

**SPECIAL MEETING OF THE
MONTEREY PENINSULA AIRPORT DISTRICT
BOARD OF DIRECTORS**

May 28, 2020 - 9:00 AM

**Monterey Regional Airport
200 Fred Kane Drive, Suite 200**

**SPECIAL AND URGENT NOTICE ELIMINATING IN-PERSON PUBLIC PARTICIPATION AT
MONTEREY PENINSULA AIRPORT DISTRICT BOARD MEETINGS**

Due to the directives contained in the Governor's Declarations of Emergency for the State of California (Executive Orders N-25-20 and N-29-20) and the Governor's Stay at Home Order (Executive Order N-33-20), the Board of Directors of the Monterey Peninsula Airport District is required to limit in-person attendance at the upcoming Board Committee meeting. Members of the public may utilize alternative measures established by the Monterey Peninsula Airport District to listen to Board meeting and/or to communicate your opinions to the Board Members. To participate in the Board meeting via Zoom video conference, please visit www.zoom.us/join and enter the following Meeting ID: **825-8024-8594**. The password for this meeting is: **20200528**. If you do not have access to the internet, you may also participate telephonically by calling (253) 215-8782 and entering the same Meeting ID and password.

Members of the public who wish to provide comment on an item on the agenda may do so during the meeting prior to the item being considered by the Board.

A. CALL TO ORDER/ROLL CALL

B. PLEDGE OF ALLEGIANCE

C. REGULAR AGENDA - ACTION ITEMS

- Adopt. 1. [Resolution No. 1775, A Resolution of the Monterey Peninsula Airport District Related to CARES Act Relief for Airport Tier 2 Tenants](#)
- Review 2. [Fiscal Year 2021 Draft Budget](#)

F. ADJOURNMENT

AGENDA DEADLINE

This is the final Agenda that has been posted on the bulletin board outside of the District Offices in the Terminal Building at the Monterey Regional Airport no less than 24 hours prior to the meeting.

AGENDA ITEM: C-1
DATE: May 28, 2020

TO: Board of Directors
FROM: Michael La Pier, Executive Director
Scott E. Huber, District Counsel
SUBJ: Resolution No. 1775, A Resolution of the Monterey Peninsula Airport District Related to CARES Act Relief for Airport Tier 2 Tenants

BACKGROUND. The Board may consider the adoption of Resolution No. 1775 related to the abatement of certain rent for Tier 2 aviation related tenants.

DISCUSSION. As a result of the COVID-19 pandemic, the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") was passed and signed into law. The CARES Act provides grants for airports, to enable the airports to remain self-sufficient. The CARES Act, among other things, is intended to provide relief to certain air travel related companies and tenants due to the reduced revenues resulting from the pandemic related reduction in commercial air travel. The CARES Act enables airports to postpone and reduce rent for aviation related tenants in some circumstances.

On April 15, 2020, the Board of Directors approved Resolution 1772, which authorized the Airport to receive designated funds from the CARES Act for utilization by the Airport pursuant to FAA authorized purposes, one of which is to assist tenants with rent relief of some type. The FAA has issued an informational document titled *Information for Airport Sponsors Considering COVID-19 Restrictions or Accommodations*, which specifically addresses the potential for rent abatement for aviation-related users at commercial airports. The proposed rent reduction complies with the FAA guidelines.

Based on information provided by the Tier 2 Tenants and subsequent staff analysis, it is recommended that a fifty-percent rent abatement is warranted for Tier 2 aviation related tenants that have maintained flight instruction and other services from May 1, 2020 through October 31, 2020. Because of an aviation moratorium imposed on one tenant during the pandemic, that Tenant would qualify for a full rent abatement from May 1, 2020 through October 31, 2020.

In the event that economic conditions materially improve, the Executive Director has the authority to terminate the rent reduction before the October 31, 2020 end date. This matter will be reanalyzed in August to determine whether any extension of the rent abatement is warranted. If any extension is warranted, this matter would come back to the Board of Directors for further action.

The Board will consider adoption of the Resolution.

BUDGET EFFECT. Tier 2 tenant rent reduction is estimated to be \$60,378 for fiscal year 2020 and \$120,756 for fiscal year 2021.

RECOMMENDATION. Adoption of Resolution No. 1775, A Resolution of the Monterey Peninsula Airport District Related to CARES Act Relief for Airport Tier 2 Tenants.

ATTACHMENTS.

Resolution No. 1775

CARES ACT CLASS ABATEMENT MATRIX -- Fiscal Years 2020 and 2021

Operational Categories:	CORE BUSINESS Tier 1	CORE BUSINESS Tier 2	CORE BUSINESS Tier 3	NON CORE Tier 4	NON CORE Tier 5
	Commercial Service and Support Operations	Commercial Support Operations	Aviation Tenants	Business Tenants	City of Monterey Business Tenants
Commercial Airlines: Budget Impact					
FBO Operations:					
Light General Aviation:					
Business Park Land Tenants:					
2801 Monterey Salinas Highway Properties:					

RESOLUTION NO. 1775

A RESOLUTION OF THE MONTEREY PENINSULA AIRPORT DISTRICT RELATED TO CARES ACT RELIEF FOR AIRPORT TIER 2 TENANTS

WHEREAS, the Monterey Peninsula Airport District operates the Monterey Regional Airport to provide aviation and transportation services to the general public; and

WHEREAS, on March 17, 2020, the County Public Health Officer issued a shelter in place order which defined certain activities as “essential businesses” and which required restaurants to cease and desist all dine-in restaurant services; and

WHEREAS, on March 21, 2020, the President issued a Federal Declaration of Emergency due to the Coronavirus (COVID-19) pandemic; and

WHEREAS, On March 27, 2020, the Congress passed the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”) and the President signed the CARES Act into law. The CARES Act provides grants for airports with commercial airline service, among other forms of relief for small businesses, which enables airports to postpone, abate, and/or reduce rent for aviation related tenants in some circumstances; and

WHEREAS, On April 15, 2020, the Board of Directors approved Resolution 1772, which authorized the Airport to receive designated funds from the CARES Act for utilization by the Airport pursuant to FAA authorized purposes; and

WHEREAS, On April 4, 2020, the FAA released an informational document titled *Information for Airport Sponsors Considering COVID-19 Restrictions or Accommodations*, which specifically addresses the potential for rent postponement, abatement and/or reduction for aviation-related users at commercial airports; and

WHEREAS, based upon the FAA guidance, the reduction of certain rent is appropriate for Airport Tier 2 tenants, which are those tenants who provide support services directly to commercial airport customers and core aviation tenants; and

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE MONTEREY PENINSULA AIRPORT DISTRICT that the Executive Director, or a designee, is authorized to provide fifty-percent rent abatement for Tier 2 aviation related tenants that have maintained flight instruction and other services, and full rate abatement for one tenant that had an aviation imposed moratorium created by the pandemic from May 1, 2020 through October 31, 2020. In the event economic conditions materially improve, the Executive Director has the authority to terminate the rent reduction before the October 31, 2020 end date.

ADOPTED BY THE BOARD OF DIRECTORS OF THE MONTEREY PENINSULA AIRPORT DISTRICT: This 28th day of May 2020 by the following roll call vote:

AYES: **DIRECTORS:**
NOES: **DIRECTORS:**
ABSTAIN: **DIRECTORS:**
ABSENT: **DIRECTORS:**

Signed this 28th day of May 2020

Mary Ann Leffel, Chair

A T T E S T

Christine Morello
Acting District Secretary



Financial Review

FISCAL YEAR 2020

Revenue Groups

Variable Revenues		Semi-Variable * Revenues		Fixed Revenues
Commercial Landing Fees GA Landing Fees APRON RON Fuel Flowage Taxi, TNCs & TCPs Utilities Taxes		Rental Concessions Parking Concession Restaurant Concessions Gift Shop Concession		Terminal Rents FBO Rents Hangar Rents Building Rents Office Space Rents (2801)
* Revenues include minimum monthly/annual guarantees				



Expense Groups

Salaries/Wages/Taxes	Benefits	Contracts
Salary & Wages Salary Reimbursement - AIP & Billing Overtime (OT) Pay Employer SSI Employer MC	Workers' Compensation Insurance ADP Processing CalPERS Retirement CalPERS UAL CalPERS Health Insurance Flexible Spending Account (FSA) Dental Insurance Vision Insurance Life Insurance Retiree Health Insurance	Law Enforcement - DRO Fire Service - City of Monterey Human Resources -RGS District Legal Services -Cole Huber LLP
Other		
Recruitment & Pre-Employment Temporary Personnel Dues & Subscriptions Seminars & Conferences Professional Development & Education Business Travel & Entertainment Public Notices LAFCO Expense Umbrella Liability Insurance Expense Meetings / Employee Relations Telephone Telecommunications Postage & Courier Services Bank Fees & Finance Charges Custodial Supplies & Materials	General Supplies & Materials Office Supplies & Materials District Vehicle Supplies & Materials District Vehicle Fuel Office Equipment Repair & Maintenance General Repair & Maintenance District Vehicle Repair & Maintenance Other / Contract Services Tenant Services Art Program Annual Audit / Accounting Other Legal Services Computer / LAN / IT Administration & Finance Other Professional Services	Marketing Public Relations Air Service Development New Air Services - Marketing Utilities - Miscellaneous Utilities - Electricity Utilities - Natural Gas Utilities - Water Utilities - Sewage / Waste Water Utilities - Solid Waste Disposal Bad Debt Expense Property Tax & Assessments



FY 2020 Financial Review

	FY20 B*	FY20 F*
• Commercial Airline Landings	4,443	3,864
• Enplanements	207K	168K
• Load Factor	75%	65% ↓
• Shelter in Place - March 2020		
• COVID-19 & CARES ACT Grant		
• Staff Implements Cost Controls and Staff Reductions		
• Customer Safety Initiatives Implemented in Terminal and Admin Offices		
• Rent Abatement offered to Tier 1 and Tier 2 Tenants		[May and June]

*B- Budget

F=Forecast



FY 2020 Revenue and Expense Summary

(000's)

	FY 2020	FY 2020	FY20B to FY20F
Revenues	<u>Budget</u>	<u>Forecast</u>	Variance
Variable	\$2,299	\$2,060	(\$239)
Semi Variable	2,187	1,793	(\$393)
Fixed	5,001	4,696	(\$305)
Total Operating Revenue:	\$9,486	\$8,549	(\$937)
Operating Expenses			
Salaries/Wages and Taxes	\$1,992	\$1,960	(32)
Employee Benefits*	1,618	1,574	(44)
Contracts	2,741	2,742	1
Other Expenses	2,598	2,176	(422)
Total Operating Expenses	\$8,949	\$8,452	(496)
Operating Income	\$537	\$97	(\$441)
* Includes \$680K of UAL Payments			

FY 2020 Capital Projects Highlights

AIP - CIP Projects Completed

<u>Job Number</u>	<u>Description</u>	<u>\$ Budget</u>	<u>Type</u>
2017-07	FAA Disparity Study	24,363	AIP/PFC
2018-04	East End Development Procedure	24,641	District
2018-09	Runway 10L-28R Overlay & PAPI	1,858,596	AIP/PFC
2019-02	RSA Mitigation - Year 4	65,777	PFC
2019-04	ARFF Vehicle Purchase	223,250	District
2019-06	Fred Kane Drive Pavement Rehab	336,440	District
2019-09	Restaurant Assets Purchase	114,479	District
2019-10	F&K Land Purchase	7,545,959	AIP/PFC
2019-11	ARFF Building Exhaust Modification	20,497	District
2020-02	RSA Mitigation - Year 5	55,080	PFC

FY 2020 Capital Projects Highlights

AIP - CIP Projects Completed

<u>Job Number</u>	<u>Description</u>	<u>\$ Budget</u>	<u>Type</u>
2020-05	Operations Department Vehicle	39,558	District
2020-06	Inside Terminal Refresh	120,606	District
2020-07	Short-term Lot Pavement Rehab	110,580	District
2020-08	Exterior Sign Replacement	44,770	District
2020-09	Obstruction Removal	69,400	PFC
2020-11	PG&E Terminal Lighting Project	152,000	District

FY 2020 Capital Projects Highlights

AIP -CIP Projects In Process

<u>Job Number</u>	<u>Description</u>	<u>\$ Budget</u>	<u>Type</u>
2016-01	NEPA / CEQA -- Safety Initiative	2,555,389	AIP/PFC
2019-01	Infield Safety Area Rehab -Phase 1	7,297,427	AIP/PFC
2019-03	Water Distribution System	2,828,058	District F
2020-03	FIDS, PA System, ADA Upgrades	375,000	PFC
2020-04	CCTV Terminal and Perimeter Upgrades	150,000	PFC
2020-10	SWRCB Analysis Project	185,000	District
2020-12	Northside GA APRON Construction	11,000,000	AIP/PFC
2020-13	Northeast VSR Improvements	1,946,065	AIP/PFC



Operating Budget

FISCAL YEAR 2021

FY 2021 Budget Assumptions

	FY20 B*	FY20 F*	FY21 B*
• FY21 Rates and Charges - no increases			
• Commercial Airline Landings	4,443	3,864	1,872
• Enplanements	207K	168K	???
• Load Factor	75%	65%	???
• Commercial Airline - Average of 5 Flights Per Day (2 UA), (2 AA) (1 AK) and Allegiant (2 Weekly)			
• Commercial Airline - Rent abatement 4 months [July through October] continue to pay Landing, Apron and RON fees			

*B- Budget

F=Forecast



FY 2021 Budget Revenues Types

Revenue Components (\$3.21M ↓):

Variable & Semi-Variable Revenues (20% ↓ 25%) (\$1.1M ↓ \$2.79M)

- Commercial Landing, APRON, RON and Fuel Flowage
- Terminal Concessions - Taxi, TNC, Rental Car, Parking, Fuel
- Other (property tax, utilities, tenant parking, misc.)

Fixed Revenues (80% ↑ 25%) (\$4.28M ↓ \$418K)

- Fixed Base Operator Rents
- Light General Aviation Rents (hangars, tie downs, NSSI)
- Non-Aviation Rents (buildings, land and space)
- 2801 Monterey Salinas Highway Office Rental Space

FY 2021 Budget Revenue Changes

Variable Revenue Changes:

- Commercial Aviation Fees - estimated to decrease \$435K
- Rental Car & Parking Concessions – budgeted at MAG only decrease \$1.53M
- Terminal Concessions - budgeted commissions to decrease \$81.5K
- Heavy GA – landing and fuel flowage fees decrease \$624K

Fixed Revenue Changes:

- Terminal Rents – airlines and rental car decrease \$275K
- Non-Aviation Tenants - budgeted rents to decrease \$86.7K
- Office Rental Space - 2801 Monterey/Salinas Highway (no change)
- Other Operating Net – decrease employee Parking, Taxes, Utilities, Other (\$91.4K)

FY 2021 Budget Assumptions

- Terminal concessions – Rent and minimum monthly guarantee (MAG) abatement for 4 months [July through October]
- FBO Tenant – Rent abatements for 4 months [July through October]
- Continued staffing at 22 employees and no merit increases
- Cover debt services and district Capital Improvement Projects
- CARES Act funds will be used to offset operating losses, debt service and CIP

FY 2021 Headcount Budget

DEPARTMENT	FISCAL YEAR 2021			FISCAL YEAR 2020		
	F/T	P/T	TOTAL	F/T	P/T	TOTAL
F & A ²	6	0 ¹	6	8	0 ¹	8
P & D	3	0	3	3	0	3
Maintenance ³	10	0	10	11	0	11
Operations ⁴	3	0	3	4	0	4
Police	0	0	0	0	0	0
TOTAL	22	0	22	26	0	26

¹ contractor with RGS-JPA

² reduced 2 full-time administrative

³ reduced 1 full-time maintenance positions

⁴ reduced 1 full-time operations assistant

FY 2021 Operating Expense Types

Salaries/Wages and Taxes (21.1% ↓ 2.1%) \$1.74M:

- Salaries and Wages, Overtime, Holiday, Training, Uniform
- Employer FICA and Medicare

Employees Benefits (19.2% ↑ 0.6%) \$1.58M:

- CalPERS Retirement
- CalPERS Unfunded Account Liability (\$734K ↑ \$54K)
- CalPERS Health, Dental, Vision and Life (\$21K ↓ 2.5%)
- Payroll Processing Fees
- Workers Comp (157% ↓ 204%) ↓ \$35K
- Retiree Health and Other OPEB

FY 2021 Operating Expense Types Cont.

Contract and Other - Department/Manager Controlled (59.7%)

- Law Enforcement and Fire Services (14.1%) – DRO contract increase at 2.5%
- Fire Services (18.2%) – City of Monterey fire contract decreased 0.7%
- Personnel Related (1.3%) - Recruitment, Dues & Subscription, Seminars, Travel
- Business Related (5.8%) - LAFCO, Insurance, Telephone, Postage, Bank Fees, Bad Debts
- Supplies & Materials (1.6%) - Custodial, Maintenance, Office, Vehicle Supplies and Fuel
- Repair & Maintenance (5.6%) - Airfield, Terminal, Rental Space, Landscaping, Vehicle
- Professional Services (6.1%) - Audit, Architect, District Counsel, Lan IT Support, RGS HR Services
- Marketing (2.2%) - Third Party Marketing, Public Relations, Air Service Development
- Utilities (4.8%) - Electricity, Natural Gas, Water, Sewage, Disposal

FY 2021 Operating Expense Changes

Salaries/Wages and Taxes (-\$219K):

- Decrease 4 Staff Positions Salaries (-\$219K)

Employees Benefits (\$10K):

- Increase in CalPERS Unfunded Account Liability (\$54K)
- Decrease in Worker Comp Insurance Ex Mod 204% to 157% (-\$47K)
- Decrease in Health Insurances (-\$21K)
- Increase in CalPERS Retirement (\$8K)

FY 2021 Operating Expense Changes

Other - Department/Manager Controlled (\$74.3K)

- Increase BOD Election Expenses (\$105K)
- Increase Maintenance Supplies and Repair & Maintenance (\$2K)
- Increase DRO Law Enforcement Services Contract (\$33K)
- Increase 2801 Monterey/Salinas Highway Operating Expenses (\$71.6K)
- Decrease City of Monterey Fire Service Contract (-\$108K)
- Decrease Temporary Personnel (-\$25K)
- Decrease Other Miscellaneous (-4.3K)

FY 2021 Revenues and Expense Summary

(000's)

Revenues	FY 2021 Budget	FY 2020 Budget	FY 2020 Forecast	FY21B to FY20B Variance	FY21B to FY20F Variance
Variable	\$880	\$2,299	\$2,060	(\$1,419)	(\$1,180)
Semi Variable	\$179	\$2,187	\$1,793	(\$2,008)	(\$1,615)
Fixed	\$4,278	5,001	4,696	(\$723)	(\$418)
Total Operating Revenue:	\$5,336	\$9,486	\$8,549	(\$4,150)	(\$3,213)
Operating Expenses					
Salaries/Wages and Taxes	\$1,741	\$1,992	\$1,960	(251)	(219)
Employee Benefits	1,585	1,618	1,574	(33)	11
Contracts Police & Fire	\$2,667	\$2,741	\$2,742	(74)	(75)
Other Expenses	2,251	2,603	2,176	(353)	74
Total Operating Expenses	8,243	8,954	8,452	(711)	(210)
Operating Income	(\$2,907)	\$532	\$97	(\$3,439)	(\$3,003)

FY 2021 Proposed New Capital Improvement Projects

<u>Job Number</u>	<u>Description</u>	<u>Budget</u>	<u>Type</u>
2021-X1	RSA Mitigation Year 6 & 7	\$ 100,000	PFC
2021-X2	PG&E Lighting Upgrade - 2801 Properties	\$ 47,000	District
2021-X3	Electric Vehicle Fast Charging Stations *	\$ 31,250	Grant/District
*Total cost \$325,000 less CALEVIP and MBARB grants			