Item 9 (3)

Matter Subsequent to Posting Agenda

FUND 500 MARCH INLAND PORT AIRPORT AUTHORITY FUND

Revenues:

500-00-40100-00 Lease Revenue

The basis for this March Inland Port Airport Authority (MIPAA) revenue source is derived from leases with some key company. The lease revenue for FY 2018-19 was $244,581 and for FY 2019-20 was $258,135. Originally the lease revenue came from 4 sources: 2 leases with Freeman Holdings of Riverside LLC, First Industrial Realty Trust Inc., and Alameda BBC LLC. Beginning in June of FY 20-21, Heacock Partners LLC was added. The total FY 2020-21 lease revenue was $335,727; For FY 21-22 Lease Revenue was $350,123; which was comprised of Freeman Holdings of Riverside LLC Lease#1 for $29,901.88; Freeman Holdings of Riverside LLC Lease#2 for $62,533.44; Heacock Partners LLC for $72,115.22; First Industrial Realty Trust Inc. for $72,620.42; and Alameda BBC LLC for $112,952.22. Also, during FY 21-22 all the leases were adjusted during the year on their lease anniversary date. The Alameda BBC LLC lease was adjusted in October 2021 by 3.927%; Both Freeman Holdings of Riverside LLC lease were adjusted in November 2021 by 5.958%; and First Industrial Realty Trust Inc. lease was adjusted in June by 2.5%; and Heacock Partners LLC was also adjusted in June 2022 by 4.5%.

During FY 22-23 it is anticipated that the VIP 215 Lease (Hillwood Project) will come to fruition approximately 7 months into the fiscal year. The anticipated annual lease revenue from the VIP 215 Lease is $2,100,000. For FY 22-23 approximately five months of lease revenue is included in the Lease Revenue Budget for a total of $882,000; which will bring the total Lease Revenue Budget to $1,259,000. FY 23-24 will be the 1st year of receiving the full anticipated VIP 215 Lease revenue of $2,100,000 bringing the budget to $2,454,360.

500-00-44050-02 Fuel Flowage Fees

A fuel flowage fee is a fee on the user, which is paid at the pump. Fuel flowage fee revenues are used for airport improvements or other airport expenses. The fuel flowage fee is actually an airport user fee and is commonly accepted and is a fair way to raise airport revenues without placing entire burden on local airport tenants since revenue is provided by transient aircraft using the airport. The fuel flowage fee for MIPAA is .045 cents/gallon for all fuel place into any commercial aircraft and .10 cents/gallon for all fuel placed into any general aviation aircraft. In FY 18-19 the Fuel Flowage Fees were $386,111; in FY 19-20 the Fuel Flowage

Fees were $549,452; in FY 20-21 the Fuel Flowage Fees were $815,158; and in FY 21-22 the Fuel Flowage Fees were $533,040. The budgets for FY 22-23 for Fuel Flowage Fees are $554,260 and FY 23-24 are $570,888.

500-00-44050-04 **Aircraft Landing Fees**

Airport Landing Fee is a fee charged to aircraft utilizing landing facilities at the airport. This fee is charged to assist the March Inland Port Airport Authority in maintaining the airport year-round to ensure it remains safe for landings. The revenue is used to help maintain the runway, taxiway, apron cleaning and maintenance, and infrastructure maintenance like lighting and markings. The amount of the fee is based on the aircraft's weight and size in multiples of 1,000 lbs. The Airport Landing Fee for MIPAA is $1.10 per 1,000 lbs. of the aircraft certified maximum landing weight. For aircrafts with less than the maximum gross take-off weight of 12,500 lbs. the Airport Landing Fees will be $0.00. In FY 18-19 the Airport Landing Fees were $276,950; in FY 19-20 the Airport Landing Fees were $455,604; in FY 20-21 the Airport Landing Fees were $475,665; and in FY 21-22 the Airport Landing Fees were $533,040. The budgets for FY 22-23 for Airport Landing Fees are $554,260 and FY 23-24 are $570,888.

500-00-44050-18 **Surcharge on Vendors**

All service vendors conducting business at the March Inland Port Airport are required to possess a Non-Exclusive Vendor Permit issued by the Airport Authority. Permit holders must remit monthly airport surcharge payments to the Airport Authority equal to 10% of their gross revenues. In the past this account not only included surcharge on vendors but also included aircraft tie down revenue. These amounts for the fiscal years shown are separated in the notes and later in the budgetary numbers. Surcharges on vendors and tie down revenue are two very distinct and separate functions and should not have been commingled. Aircraft Tie Down will have its own account number in FY 22-23 and FY 23-24. In FY 18-19 the total surcharge on vendors was $948,339; which was made up mainly of Majestic vendor surcharge payments for $869,901. Majestic vendor surcharge payments represented 91% of the total vendor surcharge payments for FY 18-19. In FY 19-20 the total surcharge on vendors was $228,515; Majestic vendor surcharge payments drop significantly and maintained the new payment level throughout the fiscal year. Allied Universal surfaced as the major vendor surcharge payer in the amount of $122,769 which represents 54% of the total surcharge of vendors for FY 19-20. In FY 20-21 the total surcharge on vendors was $300,173. The two top vendor surcharge payers which made up 65% of the revenue were Allied Universal for $102,487 or 34% of the total and

ABM for $93,129 or 31% of the total. In FY 21-22 Allied Universal was no longer a permitted vendor. In FY 21-22 there were only 3 vendors who were required to submit the surcharge. They were ABM, Freeman, and Alvest. In FY 21-22 the total surcharge on vendors was $165,013. ABM was the largest single vendor surcharge payer in the amount of $84,169, which represents 51% of the total in FY 21-22. The FY 22-23 budget estimate will be reduced to $185,000 and FY 23-24 budget estimate will be reduced to $190,000. $5,000 will be reallocated from each fiscal year to the newly created Aircraft Tie Down account.

500-00-44050-20 **Aircraft Tie Down**

Aircraft tie down spaces are offered to minimize the possibility of movement of a parked, non-hangered aircraft due to high winds, propeller wash, and jet-efflux hazard from taxiing aircraft. Propeller wash is the blast that occurs when an aircraft starts its engine. The blast can be so intense it can overturn a stationary aircraft. Propeller wash is very hazardous to other aircraft, particularly light aircraft. Jet-efflux hazard occurs when a jet engine is running but is increased in speed and extends over a greater area and at a greater distance behind the engine, at high engine power settings when taxiing, before and during take-off, and during engine maintenance activities. March Inland Port Airport offers aircraft tie down spaces on a daily and monthly basis. The rates for daily Tie Downs for GA single engine aircraft are $5.00/day, GA multi engine aircraft are $8.00/day, and Jet/Helicopter aircrafts are $15.00/day. The rates for monthly Tie Downs for GA single engine aircraft are $55.00/month, GA multi engine aircraft are $88.00/month, and Jet/Helicopter aircrafts are $165.00/month. In previous fiscal years this revenue source was commingled with Surcharge on Vendors. In FY 18-19 the aircraft tie down revenue was $6,457; the FY 19-20 aircraft tie down revenue was $5,841; the FY 20-21 aircraft tie down revenue was $3,520; and the FY 21-22 aircraft tie down revenue was $4,015. A new account is being created for FY 22-23 and FY 23-24 with a budget of $5,000 each year which is due to the reallocation from account 500-00-44050-18 above.

500-00-40735-00 **Proceeds from D-3 West**

In March 2022 the March Inland Port Airport Authority (MIPAA) received $4,000,000 from the sale of parcel D-3. Due to the nature of the funds that originally purchased this property, the proceeds were limited to funding airport infrastructure projects. Originally in the FY 21-22 budget the proceeds were identified to be split evenly between March JPA and the MIPAA.

500-00-40500-00 **Grants/Federal**

The MIPAA have utilized a variety of FAA Federal Grants over the course of the years to provide funding for operational needs, specific infrastructure projects, purchase of specific airport equipment, and other eligible needs as identified.

Expenses:

500-10-50150-26 **Liability Insurance**

This account reflects the MIPAA's share of General Liability, Cyber Crime, and Crime Coverage insurance.

500-10-50150-34 **Office Equipment Maintenance**

This account reflects maintenance of computer and copier equipment in the MIPAA offices. For FY 21-22 the amount for equipment maintenance was $9,205; Computer maintenance provided by Computer Options was $8,978 which represented 98% of the total; Copier maintenance provided by Canon was $227 which represented 2% of the total balance. For FY 22-23 and FY 23-24 the budget is $8,000 for each year.

500-10-50150-40 **Promotional Activities**

This account reflects community promotional activities supported or donated by the MIPAA. Community promotional activities include attendance at special events to represent the MIPAA, community sponsorships, and promotional items. FY 21-22 account balance was limited to one promotional item for $10. For FY 22-23 and FY 23-24 the estimated budget is $15,000 which includes plans to have a larger community presence and event participation.

500-10-50150-48 **Office Utilities**

This account reflects office utilities for Western Municipal Water District and Southern California Edison electrical services. The account balance for FY 21-22 is $7,825. For FY 22-23 and FY 23-24, $8,000 is budgeted in each respective fiscal year.

500-10-50150-50 **Depreciation Expense**

The MIPAA owns $29,791,017 in depreciable assets which includes such assets as airport buildings, permanent fuel farm, and terminal buildings. The annual depreciation expense for these assets is $778,698. This expense has not been in previous years budget, but it is prudent to budget for the depreciation expense in each fiscal year. In FY 22-23 and

FY 23-24, depreciation expense of $778,698 is budgeted for each fiscal year.

500-10-50715-00	**Interest Expense** The JPA has been issuing loans to the MIPAA since before 2002. The total principal of the loans extended to the MIPAA is $2,687,896 but only $2,090,00 are interest bearing loans. The annual interest expense for the interest-bearing loans of $2,090,000 is $104,500. This expense has not been in previous years budget, but it is prudent to include the interest expense on these interest-bearing loans in each fiscal year's budget. In FY 22-23 and FY 23-24, interest expense of $104,500 is budgeted for each fiscal year.
500-10-50200-02	**General Legal Services** This account is used for general legal retainer for services from Best, Best & Krieger LLP. The account balance for FY 21-22 is $23,914. For FY 22-23 the budget is $20,000; FY 23-24 the budget is $25,000.
500-10-50200-04	**Special Legal Services** This account is used for specific projects that the MIPAA requires legal services from Best, Best & Krieger LLP. The account balance for FY 21-22 is $11,684. For FY 21-22 special project requiring special legal services included Sycamore Hills Distribution Center and Fuel Farm. For FY 22-23 the budget is $15,000 and FY 23-24 the budget is $20,000
500-10-50200-14	**Annual Audit** This account reflects the MIPAA's share of annual audit cost.
500-20-51150-00	**Fire and Casualty Insurance** This account reflects the MIPAA's share of Property Insurance.
500-20-55015-00	**Air Force Payments (JUA)** This account reflects the quarterly payments the MIPAA pays for civil airport operations. For FY 21-22 the total amount of the quarterly payments was $124,939. For FY 22-23 the budget is $135,000 and for FY 23-24 it is $137,000.
500-10-50300-30	**Master Plan** This capital improvement account is utilized to account for the expenses related to the FAA Federal Grants to develop a master plan for the MIPAA.
500-10-50300-05	**ARPA FAA Grant** This capital improvement account is utilized to account for the expenses

related to qualified American Rescue Plan Act of 2021 (ARPA) expenses for airport facilities.

500-00-20410-00 **Interest Payable**

This account balance, Interest Payable, is $1,567,867 for FY 21-22. The balance of this account represents the accrued interest on the interest-bearing principal loan total of $2,090,000. Each fiscal year an additional $104,500 interest is accrued in this account pertaining to the outstanding principal loan balance. This is a balance sheet account.

500-00-20150-02 **Debt to the JPA**

The MIPAA receives temporary cash advances from the JPA to fund administrative costs until development of the MIPAA reaches a point that it is self-sustaining. There is no stipulated due date on the advances. The $2,687,896 advance balance (principle only) is made up of advances dating back prior to 2002. Of the account balance amount, $597,896 are non-interest bearing advances and $2,090,000 are interest-bearing advances. This account is a balance sheet account.