

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

May 14, 2019 - 3:00 PM - BOARD ROOM

A. CALL TO ORDER

Finance Committee Meeting of the Board of Directors was called to order at 3:00 PM. Director Leffel, Director Sabo and 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:

*March 2019 Financial Statements
March 2019 Financial Statement Variance Analysis
March 28, 2019 Accounts Receivable Aged Invoice Report
Draft Memo - FY 2020 Assumptions Used to Formulate the Operating and Capital Budgets*

B. COMMUNICATIONS/ANNOUNCEMENTS/INFORMATIONAL ITEMS

None.

C. PUBLIC COMMENTS

None.

D. REGULAR AGENDA – ACTION ITEMS

Review 1. FYTD 2019 Financial Statements

Reviewed overall financial performance of the airport as of March 31, 2019

March 2019 combined airport operating revenues are \$775.8K which is \$73.5K (10.5%) higher than budget (\$702.2K), and FYTD revenues are \$6.99M which is \$320.7K (4.8%) higher than budget (\$6.67M). The March favorable revenue variance is attributed to almost all revenue categories performing above budget.

March operating expenses are higher than budget by \$74.4K (11.2%).

March's net unfavorable expenses variance resulted from the following: Salary & Wage and Employer Payroll Tax Expenses are \$4.9K higher than budget, Employer Benefit Expenses are lower than budget by \$6.1K, Personnel Related Expenses are higher than budget by \$7.8K, Business Related Expenses are slightly lower than budget \$0.2K, Expendable / Consumable Supplies & Materials expenses are lower than budget by \$1.2K, Repair & Maintenance expenses are over budget by \$12.5K, Outside Services are over budget by \$13.5K, Professional Services are over budget \$42.3K. Marketing related expenses are higher than budget \$1.5K, Utilities expenses are under budget \$4.2K.

Most of the March unfavorable expense variance relates to District Counsel invoices for expenses incurred to support the potential land acquisition by the District. These invoices will be reclassified to Capital Projects if the Board of Directors moves forward with the land purchase.

March FYTD Operating Expenses are \$6.13M which is \$218.0K lower than budget (\$6.35M). This favorable variance is attributed to lower expenses in most expense categories except Marketing.

Higher than budget operating revenues and higher operating expenses, the March Operating Income is \$34.9K which is \$900 lower than budget (\$35.8K). FYTD operating income is \$854.9K which is \$538.7K or 170.4% higher than budget (\$316.1K).

Review 2. March 2019 Financial Statement Variance Analysis

Revenues:

*Commercial Fuel Flowage Fees
General Aviation Landing Fees
TNC Permits & Trip Fees
Rental Car Concessions
Parking Concession
GA Fuel Flowage Fees
R V Storage
Self-Storage Concession
Miscellaneous Other Operating Revenue*

Expenses:

Finance & Administration:

District Legal Counsel

Includes \$32K for District Counsel invoices for expenses incurred to support the potential land acquisition by the District. These invoices will be reclassified to Capital Projects if the Board of Directors move forward with the land purchase.

*Human Resources
Other Professional Services*

BNY Mellon Bank's escrow management account contract includes an annual administration fees of \$900 per year which were not invoiced since inception of the POB in 2014. In March MPAD received an invoice for 6 years of POB administration fees.

*Public Relations
Marketing
Utilities - Water*

Planning & Development:

Architect & Engineer

Maintenance & Custodial Services:

*Salaries & Wages
Custodial Supplies & Materials
Airfield Repair & Maintenance*

Airport Operations:

General Repairs & Maintenance

In March First Alarm upgraded the access control system to include monitoring of baggage conveyor belt totaling \$4.5K and the budget was \$800.

Police Department:

None

ARFF / Fire Services:

Fire Services

In March the ARFF truck was removed from service for repairs and the District rented the Salinas Airport ARFF vehicle for \$15K to cover MPAD's operations.

Board of Directors:

Seminars & Conferences

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 March 31, 2019 is \$436K. This balance is 5.9% higher than the February 28, 2019 balance and 26.8% higher than the balance on March 31, 2018. This increase in accounts receivables is attributed to timing of collections.

The net accounts receivable balance over 60 days old on March 31, 2019 is a credit of \$4,311. The outstanding March accounts receivable balance on April 26, 2019 is \$56.5K. Included in this balance are airline and rental car related invoices totaling approximately \$53.3K and several small invoices which are offset by several small customer prepayments.

Discussion 4. Fiscal Year 2020 Budget Update

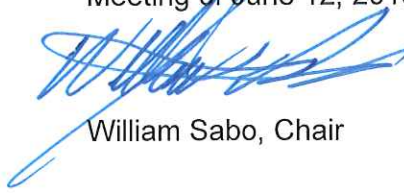
The FY 2020 budget schedules have not changed but two pending items may affect the budget. The items include Golden Tee Restaurant purchase and potential land acquisition by the District.

The next meeting is scheduled for June 10, 2019 at 10:00 AM. In the Administrative Conference Room.

E. ADJOURNMENT

The meeting adjourned at 5:30 PM.

Minutes Approved at the
Meeting of June 12, 2019



William Sabo, Chair

ATTEST



Michael La Pier, AAE
District Secretary