

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

**November 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: 841 1078 3368. The password for this meeting is: 20201109. 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, and Deputy Executive Director of Finance and Administration Bergholz were present. Executive Director La Pier was absent.*

*No members of the public were present.*

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

- September 2020 Financial Statements*
- September 2020 Financial Statement Variance Analysis*
- September 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 September 30, 2020.*

*The COVID-19 health emergency continues in September and commercial airline enplanements, general aviation landings and passenger counts continue to improve, and Airport concessions are operating. Financial patterns are stabilizing as Airport customers and tenants have adjusted to travel safety requirements under the pandemic.*

*The Airport filed Coronavirus Aid, Relief, and Economic Security (CARES) Act reimbursement requests for September totaling \$364.9K, and the reimbursement request was paid by the FAA on October 15,*

2020. As of September 30, total CARES Act reimbursement requests submitted are \$2.933M and the balance available is \$9.73M.

September 2020 combined Airport operating revenues are \$487.8K which is \$181.3K (59.2%) higher than budget (\$306.4K). The September favorable revenue variance is attributed to continuing improvement and stability in Commercial, General Aviation and Concession revenues. Most of the businesses operating in the Non-Aviation and Other Operating continue to operate with normal revenues.

The September favorable revenue variance is attributed to the following:

- Commercial Aviation (CA) fees in September are over budget (\$44.2K actual vs \$31.8K budget) by \$12.3K or 38.7%. Aircraft landing volumes (196) are over budget (156) by 40 landings. In September, commercial airlines enplanements improved from 5,816 in August to 6,667 passengers.
- General Aviation (GA) operating revenues for September (\$123.4K) are \$42.8K or 53.1% higher than budget (\$80.6K). This favorable GA revenue variance resulted from higher GA Landing (\$20.4K) and Fuel Flowage (\$24.4K) fees.
- In September combined TCP permits, Taxi Permits/Trips, TNC Trips, Terminal Concessions, Rental Car and Parking Concessions (Concessions) revenues (\$105.4K) are \$101.4K or 2,504% higher than budget (\$4.01K). 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. Concession revenues have always been forecasted from potential enplanements and deplanements. Rental car revenues are operating at about 50% of normal without significant changes in enplanements and deplanements. We have confirmed that a significant number of local customers and car service centers are utilizing the Airport's rental car concession services.
- September Non-Aviation Tenant revenues (\$171.8K) are higher than budget (\$157.5) by \$14.2K or 9.0%. \$6.3K of the variance came from Tarpy's who remitted subtenant rent payments for September.
- September Other Operating Revenues (\$14.6K) are higher than budget (\$12.6K) by \$2.0K or 15.8%. The favorable variance resulted from higher Utility charge backs (\$2.0K).

September operating expenses (\$601.7K) are under budget (\$675.0K) by \$73.3K or 10.9%. The expense variance came from the following:

- Salary & Wages and Employer Payroll Tax (Wages) Expenses (\$150.5K) for September are under budget (\$180.3K) by \$29.8K or 16.5%. Most of the favorable variance came from nonpayment of the budgeted Executive Directors annual bonus and related taxes.
- Employer Benefit Expenses (\$113.5K) for September are lower than budget (\$120.1K) by \$6.6K or 5.5%. The variance is the result of lower CalPERS retirement expenses (\$2.9), savings from prepaying the FY 21 CALPERS UAL expense (\$2.7K) and other small differences.
- Personnel Related Expenses (\$2.9K) for September are under budget (\$6.3K) by \$3.3K or 53.3%. The favorable variance comes mostly from lower Travel & Business Entertainment related expenses (\$3.1K) and other small variances (\$0.2K).

- *Business Related Expenses (\$22.9K) for September are under budget (\$24.8K) \$1.9K or 7.5%. Most of the favorable variance comes from lower telephone/telecom expenses (\$1.2K) and lower public notices expense (\$500).*
- *Expendable/Consumable Supplies & Materials expenses (\$2.1K) for September are under budget (\$9.9K) by \$7.8K or 78.8%. This favorable expense variance resulted from lower expenses in all supplies categories.*
- *Repair & Maintenance expenses (\$13.1K) for September are under budget (\$36.8K) by \$23.7K or 64.3%. This favorable expense variance resulted from lower Airfield Repair & Maintenance (\$16.5K), Rental Space Repairs and Maintenance (\$3.1K), Landscape & Grounds Repair & Maintenance (\$1.8K), General Repairs & Maintenance (\$1.8K), District Vehicle Repair & Maintenance (\$1.9K) that were offset by higher Terminal repairs (\$1.5K).*
- *Outside Services expenses (\$217.9K) for September are materially on budget (\$218.8K).*
- *Professional Service expenses (\$30.1K) for September are over budget (\$27.5K) by \$2.5K or 9.9%. In September there were various timing differences in budgeted services. Annual Audit Fees budget for September were delayed (\$2.8K), District and Other Legal Fees were higher due to the City of Monterey's lawsuit (\$6.6K), Human Resources contract expenses were lower (\$2.5K), Environmental Services were higher (\$1.6K) and there were other lower expenses (\$0.4K)*
- *Marketing related expenses (\$11.6K) for September were under budget (\$13.3K) by \$1.7K or 12.9%.*
- *Combined Utilities expenses for September (\$32.26K) were materially on budget (\$32.29K)*

*With September revenues higher than budget and operating expenses lower than budget the result is an operating loss of \$113.9K for September which is \$254.7K lower than budgeted loss of \$368.6K. FYTD the operating loss is \$511.3K which is \$628.1K lower than budgeted loss of \$1.14M.*

Review            2. Variance Analysis - MTD and YTD

**Revenues:**

*CA Landing Fee  
GA Landing Fee  
Terminal Space Rent*

*The FY 21 budget included rents from TSA and collection box vendors (UPS, FED EX, B of A) totaling \$10.2K. The budget was prepared before the abatements were approved which resulted in natural variances. QTA rents were excluded from the abatements but not included in the terminal rents budget. The result is most of the favorable variance in September.*

*Terminal Concessions  
TNC Permits & Trip Fees  
Rental Car Concessions*

*The rental car commissions were set to zero during the rent abatement period from July to October. In September rental car concessions continued to exceed budget by issuing 2,504 rental car contracts for a total commission of \$77.5K.*

*This volume represents about 45% of the FY 20 rental car volumes. It appears there is a larger than expected demand by locals to use the Airport's rental cars.*

*Parking Concession  
GA Fuel Flowage Fees  
Facility / Space Rents*

*Tarpy's LLC (lessee) rent is \$20K per month which was abated from May 1, 2020 to October 31, 2020. The lessee is receiving subtenant rent payments of about \$6.2K per month. The favorable Facility / Space Rents variance for September resulted from Tarpy's payment of collected subtenant rents that were remitted to the Airport.*

*Self-Storage Concession  
Office Space Rental Revenue  
Utility Charges*

**Expenses:**

***Finance & Administration:***

*Salaries & Wages  
Employer SSI  
Workers' Compensation Insurance  
CalPERS Retirement  
Administration & Finance  
Annual Audit / Accounting*

*Delivery of the FY 2020 audit report has been delayed until November or December as LSL CPAs researches single audit requirements of the CARES Act grant. As a result, the LSL's billing has been delayed resulting in a temporary favorable variance.*

*Other Legal Services  
Human Resources*

*RGS's annual HR services contract expired in June and has not been renewed since Ms. Park resigned and a suitable replacement hasn't been identified. We can expect some form of HR service provider in the following months.*

*Director Leffel requested that the Executive Director investigate possible updates to the Airport's Employee Handbook as required by changes in California employment laws.*

*Other Professional Services  
Marketing  
Public Relations  
Air Service Development*

***Planning & Development:***

*Salaries & Wages  
Other Legal Services*

**Maintenance & Custodial Services:**

*Custodial Supplies & Materials  
Airfield Repair & Maintenance*

**Airport Operations:**

*None*

**Police Department:**

*None*

**ARFF / Fire Services:**

*None*

**Board of Directors:**

*None*

**Office Rental Property:**

*Rental Space Repair & Maintenance*

**Other Income and Expense:**

*Grants – FAA  
Grants - FAA CARES ACT  
Passenger Facility Charges*

*No additional questions on revenues or expenses.*

Review 3. Accounts Receivable Aged Invoice Report

*The accounts receivable balance on September 30, 2020 is \$382K. This balance is 22.2% higher than August 31, 2020 balance of \$313K and 40.6% lower than the \$643K balance on September 30, 2019. Most of the accounts receivable increase includes delayed payments from rental car companies for QTA rents that were not included in the abatements. The net accounts receivable balance over 60 days old on September 30, 2020 is \$39.4K which includes \$7.5K of Hertz receivables that are included by chapter 11 bankruptcy proceedings.*

**E. ADJOURNMENT**

*The meeting adjourned at 11:45 AM.*

Minutes Approved at the  
Meeting of November 18, 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 part and a more distinct "LAP" for the last part.

Michael La Pier, AAE  
District Secretary