

**UKIAH REGIONAL AIRPORT COMMISSION**  
**March 7<sup>th</sup>, 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 17<sup>th</sup>, 2017

- Motion made to approve Jan. 7<sup>th</sup>, 017 minutes by Commissioner Carne and 2<sup>nd</sup> 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**

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- 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**

- o City Council
- o City Clerk
- o City Manager
- o Administrative Support
- o Misc. Gen. Gov.
- o Finance-Accounting
- o City Attorney
- o Treasury Management
- o Human Res./Risk Mng

**Basis of Allocation**

- Operating Budget
- Fund Balance-Interest Dist.
- 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

<u>Cost Allocation Applied: Airport</u>	<u>Budget</u>	<u>% of Total</u>	<u>%of Direct</u>
Operating Budget	989,074.84	87.54%	
Estimated Internal Service use	47,976.00	4.25%	4.85%
Administrative overhead	92,784.00	8.21%	9.38%
<b>Total</b>	<b>1,129,834.84</b>	<b>100.00%</b>	<b>14.23%</b>

1 77725200 Airport Internal Services Charges

2	Purchasing	\$1,222
3	Info Tech	\$19,301
4	Garage Labor	\$5,981
5	Garage Parts	\$628
6	Garage Total	\$6,609
7	Liability	\$4,967
8	Prop & Auto	\$5,736
9	<u>Liability Fund Total</u>	<u>\$10,703</u>
10	Total Int. Srv. Chrg.	<b>\$47,976</b>
11	% of Total charges	1.02%

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13 Administrative Service Allocation – Airport

14	City Council	\$5,346
15	City Clerk	\$9,919
16	City Manager	\$18,127
17	Admin. Support	\$3,446
18	Misc. Gen. Gov.	\$5,348
19	Accounting	\$30,329
20	City Attorney	\$6,458
21	Human Resources	\$13,442
22	<u>Treasurer</u>	<u>\$368</u>
23	Total Central Serv.	<b>\$92,784</b>
24	% Share of Total	3.53%

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26 Commissioner Ashiku:

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

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35 Commissioner Crane:

- 36 • Is there a mechanism to reward departments for using a service less?

37 Commissioner Albright:

- 38 • Would like to invite the Finance Director back the next meeting.
- 39 • Questions about the percentages charged to the different departments?

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41 Finance Director Buffalo:

- 42 • This is an overview of the Budget methodology that was presented to the City Council.
- 43 • We are open to the discussion on what's reasonable.
- 44 • The finance department is going to start acting like a service based team, we are your customer.

1 **Question submitted by the Commission to be answered by finance**

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- 3 1. The Airport buys fuel and sells it with a predetermined markup. Example this year we may buy
- 4 100,000 gallons of Jet A for \$2.00 a gallon and sell it for \$4.00 a gallon. Next year we may buy 100,000
- 5 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
- 6 is the purchase and the cost of fuel determined in the allocation charge?
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- 8 2. The Commission would like to see the billing from the City Attorney for the past 10 years.
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- 10 3. The Commission requests a retrospective/matrix of work done over a set time by the different
- 11 departments for the Airport Fund. How far can we go back 2/5/10 years?
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- 13 4. Is there a mechanism for a service audit?
- 14 5. Is there a mechanism to reward departments for using a service less?
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- 16 6. Some departments have varying percentages charged to their departments what is this reason
- 17 one depart pays a high or lower percentages for what appears to be the same service?
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- 19 7. Could the Airport Fund seek out outside services if it was determined that the services it was
- 20 receiving would have a cost savings or be of a better quality?
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24 **ADJOURNMENT**

- 25 • Due to Acting Chair Albright having a prior commitment the meeting was adjourned at 7:35p.m.
- 26 due to no longer having a corium.
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28 **7. AGENDA ITEMS FOR FEBRUARY**

- 29 A Budget
- 30 B Commission Chair and Vice Chair Selections
- 31 C Airport Maintenance
- 32 D Letter to Council
- 33 E Airport Monthly Financial
- 34 F Fuel Tank
- 35 G FAA Grants
- 36 H Airport Day
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38 **8. COMMISSIONER COMMENTS/STAFF COMMENTS**

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45 Kenneth Ronk, Recording Secretary

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