

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

October 8, 2020 - 2:30 PM

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: 894 2243 2681. The password for this meeting is: 20201008. 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 2:30 PM. Director Leffel, Director Cursio, Deputy Director Planning and Strategy Morello and Deputy Executive Director of Finance and Administration Bergholz were present. Executive Director La Pier was absent.

The following documents were presented to the Budget and Finance Committee members:

*August 2020 Financial Statements
August 2020 Financial Statement Variance Analysis
August 31, 2020 Accounts Receivable Aged Invoice Report*

B. COMMUNICATIONS/ANNOUNCEMENTS/INFORMATIONAL ITEMS

None.

C. PUBLIC COMMENTS

None.

D. REGULAR AGENDA – ACTION ITEMS

Review 1. FYTD 2020 Financial Statements

Reviewed overall financial performance of the Airport as of August 31, 2020.

In August 2020, the COVID-19 health emergency continues and commercial airline enplanements, general aviation landings and passenger counts continue to improve, and Airport concessions are operating. Financial patterns are stabilizing as Airport customers and tenants adjust to the safety requirements to travel and operate under the pandemic.

The Airport filed Coronavirus Aid, Relief, and Economic Security (CARES) Act reimbursement requests for August total \$311.8K, and the reimbursement request was paid by the FAA on September 3, 2020. As of August 31, total CARES Act reimbursement requests submitted are \$2.257M and the balance available is \$10.1M.

August 2020 combined Airport operating revenues are \$475.2K which is \$165.9K (52.2%) higher than budget (\$309.3K). The August favorable revenue variance is attributed to continuing improvement and stability in Commercial, General Aviation and Concession revenues. Most of the businesses operating in the Non-Aviation and Other Operating categories are considered essential services and continued to operate with near normal revenues.

The August favorable revenue variance is attributed to the following:

- Commercial Aviation (CA) fees in August are over budget (\$40.9K actual vs \$31.4K budget) by \$9.5K or 30.2%. Aircraft landing volumes (193) are over budget (153) by 40 landings.
- General Aviation (GA) operating revenues for August (\$119.1K) are \$29.3K or 32.6% higher than budget (\$89.8K). This favorable GA revenue variance resulted from higher GA Landing (\$9.3K) and Fuel Flowage (\$20.0K) fees.
- In August combined TCP permits, Taxi Permits/Trips, TNC Trips, Terminal Concessions, Rental Car and Parking Concessions (Concessions) revenues (\$95.3K) are \$91.5K or 2,445% higher than budget (\$3.7K). The FY 20 Concessions budget was prepared without including any Terminal, Rental Car or Parking concession revenues during the abatement period since there was little information to project possible revenues. Concession revenues have always been forecasted from potential enplanements and deplanements. Rental car revenues are operating at about 50% of normal even with significant changes in enplanements and deplanements. It appears there are local customers utilizing the Airport's rental car concessions.
- August Non-Aviation Tenant revenues (\$181.8K) are higher than budget (\$157.9) by \$23.8K or 15.09%. \$18.9K of the variance came from Tarpy's who remitted subtenant rent payments for June, July and August.
- August Other Operating Revenues (\$17.3K) are higher than budget (\$12.6K) by \$4.6K or 37.6%. The favorable variance resulted from higher Utility charge backs (\$1.4K) and a PG&E deposit refund from the 2018 Solar Array service connection fees (\$2.5K).

August operating expenses (\$685.5K) are over budget (\$673.7K) by \$11.8K or 1.7%. The expense variance came from the following:

- Salary & Wages and Employer Payroll Tax (Wages) Expenses (\$151.6K) for August are under budget (\$155.5K) by \$4.0K or 2.6%. The favorable variance came from higher than project capitalized labor.
- Employer Benefit Expenses (\$112.6K) for August are lower than budget (\$118.4K) by \$5.8K or 4.9%. The variance is the result of lower CalPERS retirement expenses (\$4.0) and Principal insurance fees (\$1.4K).
- Personnel Related Expenses (\$1.2K) for August are under budget (\$5.6K) by \$4.3K or 77.7%. The favorable variance comes mostly from lower Travel & Business Entertainment related expenses (\$1.7K) and other Seminars and Meetings/Workshops (\$2.6K).
- Business Related Expenses (\$23.9K) for August are materially on budget (\$24.5K) \$637 or 2.6%.
- Expendable/Consumable Supplies & Materials expenses (\$2.1K) for August are under budget (\$11.7K) by \$9.6K or 81.9%.

- *Repair & Maintenance expenses (\$60.9K) for August are over budget (\$45.1K) by \$15.7K or 34.9%.*
- *Outside Services expenses (\$221.2K) for August are over budget (\$218.8K) by \$2.4K or 1.1%.*
- *Professional Service expenses (\$59.9K) for August are over budget (\$54.5K) by \$5.2K or 9.6%.*
- *Marketing related expenses (\$12.7K) for August were over budget (\$6.8K) by \$5.9K or 87.8%.*
- *Combined Utilities expenses for August (\$34.4K) are over budget (\$27.8K) \$6.7K or 24.0%.*

Higher revenues than budget and lower operating expenses resulted in an operating loss of \$210.2K for August which is \$154.1K lower than budget (\$364.4K). FYTD the operating loss is \$377.8K which is \$393.1K lower than budget (\$770.9K).

Review 2. Variance Analysis - MTD and YTD

Revenues:

*CA Landing Fee
GA Landing Fee
Terminal Space Rent
Terminal Concessions
TNC Permits & Trip Fees
Rental Car Concessions
Parking Concession
GA Fuel Flowage Fees
Office Space Rental Revenue
Miscellaneous Other Operating Revenue*

Expenses:

Finance & Administration:

*Administration & Finance
Human Resources
Public Relations*

The August unfavorable variance comes from a \$5K payment to the Monterey Bay Defense Alliance that was not included in the FY21 budget.

Utilities – Water

Both the QTA and MAA tenants have increased water usage slightly but the contractor for the Infield Project also used water from a fire hydrant on the northside (almost 200K gallons per month). We do not have water usage from the contractor's meter, but we can expect an adjustment once we receive the water usage data.

Planning & Development:

*Salary & Wage Reimbursement
Computer / LAN & IT*

Maintenance & Custodial Services:

Salaries & Wages
Custodial Supplies & Materials
Airfield Repair & Maintenance
Terminal Repair & Maintenance
Rental Space Repair & Maintenance
Landscape & Grounds Repair & Maintenance
District Vehicle Repair & Maintenance

Airport Operations:

General Repairs & Maintenance
Other / Contract Services
Computer / LAN & IT
Environmental

Police Department:

Police Services

Reclassified July DRO Law Enforcement expenses from *Other / Contract Services* to the correct account in August. FYTD the total fees are correct.

Other / Contract Services

ARFF / Fire Services:

District Vehicle Repair & Maintenance

Board of Directors:

None

Office Rental Property:

Rental Space Repair & Maintenance

Other Income and Expense:

Grants – FAA
Grants - FAA CARES ACT
Passenger Facility Charges

No additional questions on revenues or expenses.

Review 3. Accounts Receivable Aged Invoice Report

The accounts receivable balance on August 31, 2020 is \$313K. This balance is 1.6% lower than July 31, 2020 balance of \$318K and 49.2% lower than the \$615K balance on August 31, 2019. The net accounts receivable balance over 60 days old on August 31, 2020 is \$17.1K.

E. ADJOURNMENT

The meeting adjourned at 4:45 PM.

Minutes Approved at the
Meeting of November 18, 2020



Mary Ann Leffel, Chair

ATTEST



Michael La Pier, AAE
District Secretary