



COST ALLOCATION PLAN
Fiscal Year 2019/20
Proposed

Introduction

- **The purpose** of the City's Cost Allocation Plan is to identify the total costs of providing specific City services and appropriately allocate these costs to the Programs and or Funds that benefit from the identified services.
- **The goal** of most Cost Allocation Plans is to provide a clear, consistent and reasonable basis for allocating indirect costs. It is important to stress that the goal of the Cost Allocation Plan is a reasonable allocation of indirect costs, not a "perfect" one.

Program Classifications

Internal Service Funds

Facilities

IT

Fleet

Indirect Programs

City Council

City Attorney

City Administration

Human Resources

City Clerk

Financial Management

Utility Billing

PW Administration

Direct Programs

Police/Fire Department

Community Development

Parks

Storm Drains

Corporation Yard

Street Maintenance

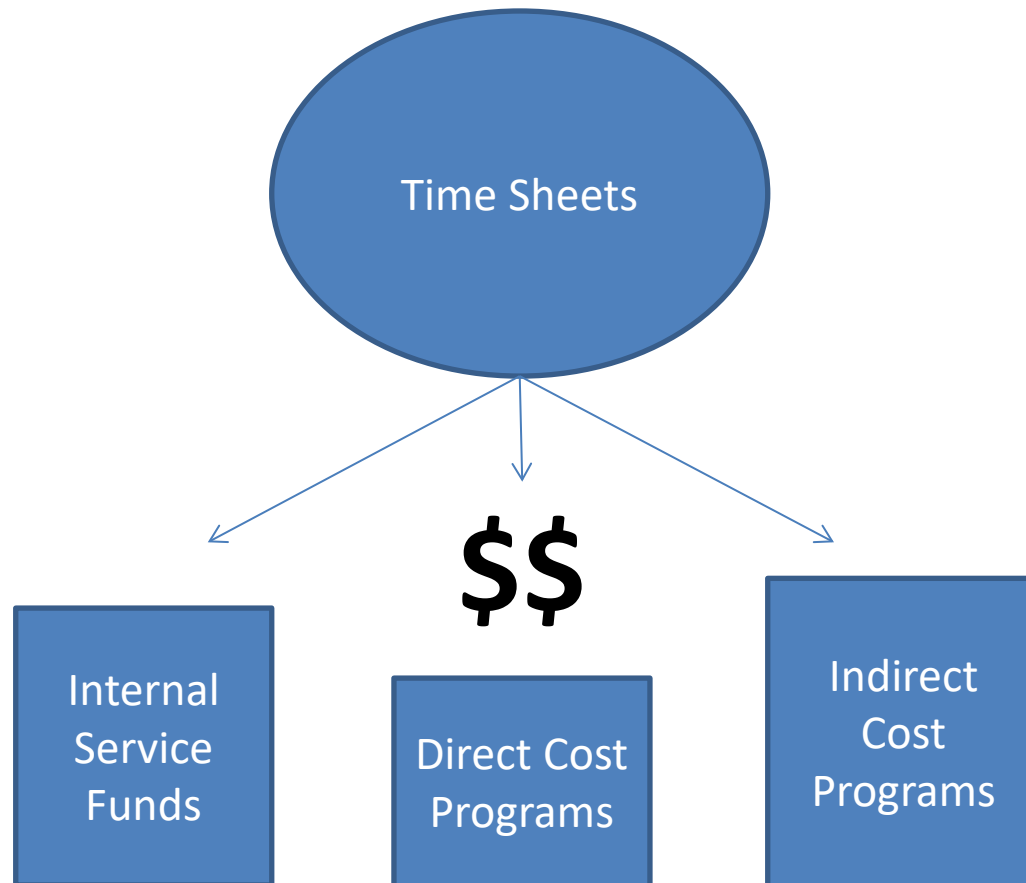
Street Traffic & Safety

Water Enterprise

Wastewater Enterprise

Steps in the Allocation Plan

Step 1: Allocate Personnel costs based on detailed time sheets



Step 2: Calculate Internal Service Fund Driver Rates



Example: Technology Maintenance & Replacement

Cost Driver = Workstations

The City has a total of 90 workstations deployed city-wide. The driver rate is calculated by dividing total cost by the total driver.

Personnel Cost	\$ 185,689
Non-Personnel Cost	203,111
Long Term Funding Plan	<u>36,413</u>
Total Cost	<u><u>\$ 425,213</u></u>

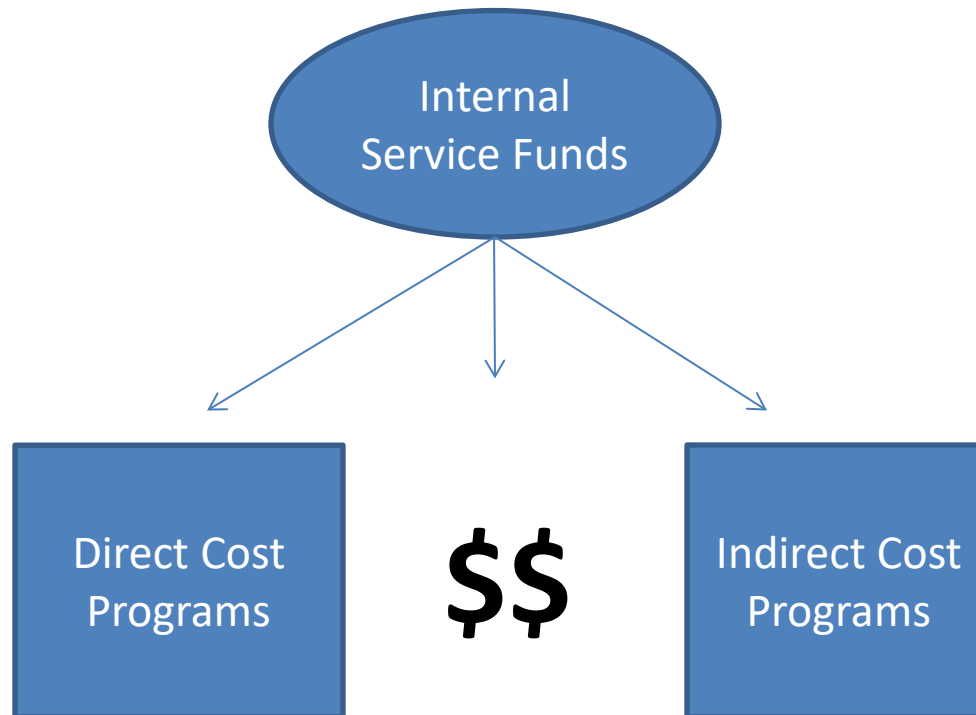
$$425,213/90 = \$4,725 \text{ per workstation}$$

Internal Service Fund Rate Table

Rate Table					
ISFs	Cost		Driver	Total Driver	Rate
Facilities					
Personnel Cost	\$	123,681			
Non-Personnel Cost		71,465			
Long Term Funding Plan	101,997	<u>\$ 297,143</u>	Square footage	68,926	\$ 4.31
Information Tech					
Personnel Cost	\$	185,689			
Non-Personnel Cost		203,111			
Long Term Funding Plan	36,413	<u>\$ 425,213</u>	Workstations	90	\$4,725
Fleet					
Personnel Cost	\$	105,612			
Non-Personnel Cost		254,614			
Long Term Funding Plan	90,594	<u>\$ 450,820</u>	Fleet Vehicles	65	\$6,936
Total Indirect Costs		\$ 1,173,177			

Note: Each rate is derived by dividing Cost by Total Driver

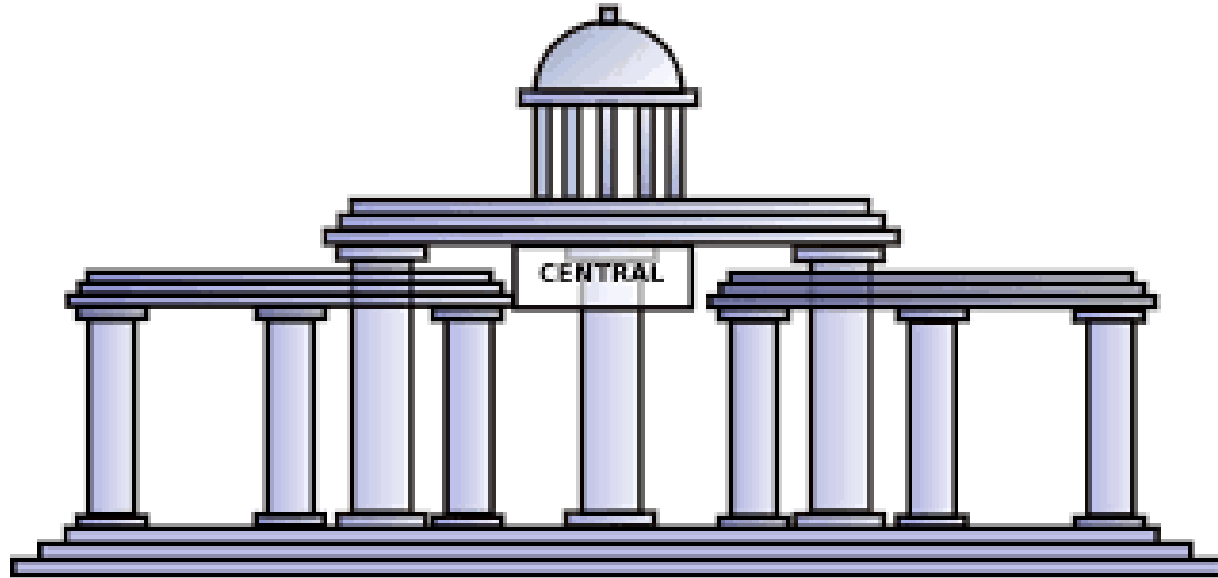
Step 3: Allocate Internal Service Funds to Direct and Indirect Programs



Internal Service Fund Allocation

	Summary of ISF Allocation						
	Facilities		Info Tech		Fleet		Total Allocation
	Sq Ft	Allocation	Work-stations	Allocation	Fleet Vehicles	Allocation	
Direct Programs							
Police/Fire Department	24,319	104,840	30	141,738	29	211,568	458,146
Community Development	6,419	27,673	9	42,521	0	-	70,194
Parks	8,165	35,200	1	4,725	6	41,617	81,541
Storm Drains	-	-	-	-	1	4,033	4,033
Corporation Yard	7,980	34,402	5	23,623	1	4,767	62,792
Street Maintenance	-	-	-	-	2	15,767	15,767
Street Traffic & Safety	-	-	-	-	1	9,167	9,167
Water Enterprise	-	-	4	18,898	6	47,484	66,382
Wastewater Enterprise	-	-	10	47,246	17	127,601	174,847
Indirect Programs							
City Council	2,786	12,011	8	37,797	-	-	49,807
City Attorney	-	-	-	-	-	-	-
City Administration	4,814	20,754	3	14,174	2	14,667	49,595
Human Resources	1,605	6,918	1	4,725	-	-	11,643
City Clerk	1,605	6,918	2	9,449	-	-	16,367
Financial Management	3,210	13,836	5	23,623	-	-	37,459
Utility Billing	3,210	13,836	3	14,174	-	-	28,010
PW Administration	4,814	20,754	9	42,521	-	-	63,276
Totals	68,926	\$ 297,143	90	\$ 425,213	65	\$ 476,670	\$1,199,027

Step 4: Calculate Indirect Cost (Overhead) driver rates



Example: City Council

Cost Driver = Agenda Items

During the course of fiscal year 2017-18 a total of 260 agenda items, public hearings and consent calendar items were presented at Council meetings. The driver rate is calculated by dividing total cost by the total driver.

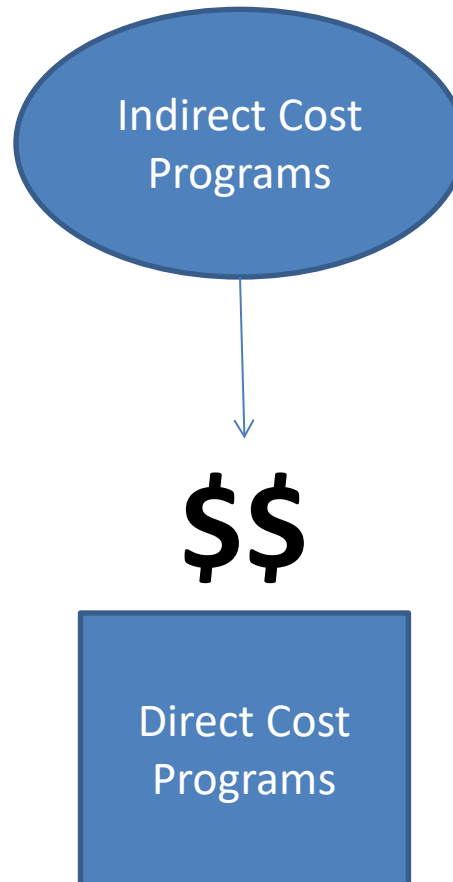
Personnel Cost	\$	163,492
Non-Personnel Cost		19,000
Facilities		12,011
IT		37,797
Fleet		-
Total Cost	\$	<u>232,299</u>

$$232,299/260 = \$894 \text{ per agenda item}$$

Indirect Cost (Overhead) Rate Table

Rate Table			
Indirect Program	Driver	Rate	
City Council	Agenda Item	\$	894
City Attorney	Agenda Item	\$	520
City Clerk	Agenda Item	\$	92
Human Resources	FTE	\$	2,412
City Administration	Op Budget		6%
Non-departmental	Op Budget		7%
Financial Management	Op Budget		5%
Utility Billing	Bills	\$	1.84
PW Administration	PW Op Budget		6%

Step 4: Allocate Indirect Cost Programs (Overhead) to Direct Cost Programs



Indirect Program Cost Allocation

Direct Programs	Summary of Indirect Cost Allocation									
	Non-departmental		Financial Management		Utility Billing		PW Administration		Total Indirect Cost	Full Cost
	Operating Budget	Allocation	Operating Budget	Allocation	Bills Processed	Allocation	PW Operating Budget	Allocation		
Police/Fire Department										
Indirect Cost Allocation	3,999,351	275,031	3,999,351	186,231	-	-	-	-	805,636	4,804,987
Community Development Department										
Indirect Cost Allocation	530,081	36,453	530,081	24,683	-	-	-	-	255,853	785,934
Parks										
Indirect Cost Allocation	395,123	27,172	395,123	18,399	-	-	395,123	25,268	141,528	536,651
Storm Drains										
Indirect Cost Allocation	69,819	4,801	69,819	3,251	-	-	69,819	4,465	36,772	106,591
Corporation Yard										
Indirect Cost Allocation	99,933	6,872	99,933	4,653	-	-	99,933	6,391	39,808	139,742
Street Maintenance										
Indirect Cost Allocation	240,577	16,544	240,577	11,203	-	-	240,577	15,385	79,158	319,736
Street Traffic & Safety										
Indirect Cost Allocation	71,627	4,926	71,627	3,335	-	-	71,627	4,581	39,343	110,970
Water Enterprise										
Indirect Cost Allocation	1,667,986	114,705	1,667,986	77,670	33,888	62,333	1,667,986	106,668	508,825	2,176,811
Wastewater Enterprise										
Indirect Cost Allocation	1,793,768	123,355	1,793,768	83,527	39,252	72,200	1,793,768	114,712	559,509	2,353,278
Total	\$ 8,868,267	\$ 609,860	\$8,868,267	\$ 412,953	73,140	\$ 134,533	\$4,338,834	\$ 277,469	\$2,466,433	\$11,334,699

The full allocation may be found on pages 7&8 of the Proposed Cost Allocation Plan.

Conclusion

- The proposed plan meets the goal of providing a clear, consistent and reasonable basis for allocating indirect costs.
- The proposed plan uses actual time sheet entries rather than management estimates as was the practice in previous plans.
- The proposed plan is easily updated at year-end with actual results for personnel costs, non-personnel costs and driver rates.



Questions?