

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

September 9, 2019 - 10:00 AM - Administration Office Conference Room

A. CALL TO ORDER

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

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

Resolution No. 1761, Authorizing a Professional Services Agreement with Kimley Horn and Associates, Inc. to Provide Project Management Services Related to the Development of Airport Capital Improvements Projects

Resolution No. 1762, Authorizing a Professional Services Agreement with PFM Financial Advisors LLC to provide Financial Services Related to the Development of the Airport Capital Improvement Projects

July 2019 Financial Statements

July 2019 Financial Statement Variance Analysis

July 31, 2019 Accounts Receivable Aged Invoice Report

B. COMMUNICATIONS/ANNOUNCEMENTS/INFORMATIONAL ITEMS

None.

C. PUBLIC COMMENTS

None.

D. REGULAR AGENDA – ACTION ITEMS

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|------------|----|---|
| Discussion | 1. | Resolution No. 1761, Authorizing a Professional Services Agreement with Kimley Horn and Associates, Inc. to Provide Project Management Services Related to the Development of Airport Capital Improvements Projects |
| Discussion | 2. | Resolution No. 1762, Authorizing a Professional Services Agreement with PFM Financial Advisors LLC to provide Financial Services Related to the Development of the Airport Capital Improvement Projects |
| Review | 3. | FYTD 2019 Financial Statements |

Reviewed overall financial performance of the airport as of July 31, 2019

The July 2019 includes changes related to new properties and services provided by the Airport in fiscal year 2020. In July the Airport acquired the properties and buildings located at 2801 Monterey Salinas Highway. These properties were acquired through an FAA AIP grant and the properties include offices occupied by three businesses. For the foreseeable future the Airport will continue to lease these

properties and collect rents and related pay expenses. The properties are shown in the financial statements as Office Space Rental revenues and Office Rental Property expenses.

July 2019 combined airport operating revenues are \$882.4K which is \$84.9K (10.7%) higher than budget (\$797.4K). The July favorable revenue variance is attributed to additional American Airlines flights and fewer cancelations and some scheduling changes compared to budget. Additionally, TNCs, concessions, rental car and parking revenues followed the increase in flights and enplanements.

July operating expenses (\$713.2K) are under budget (\$758.4K) by \$45.2K or 6.0%.

July's net favorable expenses variance resulted from the following: Salary & Wage and Employer Payroll Tax Expenses (\$168.5K) for July are under budget (\$182.0K) by \$13.5K or 7.4%, Employer Benefit Expenses (\$112.7K) for July are lower than budget (\$117.4K) by \$4.7K, Personnel Related Expenses (\$9.0K) for July are lower than budget (\$11.5K) by \$2.6K, Business Related Expenses (\$41.8K) for July are lower than budget (\$47.1K) by \$5.3K. Expendable/Consumable Supplies & Materials expenses for July (\$8.9K) are lower than budget (\$14.5K) by \$5.6K Repair & Maintenance expenses in July (\$34.1K) are under budget (\$43.5K) by \$9.4K, Outside Services expenses for July (\$241.9K) are lower than budget (\$246.1K) by \$4.2K, Professional Services for July expenses (\$53.0K) are lower than budget (\$54.8K) by \$1.9K, Marketing related expenses for July (\$7.9K) are materially on budget (\$7.3K) and Combined Utilities expenses for July (\$29.1K) are materially on budget (27.8K).

The higher than budget operating revenues and lower operating expenses resulted in an Operating Income of \$169.2K for July which is \$130.2K higher than budget (\$39.1K).

Review 4. July 2019 Financial Statement Variance Analysis

Revenues:

Commercial Landing Fees

In July there were an additional 32 aircraft landings over budget. American Airlines had 27 additional flights in July that were not included in the FY20 budget. The favorable landing fee variance resulted from these flights.

Commercial Fuel Flowage Fees

General Aviation Landing Fee

Terminal Concessions

TNC Permits & Trip Fees

Rental Car Concessions

Parking Concession

July Parking Concession vehicle counts were over budget by 769 cars and there was a daily favorable rate variance of \$2.20 per car (\$5.87 Bud vs \$8.07 Act). Approximately 884 long term parked cars over 3 days created most of the favorable variance.

R V Storage

Facility / Space Rents

*Outside Storage
Self-Storage Concession
Tenant Employee Parking, Decals & Badges*

Expenses:

Finance & Administration:

*Administration & Finance
Utilities - Water*

Planning & Development:

*Architect & Engineer
Computer / LAN & IT*

Maintenance & Custodial Services:

*Workers' Compensation Insurance
Custodial Supplies & Materials
Maintenance Supplies & Materials
Airfield Repair & Maintenance
Terminal Repair & Maintenance*

Airport Operations:

*Salaries & Wages
CalPERS Health Insurance
Other / Contract Services
Computer / LAN & IT*

Police Department:

None

ARFF / Fire Services:

District Vehicle Repair & Maintenance

Board of Directors:

Business Travel & Entertainment Expense

Office Rental Property

Miscellaneous Expense

When purchasing the 2801 Monterey Salinas Highway Properties the Airport received expense information from the seller that was two years old and incomplete. We are still learning the pattern of actual expenses and will adjust the budget when we have some level confidence in actual expenses.

General Repair & Maintenance

Other Income and Expense:

Grants – FAA
Passenger Facility Charges
Depreciation and Amortization Expense

No additional questions on revenues or expenses.

Review 3. Accounts Receivable Aged Invoice Report / Cash Position Updated

The accounts receivable balance on July 31, 2019 is \$379K. This balance is 44.1% lower than the June 30, 2019 balance and 12.4% higher than the balance on July 31, 2018. This decrease in accounts receivables is attributed to timing of collections.


The net accounts receivable balance over 60 days old on June 30, 2019 is a credit of \$6.2K. This over 60 days balance is the result of prepaid customer accounts.

The next meeting is scheduled for October 7, 2019 at 10:00 AM. In the Administrative Conference Room.

E. ADJOURNMENT

The meeting adjourned at 12:00 PM.

Minutes Approved at the
Meeting of October 9, 2019



William Sabo, Chair

ATTEST



Michael La Pier, AAE
District Secretary