

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

March 9, 2020 - 10:00 AM - Administration Office Conference Room

A. CALL TO ORDER

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

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

*January 2020 Financial Statements
January 2020 Financial Statement Variance Analysis
January 31, 2020 Accounts Receivable Aged Invoice Report*

Resolution No. 1770, A Resolution Amending Resolution No. 1753 and 1755 and Approving the Amended Capital Budget of the Monterey Peninsula Airport District for Fiscal Year Ending June 30, 2020.

Resolution No. 1771, A Resolution Authorizing a Professional Services Agreement with Tartaglia Engineering to Prepare Design and Bid Specifications for Northside General Aviation Apron Construction and Northeast Vehicle Service Road Improvement Projects.

B. COMMUNICATIONS/ANNOUNCEMENTS/INFORMATIONAL ITEMS

None.

C. PUBLIC COMMENTS

None.

D. REGULAR AGENDA – ACTION ITEMS

Review 1. FYTD 2020 Financial Statements

Reviewed overall financial performance of the Airport as of January 31, 2020

January 2020 combined airport operating revenues are \$758.1K which is \$26.6K (3.6%) higher than budget (\$731.5K), and FYTD revenues are \$6.09M which is \$443.0K (7.8%) higher than budget (\$5.65M). The January favorable revenue variance is attributed to the following:

- Commercial Aviation (CA) fees in January are over budget (\$76.4K actual vs \$73.5K budget) by \$2.8K or 3.9%. Aircraft landing volumes (369) are over budget (348) by 21 landings.*
- General Aviation (GA) operating revenues for January (\$136.2K) are \$7.5K or -5.2% lower than budget (\$143.7K). This unfavorable GA revenue variance resulted from lower GA Fuel Flowage fees and hangar rents.*
- Combined TCP permits, Taxi Permits/Trips, TNC Trips, Terminal Concessions, Rental Car and Parking Concessions fees (Concessions) are \$194.1K, which is \$20.6K or 11.8% higher than budget (\$173.6K).*
- Non-Aviation Tenant revenues (\$185.4K) are higher than budget (\$175.3) by \$10.1K or 5.8%.*
- Other Operating Revenues (\$14.9K) are lower than budget (\$17.8K) by \$2.9K or 16.6%.*

January operating expenses (\$748.8K) are over budget (\$736.9K) by \$11.8K or 1.6%. The January unfavorable expenses variance resulted from following:

- Salary & Wages and Employer Payroll Tax (Wages) Expenses (\$190.3K) for January are higher than budget (\$183.6K) by \$6.7K or 3.68%.
- Employer Benefit Expenses (\$115.6K) for January are lower than budget (\$117.5K) by \$2.0K or 1.6%.
- Personnel Related Expenses (\$22.3K) for January were over budget (\$20.8K) by \$1.4K or 6.8%.
- Business Related Expenses (\$23.8K) for January were under budget (\$24.9K) by \$1.1K or 4.6%.
- Expendable/Consumable Supplies & Materials expenses (\$7.3K) for January are lower than budget (\$10.0K) by \$2.7K or 26.9%.
- Repair & Maintenance expenses (\$49.2K) for January are under budget (\$55.5K) by \$6.2K or 11.2%.
- Outside Services expenses (\$237.8K) for January are under budget (\$240.3K) by \$2.5K or 1.0%.
- Professional Service expenses (\$55.2K) for January are over budget (\$29.6K) by \$25.5K or 84.%. The unfavorable variance resulted from higher District Legal Counsel fees (\$28.5K) for demographics work on redistricting the District from At-Large voting to 5 voting Districts which was offset by lower Architect & Engineer (\$3.0K).
- Marketing related expenses (\$9.7K) for January were under budget (\$16.5K) by \$7.5K or 43.6%.
- Combined Utilities expenses for January (\$31.9K) are materially on budget (\$31.7K).

January FYTD Operating Expenses are \$4.99M which is \$430.8K lower than budget (\$5.42M). This favorable variance is attributed to lower expenses in most expense categories.

Higher than budget operating revenues and lower operating expenses resulted in an operating income of \$9.36K for January which is \$14.8K higher than budget (-\$5.4K). FYTD operating income is \$1.10M which is \$874.3K or 395.2% higher than budget (\$221.3K).

Review 2. January 2020 Financial Statement Variance Analysis

Revenues:

CA Landing Fee

In January changes in flight schedules and aircraft types by both American and United resulted in a favorable landing fees variance. American exceeded budgeted landings/flights (91) by 34 or \$5.0K and United missed budgeted landings/flights (217) by 15 or -\$1.4K.

CA RON Fees

RON Fees were also impacted by changes in flight schedules and aircraft types by both American and United. Most of the unfavorable RON variance came from United's suspension of one Denver flight.

Terminal Concessions
TNC Permits & Trip Fees
Rental Car Concessions
Parking Concession
GA Fuel Flowage Fees

Self-Storage Concession
Office Space Rental Revenue
Utility Charges

Expenses:

Finance & Administration:

Salaries & Wages

Currently the receptionist position is vacant and a temporary is being used to fill the position.

Temporary Personnel

The Airport is currently using a temporary staffing agency to cover the receptionist position that is currently vacant.

District Legal Counsel

In January MPAD received a \$31K invoice from legal counsel for demographics work on redistricting the District from At-Large voting to 5 voting Districts.

Marketing

Planning & Development:

Salaries & Wages

In January a Planning and Development employee reached the over 50 and 5 years of service threshold for accruing sick time.

Maintenance & Custodial Services:

Salaries & Wages

In January a Maintenance employee reached the over 50 and 5 years of service threshold for accruing sick time.

Airfield Repair & Maintenance
Terminal Repair & Maintenance
Rental Space Repair & Maintenance
District Vehicle Repair & Maintenance
Other / Contract Services

Airport Operations:

Salaries & Wages

In January an Operations employee reached the over 50 and 5 years of service threshold for accruing sick time.

Police Department:

None

ARFF / Fire Services:

District Vehicle Repair & Maintenance

Board of Directors:

None

Office Rental Property

Rental Space Repair & Maintenance

Other Income and Expense:

Grants – FAA
Passenger Facility Charges

No additional questions on revenues or expenses.

Review 3. Accounts Receivable Aged Invoice Report / Cash Position Updated

The accounts receivable balance on January 31, 2020 is \$391K. This balance is 11.3% lower than December 31, 2019 balance and 9.1% higher than the balance on January 31, 2019. This decrease in accounts receivables is attributed to changes in the pattern of customer payments and collections. The net accounts receivable balance over 60 days old on January 31, 2020 is a credit of \$1.6K.

The unrestricted cash and investments balance on January 31, 2020 is \$5.28M and the unrestricted cash and investments balance on December 31, 2019 was \$5.18M, an increase of \$97.2K. The increase in unrestricted cash and investments resulted from transferring of prepaid UAL (\$61.5K), SDRMA worker's comp (\$15.5K) and business insurance amortization amounts (\$14.6K) to the reserve account monthly. The District also recognized interest from investments (\$5.6K) that was moved to the unrestricted cash account.

Review 4. Resolution No. 1770, A Resolution Amending Resolution Nos. 1753 and 1755 and Approving the Amended Capital Budget of the Monterey Peninsula Airport District for Fiscal Year Ending June 30, 2020.

Resolution No. 1770 amends Resolution Nos. 1753 and 1755 and approves changes to the FY 2020 Capital Budget. Changes to the FY 2020 Capital Budget include the following:

- A. Moving Project 2019-10 from FY 2019 to FY 2020 to reflect that actual closing of the transaction,*
- B. Addition of Project 2020-09 - Part 77 Obstruction Removal Project that was approved December 11, 2019 by Resolution 1769 – Project Total \$70,000 – PFC,*
- C. Addition of Project 2020-12 - As identified on the Airport Capital Improvement Program (ACIP) that was approved on December 11, 2019 by Resolution No. 1768 and in anticipation of receiving Airport Improvement Program (AIP) Supplemental grant agreement; Project 2020-12*

Northside General Aviation Apron Construction – FY 2020 Capital Expenditures \$375,000 and Project Total \$11,000,000– AIP/PFC,

- D. Addition of Project 2020-13 - As identified on the Airport Capital Improvement Program (ACIP) that was approved on December 11, 2019 by Resolution No. 1768 and in anticipation of receiving Airport Improvement Program (AIP) Entitlement grant agreement for Northeast Vehicle Service Road Improvements – FY 2020 Capital Expenditures \$60,000 and Project Total \$1,946,065 – AIP/PFC,
- E. Revised Project 2020-03 – FIDS Upgrade has been adjusted to include two additional components: PA System and ADA upgrades. The Original budget of \$225,000 has been increased to a Project Total \$375,000 – PFC,
- F. Addition of Project 2020-11- PG&E Energy Efficiency Retrofit Program On-Bill Financing Loan Document submissions (2) were approved on November 13, 2019 – Total Project \$152,000,
- G. Addition of Project 2020-10 - PFAS Testing that was approved October 22, 2019 by Resolution No. 1765 for Wood Environmental & Infrastructure Improvements and on December 11, 2019 Phase 2 Investigation was approved by the Board - Total Project \$185,000, and
- H. Addition of Project 2020-14 - Demolish of Building 505. This project will be introduced in Item G-4 – Total Project \$250,000.

- Review 5. Resolution No. 1771, A Resolution Authorizing a Professional Services Agreement with Tartaglia Engineering to Prepare Design and Bid Specifications for Northside General Aviation Apron Construction and Northeast Vehicle Service Road Improvement Projects.

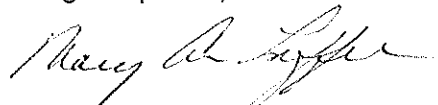
Resolution No. 1771, authorizing a professional services agreement with Tartaglia Engineering to prepare design and bid specifications for Northside General Aviation Apron construction and Northeast Vehicle Service Road Improvement Projects was reviewed.

The next Finance Committee meeting is scheduled for April 6, 2020 at 10:00 AM in the Administration Office Conference Room.

E. ADJOURNMENT

The meeting adjourned at 12:00 PM.

Minutes Approved at the
Meeting of April 15, 2020



Mary Ann Leffel, Chair

ATTEST



Michael La Pier, AAE
District Secretary