

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

July 9, 2018 - 9:00 AM - Board Room

A. CALL TO ORDER

Director Sabo called to order the Finance Committee Meeting of the Board of Directors at 9:00 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:

May 2018 Financial Statements

May 2018 Financial Statement Variance Analysis

May 31, 2018 Accounts Receivable Aged Invoice Report

Investment Policy - Updated July 2018

Finance and Accounting Policy - Updated July 2018

B. COMMUNICATIONS/ANNOUNCEMENTS/INFORMATIONAL ITEMS

None.

C. PUBLIC COMMENTS

None.

D. REGULAR AGENDA – ACTION ITEMS

Reviewed 1. FYTD 2018 Financial Statements

Reviewed overall financial performance of the airport as of May 31, 2018

May 2018 combined airport operating revenues are \$764.7K which is \$30.5K (4.2%) higher than budget (\$734.3K) and FYTD revenues are \$8.47M which is \$388.9K (4.8%) higher than budget (\$8.09M). The May favorable revenue variance is attributed to higher GA Landing and Fuel Fees, Terminal Concessions, TNC fees, Outside-Storage Rents and Miscellaneous Other Operating Revenues. These higher revenues offset a decrease in commercial aviation, rental car and parking fees.

May operating expenses are under budget by \$26.6K (-4.1%). May's net favorable expenses variance resulted from the following:

Salary & Wage and Employer Payroll Tax Expenses are under budget (\$21.2K), Employer Benefit Expenses are under budget (\$11.9K), Personnel Related Expenses are over budget (\$2.6K), Business Related Expenses are under budget (\$5.1K), Expendable / Consumable Supplies & Materials are on budget, Repair & Maintenance expenses are over budget (\$1.0K), Outside Services are materially on budget, Professional Services are over budget (\$8.0K), Marketing related expenses are over budget (\$7.3K) and Utilities expenses are under budget (\$3.8K).

May FYTD Operating Expenses are \$7.20M which is \$189.6K lower than budget (\$7.40M). This favorable variance is attributed to lower Employee and Related expenses (\$163.6K), Business Related expenses (\$33.8K), Supplies and Materials (\$10.8K) and Repairs and Maintenance (\$101.9K). The favorable FYTD expense variances are offset by unfavorable variances in Professional Services (-\$42.8K), Marketing (-\$12.9K) and Utilities (-\$88.2K).

With higher than budget operating revenues and lower operating expenses, May's Operating Income is \$138.3K which is \$57.1K higher than budget (\$81.2K). FYTD operating income is \$1.17M which is \$585.7K or 99.7% higher than budget (\$584.1K).

Reviewed 2. May 2018 Financial Statement Variance Analysis

Revenues:

CA Landing Fee

Commercial Landing Fees for May were under budget by \$4.7K. In May American Airlines (AA) decreased its daily service back to 3 flights per day which resulted in -\$3.5 unfavorable landing fee variance to budget. United actually exceeded budget by \$2.9K which partially offset the continuing Alaska Airlines landing variance (-\$4.7).

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

In May all rental car companies were below budget - Avis (\$2.8K), Budget (\$5.6K), Enterprise (\$4.8K), Hertz, (\$2.1K) and National (\$12.0K). Go Rentals which arrived at the airport this spring paid current and past due concession fees (Apr/May) of \$14.1K which helped reduce the rental car concession variance.

Parking Concession

In May parking concessions vehicle counts were below budget by 1,119 cars with a daily rate unfavorable variance of \$0.10 per day (\$6.75 Bud vs \$6.65 Act). FYTD cars parked at the airport shows an unfavorable volume variance of 5.6K cars with an average favorable rate variance of \$0.05 per day. The average rate paid by customers parking at the airport is the approximately the same as budget.

Fuel Flow

May increases in fuel flowage are associated with the increases in landing fees mentioned above. Monterey Jet Center and Del Monte Aviation exceeded budgeted fuel sales by selling an additional 58,935 gallons of Jet A and LL 100 fuel.

*Outside Storage
Self-Storage
Utility Charges
Miscellaneous Other Operating Revenue*

Expenses:

Finance & Administration:

Salaries & Wages

In May one employee switch from health benefits in lieu pay to insurance decreased payroll expense by \$500. Another employee took vacation without pay which reduced payroll by \$1.3K. Previously budget payroll increases were reduced or delayed \$1.0K.

Business Travel & Entertainment
Marketing

Air Service Development

The \$5.4K unfavorable Air Service Development variance came from fees paid to Trillion Aviation Marketing for planned meetings with the airlines and printing fees for presentation materials.

Planning & Development:

Salaries & Wages
CalPERS Health Insurance

Architect & Engineer

\$2.4K of unbudgeted expenses for Kosmont Company's Northside development recommendations were incurred in May.

Computer / LAN & IT

Maintenance & Custodial Services:

Airfield Repair & Maintenance

The May favorable Airfield Repair & Maintenance budget include a \$10K fee for replacing a water line. The work was not considered necessary at this time. The remaining \$2K variance is for budgeted paint purchases.

Terminal Repairs & Maintenance

The May favorable Terminal Maintenance budget to actual variance resulted from timing differences. The following were scheduled to perform repairs/services: Lloyd Aubry conveyor belt repairs (\$2.1K), Thyssenkrupp Elevator servicing (\$2.0K) and American Floors repairs (\$1.5K).

District Vehicle Repair & Maintenance

Airport Operations:

Salaries & Wages
CalPERS Health Insurance

Environmental

Police Department:

Salaries & Wages

The increased Salaries & Wages expenses resulted from Chief Hoyne's salary increase and hiring a new full-time officer. These expenses will continue in June.

Overtime (OT) Pay

The Overtime Pay unfavorable variance in May is the result of a disabled officer who is using sick/comp time (\$7.3K per month) before his IDR separation from the district in July. Also another officer who was determined to be eligible for 4850 in April. This requires several adjustments to payroll classifications, sick/comp-time accruals and tax expenses. Actual Overtime Pay for May is \$2.1K.

ARFF / Fire Services:

General Vehicle Repairs & Maintenance

In April the Airport determined that its only ARFF vehicle required approximately \$100K of repairs to its transmission and transfer case. In May a \$27K deposit for parts was paid to A1 Transmission and Marine. Some of the work will be completed in FY18 and the balance may cross over to FY19.

Board of Directors:

Seminars & Conferences

The May Business Travel & Entertainment Expense variance resulted from a timing difference. Three BODs who attended ACI's Las Vegas conference submitted their expenses in May.

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 May 31, 2018 is \$324K. This balance is 15.9% higher than the April 30, 2018 balance and 29.9% lower than the balance on May 31, 2017. This increase in accounts receivables is attributed to timing of collections from May.

The net accounts receivable balance over 60 days old on May 31, 2018 is -\$372. This negative balance is the result of prepayments of tenant rents. The outstanding May accounts receivable invoices on June 26, 2018 total \$132K. Included in this June 26 balance are three May airline invoices totaling

approximately \$56K, Monterey Jet Center's May invoice \$37.6K, City of Del Rey Oaks' May invoice \$9.2K and two taxi companies' May invoices \$12.9K. The remaining balance is a mix of other small accounts.

Tabled Items 4. Investment Policy
 5. Finance and Accounting Policy

At the request of Finance Committee members, the discussion and review of the updated Investment Policy and Finance and Accounting Policies were tabled until the August Finance Committee meeting.

Discussion 6. Future Agenda Items/Finance Committee Schedule

The next meeting was scheduled for August 6, 2018 at 10:00 AM. In the Board of Directors Conference Room.

E. ADJOURNMENT

The meeting adjourned at 4:30 pm.

Minutes Approved at the
Meeting of July 11, 2018


Carl M. Miller, Chair

ATTEST



Michael La Pier, AAE
District Secretary