

RESOLUTION NO. 10-217

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF KEY WEST, FLORIDA, AUTHORIZING THE CITY MANAGER TO EXECUTE TASK ORDER 01-10-GEN WITH RED OAK CONSULTING, A DIVISION OF MALCOLM PIRNIE, INC., IN AN AMOUNT NOT TO EXCEED \$49,000.00 TO PROVIDE A GENERAL FUND COST ALLOCATION STUDY; PROVIDING FOR AN EFFECTIVE DATE

WHEREAS, in Resolution No. 09-137, the City executed a Master Agreement with Red Oak Consulting, a division of Malcolm Pirnie for financial consulting services; and

WHEREAS, the external auditors recommended development of a formal cost allocation plan, and the City Commission finds that a General Fund Cost Allocation Study would provide staff with tools to begin that process;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF KEY WEST, FLORIDA, AS FOLLOWS:

Section 1: That the City Manager is authorized to execute attached Task Order 01-10-GEN pursuant to Key West City Code of Ordinances section 2-841 in an amount not to exceed \$49,000, which funds shall come from the City Manager's contingency fund.

Section 2: That this Resolution shall go into effect

immediately upon its passage and adoption and authentication by the signature of the presiding officer and the Clerk of the Commission.

Passed and adopted by the City Commission at a meeting held this 20 day of July, 2010.

Authenticated by the presiding officer and Clerk of the Commission on July 21, 2010.

Filed with the Clerk July 21, 2010.



CRAIG CATES, MAYOR

ATTEST:


CHERYL SMITH, CITY CLERK



THE CITY OF KEY WEST

Post Office Box 1409 Key West, FL 33041-1409 (305) 809-3700

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EXECUTIVE SUMMARY

TO: Jim Scholl, City Manager

FROM: Mark Z. Finigan, Asst. City Manager – Administration
Roger Wittenberg – Finance Director

DATE: June 29, 2010

SUBJECT: Approval of Task Order 01-10-GEN
General Fund Cost Allocation Study

Action Statement:

This resolution will approve Task Order 01-10-GEN for Malcolm Pirnie/Red Oak Consulting in the amount of \$49,000 to plan, develop and deliver a General Fund Cost Allocation Study and authorize the City Manager to execute same. The Task Order is executed pursuant to City Code 2-841, Contracts for Professional Services, and the City's Master Agreement with Red Oak Consulting (a division of Malcolm Pirnie - City Commission Resolution # 09-137) for financial consulting services. Approve the use of City Manager's General Fund Contingency for the study.

Background:

The City of Key West (City) requires an indirect cost allocation study and model to account properly for the full cost of those City services it provides to the non-General Fund activities. Having an accepted allocation method for assigning overhead or indirect costs to the operating departments provides the City information to manage better the financial operation and to effectively pass those appropriate costs onto the final consumer.

To accomplish this project, the goal is to determine appropriate allocations for each indirect function to be allocated to the City's six enterprise funds, eight special revenue funds, and the insurance internal service fund. In addition, the City desires to develop payments-in-lieu-of-taxes for police and fire service, as well as for use of the City's rights-of-way for water and wastewater services. To identify and select allocation factors the organization must be surveyed

Key to the Caribbean – Average yearly temperature 77° F.

and reviewed. The model will calculate the full cost to be allocated, but the City may elect to adopt lower rates if full cost allocation is impractical.

The deliverable for this project will be a report outlining the methodology and the assumptions used in the model construction. The cost allocation model, built in Microsoft Excel, will be delivered and staff trained in its use and its modeling capabilities.

Additionally, the City's external auditors have recommended the City conduct such a study. To follow is the auditor comment:

2009-01: Adopt a Formal Cost Allocation Plan

The City has not adopted a formal cost allocation plan that details the various methodologies used to support expenditure allocations such as: 1) payments in lieu of taxes (PILOT) from each enterprise fund to the general fund and 2) charges from the internal service fund to every fund/department for various insurances. This situation has caused and may cause future delays in the approval and payment process of grant funding to the City. We recommend that the management of the City develops a formal cost allocation plan, reviewed annually, that reflects a measurement of costs charged to the individual funds/departments.

Scope of Work:

Malcolm Pirnie/Red Oak Consulting will prepare the allocation study as described in the following scope of work:

Task 1 Deliverables:

Kickoff Meeting minutes
Data request memorandum.

Task 1 Meeting:

Kickoff meeting lasting two hours, and data gathering.

Task 1 City Staff Resource Commitments:

Attend Kickoff meeting
Provide requested data, as available.

Task 2 Deliverables:

List of interview questions.

Task 2 Meetings:

Twelve interviews and approximately 24 hours of group or one-one-one interviews with selected personnel.

Task 2 City Staff Resource Commitments:

Attend and assist in scheduling interviews.
Provide requested data, as available.

Task 3 Deliverables:

Draft Cost Allocation Plan (provided under Task 4)

Copy of the Draft Cost Allocation Model (provided under Task 4)

Task 3 Meetings:

Up to four (3) one-hour conference calls, as needed to review and discuss questions and comments pertaining to the development of the preliminary cost allocation plan.

Task 3 City Staff Resource Commitments:

Participate in conference calls as necessary

Task 4 Deliverables:

Draft Cost Allocation Plan

Final Cost Allocation Plan (up to 10 hard copies + electronic version)

Cost Allocation model (electronic version)

Financial Impact:

The lump sum price for this task order will be \$49,000. In an effort to ensure the competitiveness of the proposed lump sum by Malcolm Pirnie, the City secured written proposals from the two other financial consultants the City had previously entered into financial consultant service agreements with, CDM and HDR. CDM proposed a lump sum of \$49,975 and HDR proposed a not to exceed arrangement of \$58,500. In addition to offering the lowest lump sum proposal, Malcolm Pirnie is considered to have greater experience in preparing similar studies and clearly understood the fund structure and flow of funds of the City, adding further assurance the desired objectives of the study will be attained.

Since the subject study was not a Fiscal year 2009-2010 approved appropriation, use of the City Manager's General Fund Contingency account is recommended. Subsequent to the final study, it is recommended the various "user" funds reimburse the General Fund based on the allocable percentages determined by the study.

Recommendation:

Approve Task Order 01-2010-GEN for Malcolm Pirnie/Red Oak Consulting in the amount of \$49,000 to plan, develop and deliver a General Fund Cost Allocation Study and authorize the City Manager to execute same.

**Task Order 1-10-GEN
General Fund Cost Allocation Study
City of Key West, Florida**

The execution of this Task Order by the City of Key West, Florida (the “City”) will establish permission for Red Oak Consulting, a division of Malcolm Pirnie, Inc (“Red Oak”) to proceed with the scope of work detailed herein.

The parties agree that the Task Order presented herein shall be performed based on the terms and conditions established in the Master Agreement to Furnish Financial and Other Consulting Service (“Master Agreement”) between the City and Red Oak. The project tasks to be completed by Red Oak are outlined below.

1. Kickoff Meeting

Red Oak will meet with the City staff for a Kickoff Meeting at the City’s offices to confirm the scope, schedule, and approach outlined in this proposal. The purpose, uses, and goals for the Cost Allocation Plan will be discussed to ensure that the project meets the City’s current and future needs. During this meeting, we will clarify any implications that OMB Circular A-87 might have on the project methodology and discuss the best approach to meeting its requirements. We will also discuss Red Oak’s data needs, which will be provided in memorandum format prior to the meeting. The kickoff meeting will coordinate the project schedule with City staff schedules in order to ensure that key milestone dates are met, as well as confirm our respective team members’ roles and responsibilities and communication needs/protocols throughout the assignment.

Task 1 Deliverables:

Kickoff Meeting minutes
Data request memorandum.

Task 1 Meeting:

Kickoff meeting lasting two hours, and data gathering.

Task 1 City Staff Resource Commitments:

Attend Kickoff meeting
Provide requested data, as available.

2. Information Gathering and Review, including Interviews

Following the kickoff meeting, and upon receipt of the requested data, Red Oak will review the City’s financial records (e.g. budget, salaries paid to existing positions, benefit costs) in order to determine existing and potential cost centers and cost allocation approaches. Other useful documents will include organizational charts and organizational/program descriptions. The document review will be completed to understand the City’s current practices related to direct and indirect cost allocation.

Red Oak will then schedule and facilitate group and one-on-one interviews with selected personnel in order to further our understanding of current operational and direct and indirect cost allocation practices, in order to select the most appropriate cost allocation approach to utilize for each General Fund function.



As part of our information gathering and review, we will hold approximately 12 interviews with key City employees in order to understand the services, both direct and indirect that are provided by the City's General Fund. These interviews are anticipated to be held with the following City employees:

- Assistant City Manager
- City Clerk
- Finance representative
- Human Resources representative
- Information Technology representative
- City Attorney
- Planning Department representative
- Community Service employee representative
- General Services representative
- Building Services representative
- Code Compliance representative
- Port Operations representative

Task 2 Deliverables:

List of interview questions.

Task 2 Meetings:

Twelve interviews and approximately 24 hours of group or one-one-one interviews with selected personnel.

Task 2 City Staff Resource Commitments:

Attend and assist in scheduling interviews.

Provide requested data, as available.

3. Cost Allocation Plan

Red Oak will develop an Excel™-based model that will be the basis for the City's Cost Allocation Plan. Ultimately this plan will identify the cost allocation method used to allocate indirect General Fund costs to the various enterprise, special revenue and internal services funds, and the costs resulting from such allocation.

Allocation Criteria

Red Oak will work with the City in determining service provisions and cost categories for current City programs in order to develop the cost allocation plan. Red Oak will also develop allocation criteria to distribute costs among the City's departments. Red Oak will use our previous experience as well as work directly with the City to determine those criteria (for example, the criteria used to allocate IT costs may be based on the number of computers or servers in each department).

This will ultimately result in developing formulas that will be used in the model to distribute General Fund indirect costs. These formulas will be used for internal, inter-fund, enterprise, special revenue, and external



billing and/or costing processes. The cost allocation criteria will also consider approaches such as payment-in-lieu-of-taxes (PILOT) payments for police and fire service, as well as service fees for the use of City rights of way.

Two-step Methodology

Red Oak will use a two-step allocation methodology in developing the cost allocation plan, in accordance with industry standards. The first step identifies all General Fund and categorizes them into direct and indirect cost categories. These costs are then allocated proportionately to any department that benefit from the services. The second step isolates the costs that were allocated to any central department and proportionately reallocates those costs to the remaining operating departments. The purpose of this approach is to appropriately allocate costs to the City's operating departments.

Cost Allocation Model Specifications

The cost allocation model will allow for the addition or removal of direct and overhead costs so that the allocation of costs can be easily modified by the City as necessary in the future. The model will also have the ability to adjust the cost allocation based on the increase or decrease in future General Fund direct or indirect costs, and evaluate hypothetical future service enhancements and the ability to calculate the estimated costs of providing these future services.

Task 3 Deliverables:

Draft Cost Allocation Plan (provided under Task 4)

Copy of the Draft Cost Allocation Model (provided under Task 4)

Task 3 Meetings:

Up to four (3) one-hour conference calls, as needed to review and discuss questions and comments pertaining to the development of the preliminary cost allocation plan.

Task 3 City Staff Resource Commitments:

Participate in conference calls as necessary

4. Cost Allocation Plan Report

Red Oak will develop a written draft Cost Allocation Plan based on the results of the cost allocation model, and provide the draft plan and model to the City for review. This report will include a thorough description of the cost allocation methodology, the rationale behind allocation criteria used, a summary of the findings, and recommendations including alternatives where applicable. The draft plan will provide an executive summary of all the major findings and graphic summarizations wherever applicable. The Cost Allocation Plan will include formulas for distributing indirect costs to operating departments.

Red Oak will submit a draft Cost Allocation Plan to City Staff for one round of review and comment. Red Oak will incorporate all comments received by staff regarding the draft Cost Allocation Plan. Once all comments have been addressed, a final report will be prepared and provide to the City.

Task 4 Deliverables:

Draft Cost Allocation Plan

Final Cost Allocation Plan (up to 10 hard copies + electronic version)

Cost Allocation model (electronic version)



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Mark Finigan
Assistant City Manager

July 9, 2010
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5. City Responsibilities

The City will expeditiously provide all the necessary information to Red Oak, including financial records, and any other information that may be deemed necessary to complete the General Fund Cost Allocation Study. City management and staff will be available for interviews and to answer questions pertaining to operations and the current method of allocating costs.

6. Schedule

The anticipated schedule for the completion of the Task Order will be approximately three months from the notice to proceed, assuming that the necessary information to complete the study is received from the City in a timely manner.

7. Cost Estimate

Red Oak will bill the City on a lump sum basis for \$49,000. Red Oak will provide monthly invoices to the City for the work performed. Invoices are due and payable within 30 days after receipt by the Client.

City of Key West

Red Oak Consulting, a division of Malcolm Pirnie, Inc.

By: JAMES SCHALL

By: Nigel Grace

Title: CITY MANAGER

Title: Vice President

Signature: J. K. Schall

Signature: [Signature]

Date: 7/20/10

Date: 7/14/2010





April 13, 2010

Mark Finigan
Assistant City Manager
City of Key West
626 Josephine Parker Drive
Suite 201
Key West, FL 33040

Re: General Fund Cost Allocation Study Proposal

Dear Mr. Finigan:

Red Oak Consulting, a Division of Malcolm Pirnie, Inc. ("Red Oak") is pleased to provide the City of Key West ("City") with this proposal for completing a General Fund Cost Allocation Study. This proposal was prepared based on our recent discussions with the City regarding the City's desire to complete such a study. The information provided herein consists of our understanding of the project, our firm qualifications, and a detailed scope of services and cost estimate for your consideration.

PROJECT UNDERSTANDING

Red Oak understands that the City's General Fund consists of several departments including the following:

- City Commission
- City Manager
- City Clerk
- Finance
- Human Resources
- Information Technology
- City Attorney
- Planning
- Non-Departmental
- Community Service
- General Services
- Police
- Fire
- Building Services
- Code Compliance
- Port Operations

The General Fund incurs expenditures in the range of \$38 million annually and is supported by Ad Valorem tax revenue, charges for services, intergovernmental revenue, transfers from other funds, and various fees and charges.

The General Fund supports the enterprise funds and internal service funds of the City in various ways. For example, human resources and information technology provide support to each of the funds within the City. Red Oak understands that the City is interested in developing a cost allocation plan that quantifies and captures the cost of

the services provided by the General Fund to the enterprise funds and internal service funds. Consideration should be given to the direct and indirect services provided by the General Fund, as well as other considerations, such as payment in lieu of taxes for police and fire services, and the use of the City's right-of-ways for water and sewer services. The enterprise, special revenue and internal service funds of the City are as follows:

Enterprise Funds:

- Sewer Fund
- Stormwater Utility Fund
- Solid Waste Fund
- Key West Bight Fund
- Transit System Fund
- Garrison Bight Fund

Special Revenue Funds:

- Infrastructure Surtax Fund
- Internal Improvements Fund
- Fort Taylor Surcharge Fund
- Affordable Housing Fund
- Truman Property Fund
- Law Enforcement Trust Fund
- Bahama Village / Caroline Street Tiff Fund
- Navy Outer Mole Payments Fund

Internal Services Funds:

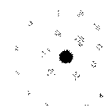
- Insurance Programs Fund

FIRM QUALIFICATIONS

Red Oak Consulting is the management consulting division of Malcolm Pirnie, Inc. and focuses on the unique financial, management, organizational, and information technology needs of our clients. Red Oak has completed hundreds of financial projects for city governments and municipalities including cost allocation plans, revenue requirements analyses, cost-of-service studies, and rate design analyses, from very large to medium-sized municipalities across the Country.

Red Oak has over 25 rate consultants and analysts dedicated full-time to completing financial studies for municipalities. In order to best serve our clients, these professionals operate out of offices strategically located around the country, including in Orlando, Florida, where the bulk of the work on this project will be completed.

The uniqueness of our approach is our ability to identify and understand the nature of all the services that the City's General Fund is currently providing and could potentially provide in the future, appropriately allocate costs among departments, and assign rational estimates of the time it takes to accomplish each task, thereby resulting in an accurate, cost-based, defensible Cost Allocation Plan for the City.



Our qualifications include:

- Municipal Operations Experience
- Extensive Regional Knowledge and Resources
- Thorough Understanding of Cost Allocation Plans and User Fee Studies
- Financial Leadership
- Innovative Excel Modeling Experience

We have assembled an experienced project team with experts in completing cost allocation plans that meet the requirements of all pertinent legislation, including OMB Circular A-87. We believe that Red Oak offers an appropriate blend of financial and managerial skills that can properly allocate costs to appropriate cost centers. Our proposed project personnel were chosen to specifically meet the City's needs in completing this cost allocation study. Brief experience summaries for our team members are presented below.

John Mastracchio, CFA - Project Manager

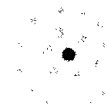
Mr. Mastracchio has more than a decade of experience as a project manager and senior financial analyst on various municipal financial projects. His experience includes financial planning, revenue and cost studies, rate setting, valuations, bond feasibility, and government consolidation. He has testified before several state public service commissions as an expert witness in financial and cost matters, is a contributing author of industry publications pertaining to capital financing and utility management. Mr. Mastracchio has lead numerous cost allocation and financial studies including cost allocation studies for the Hudson River Black River Regulating District, NY, the City of Virginia Beach, VA, Wayne County, MI, and Lee County, FL. Mr. Mastracchio holds a Masters of Business Administration degree from Cornell University and has earned the Chartered Financial Analyst designation.

Pat Walker - Technical Advisor

With more than 30 years of experience in local government management and operations, Ms. Walker has provided a broad array of management and financial planning services to one of Arizona's most financially stable cities, Chandler, for 23 years. As the city's Management Services Director she has developed numerous budgets and capital financing plans, prepared feasibility studies, overseen the city's human resources, accounting division, purchasing, information management, sales tax and utilities, risk management, environmental services and fleet operations in addition to the development and maintenance of numerous financial models. Ms. Walker is also well versed in municipal regulations issues, having drafted financial policies for Chandler as well as numerous citywide policies that impact every aspect of city management.

Michael Francis - Financial Analyst

Mr. Francis is a financial analyst with a focus on municipalities and public utilities. He



has completed many financial projects including cost allocation studies, financial planning studies, and rate and fee studies. Mr. Francis has worked extensively in the southeastern U.S., including throughout Florida and Georgia. Mr. Francis holds a Bachelors degree from the University of Central Florida.

RELEVANT EXPERIENCE AND CLIENT REFERENCES

The Red Oak team has completed cost allocation and other related studies for numerous municipalities across the United States. The following are key references that we invite the City of Key West to call upon to obtain direct feedback on our performance.

City of Huntington Beach Cost Allocation Plan

Red Oak was retained by the City of Huntington Beach to provide professional consulting services for a City-wide cost allocation study. Red Oak reviewed Huntington Beach's existing Cost Allocation Plan and ascertained whether costs within the City's Public Works Department were being allocated in accordance with industry standards, including OMB Circular A-87, and the requirements of California's Proposition 218.

The review of the existing Cost Allocation Plan found that it largely met industry standards and that minor improvements could be made to optimize the allocation of costs within the department. Red Oak developed an Excel™-based model that extracted pertinent data from the City's Cost Allocation Plan and reallocated certain costs within the Public Works Department, without disturbing how costs should be allocated within other City departments. The quantitative findings of the model were summarized and provided in a report, which has been provided as an attachment to this proposal.

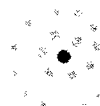
Client Reference:

Mr. Howard Johnson
19001 Huntington Street
P.O. Box 190
Huntington Beach, CA 92648
(714) 375-5055

Indio Water Authority Cost Allocation Plan and User Fee Study

Red Oak developed a cost allocation plan and comprehensive schedule of user fees for the Indio Water Authority in Southern California. This work was completed in accordance with applicable local laws, including California Proposition 218 and AB 1600. The project included four major elements:

- Development of a cost allocation plan specific to the Indio Water Authority to develop "fully burdened hourly rates" for all employees. These rates ensured that the Authority's overhead costs were properly reflected in user fees.
- Review of the Authority's user fee schedule, examination of the Authority's



operational practices to identify new potential fees, and a benchmarking survey of the fees charged by peer agencies.

- Estimation of the average labor time associated with each identified service/fee.
- Development of a user-friendly Excel™-based model to calculate the “maximum justifiable” fees for the comprehensive list of new user fees.

The project included multiple workshops, interviews, and presentations. A copy of the final report has been provided as an attachment to this proposal.

Client Reference:

Ms. Kelly Smith
100 Civic Center Mall
P.O. Box 1480
Indio, CA 92201
(760) 391-4184

Example Reports

Example reports from our Huntington Beach and Indio Water Authority projects have been provided as attachments to this proposal submittal.

Additional Clients

Below is a list of some of the Florida clients to whom the Red Oak team has provided financial consulting services, demonstrating our proven ability to successfully deliver financial consulting projects to municipal clients of all sizes throughout the state.

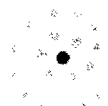
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|---------------------------------|---|
| ■ City of Daytona Beach, FL | ■ Collier County, FL |
| ■ City of Fort Myers, FL | ■ Emerald Coast Utilities Authority, FL |
| ■ City of Hollywood, FL | ■ Lee County, FL |
| ■ City of North Miami Beach, FL | ■ Miami-Dade County, FL |
| ■ City of Sarasota, FL | ■ Palm Beach County, FL |
| ■ City of Venice, FL | ■ Polk County, FL |
| ■ Broward County, FL | |

PROPOSED SCOPE OF WORK AND APPROACH

Red Oak proposes the following scope of work to complete the cost analysis and develop a cost allocation plan for the City of Key West. Our project approach includes four major tasks, each of which is described below in more detail.

Task 1 - Kickoff Meeting

Task 2 - Information Gathering and Review, including Interviews



Task 3 - Cost Allocation Plan

Task 4 - Cost Allocation Plan Report

Task 1 - Kickoff Meeting

Red Oak will meet with the City staff for a Kickoff Meeting at the City's offices to confirm the scope, schedule, and approach outlined in this proposal. The purpose, uses, and goals for the Cost Allocation Plan will be discussed to ensure that the project meets the City's current and future needs. During this meeting, we will clarify any implications that OMB Circular A-87 might have on the project methodology and discuss the best approach to meeting its requirements. We will also discuss Red Oak's data needs, which will be provided in memorandum format prior to the meeting. Finally, we will coordinate the project schedule with City staff schedules in order to ensure that key milestone dates are met, as well as confirm our respective team members' roles and responsibilities and communication needs/protocols throughout the assignment.

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Data request memorandum.

Task 1 Meeting:

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Task 1 City Staff Resource Commitments:

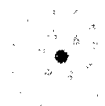
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Task 2- Information Gathering and Review, including Interviews

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- City Clerk
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- City Attorney
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- Building Services representative
- Code Compliance representative
- Port Operations representative

Task 2 Deliverables:

List of interview questions.

Task 2 Meetings:

Twelve interviews and approximately 24 hours of group or one-one-one interviews with selected personnel.

Task 2 City Staff Resource Commitments:

Attend and assist in scheduling interviews.

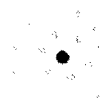
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Task 3- Cost Allocation Plan

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Allocation Criteria

Red Oak will work with the City in determining service provisions and cost categories for current City programs in order to develop the cost allocation plan. Red Oak will also



develop allocation criteria to distribute costs among the City's departments. Red Oak will use our previous experience as well as work directly with the City to determine those criteria (for example, the criteria used to allocate IT costs may be based on the number of computers or servers in each department).

This will ultimately result in developing formulas that will be used in the model to distribute General Fund indirect costs. These formulas will be used for internal, inter-fund, enterprise, special revenue, and external billing and/or costing processes. The cost allocation criteria will also consider approaches such as payment-in-lieu-of-taxes (PILOT) payments for police and fire service, as well as service fees for the use of City rights of way.

Two-step Methodology

Red Oak will use a two-step allocation methodology in developing the cost allocation plan, in accordance with industry standards. The first step identifies all General Fund and categorizes them into direct and indirect cost categories. These costs are then allocated proportionately to any department that benefit from the services. The second step isolates the costs that were allocated to any central department and proportionately reallocates those costs to the remaining operating departments. The purpose of this approach is to appropriately allocate costs to the City's operating departments.

Cost Allocation Model Specifications

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Task 3 Deliverables:

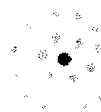
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Copy of the Draft Cost Allocation Model (provided under Task 4)

Task 3 Meetings:

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Task 3 City Staff Resource Commitments:

Participate in conference calls as necessary



Task 4 - Cost Allocation Plan Report

Red Oak will develop a written draft Cost Allocation Plan and based on the results of the cost allocation model, and provide the draft plan and model to the City for review. The report will include a thorough description of the cost allocation methodology, the rationale behind allocation criteria used, a summary of the finding, and recommendations including alternatives where applicable. The draft plan will provide an executive summary of all the major findings and graphic summarizations wherever applicable. The Cost Allocation Plan will include formulas for distributing indirect costs to operating departments.

Red Oak will submit a draft Cost Allocation Plan to City Staff for one round of review and comment. Red Oak will incorporate all comments received by staff regarding the draft Cost Allocation Plan. Once all comments have been addressed, a final report will be prepared and provide to the City.

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Final Cost Allocation Plan (up to 10 hard copies + electronic version)

Cost Allocation model (electronic version)

Task 5 City Staff Resource Commitments:

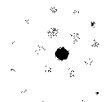
Review and comment on draft Cost Allocation Plan

PROJECT SCHEDULE

Red Oak will commence work immediately upon the notice to proceed from the City. It is anticipated that this cost allocation study will take approximately three months to complete, assuming that the necessary information to complete the study is received from the City in a timely manner.

PROJECT COST

Red Oak proposes to provide this scope of services on a lump sum basis for a fee of \$49,000. The return on the investment that the City can anticipate from engaging Red Oak in this project will result from our extensive experience and expertise in developing cost justified, fair and equitable cost allocation plans and financial studies for municipalities across the County. This successful track record will provide the City with a tangible return on investment as the City more equitably recovers its General Fund costs from the departments that benefit from its services.



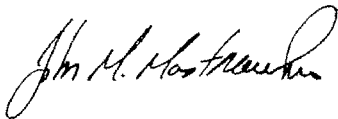
Mark Finigan, Assistant City Manager
City Key West

April 13, 2010
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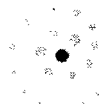
Red Oak appreciates the opportunity to work with the City on this important and strategic project. Should you have any questions regarding our proposal, or require additional information, please do not hesitate to contact me at (518) 250-7353.

Very Truly Yours,

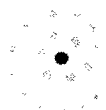
RED OAK CONSULTING
A Division of Malcolm Pirnie, Inc.



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ATTACHMENT A - EXAMPLE COST ALLOCATION STUDY REPORTS





City of Huntington Beach, California

Public Works Utilities Division

19001 Huntington Street, Huntington Beach CA 92648

Water / Wastewater Cost Allocation Study

April 21, 2008

FINAL

Report Prepared By:



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Executive Summary

The Public Works Department (Public Works) of the City of Huntington Beach (the City) retained Red Oak Consulting (Red Oak) to provide professional consulting services for a Water/Wastewater Utility Cost Allocation Study. This study was conducted in order to review the City's existing Cost Allocation Plan (CAP) and ascertain whether costs with Public Works Department (Public Works) are being allocated in accordance with the requirement of California's Proposition 218.

A Cost Allocation Plan (CAP) identifies and distributes support service costs such as, Human Resources to operating departments that benefit from these services. A CAP provides a clear method to develop budgets and also promotes equitable sharing of support costs from all divisions. Red Oak reviewed the methodology of the existing City CAP (conducted in May 2005) and found that it largely met industry standards and that minor improvements could be made (specifically the allocation of costs within Public Works). Specifically, Red Oak found that PC costs should be allocated based the number of computers in each division (rather than the number of employees), the allocation of vehicle maintenance costs should consider the *type* of vehicles in each division (not just the number of vehicles), and fuel costs should be paid directly by enterprise funds (rather than through the CAP).

Red Oak reallocated the PC and vehicle maintenance-related costs within Public Works based on the recommendations above. The cost allocation *increase* for the water and sewer funds is \$118,902 (Fund 507 Water Master Plan and Fund 210 Sewer). The cost allocation *decrease* for the water and sewer funds is \$99,001 (Fund 511 Sewer Service Fund and Fund 506 Water). It must be noted that these values were taken from the 2005 model and that current day values should be escalated by appropriately 12.25%.

Therefore, the total combined increase in transfer to the General Fund by the Sewer and Water Enterprise funds is \$19,901. After escalation, the total combined increase in transfer to the General Fund by the Sewer and Water Enterprise funds is \$22,341.

Red Oak recommends that the suggested modifications to the allocation of PC-related costs and vehicle maintenance costs be implemented as part of the City's current update to the CAP. Red Oak also recommends that fuel costs be paid directly by divisions (i.e. removed from the City CAP). It is likely that the Sewer and Water Enterprise funds are paying too little for fuel through the City's current cost allocation. Paying for the fuel directly will ensure that these expenditures are properly paid.

1 Introduction

1.1 Purpose

The Public Works Department (Public Works) of the City of Huntington Beach (the City) retained Red Oak Consulting (Red Oak) to provide professional consulting services for a Water/Wastewater Utility Cost Allocation Study. This study was conducted in order to review the City's existing Cost Allocation Plan (CAP) and ascertain whether costs with Public Works Department (Public Works) are being allocated in accordance with the requirement of California's Proposition 218.

1.2 Acronyms

- CAP Cost Allocation Plan
- DCAP Direct Cost Allocation Plan (second step of a City CAP)
- ICP Indirect Cost Plan (first step of a CAP)
- IT Information Technology
- FTE Full-time Equivalent (employee)
- GIS Global Information System
- PC Computer (from "Personal Computer")
- PRM Public Resource Management Group

2 General Overview on Cost Allocation Plan

2.1 Cost Allocation Plans Defined

A Cost Allocation Plan (CAP) identifies and distributes support service costs such as, Human Resources or Information Technology (IT) support to operating departments that benefit from these services. The difference between a support service and operation service is that the latter provides direct services to the public, such as street maintenance or water service while the support service provides indirect services that allow the organization to function. In a CAP, the cost of support services are allocated to operation departments based on a cost driver rationale. For example, the cost of providing human resource services is driven by the number of employees in a given operating department. Likewise, the cost of IT support can be allocated based on the number of computers within operating departments.

2.2 Types of Allocation Plans

There are two steps that are taken when conducting a CAP. The first step is the Indirect Cost Plan (ICP), which identifies and distributes the costs of services provided by centrally located support departments (such as a city's human resources department, financial services, or legal counsel) to the operations departments. The second step, a Direct Cost Allocation Plan (DCAP), distributes the administrative and support services incurred *within* a performing department, together with the service costs allocated to it under the ICP, to the operation divisions within that same department.

For the purpose of this study, Red Oak has accepted the results from the ICP element of the City CAP and recalculated certain distributions within the Public Works DCAP. The reason for this, and the methodology used, is addressed in Section 3.

2.3 Value of Cost Allocation Plans

In addition to documenting the allocation of costs, a CAP has other benefits and advantages. A CAP provides a clear method to develop budgets and also promotes equitable sharing of support costs from all divisions. A CAP eliminates arbitrary methods that can be used to account for direct costs and establishes a creditable fiscal practice of recognizing support costs. CAPs also promote the use of up-to-date, integrated grantee accounting systems and procedures so that shared direct and indirect costs can be identified and allocated across all divisions. Finally, a CAP demonstrates compliance with California Proposition 218, which is a law that requires voter approval for increases in general taxes, assessments, and certain user fees. While public utilities (such as the

City's Water and Wastewater Divisions) are exempt from the voting requirement, Proposition 218 protects utility customers by emphasizing the requirement of a nexus between the cost to provide service and the price that is paid by customers receiving that service. A proper CAP provides a defensible justification for transfers from the water and sewer enterprise fund to the General Fund based on the cost of providing support services needed for these enterprise funds.

3 Initial Findings and Methodology

3.1 City CAP Review Findings

A Red Oak memorandum is provided as Appendix A, which summarizes the methodology of the City CAP and provides suggestions for improvements. In general, Red Oak found that the City CAP largely met industry standards and that minor improvements could be made. Specifically, Red Oak found that the ICP methodology was without significant fault but that the DCAP element, as it related to Public Works, had opportunities for refinement.

3.2 Project Approach

Based on the project team's understanding of the City CAP, it was decided that Red Oak would attempt to refine the Public Works DCAP. This decision to focus on the Public Works DCAP was reinforced by the fact that the ICP cannot be modified without a "ripple affect" on the cost allocations from the ICP to other City departments.

It is important to stress that the budget numbers used in this study are based directly on the values found in the existing City CAP model dated May 2005 by Public Resource Management Group (PRM). This study describes suggested improvements to the Public Works DCAP and uses the City CAP budget values by way of demonstration. Future budgets should be based properly escalated values or the most recently updated City CAP, whichever is appropriate.

3.2.1 Specific City CAP Findings and Solutions

Red Oak's recommendations regarding improvements to Public Work's DCAP were summarized in a memorandum dated February 6, 2007. There were three cost categories that Red Oak suggested to "reallocate" within Public Works. The following summarizes Red Oak's findings and proposed improvements:

1. Computer (PCs) Costs were allocated by the DCAP of the City CAP to the Public Works Admin division, which was subsequently allocated to the operations divisions based on the number of full-time employee equivalents (FTEs). Red Oak has reallocated these costs to the divisions based on the number of PCs within each Public Works division.
2. Vehicle Maintenance Costs were allocated by the DCAP of the City CAP to Public Works divisions based on the number of vehicles in each division. Red Oak has reallocated these costs based on the number of different *types* of vehicles (and associated maintenance costs) in each division. The costs associated with vehicle maintenance were refined by specifying the type of vehicles in each division, and the average maintenance cost associated with each type of vehicle.

3. Fuel Costs were allocated by the DCAP of the City CAP based on the number of vehicles in each Public Works division. Red Oak recommends that fuel costs be paid directly by divisions (i.e. removed from the City CAP). For the purpose of this study, the City CAP allocation of fuel has not been modified because Red Oak assumes that Public Works will eventually remove fuel costs from the City CAP and allocate those costs directly to divisions (or at a minimum the enterprise divisions) based on actual usage. The City’s existing technology and fuel cards have the capability of assigning actual fuel charges directly to City divisions.

3.2.2 Other Assumptions

In reviewing the City CAP, a number of additional opportunities for improvement were identified. These findings, as follows, were largely found to be insignificant for purposes of a CAP.

- Parks and Landscape Maintenance Division – A central service is provided by this division by providing landscaping services at other Public Works division facilities. The cost of maintaining landscaping at Division facilities, however, was assumed to be insignificant due to the small size of these properties as compared to the rest of the area that is maintained as part of standard operations.
- Tree Maintenance – A central service is provided by Maintenance Operations in the form of tree service at other Public Works division facilities. The cost of servicing these trees was assumed to be insignificant due to the small number of trees as compared to the total trees serviced as part of standard operations.
- Street Maintenance – It was assumed that the cost of asphalt materials will continue to be a direct pass-through expense for divisions.

3.3 PC Cost Allocation Methodology and Data

Red Oak was provided with the following data in Table 1 regarding the distribution of PCs within the divisions of Public Works.

Table 1 - PC Data

Public Works Division	No. of PCs
Administration	8
Engineering	36
Maintenance and Operations	52
Sewer	9
Transportation	7
Water	52
Total	164

These division categories do not match up perfectly with the divisions as listed by the City CAP, therefore some of the PCs were divided evenly into multiple divisions. For example, the 9 PCs listed under sewer were divided evenly between “Fund 210 – Sewer” and Fund 511 – Sewer Service Fund.” The PC costs in the City CAP were nested in the Public Work Admin budget. Specific PC-related costs included “New Implementation”, “Internet/Intranet”, and “Server Management.”¹ These costs were identified and removed from Public Work Admin budget (see Table 4) then allocated to those Public Works divisions with PCs, proportionately based on the number of PCs within each division (see Table 5 at the end of this section).

3.4 Vehicle Maintenance Methodology and Data

Red Oak was provided with data containing the number of specific vehicle types within the divisions of Public Works. Each of these vehicles was accompanied by its most recent maintenance costs. Based on this data, Red Oak grouped the vehicles into three categories:

- A. Light vehicles and trucks,
- B. Heavy vehicles and specialty equipment, and
- C. Construction/large equipment.

The maintenance costs associated with each category was analyzed and an average maintenance cost number was calculated, along with a relative weighted value. As shown in Table 2, the least expensive vehicles to maintain are in Category C (the largest vehicles) while the most expensive are in Category A (light vehicles).

Table 2 - Weighted Vehicle Maintenance Costs by Category

Category	Total Maintenance Cost for Category	Average Maintenance Cost Per Vehicle	Weight
A	\$57,980	\$935	1.46
B	33,484	761	1.19
C	10,877	640	1.00
Total	\$102,340	\$832	

The total cost from the City CAP “Fleet Management” (see Table 3 at the end of this section) was then allocated based the number of vehicles and vehicle types within each Public Works division. The total for the number of vehicles in a specific category was multiplied by the weight assigned in Table 2, these new “weighed vehicle equivalences”

¹ Note that “Utiligy” and “Mainframe Conversion” are also PC-related but the costs were found to be insignificant.

were totaled, then the Fleet Management costs were reallocated based on the distribution of “equivalent vehicles.” The final results for these weighted vehicle maintenance cost allocations are shown in Table 3.

3.5 ICP Cost Identification

The ICP costs related to PCs and Vehicle Maintenance were taken from the original City, which disaggregated these costs into support service departments. Table 4 (at the end of this section) shows how these costs were disaggregated. The final column shows the total for each category; including the total Public Works vehicle maintenance cost (row 41 - \$465,198) and the total Public Works PC-related costs (row 43 - \$103,283).

3.6 Final Allocation

Table 5 shows the reallocation of PC and vehicle maintenance-related ICP costs with the new DCAP allocation method for the Public Works Department. Based on the information taken from Table 4, Table 5 shows the City ICP broken into three components: 1) correctly allocated values (column C), 2) incorrectly allocated costs for Vehicle Maintenance (column D) and 3) incorrectly allocated costs for PCs (column E). With these costs isolated, Red Oak reallocated the PC costs based on the number of computers in each division (as shown in Table 1) and the vehicle maintenance costs based on the weighted equivalent vehicles (as developed in Table 3). The new allocation bases are shown again in Table 5, columns F and G. Columns H and I show the quantified allocation cost, and column J shows the new total allocation for each division. Lastly, columns K and L provide a comparison between the original City ICP allocation and the new recommended allocation.

Table 3 - New Vehicle Maintenance Cost Allocation

Public Works Divisions	Public Works Division Data		Number of Vehicles by Category				Weighted Vehicle Equivalence					
	No. of Vehicles	Percent of total within PW	A	B	C	Total	A	B	C	Total	Percent of total within PW	Percent Change
Administration	97	18%	75	18	4	97	109.6	21.4	4.0	135.0	19.7%	1.7%
Water	112	21%	48	56	8	112	70.2	66.6	8.0	144.8	21.2%	0.3%
Landscapes/Park	71	13%	9	43	19	71	13.2	51.1	19.0	83.3	12.2%	-1.1%
Bldg Main./Traffic Signals	51	9%	17	27	7	51	24.8	32.1	7.0	64.0	9.3%	-0.2%
Street	81	15%	20	44	17	81	29.2	52.3	17.0	98.6	14.4%	-0.7%
Sewer	29	5%	5	23	1	29	7.3	27.4	1.0	35.7	5.2%	-0.2%
Tree Department	64	12%	12	36	16	64	17.5	42.8	16.0	76.4	11.2%	-0.8%
Planning & Code Enforcement	32	6%	32	0	0	32	46.8	0.0	0.0	46.8	6.8%	0.9%
Total	537	100%	218	247	72	537	318.6	293.8	72.0	684.4	100%	



Table 5 - Summary of Revised Public Work DCAP

Public Works Divisions (as listed in the current ICP)	A	B	C	D		E		F	G	H		I		J	K	L	
				ICP Allocation	Allocated Correctly by ICP	PCs	Vehicle Maintenance			PCs	Equivalent Vehicles	PCs	Vehicle Maintenance				PCs
ADMINISTRATION (ADDED)																	
85102 URBAN RUNOFF MANAGE	\$	106,844	106,013	\$	1,831	8	135.0	\$	-	\$	-	\$	-	105,013	(1,831)	0.0%	
85103 REFUSE		236	236			0	0							236		-1.7%	
85621 STREET TREE MAINT		679,863	512,676		7,772	4.7	38.2		159,415		3,130		107,375	623,181	(56,682)	0.0%	
FUND 507 WATER MASTER PLAN		278,590	278,590			0	23.4						65,771	344,361	65,771	-8.3%	
85702 REGIONAL REPAIR PROG						0	0									23.6%	
FUND 210 SEWER		61	61			0	0									0.0%	
FUND 506 WATER		3,941,973	3,451,581		28,497	4.5	18		461,895		2,979		50,152	53,192	53,131	87100.3%	
FUND 504 REFUSE COLLECTION SERVICE		446,082	445,793		289	52	144.8				34,428		407,138	3,893,146	(48,827)	-1.2%	
FUND 206 TRAFFIC IMPACT		33,830	33,830			0	0							33,830	(289)	-0.1%	
85201 ENGINEERING DESIGN/CONSTRUC		78,459	29,290		118	36	0		49,051		23,835			53,125	(25,334)	0.0%	
FUND 511 SEWER SERVICE FUND		819,587	716,282		5,203	4.5	17.8		98,102		2,979		50,152	769,413	(50,174)	-6.1%	
85251 DEVELOPMENT SERVICES		603,483	595,700		7,783	0	23.4						65,771	661,471	57,988	9.6%	
85406 FIRE STATION MAINT						0	0									0.0%	
FUND 508 WOCWB		8,378	8,378			0	0									0.0%	
85405 RECREATION FACILITIES MAINT		616,916	616,916			4.7	59.7				3,130		168,034	788,080	171,164	27.7%	
85301 TRANSPORTATION MGMT		108,126	98,442		1,509	7	0		8,175		4,634			103,076	(5,050)	-4.7%	
85302 SIGN & MARKING MAINT		222,009	185,968		3,340	4.7	0		32,701		3,130			189,098	(32,911)	-14.8%	
85304 SIGNAL & LIGHTING MAINT		221,519	181,862		2,869	4.7	32.0		36,788		3,130		89,943	274,935	53,416	24.1%	
85410 CONCRETE MAINT		89,321	39,446		824	4.7	0		49,051		3,130			42,576	(46,745)	-52.3%	
85602 LANDSCAPE MAINT		548,135	495,068		8,104	4.7	27.8		44,963		3,130		78,091	576,289	28,154	5.1%	
85404 CENTRAL LIBRARY MAINT		8,056	8,056			4.7	0							11,186	3,130	38.9%	
85412 STREET MAINTENANCE		1,037,003	826,103		10,609	4.7	49.3		200,291		3,130		138,605	967,838	(69,165)	-6.7%	
85611 PARK MAINTENANCE		1,555,141	1,249,228		19,783	4.7	65.9		286,130		3,130		185,466	1,437,824	(117,317)	-7.5%	
85414 HAZARDOUS MATERIALS		50,051	21,320		118	0	0		28,613					21,320	(28,731)	-57.4%	
85415 STREET SWEEPING		387,037	297,740		3,458	0	49.3		85,839				138,605	436,345	49,308	12.7%	
85416 WEED ABATEMENT		2,391	2,391			0	0							2,391		0.0%	
85501 STORM DRAIN MAINT		59,691	58,749		942	4.7	0				3,130			61,879	2,188	3.7%	
85502 PUMP STATION MAINT		179,443	179,443			4.7	0				3,130			182,573	3,130	1.7%	
85601 LANDSCAPE ADMIN		13,143	8,819		236	0	0		4,088					8,819	(4,324)	-32.9%	
TOTAL		\$ 12,095,368	\$ 10,545,102		\$ 103,283	154	684.42		\$ 1,545,102		\$ 103,283		\$ 1,545,102	\$ 12,095,368	\$ 0	0.0%	



City of Huntington Beach, California
Water / Wastewater Cost Allocation Study
5925003



4 Findings and Recommendations

4.1 Findings

The new allocation values that were calculated for Public Works are summarized in Table 5 column K. The most notable cost allocation increases were:

- Recreation Facilities Maintenance - \$171,164
- Fund 507 Water Master Plan - \$65,771
- Development Services – \$57,988
- Signal and Light Maintenance - \$53,416
- Fund 210 Sewer - \$53,131, and
- Street Sweeping - \$49,308.

The most notable cost allocation decreases were:

- Park Maintenance - (\$117,317)
- Street Maintenance - (\$69,165)
- Street Tree Maintenance - (\$56,682)
- Fund 511 Sewer Service Fund - (\$50,174), and
- Fund 505 Water - (\$48,827).

The total combined increase in transfer to the General Fund by the Sewer and Water Enterprise funds is \$19,901. It should be noted that since the time that the City CAP was conducted in May 2005, the allocation values have been increased by the City to meet standard price escalation. For example, it is estimated that the Sewer and Water related costs, as a whole, have been escalated by 12.26%². Applying this escalation to the total combined increase in transfer to the General Fund by the Sewer and Water Enterprise funds (as stated in Section 4.1) gives \$22,341.

4.2 Recommendations

In reviewing the City CAP, Red Oak identified opportunities for a variety of improvements. Three of these opportunities were deemed to be material improvements, while the rest were deemed to be insignificant within the context of the Public Works budget. Red Oak recommends that the suggested modifications to the allocation of PC-related costs and vehicle maintenance costs be implemented. Red Oak also recommends that fuel costs be paid directly by divisions (i.e. removed from the City CAP). It is likely

² Per conversation with City staff

that the Sewer and Water Enterprise funds are paying too little for fuel through the City's current cost allocation. Paying for the fuel directly will ensure that these expenditures are properly paid.

Red Oak understands that the City is currently engaged in a new City CAP; therefore, we recommend that the findings from this report be considered while developing that new CAP.

5 Appendix A: Review of City's Full Cost Allocation Plan

The Public Works Department (Public Works) of the City of Huntington Beach (the City) has retained Red Oak Consulting (Red Oak) to provide professional consulting services for Water/Wastewater Utility In Lieu and Cost Allocation Study. As part of our scope of services and in order to better understand current allocation practices at the City, Red Oak has reviewed the City's existing Cost Allocation Plan (City CAP), dated May 2005 by Public Resource Management Group (PRM). The following document summarizes the documents that Red Oak was provided and has reviewed to date as well as our understanding of how the City CAP model worked. Red Oak has also provided suggestions for potential improvements that the City may choose to make to the allocation methodology in future City CAP efforts.

Documents Reviewed

Red Oak was provided two version of the City CAP:

1. One hardcopy of the model data dated May 2005, and
2. One Microsoft (MS) Excel electronic copy of the model data entitled "cost allocation plan pgm group.xls."

It should be noted that the MS Excel version contained only "hard" values and had no functionality. As a result, the actual functionality of the model had to be inferred based on seeming relationships between values and based on our best professional judgment of how the model may have functioned.

Model Functionality Findings

In the interest of clarity, "central services" in this report refers to any City function that is designed to provide support to another City department or function. All other departments and functions are "operating services." Direct costs refer to those costs that are created directly by a particular division, while indirect costs refer to those costs that are generated by other central service divisions and allocated to another division.

In reviewing the model data, it appears that PRM used a "two-step" cost allocation methodology. Such a two-step allocation is an industry standard and is the recommended approach. Generally speaking, a two-step allocation first identifies all central service costs and allocated those costs proportionately to any divisions that benefit from the services. The second step isolates the costs that were allocated to a designated central service division and proportionately reallocates those costs to the remaining operating

departments. The purpose of this approach is to maximize the allocation of costs to the City's operating divisions.

In the City CAP model, there is a so-called "First Allocation" and a "Second Allocation", which generally correspond to the first and second steps of a two-step allocation. The following is a step by step explanation our understanding of the City CAP model. In the interest of clarity, we will refer to specific data from two example departments: the City Clerk Administration Division and City Attorney Administration Division. Appendix B provides a "snapshot" of the data for these two divisions from The City CAP model. We occasionally reference a cell or range of cells as presented in Appendix B.

First Allocation for central service divisions:

1. The total direct costs (i.e. salaries, supply & services, and operating expenditures) of the central services division (D308 for City Attorney) is added to the total of all "First Incoming" costs (C501) to make the First Allocation Total (E543). First Incoming costs are defined below.
2. If the central service division has more than one function (such as is the case for City Clerk Administration), the First Allocation Total is divided into each function based on what Red Oaks assumes to be time estimates provided by City Clerk Administration employees*. For example, City Clerk Administration weights the amount time spent between four of its five functions: Elections, Records Management, Passport and Council (D18 to H18). The time spent on the fifth function, General Admin, is spread out between the four functions that provide services to other divisions so that the costs can be allocated accordingly.
3. The (potentially divided) First Allocated Total is then allocated to divisions one of two ways.
 - a. It may be allocated directly to a specific division such as for the City Clerk Admin's "Elections" function costs, which are allocated directly to the Elections division (E207).
 - b. It may be allocated proportionately to all divisions that benefit from the division's services, based on a rationale that is specific to the function. For example, the City Clerk Admin's "Council" function is allocated to 15 separate divisions (including itself) based on the number of City Council agenda items generated by each division (C235 to D250). The rationale for allocating these costs should be logically connected to the cost drivers for each function. In the City Attorney Admin's case, the costs are allocated to division based on time estimates provided by employees (C507 to D540). The allocation rationales that are employed by the model for each central service function are summarized in Appendix A. It may also be noted that the allocation of a division's direct costs to other divisions (C507 to E541) creates First Incoming indirect costs for other divisions.

* This is an assumption on our part and could actually be based on timesheet records.

Both First Incoming and Second Incoming refer to indirect central service costs. First Incoming indirect costs are calculated as part of the First Allocation (see Step #3 above). Second Incoming indirect costs are calculated as part of the Second Allocation (see Step #4 below).

Second Allocation for central service divisions:

1. The Second Allocation starts by assembling all of the First Incoming indirect costs and Second Incoming indirect costs for the division from all other applicable City divisions (E501).
2. Similar to Step #2 of the First Allocation, in some cases (such as City Clerk Admin) the divisional indirect costs (i.e. those costs that are allocated to the division from other central service divisions) are divided into the division's functions based on the employee time estimates used in the First Allocation (E44 to H199).
3. The indirect costs for the division (or division's functions, if applicable) are summed and the First Incoming indirect costs are subtracted to get the Second Allocation Total (D501 and D199).
4. Similar to Step #3 of First Allocation, the Second Allocation Total may either be allocated directly to a division (such as for the City Clerk Admin's "Elections" functions as previously described), or allocated to various divisions based on the rationales described in Step #3 of First Allocation (such as for City Attorney Admin). Allocation of a division's indirect costs to other divisions creates the Second Incoming indirect costs for other divisions.
5. The sum of the First Allocation Total and Second Allocation Total make up the Full Cost Allocation for each division (D551 to D585 and G260 to G281).

Based on our review of these data, and noting our limited ability to understand the model's actual functionality, Red Oak finds that the City CAP model follows a correct and recommendable methodology. The remainder of this memorandum will address potential improvements or refinements to the allocation rationales that were utilized by the model.

Allocation Rationale

The allocation of the central service costs to operating divisions is determined by two factors: 1) identifying a quantifiable variable that correlates with the costs drivers for the central services divisions (such as number of employees served by the human resources department) and 2) the availability of such data. Appendix A provides a summary of all such allocation rationales that were used in the City CAP model. The following is a summary of the categories that were used:

- Direct costs
- Usage of building area (measured in square feet)
- Number of City Council agenda items generated by a division
- Amount of time spent by employees based on estimates
- Amount of time spent by employees based on work orders
- Division budget

- Division expenditures
- Division revenue
- Number of payroll checks
- Number of full-time employee equivalents (FTEs)
- Number of accounts
- Interest income per fund
- Number of account transfers per fund
- Number of classifications
- Number of requisitions
- Number of contracts
- Number of setups and changes
- Number of impressions
- Percentage of equipment usage
- 10 year loss history (safety)
- Number of PCs (personal computers)
- Number of Hardwares (computer related)
- Number of JDE users
- Number of users
- Number of radios
- Number of telephones
- Number of GIS users
- Number of vehicles

Recommendations

1. **Organizational Structure** - The City's organizational structure has changed since the time that the City CAP model was developed. The functions and responsibility of each division are important for correctly allocating costs to other divisions based on actual services. The next City CAP model will need to reflect the changes in name and function of divisions.
2. **Time Estimates** – There are indications that the allocation of costs based on time spent on certain functions (or for certain divisions) is based on employee estimates. For example, the City Attorney Administration uses time estimates to allocate costs to some 34 divisions. If possible, it may be more accurate and more defensible to use actual employee timesheets to account for employee workloads.
3. **Vehicle Maintenance** – The City CAP model uses the number of vehicles owned by served divisions to allocate Fleet Management costs. This methodology may not be optimal because the number of vehicles does not necessarily correlate with services costs. Similarly, mileage data would not be appropriate because certain vehicles (such as backhoes) don't incur wear based on their mileage. A better metric would be the number of services provided for each division, although this data may not be readily available. Perhaps a feasible improvement would be to use the number of vehicles in each division within a certain vehicle type category (such as light duty,

heavy duty, and special use). The average costs of servicing each type of vehicle would be estimated and proportional responsibility could be inferred.

4. Grounds Maintenance – The allocation of ground maintenance appears to be based on the number of square feet of the building associated with the grounds. While the actual grounds area would be more accurate this data may not be readily available. Using the perimeter of grounds may be an improvement over the current approach.
5. Tree Maintenance- It does not appear that the cost of tree maintenance on City property is allocated in the City CAP model. Based on discussion with City staff, we understand that the cost associated with maintaining trees on City properties (as compared to maintaining the trees for the City public spaces such as parks) is insignificant.
6. Street Maintenance – It does not appear that the cost of asphalt work and street maintenance for City facilities is included in the City CAP model. We understand through conversations with the City that the material cost for street and parking lot repairs are a direct pass-through to the requesting division. The labor costs associated with the work, however, are not allocated. Red Oak recommends that the labor costs be allocated to respective divisions based on the relative amount of work provided to each division over the course of the past five years.
7. IS - Servers - The City CAP model uses the number of PCs owned by divisions to allocate certain costs but doesn't account for the number of computer servers. Servers are arguably a more direct cost driver and should be included in the next City CAP.
8. IS - Major Software – The cost of supporting major software uses, such as GIS, AutoCADD, SCADA and others) are not allocated in the City CAP model. Based on discussion with City staff, we understand that the cost associated with supporting these software programs is insignificant.
9. Human Resources – The City CAP model assumes that Human Resource division costs are driven by the number of full-time employee equivalents (FTEs) in each department. This implies that the costs of human resource services are not significantly impacted by divisional differences in characteristics such as personnel growth, personnel turnover, recruitment activities, disciplinary proceedings, employee grievances, labor relations activities, worker's compensation claims/payouts, occupational H&S exposure reduction programs, or any other measure of employee issues. Based on conversations with the City, Red Oak agrees with this approach.
10. Accounts Payable and Accounts Receivable –The costs associated with this work are allocated based on the issuing division's budgets when in fact this might not be the best corollary of the cost drivers. Since the organization has changed we will discuss

this issue in the context of the current structure. The cost for the (new) Fiscal Services division should be allocated between operating and central services, since the division serves to issue utility invoices (a central service for the utilities) and business licenses (an operating function). Based on conversations with the City, Red Oak suggests that 10% of the Fiscal Services costs be allocated back to itself as an operations expense and 90% of the costs be allocated to the benefiting utility divisions as a central service. The central services costs should be allocated to divisions based on the number of invoices that they generate. Furthermore, the costs the Water, Sewer, and Refuse utilities should be split equally (i.e., one-third each) since the three utility charges are sent on a single consolidated bill.

(Appendix A to Full Cost Allocation Plan Review)

The following table is a summary of the allocation rationales that were applied towards each function of each central service division. Note that “Direct Identified” means that the associated cost was allocated to one specific City division rather than to multiple divisions.

Dept. #	DIVISION OR FUND	FUNCTION	ALLOCATION RATIONALE
14	35204 BUDGET & RESEARCH	MONTHLY REPORTS	RELATIVE BUDGET SIZE FOR GENERAL FUND UNITS
		BUDGET	RELATIVE BUDGET SIZE PER BUSINESS UNIT/FUND
		QUARTERLY REPORTS	RELATIVE BUDGET SIZE PER BUSINESS UNIT/FUND
		JDE PROCESS OWNER	RELATIVE BUDGET SIZE PER BUSINESS UNIT/FUND
		YEAR END RECONCIL	RELATIVE BUDGET SIZE PER BUSINESS UNIT/FUND
15	35301 HUMAN RESOURCES ADMIN	RECRUITMENT & RETENTION	DIRECT IDENTIFIED
		EMPLOYEE RELATIONS	DIRECT IDENTIFIED
16	35302 RECRUITMENT & RETENTION	RECRUITMENT A	ESTIMATED TIME PER DEPT
		RECRUITMENT B	ESTIMATED TIME PER DEPT
		TRAINING	NUMBER OF FTE'S PER BU
17	35303 EMPLOYEE RELATIONS	CLASSIFICATION	NUMBER OF CLASSIFICATIONS PER BU
		PAYROLL	NUMBER OF PAYROLL CHECKS PER BU
		EMPLOYEE TRANSACTIONS	NUMBER OF EMPLOYEE TRANS PER BU
		GENERAL EMPLOYEE RELATIONS	NUMBER OF FTE'S PER BU (INCLUDING TEMP EMPLOYEES)
18	35401 PROCUREMENT	PROCUREMENT	PERCENTAGE OF REQUISITIONS PER DEPT
		OFFICE SUPPLY DIST	COST OF SUPPLIES PER DEPARTMENT
		EQUIP REPLACE PROG	COST PER DEPT
		PROF SVC ADMIN	NUMBER OF CONTRACTS PER DEPT
		JD EDWARDS PROCURE	NUMBER OF SETUPS AND CHANGES PER DEPT
		PROC CARD PROG	PERCENTAGE OF PCARD TRANSACTIONS
		FUEL MGMT	COST OF FUEL PER DEPT
		REPROGRAPHICS	PERCENTAGE OF IMPRESSIONS PER DEPT
		COPY MACHINE MGMT	COST OF COPIES PER DEPT (FLOORS FURTHER BROKEN OUT BASED ON A RELATIVE% BUDGET PER DEPT ON EACH FLOOR)
		MAIL OPS	PERCENTAGE OF USAGE PER DEPT
19	35402 REPROGRAPHICS	UTILITY PROG	RELATIVE BUDGET SIZE OF UTILITY FUNDS
		PROCUREMENT	PERCENTAGE OF IMPRESSIONS PER DEPT
		OFFICE SUPPLY DISTRIBUTION	COST PER DEPT
		EQUIP REPLACEMENT PROG	COST OF EQUIP PER DEPT
		JD EDWARDS PROCURE	NUMBER OF SETUPS AND CHANGES PER DEPT
		REPROGRAPHICS	PERCENTAGE OF IMPRESSIONS
		COPY MACHINE MGMT	COST OF COPIES PER DEPT (FLOORS BASED ON A RELATIVE % OF BUDGET PER DEPT ON EACH FLOOR)
MAIL OPS	PERCENTAGE OF USAGE		
20	35403 MAIL	MAIL OPERATIONS	PERCENTAGE OF USE PER DEPT
21	35501 REAL ESTATE SERVICES	REAL ESTATE	BUDGETED EXPENDITURES PER DEPT
22	35601 EMPLOYEE BENEFITS	EMPLOYEE BENEFITS	COST OF 35000 ACTS PER BUSINESS UNIT/FUND
23	35610 LIABILITY INSURANCE	LIABILITY INSUR	EXPENDITURES PER BUSINESS UNIT (EXCLUDING NON DEPT)
		DIRECT IDENTIFIED INSUR	COST OF PREMIUMS
24	35620 EMPLOYEE SAFETY	EMPLOYEE SAFETY	TEN YEAR LOSS HISTORY PER DEPT- FURTHER BROKEN DOWN BASED ON FTE PER BU
25	40101 NON DEPARTMENTAL	CITY HALL	SQUARE FOOTAGE PER DEPT OCCUPIED
		GASOLINE	FUEL COST PER DEPT
		PARKS	DIRECT IDENTIFIED TO PARKS
		OTHER UTILITIES	DIRECT COST PER DEPT
		TERM PAY	NUMBER OF FTE'S PER DEPT
26	42101 IS- ADMIN	BUSINESS SYSTEMS	DIRECT IDENTIFIED
		SAFETY	DIRECT IDENTIFIED
		OPERATIONS	DIRECT IDENTIFIED
		COMMUNICATIONS	DIRECT IDENTIFIED
		GIS	DIRECT IDENTIFIED
	42151 IS- NETWORK	NETWORK	NUMBER OF PUS PER DEPT

Appendix A: Review of City's Full Cost Allocation Plan

Dept. #	DIVISION OR FUND	FUNCTION	ALLOCATION RATIONALE
27	42154 IS- BUSINESS SYSTEM	INTERNET/INTRANET	NUMBER OF PC'S PER DEPT
		CITYWIDE TRAINING	NUMBER OF FTE'S PER BUSINESS UNIT
		JD EDWARDS SYS	RELATIVE BUDGET SIZE PER BUSINESS UNIT/FUND
		KRONOS	NUMBER OF FTE'S PER BUSINESS UNIT
		EXCHANGE MESSAGING	NUMBER OF FTE'S PER BUSINESS UNIT
		LIBRARY	DIRECT IDENTIFIED
		NEW IMPLEMENT	NUMBER OF PC'S PER BUSINESS UNIT
		UTILITY	DIRECT TO UTILITIES BASED ON EXP PER DEPT/FUND
		DEVELOPMENT	NUMBER OF FTE'S PER BUSINESS UNIT SUPPORTED
		MAINFRAME CONVERSION	DIRECT TO BUSINESS UNIT SUPPORTED
		CIRTIX	NUMBER OF FTE'S PER BUSINESS UNIT
		SERVER MGMT	NUMBER OF PC'S PER BUSINESS UNIT
		EXISTING APS MAINT	NUMBER OF FTE'S PER BUSINESS UNIT
28	42153 IS- SAFETY	POLICE	DIRECT IDENTIFIED
		FIRE	DIRECT IDENTIFIED
		MARINE SAFETY	DIRECT IDENTIFIED
		LIBRARY	DIRECT IDENTIFIED
		PUBLIC WORKS	DIRECT IDENTIFIED
		TREASURER	DIRECT IDENTIFIED
		CITY HALL	NUMBER OF FTE'S BY BUSINESS UNIT IN CITY HALL
29	42156 IS- OPERATIONS	HELP DESK SUPPORT	NUMBER OF FTE'S PER BUSINESS UNIT
		HARDWARE SUPPORT	NUMBER OF PC'S PER DEPT
		SOFTWARE SUPPORT	NUMBER OF FTE'S PER BUSINESS UNIT
		OTHER SUPPORT	NUMBER OF PC'S PER DEPT
30	42201 IS- COMMUNICATIONS	POLICE SUPPORT	DIRECT IDENTIFIED
		FIRE SUPPORT	DIRECT IDENTIFIED
		LIBRARY SUPPORT	DIRECT IDENTIFIED
		CITY HALL SUPPORT	NUMBER OF FTE'S PER BUSINESS UNIT IN CITY HALL
31	42202 IS- GIS	WATER	DIRECT IDENTIFIED
		SEWER	DIRECT IDENTIFIED
		POLICE GIS	DIRECT IDENTIFIED
		FIRE GIS	DIRECT IDENTIFIED
		OTHER DEPTS GIS	NUMBER OF FTE'S PER BU EXCLU WTR, SWR, POLICE, FIRE (ALL COMM SVCS FTE'S CODED TO COMM SVCS ADMIN)
32	60101 PLANNING ADMIN	SUPPORT	FTE'S PER BUSINESS UNIT SUPPORTED
33	95101 PUBLIC WORKS ADMIN	PW ADMIN	NUMBER OF FTE'S PER GF BUSINESS UNIT SUPPORTED
		INCOMING	NUMBER OF FTE'S PER DEPT SUPPT FOR ALL PW
		INCOMING GASOLINE	NUMBER OF VEHICLES IN PW
34	95401 MAINTENANCE ADMIN	MAINT ADMIN	NUMBER OF FTE'S PER BUSINESS UNIT SUPPORTED
		DIRECT ADMIN TO FLEET	DIRECT IDENTIFIED TO FLEET
35	95402 BUILDING/GROUNDS MAINT	FACILITIES	% OF SQUARE FOOTAGE SUPPORTED BY BU
36	95403 CIVIC CENTER MAINT	CIVIC CENTER	% SQUARE FOOTAGE PER BUSINESS UNIT IN CIVIC CENTER
37	95511 CENTRAL WAREHOUSE	WAREHOUSE	NUMBER OF FTE'S PER PW BUSINESS UNIT
		FLEET OPS	NUMBER OF VEHICLES PER PW BUSINESS UNIT
		FIRE	DIRECT TO FIRE
38	95701 FLEET MANAGEMENT	POLICE	DIRECT TO POLICE
		BEACH	DIRECT TO BEACH
		EQUIP OPS	NUMBER OF VEHICLES WITHIN PUBLIC WORKS
39	95703 EQUIPMENT MAINT	FIRE FLEET	DIRECT TO FIRE
		POLICE FLEET	DIRECT TO POLICE
		BEACH FLEET	DIRECT TO BEACH

Appendix A: Review of City's Full Cost Allocation Plan

(Appendix B to Full Cost Allocation Plan Review)

The following tables are a snapshot from the City CAP model for City Clerk Administration and City Attorney Administration. These tables are referenced in this memorandum for purposes of illustrating the models functionality.

	A	B	C	D	E	F	G	H	I	J
1	CITY CLERK ADMINISTRATION DIVISION									
2	PERSONNEL SERVICE ANALYSIS									
3										
4										
5			History	General Admin	ELECTIONS	RECORDS MGMT	PASSPORT	COUNCIL		
6	CONNIE BROCKWAY	195,952	\$31,127	\$23,989	\$14,127	\$4,820	\$22,268			
7			13.05%	25.45%	15.02%	2.96%	28.30%			
8	ELIZABETH KHANUNI	64,064	21,141	12,812	4,453	9	28,826			
9			23.02%	29.00%	7.80%	0.20%	40.20%			
10	REBECCA ROSE	35,074	0	362	31,454	8,091	0			
11			0.00%	1.00%	84.95%	15.00%	0.00%			
12	DATTY PARMAR	30,874	0	0	0	0	30,874			
13			0.00%	0.00%	0.00%	0.00%	100.00%			
14	JOAN FLYNN	21,856	2,546	5,262	3,224	5,396				
15			11.60%	23.60%	14.60%	23.00%				
16	Total	251,263	60,864	42,663	20,613	7,011	84,087			
17			24.22%	16.98%	8.21%	2.79%	33.36%			
18	RELATIVE %	0.00%	23.82%	16.58%	8.21%	2.79%	33.36%			
19										
20										
21	A. DEPARTMENTAL COSTS									
22										
23				Percent	General Admin	ELECTIONS	RECORDS MGMT	PASSPORT	COUNCIL	
24	Salaries	5	\$21,526	\$51,250	\$16,172	\$43,224	\$1,702	\$59,578		
25	Salaries & Ben	5	23,096	76,409	23,394	7,075	36,375	26,175		
26	Benefits	5	98,162	15,974	11,211	11,717	5,061	25,111		
27			291,982	67,293	47,442	64,938	6,838	119,581		
28	BUDY & REBECCA COURT									
29	OPERATING EXP	3	11,260	2,207	1,653	2,824	369	4,308		
30	Departmental Cost Total	3	11,260	2,207	1,653	2,824	369	4,308		
31										
32	ADJUSTMENTS									
33										
34										
35										
36	Total		202,602	69,663	49,322	64,852	7,198	119,487		
37										
38	General Admin Allocation			85,965	43,879	15,969	2,260	45,211		
39	Grand Total		\$302,685	\$154,207	\$89,401	\$111,436	\$14,459	\$164,704		
40										
41	B. RECORING COSTS - (Excludes Shared Salaries)									
42										
43										
44										
45	CITY HALL BUILDING		\$10,758	0	\$1,202	\$7,668	3,437	15,363		
46	Subtotal - BUILDING USE ALLOWANCE		10,758	0	2,273	2,968	482	5,164		
47	COUNCIL		0	15,622	2,375	3,492	495	5,989		
48	Subtotal - CITY CLERK ADMIN		0	12,652	2,925	2,582	495	5,989		
49	MALDENIA		0	4,370	508	1,208	172	2,360		
50	RECORDING		0	17,694	5,969	3,492	463	5,903		
51	Subtotal - TRUST RECORDS MANAGEMENT		0	15,324	3,376	4,699	635	1,998		
52										
53	OFFICE		0	527	123	178	24	364		
54	AGENDA		0	272	59	77	11	131		
55	Subtotal - CITY COUNCIL		0	16,323	3,476	4,565	644	7,229		
56	PAYROLL		0	0	0	0	0	0		
57	ADVERTISEMENTS		0	0	0	0	0	0		
58	MAIL		0	360	62	77	10	173		
59	Subtotal - 2001 GENERAL ADMINISTRATION & TREASURY		0	360	62	77	11	195		
60										
61	BUDGET		0	140	30	56	8	134		
62	COUNCIL A		0	247	32	52	10	117		
63	COUNCIL B		0	6,425	1,244	1,795	249	3,229		
64	Subtotal - EMPLOYEE SUPPORT		0	281	64	254	29	431		
65	PRINTING/ADMINISTRATIVE		0	117	27	33	3	60		
66	CITY CLERK RELATIVE		0	76	11	13	1	101		
67	CITY CLERK RELATIVE		0	240	51	67	10	117		
68	Subtotal - CITY CLERK ADMINISTRATION OFFICE		0	2,396	1,778	2,412	339	5,663		
69										
70	BUDGET		0	569	67	166	24	362		
71	LABOR RELATIONS		0	1,754	287	373	53	677		
72	Subtotal - 2001 ADMINISTRATIVE SVC ADMIN		0	1,754	411	549	77	922		
73										
74	GENERAL ACCOUNTING		0	0	178	273	37	388		
75	Subtotal - 2002 GENERAL ACCOUNTING		0	0	178	273	37	388		
76										
77	1-AD		0	0	0	0	0	0		
78										
79										
80										
81										

Appendix A: Review of City's Full Cost Allocation Plan

A	B	C	D	E	F	G	H	I	J
85									
86	B. INCOMING COSTS - (Default Spread Salary%)								Dept 3 10101 CITY CLERK ADMIN
87									
88	Department	First Incoming	Second Incoming	ELECTIONS	RECORDS MGMT	PASSPORT	COUNCIL		
89	13 JD EDWARDS	\$0	\$141	\$33	\$39	\$6	\$67		
90	13 AR GENERAL FUND	0	69	15	19	3	33		
91	Subtotal - 35203 APIAR	0	200	62	81	12	138		
92									
93	14 MONTHLY REPORTS	0	25	16	21	3	35		
94	14 BUDGET	0	310	68	86	12	146		
95	14 QUARTERLY REPORTS	0	52	11	14	2	25		
96	14 JDE PROCESS OWNER	0	25	5	8	1	14		
97	14 YEAR END RECONCIL	0	28	5	7	1	12		
98	Subtotal - 35204 BUDGET & RESEARCH	0	492	104	136	19	232		
99									
100	16 RECRUITMENT A	0	1,906	383	900	71	853		
101	16 RECRUITMENT B	0	24,926	2,402	9,663	1,373	15,488		
102	16 TRAINING	0	197	40	52	7	88		
103	Subtotal - 35302 RECRUITMENT & RETENTION	0	26,919	7,825	10,215	1,451	17,429		
104									
105	17 CLASSIFICATION	0	861	182	238	34	406		
106	17 PAYROLL	0	1,205	253	333	47	569		
107	17 EMPLOYEE TRANSACTIONS	0	754	168	217	31	370		
108	17 GENERAL EMPLOYEE RELATIONS	0	380	81	105	15	179		
109	Subtotal - 35303 EMPLOYEE RELATIONS	0	3,230	683	894	127	1,525		
110									
111	18 PROCUREMENT	0	1,395	295	386	56	659		
112	18 OFFICE SUPPLY DIST	0	71	15	20	3	34		
113	18 JD EDWARDS PROCURE	0	408	87	113	16	193		
114	18 PROC CARD PROG	0	5	1	1	0	2		
115	18 REPROGRAPHICS	0	1,729	366	478	68	816		
116	18 COPY MACHINE MGMT	0	240	51	66	9	113		
117	18 MAIL OPS	0	299	57	74	11	127		
118	Subtotal - 35401 PROCUREMENT	0	4,118	873	1,139	162	1,944		
119									
120	19 PROCUREMENT	0	108	29	38	5	65		
121	19 OFFICE SUPPLY DISTRIBUTION	0	62	13	17	2	29		
122	19 JD EDWARDS PROCURE	0	29	5	8	1	14		
123	19 REPROGRAPHICS	0	37,980	8,049	10,508	1,493	17,500		
124									
125	B. INCOMING COSTS - (Default Spread Salary%)								Dept 3 10101 CITY CLERK ADMIN
126									
127	Department	First Incoming	Second Incoming	ELECTIONS	RECORDS MGMT	PASSPORT	COUNCIL		
128	19 COPY MACHINE MGMT	\$0	\$1,768	\$275	\$489	\$69	\$835		
129	19 MAIL OPS	0	143	30	40	6	68		
130	Subtotal - 35402 REPROGRAPHICS	0	40,120	8,503	11,100	1,577	18,940		
131									
132	20 MAIL OPERATIONS	0	9,288	1,968	2,570	365	4,385		
133	Subtotal - 35403 MAIL	0	9,288	1,968	2,570	365	4,385		
134									
135	21 REAL ESTATE	0	206	44	57	8	97		
136	Subtotal - 35501 REAL ESTATE SERVICES	0	206	44	57	8	97		
137									
138	22 EMPLOYEE BENEFITS	0	445	94	129	17	210		
139	Subtotal - 35601 EMPLOYEE BENEFITS	0	445	94	129	17	210		
140									
141	23 LIABILITY INSUR	0	10,303	2,184	2,851	405	4,864		
142	Subtotal - 35610 LIABILITY INSURANCE	0	10,303	2,184	2,851	405	4,864		
143									
144	25 CITY HALL	0	31,231	6,619	8,641	1,228	14,743		
145	25 TERM PAY	0	5,819	1,445	1,897	268	3,210		
146	Subtotal - 40101 NON DEPARTMENTAL	0	38,050	8,064	10,527	1,496	17,953		
147									
148	27 NETWORK	0	9,289	1,969	2,570	365	4,385		
149	Subtotal - 42151 IS - NETWORK	0	9,289	1,969	2,570	365	4,385		
150									
151	28 INTERNET/INTRANET	0	3,075	652	851	121	1,462		
152	28 CITYWIDE TRAINING	0	446	95	123	18	211		
153	28 JD EDWARDS SYS	0	219	46	61	9	103		
154	28 KRONOS	0	84	18	23	3	40		
155	28 EXCHANGE/MESSAGING	0	377	80	104	15	178		
156	28 NEW IMPLEMENT	0	3,143	666	870	124	1,484		
157	28 DEVELOPMENT	0	267	57	74	10	125		
158	28 CIRTIX	0	64	14	18	3	30		
159	28 SERVER MGMT	0	927	196	256	36	439		
160	28 EXISTING AP'S MAINT	0	354	75	98	14	167		
161	Subtotal - 42154 IS - BUSINESS SYSTEM	0	8,066	1,853	2,478	352	4,228		
162									
163	29 CITY HALL	0	154	35	45	6	77		
164									
165									
166									
167									
168									
169									
170									

Appendix A: Review of City's Full Cost Allocation Plan

A	B	G	D	E	F	G	H	I	J
176	B. INCOMING COSTS - (Default Spread Salary%)						Dept:3 10101 CITY CLERK ADMIN		
177									
178	Department	First Incoming	Second Incoming	ELECTIONS	RECORDS MGMT	PASSPORT	COUNCIL		
179	Subtotal - 42155 IS- SAFETY	\$0	\$164	\$25	\$45	\$6	\$77		
180									
181	38 HELP DESK SUPPORT	0	800	170	221	31	378		
182	39 HARDWARE SUPPORT	0	3,527	748	976	139	1,565		
183	30 SOFTWARE SUPPORT	0	786	167	217	31	371		
184	38 OTHER SUPPORT	0	2,170	460	600	85	1,024		
185	Subtotal - 42156 IS- OPERATIONS	0	7,283	1,544	2,015	296	3,428		
186									
187	31 CITY HALL SUPPORT	0	11,126	2,360	3,081	428	5,257		
188	Subtotal - 42201 IS- COMMUNICATIONS	0	11,126	2,360	3,081	428	5,257		
189									
190	32 OTHER DEPTS GIS	0	1,030	218	285	40	486		
191	Subtotal - 42202 IS- GIS	0	1,030	218	285	40	486		
192									
193	28 FACILITIES	0	1,976	419	547	79	923		
194	Subtotal - 85402 BUILDING/GROUNDS MAINT	0	1,976	419	547	79	923		
195									
196	37 CIVIC CENTER	0	31,086	6,588	8,601	1,222	14,675		
197	Subtotal - 85403 CIVIC CENTER MAINT	0	31,086	6,588	8,601	1,222	14,675		
198									
199	Total Incoming	10,726	272,505	60,048	78,391	11,437	133,754		
200									
201	C. TOTAL ALLOCATED		\$286,238	\$124,258	\$162,211	\$23,047	\$278,772		
202	ELECTIONS Allocations						Dept:3 10101 CITY CLERK ADMIN		
203		DIRECT IDENTIFIED	Allocation Percent	First Allocation	Direct Billed	Departmental Allocation	Second Allocation	Total	
204									
205	41 10201 ELECTIONS	100	100.00%	66,480	\$0	\$66,480	\$57,775	\$124,256	
206									
207	Subtotal	100	100.00%	66,480	0	66,480	57,775	124,256	
208									
209	Direct Bills					0		0	
210									
211	TOTAL					66,480		124,256	
212	RECORDS MGMT Allocations						Dept:3 10101 CITY CLERK ADMIN		
213		DIRECT IDENTIFIED	Allocation Percent	First Allocation	Direct Billed	Departmental Allocation	Second Allocation	Total	
214									
215	4 10301 RECORDS MANAGEMENT	100	100.00%	\$86,788	\$0	\$86,788	\$75,423	\$162,211	
216									
217	Subtotal	100	100.00%	86,788	0	86,788	75,423	162,211	
218									
219	Direct Bills					0		0	
220									
221	TOTAL					86,788		162,211	
222	PASSPORT Allocations						Dept:3 10101 CITY CLERK ADMIN		
223		DIRECT IDENTIFIED	Allocation Percent	First Allocation	Direct Billed	Departmental Allocation	Second Allocation	Total	
224									
225	42 10401 PASSPORT SERVICES	100	100.00%	\$12,331	\$0	\$12,331	\$10,716	\$23,047	
226									
227	Subtotal	100	100.00%	12,331	0	12,331	10,716	23,047	
228									
229	Direct Bills					0		0	
230									
231	TOTAL					12,331		23,047	

Appendix A: Review of City's Full Cost Allocation Plan

A	B	C	D	E	F	G	H	I	J
232	COUNCIL Allocations								
233									Dept:3 10101 CITY CLERK ADMIN
		NUMBER OF AGENDA ITEMS PER DEPT	Allocation Percent	First Allocation	Direct Billed	Departmental Allocation	Second Allocation	Total	
234									
235	3 10101 CITY CLERK ADMIN	71	8.92%	\$12,622	\$0	\$12,622	\$0	\$12,622	
236	5 15101 CITY ATTORNEY ADMIN	97	11.64%	17,244	0	17,244	16,392	33,636	
237	6 20101 CITY COUNCIL	143	17.17%	25,421	0	25,421	24,151	49,572	
238	7 25101 CENTRAL CASHIERING & TREASURY	26	3.12%	4,622	0	4,622	4,261	8,883	
239	7 30101 CITY ADMINISTRATOR'S OFFICE	79	9.49%	14,044	0	14,044	13,342	27,386	
240	1 35101 ADMINISTRATIVE SVC ADMIN	81	9.72%	14,399	0	14,399	13,600	28,079	
241	26 42101 IS- ADMIN	13	1.25%	1,778	0	1,778	1,689	3,467	
242	3 45101 PLANNING ADMIN	54	6.48%	9,600	0	9,600	9,120	18,720	
243	24 45101 PUBLIC WORKS ADMIN	102	12.24%	18,132	0	18,132	17,228	35,360	
244	26 45101 COMMUNITY SERVICES ADMIN	133	15.93%	11,899	0	11,899	10,640	21,839	
245	21 50101 LIBRARY ADMIN	5	0.60%	899	0	899	844	1,743	
246	96 55101 BUILDING & SAFETY ADMIN	6	0.72%	1,067	0	1,067	1,013	2,080	
247	110 65101 FIRE ADMIN	25	3.01%	4,444	0	4,444	4,220	8,664	
248	11 70102 ADMIN OPERATIONS	20	2.40%	5,333	0	5,333	5,087	10,420	
249	187 FUND 305 ROA CAP PROJECT AREA	41	4.92%	7,289	0	7,289	6,924	14,213	
250	999 2nd Allocation Orphans	0	0.00%	0	0	0	0	0	
251									
252	Subtotal	803	100.00%	148,081	0	148,081	128,691	276,772	
253									
254	Direct Billed						0	0	
255									
256	TOTAL						148,081	276,772	
257	ALLOCATION SUMMARY								Dept:3 10101 CITY CLERK ADMIN
258									
259		Department	ELECTIONS	RECORDS MGMT	PASSPORT	COUNCIL	Total		
260	0	DIRECT BILLED	0	\$0	\$0	\$0	\$0		
261	3	10101 CITY CLERK ADMIN	0	0	0	12,622	12,622		
262	4	10301 RECORDS MANAGEMENT	0	162,211	0	0	162,211		
263	5	15101 CITY ATTORNEY ADMIN	0	0	0	33,626	33,626		
264	6	20101 CITY COUNCIL	0	0	0	49,572	49,572		
265	7	25101 CENTRAL CASHIERING & TREASURY	0	0	0	9,013	9,013		
266	7	30101 CITY ADMINISTRATOR'S OFFICE	0	0	0	27,386	27,386		
267	1	35101 ADMINISTRATIVE SVC ADMIN	0	0	0	28,079	28,079		
268	26	42101 IS- ADMIN	0	0	0	3,467	3,467		
269	3	45101 PLANNING ADMIN	0	0	0	18,719	18,719		
270	24	45101 PUBLIC WORKS ADMIN	0	0	0	35,359	35,359		
271	41	10201 ELECTIONS	124,256	0	0	0	124,256		
272	42	10401 PASSPORT SERVICES	0	0	23,047	0	23,047		
273	26	45101 COMMUNITY SERVICES ADMIN	0	0	0	21,839	21,839		
274	21	50101 LIBRARY ADMIN	0	0	0	1,743	1,743		
275	96	55101 BUILDING & SAFETY ADMIN	0	0	0	2,080	2,080		
276	110	65101 FIRE ADMIN	0	0	0	8,664	8,664		
277	11	70102 ADMIN OPERATIONS	0	0	0	10,420	10,420		
278	187	FUND 305 ROA CAP PROJECT AREA	0	0	0	14,213	14,213		
279	999	2nd Allocation Orphans	0	0	0	0	0		
280									
281	Total		124,256	162,211	23,047	276,772	586,286		
282									
283									

Appendix A: Review of City's Full Cost Allocation Plan

	A	B	C	D	E	F	G	H	I	J	
284											
285	CITY ATTORNEY ADMINISTRATION DIVISION										
286											
287	A. DEPARTMENTAL COSTS						Dept 5 15101 CITY ATTORNEY ADMIN				
288											
289					Amount	General Admin	ATTORNEY				
290	Salaries		51	\$1,351,133	\$0	\$1,351,133					
291	Salary % Spkr				.02%	190,008					
292	Benefits		5	355,327	0	355,327					
293				1,706,460	0	1,706,460					
294											
295	SUPPLY & SERVICES COST										
296	PROF SVCS		5	1,199,306	0	1,199,306					
297	CONTRACT SVCS		5	53,000	0	53,000					
298	OTHER OP EXP		5	95,400	0	95,400					
299	Departmental Cost Total			1,357,796	0	1,357,796					
300											
301	ADJUSTMENTS										
302											
303											
304	Total			3,064,166	0	3,064,166					
305											
306	General Admin Distribution				0	0					
307											
308	Grand Total			\$3,064,166		\$3,064,166					
309	B. INCOMING COSTS - (Default Based Salary)						Dept 5 15101 CITY ATTORNEY ADMIN				
310											
311		Department		First Incurring	Second Incurring		ATTORNEY				
312	1	CITY HALL BLD USE		\$16,743	\$0		\$16,743				
313		Subtotal - BUILDING USE ALLOWANCE		16,743	0		16,743				
314											
315	2	EQUIP USE		3,885	0		3,885				
316		Subtotal - EQUIPMENT USE ALLOWANCE		3,885	0		3,885				
317											
318	3	COUNCIL		17,244	0		17,244				
319		Subtotal - 10101 QTY CLERK ADMIN		17,244	0		17,244				
320											
321	4	AGENDA		5,971	0		5,971				
322		Subtotal - 10301 RECORDS MANAGEMENT		17,084	0		17,084				
323		Subtotal - 10301 RECORDS MANAGEMENT		23,059	0		23,059				
324											
325	5	ATTORNEY		0	158,829		158,829				
326		Subtotal - 15101 CITY ATTORNEY ADMIN		0	158,829		158,829				
327											
328	6	AFTE'S		0	2,507		2,507				
329		Subtotal - 20101 CITY COUNCIL		0	2,507		2,507				
330		AGENDA		0	22,369		22,369				
331		Subtotal - 20101 CITY COUNCIL		0	27,581		27,581				
332											
333	7	PAYROLL		0	28		28				
334		INVESTMENTS GF		0	180		180				
335		AR GF		0	2,634		2,634				
336		Subtotal - 75101 CENTRAL CASHING & TREASURY		0	2,832		2,832				
337											
338	8	BUDGET		0	1,412		1,412				
339		COUNCIL A		0	988		988				
340		COUNCIL B		0	8,792		8,792				
341		GENERAL DEPT SUPPORT		0	3,657		3,657				
342		INTERGOVERNMENTAL		0	1,287		1,287				
343		LABOR RELATIONS		0	1,158		1,158				
344		SPR COMM RELATIONS		0	2,444		2,444				
345		Subtotal - 30101 CITY ADMINISTRATOR'S OFFICE		0	19,739		19,739				
346											
347	10	BUDGET		0	6,056		6,056				
348											
349											

Appendix A: Review of City's Full Cost Allocation Plan

	A	B	C	D	E	F	G	H	I	J	
356											
357											
358											
359											
354	B. INCOMING COSTS - (Default Spread Rate%)							Dept: 15121 CITY ATTORNEY ADMIN			
355											
356		Department	First Incoming	Second Incoming	ATTORNEY						
357	16	LABOR RELATIONS	0	\$5,415	\$5,415						
358		Subtotal - 35101 ADMINISTRATIVE SVC ADMIN	0	11,471	11,471						
359											
360	13	GENERAL ACCOUNTING	0	8,248	8,248						
361		Subtotal - 15202 GENERAL ACCOUNTING	0	8,248	8,248						
362											
363	13	AP	0	3,834	3,834						
364	13	UD EDWARDS	0	1,433	1,433						
365	13	AR GENERAL FUND	0	793	793						
366		Subtotal - 35203 AP/AR	0	5,964	5,964						
367											
368	14	MONTHLY REPORTS	0	754	754						
369	14	BUDGET	0	3,140	3,140						
370	14	QUARTERLY REPORTS	0	323	323						
371	14	IDE PROCESS OWNER	0	291	291						
372	14	YEAR END RECONCIL	0	282	282						
373		Subtotal - 35204 BUDGET & RESEARCH	0	4,570	4,570						
374											
375	18	RECRUITMENT A	0	1,806	1,806						
376	18	RECRUITMENT B	0	13,433	13,433						
377	18	TRAINING	0	746	746						
378		Subtotal - 35302 RECRUITMENT & RETENTION	0	15,985	15,985						
379											
380	17	CLASSIFICATION	0	1,436	1,436						
381	17	PAYROLL	0	4,385	4,385						
382	17	EMPLOYEE TRANSACTIONS	0	588	588						
383	17	GENERAL EMPLOYEE RELATIONS	0	1,519	1,519						
384		Subtotal - 35303 EMPLOYEE RELATIONS	0	7,928	7,928						
385											
386	18	PROCUREMENT	0	2,791	2,791						
387	18	OFFICE SUPPLY DIST	0	157	157						
388	18	PROF SVC ADMIN	0	7,080	7,080						
389	18	EDWARDS PROCURE	0	258	258						
390	18	PROG CARD PROG	0	664	664						
391	18	FUEL MAINT	0	36	36						
392											
393											
394											
395											
396											

Appendix A: Review of City's Full Cost Allocation Plan

A	B	C	D	E	F	G	H	I	J
397									
398									
399	B. INCOMING COSTS - (Default Spread Rate%)								
400							Dept:5	15101	CITY ATTORNEY ADMIN
401	Department	First Incurring	Second Incurring	ATTORNEY					
402	10 REPROGRAPHICS	\$0	\$124	\$124					
403	11 COPY MACHINE MGMT	0	124	124					
404	12 MAIL OPS	0	86	86					
405	Subtotal - 35401 PROCUREMENT	0	11,422	11,422					
406									
407	10 PROCUREMENT	0	277	277					
408	11 OFFICE SUPPLY DISTRIBUTION	0	135	135					
409	12 EDWARD'S PROCURE	0	35	35					
410	10 REPROGRAPHICS	0	2,713	2,713					
411	11 COPY MACHINE MGMT	0	940	940					
412	12 MAIL OPS	0	47	47					
413	Subtotal - 36402 REPROGRAPHICS	0	4,197	4,197					
414									
415	20 MAIL OPERATIONS	0	3,059	3,059					
416	Subtotal - 35403 MAIL	0	3,059	3,059					
417									
418	21 REAL ESTATE	0	2,083	2,083					
419	Subtotal - 35501 REAL ESTATE SERVICES	0	2,083	2,083					
420									
421	22 EMPLOYEE BENEFITS	0	2,445	2,445					
422	Subtotal - 36001 EMPLOYEE BENEFITS	0	2,445	2,445					
423									
424	23 LIABILITY INSUR	0	104,211	104,211					
425	Subtotal - 35610 LIABILITY INSURANCE	0	104,211	104,211					
426									
427	25 CITY HALL	0	48,753	48,753					
428	26 GASOLINE	0	3,700	3,700					
429	25 TERM PAY	0	27,278	27,278					
430	Subtotal - 40101 NON DEPARTMENTAL	0	79,731	79,731					
431									
432	27 NETWORK	0	16,888	16,888					
433	Subtotal - 42151 IS- NETWORK	0	16,888	16,888					
434									
435	28 INTERNET/INTRANET	0	5,590	5,590					
436	29 CITYWIDE TRAINING	0	1,785	1,785					
443									
444	B. INCOMING COSTS - (Default Spread Rate%)								
445							Dept:5	18101	CITY ATTORNEY ADMIN
446	Department	First Incurring	Second Incurring	ATTORNEY					
447	30 EDWARD'S SYS	\$0	\$2,210	\$2,210					
448	20 GROUNDS	0	335	335					
449	21 CHANGE/MESSAGING	0	1,500	1,500					
450	20 NEW IMPLMENT	0	5,715	5,715					
451	26 DEVELOPMENT	0	1,059	1,059					
452	28 GRTIX	0	255	255					
453	27 SERVER MGMT	0	1,686	1,686					
454	28 EXISTING APP MAINT	0	1,414	1,414					
455	Subtotal - 42154 IS- BUSINESS SYSTEM	0	21,367	21,367					
456									
457	29 CITY HALL	0	657	657					
458	Subtotal - 42155 IS- SAFETY	0	657	657					
459									
460	30 HELP DESK SUPPORT	0	3,498	3,498					
461	30 HARDWARE SUPPORT	0	6,412	6,412					
462	30 SOFTWARE SUPPORT	0	3,144	3,144					
463	30 OTHER SUPPORT	0	3,945	3,945					
464	Subtotal - 42156 IS- OPERATIONS	0	16,999	16,999					
465									
466	31 CITY HALL SUPPORT	0	44,541	44,541					
467	Subtotal - 42201 IS- COMMUNICATIONS	0	44,541	44,541					
468									
469	32 OTHER DEPTS GIS	0	4,119	4,119					
470	Subtotal - 42202 IS- GIS	0	4,119	4,119					
471									
472	36 FACILITIES	0	152	152					
473	Subtotal - 35402 BUILDING/GROUNDS MAINT	0	152	152					
474									
475	37 CIVIC CENTER	0	48,445	48,445					
476	Subtotal - 35403 CIVIC CENTER MAINT	0	48,445	48,445					
477									
478	38 FLEET OPS	0	3,254	3,254					
479	Subtotal - 85701 FLEET MANAGEMENT	0	3,254	3,254					
480									
481	40 EQUIP OPS	0	11,548	11,548					

Appendix A: Review of City's Full Cost Allocation Plan

482	A	B	C	D	E	F	G	H	I	J
488	B. INCOMING COSTS - (Default @prior Budgetary%)									
490	Dept 5 15101 CITY ATTORNEY ADMIN									
491		Department	First Incurring	Second Incurring	ATTORNEY					
492		Subtotal - 85703 EQUIPMENT MAINT	\$0	\$11,648	\$11,648					
493										
494		COUNCIL	0	16,382	16,382					
495		Subtotal - 10101 CITY CLERK ADMIN	0	16,382	16,382					
496										
497		AGENDA	0	3,672	3,672					
498		RECORDS	0	10,528	10,528					
499		Subtotal - 10301 RECORDS MANAGEMENT	0	14,180	14,180					
500										
501		Total Incurring	60,927	668,963	729,890					
502										
503		C. TOTAL ALLOCATED		\$3,794,068	\$3,794,058					
504		ATTORNEY Allocations								
505										Dept 5 15101 CITY ATTORNEY ADMIN
506			DIRECT COST PER DEPT	Allocation Percent	First Allocation	Direct Bill	Departmental Allocation	Second Allocation	Total	
507	4	10301 RECORDS MANAGEMENT	21,178	1.81%	\$58,031	\$0	\$58,031	\$0	\$58,031	
508	5	15101 CITY ATTORNEY ADMIN	57,963	5.03%	158,829	0	158,829	0	158,829	
509	6	20101 CITY COUNCIL	47,221	4.14%	129,264	0	129,264	29,764	159,137	
510	7	25101 CENTRAL CASHIERING & TREASURY	2,355	0.21%	6,453	0	6,453	1,484	7,937	
511	8	30101 MUNICIPAL SERVICES	2,355	0.21%	6,453	0	6,453	1,484	7,937	
512	9	30101 CITY ADMINISTRATOR'S OFFICE	16,750	1.47%	45,888	0	45,888	10,508	56,436	
513	10	35101 ADMINISTRATIVE SVC ADMIN	26,627	2.30%	81,183	0	81,183	18,674	99,857	
514	11	35201 FINANCE ADMIN	15,464	1.36%	42,374	0	42,374	9,747	52,121	
515	12	35301 HUMAN RESOURCES ADMIN	55,057	4.78%	180,734	0	180,734	41,571	222,305	
516	13	35401 PROCUREMENT	2,808	0.25%	7,697	0	7,697	1,771	9,468	
517	14	35402 REPROGRAPHICS	2,809	0.25%	7,697	0	7,697	1,771	9,468	
518	23	35610 LIABILITY INSURANCE	513,702	45.04%	1,407,633	0	1,407,633	323,789	1,731,422	
519	24	42101S- ADMIN	14,742	1.29%	40,396	0	40,396	9,292	49,688	
520	34	85101 PUBLIC WORKS ADMIN	45,517	3.95%	124,725	0	124,725	28,680	153,414	
521	35	85401 MAINTENANCE ADMIN	7,200	0.64%	19,648	0	19,648	4,584	24,232	
522	44	25301 BUSINESS LICENSING	9,836	0.86%	26,663	0	26,663	6,205	32,868	
523	50	45101 COMMUNITY SERVICES ADMIN	28,767	2.52%	78,813	0	78,813	18,120	96,943	
524	59	45206 BEACH MAINTENANCE	4,694	0.41%	13,584	0	13,584	3,148	16,732	
525	72	45701 FLEET MANAGEMENT	909	0.08%	2,491	0	2,491	573	3,064	
526	81	50101 LIBRARY ADMIN	11,403	1.00%	31,246	0	31,246	7,187	38,433	
527	90	85101 BUILDING & SAFETY ADMIN	6,591	0.58%	18,683	0	18,683	4,343	23,026	
528	92	85301 PERMIT/PLAN CHECK	1,901	0.17%	5,209	0	5,209	1,198	6,407	
529	99	60201 PLANNING	31,722	2.78%	88,924	0	88,924	19,965	108,889	
530	139	60301 CODE ENFORCEMENT	26,954	2.36%	73,859	0	73,859	16,995	90,854	
531	101	61001 PLANNING COMMISSION	14,470	1.27%	39,680	0	39,680	9,121	48,771	
532	102	65101 FIRE ADMIN	16,207	1.42%	44,410	0	44,410	10,215	54,625	
533	113	7010Z ADMIN OPERATIONS	25,453	2.11%	87,147	0	87,147	22,344	109,494	
534	135	80415 STREET SWEEPING	3,094	0.27%	8,478	0	8,478	1,960	10,438	
535	187	FUND 305 RDA CAP PROJECT AREA	50,456	4.42%	138,258	0	138,258	31,803	170,061	
536	128	FUND 306 LOW INCOME HOUSING	17,327	1.52%	47,475	0	47,475	10,921	58,430	
537	192	FUND 504 REFUSE COLLECTION SERVICE	3,994	0.35%	10,478	0	10,478	2,450	12,928	
538	198	FUND 508 WATER	4,994	0.44%	13,684	0	13,684	3,148	16,832	
539	210	FUND 511 SEWER SERVICE FUND	4,994	0.44%	13,684	0	13,684	3,148	16,832	
540	225	ALL OTHER	21,282	1.87%	58,316	0	58,316	13,414	71,731	
541	999	Cost Allocation Orphans	0	0.00%	0	0	0	0	0	
542										
543		Subtotal	1,140,472	100.00%	3,125,093	0	3,125,093	668,963	3,794,056	
544										
545		Direct Bill					0		0	
546										
547		TOTAL					3,125,093		3,794,056	

Appendix A: Review of City's Full Cost Allocation Plan

A	B	C	D	E	F	G	H	I	J
5.48	ALLOCATION SUMMARY								Days 15101 CITY ATTORNEY ADMIN
5.49									
5.50	Department	ATTORNEY	Total						
5.51	0 DIRECT BILLED	0	0						
5.52	4 10301 RECORDS MANAGEMENT	58,021	58,021						
5.53	3 15101 CITY ATTORNEY ADMIN	158,829	158,829						
5.54	6 20101 CITY COUNCIL	159,157	159,157						
5.55	7 25101 CENTRAL CASHIERING & TREASURY	7,937	7,937						
5.56	8 35201 MUNICIPAL SERVICES	7,937	7,937						
5.57	9 30101 CITY ADMINISTRATOR'S OFFICE	56,456	56,456						
5.58	10 3101 ADMINISTRATIVE SVC ADMIN	99,857	99,857						
5.59	11 35201 FINANCE ADMIN	52,121	52,121						
5.60	12 35301 HUMAN RESOURCES ADMIN	222,397	222,397						
5.61	13 35401 PROCUREMENT	9,488	9,488						
5.62	14 35402 REPROGRAPHICS	9,488	9,488						
5.63	2 35610 LIABILITY INSURANCE	1,731,427	1,731,427						
5.64	20 42101 IS - ADMIN	49,688	49,688						
5.65	34 05101 PUBLIC WORKS ADMIN	153,414	153,414						
5.66	35 05401 MAINTENANCE ADMIN	24,537	24,537						
5.67	44 25301 BUSINESS LICENSING	33,152	33,152						
5.68	50 45101 COMMUNITY SERVICES ADMIN	96,942	96,942						
5.69	55 45205 BEACH MAINTENANCE	16,330	16,330						
5.70	79 45701 FLEET MANAGEMENT	3,064	3,064						
5.71	81 50101 LIBRARY ADMIN	38,434	38,434						
5.72	94 55101 BUILDING & SAFETY ADMIN	23,229	23,229						
5.73	98 55301 PERMIT/PLAN CHECK	6,437	6,437						
5.74	99 60201 PLANNING	905,918	905,918						
5.75	103 60301 CODE ENFORCEMENT	90,848	90,848						
5.76	104 61001 PLANNING COMMISSION	48,721	48,721						
5.77	103 65101 FIRE ADMIN	54,625	54,625						
5.78	11 71102 ADMIN OPERATIONS	119,494	119,494						
5.79	156 35415 8" STREET SWEEPING	10,428	10,428						
5.80	187 FUND 305 RDA CAP PROJECT AREA	170,061	170,061						
5.81	188 FUND 306 LOW INCOME HOUSING	58,400	58,400						
5.82	197 FUND 504 REFUSE COLLECTION SERVICE	10,428	10,428						
5.83	198 FUND 506 WATER	16,832	16,832						
5.84	202 FUND 511 SEWER SERVICE FUND	16,832	16,832						
5.85	232 ALL OTHER	71,731	71,731						
5.86	999 2nd Allocation Differne	0	0						
5.87									
5.88	Total	3,794,056	3,794,056						



Indio Water Authority, California

83101 Avenue 45, Indio, CA 92201

Comprehensive Service Fee Study

May 16, 2008

Final

Report Prepared By:



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(510) 596-3060

5943001

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1 Introduction

1.1 Purpose

The Indio Water Authority (IWA) retained Red Oak Consulting (Red Oak) to provide professional consulting services for a Comprehensive Service Fee Study. IWA is interested in developing a comprehensive list of Service Fees that are set at levels that reflect the true cost of providing the services related to Service Fees and comply with the requirements of AB 1600 and Proposition 218. This study reviewed IWA's existing Service Fees, identified new Service Fees where appropriate, and calculated the maximum-justifiable rates for all Service Fees.

The purpose of this study is to identify the true cost of Service Fee-related activities, thereby establishing the maximum-justifiable rate that can be charged for a particular service. Per California regulations, no Service Fee should be burdened with costs that cannot be directly or indirectly linked to that service. This analysis *does not* address monthly water service rates, but rather non-reoccurring, voluntary services that are not necessarily used by all customers. A common example is the fee for shutting-off water service.

1.2 Project Background and Scope

IWA has not undertaken a detailed cost of services study since May 28, 1997 (Resolution No. 6086), since which time the Service Fee structure has not been modified. Service Fees should be reviewed on a regular basis and adjusted in accordance with established IWA policies regarding Service Fee cost recovery. Typically a detailed study, such as this, is undertaken every 3-5 years with cost escalation adjustments in the intervening years.

Prior to developing this report, Red Oak performed the following general scope of services:

- Review of the City of Indio's (City) existing Cost Allocation Plan;
- Review of existing City and IWA Service Fees;
- Development of an updated and comprehensive schedule of Service Fees and related maximum-justifiable rates; and
- Comparative Service Fee survey of three local water purveyors.

The study was performed under the general direction of the General Services Manager and Management Analyst.

2 Methodology

Red Oak used the following methodology to develop the attached comprehensive list of Service Fees:

1. Reviewed the City's Cost Allocation Plan;
2. Developed a complete list of Service Fees;
3. Developed an IWA Cost Allocation Plan;
4. Calculated Fully Burdened Hourly Rates for operations employees by title;
5. Developed time and material cost estimates for Service Fee services; and
6. Calculated the maximum-justifiable Service Fee rates.

2.1 Review of City Cost Allocation Plan

A cost allocation plan identifies and distributes support service costs such as, Human Resources or Information Technology (IT) services to operation functions that benefit from those support services. The costs associated with support services are allocated to operation functions based on a "cost driver rationale". For example, the cost of providing human resource services is usually driven by the number of employees in a given operating department. Similarly, the cost of IT support can be allocated based on the number of computers within operating departments.

As a precursor to developing the IWA Cost Allocation Plan, Red Oak reviewed the existing City Cost Allocation Plan to understand the rationale behind the amount paid by IWA to the City for support services. Based on Red Oak's review, the City Cost Allocation Plan had the following opportunities for improvement:

1. The only "cost driver rationale" used by the City Cost Allocation Plan are budget values, implying that budgets are the sole driver for the cost of providing support services. Industry standards recognize that other factors may have a more logical relationship with the cost to provide those Internal Services.
2. The City Cost Allocation Plan methodology does not include information on the sources of funding for each department. In the event that a Line Department is receiving funds from a special funding source outside of the General Fund the reciprocal costs cannot be passed on as a cost to other departments.

2.2 Comprehensive List of Service Fees

Red Oak reviewed a number of City documents to identify all existing fees pertaining to IWA services. These documents included:

- City Resolution No. 6683
- IWA Resolution No. 2006-32
- IWA Resolution No. 6086
- City Council Agenda Report – Resolution Establishing Updated Public Works Processing Fee, dated July 5, 2006

After establishing the existing Service Fees, Red Oak identified a number of existing services that are currently being provided by IWA without direct charges to beneficiaries. The potential new Service Fees were identified based on conversations with IWA staff and by reviewing IWA’s standard operating procedures (“Development Services Procedural Guidelines, September 2007”).

2.3 IWA Cost Allocation Plan

Service Fees are calculated by determining the labor and material cost of providing a given service. The labor cost is determined by quantifying the amount of time spent by employees to deliver a particular service, then multiplying that time by that employee’s “Fully Burdened Hourly Rate.” Fully Burdened Hourly Rates reflects the total costs associated with an employee’s time by considering Direct Costs, IWA Indirect Costs, and City Allocation costs. Red Oak developed an IWA Cost Allocation Plan that quantified and allocated these costs to individual operations employees, then calculated an average Fully Burdened Hourly Rate for specific job titles.

Direct Costs – For purposes of this study, Direct Costs consisted of the salary and benefits of operations employees (those working directly to provide Service Fee services). Benefits included health care, Medicare, PERS, social security, life insurance, long-term disability, uniform costs, and automobile allowance. The Personnel line-item from the budget (Table 1, row 1) is a close approximation to the Direct Costs; however the two values aren’t perfectly reconciled and have a 0.18% discrepancy between the two. For purposed of this study, the calculated Direct Costs from **Error! Reference source not found.** was used to calculate the overhead multiplier and, hence, the Fully Burdened Hourly Rates.

Indirect Costs – For purposes of this study, Indirect Costs consisted of internal IWA administrative costs. These costs were taken directly from IWA’s 07/08 Operations budget and are summarized in Table 1. Indirect Costs are made up of the salaries and

benefits of administrative employees (row 1), Administrative Fees (row 2), Legal Fees (row 3), Supplies (row 8), and Equipment Replacement (row 13). The proportion of these costs allocated to Overhead¹ versus Operations was determined through conversation with IWA staff. Operation expenditures that were identified as being paid entirely by monthly water service rate revenue include Professional Services, Promotions and Conservation, Regulatory Fees, Utilities, Capital Equipment, Lease Agreement, and Debt Service.

Table 1 – Overhead vs. Operations Cost Allocation

07/08 Budget - Operation Expenditures

	A	B	C	D	E	
	Line Item	Budget	Overhead*	Operations	Overhead*	Operations
1	Personnel	\$ 3,413,368	33%	67%	\$ 1,120,342	\$ 2,293,026
2	Administration Fees	647,503	20%	80%	129,501	518,002
3	Legal Fees	60,000	100%	0%	60,000	-
4	Professional Services	105,700	0%	100%	-	105,700
5	Promotions and Conservation	18,500	0%	100%	-	18,500
6	Regulatory Fees	939,550	0%	100%	-	939,550
7	Utilities	2,039,300	0%	100%	-	2,039,300
8	Supplies	1,037,000	5%	95%	51,850	985,150
9	Capital Equipment	325,000	0%	100%	-	325,000
10	Lease Agreement	1,159,274	0%	100%	-	1,159,274
11	Debt Service	891,689	0%	100%	-	891,689
12	Internal Service Transfers	1,391,532	100%	0%	1,391,532	-
13	Equipment Replacement	264,000	24%	76%	64,216	199,784
14	Total	\$ 12,292,416			\$ 2,817,441	\$ 9,474,975

* “Overhead” is a combination of both Indirect Costs for IWA and City Allocation.

City Allocation - City Allocation refers to the administrative costs generated by the City that are charged to IWA as a result of the City Cost Allocation Plan. These City Allocation costs are paid by IWA to the City through an annual “Internal Service Transfer” (see row 12 of Table 1). Services provided by the City include Management Services (budgeting, accounting and information systems support), Human Services (human resources support), City Manager (public information and general government support services), and the City Council.

2.4 Fully Burdened Rates

In the next step, Fully Burdened Hourly Rates were calculated by title (see Table 2, below). “Fully burdened hourly rates” are hourly rates for operations employees that

¹ “Overhead” refers to the combination of IWA Indirect Costs and City Allocation costs.

include both the cost of labor and additional "burden" costs. In other words, the fully burdened rate includes the salary for the employee, their benefits, and related overhead expenses (such as the cost of the facilities that support them and the cost of support staff services).

In order to calculate the Fully Burdened Hourly Rates, operation positions were grouped by function (column A) and assigned a percent of time that the position typically performs Operations functions (column C). The average Direct Costs by title (salaries + benefits, column D) are multiplied by this percentage to calculate the average salary amount that is pertinent to operation functions (column E). An Overhead multiplier of 1.231 was determined by dividing the total Overhead (see Table 1, column D, row 14) by the operations portion of the Direct Costs (\$2,288,947). The average total annual cost by title is the sum of column D and column F. Finally the Average Fully Burdened Hourly Rates (column H) are calculated by dividing column G by 1800 (hours in a year).

Table 2 – Calculation of Fully Burdened Hourly Rates by Title

	A	B	C	D	E	F	G	H
	Position Title(s)	Count	Percent of Work Related to Operations	Average Direct Costs	Average Salary Amount Pertinent to Operations	Average Overhead based on Multiplier (1.231)	Average Total Annual Cost	Fully Burdened Hourly Rate
1	Customer Service Office Staff	4	20%	\$68,960	\$13,792	\$16,977	\$85,937	\$47.74
2	Administrative Assistant	1	20%	82,332	16,466	20,268	102,601	57.00
3	Assistant Engineer	2	100%	69,017	69,017	84,952	153,968	85.54
4	Water Utility Worker/Specialist & Pumping Operator	8	100%	69,989	69,989	86,149	156,138	86.74
5	Meter Reader	5	100%	71,007	71,007	87,401	158,408	88.00
6	Inventory Control Clerk	1	100%	72,207	72,207	88,879	161,086	89.49
7	Inspector	1	100%	74,200	74,200	91,332	165,532	91.96
8	Environmental Program Coordinator	1	100%	72,859	72,859	89,681	162,540	90.30
9	Senior Water Utility Worker & Senior Pumping Operator	5	100%	82,549	82,549	101,609	184,159	102.31
10	Water Quality Specialist	1	100%	88,780	88,780	109,278	198,058	110.03
11	Backflow Service Operator	1	100%	93,135	93,135	114,639	207,773	115.43
12	Principal Engineer	1	100%	110,132	110,132	135,560	245,692	136.50
13	General Service Manager	1	40%	221,539	88,615	109,076	330,614	184
14	Water Supervisor and Water Operations Manager	2	60%	\$133,791	\$75,828	\$93,336	\$227,128	\$126.18

2.5 Service Time and Material Cost Estimates

IWA staff were surveyed and then interviewed to develop estimates on the *average* amount of time that is spent in directly delivering the services associated with each Service Fee. The time spent by support personnel in delivering a particular service was not quantified since these costs are captured as part of Fully Burdened Hourly Rates. Red Oak also assembled data on the direct material costs associated with each Service Fee (e.g. the material costs for a new water service line). Note that the cost of vehicle miles associated with a given service was assumed to be included in the Fully Burdened Rates

in the form of Indirect Costs. The data for the time estimates and material costs have been provided as Appendix 1.

2.6 Development of Master Service Fee Model

As a final step, an MS Excel® model was developed to calculate the maximum-justifiable rates for all Service Fees. The model has been provided to IWA staff and will allow IWA to maintain Service Fee data by updating the data variable data, such as the Expenditure budget, direct labor costs, or material costs. Findings have been summarized in Section 3.

3 Findings and Recommendations

3.1 Service Fee Findings

The comprehensive list of updated Service Fees, their respective maximum-justifiable rate, and a comparison to current Service Fee rates has been provided as Appendix 2. The new Service Fees that are being proposed have been called out and provided as Appendix 3.

Note at the bottom of Appendix 2 the “true cost” of providing annual backflow inspections (listed as a monthly bill) has been provided for informational purposes only. IWA currently collects this revenue as part of the monthly water service bill since the annual inspection is not an optional service. Red Oak recommends that this current practice continue. The data provided in this report should be considered during IWA’s next water service rate study.

3.2 Survey Results

As part of this study Red Oak conducted a survey of the following neighboring peer water agencies:

- Desert Water Agency
- Mission Spring Water District
- Victorville Water Agency

These agencies were cooperative in providing their current water-related Service Fees. It is inherently difficult to compare Service Fee schedules directly; however the fees have been matched alongside IWA’s Service Fees as best as possible in Appendix 4. Only instances where one or more peer agency fees were comparable to IWA Service Fee were included in the comparison table.

3.3 Recommendations

The primary objective of this report is to provide IWA with the true cost of providing water-related services, and therefore the maximum-justifiable Service Fee rates (as has been provided in Appendix 2). Although the true cost of the service is the most important factor, IWA retains the right to make economic or policy-based decisions to charge customers *less than* the maximum-justifiable amount. There are a number of factors that may influence whether a public utility chooses to charge less than the

maximum justifiable amount through Service Fees. For example, IWA may consider the effects that increasing Service Fees will have on the individuals, or the communities, purchasing the services. The following economic and policy issues help illustrate these considerations.

1. Community-wide benefits versus specific benefit can be considered for certain services (e.g. fire flow calculations).
2. In conjunction with the point above, the issue of who is the service *recipient* versus the service *driver* can also be considered. For example, code enforcement activities benefit the community as a whole, but the service is driven by the individual or business owner that violates the pertinent regulations.
3. Certain pricing structures can encourage or discourage certain behaviors. An example of this is incrementally increasing the cost of providing water testing services, such that water quality testing is provided at a reasonable price as a courtesy, but excessive use of the service is discouraged.

To further assist in these economic and policy considerations, Red Oak offers the following general comments regarding Service Fee cost recovery:

- a) Development-related Service Fees, such as service connections, generally should have high cost recovery levels (at or close to 100%).
- b) No Service Fee should be set higher than 100% cost recovery, without disclosure regarding the reasons why (e.g. a fine or penalty element).
- c) If a proposed Service Fee increase is significant, IWA can opt to phase-in the increase over a period of time (such as over the course of 3 years).
- d) Comprehensive reviews should be undertaken every 3-5 years.
- e) Minor cost escalation adjustments should be made on an annual basis, in accordance with established IWA policies.



APPENDICES

Appendix 1 : Time and Material Cost Estimates

Service Fee Description		Penalty		Material Cost		SUMMARY OF TIME AND MATERIAL COSTS													TOTAL	
		Min.	Max.	Min.	Max.	Customer Service Office Staff	Meter Reader	Sr. Water Utility Wk/Spec. & Sr. Pumping Op.	Water Utility Wk/Spec. & Sr. Pumping Op.	Inventory Control Clerk	Administrative Assistant	Water Quality Specialist	Inspector	General Service Manager	Principal Engineer	Assistant Engineer	Min.	Max.		
1	Service Line Installation - Long Service - 5/8"	\$987																	\$2,279	
2	Service Line Installation - Long Service - 3/4"	\$987																	\$2,279	
3	Service Line Installation - Long Service - 3/4" x 1"	\$987																	\$2,279	
4	Service Line Installation - Long Service - 1"	\$1,016																	\$2,308	
5	Service Line Installation - Long Service - 2"	\$1,413																	\$3,840	
6	Service Line Installation - Short Service - 5/8"	\$669																	\$1,877	
7	Service Line Installation - Short Service - 3/4"	\$869																	\$1,877	
8	Service Line Installation - Short Service - 3/4" x 1"	\$898																	\$1,906	
9	Service Line Installation - Short Service - 1"	\$1,043																	\$2,619	
10	Service Line Installation - Short Service - 2"	\$400																	\$774	
11	New Meter Installation - 5/8"	\$400																	\$803	
12	New Meter Installation - 3/4"	\$429																	\$987	
13	New Meter Installation - 1"	\$613																	\$1,356	
14	New Meter Installation - 2"	\$698																	\$612	
15	Replacement Meter Installation - Existing account - 5/8"	\$400																	\$641	
16	Replacement Meter Installation - Existing account - 3/4"	\$400																	\$927	
17	Replacement Meter Installation - Existing account - 1"	\$429																	\$1,201	
18	Replacement Meter Installation - Existing account - 3/4" x 1"	\$613																	\$1,000	
19	Replacement Meter Installation - Existing account - 1"	\$698																	\$74	
20	Construction Meter & Eddie Valve Installation	15	\$12	60	\$88														T&M	
21	Relocation of Construction Meter & Eddie Valve	10	\$8	45	\$66														T&M	
22	Backflow Pressure Vacuum Breaker Installation - 3/4" - 8"																		T&M	
23	Backflow Double Check Installation - 3/4" - 8"																		T&M	
24	Backflow Reduced Pressure Installation - 3/4" - 8"																		T&M	
25	Hot Tap Installation Fee - Residential - 1"	\$987																	\$2,141	
26	Hot Tap Installation Fee - Residential - 2"	\$987																	\$2,141	
27	Hot Tap Installation Fee - Arterial - 1"	\$1,016																	\$2,691	
28	Hot Tap Installation Fee - Arterial - 2"	\$1,413																	\$3,068	
29	Hot Tap Installation Fee - Arterial - 4"	\$1,509																	\$3,184	
30	Hot Tap Installation Fee - Arterial - 6"	\$1,707																	\$3,382	
31	Hot Tap Installation Fee - Arterial - 8"	\$2,168																	\$4,382	
32	Hot Tap Installation Fee - Arterial - 10"	\$2,903																	\$5,099	

SUMMARY OF TIME AND MATERIAL COSTS																							
Fee Description	Customer Service Office Staff		Meter Reader		San Water Utility Wrt/Spec. & Str Pumping Op.		Water Utility Wrt/Spec. & Str Pumping Op.		Inventory Control Clerk		Administrative Assistant		Water Quality Specialist		Inspector		General Service Manager		Principal Engineer		Assistant Engineer		TOTAL
	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	
34 New Service Line Inspection - 5/8"	5	\$4																					\$188
35 New Service Line Inspection - 3/4"	5	\$4																					\$188
36 New Service Line Inspection - 3/4" x 1"	5	\$4																					\$188
37 New Service Line Inspection - 1"	5	\$4																					\$188
38 New Service Line Inspection - 2"	5	\$4																					\$188
39 New Meter Inspection - 5/8"	5	\$4	60	\$88																			\$252
40 New Meter Inspection - 3/4"	5	\$4	60	\$88																			\$252
41 New Meter Inspection - 3/4" x 1"	5	\$4	60	\$88																			\$252
42 New Meter Inspection - 1"	5	\$4	60	\$88																			\$252
43 New Meter Inspection - 2"	5	\$4	60	\$88																			\$252
44 Construction Meter & Eddie Valve Inspection																							\$138
45 New Backflow Pressure Vacuum Breaker Inspection - 3/4"	30	\$24					60	\$87															\$203
46 New Backflow Pressure Vacuum Breaker Inspection - 1"	30	\$24					75	\$108															\$224
47 New Backflow Pressure Vacuum Breaker Inspection - 1 1/2"	30	\$24					90	\$130															\$246
48 New Backflow Double Check Inspection - 3/4" - 2"	30	\$24					60	\$87															\$203
49 New Backflow Double Check Inspection - 2" - 4"	30	\$24					75	\$108															\$224
50 New Backflow Double Check Inspection - 1 1/2"	30	\$24					90	\$130															\$246
51 New Backflow Reduced Pressure Inspection - 3/4"	30	\$24					60	\$87															\$203
52 New Backflow Reduced Pressure Inspection - 1"	30	\$24					75	\$108															\$224
53 New Backflow Reduced Pressure Inspection - 1 1/2"	30	\$24					90	\$130															\$246
TESTING																							
54 Backflow Device Testing - 5/8", 3/4", and 1" - Monthly fee							40	\$88	60	\$89													\$12
55 Backflow Device Testing - 1 1/2" and 2" - Monthly fee							40	\$88	60	\$89													\$12
56 Backflow Device Testing - 3" and 4" - Monthly fee							90	\$130	60	\$89													\$18
57 Backflow Device Testing - 6" and over - Monthly fee							100	\$145	90	\$134													\$23
58 Backflow Device Retesting - 5/8", 3/4", and 1"	15	\$12					50	\$72	60	\$89													\$174
59 Backflow Device Retesting - 1 1/2" and 2"	15	\$12					50	\$72	60	\$89													\$174
60 Backflow Device Retesting - 3" and 4"	15	\$12					65	\$94	60	\$89													\$195
61 Backflow Device Retesting - 6" and over	15	\$12					70	\$101	60	\$89													\$203
62 Water Meter Testing - 5/8", 3/4", and 1"	15	\$12	90	\$132																			\$144
63 Water Meter Testing - 1 1/2" and 2"	15	\$12	90	\$132																			\$144
64 Water Meter Testing - 3" and over	15	\$12	90	\$132																			\$144
65 Pressure Test (2nd request and subsequent)	45	\$36					30	\$43															\$631

Part 2 of 4

Appendix 1: Summary of Time and Material Costs

SUMMARY OF TIME AND MATERIAL COSTS														Part 3 of 4										
Fee Description	Customer Service Office Staff		Meter Reader		Sewer Water Utility W/Spec. & Sew Pumping Op.		Water Utility W/Spec. & Pumping Op.		Primary Control Clerk		Administrative Assistant		Water Quality Specialist		Inspector		General Service Manager		Principal Engineer		Assistant Engineer		TOTAL	
	Min.	\$	Min.	\$	Min.	\$	Min.	\$	Min.	\$	Min.	\$	Min.	\$	Min.	\$	Min.	\$	Min.	\$	Min.	\$		Min.
66	Turning Water On/Off - Work Day	30	\$24																					\$111
67	Turning Water On/Off - Off Hours	30	\$24																					\$154
68	Water Service Establishment	60	\$48	60	\$88																			\$222
69	Change of Name on Account	15	\$12	60	\$88																			\$24
70	Service Restoration After Nonpayment - Work Day	30	\$24																					\$100
71	Service Restoration After Nonpayment - Off Hours	30	\$24																					\$111
72	Unauthorized Restoration - 1st Occurrence	45	\$36	60	\$88																			\$154
73	Unauthorized Restoration - 2nd Occurrence and each additional	45	\$36	60	\$88																			\$382
74	Unauthorized Meter Relocation Fee - Per meter	60	\$48	120	\$176	30	\$51																	\$506
75	Water shut-down - Residential	15	\$12																					\$320
76	Water shut-down - Arterial	15	\$12																					\$497
77	Water Shut-Down - Mains	15	\$12																					\$497
78	Water System Flushing & Inspection																							\$698
79	Missed Inspection / Appointment Fee / Immediate Test failure																							\$92
80	Water Meter Rereads - Second and each additional	15	\$12	60	\$88																			\$100
81	Water Meter Replacement Fee - 5/8"	120	\$95																					\$630
82	Water Meter Replacement Fee - 3/4"	120	\$95																					\$630
83	Water Meter Replacement Fee - 1"	120	\$95																					\$630
84	Water Meter Replacement Fee - 1 1/2"	120	\$95																					\$630
85	Water Meter Replacement Fee - 2"	120	\$95																					\$630
86	Water meter Replacement Fee - 2"	120	\$95																					\$630
87	Backflow Device Repair - 5/8", 3/4", and 1" (T&M)	15	\$12																					\$316
88	Backflow Device Repair - 1 1/2" and 2" (T&M)	15	\$12																					\$639
89	Backflow Device Repair - 3" and above (T&M)	15	\$12																					\$1,724
90	Backflow Device Repair - 4" (T&M)	15	\$12																					\$2,239
91	Backflow Device Repair - 6" (T&M)	15	\$12																					\$3,388
92	Backflow Device Repair - 8" (T&M)	15	\$12																					\$6,387
93	Construction Meter Replacement Fee	120	\$95																					\$1,171
94	Eddie Valve Replacement Fee	30	\$24																					\$481
95	Reprint Water Bill	15	\$12	30	\$44																			\$57
96	Delinquency Notification Fee - Per notification	1	\$1																					\$1.37
97	Delinquency Fee (penalty after notification)																							10% of outstanding bill
98	Special Requested Water Quality Sampling	25	\$20																					\$225
99	Record Drawing Request - Per drawing	5	\$4																					\$25
100	Special Consultation Services - Per hour																							10 \$31 60 \$136

SUMMARY OF TIME AND MATERIAL COSTS														Part 4 of 4													
Fee Description	Penalty	Material Costs	Customer Service Office Staff		Meter Reader		San Water Utility WWSpec. & Str Pumping Op.		Water Utility WWSpec. & Str Pumping Op.		Inventory Control Clerk		Administrative Assistant		Water Quality Specialist		Inspector		General Service Manager		Principal Engineer		Assistant Engineer		TOTAL		
			Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.			
101 Deposit for New Service - SRP		\$50																							\$50		
102 Deposit for New Service - All Others		\$100																							\$100		
103 Deposit for Construction Meter & Eddie Valve		\$1,309																							\$1,309		
RENTAL																											
104 Construction Meter & Eddie Valve Rental - Monthly		\$36	30	\$24																					\$60		
REVIEWS & APPROVALS																											
105 Plan Check Review - Per sheet			10	\$8																						\$770	
106 Plan Check Review - Per meeting			10	\$8																						\$414	
107 New Water System Inspection - Hourly Rate			10	\$8																						\$92	
108 IWA Review of Water Supply Assessment (Hourly Rate)			10	\$8																						\$85	
109 IWA Review of Easement Legal Description			40	\$32																						\$93	
110 IWA Review of Water Service Application			11	\$9																						\$75	
111 Fire flow Calculation		\$22	15	\$12																						\$194	
112 Will-Serve Letter Request																										\$55	
WELL PERMITS																											
113 Horizontal Pump Permit		Actual Cost	30	\$24																						\$500	
114 Community Water Supply Well Permit		Actual Cost	30	\$24																						\$522	
115 Agricultural Water Well Installation Permit		Actual Cost	30	\$24																						\$500	
116 Monitoring Well Permit		Actual Cost																								\$169	
117 Additional Monitoring Well Permit per Site		Actual Cost																								\$71	
118 Injection Well Permit		Actual Cost																								\$169	
119 Additional Injection Well Permit per Site		Actual Cost																								\$71	
120 Cathodic Protection for Wells Inspection		Actual Cost																								\$169	
121 Driveway Well Permit		Actual Cost																								\$169	
122 Private Well Evaluation		\$150	30	\$24																						\$284	
123 Driller Registration		Actual Cost	30	\$24																						\$284	
124 Abandonment of Well		Actual Cost	30	\$24																						\$500	
125 Well Operating Permit per Site - Annual fee		\$150	30	\$24																						\$358	

Appendix 2 : Comprehensive Service Fee List

Service Fee List (1 of 4)

Service Fee Description	Maximum Allowable Rate	Current Rate	Change	Notes for Proposed Fees
				INSTALLATIONS
1 Service Line Installation - Long Service - 5/8"	\$2,279	NA	NA	Installed after approved application
2 Service Line Installation - Long Service 3/4"	\$2,279	NA	NA	Installed after approved application
3 Service Line Installation - Long Service - 3/4" x 1"	\$2,279	NA	NA	Installed after approved application
4 Service Line Installation - Long Service - 1"	\$2,308	NA	NA	Installed after approved application
5 Service Line Installation - Long Service - 2"	\$3,840	NA	NA	Installed after approved application
6 Service Line Installation - Short Service - 5/8"	\$1,877	\$1,405	\$472	Installed after approved application
7 Service Line Installation - Short Service 3/4"	\$1,877	\$656	\$1,221	Installed after approved application
8 Service Line Installation - Short Service - 3/4" x 1"	\$1,877	\$706	\$1,171	Installed after approved application
9 Service Line Installation - Short Service - 1"	\$1,906	\$774	\$1,132	Installed after approved application
10 Service Line Installation - Short Service - 2"	\$2,619	\$1,238	\$1,381	Installed after approved application
11 New Meter Installation - 5/8"	\$774	\$651	\$123	Installed after approved application. Includes private wells.
12 New Meter Installation - 3/4"	\$774	\$656	\$118	Installed after approved application. Includes private wells.
13 New Meter Installation - 1"	\$803	\$706	\$97	Installed after approved application. Includes private wells.
14 New Meter Installation - 2"	\$987	\$774	\$213	Installed after approved application. Includes private wells.
15 Replacement Meter Installation - Existing account - 5/8"	\$1,356	\$1,238	\$118	Installed after approved application. Includes private wells.
16 Replacement Meter Installation - Existing account - 3/4"	\$612	NA	NA	Fee for either voluntary replacement, or for a meter that is broken by fault of the owner/contractor.
17 Replacement Meter Installation - Existing account - 1"	\$612	NA	NA	Fee for either voluntary replacement, or for a meter that is broken by fault of the owner/contractor.
18 Replacement Meter Installation - Existing account - 3/4" x 1"	\$641	NA	NA	Fee for either voluntary replacement, or for a meter that is broken by fault of the owner/contractor.
19 Replacement Meter Installation - Existing account - 2"	\$927	NA	NA	Fee for either voluntary replacement, or for a meter that is broken by fault of the owner/contractor.
20 Construction Meter & Eddie Valve Installation	\$1,201	NA	NA	Fee for either voluntary replacement, or for a meter that is broken by fault of the owner/contractor.
21 Relocation of Construction Meter & Eddie Valve	\$100	\$64	\$36	Installation only. Does not include rental fees.
22 Backflow Pressure Vacuum Breaker Installation - 3/4" - 8"	\$74	\$64	\$10	Fee to remove and install at new locate. Does not include inspection fee.
23 Backflow Reduced Pressure Installation - 3/4" - 8"	T&M	T&M	NA	Too many variables to estimate a general cost.
24 Hot Tap Installation Fee - Residential - 1"	T&M	T&M	NA	Too many variables to estimate a general cost.
25 Hot Tap Installation Fee - Residential - 2"	T&M	T&M	NA	Too many variables to estimate a general cost.
26 Hot Tap Installation Fee - Arterial - 1"	\$2,141	NA	NA	Installation only. Does not include inspection.
27 Hot Tap Installation Fee - Arterial - 2"	\$2,141	NA	NA	Installation only. Does not include inspection.
28 Hot Tap Installation Fee - Arterial - 4"	\$2,691	NA	NA	Installation only. Does not include inspection.
29 Hot Tap Installation Fee - Arterial - 6"	\$3,088	NA	NA	Installation only. Does not include inspection.
30 Hot Tap Installation Fee - Arterial - 8"	\$3,184	NA	NA	Installation only. Does not include inspection.
31 Hot Tap Installation Fee - Arterial - 10"	\$3,382	NA	NA	Installation only. Does not include inspection.
32 Hot Tap Installation Fee - Arterial - 12"	\$4,382	NA	NA	Installation only. Does not include inspection.
33 Hot Tap Installation Fee - Arterial - 14"	\$5,099	NA	NA	Installation only. Does not include inspection.

Appendix 2: Comprehensive Service Fee List

Service Fee List (2 of 4)

Fee Description	Maximum Allowable Rate	Current Rate	Change	Notes for Proposed Fees
34 New Service Line Inspection - 5/8"	\$188	\$50	\$138	Approve materials and inspect installation. Includes service lines, hot taps and private wells.
35 New Service Line Inspection - 3/4"	\$188	\$50	\$138	Approve materials and inspect installation. Includes service lines, hot taps and private wells.
36 New Service Line Inspection - 3/4" x 1"	\$188	\$50	\$138	Approve materials and inspect installation. Includes service lines, hot taps and private wells.
37 New Service Line Inspection - 1"	\$188	\$50	\$138	Approve materials and inspect installation. Includes service lines, hot taps and private wells.
38 New Service Line Inspection - 2"	\$188	\$50	\$138	Approve materials and inspect installation. Includes service lines, hot taps and private wells.
39 New Meter Inspection - 5/8"	\$252	\$50	\$202	Approve materials and inspect installation. Includes service lines, hot taps and private wells.
40 New Meter Inspection - 3/4"	\$252	\$50	\$202	Approve materials and inspect installation. Includes service lines, hot taps and private wells.
41 New Meter Inspection - 3/4" x 1"	\$252	\$50	\$202	Approve materials and inspect installation. Includes service lines, hot taps and private wells.
42 New Meter Inspection - 1"	\$252	\$50	\$202	Approve materials and inspect installation. Includes service lines, hot taps and private wells.
43 New Meter Inspection - 2"	\$252	\$50	\$202	Approve materials and inspect installation. Includes service lines, hot taps and private wells.
44 Construction Meter & Eddie Valve Inspection	\$138	NA	NA	Approve materials and inspect installation.
45 New Backflow Pressure Vacuum Breaker Inspection - 3/4"	\$203	\$50	\$153	Approve materials and inspect installation. Includes service lines, hot taps and private wells.
46 New Backflow Pressure Vacuum Breaker Inspection - 1"	\$224	\$50	\$174	Approve materials and inspect installation. Includes service lines, hot taps and private wells.
47 New Backflow Pressure Vacuum Breaker Inspection - 1 1/2"	\$246	\$50	\$196	Approve materials and inspect installation. Includes service lines, hot taps and private wells.
48 New Backflow Double Check Inspection - 3/4" - 2"	\$203	\$50	\$153	Approve materials and inspect installation. Includes service lines, hot taps and private wells.
49 New Backflow Double Check Inspection - 2" - 4"	\$224	\$50	\$174	Approve materials and inspect installation. Includes service lines, hot taps and private wells.
50 New Backflow Double Check Inspection - 1 1/2"	\$246	\$50	\$196	Approve materials and inspect installation. Includes service lines, hot taps and private wells.
51 New Backflow Reduced Pressure Inspection - 3/4"	\$203	\$50	\$153	Approve materials and inspect installation. Includes service lines, hot taps and private wells.
52 New Backflow Reduced Pressure Inspection - 1"	\$224	\$50	\$174	Approve materials and inspect installation. Includes service lines, hot taps and private wells.
53 New Backflow Reduced Pressure Inspection - 1 1/2"	\$246	\$50	\$196	Approve materials and inspect installation. Includes service lines, hot taps and private wells.
TESTING				
54 Backflow Device Retesting - 5/8", 3/4", and 1"	\$174	\$6	\$168	Required if annual test is failed.
55 Backflow Device Retesting - 1 1/2" and 2"	\$174	\$12	\$162	Required if annual test is failed.
56 Backflow Device Retesting - 3" and 4"	\$195	\$18	\$178	Required if annual test is failed.
57 Backflow Device Retesting - 6" and over	\$203	\$23	\$180	Required if annual test is failed.
58 Water Meter Testing - 5/8", 3/4", and 1"	\$144	\$64	\$80	First test every calendar year is free.
59 Water Meter Testing - 1 1/2" and 2"	\$144	\$64	\$80	First test every calendar year is free.
60 Water Meter Testing - 3" and over	\$144	T&M	NA	First test every calendar year is free.
61 Pressure Test (2nd request and subsequent)	\$631	NA	NA	First test every calendar year is free.

Service Fee List (3 of 4)

Fee Description		Maximum Allowable Rate	Current Rate	Change	Notes for Proposed Fees
62	Turning Water On/Off - Work Day	\$111	\$64	\$47	One fee paid at shut-off. No fee required to turn on existing account back on.
63	Turning Water On/Off - Off Hours	\$154	\$90	\$64	One fee paid at shut-off. No fee required to turn on existing account back on.
64	Water Service Establishment	\$222	\$20	\$202	For new accounts, or re-establishing lapsed accounts
65	Water Service Establishment - Construction Meter	\$24	\$20	\$4	For new accounts, or re-establishing lapsed accounts
66	Change of Name on Account	\$100	NA	NA	(no notes)
67	Service Restoration After Nonpayment - Work Day	\$111	\$64	\$47	This does not include applicable delinquency fees.
68	Service Restoration After Nonpayment - Off Hours	\$154	\$90	\$64	This does not include applicable delinquency fees.
69	Unauthorized Restoration - 1st Occurrence	\$382	\$64	\$318	This fee is a combination of a penalty and actual costs to IWA.
70	Unauthorized Restoration - 2nd Occurrence and each additional	\$506	\$128	\$378	This fee is a combination of a penalty and twice the costs for the first infraction (cost to "plug" the service line).
71	Unauthorized Meter Relocation Fee - Per meter	\$320	NA	NA	Cost to locate a meter that has been moved without authorization. Applicable re-installation and inspection fees also apply.
72	Water shut-down - Residential	\$497	64	\$433	Developer is responsible for giving notice to affected customers.
73	Water Shut-down - Arterial	\$497	NA	NA	Developer is responsible for giving notice to affected customers.
74	Water Shut-Down - Mains	\$497	NA	NA	Developer is responsible for giving notice to affected customers.
75	Water System Flushing & Inspection	\$698	NA	NA	Cost of water is metered and charged separately.
76	Missed Inspection / Appointment Fee / Immediate Test failure	\$92	NA	NA	For instances when no services are rendered, such as immediate test failure based on visual inspection. Equivalent cost of trip/lost time.
77	Water Meter Rereads - Second and each additional	\$100	NA	NA	No charge if meter is found to be incorrect.
78	Water Meter Replacement Fee - 5/8"	\$630	NA	NA	Replacement fee is only levied if the contractor/owner is at fault.
79	Water Meter Replacement Fee - 3/4"	\$630	NA	NA	Replacement fee is only levied if the contractor/owner is at fault.
80	Water Meter Replacement Fee - 3/4" x 1"	\$659	NA	NA	Replacement fee is only levied if the contractor/owner is at fault.
81	Water Meter Replacement Fee - 1"	\$843	NA	NA	Replacement fee is only levied if the contractor/owner is at fault.
82	Water meter Replacement Fee - 2"	\$928	NA	NA	Replacement fee is only levied if the contractor/owner is at fault.
83	Backflow Device Repair - 5/8", 3/4", and 1" (T&M)	\$316	NA	NA	Fee charged by actual time & materials. Listed fee is only an estimate and subject to change.
84	Backflow Device Repair - 1 1/2" and 2" (T&M)	\$639	NA	NA	Fee charged by actual time & materials. Listed fee is only an estimate and subject to change.
85	Backflow Device Repair - 3" and above (T&M)	\$1,724	NA	NA	Fee charged by actual time & materials. Listed fee is only an estimate and subject to change.
86	Backflow Device Repair - 4" (T&M)	\$2,239	NA	NA	Fee charged by actual time & materials. Listed fee is only an estimate and subject to change.
87	Backflow Device Repair - 6" (T&M)	\$3,388	NA	NA	Fee charged by actual time & materials. Listed fee is only an estimate and subject to change.
88	Backflow Device Repair - 8" (T&M)	\$6,387	NA	NA	Fee charged by actual time & materials. Listed fee is only an estimate and subject to change.
89	Construction Meter Replacement Fee	\$1,171	NA	NA	Fee is only charged if the contractor/owner is at fault. Deposit is forfeited and new deposit is required for new meter. Installation and inspection fees for new meter are not included.
90	Eddie Valve Replacement Fee	\$481	NA	NA	Fee is only charged if the contractor/owner is at fault. Deposit is forfeited and new deposit is required for new meter. Installation and inspection fees for new meter are not included.
91	Reprint Water Bill	\$57	NA	NA	Direct cost of paperwork.
92	Delinquency Notification Fee - Per notification	\$1.37	NA	NA	Direct cost of paperwork.
93	Delinquency Fee (penalty after notification)	10% of outstanding bill	NA	NA	IWA Ordinance to be updated (increased from 5%)
94	Special Requested Water Quality Sampling	\$225	NA	NA	One test per calendar year is free. Cost is labor and laboratory pass-through.
95	Record Drawing Request - Per drawing	\$25	NA	NA	When information request requires more than standard counter-time.
96	Special Consultation Services - Per hour	\$167	NA	NA	Consultation services for requests beyond the scope of service counter advice.

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Appendix 2: Comprehensive Service Fee List

Service Fee List (4 of 4)

Fee Description	Maximum Allowable Rate	Current Rate	Change	Notes for Proposed Fees
97 Deposit for New Service - SRF	\$50	\$50	\$0	No change
98 Deposit for New Service - All Others	\$100	\$100	\$0	No change
99 Deposit for Construction Meter & Eddie Valve	\$1,309	\$1,000	\$309	Equal to value of meter
100 Construction Meter & Eddie Valve Rental - Monthly	\$60	\$100	(\$40)	Fee based on amortized cost of equipment.
RENTALS & APPROVALS				
101 Plan Check Review - Per sheet	\$770	\$750	\$20	Includes, but not limited to, Improvement plans, Development Master Plans, Fire Water System Plans, and Sub-Area Master Plan (SAMP).
102 Plan Check Review - Per meeting	\$414	NA	NA	Charged in conjunction with Plan Checks. IWA to provide an estimate of the typical number of meetings required for projects (based on size). Counter time not charged.
103 New Water System Inspection - Hourly Rate	\$92	3% of project cost	NA	Existing 3% deposit charge unchanged. Plan Checks and meetings are charged per the above. Inspections charged separately based on T&M.
104 IWA Review of Water Supply Assessment (WSA)	\$585	NA	NA	Flat fee for review
105 IWA Review of Easement Legal Description	\$93	NA	NA	Flat fee for review
106 IWA Review of Water Service Application	\$75	NA	NA	Flat fee for review
107 Fire flow Calculation	\$194	\$117	\$77	Flat fee regardless of whether the calculation is done with a hydraulic model or a field calculation.
108 Will-Serve Letter Request	\$55	NA	NA	(no notes)
WELL PERMITS				
109 Horizontal Pump Permit	\$500	\$234	\$266	This is the permit fee only. Connection will also require a service line, meter and backflow installation and inspection. Fee includes sanitary seal inspection, water quality test, and final inspection.
110 Community Water Supply Well Permit	\$522	\$304	\$218	This is the permit fee only. Connection will also require a service line, meter and backflow installation and inspection. Fee includes sanitary seal inspection, water quality test, and final inspection.
111 Agricultural Water Well Installation Permit	\$500	\$157	\$343	This is the permit fee only. Connection will also require a service line, meter and backflow installation and inspection. Fee includes sanitary seal inspection, water quality test, and final inspection.
112 Monitoring Well Permit	\$169	\$125	\$44	For the first Monitoring Well on a site
113 Additional Monitoring Well Permit per Site	\$71	\$66	\$15	Each additional Monitoring Well on a site
114 Injection Well Permit	\$169	\$125	\$44	For the first Injection Well on a site
115 Additional Injection Well Permit per Site	\$71	\$66	\$15	Each additional Injection Well on a site
116 Cathodic Protection for Walls Inspection	\$169	\$125	\$44	Each inspection
117 Driver Well Permit	\$169	\$125	\$44	Each evaluation
118 Private Well Evaluation	\$284	\$63	\$221	Each review
119 Driller Registration	T&M	\$11	#VALUE!	Each evaluation
120 Abandonment of Well	\$500	\$53	\$447	Includes inspection
121 Well Operating Permit per Site - Annual fee	\$368	\$19	\$339	Annual Inspection Fee
INFORMATIONAL ONLY				
122 Backflow Device Testing - 5/8", 3/4", and 1" - Monthly fee	\$12	\$6	\$6	Required annual test, fee is charged as part of monthly bill
123 Backflow Device Testing - 1 1/2" and 2" - Monthly fee	\$12	\$12	\$0	Required annual test, fee is charged as part of monthly bill
124 Backflow Device Testing - 3" and 4" - Monthly fee	\$18	\$18	\$0	Required annual test, fee is charged as part of monthly bill
125 Backflow Device Testing - 6" and over - Monthly fee	\$23	\$23	\$0	Required annual test, fee is charged as part of monthly bill



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Appendix 3 : Proposed New Service Fees

The analysis recommends that IWA institute a number of new Service Fees, which includes the following new fees:

- Service Line Installation - Long Service – various meter sizes
- Service Line Installation - Short Service – various meter sizes
- New Meter Installation – various meter sizes
- Replacement Meter Installation for existing accounts – various meter sizes
- Backflow Pressure Vacuum Breaker Installation
- Backflow Double Check Installation – various sizes
- Backflow Reduced Pressure Installation – various sizes
- Hot Tap Installation Fee - Residential – various sizes
- New Service Line Inspection – various sizes
- New Meter Inspection – various sizes
- Pressure Test (2nd request and subsequent)
- Water Shut-Down - Mains
- Water System Flushing & Inspection
- Missed Inspection / Appointment Fee / Immediate Test failure
- Water Meter Rereads - Second and each additional
- Water meter replacement fee – various sizes
- Construction Meter Replacement Fee
- Eddie Valve Replacement Fee
- Reprint Water Bill
- Delinquency Notification Fee
- Delinquency Fee (after notification)
- Special Requested Water Quality Sampling
- Record Drawing request
- Special Consultation Services
- Construction Meter & Eddie Valve Rental
- IWA Review of Water Supply Assessment (WSA)
- IWA Review of Easement Legal Description
- IWA Review of Water Service Application
- Fire Flow Calculation
- Will-Serve Letter Request

Appendix 4: Service Fee Survey Results

Appendix 4 : Service Fee Survey Results

	Service Fee Description	IWA Maximum Allowable Rate		IWA Current Rate	Mission Springs ¹	Desert Water ²	Victorville ³	Notes
		Min	Max					
INSTALLATIONS								
1	Service Line Installation - Long Service 3/4"	\$2,279		NA	\$975			
2	Service Line Installation - Long Service - 1"	\$2,308		NA	\$1,025	\$2,725		
3	Service Line Installation - Long Service - 2"	\$3,840		NA	\$2,110	\$3,870		
4	Service Line Installation - Short Service 3/4"	\$1,877		\$656	\$975			
5	Service Line Installation - Short Service - 1"	\$1,906		\$774	\$1,025	\$2,725		
6	Service Line Installation - Short Service - 2"	\$2,619		\$1,238	\$2,110	\$3,870		
7	New Meter Installation - 3/4"	\$774		\$656			\$407	
8	New Meter Installation - 1"	\$987		\$774		\$300	\$440	
9	New Meter Installation - 2"	\$1,356		\$1,238		\$560	\$994	
10	Meter and Service Line Installation - 3/4"	\$2,652	\$3,053	NA			\$1,026	Min is for short service, max is for long service
11	Meter and Service Line Installation - 1"	\$2,894	\$3,295	NA			\$1,683	Ditto
12	Meter and Service Line Installation - 2"	\$3,974	\$5,195	NA			\$2,549	Ditto
13	Construction Meter & Eddie Valve Installation	\$100		\$64	\$120		T&M	
14	Relocation of Construction Meter & Eddie Valve	\$74		\$64	\$60			
15	Backflow Double Check Installation - 3/4" - 2"	T&M		T&M		\$360 - \$1340		
16	Backflow Reduced Pressure Installation - 3/4" - 2"	T&M		T&M	\$505 - \$1065	\$430 - \$1440		
TESTING								
17	Water Meter Testing - 5/8", 3/4", and 1"	\$144		\$64		\$60	\$0 - T&M*	* Depending whether the meter is accurate or not
18	Water Meter Testing - 1 1/2" and 2"	\$144		\$64		\$60	\$0 - T&M*	* Depending whether the meter is accurate or not
19	Water Meter Testing - 3" and over	\$144		T&M		\$120	\$0 - T&M*	* Depending whether the meter is accurate or not
MISC. ACCOUNT-RELATED WORK								
20	Turning Water On/Off - Work Day	\$111		\$64	28*	\$60		* For 1.5" to 2" service lines
21	Turning Water On/Off - Off Hours	\$154		\$64	50*	\$90		* For 1.5" to 2" service lines
22	Service Restoration After Nonpayment - Work Day	\$111		\$64	\$36	\$60		
23	Service Restoration After Nonpayment - Off Hours	\$154		\$64	\$68	\$90		
24	Unauthorized Restoration - 1st Occurrence	\$382		\$64		\$562		
25	Unauthorized Restoration - 2nd Occurrence and each additional	\$506		\$128		\$562		
26	Delinquency Notification Fee - Per notification	\$1.37		NA		\$5	\$3	
27	Delinquency Fee (penalty after notification)	10% of outstanding bill		NA			\$6	
DEPOSITS								
28	Deposit for New Service - SRF	\$50		\$50		\$50	\$120	
29	Deposit for New Service - All Others	\$100		\$100		\$100 - \$200	\$25	
30	Deposit for Construction Meter & Eddie Valve	\$1,309		\$1,000	\$650		Actual Cost	
REVIEWS & APPROVALS								
31	Plan Check Review - Per sheet	\$770		\$750	T&M (deposit of 5% of project value)	\$120 + \$0.10 per LF of Water Main Extension		
32	Plan Check Review - Per meeting	\$414		NA				
33	New Water System Inspection - Hourly Rate	\$92		3% of project cost				
34	Will-Serve Letter Request	\$55		NA		\$100		
INFORMATIONAL ONLY								
35	Backflow Device Testing - 5/8", 3/4", and 1" - Monthly fee	\$12		\$6		\$3	T&M	
36	Backflow Device Testing - 1 1/2" and 2" - Monthly fee	\$12		\$12		\$3	T&M	
37	Backflow Device Testing - 3" and 4" - Monthly fee	\$18		\$18		\$5	T&M	
38	Backflow Device Testing - 6" and over - Monthly fee	\$23		\$23		\$6	T&M	

¹ These Mission Springs fees went into effect on September 18, 2006.

² Desert Water fees were most recently updated on May 1, 2007.

³ Victorville fees were most recently updated in a resolution that was adopted January 15, 2008.