

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

March 13, 2018 - 3:00 PM - Board Room

A. CALL TO ORDER

Director Sabo called to order the Finance Committee Meeting of the Board of Directors at 3:00 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:

January 2018 Financial Statements

January 2018 Financial Statement Variance Analysis

January 31, 2018 Accounts Receivable Aged Invoice Report

B. COMMUNICATIONS/ANNOUNCEMENTS/INFORMATIONAL ITEMS

At the request of Finance Committee Directors policy document revisions have been assigned to district legal counsel.

Presentation Fiscal Year 2019 draft budget has been scheduled for Finance Committee on April 6, 2018.

C. PUBLIC COMMENTS

None.

D. REGULAR AGENDA – ACTION ITEMS

Reviewed 1. FYTD 2018 Financial Statements

Reviewed overall financial performance of the airport as of January 31, 2018

January 2018 combined airport operating revenues are \$687.9K which is \$21.1K (3.2%) higher than budget (\$666.8K) and FYTD revenues are \$5.44M which is \$267.1K (5.2%) higher than budget (\$5.18M). The January favorable revenue variance is attributed to higher GA Landing and Fuel Fees, Terminal Concession, TNC fees, outside-storage rents and miscellaneous other operating revenues. These higher revenues offset a decrease in commercial landing fees and rental car revenues.

January operating expenses were higher than budget by \$17.5K (-2.7%). January's net favorable expenses variance resulted from lower employee salaries, benefits, related personnel expenses, business related expenses and professional services (\$20.3K) which offset by higher consumable supplies, repairs and maintenance, outside services, marketing expenses and utilities (\$37.9K).

January FYTD Operating Expenses were \$4.73M which is \$105.5K lower than budget (\$4.83M). This favorable variance is attributed to lower Employee and Related expenses (\$121.1K), Business Related expenses (\$18.8K), Supplies and Materials (\$4.4K) and Repairs and Maintenance (\$84.4K). The

favorable FYTD expense variances are offset by unfavorable variances in Outside Services (\$3.4K), Professional Services (-\$18.2K), Marketing (-\$12.2K) and Utilities (-\$89.3K). (-\$20.6K) and Utilities (-\$85.3K).

With higher than budget operating revenues and lower operating expenses, January's operating income is \$14.1K which is \$3.7K higher than budget (\$10.5K). FYTD operating income is \$661.4K which is \$378.9K or 134.2% higher than budget (\$282.4K).

Reviewed 2. January 2018 Financial Statement Variance Analysis

Revenues:

CA Landing Fee
GA Landing Fees
Terminal Concessions*

* Terminal Concessions in January exceeded budget with the return of Gifts and More (\$1.6K) and Lamar (formerly Corey) exceeded budget by \$3.3K which are offset by lower Golden Tee sales (-\$1.9K).

Taxi Operators Permits and Trip Fees
TNC Permit and Trip Fees**

** FY 18 TNC fees in January are over budget. Uber exceeded budget by \$5.8K and Lyft revenues have consistently improved to \$2.1K.

Rental Car Concessions***

*** In January Rental Car concessions were under budget (\$4.5K). Avis and Budget were below budget (-\$5.3K), Enterprise and National were over budget (\$1.2K) and Hertz was under budget by (\$0.4K).

Fuel Flow
Facility / Space Rents
Outside Storage****

**** There are three unbudgeted tenants contributing to the favorable Outside Storage variance and Val Strough Honda continued to lease space to temporarily store cars. Val Strough Honda lease will terminate at the end of January.

Self-Storage
Utility Charges
Miscellaneous Other Operating Revenue

Expenses:

Finance & Administration:

Salaries & Wages
Dues & Subscriptions
Human Resources~

~ The unfavorable variance represents expenses incurred to rewrite the employee personnel policies and procedures manuals. Total estimated expense for this project is \$7.5K.

Marketing
Air Service Development
Utilities – Water ~~

~~ Water expense variance resulted from continued higher than budget QTA water usage. QTA is billed for this overage.

Planning & Development:

None

Maintenance & Custodial Services:

Airfield Repair & Maintenance^

^ Airfield Repair & Maintenance unfavorable expense variance resulted from a timing difference for crack sealing services. In January the Graham Construction Inc. performed crack sealing services for \$17K. The unfavorable variance was offset by other budgeted expenses that were not incurred.

Terminal Repairs & Maintenance
Other / Contract Services^^

^^ The January Other/Contract Services unfavorable expense variance resulted from Brilliant Edge Cleaning services performed in the secure side of the terminal (\$3.5K) and two additional services by Golden State Portables.

Airport Operations:

CalPERS Health Insurance

Police Department:

Overtime (OT) Pay+

+ In January the Airport reversed a \$2.8K of accrued comp time paid to an officer on workers comp leave and \$2K less in overtime was incurred.

General Supplies & Materials ++

++ The General Supplies & Materials unfavorable variance in January resulted from the purchase of 8 bullet proof vests for the department. The Police Department expects to receive a grant reimbursement for the vests.

ARFF / Fire Services:

None

Board of Directors:

None

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 January 31, 2018, is \$294K. This balance is 3.86% lower than the December 31, 2017 balance and 20.8% lower than the balance on January 31, 2017. The modest increase in accounts receivables is attributed to timing of collections.

The net accounts receivable balance over 60 days old on January 31, 2018 is -\$1.2K. The outstanding January accounts receivable invoices on January 31, 2018 total \$85.4K. Included in this balance are two airline invoices and two TSA-US Treasury invoices totaling approximately \$60K. The remaining balance is a mix of small accounts.

Discussion 4. Future Agenda Items/Finance Committee Schedule

The next meeting was scheduled for April 9, 2018 at 10:00 AM. In the Board of Directors Conference Room.

E. ADJOURNMENT

The meeting adjourned at 5:30 PM.

Minutes Approved at the
Meeting of April 11, 2018



William Sabo, Vice Chair

ATTEST



Michael La Pier, AAE
District Secretary