

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

October 8, 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:

August 2018 Financial Statements
August 2018 Financial Statement Variance Analysis
August 31, 2018 Accounts Receivable Aged Invoice Report
Annual Republic Parking Length of Stay reports for 2016, 2017 and YTD 2018
Air Carrier Origination and Destination data for 1st Quarter 2018
PG&E Electrical Usage vs Solar Generation Nov 15, 2017 to Sep 13, 2018 report

B. COMMUNICATIONS/ANNOUNCEMENTS/INFORMATIONAL ITEMS

None.

C. PUBLIC COMMENTS

None.

D. REGULAR AGENDA – ACTION ITEMS

Reviewed 1. FYTD 2018 Financial Statements

Reviewed overall financial performance of the airport as of August 31, 2018.

August 2018 combined airport operating revenues are \$860.5K which is \$46.5K (5.7%) higher than budget (\$814.0K) and FYTD revenues are \$1.65M which is \$56.1K (3.5%) higher than budget (\$1.59M). The August favorable revenue variance is attributed to higher Commercial Aviation fees, Terminal Concessions, General Aviation Fees, Non-Aviation Tenant Fees and Miscellaneous Other Operating Revenues. These higher revenues offsets lower Taxi and Parking fees.

August operating expenses are under budget by \$51.9K (7.3%). August's net favorable expenses variance resulted from the following: Salary & Wage and Employer Payroll Tax Expenses are \$2.7K lower than budget, Employer Benefit Expenses under budget by \$6.9K, Personnel Related Expenses are over budget by \$1.2K, Business Related Expenses on budget, Expendable / Consumable Supplies & Materials expenses are over by \$1.4K, Repair & Maintenance expenses are under budget by \$24.1K, Professional Services for August are under budget \$16.3K. Marketing related expenses are under budget \$3.4K., Outside Services and Utilities expenses for are materially on budget.

August FYTD Operating Expenses are \$1.27M which is \$147.3K lower than budget (\$1.42M). This favorable variance is attributed to lower expenses that resulted from project timing differences in Repair & Maintenance and Professional Services expense categories. Its expected that most of the larger favorable expense variances will decrease as projects are completed.

With higher than budget operating revenues and lower operating expenses, the August Operating Income is \$201.9K which is \$98.K higher than budget (\$103.4K). FYTD operating income is \$357.9K which is \$203.2K or 131.3% higher than budget (\$154.7K).

Reviewed 2. August 2018 Financial Statement Variance Analysis

Revenues:

CA Landing Fee

Commercial Fuel Flowage Fees

Commercial Fuel Flowage Fees first year budget is 60,000 gallons per month at \$0.05 per gallon or \$3,000 per month. August Fuel Flowage Fees are over budget (\$2.7K) due to an increase of 53K gallons of fuel pumped.

GA Landing Fees

In August car week increased the total number of heavy aircraft landings and fees. Aircraft landing weights increased by total of 4.9M pounds between DMA (3.2M) and MMA (1.7M) for a total increase of \$11.7K in landing fees.

Terminal Concessions

TNC Permit and Trip Fees

Rental Car Concessions

Parking Concession

In August parking concessions vehicle counts were below budget by 178 cars with a daily unfavorable rate variance of \$0.79 per car. (\$5.97 Bud vs \$5.18 Act). Long term parking stays are driving most of the unfavorable variance.

General Aviation Fuel Flowage Fees

Outside Storage

Self-Storage

Utility Charges

Miscellaneous Other Operating Revenue

Expenses:

Finance & Administration:

Dues & Subscriptions

Business Travel & Entertainment

Art Program

Annual Audit / Accounting

The FY18 MGO audit budget included \$29.5K for June to early August services. The District received a \$13.3K invoice for August services. The remainder of the MGO audit services will extend into September and October.

Administration & Finance

Marketing

*Air Service Development
Utilities - Water*

Planning & Development:

Architect & Engineer

Maintenance & Custodial Services:

*CalPERS Retirement
District Vehicle Fuel
Airfield Repair & Maintenance*

Various possible Airfield Repairs and Maintenance were not performed in August since the staff was busy working on the RV Lot 2 for the DRO project.

Terminal Repairs & Maintenance

The August budget included floor repairs by American carpet that were changed to a capital project as Terminal Refresh.

Airport Operations:

None

Police Department:

*Salaries & Wages
Overtime (OT) Pay*

ARFF / Fire Services:

None

Board of Directors:

Business Travel & Entertainment Expense

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 August 31, 2018 is \$491K. This balance is 65.6% higher than the July 31, 2018 balance and 9.9% higher than the balance on August 31, 2017. The net accounts receivable balance over 60 days old on August 31, 2018 is \$734. This increase in accounts receivables is attributed to timing of collections from August.

The outstanding August accounts receivable invoices on August 26, 2018 total is a credit of \$11.5K. Included in this August 26 balance is one airline invoice totaling approximately \$19.9K which is offset by several small customer prepayments.

Discussion 4. Follow up to questions from September 10 meeting

A. Origin and Destination Load Factors

Committee Members requested that the Airport determine if Load Factor information from origin to destination for each airline operating from the Monterey Regional Airport is available. The Bureau of Transportation Statistics provides summary air carrier load factors by origin and destination 3 months in arrears. Air carriers may represent more than one airline, so some data might be marginally usable. We will continue to investigate and determine if additional usable information is available.

B. Parking Lot Price Plan

Committee Members requested that the Airport investigate a customer incentive or discount program to improve long-term parking revenues. Staff contacted Bob Linehart with Republic Parking (Republic) and asked if Republic had any strategies to improve long-term parking lot usage. Republic Parking provided length of stay reports that show long-term parking lot usage and revenues and suggested possible programs that have had some success. No actions were suggested at this time.

C. PG&E Electrical Usage vs Solar Generation Project Update

Committee Members requested that the Airport provide an update on the PG&E Electrical Usage vs Solar Generation project. The Solar Array System annual generation and usage period begins on November 15, 2017 and ends November 17, 2018. An interim report as of September 13, 2018 was presented to the Committee. The report shows that YTD electricity usage exceeds YTD solar electricity generation by 68.5Kwhs which results in a potential liability of \$26K to the Airport. A final annual generation and usage report will be available in early December 2018.

D. Taxi Services and Charging Station Usage and Revenues

Taxi services and charging station usage and revenues were discussed but no further actions or investigation were suggested.

Discussion 5. Future Agenda Items/Finance Committee Schedule

The next meeting was scheduled for November 12, 2018 at 10:00 AM in the Board Room.

E. ADJOURNMENT

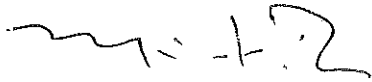
The meeting adjourned at 1:30 PM.

Minutes Approved at the
Meeting of November 14, 2018



Carl M. Miller, Chair

ATTEST

A handwritten signature in black ink, appearing to read "Michael La Pier". The signature is stylized with a large, sweeping "M" and a distinct "P" at the end.

Michael La Pier, AAE
District Secretary