

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

April 12, 2023 – 9:00 AM

## NOTICE REGARDING A RETURN TO IN-PERSON PUBLIC PARTICIPATION AT MONTEREY PENINSULA AIRPORT DISTRICT BOARD AND COMMITTEE MEETINGS

Due to the expiration of the COVID-19 California State of Emergency, the Monterey Peninsula Airport District will return to holding meetings at the Airport Board Room, with in-person attendance. Members of the public may attend the Board Meeting in person and request to speak to the Board when the Chair calls for public comment. In general, remote comments will not be allowed, except as outlined in the limited circumstances below.

The Monterey Peninsula Airport District will continue to broadcast the Board Meetings via Zoom video conference for viewing by the public. To view the Board meeting via Zoom video conference, please visit [www.zoom.us/join](http://www.zoom.us/join) and enter the following Meeting ID: **847 7330 1759**. The password for this meeting is: **20230412**. If you do not have access to the internet, you may listen telephonically by calling (253) 215-8782 and entering the same Meeting ID and password.

In the event that a Board Member utilizes the procedure outlined in AB 2449 to attend a meeting, only then will remote public comments be allowed. Under those circumstances, when the Chair calls for public comment, attendees can queue to speak with the "Raise Hand" feature. On the Zoom application, click the "Raise Hand" button. On the phone, press \*9. The Secretary to the Board will call speaker names and unmute speaker microphones. You will have up to 3 minutes to provide your oral comments, pursuant to Board policy.

Members of the public who desire to make a public comment can send an email to [info@montereyairport.com](mailto:info@montereyairport.com) and include the following subject line: "Public Comment Item # (insert the agenda item number relevant to your comment)." Written comments should be received by 8:00 AM on the day of the meeting. All submitted comments will be provided to the Board for consideration and will be compiled as part of the record.

### **A. CALL TO ORDER**

*The meeting of the Monterey Peninsula Airport District Budget & Finance Committee was called to order at 9:02 AM. Director Sabo and Director Leffel, Executive Director La Pier, Acting Board Secretary Adams, Deputy Executive Director Morello, and Controller Wilson were present.*

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

*Director Leffel announced she attended a ribbon cutting for the Premier Valley Bank in Salinas yesterday and the Salinas Chamber of Commerce recognized the Airport.*

### **C. PUBLIC COMMENTS**

None.

### **D. REGULAR AGENDA – ACTION ITEMS**

Review 1. Revised Monterey Peninsula Airport District On-Airport Rental Car Operator Lease and Concession Agreement

*Executive Director La Pier reviewed proposed changes to the Monterey Peninsula Airport District On-Airport Rental Car Operator Lease and Concession Agreement. He reviewed the requests for changes from the operators, which included MAG abatement language, a reduced liquidated damages amount, and that two of them asked to combine their brands into one agreement signed by a parent company, but with the MAG in place for each brand.*

*Director Leffel asked why there was no fiscal impact expected. Controller Wilson answered they already pay this amount; the concession fees are more than the increased MAG amount. Director Leffel asked*

about the business hours, and how we would monitor that. Executive Director La Pier noted the operators all have a key drop, so the flight departure times are not as important as arrival times. He stated we can have the police help monitor the last flight in. The Hours of Operations language in the agreement will be amended prior to being brought to Lease Committee and to the full board.

Director Leffel asked if an auto roll over was standard. Executive Director La Pier answered yes, and there will be a new agreement once we are in the new terminal building because they will be renting a different space. There was a discussion about the timing of the notice period and how long until there would be a new agreement. There were suggestions from Directors Leffel and Sabo regarding the timing matching our fiscal year, instead of a calendar year.

Director Sabo asked if staff proposed the \$1000 penalty as liquidated damages for failing to staff the counter at the appropriate time. Executive Director answered yes, that was approved in the October version of the Agreement. Operators proposed \$250 and we countered with \$500. Director Sabo believes that \$500 is too low; Director Leffel said she would support the change.

Director Sabo asked questions about the base for the MAG abatement being 2022 and expressed his opinion that a 15% major traffic reduction was too generous. He will not recommend the board accept that change.

Director Leffel suggested the agreement start June 1<sup>st</sup> so there is a 30-day notice of change and for practicality on the security deposit. Executive Director La Pier noted the security deposits will be paid in the month of May and we don't carry deposits as receivables.

## Discuss 2. FY 2024 Rates and Charges

Executive Director La Pier turned the floor over to Controller Wilson to review what we are recommending, based on getting in line with the PFM plan of finance.

For the benefit of the public, Controller Wilson shared his screen to show the 2024 Budget and Rates & Charges suggested scenarios for discussion purposes. Controller Wilson reviewed his methodology and stated we used February projections from Landrum & Brown as the base for commercial aviation volume, which is consistent with past years, and then trimmed their estimates by 5% to be conservative.

Controller Wilson stated the PFM plan estimated the amount we need to make to be able to service the expected debt. PFM anticipated a jump in rates and the philosophy we used is to take two years to get there. Director Leffel asked if we could take three years. Controller Wilson answered PFM contemplated Fiscal Year 2026 debt service. Executive Director La Pier added we need to have the revenue in place to be able to service the debt before going to the bond agencies. Deputy Director Morello reviewed the expected timeline for going to bid and beginning construction of the new terminal building. It was determined we would likely need the loan by early Fiscal Year 2026.

There was a discussion about commercial airline rates and charges, and it was noted that they have always been set by the board, rather than negotiated with the airlines. Executive Director La Pier stated there has not been an increase for eight years and operating costs have gone up.

A break was taken at 10:56 AM. The meeting reconvened at 11:02 AM.

Controller Wilson referred to the chart and reviewed proposed commercial and general aviation rates and charges. He reviewed the debt service requirements for the new hangars, stating \$750 per month is the break even, but the proposal is to get there over three years, instead of two.

*Director Leffel asked for an update on the drawdown analysis on the hangar loan. Controller Wilson answered that the initial cost and the reinvestment of those proceeds is not a significant difference. He reported we've signed the agreement and the loan should be funded in 30 days.*

*There was a discussion about hangar rates on and off the airport for different sizes and types of hangars.*

*Director Sabo explained his suggestions for taking 6 years to get to the \$750 per month hangar rate. There was a discussion about balancing a phased in price increase that includes a subsidy to the hangar tenants and the obligation to have fair and consistent hangar rates across the airport as well as becoming net neutral on the debt service.*

*Director Sabo asked that the record note his disagreement with the 3-year approach with regard to the rent for the new hangars and to the airline increases as they were proposed. He recommended a 10% increase in Commercial Aviation airline rates as opposed to the 20% presented for discussion.*

*Controller Wilson reviewed the rest of the proposed fees, including two proposed new fees. There was a discussion about the new fees proposed.*

*Public comment was made by Matt Pasztaianec, a member of the public and an Airport hangar tenant, who said he appreciated the consideration of a stepped increase for the new hangars, but the three-year schedule won't be palatable to some of the current tenants and hangars could go empty.*

*There was a discussion about possible future increases in parking fees.*

*There was a discussion about the EV charging rates and expenses.*

*Director Sabo gave his recommendations regarding the apron fee increases and the hangar rate schedule and submitted his recommended schedule for graduated increase for the hangar rates.*

Review            3. FYTD 2023 Statements

*Controller Wilson gave an overview of the February FYTD 2023 financial statements.*

Review            4. Variance Analysis - MTD and YTD

*Director Sabo asked questions about telephone expense, water expense, and the GA landing fees. Executive Director La Pier noted the AT&T Pro Am Golf event positively affected landing fees due to much larger aircraft; rental car income for February was up due to the event also.*

Review            5. Accounts Receivable Aged Invoice Report

*Controller Wilson gave an update on the RV storage that has been abandoned.*

Review            6. Grant Funds Balance

*Controller Wilson gave a report on expected future draws.*

Discuss           7. General Discussion

*Executive Director La Pier gave an update on the investigation into hangars being used for non-aviation purposes.*

*There was a discussion about the Airport's financial auditors and a recommendation by the committee members to seek an engagement letter.*

**E. ADJOURNMENT**

*The meeting adjourned at 1:28 PM.*

Approved at the  
Meeting of April 27, 2023



*William Sabo, Chair Pro Tem*

ATTEST



*Michael La Pier, AAE  
District Secretary*