

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

**September 7, 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](http://www.zoom.us/join) and enter the following Meeting ID: **814 2668 2792** The password for this meeting is **20210907**. 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 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.*

**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. 1807, A Resolution Authorizing the Service Agreement between the Monterey Peninsula Airport District and Randazzo Enterprises, Inc.

*Deputy Director Morello presented the Airport's notice of solicitation for competitive sealed proposals for the demolition of the building located at 505 Airport Way, Monterey CA. Two responses were submitted in response to the Request for Proposals. After evaluating proposals received, Staff recommendation is that the Board approve the expenditure as provided in the Randazzo Enterprises, Inc. proposal in an amount not-to-exceed of \$45,889.00 and authorize the Executive Director to execute the purchase order.*

*Director Sawhney and Leffel asked questions about the bid and timing of the project and the difference in price between the two bidders. Both commented that it would be positive for the Airport to have Building 505 removed.*

Review            2. Resolution No. 1808, A Resolution Authorizing and Approving the Purchase Agreement between the Monterey Peninsula Airport District and My Chevrolet

*Deputy Director Morello presented the results of obtaining and evaluating quotes for three vehicles that would fit the maintenance needs, which includes a motorized lift tailgate. It was determined that the*

*Chevrolet Silverado 2500 from My Chevrolet of Salinas, CA is the appropriate vehicle needed to maintain the Airfield and Airport with a not-to-exceed price of \$53,000. Also considered in the evaluation were a Ford F Series that was quoted at a cost of \$54,500 and a Dodge Ram 2500 that was quoted at a cost of \$74,500.*

*Staff recommends that the Board approve the expenditure as provided in the Proposal from My Chevrolet and authorize the Executive Director to execute the purchase order.*

*Both Director's Leffel and Sawhney supported the Staff's recommendation.*

Review        3. Landrum and Brown Air Service Consulting Task Order #8

*Executive Director La Pier presented a proposed change in vendor to provide Air Service development services and the preparation of a destination and origin market analysis specific to the airport identifying both outbound and inbound leakage.*

*Executive Director recommends that Landrum and Brown be placed on a three-year retainer at \$42,000 per year to provide these services under its existing master services agreement. The fiscal year 2022 budget includes the funds necessary to execute this agreement. Executive Director will be presenting this proposal to the Air Services Committee for their review and recommendation.*

Review        4. FYTD 2022 Statements

*July commercial airline enplanements increased 12.7% from June but Airline landings were well below budget (514 budget vs 354 actual) by 160 landings which impacted budgeted RON and APRON fees. General aviation landings are 4% lower than June but well above budget by \$11.2K, and travel related concessions are exceeding their minimal annual guarantees. Abatements for the restaurant and gift shop are ending after July 31, 2021.*

*The Airport has received the American Recovery Plan (ARP) Act grant in early August and an additional \$3.149M in funds are now available for the Airport.*

*A CRRSA reimbursement request was submitted for June (\$398.4K) and July (\$898.1K) expenses totaling \$1.298M. Total CRRSA Act reimbursement requests submitted are \$1.799M and the balance of AIP 74 (\$277K) and 75 (\$50K) is \$327K. Total CARES Act reimbursement requests submitted are \$3.82M and the balance available is \$8.84M.*

*July 2021 combined Airport operating revenues are \$887.4K which is \$183.4K (26.1%) higher than budget (\$704.0K). The revenue variance resulted from a significant increase in General Aviation, Rental Car and Parking which offset lower than budget Commercial Airline operations. Non-Aviation and Other Operating sources continue to operate within regular budgeted revenues.*

*The revenue variances came from the following:*

- Commercial Aviation (CA) fees in July are well below budget (\$81.5K actual vs \$113.8K budget) by \$32.3K or 28.4%.*
- General Aviation (GA) operating revenues for July (\$162.7K) are \$19.0K or 13.3% higher than budget (\$143.7K).*
- July combined TCP permits, Taxi Permits/Trips, TNC Trips, Terminal Concessions, Rental Car and Parking Concessions (Concessions) revenues (\$276.2K) are \$179.5K or 185.8% higher than budget (\$96.6K).*

- July Non-Aviation Tenant revenues (\$187.4K) are over budget (\$182.7K) by \$4.7K or 2.6%.
- July Other Operating Revenues (\$31.6K) are over budget (\$24.0K) by \$7.6K or 32%.

July operating expenses (\$681.2K) are under budget (\$757.1K) by \$75.9K or 10.0%.

The expense variance came from the following:

- Salary & Wages and Employer Payroll Tax (Wages) Expenses (\$153.7K) for July are lower than budget (\$163.2K) \$9.4K or 5.8%.
- Employer Benefit Expenses (\$137.8K) for July are higher than budget (\$133.7K) by \$4.2K or 3.1%.
- Personnel Related Expenses (\$8.3K) for July are materially on budget (\$8.1K).
- Business Related Expenses (\$50.6K) for July are under budget (\$69.7K) by \$19.1K or 27.4%.
- Expendable/Consumable Supplies & Materials expenses (\$1.9K) for July are under budget (\$10.9K) by \$9.0K or 82.4%.
- Repair & Maintenance expenses (\$22.2K) for July are under budget (\$56.2K) by \$34.0K or 60.5%.
- Outside Services expenses (\$203.0K) for July are under budget (\$216.0K) by \$12.9K or 6.0%.
- Professional Service expenses (\$40.1K) for July are over budget (\$35.8K) by \$4.2K or 11.8%.
- Marketing related expenses (\$17.0K) for July are materially on budget (\$17.9K).
- Combined Utilities expenses for July (\$43.0K) are materially on budget (\$42.1K).

The Airport's higher revenues and lower operating expenses in July resulted in an operating surplus of \$206.2K which is \$259.4K higher than the budgeted loss of \$53.2K.

Review 5. Variance Analysis- MTD

Revenues:

Commercial Landing Fees  
 Commercial RON Fees  
 Commercial Apron Fees  
 Commercial Fuel Flowage Fees  
 General Aviation Landing Fee  
 Terminal Concessions  
 Taxi Operator Permits & Trip Fees  
 TNC Permits & Trip Fees  
 Rental Car Concessions

In July Rental Car Concession traffic increased to 3,692 rental car contracts with a total commission of \$169.3K at \$46 per contract. The July favorable variance represents an increase of about 2,328 rental contracts with an average concession increase of \$37 per contract.

*Parking Concession*

*Parking Concessions are primarily driven by usage of the long-term parking lot (LT Lot). For most of FY 21 the number of cars using the LT Lot averaged 575 cars for 3.4 days. In July 1,764 vehicles used the LT Lot and parked for about 3.74 days at \$48.68 per day. The result was a \$58.3K favorable variance.*

*Fuel Flowage  
Hangar Rents*

*Expenses:*

*Finance & Administration:*

*CalPERS UAL  
Temporary Personnel  
LAFCO Expense  
Other Legal Services  
Administration & Finance  
Bad Debt Expense*

*Planning & Development:*

*Salary & Wage Reimbursement  
Architect & Engineer*

*Maintenance & Custodial Services:*

*Salaries & Wages  
Custodial Supplies & Materials  
Airfield Repair & Maintenance  
Landscape & Grounds Repair & Maintenance  
Other / Contract Services*

*Airport Operations:*

*Other / Contract Services  
Computer / LAN & IT*

*Police Department:*

*CalPERS UAL*

*The Airport pays its CalPERS UAL in full in July and then amortizes prepayments over \$10K for the remainder of the fiscal year. The July CalPERS UAL expense variance represents the expensing of the \$2.3K PEPRA Safety prepayment. For the remainder of the fiscal year the UAL amortization should be in budget.*

*Police Services*

*In July DRO billed less than the FY 22 police services contract estimate. We will contact DRO to confirm if the estimate has changed.*

ARFF / Fire Services:

*District Vehicle Repair & Maintenance*

Board of Directors:

*None*

Office Rental Property:

*Rental Space Repair & Maintenance  
Utilities - Natural Gas  
Property Tax & Assessments*

Other Income and Expense:

*Grants - FAA  
Grants - FAA CARES/CRSSA ACT*

*In July a CRRSA ACT draws of \$1.29M was made to cover in June Debt service payments (\$400K) and July CalPERS UAL prepayments (\$898K) which resulted in the favorable variance.*

*Passenger Facility Charges*

*There were no additional variances on revenues or expenses presented.*

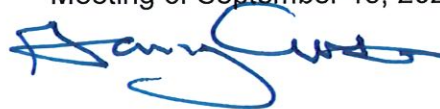
Review 6. Accounts Receivable Aged Invoice Report

*The accounts receivable balance on July 31, 2021 is \$639K. This balance is \$34.8K or 5.8% higher than the June 30, 2021 balance of \$605K and 101.2% higher than the \$318K balance on July 31, 2020. The net accounts receivable balance over 60 days old on July 31, 2021, is a credit of \$13.6K. As of August 25, 2021, the over 60 days balance is a credit of \$5.4K and the net accounts receivable balance is \$90.2K. There are several accounts with credit balances and staff is working with those customers to make corrections.*

**E. ADJOURNMENT**

*The meeting adjourned at 11:58 AM.*

Minutes Approved at the  
Meeting of September 15, 2021



Gary Cursio, Chair

ATTEST



Michael La Pier, AAE  
District Secretary