

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

May 11, 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 and enter the following Meeting ID: **845-8287-5237**. The password for this meeting is: **20200427**. 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, Deputy Director Strategy and Development Morello and Deputy Executive Director of Finance and Administration Bergholz were present. Executive Director La Pier was absent.

Various members of the public attended the Finance Committee meeting via Zoom video conference.

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

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

On March 17, 2020, the Monterey County Health Department ordered a COVID-19 shelter in place health emergency for all citizens and placed various operating restrictions on all nonessential services. Immediately customers of the Airport's tenants started changing travel habits which impacted utilization of Airlines and related concessions. Non-Aviation tenants were mostly considered essential services and continued operations through March. By the end of March, the federal government was formulating a national shelter in place order that was ultimately issued on April 2, 2020.

The March Airport financial statements include a comparative skew to budget because of the national health emergency impact on operations. In late March, the Airport's revenues began to decline, and operating expenses started a downward trend to basic fixed and variable costs. In the following months, the financial statement package will be modified to present information in a usable form.

March 2020 combined Airport operating revenues are \$646.6K which is \$125.9K (16.3%) lower than budget (\$772.4K), and FYTD revenues are \$7.53M which is \$344.6K (4.8%) higher than budget (\$7.19M). The March favorable revenue variance is attributed to the following:

- Commercial Aviation (CA) fees in March are under budget (\$67.1K actual vs \$73.6K budget) by \$6.5K or 8.8%. Aircraft landing volumes (317) are under budget (348) by 31 landings.
- General Aviation (GA) operating revenues for March (\$131.0K) are \$25.0K or -16.0% lower than budget (\$156.0K). This unfavorable GA revenue variance resulted from lower GA Landing and Fuel Flowage fees.
- In March combined TCP permits, Taxi Permits/Trips, TNC Trips, Terminal Concessions, Rental Car and Parking Concessions fees (Concessions) are \$83.5K, which is \$105.0K or 55.7% lower than budget (\$188.6K).
- March Non-Aviation Tenant revenues (\$189.3K) are higher than budget (\$177.7) by \$11.6K or 6.6%.
- March Other Operating Revenues (\$15.0K) are lower than budget (\$17.7K) by \$2.7K or 15.2%.

March operating expenses (\$699.8K) are under budget (\$706.7K) by \$6.9K or 1.1%. The expense variance came from the following:

- Salary & Wages and Employer Payroll Tax (Wages) Expenses (\$182.6K) for March are materially on budget (\$182.3K) by \$390 or 0.21%.
- Employer Benefit Expenses (\$116.4K) for March are higher than budget (\$117.4K) by \$1.0K or 0.9%.
- Personnel Related Expenses (\$6.6K) for March were under budget (\$12.4K) by \$5.8K or 47.3%.
- Business Related Expenses (\$25.7K) for March were over budget (\$22.6K) by \$3.1K or 13.6%.
- Expendable/Consumable Supplies & Materials expenses (\$5.1K) for March are lower than budget (\$10.2K) by \$5.0K or 49.4%.
- Repair & Maintenance expenses (\$16.3K) for March are under budget (\$44.0K) by \$27.6K or 62.8%.
- Outside Services expenses (\$243.7K) for March are over budget (\$237.3K) by \$6.4K or 2.7%.
- Professional Service expenses (\$25.1K) for March are under budget (\$33.1K) by \$8.0K or 24.1%.
- Marketing related expenses (\$11.4K) for March were under budget (\$26.2K) by \$14.8K or 56.3%.
- Combined Utilities expenses for March (\$35.4K) are over budget (\$31.6K) \$3.8K or 12.1%.

Lower revenues due to the national health emergency and lower operating expenses resulted in an operating loss of \$27.5K for March which is \$77.3K lower than budget \$49.7K. FYTD operating income is \$1.17M which is \$830.9K or 247.6% higher than budget (\$335.6K).

Review 2. Variance Analysis - MTD and YTD

Revenues:

CA Landing Fee

The COVID-19 national emergency impacted March flight schedules for all airlines. American exceeded budgeted landings/flights (97) by 6 and United missed budgeted landings/flights (217) by 33. The Airport expects further revenue reductions as the COVID-19 national emergency continues.

- CA RON Fees*
- Terminal Concessions*
- Taxi Operator Permits & Trip Fees*
- TNC Permits & Trip Fees*
- Rental Car Concessions*
- Parking Concession*
- GA Fuel Flowage Fees*
- Facility / Space Rents*

In March Societe Internationale De finally completed its lease and paid back rent for suite O in building 506. This resulted in most of the favorable variance for March.

- Office Space Rental Revenue*
- Utility Charges*

Expenses:

Finance & Administration:

Salaries & Wages

In March two staff positions were closed, and one employee was laid-off. The March variance represents separation payments to the laid-off employee.

- CalPERS Health Insurance*
- Temporary Personnel*
- Annual Audit / Accounting*
- District Legal Counsel*
- Marketing*
- Air Service Development*

Planning & Development:

- Architect & Engineer*

Maintenance & Custodial Services:

Salaries & Wages

In March one janitorial staff position was closed and one employee was laid-off. The March variance represents lower salaries for this position.

Airfield Repair & Maintenance
Terminal Repair & Maintenance
General Repair & Maintenance

Airport Operations:

None

Police Department:

None

ARFF / Fire Services:

District Vehicle Repair & Maintenance

Board of Directors:

Other Meetings / Workshops
Business Travel & Entertainment Expense

Office Rental Property

None

Other Income and Expense:

Grants – FAA
Passenger Facility Charges

No additional questions on revenues or expenses.

Review 3. Accounts Receivable Aged Invoice Report

The accounts receivable balance on March 31, 2020 is \$341K. This balance is 24.5% lower than February 29, 2020 balance and 21.7% lower than the balance on February 28, 2019. This decrease in accounts receivables is attributed to changes in revenues and the pattern of customer payments and collections. The net accounts receivable balance over 60 days old on March 31, 2020 is a credit of \$2.0K.

The unrestricted cash and investments balance on March 31, 2020 is \$5.49M and the unrestricted cash and investments balance on January 31, 2020 was \$5.38M, an increase of \$111.0K. The increase in unrestricted cash and investments resulted from transferring of prepaid UAL (\$61.5K), SDRMA worker's comp (\$15.5K) and business insurance amortization amounts (\$17.3K) to the reserve account monthly. The District also recognized interest from LAIF's Q1 payment of \$13.1K and investments interest of (\$3.7K).

Review 4. Fiscal Year 2021 Budget

E. ADJOURNMENT

The meeting adjourned at 12:15 PM.

Minutes Approved at the
Meeting of June 17, 2020



Mary Ann Leffel, Chair

ATTEST



Michael La Pier, AAE
District Secretary