

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

January 8, 2018 - 10:00 AM – Board Room

A. CALL TO ORDER

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

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

November 2017 Financial Statements

November 2017 Financial Statement Variance Analysis

November 30, 2017 Accounts Receivable Aged Invoice Report

B. COMMUNICATIONS/ANNOUNCEMENTS/INFORMATIONAL ITEMS

Executive Director La Pier has scheduled mid-year budget meetings with department managers in preparation for the mid-year budget update.

The Airport is updating the following Policy documents and plans to have them completed by the end of fiscal year 2018:

Finance and Accounting Policy – Draft Completed

Purchasing Policy – In process

Investment Policy.

C. PUBLIC COMMENTS

None.

D. REGULAR AGENDA – ACTION ITEMS

Reviewed 1. FYTD 2017 Financial Statements

Reviewed overall financial performance of the airport as of November 31, 2017

November 2017 combined airport operating revenues are \$744.1K which is \$41.8K (6.0%) higher than budget (\$702.2K) and FYTD revenues are \$3.96M which is \$202.5K (5.4%) higher than budget (\$3.76M). The November favorable revenue variance is attributed to higher Terminal Concession, TNC fees, outside-storage rents and miscellaneous other operating revenues. These higher revenues offset a decrease in enplanements and associated revenues.

November operating expenses were higher than budget by \$48.4K (-7.1%). Approximately \$34.8K or 7.08% of the November unfavorable expense variance came from one-time incentive comp payment (\$20K) and police overtime/CTO expenses (\$13K). The remaining November unfavorable expense came from continued PG&E expenses (\$20.2k) that were budgeted to end in September.

November FYTD operating expenses were \$3.49M which is \$108.2K lower than budget (\$3.60M). This favorable variance is attributed to lower employee and related expenses (\$89.8K), business related expenses (\$13.1K), supplies and materials (\$10.3K) and repairs and maintenance (\$99.1K). The favorable FYTD expense variances are offset by unfavorable variances in professional services (-\$28.3K) and Utilities (-\$88.1K).

With higher than budget operating revenues and slightly higher operating expenses, November's operating income is 17.2K which is \$6.5K lower than budget (\$23.3). FYTD operating income is \$469.1K which is \$310.7K or 196.2% higher than budget (\$158.4K).

Reviewed 2. November 2017 Financial Statement Variance Analysis

Revenues:

CA Landing Fee
Terminal Concessions*

* Terminal Concessions in November exceed budget with the return of Gifts and More (\$1.8K) and Lamar (formerly Corey) exceeded budget by \$3.3K. Lamar has filled a variety of advertising spaces in the terminal that should result in higher revenues for the remainder of FY 2018.

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

** In November Uber continues to operate at the Airport (\$9.2K) and Lyft revenues have consistently improved (\$3.9K).

Rental Car Concessions
Parking Concession***

*** In November parking exit counts were below budget by 349 vehicles (10,291 Act vs 10,640 Bud) and parking durations appeared to be below budget. Budgeted revenues per vehicle were \$7.29 and the actual revenue per vehicle was \$7.08.

Outside Storage
Utility Charges
Miscellaneous Other Operating Revenue****

**** In November the Airport received the following unbudgeted payments. Payment for Chief of Police services from Del Rey Oaks (\$9.2K this will be a recurring payment for FY 18), Central Coast Credit Union Donation for the Art Project (\$10K) and other worker's comp disability payments (\$4.2K).

Expenses:

Finance & Administration:

Salaries & Wages^

^The Executive Director's \$20K incentive payment was authorized and paid in November.

*Dues & Subscriptions
District Legal Counsel
Public Relations
Utilities - Electricity*

Planning & Development:

Salary & Wage Reimbursement

Maintenance & Custodial Services:

*Airfield Repair & Maintenance
Terminal Repairs & Maintenance
Rental Space Repair & Maintenance+*

+ The November Rental Space Repair & Maintenance expense variance resulted from Val's Plumbing replacing a water line on the northside of the airfield (\$4.6K).

Landscape & Grounds Repair & Maintenance ++

++ The November Landscape & Grounds Repair & Maintenance expense variance resulted from tree removal by Urban Lumber Jacks on Highway 68 (\$6.0K).

District Vehicle Repair & Maintenance

Airport Operations:

*CalPERS Health Insurance
Computer / LAN & IT~*

~ The Gatekeeper annual software license (\$12.0K) was budgeted for October but the actual expense was incurred in November. Due to the delay in implementing the Beacon Tracking System, Gatekeeper reduce the invoice/expense for FY 18 to \$9K.

Police Department:

Salaries & Wages #

Chief Hoyne received an unbudgeted salary increase (\$2k per month) that will continue for the remainder of FY 2018 and retroactive pay adjustments from the final POA were paid and posted in November (\$6.1K). Also in November the Airport had a second officer file for disability. With two officers out on disability the Airport is utilizing more part-time officers-- resulting in higher than budgeted salaries and wages (\$5.4).

Overtime (OT) Pay ##

In November the Airport had a second officer file for disability. With two officers out on disability the Airport is having full-time offices work over-time to cover gaps in staffing.

ARFF / Fire Services:

None

Board of Directors:

None

Other Income and Expense:

Grants – FAA
Passenger Facility Charges
Depreciation and Amortization Expense

No additional questions on revenues or expenses.

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

The accounts receivable balance on November 30, 2017, is \$374K. This balance is 13.6% higher than the October 31, 2017 balance and 7.3% lower than the balance on November 30, 2016. The modest increase in accounts receivables is attributed to timing of collections.

The net accounts receivable balance over 60 days old on December 30, 2017 is -\$7.6K. The outstanding November accounts receivable invoices on December 29, 2017 total \$29.5K.

Discussion 4. Future Agenda Items/Finance Committee Schedule

The next meeting was scheduled for February 12, 2018 at 10:00am. In the Board of Directors Conference Room.

E. ADJOURNMENT

The meeting adjourned at 1:30pm.

Minutes Approved at the Special
Meeting of February 21, 2018



Carl Miller, Chair

ATTEST



Michael La Pier, AAE
District Secretary