

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

April 13, 2021 - 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 and enter the following Meeting ID: **824 7144 3738**. The password for this meeting is: **20210413**. 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 and Director Sawhney, Executive Director La Pier, Deputy Director of Strategy and Development Morello and Deputy Executive Director of Finance and Administration Bergholz were present.

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

Resolution No. 1799, A Resolution Approving a Professional Service Agreement with C&S Engineers Inc. for the Safety Enhancement Program (SEP) Taxiway A Relocation – Phase A1 Commercial Apron Design

Amendment to the Professional Services Agreement with Kimley-Horn and Associates, Inc. to Provide Project Management Services in Support of the Safety Enhancement Program (SEP) Taxiway A Relocation – Phase A1 Commercial Apron Design

Resolution No. 1800, Authorizing the Service Agreement between the Monterey Peninsula Airport District and GGG Demolition, Inc.

February 2021 Financial Statements

February 2021 Financial Statement Variance Analysis

February 28, 2021 Accounts Receivable Aged Invoice Report

February 28, 2021 CARES Act Summary

February 28, 2021 CRRSA Act Summary

B. COMMUNICATIONS / ANNOUNCEMENTS / INFORMATIONAL ITEMS

None.

C. PUBLIC COMMENTS

None. No members of the public were in attendance.

D. REGULAR AGENDA – ACTION ITEMS

- Discussion 1. Resolution No. 1799, A Resolution Approving a Professional Service Agreement with C&S Engineers Inc. for the Safety Enhancement Program (SEP) Taxiway A Relocation – Phase A1 Commercial Apron Design

Staff presented Resolution No. 1799 for Professional Service Agreement with C&S Engineers Incorporated for engineering services for the Phase 1A for Taxiway A relocation and commercial apron design. Directors requested clarification on the project scope, timing, and costs of the project. The project is subject to FAA AIP funding (grant application has been submitted) and is part of the FY 2021-2022 ACIP submitted to FAA. Directors expressed approval of the resolution and would recommend passage at the April 21, 2021 Board of Directors meeting.

- Discussion 2. Amendment to the Professional Services Agreement with Kimley-Horn and Associates, Inc. to Provide Project Management Services in Support of the Safety Enhancement Program (SEP) Taxiway A Relocation – Phase A1 Commercial Apron Design

On September 11, 2019, the Board adopted Resolution No. 1761 Authorizing a Professional Services Agreement with Kimley-Horn and Associates, Inc. (KHA) to Provide Project Management Services Related to the Development of Airport Capital Improvement Projects. On March 17, 2021, the Board of Directors for MPAD adopted Resolution No. 1796, approving the FY 2021 Capital Improvement Budget Amendment, which included the Safety Enhancement Program (SEP) For Taxiway A Relocation – Phase A1 Commercial Apron Design.

Staff presented the proposed Amendment to the Professional Services Agreement with Kimley-Horn and Associates, Inc. to include program management for engineering and oversight of the commercial apron design. Directors reviewed the proposed amendment and expressed approval and would recommend passage at the April 21, 2021 Board of Directors meeting.

- Discussion 3. Resolution No. 1800, A Resolution Authorizing the Service Agreement between the Monterey Peninsula Airport District and GGG Demolition, Inc.

Staff presented Resolution 1800 requesting approval for a contract with GGG Demolition (GGG), Inc for the removal the building located at 505 Airport Way. Directors discussed GGG qualifications, certifications, and past project experienced. The demolition project estimated expenses are included in the FY 2021 CIP budget. Directors expressed approval of the resolution and would recommend passage at the April 21, 2021 Board of Directors meeting.

- Review 4. FYTD 2021 Financial Statements

The COVID-19 health emergency continues to impact all aspects of the Airport's operations and tenants. February commercial airline enplanements increased at 43.5% month over month, general aviation landings are about 83% of prior years landings and travel related concessions remain low but there is some improvement.

The Coronavirus Response and Relief Supplemental Appropriation Act (CRRSA) was passed by the Federal Government on December 27, 2020 and the Federal Aviation Administration prepared to issue grants to airports under the Airport Coronavirus Response Grant Program (ACRGP). MPAD has received two CRRSA Act related grants totaling about \$2.1M. Due to usage restrictions included in the CRRSA Act program the Airport has decided to draw on this grant and delay usage of the CARES Act grant.

The Airport filed a \$293.6K CRRSA Act reimbursement request for February in late March. The Airport practice is to only draw funds when cash outflows exceed cash inflows from operations, district capital improvements and debt services. As of February 28, total CARES Act reimbursement requests submitted are \$3.78M and the balance available is \$8.88M.

SUMMARY. February 2021 combined Airport operating revenues are \$479.9K which is \$16.6K (3.6%) higher than budget (\$463.2K). The revenue variance resulted from a mix of small unanticipated changes in tenant activities. Fortunately, there is increasing stability in Commercial and General Aviation and Concession revenues. Most of the businesses operating in the Non-Aviation and Other Operating continue to operate with near normal budgeted revenues.

The revenue variance came from the following:

- Commercial Aviation (CA) fees in February are under budget (\$42.6K actual vs \$45.2K budget) by \$2.6K or 5.9%. Aircraft landing volumes (192) are under budget (231) by 39 landings. In February, commercial airlines revenue generating enplanements increased from 3,521 in January to 5,052 passengers.
- General Aviation (GA) operating revenues for February (\$117.6K) are \$11.2K or 8.7% lower than budget (\$128.8K). This unfavorable GA revenue variance resulted from lower Fuel Flowage (\$8.9K) and hangar tie down fees (\$2.3K).
- In February combined TCP permits, Taxi Permits/Trips, TNC Trips, Terminal Concessions, Rental Car and Parking Concessions (Concessions) revenues (\$65.0K) are \$6.8K or 9.4% lower than budget (\$71.7K). Most of the variance came from lower Terminal Concession from Gifts and More (\$1.8K) and Rental Car Commissions (\$9.4K) that was offset by higher TNC Fees (\$651) Parking Concession (\$3.7K).
- February Non-Aviation Tenant revenues (\$175.8K) are over budget (\$169.4) by \$6.5K or 3.8%. Most of the variance came from higher MHSS fees from rental fees (\$4.2K), higher RV storage fee (\$1.9K) and other small differences.
- February Other Operating Revenues (\$49.7K) are higher than budget (\$15.6K) by \$34.2K or 220%. The favorable variance resulted from Tenant Plan Reviews, Checks & Inspections fees for the Monterey Jet Center remodel (\$36.3K) that was offset by other small variances (\$2.1K).

February operating expenses (\$776.0K) are under budget (\$812.7K) by \$36.7K or 4.5%. The expense variance came from the following:

- Salary & Wages and Employer Payroll Tax (Wages) Expenses (\$164.0K) for February are higher than budget (\$162.9K) \$1.1K or 0.7%. The higher Wages expense came from higher pager pay and overtime payments (\$1.3K) which were offset by other small variances.
- Employer Benefit Expenses (\$110.1K) for February are lower than budget (\$115.5K) by \$5.3K or 4.6%. The variance is the result of lower CalPERS healthcare expenses (\$5.3K) for two terminated employees. This variance will change in March as new employees are hired.
- Personnel Related Expenses (\$1.3K) for February are under budget (\$7.0K) by \$5.7K or 81.4%. The favorable variance from comes lower Dues, Conferences and Travel related expenses.

- *Business Related Expenses (\$49.9K) for February are over budget (\$24.6K) \$25.2K or 102.5%. The unfavorable variance comes from unbudgeted 2020 possessory taxes (\$24.5K) for the 2801 properties.*
- *Expendable/Consumable Supplies & Materials expenses (\$2.8K) for February are under budget (\$11.5K) by \$8.6K or 75.5%. This favorable expense variance resulted from lower expenses in all supplies categories.*
- *Repair & Maintenance expenses (\$20.6K) for February are under budget (\$60.9K) by \$40.3K or 66.2%. This favorable expense variance resulted from lower Airfield Repair & Maintenance (\$22.0K), Terminal Space Repairs (\$11.3K), Rental Space Repairs and Maintenance (\$1.2K), Landscape & Grounds Repair & Maintenance (\$2.0K), General Repairs & Maintenance (\$2.1K), District Vehicle Repair & Maintenance (\$1.7K).*
- *Outside Services expenses (\$349.2K) for February are lower than budget (\$351.4K) by \$2.2K or 0.6%. Most of the variance comes from delayed maintenance (\$600) and rental property repairs (\$1.2K).*
- *Professional Service expenses (\$27.1K) for February are under budget (\$30.5K) by \$3.4K or 11.2%. The favorable variance comes from: lower audit expenses from delayed (until June) OPEB valuation work by Macleod Watt (\$5.0K), lower Architect & Engineer fees (\$2.0K), higher Other Legal Fees from the CEQA Amendment lawsuit (\$7.4K) lower Computer / LAN & IT expenses (\$1.8K), no Human Resources expenses (\$2.5K) and higher Other Professional Services from Arago Advocacy APC for assistance with various legislative projects (\$1.9K).*
- *Marketing related expenses (\$22.5K) for February are over budget (\$15.8K) by \$6.7K or 42.8%. Most of the variance resulted from lower Public Relations expenses (\$2.0K) offset by higher Air Service Development from work performed by Landrum and Brown that was engaged February 26 to research and prepare a Small Community Air Service Development Grant for the Airport (\$9.5K).*
- *Combined Utilities expenses for February (\$24.4K) are under budget (\$28.5K) by 4.1K or 14.3%. The favorable variance comes from lower electricity expenses from including the 2801 properties in the Airport solar array program (\$2.7K), lower water usage on the Skypark Way meter that connects to the terminal and QTA (\$2.2K) which is offset by higher natural gas expenses for heating the terminal (\$1.4K).*

February slightly higher revenues and lower operating expenses resulted in an operating loss of \$296.1K which is \$53.3K lower than the budgeted loss of \$349.5K. FYTD the operating loss is \$1.59M which is \$200.6K lower than the budgeted loss of \$1.79M.

Review 5. Variance Analysis - MTD and YTD

Revenues:

- CA Landing Fee*
- Terminal Space Rent*
- Terminal Concessions*
- Rental Car Concessions*
- Fuel Flowage Fees*
- Hangar Rents*
- Self-Storage Concession*
- Tenant Plan Reviews, Checks & Inspection*

Expenses:

Finance & Administration:

Annual Audit / Accounting
Human Resources
Air Service Development
Utilities – Water

Planning & Development:

Architect & Engineer

Maintenance & Custodial Services:

Salaries & Wages
CalPERS Health Insurance
Custodial Supplies & Materials
Airfield Repair & Maintenance
Terminal Repair & Maintenance

Airport Operations:

CalPERS Health Insurance

Police Department:

None

ARFF / Fire Services:

None

Board of Directors:

None

Office Rental Property:

Utilities – Electricity
Property Tax & Assessments

Other Income and Expense:

Grants - FAA
Grants - FAA CARES ACT
Passenger Facility Charges

There were no additional questions on revenues or expenses.

Review 6. Accounts Receivable Aged Invoice Report

The accounts receivable balance on February 28, 2021 is \$228K. This balance is \$19.5K or 9.4% higher than the January 31, 2021 balance of \$209K and 49.5% lower than the \$452K balance on February 29, 2020. The net accounts receivable balance over 60 days old on February 28, 2021 is a credit of \$3.6K. As of March 23, 2021, the over 60 days balance is a credit of \$6.2K and the accounts receivable balance is \$66.9K.

The following customer accounts receivables were reviewed and discussed: Central Coast Cab, Forza Motors, Hertz, Swift Air LLC and Woody's at the Airport.

E. ADJOURNMENT

The meeting adjourned at 12:15 PM.

Minutes Approved at the
Meeting of April 21, 2021



Gary Cursio, Chair

ATTEST



Michael La Pier, AAE
District Secretary