

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

June 5, 2018 - 1:00 PM - Board Room

A. CALL TO ORDER

Director Sabo called to order the Finance Committee Meeting of the Board of Directors at 1:00 pm. Director Leffel, Director Sabo, Executive Director La Pier, and Deputy Executive Director of Finance and Administration Bergholz were present.

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

April 2018 Financial Statements

April 2018 Financial Statement Variance Analysis

April 30, 2018 Accounts Receivable Aged Invoice Report

B. COMMUNICATIONS/ANNOUNCEMENTS/INFORMATIONAL ITEMS

None.

C. PUBLIC COMMENTS

None.

D. REGULAR AGENDA – ACTION ITEMS

Review 1. FYTD 2018 Financial Statements

Reviewed overall financial performance of the airport as of April 30, 2018

April 2018 combined airport operating revenues are \$800.1K which is \$39.4K (5.2%) higher than budget (\$760.7K) and FYTD revenues are \$7.71M which is \$363.4K (4.9%) higher than budget (\$7.32M). The April favorable revenue variance is attributed to higher GA Landing and Fuel Fees, Terminal Concessions, TNC fees, Outside-Storage Rents and Miscellaneous Other Operating Revenues. These higher revenues offset a decrease in commercial aviation and rental car fees.

April operating expenses are under budget by \$46.3K (-7.0%). April's net favorable expenses variance resulted from the following:

Salary & Wage and Employer Payroll Tax Expenses are under budget (\$8.8K), Employer Benefit Expenses are under budget by \$9.0K, Personnel Related Expenses are under budget (\$6.0K), Business Related Expenses are under budget (\$4.0K K), Expendable / Consumable Supplies & Materials are under budget (\$2.8K), Repair & Maintenance expenses are over budget (\$21.8K), Professional Services are over budget (\$10.0K), Marketing related expenses are under budget (\$1.6K) and Utilities expenses are under budget (\$1.0K).

April FYTD Operating Expenses are \$6.60M which is \$162.8K lower than budget (\$6.76M). This favorable variance is attributed to lower Employee and Related expenses (\$163.7K), Business Related expenses (\$28.7K), Supplies and Materials (\$9.7K) and Repairs and Maintenance (\$101.1K). The favorable FYTD expense variances are offset by unfavorable variances in Outside Services (-\$1.0K), Professional Services (-\$42.8K), Marketing (-\$5.6K) and Utilities (-\$92.9K).

With higher than budget operating revenues and lower operating expenses, April's Operating Income is \$188.5K which is \$85.6K higher than budget (\$102.7K). FYTD operating income is \$1.036M which is \$532.0K or 105.4% higher than budget (\$504.6K).

Review 2. April 2018 Financial Statement Variance Analysis

Revenues:

*CA Landing Fee**

** Landing Fees for April were slightly under budget by \$1.7K. In April American Airlines (AA) increased its daily service from 3 to 5 flights. This increase in service helped offset the April 2018 budget which includes a daily American flight to Dallas and a second daily Alaska flight to San Diego. In May the Airport expects the AA flights to return to 3 flights per day with an unfavorable variance.*

*GA Landing Fee***

*** In April both Monterey Jet Center (MJC) and Del Monte Aviation (DMA) had significant increases in GA traffic from various events occurring on the Monterey Peninsula. The Wine and Food event, Big Sur Marathon and the Wild Cat Oil meeting were primary contributors to the increase in landing fees. MJC exceeded budget by 829K pounds for \$1.9K and DMA exceeded budget by 1,1146K pounds or \$2.8K.*

*Terminal Concessions
Taxi Operators Permits and Trip Fees
TNC Permit and Trip Fees
Rental Car Concessions
Fuel Flow****

**** April increases in fuel flowage are associated with the increases in landing fees mentioned above. Monterey Jet Center and Del Monte Aviation exceeded budgeted fuel sales by selling an additional 37,364 gallons of Jet A and L 100 fuel.*

*Outside Storage
Self-Storage
Utility Charges
Miscellaneous Other Operating Revenue*

Expenses:

Finance & Administration:

Air Service Development+

+ In April PG&E issued a seasonal credit for commercial customers.

*Utilities – Electricity
Utilities – Water*

Planning & Development:

*Salary & Wage Reimbursement
Architect & Engineer~*

~ \$6.1K of unbudgeted expenses for Kosmont Company's Northside development recommendations were incurred in April.

Environmental ~~

~~ In April unbudgeted expenses from SWCA Environmental were incurred for the evaluating the Travisbelt property as a potential mitigation site.

Maintenance & Custodial Services:

Terminal Repairs & Maintenance^^

^^ The April favorable Terminal Maintenance budget to actual variance (\$17.7K) resulted from the delay of a possible HVAC system repair/replacement that was not required.

Airport Operations:

*Salaries & Wages
CalPERS Health Insurance
Environmental #*

The April Environmental favorable variance resulted from a timing difference in completing tests of the Airport's water backflow devices. This work should be completed in May 2018.

Police Department:

Overtime (OT) Pay+

+ The Overtime Pay unfavorable variance in April is the result of a disabled officer who is using sick/comp time (\$7.3K per month) before his IDR separation from the district in July. Also, another officer who was determined to be eligible for 4850 in April. This requires several adjustments to payroll classifications, sick/comp-time accruals and tax expenses. Actual Overtime Pay for March is \$1.5K.

ARFF / Fire Services:

General Vehicle Repairs & Maintenance !

! In April the Airport determined that repairs to its only ARFF vehicle requires approximately \$100K worth of repairs to its transmission and transfer case. Some of the work will be completed in FY18 and the balance may cross over to FY19.

Board of Directors:

Seminars & Conferences #

The March Seminars & Conferences variance is for three BODs to attend ACI's Las Vegas conference.

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 April 30, 2018 is \$279K. This balance is 18.7% lower than the March 31, 2018 balance and 35.4% lower than the balance on April 30, 2017. This decrease in accounts receivables is attributed to timing of collections from March and improved recognition of Passenger Facilities Charges received in April.

The net accounts receivable balance over 60 days old on April 30, 2018 is -\$4.2K. This negative balance is the result of prepayments of tenant rents. The outstanding April accounts receivable invoices on May 25, 2018 total \$102K. Included in this May balance are three airline invoices totaling approximately \$60K. The remaining balance is a mix of one taxi company and other small accounts.

Discussion 4. Future Agenda Items/Finance Committee Schedule

The next meeting was scheduled for July 9, 2018 at 10:00 am. In the Board Room.

E. ADJOURNMENT

The meeting adjourned at 4:30 pm.

Minutes Approved at the
Meeting of July 11, 2018



William Sabo, Vice Chair

ATTEST



Michael La Pier, AAE
District Secretary