

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

July 13, 2021 - 10:00 AM

## 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](http://www.zoom.us/join) and enter the following Meeting ID: 875 4119 1801. The password for this meeting is: 20210713. 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

*Finance Committee Meeting of the Board of Directors was called to order at 10:12 AM. Director Leffel and Director Sawhney, Executive Director La Pier, Deputy Director of Strategy and Development Morello and Deputy Executive Director of Finance and Administration Bergholz were present.*

*The following documents were presented to the Finance Committee members:*

- *Resolution No. 1805, A Resolution Authorizing and Approving the Service Agreement between the Monterey Peninsula Airport District and Lloyd W. Aubry Co, Inc.*
- *May FYTD 2021 Financial Statements*
- *May Variance Analysis - MTD and YTD*
- *May Accounts Receivable Aged Invoice Report*
- *May CARES and CRSSA Act Draw Summaries*

### B. COMMUNICATIONS / ANNOUNCEMENTS / INFORMATIONAL ITEMS

*None.*

### C. PUBLIC COMMENTS

*None. No members of the public were in attendance.*

### D. REGULAR AGENDA – ACTION ITEMS

Review      1. Resolution No. 1805, A Resolution Authorizing and Approving the Service Agreement between the Monterey Peninsula Airport District and Lloyd W. Aubry Co, Inc.

*The Committee reviewed Resolution No. 1805 and the Service Agreement between the Monterey Peninsula Airport District and Lloyd W. Aubry Co, Inc. Deputy Director of Strategy and Development*

Morello explained the Airport's arrival baggage belt system has required frequent repairs and recommended that the system receive an overhaul and replacement of various components. The goal is to extend the use of the system for up-to-five years.

The Committee expressed support for the proposed service agreement with Lloyd W. Aubry Co, Inc. and stated they would recommend Resolution No. 1805 to the full Board of Directors at the July 21, 2021 meeting.

## Review 2. FYTD 2021 Financial Statements

With California's reduction of COVID-19 restrictions the Airport and tenant's operational performance continues to improve. In May 2021, commercial airline enplanements increased at 22.3% from April 2021, general aviation landings are 11% higher than April and travel related concessions continue to improve and are operating at about 50% to 70% of normal.

The Airport continues to monitor updates on the American Recovery Plan (ARP) Act and estimates the grant and usage guidance will be available in July 2021.

A CARES Act reimbursement request for \$36.6K in May expenses was submitted in June 2021. The Airport practice is to only draw funds when cash outflows exceed cash inflows from operations, district capital improvements and debt services. Total CARES Act reimbursement requests submitted FYTD are \$3.82M and the balance available is \$8.84M. The CRRSA Act reimbursement requests submitted FYTD are \$502.6K and the balance of AIP 74 and 75 is \$1.62M.

May 2021 combined Airport operating revenues are \$720.7K which is \$176.9K (23.5%) higher than budget (\$543.7K). The revenue variance resulted from a mix of improvements in Commercial, General Aviation and Terminal Concession revenues. Non-Aviation and Other Operating sources continue to operate within regular budgeted revenues.

The revenue variances came from the following:

- Commercial Aviation (CA) fees in May are over budget (\$65.7K actual vs \$57.6K budget) by \$8.1K or 14.0%. The favorable variance came from better-than-expected RON and Fuel Flowage fees. Aircraft landing volumes (278) are under budget (297) by 18 landings.
- General Aviation (GA) operating revenues for May (\$163.2K) are \$18.9K or 13.1% higher than budget (\$144.3K). This favorable GA revenue variance resulted from significantly higher landing (\$20.2K) and Fuel Flowage (\$2.4K) fees that were offset by lower Airport hangar rents (\$3.6K).
- In May combined TCP permits, Taxi Permits/Trips, TNC Trips, Terminal Concessions, Rental Car and Parking Concessions (Concessions) revenues (\$215.4K) are \$135.0K or 167.9% higher than budget (\$6.5K). The favorable Terminal Concession variance from higher Taxi fees (\$2.3) TNC Trip fees (\$4.1K), Rental Car Commissions (\$68.7K) and Parking Concessions (\$58.5K).
- May Non-Aviation Tenant revenues (\$185.1K) are over budget (\$182.9) by \$2.2K or 1.2%. Most of the variance came from higher Tarpy's rents (\$7.6K), higher RV storage fees (\$2.4K) that was offset by a MHSS rental fees budget error (\$7.9K).
- May Other Operating Revenues (\$16.4K) are materially on budget (\$15.6K) with a \$767 difference.

May operating expenses (\$669.6K) are over budget (\$659.6K) by \$10.0K or 1.5%. The expense variance came from the following:

- Salary & Wages and Employer Payroll Tax (Wages) Expenses (\$170.4K) for May are higher than budget (\$161.8K) \$8.5K or 8.6%. The higher Wages expenses came from the accrual of sick time pay for an employee who reached 5 years of service and over 50 years of age.
- Employer Benefit Expenses (\$112.9K) for May are lower than budget (\$115.6K) by \$2.7K or 2.3%.
- Personnel Related Expenses (\$6.5K) for May are over budget (\$5.3K) by \$1.1K or 21.7%. The unfavorable variance comes from higher than planned travel expenses for staff and the board of directors' travels.
- Business Related Expenses (\$25.9K) for May are materially on budget (\$25.6K) or \$354 or 1.4%.
- Expendable/Consumable Supplies & Materials expenses (\$2.7K) for May are under budget (\$11.0K) by \$8.3K or 75.5%.
- Repair & Maintenance expenses (\$26.3K) for May are under budget (\$38.6K) by \$12.2K or 31.7%. This favorable expense variance resulted from lower Airfield Repair & Maintenance (\$5.7K), higher Terminal Space Repairs (\$2.7), lower Rental Space Repairs and Maintenance (\$4.9K), higher Landscape & Grounds Repair & Maintenance (\$5.2K), lower General Repairs & Maintenance (\$1.6K) and lower District Vehicle Repair & Maintenance (\$8.5K).
- Outside Services expenses (\$216.3K) for May are lower than budget (\$218.6K) by \$2.2K or 1.0%. Most of the favorable variance come from no janitorial expense in the Fenton and Keller offices.
- Professional Service expenses (\$59.8K) for May are over budget (\$25.8K) by \$34.1K or 132.1%. The unfavorable variance comes from a timing difference in the billing of LSL interim audit fees (\$11.0K), higher Other Legal Fees from the CEQA Amendment lawsuit (\$30.8K).
- Marketing related expenses (\$24.9K) for May are over budget (\$20.2K) by \$4.6K or 23.0%. Most of the variance resulted from Air Service Development (\$5.0K) expenses for Landrum and Brown consultants to prepare a presentation.
- Combined Utilities expenses for May (\$19.7K) are under budget (\$33.1K) by 13.4K or 40.6%. The favorable variance comes from lower electricity and water expenses. In November PG&E merged the 2801 properties in the NEMA solar account which reduced monthly billing to basic service and meter fees. Also, during FY 21 the Airport completed Infield Safety Area Rehab project 2019-01. Granite Rock and Cal Am are trying to resolve the billing for Airport supplied water usage during the project. Cal Am is holding monthly invoices until the issue is resolved which is creating the favorable invoice.

The Airport's higher revenues and slightly higher operating expenses in May resulted in an operating surplus of \$51.1K which is \$168.6K higher than the budgeted loss of \$115.8K. FYTD the operating loss is \$1.60M which is \$593.9K lower than the budgeted loss of \$2.21M.

Review 3. Variance Analysis - MTD and YTD

*Revenues:*

*RON Fees  
Commercial Fuel Flowage Fees  
General Aviation Landing Fee  
Terminal Space Rent  
Taxi Operator Permits & Trip Fees  
TNC Permits & Trip Fees  
Rental Car Concessions  
Parking Concession  
Fuel Flowage  
Hangar Rents  
Facility / Space Rents  
Self-Storage Concession*

*Expenses:*

*Finance & Administration:*

*Salaries & Wages  
Business Travel & Entertainment  
Annual Audit / Accounting  
Other Legal Services  
Human Resources  
Air Service Development  
Utilities – Water*

*Planning & Development:*

*Architect & Engineer*

*Maintenance & Custodial Services:*

*CalPERS Health Insurance  
Custodial Supplies & Materials  
District Vehicle Fuel  
Airfield Repair & Maintenance  
Terminal Repair & Maintenance  
Rental Space Repair & Maintenance  
Landscape & Grounds Repair & Maintenance  
District Vehicle Repair & Maintenance*

*Airport Operations:*

*Computer / LAN & IT*

*Police Department:*

*None*

ARFF / Fire Services:

District Vehicle Repair & Maintenance

Board of Directors:

None

Office Rental Property:

Rental Space Repair & Maintenance

Other / Contract Services

Utilities – Electricity

Other Income and Expense:

Grants - FAA

Grants - FAA CARES ACT

Passenger Facility Charges

There were no additional variances on revenues or expenses presented.

Review 4. Accounts Receivable Aged Invoice Report

The accounts receivable balance on May 31, 2021 is \$475K. This balance is \$109.9K or 30.1% higher than the April 30, 2021 balance of \$366K and 51.4% higher than the \$314K balance on May 31, 2020. The net accounts receivable balance over 60 days old on May 31, 2021 is a credit of \$16.3. As of June 23, 2021, the over 60 days balance is a credit of \$13.1K and the net accounts receivable balance is \$188.4K. There are several accounts with large credit balances and staff is working with those customers to make corrections.

**E. ADJOURNMENT**

The meeting adjourned at 10:45 AM.

Minutes Approved at the  
Meeting of July 21, 2021



Gary Cursio, Chair

ATTEST



Michael La Pier, AAE  
District Secretary