

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

**February 12, 2018 - 1:00 PM - Board Room**

**A. CALL TO ORDER**

*Director Sabo called to order the Finance Committee Meeting of the Board of Directors at 1:00 PM. 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:*

*December 2017 Financial Statements  
December 2017 Financial Statement Variance Analysis  
December 31, 2017 Accounts Receivable Aged Invoice Report*

*Also present for the FY 2018 Mid-Year Budget Review were the following staff:*

*Chris Morello, Senior Manager Planning and Development  
John O'Neil, Maintenance Managers  
Ken Griggs and Dave Flint, Operations Managers  
Jeff Hoyne, Police Chief*

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

*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 – Completed in Review Finance Committee Members  
Purchasing Policy – In process  
Investment Policy – In process*

*Fiscal Year 2019 budget planning session has been scheduled for March 1, 2018*

**C. PUBLIC COMMENTS**

*None.*

**D. REGULAR AGENDA – ACTION ITEMS**

Reviewed      1.    FYTD 2018 Financial Statements

*Reviewed overall financial performance of the airport as of December 31, 2017*

*December 2017 combined airport operating revenues are \$793.9K which is \$43.5K (5.8%) higher than budget (\$750.4K) and FYTD revenues are \$4.75M which is \$245.9K (5.5%) higher than budget (\$4.51M). The December favorable revenue variance is attributed to higher Terminal Concession, TNC fees, rental car concessions, outside-storage rents and miscellaneous other operating revenues. These higher revenues offset a decrease in commercial landing fees and parking revenues.*

*December operating expenses were lower than budget by \$18.2K (2.9%). Approximately \$14.5K of the December favorable expense variance came from lower Salaries (\$4.9K), employer benefits (\$5.6K)*

and lower personnel expenses (\$3.8K). The remaining December favorable expense variance came from a mix of other expenses (\$3.7K).

December FYTD operating expenses were \$4.06M which is \$123.1K lower than budget (\$4.18M). This favorable variance is attributed to lower employee and related expenses (\$104.3K), business related expenses (\$17.6K), supplies and materials (\$7.4K) and repairs and maintenance (\$97.7K). The favorable FYTD expense variances are offset by unfavorable variances in professional services (-\$20.6K) and Utilities (-\$85.3K).

With higher than budget operating revenues and lower operating expenses, December's operating income is \$175.6K which is \$61.9K higher than budget (\$113.6). FYTD operating income is \$647.3K which is \$375.3K or 138.0% higher than budget (\$375.3K).

Reviewed 2. December 2017 Financial Statement Variance Analysis

### **Revenues:**

CA Landing Fee  
Terminal Concessions\*

\* Terminal Concessions in December exceed budget with the return of Gifts and More (\$1.5K) and Lamar (formerly Corey) exceeded budget by \$3.3K which were offset by lower Golden Tee sales (-\$2.0K).

Taxi Operators Permits and Trip Fees  
TNC Permit and Trip Fees  
Rental Car Concessions  
Parking Concession\*\*

\*\* In December parking exit counts were below budget by 840 vehicles (10,708 Act vs 11,548 Bud) and parking durations appeared to be higher than budget. Budgeted revenues per vehicle were \$6.65 and the actual revenue per vehicle was \$6.77.

Fuel Flow  
Outside Storage  
Self-Storage  
Utility Charges\*\*\*

\*\*\* The December Utility favorable revenue variance resulted from higher billing to QTA for water excess usage.

Miscellaneous Other Operating Revenue\*\*\*\*

\*\*\*\* In December 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), payment from a tenant for illegal dumping on outside storage property (\$3.1K) other worker's comp disability payments (\$500).

**Expenses:**

**Finance & Administration:**

CalPERS Retirement  
Dues & Subscriptions  
Other / Contract Services~

~ The December Other/Contract services include a payment to Haro Environmental, Inc. for inspection of the outside storage area dumping by former tenant. This expense was offset by payments to the Airport by the former tenant.

Art Program  
Utilities – Water~~

~~ Water expense variance resulted from continued higher than budget QTA water usage. QTA is billed for this overage.

**Planning & Development:**

None

**Maintenance & Custodial Services:**

Airfield Repair & Maintenance^

^ Airfield Repair & Maintenance unfavorable expense variance resulted from a timing difference for purchasing runway/taxiway paint and supplies. In December the Airport purchased paint from Ennis-Flint Paint and Supplier (\$6.8K).

Terminal Repairs & Maintenance^^

^^ The December terminal maintenance expense variance resulted from replacement of a large safety glass pane on the observation deck and a timing difference in luggage belt servicing.

Other / Contract Services

**Airport Operations:**

Salaries & Wages  
CalPERS Health Insurance

**Police Department:**

Salaries & Wages #

# Chief Hoyne received an unbudgeted salary increase (\$2k per month) that will continue for the remainder of FY 2018. 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 (\$7.9K).

Overtime (OT) Pay ##

## In December the Airport reversed a \$6.7K of accrued comp time paid to an officer on workers comp leave, three officers used (\$3.2K) comp-time in December and an accrual reversal from November (\$1.5) was recognized in December.

**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 December 31, 2017, is \$283K. This balance is 26.4% lower than the November 30, 2017 balance and 27.9% lower than the balance on December 31, 2016. The decrease in accounts receivables is attributed to timing of collections.

The net accounts receivable balance over 60 days old on December 31, 2017 is -\$7.6K. The outstanding December accounts receivable invoices on January 29, 2018 total \$91.3K. Included in this balance are three airline invoices and two TSA-US Treasury invoices totaling approximately \$80K. The remaining balance in a mix of small accounts. Currently no accounts are considered at risk.

Discussion 4. Future Agenda Items/Finance Committee Schedule

The next meeting was scheduled for March 14, 2018 at 10:00 AM. In the Board of Directors Conference Room.

**Fiscal Year 2018 Mid-Year Budget Review.**

Airport department managers and staff presented a FY 2018 mid-year budget review of revenues, expenses and capital improvement projects. Staff reported that based on current information available it is forecasted that the Airport will meet or exceed its budgeted operating income.

**E. ADJOURNMENT**

The meeting adjourned at 3:30 PM.

Minutes Approved at the Regular  
Meeting of March 14, 2018



Carl M. Miller, Chair

ATTEST

Michael La Pier, AAE  
District Secretary