

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

**June 15, 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**

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

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

- April 2020 Financial Statements*
- April 2020 Financial Statement Variance Analysis*
- April 30, 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 April 30, 2020*

*In April 2020, the Monterey County Health Department and national shelter in place health emergency continued to impact the Airport tenants and users of the Airlines and other transportation services. Commercial airlines and general aviation landings and passenger counts continued the downward trend. Other concessions slowed operations and eventually some tenants temporarily closed their businesses.*

*The federal government’s Corona virus Aid, Relief, and Economic Security (CARES) Act that passed on March 27, 2020 was rolled out to Airports in April 2020 and Airport staff signed the grant application and began updating the FY20 operating forecast to estimate the health emergency impact on*

operations. Initial estimates indicate a potential shortfall in operating income of approximately \$1.3M for FY20.

April 2020 combined Airport operating revenues are \$549.6K which is \$265.1K (32.5%) lower than budget (\$814.7K), and FYTD revenues are \$8.08M which is \$79.5K (1.0%) higher than budget (\$8.00M). The April unfavorable revenue variance is attributed to the following:

- Commercial Aviation (CA) fees in April are under budget (\$30.6K actual vs \$71.1K budget) by \$40.5K or 56.9%. Aircraft landing volumes (118) are under budget (336) by 218 landings.
- General Aviation (GA) operating revenues for April (\$104.2K) are \$59.3K or 36.3% lower than budget (\$163.5K). This unfavorable GA revenue variance resulted from lower GA Landing and Fuel Flowage fees.
- In April combined TCP permits, Taxi Permits/Trips, TNC Trips, Terminal Concessions, Rental Car and Parking Concessions (Concessions) fees (\$36.6K) are \$155.5K or 80.9% lower than budget (\$192.0K).
- April Non-Aviation Tenant revenues (\$169.8K) are lower than budget (\$173.8) by \$4.0K or 2.3%.
- April Other Operating Revenues (\$62.6K) are lower than budget (\$66.7K) by \$4.1K or 6.7%.

April operating expenses (\$798.9K) are over budget (\$752.3K) by \$46.6K or 6.2%. The expense variance came from the following:

- Salary & Wages and Employer Payroll Tax (Wages) Expenses (\$171.8K) for April are under budget (\$182.8K) by \$11.9K or 6.06%.
- Employer Benefit Expenses (\$108.8K) for April are lower than budget (\$117.4K) by \$8.6K or 7.3%. The variance is the result of lower benefits payments with the reduction of four (2 filled and 2 vacant) positions in March that resulted in April savings.
- Personnel Related Expenses (\$2.0K) for April were under budget (\$5.7K) by \$3.7K or 64.6%.
- Business Related Expenses (\$23.6K) for April were under budget (\$25.6K) by \$1.9K or 7.6%.
- Expendable/Consumable Supplies & Materials expenses (\$2.8K) for April are lower than budget (\$12.1K) by \$9.4K or 77.1%.
- Repair & Maintenance expenses (\$45.9K) for April are over budget (\$38.4K) by \$7.5K or 19.5%. The unfavorable variance resulted from higher District Vehicle Repair & Maintenance for repair of the Titan ARFF vehicle (\$24.1K) that was partially offset by lower expenses in other Repair & Maintenance categories (\$16.6K).
- Professional Service expenses (\$132.5K) for April are over budget (\$42.5K) by \$90.1K or 211.9%. In 2020 the Airport cleared trees from the 2801 properties as requested by the FAA. In April, the Airport was required to make a deposit of \$94K related to the removal of the trees.
- Marketing related expenses (\$28.7K) for April were over budget (\$16.7K) by \$11.9K or 70.8%. Most of the variance resulted from higher Public Relations Expense for sponsorship of the Big Sur Marathon in April (\$25K) that was offset by lower Marketing expenses (\$11.6K).
- Combined Utilities expenses for April (\$14.6K) are under budget (\$28.9K) \$14.3K or 49.4%.

Lower revenues due to the national health emergency and higher operating expenses resulted in an operating loss of \$249.3K for April which is \$311.6K lower than budget \$62.4K. FYTD operating income is \$917K which is \$519.3K or 130.5% higher than budget (\$398.0K).

Review 2. Variance Analysis - MTD and YTD

**Revenues:**

*CA Landing Fee*

*The COVID-19 national emergency continued to impact April flight schedules for all airlines. American and United both flew a mix of one to two daily flights and Alaska flew almost daily. Allegiant cancelled most flights after early April. In April airlines made 118 landings compared to the budgeted 336.*

- APRON Fees*
- CA RON Fees*
- Landing Fee*
- Terminal Concessions*
- Taxi Operator Permits & Trip Fees*
- TNC Permits & Trip Fees*
- Rental Car Concessions*
- Parking Concession*
- GA Fuel Flowage Fees*
- Facility / Space Rents*
- Self-Storage Concession*
- Office Space Rental Revenue*
- Property Tax Allocation*
- Utility Charges*

**Expenses:**

***Finance & Administration:***

*Salaries & Wages*

*In March two staff positions were vacant, and one employee was laid-off. The April variance represents the savings from the vacant positions.*

- Business Travel & Entertainment*
- Other / Contract Services*
- Art Program*
- Annual Audit / Accounting*
- Other Legal Services*

*In April, the Airport was required to make a deposit of \$94K related to the removal of the trees.*

- Marketing*
- Public Relations*
- Air Service Development*
- Utilities – Electricity*
- Utilities - Water*

**Planning & Development:**

Salaries & Wages  
Architect & Engineer

**Maintenance & Custodial Services:**

Salaries & Wages

*In April, a janitor requested payment of 40 hours of vacation that was approved which resulted in a small variance to salaries/wages.*

CalPERS Health Insurance  
Custodial Supplies & Materials  
District Vehicle Fuel  
Airfield Repair & Maintenance  
Landscape & Grounds Repair & Maintenance  
District Vehicle Repair & Maintenance

**Airport Operations:**

Salaries & Wages

**Police Department:**

None

**ARFF / Fire Services:**

General Repairs & Maintenance  
District Vehicle Repair & Maintenance

*In April, the Airport performed \$31.1K of repairs to the Titan ARFF vehicle as requested by the City of Monterey staff. The repairs were completed, and the vehicle was put into service.*

**Board of Directors:**

None

**Office Rental Property**

Rental Space Repair & Maintenance

**Other Income and Expense:**

Grants – FAA  
Passenger Facility Charges

*No additional questions on revenues or expenses.*

Review 3. Accounts Receivable Aged Invoice Report

*The accounts receivable balance on April 30, 2020 is \$451K. This balance is 32.1% higher than March 31, 2020 balance of \$341K and 6.7% lower than the \$483K balance on April 30, 2019. The net accounts receivable balance over 60 days old on April 30, 2020 is \$8.3K.*

*The unrestricted cash and investments balance on April 30, 2020 is \$5.43M and the unrestricted cash and investments balance on March 31, 2020 was \$5.49M, a decrease of \$59.9K. The decrease in unrestricted cash and investments resulted from transferring of prepaid UAL (\$61.5K), SDRMA worker's comp (\$15.5K) and business insurance amortization amounts (\$17.3K) to the reserve account monthly, and transfers of \$170.9K to fund vendor payments in April. The District also recognized interest from investments interest of (\$3.1K).*

Review 4. Fiscal Year 2021 Rates and Charges (Annex A - Page 5)

*Reviewed updates to the proposed FY21 Rates and Charges as a result of requests to use Airport properties for Special Events.*

*In order to accommodate requests two Special Events fees have been included in the FY21 Schedule of Rates and Charges. The additions are "Special Event - On Property" at \$1,500 per day minimum and "Special Event - On Observation Deck" at \$1,000 per day minimum. Both fees will be subject to a Special Events Facilities Use and License Agreement to be completed and approved by the Executive Director.*

**E. ADJOURNMENT**

*The meeting adjourned at 12:30 PM.*

Minutes Approved at the  
Meeting of July 15, 2020



Mary Ann Leffel, Chair

ATTEST



Michael La Pier, AAE  
District Secretary