

March, 2015

Joint Commission and Board Meeting Information:

### **Information Item #1 – Executive Director’s Update**

- A. Personnel Issues** – Staff continues to work with the HR consultant to complete the HR review. This project should be completed by the May meeting.
- B. Construction Update** –
- a. 2014 Terminal Improvement Project – Construction began in February with a 420 day construction schedule.
  - b. Parking Expansion Project – Construction is anticipated to begin in April with an 85 day construction schedule. The pre-construction meeting was held this month.
  - c. Runway/Taxiway Rehab Design – The design has begun and it is anticipated that coordination with the airlines could take up to one year. In order to secure FAA funding for the construction of this project, grants may not be offered until the summer of 2016.
  - d. Runway 21 Extension Project – The project was substantially completed in September 2014, but minor ancillary work will not be completed until late spring.
- C. Marketing Update** – Presentation to be provided
- D. Follow up on the Two Items Identified in the FY 14 Audit Management Letter:**
- a. **Payroll Related Items Identified:** The auditors recommended that VRS percentages be entered into the payroll system vs. a flat dollar amount so that calculations are updated when pay rates change. In addition, they recommended that the Authority modify payroll reports to include reporting the employer portion of VRS so that this can be reconciled to information in VNav and the general ledger. They also recommended that the VRS liability and payment be recorded when payroll is posted in the same manner as other deductions/taxes. To further enhance internal controls, they recommended that a monthly reconciliation be prepared to reconcile amounts in VNav versus the general ledger and payroll reports. To establish this, the auditors recommend that payroll duties be handled within the finance department instead of within Human Resources or that these individuals establish procedures to ensure changes are properly communicated to all necessary parties.
  - b. **Response to Payroll Related Items Identified:** *Staff is working with the Authority’s third-party payroll processing firm to incorporate the changes that were recommended concerning using VRS percentages rather than flat rates in the payroll system. VRS liabilities and payments will be recorded in the same manner as other deductions. Monthly reconciliations of the amounts in VNav to the general ledger and payroll reports will be performed. Staff is in the process of transitioning all payroll duties to finance from human resources. A new “payroll change” tracking form has been developed and is being utilized to ensure that payroll changes are properly communicated to all necessary parties.*
  - c. **Unclaimed Property Issue Identified:** Several checks on the June 2014 bank reconciliation were outstanding for more than one year. The Virginia Unclaimed Property Act requires that checks outstanding in excess of one year be remitted to the Virginia Treasury as unclaimed property. In the prior year, we recommended that staff review the bank accounts for checks outstanding greater than one year,

perform due diligence related to contacting payees, and where applicable, remit the funds to the State in accordance with Unclaimed Property Act. Per inquiry of staff, a report was filed with Unclaimed Property by the November 1<sup>st</sup> deadline. Staff responsible for preparing or reviewing bank reconciliations should annually review the status of outstanding checks and ensure the Authority is in compliance with requirement of the Unclaimed Property Act.

- d. ***Response to Unclaimed Property Item Identified:*** *Prior to November 1, 2014, the Director of Finance filed the required report with the State, and she performed the due diligence procedures along with the submission of those items deemed “unclaimed” at that time. During the monthly reconciliations processes, checks that are outstanding greater than one year will be identified and procedures with the Virginia Unclaimed Property Act will be followed.*

#### **E. Food and Beverage Concession Update**

**Background Information:** During the January 2015 meeting, the Board authorized 1) the award of the Charlottesville-Albemarle Airport Authority’s Restaurant/Retail/Vending Concession Agreement to Tailwind MC, LLC, 2) the Executive Director was authorized to execute the contract with Tailwind MC upon receipt of the Federal Aviation Administration’s (FAA) Civil Rights Division’s approval of the agreement’s term, and 3) the Executive Director was authorized to issue the required 90-day written notice of termination to The Market as per their lease requirements.

**Update:** The FAA Civil Rights Division has approved Tailwind’s proposed Disadvantage Business Enterprise participation and has approved the terms of the proposed agreement. Staff is working with Tailwind to execute that agreement. Upon the completed execution of the agreement, Tailwind will provide a timeline for the construction and opening of their lease areas. Representatives from Tailwind have made a site visit to CHO and are moving forward with the design of their first floor location.

- F. Landmark Aviation New Lease- Update:** The new lease has been approved by legal and is currently with Landmark’s legal for execution.

- G. FY 2016 Capital Budget Review:** The FY 2016 Capital Budget and its Narrative will be distributed for review. During last year’s budget approval process, the Board requested that the Authority’s proposed capital budget items be given to them in March prior to their approval of both the Annual Capital & Operating Budgets in May. This advance review will provide the Board with time to address any items of concern that they (or if applicable, their governing agencies) may have with planned projects.