

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

**March 09, 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: 864 0731 2056. The password for this meeting is: 20210309. 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 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. 1796, A Resolution Amending Resolution No. 1778 and Approving the Amended Capital Improvement Program (CIP) Budget of the Monterey Peninsula Airport District for Fiscal Year Ending June 30, 2021 and Authorizing Acceptance of COVID-19 Federal Relief Funds*

*January 2021 Financial Statements*

*January 2021 Financial Statement Variance Analysis*

*January 31, 2021 Accounts Receivable Aged Invoice Report*

*January 31, 2021 CARES Act Summary*

**B. COMMUNICATIONS / ANNOUNCEMENTS / INFORMATIONAL ITEMS**

*None.*

**C. PUBLIC COMMENTS**

*None.*

**D. REGULAR AGENDA – ACTION ITEMS**

Discussion 1. Resolution No. 1796, A Resolution Amending Resolution No. 1778 and Approving the Amended Capital Improvement Program (CIP) and Authorizing Acceptance of COVID-19 Federal Relief Funds

*Staff presented Resolution No. 1796 and discussed the proposed changes to the Fiscal Year Ending June 30, 2021 Capital Improvement Program (CIP) which includes the addition of two new capital projects for the design of the new southeast ramp, potential acquisition of former Talbot property on*

highway 68 and the removal and expensing of the SWRCB. Also, in Resolution No.1796 is a request for the District to accept new COVID-19 Federal Relief Funds recently approved.

Directors recommended that the Capital Improvement Program (CIP) and COVID-19 Federal Relief Funds requests be divided into two separate resolutions for presentation at the March 17, 2021 Board of Directors meeting.

## Review 2. FYTD 2021 Financial Statements

The COVID-19 health emergency began to slowly subside in late December and that trend continued in January, but commercial aviation travel remained light. January commercial airline enplanements decreased at 42.3% month over month, general aviation landings are about 76% of prior years landings and travel related concessions remain low but stable.

The Airport filed a \$229.9K Corona Virus Aid, Relief, and Economic Security (CARES) Act reimbursement request for January. The Airport practice is to only draw funds when cash outflows exceed cash inflows from operations, district capital improvements and debt services. As of January 31, total CARES Act reimbursement requests submitted are \$3.78M and the balance available is \$8.88M.

SUMMARY. January 2021 combined Airport operating revenues are \$424.3K which is \$3.8K (0.9%) lower than budget (\$428.1K). The revenue variance resulted from a mix of small unanticipated changes in tenant activities. Fortunately, there is increasing stability in Commercial and General Aviation and Concession revenues. Most of the businesses operating in the Non-Aviation and Other Operating continue to operate with near normal or above budget revenues.

The revenue variance came from the following:

- Commercial Aviation (CA) fees in January are over budget (\$45.3K actual vs \$37.5K budget) by \$7.7K or 20.5%. Aircraft landing volumes (188) are over budget (161) by 27 landings. In January, commercial airlines revenue generating enplanements decreased from 6,102 in December to 3,521 passengers.
- General Aviation (GA) operating revenues for January (\$103.7K) are \$8.8K or 7.8% lower than budget (\$112.5K). This unfavorable GA revenue variance resulted from lower GA Landing (\$0.7K) and Fuel Flowage (\$7.1K) and hangar fees (\$1.0K).
- In January combined TCP permits, Taxi Permits/Trips, TNC Trips, Terminal Concessions, Rental Car and Parking Concessions (Concessions) revenues (\$51.0K) are \$8.8K or 14.8% lower than budget (\$25.9K). Most of the variance came from lower Terminal Concession (\$7.4K) and Rental Car Commissions (\$2.1K). The lower Terminal Concession came from a correction from Gifts and More over payments. Gifts and More was not deducting the approved abatements from the monthly payments and a correction was posted in January. Rental Car Commissions were lower than budget due to the light Commercial Aviation traffic.
- January Non-Aviation Tenant revenues (\$178.2K) are over budget (\$169.7) by \$8.5K or 5.0%. Most of the variance came from higher MHSS fees from prepaid rents (\$6.1K), higher RV storage fee (\$1.4K) and other small differences.
- January Other Operating Revenues (\$16.8K) are higher than budget (\$15.6K) by \$1.2K or 7.6%. The favorable variance resulted from higher tenant parking passes and badges (\$1.9) which were offset by other small variances (\$0.7K).

January operating expenses (\$644.8K) are under budget (\$659.6K) by \$14.8K or 2.2%. The expense variance came from the following:

- Salary & Wages and Employer Payroll Tax (Wages) Expenses (\$153.4K) for January are higher than budget (\$152.2K) \$1.2K or 0.8%. The higher Wages expense came from higher vacations accruals (\$1.3K) which were offset by other small variances.
- Employer Benefit Expenses (\$117.9K) for January are higher than budget (\$114.2K) by \$3.6K or 3.2%. The variance is the result of higher CalPERS healthcare expenses (\$3.6K) for a terminated employee. This variance will reverse in February when CalPERS makes a healthcare coverage correction.
- Personnel Related Expenses (\$6.8K) for January are under budget (\$7.2K) by \$0.4K or 4.7%. The favorable variance comes from a mix of small differences.
- Business Related Expenses (\$23.2K) for January are under budget (\$25.1K) \$1.9K or 7.8%. The favorable variance comes from a mix of small differences.
- Expendable/Consumable Supplies & Materials expenses (\$4.9K) for January are under budget (\$12.4K) by \$7.5K or 60.6%. This favorable expense variance resulted from lower expenses in all supplies categories.
- Repair & Maintenance expenses (\$17.7K) for January are under budget (\$53.9K) by \$36.2K or 67.2%. This favorable expense variance resulted from lower Airfield Repair & Maintenance (\$10.0K), Terminal Space Repairs (\$0.4K), Rental Space Repairs and Maintenance (\$6.5K), Landscape & Grounds Repair & Maintenance (\$12.4K), General Repairs & Maintenance (\$2.0K), District Vehicle Repair & Maintenance (\$4.6K).
- Outside Services expenses (\$215.7K) for January are lower than budget (\$221.1K) by \$5.3K or 2.4%. Most of the variance comes from delayed maintenance (\$2.3K) and rental property repairs (\$3.0K).
- Professional Service expenses (\$54.6K) for January are over budget (\$24.9K) by \$29.5K or 118.4%. The unfavorable variance comes from, unbudgeted Art Program expenses (\$2.0K), higher Architect & Engineer fees from Lean Engineering for runway 10R/28L approach procedures reports (\$8.4K), Other Legal Fees from the CEQA Amendment lawsuit (\$22.5K) that are offset by lower Computer / LAN & IT expenses (\$3.8K), and Human Resources contract expenses (\$2.5K).
- Marketing related expenses (\$14.2K) for January are over budget (\$10.6K) by \$3.6K or 33.9%. Most of the variance resulted from higher Marketing Expenses (\$4.6K) for commercials and advertising that were offset by lower Public Relations expenses (\$1.0K).
- Combined Utilities expenses for January (\$32.4K) are materially on budget (\$33.9K).

January slightly lower revenues and operating expenses resulted in an operating loss of \$220.6K which is \$10.9K lower than the budgeted loss of \$231.5K. FYTD the operating loss is \$1.29M which is \$148.3K lower than the budgeted loss of \$1.44M.

Review 3. Variance Analysis - MTD and YTD

**Revenues:**

*CA Landing Fee  
Terminal Space Rent  
Terminal Concessions*

*The revised FY21 budget was prepared with terminal concession abatements included from November 2020 to May 2021.*

*Gifts & More reported revenues and made concession payments on schedule each month. In late January, the owner of Gifts and More ask questions about the abatements. Apparently not understanding the process she had been remitting concessions with the full minimum annual guarantee. In January the Airport recognized this abatement adjustment which resulted in most of the variance.*

*Directors recommended that staff provide refunds to some tenants who over paid concessions due to confusion about the abatements. Executive Director will work with staff to resolve some of the overpayment issues.*

*Rental Car Concessions  
Fuel Flowage Fees  
Self-Storage Concession*

**Expenses:**

***Finance & Administration:***

*Salaries & Wages  
Art Program  
Other Legal Services  
Administration & Finance  
Human Resources  
Marketing  
Utilities - Natural Gas*

***Planning & Development:***

*Architect & Engineer*

***Maintenance & Custodial Services:***

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

**Airport Operations:**

CalPERS Health Insurance  
Computer / LAN & IT

**Police Department:**

None

**ARFF / Fire Services:**

District Vehicle Repair & Maintenance

**Board of Directors:**

None

**Office Rental Property:**

Rental Space Repair & Maintenance  
Other / Contract Services  
Utilities - Electricity

**Other Income and Expense:**

Grants - FAA  
Grants - FAA CARES ACT  
Passenger Facility Charges

*There were no additional questions on revenues or expenses.*

Review 4. Accounts Receivable Aged Invoice Report

*The accounts receivable balance on January 31, 2021 is \$209K. This balance is 16.1% lower than December 31, 2020 balance of \$248K and 46.6% lower than the \$391K balance on January 31, 2020. The net accounts receivable balance over 60 days old on January 31, 2021 is \$9.7K. As of February 23, 2021, the over 60 days balance is a credit of \$11.1K and the accounts receivable balance is \$126.1K.*

*The following customer accounts receivables were reviewed and discussed: Central Coast Cab, Gifts and More, Hertz, Constance Laud, MRY Hospitality Group, Swift Air LLC and US Treasury (TSA LEO).*

*Allegiant Air, Del Monte Aviation, Hertz, J & J Auto Body, Constance Laud, Monterey Airpark Associates, MRY Hospitality Group and Swift Air LLC.*

**E. ADJOURNMENT**

*The meeting adjourned at 11:50 AM.*

Minutes Approved at the  
Meeting of March 17, 2021



Gary Cursio, Chair

ATTEST



Michael La Pier, AAE  
District Secretary