

MEMORANDUM

FROM: Andy Garcia, Co-Interim City Manager
DATE: August 25, 2026
SUBJECT: Street Department Personnel Cost Allocation - Drainage Fund Reimbursement

Purpose

This memorandum documents the methodology used to allocate Street Department personnel costs attributable to drainage-related operations for reimbursement from the Drainage Fund to the General Fund for the review period August 1, 2025, through July 31, 2026.

Allocation Methodology

Management conducted an analysis of actual employee hours worked within the combined Street and Drainage operations to establish a reasonable and supportable allocation of personnel resources between street-related and drainage-related activities.

The labor-hour analysis covered the pay periods beginning June 21, 2026, through July 18, 2026, and identified the following:

Activity	Employee Hours	Percentage
Drainage Operations	2,973.50	48.53%
Street Operations	3,153.25	51.47%
Total	6,126.75	100.00%

The analysis indicates that approximately 48.53% of personnel resources were devoted to drainage-related operations during the review period.

Drainage projects, maintenance, and improvements are performed throughout the City, and Street Division personnel assist the Drainage Division as operational needs require. The employee-hour analysis identifies these activities separately while recognizing the operational integration of the two functions.

The Street Department's drainage-related responsibilities include the operation, inspection, maintenance, repair, and emergency response associated with the City's drainage system, including approximately:

- 21 major drainage ditches
- 16 detention ponds
- 207.25 acres of drainage channels
- 4,528 curb inlets
- 160.22 miles of storm sewer line
- 4 citywide street-sweeping cycles

These responsibilities are performed in addition to the Department's street maintenance operations and include routine inspections, vegetation management, debris removal, emergency response, drainage repairs, and other activities necessary to maintain the City's stormwater system.

Cost Basis

The allocation is based on actual personnel expenditures incurred during the annual review period, rather than budgeted amounts. Personnel costs include the City's full cost of labor, consisting of salaries and wages, employer-paid payroll taxes, TMRS contributions, health insurance, life insurance, and other employer-paid fringe benefits.

To maintain a conservative methodology, the calculation is limited to direct personnel costs and does not include indirect or overhead costs incurred by the General Fund. Accordingly, no allocation has been

made for administrative or support services provided by other departments or cost centers, including Finance, Human Resources, Legal, City Secretary, Information Technology, Purchasing, Facilities, Fleet Management, Risk Management, Executive Administration, Engineering, GIS, Grants Administration, Communications, or other centralized support functions.

The Street Department's actual personnel costs for the period August 1, 2025, through July 31, 2026, totaled \$1,838,755.31.

Allocation Calculation

Description	Amount
Total Actual Personnel Costs	\$1,838,755.31
Documented Labor Allocation	48.53%
Personnel Costs Attributable to Drainage	\$892,347.95

The 48.53% allocation is supported by the employee-hour analysis rather than a flat percentage estimate.

Conclusion

Management believes this methodology provides a reasonable, equitable, consistently applied, and documented basis for allocating Street Department personnel costs to the Drainage Fund.

The labor-hour analysis supports approximately 48.53%, or \$892,347.95, of actual Street Department personnel costs as attributable to drainage-related activities.

The methodology is based on actual expenditures, supported by documented employee-hour activity, excludes indirect administrative and overhead costs, and should be reviewed periodically to ensure that it continues to reasonably reflect the operational responsibilities and personnel resources dedicated to maintaining the City's drainage system.

Management Attestation

I certify that I have reviewed the Street Department's operations and the employee-hour analysis supporting this allocation and, based on my knowledge of departmental responsibilities, employee assignments, supervisory oversight, and the supporting labor records, I believe that approximately 48.53% of the Department's personnel resources are reasonably attributable to drainage-related activities.

I further certify that this methodology represents a reasonable and consistently applied estimate for allocating actual personnel costs between the General Fund and the Drainage Fund.

Gabriel Diaz

Title: _____

Date: _____

Andy Garcia

Co-Interim City Manager

Date: _____