

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

**September 9, 2020 - 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: **859 7215 9285**. The password for this meeting is: **20200615**. 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**

*The Finance Committee Meeting of the Board of Directors was called to order at 10:00 AM. Director Leffel, Director Cursio, Executive Director La Pier, and Deputy Executive Director of Finance and Administration Bergholz were present.*

*The following documents were presented to the Budget and Finance Committee members:*

*July 2020 Financial Statements  
July 2020 Financial Statement Variance Analysis  
July 31, 2020 Accounts Receivable Aged Invoice Report*

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

*None.*

**C. PUBLIC COMMENTS**

*None.*

**D. REGULAR AGENDA – ACTION ITEMS**

Review 1. FYTD 2020 Financial Statements

*Reviewed overall financial performance of the Airport as of July 31, 2020.*

*In July 2020, the COVID-19 health emergency continues to impact the Airport tenants and users of the Airport. Commercial airline enplanements, general aviation landings and passenger counts continue to improve, and Airport concessions are operating.*

*The Airport filed Corona Virus Aid, Relief, and Economic Security (CARES) Act reimbursement requests for July totaling \$977K, and the reimbursement request was paid by the FAA on August 5, 2020. Included in the CARES Act reimbursement requests are \$710.4K of CalPERS UAL invoices that are typically funded from operating income.*

July 2020 combined Airport operating revenues are \$457.5K which is \$157.0K (52.2%) higher than budget (\$300.5K). The July favorable revenue variance is attributed to higher revenues in Commercial, General Aviation and Concession categories. Most of the businesses operating in the Non-Aviation and Other Operating categories are considered essential services and continued to operate with near normal revenues.

The July favorable revenue variance is attributed to the following:

- Commercial Aviation (CA) fees in July are over budget (\$41.1K actual vs \$31.9K budget) by \$9.2K or 28.7%. Aircraft landing volumes (168) are slightly over budget (153) by 15 landings.
- General Aviation (GA) operating revenues for July (\$114.4K) are \$35.5K or 45.0% higher than budget (\$78.9K). This favorable GA revenue variance resulted from higher GA Landing (\$15.5K) and Fuel Flowage (\$20.6K) fees.
- In July combined TCP permits, Taxi Permits/Trips, TNC Trips, Terminal Concessions, Rental Car and Parking Concessions (Concessions) revenues (\$88.7K) are \$85.2K or 2400% higher than budget (\$3.6K). The FY 20 Concessions budget was prepared without including any Terminal, Rental Car or Parking concession revenues during the abatement period since there was little information to project possible revenues. The favorable variance comes from TNC's, Rental Car and Parking concessions.
- July Non-Aviation Tenant revenues (\$164.1K) are slightly higher than budget (\$157.5) by \$6.5K or 4.15%. This favorable variance resulted from higher RV storage and tenant rents.
- July Other Operating Revenues (\$24.7K) are higher than budget (\$14.8K) by \$9.9K or 66.9%. The favorable variance resulted from higher Utility charge backs (\$3.1K) and significantly higher parking and badges renewal revenues (\$7.7K).

July operating expenses (\$644.6K) are under budget (\$707.0K) by \$62.4K or 8.8%. The expense variance came from the following:

- Salary & Wages and Employer Payroll Tax (Wages) Expenses (\$167.2K) for July are over budget (\$156.3K) by \$10.9K or 7.0%. The unfavorable variance came from the accrual of sick time for an employee who reached the 5-year mark of employment.
- Employer Benefit Expenses (\$123.2K) for July are higher than budget (\$118.2K) by \$5.1K or 4.2%. The variance is the result of fully expensing a \$5.3K PEPPRA UAL payment instead of amortizing the payment across 4 departments over the 12 months of FY 21.
- Personnel Related Expenses (\$4.6K) for July are under budget (\$7.5K) by \$2.9K or 38.8%.
- Business Related Expenses (\$36.3K) for July are under budget (\$45.7K) \$9.5K or 20.6%.
- Expendable/Consumable Supplies & Materials expenses (\$3.2K) for July are under budget (\$10.9K) by \$7.7K or 70.8%.
- Repair & Maintenance expenses (\$22.1K) for July are under budget (\$58.1K) by \$36.1K or 62.0%.

- *Professional Service expenses (\$19.5K) for July are under budget (\$39.1K) by \$19.6K or 50.2%.*
- *Marketing related expenses (\$5.0K) for July were under budget (\$7.3K) by \$2.3K or 31.1%*
- *Combined Utilities expenses for July (\$38.5K) are over budget (\$34.3K) \$4.2K or 12.3%.*

*Higher revenues than budget and lower operating expenses resulted in an operating loss of \$187.1K for July which is \$219.1K lower than budget (\$406.5K).*

Review            3. Variance Analysis - MTD and YTD

**Revenues:**

*CA Landing Fee*

*The flight schedules for July were budgeted for 153 commercial aircraft landings and actual landings were 168. The 15 landings resulted in a favorable revenue variance.*

- Landing Fee*
- Terminal Space Rent*
- Terminal Concessions*
- TNC Permits & Trip Fees*
- Rental Car Concessions*
- Parking Concession*
- GA Fuel Flowage Fees*
- Office Space Rental Revenue*
- Utility Charges*

**Expenses:**

***Finance & Administration:***

- Salaries & Wages*
- CalPERS UAL*
- LAFCO Expense*

*The LAFCO expense variance resulted from a significant reduction in projected LAFCO expenses for FY 21.*

- Administration & Finance*
- Human Resources*
- Utilities – Water*

*Both the QTA and MAA tenants have increased water usage in July which resulted in the unfavorable variance. Most of the variance was offset by an increase in July utilities revenues.*

- Utilities - Solid Waste Disposal*

**Planning & Development:**

*Salary & Wage Reimbursement  
Architect & Engineer  
Other Legal Services  
Computer / LAN & IT*

**Maintenance & Custodial Services:**

*Custodial Supplies & Materials  
Airfield Repair & Maintenance  
Terminal Repair & Maintenance*

**Airport Operations:**

*Other / Contract Services  
Computer / LAN & IT  
Environmental*

**Police Department:**

*None*

**ARFF / Fire Services:**

*District Vehicle Repair & Maintenance*

**Board of Directors:**

*None*

**Office Rental Property:**

*Rental Space Repair & Maintenance*

*In July Monterey Fire Extinguishers performed maintenance and replacement of fire equipment in the 2801 Building A. The actual cost was lower than the estimate resulting in the favorable estimate.*

**Other Income and Expense:**

*Grants – FAA  
Grants - FAA CARES ACT*

*In July MPAD submitted a \$977.2K CARES ACT draw for eligible expenses incurred through July 31, 2020. The Airport received the payment in early August.*

*Passenger Facility Charges*

*No additional questions on revenues or expenses.*

Review 4. Accounts Receivable Aged Invoice Report

*The accounts receivable balance on July 31, 2020 is \$318K. This balance is 18.3% higher than June 30, 2020 balance of \$269K and 16.2% lower than the \$379K balance on July 31, 2019. The net accounts receivable balance over 60 days old on July 30, 2020 is \$28.1K.*

*Finance committee reviewed the professional services agreement scope and fees in preparation for the upcoming board of directors meeting.*

Discussion 4. Construction Contract Award – Teichert Construction

*Executive Director La Pier shared that construction bids for the northside vehicle service road had been received and Teichert Construction appeared to provide the lowest bid. The review process is continuing.*

Discussion 5. Audit Timetable Adjustment

*LSL reported that the FY 2020 financial test work was complete, and draft operational and passenger facilities charges audit would be available for the October Finance Committee meeting. The Single Audit report would be delayed because the American Institute of Certified Public Accountants had requested clarification from the Office of Management and Budget on presentations and disclosures of CARES Act grant awards and payments in governmental audited financial statements. The Finance Committee has requested that LSL delay presenting the audited financial statements until the full audit report is complete.*

*Executive Director La Pier also discussed a finding that will appear in the Single Audit report. Capital Improvement Project (CIP) vendor invoices from the Infield Safety Area Rehab project were not received by the July 23, 2020 financial cut-off and were processed on Friday August 7, 2020 and posted to July 2020. Checks with supporting invoices/documents were prepared and delivered for review and approving signatures. The fiscal year 2020 audit commenced on Monday August 10, 2020. As part of the audit a request for subsequent cash disbursements or check registers after cut-off were requested and delivered to the auditors. The CIP vendor invoices were reviewed by the auditors and determined to be June 2020 invoices which resulted in a post close audit adjustment. This timing adjustment will be disclosed in the Single Audit report as an internal control "Significant Deficiencies." A journal entry was posted to properly record the CIP invoices as FY 2020 expenses.*

**E. ADJOURNMENT**

*The meeting adjourned at 11:45 PM.*

Minutes Approved at the  
Meeting of October 14, 2020



Mary Ann Leffel, Chair

ATTEST

A handwritten signature in black ink, appearing to read "Michael La Pier". The signature is stylized with a wavy line for the first name and a more structured line for the last name.

Michael La Pier, AAE  
District Secretary