

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

November 9, 2021 - 10:00 AM

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 and enter the following Meeting ID: **872 4536 4178**. The password for this meeting is **20211109**. 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

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

B. COMMUNICATIONS / ANNOUNCEMENTS / INFORMATIONAL ITEMS

None.

C. PUBLIC COMMENTS

None.

D. REGULAR AGENDA – ACTION ITEMS

Review 1. FYTD 2022 Statements

Airline landings were well below budget (474 budget vs 398 actual) by 76 landings which impacted budgeted landing, RON and APRON fees. General aviation landings are 36.5% lower than August but revenues are above budget by \$27.6K and travel related concessions (Woody's and Gifts & More) are exceeding their minimal annual guarantees by \$7.6K.

No CARES, CRRSA or ARP Act draws were submitted in September. Total CARES, CRRSA and ARP Act funds available for future draws are \$8.84M, \$327K and \$3.1M respectively.

September 2021 combined Airport operating revenues are \$922.3K which is \$188.8K (25.7%) higher than budget (\$733.5K). The revenue variance resulted from higher General Aviation, Rental Car and Parking revenues which offset lower than budget Commercial Airline operations. Non-Aviation and Other Operating sources continue to materially operate within regular budgeted revenues.

The revenue variances came from the following:

- Commercial Aviation (CA) fees in September are well below budget (\$84.7K actual vs \$102.5K budget) by \$17.8K or 17.4%. The unfavorable variance came from lower Landing, RON and APRON fees that were offset by higher Fuel Flowage fees.
- General Aviation (GA) operating revenues for September (\$182.2K) are \$27.6K or 17.9% higher than budget (\$154.5K). This favorable GA revenue variance resulted from higher landing (\$16.4K) and Fuel Flowage (\$13.1K).
- September combined TCP permits, Taxi Permits/Trips, TNC Trips, Terminal Concessions, Rental Car and Parking Concessions (Concessions) revenues (\$298.9K) are \$172.9K or 137.3% higher than budget (\$125.9K). The favorable Concession variance comes from higher Taxi fees (\$3.7K) TNC Trip fees (\$9.8K), Terminal Concession (\$7.6K), Rental Car Commissions (\$97.2K) and Parking Concessions (\$54.4K).
- September Non-Aviation Tenant revenues (\$188.3K) are over budget (\$184.9K) by \$3.4K or 1.9%.
- September Other Operating Revenues (\$18.4K) are over budget (\$15.7K) by \$2.7K or 16.8%.

September Operating Expenses (\$700.1K) are under budget (\$708.0K) by \$7.9K or 1.1%.

The expense variance came from the following:

- Salary & Wages and Employer Payroll Tax (Wages) Expenses (\$213.4K) for September are higher than budget (\$187.8K) by \$25.8K or 13.6%. Two events created the September budget variance. First the September budget didn't include \$46.0K of one-time bonus payments and second the budget included a \$20K incentive comp payment for the Executive Director that was not distributed until October. The net difference resulted in the \$25K variance.
- Employer Benefit Expenses (\$125.8K) for September are lower than budget (\$135.7K) by \$9.8K or 7.3%. The favorable variance is the result of two Custodians hired to replace two retiring employees. The September budget included benefits for the two Custodial positions, but the newly hired employees' benefits don't begin until the following month.
- Personnel Related Expenses (\$9.0K) for September are materially on budget (\$9.7K).
- Business Related Expenses (\$27.8K) for September are materially on budget (\$26.9K).
- Repair & Maintenance expenses (\$8.3K) for September are under budget (\$36.5K) by \$28.2K or 77.3%. This favorable expense variance resulted from lower Airfield Repairs (\$12.5K), Terminal Repair & Maintenance (\$2.1K), Rental Space Repairs and Maintenance (\$3.7K), Landscape & Grounds Repair & Maintenance (\$1.9K), General Repairs (\$2.1K) and District Vehicle Repairs (\$5.7K).
- Outside Services expenses (\$207.2K) for September are under budget (\$211.4K) by \$4.4K or 2.0%. In September most of the variance came from Del Rey Oaks Police Department that continues to invoice the Airport for less than the budget submitted in April (\$90.3K vs \$86.6K).

- *Professional Service expenses (\$35.8K) for September are over budget (\$26.5K) by \$7.1K or 26.8%. The unfavorable variance comes mostly from unbudgeted Other Legal expenses (\$19.5K) from the City of Monterey vs MPAD legal proceedings.*
- *Marketing related expenses (\$19.4K) for September are under budget (\$26.5K) by \$7.1K or 26.8%. The variance includes slightly higher Marketing expenses (\$3.2K) that was offset by lower Public Relations (\$2.8K) and Air Service Development (\$7.5K) expenses.*
- *Combined Utilities expenses for September (\$46.4K) are over budget (\$34.1K) by \$12.2K or 35.9%. The variance came from higher electricity usage (\$1.4K), higher water usage (\$10.6K) and lower solid waste disposal (\$1.4K).*

The Airport's higher revenues and lower operating expenses in September resulted in an operating surplus of \$222.3K which is \$196.7K higher than the budgeted income of \$25.5K. Fiscal year-to-date operating surplus is \$733.3K which is \$756.7K higher than the budget loss of \$23.4K.

Review 2. Variance Analysis - MTD and YTD

Revenues:

*CA Landing Fees
 RON Fees
 Commercial Fuel Flowage Fees
 GA Landing Fee
 Terminal Concessions
 Taxi Operator Permits & Trip Fees
 TNC Permits & Trip Fees
 Rental Car Concessions
 Parking Concession
 GA Fuel Flowage Fees
 Utility Charges*

Expenses:

Finance & Administration:

*Salaries and Wages
 CalPERS Retirement
 Temporary Personnel
 Professional Development & Education
 Annual Audit / Accounting
 Other Legal Services
 Marketing
 Public Relations
 Air Service Development
 Utilities – Water*

Planning & Development:

Architect & Engineer

Maintenance & Custodial Services:

*Salaries & Wages
Custodial Supplies & Materials
Airfield Repair & Maintenance
Terminal Repair & Maintenance*

Airport Operations:

*Salaries & Wages
Computer / LAN & IT*

Police Department:

Police Services

ARFF / Fire Services:

District Vehicle Repair & Maintenance

Board of Directors:

None

Office Rental Property:

None

Other Income and Expense:

*Grants - FAA
Grants - FAA CARES/CRSSA ACT
Passenger Facility Charges*

There were no additional variances on revenues or expenses presented.

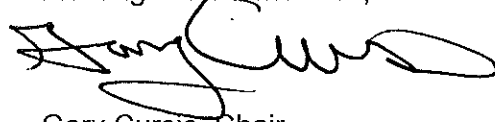
Review 3. Accounts Receivable Aged Invoice Report

The accounts receivable balance on September 30, 2021 is \$855.0K. This balance is \$42.8K or 4.8% lower than the August 31, 2021 balance of \$898.0K and 123.7% higher than the \$382K balance on September 20, 2020. The net accounts receivable balance over 60 days old on September 30, 2021, is \$53.1K. As of October 27, 2021, the over 60 days balance is a credit of \$19.1K and the net accounts receivable balance is \$179.9K

E. ADJOURNMENT

The meeting adjourned at 10:59 AM.

Minutes Approved at the
Meeting of November 17, 2021



Gary Cursio, Chair

ATTEST



Michael La Pier, AAE
District Secretary