

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

**July 13, 2020 - 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: **859 7215 9285**. The password for this meeting is: **20200615**. 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 10:00 AM. Director Leffel, Director Cursio, Executive Director La Pier, Deputy Director Strategy and Planning Morello and Deputy Executive Director of Finance and Administration Bergholz were present.*

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

- May 2020 Financial Statements*
- May 2020 Financial Statement Variance Analysis*
- May 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 May 31, 2020*

*In May 2020, the Monterey County Health Department and national shelter in place health emergency continued to impact the Airport tenants and users of the Airport. Commercial airline enplanements, general aviation landings and passenger counts were slowly improving. Airport concessions are remaining open, but customer traffic is slow and increased commercial airline traffic is needed to help the businesses return to profitable operations.*

*The federal government's Corona Virus Aid, Relief, and Economic Security (CARES) Act, passed on March 27, 2020, and the Airport received the approved \$12.6M grant in May. To assist Airport aviation related tenants the Board of Directors authorized abatement of rents and minimum monthly/annual*

concession payments (MAGs) from May 1, 2020 to October 31, 2020. To offset lower revenues Airport staff submitted two grant reimbursement requests for eligible expenses incurred through April 30, 2020 and May 31, 2020.

As mentioned in April the following Airport financial statements include a comparative skew to budget because of the national health emergency's impact on operations. In May, the Airport's revenues continued to decline, and operating expenses are down to basic fixed and variable costs.

May 2020 combined Airport operating revenues are \$353.6K which is \$419.8K (54.3%) lower than budget (\$773.4K), and FYTD revenues are \$8.48M which is \$300.5K (3.4%) lower than budget (\$8.78M). The May unfavorable revenue variance is attributed to lower revenues in all categories. Most of the businesses operating in the Non-Aviation and other operating categories were considered essential services and continued to operate during the health emergency. The May unfavorable revenue variance is attributed to the following:

- Commercial Aviation (CA) fees in May are under budget (\$24.7K actual vs \$73.4K budget) by \$48.7K or 66.3%. Aircraft landing volumes (96) are under budget (348) by 252 landings.
- General Aviation (GA) operating revenues for May (\$90.2K) are \$68.1K or 43.0% lower than budget (\$158.3K). This unfavorable GA revenue variance resulted from lower GA Landing and Fuel Flowage fees.
- In May combined TCP permits, Taxi Permits/Trips, TNC Trips, Terminal Concessions, Rental Car and Parking Concessions (Concessions) fees (\$30.2K) are \$161.2K or 84.2% lower than budget (\$191.4K).
- May Non-Aviation Tenant revenues (\$168.5K) are lower than budget (\$185.0) by \$16.5K or 8.9%.
- May Other Operating Revenues (\$11.9K) are lower than budget (\$17.7K) by \$5.8K or 32.8%.

May operating expenses (\$658.2K) are under budget (\$703.3K) by \$45.2K or 6.4%. The May expense variance came from the following:

- Salary & Wages and Employer Payroll Tax (Wages) Expenses (\$169.9K) for May are under budget (\$184.1K) by \$14.2K or 7.73%.
- Employer Benefit Expenses (\$112.2K) for May are lower than budget (\$117.5K) by \$5.4K or 4.6%.
- Personnel Related Expenses (\$2.4K) for May are under budget (\$8.4K) by \$6.0K or 71.5%.
- Business Related Expenses (\$45.5K) for May are over budget (\$23.0K) \$22.5K or 97.4%.
- Expendable/Consumable Supplies & Materials expenses (\$4.5K) for May are lower than budget (\$8.9K) by \$4.4K or 49.5%.
- Repair & Maintenance expenses (\$8.8K) for May are under budget (\$43.1K) by \$34.3K or 79.6%.
- Outside Services expenses (\$245.4K) for May are over budget (\$238.8K) by \$6.5K or 2.7%.
- Professional Service expenses (\$30.7K) for May are over budget (\$27.5K) by \$3.2K or 11.7%.

- *Marketing related expenses (\$3.6K) for May are under budget (\$16.3K) by \$12.7K or 77.8%.*
- *Combined Utilities expenses for May (\$29.7K) are under budget (\$30.1K) \$373 or 1.2%.*

*Lower revenues due to the national health emergency and lower operating expenses resulted in an operating loss of \$304.6K for May which is \$374.6K lower than budget \$70.1K. FYTD operating income is \$630.5K which is \$184.4K or 34.7% higher than budget (\$468.1K).*

Review 2. Variance Analysis - MTD and YTD

**Revenues:**

*CA Landing Fee*

*The COVID-19 national emergency continued to impact flight schedules for all airlines. American, Alaska and United all reduced flight schedules to meet current demand. Allegiant restarted flights in mid-May after Las Vegas began to lift restrictions. In May airlines made 96 landings compared to the budgeted 348.*

- APRON Fees*
- CA RON Fees*
- Landing Fee*
- Terminal Space Rent*

*In May, MPAD approved terminal rent abatements for all Airline and Rental Car tenants operating at the Airport from May 1, 2020 to October 31, 2020. Tenants were still required to pay pass through expenses like electricity, water and QTA fees.*

- Terminal Concessions*
- Taxi Operator Permits & Trip Fees*
- TNC Permits & Trip Fees*
- Rental Car Concessions*
- Parking Concession*
- FBO Rents*

*In May, MPAD offered 50% rent abatements to the commercial FBO tenants at the Airport and 100% to the MNFC. MNFC operations were suspended by the Navy due to the pandemic.*

- GA Fuel Flowage Fees*
- Facility / Space Rents*
- Self-Storage Concession*
- Office Space Rental Revenue*
- Property Tax Allocation*
- Utility Charges*

**Expenses:**

**Finance & Administration:**

- Salaries & Wages*

*Business Travel & Entertainment  
Other / Contract Services*

*In April, the Airport renews its OpTerra Solar array guarantee/monitoring and maintenance contracts. This year the Airport renegotiated the guarantee/monitoring and removed the annual performance guarantee which reduced the fee by \$10.5K. The revised \$6.5K invoice was received in May.*

*Art Program  
Annual Audit / Accounting  
Other Legal Services  
Marketing  
Bad Debt Expense*

*In May, MPAD received a bankruptcy notice from Hertz Rental Car Corp. To cover the possible exposure the bad debts reserve was increase by \$22.0K.*

***Planning & Development:***

*Computer / LAN & IT*

*In May MPAD implemented a new Managed Security Service with Alvarez Technologies which resulted in most of the unfavorable variance.*

***Maintenance & Custodial Services:***

*Salaries & Wages  
CalPERS Health Insurance  
Airfield Repair & Maintenance  
Terminal Repair & Maintenance  
Landscape & Grounds Repair & Maintenance  
District Vehicle Repair & Maintenance*

***Airport Operations:***

*Salaries & Wages*

***Police Department:***

*None*

***ARFF / Fire Services:***

*District Vehicle Repair & Maintenance*

***Board of Directors:***

*Business Travel & Entertainment Expense*

***Office Rental Property:***

*Rental Space Repair & Maintenance*

**Other Income and Expense:**

Grants – FAA  
Grants - FAA CARES ACT

*In April, MPAD received a \$12.6M CARES ACT grant. On June 2 MPAD submitted a \$304.4K draw for eligible expenses incurred through April 30, 2020. On June 11 MPAD submitted a second CARES ACT draw request for \$507.5K for expenses incurred through May 31, 2020. MPAD has received payment of the \$304.4K draw request and the second draw \$507.5K has been approved by the FAA and should be paid in early July.*

*Passenger Facility Charges*

*No additional questions on revenues or expenses.*

Review 3. Accounts Receivable Aged Invoice Report

*The accounts receivable balance on May 31, 2020 is \$314K. This balance is 30.3% lower than April 30, 2020 balance of \$451K and 40.9% lower than the \$532K balance on May 31, 2019. The net accounts receivable balance over 60 days old on May 31, 2020 is \$9.6K.*

*For May 2020, accounts receivables are 88.8% of revenues and the 13-month average is 63.1%. Included in the May accounts receivables balance is a \$22.0K increase in the reserve for bad debts. In April Hertz notified the Airport that it had filed for chapter 11 bankruptcy. We continue to monitor customer's accounts for unusual activity and will make periodic calls to improve collections.*

*On March 31, 2020, the Airport Staff offered Airlines, Rental Car, Parking and Concessions vendors the option to defer space rents and minimum guaranteed payments until June 30. Additionally, in May Airport Staff offered rent and MAG abatements to aviation related tenants beginning May 1, 2020. Both support programs have created delays in accounts receivables payments that should subside in July or August.*

**E. ADJOURNMENT**

*The meeting adjourned at 12:00 PM.*

Minutes Approved at the  
Meeting of August 12, 2020



Mary Ann Leffel, Chair

ATTEST



Michael La Pier, AAE  
District Secretary