

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

June 8, 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: **830 7826 8458**. The password for this meeting is: **20210608**. 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

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

The following documents were presented to the Budget and Finance Committee members:

- *Resolution No. 1801, A Resolution Authorizing and Approving the Rates and Charges at the Monterey Regional Airport for Fiscal Year 2022*
- *Resolution No. 1802, A Resolution Authorizing and Approving the Fiscal Year 2022 Salary Schedule, Listing Salary Ranges for the Monterey Peninsula Airport District*
- *Resolution No. 1803, A Resolution Authorizing and Approving the Operating Budget of the Monterey Peninsula Airport District for Fiscal Year 2022*
- *Resolution No. 1804, A Resolution Authorizing and Approving the Capital Budget of the Monterey Peninsula Airport District for Fiscal Year 2022*
- *Fiscal Year 2022 Draft Budget*
- *April FYTD 2021 Financial Statements*
- *April Variance Analysis - MTD and YTD*
- *April Accounts Receivable Aged Invoice Report*
- *April CARES and CRSSA Act Draw Summaries*

B. COMMUNICATIONS / ANNOUNCEMENTS / INFORMATIONAL ITEMS

None.

C. PUBLIC COMMENTS

None. No members of the public were in attendance.

D. REGULAR AGENDA – ACTION ITEMS

- Review 1. Resolution No. 1801, A Resolution Authorizing and Approving the Rates and Charges at the Monterey Regional Airport for Fiscal Year 2022

The Committee reviewed the Rates and Charges, staff report and Resolution 1801 and inquired about the Business License fee. Executive Director La Pier explained the methodology for formulating the \$1,000 annual business license fee and Deputy Director Morello explained the notice of violation fees. Directors requested information on the process for implementation of the business license and goals. Executive Director explained that the primary goal of the business license is to manage what businesses are operating on the Airport's properties and to obtain proof of liability insurance coverage. The Committee understood the plan for implementing the annual business license.

The Committee expressed support for the proposed Rates and Charges schedule and stated they would recommend Resolution 1801 to the full Board of Directors at the June 16, 2021 meeting.

- Review 2. Resolution No. 1802, A Resolution Authorizing and Approving the Fiscal Year 2022 Salary Schedule, Listing Salary Ranges for the Monterey Peninsula Airport District

The Committee reviewed the proposed Fiscal Year 2022 Salary Schedule, Senior Executive Assistant and Properties Specialist job descriptions, staff report, and Resolution 1802. Directors inquired about the Senior Executive Assistant job description and the scope of the duties. The Executive Director explained that those duties were currently being performed by a current staff member and there was a need to separate those duties into the new position.

The Committee expressed support for the proposed Fiscal Year 2022 Salary Schedule and stated they would recommend Resolution 1802 to the full Board of Directors at the June 16, 2021 meeting.

- Review 3. Resolution No. 1803, A Resolution Authorizing and Approving the Operating Budget of the Monterey Peninsula Airport District for Fiscal Year 2022

The Committee reviewed the proposed Fiscal Year 2022 Operating Budget, staff report and Resolution 1803, and asked for an update on changes recommended during the June 2, 2021 budget workshop. Executive Director La Pier explained the changes to the Marketing, Public Relations and Air Service Development (Marketing) budgets and explained that these were being presented to the Air Service Development committee for their review and comments. The Directors asked for additional information on the goals for the Marketing budget and the Executive Director stated that he would provide the information.

The Committee expressed support for the proposed Fiscal Year 2022 Operating Budget and stated they would recommend Resolution 1803 to the full Board of Directors at the June 16, 2021 meeting.

- Review 4. Resolution No. 1804, A Resolution Authorizing and Approving the Capital Budget of the Monterey Peninsula Airport District for Fiscal Year 2022

The Committee reviewed the proposed Fiscal Year 2022 Capital Budget, staff report and Resolution 1804. During the June 2, 2021 budget workshop Directors requested that the Operating and Capital Budgets be split into two separate resolutions. Staff separated the two budgets thus creating Resolution

1804. Deputy Director Morello presented the draft Fiscal Year 2022 Capital Budget and explained there were no changes to the budget since the budget workshop.

The Committee expressed support for the proposed Fiscal Year 2022 Capital Budget and stated they would recommend Resolution 1804 to the full Board of Directors at the June 16, 2021 meeting.

Review 5. FYTD 2021 Financial Statements

The COVID-19 health emergency impact on the Airport's operations and tenants continues to subside. April commercial airline enplanements increased at 35.0% month over month, general aviation landings are 63% higher than April 2020 landings and travel related concessions continue to improve.

The Airport continues to monitor updates on the American Recovery Plan (ARP) Act and estimates the grant and usage guidance will be available in August 2021.

No CARES or CRRSA Act reimbursement requests were submitted for April. The Airport's practice is to only draw funds when cash outflows exceed cash inflows from operations, district capital improvements and debt services. The CRRSA Act reimbursement requests submitted FYTD are \$502.6K and the balance of AIP 74 and 75 is \$1.62M. Total CARES Act reimbursement requests submitted FYTD are \$3.78M and the balance available is \$8.88M.

SUMMARY. April 2021 combined Airport operating revenues are \$671.7K which is \$108.6K (19.3%) higher than budget (\$563.1K). The revenue variance resulted from a mix of improvements in Commercial, General Aviation and Terminal Concession revenues. Non-Aviation and Other Operating sources continue to operate within regular budgeted revenues.

The revenue variance came from the following:

- Commercial Aviation (CA) fees in April are over budget (\$63.8K actual vs \$56.1K budget) by \$7.8K or 13.9%. The favorable variance came from better-than-expected RON and Fuel Flowage fees. Aircraft landing volumes (269) are under budget (287) by 18 landings. Most of the landing volume variance came from United and Alaska's San Diego flights. In April, commercial airlines revenue generating enplanements increased from 9,379 in March to 12,618 passengers. Flight cancellations in April is 1 and include Alaska (0), Allegiant (0), American (1) and United (0).
- General Aviation (GA) operating revenues for April (\$142.4K) are \$15.7K or 12.4% higher than budget (\$126.7K). This favorable GA revenue variance resulted from significantly higher landing (\$16.5K) and Fuel Flowage (\$2.6K) fees that were offset by lower Airport hangar rents (\$3.4K).
- April combined TCP permits, Taxi Permits/Trips, TNC Trips, Terminal Concessions, Rental Car and Parking Concessions (Concessions) revenues (\$157.9K) are \$78.0K or 97.6% higher than budget (\$79.7K). Most of the variance came from higher Terminal Concession from TNC Trip fees (\$4.1K), Rental Car Commissions (\$38.4K) and Parking Concession (\$37.7K).
- April Non-Aviation Tenant revenues (\$176.9K) are over budget (\$171.6) by \$5.3K or 3.0%. Most of the variance came from higher MHSS rental fees (\$2.8K), higher RV storage fees (\$2.2K) and other small differences.
- April Other Operating Revenues (\$69.1K) are higher than budget (\$65.6K) by \$3.5K or 5.4%. The favorable variance resulted from Higher Property Tax Allocation (\$3.0K) Parking and Security Badge renewals (\$4.0) that were offset by lower Utilities Chargebacks (\$1.2) other small unfavorable variances (\$0.6K).

April operating expenses (\$675.7K) are under budget (\$716.2K) by \$40.5K or 5.7%. The expense variance came from the following:

- *Salary & Wages and Employer Payroll Tax (Wages) Expenses (\$153.2K) for April are lower than budget (\$162.0K) \$8.7K or 5.9%. The lower Wages expenses came from staff using vacation and sick leave.*
- *Employer Benefit Expenses (\$114.3K) for April are lower than budget (\$115.4K) by \$1.1K or 0.9%. Most of the variance is the result of lower CalPERS healthcare expenses (\$1.1K).*
- *Personnel Related Expenses (-\$47.8K) for April are under budget (\$4.8K) by \$52.6K or 1,091%. The favorable variance comes from the reversal of accrued Board Member Election expenses (\$100.3K) and recognizing the actual discounted election expenses invoice of \$49.1K.*
- *Personnel Related Expenses (\$1.1K) for April are under budget (\$5.1K) by \$4.0K or 77.8%. The favorable variance comes from lower Dues, Conferences and Travel related expenses in all departments.*
- *Business Related Expenses (\$33.1K) for April are over budget (\$26.2K) \$5.0K or 19.1%. The unfavorable variance comes from AT&T Centrex telephone charges.*
- *Expendable/Consumable Supplies & Materials expenses (\$1.9K) for April are under budget (\$11.6K) by \$9.9K or 85.4%. This favorable expense variance resulted from lower expenses in all supplies categories.*
- *Repair & Maintenance expenses (\$29.9K) for April are under budget (\$50.9K) by \$21.0K or 41.3%. This favorable expense variance resulted from lower Airfield Repair & Maintenance (\$15.9K), higher Terminal Space Repairs (\$5.9), lower Rental Space Repairs and Maintenance (\$2.7K), higher Landscape & Grounds Repair & Maintenance (\$4.8K), lower General Repairs & Maintenance (\$6.2K) and lower District Vehicle Repair & Maintenance (\$6.9K).*
- *Outside Services expenses (\$246.2K) for April are lower than budget (\$257.8K) by \$11.7K or 4.5%. Engie solar array support and services contracts are renewed in April. The renewal contracts were budgeted at approximately \$40.0K and actual Engie invoices totaled about \$30K resulting in the favorable variance.*
- *Professional Service expenses (\$97.7K) for April are over budget (\$40.0K) by \$57.2K or 142%. The unfavorable variance comes from higher Other Legal Fees from the CEQA Amendment lawsuit (\$67.1K), offset by several favorable variances totaling \$9.8K.*
- *Marketing related expenses (\$26.5K) for April are over budget (\$14.7K) by \$11.7K or 79.7%. Most of the variance resulted from higher Marketing expenses (\$6.5K) for Chidlaw Marketing to continue the campaign for the various airlines and Air Service Development (\$5.0K) for Landrum and Brown consultants to prepare a zip code analysis.*
- *Combined Utilities expenses for April (\$18.6K) are under budget (\$28.2K) by 9.7K or 34.1%. The favorable variance comes from lower electricity expenses. In November PG&E merged the 2801 properties in the NEMA solar account and performed the annual solar array true up analysis but PG&E did not provide a credit for the over production. In April MPAD finally received the \$9.7K credit resulting in the favorable variance.*

The Airport's slightly higher revenues and lower operating expenses in April resulted in an operating loss of \$3.9K which is \$149.2K lower than the budgeted loss of \$153.1K. FYTD the operating loss is \$1.69M which is \$426.9K lower than the budgeted loss of \$2.10M.

Review 6. Variance Analysis - MTD and YTD

Revenues:

- RON Fees
- Commercial Fuel Flowage Fees
- General Aviation Landing Fee
- Terminal Concessions
- TNC Permits & Trip Fees
- Rental Car Concessions
- Parking Concession
- Fuel Flowage
- Hangar Rents
- Self-Storage Concession
- Tenant Employee Parking, Decals & Badges

Expenses:

Finance & Administration:

- Salaries & Wages
- Telephone
- Other / Contract Services
- Annual Audit / Accounting
- Other Legal Services
- Marketing
- Air Service Development
- Utilities - Electricity

Planning & Development:

- Architect & Engineer

Maintenance & Custodial Services:

- Salaries & Wages
- Custodial Supplies & Materials
- District Vehicle Fuel
- Airfield Repair & Maintenance
- Terminal Repair & Maintenance
- Landscape & Grounds Repair & Maintenance
- District Vehicle Repair & Maintenance

Airport Operations:

- General Repairs & Maintenance
- Computer / LAN & IT

Police Department:

None

ARFF / Fire Services:

District Vehicle Repair & Maintenance

Board of Directors:

None

Office Rental Property:

Utilities – Electricity

Other Income and Expense:

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

There were no additional variances on revenues or expenses presented.

Review 7. Accounts Receivable Aged Invoice Report

The accounts receivable balance on April 30, 2021, is \$366K. This balance is \$45.4K or 14.2% higher than the March 31, 2021, balance of \$320K and 18.9% lower than the \$451K balance on April 30, 2020. The net accounts receivable balance over 60 days old on April 30, 2021, is a credit of \$676. As of May 27, 2021, the over 60-day balance is a credit of \$12.4K and the net accounts receivable balance is \$15.8K.

The following customer accounts were presented for review: Allegiant Airlines, Avis, Budget, Central Coast Cab, Hertz, Holk, Swift Air and United.

E. ADJOURNMENT

The meeting adjourned at 11:45 AM.

Minutes Approved at the
Meeting of June 16, 2021



Gary Cursio, Chair

ATTEST



Michael La Pier, AAE
District Secretary