

**MINUTES OF THE BUDGET & FINANCE COMMITTEE MEETING OF THE MONTEREY PENINSULA  
AIRPORT DISTRICT BOARD OF DIRECTORS**

**October 9, 2017 - 10:00 AM - Board Room**

**A. CALL TO ORDER**

*Director Sabo called to order the Finance Committee Meeting of the Board of Directors at 10:00 AM. Chairman Nelson, Director Sabo, Executive Director La Pier, and Deputy Executive Director of Finance and Administration Bergholz were present. Director Leffel was absent.*

*Macias Gini and O'Connell (MGO) Audit Partner Eugene Ma and Audit Senior Dominic Jaranilla were present for the meeting.*

*Presented the following documents to the Budget and Finance committee members:*

*Draft Fiscal Year 2017 Audited Financial Statements*

*Draft Fiscal Year 2017 Auditor's Report on Federal Awards*

*Draft Fiscal Year 2017 Auditor's Report on Passenger Facility Charge Program*

*August 2017 Financial Statements*

*August 2017 Financial Statement Variance Analysis*

*August 31, 2017 Accounts Receivable Aged Invoice Report*

**B. COMMUNICATIONS/ANNOUNCEMENTS/INFORMATIONAL ITEMS**

*None.*

**C. PUBLIC COMMENTS**

*None.*

**D. REGULAR AGENDA – ACTION ITEMS**

*Presentation: Eugene Ma, MGO Audit Partner presented the fiscal year 2017 draft audited financial statements report, auditor's report on federal awards and the passenger facilities charge program. They then left the Finance Committee meeting.*

Review            1.    FYTD 2017 Financial Statements

*Reviewed overall financial performance of the airport as of August 31, 2017*

*August 2017 combined airport operating revenues are \$818.5K which is \$7.7K (1.0%) higher than budget (\$810.7K) and FYTD revenues are \$1.62M which is \$58K (4.6%) higher than budget (\$1.56M). The above budget August revenues are attributed to higher TNC fees, fuel sales, outside-storage rents and self-storage service revenues. These higher revenues offset a decrease in enplanements and associated revenues.*

August operating expenses (\$750.9K) are higher than budget (\$745.0K) by \$5.8K (0.8%). The August unfavorable expense variance was the result of a variety of factors including actual vs budget timing differences. August FYTD operating expenses are \$1.37M (7.56%) lower than budget (\$112.1K).

Because of slightly higher than budget operating revenues and operating expenses, August's operating income is materially on budget at \$67K. FYTD operating income is \$233K which is \$175K or 301.8% higher than budget (\$58K).

Reviewed 2. August 2017 Financial Statement Variance Analysis

**Revenues:**

*CA Landing Fee \**

*\*In August United Airlines continued a fifth flight to Los Angeles and exceeded budget by approximately \$5.1K. The increase was offset by the loss of Alaska flight to Los Angeles and American's reduction of flights from four to three per day. The Airport's budget includes four United, four American and two Alaska flights per day.*

*GA Landing Fee*

*Taxi Operators Permits and Trip Fees \*\**

*\*\* FY 18 Taxi operator fees were budgeted higher with the expected cancellation of Uber service. Uber and Lyft continue to operate, and the Airport and Taxi operator fees continue to be affected by Uber.*

*TNC Permit and Trip Fees \*\*\**

*\*\*\* FY 18 TNC fees were expected to significantly decrease with Uber's planned cancellation of service to the Airport, and Lyft's increase in operations. In August Uber continues to operate at the Airport and Lyft's services are increasing.*

*Rental Car Concessions*

*Parking Concession\*\*\*\**

*\*\*\*\* In August parking exit counts decreased by 971 vehicles below budget (10,921 Act vs 11,892 Bud) and parking durations appeared to be on budget. Budgeted revenues per vehicle was \$5.99 and the actual revenue per vehicle was \$5.97.*

*Fuel Flowage Fees*

*Outside Storage*

*Self-Storage Concession*

*Tenant Employee Parking, Decals & Badges*

*Utility Charges*

**Expenses:**

**Finance & Administration:**

Salaries & Wages ^

*^ The favorable Salaries and Wages variance resulted from a delay in hiring the Confidential Assistant, etc.*

CalPERS Retirement^^

*^^ The favorable CalPERS Retirement variance resulted from a delay in hiring the Confidential Assistant and one employee's salaries exceed the PEPRAs \$117K salary contribution cap.*

LAFCO Expense

Annual Audit / Accounting

Marketing ^^^

*^^^ \$15K Digital Deployment budgeted in July but received in August was offset by Public Relations Unlimited expense timing difference.*

Air Service Development

Utilities - Electricity

Utilities - Water

**Planning & Development:**

Architect & Engineer~

*~ Overage represents unbudgeted expenses for Kimerly-Horn and Associates work on the northside concept project as part of the master plan environmental impact report. Additional expenses are expected.*

Computer / LAN & IT

**Maintenance & Custodial Services:**

Airfield Repair & Maintenance+

*+ \$52K purchase of LED lights for various runway and taxi way projects were delayed due to changes in the Air Field Vault project. Maintenance is reassessing light replacement priorities.*

Terminal Repairs & Maintenance

Rental Space Repair & Maintenance

District Vehicle Repair & Maintenance

**Airport Operations:**

*Business Travel & Entertainment=*

*= Operations Manager attended SWAAAE conference in Orange County. The expense was budgeted in September.*

*General Repairs & Maintenance ==*

*== Expenses incurred to repair gate security cameras, keypad, stand and bollard's damaged by Waste Management (WM) vehicle. A claim has been submitted to the WM insurance company. Reimbursement from National Insurance will be received in October.*

**Police Department:**

*Salaries & Wages #*

*# Continued savings from 1 vacant part-time officer position.*

*Overtime (OT) Pay*

*CalPERS Health Insurance###*

*## Officer Rice health insurance catch up for June and July recognized in August.*

**ARFF / Fire Services:**

*None*

**Board of Directors:**

*None*

**Other Income and Expense:**

*Grants – FAA*

*Passenger Facility Charges*

*Depreciation and Amortization Expense*

*No additional questions on revenues or expenses.*

Review            3.    Accounts Receivable Aged Invoice Report / Cash Position Updated

*The accounts receivable balance on August 31, 2017, was \$447.1K. This balance is 10.8% lower than the July 31, 2017 balance and 12.6% lower than the balance on August 31, 2016. The modest decrease in accounts receivables is attributed to timing of collections.*

The net accounts receivable balance over 60 days old at August 31, 2017 is \$24.6K. Most of this over sixty days old balance relates to two unpaid United Airlines invoices that were paid in September. On September 30, 2017, the net accounts receivable balance is \$5K. Several invoices and payments are offsetting with no material exposure in any one account.

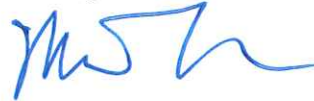
Discussion 4. Future Agenda Items/Finance Committee Schedule

The next meeting was scheduled for November 6, 2017 at 10:00 am in the Board Room.

#### **E. ADJOURNMENT**

The meeting adjourned at 12:30 PM.

Minutes Approved at the Regular  
Meeting of November 8, 2017



Matthew Nelson, Chair

ATTEST



Michael La Pier, AAE  
District Secretary