

# MINUTES OF THE AIRPORT PROPERTY DEVELOPMENT & LEASES COMMITTEE MEETING OF THE MONTEREY PENINSULA AIRPORT DISTRICT BOARD OF DIRECTORS

March 8, 2021 - 2:30 PM

## 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](http://www.zoom.us/join) and enter the following Meeting ID: 813 7310 6431. The password for this meeting is: 20210308. 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 meeting was called to order at 2:34 PM. Director Cursio, Director Miller, Executive Director La Pier and Deputy Executive Director Bergholz were in attendance.*

### B. COMMUNICATIONS / ANNOUNCEMENTS / INFORMATIONAL ITEMS

*None.*

### C. PUBLIC COMMENTS

*None.*

### D. REGULAR AGENDA – ACTION ITEMS

Discussion 1. Leasing Activity Review

*Executive Director La Pier introduced the topic of a lease extension for the Tarp's property with the new business owners, Coastal Roots. He shared with the committee that the current agreement specifically calls for negotiations around the economic terms of the agreement to occur at this point in the lease life prior to the execution of the extension. He reported that he had been in discussions with the new owners and that the new owners had raised the topic. As part of those discussions, La Pier asked Coastal Roots to share what they believe fair terms would look like. The tenant replied that they felt the agreement was a fair one for both parties and asked that the rent be adjusted by a flat 2% during the first year of the extension and then revert back to the CIP adjustment model called for in the agreement. In return, the tenant would agree to spend a minimum of \$100,000.00 in needed capital improvements over the next 3 years. Further the tenant offered to decline the current 50% rent abatement immediately and revert back to paying full rent including rent from the subtenants.*

*General discussion occurred regarding the building itself and the current business being conducted by the new owners. It was generally felt that the new owners are solid business people and have done many positive things in the community and have quickly become a strong part of the hospitality community.*

*After discussion, it was agreed that La Pier would bring the lease extension to the Board at the April Board meeting for consideration.*

## Discussion 2. Parking Concessions

*Executive Director La Pier introduced the topic of the parking concession agreement with REEF / Republic Parking to the committee. He stated that the agreement is set to expire, and the concession operator has asked to about the prospect of executing the 5-year mutual extension in the agreement. La Pier stated that he had asked Deputy Executive Director Bergholz to explore the concept of the airport taking over its own parking concession in an effort to increase revenues. He further indicated that in normal times, the airport averages income from parking operations under the current arrangement of around \$850,000.00 per year while the concession operator retains, on average, approximately \$465,000.00 per year. The goal of this exercise is to determine what the financial impact of a parking concession take-over would have on the airport.*

*Deputy Executive Director Bergholz shared his analysis with the committee. The analysis indicated that the initial implementation cost would be approximately \$52,000.00 while the annual operating cost would be approximately \$147,000.00 and includes the addition of on full time employee in the Operations Department. La Pier explained that the model that would be used would be to no longer have a clerk housed in the pay booth at the parking lot exit. Instead, it is contemplated that the servicing of customer needs as they arise would be accomplished through a response by an operations team member who would be automatically called on the operations duty phone with the single touch of a button at the automated pay station. The Operations team member would have the ability to immediately address many of the issues that would likely result remotely by accessing the pay device electronically. For those matters that could not be resolved remotely, the Operations team member would respond to the pay station. This model is similar to the model currently being used at San Jose International Airport as well as several other airports throughout the country.*

*Bergholz continued his review of the opportunity with the committee. He indicated that while the system is functioning well at this time, some components would likely need to be replaced in the future as they age, or technology evolves. Director Miller asked if the airport owns the equipment currently. Bergholz responded yes, the airport had in effect purchased the equipment when the airport and REEF negotiated a previous extension to the agreement. That extension included an adjustment in the agreement terms so as to allow REEF to recover the initial investment in new equipment over the 5-year term rather than asking the airport to pay for the improvements directly.*

*Director Cursio asked about liability as it relates to damaged cars in the parking lot. Bergholz indicated the airport retains that liability under the current agreement so there would be no change in the event the concession take-over occurred. Director Miller expressed some concern regarding taking over the operation at this time given the downturn in activity related to the pandemic. Bergholz shared current year statistics that indicate that, at its current pace, the parking concession would likely net adequate revenues to support the projected annual operating expenses. It was agreed that, in normal times, the concession has the potential to generate between \$250,000 and \$300,000 in net new revenues based on previous performance if the concession take-over was implemented.*

*La Pier indicated he has a meeting with REEF representatives on April 6th and that those representatives are aware of the evaluation currently underway. REEF has assured La Pier that they have some ideas regarding how the airport could see more revenues going forward and will be ready to share those ideas at the meeting. He indicated that it was his hope to bring the concession take-over model and the REEF revenue enhancement suggestions to the full Board at the May meeting.*

## Discussion 3. Schedule Next Meeting

*Scheduling of the next meeting was deferred.*

E. ADJOURNMENT

*The meeting adjourned at 3:48 PM.*

Minutes Approved at the  
Meeting of March 17, 2021



Gary Cursio, Chair

ATTEST



Michael La Pier, AAE  
District Secretary