

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

**December 10, 2018 - 10:00 AM - Board Room**

**A. CALL TO ORDER**

*Finance Committee Meeting of the Board of Directors was called to order 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:*

*October 2018 Financial Statements  
October 2018 Financial Statement Variance Analysis  
October 31, 2018 Accounts Receivable Aged Invoice Report  
Reinstatement of Customer Facility Charges Staff Report  
Updating Local Agency Investment Fund Approved Signers Staff Report*

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

*None.*

**C. PUBLIC COMMENTS**

*None.*

**D. REGULAR AGENDA – ACTION ITEMS**

Review            1.    FYTD 2018 Financial Statements

*Reviewed overall financial performance of the airport as of October 31, 2018.*

*October 2018 combined airport operating revenues are \$826.2K which is \$51.9K (6.7%) higher than budget (\$774.3K) and FYTD revenues are \$3.25M which is \$113.4K (3.6%) higher than budget (\$3.14M). The October favorable revenue variance is attributed to higher Commercial Aviation Terminal Concessions, Non-Aviation Tenant Fees and Miscellaneous Other Operating Revenues. These higher revenues offset lower General Aviation, Taxi and TCP fees.*

*October operating expenses are under budget by \$119.3K (14.3%).*

*October's net favorable expenses variance resulted from the following: Salary & Wage and Employer Payroll Tax Expenses are \$67.7K lower than budget, Employer Benefit Expenses under budget by \$14.5K, Personnel Related Expenses are over budget by \$8.5K, Business Related Expenses are materially on budget, Expendable / Consumable Supplies & Materials expenses are under by \$6.7K, Repair & Maintenance expenses are under budget by \$41.1K, Outside Services are materially on budget, Professional Services are under budget \$6.7K. Marketing related expenses are over budget \$6.8K, Outside Services are materially on budget and Utilities expenses are over budget \$4.4K.*

*October FYTD Operating Expenses are \$2.73M which is \$196.5K lower than budget (\$2.93M). This favorable variance is attributed to lower expenses in most all expense categories except Police salaries and wages and Marketing expenses.*

With higher than budget operating revenues and lower operating expenses, the October Operating Income is \$108.9K which is \$171.3K higher than budget (-\$62.4K). FYTD operating income is \$503.9K which is \$309.7K or 159.5% higher than budget (\$194.2K).

Review 2. October 2018 Financial Statement Variance Analysis

**Revenues:**

CA Landing Fee  
Commercial Fuel Flowage Fees

Historical Commercial Fuel Flowage (CFF) fees averaged 60,000 gallons per month, and the Airport used that average for its budget. With the addition of the United Denver flights there appears to be a CFF increase of 40,000 gallons per month. We will monitor CFF sales for future budgeting.

GA Landing Fee  
TNC Permit and Trip Fees

In October enplanements spiked and Uber and Lyft both exceeded budgeted TNC fairs by 1,456 which resulted in a favorable fees variance (\$4.4K). In FY18 approximately 12% of all passengers traveling through the Airport used TNC transportation. In October 16.9% of all passengers used TNC transportation.

Parking Concession

In October Parking Concessions vehicle counts were under budget by 1,304 cars budget overall there was a daily favorable rate variance of \$2.03 per car (\$6.31 Bud vs \$8.34 Act). An increase of approximately 440 long term parked cars over 3 days created the favorable variance.

General Aviation Fuel Flowage Fees  
Self-Storage  
Tenant Employee Parking, Decals & Badges  
Miscellaneous Other Operating Revenue

The October Miscellaneous Other Operating Revenue variance includes a \$9.7K invoice to GSA/TSA for the installation of a server room air-conditioning system in the TSA staff and computer room.

**Expenses:**

**Finance & Administration:**

Overtime (OT) Pay

The Overtime (OT) Pay favorable variance comes from a \$10K FY19 budget estimate for the Executive Director incentive compensation. This Executive Director incentive compensation was paid early in FY19.

District Legal Counsel  
Public Relations

October's FY19 Public Relations budget was \$1.5K and actual expenses were for \$10.2K. The variance relates to the United Airlines Denver launch celebration. Vendors included Tarpys' and other local suppliers.

*Air Service Development*

*Utilities – Gas*

*Historically PGE natural gas usage is low in October -- approximately 400 Therms. Due to changes in the weather natural gas usage increased by 1,500 Therms.*

*Utilities - Water*

**Planning & Development:**

*Salary & Wage Reimbursement*

*Architect & Engineer*

*Environmental*

**Maintenance & Custodial Services:**

*Custodial Supplies & Materials*

*Airfield Repair & Maintenance*

*Airfield Repairs and Maintenance were under budget by \$34.6K. The October Airfield Repairs and Maintenance budget included \$25K for KR Surface Industries (rubber removal) and \$13K of other vendor expenses. No rubber removal work was performed in October, and actual Airfield Repairs and Maintenance expenses only included paint supplies for work on the airfield hold lines.*

**Airport Operations:**

*None*

**Police Department:**

*Salaries & Wages*

*Overtime (OT) Pay*

*Workers' Compensation Insurance*

*CalPERS Retirement*

*CalPERS Health Insurance*

**ARFF / Fire Services:**

*District Vehicle Repair & Maintenance*

*The ARFF vehicle repairs continued in October with payments to A1 Transmission (\$6.7K) Valley Fire (\$19.9K) and Burton's Fire Inc. (\$974). The ARFF vehicle was placed back in service in October.*

**Board of Directors:**

*Business Travel & Entertainment Expense*

*October business travel & entertainment expenses include conference travel for Directors Miller, Leffel and Cursio to ACI Nashville. Part of these expenses were budgeted for November.*

**Other Income and Expense:**

*Grants – FAA  
Passenger Facility Charges  
Interest Income - L.A.I.F.  
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 October 20, 2018 is \$393K. This balance is 1.5% lower than the September 30, 2018 balance and 19.7% higher than the balance on October 31, 2017. The net accounts receivable balance over 60 days old on October 30, 2018 is \$622. This decrease in accounts receivables is attributed to timing of collections from October.*

*The outstanding October accounts receivable invoices on November 26, 2018 total is \$110.9K. Included in this November 26 balance are seven airline related invoices totaling approximately \$80.4K, GSA/TSA invoice \$9.7K and several small invoices which are offset by several small customer prepayments.*

Discussion        4.    Consider Reinstatement of Customer Facility Charges for Planning and Construction of a Proposed Water Distribution System Project

*Finance Committee members discussed Staff's request to reinstate a Customer Facility Charge (CFC) for planning and construction of a proposed non-potable water distribution system. The Finance Committee discussed Ordinance 830 authorized by the Board of Directors in 2003 for collection of CFCs' and its relationship to Resolution No. 1736.*

Discussion        5.    Updating Approved Signers for Investment of Monterey Peninsula Airport District Monies in the Local Agency Investment Fund (LAIF).

*Finance Committee members discussed Staff's request to update the list of approved signers for the Monterey Peninsula Airport District (District) Local Agency Investment Fund (LAIF) account with the California State Treasurer as an investment option for excess cash balances. Resolution No. 1422, adopted December 27, 2006, authorized District Officers to deposit or withdraw funds from LAIF. The composition of the District's Officers has changed and the LAIF Resolution should be amended to reflect those changes.*

Discussion        6.    FY 2019-2024 Airport Capital Improvement Plan (ACIP)

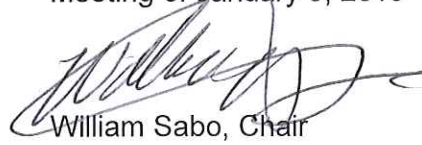
*Finance Committee members discussed Staff's proposed ACIP schedule to be presented to Board of Directors. Staff would like to present the ACIP to FAA if approved.*

*The next meeting was scheduled for January 7, 2019 at 10:00 AM in the Board Room.*

**E. ADJOURNMENT**

*The meeting adjourned at 12:15 PM.*

Minutes Approved at the  
Meeting of January 9, 2019



William Sabo, Chair

ATTEST



Michael La Pier, AAE  
District Secretary