

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

September 10, 2018 - 10:00 AM - Board Room

A. CALL TO ORDER

Director Sabo called to order the Finance Committee Meeting of the Board of Directors at 10:00 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:

July 2018 Financial Statements

July 2018 Financial Statement Variance Analysis

July 31, 2018 Accounts Receivable Aged Invoice Report

B. COMMUNICATIONS/ANNOUNCEMENTS/INFORMATIONAL ITEMS

None.

C. PUBLIC COMMENTS

None.

D. REGULAR AGENDA – ACTION ITEMS

Review 1. FYTD 2018 Financial Statements

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

July 2018 combined airport operating revenues are \$785.9K which is \$9.5K (1.2%) higher than budget (\$776.4K). The July favorable revenue variance is attributed to higher Commercial Aviation landing fees, Terminal Concessions, TNC fees, Outside-Storage Rents and Miscellaneous Other Operating Revenues. These higher revenues offsets lower Commercial Fuel Flowage, Taxi, Parking and GA Fuel Flowage fees.

July operating expenses are under budget by \$95.2K (12.4%). July's net favorable expenses variance resulted from the following: Salary & Wage and Employer Payroll Tax Expenses are under budget (\$6.1K), Employer Benefit Expenses are under budget (\$10.4K), Personnel Related Expenses are under budget (\$16.3K), Business Related Expenses are under budget (\$2.8K), Expendable / Consumable Supplies & Materials are over budget by (\$11.2), Repair & Maintenance expenses are under budget (\$24.7K), Outside Services are under budget (\$19.6K), Professional Services are under budget (\$14.0K), Marketing related expenses July are materially on budget and Utilities expenses are under budget (\$3.4K).

With higher than budget operating revenues and lower operating expenses, July's Operating Income is \$156.1K which is \$104.8K higher than budget (\$51.3K).

Revenues:

CA Landing Fee

Commercial Landing Fees for July exceeded budget by \$5.0K as American Airlines increased its landings from a budget of 93 to 116.

Commercial Fuel Flowage Fees

Commercial Fuel Flowage Fees were under budget (\$3.0K) due to an implementation delay. Airlines requested 30 days' notice before implementing the Commercial Fuel Flowage Fees. Fees were waved for July and will begin August 1, 2018.

*Terminal Concessions
TNC Permit and Trip Fees*

In July Uber and Lyft exceeded budgeted TNC fares by 1,722 which resulted in a favorable fees variance (\$5.2K). In FY18 approximately 12% of all passengers traveling through the Airport used TNC transportation. In July 14.1% used TNC transportation.

*Rental Car Concessions
Parking Concession*

In July parking concessions vehicle counts were below budget by 152 cars with a daily unfavorable rate variance of \$0.66 per car. (\$6.55 Bud vs \$5.88 Act). Long term parking stays are driving the unfavorable variance.

*General Aviation Fuel Flowage Fees
Facility / Space Rents
Outside Storage
Self-Storage*

Miscellaneous Other Operating Revenue

The July Miscellaneous Other Operating Revenue comes from 4850/Disability workers comp payments received from SDRMA. In July the Airport has one officer on 4850/Disability and the SDRMA payments offsets salaries paid to that officer.

Expenses:

Finance & Administration:

Salaries & Wages

The July salaries and wages variance (\$2.2K) resulted from timing and rate differences for the Executive Director and other department staff.

Office Supplies & Materials

In July office supplies variance (\$5.9K) is the result of a timing difference for the purchase of check stock to be used for the new Chase bank accounts. Check stock for the General and A&I accounts were ordered in late July and should be delivered in August.

District Legal Counsel

The July F&A department budget included \$3.0K for DRO and F&K building negotiations.

Administration & Finance

The July F&A department budget includes \$5.8K for renewing the MAS 100 ERP system annual software license. The variance represents a timing difference in renewing the MAS 100 license.

Public Relations

The \$3.3K unfavorable Public Relations variance for July includes expenses for the United Airlines Denver route announcement.

Air Service Development

The Air Service Development budget for July is \$4.5K. No expenses were incurred for Air Service Development.

Planning & Development:

Salary & Wage

The July Planning & Development Salary and Wages variance resulted from Payroll changes in vacation and sick time accruals for the Deputy Director of Strategy and Development position.

CalPERS Health Insurance

The July Planning & Development CalPERS Health Insurance favorable variance is the result of a timing difference of health insurance for a new employee. The CalPERS Health Insurance expense will catch up in August 2018.

Architect & Engineer

The Architect & Engineer budget for July is \$8.0K. No expenses were incurred.

Maintenance & Custodial Services:

Salaries & Wages

In July an employee with 20 years of service retired and retroactive pay rate adjustments were processed for the Maintenance Department staff.

Approximately \$4.0K of the variance is attributed to the retiring employee but there is an offsetting credit recognized in Overtime (OT) Pay shown below. The remaining \$2.5K is for staff payroll adjustments.

Airfield Repair & Maintenance

Various possible Airfield Repairs and Maintenance were not performed in July (\$12.9K) since the staff was busy working on the RV2 Lot for the DRO project.

Terminal Repairs & Maintenance

In July budgeted elevator and luggage conveyor servicing (\$7.7K) were not performed.

Airport Operations:

Salaries & Wages

A budgeted FY19 Airport's Ops Manager (\$7.7K) was not filled until August 6.

Other / Contract Services

The July Operations budget included setting up a USDA Wildlife Services draw-down account (\$5.2K). It was not required in July.

Police Department:

Salaries & Wages

The unfavorable \$10.3K variance in Police Salaries & Wages expense resulted from an officer who is receiving Sick and Comp time payments until the end of July 2018. An offsetting credit is being recognized in Overtime (OT) Pay.

Overtime (OT) Pay

ARFF / Fire Services:

None

Board of Directors:

Business Travel & Entertainment Expense

Budget BOD travel reimbursements were not submitted in July.

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 July 31, 2018 is \$297K. This balance is 24.3% lower than the June 30, 2018 balance and 40.8% lower than the balance on July 31, 2017. This decrease in accounts receivables is attributed to improved invoice processing and timing of collections from July.

The net accounts receivable balance over 60 days old on July 31, 2018 is \$987. The outstanding July accounts receivable invoices on August 26, 2018 total \$90.5K. Included in this August 26 balance are airline invoices totaling approximately \$79K and United Ground Service invoices \$6.2K. The remaining balance is a mix of other small accounts.

Discussion 4. Future Agenda Items/Finance Committee Schedule

The next meeting was scheduled for October 08, 2018 at 10:00 AM in the Board Room.

E. ADJOURNMENT

The meeting adjourned at 1:30 PM.

Minutes Approved at the
Meeting of October 8, 2018



Carl M. Miller, Chair

ATTEST



Michael La Pier, AAE
District Secretary