



The City of Cocoa

FY 2017 COST ALLOCATION STUDY UPDATE

Final Report

August 17, 2016

Prepared By:

BURTON & ASSOCIATES

200 Business Park Circle
Suite 101
St. Augustine, FL 32095
(904) 247-0787



BURTON & ASSOCIATES

August 17, 2016

Mr. John Titkanich
City Manager
City of Cocoa
65 Stone Street
Cocoa Florida, 32922

Re: FY 2017 Cost Allocation Study Update – Final Report

Dear Mr. Titkanich:

Burton & Associates is pleased to present this Final Report of the FY 2017 Cost Allocation Study Update that we have conducted for the City.

We appreciate the fine assistance provided by you, your staff and all of the members of City staff who participated in the analysis. If you have any questions, please do not hesitate to call me at (904) 247-0787.

Very truly yours,



Michael E. Burton
President

Burton & Associates

200 Business Park Circle, Suite 101 • St. Augustine, Florida 32095 • Phone (904) 247-0787 • Fax (904) 241-7708
E-mail: mburton@burtonandassociates.com

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SECTION 1. INTRODUCTION

This report presents the results of an analysis to update the cost allocation study that Burton & Associates conducted in FY 2012. In order to properly allocate costs incurred in City Organizational Units that benefit other City Organizational Units a cost allocation study must be conducted. Burton & Associates conducted such a study in FY 2012 and this report updates that analysis.

1.1 OBJECTIVE AND SCOPE

The objective of this study was to develop a cost allocation methodology and to allocate costs of City Organizational Units that provide benefit (Source Organizational Units) to other City Organizational Units (Benefitting Organizational Units), both direct and indirect benefit, to those benefitting City Organizational Units. This required identifying those Source Organizational Units that provide direct or indirect benefit to other Receiving Organizational Units.

1.2 STUDY PROCEDURES

During this study we reviewed the cost allocations of the FY 2012 Study, reviewed the current City organization and updated reports of certain cost allocation criteria used in the analysis such as full time equivalents (FTEs) per department and the Fleet Work Order Summary. We discussed the updated allocations with City staff, reported the results in summary form for inclusion in the FY 2017 budget preparation and prepared this Draft Report.

SECTION 2. ANALYSIS AND RESULTS

This section presents the basis for and the results of cost allocation analysis. The first task was to identify those Source Organizational Units that provide benefit to Benefitting Organizational Units. The second task was to identify the Benefitting Organizational Units that receive benefit, direct or indirect, from the Source Organizational Units.

2.1 SOURCE ORGANIZATIONAL UNITS

The Source Organizational Units to be allocated are those Organizational Units that provide either direct or indirect benefit to other City Organizational Units. After reviewing the City's organization and discussing the activities of Source Organizational Units with City staff, we determined that the following City Organizational Units are the Source Organizational Units.

1. City Council
2. City Manager's Office
 - a. City Manager's Office
 - b. Information Technology
3. Finance Department
 - a. General Accounting and Purchasing
 - b. Utility Accounting
4. General Operations & Emergency Disaster Services
5. Administrative Services Department
 - a. Human Resources
 - b. City Clerk
6. Public Works Department
 - a. Fleet Maintenance
 - b. Facilities Maintenance Salaries

The next step was to determine the percentage of the costs in each of the above Source Organizational Units to be included in the allocation to Benefitting Organizational Units. Based upon discussions with City staff as to the activities performed by each of the above referenced organizational units, we determined the following percentages of costs to be included in the allocation.

Percentage of Costs to be Included in the Allocation:

Source Organizational Units	Percentage of Costs Included in the Allocation
City Council	100%
City Manager's Office	100%
Information Technology	100%
General Accounting and Purchasing	100%
Utility Accounting	100%
General Operations & Emergency Disaster Services	15%
Human Resources	100%
City Clerk	100%
Fleet Maintenance	100%
Facilities Maintenance Salaries	100%

2.2 BENEFITTING ORGANIZATIONAL UNITS

The Benefitting Organizational Units are those Organizational Units that receive either direct or indirect benefit from the Source Organizational Units. After reviewing the City's organization and discussing the activities of Source Organizational Units with City staff, we determined that the following City Organizational Units are the Benefitting Organizational Units that receive benefits from the Source Organizational Units.

1. City Council
2. City Manager's Office
3. Finance Department
4. Administrative Services Department
5. Public Works Department
6. Police Department
7. Fire Department
8. Community Development Department
9. Stormwater Department
10. Water and Sewer Department

It is interesting to note that some of the Source Organizational Units are also included on the list of Benefitting Organizational Units. This is because in the evaluation of the direct and indirect benefits provided by each Source Organizational Unit, some of those Source Organizational Units

receive benefit from Source Organizational Units as well as providing benefit to Benefitting Organizational Units, so they were appropriately included in both groups of Organizational Units.

2.3 COST ALLOCATION CRITERIA

After determining the Source Organizational Units and the Benefitting Organizational Units, we next determined the appropriate criteria for allocating the costs in the Source Organizational Units to the Benefitting Organizational Units. The benefit criteria were determine to reflect the metric that was judged to be the best-fit regarding the distribution of benefit from the Source Organizational Units to the Benefitting Organizational Units. In some instances a specific allocation criteria could not be identified because the Source Organizational Unit provides overall indirect benefit to all Benefitting Organizational Units. In those instances a weighted allocation of the combined overall allocation of Source Organizational Units to Benefitting Organizational Units was used. The table below presents the allocation criteria used for the allocations.

Allocation Criteria:

Source Organizational Units	Allocation Criteria
City Council	Weighted
City Manager’s Office	Weighted
Information Technology	Weighted
General Accounting and Purchasing	Total Budget
Utility Accounting	Direct to Water & Sewer
General Operations & Emergency Disaster Services	Weighted
Human Resources	Personnel –FTEs
City Clerk	Personnel –FTEs
Fleet Maintenance	Work Order Hours
Facilities Maintenance Salaries	Building Space in Sq. Ft.

2.4 COST ALLOCATION

After determining the appropriate cost allocation criteria for each Source Organizational Unit, we developed a Summary Cost Allocation Spreadsheet to determine the amount of total costs that each Benefitting Organizational Unit receives from the Source Organizational Units. The Summary Cost Allocation Spreadsheet is presented in the chart on the second following page and the Detailed Cost Allocation Spreadsheet which supports the Summary Cost Allocation Spreadsheet is presented in the Appendix.

2.5 ANNUAL ADJUSTMENT

Each year all departments of the City will experience inflationary increases in costs, including increases in the costs of purchased goods and services and salary increases. In order for the Cost Allocation results to more accurately reflect the costs being allocated to the benefitting departments, we recommend adoption of an annual adjustment equal to the Consumer Price Index for All Urban Consumers (CPI-U), May or 3%, whichever is higher, to account for these increases in costs. However, because the actual costs may increase a different rate, we also recommend that if this annual adjustment is adopted, it be coupled with the requirement that this Cost Allocation Analysis be updated every four to five years to ensure that over time the allocation of costs to benefitting departments is accurate.

	Organizational Units to be Allocated (Source Organizational Units)									
	City Council	City Manager's Office	General Accounting & Purchasing	Utility Accounting	General Operations & Emergency Disaster Svcs	Human Resources	Information Technology	Fleet Maint.	Facilities Maintenance Salaries	Total
	Total Budget Costs to be Allocated	\$101,998 \$101,998	\$484,946 \$484,946	\$1,154,451 \$1,154,451	\$1,712,176 \$1,712,176	\$6,115,284 \$932,126	\$423,464 \$423,464	\$1,974,024 \$1,828,454	\$532,718 \$532,718	\$358,704 \$358,704
Allocation Criteria	WTD	WTD	Total Budget	Direct	WTD	Personnel	WTD	WO Hours	Space	
Organizational Units Receiving an Allocation (Benefiting Organizational Units):										
City Council										
Apportionment Percentage	0.49%	0.49%	0.07%	0.00%	0.49%	1.13%	0.49%	0.00%	4.17%	0.49%
Apportionment Amount	\$502	\$2,389	\$856	\$0	\$4,592	\$4,780	\$9,008	\$0	\$14,965	\$40,053
City Manager's Office										
Apportionment Percentage	1.23%	1.23%	1.79%	0.00%	1.23%	3.42%	1.23%	0.23%	4.17%	1.23%
Apportionment Amount	\$1,252	\$5,952	\$20,634	\$0	\$11,441	\$14,482	\$22,443	\$1,243	\$14,965	\$101,383
Finance Department										
Apportionment Percentage	2.34%	2.34%	2.08%	0.00%	2.34%	8.58%	2.34%	0.00%	10.43%	2.34%
Apportionment Amount	\$2,385	\$11,341	\$24,055	\$0	\$21,799	\$36,324	\$42,762	\$0	\$37,413	\$198,581
Administrative Services Department										
Apportionment Percentage	0.95%	0.95%	1.98%	0.00%	0.95%	2.48%	0.95%	0.28%	1.31%	0.95%
Apportionment Amount	\$965	\$4,588	\$22,861	\$0	\$8,819	\$10,515	\$17,300	\$1,471	\$4,717	\$77,750
Public Works Department										
Apportionment Percentage	6.68%	6.68%	6.29%	0.00%	6.68%	11.51%	6.68%	8.33%	31.66%	6.68%
Apportionment Amount	\$6,812	\$32,386	\$72,605	\$0	\$62,251	\$48,751	\$122,111	\$44,350	\$113,552	\$533,016
Police Department										
Apportionment Percentage	11.40%	11.40%	7.29%	0.00%	11.40%	23.70%	11.40%	42.83%	17.84%	11.40%
Apportionment Amount	\$11,627	\$55,281	\$84,152	\$0	\$106,257	\$100,370	\$208,434	\$228,151	\$63,998	\$920,444
Fire Department										
Apportionment Percentage	3.85%	3.85%	4.25%	0.00%	3.85%	10.16%	3.85%	7.28%	8.39%	3.85%
Apportionment Amount	\$3,927	\$18,670	\$49,096	\$0	\$35,886	\$43,016	\$70,394	\$38,781	\$30,093	\$316,509
Community Development										
Apportionment Percentage	1.64%	1.64%	1.85%	0.00%	1.64%	6.29%	1.64%	1.10%	4.17%	1.64%
Apportionment Amount	\$1,677	\$7,975	\$21,333	\$0	\$15,329	\$26,622	\$30,069	\$5,845	\$14,965	\$123,815
Stormwater Department										
Apportionment Percentage	1.14%	1.14%	2.03%	0.00%	1.14%	1.13%	1.14%	3.36%	0.45%	1.14%
Apportionment Amount	\$1,165	\$5,537	\$23,475	\$0	\$10,643	\$4,780	\$20,877	\$17,887	\$1,603	\$88,927
Water/Sewer Department										
Apportionment Percentage	70.28%	70.28%	72.36%	100.00%	70.28%	31.60%	70.28%	36.60%	17.41%	70.28%
Apportionment Amount	\$71,685	\$340,825	\$835,385	\$1,712,176	\$655,108	\$133,826	\$1,285,057	\$194,991	\$62,434	\$5,374,389
Total										
Apportionment Percentage	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Apportionment Amount	\$101,998	\$484,946	\$1,154,451	\$1,712,176	\$932,126	\$423,464	\$1,828,454	\$532,718	\$358,704	\$7,774,865

SECTION 3. APPENDIX

This section presents the Detailed Cost Allocation Spreadsheet supporting the Summary Cost Allocation Spreadsheet presented in Section 2.



City of Cocoa
 Cost Allocation Analysis

BURTON & ASSOCIATES

	A	B	C	D N										
				Departments to be Allocated										
				City Manager's Office			Finance Department			Administrative Services Department		Public Works Department		Total
City Council	City Manager's Office	Information Technology	General Accounting & Purchasing	Utility Accounting	General Operations & Emergency Disaster Svs	Human Resources	City Clerk	Fleet Maint.	Facilities Maintenance Salaries					
			Total Budget	\$101,998	\$484,946	\$1,974,024	\$1,154,451	\$1,712,176	\$6,115,284	\$423,464	\$245,828	\$532,718	\$358,704	\$13,103,593
			Percent to be Allocated	100%	100%	93%	100%	100%	15%	100%	100%	100%	100%	
Departments Receiving Cost Allocations			Costs to be Allocated	\$101,998	\$484,946	\$1,828,454	\$1,154,451	\$1,712,176	\$932,126	\$423,464	\$245,828	\$532,718	\$358,704	\$7,774,865
		Dept Info	Allocation Criteria	WTD	WTD	WTD	Total Budget	Direct	WTD	Personnel	Personnel	WO Hours	Space	
1			City Council											
2		5	Personnel											
3		\$30,600	Personnel Budget											
4		\$101,998	Total Budget											
5			Criteria Value	NA	NA	NA	\$101,998	\$0	NA	5	5	0	6,720	\$20,600
6			Allocation Percent	0.49%	0.49%	0.49%	0.07%	0.00%	0.49%	1.13%	1.20%	0.00%	4.17%	0.49%
7			Allocation Amount	\$502	\$2,389	\$9,008	\$856	\$0	\$4,592	\$4,780	\$2,961	\$0	\$14,965	\$40,053
8			City Manager's Office											
9		15.15	Personnel											
10		\$684,455	Personnel Budget											
11		\$2,458,970	Total Budget											
12			Criteria Value	NA	NA	NA	\$2,458,970	\$0	NA	15.15	15.15	54	6,720	\$51,324
13			Allocation Percent	1.23%	1.23%	1.23%	1.79%	0.00%	1.23%	3.42%	3.65%	0.23%	4.17%	1.23%
14			Allocation Amount	\$1,252	\$5,952	\$22,443	\$20,634	\$0	\$11,441	\$14,482	\$8,971	\$1,243	\$14,965	\$101,383
15			Finance Department											
16		38	Personnel											
17		\$1,371,669	Personnel Budget											
18		\$2,866,627	Total Budget											
19			Criteria Value	NA	NA	NA	\$2,866,627	\$0	NA	38	38	0	16,800	\$97,792
20			Allocation Percent	2.34%	2.34%	2.34%	2.08%	0.00%	2.34%	8.58%	9.15%	0.00%	10.43%	2.34%
21			Allocation Amount	\$2,385	\$11,341	\$42,762	\$24,055	\$0	\$21,799	\$36,324	\$22,501	\$0	\$37,413	\$198,581
22			Administrative Services Department											
23		11	Personnel											
24		\$1,288,734	Personnel Budget											
25		\$2,724,320	Total Budget											
26			Criteria Value	NA	NA	NA	\$2,724,320	\$0	NA	11	11	63	2,118	\$39,563
27			Allocation Percent	0.95%	0.95%	0.95%	1.98%	0.00%	0.95%	2.48%	2.65%	0.28%	1.31%	0.95%
28			Allocation Amount	\$965	\$4,588	\$17,300	\$22,861	\$0	\$8,819	\$10,515	\$6,514	\$1,471	\$4,717	\$77,750
29			Public Works Department											
30		51	Personnel											
31		\$1,335,525	Personnel Budget											
32		\$8,652,216	Total Budget											
33			Criteria Value	NA	NA	NA	\$8,652,216	\$0	NA	51	51	1,910	50,990	\$279,257
34			Allocation Percent	6.68%	6.68%	6.68%	6.29%	0.00%	6.68%	11.51%	12.28%	8.33%	31.66%	6.68%
35			Allocation Amount	\$6,812	\$32,386	\$122,111	\$72,605	\$0	\$62,251	\$48,751	\$30,199	\$44,350	\$113,552	\$533,016
36			Police Department											
37		105	Personnel											
38		\$3,892,553	Personnel Budget											
39		\$10,028,258	Total Budget											
40			Criteria Value	NA	NA	NA	\$10,028,258	\$0	NA	105	105	9,825	28,738	\$476,670
41			Allocation Percent	11.40%	11.40%	11.40%	7.29%	0.00%	11.40%	23.70%	25.29%	42.83%	17.84%	11.40%
42			Allocation Amount	\$11,627	\$55,281	\$208,434	\$84,152	\$0	\$106,257	\$100,370	\$62,175	\$228,151	\$63,998	\$920,444



City of Cocoa
 Cost Allocation Analysis

BURTON & ASSOCIATES

	A	B	C	D N										
				Departments to be Allocated										
				City Manager's Office			Finance Department			General Operations & Emergency Disaster Svcs		Administrative Services Department		Public Works Department
	City Council	City Manager's Office	Information Technology	General Accounting & Purchasing	Utility Accounting		Human Resources	City Clerk	Fleet Maint.	Facilities Maintenance	Salaries	Total		
			Total Budget	\$101,998	\$484,946	\$1,974,024	\$1,154,451	\$1,712,176	\$6,115,284	\$423,464	\$245,828	\$532,718	\$358,704	\$13,103,593
			Percent to be Allocated	100%	100%	93%	100%	100%	15%	100%	100%	100%	100%	
Departments Receiving Cost Allocations			Costs to be Allocated	\$101,998	\$484,946	\$1,828,454	\$1,154,451	\$1,712,176	\$932,126	\$423,464	\$245,828	\$532,718	\$358,704	\$7,774,865
	Dept Info		Allocation Criteria	WTD	WTD	WTD	Total Budget	Direct	WTD	Personnel	Personnel	WO Hours	Space	
43	Fire Department													
44	Personnel	45												
45	Personnel Budget	\$2,111,192												
46	Total Budget	\$5,850,699												
47	Criteria Value		NA	NA	NA	\$5,850,699	\$0	NA	45	45	1,670	13,513	\$160,985	
48	Allocation Percent		3.85%	3.85%	3.85%	4.25%	0.00%	3.85%	10.16%	10.84%	7.28%	8.39%	3.85%	
49	Allocation Amount		\$3,927	\$18,670	\$70,394	\$49,096	\$0	\$35,886	\$43,016	\$26,646	\$38,781	\$30,093	\$316,509	
50	Community Development													
51	Personnel	27.85												
52	Personnel Budget	\$1,005,392												
53	Total Budget	\$2,542,199												
54	Criteria Value		NA	NA	NA	\$2,542,199	\$0	NA	27.85	0	252	6,720	\$68,765	
55	Allocation Percent		1.64%	1.64%	1.64%	1.85%	0.00%	1.64%	6.29%	0.00%	1.10%	4.17%	1.64%	
56	Allocation Amount		\$1,677	\$7,975	\$30,069	\$21,333	\$0	\$15,329	\$26,622	\$0	\$5,845	\$14,965	\$123,815	
57	Stormwater Department													
58	Personnel	5												
59	Personnel Budget	\$284,902												
60	Total Budget	\$2,797,435												
61	Criteria Value		NA	NA	NA	\$2,797,435	\$0	NA	5	5	770	720	\$47,744	
62	Allocation Percent		1.14%	1.14%	1.14%	2.03%	0.00%	1.14%	1.13%	1.20%	3.36%	0.45%	1.14%	
63	Allocation Amount		\$1,165	\$5,537	\$20,877	\$23,475	\$0	\$10,643	\$4,780	\$2,961	\$17,887	\$1,603	\$88,927	
64	Water/Sewer Department													
65	Personnel	140												
66	Personnel Budget	\$13,330,052												
67	Total Budget	\$99,551,915												
68	Criteria Value		NA	NA	NA	\$99,551,915	\$1,712,176	NA	140	140	8,397	28,036	\$2,938,813	
69	Allocation Percent		70.28%	70.28%	70.28%	72.36%	100.00%	70.28%	31.60%	33.72%	36.60%	17.41%	70.28%	
70	Allocation Amount		\$71,685	\$340,825	\$1,285,057	\$835,385	\$1,712,176	\$655,108	\$133,826	\$82,900	\$194,991	\$62,434	\$5,374,389	
71	Total													
72	Personnel	443												
73	Personnel Budget	\$25,335,074												
74	Total Budget	\$137,574,637												
75	Criteria Value					\$137,574,637	\$1,712,176		443	415.15	22,941	161,075	\$4,181,513	
76	Allocation Percent		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
77	Allocation Amount		\$101,998	\$484,946	\$1,828,454	\$1,154,451	\$1,712,176	\$932,126	\$423,464	\$245,828	\$532,718	\$358,704	\$7,774,865	
78	Variance Check:													
79	Target		\$101,998	\$484,946	\$1,828,454	\$1,154,451	\$1,712,176	\$932,126	\$423,464	\$245,828	\$532,718	\$358,704	\$7,774,865	
80	Variance		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	