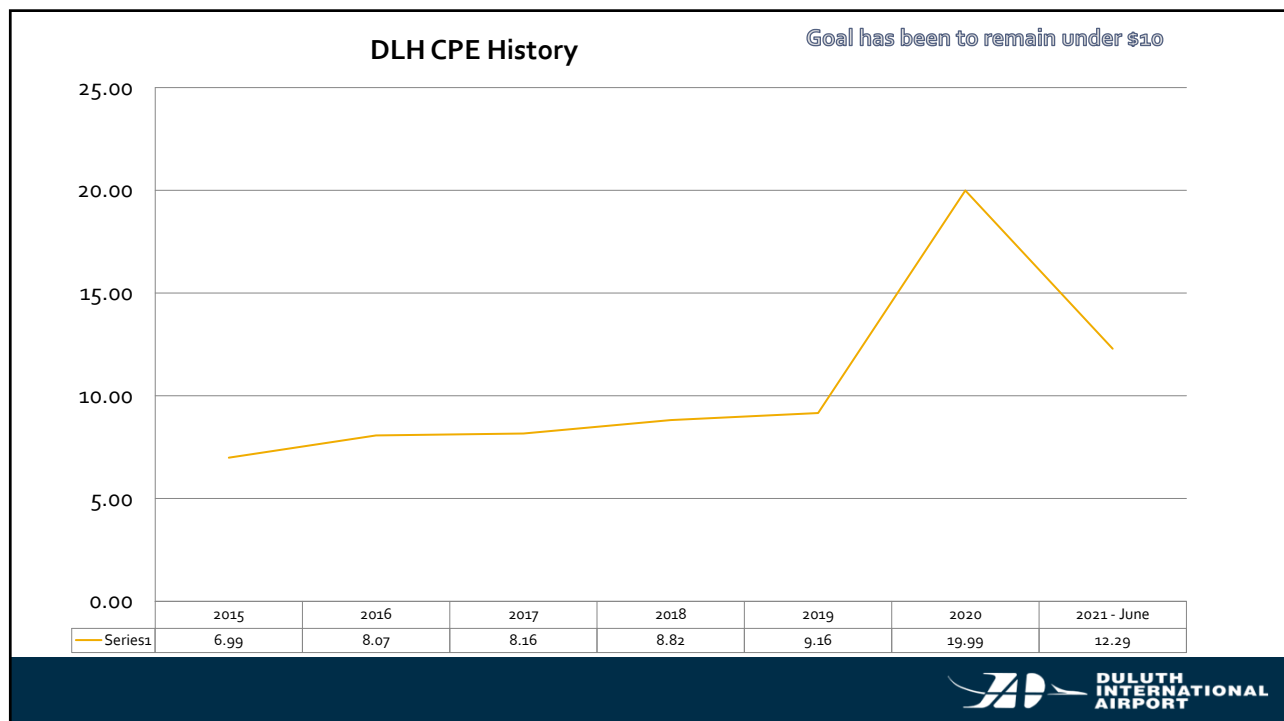
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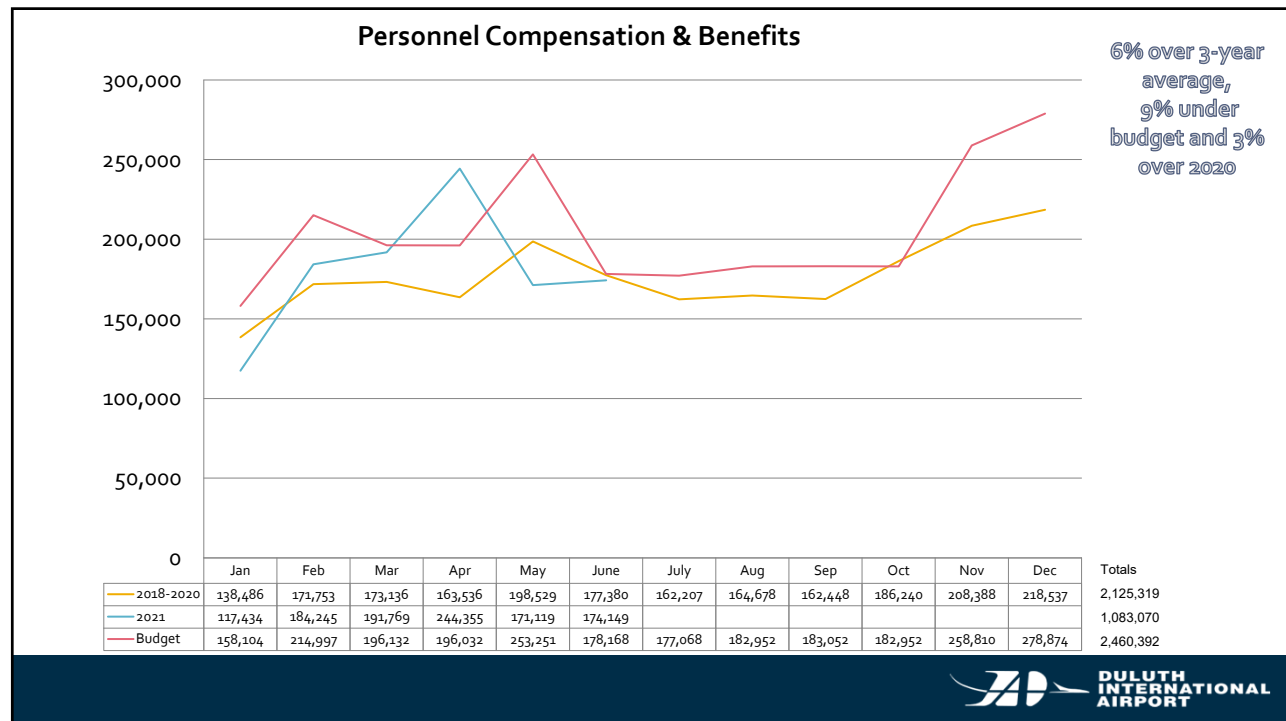
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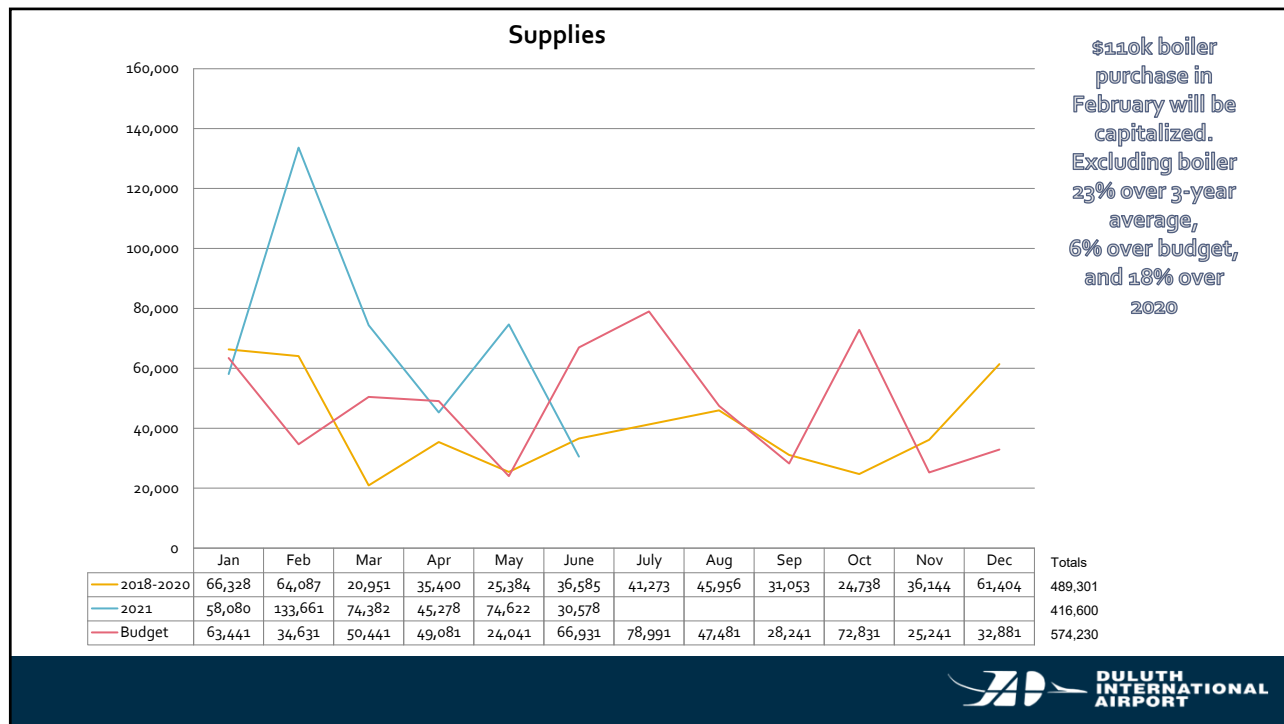
Operating Expenditures



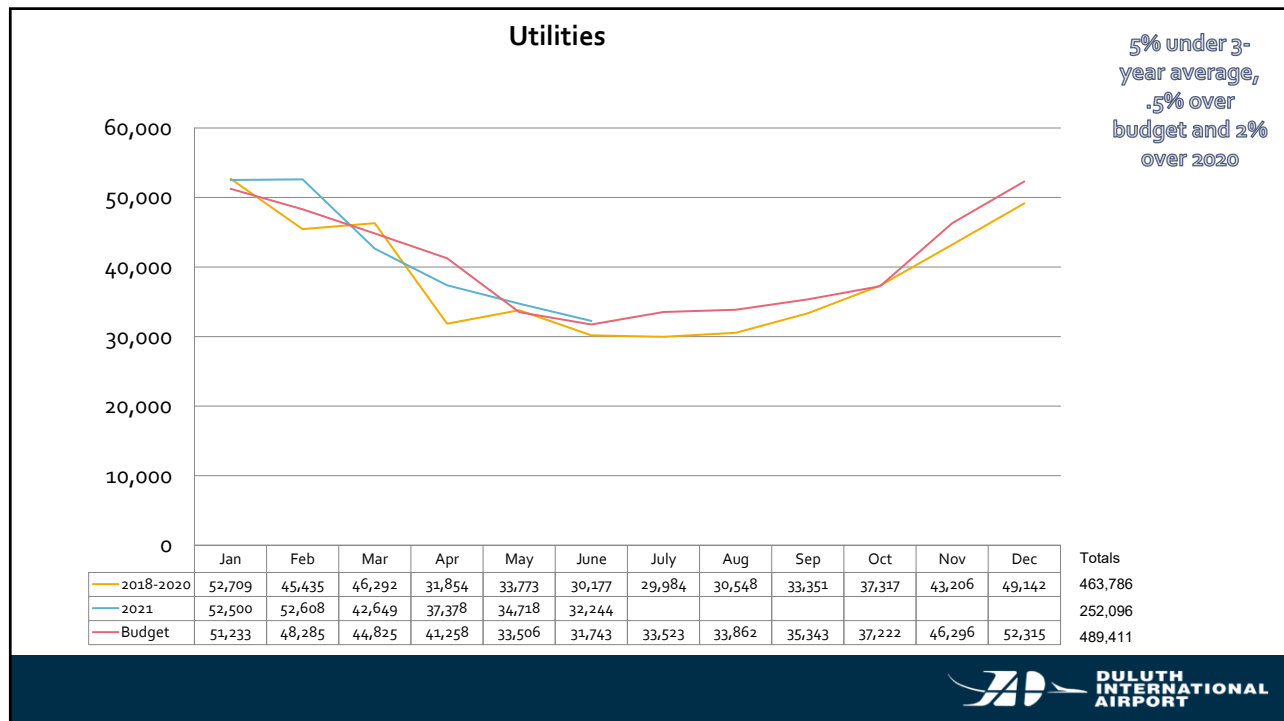
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Executive Summary Jan-June

- Revenues: 103.54% Less Parking MAG Reconciliation (330,923.82)
 - Non-Aero Rev: 106% less MAG Recon
 - Concessions: 115% less MAG Recon
 - Non-Passenger Rev: 98% of budget
 - Concessions: 150% of budget
 - Passenger Airline Revenue: 106% of budget
 - Landing Fees: 144% of budget
- Expenses (less boiler exp \$110k): 93% of budget
 - Personnel Comp & Ben (including retirees): 90% of budget
 - Communications and Technology: 161% of budget
 - Repairs & Maint: 95% of budget
 - Supplies: 106%
- Non-Operating:
 - PFCs are 130% of budget
 - Interest Expense is 75% of budget
- Cash Flow:
 - DAA staff has reserved CARES funds for reimbursement until CRRSA/ARPA grants were received to determine best use of funds. Staff will begin making final CARES requests and M&O requests within the next couple of months.
 - Beginning in September the finance staff will work on making relief funding and state M&O requests.



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Long-Term Liabilities

Debt	City Loan 1 - GO Bonds Issued				City Loan 2 - GO Bonds Issued	DEDA MIF Loan	NCA Loan	City Loan 3 - GO Bonds Issued	Total of Annual Debt Service Payments
Purpose	Terminal & Parking Structure				Parking Structure	Soil Remediation	FBO Buyout	Hangar 103/LSC Rehabilitation	
Payment Source	CFC	PFC	Operating Revenues	Total	Operating Revenues - Parking	Operating Revenues	Operating Revenues - Fuel Flowage	Operating Revenues - LSC Rent	
2012	192,681.26	321,781.26	107,518.76	621,981.28	-	26,666.64	75,000.00		723,647.92
2013	189,981.26	322,281.26	111,018.76	623,281.28	-	26,666.64	75,000.00		724,947.92
2014	192,281.26	322,681.26	109,418.76	624,381.28	115,718.04	26,666.64	75,000.00		841,765.96
2015	194,481.26	322,981.26	107,818.76	625,281.28	338,981.26	26,666.64	75,000.00		1,065,929.18
2016	191,581.26	323,181.26	106,218.76	620,981.28	340,571.26	26,666.64	75,000.00	242,752.33	1,305,971.51
2017	193,681.26	323,281.26	109,618.76	626,581.28	336,071.26	26,666.64	75,000.00	247,137.50	1,311,456.68
2018	190,681.26	323,281.26	107,918.76	621,881.28	335,446.26	26,666.64	75,000.00	247,337.50	1,306,331.68
2019	192,681.26	323,181.26	106,218.76	622,081.28	338,776.26	26,666.64	37,500.00	247,387.50	1,272,411.68
2020	194,193.76	322,331.26	109,306.26	625,831.28	336,336.26	26,666.64	-	247,287.50	1,236,121.68
2021	195,393.76	326,037.50	107,168.76	628,600.02	338,006.26	2,222.62	-	247,037.50	1,215,866.40
2022	191,268.76	324,162.50	109,918.76	625,350.02	338,443.76	-	-	246,637.50	1,210,431.28
2023	191,937.50	321,812.50	107,425.00	621,175.00	338,108.76	-	-	246,087.50	1,205,371.26
2024	192,050.00	323,618.76	109,693.76	625,362.52	336,971.26	-	-	245,387.50	1,207,721.28
2025	191,800.00	324,768.76	111,693.76	628,262.52	340,143.76	-	-	244,537.50	1,212,943.78
2026	196,175.00	325,237.50	108,412.50	629,825.00	337,393.76	-	-	243,437.50	1,210,656.26
2027	-	-	-	-	339,218.76	-	-	246,877.50	586,096.26
2028	-	-	-	-	-	-	-	244,675.00	244,675.00
2029	-	-	-	-	-	-	-	246,975.00	246,975.00
2030	-	-	-	-	-	-	-	243,695.00	243,695.00

**City GO Bonds are not eligible for refinancing until 8 years after the origination date.

Series 2012B GO Tax Exempt - \$7,655,000. First call date February 1, 2022.

Series 2013B GO Tax Exempt - \$3,400,000. First call date February 1, 2024

Series 2015C GO Taxable - \$2,855,000. First call date February 1, 2026



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Questions ...



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COVID Concessionaire & Funding Relief Plans



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COVID Concessionaire Relief Summary

- CRRSA Relief: \$33,311
- ARPA Relief: \$133,243
 - Large Concessionaire: \$26,649
 - Small Concessionaire: \$106,594
- Awaiting ARPA grant from the FAA.
- Concessionaire relief plans for both CRRSA and ARPA have been submitted to the FAA for review. The below reflects the results of the plans. Expected approval in 3-5 weeks. Target Sept/Oct. for board approval.

Concession	2020 Unmet MAG Amount	CRRSA	ARPA - Small	ARPA - Large	2020 MAG Remaining	Notes
Avis Rent-a-Car	\$ 26,477.63	\$ 2,365.07	\$ 40,398.05		\$ (16,285.49)	Additional relief to apply to 2021
Budget Rent a Car	\$ 22,923.95	\$ 1,524.07	\$ 25,222.57		\$ (3,822.68)	Additional relief to apply to 2021
Enterprise Rent a Car	\$ 97,215.42	\$ 5,744.31		\$ 26,649.00	\$ 64,822.11	CFC relief may be provided
Hertz	\$ 56,383.56	\$ -	\$ -		\$ 56,383.56	Requesting Payment in full
Arrowhead Tap House #144	\$ 55,375.86	\$ 1,490.51	\$ 40,973.39		\$ 12,911.96	Remaining due and payable - less than verbally negotiated
Reef Parking	\$ 330,923.82	\$22,187.05	\$ -		\$ 308,736.77	Meeting Thursday to discuss
	<u>\$ 589,300.24</u>	<u>\$33,311.00</u>	<u>\$106,594.00</u>	<u>\$ 26,649.00</u>	<u>\$ 422,746.24</u>	



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Relief Funding Strategy

Grant
Summary

	SFY 2021 M&O		SFY 2021 M&O		CRRSA - DLH	CRRSA - DYT	ARPA - DLH	ARPA - DYT	Total
	CARES	- DLH	- DYT						
Date Funds Expire (estimate)	5/12/2024	12/31/2021	12/31/2021	3/14/2025	4/8/2025	2025	2025		
Total	\$ 5,276,844.00	\$ 201,621.00	\$ 20,920.00	\$ 1,641,598.00	\$ 13,000.00	\$ 2,355,321.00	\$ 32,000.00	\$ 9,574,615.00	
Amt. Prev. Req.	\$ (3,929,661.40)							\$ (3,929,661.40)	
Remaining	<u>\$ 1,347,182.60</u>	<u>\$ 201,621.00</u>	<u>\$ 20,920.00</u>	<u>\$ 1,641,598.00</u>	<u>\$ 13,000.00</u>	<u>\$ 2,355,321.00</u>	<u>\$ 32,000.00</u>	<u>\$ 5,644,953.60</u>	

- Relief funding is requested on a reimbursement bases, allowing the DAA to request more in expense reimbursement than loss of revenue, which has improved cash position during pandemic.
- CARES funds will be encumbered by year-end on 2021 debt service and M&O Reimbursements.
- Once CARES funds encumbered, State M&O requests for DLH and DYT will be made in their full amounts.
- CRRSA funds will be requested for remaining share of budgeted relief for 2021.
- \$1 Million dollars of CRRSA and ARPA funds have been assumed to be used on M&O over the course of the next three years to assist with expenses if there happens to be a slow recovery.
- ARPA funds are planned to be used to pay down operating principal for 2023-2025 leaving \$344 thousand to be used for M&O or debt service if needed.



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