

# Finance Department Update



# Updates

- Administrative Coordinator Position: Offer made and accepted yesterday.
- Q2 Financial Update

# Duluth Airport Authority 2024 Q2 Unaudited Financial Update

Presented by:

Joelle Bodin, C.M.  
Finance Director





**Duluth Airport Authority  
DAA Board Packet Budget vs. Actual Summary  
From Jan 2024 to Jun 2024**

**UNAUDITED**

Financial Row	Prior Year Actual (Jan 2023 - Jun 2023)	Current Year Actual (Jan 2024 - Jun 2024)	Budget Amount (Jan 2024 - Jun 2024)	% of Budget	Variance from Prior Year	Variance From Budget	Total Budget (Jan 2024 - Adjunct 2024)
<b>Ordinary Income/Expense</b>							
Income							
Non-Aeronautical Revenue	1,886,011	1,685,771	1,550,264	108.74%	(200,239)	135,507	3,270,423
Non-Passenger Aeronautical Revenue	839,798	853,194	830,643	102.71%	13,396	22,551	1,699,641
Passenger Airline Aeronautical Revenue	686,140	808,841	814,755	99.27%	122,701	(5,914)	1,626,676
<b>Total - Income</b>	<b>3,411,949</b>	<b>3,347,806</b>	<b>3,195,663</b>	<b>104.76%</b>	<b>(64,142)</b>	<b>152,143</b>	<b>6,596,739</b>
Gross Profit	3,411,949	3,347,806	3,195,663	104.76%	(64,142)	152,143	6,596,739
Expense							
Miscellaneous Expenses	47,400	155,950	53,160	293.36%	108,549	102,790	96,690
Personnel Compensation & Benefits	1,312,242	1,296,278	1,420,168	91.28%	(15,965)	(123,890)	3,015,668
Services and Charges	1,148,641	1,272,301	1,262,427	100.78%	123,660	9,874	2,433,958
Supplies	411,740	382,204	439,517	86.96%	(29,536)	(57,313)	767,463
<b>Total - Expense</b>	<b>2,920,023</b>	<b>3,106,732</b>	<b>3,175,272</b>	<b>97.84%</b>	<b>186,709</b>	<b>(68,539)</b>	<b>6,313,779</b>
<b>Net Ordinary Income</b>	<b>491,925</b>	<b>241,074</b>	<b>20,391</b>	<b>1,182.24%</b>	<b>(250,851)</b>	<b>220,683</b>	<b>282,959</b>
Other Income and Expenses							
Other Income							
Capital Contributions	2,400,321	0	0	0.00%	(2,400,321)	0	0
Non-Operating Revenue	460,557	383,948	390,970	98.20%	(76,609)	(7,022)	648,529
<b>Total - Other Income</b>	<b>2,860,878</b>	<b>383,948</b>	<b>390,970</b>	<b>98.20%</b>	<b>(2,476,930)</b>	<b>(7,022)</b>	<b>648,529</b>
Other Expense							
Non-Operating Expense	70,982	60,660	70,587	85.94%	(10,321)	(9,927)	141,174
<b>Total - Other Expense</b>	<b>70,982</b>	<b>60,660</b>	<b>70,587</b>	<b>85.94%</b>	<b>(10,321)</b>	<b>(9,927)</b>	<b>141,174</b>
<b>Net Other Income</b>	<b>2,789,896</b>	<b>323,287</b>	<b>320,383</b>	<b>100.91%</b>	<b>(2,466,609)</b>	<b>2,904</b>	<b>507,355</b>
<b>Net Income Exclusive of Project Expenses, Depreciation &amp; Amortization</b>	<b>3,281,822</b>	<b>564,362</b>	<b>340,774</b>	<b>165.61%</b>	<b>(2,717,460)</b>	<b>223,587</b>	<b>790,315</b>
Projects/Grants	1,003,456	6,510,569	9,885,231	65.86%	5,507,112	(3,374,662)	19,770,462
Depreciation & Amortization	(5,689,515)	0	(5,371,825)	0.00%	5,689,515	5,371,825	(10,743,651)
<b>Net Income</b>	<b>(1,404,237)</b>	<b>7,074,930</b>	<b>4,854,180</b>	<b>145.75%</b>	<b>8,479,167</b>	<b>2,220,750</b>	<b>9,817,126</b>

- Overall: At the time this report was generated for the above period, the DAA is at an overall favorable variance budget vs actual of \$223K.
- Operating Revenue: Non-Aeronautical Revenue is \$135k over budget overall. Concessions revenues are \$6k over budget, parking revenues are \$67k over budget and customer facility charges are \$62k over budget. We also received an insurance reimbursement for damage to the terminal and cameras. Non-passenger aeronautical revenue is 22k over budget due to increased rent, aviation gas sales, and concessions. Security reimbursements are down over \$13k due to the loss of the TSA LEO reimbursement program. Passenger Airline Aeronautical revenue is nearly 6k under budget due to less landing fees than predicted. Operating Revenues are 152k over budget overall.
- Operating Expenses: Miscellaneous Expenses are \$102k over budget, mostly due to the North Business Development Area Buyout. Personnel Compensation and Benefits are \$123k under budget. Supplies are \$57k under budget. Services and charges are nearly \$10k over budget. Operating expenses are \$68k under budget overall.
- Non-Operating Revenue: Non-operating revenue is under budget by \$7k. Interest income of is under budget by over \$12k and PFCs over budget by \$5.6k..
- Non-Operating Expenses: Non-Operating Expenses is under budget by nearly 10k due to reduced interest expense as the line of credit was not been utilized in 2024.
- Report Disclaimer: The results of this report are expected to change slightly with delayed revenue and expense postings.
- OPERATING POLICY #28 MINIMUM CASH BALANCE REPORTING BASED ON 2023 AUDITED FINANCIALS AS OF 8/13/2024:
  - o Minimum Cash Balance Goal: \$2,930,908 Current Balance: \$2,531,143 (does not include grants receivable)
  - o Days Cash on Hand: 155 days currently vs 180 day benchmark (25 days UNDER goal)
  - o Construction grants receivable are over \$3M.

# Executive Summary – Q2 2024

- Operating Revenues: 106% of budget
  - Non-Aero Rev: 111%
    - Concessions: 102% (+6k)
    - Parking Lot Overall: 106% of budget (+50k)
    - Misc. Rev: Badging: (+\$16k)
  - Non-Passenger Rev: 102% of budget
    - Concessions: 116% of budget (+12k)
    - Rent: 103% of budget (+17k)
    - Security Reimbursement: 73% of budget (-13k)
  - Passenger Airline Revenue: 99% of budget
    - Landing Fees: 94% of budget (-9k)
    - Rent/Per Use: 100% of budget
- Expenses: 98% of budget
  - Personnel Comp & Benefits (inc. retirees): 91% of budget (-123k)
  - Services & Charges: 101% of budget (+9.8k)
    - Communications and Technology: 113% of budget (+18k)
    - Utilities: 109% of budget due to electrical (+31k)
    - Professional Services: 92% of budget (-18k)
    - Repairs/Maintenance Contractual: 84% of budget (-48k)
  - Supplies: 87% of budget – SH Furniture inflating this.
    - Fuel: 48% of budget (-54k)
    - Airfield Sand: 63% of budget (-15k)
    - Deice Fluid: 157% of budget (+28k)
- Non-Operating:
  - PFCs income is 102% of budget (+5k)
  - Interest Income is 90% of budget (-12k) – 4.61% in June
  - Interest Expense is 86% of budget (-10k)
- Budget Reminder:
  - DAA budgeted to utilize \$683k in cash reserves in 2024.
- Minimum Cash Balance Policy:
  - Cash Required: \$2,930,308
  - Current Cash Available: \$2,531,143 not including grants receivable
  - Grants Receivable Balance (8/15/2024): \$7,306,607
  - Days Cash on Hand (Goal 180): 155 (25 days under goal)
  - We continue to have a very aggressive construction schedule which will heavily utilize cash as our grants are on a reimbursement basis. Cash will support local share of grants which do not have other sources of local reimbursement.
  - DAA has a \$2M line of credit with the City of Duluth which can be utilized to support operations or construction while awaiting grant reimbursement.

	<b>Grant Receivable</b>
2019 AIP-64 / 193 Master Plan	\$ 85,054.00
2021 AIP-69 / SP-198 Taxiway A Recon P1	\$ -
2021 AIP-69 / SP-198 Taxiway A Recon P1 - MCCA	\$ 13,505.10
2022 AIP-72 / SP-204 Rnwy 321 Ltg, Blower, RA	\$ 118,942.60
2023 AIP-73 / SP-214 Multi-Use Equipment	
2022 AIP-74 / SP-205 Phs 2&4 Txy A, Phs 3 Des, Blower	\$ 742,752.74
2023 AIG-75 / SP-213 Hngr 101 Demo, CA, EA	\$ 29,613.58
AIG- Hangar 101 Phs 2	\$ 110,745.43
2023 AIG-76 / SP-215 De-ice Trlr /Aplctr & Ranch Hgrs	\$ 325,730.77
2023 AIP-77 / SP-210 P3 Txy A, Txy C S & RA	\$ 1,243,063.98
Taxiway A Phs 3 - ANG	\$ 206,680.00
2024 ATP-79 Tower	\$ 2,732,499.17
2024 ATP-79 Tower - INELIGIBLE	\$ 681,951.71
SRE Front End Loander and PAPI 9/27	\$ 82,418.81
2020 AIP-15 Planning Study	\$ 4,945.00
2022 AIP-18 Sky Harbor Apron Rehab	\$ 18,585.00
2023 AIP-19 / SP-A56 Const SRE, Tribal, Invasive, CA & Admin.	\$ 9,434.63
<b>MULTI-GRANT 2025, 2026 Const SRE, Tribal, Invasive, CA</b>	<b>\$ 88,904.14</b>
2023 AIG-20 / SP-A54 SRE Bldg Phs 1 Des/Terminal Phs 1 Des	\$ 51,249.52
2023 ATP-21 / SP-A55 Const Terminal, Tribal, & CA	\$ (43,689.32)
2024 AIG-22 / SP-A?? Constr Terminal Phase 3	\$ 267,746.00
<b>MULTI-GRANT 2024, 2025 Const Terminal, Tribal, &amp; CA</b>	<b>\$ 407,214.26</b>
2023 AIG NBDA (Lifelink)	\$ 2,850.00
2024 AIG Midfield Ramp Hangar Development	\$ 2,850.00
2024 AIG Drainage Master Plan (Stormwater)	\$ 19,209.00
2024 AIG Deice Tank, Pad Design	\$ 37,620.00
2024 DYT Hangar 1 Rehabilitation	
2024 AIP DYT Phs 4 Terminal Sch A and Aquatic	\$ 49,748.65
SP-A53 Seaplane Base Improvements	\$ 563.26
SP-A57 John Deere Tractor and attachments	
SP-207 Pavement Maintenance	\$ 4,372.14
SP-208 Midfield Ramp Repair Construction Phs 1	\$ 455.00
SP- 212 Taxiway C North 70/30	\$ -
SP-216 Midfield Ramp Repair Phs 2 Design	\$ -
2024 SP-217 2024 Ford, V-plow, radios	
SP- Midfield Ramp Repair Phs 2, Construction	
20223 2024 SM031	\$ 9,212.40
20224 2025 SM032	\$ 2,380.00
	<b>\$ 7,306,607.57</b>
At withholding retainage % - Close Outs	\$ 1,390,378.31
No Grant	\$ 1,483,512.00
Current GR	\$ 4,432,717.26

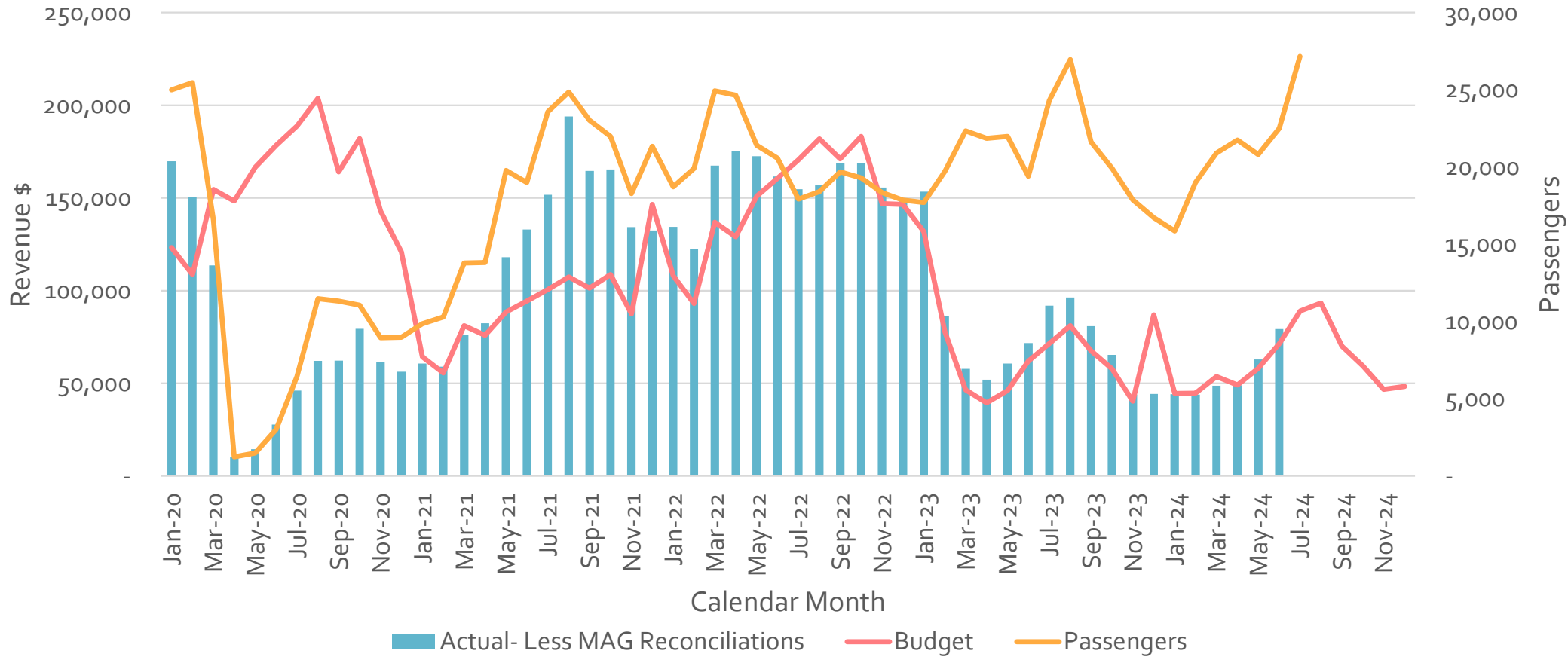
# Grants Receivable as of 8/15/2024

## ● Highlights:

- Total grants receivable is over \$7M
- Current grants receivable was \$4.4 (\$3M Awaiting state companion grants to be processed)
- \$1.4M Awaiting Grant – Blue (ATCT)
- \$1.4M at withholding awaiting closeout and retainage of 5-10% - Mauve
- Working expeditiously to close out grants and get grants executed to reduce grants receivable.

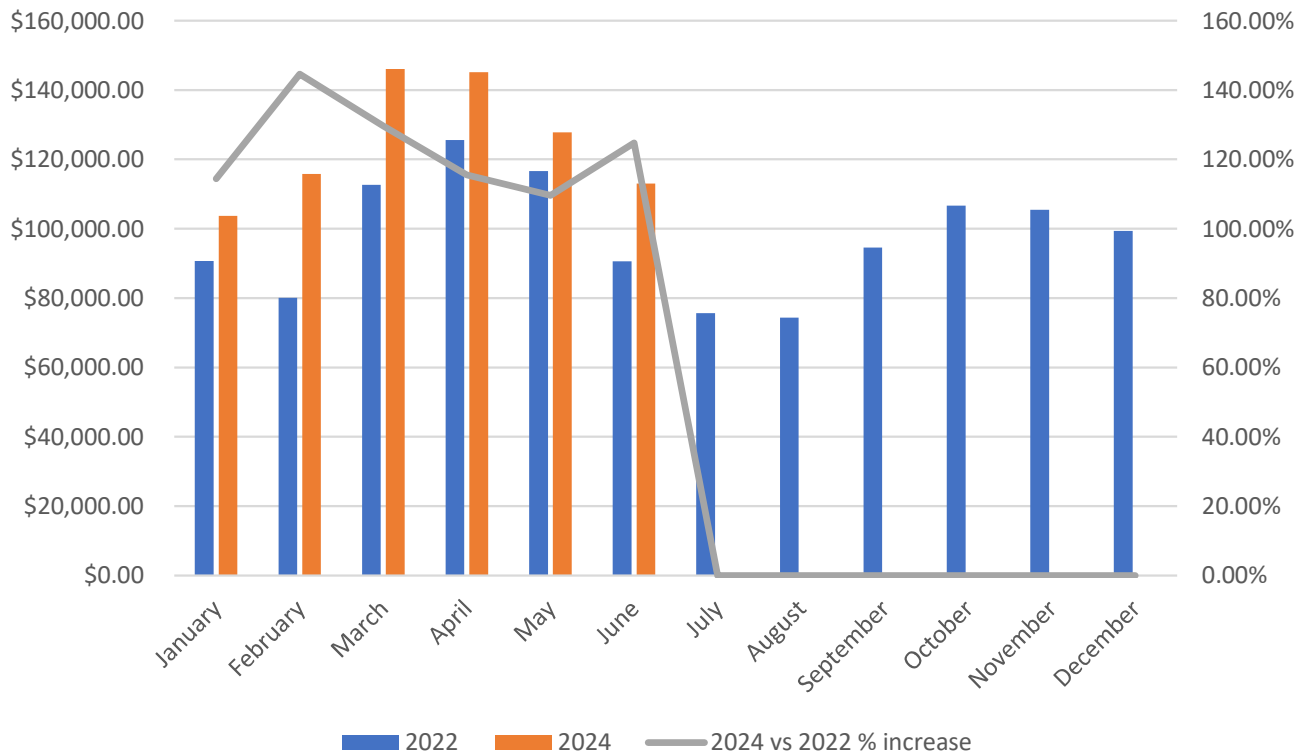
# Non-Aeronautical Revenue Concessions

Excluding MAG Reconciliations, Relief & Write-Offs, and Parking beginning March 2023



# PARKING TECHNOLOGY UPGRADE SUCCESS

Net Parking Revenue Comparison 2023 vs 2022



- Net parking revenue through June of 2024 is 21% over 2022. \$135k more.
- Average parking \$ per passenger is:
  - 2022:\$4.85
  - 2024: \$6.24
- The HUB Contract investment was \$231k



# OTHER REVENUES TO WATCH

- DAA collected revenues from Sun Country for 2024 service, this combined with increased rates increased revenues by \$122k through June 2024 over 2023. Still awaiting confirmation for service 2024-2025.
- CFCs are now collected on each day of a car rental in 2024 vs up to 4 days cap. CFCs were up \$55k through June 2024 vs June 2023. Car rental concessions are down \$10k.
- Hangar rents in 2024 will be higher due to new ranch hangars. Hangar rentals are up \$16k from 2023 due to increased rates and new hangar options. \$12k of which is new ranch hangars.
- Future land leases and rents for new development projects still in the works.
- FBO Concession revenues as we transition in the coming months to a new operator.
- Loss of TSA LEO Reimbursement beginning May 2024
- Interest Income is coming down due to use of cash to support construction projects.

# OTHER EXPENSES TO WATCH

- Sand vs Deice fluid expenses in 2024. DAA acquired new equipment to provide this maintenance. Deicing fluid expenses are up while sand is down. This is the trend used for budgeting for 2025.
- Contractual Services: Every contract renewal is more expensive than previous.
- Local shares of grants: We strive to always have a source of funding for local shares of grants, but sometimes ineligible shares will be 100% local.
- Sky Harbor – new building expenses.

## 2024 Long-Term Liability Analysis

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
	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	187,301.13	310,695.11	590,000.00	1,087,996.24	338,006.26	2,222.62	-	247,037.50	1,675,262.62
2022	184,447.50	310,905.00		495,352.50	338,443.76	-	-	246,637.50	1,080,433.76
2023	178,485.00	309,282.50		487,767.50	338,108.76	-	-	246,087.50	1,071,963.76
2024	182,040.00	311,775.00		493,815.00	336,971.26	-	-	245,387.50	1,076,173.76
2025	185,115.00	308,475.00		493,590.00	340,143.76	-	-	244,537.50	1,078,271.26
2026	187,775.00	309,575.00		497,350.00	337,393.76	-	-	243,437.50	1,078,181.26
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. - Bond refinance completed in 2021 to utilize relief funds and pay off operating share c

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

# QUESTIONS



# Duluth Airport Authority Board Meeting Action Items

Presented by:

Joelle Bodin, C.M.  
Finance Director



# Resolution to Approve the Updated 2024 Rates and Charges Schedule for DLH.

- The rates and charges needed to be updated to better reflect updates made in the restated FBO agreement.
- Added disclaimer next to the transient landing fee to change the category title and rate effective January 1, 2025.
- Added aircraft definitions to align with FBO contract.
- 2025 rates and charges will come in front of the board in draft form in October and for approval in November.

# Resolution to Approve the Updated 2024 Rates and Charges Schedule for DYT.

- The maintenance operator at DYT will no longer be leasing property for float storage therefore the DAA will be charging people for this space.
- Fees for float storage were established and added to the rates and charges schedule for your approval.