

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

January 7, 2019 - 10:00 AM - Board Room

A. CALL TO ORDER

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

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

November 2018 Financial Statements

November 2018 Financial Statement Variance Analysis

November 30, 2018 Accounts Receivable Aged Invoice Report

Resolution No. 1737, Authorizing a Professional Services Agreement with Kimley-Horn and Associates Inc. for the Feasibility Analysis and Design of a Non-potable Water Distribution System

B. COMMUNICATIONS/ANNOUNCEMENTS/INFORMATIONAL ITEMS

C. PUBLIC COMMENTS

None.

D. REGULAR AGENDA – ACTION ITEMS

Review 1. FYTD 2018 Financial Statements

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

November 2018 combined airport operating revenues are \$743.2K which is \$37.7K (5.3%) higher than budget (\$705.5K) and FYTD revenues are \$3.99M which is \$152.0K (4.0%) higher than budget (\$3.84M). The November favorable revenue variance is attributed to higher Commercial Aviation Terminal Concessions, General Aviation and Miscellaneous Other Operating Revenues. These higher revenues offset lower Non-Aviation Tenant fees.

November operating expenses are under budget by \$21.4K (2.9%).

November's net favorable expenses variance resulted from the following: Salary & Wage and Employer Payroll Tax Expenses are \$7.1K lower than budget, Employer Benefit Expenses are over budget by - \$1.8, Personnel Related Expenses are under budget by \$5.1K, Business Related Expenses are materially on budget, Expendable / Consumable Supplies & Materials expenses are under by \$4.6K, Repair & Maintenance expenses are under budget by \$24.0K, Outside Services are materially on budget, Professional Services are over budget -\$7.3K. Marketing related expenses are over budget - \$10.9K, Outside Services are materially on budget and Utilities expenses are over budget \$1.8K.

November FYTD Operating Expenses are \$3.43M which is \$212.0K lower than budget (\$3.65M). This favorable variance is attributed to lower expenses in most all expense categories except Police Salaries and Wages and Marketing expenses.

With higher than budget operating revenues and lower operating expenses, the November Operating Income is \$37.0K which is \$59.1K higher than budget (-\$22.1K). FYTD operating income is \$524.5K which is \$364.4K or 227.5% higher than budget (\$160.1K).

Review 2. November 2018 Financial Statement Variance Analysis

Revenues:

- CA Landing Fee
- GA Landing Fee
- Taxi Operator Permits & Trip Fees
- TNC Permit and Trip Fees
- Rental Car Concessions
- Parking Concession
- General Aviation Fuel Flowage Fees
- Self-Storage

Monterey Highway Self Storage (MHSS) revenues include three development contracts. Flight Way Self Storage (FWSS Phase III) has slightly different terms than Phase I and II. Tenants in FWSS like to prepay rents which has consistently caused oscillations in monthly MHSS revenues. In November MHSS revenues were below budget by \$4K and in December they are over budget by \$4K.

Miscellaneous Other Operating Revenue

Expenses:

Finance & Administration:

- Annual Audit / Accounting
- Marketing

Planning & Development:

None

Maintenance & Custodial Services:

- Custodial Supplies & Materials
- Airfield Repair & Maintenance
- Terminal Repair & Maintenance
- Landscape & Grounds Repair & Maintenance

Airport Operations:

- Salaries & Wages

Police Department:

CalPERS Health Insurance

ARFF / Fire Services:

None

Board of Directors:

Business Travel & Entertainment Expense

Other Income and Expense:

Grants – FAA
Passenger Facility Charges
Interest Income - L.A.I.F.
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 November 30, 2018 is \$410K. This balance is 4.3% higher than the October 31, 2018 balance and 9.8% higher than the balance on November 30, 2017. The net accounts receivable balance over 60 days old on November 30, 2018 is a -\$3,309. This increase in accounts receivables is simply attributed to timing of collections.

The outstanding November accounts receivable invoices on December 26, 2018 total is \$104.6K. Included in this November 28 balance are seven airline and rental car related invoices totaling approximately \$84.4K, GSA/TSA invoice for \$9.7K and several small invoices which are offset by several small customer prepayments.

Discussion 4. Resolution No. 1737, Authorizing a Professional Services Agreement with Kimley-Horn and Associates Inc. for the Feasibility Analysis and Design of a Non-potable Water Distribution System

Discussion 5. Additional Questions

Q. Over budget Natural Gas and Water expenses not offset by increases in Tenant Utility Revenue (rates? tenant usage)?

A. Not all utilities are billed to tenants. Natural gas is primarily a terminal expense and increases or decrease based on weather. Beginning in October natural gas expenses started increasing. November experienced a slight increase and December will probably be the same.

Water expenses for tenants remained relatively constant but overall water usage increased for MPAD related water meters.

Q. Why is Maintenance-Vehicle Repair actual so low compared to budget? Deferring maintenance or a change in maintenance program??

A. Maintenance-Vehicle Repair contain both required (oil changes, etc.) and expected (tires, etc.) repair expenses. The \$5K FYTD variance includes delays in tire purchases, etc. and one vehicle was replaced which eliminated the need for significant transmission repairs.

Q. What is the status of plans to relocate portions of PFC and Tenant Deposit funds to higher yielding instruments (30-day T-Bill 2.36% Rabobank .2%)?

A. The Airport is in the process of establishing a JP Morgan investment account that is restricted to investments allowable by California state law. Once the investments documents are prepared, they will be brought forward for review.

Discussion 6. Finance Committee Schedule

The next meeting was scheduled for February 11, 2019 at 10:00 AM in the Board Room.

E. ADJOURNMENT

The meeting adjourned at 12:15 PM.

Minutes Approved at the
Meeting of February 13, 2019



William Sabo, Chair

ATTEST



Michael La Pier, AAE
District Secretary