

# Finance Department Update



# Updates

- Final Property Insurance Cost 2023 – 2024: \$103,824.20: Board approved up to 110k
- 2025 Cost Allocation Update: \$133,200: Received information after information request, under review
- Audit RFP: Enabling Legislation – City Auditor requests audit to be completed for authorities
  - Two Firms Bid, both reputable (Baker Tilly & CLA)
  - Met last week to evaluate successful proposer
  - One firm will be selected due to near \$20k difference in price
  - Next steps may require board approval in December
- Storm Water Update: SEH worked to get maps and memo prepared, having Kaplan and Kirsch review and provide guidance.
- Financial Update

# Duluth Airport Authority 2024 Q3 Unaudited Financial Update

Presented by:

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Finance Director



**DULUTH  
AIRPORT  
AUTHORITY**

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

**UNAUDITED**

Financial Row	Prior Year Actual (Jan 2023 - Sep 2023)	Current Year Actual (Jan 2024 - Sep 2024)	Budget Amount (Jan 2024 - Sep 2024)	% of Budget	Variance from Prior Year	Variance From Budget	Total Budget (Jan 2024 - Adjust 2024)
<b>Ordinary Income/Expense</b>							
<b>Income</b>							
Non-Aeronautical Revenue	2,746,751	2,937,543	2,540,235	115.64%	190,792	397,308	3,270,423
Non-Passenger Aeronautical Revenue	1,279,013	1,287,615	1,279,701	100.62%	8,602	7,913	1,699,641
Passenger Airline Aeronautical Revenue	1,076,148	1,250,996	1,232,580	101.49%	174,848	18,416	1,626,676
<b>Total - Income</b>	<b>5,101,912</b>	<b>5,476,154</b>	<b>5,052,517</b>	<b>108.38%</b>	<b>374,242</b>	<b>423,637</b>	<b>6,596,739</b>
<b>Gross Profit</b>	<b>5,101,912</b>	<b>5,476,154</b>	<b>5,052,517</b>	<b>108.38%</b>	<b>374,242</b>	<b>423,637</b>	<b>6,596,739</b>
<b>Expense</b>							
Miscellaneous Expenses	73,124	183,451	73,903	248.23%	110,328	109,549	96,690
Personnel Compensation & Benefits	2,032,205	2,003,156	2,196,060	91.22%	(29,049)	(192,904)	3,015,668
Services and Charges	1,714,636	1,942,942	1,833,574	105.96%	228,305	109,367	2,433,958
Supplies	562,192	515,186	578,541	89.05%	(47,007)	(63,356)	767,463
<b>Total - Expense</b>	<b>4,382,157</b>	<b>4,644,734</b>	<b>4,682,078</b>	<b>99.20%</b>	<b>262,577</b>	<b>(37,344)</b>	<b>6,313,779</b>
<b>Net Ordinary Income</b>	<b>719,755</b>	<b>831,420</b>	<b>370,439</b>	<b>224.44%</b>	<b>111,665</b>	<b>460,981</b>	<b>282,959</b>
<b>Other Income and Expenses</b>							
<b>Other Income</b>							
Capital Contributions	2,400,321	0	0	0.00%	(2,400,321)	0	0
Non-Operating Revenue	666,583	543,853	529,170	102.77%	(122,730)	14,683	648,529
<b>Total - Other Income</b>	<b>3,066,904</b>	<b>543,853</b>	<b>529,170</b>	<b>102.77%</b>	<b>(2,523,051)</b>	<b>14,683</b>	<b>648,529</b>
<b>Other Expense</b>							
Non-Operating Expense	106,473	91,035	105,880	85.98%	(15,438)	(14,846)	141,174
<b>Total - Other Expense</b>	<b>106,473</b>	<b>91,035</b>	<b>105,880</b>	<b>85.98%</b>	<b>(15,438)</b>	<b>(14,846)</b>	<b>141,174</b>
<b>Net Other Income</b>	<b>2,960,431</b>	<b>452,818</b>	<b>423,290</b>	<b>106.98%</b>	<b>(2,507,613)</b>	<b>29,528</b>	<b>507,355</b>
<b>Net Income Exclusive of Project Expenses, Depreciation &amp; Amortization</b>	<b>3,680,186</b>	<b>1,284,238</b>	<b>793,728</b>	<b>161.80%</b>	<b>(2,395,948)</b>	<b>490,509</b>	<b>790,315</b>
<b>Projects/Grants</b>	<b>6,845,276</b>	<b>17,871,276</b>	<b>14,827,846</b>	<b>120.53%</b>	<b>11,026,000</b>	<b>3,043,429</b>	<b>19,770,462</b>
<b>Depreciation &amp; Amortization</b>	<b>(8,533,699)</b>	<b>0</b>	<b>(8,057,738)</b>	<b>0.00%</b>	<b>8,533,699</b>	<b>8,057,738</b>	<b>(10,743,651)</b>
<b>Net Income</b>	<b>1,991,763</b>	<b>19,155,513</b>	<b>7,563,837</b>	<b>253.25%</b>	<b>17,163,750</b>	<b>11,591,677</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 \$490k.
- **Operating Revenue:** Non-Aeronautical Revenue is \$397k over budget overall. Concessions revenues are \$54k over budget, parking revenues are \$164k over budget and customer facility charges are \$140k over budget. Rent is now showing under budget, due to the loss of rent from Hydrosolutions. Non-passenger aeronautical revenue is nearly 8k over budget due to increased rent and concessions. Security reimbursements are down over \$37k due to the loss of the TSA LEO reimbursement program and aviation gas sales at Sky Harbor are down \$11k. Passenger Airline Aeronautical revenue is \$18k over budget. Operating Revenues are 423k over budget overall.
- **Operating Expenses:** Miscellaneous Expenses are \$109k over budget, mostly due to the North Business Development Area Buyout. Personnel Compensation and Benefits are \$193k under budget. Supplies are \$63k under budget. Services and charges are \$109k over budget due to increases in contract security, communications and technology and other professional services. Operating expenses are \$37k under budget overall.
- **Non-Operating Revenue:** Non-operating revenue is over budget by \$15k. Interest income is under budget by \$18k and PFCs are over budget by nearly \$76k. There was a loss on disposal of capital assets of \$43k.
- **Non-Operating Expenses:** Non-Operating Expenses are under budget by \$15k due to reduced interest expense as the line of credit has 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 11/12/2024:**
  - Minimum Cash Balance Goal: \$2,930,908 Current Balance: \$4,443,533 (does not include grants receivable)
  - Days Cash on Hand: 273 days currently vs 180 day benchmark (93 days OVER goal)

# Operating Policy #28: Minimum Cash Balance Policy Reporting

- Cash Required: \$2,930,308
- Current Cash Available: \$4,443,533 not including grants receivable
- Grants Receivable Balance (11/14/2024): \$4,276,140
- Days Cash on Hand (Goal 180): 273 (93 days OVER goal)
- We continue to have a very aggressive construction schedule throughout summers, 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. The line of credit authorization expires December of 2025.

# Grants Receivable as of 11/14/2024

- Highlights:

- Total grants receivable is over \$4M
- Current grants receivable was \$1.7 (\$1.6M has been received)
- \$1.1M Awaiting Grant – Blue (ATCT)
- \$1.3M at withholding awaiting closeout and retainage of 5-10% - Mauve
- Working expeditiously to close out grants and get grants executed to reduce grants receivable.

	<b>Grant Receivable</b>
2019 AIP-64 / 193 Master Plan	\$ 85,054.00
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	\$ 82,674.16
2022 AIP-74 / SP-205 Phs 2&4 Txyw A, Phs 3 Des, Blower	\$ 528,112.58
2023 AIG-75 / SP-213 Hngr 101 Demo, CA, EA	\$ 29,613.58
AIG- Hangar 101 Phs 2	\$ 115,600.00
2023 AIG-76 / SP-215 De-ice Trlr /Aplctr & Ranch Hgrs	\$ 364,856.57
2023 AIP-77 / SP-210 P3 Txyw A,Txyw C S & RA	\$ 1,589,754.18
Taxiway A Phs 3 - ANG	\$ 112,179.54
2024 AIP-78 SRE CAT 972XE Loader & Attmnt: PAPI 9/27	\$ -
2024 ATP-79 / SP-219 Tower	\$ -
2024 Tower - INELIGIBLE	\$ 800,874.53
2024 AIP-80 / SP-220 Taxiway A Phs #5 and #6 Design	\$ -
2024 ANG Taxiway A Phs #5 and #6 Design	\$ 7,300.00
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.	\$ 25,887.25
MULTI-GRANT 2025, 2026 Const SRE, Tribal, Invasive, CA	\$ 110,934.64
2023 AIG-20 / SP-A54 SRE Bldg Phs 1 Des/Terminal Phs 1 De	\$ 40,685.00
2023 ATP-21 / SP-A55 Const Terminal, Tribal, & CA	\$ (3,655.97)
2024 AIG-22 / SP-A58 Constr Terminal Phase 3	\$ 27,517.73
2024 AIP-23 DYT Phs 4 Terminal Sch A and Aquatic	\$ 21,577.25
MULTI-GRANT 2025 Const Terminal, Tribal, & CA	\$ 90,836.75
2023 AIG NBDA (Lifelink)	\$ 2,850.00
2024 Midfield Ramp Phs #3	\$ -
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	\$ -
SP-A53 Seaplane Base Improvements	\$ 563.26
SP-A57 John Deere Tractor and attachments	\$ -
SP-207 Pavement Maintenance	\$ 4,372.14
SP- 212 Taxiway C North 70/30	\$ -
SP-216 Midfield Ramp Repair Phs 2 Design and Construction	\$ 5,182.80
2024 SP-217 2024 Ford, V-plow, radios	\$ -
20224 2025 SM032	\$ 17,713.50
	<b>\$ 4,276,140.19</b>
At withholding retainage % - Close Outs	\$ 1,358,299.85
No Grant	\$ 1,180,774.92
Current GR	\$ 1,737,065.42
	<b>\$ 4,276,140.19</b>

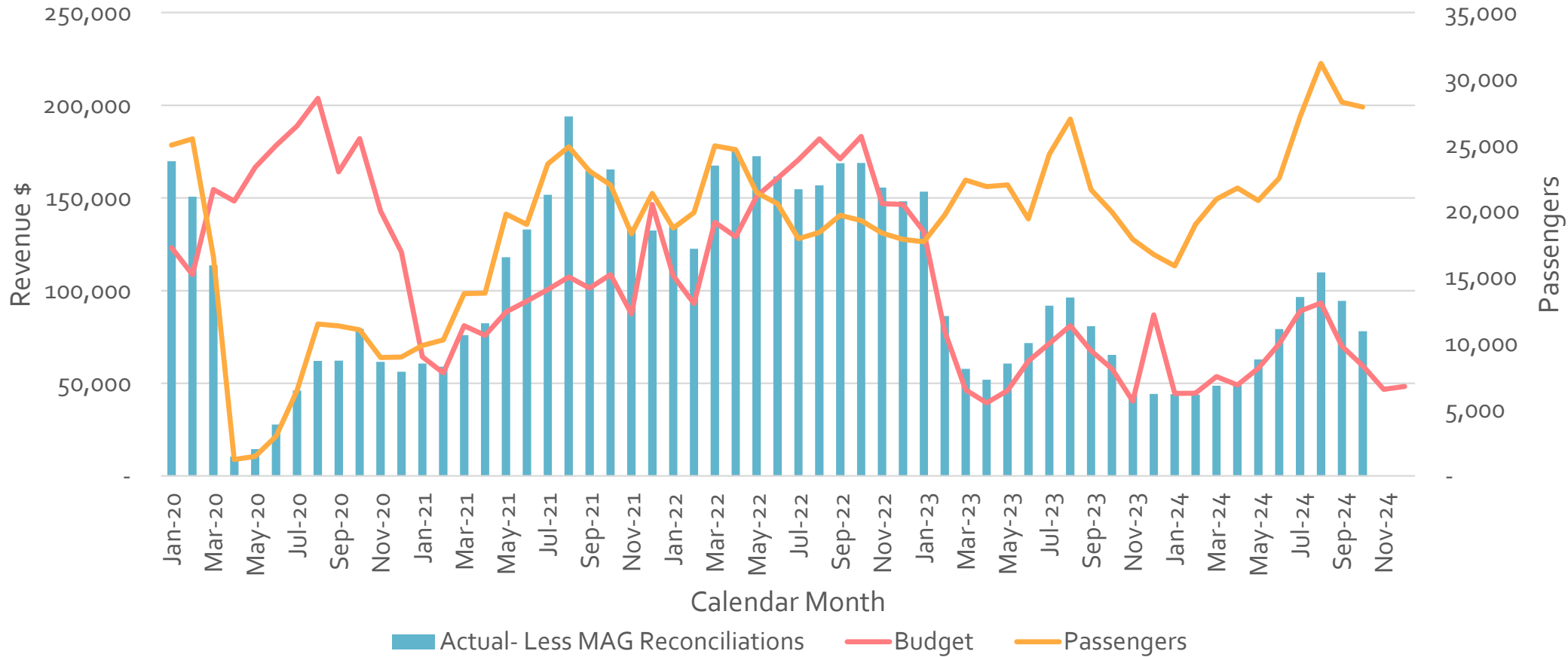
Financial Row	Prior Year Actual (Jan 2023 - Sep 2023)	Current Year Actual (Jan 2024 - Sep 2024)	Budget Amount (Jan 2024 - Sep 2024)	% of Budget	Variance from Prior Year	Variance From Budget	Total Budget (Jan 2024 - Adjust 2024 )	Notes
<b>Ordinary Income/Expense</b>								
<b>Income</b>								
<b>Non-Aeronautical Revenue</b>								
Advertising Income	28,840	29,998	17,300	173.40%	1,158	12,698	18,050	
<b>Concession Revenue</b>	<b>750,916</b>	<b>628,852</b>	<b>573,969</b>	<b>109.56%</b>	<b>(122,065)</b>	<b>54,883</b>	<b>728,448</b>	Concessions are 109% of Budget
Customer Facility Charges	192,500	317,656	177,707	178.75%	125,156	139,949	223,169	Started charging every day vs 4 day maximum
<b>Miscellaneous Revenues</b>	<b>94,206</b>	<b>99,643</b>	<b>64,365</b>	<b>154.81%</b>	<b>5,437</b>	<b>35,278</b>	<b>91,820</b>	
<b>Parking</b>	<b>1,112,855</b>	<b>1,311,774</b>	<b>1,147,077</b>	<b>114.36%</b>	<b>198,919</b>	<b>164,698</b>	<b>1,522,855</b>	Parking is 114% of budget overall.
Permits	5,915	5,566	7,192	77.39%	(349)	(1,626)	7,210	
Flowing Services	2,023	0	2,000	0.00%	(2,023)	(2,000)	2,000	
<b>Reimbursed Expenses</b>	<b>54,078</b>	<b>84,103</b>	<b>37,517</b>	<b>224.17%</b>	<b>30,025</b>	<b>46,586</b>	<b>53,104</b>	
Rent	193,427	160,471	180,189	89.06%	(32,956)	(19,718)	234,002	
Sponsorship Income	47,000	38,000	54,000	70.37%	(9,000)	(16,000)	87,000	
State Aid	264,989	279,549	278,920	100.23%	14,560	629	302,765	
<b>Total - Non-Aeronautical Revenue</b>	<b>2,746,751</b>	<b>2,955,612</b>	<b>2,540,235</b>	<b>116.35%</b>	<b>208,861</b>	<b>415,377</b>	<b>3,270,423</b>	Non-Aeronautical Revenue is 116% of Budget
<b>Non-Passenger Aeronautical Revenue</b>								
Aviation Gas	56,668	55,243	66,900	82.57%	(1,425)	(11,657)	75,000	
<b>Concession Revenue</b>	<b>139,177</b>	<b>150,700</b>	<b>125,799</b>	<b>119.79%</b>	<b>11,523</b>	<b>24,901</b>	<b>165,859</b>	Concessions are 119% of budget
Event Income	38,999	38,179	38,000	100.47%	(820)	179	38,000	
FBO Parking	0	275	0	0.00%	275	275	0	
<b>Landing Fees</b>	<b>27,543</b>	<b>29,260</b>	<b>26,612</b>	<b>109.95%</b>	<b>1,717</b>	<b>2,648</b>	<b>35,165</b>	
Ramp Fees	16,725	15,255	14,814	102.98%	(1,470)	441	19,752	
<b>Rent</b>	<b>917,559</b>	<b>959,699</b>	<b>929,516</b>	<b>103.25%</b>	<b>42,139</b>	<b>30,183</b>	<b>1,260,125</b>	Rent is 103% of budget
Security Reimbursement	75,615	36,274	74,100	48.95%	(39,341)	(37,826)	100,700	49% of budget due to loss of funding.
Tie Downs	6,725	2,820	3,960	71.21%	(3,905)	(1,140)	5,040	
<b>Total - Non-Passenger Aeronautical Revenue</b>	<b>1,279,013</b>	<b>1,287,705</b>	<b>1,279,701</b>	<b>100.63%</b>	<b>8,692</b>	<b>8,003</b>	<b>1,699,641</b>	Non-Passenger Aeronautical Revenue is 100% of budget.
<b>Passenger Airline Aeronautical Revenue</b>								
<b>Landing Fees</b>	<b>234,799</b>	<b>282,767</b>	<b>268,524</b>	<b>105.30%</b>	<b>47,969</b>	<b>14,244</b>	<b>342,637</b>	Landing fees are 105% of budget.
Per Use Fee	4,142	2,831	0	0.00%	(1,310)	2,831	0	
Terminal Office/Space Rental	837,208	965,398	964,056	100.14%	128,190	1,342	1,284,039	
<b>Total - Passenger Airline Aeronautical Revenue</b>	<b>1,076,148</b>	<b>1,250,996</b>	<b>1,232,580</b>	<b>101.49%</b>	<b>174,848</b>	<b>18,416</b>	<b>1,626,676</b>	Passenger Airline Aeronautical Revenue is 101% of budget overall
<b>Total - Income</b>	<b>5,101,912</b>	<b>5,494,313</b>	<b>5,052,517</b>	<b>108.74%</b>	<b>392,401</b>	<b>441,796</b>	<b>6,596,739</b>	

Financial Row	Prior Year Actual (Jan 2023 - Sep 2023)	Current Year Actual (Jan 2024 - Sep 2024)	Budget Amount (Jan 2024 - Sep 2024)	% of Budget	Variance from Prior Year	Variance From Budget	Total Budget (Jan 2024 - Adjust 2024 )	Notes
<b>Expense</b>								
Miscellaneous Expenses	73,124	183,451	73,903	248.23%	110,328	109,549	96,690	
<b>Personnel Compensation &amp; Benefits</b>								
Benefit Administration Fees	296	245	950	25.77%	(51)	(705)	1,100	
Employer Contributions for Retirement	180,846	180,931	202,106	89.52%	85	(21,175)	279,915	
Employer Paid Insurance	333,191	328,966	342,789	95.97%	(4,225)	(13,824)	458,158	
Retiree Benefits	105,925	102,123	109,103	93.60%	(3,802)	(6,981)	145,471	
Unemployment Compensation	2,910	0	0	0.00%	(2,910)	0	0	
Wages & Salaries	1,385,607	1,371,520	1,509,611	90.85%	(14,087)	(138,090)	2,089,024	
Worker's Compensation	23,431	19,372	31,500	61.50%	(4,059)	(12,128)	42,000	
<b>Total - Personnel Compensation &amp; Benefits</b>	<b>2,032,205</b>	<b>2,003,156</b>	<b>2,196,060</b>	<b>91.22%</b>	<b>(29,049)</b>	<b>(192,904)</b>	<b>3,015,668</b>	Personnel costs are 91% of budget
<b>Services and Charges</b>								
Advertising	2,929	473	1,388	34.10%	(2,456)	(914)	1,850	
Badging	0	5,396	12,000	44.97%	5,396	(6,604)	16,000	
Central Services Fee	54,900	58,465	58,462	100.00%	3,565	3	77,950	
<b>Communications &amp; Technology</b>	<b>181,676</b>	<b>234,859</b>	<b>189,287</b>	<b>124.08%</b>	<b>53,184</b>	<b>45,572</b>	<b>239,583</b>	Communication and technology is 124% of budget
<b>Employee Development Services</b>	<b>55,800</b>	<b>54,101</b>	<b>71,224</b>	<b>75.96%</b>	<b>(1,699)</b>	<b>(17,124)</b>	<b>86,781</b>	
Employee Physicals	2,271	2,073	1,350	153.56%	(198)	723	2,500	
Insurance	89,293	106,595	116,475	91.52%	17,302	(9,880)	155,300	
Marketing	103,301	155,490	113,872	136.55%	52,189	41,618	162,590	Marketing is 136% of budget due to additional SY marketing, SH Rebrand, and website work.
Professional Services	340,382	394,876	348,950	113.16%	54,494	45,927	466,600	Studies
Rentals	12,084	12,464	12,300	101.33%	380	164	14,300	
<b>Repairs and Maintenance - Contractual/Services</b>	<b>381,516</b>	<b>403,847</b>	<b>432,330</b>	<b>93.41%</b>	<b>22,331</b>	<b>(28,483)</b>	<b>560,373</b>	Repairs and maintenance contractual services are 93% of budget
Sponsorship Expenses	6,650	6,350	8,700	72.99%	(300)	(2,350)	9,600	
Transportation	438	2,171	3,388	64.08%	1,733	(1,217)	4,450	
<b>Utility Services</b>	<b>483,397</b>	<b>505,830</b>	<b>463,848</b>	<b>109.05%</b>	<b>22,432</b>	<b>41,981</b>	<b>636,081</b>	Utilities are 109% over budget
<b>Total - Services and Charges</b>	<b>1,714,636</b>	<b>1,942,989</b>	<b>1,833,574</b>	<b>105.97%</b>	<b>228,353</b>	<b>109,415</b>	<b>2,433,958</b>	
<b>Supplies</b>								
Merchandise for Resale	53,997	50,165	62,500	80.26%	(3,833)	(12,335)	62,500	
Office Supplies	27,244	72,769	28,892	251.87%	45,526	43,877	37,571	
<b>Operating Supplies</b>	<b>167,231</b>	<b>90,894</b>	<b>168,837</b>	<b>53.84%</b>	<b>(76,337)</b>	<b>(77,943)</b>	<b>255,070</b>	Operating supplies are 53% of budget
Repairs & Maintenance Supplies	313,720	302,022	318,312	94.88%	(11,698)	(16,290)	412,322	
<b>Total - Supplies</b>	<b>562,192</b>	<b>515,850</b>	<b>578,541</b>	<b>89.16%</b>	<b>(46,342)</b>	<b>(62,691)</b>	<b>767,463</b>	Supplies are 89% of budget overall
<b>Total - Expense</b>	<b>4,382,157</b>	<b>4,645,446</b>	<b>4,682,078</b>	<b>99.22%</b>	<b>263,289</b>	<b>(36,631)</b>	<b>6,313,779</b>	



# Non-Aeronautical Revenue Concessions

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



# OTHER REVENUES TO WATCH

- CFCs are now collected on each day of a car rental in 2024 vs up to 4 days cap. Experiencing a significant increase in CFC revenues.
- Future land leases and rents for new development projects still in the works.
- FBO rent and concession revenues under the updated agreement and rates.
- Loss of TSA LEO Reimbursement beginning May 2024.
- Interest Income is coming down due to use of cash to support construction projects.
- Tower revenue from FAA rental increase.
- Turo agreement revenue will start to reflect for October 2024.

## OTHER EXPENSES TO WATCH

- Sand vs Deice fluid expenses in 2024-2025. 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: Contract costs have increased substantially. Janitorial will hopefully come in lower due to a lot of competition.
- 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 Operating Policy #31: Records Retention Policy and Incorporate into the DAA Operating Policy Manual

- The DAA has an Operating Policy Manual which guides various activities of the DAA and is approved by the DAA Board.
- The DAA had not previously adopted a records retention policy.
- DAA staff is reviewing all electronic documents to reorganize and clean-up storage.
- Staff needs appropriate guidance to ensure that all public records are retained in accordance with state and federal requirements.
- Operating Policy #31 authorized DAA staff to use a general records retention schedule which is continuously adopted as the reference to records retention requirements. This policy ensures all employees have appropriate guidance for document retention activities.

# Resolution to Approve the 2025 Rates and Charges Schedule for DLH.

- Annually DAA staff reviews the referenced Rates and Charges Addendum to recommend rate adjustments where necessary and additional rates to be added.
- Price surveys are conducted to review rates and inform adjustments.
- Rates adjustments were made to move to market rate and were based on CPI, an agreed upon percentage adjustment, or were recommended by consultants.
- FBO feedback and surveys were used to inform rate adjustments
- Updates:
  - 3-6% rate adjustments on most line items depending on when rates were last updated
  - Parking rates increased as they have not been updated in 8 years.
  - FBO In-to Plane Fuel Flowage increased to market
  - CFC language updated to define “transaction day” and ensure all entities are charging the same.
  - Differential rates were applied to rental car spaces for ramp vs surface





**DULUTH INTERNATIONAL AIRPORT**

2025 Rates and Charges Schedule

Effective January 1, 2025 - Adopted November 19th, 2024

<b>Passenger Terminal Fees</b> (Per Square Foot)	Airline Leased Premises	\$28.24
	Non-Airline Terminal Tenant Rate	\$45.11
<b>Aircraft Landing Fee</b> (Per 1,000 lbs MGLW)	Signatory Carrier	\$2.45
	Non-Signatory Carrier (125% more)	\$3.06
	All Other Aircraft	\$3.06
	Exemptions: Aircraft operated or chartered by the United States Federal Government or State of Minnesota and non-revenue generating aircraft under 12,500 lbs MGLW are exempt	
<b>Terminal Per Use Fee</b>	Non-Signatory Carriers & Charters	\$828.35
<b>Aircraft Definitions</b>	<b>Signatory:</b> Aircraft covered by an Airline Use and Lease Agreement with the DAA or by an agreement with the DAA containing terms and conditions similar with those contained in such an agreement. <b>Non-Signatory:</b> Aircraft using the Airport facilities that are not covered by an Airline Use and Lease Agreement with the DAA and not covered by an agreement with the DAA containing terms and conditions similar with those contained in such an agreement; diverted Airline aircraft not using the Airport Terminal; and commercial air carrier aircraft making regularly scheduled flights to the Airport. Any Non-Signatory aircraft utilizing the terminal must be reported by the ground handler.	
<b>Terminal International Arrivals Facility Per Use Fee</b>	Less than 50,000 lbs. MGLW	\$75.00
	50,001-175,000 lbs. MGLW	\$175.00
	175,001 lbs. MGLW and above	\$275.00
<b>Non-Terminal (FBO) International Arrivals Facility Fee</b>	US Customs Facility (GAF)	\$0.00
<b>Non-Terminal FBO &amp; DAA Ad Hoc Charged Aircraft Parking</b> (Per 1,000 lbs MGLW)	<u>Category by MGLW (lbs.)</u> 12,499 & Under 12,500 - 49,999 50,000 - 99,999 100,000 & Over	Per Night <u>(24 hour period)</u> \$18.02 \$76.32 \$152.64 \$312.70  Per Month (Calendar) \$146.28 \$614.80 \$1,219.00 \$2,496.30
<b>Fuel Flowage Fee</b> (Fee Per Gallon)	FBO Charged In-to Plane Fee	\$0.083
	FBO Charged Aviation, Heating & Auto Fuel Fee	\$0.09
	Fee Per Gallon - Other Airport Operator	Set by Operator Agreement
<b>Preferential Use Cargo Ramp Fee</b> Per Aircraft	Per Calendar Month Preferential Use Cargo Ramp Fee	Per Month (Calendar) \$1,695.00
<b>Passenger Facility Charge (PFC)</b>	Per Enplaned Commercial Passenger, Per FAA Approved PFC Application	\$4.50
<b>DAA Owned Hangar Rental Rates</b> (Per Each) *50 Discount if paid in full by January 31 of lease year.	<u>Hangar Type</u> West T-Hangars* East T-Hangars* East Ranch Hangars* 4825 Airport Rd. Ranch Hangars (12ft high door)* 4825 Airport Rd. Ranch Hangars (14ft high door)* Other	Per Month (Calendar) \$223.00 \$223.00 \$285.00 \$675.00 \$700.00 Set by Lease Agreement

- Airline rates were increased by 6% for landing fees and 10% terminal fees, per consultant recommendation.
- Removed transient landing fee and added “all other aircraft” at the non-signatory rate.
- Increased aircraft parking fees
- Increased FBO In-to plane fuel to market rate.
- Increased hangar rates by CPI

<b>Airport Car Rental Customer Facility Charge (CFC)</b> <small>(Full per day fee should be charged for each transaction day or any fraction thereof.)</small>	Fee Per Car Rental Transaction Day "Transaction Day" means a 24-hour period or fraction thereof for which a rental car customer is provided the use of a rental car for compensation regardless of the duration or length of the rental term. If the same rental car is rented to more than one customer within such continuous 24-hour period, then each such rental shall be calculated as a Transaction Day, Except that a partial day that is a grace period of no more than 2 hours after the last 24-hour day booked shall not be considered a Transaction Day.	\$4.00	
<b>Rental Car Ready Return &amp; Overflow Fees (Per Each Space)</b> <small>(Tax Not Included)</small>	Per Month, Per Space Fee	<u>Surface</u> \$19.19	<u>Ramp</u> \$19.75
<b>Parking Lot Fees</b> <small>(Includes Tax)</small>	Hourly Rate (Up to Daily Maximum) Daily Maximum Additional Drive-off Fee	<u>Surface</u> \$3.00 \$15.00 \$125.00	<u>Ramp</u> \$6.00 \$18.00 \$125.00
<b>Parking Permits</b> <small>(Includes Tax) *DAA Employees and DAA Directors are exempt for airport business</small>	Corporate Surface Permit (Annual) Corporate Garage Permit (Annual) Airport Tenant Employee Permit (Annual)* Airline Crew Overnight Permit (Monthly or Annual) Tenant Commercial Parking Agreement (Monthly or Annual)	<u>Per Month (Calendar)</u> \$51.00 \$250.00	<u>Annual</u> \$1,420.00 \$2,350.00 \$100.00 \$612.00 \$3,000.00
<b>Ground Transportation Fees &amp; Permits</b> <small>(Includes Tax)</small>	Taxi/Limo/Hotel Shuttle Permit (Annual) Taxi/Limo/Hotel Shuttle Permit Per Trip Fee Passenger Shuttle Service Permit - Reqs. Operator Agreement (Annual) Transportation Network Company Permit (Annual) (Agreement Required) Transportation Network Company Per Trip Fee (Agreement Required) Peer-To-Peer Car Sharing (Agreement Required)	\$25.00 \$1.50 \$500.00 \$1,500.00 \$1.50 10% of Gross Revenue Per Agreement	Per Each Vehicle Per Pick-Up & Drop-Off Per Each Vehicle Per Company Per Pick-Up & Drop-Off
<b>Ground Transportation &amp; Vehicle Violations</b>	Airport Tenant Employee Parking Violation Ground Transportation Vehicle Violation Other		TBD \$100.00 Set by Agreement

- Added "Transaction Day" definition
- Added differential pricing for ramp vs surface rental car parking spaces
- Parking lot fees increased as they haven't been adjusted in 8 years
- Increased corporate parking fees by CPI
- Increased FBO In-to plane fuel flowage by agreed upon CPI
- Increased hangar rentals by CPI except new ranch hangars

<b>Business Services Club Pass</b> (Sponsorship Agreement Passes will not be charged)	Per Pass Fee to Access Business Services Club Room	\$150 per pass
<b>Conference Room/Space Rates &amp; Fees</b> (20% Discount for Airport Terminal Tenants)	<u>Room/Space</u>	<u>0-4 Hours</u> <u>4-8 Hours</u>
	1st Floor Baggage Claim - Wall Up	\$300.00      Per Agreement
	2nd Floor Secure Business Club Conference Room	\$40.00      \$80.00
	2nd Floor Mezzanine	\$250.00      \$350.00
	2nd Floor Conference Room - Room 250	\$100.00      \$150.00
	3rd Floor Conference Room - Amatuzio A	\$150.00      \$200.00
	3rd Floor Conference Room - Amatuzio B or C	\$100.00      \$200.00
	3rd Floor Conference Room - Amatuzio A+B	\$175.00      \$250.00
	3rd Floor Conference Room - Amatuzio B+C	\$175.00      \$250.00
	3rd Floor Conference Room - Amatuzio A+B+C	\$200.00      \$300.00
<b>Fiber Internet</b> (Contract required. Higher speeds available upon request with pricing established per contract)	<u>Internet Speed</u>	<u>Per Month (Calendar)</u>
	100 MB Fiber Internet with 1 static IP address	\$120.00
	200 MB Fiber Internet with 1 static IP address	\$180.00
	Each Additional Static IP Address	\$24.95
<b>Badging Fees</b> (DAA Employees, ARFF, CBP, Duluth PD, Fire & Public Works, & MN Air National Guard Badges are exempt)	SIDA & Sterile Badge	\$200.00
	SIDA & Sterile Signatory Only	\$150.00
	AOA Badge	\$125.00
	AOA Signatory Only	\$65.00
	Landside Badge	\$65.00
	Incomplete	\$100.00
	SIDA & Sterile Renewal	\$115.00
	AOA Renewal	\$65.00
	Renewal > 30 Days Past Expiration (SIDA, AOA, Sterile)	\$125.00
	Lost or Non-Returned Badge	\$125.00
	Badge Handling Fee (ex: company change, access change, etc.)	\$65.00
	Contractor Badge	\$175.00
	Contractor Badge Handling Fee	\$150.00
	Contractor Badge Late Fee	\$125.00

- Minor adjustments to badging fees were completed.

# Resolution to Approve the 2025 Rates and Charges Schedule for DYT.

- Annually DAA staff reviews the referenced Rates and Charges Addendum to recommend rate adjustments where necessary and additional rates to be added.
- Survey data of surrounding airports is used to make comparisons.
- A 6% CPI adjustment was done to the hangar rate as this rate has not been adjusted in three years.



**2025 Rates & Charges**  
Effective January 1st, 2025 - Adopted November 19, 2024

<b>Fuel Price</b>	To be determined by airport manager and published on the Duluth Sky Harbor website, ForeFlight, SkyVector, AirNav, GlobalAir and 100LL.com.		
<b>Fuel Discounts</b> Discounts may not be stacked Tenant Discount requires fuel card	Sky Harbor Tenant with lease agreement or Commercial Operator Agreement	\$0.25	Per Gallon
<b>Tie-down</b>	Per Night (1-6 nights)	\$10.00	Per Night
	Per Week (1-3 weeks)	\$30.00	Per Week
	Per Month	\$90.00	Per Month
	Six Month Season (Must be paid in advance)	\$450.00	Per Six Month Season
<b>Float Storage</b>	Monthly Float Storage	\$20	Per Month
	Seasonal / Winter Only	\$100	Per Winter Season
	Annual / 12-Month	\$180	Per 12-Months
	Contact the Sky Harbor Airport manager for details. Float storage location determine by airport manager.		
<b>Aircraft Parking &amp; Float Storage Rules</b>	<p>Aircraft parking and tie-down spaces are non-reservable and shall be occupied on a first come, first served basis.</p> <p>A. No person shall park, store, tie down or leave an aircraft and/or floats on any area of the airport other than designated parking spaces or those designated by the Airport Manager.</p> <p>B. The pilot and owner of an aircraft and/or floats are solely responsible for storing floats, parking and tying down their aircraft and shall properly secure their aircraft and/or floats while it is parked or stored on the airport. Pilots and owners of aircraft and/or floats are solely responsible for securing aircraft and/or floats in a manner necessary to avoid damage to other aircraft, floats, or buildings on the airport in the event of wind or other severe weather conditions. The pilot and owner of an aircraft and/or floats shall be held responsible and liable for any damage or loss whatsoever resulting from failure to comply with this rule.</p> <p>C. With respect to aircraft parking, tie-down and float storage, the Airport Manager is authorized to control and direct activities that the Airport Manager determines concern the health, welfare and safety of Sky Harbor, its tenants, and users.</p> <p>All invoiced aircraft parking tie-down and float storage fees shall be paid within thirty (30) days of invoice date.</p> <p>In the event that fees are not paid within thirty (30) days of invoice date and such failure to pay continues for a period exceeding ninety (90) days after invoice date, the aircraft or floats owner shall be in default. Upon default, the Duluth Airport Authority may exercise any one or more of the following remedies (in its sole discretion): (i) utilize a collections agency and/or an attorney to recover said amount, including reasonable attorney's fees, court costs, and collection costs, (ii) enter the premises where the aircraft or floats are located and take immediate possession of and remove (or disable in place) the aircraft or floats by self-help, summary proceedings or otherwise without liability; and (iii) eject and trespass the aircraft pilot, owner or float owner from Sky Harbor.</p>		
<b>Hangar 1 Aircraft Storage Fee</b>	Per hangar space Utility surcharge will be charged during winter months.	\$292.00	Per Month
<b>Overnight Vehicle Parking</b>	Per Vehicle	\$5	Per Night
	Spaces are limited. Parking space to be determined by the manager and must be for aviation related purposes.		
<b>Land Lease</b>	Price per agreement with Duluth Airport Authority		
<b>Operator Agreements</b>	All individuals or businesses providing sales, service or commercial operations out of Sky Harbor must have an agreement with the Duluth Airport Authority.		

- A 6% CPI adjustment was done to the hangar rate as this rate has not been adjusted in three years.

**Additional Information**

**Payment Options & Instructions**



- Scanning the QR code available on this document or in the airport terminal building – Direct payment
- On the Duluth Airport Authority website Sky Harbor page – Direct payment  
<https://skyharbor.duluthairport.com/plan-your-stay/tie-down-payment/>
- Monthly invoicing from the Duluth Airport Authority (weekly, monthly and seasonal parking)  
Make checks payable to Duluth Airport Authority, 4701 Grinden Drive, Duluth, MN 55811  
\*All invoiced aircraft parking fees shall be paid within thirty (30) days of invoice date

**Contacts for Questions**

Airport Manager - Tristan Durfee      218-733-0078      [tdurfee@duluthairport.com](mailto:tdurfee@duluthairport.com)

# Resolution to Approve the Duluth Airport Authority 2025 Annual Budget

- Annually DAA staff prepares the upcoming year's budget for approval by the DAA board.
- Once approved by the DAA board, the budget will go to the City Council for approval (Scheduled December 9th)
- DAA staff continues to budget to support master plan and strategic plan initiatives.
- In 2024, staff had budgeted to utilize \$684k in reserves. For 2025 many rate adjustments were considered to overcome not only the \$684k from 2024 but also cover increased costs from 2024 to 2025.
- In 2025 the budget assumes DAA will have an overall surplus of \$81k.
- The only changes from the draft budget in October are:
  - Increased costs for contract security per the updated agreement.
  - Some alternations in utility costs.
  - Some adjustments in wages based on a board approved pay adjustment.
  - A decreased in janitorial costs, based on RFP results.
  - Increase in car rental revenue based on current experience.
  - Increase in parking revenue due to rate increases.
  - Addition of the local share cost of an airfield magnet

## 2025 ANNUAL BUDGET

Financial Row	Annual Budget 2025
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
Total - Non-Aeronautical Revenue	\$3,881,880
Total - Non-Passenger Aeronautical Revenue	\$1,954,234
Total - Passenger Airline Aeronautical Revenue	\$1,793,941
<b>Total - Income</b>	<b>\$7,630,056</b>
<b>Gross Profit</b>	
	\$7,630,056
<b>Expense</b>	
Miscellaneous Expenses	\$106,140
Total - Personnel Compensation & Benefits	\$3,217,876
Total - Services and Charges	\$2,661,983
Total - Supplies	\$665,238
<b>Total - Expense</b>	<b>\$6,651,236</b>
<b>Net Ordinary Income</b>	<b>\$978,819</b>
<b>Other Income and Expenses</b>	
<b>Other Income</b>	
Total - Non-Operating Revenue	\$683,504
<b>Total - Other Income</b>	<b>\$683,504</b>
<b>Other Expense</b>	
Total - Non-Operating Expense	\$118,271
<b>Total - Other Expense</b>	<b>\$118,271</b>
<b>Net Other Income</b>	<b>\$565,232</b>
<b>Net Income Exclusive of Project Expenses, Depreciation &amp; Amortization</b>	<b>\$1,544,052</b>
<b>Projects/Grants</b>	
<b>Capital Contributions</b>	
Contributed Capital	
Other	\$0
<b>Total - Contributed Capital</b>	<b>\$0</b>
<b>Grants</b>	
Federal Grants	\$15,646,557
Other Grants	\$0
State Grant	\$2,000,000
<b>Total - Grants</b>	<b>\$17,646,557</b>
<b>Total - Capital Contributions</b>	<b>\$17,646,557</b>
<b>Total - Projects/Grants</b>	<b>\$17,646,557</b>
<b>Capital Improvement Costs</b>	
Loan Principal	\$980,000
CFC's Reserved for Approved Projects	\$97,529
Coverage for Hangar 103 Amortization	\$75,000
PFCs To be Collected In the Future	(\$480,323)
Future Development Rents	(\$534,443)
<b>Positive (Negative) Budget Variance</b>	<b>\$81,846</b>
<b>Depreciation &amp; Amortization</b>	<b>(\$11,379,210)</b>
<b>Net Income</b>	<b>\$7,811,399</b>

### MAJOR TAKE AWAYS:

- DAA staff has budgeted for a \$81k budget surplus in 2025.
- Operating revenues are budgeted to be an all-time high. This is an 15% increase over the 2024 budget and 2023 actual experience.
- Passenger related concession revenue was estimated based on similar activity to 2024. Other revenues were determined based on current activity and contracted rates.
- TSA LEO reimbursement was budgeted resume. If we do not receive this award, we will have a \$15k deficit.
- Non-Aeronautical revenue increases are expected due to rate adjustments to landing fee and fuel flowage fees.
- A 10% rate increase to the Signatory Airline rental rate has been proposed as well as 6% to the landing fee rate.
- Operating expenses are 5% over the 2024 budget and 11% over 2023 actual.
- DAA staff worked diligently to cut budgets where possible and increase rates where necessary to overcome the \$684k deficit budgeted for 2024 as well as additional \$337k in increased costs for 2025.
- We continue to work to support the master plan as well as our strategic plan initiatives.
- Our annual debt service in 2025 for all long-term debt is \$1,078,271.
- Airline negotiations are anticipated, which may include adjustments to airline rate methodology and require additional board approvals.