

**CITY OF PARKVILLE
Policy Report**

Date: December 28, 2021

Prepared By:

Alysen Abel, Public Works Director

Reviewed By:

Melissa McChesney, City Clerk

ISSUE:

Approve the first reading of an ordinance to implement a three percent rate increase for the sewer utility (Public Works)

BACKGROUND:

The Sewer Fund is a self-sustaining fund that operates on its own revenue, distinct from the City's General Fund. The Sewer Fund includes maintenance and capital outlay expenses that need to be offset by the revenue collected. In addition, the Sewer Fund includes an administrative transfer to the General Fund for personnel costs that support the sewer operation, including administration, public works, accounting, billing, inspection and support services.

In 2016, the City hired Springsted (now Baker Tilly) to perform a Sewer Allocation Study to review the tasks performed by each City staff member, measuring those tasks that support the sewer operations. The costs determined by this study stated the City could reasonably transfer to the General Fund, funds from the Sewer Fund, to pay for the costs of the sewer utility system. The 2016 study determined \$365,644 was a reasonable transfer from the Sewer Fund to cover the direct and indirect costs for sewer-related expenses funded by the General Fund.

In late 2020, the City engaged Baker Tilly to review the current data and update the sewer allocation. Staff members from Public Works, Administration and Community Development were surveyed, providing a detailed listing of activities related to both sewer and non-sewer related activities. The 2020 study determined that \$449,000 was a reasonable transfer from the Sewer Fund to cover the direct and indirect costs for sewer-related expenses funded by the General Fund.

Since 2015, the City has increased the amount of administrative transfer from the Sewer Fund to the General Fund. The allocation increased from \$100,000 in 2015 to \$350,000 in 2021. The 2022 budget includes a sewer allocation transfer of \$350,000.

The 2022 Capital Improvements Program includes \$661,500. The projects include equipment purchases, sewer plant upgrades, the annual CCTV program, sanitary sewer repairs and pump station repairs.

The City's fund balance reserve policy provides a target of maintaining working capital of 90 days of operations, in addition to the current fiscal year debt service payments.

Previous to 2017, there have been modest sewer rate increases with a 3% rate increase. Due to sewer related emergencies, and the desire by the Board of Aldermen for the Sewer Fund to support administrative costs incurred in the General Fund, the rates were increased by 10% each year in

2017, 2018 and 2019. The rate was stepped back in 2020 to 5% and 6% in 2021.

During the budget work session in late 2021, staff presented an increase of 3% in 2022. With each percent rate increase, the City will receive approximately \$14,700. The proposed 3% sewer rate increase will result in an average bill of \$57.91, with an increase of \$1.69 over the 2021 rates.

Year	Actual/Proposed Rate Increase	Sewer Base Fee	Sewer Consumption Rate	Average Monthly Bill	Monthly Cost Difference
2017	10.00%	\$13.77	\$0.651	\$41.75	
2018	10.00%	\$15.14	\$0.716	\$45.92	\$4.17
2019	10.00%	\$16.66	\$0.787	\$50.52	\$4.60
2020	5.00%	\$17.49	\$0.827	\$53.04	\$2.52
2021	6.00%	\$18.54	\$0.876	\$56.22	\$3.18
2022	3.00%	\$19.10	\$0.903	\$57.91	\$1.69

Sewer rates are calculated based on the average water usage per household during the winter months. Water usage from the winter months of December, January and February are used to calculate actual flow into the sewer system. The residents can control their monthly bills by conserving water.

BUDGET IMPACT:

For every one percent rate increase, the revenue results in an increase of approximately \$14,700. A three percent rate increase is recommended in 2022 in order to ensure that revenues meet budgeted expenditure levels and to continue the maintenance and repair planned in the CIP. The three percent rate increase would result in an additional \$44,141 in revenue.

ALTERNATIVES:

1. Approve the first reading of an ordinance for a 3% rate increase for the sewer utility.
2. Approve the first reading of an ordinance for a modified rate structure to meet the desires of the Board of Aldermen.
3. Do not approve a rate increase in 2022.
4. Postpone the item.

FINANCE COMMITTEE RECOMMENDATION:

The item was not presented to the Finance Committee, but is being taken directly to the Board of Aldermen for consideration.

STAFF RECOMMENDATION:

Staff recommends that the Board of Aldermen authorize staff to advertise a public hearing and prepare an ordinance to implement a 3% rate increase for the sewer utility in 2022.

POLICY:

Section 703.030(A) of the Parkville Municipal Code states that, “the user charge system shall generate adequate annual revenues to pay the costs of annual operation and maintenance including replacement and cost associated with debt retirement.”

The Reserve Policy (Resolution No. 12-01-13) states that, “the sewer utility fund balance should be able to provide 90 days of operations in addition to the current fiscal year debt service payments.”

RSMo 250.233 states that prior to establishing sewer charges, a public hearing shall be held following at least 30 days’ notice.

SUGGESTED MOTION:

I move to approve Bill No. 3172, an ordinance amending Section 703.040 of the Parkville Municipal Code implementing a three percent increase to the sewer base charge, sewer usage charge and surcharge for customers of the Parkville sewer system, on first reading and postpone the second reading to February 15, 2022.

ATTACHMENTS:

1. Ordinance
2. Sewer Fund Worksheet
3. Sewer Fund Forecast
4. 2020 Sewer Allocation Study

AN ORDINANCE AMENDING SECTION 703.040 OF THE PARKVILLE MUNICIPAL CODE IMPLEMENTING A THREE PERCENT INCREASE TO THE SEWER BASE CHARGE, SEWER USAGE CHARGE AND SURCHARGE FOR CUSTOMERS OF THE PARKVILLE SEWER SYSTEM

WHEREAS, the City of Parkville, Missouri has constructed wastewater treatment works; and

WHEREAS, the City of Parkville must pay all expenses associated with said treatment works and charge the users of said treatment works accordingly.

BE IT ORDAINED BY THE BOARD OF ALDERMEN OF THE CITY OF PARKVILLE, MISSOURI AS FOLLOWS:

Section 1. Subsection C of Section 703.040 is hereby repealed and replaced to read as follows:

- C. The minimum charge per month shall be nineteen dollars and ten cents (\$19.10). The minimum charge shall apply to all properties connected to the sewer system regardless of water consumption. In addition, each contributor shall pay a user charge for operation and maintenance, including replacement, of ninety and three-tenths cents (\$0.903) per one hundred (100) gallons of water as determined in the preceding section.

Section 2. Subsection D of Section 703.040 is hereby repealed and replaced to read as follows:

- D. For those contributors who contribute wastewater the strength of which is greater than normal domestic sewage, a surcharge in addition to the normal user charge will be collected. The surcharge for operation and maintenance, including replacement, is

\$1.1516 per pound BOD
 \$0.9904 per pound SS

Section 3. If any portion or section of this ordinance is determined to be invalid, illegal, or unconstitutional by a court of competent jurisdiction, the decision shall in no manner affect the remaining portions of this Section, which shall remain in full force and effect.

Section 4. This ordinance shall be in effect immediately upon its passage and approval.

PASSED and APPROVED this 15th day of February 2022.

Mayor Nanette K. Johnston

ATTESTED:

City Clerk Melissa McChesney

Sewer Fund (30) Revenues and Expenses									
Type	Account	Description	Account	2019 Actual	2020 Actual	2021 Budget	YTD 10/31/2021	2021 Projected	2022 Budget
Rev: Sewer	Beginning Fund Balance	Projected carryover from prior year.		531,261	979,986	898,030	898,030	898,030	746,285
	Sewer Charges	Charges levied on all utility customers for use of the City's sewer system.	41501-00	1,474,757	1,417,254	1,464,362	1,259,380	1,511,256	1,508,293
	Sewer Tap Fees	Fees required to connect to the City's sewer system (\$1,500/new home).	41502-00	36,500	49,000	59,976	22,750	27,300	50,000
	Sewer Impact Fees	Fees required to compensate the City for the increased demand on the sewer system (\$1,400/new home).	41502-01	94,076	46,200	50,000	21,450	25,740	50,000
	MOAW Bill Collection Payment	Money received from Missouri American Water for accepting water bills at City Hall.	41503-00	442	407				
	Grinder Pump Administration Fee	A fee paid by the Riss Lake Home Owner's Association for collecting and remitting monthly Riss Lake Subdivision grinder pump maintenance fees.	41504-00	4,620	4,620	4,712	3,850	4,620	4,712
Revenues: Sewer				1,610,395	1,517,481	1,579,051	1,307,430	1,568,916	1,613,005
Rev: Interest	Interest Income	Interest earned from sewer fund investments.	41701-00	4,407	2,778	3,500	1,228	1,473	2,500
Revenues: Interest Income				4,407	2,778	3,500	1,228	1,473	2,500
Rev: Misc	Miscellaneous	Includes reimbursements from entities for sewer related expenses.	41804-00	22,317	5,880			0	
Revenues: Misc				22,317	5,880	0	0	0	0
Sewer Fund (30) Revenues				1,637,119	1,526,139	1,582,551	1,308,657	1,570,389	1,615,505
Total Sources				2,168,380	2,506,125	2,480,581	2,206,687	2,468,419	2,361,791
Exp: Personnel	Salaries	The total salaries for sewer billing duties. A portion of staff salaries are covered by the Sewer Administrative Fee, as related to sewer work performed.	01-01-00	20,367	21,262	29,137	31,494	37,317	38,437
	FICA & Medicare	This is the City's share of FICA & Medicare cost for its employees.	01-21-00	1,555	1,623	2,229	177	2,840	2,940
	Professional Development	Cost of educational seminars and conferences attended by Sewer employees.	01-41-00	358	0	500	2,399	2,399	500
	Retirement	The City's LAGERS contribution for 2020 is 11.3% of general employee salaries.	01-22-00	0	0	3,292		0	4,228
Expenses: Personnel				22,280	22,885	35,158	34,070	42,556	46,105
Exp: Insurance	Health, Life, & Dental	The City offers health, dental, and life insurance to its employees and subsidizes a portion of the premium. Reflects premium increases for employees.	02-02-00	3,183	3,131	3,673	4,533	5,439	5,596
Expenses: Insurance				3,183	3,131	3,673	4,533	5,439	5,596
Exp: Utilities	Telephone & Voicemail	The charges for local and long distance telephone service for the sewer plant and lift station dialers.	03-01-00	0	1,593	0	1,193	1,432	1,500
	Electricity	Electric utility charges for the sewer plant and pump stations.	03-02-00	43,458	43,226	46,000	35,077	42,092	46,000
	Water	Water utility charges for the sewer plant.	03-04-00	1,016	960	1,500	234	1,500	2,000
	Trash Hauling	The charges for trash hauling at the sewer plant (\$70/year for Main Lift Station dumpster and \$356.52/year for Sewer Plant dumpster).	03-09-00	160	160	400	160	500	600
Expenses: Utilities				44,634	45,939	47,900	36,664	45,524	50,100
Exp: Office Expenses	Office Supplies	This includes items such as stationery, pens/pencils, folders, etc. as well as computer accessories, meeting supplies and general consumables.	05-01-00	331	236	150		0	250
	Postage	All postage and shipping costs, along with any incidental charges.	05-02-00	6,145	5,838	7,000	6,044	6,800	7,000
	Delinquencies	Administrative costs related to delinquency collections such as water shut off costs, filing property liens, and certified letters.	05-06-00	1,253	314	100	425	510	2,000
	Printing	Expenses for printing work not performed by City personnel. This includes items such as business cards, forms, letterhead, and books.	05-04-00	1,796	1,393	2,000	1,511	2,000	1,500
Expenses: Office Expenses				9,524	7,780	9,250	7,979	9,310	10,750

Sewer Fund (30) Revenues and Expenses									
Type	Account	Description	Account	2019 Actual	2020 Actual	2021 Budget	YTD 10/31/2021	2021 Projected	2022 Budget
Exp: Maintenance	Building Maintenance & Repair	General maintenance for the sewer plant. Includes crane for the new storage building, containment for diesel storage, soffit on sewer building, flashing on storage building, and new garage door.	06-01-00	3,429	32,786	25,000	58,986	58,986	30,000
	Pump Stations Maintenance	General maintenance for six pump stations in the City. Includes valves on FF Hwy pump station.	06-12-00	20,071	13,962	25,000	21,522	25,000	25,000
	Vehicle Repair & Maintenance	Maintenance for sewer vehicles. Include new tires for sewer truck.	06-21-00	213	0	250	1,678	1,800	500
	Tractor / Lawn Mowing Equipment	Maintenance for the sewer plant tractor and lawn equipment.	06-21-02	800	701	1,000	11	200	1,000
	Vehicle Gas & Oil	Fuel for sewer division vehicles.	06-22-00	754	750	1,000	1,369	1,369	1,000
	Equipment Gas & Oil	Fuel for sewer equipment, including the tractor, mower, and generator.	06-22-01	1,202	786	1,500	24	1,000	1,500
	Software Support Agreement	Annual software maintenance for Data Tech Summit sewer billing software.	06-33-00	2,867	2,924			0	
Expenses: Maintenance				29,336	51,909	53,750	83,589	88,355	59,000
Exp: City Services	Line Repairs	This covers emergency repairs to sewer lines and manholes. Root control and unexpected clogs. It does not cover repairs budgeted in the sewer CIP.	07-34-00	38,132	39,203	40,000	23,887	35,000	40,000
	One Call Utility Locating	This is a fee charged to the City for every One Call sewer utility locate requested in the City limits.	07-42-00	340	85	2,500	2,239	3,000	3,000
	KC Water Dept.	Fees paid to the KCMO Water Department for sewer service provided to some Parkville residents.	07-82-00	30,728	40,126	32,000	16,533	32,000	32,000
	Platte County Regional Sewer District	Fees paid to the PCRS D for wastewater treatment for Parkville residents formerly served by Eastside station.		21,040	17,759	17,600	8,879	17,600	17,600
	Odor Control	Chemical used to mitigate odors from sewer lines.	07-91-00	18,789	19,701	29,000	19,563	30,000	31,000
Expenses: City Services				109,029	116,875	121,100	71,101	117,600	123,600
Exp: Professional	Engineering Fees	This covers the fees for work performed by the City Contract Engineer for the sewer system, including SSES Program engineering and management.	08-03-00	14,755	12,667	16,000	16,701	20,000	20,000
	Management Contract	Contract with Alliance Water Resources to operate the sewer plant.	08-04-00	305,310	305,712	305,712	253,598	305,712	311,916
	Credit Card Fees	Costs associated with processing credit card transactions.	08-07-00	8,071	9,762	10,000	913	10,000	10,000
	Sewer Refunds	Refunds for bill over payments	08-08-00	330	2,013	500		0	
Expenses: Professional Fees				328,466	330,154	332,212	271,212	335,712	341,916
Exp: Other Exp.	Miscellaneous	Miscellaneous includes uncategorized expenses.	09-21-00	493	2,508	1,500		100	1,500
	DNR Fees	Annual fee to the Missouri Department of Natural Resources based on the number of sewer connections in the City.	09-22-00	1,927	1,954	2,000	2,001	2,001	2,100
Expenditures: Other Expenditures				2,420	4,461	3,500	2,001	2,101	3,600
Exp: Capital Outlay	Equipment & Machinery	Includes purchase of Sludge Wagon (\$10,000)	04-31-00	26,638	36,026	37,500	14,628	25,669	10,000
	Sewer Plant Improvements	Improvements to the sewer plant operations. Aeration blower (\$14,000), Aeration mixer (\$13,000), Stair replacement (\$30,000), Aeration basin diffusers (\$45,000), SCADA System (\$54,000). 2021 Carryover: Clarifier Drive (\$17,000).	04-51-00		5,806	96,000	28,810	28,810	173,000
	Pump Station Improvements	Improvements to pump stations. Includes McAfee Pump Replacement (\$30,000)	04-61-00			140,000	8,162	140,000	30,000
	Line Maintenance	Includes 2022 CCTV & Cleaning (\$61,500); Riss Lake structure survey (\$17,000), Sanitary Sewer Repairs (\$220,000).	06-42-00	202,788	529,419	300,300	308,998	350,180	298,500
	Other	Consulting fees for Sewer System Appraisal and Rate Study	06-99-00			0		0	150,000
Expenditures: Capital Outlay				229,426	571,251	573,800	360,598	544,659	661,500
Exp: Transfers	Administration Transfer to General Fund	Administrative salaries for sewer related work, Missouri One Call services, and other sewer related administrative functions.	08-06-00	230,000	280,000	350,000	266,667	350,000	350,000
	SRF Principal Transfer	Funds are transferred to Debt Service for SRF payments.	12-11-00	160,000	160,000	160,000	137,500	160,000	165,000
	SRF Interest Transfer	Funds are transferred to Debt Service for SRF payments.	12-11-01	16,267	13,113	15,957	8,768	15,957	11,629
	SRF Admin Fee Transfer	Funds are transferred to Debt Service for SRF payments.	12-11-02	10,479	3,874	4,920	124	4,920	4,920
Expenditures: Transfers				416,746	456,987	530,877	413,059	530,877	531,549
Total Sewer Fund (30) Expenditures				1,195,044	1,611,371	1,711,220	1,284,806	1,722,134	1,833,716
Ending Fund Balance Sewer Fund (30)				973,336	894,754	769,361	921,881	746,285	528,074

Sewer Fund (30)

Last Updated 10/31/2021

	2018	2019	2020	2021	2021	2021	2022	2023	2024	2025	2026
	Actual	Actual	Actual	Budget	YTD	Actual	Budgeted	Projected	Projected	Projected	Projected
<i>Beginning Fund Balance</i>	\$420,915	531,261	979,986	898,030	898,030	898,030	746,285	528,074	540,805	(127,690)	(807,766)
Revenues											
<i>Projected Rate Increase</i>	10.00%	10.00%	5.00%	6.00%	6.00%	6.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Sewer Charges	1,320,195	1,471,357	1,417,807	1,464,362	1,259,380	1,511,256	1,508,293	1,562,239	1,609,106	1,657,379	1,707,101
Sewer Tap Fees	41,850	36,500	49,000	59,976	22,750	27,300	50,000	30,450	30,907	31,370	31,841
Sewer Impact Fees	34,650	94,076	46,200	50,000	21,450	25,740	50,000	50,750	51,511	52,284	53,068
MOAW Bill Collection Payment	444	442	407	-	-	-	-	550	550	550	550
Grinder Pump Administrative Fee	4,620	4,620	4,620	4,712	3,850	4,620	4,712	4,620	4,620	4,620	4,620
Interest Income	4,160	4,407	2,778	3,500	1,228	1,473	2,500	5,050	5,101	5,152	5,203
Transfer from Sewer CIP (33)	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	22,317	5,880	-	-	-	-	-	-	-	-
Sewer Fund Revenues:	1,405,918	1,633,719	1,526,692	1,582,551	1,308,657	1,570,389	1,615,505	1,653,659	1,701,795	1,751,355	1,802,383
Total Sources:	1,826,833	2,164,980	2,506,678	2,480,581	2,206,687	2,468,419	2,361,791	2,181,733	2,242,600	1,623,665	994,617
Expenditures											
Operating Expenses	540,078	548,872	583,133	606,543	511,150	646,597	640,667	622,099	633,754	645,637	657,753
Capital Expenses	244,753	229,426	571,251	573,800	360,598	544,659	661,500	481,700	1,188,000	1,230,300	266,000
Debt Service	181,267	186,746	176,987	180,877	146,392	180,877	181,549	176,629	177,221	173,039	30,416
Transfer to General Fund - Admin Fee	190,000	230,000	280,000	350,000	266,667	350,000	350,000	360,500	371,315	382,454	393,928
Other Transfers											
Sewer Fund Expenditures:	1,156,098	1,195,044	1,611,371	1,711,220	1,284,806	1,722,134	1,833,716	1,640,928	2,370,290	2,431,431	1,348,097
Estimated Working Capital (deficit) :	670,736	969,936	895,306	769,361	921,881	746,285	528,074	540,805	(127,690)	(807,766)	(353,479)
TARGET*	\$363,786	\$381,464	\$392,770	\$420,013	\$340,846	\$430,026	\$429,216	\$422,279	\$428,488	\$430,062	\$293,336



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Memo

To: Joseph D. Parente, City Administrator
From: Nick Dragisich
Date: January 28, 2021
Subject: Administrative Charge to Sewer Fund

In 2016, Springsted Incorporated (now Baker Tilly) assisted the City in determining and recommending an administrative charge allocation from the City's General Fund to its Sewer Fund. We were recently retained to review and update this administrative charge allocation to ensure it was equitable and fairly allocated the costs incurred. The administrative allocation should reflect the direct support provided by the General Fund to the Sewer Fund and indirect support provided by the City's overhead activities that benefit the Sewer Fund.

The direct support provided by the General Fund was determined by gathering data related to the time employees in General Fund departments spend on activities that directly benefit the Sewer Fund. The General Fund departments where these activities were found included: Administration, Community Development, and Public Works. Each employee in these departments was asked to complete a time-spent profile where they estimated the percentage of their time spent over the course of an average year on activities incumbent to their positions. The time spent on each activity was then converted to a cost based on the employee's effective hourly cost. The effective hourly cost was determined by taking total personnel cost including salary and wages, fringe benefits, FICA and Medicare, retirement, and insurances divided by the actual time the employee was available to provide services. The available time is the 2,080 annual work hours minus hours of vacation, holiday, sick leave, and training. For example: an employee with an annual salary of \$55,949 and benefits plus FICA and Medicare of \$16,317 would have a total annual cost of \$72,266 or \$34.74/hour ($\$72,266/2080 \text{ hours} = \$34.74/\text{hour}$). The employee's time includes fifteen percent for training, vacation/sick leave/holidays. This results in an effective cost of \$40.87/hour ($\$34.74/(1.0-.0.15) = \40.87). The personnel cost of each activity was used to proportionately allocate other department operating costs to that activity. This cost was then increased to include the overhead cost of the department to arrive at the total cost. A summary description of each department is provided below.

Administration Department:

The Administration Department has a staff of eight including six full-time and two part-time employees. Each of these employees reported spending time on activities related to the Sewer Fund. These activities primarily included:

- Handling of customer complaints
- Responding to questions related to the Sewer Fund
- Accepting and processing payments for sewer services
- Supervision of sewer billing staff and processes
- Preparing and mailing sewer bills to customers
- Stopping and starting sewer services

The cost of these sewer related services was determined to be \$194,136. Department overhead for Administration was limited to the percent of time spent providing supervision/management/direction because the other overhead costs were allocated as City-wide overhead. Department overhead allocated to these sewer related services was \$15,122 resulting in total Administration Department operating costs that support the Sewer Fund of \$209,258 as shown in the table below.

Administration Department Operating Costs that Support the Sewer Fund	
Sewer Related Activities	\$ 194,136
Department Overhead	\$ 15,122
Total Costs Supporting the Sewer Fund	\$ 209,258

Public Works Department:

The Public Works Department has a staff of thirteen including ten full-time and three part-time employees. Nine of the employees reported spending some of their time on sewer related activities primarily including:

- Managing capital improvement projects from conception through construction
- Creating bid documents, contracts, and policy reports for sewer capital improvement projects
- Reviewing contract and insurance documents for compliance to contracts
- Communication with contractors regarding contract documents and compliance
- Performing inspections on construction of sewer infrastructure and compile inspection reports

The cost of these sewer related services was determined to be \$104,577. Department overhead allocated to these sewer related services was \$28,070 resulting in total operating costs that support the Sewer Fund of \$127,647. These Public Works Department costs are shown below.

Public Works Department Operating Costs that Support the Sewer Fund	
Sewer Related Activities	\$ 104,577
Department Overhead	\$ 28,070
Total Costs Supporting the Sewer Fund	\$ 132,647

Community Development Department:

The Community Development Department has a staff of five including three full-time and two part-time employees. Four of the employees reported spending some of their time on sewer related activities primarily including:

- Ensure adequate sewer easements are identified on applications, plats and maps for building and development within the City limits
- Coordinate and provide data, information, maps and imagery to the City's Public Works Director and on-call engineer for tasks pertaining to the mapping of existing and new sewer lines
- Provide records of sewer lines identified on past applications and approved plans

The cost of these sewer related services was determined to be \$21,825. Department overhead allocated to these sewer related services was \$7,106 resulting in total operating costs of the Community Development Department that support the Sewer Fund of \$28,931. The Community Development costs are shown below.

Community Development Department Operating Costs that Support the Sewer Fund	
Sewer Related Activities	\$ 21,825
Department Overhead	\$ 7,106
Total Costs Supporting the Sewer Fund	\$ 28,931

City-Wide Overhead Costs:

The costs incurred by the City in providing support to its operating departments enabling them to provide their services and to other funds established by the City are overhead costs that need to be appropriately allocated. These costs include services like paying bills, issue payroll checks, coordinate purchasing functions, human resources, IT, providing overall policy goals and direction, and others that provide a City-wide benefit. These supporting functions were identified in the expenditures for the Mayor and Board, Administration, Public Information, and Information Technology.

The City-wide costs of these supporting functions were allocated proportionately to each department and Fund of the City based either on expenditure amounts or the number of full-time-equivalent employees (F.T.E.'s). The choice of allocation method was based on the most appropriate method for the cost being allocated. For example, our previous analysis of the Administration Department identified \$209,258 of sewer related costs and \$92,599 of other non-overhead costs or a total of \$301,857 of non-overhead expenses. This leaves \$1,078,227 (\$1,380,085 - \$301,857 = \$1,078,228) of costs supporting City-wide functions. Administration staff reported they spent approximately forty percent of their time on human resources activities so forty percent of the costs of supporting City-wide activities were allocated based on the number of F.T.E.'s and the remaining sixty percent were allocated based on expenses. The other City-wide allocations were based on Baker Tilly's experience in cost allocation studies both in terms of previous studies performed and in the considerable experience of its consulting staff as public-sector managers. In addition, care was taken to not double count expenses in those departments where sewer-related activities and other fee-related activities were identified. The allocation of these department costs is shown below. The allocations resulted in a proportional cost to the Sewer Utility of \$104,657.

2021 Budget	Mayor and Board	Administration	Public Information	Information Technology	Total Allocated Overhead
F.T.E.s	-	6.50	-	-	6.5
Total Expenses	\$ 73,206	\$ 1,380,085	\$ 30,410	\$ 60,745	\$ 1,544,445
Expenses Allocated to Activities	\$ -	\$ 301,857	\$ -	\$ -	\$ 301,857
Net Expenses	\$ 73,206	\$ 1,078,228	\$ 30,410	\$ 60,745	\$ 1,242,588
Percent City-Wide Overhead	100.00%	78.13%	100.00%	100.00%	
Allocation Based on F.T.E.s	0.00%	40.00%	0.00%	100.00%	
Allocation Based on Expenses	100.00%	60.00%	100.00%	0.00%	
Mayor and Board	\$ 428	\$ 3,779	\$ 178	\$ -	\$ 4,384
Administration	\$ 6,298	\$ 114,672	\$ 2,616	\$ 8,312	\$ 131,898
Municipal Court	\$ 1,009	\$ 27,074	\$ 419	\$ 2,558	\$ 31,059
Community Development	\$ 2,099	\$ 63,945	\$ 872	\$ 6,394	\$ 73,310
Police	\$ 9,698	\$ 249,140	\$ 4,029	\$ 23,019	\$ 285,886
Public Works	\$ 4,672	\$ 168,409	\$ 1,941	\$ 17,904	\$ 192,926
Parks & Recreation	\$ 2,632	\$ 23,261	\$ 1,093	\$ -	\$ 26,986
Sewer Utility	\$ 9,703	\$ 90,285	\$ 4,031	\$ 639	\$ 104,657
Nature Sanctuary	\$ 362	\$ 16,815	\$ 150	\$ 1,918	\$ 19,245
Public Information	\$ 178	\$ 1,570	\$ 74	\$ -	\$ 1,821
Information Technology	\$ 355	\$ 3,135	\$ 147	\$ -	\$ 3,638
Transportation Sales Tax Fund	\$ 6,770	\$ 59,826	\$ 2,812	\$ -	\$ 69,408
Debt Service Funds	\$ 15,527	\$ 137,216	\$ 6,450	\$ -	\$ 159,193
Reserve Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Eliminations	\$ -	\$ -	\$ -	\$ -	\$ -
Park Sales Tax Fund	\$ 8,593	\$ 75,937	\$ 3,570	\$ -	\$ 88,099
Economic Development	\$ 58	\$ 516	\$ 24	\$ -	\$ 599
Parks Donations	\$ -	\$ -	\$ -	\$ -	\$ -
Veterans Memorial	\$ 380	\$ 3,355	\$ 158	\$ -	\$ 3,892
Court Recoupment Fees	\$ 3	\$ 28	\$ 1	\$ -	\$ 33
Police Training Fees LET	\$ 12	\$ 106	\$ 5	\$ -	\$ 123
Police Shop	\$ 56	\$ 495	\$ 23	\$ -	\$ 574
TIF Development	\$ 2,805	\$ 24,787	\$ 1,165	\$ -	\$ 28,757
Market Place Project 1 &2	\$ -	\$ -	\$ -	\$ -	\$ -
Market Place CID #1 & #2	\$ 10	\$ 93	\$ 4	\$ -	\$ 107
Creekside Development	\$ -	\$ -	\$ -	\$ -	\$ -
Fewson Project	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Projects	\$ 1,560	\$ 13,786	\$ 648	\$ -	\$ 15,994
Totals	\$ 73,206	\$ 1,078,228	\$ 30,410	\$ 60,745	\$ 1,242,588

The total cost of City Departments in support of the Sewer Fund is then the sum of the individual department operating costs and the City-wide overhead allocation. This resulted in a total operating and overhead cost of \$475,494 based on the City's 2021 budget. The City already allocates \$25,694 to the Sewer Fund for personnel costs in the Administration budget. Deducting these costs gives a net cost available to allocated to the Sewer Fund of \$449,800. A detailed breakdown is provided below.

Total City Costs Supporting the Sewer Fund

City Costs Supporting the Sewer Fund	Sewer Related Activities	Overhead	Total
General Fund Administration	\$ 194,136	15,122	209,258
General Fund Community Development	\$ 21,825	7,106	28,931
General Fund Public Works	\$ 104,577	28,070	132,647
City Wide Overhead	\$ -	104,657	104,657
Total Cost Supporting the Sewer Fund	\$ 320,538	154,955	475,494
Less Costs Allocated in Budget	\$ (25,694)	-	(25,694)
Net Cost Available to Allocate to the Sewer Fund	\$ 294,844	\$ 154,955	\$ 449,800