

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

**February 10, 2021 - 1:30 PM**

**SPECIAL AND URGENT NOTICE ELIMINATING IN-PERSON PUBLIC PARTICIPATION AT MONTEREY PENINSULA AIRPORT DISTRICT BOARD MEETINGS**

Due to the directives contained in the Governor's Declarations of Emergency for the State of California (Executive Orders N-25-20 and N-29-20) and the Governor's Stay at Home Order (Executive Order N-33-20), the Board of Directors of the Monterey Peninsula Airport District is required to limit in-person attendance at the upcoming Board Committee meeting. Members of the public may utilize alternative measures established by the Monterey Peninsula Airport District to listen to Board meeting and/or to communicate your opinions to the Board Members. To participate in the Board meeting via Zoom video conference, please visit [www.zoom.us/join](http://www.zoom.us/join) and enter the following Meeting ID: **825 1984 8191**. The password for this meeting is: **20210208**. If you do not have access to the internet, you may also participate telephonically by calling (253) 215-8782 and entering the same Meeting ID and password.

Members of the public who wish to provide comment on an item on the agenda may do so during the meeting prior to the item being considered by the Board.

**A. CALL TO ORDER**

*Finance Committee Meeting of the Board of Directors was called to order at 1:30 PM. Director Leffel and Director Sawhney, Executive Director La Pier, Deputy Director Strategy and Development Morello and Deputy Executive Director of Finance and Administration Bergholz were present.*

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

- 2801 Monterey Salinas Highway Properties Acquisition
- Resolution No. 1793, A Resolution of the Monterey Peninsula Airport District Amending Resolution Nos. 1774 and 1775, Related to CARES Act Relief for Tier 1 and Tier 2 Airport Tenants
- Resolution No. 1794, A Resolution Authorizing and Approving an Amendment to Resolution No. 1777, the Fiscal Year 2021 Salary Schedule, Listing Salary Ranges for the Monterey Peninsula Airport District
- Resolution No. 1795, A Resolution Amending Resolution No. 1778 and Approving the Amended Operating Budget of the Monterey Peninsula Airport District for Fiscal Year Ending 2021
- December 2020 Financial Statements
- December 2020 Financial Statement Variance Analysis
- December 31, 2020 Accounts Receivable Aged Invoice Report
- December 31, 2020 CARES Act Summary

**B. COMMUNICATIONS / ANNOUNCEMENTS / INFORMATIONAL ITEMS**

*None.*

**C. PUBLIC COMMENTS**

*None.*

## D. REGULAR AGENDA – ACTION ITEMS

### Discuss 1. 2801 Monterey Salinas Highway Properties Acquisition

*Staff presented a summary of the current tenants, current lease terms with extension options, LTD financial performance through December 31, 2020 and estimated forecast of gross rents if the tenant lease options are executed.*

### Discuss 2. Rent Abatement Program (Resolution No. 1793)

*Staff presented an analysis of the current approved District abatement program and discussed the forecasted slow growth in Q1 and Q2 of 2021. Staff recommends extension of the current abatement program from March 1, 2021 through May 31, 2021. A staff report and Resolution 1793 were shared with the committee. Directors reviewed analysis, staff report and resolution and suggested changes. Additionally, the Committee agreed to recommend the abatement program for approval.*

### Discuss 3. Resolution No. 1794, A Resolution Authorizing and Approving an Amendment to Resolution No. 1777, the Fiscal Year 2021 Salary Schedule, Listing Salary Ranges for the Monterey Peninsula Airport District

*Staff presented Resolution 1794 an amendment to the Fiscal Year 2021 Salary Schedule to include the approved Superintendent of Field Operations (approved on December 14, 2020) position and salary range. Directors reviewed staff report and Resolution 1794 and suggested clarification on the fiscal impact. Committee to recommend approval to the Board.*

### Discuss 4. Resolution No. 1795, A Resolution Amending Resolution No. 1778 and Approving the Amended Operating Budget of the Monterey Peninsula Airport District for Fiscal Year Ending 2021

*Staff presented Resolution 1795 an amendment to the Fiscal Year 2021 Operating Budget to include the abatements outlined in Resolution 1793 and other expense adjustments expected for the remainder of Fiscal Year 2021. Directors reviewed staff report and Resolution 1795.*

### Review 5. FYTD 2021 Financial Statements

*The COVID-19 health emergency that began to surge again in November did have an impact on aviation travel in December. December commercial airline enplanements decreased at 14.8% month over month, general aviation landings are about 74% of prior year landings and travel related concessions were lower but stable. Airport customers and tenants continue to adjust to new shelter in place orders and travel safety requirements under the pandemic and the industries COVID-19 safety policies and practices continue.*

*The Airport filed a \$409.1K Corona Virus Aid, Relief, and Economic Security (CARES) Act reimbursement request for December. The Airport practice is to only draw funds when cash outflows exceed cash inflows from operations, district capital improvements and debt services. As of December 30, total CARES Act reimbursement requests submitted are \$3.55M and the balance available is \$9.11M.*

*December 2020 combined Airport operating revenues are \$517.6K which is \$66.6K (11.4%) lower than budget (\$584.1K). The December unfavorable revenue variance is attributed to changes projected in the June 2021 budget. By November 1st the Airport hoped Commercial Airline travel would have improved, and tenant abatements could be decreased or cancelled. In November, the Board of Directors extended the tenant abatements with some modifications until February 29, 2021. Fortunately,*

there is increasing stability in Commercial, General Aviation and Concession revenues. Most of the businesses operating in the Non-Aviation and Other Operating continue to operate with near normal revenues.

The December revenue variance came from the following:

- Commercial Aviation (CA) fees in December are over budget (\$46.8K actual vs \$31.7K budget) by \$15.1K or 47.8%. Aircraft landing volumes (201) are over budget (159) by 42 landings. In December, commercial airlines revenue generating enplanements decreased slightly from 7,160 in November to 6,102 passengers.
- General Aviation (GA) operating revenues for December (\$107.7K) are \$2.3K or 2.2% higher than budget (\$106.9K). This favorable GA revenue variance resulted from higher GA Landing (\$10.1K) and Fuel Flowage (\$16.6K) fees that were slightly offset by lower FBO abated rents and hangar fees (\$24.3K).
- In December combined TCP permits, Taxi Permits/Trips, TNC Trips, Terminal Concessions, Rental Car and Parking Concessions (Concessions) revenues (\$55.8K) are \$29.9K or 115.7% higher than budget (\$25.9K). Beginning November 2020 Rental Car and Parking minimum annual guarantees were included in the budget (\$12.8K). Overall Concession revenues have been performing better than expected even with the 71.6% decrease in enplanements and deplanements. Rental car revenues are operating at about 56% of prior year levels.
- December Non-Aviation Tenant revenues (\$174.6K) are lower than budget (\$180.0) by \$5.4K or 2.9%. Most of the variance came from Tarpy's rent abatement (\$10.3K) that was partially extended to February 28, 2021. Tarpy's abatement was partially offset by improved RV rents, MHSS fees and higher office rents (\$4.9K).
- December Other Operating Revenues (\$98.1K) are higher than budget (\$87.6K) by \$10.6K or 12.1%. The favorable variance resulted from a higher Monterey County property tax allocation (\$3.9K) tenant utilities chargebacks (\$6.2K) and higher tenant parking passes and badges (\$0.7K) which were offset by other small variances (\$0.9K).

December operating expenses (\$595.5K) are under budget (\$650.9K) by \$55.4K or 8.5%. The expense variance came from the following:

- Salary & Wages and Employer Payroll Tax (Wages) Expenses (\$134.8K) for December are lower than budget (\$156.2K) \$21.4K or 13.7%. The lower Wages expense came from vacations taken by employees in December (\$8.0K), the vacant Operations Supervisor position (\$5.5K) and P&D request for capital labor reimbursements (\$7.8K).
- Employer Benefit Expenses (\$112.3K) for December are lower than budget (\$118.6K) by \$6.4K or 5.3%. The variance is the result of lower CalPERS retirement expenses (\$3.0K), savings from prepaying the FY 21 CALPERS UAL expense (\$2.7K) and other small differences.
- Personnel Related Expenses (\$1.6K) for December are under budget (\$6.8K) by \$5.2K or 76.2%. The favorable variance comes from lower Dues and Subscriptions (\$1.0K) and lower Travel & Business Entertainment related expenses (\$6.1K) that was offset by small variances (\$0.9K).

- *Business Related Expenses (\$24.7K) for December are under budget (\$27.0K) \$2.3K or 8.6%. All of the favorable variance comes from lower Administrative Meetings / Employee Relations expenses.*
- *Expendable/Consumable Supplies & Materials expenses (\$2.1K) for December are under budget (\$12.2K) by \$10.1K or 83.1%. This favorable expense variance resulted from lower expenses in all supplies categories.*
- *Repair & Maintenance expenses (\$9.8K) for December are under budget (\$35.2K) by \$25.4K or 72.1%. This favorable expense variance resulted from lower Airfield Repair & Maintenance (\$12.7K), Terminal Space Repairs (\$0.3K), Rental Space Repairs and Maintenance (\$3.2K), Landscape & Grounds Repair & Maintenance (\$5.1K), General Repairs & Maintenance (\$1.0K), District Vehicle Repair & Maintenance (\$3.1K).*
- *Outside Services expenses (\$220.7K) for December are lower than budget (\$224.9K) by \$4.2K or 1.8%. Most of the variance comes from luggage belt repairs that were delayed (\$3.5K).*
- *Professional Service expenses (\$36.3K) for December are over budget (\$23.7K) by \$12.4K or 52.2%. The unfavorable variance comes from Audit Fees that were billed in December but budgeted in November (\$4.0K), higher Other Legal Fees from the CEQA Amendment lawsuit (\$16.2K) that are offset by lower Architect & Engineer expenses (\$1.0K), Computer / LAN & IT expenses (\$2.5K), Datawest Tech support fees(\$1.6K) and Human Resources contract expenses (\$2.5K).*
- *Marketing related expenses (\$18.9K) for December are over budget (\$11.7K) by \$7.2K or 61.4%. Most of the variance resulted from higher Marketing Expenses (\$13.2K) for commercials and advertising that were offset by lower Public Relations (\$1.0K) and Air Service (\$5.0K).*
- *Combined Utilities expenses for December (\$29.6K) are materially on budget (\$29.5K).*

*December proportionally lower revenues and operating expenses resulted in an operating loss of \$77.9K which is \$11.2K higher than the budgeted loss of \$66.8K. FYTD the operating loss is \$1.07M which is \$869.5K lower than budgeted loss of \$1.94M.*

Review            6. Variance Analysis - MTD and YTD

**Revenues:**

- CA Landing Fee
- GA Landing Fee
- Terminal Space Rent
- Terminal Concessions
- TNC Permits & Trip Fees
- Rental Car Concessions
- Parking Concession
- FBO Rents
- GA Fuel Flowage Fees
- Hangar Rents
- Facility / Space Rents
- Office Space Rental Revenue
- Property Tax Allocation
- Utility Charges

**Expenses:**

**Finance & Administration:**

Salaries & Wages  
CalPERS Retirement  
Administrative Meetings / Employee Relations  
Annual Audit / Accounting  
Administration & Finance  
Administration & Finance  
Human Resources  
Other Legal Services

Various unbudgeted legal challenges are increasing expenses and will be included in this account. Current FYTD charges include Cole Huber, Gatzke Dillon & Balance LLP and Anthony Lombardo & Associates services.

Marketing  
Air Service Development

**Planning & Development:**

Salary & Wage Reimbursement

The P&D budget includes \$1.0K for monthly Salary & Wage Reimbursements. In December P&D submitted labor reimbursements totaling \$7.8K for the Infield Safety Improvement Construction project 2019-01.

**Maintenance & Custodial Services:**

Salaries & Wages  
Computer / LAN & IT

**Airport Operations:**

Computer / LAN & IT  
Environmental

**Police Department:**

None

**ARFF / Fire Services:**

District Vehicle Repair & Maintenance

**Board of Directors:**

Seminars & Conferences

**Office Rental Property:**

Rental Space Repair & Maintenance

Other / Contract Services

**Other Income and Expense:**

Grants - FAA  
Grants - FAA CARES ACT  
Passenger Facility Charges

*There were no additional questions on revenues or expenses.*

Review 7. Accounts Receivable Aged Invoice Report

*The accounts receivable balance on December 31, 2020 is \$248K. This balance is 29.9% lower than November 30, 2020 balance of \$355K and 43.5% lower than the \$440K balance on December 31, 2019. The net accounts receivable balance over 60 days old on December 31, 2020 is \$8.4K. As of January 26, 2021, the over 60 days balance is a credit of \$32.1K and the accounts receivable balance is \$102.1K.*

*The following customer accounts receivables were reviewed and discussed: Allegiant Air, Del Monte Aviation, Hertz, J & J Auto Body, Constance Laud, Monterey Airpark Associates, MRY Hospitality Group and Swift Air LLC.*

**E. ADJOURNMENT**

*The meeting adjourned at 4:15 PM.*

Minutes Approved at the  
Meeting of February 17, 2021



Gary Cursio, Chair

ATTEST



Michael La Pier, AAE  
District Secretary