

COUNCIL COMMUNICATION

From: The City Manager

Subject: Water and Sewer - Budget Adjustment

Manager's Recommendation:

It was recommended and approved during the FY 2007/2008 Budget that the City would utilize the Maximus, Inc., Cost Allocation Plan. As a result of this approval, the City has partially implemented this plan. The following funds must be amended to cover the cost of the plan:

The Sewer Fund – Administration's Internal Service Charges/Indirect Costs line item (590-4810-851.79-20) should be increased by \$175,864.00, from \$704,994.00 to \$880,858.00. Available retained earnings will offset this increase.

The Water Fund – Administration's Internal Service Charges/Indirect Costs line item (591-4710-851.79-20) should be increased by \$576,486.00, from \$378,325.00 to \$954,811.00. Available retained earnings will offset this increase.

Justification:

The City contracted with Maximus, Inc., in 2002 to develop a cost allocation plan to ensure that the General Fund would pay for services provided to other funds, such as Water and Sewer. This plan was not updated until 2007. During fiscal year 2008 City Council approved the update of the Maximus, Inc., Cost Allocation Plan. The fiscal year 2008 budget reflects the partial implementation of this plan. The allocation plan will continue to be partially implemented in fiscal year 2009.

Council Action:

Council _____ moved that the recommendation of the City Manager be approved.