

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

**October 7, 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 Executive Director of Finance and Administration Bergholz were present.*

*Brandon Young, CPA, Assurance Senior Manager with LSL CPAs and Advisors was also present.*

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

*Draft Fiscal Year 2019 Audit Letters and Audited Financial Statements*

*Resolution No. 1764, A Resolution Authorizing and approving the construction service agreement between the Monterey Peninsula Airport District and American Floors for carpet replacement in the terminal.*

*Resolution No. 1765, A Resolution Authorizing and Approving a Professional Services Agreement with Wood Environmental & Infrastructure Solutions, Inc. for the PFAS Work Plan Implementation Phase 1*

*August 2019 Financial Statements*

*August 2019 Financial Statement Variance Analysis*

*August 31, 2019 Accounts Receivable Aged Invoice Report*

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

*None.*

**C. PUBLIC COMMENTS**

*None.*

**D. REGULAR AGENDA – ACTION ITEMS**

Discussion 1. *Draft Fiscal Year 2019 Audited Financial Statements and Letters*

*Brandon Young, CPA, Assurance Senior Manager with LSL CPAs and Advisors presented the following to the Finance Committee members:*

- *Fiscal year 2019 Audit communication letters,*
- *Draft fiscal year 2019 audited financial statements with unqualified independent auditor's report, Independent auditor's report on internal controls in accordance with government auditing standards,*

- *Independent auditor's report on compliance for each major program and on internal control over compliance and report on schedule of expenditures of federal awards required by uniform guidance, and*
- *Independent auditor's report on compliance with requirements applicable to Passenger Facility Charges.*

Discussion      2.      Resolution No. 1764, A Resolution Authorizing and Approving the Construction Service Agreement between the Monterey Peninsula Airport District and American Floors for Carpet Replacement

*Finance Committee members are in concurrence with Resolution No. 1764 and intend to make a motion to approve said resolution.*

Discussion      3.      Resolution No. 1765, A Resolution Authorizing and Approving a Professional Services Agreement with Wood Environmental & Infrastructure Solutions, Inc. for the PFAS Work Plan Implementation Phase 1

*Phase 1 of the Work Plan will be covered by the current operating budget. Finance Committee members are in concurrence with Resolution No. 1765 and intend to make a motion to approve said resolution.*

Review            4.      FYTD 2020 Financial Statements

*Reviewed overall financial performance of the airport as of August 31, 2019*

*August 2019 combined airport operating revenues are \$957.3K which is \$80.2K (9.1%) higher than budget (\$877.1K), and FYTD revenues are \$1.84M which is \$154.6K (9.2%) higher than budget (\$1.68M). The August favorable revenue variance is primarily attributed to one additional daily flight to Phoenix by American Airlines and unscheduled flights by Elite, Allegiant and United. Historically American Airlines will add flights in the summer to accommodate seasonal travelers. Additionally, TNCs, concessions, rental car and parking revenues followed the increase in flights and enplanements.*

*August operating expenses (\$701.6K) are under budget (\$718.4K) by \$16.8K or 2.3%.*

*August's net favorable expenses variance resulted from the following: Salary & Wages and Employer Payroll Tax Expenses (\$171.6K) are lower than budget (\$181.5K) by \$9.9K or 5.4%, Employer Benefit Expenses (\$109.9K) for August are lower than budget (\$115.9K) by \$5.9K, Personnel Related Expenses (\$5.8K) for August were materially on budget (\$6.0K), Business Related Expenses (\$21.9K) for August were materially on budget (\$22.0), Expendable/Consumable Supplies & Materials expenses for August (\$4.1K) are lower than budget (\$12.7K) by \$8.5K, Repair & Maintenance expenses for August (\$36.6K) are under budget (\$55.8K) by \$19.2K, Outside Services expenses for August (\$237.4K) are over budget (\$235.1K) by \$2.3K or 1%, Professional Services expenses for August (\$59.7K) are over budget (\$47.3K) by \$12.4K or 26.1%, Marketing related expenses for August (\$19.9K) were higher than budget (\$8.7K) by \$11.1K and Combined Utilities expenses for August (\$28.6K) are materially on budget (27.0K).*

*August FYTD Operating Expenses are \$1.38M which is \$85.6K lower than budget (\$1.46M). This favorable variance is attributed to lower expenses in most expense categories except Marketing.*

The higher than budget operating revenues and lower operating expenses resulted in an operating income of \$255.7K for August which is \$96.9K higher than budget (\$158.1K). FYTD operating income is \$449.0K which is \$240.1K or 115.0% higher than budget (\$208.8K).

Review 4. August 2019 Financial Statement Variance Analysis

**Revenues:**

*Commercial Landing Fees*

*In August there were 27 additional aircraft landings over budget. Additional landings in August came from the following: American Airlines 21, United 3, Allegiant 1 and Elite 2. Historically American operates 1 additional daily flight to Phoenix in the summer but the schedule isn't always available when preparing the budget. Elite's Gamblers Express flights aren't included in the annual budget since they are unscheduled. Both United and Allegiant had small changes to their regular schedule flights.*

*Commercial Fuel Flowage Fees*

*Terminal Concessions*

*TNC Permits & Trip Fees*

*In August Uber and Lyft exceeded budget (7,584 Act vs 5,781 Bud) by 1,803 pickups and drop-offs for a favorable variance of \$5,408. August TNC pickups/drop-off fees came from Uber (5,851 trips) and Lyft (1,573 trips).*

*Rental Car Concessions*

*In August rental car commissions exceeded budget by \$10.5K (\$169.8K Act vs. \$158.9K Bud) as rental car companies completed 5,914 contracts with an average cost \$287 per contract. On average FY20 rental car sales exceed budget by 6.6%.*

*Parking Concession*

*GA Fuel Flowage Fees*

*Facility / Space Rents*

*Outside Storage*

*Office Space Rental Revenue*

*Utility Charges*

*Tenant Employee Parking, Decals & Badges*

*Tenant Plan Reviews, Checks & Inspection*

**Expenses:**

**Finance & Administration:**

*Salaries & Wages*

*Annual Audit / Accounting*

*Marketing*

*Air Service Development*

*In August the Airport engaged Mead and Hunt for assistance in preparing the SCASDP Marketing grant application. The actual Air Service Development expense for this service was included in September.*

**Planning & Development:**

*Salaries & Wages  
Computer / LAN & IT*

*Planning & Development's August Computer /LAN & IT budget includes \$11.1K for new hardware (\$7.5K) and IT services. No computer hardware was purchased in August and some IT services were not used which creating a \$8.1K favorable variance.*

**Maintenance & Custodial Services:**

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

*The August Terminal Repair & Maintenance budget includes a wide variety of planned repairs, equipment servicing, carpet cleaning and supplies totaling \$15.6K. Actual August Terminal Repair & Maintenance expenses included: baggage belt repairs (\$11.2K), Della Mora Heating System repairs (\$7.5K), Quinn Company Generator Load Testing (\$2.2K) Home Depot supplies purchases (\$8.3K) and a variety of smaller servicing/repair projects \$2.6K.*

*Rental Space Repair & Maintenance  
Landscape & Grounds Repair & Maintenance  
District Vehicle Repair & Maintenance*

**Airport Operations:**

*CalPERS Health Insurance  
Computer / LAN & IT  
Environmental*

**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 August 31, 2019 is \$615K. This balance is 62.2% higher than the July 31, 2019 balance and 25.2% higher than the balance on August 31, 2018. This increase in accounts receivables is attributed to timing of collections.

The net accounts receivable balance over 60 days old on August 31, 2019 is a credit of \$2.8K. This over 60 days balance is the result of prepaid customer accounts.

The next meeting is scheduled for November 11, 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 November 13, 2019



William Sabo, Chair

ATTEST



Michael La Pier, AAE  
District Secretary