

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

December 11, 2017 - 10:00 AM - Board Room

A. CALL TO ORDER

Director Sabo called to order the Finance Committee Meeting of the Board of Directors 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 2017 Financial Statements

October 2017 Financial Statement Variance Analysis

October 31, 2017 Accounts Receivable Aged Invoice Report

B. COMMUNICATIONS/ANNOUNCEMENTS/INFORMATIONAL ITEMS

None.

C. PUBLIC COMMENTS

None.

D. REGULAR AGENDA – ACTION ITEMS

Reviewed 1. FYTD 2017 Financial Statements

Reviewed overall financial performance of the airport as of October 31, 2017

October 2017 combined airport operating revenues are \$823.8K which is \$68.4K (9.1%) higher than budget (\$755.4K) and FYTD revenues are \$3.22M which is \$160.6K (5.3%) higher than budget (\$3.56M). The October favorable revenue variance is attributed to higher TNC fees, Concessions, outside-storage rents and miscellaneous other operating revenues. These higher revenues offset a decrease in enplanements and associated revenues.

October operating expenses (\$672.9K) were lower than budget (\$721.6K) by \$48.7K (-6.8%). Approximately \$35.3K or 72% of the October favorable expense variance came from lower employee salaries and related benefits. The remaining favorable expense variance (\$13.4K) resulted from a wide variety of timing differences or changes in Airport activities.

October FYTD operating expenses were \$2.74M which is \$150.8K lower than budget (\$2.89M). This favorable variance is attributed to lower employee and related expenses (\$117.9K), business related expenses (\$14.1K), supplies and materials (\$9.9K) and repairs and maintenance (\$88.7K). The favorable FYTD expense variances are offset by unfavorable variances in, professional services (-\$9.5K) marketing (-\$2.5K) and Utilities (-\$67.8K).

With higher than budget operating revenues and lower operating expenses, October's operating income is 150.9K which is \$117.1K over budget. FYTD operating income is \$451.9K which is \$317.3K or 235.7% higher than budget (\$134.7K).

Reviewed 2. October 2017 Financial Statement Variance Analysis

Revenues:

CA Landing Fee
Terminal Concessions*

*Terminal Concessions in October exceed budget with the return of Gifts and More (\$2.0K) and increased Lamar shared advertising revenues (\$5.5K).

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

** In October parking exit counts exceeded budget by 253 vehicles (11,109 Act vs 10,856 Bud) and parking durations appeared to be below budget. Budgeted revenues per vehicle were \$7.96 and the actual revenue per vehicle was \$7.67.

Outside Storage
Utility Charges
Miscellaneous Other Operating Revenue***

*** In October the Airport received a variety of unbudgeted reimbursements and payments. Payment for Chief of Police services from Del Rey Oaks (\$9.2K this will be a recurring payment for FY 18), reimbursement from Navy Flying Club for fuel tank removal (\$16.9K), payment from Waste Management's insurance for damage to northside gate and cameras (\$8.1K), Salinas International Airshow reimbursement for F22 security (\$4.0K) and other worker's comp payments (\$1.0K+).

Expenses:

Finance & Administration:

Overtime (OT) Pay^

^ The FY 18 budget included a \$10.0K incentive payment for the Executive Director. Since the Airport does have an account for this expense it was placed in Overtime Pay so it could be easily identified. The Executive Director's \$20K incentive payment was authorized and paid in November.

CalPERS Retirement
Business Travel & Entertainment
Art Program
Annual Audit / Accounting
Human Resources
Air Service Development

Utilities - Electricity
Utilities – Water^^

^^ Water usage has returned to normal and California American Water issued the Airport a \$4.7K credit for fixing the leak.

Planning & Development:

Computer / LAN & IT

Maintenance & Custodial Services:

Airfield Repair & Maintenance
Terminal Repairs & Maintenance

Airport Operations:

CalPERS Health Insurance
Other / Contract Services
Computer / LAN & IT~

~ The Gatekeeper annual software license (\$12.0K) was budgeted for October but the actual expense was invoiced in November. Due to the delay in implementing the Beacon Tracking System, Gatekeeper reduced the invoice/expense for FY 18 to \$9K.

Police Department:

Salaries & Wages #

In October Chief Hoyne received a salary increase for increased duties as Airport and Del Rey Oaks Police Chief.

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 October 31, 2017, is \$329K. This balance is 10.9% lower than the September 30, 2017 balance and 20.6% lower than the balance on October 31, 2016. The modest decrease in accounts receivables is attributed to timing of collections.

The net accounts receivable balance over 60 days old on October 31, 2017 is -\$2.6K. On November 30, 2017, the net accounts receivable balance is \$195K. Approximately \$107K of the AR balance relates to invoices for airlines and rental cars, and \$17K is from slow payments from the US Treasury for LEO grants. The remaining \$88K is a mix of tenant invoices and one invoice from Del Rey Oaks for Chief of Police services.

Discussion 4. Future Agenda Items/Finance Committee Schedule

The next meeting was scheduled for January 8, 2018 at 10:00 AM. In the Board of Directors Conference Room.

E. ADJOURNMENT

The meeting adjourned at 12:30 PM.

Minutes Approved at the Regular
Meeting of January 10, 2018

Carl Miller, Chair

ATTEST



Michael La Pier, AAE
District Secretary