

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

December 13, 2021 - 10:00 AM

NOTICE REGARDING A RETURN TO IN-PERSON PUBLIC PARTICIPATION AT MONTEREY PENINSULA AIRPORT DISTRICT BOARD MEETINGS

Due to the expiration of certain directives contained in the Governor’s Declaration of Emergency for the State of California (Executive Order N-29-20), the Board of Directors of the Monterey Peninsula Airport District will return to hold meetings at the Airport Board Room, with in-person attendance. Public comments may be made either in person or via email. Members of the public may attend the Board Meeting in person and request to speak to the Board when the Chair calls for public comment. In the alternative, written comments can be emailed to info@montereyairport.com, and should include the following subject line: “Public Comment Item # (insert the agenda item number relevant to your comment).”

The Board meetings will continue to be broadcast via Zoom video conference, however, remote public comment via Zoom will not be accepted. To view the Board meeting via Zoom video conference, please visit www.zoom.us/join and enter the following Meeting ID: **859 3137 7099**. The password for this meeting is: **20211213**. 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.

A. CALL TO ORDER

Finance Committee Meeting of the Board of Directors was called to order at 10:00 AM. Director Leffel and Director Sawhney, Executive Director La Pier, Director of Strategy and Development Morello and Deputy Executive Director of Finance and Administration Bergholz were present.

Also present were PFM, financial advisors Sarah Hollenbeck, Jaime Trejo and Brain Gallucci.

B. COMMUNICATIONS / ANNOUNCEMENTS / INFORMATIONAL ITEMS

None

C. PUBLIC COMMENTS

None

D. REGULAR AGENDA – ACTION ITEMS

Presentation 1. Pension Funding Analysis by PFM Financial Advisors LLC

Sarah Hollenbeck, PFM Managing Director, and staff presented potential CalPERS unfunded account liability (UAL) financing options to the Budget and Finance Committee on October 12, 2021. The initial financing options were focused on issuing pension obligation bonds. The Budget and Finance Committee requested additional analyses including a mix of prepaying UAL, making annual payments and/or using pension obligation bonds.

On December 13, 2021, Ms. Hollenbeck and staff shared a presentation that detailed various UAL funding options and the potential savings to the District. The Budget and Finance Committee recommended the presentation be shared with the Board of Directors.

Review 2. Resolution No. 1809, A Resolution Authorizing and Approving the Service Agreement between the Monterey Peninsula Airport District and Media Systems Group.

Director of Strategy and Development Morello presented a capital improvement project for upgrading the Boardroom IT equipment. Staff received a quote from a local vendor, Media System Group, totaling \$39,500 to install audiovisual platforms that will improve the District's ability to conduct remote meetings.

The Budget and Finance Committee reviewed the Boardroom IT equipment CIP quote and said they would recommend the project to the Board of Directors.

Review 3. Resolution No. 1810, A Resolution Authorizing and Approving the Service Agreement between the Monterey Peninsula Airport District and William A. Thayer Construction Inc.

Staff was made aware of maintenance concerns with Building "A" at 2801 Monterey Salinas Highway. Dry wood termites were found in the framing of the buildings wooden deck. The Airport hired Ailing House Pest Management to chemically fumigate the entire structure.

To repair the termite damage Staff solicited quotes from a list of qualified registered contractors. William A. Thayer Construction, Inc. provided a proposal, in an amount not-to-exceed of \$193,170, to make the required repairs.

The Budget and Finance Committee reviewed the proposal from William A. Thayer Construction, Inc and said they would recommend the project to the Board of Directors.

Review 4. Resolution No. 1811, A Resolution Authorizing a Contract Extension with LSL CPAs and Advisors, LLP for Professional Auditing Services.

The District contracted with LSL to perform financial, single and passenger facilities charge audits from 2019 to 2021. Over the three years LSL effectively coordinated schedules with the Board of Directors and Airport Staff to provide audit timing, progress updates and delivery of reports. The audits were completed on schedule and within budget. The LSL contract includes an option to extend professional audit services for fiscal years 2022 and 2023. Audit fees for the extension are \$41,164 and \$41,987 for Fiscal Years 2022 and 2023 respectively.

The Budget and Finance Committee reviewed the LSL option to extend the audit services contract and stated they would recommend the extension to the Board of Directors.

Review 5. FYTD 2022 Statements

Airline landings were below budget (452 budget vs 441 actual) by 11 landings which impacted budgeted landing, RON and APRON fees. General aviation landings are 21.7% higher than September, FYTD GA landing revenues are above budget by \$79.2K and travel related concessions (Woody's and Gifts & More) are exceeding their minimum annual guarantees by \$7.6K.

A \$49.4K ARP Act draw was submitted in October. Total CARES, CRRSA and ARP Act funds available for future draws are \$8.84M, \$327K and \$3.05M respectively.

October 2021 combined Airport operating revenues are \$951.2K which is \$208.6K (28.1%) higher than budget (\$742.7K). The revenue variance resulted from higher General Aviation, Rental Car and Parking revenues which offset lower than budget Commercial Airline operations. Non-Aviation and Other Operating sources continue to materially operate within regular budgeted revenues.

The revenue variances came from the following:

- Commercial Aviation (CA) fees in October are below budget (\$92.3K actual vs \$100.9K budget) by \$8.7K or 8.6%.
- General Aviation (GA) operating revenues for October (\$202.0K) are \$33.0K or 19.5% higher than budget (\$169.0K).
- In October combined TCP permits, Taxi Permits/Trips, TNC Trips, Terminal Concessions, Rental Car and Parking Concessions (Concessions) revenues (\$302.2K) are \$173.8K or 134.5% higher than budget (\$128.4K).
- October Non-Aviation Tenant revenues (\$183.6K) are over budget (\$180.8K) by \$2.8K or 1.5%.
- October Other Operating Revenues (\$21.2K) are over budget (\$16.7K) by \$4.4K or 26.4%.

October operating expenses (\$724.6K) are under budget (\$720.7K) by \$3.9K or 0.6%.

The expense variance came from the following:

- Salary & Wages and Employer Payroll Tax (Wages) Expenses (\$182.9K) for October are higher than budget (\$169.9K) by \$13.1K or 7.7%.
- Employer Benefit Expenses (\$125.4K) for October are lower than budget (\$137.2K) by \$11.8K or 8.6%.
- Business Related Expenses (\$27.7K) for October are materially on budget (\$27.8K).
- Expendable/Consumable Supplies & Materials expenses (\$864) for October are under budget (\$10.9K) by \$10.0K or 92%.
- Repair & Maintenance expenses (\$37.5K) for October are under budget (\$74.0K) by \$36.5K or 49.3%.
- Professional Service expenses (\$48.6K) for October are over budget (\$34.0K) by \$14.6K or 42.9%.
- Marketing related expenses (\$52.1K) for October are over budget (\$34.1K) by \$14.6K or 42.9%.
- Combined Utilities expenses for October (\$27.5K) are over budget (\$26.0K) by \$1.6K or 5.9%.

The Airport's higher revenues and lower operating expenses in October resulted in an operating surplus of \$226.6K which is \$204.6K higher than the budgeted income of \$22.0K. Fiscal year-to-date operating surplus is \$959.9K which is \$961.3K higher than the budget loss of \$1.4K.

Review 6. Variance Analysis - MTD and YTD

Revenues:

CA Landing Fees
Commercial Fuel Flowage Fees
GA Landing Fee

Terminal Space Rent
Terminal Concessions
Taxi Operator Permits & Trip Fees
TNC Permits & Trip Fees
Rental Car Concessions
Parking Concession
GA Fuel Flowage Fees
Hangar Rents
Utility Charges

Expenses:

Finance & Administration:

Salaries and Wages
CalPERS Health Insurance
Dues & Subscriptions
Other Legal Services
Marketing
Public Relations
Air Service Development
Utilities – Water

Planning & Development:

Architect & Engineer
Computer / LAN & IT

Maintenance & Custodial Services:

CalPERS Health Insurance
Custodial Supplies & Materials
District Vehicle Fuel
Airfield Repair & Maintenance
Terminal Repair & Maintenance
District Vehicle Repair & Maintenance

Airport Operations:

Computer / LAN & IT
Environmental

Police Department:

Police Services

ARFF / Fire Services:

District Vehicle Repair & Maintenance

Board of Directors:

Other Professional Services

Office Rental Property:

Rental Space Repair & Maintenance

Other Income and Expense:

Grants - FAA

Grants - FAA CARES/CRSSA ACT

Passenger Facility Charges

There were no questions or additional variances on revenues or expenses presented.

Review 7. Accounts Receivable Aged Invoice Report

The accounts receivable balance on October 31, 2021, is \$786K and the balance is \$69.2K or 8.1% lower than the September 30, 2021 balance of \$855K and 99.2% higher than the \$394K balance on October 31, 2020. The net accounts receivable balance over 60 days old on October 30, 2021, is \$24.1K. As of November 29, 2021, the over 60 days old balance of \$41.8K and the net accounts receivable balance is \$186.6K.

E. ADJOURNMENT

The meeting adjourned at 11:55 AM

Minutes Approved at the
Meeting of January 19, 2022



Carl M. Miller, Chair

ATTEST



Michael La Pier, AAE
District Secretary