CITY OF LODI
INFORMAL INFORMATIONAL MEETING
"SHIRTSLEEVE" SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, SEPTEMBER 25, 2007

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, September 25, 2007, commencing at 7:02 a.m.

A. ROLL CALL

Present: Council Members – Katzakian, Mounce, and Mayor Johnson

Absent: Council Members – Hitchcock and Hansen

Also Present: City Manager King, City Attorney Schwabauer, and City Clerk Johl

B. TOPIC(S)

B-1 "Presentation of Cost Allocation Plan by MuniFinancial Services"

City Manager King briefly introduced the subject matter.

Deputy City Manager Krueger and Marshall Eyerman with MuniFinancial provided a presentation regarding the cost allocation plan. Specific topics of discussion included MuniFinancial background, what is a cost allocation plan, building blocks of a cost allocation plan, direct costs, indirect costs, data collection, methodology, double-step down, allocation example, and overhead rate summary.

In response to Mayor Pro Tempore Mounce, Mr. Krueger stated the cost of the study was approximately $20,000. City Manager King stated the study is significant in how it relates to water and wastewater, providing justification set in technology and science for direct and indirect costs and administrative costs, and it may also assist with federal grants.

In response to Mayor Pro Tempore Mounce, Mr. King stated the premise of the study is to justify centralized administrative costs that are charged to water and wastewater and review direct and indirect allocations in various areas, including existing redevelopment like activities. City Attorney Schwabauer stated currently the City Manager's office is spending time on redevelopment and if the costs do not come directly from redevelopment allocation, they could come from water and wastewater indirect allocations.

In response to Mayor Pro Tempore Mounce, Mr. King stated the cost allocation study has nothing to do with redevelopment and provided an overview of obligations in order to receive tax increment. Mr. King stated money can be paid back from the redevelopment agency to the City if a project area was formed.

In response to Mayor Johnson, Mr. Krueger stated the study can be adjusted on an annual basis as necessary by staff and used as a template for future budget-related purposes.

In response to Mayor Johnson, Mr. Krueger confirmed the document can live on its own and be amended by staff periodically. He also stated MuniFinancial would be available for assistance if necessary.

C. COMMENTS BY THE PUBLIC ON NON-AGENDA ITEMS

None

D. ADJOURNMENT

No action was taken by the City Council. The meeting was adjourned at 7:28 a.m.

ATTEST:

Randi Johl, City Clerk

AGENDA ITEM B-1

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Presentation of Cost Allocation Plan by MuniFinancial Services

MEETING DATE: September 25, 2007

PREPARED BY: Deputy City Manager

RECOMMENDED ACTION: Receive presentation of Cost Allocation Plan by Analysts from Muni-Financial Services.

BACKGROUND INFORMATION: MuniFinancial was engaged by the City to provide a comprehensive analysis to determine the appropriate allocation of costs between central service departments and operating departments. The largest central service departments include the Finance, Budget, Non-departmental and Information Technology divisions. The largest operating departments are the three utility fund operations (Water, Wastewater and Electric). The report furnished by MuniFinancial shows an allocation of central services costs of approximately $9.3 million and the basis upon which each of the central service department costs are allocated to all operating departments. Staff anticipates using the cost allocation plan methodology developed by MuniFinancial in developing the budget for fiscal year 2008-09 and to make mid-year adjustments in the 2007-08 budget. The mid-year adjustments will reflect the distribution of costs to the Water and Wastewater Utility funds as reported on page 27 of the attached report. The following table shows the adjustments that will be proposed to City Council at a later date:

	2007-08 Budget	Adjustments	Adjusted Budget
Water Utility Fund			
Cost of Services	617,700	442,422	1,060,122
In-lieu Taxes	418,699	(418,699)	0
	1,036,399	23,723	1,060,122
Wastewater Utiltiy Fund			
Cost of Services	574,661	876,817	1,451,478
In-lieu Taxes	830,000	(830,000)	0
	1,404,661	46,817	1,451,478

The line item of In-lieu Taxes for Water and Wastewater funds will be deleted from future budgets.

Representatives from MuniFinancial will make a power point presentation on Tuesday morning that will explain their methodology and the results of their analysis.

Jim Krueger, Deputy City Manager

Attachment

APPROVED: _____
Blair King, City Manager

MuniFinancial

Expertise

Education

City of Lodi

Overhead Cost Allocation Study

Revenue Enhancement

Communication

People Count

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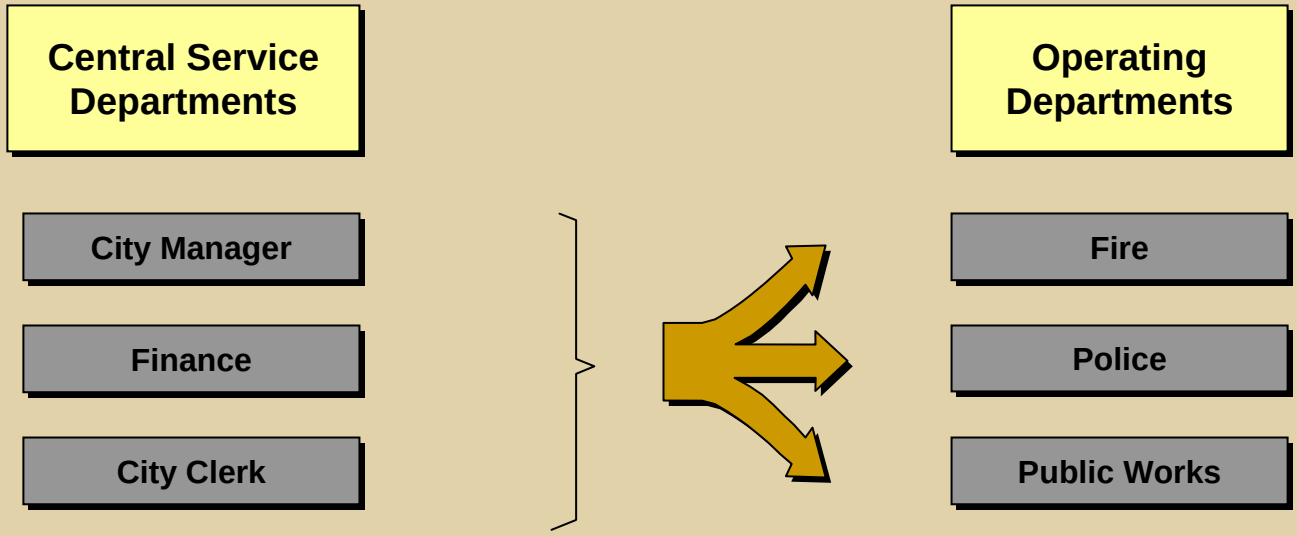
What is a Cost Allocation Plan?

- **A comprehensive City-wide Cost Allocation Plan ensures that all costs associated with the City's Central Services Departments are appropriately allocated to the respective City Operational Departments**
- **Cost Allocation Plans create a tool that formulates a fair and equitable methodology to identify and allocate indirect costs to direct cost programs**

Cost Allocation Plan



Central service departments provide support to operating departments

Operating departments provide services directly to the public

Building Blocks of a Cost Allocation Plan

- **An evaluation of the details of the City's actual costs from its audited financial statements for each of the Central Services Departments to determine which amounts are appropriately allocable to the Operating Departments**
- **Direct costs are those that can specifically be identified with a particular service**
- **Indirect costs are not inherently identifiable with a specific operating program**

Direct Costs

- **Direct program costs are readily identifiable in the City's budget**
- **Direct costs are those that can be specifically identified with a particular service, such as park maintenance, fire suppression or building and safety**

Indirect Costs

- **Indirect costs are not inherently identifiable with a specific operating program, but are incurred for a joint purpose that benefits more than one cost objective**
- **Examples of indirect costs are citywide expenditures that are budgeted in what are commonly called non-departmental accounts, such as:**
  - **Utilities**
  - **Postage**
  - **Telephones**

Data Collection

- **Cost Allocation Plans depend on the fundamental determination of how to appropriately allocate each central service department's costs to the operating departments. For example:**
  - **The Human Resources Department may allocate its services based on the number of employees in each of the other departments or on the number of new hires in each department**
  - **The Finance Department may allocate according to the size of each department's budget**
  - **Other bases for allocation include building space square footage and Council agenda appearances**
  - **The actual allocation process is determined by review and discussion**

Methodology

- **Direct Single Rate Allocation**
- **Direct Multiple Rate Allocation**
- **Single Step-Down Allocation**
- **Cross Allocation**
- **Double Step-Down**
  - **Most accurate and equitable**
  - **Utilizes two steps to allocate indirect costs**

Double-Step Down

- **First Step**
  - **Identify the allocable budget of each central service department**
  - **Distribute the allocable budget of each central service department to other central service departments and operating departments as indirect costs**
  - **Distribute facilities maintenance expenses to central service departments and operating departments as indirect costs**

Double-Step Down

- **Second Step**
  - **“Close Out” step**
  - **Allocate indirect costs from central service departments just to operating departments**
    - Calculating the total indirect costs for the central service departments, subtracting them out, and then allocating them to the operating departments
    - Once this step is complete, all central service departments’ indirect costs distributed to the operating departments

Allocation Example

Allocation Basis

Departments	Total Computers [1]	Dept. % [2]	Allocation [3]	Total Allocation [4]
Central Services Departments				
City Council	6	1.35%	$ 15,681	$ 15,681
City Manager	11	2.48%	28,748	28,748
City Clerk	4	0.90%	10,454	10,454
City Attorney	3	0.68%	7,840	7,840
Human Resources	6	1.35%	15,681	15,681
Information Technology	17	3.83%	44,429	44,429
Operating Departments				
Police	95	21.40%	248,277	248,277
Fire	22	4.95%	57,496	57,496
Public Works - Engineering	31	6.98%	81,017	81,017
Total [5]	444	100%	$ 1,160,369	**$ 1,160,369**

Dept's share of all computers

Total allocation

Overhead Rate Summary

Operating Departments	Total Dept. Budget	CS Allocation	Overhead Rate
Police	$ 14,692,716	$ 1,287,407	8.76%
Fire	9,000,340	598,458	6.65%
Public Works - Engineering	1,288,089	268,917	20.88%
Public Works - Streets	7,237,450	503,107	6.95%
Public Works - Transit	6,247,430	231,865	3.71%
Library	2,399,763	188,205	7.84%
Parks and Recreation	3,791,698	413,803	10.91%
Community Center	1,462,957	159,995	10.94%
Water Utility	19,979,528	1,060,122	5.31%
Wastewater Utility	38,424,331	1,451,478	3.78%
Electric Utility	75,454,770	2,679,559	3.55%
Community Development	3,009,814	345,795	11.49%

Questions & Answers

CITY OF LODI
COST ALLOCATION PLAN

SEPTEMBER 25, 2007

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Executive Summary

This cost allocation plan summarizes a comprehensive analysis completed for the City of Lodi, California ("the City") to determine the appropriate allocation of costs from City central service departments to all other departments. The primary objective is to allocate costs from departments generally known as central service departments because they provide services and support to operating departments and cost centers that conduct the operations necessary to serve the community.

To ensure that all costs associated with the provision of central services are appropriately allocated to the respective operational departments, we have analyzed and identified all central service expenditures and determined which are allocable to operating departments as indirect costs, otherwise known as overhead.

Additionally, this report describes the methodology used for distributing costs associated with the operation of each of the central services expenditures, as allocated to each of the operating departments, for cost recovery.

Table 25 summarizes the allowable central services expenditures, as allocated to each of the operating departments, for cost recovery.

Introduction

In the early 1970s, the cost allocation plan concept was introduced to many government agencies by identifying the indirect costs related to providing services, and allocating them to direct cost programs in a fair and equitable manner. Since then, local governments have found that through this process, city departments that are supported substantially by other departments can be allocated their fair share of the City's overhead costs, and that service fees, or user fees can more accurately reflect the total costs involved in providing services to the public.

City governments have administrative and general management departments and related cost centers. These central services departments provide services to operating departments and cost centers. These operating departments provide services directly to the community. A City may allocate a portion of the costs of the central services departments to the operating departments to more accurately represent the costs of the operating departments and to permit a more accurate calculation of fees charged by the operating departments.

The purpose of this study is twofold: first, to determine the allocable portions of costs from the central services departments to the operating departments, and second, to provide user fees with the appropriate overhead costs to determine the actual cost of services. To accomplish this, this report should be used as a supplement to the comprehensive user fee study.

Methodology

The methodology used in the Cost Allocation Plan is based on the methods of the federal Office of Management and Budget (OMB). OMB Circular A-87 describes five different methods for allocating indirect costs. The double step down method, chosen for this study, is considered the most accurate and equitable method described in Circular A-87. The double step down method utilizes two steps to allocate indirect costs. In the first step, central services department expenditures are identified and allocated as indirect costs to both central services departments and operating departments. The second step allocates indirect costs from the central services departments to the operating departments.

Cost Allocation Analysis

For the purpose of this study, there are twelve (12) departments/divisions which comprise the City's central service departments. These are: City Council, City Manager, City Clerk, City Attorney, Human Resources, Information Technology, Finance – Revenue and Collections, Finance – Accounting, Budget and Treasury, Non Departmental, Facility Maintenance, and Public Works – Administration.

Costs from these central service departments are distributed to operating departments to ensure that the City of Lodi is maximizing the recovery of general fund indirect costs from its various enterprises and other chargeable funds.

Indirect costs are not always identifiable with a specific operating program, but are incurred for a joint purpose that benefits more than one cost objective in the City. Common examples include finance, procurement, human resources and utility costs, and others such as postage and telephones that are sometimes budgeted in non-departmental accounts and utilize allowance costs (similar to depreciation schedules for capital assets).

Each succeeding section includes a description of each of the central service departments, a description of the methodology used in allocating indirect costs to operating departments, and a table for each central services department showing the methodology utilized in allocating indirect costs to operating departments.

City Council

The primary responsibility of the City Council is to determine the best use of allocation of the City's financial and human resources by providing policy direction and enacting municipal legislation. But in addition to legislative and policy decisions, the City Council deals with a number of administrative functions such as serving in a quasi-judicial role on certain administrative appeals and directing the administration of its policy decisions through the City Manager for delegation to appropriate City staff. Due to this, we estimate that 80% of the City Council's budget is allocable to the operating departments, while the remaining 20% is not allocable.

Of the eighty percent allocable, we have determined that forty percent (40%) should be allocated to operating departments based upon the frequency with which each operating department has items listed on City Council agendas. To determine this frequency, a survey was conducted on a random sampling of nineteen City Council agendas selected from each of the past four quarters to determine the number of times each department had matters on the agenda. We believe that the remaining forty percent (40%) should be allocated based upon the number of Full-Time Equivalent (FTE) employees assigned to each department. The 20% of the budget that is not allocable is considered to be time that the City Council spends on ceremonial duties that is reasonably subsidized by the General Fund.

Table 1 below summarizes the Total Department Budget, Total Allocable Funds, and provides a Percent Allocation Detail for the distribution of allocable funds.

Table 1: City Council Budget and Allocation Summary

Sources of Funds: [1]		
General Fund	$	96,250
Total Department Budget	$	96,250
Allocable Funds:		
General Fund	$	96,250
Total	$	96,250
Percent Allocation Detail:		
20.0% Unallocable	$	(19,250)
40.0% Agenda Frequency	$	38,500
40.0% Total FTE		38,500
Total Allocable	$	77,000

[1] From City of Lodi Fiscal Year 2007-08 Budget.

Table 2 below provides an account of how the total allocable amount of the City Council budget should be distributed to each operating department.

Table 2: Total Allocable City Council Budget

Departments	Agenda Frequency [1]	Dept. % [2]	Allocation [3]	Total FTE [4]	Dept. % [5]	Allocation [6]	Total Allocation [7]
Central Services Departments							
City Council	1	0.57%	$ 221	-	0.00%	$ -	$ 221
City Manager	13	7.47%	2,876	4.00	0.78%	300	3,176
City Clerk	22	12.64%	4,868	4.00	0.78%	300	5,168
City Attorney	24	13.79%	5,310	3.00	0.58%	225	5,535
Human Resources	2	1.15%	443	6.17	1.20%	463	905
Information Technology	3	1.72%	664	8.00	1.56%	600	1,264
Finance - Revenue/ Collections	1	0.57%	221	11.00	2.14%	825	1,046
Finance - Accounting	6	3.45%	1,328	8.00	1.56%	600	1,928
Budget & Treasury	4	2.30%	885	8.00	1.56%	600	1,485
Non-Departmental	-	0.00%	-	0.50	0.10%	38	38
Facility Maintenance	-	0.00%	-	4.00	0.78%	300	300
Equipment Maintenance	-	0.00%	-	11.00	2.14%	825	825
Public Works - Administration	11	6.32%	2,434	3.00	0.58%	225	2,659
Operating Departments							
Police	6	3.45%	1,328	123.39	24.04%	9,254	10,582
Fire	1	0.57%	221	64.30	12.53%	4,823	5,044
Public Works - Engineering	1	0.57%	221	18.95	3.69%	1,421	1,643
Public Works - Streets	11	6.32%	2,434	29.00	5.65%	2,175	4,609
Public Works - Transit	3	1.72%	664	2.00	0.39%	150	814
Library	2	1.15%	443	21.23	4.14%	1,592	2,035
Parks and Recreation	6	3.45%	1,328	61.09	11.90%	4,582	5,909
Community Center	5	2.87%	1,106	15.08	2.94%	1,131	2,237
Water Utility	11	6.32%	2,434	18.15	3.54%	1,361	3,795
Electric Utility	17	9.77%	3,761	49.12	9.57%	3,684	7,446
Community Development	19	10.92%	4,204	15.74	3.07%	1,181	5,385
Community RDA	-	0.00%	-	-	0.00%	-	-
Total [8]	174	100%	$ 38,500	513.32	100%	$ 38,500	$ 77,000

[1] Allocation based on the frequency that a City department has agenda items listed on City Council agendas. Departmental totals derived from a survey of nineteen City of Lodi City Council agendas from July 1, 2006 through June 30, 2007.
[2] Percentage derived by dividing the number of
[3] Dollar amount allocable to each City department based upon agenda frequency data.
[4] Number of Full-Time Equivalent ("FTE") employees in each department based upon data received from the City.
[5] Percentage derived by dividing the total number of FTE employees in each department by the total number of FTE positions.
[6] Dollar amount of City Council budget allocated to each department based upon the number of FTE employees in each department.
[7] Allocable portion of total City's FY 2007-2008 City Council budget expenditures distributed to other departments.
[8] Total City Council budget allocable to City departments.

City Manager

The Office of the City Manager is responsible for implementing the policies and programs established by the City Council, preparing and implementing the annual budget, and hiring all City employees.

Fifty percent (50%) of the City Manager's budget is reasonably allocated among other departments based on the City Council agenda frequency, and fifty percent (50%) should be allocated based upon the number of Full-Time Equivalent (FTE) employees assigned to each department. The total City Manager Budget of $1,178,675 is reduced by $102,160, which is directly allocated to the Community Redevelopment Agency. The remaining $1,076,515 is then allocated to all other departments based on the methodology described above.

Table 3 below summarizes the Total Department Budget, Total Allocable Funds, and provides a Percent Allocation Detail for the distribution of allocable funds.

Table 3: Total Allocable City Manager Budget

Sources of Funds: [1]		
General Fund	$	1,178,675
Total Department Budget	$	1,178,675
Allocable Funds:		
General Fund	$	1,178,675
Less RDA Allocation		(102,160)
Total	$	1,076,515
Percent Allocation Detail:		
50.0% Agenda Frequency	$	538,258
50.0% Total FTE		538,258
Total Allocable	$	1,076,515

[1] From City of Lodi Fiscal Year 2007-08 Budget.

Table 4 below provides an account of how the total allocable amount of the City Manager budget should be distributed to each operating department.

Table 4: Total Allocable City Manager Budget

Departments	Agenda Frequency [1]	Dept. % [2]	Allocation [3]	Total FTE [4]	Dept. % [5]	Allocation [6]	Total Allocation [7]
Central Services Departments							
City Council	1	0.57%	$ 3,093	-	0.00%	$ -	$ 3,093
City Manager	13	7.47%	40,215	4.00	0.78%	4,194	44,409
City Clerk	22	12.64%	68,056	4.00	0.78%	4,194	72,250
City Attorney	24	13.79%	74,242	3.00	0.58%	3,146	77,388
Human Resources	2	1.15%	6,187	6.17	1.20%	6,470	12,657
Information Technology	3	1.72%	9,280	8.00	1.56%	8,389	17,669
Finance - Revenue/ Collections	1	0.57%	3,093	11.00	2.14%	11,534	14,628
Finance - Accounting	6	3.45%	18,561	8.00	1.56%	8,389	26,949
Budget & Treasury	4	2.30%	12,374	8.00	1.56%	8,389	20,762
Non-Departmental	-	0.00%	-	0.50	0.10%	524	524
Facility Maintenance	-	0.00%	-	4.00	0.78%	4,194	4,194
Equipment Maintenance	-	0.00%	-	11.00	2.14%	11,534	11,534
Public Works - Administration	11	6.32%	34,028	3.00	0.58%	3,146	37,174
Operating Departments							
Police	6	3.45%	18,561	123.39	24.04%	129,384	147,945
Fire	1	0.57%	3,093	64.30	12.53%	67,424	70,517
Public Works - Engineering	1	0.57%	3,093	18.95	3.69%	19,871	22,964
Public Works - Streets	11	6.32%	34,028	29.00	5.65%	30,409	64,437
Public Works - Transit	3	1.72%	9,280	2.00	0.39%	2,097	11,377
Library	2	1.15%	6,187	21.23	4.14%	22,261	28,448
Parks and Recreation	6	3.45%	18,561	61.09	11.90%	64,058	82,618
Community Center	5	2.87%	15,467	15.08	2.94%	15,813	31,280
Water Utility	11	6.32%	34,028	18.15	3.54%	19,032	53,060
Wastewater Utility	5	2.87%	15,467	24.60	4.79%	25,795	41,262
Electric Utility	17	9.77%	52,588	49.12	9.57%	51,506	104,095
Community Development	19	10.92%	58,775	15.74	3.07%	16,505	75,280
Community RDA [8]	-	0.00%	-	-	0.00%	-	102,160
Total [9]	174	100%	$ 538,258	513.32	100%	$ 538,258	**$ 1,178,675**

[1] Allocation based on the frequency that a City department has agenda items listed on City Council agendas. Departmental totals derived from a survey of nineteen City of Lodi City Council agendas from July 1, 2006 through June 30, 2007.
[2] Percentage derived by dividing the number of departmental items on agendas by the total number of agenda items from City Council agenda survey.
[3] Dollar amount allocable to each City department based upon agenda frequency data.
[4] Number of Full-Time Equivalent ("FTE") employees in each department based upon data received from the City.
[5] Percentage derived by dividing the total number of FTE employees in each department by the total number of FTE positions.
[6] Dollar amount of City Manager budget allocated to each department based upon the number of FTE employees in each department.
[7] Allocable portion of total City's FY 2007-2008 City Manager budget expenditures distributed to other departments.
[8] A direct allocation of $102,160 is subtracted from the Total Department's Budget and the remainder is allocated to all other departments based on FTEs and Agenda Frequency.
[9] Total City Manager budget allocable to City departments.

City Clerk

The Office of the City Clerk efficiently and effectively provides comprehensive records management and document retrieval in order to satisfy both staff and the public's need for complete and timely information on city business. This may include preparing City Council meeting agendas, compiling minutes of Council meetings, maintaining the City's historical records, providing copies of City documents for a fee, and conducting municipal elections.

In our assessment, fifty percent (50%) is reasonably allocated among other departments based on the City Council agenda frequency and the remaining fifty percent (50%) is allocated based on the number of Full-Time Equivalent (FTE) employees in each department.

Table 5 below summarizes the Total Department Budget, Total Allocable Funds, and provides a Percent Allocation Detail for the distribution of allocable funds.

Table 5: City Clerk Budget and Allocation Summary

Sources of Funds: [1]		
General Fund	$	398,493
Total Department Budget	$	398,493
Allocable Funds:		
General Fund	$	398,493
Total	$	398,493
Percent Allocation Detail:		
50.0% Agenda Frequency	$	199,247
50.0% Total FTE		199,247
Total Allocable	$	398,493

[1] From City of Lodi Fiscal Year 2007-08 Budget.

Table 6 below provides an account of how the total allocable amount of the City Clerk budget should be distributed to each operating department.

Table 6: Total Allocable City Clerk Budget

Departments	Agenda Frequency [1]	Dept. % [2]	Allocation [3]	Total FTE [4]	Dept. % [5]	Allocation [6]	Total Allocation[7]
Central Services Departments							
City Council	1	0.57%	$ 1,145	-	0.00%	$ -	$ 1,145
City Manager	13	7.47%	14,886	4.00	0.78%	1,553	16,439
City Clerk	22	12.64%	25,192	4.00	0.78%	1,553	26,745
City Attorney	24	13.79%	27,482	3.00	0.58%	1,164	28,647
Human Resources	2	1.15%	2,290	6.17	1.20%	2,395	4,685
Information Technology	3	1.72%	3,435	8.00	1.56%	3,105	6,541
Finance - Revenue/ Collections	1	0.57%	1,145	11.00	2.14%	4,270	5,415
Finance - Accounting	6	3.45%	6,871	8.00	1.56%	3,105	9,976
Budget & Treasury	4	2.30%	4,580	8.00	1.56%	3,105	7,686
Non-Departmental	-	0.00%	-	0.50	0.10%	194	194
Facility Maintenance	-	0.00%	-	4.00	0.78%	1,553	1,553
Equipment Maintenance	-	0.00%	-	11.00	2.14%	4,270	4,270
Public Works - Administration	11	6.32%	12,596	3.00	0.58%	1,164	13,761
Operating Departments							
Police	6	3.45%	6,871	123.39	24.04%	47,894	54,765
Fire	1	0.57%	1,145	64.30	12.53%	24,958	26,103
Public Works - Engineering	1	0.57%	1,145	18.95	3.69%	7,355	8,501
Public Works - Streets	11	6.32%	12,596	29.00	5.65%	11,256	23,852
Public Works - Transit	3	1.72%	3,435	2.00	0.39%	776	4,212
Library	2	1.15%	2,290	21.23	4.14%	8,240	10,531
Parks and Recreation	6	3.45%	6,871	61.09	11.90%	23,712	30,583
Community Center	5	2.87%	5,725	15.08	2.94%	5,853	11,579
Water Utility	11	6.32%	12,596	18.15	3.54%	7,045	19,641
Wastewater Utility	5	2.87%	5,725	24.60	4.79%	9,549	15,274
Electric Utility	17	9.77%	19,467	49.12	9.57%	19,066	38,533
Community Development	19	10.92%	21,757	15.74	3.07%	6,110	27,866
Community RDA	-	0.00%	-	-	0.00%	-	-
Total [8]	174	100%	$ 199,247	513.32	100%	$ 199,247	**$ 398,493**

[1] Allocation based on the frequency that a City department has agenda items listed on City Council agendas. Departmental totals derived from a survey of nineteen City of Lodi City Council agendas from July 1, 2006 through June 30, 2007.
[2] Percentage derived by dividing the number of departmental items on agendas by the total number of agenda items from City Council agenda survey.
[3] Dollar amount allocable to each City department based upon agenda frequency data.
[4] Number of Full-Time Equivalent ("FTE") employees in each department based upon data received from the City.
[5] Percentage derived by dividing the total number of FTE employees in each department by the total number of FTE positions.
[6] Dollar amount of City Clerk budget allocated to each department based upon the number of FTE employees in each department.
[7] Allocable portion of total City's FY 2007-2008 City Clerk budget expenditures distributed to other departments.
[8] Total City Clek budget allocable to City departments.

City Attorney

The City Attorney is responsible for advising City Council regarding ordinances, resolutions, and contracts before the Council. The Office also provides legal advice to city departments and other agencies, boards and committees, as well as drafting ordinances, contracts, resolutions, and agreements. The City Attorney's office represents the City in litigation matters and prosecutes violators of City laws.

As the City Attorney provides services that relate to all aspect of government business, one hundred percent (100%) of the City Attorney General Fund budget is allocated among the other City departments based upon their percentage of the total City budget as summarized in Table 7 and shown in Table 8. The total City Attorney Budget of $488,573 is reduced by $184,569, which is directly allocated to PCE/TCE litigation. The remaining $304,004 is then allocated to all other departments based on the methodology described above.

Table 7 below summarizes the Total Department Budget, Total Allocable Funds, and provides a Percent Allocation Detail for the distribution of allocable funds.

Table 7: City Attorney Budget and Allocation Summary

Sources of Funds: [1]		
General Fund	$	488,573
Total Department Budget	$	488,573
Allocable Funds:		
General Fund	$	488,573
Less PCE/TCE litigation	$	(184,569)
Total	$	304,004
Percent Allocation Detail:		
100.0% Total Dept. Budget	$	304,004
Total Allocable	$	304,004

[1] From City of Lodi Fiscal Year 2007-08 Budget.

Table 8 below provides an account of how the total allocable amount of the City Attorney's budget should be distributed to each operating department.

Table 8: Total Allocable City Attorney Budget

Departments	Total Dept. Budget [1]	Dept. % [2]	Allocation [3]	Total Allocation[4]
Central Services Departments				
City Council	$ 96,250	0.05%	$ 151	$ 151
City Manager	1,076,515	0.56%	1,688	1,688
City Clerk	398,493	0.21%	625	625
City Attorney	304,004	0.16%	477	477
Human Resources	721,510	0.37%	1,131	1,131
Information Technology	1,160,369	0.60%	1,820	1,820
Finance - Revenue/ Collections	824,300	0.43%	1,293	1,293
Finance - Accounting	782,625	0.40%	1,227	1,227
Budget & Treasury	666,838	0.34%	1,046	1,046
Non-Departmental	1,804,050	0.93%	2,829	2,829
Facility Maintenance	825,322	0.43%	1,294	1,294
Equipment Maintenance	1,815,246	0.94%	2,847	2,847
Public Works - Administration	388,546	0.20%	609	609
Operating Departments				
Police	14,692,716	7.58%	23,041	23,041
Fire	9,000,340	4.64%	14,115	14,115
Public Works - Engineering	1,288,089	0.66%	2,020	2,020
Public Works - Streets	7,237,450	3.73%	11,350	11,350
Public Works - Transit	6,247,430	3.22%	9,797	9,797
Library	2,399,763	1.24%	3,763	3,763
Parks and Recreation	3,791,698	1.96%	5,946	5,946
Community Center	1,462,957	0.75%	2,294	2,294
Water Utility [6]	19,979,528	10.31%	31,332	215,901
Wastewater Utility	38,424,331	19.82%	60,258	60,258
Electric Utility	75,454,770	38.92%	118,330	118,330
Community Development	3,009,814	1.55%	4,720	4,720
Community RDA	-	0.00%	-	-
Total [5]	$ 193,852,954	100%	$ 304,004	**$ 488,573**

[1] Allocation based on the total dollar amount of each departmental budget less any direct allocable costs.
[2] Percentage derived by dividing the total departmental budget by the total City budget.
[3] Dollar amount allocable to each City department based upon total dollar amount of each departmental budget.
[4] Allocable portion of total City's FY 2007-08 City Attorney's budget expenditures distributed to other departments.
[5] Total City Attorney's budget allocable to City departments.
[6] Total allocation includes a direct allocation of $184,569 for PCE/TCE litigation.

Human Resources

The Human Resources is one of several divisions of the Internal Service Department. The Division's primary role is to support the City by providing all necessary services related to human resource management so as to assure that municipal services are delivered to the community in an efficient and effective manner. Human Resources handles issues relating to the hiring, firing, recruitment, or ongoing employment of the City's workforce, and manages employee benefits and job postings.

In our assessment, one hundred percent (100%) of the Human Resources Division's budget should be allocated to departments based upon the number of Full Time Equivalent (FTE) employees in each department.

Table 9 below summarizes the Total Division Budget, Total Allocable Funds, and provides a Percent Allocation Detail for the distribution of allocable funds.

Table 9: Human Resources Budget and Allocation Summary

Sources of Funds: [1]		
General Fund	$	721,510
Total Department Budget	$	721,510
Allocable Funds:		
General Fund	$	721,510
Total	$	721,510
Percent Allocation Detail:		
100.0% Total FTE	$	721,510
Total Allocable	$	721,510

[1] From City of Lodi Fiscal Year 2007-08 Budget.

Table 10 below provides an account of how the total allocable amount of the Human Resources Division budget should be distributed to each operating department.

Table 10: Total Allocable Human Resources Division Budget

Departments	Total FTE [1]	Dept. % [2]	Allocation [3]	Total Allocation [4]
Central Services Departments				
City Council	-	0.00%	$ -	$ -
City Manager	4.00	0.78%	5,622	5,622
City Clerk	4.00	0.78%	5,622	5,622
City Attorney	3.00	0.58%	4,217	4,217
Human Resources	6.17	1.20%	8,672	8,672
Information Technology	8.00	1.56%	11,245	11,245
Finance - Revenue/ Collections	11.00	2.14%	15,461	15,461
Finance - Accounting	8.00	1.56%	11,245	11,245
Budget & Treasury	8.00	1.56%	11,245	11,245
Non-Departmental	0.50	0.10%	703	703
Facility Maintenance	4.00	0.78%	5,622	5,622
Equipment Maintenance	11.00	2.14%	15,461	15,461
Public Works - Administration	3.00	0.58%	4,217	4,217
Operating Departments				
Police	123.39	24.04%	173,434	173,434
Fire	64.30	12.53%	90,379	90,379
Public Works - Engineering	18.95	3.69%	26,636	26,636
Public Works - Streets	29.00	5.65%	40,762	40,762
Public Works - Transit	2.00	0.39%	2,811	2,811
Library	21.23	4.14%	29,840	29,840
Parks and Recreation	61.09	11.90%	85,867	85,867
Community Center	15.08	2.94%	21,196	21,196
Water Utility	18.15	3.54%	25,511	25,511
Wastewater Utility	24.60	4.79%	34,577	34,577
Electric Utility	49.12	9.57%	69,042	69,042
Community Development	15.74	3.07%	22,124	22,124
Community RDA	-	0.00%	-	-
Total [5]	513.32	100%	$ 721,510	**$ 721,510**

[1] Number of Full-Time Equivalent ("FTE") employees in each department based upon information provided by the City.
[2] Percentage derived by dividing the total number of FTE employees in each department by the total number of FTE positions.
[3] Dollar amount of the Human Resources budget allocated to each department based upon the number of FTE employees in each department.
[4] Allocable portion of total City's FY 2007-08 Human Resources budget expenditures distributed to other departments.
[5] Total Human Resources budget allocable to City departments.

Information Technology

The City's Information Technology Division activity centers on the City's goal to enhance access to information and the organization's increasing dependency upon accurate, timely information. Information Technology's goals include:

1. Long-range policies and standards for acquiring, maintaining and replacing equipment and software;
2. Responsive and on-going support and training for computer equipment and software, telephones, and other miscellaneous equipment;
3. Providing efficient, effective and responsive service;
4. Maintain current programs and applications at levels necessary to conduct operations;
5. Assist staff in improving productivity through data processing and information systems; and
6. Maintain operations 24 hours per day.

In our assessment, one hundred percent (100%) is reasonably allocated among other departments based on the number of supported computers in each department.

Table 11 below summarizes the Total Division Budget, Total Allocable Funds, and provides a Percent Allocation Detail for the distribution of allocable funds.

Table 11: Information Technology Budget and Allocation Summary

Sources of Funds: [1]		
General Fund	$	1,160,369
Total Department Budget	$	1,160,369
Allocable Funds:		
General Fund	$	1,160,369
Total	$	1,160,369
Percent Allocation Detail:		
100.0% Total Computers	$	1,160,369
Total Allocable	$	1,160,369

[1] From City of Lodi Fiscal Year 2007-08 Budget.

Table 12 below provides an account of how the total allocable amount of the Information Technology budget should be distributed to each operating department.

Table 12: Total Allocable Information Technology Budget

Departments	Total Computers [1]	Dept. % [2]	Allocation [3]	Total Allocation [4]
Central Services Departments				
City Council	6	1.35%	$ 15,681	$ 15,681
City Manager	11	2.48%	28,748	28,748
City Clerk	4	0.90%	10,454	10,454
City Attorney	3	0.68%	7,840	7,840
Human Resources	6	1.35%	15,681	15,681
Information Technology	17	3.83%	44,429	44,429
Finance - Revenue/ Collections	24	5.41%	62,723	62,723
Finance - Accounting	10	2.25%	26,134	26,134
Budget & Treasury	7	1.58%	18,294	18,294
Non-Departmental	-	0.00%	-	-
Facility Maintenance	5	1.13%	13,067	13,067
Equipment Maintenance	6	1.35%	15,681	15,681
Public Works - Administration	3	0.68%	7,840	7,840
Operating Departments				
Police	95	21.40%	248,277	248,277
Fire	22	4.95%	57,496	57,496
Public Works - Engineering	31	6.98%	81,017	81,017
Public Works - Streets	10	2.25%	26,134	26,134
Public Works - Transit	1	0.23%	2,613	2,613
Library	-	0.00%	-	-
Parks and Recreation	33	7.43%	86,244	86,244
Community Center	17	3.83%	44,429	44,429
Water Utility	16	3.60%	41,815	41,815
Wastewater Utility	17	3.83%	44,429	44,429
Electric Utility	71	15.99%	185,555	185,555
Community Development	29	6.53%	75,790	75,790
Community RDA	-	0.00%	-	-
Total [5]	444	100%	$ 1,160,369	**$ 1,160,369**

[1] Number of computers that each department has based upon data received from the City.
[2] Percentage derived by dividing the total number of computers that each department has by the total number of computers.
[3] Dollar amount of Information Technology budget allocated to each department based upon the number of supported computers in each department.
[4] Allocable portion of total City's FY 2007-2008 Information Technology budget expenditures distributed to other departments.
[5] Total Information Technology budget allocable to City departments.

Finance – Revenue and Collections

The Finance Division maintains the financial health, stability and well being of the City by managing the City's fiscal and financial affairs in a prudent, effective, and efficient manner. The Finance – Revenue and Collections Division is responsible for collecting City funds, preparing and collecting utility billings and other receivables, and providing accurate, timely and comprehensive financial information to the City Council, the City Manager, other City Departments, the media, and the general public.

In our assessment, one hundred percent (100%) is reasonably allocated among other departments based on the revenues of each department. Tables 13 and 14 illustrate this distribution.

Table 13 below summarizes the Total Division Budget, Total Allocable Funds, and provides a Percent Allocation Detail for the distribution of allocable funds.

Table 13: Finance Budget and Allocation Summary

Sources of Funds: [1]		
General Fund	$	824,300
Total Department Budget	$	824,300
Allocable Funds:		
General Fund	$	824,300
Total	$	824,300
Percent Allocation Detail:		
100.0% Total Dept. Revenues	$	824,300
Total Allocable	$	824,300

[1] From City of Lodi Fiscal Year 2007-08 Budget.

Table 14 below provides an account of how the total allocable amount of the Finance – Revenues and Collections budget should be distributed to each operating department.

Table 14: Total Allocable Finance – Revenues and Collections Budget

Departments	Total Dept. Revenues [1]	Dept. % [2]	Allocation [3]	Total Allocation [4]
Central Services Departments				
City Council	$ -	0.00%	$ -	$ -
City Manager	-	0.00%	-	-
City Clerk	-	0.00%	-	-
City Attorney	-	0.00%	-	-
Human Resources	-	0.00%	-	-
Information Technology	-	0.00%	-	-
Finance - Revenue/ Collections	-	0.00%	-	-
Finance - Accounting	-	0.00%	-	-
Budget & Treasury	-	0.00%	-	-
Non-Departmental	-	0.00%	-	-
Facility Maintenance	-	0.00%	-	-
Equipment Maintenance	-	0.00%	-	-
Public Works - Administration	-	0.00%	-	-
Operating Departments				
Police	1,205,736	0.78%	6,462	6,462
Fire	88,000	0.06%	472	472
Public Works - Engineering	155,200	0.10%	832	832
Public Works - Streets	4,847,014	3.15%	25,976	25,976
Public Works - Transit	6,842,862	4.45%	36,672	36,672
Library	1,738,990	1.13%	9,319	9,319
Parks and Recreation	818,460	0.53%	4,386	4,386
Community Center	572,925	0.37%	3,070	3,070
Water Utility	19,204,140	12.49%	102,917	102,917
Wastewater Utility	39,066,024	25.40%	209,359	209,359
Electric Utility	77,282,257	50.24%	414,165	414,165
Community Development	1,991,001	1.29%	10,670	10,670
Community RDA	-	0.00%	-	-
Total [5]	$ 153,812,609	100%	$ 824,300	**$ 824,300**

[1] Allocation based on the total dollar amount of each department's budgeted revenues.
[2] Percentage derived by dividing the each department's revenues by the total.
[3] Dollar amount allocable to each City department based upon total dollar amount of each departmental revenues.
[4] Allocable portion of total City's FY 2007-08 Finance Revenue and Collections budget expenditures distributed to other departments.
[5] Total Finance - Revenues and Collections budget allocable to City departments.

Finance – Accounting

The Finance – Accounting Division is responsible for the City's accounts payables, preparing the City's payroll, conducting the City's annual audit, and preparing financial reports for governmental agencies, City Council, City Manager, and other city departments.

In our assessment, one hundred percent (100%) is reasonably allocated among the other City departments based upon their percentage of the total City budget. Tables 15 and 16 illustrate this distribution.

Table 15 below summarizes the Total Division Budget, Total Allocable Funds, and provides a Percent Allocation Detail for the distribution of allocable funds.

Table 15: Finance - Accounting Budget and Allocation Summary

Sources of Funds: [1]		
General Fund	$	782,625
Total Department Budget	$	782,625
Allocable Funds:		
General Fund	$	782,625
Total	$	782,625
Percent Allocation Detail:		
100.0% Total Dept. Budget	$	782,625
Total Allocable	$	782,625

[1] From City of Lodi Fiscal Year 2007-08 Budget.

Table 16 below provides an account of how the total allocable amount of the Finance – Accounting Division budget should be distributed to each operating department.

Table 16: Total Allocable Finance - Accounting Division Budget

Departments	Total Dept. Budget [1]	Dept. % [2]	Allocation [3]	Total Allocation[4]
Central Services Departments				
City Council	$ 96,250	0.05%	$ 389	$ 389
City Manager	1,076,515	0.56%	4,346	4,346
City Clerk	398,493	0.21%	1,609	1,609
City Attorney	304,004	0.16%	1,227	1,227
Human Resources	721,510	0.37%	2,913	2,913
Information Technology	1,160,369	0.60%	4,685	4,685
Finance - Revenue/ Collections	824,300	0.43%	3,328	3,328
Finance - Accounting	782,625	0.40%	3,160	3,160
Budget & Treasury	666,838	0.34%	2,692	2,692
Non-Departmental	1,804,050	0.93%	7,283	7,283
Facility Maintenance	825,322	0.43%	3,332	3,332
Equipment Maintenance	1,815,246	0.94%	7,329	7,329
Public Works - Administration	388,546	0.20%	1,569	1,569
Operating Departments				
Police	14,692,716	7.58%	59,318	59,318
Fire	9,000,340	4.64%	36,336	36,336
Public Works - Engineering	1,288,089	0.66%	5,200	5,200
Public Works - Streets	7,237,450	3.73%	29,219	29,219
Public Works - Transit	6,247,430	3.22%	25,222	25,222
Library	2,399,763	1.24%	9,688	9,688
Parks and Recreation	3,791,698	1.96%	15,308	15,308
Community Center	1,462,957	0.75%	5,906	5,906
Water Utility	19,979,528	10.31%	80,662	80,662
Wastewater Utility	38,424,331	19.82%	155,127	155,127
Electric Utility	75,454,770	38.92%	304,627	304,627
Community Development	3,009,814	1.55%	12,151	12,151
Community RDA	-	0.00%	-	-
Total [5]	$ 193,852,954	100%	$ 782,625	**$ 782,625**

[1] Allocation based on the total dollar amount of each departmental budget less any direct allocable costs.
[2] Percentage derived by dividing the total departmental budget by the total City budget.
[3] Dollar amount allocable to each City department based upon total dollar amount of each departmental budget.
[4] Allocable portion of total City's FY 2007-08 Finance - Accounting budget expenditures distributed to other departments.
[5] Total Finance - Accounting budget allocable to City departments.

Budget and Treasury

The Budget and Treasury Division is responsible for: recommending, developing and implementing budget policies and procedures as set by City Council; preparing and publishing the annual budget document; maintaining liaison with the City's designated depositories (banks) and conducting daily banking involving large monetary transactions; investing City funds not required for immediate use; ensuring safety, liquidity and yield on the City's invested funds; protecting City funds from unauthorized use, diversion or theft; and oversight of the City's Purchasing Division.

In our assessment, fifty percent (50%) is reasonably allocated among the other City departments based upon their percentage of the total City budget and the remaining fifty percent (50%) is allocated among other departments based on the revenues of each department. Tables 17 and 18 illustrate this distribution. The total Budget and Treasury Budget of $736,443 is reduced by $69,605, which is directly allocated to the Community Redevelopment Agency. The remaining $666,838 is then allocated to all other departments based on the methodology described above.

Table 17 below summarizes the Total Division Budget, Total Allocable Funds, and provides a Percent Allocation Detail for the distribution of allocable funds.

Table 17: Budget and Treasury Budget and Allocation Summary

Sources of Funds: [1]		
General Fund	$	736,443
Total Department Budget	$	736,443
Allocable Funds:		
General Fund	$	736,443
Less CRA Allocation	$	(69,605)
Total	$	666,838
Percent Allocation Detail:		
50.0% Total Dept. Budget	$	333,419
50.0% Total Dept. Revenues		333,419
Total Allocable	$	666,838

[1] From City of Lodi Fiscal Year 2007-08 Budget.

Table 18 below provides an account of how the total allocable amount of the Budget and Treasury Division budget should be distributed to each operating department.

Table 18: Total Allocable Budget and Treasury Division Budget

Departments	Total Dept. Budget [1]	Dept. % [2]	Allocation [3]	Total Dept. Revenues [4]	Dept. % [5]	Allocation [6]	Total Allocation[7]
Central Services Departments							
City Council	$ 96,250	0.05%	$ 166	$ -	0.00%	$ -	$ 166
City Manager	1,076,515	0.56%	1,852	-	0.00%	-	1,852
City Clerk	398,493	0.21%	685	-	0.00%	-	685
City Attorney	304,004	0.16%	523	-	0.00%	-	523
Human Resources	721,510	0.37%	1,241	-	0.00%	-	1,241
Information Technology	1,160,369	0.60%	1,996	-	0.00%	-	1,996
Finance - Revenue/ Collections	824,300	0.43%	1,418	-	0.00%	-	1,418
Finance - Accounting	782,625	0.40%	1,346	-	0.00%	-	1,346
Budget & Treasury	666,838	0.34%	1,147	-	0.00%	-	1,147
Non-Departmental	1,804,050	0.93%	3,103	-	0.00%	-	3,103
Facility Maintenance	825,322	0.43%	1,420	-	0.00%	-	1,420
Equipment Maintenance	1,815,246	0.94%	3,122	-	0.00%	-	3,122
Public Works - Administration	388,546	0.20%	668	-	0.00%	-	668
Operating Departments							
Police	14,692,716	7.58%	25,271	1,205,736	0.78%	2,614	27,885
Fire	9,000,340	4.64%	15,480	88,000	0.06%	191	15,671
Public Works - Engineering	1,288,089	0.66%	2,215	155,200	0.10%	336	2,552
Public Works - Streets	7,237,450	3.73%	12,448	4,847,014	3.15%	10,507	22,955
Public Works - Transit	6,247,430	3.22%	10,745	6,842,862	4.45%	14,833	25,579
Library	2,399,763	1.24%	4,127	1,738,990	1.13%	3,770	7,897
Parks and Recreation	3,791,698	1.96%	6,522	818,460	0.53%	1,774	8,296
Community Center	1,462,957	0.75%	2,516	572,925	0.37%	1,242	3,758
Water Utility	19,979,528	10.31%	34,364	19,204,140	12.49%	41,629	75,993
Wastewater Utility	38,424,331	19.82%	66,088	39,066,024	25.40%	84,683	150,772
Electric Utility	75,454,770	38.92%	129,779	77,282,257	50.24%	167,524	297,304
Community Development	3,009,814	1.55%	5,177	1,991,001	1.29%	4,316	9,493
Community RDA	-	0.00%	-	-	0.00%	-	69,605
Total [8]	193,852,954	100%	$ 333,419	153,812,609	100%	$ 333,419	**$ 736,443**

[1] Allocation based on the total dollar amount of each departmental budget less any direct allocable costs.
[2] Percentage derived by dividing the total departmental budget by the total City budget.
[3] Dollar amount allocable to each City department based upon total dollar amount of each departmental budget.
[4] Allocation based on the total dollar amount of each department's budgeted revenues.
[5] Percentage derived by dividing the each department's revenues by the total.
[6] Dollar amount allocable to each City department based upon total dollar amount of each departmental revenues.
[7] Allocable portion of total City's FY 2007-2008 Budget and Treasury budget expenditures distributed to other departments.
[8] Total Budget and Treasury budget allocable to City departments.

Non Departmental

One hundred percent (100%) of the department's budget is allocated to departments based upon each department's percentage of the total City budget.

Table 19 below summarizes the Total Department Budget, Total Allocable Funds, and provides a Percent Allocation Detail for the distribution of allocable funds.

Table 19: Non Departmental Budget and Allocation Summary

Sources of Funds: [1]		
General Fund	$	1,805,050
Total Department Budget	$	1,805,050
Allocable Funds:		
General Fund	$	1,805,050
Total	$	1,805,050
Percent Allocation Detail:		
100.0% Total Dept. Budget	$	1,805,050
Total Allocable	$	1,805,050

[1] From City of Lodi Fiscal Year 2007-08 Budget.

Table 20 below provides an account of how the total allocable amount of the Non Departmental budget should be distributed to each operating department.

Table 20: Total Allocable Non Departmental Budget

Departments	Total Dept. Budget [1]	Dept. % [2]	Allocation [3]	Total Allocation[4]
Central Services Departments				
City Council	$ 96,250	0.05%	$ 896	$ 896
City Manager	1,076,515	0.56%	10,018	10,018
City Clerk	398,493	0.21%	3,708	3,708
City Attorney	304,004	0.16%	2,829	2,829
Human Resources	721,510	0.37%	6,715	6,715
Information Technology	1,160,369	0.60%	10,799	10,799
Finance - Revenue/ Collections	824,300	0.43%	7,671	7,671
Finance - Accounting	782,625	0.40%	7,283	7,283
Budget & Treasury	666,838	0.34%	6,206	6,206
Non-Departmental	1,804,050	0.93%	16,789	16,789
Facility Maintenance	825,322	0.43%	7,681	7,681
Equipment Maintenance	1,815,246	0.94%	16,893	16,893
Public Works - Administration	388,546	0.20%	3,616	3,616
Operating Departments				
Police	14,692,716	7.58%	136,735	136,735
Fire	9,000,340	4.64%	83,760	83,760
Public Works - Engineering	1,288,089	0.66%	11,987	11,987
Public Works - Streets	7,237,450	3.73%	67,354	67,354
Public Works - Transit	6,247,430	3.22%	58,140	58,140
Library	2,399,763	1.24%	22,333	22,333
Parks and Recreation	3,791,698	1.96%	35,287	35,287
Community Center	1,462,957	0.75%	13,615	13,615
Water Utility	19,979,528	10.31%	185,935	185,935
Wastewater Utility	38,424,331	19.82%	357,588	357,588
Electric Utility	75,454,770	38.92%	702,203	702,203
Community Development	3,009,814	1.55%	28,010	28,010
Community RDA	-	0.00%	-	-
Total [5]	$ 193,852,954	100%	$ 1,804,050	**$ 1,804,050**

[1] Allocation based on the total dollar amount of each departmental budget less any direct allocable costs.
[2] Percentage derived by dividing the total departmental budget by the total City budget.
[3] Dollar amount allocable to each City department based upon total dollar amount of each departmental budget.
[4] Allocable portion of total City's FY 2007-08 Non Departmental budget expenditures distributed to other departments.
[5] Total Non Departmental budget allocable to City departments.

Facility Maintenance

The Facilities Maintenance department maintains and manages all City facilities except for Parks and Recreation and Hutchins Street Square (Community Center) facilities; administers construction projects, primarily for building remodels and renovations/additions; and supervises contract labor and vendors for janitorial and other building maintenance services. One hundred percent (100%) of the department's budget is allocated to departments based upon the number of Full Time Equivalent (FTE) employees in each department.

Table 21 below summarizes the Total Department Budget, Total Allocable Funds, and provides a Percent Allocation Detail for the distribution of allocable funds.

Table 21: Facility Maintenance Budget and Allocation Summary

Sources of Funds: [1]		
General Fund	$	825,322
Total Department Budget	$	825,322
Allocable Funds:		
General Fund	$	825,322
Total	$	825,322
Percent Allocation Detail:		
100.0% Total FTE	$	825,322
Total Allocable	$	825,322

[1] From City of Lodi Fiscal Year 2007-08 Budget.

Table 22 below provides an account of how the total allocable amount of the Facility Maintenance budget should be distributed to each operating department.

Table 22: Total Allocable Facility Maintenance Budget

Departments	Total FTE [1]	Dept. % [2]	Allocation [3]	Total Allocation[4]
Central Services Departments				
City Council	0.00	0.00%	$ -	$ -
City Manager	4.00	0.92%	7,552	7,552
City Clerk	4.00	0.92%	7,552	7,552
City Attorney	3.00	0.69%	5,664	5,664
Human Resources	6.17	1.41%	11,649	11,649
Information Technology	8.00	1.83%	15,104	15,104
Finance - Revenue/ Collections	11.00	2.52%	20,768	20,768
Finance - Accounting	8.00	1.83%	15,104	15,104
Budget & Treasury	8.00	1.83%	15,104	15,104
Non-Departmental	0.50	0.11%	944	944
Facility Maintenance	4.00	0.92%	7,552	7,552
Equipment Maintenance	11.00	2.52%	20,768	20,768
Public Works - Administration	3.00	0.69%	5,664	5,664
Operating Departments				
Police	123.39	28.23%	232,955	232,955
Fire	64.30	14.71%	121,396	121,396
Public Works - Engineering	18.95	4.33%	35,777	35,777
Public Works - Streets	29.00	6.63%	54,751	54,751
Public Works - Transit	2.00	0.46%	3,776	3,776
Library	21.23	4.86%	40,081	40,081
Parks and Recreation [5]	0.00	0.00%	-	-
Community Center [5]	0.00	0.00%	-	-
Water Utility	18.15	4.15%	34,266	34,266
Wastewater Utility	24.60	5.63%	46,444	46,444
Electric Utility	49.12	11.24%	92,737	92,737
Community Development	15.74	3.60%	29,717	29,717
Community RDA	0.00	0.00%	-	-
Total [6]	437.15	100%	$ 825,322	**$ 825,322**

[1] Number of Full-Time Equivalent ("FTE") employees in each department based upon information provided by the City.
[2] Percentage derived by dividing the total departmental budget by the total City budget.
[3] Dollar amount allocable to each City department based upon total dollar amount of each departmental budget.
[4] Allocable portion of total City's FY 2007-08 Facility Maintenance budget expenditures distributed to other departments.
[5] Department not supported by Facility Maintenance Department.
[6] Total Facility Maintenance budget allocable to City departments.

Public Works - Administration

Public Works Administration provides overall direction, administrative support and management for the Engineering, Fleet and Facilities Services, Streets, Transit and Water/Wastewater Service Divisions of Public Works, and administers the Solid Waste franchise and oversees PCE/TCE remediation activities. Administration also provides clerical support for Facilities Services, Engineering and Transit.

Public Works Administration division provides support for the following divisions: Facility Maintenance, Equipment Maintenance, Public Works – Engineering, Public Works – Streets, Public Works – Transit, Water Utility, and Wastewater Utility. Only these divisions are to receive allocations from the Public Works – Administration budget.

We have determined that fifty percent (50%) should be allocated to Public Works divisions based upon the number of Full-Time Equivalent (FTE) employees assigned to each division. We believe that of the remaining fifty percent, twenty five percent (25%) should be allocated based upon each division's percentage of the total budget of all Public Works Administration supported divisions, and twenty five percent (25%) of the division's budget should be allocated among other divisions based on the revenues of each division. Tables 23 and 24 illustrate this distribution.

Table 23 below summarizes the Total Division Budget, Total Allocable Funds, and provides a Percent Allocation Detail for the distribution of allocable funds.

Table 23: Public Works - Administration Budget and Allocation Summary

Sources of Funds: [1]		
General Fund	$	388,546
Total Department Budget	$	388,546
Allocable Funds:		
General Fund	$	388,546
Total	$	388,546
Percent Allocation Detail:		
50.0% Total FTE	$	194,273
25.0% Total Div. Budget		97,137
25.0% Total Div. Revenues		97,137
Total Allocable	$	388,546

[1] From City of Lodi Fiscal Year 2007-08 Budget.

Table 24 below provides an account of how the total allocable amount of the Public Works - Administration budget should be distributed to each operating department.

Table 24: Total Allocable Public Works - Administration Budget

Departments	Total FTE [1]	Dept. % [2]	Allocation [3]	Total Div. Budget [4]	Dept. % [5]	Allocation [6]	Total Div. Revenues [7]	Dept. % [8]	Allocation [9]	Total Allocation [10]
Central Services Departments										
City Council		0.00%	$ -		0.00%	$ -		0.00%	$ -	$ -
City Manager		0.00%	-		0.00%	-		0.00%	-	-
City Clerk		0.00%	-		0.00%	-		0.00%	-	-
City Attorney		0.00%	-		0.00%	-		0.00%	-	-
Human Resources		0.00%	-		0.00%	-		0.00%	-	-
Information Technology		0.00%	-		0.00%	-		0.00%	-	-
Finance - Revenue/ Collections		0.00%	-		0.00%	-		0.00%	-	-
Finance - Accounting		0.00%	-		0.00%	-		0.00%	-	-
Budget & Treasury		0.00%	-		0.00%	-		0.00%	-	-
Non-Departmental		0.00%	-		0.00%	-		0.00%	-	-
Facility Maintenance	4.00	3.61%	7,020	825,322	1.08%	1,052	-	0.00%	-	8,072
Equipment Maintenance	11.00	9.94%	19,304	1,815,246	2.38%	2,314	-	0.00%	-	21,618
Public Works - Administration	3.00	2.71%	5,265	388,546	0.51%	495	-	0.00%	-	5,760
Operating Departments										
Police		0.00%	-		0.00%	-		0.00%	-	-
Fire		0.00%	-		0.00%	-		0.00%	-	-
Public Works - Engineering	18.95	17.12%	33,256	1,288,089	1.69%	1,642	155,200	0.22%	215	35,113
Public Works - Streets	29.00	26.20%	50,894	7,237,450	9.50%	9,225	4,847,014	6.91%	6,715	66,834
Public Works - Transit	2.00	1.81%	3,510	6,247,430	8.20%	7,963	6,842,862	9.76%	9,480	20,953
Library		0.00%	-		0.00%	-		0.00%	-	-
Parks and Recreation		0.00%	-		0.00%	-		0.00%	-	-
Community Center		0.00%	-		0.00%	-		0.00%	-	-
Water Utility	18.15	16.40%	31,852	19,979,528	26.22%	25,467	19,204,140	27.39%	26,605	83,925
Wastewater Utility	24.60	22.22%	43,172	38,424,331	50.42%	48,978	39,066,024	55.72%	54,121	146,271
Electric Utility		0.00%	-		0.00%	-		0.00%	-	-
Community Development		0.00%	-		0.00%	-		0.00%	-	-
Community RDA		0.00%	-		0.00%	-		0.00%	-	-
Total [11]	110.70	100%	$ 194,273	76,205,942	100%	$ 97,137	70,115,240	100%	$ 97,137	**$ 388,546**

[1] Number of Full-Time Equivalent ("FTE") employees in each division based upon data received from the City.
[2] Percentage derived by dividing the total number of Public Works FTE employees in each division by the total number of FTE positions.
[3] Dollar amount of Public Works Administration budget allocated to each division based upon the number of FTE employees in each division.
[4] Allocation based on the total dollar amount of each division's budget.
[5] Percentage derived by dividing the total divisional budget by the total budget of Public Works Administration supported divisions.
[6] Dollar amount allocable to each City division based upon total dollar amount of each divisional budget.
[7] Allocation based on the total dollar amount of each division's budgeted revenues.
[8] Percentage derived by dividing the each division's revenues by the total.
[9] Dollar amount allocable to each City division based upon total dollar amount of each divisional revenues.
[10] Allocable portion of total City's FY 2007-2008 Public Works - Administration budget expenditures distributed to other Public Works divisions.
[11] Total Public Works - Administration budget allocable to Public Works divisions.

Allocation of Central Service Department Expenditures

The second step of a Full-Cost Allocation Plan is known as the 'close out' step. This step allocates the indirect costs from the central service departments to all central service departments and on to the operating departments. Once the 'close out' step has been completed, all central services costs will have been passed on to operating departments.

Table 25 on the following page summarizes this process by calculating the total indirect costs for the central service departments, subtracting them out, and then allocating them to the operating departments. The footnotes in Table 25 describe how this process is accomplished.

Table 25: Total Indirect Cost Summary

Departments	City Council	City Manager	City Clerk	City Attorney	Human Resources	Information Technology	Finance - Revenue/ Collections	Finance - Accounting	Budget & Treasury	Non-Departmental	Facility Maintenance	Public Works - Administration	First Step Direct Depts Only	Second Step Re-distribution to Operating Departments	Final Total Allocation
Central Services Departments (1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
City Council	$ 221	$ 3,093	$ 1,145	$ 151	$ -	$ 15,681	$ -	$ 389	$ 166	$ 896	$ -	$ -	$ 21,741	$ (21,741)	$ -
City Manager	3,176	44,409	16,439	1,688	5,622	28,748	-	4,346	1,852	10,018	7,552	-	123,851	(123,851)	-
City Clerk	5,168	72,250	26,745	625	5,622	10,454	-	1,609	685	3,708	7,552	-	134,418	(134,418)	-
City Attorney	5,535	77,388	28,647	477	4,217	7,840	-	1,227	523	2,829	5,664	-	134,347	(134,347)	-
Human Resources	905	12,657	4,685	1,131	8,672	15,681	-	2,913	1,241	6,715	11,649	-	66,249	(66,249)	-
Information Technology	1,264	17,669	6,541	1,820	11,245	44,429	-	4,685	1,996	10,799	15,104	-	115,549	(115,549)	-
Finance - Revenue/ Collections	1,046	14,628	5,415	1,293	15,461	62,723	-	3,328	1,418	7,671	20,768	-	133,750	(133,750)	-
Finance - Accounting	1,928	26,949	9,976	1,227	11,245	26,134	-	3,160	1,346	7,283	15,104	-	104,352	(104,352)	-
Budget & Treasury	1,485	20,762	7,686	1,046	11,245	18,294	-	2,692	1,147	6,206	15,104	-	85,666	(85,666)	-
Non-Departmental	38	524	194	2,829	703	-	-	7,283	3,103	16,789	944	-	32,407	(32,407)	-
Facility Maintenance	300	4,194	1,553	1,294	5,622	13,067	-	3,332	1,420	7,681	7,552	8,072	54,087	(54,087)	-
Equipment Maintenance	825	11,534	4,270	2,847	15,461	15,681	-	7,329	3,122	16,893	20,768	21,618	120,347	(120,347)	-
Public Works - Administration	2,659	37,174	13,761	609	4,217	7,840	-	1,569	668	3,616	5,664	5,760	83,536	(83,536)	-
Subtotal	$ 24,550	$ 343,232	$ 127,054	$ 17,037	$ 99,332	$ 266,571	$ -	$ 43,861	$ 18,686	$ 101,104	$ 133,422	$ 35,450	$ 1,210,300	$ (1,210,300)	$ -
Operating Departments (17)															
Police	$ 10,582	$ 147,945	$ 54,765	$ 23,041	$ 173,434	$ 248,277	$ 6,462	$ 59,318	$ 27,885	$ 136,735	$ 232,955	$ -	$ 1,121,398	$ 166,009	$ 1,287,407
Fire	5,044	70,517	26,103	14,115	90,379	57,496	472	36,336	15,671	83,760	121,396	-	521,288	77,170	598,458
Public Works - Engineering	1,643	22,964	8,501	2,020	26,636	81,017	832	5,200	2,552	11,987	35,777	35,113	234,241	34,677	268,917
Public Works - Streets	4,609	64,437	23,852	11,350	40,762	26,134	25,976	29,219	22,955	67,354	54,751	66,834	438,232	64,875	503,107
Public Works - Transit	814	11,377	4,212	9,797	2,811	2,613	36,672	25,222	25,579	58,140	3,776	20,953	201,967	29,899	231,865
Library	2,035	28,448	10,531	3,763	29,840	-	9,319	9,688	7,897	22,333	40,081	-	163,937	24,269	188,205
Parks and Recreation	5,909	82,618	30,583	5,946	85,867	86,244	4,386	15,308	8,296	35,287	-	-	360,444	53,359	413,803
Community Center	2,237	31,280	11,579	2,294	21,196	44,429	3,070	5,906	3,758	13,615	-	-	139,364	20,631	159,995
Water Utility	3,795	53,060	19,641	215,901	25,511	41,815	102,917	80,662	75,993	185,935	34,266	83,925	923,421	136,701	1,060,122
Wastewater Utility	2,951	41,262	15,274	60,258	34,577	44,429	209,359	155,127	150,772	357,588	46,444	146,271	1,264,312	187,166	1,451,478
Electric Utility	7,446	104,095	38,533	118,330	69,042	185,555	414,165	304,627	297,304	702,203	92,737	-	2,334,034	345,525	2,679,559
Community Development	5,385	75,280	27,866	4,720	22,124	75,790	10,670	12,151	9,493	28,010	29,717	-	301,205	44,590	345,795
Community RDA	-	102,160	-	-	-	-	-	-	69,605	-	-	-	171,765	25,428	197,193
Subtotal	$ 52,450	$ 835,443	$ 271,439	$ 471,536	$ 622,178	$ 893,798	$ 824,300	$ 738,764	$ 717,757	$ 1,702,946	$ 691,900	$ 353,096	$ 8,175,606	$ 1,210,300	$ 9,385,906
Total	$ 77,000	$ 1,178,675	$ 398,493	$ 488,573	$ 721,510	$ 1,160,369	$ 824,300	$ 782,625	$ 736,443	$ 1,804,050	$ 825,322	$ 388,546	$ 9,385,906	$ -	$ 9,385,906

(1) Central Service Departments are identified as providing some or all of their services directly to City departments.
(2) The distribution of specific City Council costs to City department from Table 2.
(3) The distribution of specific City Manager costs to City department from Table 4.
(4) The distribution of specific City Clerk costs to City department from Table 6.
(5) The distribution of specific City Attorney costs to City department from Table 8.
(6) The distribution of specific Human Resources costs to City department from Table 10.
(7) The distribution of specific Information Technology costs to City department from Table 12.
(8) The distribution of specific Finance - Revenue/ Collections costs to City department from Table 14.
(9) The distribution of specific Finance - Accounting costs to City department from Table 16.
(10) The distribution of specific Budget & Treasury costs to City department from Table 18.
(11) The distribution of specific Non-Departmental costs to City department from Table 20.
(12) The distribution of specific Facility Maintenance costs to City department from Table 20.
(13) The distribution of specific Public Works - Administration costs to City department from Table 24.
(14) The sum of allocations from a Central Service Department to City departments.
(15) The Second Step takes the subtotal allocation from the Central Services Departments of $1,210,300 and redistributes it to the Operating Departments based on their percent of the allocation in the First Step.
(16) The Total Allocation is the total amount which can be allocated to Operating Departments as an overhead charge for services rendered.
(17) Departments that provide services directly to the public and receive some or all of their overhead support from Central Services Departments.