

Finance Department Update



Updates

- Stormwater: Meetings will be had with board members to discuss the information received by Kaplan and Kirsch and next steps.
- Audit Update: This week we are working through the final audit fieldwork. Hopefully they will be completed by the end of the week. Potential to do some final items the first week of April.
- 2024 Financial Update/Recap

Duluth Airport Authority 2024 Q4 Unaudited Financial Update

Presented by:

Joelle Bodin, C.M.
Finance Director



Operating Policy #28: Minimum Cash Balance Policy

Reporting as of 12/31/2024

- Cash Required: \$2,930,308
- Cash Available 12/31/2024: \$7,264,383 not including grants receivable
- Grants Receivable 12/31/2024: \$2,879,994
- Days Cash on Hand (Goal 180): 446 (266 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.

From Jan 2024 to Adjust 2024

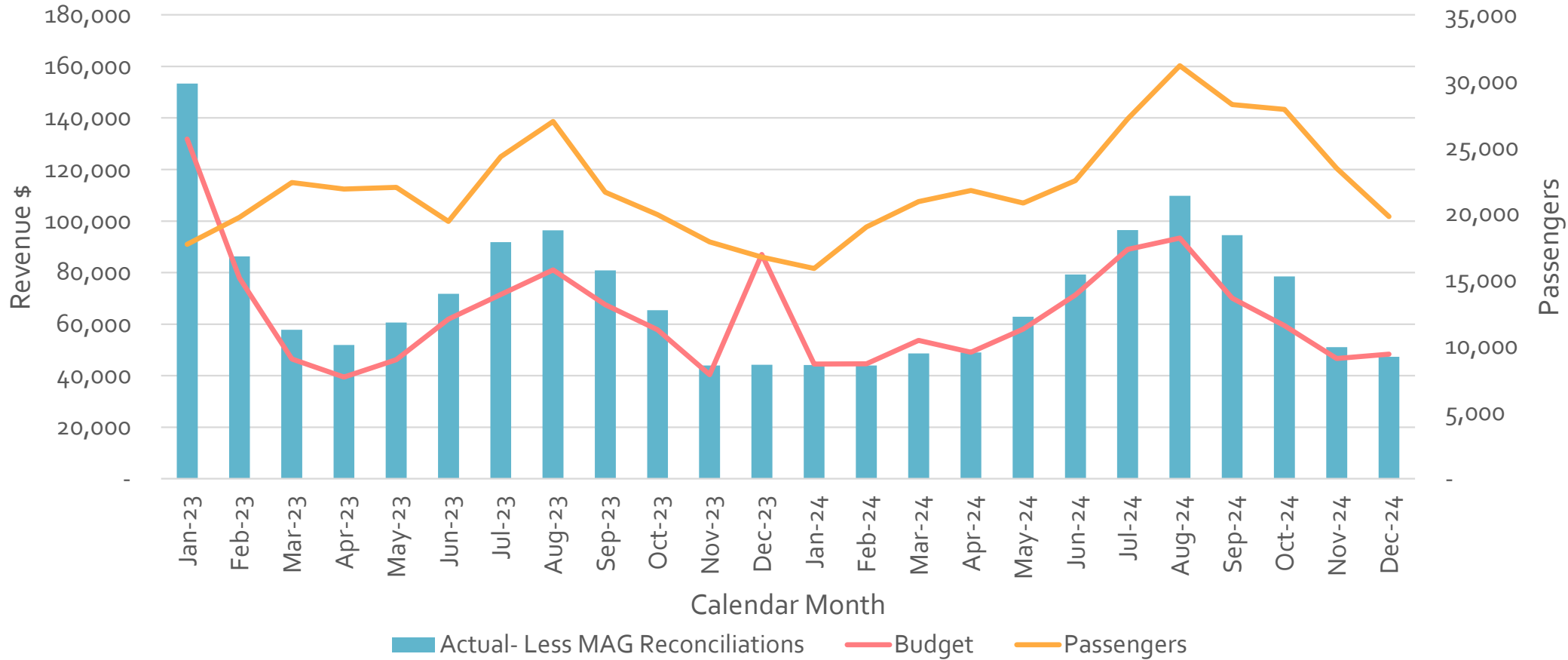
UNAUDITED - NOT FINAL

Financial Row	Prior Year Actual (Jan 2023 - Adjust 2023)	Current Year Actual (Jan 2024 - Adjust 2024)	Budget Amount (Jan 2024 - Adjust 2024)	% of Budget	Variance from Prior Year	Variance From Budget	Total Budget (Jan 2024 - Adjust 2024)
Ordinary Income/Expense							
Income							
Non-Aeronautical Revenue	3,485,019	3,839,352	3,270,423	117.40%	354,333	568,929	3,270,423
Non-Passenger Aeronautical Revenue	1,707,084	1,684,499	1,699,641	99.11%	(22,585)	(15,141)	1,699,641
Passenger Airline Aeronautical Revenue	1,445,449	1,668,890	1,626,676	102.60%	223,441	42,214	1,626,676
Total - Income	6,637,553	7,192,742	6,596,739	109.03%	555,189	596,003	6,596,739
Gross Profit	6,637,553	7,192,742	6,596,739	109.03%	555,189	596,003	6,596,739
Expense							
Miscellaneous Expenses	97,797	215,430	96,690	222.80%	117,633	118,740	96,690
Personnel Compensation & Benefits	2,717,791	2,915,549	3,015,668	96.68%	197,759	(100,119)	3,015,668
Services and Charges	2,412,735	2,615,862	2,433,958	107.47%	203,127	181,904	2,433,958
Supplies	714,908	586,217	767,463	76.38%	(128,691)	(181,246)	767,463
Total - Expense	5,943,231	6,333,058	6,313,779	100.31%	389,827	19,279	6,313,779
Net Ordinary Income	694,322	859,683	282,959	303.82%	165,362	576,724	282,959
Other Income and Expenses							
Other Income							
Capital Contributions	2,400,321	0	0	0.00%	(2,400,321)	0	0
Non-Operating Revenue	879,477	809,201	648,529	124.77%	(70,277)	160,672	648,529
Total - Other Income	3,279,798	809,201	648,529	124.77%	(2,470,598)	160,672	648,529
Other Expense							
Non-Operating Expense	141,964	121,328	141,174	85.94%	(20,635)	(19,846)	141,174
Total - Other Expense	141,964	121,328	141,174	85.94%	(20,635)	(19,846)	141,174
Net Other Income	3,137,835	687,872	507,355	135.58%	(2,449,963)	180,517	507,355
Net Income Exclusive of Project Expenses, Depreciation & Amortization	3,832,157	1,547,556	790,315	195.82%	(2,284,601)	757,241	790,315
Projects/Grants	16,585,423	21,286,827	19,770,462	107.67%	4,701,404	1,516,365	19,770,462
Depreciation & Amortization	(11,379,210)	(12,510,211)	(10,743,651)	116.44%	(1,131,001)	(1,766,560)	(10,743,651)
Net Income	9,038,370	10,324,171	9,817,126	105.16%	1,285,802	507,045	9,817,126

REVENUE

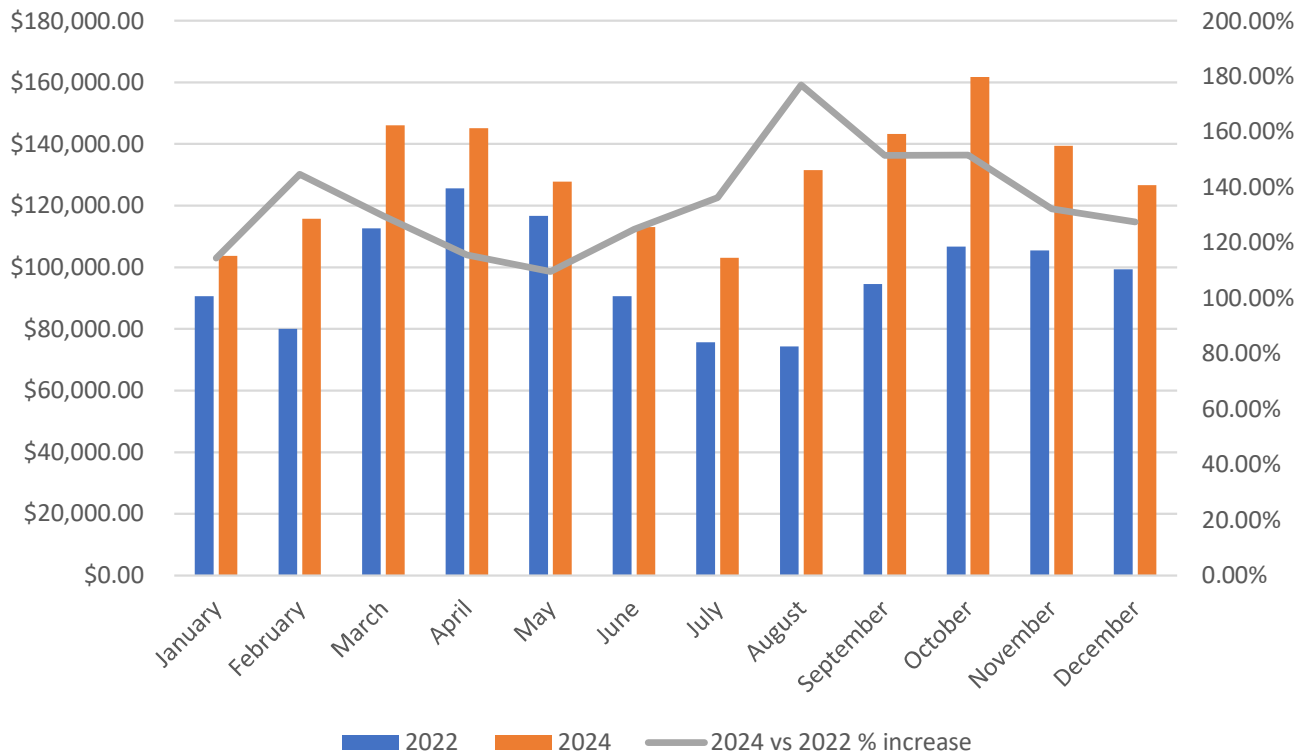
- Operating revenue was \$569k over budget in 2024.
- Beginning 2024 CFCs were collected on each day of a car rental vs up to 4 days cap. 2024 collections were \$168k over 2023.
- Non-Aeronautical Concessions \$77k over budget in 2024
- Parking Lot Revenue was \$230k over budget and \$107k over 2023.
- Increased Rents from CPI Adjustments, updated FAA tower agreement & new ranch hangars.
- Increased Aeronautical Concessions: \$42k over budget, mostly fuel flowage.
- Passenger Airline Revenue: Sun Country out of incentive period and paid full fees in 2024. Landing Fees Up \$35k over budget.
- Loss of TSA LEO Reimbursement beginning May 2024, total of \$64k below 2023.
- Loss of rental revenue, some planned and unplanned
- Exciting things ahead:
 - Future land leases and rents for new development projects still in the works

2024 Non-Aeronautical Revenue Concessions



PARKING TECHNOLOGY UPGRADE SUCCESS

Net Parking Revenue Comparison 2024 vs 2022



- Net parking revenue through December of 2024 is 32.8% over 2022. \$384,766 more.
- Average parking \$ per passenger is:
 - 2022:\$4.85
 - 2024: \$5.59
- The HUB Contract investment was \$231k

OPERATING EXPENSES

- Operating Expenses overall: \$19k over budget
- Personnel Compensation and Benefits, Including Retiree Benefits: \$100k under budget due to staffing transitions less OT Spring 2024.
- Services: \$181k over budget:
 - Communications/Technology: \$53k over budget
 - Professional Services over budget by \$37k: Legal Fees, Contract Security, etc.
 - Contractual Services: Contract costs have increased substantially
 - Repairs/Maintenance: Increased contract costs fixing ADA items, moving light poles, etc.
 - Utilities: \$51k over budget
- Supplies: \$181 under budget:
 - Fuel
 - Heavy Equipment Repair Supplies
- Miscellaneous: \$118k over budget: Buyout of North Business Development Area

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 Authorizing an Agreement to Insure Certain Duluth Airport Authority Property and Equipment Under the City of Duluth's Property and Boiler Insurance Policies.

- Terms:
 - Length of Agreement: 2/16/2025 – 2/16/2026
 - Maximum Cost: \$110,000
 - Price Estimate: \$98,286
 - \$100,000 Deductible
- Overview:
 - This agreement covers buildings, personal property heavy equipment/inland marine and boiler insurance.
 - Older properties on the list saw an automatic value increase of 4% across the board.
 - This agreement is substantially the same as in previous years with only updated prices and exhibits.

Resolution to Approve Payment in the Amount of \$133,200 to the City of Duluth for the 2025 Cost Allocation Fee.

- Terms:
 - Calendar Year 2025
 - Maximum Cost: \$133,000
- Overview:
 - The Duluth Airport Authority utilizes the City of Duluth staff resources for several functions including:
 - HR/Benefits Processing
 - Payroll Processing
 - Legal
 - Purchasing
 - Treasury
 - The City of Duluth charges a reimbursement of time and expenses allocated to supporting the Duluth Airport Authority as determined by a time audit study.
 - Staff met with the City to share FAA requirements on airport revenue use and acceptable cost allocation methodologies.
 - The previous year cost allocation was the cost allocation fee was \$77,950. This is a \$55,250 increase to the DAA's cost.