UKIAH REGIONAL AIRPORT COMMISSION
March 7th, 2017
Minutes

COMMISSIONERS PRESENT
Don Albright, Acting Chair
Eric Crane
Mark Ashiku

STAFF PRESENT
Greg Owen, Airport Manager
Ken Ronk, Airport Assistant / Recording Sec.

COMMISSIONERS ABSENT
Bill Beard
Randy Beckler

OTHERS PRESENT
Dan Buffalo, Director of Finance
Douglas Crane, City Council Member

1. CALL TO ORDER
The Airport Commission meeting was called to order by Vice Chair Elton at 6:30 p.m. at the Ukiah Regional Airport, Old Flight Service Station, 1403 South State Street, Ukiah, California. Roll Call was taken with the results listed above.

2. PLEDGE OF ALLEGIANCE - Everyone recited the pledge of allegiance.

3. APPROVAL OF MINUTES – January 17th, 2017
   - Motion made to approve Jan. 7th, 2017 minutes by Commissioner Carne and 2nd by Commissioner Ashiku.

4. AUDIENCE COMMENTS ON NON-AGENDA ITEMS

5. DISCUSSION/ACTION

5A. New Commissioner Introduction
Airport Manager Owen:
   - Mark Ashiku has been reappointed to the Airport Commission after about a 10 year absents.

5B. Budget Review
Director of Finance Dan Buffalo:
   - Overview of the Power Point Slides that were presented to the Airport Commissioners and the City Council.
     Cost Allocation Plan
     Budget Highlights

Cost Allocation
Purpose:
   - To identify total cost of providing City services
   - Uses a reasonable methodology (basis) to assign indirect cost
     - Administrative overhead
     - Internal services
   - Current indirect cost overhead rate: 18%
     - Current admin overhead rate: 6.2%

Cost Allocation
Direct costs
   - Airport $903,307

Cost Allocation
Indirect costs
   - General Fund
o City Council $137,759
o City Clerk $256,611
o City Manager $468,992
o Administration Support $89,167
o Misc. General Gov. $138,352
o Accounting $784,662
o City Attorney $167,087
o Treasury Management $91,454
o Human Res./Risk Mng $496,408

Internal Service Funds
o Insurance Liability $640,203
o Garage $488,561
o Purchasing $261,722
o Billing & Collections $1,294,756
o Dispatch $729,843
o Building Maintenance $567,656
o Corporation Yard $79,592
o Information Tech $854,627

Cost Allocation

Cost basis used

Administration Services Basis of Allocation
o City Council Operating Budget
o City Clerk Operating Budget
o City Manager Operating Budget
o Administrative Support Operating Budget
o Misc. Gen. Gov. Operating Budget
o Finance-Accounting Operating Budget
o City Attorney Operating Budget
o Treasury Management Fund Balance-Interest Dist.
o Human Res./Risk Mng Full-Till Equivalent Staffing

Internal Service

o Insurance Liability Claims History/Claims Paid
o Garage Previous Yr. Actual Parts/Labor
o Purchasing Operating Contractual Services
o Billing & Collection Billable Revenues
o Dispatch Dispatch Services
o Building Maintenance Assigned Space
o Corporation Yard Assigned Space
o Information Technology Full-Time Equivalent Staffing

Cost Allocation

Administrative Overhead Allocation

Cost Allocation

Example: Airport

<table>
<thead>
<tr>
<th>Cost Allocation Applied: Airport</th>
<th>Budget</th>
<th>% of Total</th>
<th>% of Direct</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Budget</td>
<td>989,074.84</td>
<td>87.54%</td>
<td></td>
</tr>
<tr>
<td>Estimated Internal Service use</td>
<td>47,976.00</td>
<td>4.25%</td>
<td>4.85%</td>
</tr>
<tr>
<td>Administrative overhead</td>
<td>92,784.00</td>
<td>8.21%</td>
<td>9.38%</td>
</tr>
<tr>
<td>Total</td>
<td>1,129,834.84</td>
<td>100.00%</td>
<td>14.23%</td>
</tr>
</tbody>
</table>
### 77725200 Airport Internal Services Charges

<table>
<thead>
<tr>
<th>Service</th>
<th>Charge</th>
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<tbody>
<tr>
<td>Purchasing</td>
<td>$1,222</td>
</tr>
<tr>
<td>Info Tech</td>
<td>$19,301</td>
</tr>
<tr>
<td>Garage Labor</td>
<td>$5,981</td>
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<tr>
<td>Garage Parts</td>
<td>$628</td>
</tr>
<tr>
<td>Garage Total</td>
<td>$6,609</td>
</tr>
<tr>
<td>Liability</td>
<td>$4,967</td>
</tr>
<tr>
<td>Prop &amp; Auto</td>
<td>$5,736</td>
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<tr>
<td>Liability Fund</td>
<td>$10,703</td>
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</tbody>
</table>

**Total Int. Srv. Chrg.** $47,976

| % of Total charges | 1.02% |

### Administrative Service Allocation – Airport

<table>
<thead>
<tr>
<th>Service</th>
<th>Charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Council</td>
<td>$5,346</td>
</tr>
<tr>
<td>City Clerk</td>
<td>$9,919</td>
</tr>
<tr>
<td>City Manager</td>
<td>$18,127</td>
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<tr>
<td>Admin. Support</td>
<td>$3,446</td>
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<tr>
<td>Misc. Gen. Gov.</td>
<td>$5,348</td>
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<tr>
<td>Accounting</td>
<td>$30,329</td>
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<tr>
<td>City Attorney</td>
<td>$6,458</td>
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<tr>
<td>Human Resources</td>
<td>$13,442</td>
</tr>
<tr>
<td>Treasurer</td>
<td>$368</td>
</tr>
</tbody>
</table>

**Total Central Serv.** $92,784

| % Share of Total    | 3.53% |

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**Commissioner Ashiku:**
- We need a retrospective/matrix of work done over a set time by the different departments.
- How far should we go back 2/5/10 years?
- Don’t want to create a tremendous amount of work for little gain.
- We need to do the leg work to help you by being more specific on what we would like to know?
- Is there a mechanism for a service audit? Allocations should be hard numbers not abstract guesses.
- We will come back to you with a list of questions that we would like to explore.

**Commissioner Crane:**
- Is there a mechanism to reward departments for using a service less?

**Commissioner Albright:**
- Would like to invite the Finance Director back the next meeting.
- Questions about the percentages charged to the different departments?

**Finance Director Buffalo:**
- This is an overview of the Budget methodology that was presented to the City Council.
- We are open to the discussion on what’s reasonable.
- The finance department is going to start acting like a service based team, we are your customer.
Question submitted by the Commission to be answered by finance

1. The Airport buys fuel and sells it with a predetermined markup. Example this year we may buy 100,000 gallons of Jet A for $2.00 a gallon and sell it for $4.00 a gallon. Next year we may buy 100,000 gallons of Jet A for $3.00 a gallon and sell it for $5.00 a gallon. The profit to the Airport is the same. How is the purchase and the cost of fuel determined in the allocation charge?

2. The Commission would like to see the billing from the City Attorney for the past 10 years.

3. The Commission requests a retrospective/matrix of work done over a set time by the different departments for the Airport Fund. How far can we go back 2/5/10 years?

4. Is there a mechanism for a service audit?

5. Is there a mechanism to reward departments for using a service less?

6. Some departments have varying percentages charged to their departments what is this reason one depart pays a high or lower percentages for what appears to be the same service?

7. Could the Airport Fund seek out outside services if it was determined that the services it was receiving would have a cost savings or be of a better quality?

ADJOURNMENT

- Due to Acting Chair Albright having a prior commitment the meeting was adjourned at 7:35p.m. due to no longer having a corium.

7. AGENDA ITEMS FOR FEBRUARY
   A Budget
   B Commission Chair and Vice Chair Selections
   C Airport Maintenance
   D Letter to Council
   E Airport Monthly Financial
   F Fuel Tank
   G FAA Grants
   H Airport Day

8. COMMISSIONER COMMENTS/STAFF COMMENTS

9.

Kenneth Ronk, Recording Secretary