

TO: Monterey Peninsula Airport District Board of Directors
FROM: Scott E. Huber, District Counsel
SUBJ: Approval of Employment Agreement with Michael La Pier

BACKGROUND. The Board has entered into a retirement agreement with the current General Manager, who will retire on July 31, 2015. Through an executive search firm, ADK, the Board conducted a nationwide search for a new Executive Director. The Board interviewed four candidates and selected Michael La Pier as the next Executive Director. Government Code section 54956(b) requires a public agency to consider the salary, compensation and/or benefits of a local agency executive at a regular meeting. The attached employment agreement was negotiated by the Board and District Counsel and it has been accepted by Mr. La Pier. The Board will consider approving the agreement for the position of Executive Director.

ANALYSIS. Following the retirement agreement of the current General Manager, the Board entered into an agreement with ADK to conduct a nationwide search for a new Executive Director. The position was posted for approximately one month, with advertisements being placed online, and in trade specific publications. A total of 26 applications were received for the position. Based on a set of criteria established by the Board, the candidates were narrowed to a field of 10 for Board consideration. The Board conducted in-person interviews of four candidates on May 18, 2015. Following the interviews, the Board selected Michael La Pier as the next Executive Director.

Mr. La Pier has more than thirty (30) years of experience in senior management positions at airports from Central Illinois Regional Airport to Sacramento International Airport to the international airport at Myrtle Beach, South Carolina, which is another convention and resort destination similar to the Monterey Peninsula. Four airports underwent new terminal construction or renovation during La Pier's tenure.

Based on criteria outlined by the Board, District Counsel negotiated the attached agreement with Mr. La Pier. Mr. La Pier has accepted the terms of the agreement. The Board will consider approving the agreement with Mr. La Pier for the position of Executive Director.

FISCAL IMPACT. All compensation (annual base and allowances) as prescribed in the agreement have been programmed into the Fiscal Year 2016 Operating Plan. Changes were presented in the comparison between the draft and final operating budget.

RECOMMENDATION. Adopt Resolution Number 1642, and approve the employment agreement between Michael La Pier and the Monterey Peninsula Airport District for the position of Executive Director.

RESOLUTION NO. 1642

**A RESOLUTION OF THE MONTEREY PENINSULA AIRPORT DISTRICT APPROVING
THE EMPLOYMENT AGREEMENT FOR EXECUTIVE DIRECTOR BETWEEN THE
MONTEREY PENINSULA AIRPORT DISTRICT AND MICHAEL LAPIER**

BE IT HEREBY RESOLVED by the Monterey Peninsula Airport District as follows:

1. The Chair is hereby authorized and directed to execute an employment agreement between the Monterey Peninsula Airport District and Michael La Pier, Executive Director. The Agreement is contingent upon La Pier's successful completion of a background check, credit check, Security Identification Display Area (SIDA) check for full airport access, and drug screening.
2. The Board Secretary shall attest to the adoption of this Resolution.

**PASSED AND ADOPTED BY THE BOARD OF DIRECTORS OF THE MONTEREY
PENINSULA AIRPORT DISTRICT:** This 17th day of June, 2015, by the following roll call vote:

AYES:	DIRECTORS:
NOES:	DIRECTORS:
ABSTAIN:	DIRECTORS:
ABSENT:	DIRECTORS:

Signed this 17th day of June, 2015

William J. Sabo, Chair

A T T E S T

Tonja Posey, Board Secretary

**EMPLOYMENT AGREEMENT BETWEEN
THE MONTEREY PENINSULA AIRPORT DISTRICT AND
MICHAEL LA PIER**

This agreement is made and entered into on the 17th day of June, 2015, by and between the Monterey Peninsula Airport District ("District"), and Michael La Pier, both of whom understand as follows:

WHEREAS, District desires to employ the services of La Pier as its Executive Director; and

WHEREAS, it is the desire of the Board of Directors of the District ("Board"), to provide certain benefits, to establish certain conditions of employment and to set working conditions for La Pier; and

WHEREAS, La Pier desires to accept employment as the Executive Director of District.

Now therefore, in consideration of the mutual covenants herein contained, the parties agree as follows:

Section 1. Duties:

District hereby agrees to employ La Pier as Executive Director of District to perform the functions and duties specified for the position in the job description, as established by the Board, the District's Enabling Act, and such other legally permissible and proper duties and functions as the Board shall from time to time assign to him.

Section 2. Term; Termination; Severance Compensation:

- A. La Pier agrees to remain in the exclusive employ of District until July 31, 2018 ("Expiration Date") and neither to accept other employment nor to become employed by any other employer until the expiration date of this agreement, subject to the provisions of Subsection 2. B.
- B. If La Pier resigns his position as Executive Director before the expiration date of the initial or any extended term of this agreement, then La Pier shall give District no less than 60 days written notice in advance. In that event, La Pier shall not be entitled to the severance compensation provided for in Section 2. C.
- C. As an "at will" employee serving at the pleasure of the Board, La Pier's appointment may be terminated by the Board without cause at any time as outlined in Ordinance 909. In the event that La Pier is terminated by the District before the expiration of the term of this agreement, other than as specified in subsection (D) herein, the District agrees to pay La Pier a lump sum cash payment of six (6) months aggregate salary and continuation of the medical and dental plan in effect at the time of termination for six (6) months, or such other payout as may be mutually agreed upon. In addition, La Pier shall be compensated for all vested accrued leave time, which is currently defined as all accumulated and unused vacation leave.

- D. La Pier may be terminated by the Board at any time for either malfeasance or nonfeasance in office, or for a conviction of a crime. In the event of such removal, the District shall have no obligation to pay the aggregate severance pay referenced above.
- E. Six months prior to expiration of this Agreement, La Pier shall give written notice to District if he wishes to extend this agreement on the same terms and conditions for an additional period of time to be negotiated between the parties. Thereafter the Board shall determine, within 60 days, whether or not it wishes to extend the agreement and shall give written notice to La Pier of its decision. If the Board approves such extension, the parties shall enter into a new, or amended, agreement. If the Board disapproves such extension, this agreement shall terminate on the Expiration Date and La Pier shall not be entitled to any compensation except for any vested accrued leave time.

Section 3. Non-Industrial Injury/Illness:

If La Pier is permanently disabled or is otherwise unable to perform his duties because of sickness, accident, injury, mental incapacity or health for a period of four successive weeks beyond any accrued leave, District shall have the option to terminate the agreement, subject to the severance pay provisions of Section 2. C.

Section 4. Salary and Compensation:

La Pier shall receive an initial salary of \$185,000 per year.

The District shall reimburse La Pier up to \$15,000 for expenses related to temporary housing, house-hunting trips, moving expenses, and other miscellaneous expenses related to La Pier's relocation to the Monterey region, pursuant to the District's "accountable" plan. In the event that La Pier resigns the position as outlined in Section 2(B), La Pier shall repay the District the full amount during the first year of the Agreement, \$10,000 during the second year of the Agreement, and \$5,000 during the third year of the Agreement.

Employee's salary will be reviewed annually and may be adjusted as determined by the District based on his performance, economic conditions, or other factors as may be determined by the District.

Section 5. Performance Evaluation:

- A. The Board shall review and evaluate the performance of La Pier annually after the commencement of this agreement. At least 30 days in advance before each anniversary date of the commencement of this agreement, and thereafter, the Board shall determine if La Pier will receive any salary increment adjustment for the 12 months after his anniversary date. Upon a positive performance evaluation, the District Board may, but is not required to, provide La Pier with an incentive payment. Such review and evaluation shall be in accordance with specific criteria developed jointly by Board and La Pier. Such criteria may be added to or deleted

from, as the Board may from time to time determine, in consultation with La Pier. Further, the Chair shall provide La Pier with a summary written statement of the evaluation of the Board and provide an adequate opportunity for La Pier to discuss the evaluation with the Board.

- B. The Board and La Pier shall define the criteria that they determine necessary for the proper operation of the District and the attainment of the Board's goals and objectives and shall further establish a relative priority among them. All such goals and objectives shall be reduced to writing. The goals and objectives shall be reasonably attainable within the time and budgetary resources allocated to La Pier to achieve them.

Section 6. Hours of Work:

La Pier shall be employed on a full-time basis and for optimal customer service, should generally perform such work during District's normal business hours. However, it is recognized that La Pier shall be required to devote a great deal of time outside of normal office hours on business of District, and to that end he shall be allowed to establish an appropriate work schedule to meet the requirements of the position.

Section 7. Bereavement Leave:

When compelled to be absent from work by reason of death of an immediate family member or where death appears imminent, La Pier, after completing six (6) months of employment with the District shall be entitled to receive up to three (3) days Bereavement Leave, which shall not be charged against any other leave acquired by La Pier. If La Pier desires such leave, he shall notify, in writing, the Board of the time of absence needed and the expected date of return to work.

The immediate family is defined as spouse; natural, step or legal child; parent; brother; sister; grandparent; grandchild; mother-in-law or father-in-law.

Section 8. Automobile and Technology Allowance:

District shall provide La Pier with an automobile allowance in the amount of \$650 per month to compensate him for the use of his private vehicle for District business. La Pier may not operate a District vehicle off of District Property. If the District requires La Pier to travel outside a 50-mile radius of the Monterey Airport, La Pier is authorized to rent a vehicle at the expense of the District.

District shall provide a technology allowance of \$100 per month to La Pier to compensate him for the use of his private mobile telephone and other technology used to perform his duties. The District will not provide the use of a mobile telephone to La Pier.

Section 9. Vacation and Sick Leave:

La Pier shall accumulate Sick Leave at the rate of 120 hours per year during the term of this Agreement. La Pier shall be permitted to accumulate an unlimited amount of sick leave. La Pier shall be advanced seven (7) days of sick leave upon commencement of this Agreement.

La Pier shall accumulate Vacation Leave at the same rate as Sick Leave. La Pier shall be permitted to accumulate a maximum of 240 hours of Vacation Leave. La Pier shall be advanced seven (7) days of vacation upon commencement of this Agreement.

Section 10. Medical, Dental, Vision, Insurance and Other Benefits:

Employee and dependent coverage is available from CalPERS at 80% employer cost and 20% employee cost. Health Benefits are available on the first day of the month following the date of hire. Dental coverage for employee and dependents is available at the employer's cost. Dental Benefits are available on the first day of the month following two (2) months of continuous employment. Vision coverage for employee is available at employer cost. Vision coverage for dependents is available at the employee's cost. Vision benefits are available on the first day of the month following two (2) months of continuous employment. The District shall provide life insurance to La Pier equal in face value (no cash-value) to one year of La Pier's base salary during the time this Agreement is in effect.

Section 11. Holidays: La Pier is authorized to celebrate the following holidays:

- | | |
|---------------------------|-----------------------------------|
| 1. New Year's Day | 7. Veteran's Day |
| 2. Martin Luther King Day | 8. Thanksgiving Day |
| 3. President's Day | 9. The Day after Thanksgiving Day |
| 4. Memorial Day | 10. The Day before Christmas Day |
| 5. Independence Day | 11. Christmas Day |
| 6. Labor Day | |

Section 12. Retirement:

The District shall pay the employer's required PERS contribution, and La Pier shall pay the employee contribution as set forth in California statute. The District shall provide for optimal conversion of accrued Sick Leave for Service Credit upon retirement, if available, subject to PERS regulations.

Section 13. Deferred Compensation Plan:

The District shall provide a Deferred Compensation Plan. The District shall not be required to make a contribution to any of La Pier's Deferred Compensation Plan.

Section 14. Outside Employment:

During the term of the agreement and any extensions thereof, La Pier shall not accept any outside employment of any kind or character without having first obtained the prior approval of the Board.

Section 15. Dues and Subscriptions:

District agrees to budget for and to pay for professional dues and subscriptions of La Pier necessary for his continuation and full participation in national, regional, state and local associations and organizations as are desirable for his continued professional participation, growth, and advancement, and for the good of the District; provided, however, the amount of such dues and subscriptions shall not exceed the amount appropriated therefore in the annual budget.

Section 16. Professional Development:

- A. District agrees to pay for travel and subsistence expenses of La Pier for professional and official travel, meetings, and occasions adequate to continue the professional development of La Pier and to adequately pursue necessary official functions for District, and such other national, regional, state and local governmental groups and committees thereof which La Pier serves as a member; provided, however, the amount of such travel and subsistence shall not exceed the amount appropriated therefore in the annual budget. La Pier shall not accept a leadership, executive, or other officer position in an aviation related industry or trade group without the advanced consent of the District.
- B. District also agrees to pay for travel and subsistence expenses of La Pier for short courses, institutes and seminars that are necessary for his professional development and for the good of the District; provided, however, the amount of such travel and subsistence shall not exceed the amount appropriated therefore in the annual budget.

Section 17. General Expenses:

District recognizes that certain expenses of a non-personal and generally job-affiliated nature shall be incurred by La Pier, and hereby agrees to reimburse or to pay such general expenses up to an amount not to exceed the amount provided for such purposes in the Executive Directors' portion of the annual District budget. Reimbursements shall be made pursuant to the District's "accountable" plan. The Finance Department is hereby authorized to disburse such monies in accordance with adopted District expense reimbursement policies.

Section 18. Civic Club Membership:

District recognizes the desirability of representation in and before local civic and other organizations, and La Pier is authorized to become a member of such civic clubs or

organizations. During the term of the agreement, District, at its sole discretion, may elect to pay some or all of La Pier's civic club membership expenses.

Section 19. Indemnification:

In addition to the requirements of state and local law, District shall defend, save harmless, and indemnify La Pier against any tort, professional liability claim or demand, or other legal action, whether groundless or otherwise, arising out of an alleged act or omission occurring in the performance of La Pier's duties as Executive Director, except for any civil action or proceeding brought against La Pier for actual fraud, corruption or actual malice. District, at its sole discretion, shall retain counsel of its choice, and compromise and settle any such claim or suit and pay the amount of any settlement or judgment rendered thereon.

Section 20. Bonding:

District shall bear the full cost of any fidelity or other bonds required of La Pier under any law or ordinance.

Section 21. Other Terms and Conditions Employment:

- A. The Board may fix other terms and conditions of employment, as it may determine from time to time relating to the performance of La Pier, following consultations with him, provided such terms and conditions are not inconsistent with or in conflict with the provisions of the agreement, the Ordinances of the District, the District's enabling act or any other law.
- B. It is understood and agreed by District and La Pier that La Pier is an "at will" employee of the District, appointed by the Board, under the provisions of the District's enabling act. As such, La Pier serves at the pleasure of District and is not subject to the provisions of the District's Personnel Rules and Regulations.

Section 22. Notices:

Notices pursuant to the agreement shall be given by deposit in the custody of the United States Postal Service, postage prepaid, addressed as follows:

- A. TO DISTRICT: Chair of the Board, Monterey Peninsula Airport District, 200 Fred Kane Dr., Suite 200, Monterey, CA 93940.
- B. TO La Pier: La Pier, at his permanent residence address on record with the District.

Alternatively, notices required pursuant to the agreement may be personally served to the same persons as is applicable to civil judicial practice. Notice shall be deemed given as of the date of personal service or as of the date of deposit of such written notice in the United States Postal Service.

Section 23. General Provisions:

- A. The text herein shall constitute the entire agreement between the parties.
- B. The agreement shall be binding upon and inure to the benefit of the heirs at law and executors of La Pier.
- C. The agreement shall not be assigned by La Pier or District.
- D. The agreement shall not be modified without the written consent of La Pier and District.
- E. The agreement shall become effective commencing July 16, 2015.
- F. La Pier shall only be entitled to those benefits outlined in this Agreement.
- G. If any provision, or any portion thereof, contained in the agreement is held unconstitutional, invalid or unenforceable, the remainder of the agreement or portion thereof, shall be deemed severable, shall not be affected, and shall remain in full force and effect.

Approved by the Board of Directors of the Monterey Peninsula Airport District at its meeting held June 17, 2015.

**MONTEREY PENINSULA
AIRPORT DISTRICT**

MICHAEL LA PIER

William Sabo, Chair

Michael La Pier

APPROVED AS TO FORM:

Scott E. Huber, District Counsel

TO: Monterey Peninsula Airport District Board of Directors
FROM: Scott E. Huber, District Counsel
SUBJ: Establish Procedure for Response to Grand Jury Report

BACKGROUND. The Board will consider the establishment of a procedure to respond to the 2014/2015 Monterey County Grand Jury Final Report.

STAFF ANALYSIS. On May 21, 2015, the Monterey County Civil Grand Jury released a report to the Board of Directors entitled "Fly Monterey – The Monterey Regional Airport: An Analysis of Operating Expenses and Revenue Opportunities."

Having received this report, the Board of Directors is now obligated to provide responses to the findings and recommendations the Grand Jury has made concerning these subjects. This obligation is stated in Penal Code section 933, which provides in relevant part:

"No later than 90 days after the grand jury submits a final report on the operations of any public agency subject to its reviewing authority, the governing body of the public agency shall comment to the presiding judge of the superior court on the findings and recommendations pertaining to matters under the control of the governing body"

As the Grand Jury report was released to the public, the Board is obligated to submit its response to the Presiding Judge no later than August 19, 2015. Approval of the responses must be by formal Council action in open session.

The contents of a response to a grand jury report are stated in Penal Code section 933.05. This section requires that as to each grand jury finding, the Board states that: (i) it agrees with the finding; (ii) it disagrees entirely with the finding; or (iii) it disagrees with part of the finding, in which case it must specify the part of the finding it disputes.

After addressing the findings in this manner, the Board must also respond to each grand jury recommendation. As to each, it must specify one of the following dispositions: (i) the recommendation has been implemented, with a summary regarding how such implementation was carried out; (ii) the recommendation will be implemented, with a timeframe given for such implementation; (iii) the recommendation will be further studied, including discussion of the scope of the study and the timeframe in which it will occur; or (iv) the recommendation will not be implemented and an explanation as to why the recommendation is unwarranted or unreasonable.

To ensure that the Board may comply with these responsibilities in a timely manner, Staff recommends that the Board establish an ad hoc committee and appoint at least one Board member to work with Staff to develop responses for the full Board to consider at a subsequent meeting. The Board could do this by appointing one Board member (or two) to oversee the responses to the entire Grand Jury report. Staff would then work with the assigned Board member(s) to draft a complete response for full Board consideration. The Board should direct

that these draft responses be prepared promptly so there will be ample time for full and public Board consideration during a future meeting.

Given the nature of the matters discussed in the Grand Jury report, I also recommend the Board set aside a portion of one meeting to consider the draft responses. The Board should schedule that meeting sufficiently in advance of the response deadline so that it may continue the responses to a second Board meeting if necessary.

To meet these objectives, Staff proposes that the Board direct that a full draft response to the Grand Jury Report be prepared by July 1 and that this report be put on the agenda for consideration at the Board meeting in July.

FISCAL IMPACT

None

RECOMMENDATION

Establish a procedure to respond to the 2014/15 Grand Jury Report.

ATTACHMENT(S)

Final Grand Jury Report

MONTEREY COUNTY



OFFICE OF THE COUNTY COUNSEL

168 WEST ALISAL STREET, 3RD FLOOR, SALINAS, CALIFORNIA 93901-2439
(831) 755-5045 FAX: (831) 755-5283

CHARLES J. McKEE
COUNTY COUNSEL

Leslie J. Girard
Chief Assistant County Counsel

CONFIDENTIAL IMMEDIATE ATTENTION REQUIRED

May 21, 2015

Via Hand Delivery

William Sabo, Chair, and Members of the
Monterey Regional Airport Board of Directors
200 Fred Kane Drive, #200
Monterey, CA 93940

Re: 2014-2015 Monterey County Civil Grand Jury Final Report No. 1 –
“Fly Monterey” The Monterey Regional Airport

Dear Board of Directors:

On behalf of the 2014-2015 Monterey County Civil Grand Jury, and pursuant to Penal Code section 933.05(f) (copy enclosed), I am enclosing for your review the Grand Jury’s Final Report No. 1 entitled “Fly Monterey” The Monterey Regional Airport, which has been approved for publication. The Grand Jury intends to publish the report prior to the public within 48 hours following delivery of the report to you.

This report constitutes a Final Report for purposes of Penal Code section 933. Pursuant to that section, you must submit comments on the report to the Honorable, Marla O. Anderson, Presiding Judge of the Superior Court, 240 Church Street, Salinas, CA 93901, within ninety (90) days following its transmittal. You are responsible for Finding Nos. F1, F2, F3, F4, F5, F6, F7, F8, F9, F10, and F11, and Recommendation Nos. R1, R2, R3, R4, R5, R6, R7, R8, R9, R10, R11, R12, R13 and R14. With respect to each finding, the Board shall indicate one of the following:

- 1) That the Board/Agency/You agree with the finding; or
- 2) That the Board/Agency/You disagree wholly or partially with the finding, in which case the Board/Agency/You must specify the portion of the finding that is disputed and shall include in the response an explanation of the reasons for the disagreement.

With respect to each recommendation, the Board of Directors must report one of the following actions:

- 1) That the recommendation has been implemented, with a summary regarding the implemented action;
- 2) That the recommendation has not yet been implemented, but will be implemented in the future, with a timeframe for implementation; or
- 3) That the recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a timeframe for the matter to be prepared for

William Sabo, Chair, and Members of the
Monterey Regional Airport Board of Directors
May 21, 2015
Re: Fly Monterey
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discussion by the Board/Agency/you (this timeframe not to exceed six months from the date of publication).

Thank you for your attention to these matters; the Civil Grand Jury looks forward to your response.

Sincerely,

By: 
CHARLES J. McKEE
County Counsel

LJG:ljk:so
Enclosure
cc: Grand Jury
Hon. Marla O. Anderson, Presiding Judge
Charles J. McKee, County Counsel

“FLY MONTEREY”
**THE MONTEREY REGIONAL AIRPORT: AN ANALYSIS OF
OPERATING EXPENSES AND REVENUE OPPORTUNITIES**





“FLY MONTEREY”

THE MONTEREY REGIONAL AIRPORT: AN ANALYSIS OF OPERATING EXPENSES AND REVENUE OPPORTUNITIES

SUMMARY

Based on interviews and research that raised an issue of the sustainability of Monterey Regional Airport (MRA), the Monterey County Civil Grand Jury (MCCGJ) elected to conduct an investigation into the airport's business operations, a critical element in its ability to remain a viable business enterprise and commercial airport for the citizens of Monterey County. Since less than half of the airport's income is earned from providing commercial airline services, the investigation focused primarily on current non-airline operating expenses and analyzed potential revenue opportunities that may exist at the airport. The MCCGJ found that the Monterey Regional Airport is a well-managed operation with potential to expand its revenue and strengthen its viability.

BACKGROUND

Founded in 1941, Monterey Regional Airport (MRA) exists as a “non-hub primary commercial service, class 1 airport” as defined by the Federal Aviation Administration (FAA). The airport is currently served by four airlines: Alaska, Allegiant, American, and United. The operations of the airport mirror the operation complexities of a small city, as it is required by the FAA to provide fire and police protection among numerous other services. The airport substantially contributes to the regional economy and is considered a valuable community asset, playing an important role in serving the transportation needs of Monterey County residents and visitors.

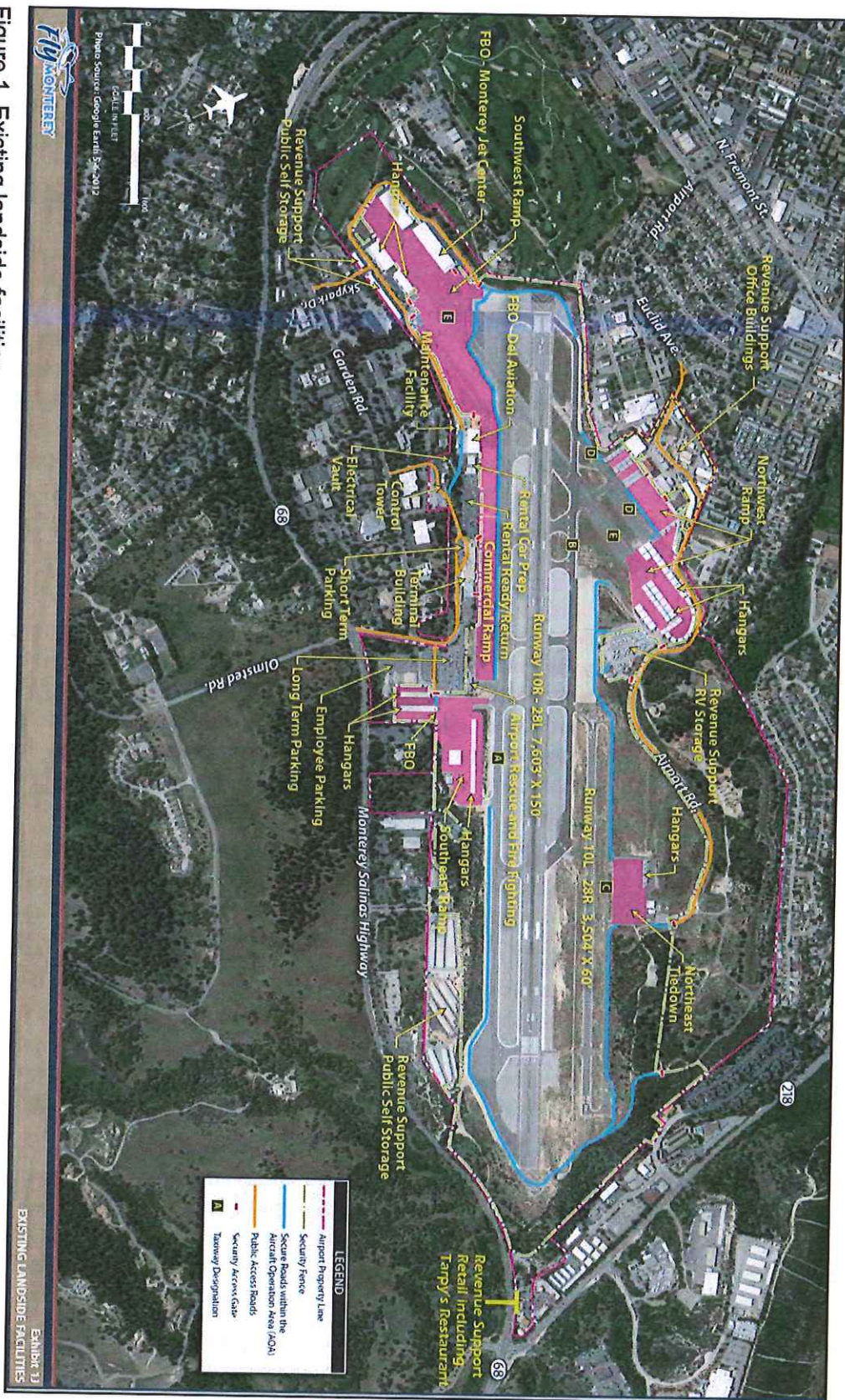
The Monterey Peninsula Airport District (MPAD) was created as a public airport district whose territory and boundaries exist within Monterey County. The object of the district is to acquire, own, lease, improve, operate and maintain a public airport for civil and military purposes. The District was established as a body corporate and politic, meaning it is to be treated as a corporation.

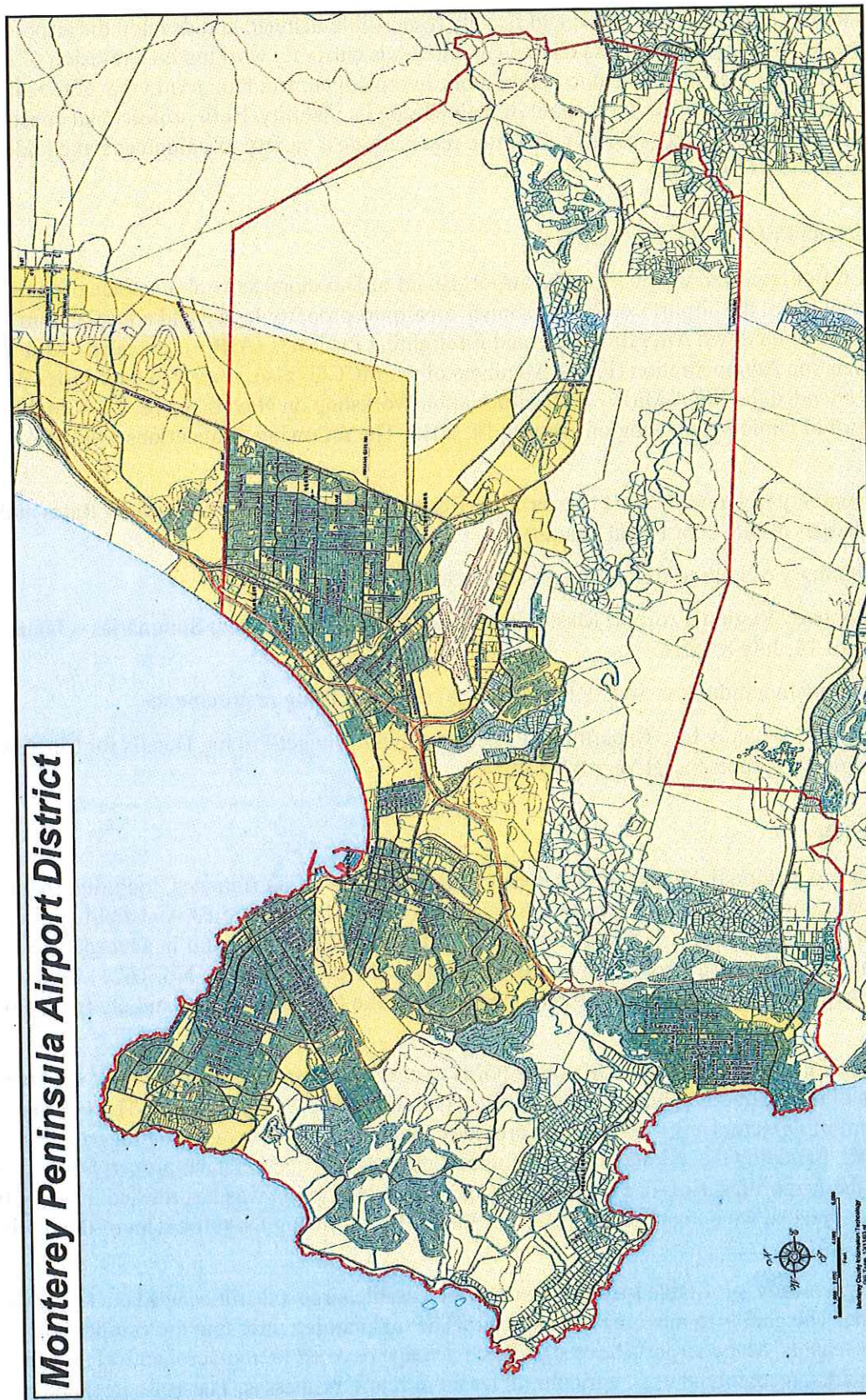
The voters who reside within the Monterey Peninsula Airport District, elect a board of five directors who serve four-year terms and govern the Airport proper. The airport proper consists of 498 acres. In addition to the airport itself, the District boundaries encompasses an area that includes portions of Monterey, Pacific Grove, Del Monte Forest, Pebble Beach, Carmel-By-The-Sea, greater Carmel, Del Rey Oaks, Seaside, Sand City, the Monterey-Salinas Highway to Laureles Grade and the west end of the Carmel Valley (Figure 2).

Monterey Regional Airport is surrounded by commercial buildings and family homes with little, if any, room for airport property expansion. In addition to the actual airport facilities, the Airport District owns numerous buildings on the property that generate income for the airport. Currently 126 single engine, 21 twin engine and nine jet engine aircraft are based at the airport. 211 hangars and tie downs, and approximately 55 business tenants are found on the airport grounds (Figure 1).

According to its 2014 Mission Statement, Monterey Regional Airport will “provide the region convenient commercial and general aviation access to the national air transportation system, operate the

Figure 1. Existing landside facilities.





Monterey Peninsula Airport District

Figure 2. Monterey Peninsula Airport District (boundary in red).

airport in a safe, efficient, sustainable and fiscally responsible manner, and develop the airport to meet future needs, opportunities and challenges.” MRA is currently working on a revision of its Airport Master Plan, which is intended to take a short, intermediate, and long term view of the airport’s “20-year planning horizon,” with the goal of maintaining its viability. Both professional consultants and a 25-member project advisement committee representing a variety of volunteer stakeholders drive development of the Plan.

INVESTIGATIVE METHODOLOGY

The MCCGJ interviewed members of the airport Board of Directors, several members of the airport management team, the airport’s safety personnel, an airport property lessee and a local commercial realtor. We consulted two Aircraft Rescue and Firefighting Facilities (ARFF) specialists with the Federal Aviation Administration (FAA). Members of the MCCGJ also, reviewed the Master Plan in progress, attended the MRA Master Plan Information Workshop on November 18, 2014, and the MRA Board of Directors meeting on January 14, 2015. The following publications were also reviewed:

- Monterey Regional Airport Master Plan, Resolution No. 1621: Adjustment of Rates and Charges at MRA for Fiscal Year 2015
- Summary of Leased/Rented Spaces, June 30, 2014
- Monterey Regional Airport Master Plan (Study) including Meeting Summaries—January 23, April 15, July 8, 2014
- FAA memorandum re: 14 C.F.R. 139.303(a) re: fire staffing requirements
- City of Monterey Fire Department Projected Annual Budget/Pricing Details for Monterey Regional Airport Fiscal Year 2013-2014

DISCUSSION

The Monterey Regional Airport undertakes an annual review of its finances, including adjustment of rates and charges. Aviation rates are set in accordance with the FAA airfield residual cost recovery methodology. Terminal area rental rates are set annually and in accordance with the terminal compensatory cost recovery methodology (MRA Resolution No. 1621). Any adjustments to rates or charges may be implemented through the adoption of rate and charge resolutions.

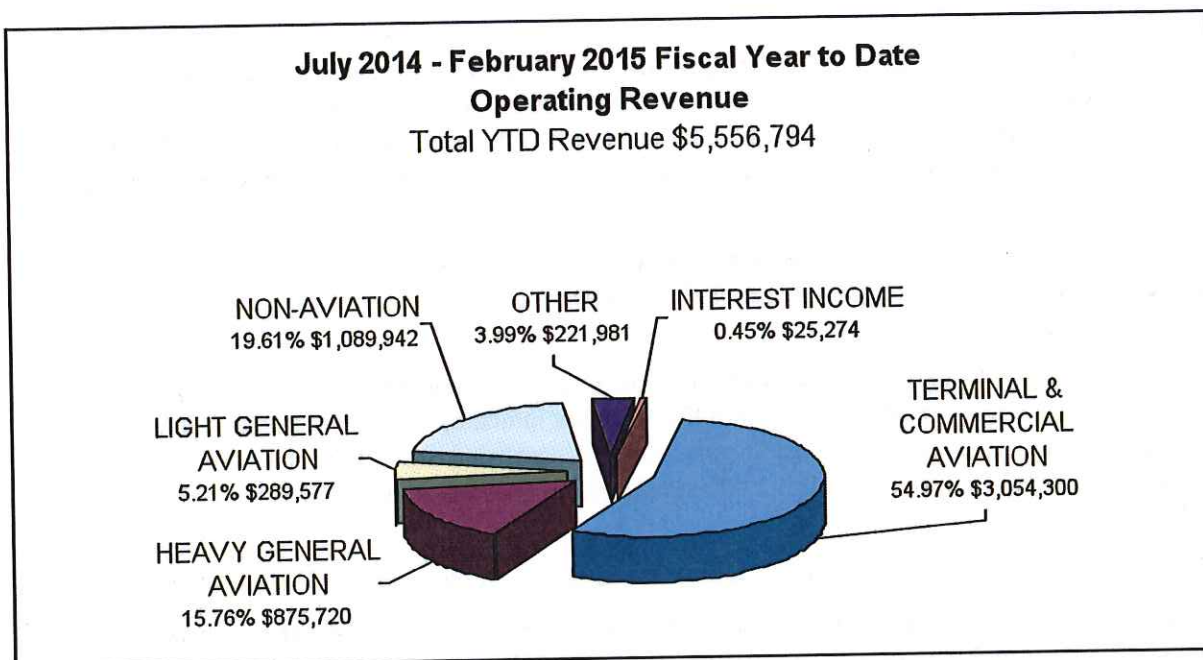
It is the job of the airport’s General Manager (GM) to ensure the airport and its vendors observe the provisions of all contracts, privileges or franchises granted by the Airport District. The GM reports to the Board of Directors any violation and provides general supervision over all property of the Airport District, including the maintenance and improvement of real and personal property owned or leased by the Airport District. The General Manager’s job description was last revised in May 2009 and may be updated when a new GM is hired in July 2015, following the retirement of the current GM.

Maintaining a steady, profitable income stream from leasable airport facilities needs to be carefully orchestrated. The goal is to maximize occupancy while maintaining rates that are competitive and will attract tenants. Many airports have significant acreage devoted to non-aeronautical uses, such as industrial parks, recreational uses, agricultural leases or retail businesses. These are intended to im-

prove the airport's overall financial position. As an enterprise (for-profit) agency, the airport is mandated by its charter to cover operating expenses through revenue. Any profit is reinvested in capital improvements. A modest property tax (\$135,000 +/-) is collected each year from Monterey County and designated to be used only for capital improvements or marketing.

The MRA Board of Directors has recently formed a new ad hoc committee to review airport property development and leases and to maximize potential income-producing opportunities for the airport.

MAIN REVENUE SOURCES



Landing and Gate Fees from Airlines

Of all passengers traveling by air from the greater Monterey market service area, there is currently only a 40% "catchment" which is the percentage of passengers in the area who want to travel by air and actually use Monterey Regional Airport. It is assumed that ticket price, reliability, number of direct flights to hubs, and convenient departure times are determining factors in passengers' decision to use airports in San Jose, Oakland and San Francisco for initial flight departures. The Monterey Regional Airport staff is continually working with current airline partners and other airlines to bring more flights to the airport; scheduling flights is ultimately the decision of the airlines, not the airport.



MRA has recently undertaken an extensive advertising campaign—"Fly Monterey"—by using television and social media to encourage area residents to use Monterey Regional Airport as their initial point of departure. It is expected that entities such as Laguna Seca Recreation Area, Pebble Beach Resorts, the Monterey County Convention and Visitors Bureau and the hospitality industry will support and encourage their inbound customers to use the airport facilities as part of their travel plans. It is also hoped that targeted advertising to local

outbound passengers from the surrounding areas of Watsonville, Santa Cruz and Salinas will lead to increased airport use.

Other Fuel and Landing Fees

Private and Government aircraft owners purchase fuel and pay landing fees from the two Fixed Base Operators (FBO's). As a cost saving measure, the FBO's have formed a separate company to purchase bulk fuel for dispersal to their customers. The landing fee is collected on all aircraft over 6,000 lbs., and remitted to the District.

Property Rentals and Leases

Pricing to local market rental rates is the goal of property rents and leases. Rentals and leases are a delicate balancing act, and it cannot be assumed that annual consumer price index increases to tenants are sustainable, as business income does not necessarily increase at the same rate. Property rentals and leased spaces fall into three categories: 1) Passenger Terminal Spaces, 2) General Aviation, and 3) Non-Aviation.



1) Passenger Terminal Spaces: This is the area within the terminal that is leased to airlines, food and gift concessionaires, and rental car companies. These spaces are either leased by the square foot or as a percentage of gross concession.

This passenger terminal use appears to be at a maximum capacity. A summary of the July 8, 2014 Master plan Meeting stated "terminal building analysis indicates the certain functional areas are already at capacity such as the hold rooms and the TSA screening areas. In terms of total area, in the long term, a total of approximately 92,000 square feet is forecast to be needed (the current total is 69,000sf.)."

2) General Aviation (GA): This includes both Fixed Base Operators and light general aviation.

Two Fixed Base Operators (FBO)—Monterey Jet Center and Del Monte Aviation—service both heavy (business and government jets and turboprops) and light (non-jet) aircraft. These two tenants have entered into long-term leases with the Airport District and occupy the area at the west end of the airport property. They are responsible for their own improvements and provide full service (fueling, maintenance and flight planning) operations.

"Light" general aviation refers to:

-  Specific areas where the airport leases a designated piece of land to a master tenant on a long-term lease; the tenant then builds hangars and leases them on a month-to-month basis.
-  A number of small "T" shaped hangars and tie downs that MRA owns and leases on a month-to-month basis.

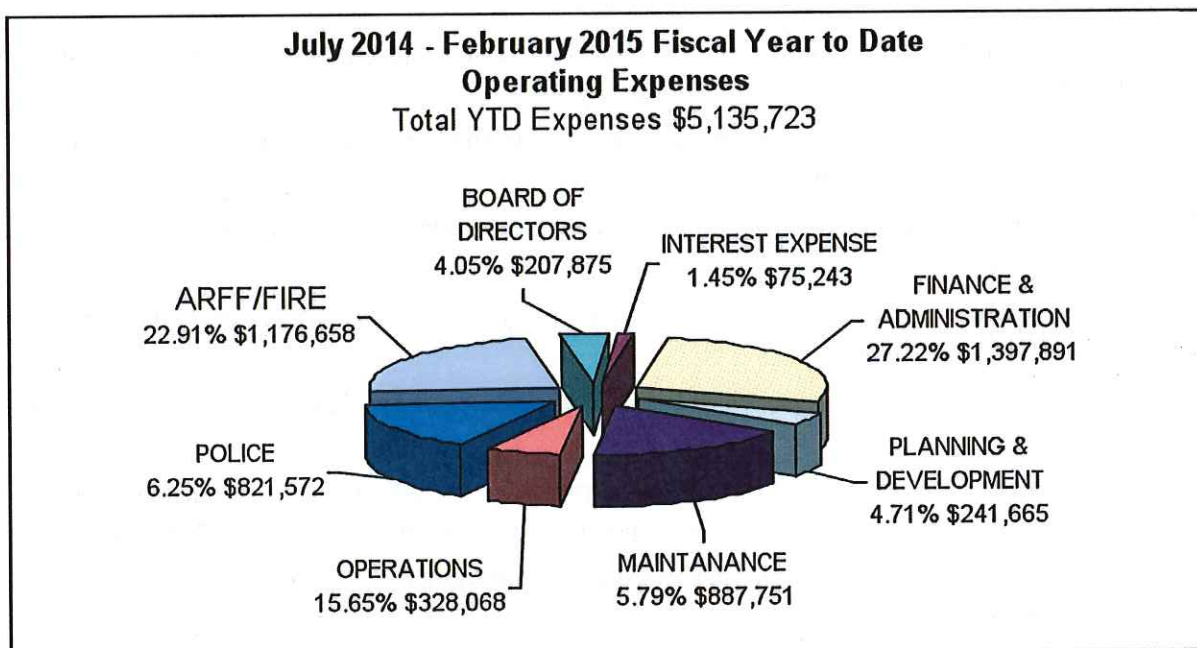
3) Non-Aviation: This includes both long and short-term leases, usually on a square foot basis mostly for buildings located on the north side of the airport property. Tarpy's Restaurant, located on the east end of the airport property, is contracted as a land lease. The outdoor storage area, consisting of RV storage, Self-Storage concession facilities and tree trimming company vehicle storage are located on the southeast side of the property.

Airport buildings for lease are a major component of the airport's fiscal operations. Ongoing maintenance of such buildings is inconsistent, and it is likely that the occupancy rates will suffer if the buildings deteriorate.

A review of the airport's June 2014 Summary of Leased/Rented Spaces showed that four properties have occupancy of 83% or lower occupancy. These included Terminal Space Storage at 81.5%, Light General Aviation space and facilities at 82.4%, Light GA tie-downs at 42.2% and Non-Aviation Outside Storage at 63.7%. Despite these four areas, the airport's overall average occupancy rate is an impressive 93.8%.

An important non-aviation concession is airport parking. At MRA, the parking rates have not changed since 2007/2008. Parking rates can be considered an enticement for customers, as most other costs have increased between 2007 and the present. Some airport customers have also discovered that there is free, unlimited parking on public streets within walking distance of the airport. MRA has had initial conversations with the City of Monterey about limiting street parking in some manner fitting the neighborhood, thus returning airport patrons back to the airport lots.

OTHER AIRPORT OPERATIONS



The MCCGJ found that the salaries of personnel at MRA rank very high in comparison to other similar airports. Given the high cost of living in the Monterey area, adequate airport employee salaries serve to encourage high quality personnel to relocate and live in this area.

Fire services are staffed in compliance with FAA regulations (part 139 ARFF, Index B airport). In a relatively new agreement, these services are shared with the City of Monterey, providing cost savings, more personnel, reduced overtime costs, more training for Airport District personnel and improved fire services for the surrounding community. Police services are currently operated by the airport, primarily because of the nature of police requirements at a small airport. However, the question of in-house vs. shared police services remains a topic of discussion.

As a “federally obligated” airport, the airport property is first to be utilized for aviation purposes. If current and future aviation needs can be met, excess property may be used for compatible non-aviation purposes, including revenue support. The FAA provides guidance on what business activities are and are not compatible with airport activities. Following FAA guidance, the Board of Directors makes the final determination for any land use that is allowable.

The airport is not incorporated into the city or county, nor is it currently a public utility. However the potential to become a utility district does exist. This opens the possibility of ‘new’ revenue streams such as electrical management, telecommunications, underutilized water allocation, or solar farms that could be designed to have a low impact on adjacent neighborhoods.

Public elections for the Board of Directors are held every two years and are currently conducted by the Monterey County Elections Department. Each election costs the airport \$135,000 regardless of the number of seats challenged. Consideration is being given to the retention of a private election company that would conduct the election, ostensibly at reduced costs to the requesting entity. Local municipalities and districts such as Carmel-By-the Sea and Moss Landing Harbor District have engaged such companies for election services.

FINDINGS

- F1.** The occupancy rate for non-aviation ‘outside storage areas’ properties is 63.7%, significantly lower than other Monterey Regional Airport spaces.
- F2.** Monterey Regional Airport parking rates have not been adjusted in seven years and are losing potential revenue for the airport.
- F3.** The availability of street parking in the adjacent neighborhood is causing the airport to lose parking revenue.
- F4.** The possibility exists to redefine the airport property as a “utility” district, potentially generating new revenue streams.
- F5.** The airport’s north side property is a valuable, income-producing asset contributing to airport operations.
- F6.** Most tenant leases are subject to CPI (Consumer Price Index) rate increases. In some cases however, tenants cannot raise their price point at the same rate and remain in business.
- F7.** MRA pays competitive-to-high salaries for airport personnel, enabling employees to live on the Monterey Peninsula.
- F8.** MRA is currently underutilized by area residents, capturing only 40% of the passengers in its service area.
- F9.** Increased airline activity at the airport will increase revenue. Discussions with airlines, are currently underway.
- F10.** The Airport District is making a concerted effort to reach customers through local TV advertising and has begun to use social media to promote its services.
- F11.** The cost of Board of Directors elections can potentially be reduced by privatizing the election process.

RECOMMENDATIONS

- R1.** Dedicate adequate staff to oversee the property management component of the airport's revenue.
- R2.** Immediately evaluate non-aviation 'outside storage areas' such as the areas occupied by the current tree service tenants, to determine what can be done to encourage additional tenants.
- R3.** Provide regular maintenance and upgrades to the buildings that are located on the airport's north side property, to keep them rentable and up to standards.
- R4.** Confirm that all airport property rates are in line with local 'market rent' rates.
- R5.** Immediately research the potential of redefining MRA as a utility district to generate new revenue streams.
- R6.** Evaluate the impact of raising parking rates.
- R7.** Enter into further discussions with the City of Monterey to regulate free street parking on the adjacent city streets.
- R8.** Work with the local tourist and hospitality industry (Monterey County Convention and Visitors Bureau) to expand marketing of the area as a destination.
- R9.** Consider advertising with online commercial real estate services (such as LoopNet) as a means of attracting tenants.
- R10.** Expand the use of social media for marketing purposes.
- R11.** In terms of advertising, continue to emphasize the traveler's savings on time, gas, hotels, parking, and traffic aggravation by flying from Monterey.
- R12.** Continue to work with various airlines to pursue additional flight destinations.
- R13.** Immediately research the potential cost savings of hiring private companies to administer airport Board of Directors elections.
- R14.** Annually revisit the question of using shared police services vs. in-house services.

RESPONSES REQUIRED

Pursuant to Penal Code Section 933.05, the Grand Jury requests a response to all findings and recommendations from the following governing body:

- Monterey Regional Airport Board of Directors

AGENDA ITEM: G-9
DATE: June 17, 2015

TO: Monterey Peninsula Airport District Board of Directors
FROM: Thomas E. Greer, General Manager
SUBJ: Approval of Lease Transfers for Fixed Base Operators

BACKGROUND AND STAFF ANALYSIS. Monterey Jet Center (MJC) has been a tenant of the Monterey Peninsula Airport District since July 17, 1996 and Del Monte Aviation (DMA) has been a tenant since November 1, 1994. Both of these tenants are Full Service Fixed Base Operators, as described in our Minimum Operating Standards. Over the years, both have distinguished themselves as premier, first class operators, each receiving awards and recognition from their users and trade associations.

During this time, several agreements and understandings have been entered into between these two businesses. One such agreement was the formation of a separate company, Monterey Fuel Company, LLC (MFC) to purchase fuel at higher quantities in order to realize considerable savings in their cost of fuel. Due to the cooperative efforts of both MJC and DMA, employing the services of MFC, airport customers have experienced significant improvements in the quality and safety of services provided by each company.

In order to meet the ever-changing General Aviation market, the two companies want to transfer their respective leases to MFC, which will become a holding company for the two leases. The transfers are authorized by the MJC and DMA leases, with the concurrence of the Board of Directors. If approved, MJC, DMA, and MFC will each be individually responsible for compliance with the original leases.

It is important to note that the current terms of the leases will not change. If approved, the District will continue to reap the financial benefits of each lease individually. The airport will continue to have two operating FBOs, as outlined in each of lease. While the companies will continue to function as separate entities, by consolidating management oversight, both operations will be better able to achieve the operating benefits and economic growth that will be passed on to the customers of the Airport.

In addition to the operating benefits of the consolidation under MFC, this transfer significantly increases MPAD's security under each of the leaseholds. MJC, DMA, and MFC will have combined financial as well as legal responsibility, through MFC, to the District, for the obligations arising out of both leaseholds.

Staff has briefed both MJC and DMA and they have acknowledged that each company is aware of the current Airport Master Plan Project, including the effects of a contemplated future relocation of the Terminal building related to the Eastern portion of DMA's lease. Both DMA and MJC have acknowledged and accepted the eventual implementation of the contemplated future

Plan and have agreed to negotiate in good faith with the District to resolve the matter fairly and equitably.

This matter was considered by the Properties Committee on June 3, 2015 and recommended for approval by the Board of Directors.

IMPACT ON OPERATIONS. None

IMPACT ON OPERATING REVENUE. None

OPERATING BUDGET IMPACT. None

CAPITAL BUDGET IMPACT. None

RECOMMENDATION. Recommend that the Board adopt Resolution No. 1643, A Resolution to approve the transfer of the lease agreement with Del Monte Aviation (DMA) and MPAD and the lease agreement between Monterey Jet Center (MJC) and MPAD to Monterey Fuel Company (MFC)

RESOLUTION NO. 1643

A RESOLUTION TO APPROVE THE TRANSFER OF THE LEASE AGREEMENT WITH DEL MONTE AVIATION (DMA) AND MPAD AND THE LEASE AGREEMENT BETWEEN MONTEREY JET CENTER (MJC) AND MPAD TO MONTEREY FUEL COMPANY (MFC)

WHEREAS, Monterey Airpark Associates, LLC, has been a tenant of the Monterey Peninsula Airport District (MPAD) under a lease dated July 17, 1996, as amended from time to time since that date, a portion of which leasehold has been subleased to Monterey Jet Center, LLC, a California Limited Liability Company as described in the Exhibits to that sublease;

WHEREAS, Del Monte Aviation, LLC (DMA, herein) has been a tenant of MPAD under a lease dated November 1, 1994, as amended from time to time since that date, which leasehold is comprised of two non-adjacent areas, as described in such lease and commonly known as "west" and "east".

WHEREAS, both MJC and DMA acknowledge that each company is aware of the current On-Airport Land Use Plan, including the effect implementation of the Plan may have on the "East" portion of DMA's lease. DMA and MJC accept the eventual implementation of the Plan, subject to appropriate compensation to DMA, and agree to conduct good faith negotiations as to implementation of the Plan as it was disclosed to DMA and MJC in May, 2015 and described in Exhibits A-1, A-2, B, and C of the Plan;

WHEREAS, due to the cooperative efforts of both MJC and DMA over many years through the Monterey Fuel Company, LLC (MFC, herein) the Airport's customers have experienced significant improvements in the quality and safety of services provided by each company;

WHEREAS, MJC and DMA now wish to transfer each company's lease to MFC in order for MFC to become responsible for all operations now carried out separately by MJC and DMA and thus to better achieve the many benefits of a more economic combined effort, providing a promising opportunity for economic and other benefits to be passed along to the customers of the Airport;

WHEREAS, notwithstanding the lease transfers to MFC, MJC and DMA each shall remain fully responsible to MPAD under their respective leases with MPAD and day to day operations shall continue to be conducted at all existing locations;

WHEREAS, the common ownership of MFC significantly increases MPAD's security under each of the leaseholds, as transferred, because both MJC and DMA will then have combined financial as well as legal responsibility, through MFC, to MPAD for the obligations arising out of both leaseholds, as opposed to MJC and DMA each being responsible separately for its lease only, as is the present situation.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE MONTEREY PENINSULA AIRPORT DISTRICT:

1. That MPAD approves the transfer by Monterey Jet Center, LLC, a California Limited Liability Company, of its sublease from Monterey Airpark Associates, LLC dated July 17, 1996, and as amended from time to time since that date, to the Monterey Fuel Company, LLC.
2. That MPAD approves the transfer by Del Monte Aviation, LLC of its Lease with MPAD dated November 1, 1994, and as amended from time to time since that date, to the Monterey Fuel Company, LLC.
3. That notwithstanding such transfers, Monterey Airpark Associates, LLC and Del Monte Aviation LLC, respectively, shall remain liable to MPAD for the performance of the provisions of both leases so transferred.

PASSED AND ADOPTED BY THE BOARD OF DIRECTORS OF THE MONTEREY PENINSULA AIRPORT DISTRICT: This 17th day of June, 2015, by the following roll call vote:

AYES:	DIRECTORS:
NOES:	DIRECTORS:
ABSTAIN:	DIRECTORS:
ABSENT:	DIRECTORS:

Signed this 17th day of June, 2015

William J. Sabo, Chair

A T T E S T

Tonja Posey, Board Secretary

AGENDA ITEM: H
DATE: June 17, 2015

**REGULAR MEETING OF THE
MONTEREY PENINSULA AIRPORT DISTRICT
BOARD OF DIRECTORS**

DEPARTMENT REPORTS

Jennifer Hickerson, Marketing & Public Relations Coordinator
Air Service Development Report

Ken Griggs, Operations Manager
Operations Report

Monterey Fire Department
April 2015 Monthly Report

Jeff Hoyne, Police Chief
Police Activity Report for April 2015

Jerry Merritt, District Auditor/Controller
Financial Summary for March 2015 & FYTD (FY 2015)

Mark Bautista, Deputy General Manager, Planning & Development
P & D Monthly Project Report

TO: Thomas E. Greer, General Manager
FROM: Jennifer Hickerson, Marketing & Public Relations Coordinator
DATE: June 3, 2015
SUBJ: Air Service Development Report

The Air Carrier Service/Marketing/Community Relations Committee met June 4, 2015. The agenda for the meeting is included at the end of this report.

Air Carrier Update:

- AS – One 76-seat Q400 turboprop daily to SAN arriving MRY.
- G4 (Allegiant) – LAS service continues Thursdays and Sundays.
- AA/US – Continues two CRJ flights daily to LAX.
- US/AA – PHX service continues three times daily. The mid-day flight continues on a CRJ-900.
- UA SFO – SFO service continues at two times a day.
- UA LAX – LAX service continues at three times a day.
- Gamblers Express Charter (operated by Republic Airlines) - The charter to Laughlin will depart on June 19th at 3:45pm and returns on June 22nd at 9:30am.

Air Service Development:

- I attended the Allegiant Conference in Las Vegas, May 5-8. They had presentations regarding what is new at Allegiant and we had individual performance and marketing meetings with Allegiant staff. Joseph Pickering was also in attendance and joined me for the meetings at no additional cost. Allegiant is happy and there are no plans for changes in the immediate future. In the marketing meeting, they said they are spending about \$20,000 on television in our market during late Spring and early Summer. They are always open to doing any contests and promotions.
- I attended the ACI-NA JumpStart Conference June 1-3 in Seattle. I had one-on-one meetings with Alaska, American, Seaport, Skywest and United at the conference. I hope to have some good news on additional service in the near future.

Marketing, Advertising & Promotions

Advertising:

- Movie Theaters: We began running again Memorial Day weekend for the summer movie season.
- Billboard: On Hwy 101, 2 miles north of Prunedale. The artwork was replaced and looks great. We have received many positive comments.
- Television: We are running ads on Giants Baseball and KSBW News.

Public Relations:

- Weekly e-Newsletter: Below are the featured cities during the past five weeks:

Apr 28	US Airways	Phoenix
May 5	United	Kauai
May 12	Alaska	San Diego
May 20	American	Los Angeles
May 27	Allegiant	Las Vegas
- Social Media/Facebook: “Total Likes” continue to grow – **13,030** as of June 4, 2015.
- Chamber Mixer – We will host our Annual Chamber Mixer with the Rodeo on Tuesday, June 16th from 5:30pm - 7:30pm on the Observation Deck.
- 75th Anniversary – 2016 is the 75th Anniversary of Monterey Peninsula Airport District. Staff is working with the Air Service and Marketing Committee to come up with a plan for promoting and celebrating our 75th Anniversary.

Customer Service:

- Customer Comment Cards – see May responses attached.

Next Committee Meeting: July 1, 2015 at 8:30 a.m.

**SPECIAL MEETING
AIR CARRIER SERVICE – MARKETING - COMMUNITY RELATIONS COMMITTEE
OF THE BOARD OF DIRECTORS
MONTEREY PENINSULA AIRPORT DISTRICT**

June 4, 2015 – 9:00 AM

**Board Room - Terminal Building
Monterey Regional Airport**

(Unless you are a public safety official, please turn off your cell phone or place it on vibrate mode during the meeting. Thank you for your compliance.)

A. CALL TO ORDER

B. COMMUNICATIONS/ANNOUNCEMENTS/INFORMATIONAL ITEMS

C. PUBLIC COMMENTS

(Any person may address the Committee at this time. Presentations should not exceed three (3) minutes, should be directed to an item **NOT** on today's agenda, and should be within the jurisdiction of the Monterey Peninsula Airport District Board. Though not required, the Monterey Peninsula Airport District Board appreciates your cooperation in completing a speaker request form available on the staff table. Please give the completed form to the Monterey Peninsula Airport District Secretary. Comments concerning matters set forth on this agenda will be heard at the time the matter is considered.)

D. REGULAR AGENDA – ACTION ITEMS

- | | | |
|------------|----|---|
| Review | 1. | Marketing, Advertising & Promotions |
| Review | 2. | Air Service |
| Review | 3. | Community Alliance for Promotion of Inbound Flights |
| Review | 4. | Public Relations |
| Review | 5. | Customer Service Ideas, Feedback & Reports |
| Discussion | 6. | Schedule next meeting |

E. ADJOURNMENT

AGENDA DEADLINE

This is the final Agenda that has been posted on the bulletin board outside the District Offices in the Terminal Building at the Monterey Peninsula Airport no less than 72 hours prior to the meeting

Date	Time	Pax	Airline	Flt #	Tone	Comments	Name	Address City & State
		Was						
3/1	1730	D	AL	541	N	Why were neither the snack bar or gift shop open?	S.W.	Monterey, CA
3/2	1730	D	US	2743	P	Friendliness TSA & Terminal Employees	K.S.	Orefield, PA
3/7	1520	D			P	People at american counter went out of their way to help me book a ticket. I am 71 and this is rare.	P.G.	Salinas, CA
3/9	1200	A	US	5532	P	Great location for flights to LAS, LA, PHX and SFO	M.F.	Soquel, CA
3/10	9				N	Why is snack bar closed at 9 a.m?		
3/12	1000	A			C	Need info about public transportation		
3/13	935				N	Why is the snack bar closed? No coffee.		
3/14	1100	B	US	2751	P	Great Airport. You need connections to the east coast. Love the displays upstairs.	W.S.	Andover, MA
3/14	1100	D	US	5518	P	Beautiful airport. Friendly, helpful staff. Wish you had more flights	V.S.	Andover, MA
3/16	1705	D	AE		N	The employees are slow, flight delayed, broken machines, awful.	A.H.	Apex, NC
3/18	1835	D	UE	5391	N	United sucks! 2nd delayed flight lost time with family, wages, etc.	S.R.	El Cajon, CA
3/20	1800	D	UE	5353	P	RJ Gonzales & Denira Morales were terrific	S.B.	
3/23	1755	D	AE		P	This airport is friendly and clean. Staff is excellent.	J.W.	Beverley, UK
3/23	832	G			N	No coffee!! Why is coffee bar closed?		

TO: Thomas E. Greer, General Manager
FROM: Operations Manager Griggs
DATE: June 9, 2015
SUBJ: Operations Report

The following is a summary of significant activity in the Operations Department for May 2015.

1. Operations and Police co-hosted the annual tabletop drill to address a scenario involving an aircraft emergency and security related incident. This roundtable discussion involved attendees from MPAD Staff, FBO Management, Monterey Fire Department, TSA, FBI and FAA. The format included a general scenario for participants to discuss their roles, responsibilities and coordination efforts to meet objectives and resolution. Interject cards were issued to selected attendees to discuss additional adversity within the scenario. The drill satisfies requirements under FAA Part 139 and TSR Part 1542.
2. MPAD continues to work with consultants representing California Airports in preparation for the California State Resources Control Board's July 1st enforcement of the revised mandated Storm Water permit pertaining to electronic reporting components and inspection adjustments.
3. MRY welcomed the Collings Foundation Wings of Freedom Tour held at the Monterey Jet Center featuring the B-17, B-24 and P-51 Mustang. Viewing and flights were available over a two day period. An Airport Appreciation Dinner was also hosted by the Monterey Jet Center.
4. The annual Part 139 certification inspection was completed in late May. Two minor training discrepancies were the only blemishes on an otherwise successful inspection. The letter from the FAA is attached.
5. Attended a Local Runway Safety Action Team meeting hosted by the FAA Air Traffic Manager. Discussion focused on any safety issues on the Airport Operations Areas.
6. Attached is the Noise Comment Report for May. Due to the new adjusted flight procedures published by the FAA to coincide with the conclusion of the east end RSA project, several constituents in the San Benancio and Laguna Seca Estates area have commented their disapproval to the change. Please see the noise comment report for more specifics.
7. Attached is the Operating and Expense Report for the Taxi Open-Entry System.
8. Attached is the Commercial Flight Cancellations & Delay Report. In May there were a total of 127 delays and 17 cancellations.
9. Attached is the Commercial Flight Schedule for June 2015.

10. Below is the summary of scheduled activity for June 2015:

Alaska Air flown by Horizon

- No changes from May
- Continuing to operate one daily departure to San Diego
- Scheduled to operate a total of 60 flights (Arrivals and Departures)

Allegiant Air

- No changes from May
- Continuing service twice a week on Thursdays and Sundays
- Scheduled to operate a total of 16 flights (Arrivals and Departures)

American Eagle flown by SkyWest

- No changes from May
- Will continue to operate two daily departures
- Scheduled to operate a total of 120 flights (Arrivals and Departures)

United flown by SkyWest

- No changes from May
- Will operate two daily SFO departures and three daily departures to LAX
- Scheduled to operate a total of 300 flights (Arrivals and Departures)

US Airways flown by SkyWest/Mesa

- No significant changes from May
- Continuing to operate three daily departures
- The CRJ900 will continue to operate the mid-day flight
- Scheduled to operate a total of 180 flights (Arrivals and Departures)

Cumulatively speaking, the airlines have scheduled 189 fewer flights (676 vs. 865) as compared to last May. This is primarily due to the United Express service elimination of the Denver flight, the reduction from three to two daily LAX flights flown by American Eagle, and the contraction of United Express SFO flights to maximize capacity using Canadair Regional Jets (50 and in some cases 76 seats) in lieu of Embraer 120s (27 seats) turbo-props.



U.S. Department
of Transportation
**Federal Aviation
Administration**

Western Pacific Region

Airports Division AWP-620
P.O Box 90027
Los Angeles, CA 92007
E-mail: charlotte.jones@faa.gov
Phone: 310-725-3645

May 22, 2015

EIR: 2015WP800079

Mr. Thomas Greer
Monterey Regional Airport
200 Fred Kane Dr., Suite 200
Monterey, CA 93940

Monterey Regional Airport
Monterey, California
Letter of Correction

Dear Mr. Greer:

The annual airport certification inspection of Monterey Regional Airport was conducted on May 19-21, 2015. The inspection was conducted to determine compliance with 14 CFR Part 139, the Airport Certification Manual (ACM), and the Airport Operating Certificate. The inspection revealed the airport was not operating in compliance with all of the requirements of Part 139. The following discrepancies to Part 139 were noted during the inspection:

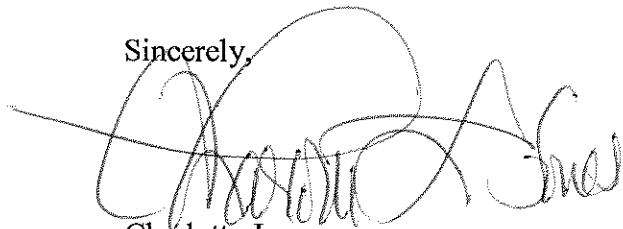
§139.321(e)(2) – Handling and storing of hazardous substances and materials. Training records for one employee of the Monterey Jet Center fueling agent indicated that recurrent training was not completed at least every 24 consecutive calendar months (CCM). The individual received training in April 2013 and then again in May 2015. A Letter of Investigation will be issued.

Correction Date: May 21, 2015

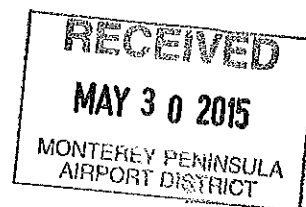
§139.327(b)(3) - Self-inspection program. Training records for one individual conducting self-inspections indicated that recurrent training was not completed at least every 12 CCM. The individual received training in May 2013 and then again in July 2014. A Letter of Investigation will be issued.

We have given consideration to all available facts and concluded that this matter does not warrant legal enforcement. In lieu of such action, we are issuing this letter which will be made a matter of record. We will expect your future compliance with the regulations.

Sincerely,

A handwritten signature in black ink, appearing to read 'Charlotte Jones', written over a horizontal line.

Charlotte Jones
Airport Certification Safety Inspector
FAA Western Pacific Region

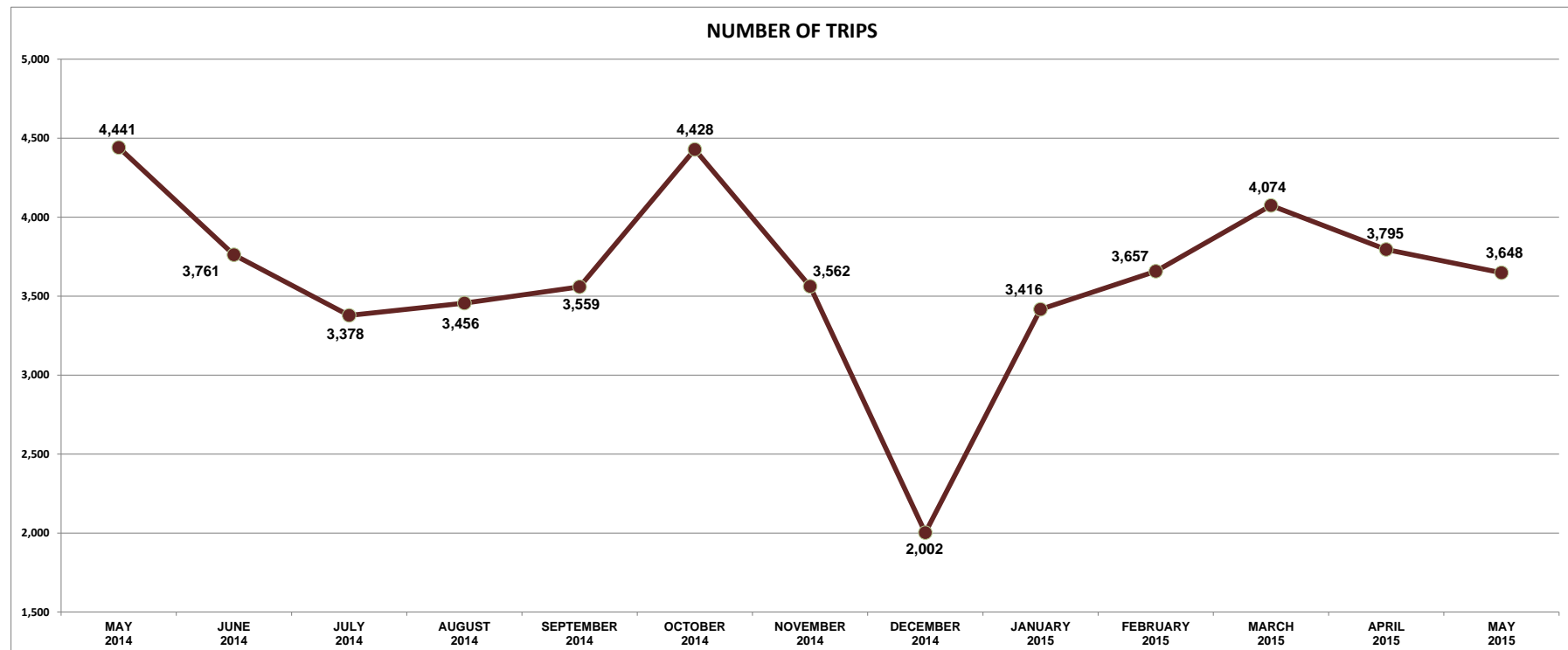


**MRY AIRPORT NOISE COMMENT LOG
MAY 2015**

Name		Location (Address)	Incident Date	Incident Time	Aircraft ID	</> of Flight	Comments	By	Action Taken		Notes
AIR OPERATIONS CENTERED AT MONTEREY AIRPORT											
1	David Duke	San Benancio	Over the last few weeks	multiple	multiple	landing RWY 28L	Has the approach pattern changed? More air traffic over the last several months	KG	These comments are still under investigation. More information may be presented at the next regularly scheduled Board Meeting.		
2	Brian Light	San Benancio	Over the last few weeks	multiple	multiple	landing RWY 28L	Last couple of weeks, steady stream of arriving aircraft overhead. What has changed?	KG			
3	Andre Planchon	York School (Laguna Seca Estates)	recently prior to 5/18/15	multiple	multiple	landing RWY 28L	Aircraft are flying more over the York School than previously. Flight path used to be more over Hwy 68. Aircraft are banking as they come over the school.	NG			
4	Marilyn ?	Laguna Seca Estates	Over the last few weeks	multiple	multiple	landing RWY 28L	Aircraft are flying more over the York area than previously. Flight path used to be more over Hwy 68. Aircraft are banking as they come over the school.	KG			
5	Brenda Cranford	San Benancio	Over the last few weeks	multiple	multiple	landing RWY 28L	Last couple of weeks, steady stream of arriving aircraft overhead. What has changed?	KG			
6	Mike Paul	San Benancio	Over the last few weeks	multiple	multiple	landing RWY 28L	Last couple of weeks, steady stream of arriving aircraft overhead. What has changed?	NG			
7	Robert Long	San Benancio	Over the last few weeks	multiple	multiple	landing RWY 28L	Last couple of weeks, steady stream of arriving aircraft overhead. What has changed?	KG			
8	Linda Borgman	Laguna Seca Estates	Over the last few weeks	Morning	multiple	landing RWY 28L	Noticed more flights over our house this morning	KG			
9	Kathy Giger	San Benancio	Over the last few weeks	multiple	multiple	landing RWY 28L	Last couple of weeks, steady stream of arriving aircraft overhead. What has changed?	KG			
10	Robert Egnew	New Monterey	5/15/2015	1:05AM	Jet	landing RWY 10R	Woken up by a jet aircraft	KG	Flightaware verified the event as a late arriving American Eagle flight.		
11	Robert Egnew	New Monterey	5/16/2015	Several	Jets	Departing Runway 28L	Several noisy jets departing overhead. Mr. Egnew suggests this is in violation of the District's noise abatement policy.	KG	Clarified jurisdictional responsibilities in relationship to our current noise program.		
0	**NONE**										
AIR OPERATIONS OF UNKNOWN ORIGIN											
0	**NONE**										
MONTHLY TOTALS and COMPARISONS											

	May-15	May-14	% Change	Other Airport	UNKNOWN ORIGINS
Number of Complaints:	11	3	267%	0	0
Number of Operations:	5,480	5,001	10%		
			% Change		
Annual Total	25	15	67%	0	0

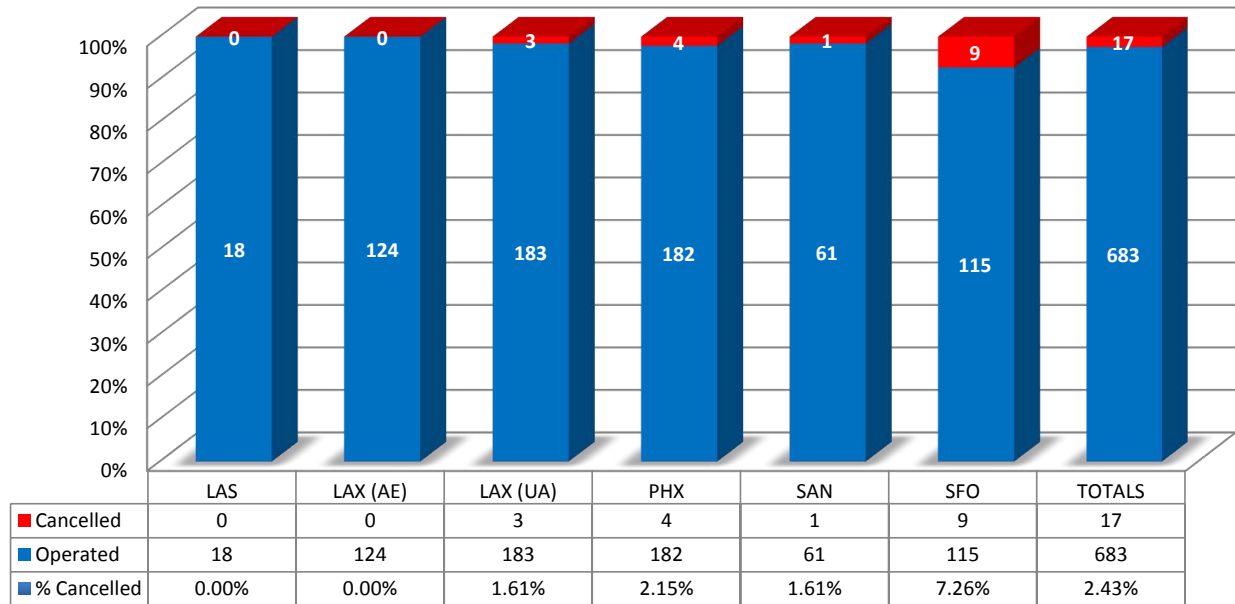
13-MONTH ROLLING COMPARISON



	2014 MAY	2014 JUNE	2014 JULY	2014 AUGUST	2014 SEPTEMBER	2014 OCTOBER	2014 NOVEMBER	2014 DECEMBER	2015 JANUARY	2015 FEBRUARY	2015 MARCH	2015 APRIL	2015 MAY
NUMBER OF TRIPS	4,441	3,761	3,378	3,456	3,559	4,428	3,562	2,002	3,416	3,657	4,074	3,795	3,648
NUMBER OF CABS	139	142	106	113	114	117	119	122	123	124	127	128	128
TAXI TRIP FEES	\$ 13,323	\$ 11,283	\$ 10,134	\$ 10,368	\$ 10,677	\$ 13,284	\$ 10,686	\$ 6,006	\$ 10,248	\$ 10,971	\$ 12,222	\$ 11,385	\$ 10,944
TAXI MEDALLION FEES ¹	\$ 2,542	\$ 2,667	\$ 2,208	\$ 3,958	\$ 2,458	\$ 3,646	\$ 2,583	\$ 2,833	\$ 2,333	\$ 2,458	\$ 2,743	\$ 2,271	\$ 2,208
TAXI - TOTAL REVENUE	\$ 15,865	\$ 13,950	\$ 12,342	\$ 14,326	\$ 13,135	\$ 16,930	\$ 13,269	\$ 8,839	\$ 12,581	\$ 13,429	\$ 14,965	\$ 13,656	\$ 13,152
CURB MGMT CONTRACT	\$ 10,327	\$ 10,327	\$ 10,897	\$ 10,897	\$ 10,897	\$ 10,897	\$ 10,897	\$ 10,897	\$ 10,897	\$ 10,897	\$ 10,897	\$ 10,897	\$ 10,897
EQUIPMENT DEPRECIATION	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600	\$ -	\$ -
SOFTWARE LICENSE / HOSTING	\$ 2,175	\$ 2,175	\$ 2,175	\$ 2,175	\$ 2,175	\$ 2,175	\$ 2,175	\$ 2,175	\$ 2,175	\$ 2,175	\$ 2,175	\$ 2,175	\$ 2,175
EXPENDABLE SUPPLIES													
TAXI - TOTAL EXPENSE	\$ 14,102	\$ 14,102	\$ 14,672	\$ 14,672	\$ 14,672	\$ 14,672	\$ 14,672	\$ 14,672	\$ 14,672	\$ 14,672	\$ 14,672	\$ 13,072	\$ 13,072
OPERATING INCOME / (LOSS)	\$ 1,763	\$ (152)	\$ (2,330)	\$ (346)	\$ (1,537)	\$ 2,258	\$ (1,403)	\$ (5,833)	\$ (2,091)	\$ (1,243)	\$ 293	\$ 584	\$ 80
CUMULATIVE (13-MONTH) OPERATING INCOME / (LOSS)													\$ (9,955)

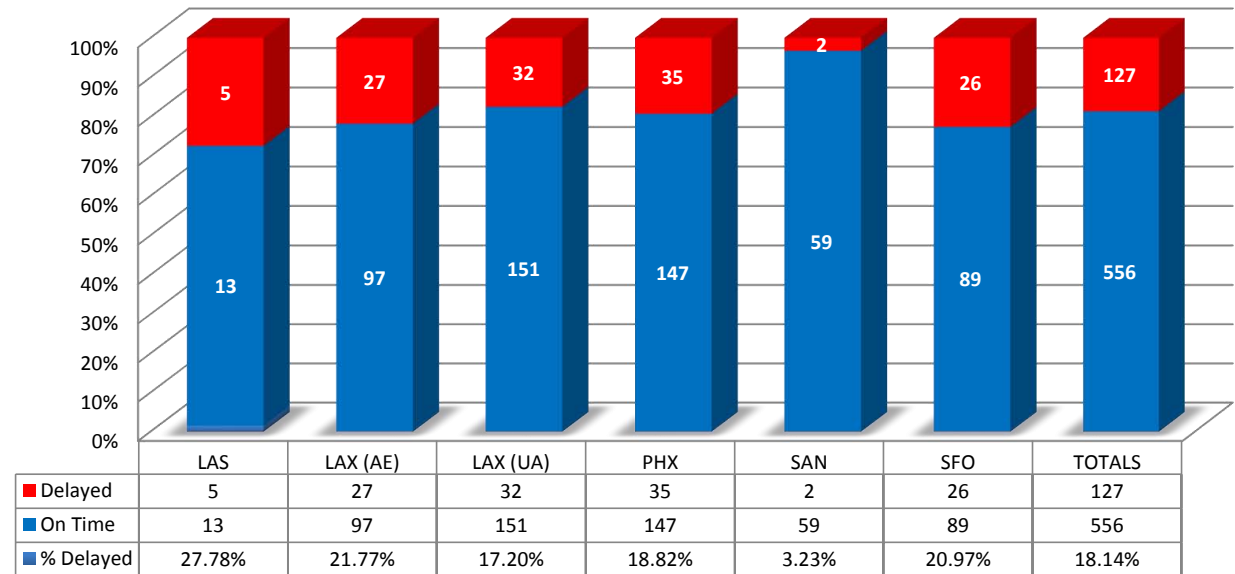
MAY 2015

May Commercial Flights Operated vs. Cancelled





























TOTAL CANCELLATIONS: 17

May Commercial Flights On Time vs. Delayed



TOTAL DELAYED FLIGHTS: 127

Monterey Regional Airport June 2015 Flight Schedule

	ARRIVALS					DEPARTURES					
	FROM	AIRLINE	FLIGHT	TIME	SCHD	TO	AIRLINE	FLIGHT	TIME	SCHD	
CRJ900 (76)	PHX		5589	9:17 AM	JUN 1-3 ONLY	SFO		6346	6:00 AM 6:50 AM 5:40 AM	MO-FR 6/6,6/13,SU 6/20,6/27	CRJ200 (50)
CRJ200 (50)	LAX		5457	9:30 AM 10:10 AM	SU-FR JUNE 1-3,SA	PHX		2787	6:15 AM	DAILY	CRJ200 (50)
MD80 (166)	LAS		540	10:20 AM	TH & SU	LAX		5316	6:58 AM 6:25 AM 6:47 AM	JUNE 1-3 SU-FR SA	CRJ200 (50)
CRJ900 (76)	PHX		5581	11:45 AM	DAILY	LAX		2857	7:40 AM	DAILY	CRJ200 (50)
CRJ200 (50)	PHX		2760	3:31 PM	JUNE 4-30	SAN		2437	8:00 AM	DAILY	Q400 (76)
CRJ200 (50)	SFO		5172	5:00 PM 7:28 PM	MO-SA SU	PHX		5589	9:50 AM	JUN 1-3 ONLY	CRJ900 (76)
CRJ200 (50)	LAX		2861	5:26 PM	DAILY	LAX		5362	10:19 10:39 AM	SU-FR JUNE 1-3,SA	CRJ200 (50)
CRJ200 (50)	LAX		5338/5296	5:45 PM 7:41 PM 8:05 PM	JUNE 1-3 SU-FR SA	LAS		541	11:05 AM	TH & SU	MD80 (166)
Q400 (76)	SAN		2436	7:45 PM	DAILY	PHX		5518	12:20 PM	DAILY	CRJ900 (76)
CRJ200 (50)	PHX		2741	9:56 PM	DAILY	PHX		2755	4:05 PM	JUNE 4-30	CRJ200 (50)
CRJ200 (50)	LAX		2887	10:10 PM	DAILY	SFO		6232	5:30 PM 7:58 PM	MO-SA SU	CRJ200 (50)
CRJ200 (50)	LAX		5356	11:22 PM	DAILY	LAX		2861	5:55 PM	DAILY	CRJ200 (50)
CRJ200 (50)	SFO		6376	11:25 PM	DAILY	LAX		5391	6:15 PM 8:30 PM 8:20 PM	JUNE 1-3 MO-SA SU	CRJ200 (50)

*Flight Schedule is general information and subject to change. Schedules are updated monthly and can change daily. Please contact your airline for further information.



MONTEREY FIRE DEPARTMENT

Report to Airport Board of Directors

May 2015

1. Incident Responses

Engine assigned to Fire Station 6 (Airport) responded to a total of 28 incidents during the month as follows (see attached for breakdown of types of incidents):

- MPAD property – 4
- City of Monterey – 21
- Auto / Mutual Aid – 3

2. Training

Personnel completed a total of 28.0 hours of Airport related training during the month.

Currently the following numbers of personnel are qualified in the ARFF training program:

- Awareness (familiar with operations at the Airport): 71
- Operational (qualified to work at Airport, but no live fire training): 31
- Technician (fully qualified to be the designated ARFF fire engineer): 13

3. Other

- We successfully completed the FAA inspection on May 13 and 14.

Monterey Fire Department

Incident Type Report (Summary)

Alarm Date Between {05/01/2015} And
{05/31/2015} and Station = "6"

Incident Type	Count	Pct of Incidents	Total Est Loss	Pct of Losses
1 Fire				
111 Building fire	1	3.57%	\$190,000	100.00%
	1	3.57%	\$190,000	100.00%
3 Rescue & Emergency Medical Service Incident				
3111 Medical Call No Aid Given	1	3.57%	\$0	0.00%
321 EMS call, excluding vehicle accident with injury	10	35.71%	\$0	0.00%
324 Motor Vehicle Accident with no injuries	1	3.57%	\$0	0.00%
	12	42.86%	\$0	0.00%
4 Hazardous Condition (No Fire)				
410 Combustible/flammable gas/liquid condition, other	1	3.57%	\$0	0.00%
413 Oil or other combustible liquid spill	1	3.57%	\$0	0.00%
451 Biological hazard, confirmed or suspected	1	3.57%	\$0	0.00%
463 Vehicle accident, general cleanup	1	3.57%	\$0	0.00%
	4	14.29%	\$0	0.00%
5 Service Call				
511 Lock-out	1	3.57%	\$0	0.00%
551 Assist police or other governmental agency	1	3.57%	\$0	0.00%
	2	7.14%	\$0	0.00%
6 Good Intent Call				
611 Dispatched & cancelled en route	2	7.14%	\$0	0.00%
622 No Incident found on arrival at dispatch address	2	7.14%	\$0	0.00%
641 Vicinity alarm (incident in other location)	1	3.57%	\$0	0.00%
	5	17.86%	\$0	0.00%
7 False Alarm & False Call				
730 System malfunction, Other	1	3.57%	\$0	0.00%
733 Smoke detector activation due to malfunction	1	3.57%	\$0	0.00%
734 Heat detector activation due to malfunction	1	3.57%	\$0	0.00%
740 Unintentional transmission of alarm, Other	1	3.57%	\$0	0.00%
	4	14.29%	\$0	0.00%

Total Incident Count: 28

Total Est Loss:

\$190,000

AGENDA ITEM: H
DATE: June 17, 2015

TO: Thomas E. Greer, General Manager
FROM: Police Chief Jeff Hoyne
DATE: June 9, 2015
SUBJECT: Police Activity Report for May 2015

The following is a summary of significant activity in the Police Department during May 2015:

Highlights

- MRY PD responded to **177 door and gate alarms**.
- Officers worked a total of **4 hours of overtime in May**.
- MRY PD Officers conducted **more than 100 business and area checks** in May.
- MRY PD Officers responded to four outside agency assists in May, which consisted of the following:
 - 5/7 @ 2219 Assisted Del Rey Oaks PD with a residential burglary alarm. Code 4 while in route.
 - 5/7 @ 2241 Assisted Del Rey Oaks PD with a traffic enforcement stop and possible wanted person inquiry. Code 4 while in route.
 - 5/8 @ 2225 Assisted Del Rey Oaks PD with attempting to locate a stolen iPad using the "Find my iPad" app. The attempt was met with negative results.
 - 5/22 @ 0243 Assistance requested from Del Rey Oaks PD with traffic stop on Highway 68. Subjects detained and uncooperative.

Training

All MRY PD Officers completed:

- Monthly Lexipol Daily Training Bulletins
- Continuation of Taser training
- Policy Review 320.0 Domestic Violence (POST video)

Calls for Service

1. 5/2 @ 1130 Received a call regarding a VIP passenger on an incoming American Airlines flight. Escort requested to avoid a potential encounter with paparazzi.
2. 5/4 @ 1155 Officer Hickerson asked to look at a passenger bag with a weapon not properly secured.
3. 5/5 @ 1613 Officer Hickerson dispatched to Gate 2 for an intoxicated passenger. Passenger was placed in a cab and booked for a morning flight.

4. 5/10 @ 1905 Officer Shean dispatched to Skypark Storage for an audible alarm. Unit was unlocked, empty with an "unrented" tag on the door. Manager advised.
5. 5/11 @ 2150 Officer Shean found Monterey Jet Center hangar door propped open. Staff advised.
6. 5/13 @ 2330 Officer Church provided courtesy transport to two New York officers to their hotel in Salinas. The rental car kiosk was closed when they arrived at the terminal.
7. 5/14 @ 0700 Owner of "Always Available" bail bonds requested a phone call regarding two wanted female subjects who were believed to be on a flight to MRY. Flights monitored and subjects were not located.
8. 5/14 @ 0939 Escorted an 18-wheeler through gate V-7 and onto the commercial ramp to remove an old piece of Alaska Airlines equipment.
9. 5/15 @ 0830 Officer Segovia dispatched to 104 Aviation Lane in reference to a burglary alarm. While in route, alarm company cancelled the alarm.
10. 5/15 @ 1716 Officer Bough responded to a non-injury accident in the rental car lot.
11. 5/18 @ 0045 Officer Shean dispatched to an alarm at Skypark Self-Storage. On arrival, no alarm heard and buildings were secure.
12. 5/18 @ 2235 Officer Shean found gate V-22C was not completely secured. Gate was secured and Operations was notified.
13. 5/20 @ 1550 Avis Rental Car reported one of their vehicles was overdue by thirty days and reported it stolen.
14. 5/22 @ 2130 Officer Segovia spotted an intoxicated female exiting the sterile area. Subject was yelling unintelligible statements and collided with a bystander. Contacted her husband and placed her in a cab to her destination.
15. 5/25 @ 0745 Sergeant Porter dispatched to the Alaska Airlines ticket counter regarding three males who were under the influence of a controlled substance and smoking in front of the terminal.
16. 5/25 @ 1956 A Hertz customer returning a car found a loaded 10mm Glock handgun under the driver's seat. Investigation continues.
17. 5/27 @ 1102 Officer Hickerson dispatched to a past-tense burglary at Hiway 68 Self Storage.
18. 5/30 @ 1750 A large amount of property was located in the long term parking lot. Possible owner identified and contact attempted.
19. 5/31 @ 0640 Officer Hickerson assisted a big rig stuck on Garden Road blocking traffic. Rig was towed away.

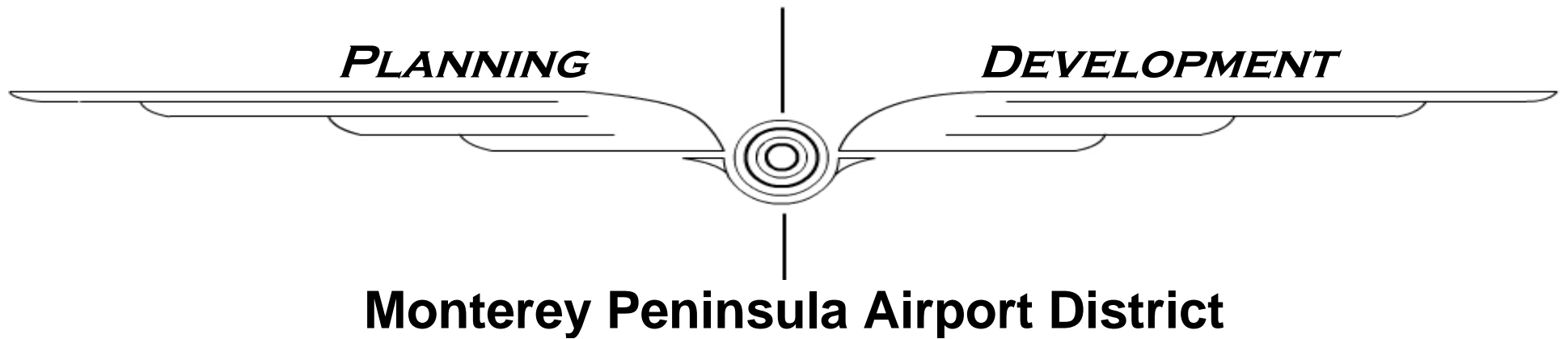
AGENDA ITEM: H
DATE: June 17, 2015

TO: Tom Greer, General Manager, Monterey Peninsula Airport District
FROM: Jerry Merritt, District Auditor/Controller
SUBJ: Financial Summary for April 2015 & FYTD (FY 2015)

The Financial Summary for April 2015 & FYTD (FY 2015) was presented on June 3, 2015, at the Special Meeting (FY16 Plan Workshop) of the Board of Directors of the Monterey Peninsula Airport District

Monthly Capital Project Report

June 2015



FUNDING				BUDGETING				EXPENDITURES			STATUS			
PROJECT#	AIP #	PFC	Prior FY Budget	FY 2015 Budget	Post FY Budget	Total Project Budget	Spent in Prior Fiscal Years	FY 2015 Expenditures to Date	5/31/2015	% Physical Complete	Project Name	Current Status	4 Week Look Ahead	
ACTIVE FEDERALLY FUNDED PROJECTS:														
1	2012-01 and 2014-01	58, 61	10-15-C-00-MRY 11-17-C-00-MRY 13-18-C-00-MRY 14-19-C-00-MRY	\$6,847,008	\$29,223,954	\$15,007,846	\$51,078,808	\$6,847,008	\$25,126,867	\$31,973,875	65%	RSA Runway 10R/28L - Construction; Phase 1 and 2	Schedule I, II and III are completed and the east end EMAS was commissioned into service on 4/30/15. New 28L procedures were published on 4/30/15. New 28L Papi and Reil were commissioned on 4/28/15	West rwy end work will continue.
2	2013-02	59	13-18-C-00-MRY	\$690,000	\$632,008	\$162,236	\$1,094,980	\$402,727	\$439,615	\$842,341	85%	Airport Master Plan	All current working papers have been distributed to BOD; and available at MPAD website home page link (see Airport Master Plan Website).	Work continues on sustainability chapter and environmental data gathering. Final PAC and public workshop meetings are July 7, 2015.
3	2015-03	Unk.	Unk.	\$0	\$1,094,980	\$0	\$1,094,980	\$0	\$0	\$0	0%	Airport Infield Reconstruction Design	Funding anticipated to be available only during last quarter of FY 15.	Environmental review underway (biological survey).
ACTIVE DISTRICT FUNDED PROJECTS:														
4	2015-01	N/A	N/A	\$0	\$42,000	\$0	\$42,000	\$4,000	\$0	\$6,698	100%	ARFF Station Remodel Improvements	Construction almost complete.	Completed.
5	N/A	N/A	N/A	\$14,148	\$17,045	\$10,307	\$99,000	\$85,436	\$85,436	\$85,436	n/a	FWSS Mitigation Land Restoration	Preparation and planting is complete at the off-airport site.	Monitoring will continue through FY 2015, and into FY 2016.

AGENDA ITEM: H
DATE: June 17, 2015

TO: Thomas E. Greer, General Manager
FROM: Mark Bautista, Deputy General Manager, Planning & Development
DATE: June 9, 2015
SUBJ: Planning & Development Monthly Project Report

Attached is the current monthly Project Report for the Planning and Development Department. Highlights for May 2015 include:

- Work directed toward implementation of the Runway Safety Area (RSA) Project accomplished during the reporting period, including:
 - Continued installation of MSE block walls on the west end of Rwy10R/28L.
 - Construction work on new Twy Alpha connector for west end of Rwy 10R/28L.
 - Construction work on drainage improvements for west end of Rwy 10R/28L.
 - Construction work on navaid electrical work for west end of Rwy 10R/28L.
 - Worked with FAA to analyze ability of moving ILS flight procedures publication date from February 7, 2016 to December 10, 2015.
 - Worked with ESCO/Zodiac to analyze ability to move EMAS delivery date up in schedule.
 - Worked with GRC to analyze ability of moving RSA completion date from December 31, 2015 to November 2015.
 - Maintenance of the project web site on the Internet.
- Work directed toward the Airport Master Plan (AMP), including:
 - Reworking previously published chapters of the AMP, to reflect comments received and other information.
 - Development and review of draft Airport Layout Plan set.
 - Development of draft Sustainability Management Plan.
 - Maintenance of the project website on the Internet.
- Purchase of two Kia Soul Electric Vehicles (\$27,000 voucher from MBAPCD, \$2,500 rebate from Center for Sustainable Energy, for each vehicle).

AGENDA ITEM: I a. 2.
DATE: June 17, 2015

TO: Board of Directors, Monterey Peninsula Airport District
FROM: Tom Greer, General Manager (on behalf of the Finance Committee)
SUBJ: Committee Report for Budget & Finance Committee Meeting

BACKGROUND. Since the last regular board meeting, the Budget & Finance Committee held one meeting. The agenda is presented below. Comments and notes are recorded separately (at the end of the agenda).

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

June 3, 2015 10:00 AM

**Boardroom, Terminal Building
Monterey Regional Airport**

(Unless you are a public safety official, please turn off your cell phone or place it on vibrate mode during the meeting.)

A. CALL TO ORDER

B. COMMUNICATIONS / ANNOUNCEMENTS / INFORMATIONAL ITEMS

C. PUBLIC COMMENTS

(Any person may address the Monterey Peninsula Airport District Finance Committee at this time. Presentations should not exceed three (3) minutes, should be directed to an item **NOT** on today's agenda, and should be within the jurisdiction of the Monterey Peninsula Airport District Board. Though not required, the Monterey Peninsula Airport District Board appreciates your cooperation in completing a speaker request form available on the staff table. Please give the completed form to the Monterey Peninsula Airport District Secretary. Comments concerning matters set forth on this agenda will be heard at the time the matter is considered.)

D. REGULAR AGENDA – ACTION ITEMS

Review 1. Audit Plan Meeting with MGO

BREAK

Review 2. March 2015 & FYTD (FY 2015) Financial Statements

Review 3. Accounts Receivable Aged Invoice Report

Review 4. Cash Position Update

Review 5. Update – Fleet Management & Investment Policies

E. ADJOURNMENT

AGENDA DEADLINE

This is the final Agenda that has been posted on the bulletin board outside the District Offices in the Terminal Building at the Monterey Peninsula Airport no less than 24 hours prior to the meeting.

Notes/comments from 06/03/2015 Finance Committee Meeting:

- The meeting was called to order by Chair Sabo at 10:05 a.m.
- The meeting was attended by board members Bill Sabo and Carl Miller; MGO Audit Partner Eugene Ma; staff members Tom Greer, Mark Bautista, Tonja Posey, and Jerry Merritt were present.
- There were no communications or public comments.
- Audit Plan Meeting with MGO
 - ✓ FC received presentation regarding planning for the upcoming audit from Eugene Ma
- MGO Audit Partner conferred with board members exclusively
- BREAK:
 - ✓ Reassembled FC staff members
- April 2015 & FYTD (FY 2015) Financial Statements:
 - ✓ Operating revenue was 2% (\$11,009) above plan for April,
 - All categories of operating revenue were above plan except for:
 - Fuel Flowage Fees,
 - GA Hangar Rents, and
 - Interest Income
 - Discussion centered on:
 - fuel flowage fees – with specific comments regarding pilots shopping fuel price,
 - GA (District-owned) hangar rents and vacancy rates, and
 - will these upward trends continue into FY 2016?
 - ✓ FYTD Operating Revenue was 2% (\$114,095) above plan
 - forecast for full-year FY 2015 is that operating revenue will be on plan and possibly just above plan
 - ✓ April operating expense was 7% (\$40,304) below plan
 - staff answered questions regarding several expense lines in several departments asked by Director Sabo, specifically regarding:
 - Salaries & Wages (Admin),
 - Temporary Personnel (Admin),
 - Utilities - Water (Admin),
 - Salary & Wage Reimbursement (P&D),
 - Custodial Supplies & Materials (Maintenance),

- General Repairs & Maintenance (Maintenance),
 - General Repairs & Maintenance (Operations),
 - Salaries & Wages (Police),
 - General Supplies & Materials (Police), and
 - General Repairs & Maintenance (ARFF / Fire Services).
- FC was again reminded that phasing plays a role (when was an expense planned versus actual execution),
- FC talked about potential expenses that could occur between now and fiscal year end.
- ✓ FYTD Operating Expense was 5% (\$344,241) below plan
 - forecast for full-year FY 2015 is that operating expense will be below plan at fiscal year end
- ✓ Operating income was 45% (\$51,313) above plan for April
- ✓ Operating income FYTD was 166% (\$458,336) above plan at 04/30/2015
 - FC was reminded that some of above plan operating income will erode as we progress through the final months of this fiscal year,
 - full-year FY 2015 operating income will be above plan at fiscal year end
- ✓ FC reviewed financial forecast for Fiscal Year End 2015
- ✓ FC reviewed 5-year financial forecast
- Accounts Receivable Aged Invoice Report:
 - ✓ reviewed the distribution of aged receivables for the month of April,
 - ✓ reviewed the aged A/R detail as of 05/31/2015, and
 - ✓ discussion centered around:
 - Allegiant,
 - American Eagle, and
 - Forza Motors
- Cash Position Update:
 - ✓ cash position – net change was a positive \$141,698 for April, positive \$472,800 FYTD, and
 - ✓ the FC acknowledged that a contribution to the District's net position was being made,
 - ✓ due to the positive financial performance in FY 15, the Controller recommended that consideration be given to immediately purchasing (in FY 15) a second truck for maintenance.
- Update – Fleet Management & Investment Policies:
 - ✓ informed the committee that the fleet management policy will be presented at the next FC meeting and at the regular board meeting in July,
 - ✓ Controller has reached out to MGO for assistance and review of the fleet management policy, and
 - ✓ the Controller has also asked MGO to review and provide input on the investment policy.
- Future Agenda Items/Finance Committee Schedule:
 - ✓ scheduled the next FC meeting for Wednesday, July 1, at 1:30 p.m.,
- Meeting adjourned by committee chair Sabo at 12:05 p.m.