

MEMORANDUM

TO: CITY COUNCIL

FROM: DEBBIE MALICOAT, DIRECTOR OF ADMINISTRATIVE SERVICES *DM*

SUBJECT: CONSIDERATION OF APPROVAL OF COST ALLOCATION PLAN

DATE: JULY 8, 2014

RECOMMENDATION:

It is recommended the City Council approve the Fiscal Year 2014-15 Cost Allocation Plan.

IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:

The Fiscal Year 2014-15 Cost Allocation Plan will provide resources to the General Fund in the amount of approximately \$681,900. This amount was included in the adopted Fiscal Year 2014-15 Budget.

BACKGROUND:

A Cost Allocation Plan is a method of recovering the cost of General Fund services provided to other funds. In March of 1996, the first Cost Allocation Plan was adopted by the City Council. This was the first time that City costs were identified and divided between direct and indirect costs. Direct costs are expenses incurred in providing a specific cost objective, such as street maintenance, police protection, landscape maintenance, and water service. Indirect costs are expenses not readily identifiable with a particular operating program, but rather are incurred for a joint purpose, which benefits more than one fund/department. Common examples of indirect costs are accounting, purchasing, personnel, building maintenance, and utilities. Though indirect costs are not readily identifiable with direct operating programs, they can be allocated based on rational, logical methodology.

ANALYSIS OF ISSUES:

The Cost Allocation Plan is a method of allocating indirect costs, provided by the General Fund, based on the proportionate share of benefits received. Different indirect costs have different methods of allocation. For instance, payroll costs are allocated based on the number of full time positions and building maintenance costs are allocated based on the number of departmental square feet in City buildings. The Administrative Services Director also reviewed and updated the Cost Allocation Plan to ensure it is as accurate and defensible as possible.

**CITY COUNCIL
COST ALLOCATION PLAN
JULY 8, 2014
PAGE 2**

The Cost Allocation Plan is based on the current year's Annual Budget. The budget is used for allocation purposes, as the amounts identified therein are the best available projection of costs. Each year, the Cost Allocation Plan is updated because (1) the more current the numbers, the better the allocation will mirror actual costs, and (2) technology allows for timely updating.

ALTERNATIVES:

The following alternatives are provided for City Council consideration:

1. Approve staff recommendation and approve the plan;
2. Do not approve the plan and retain current cost allocation numbers;
3. Modify and approve the plan;
4. Provide direction to staff.

ADVANTAGES:

The Cost Allocation Plan provides revenue to the General Fund to reimburse costs for services from departments funded from the General Fund, but provided to fee based operations.

DISADVANTAGES:

The reimbursement to the General Fund will negatively impact other funds, particularly the Water and Sewer Funds.

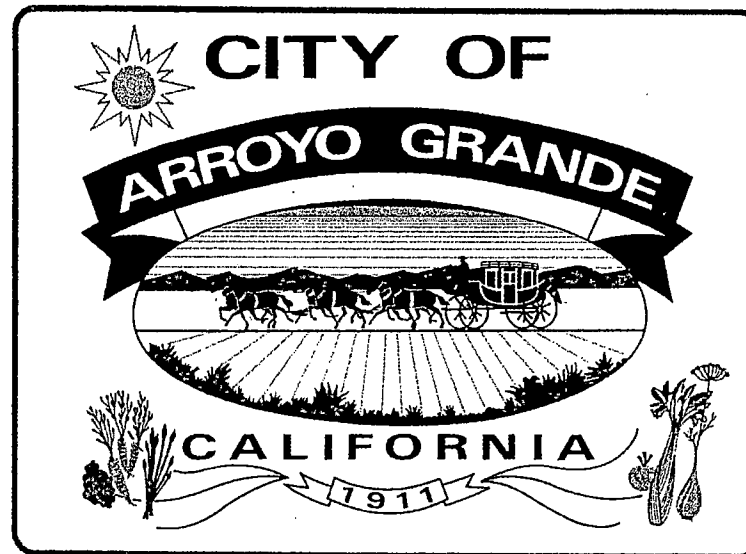
ENVIRONMENTAL REVIEW:

No environmental review is required for this item.

PUBLIC NOTIFICATION AND COMMENTS:

The Agenda was posted in front of City Hall on Thursday, July 3, 2014. The Agenda and report were posted on the City's website on Thursday, July 3, 2014. No public comments were received.

CITY OF
ARROYO GRANDE



COST ALLOCATION PLAN

FISCAL YEAR 2014-2015

CITY OF ARROYO GRANDE

COST ALLOCATION PLAN

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CITY OF ARROYO GRANDE

INTRODUCTION TO THE COST ALLOCATION PLAN

OVERVIEW

Purpose

The purpose of this cost allocation plan is to estimate the total costs of providing direct services to the citizens of Arroyo Grande. A separate cost accounting analysis is required to do this, because in virtually all organizations, public or private, the cost of delivering services or producing goods can be classified into two categories: direct and indirect costs.

Direct and Indirect Costs

Direct costs are those which can be specifically identified with a cost objective, such as police protection, street maintenance, or water service. Indirect costs are support costs, which are not readily identifiable with a direct operating program, but are incurred for a joint purpose that benefits more than one cost objective. Typical indirect cost activities in a government are accounting, legal services, and building maintenance. Although indirect costs are generally not identifiable with direct cost programs, their cost should be reflected as an integral part of the total cost of providing specific goods or services.

Budgeting and Accounting for Indirect Costs

All indirect costs could theoretically be estimated and charged to direct service programs, but practical considerations generally preclude such handling. Instead most organizations separately budget and account for indirect costs, and provide a supplemental reporting vehicle to display estimated total costs to provide a direct program service. Such is the purpose of cost allocation plans: to allocate indirect costs to direct service programs in a logical and uniform manner.

Determining Direct and Indirect Costs

The first step in preparing the City's cost allocation plan is determining direct and indirect costs. The costs of departmental programs that primarily provide service to the public are identified as direct costs whereas the costs of programs which primarily provide services to the organization are identified as indirect costs. In accordance with generally accepted accounting principles, only operating costs are utilized in allocation plans: debt service, transfers, and capital outlay costs are excluded from calculations.

CITY OF ARROYO GRANDE

Introduction to the Cost Allocation Plan

Allocating Indirect Costs

Indirect Cost Rates

For general purposes, a citywide indirect cost rate can be used as the basis for allocating indirect costs. Such a rate is simply the ratio between indirect costs and direct costs, which can be computed for the City as a whole once the direct and indirect cost base has been determined. Provided on page 4 is a summary of direct and indirect costs for Arroyo Grande based upon the 2013-2014 operating budget along with the citywide indirect cost rate. By applying the overall indirect cost rate to any specific direct cost program, the total cost of that program can be determined. For example, if the overall indirect cost rate were 20%, the total cost of a \$100,000 direct cost program in Arroyo Grande would be \$120,000.

Bases of Allocation

The general-purpose method above assumes that all indirect costs are incurred proportionately to each of the direct service programs. However, the benefit received from certain support department programs by a direct service department may be more closely related to an activity indicator other than cost. For example, if a service department does not have any City staffing associated with it; distributing personnel costs to it from a support department would not be a reasonable allocation of costs.

Therefore, the cost allocation plan developed for Arroyo Grande establishes separate and variable basis of cost allocation for certain major identifiable cost categories. Indirect costs can thus be allocated in a fair yet simple manner, and also consistently. Page 7 displays the primary methods of allocation used for various indirect cost programs. Recognition is given to the concept that the cost of gathering and dividing information to develop a reasonable cost allocation plan should not exceed the benefits likely to be gained from the study. In performing the cost allocations, all indirect costs have been allocated only to direct programs rather than using a more complex sequential allocation system. Under a sequential system for example, City Administration costs, or Administrative Services, or City Attorney costs would first be allocated to other indirect cost programs. In turn, those expanded indirect costs would then be allocated to the direct cost programs. Such a process would be fairly time consuming. Although there are some conceptual difficulties with this approach, the gain from a complex sequential allocation system would be insignificant, and the cost of preparation and review is significantly reduced in the simpler approach utilized here.

CITY OF ARROYO GRANDE

Introduction to the Cost Allocation Plan

USES OF THE COST ALLOCATION PLAN

This cost allocation plan can be used in numerous financial decision-making situations. The main areas of use of this basic analytical tool could be:

Water Enterprise and Other Utility Fund Accounting

A complete costing of Arroyo Grande's water enterprise and sewer utility can be achieved by extended allocation of General Fund indirect support costs to utility operations. The cost allocation plan could achieve such a goal.

General Fund User Charges

This cost allocation plan can be utilized to determine appropriate user fees for General Fund services such as planning applications and recreation activities.

Grant Administration

Under Federal cost accounting policies (Circular A-87) it is permissible to include indirect costs in accounting for grant programs. By establishing indirect cost rates, total costs can be applied for and recovered. Modest changes to allocations might be required under Circular A-87 when used for this purpose.

Contracting Out Versus In-House

City employees could make frequent use of this cost allocation plan when comparing the cost of providing a service "in-house" to contracting with an outside service provider.

PREPARATION FREQUENCY

In a true cost accounting system, indirect costs would be computed and allocated on an ongoing basis throughout the fiscal year based on actual costs. However, frequent updating in municipal finance would not serve any specific purpose, but would consume significant accounting resources. As such, it is recommended that the cost allocation plan be prepared annually.

CITY OF ARROYO GRANDE
COST ALLOCATION PLAN FOR FISCAL YEAR 2014-2015
 Summary of Direct and Indirect Costs

<u>DIRECT PROGRAMS COSTS</u>	
Planning & Development	\$ 424,866
Police	5,536,963
Engineering	291,283
Building Safety	251,394
Public Works:	
Public Works Admin	379,986
Sewer Maintenance	302,600
Street Maintenance	634,420
Water System Maintenance	2,990,305
Lopez Water System	3,254,400
Parks Maintenance	500,830
Soto Sports Complex	165,800
Recreation:	
Administration	275,240
Other Recreation Programs	556,150
Other Budget Activity:	
Landscape District Maintenance	7,430
Parkside Assessment District	20,700
Gracelane Assessment District	13,300
Transportation	20,000
Downtown Parking District	3,525
	<u>15,629,192</u>
TOTAL DIRECT COSTS	<u><u>15,629,192</u></u>

<u>INDIRECT PROGRAM COSTS</u>	
Legislation and Policy	\$ 92,600
City Manager	232,365
Administrative Services:	
Accounts Payable	299,425
Payroll	149,712
Business Licensing	49,904
Administrative Services Total	<u>499,041</u>
Legislative & Information Svcs:	
City Clerk	276,603
Information Technology	195,069
Printing/Copying	34,100
Legislative & Information Svcs Total	<u>505,772</u>
City Attorney	183,250
Non Departmental	467,295
Government Buildings	
Personnel	117,550
Services/Supplies	75,350
Government Buildings Total	<u>192,900</u>
Auto Shop	<u>65,325</u>
TOTAL INDIRECT COSTS	<u><u>2,238,548</u></u>

Overall indirect cost rate:

(indirect costs divided by direct costs)

14.32%

Capital projects, capital equipment, transfers, and debt services costs are excluded from amounts shown, for calculating indirect cost rates in accordance with generally accepted accounting principles. Only operating costs are utilized. See pages five (5) and six (6) for schedules of exclusions.

CITY OF ARROYO GRANDE
COST ALLOCATION PLAN FOR FISCAL YEAR 2014-2015
Schedule of Exclusions By Activity

<u>DIRECT PROGRAM COSTS</u>		
Police:		
Debt	\$ 133,880	
Capital items	<u>26,500</u>	\$ 160,380
Parks:		
Debt		21,000
Recreation:		
Capital items		1,200
Transportation		
Transfers		469,700
Soto Sports		
Debt		6,000
Streets		
Debt	54,000	
Transfers	<u>76,300</u>	130,300
Engineering:		
Capital items		-
Sewer Maintenance:		
Capital items	2,500	
Debt	21,000	
Transfers	<u>510,600</u>	534,100
Landscape Maint:		
Transfers		2,200
Grace Lane Maint:		
Transfers		2,600
Parkside Maint:		
Transfers		3,800
Water System:		
Transfers		2,651,800
Lopez Admin:		
Transfers		259,400
Downtown Parking:		
Transfers		<u>3,000</u>
TOTAL DIRECT PROGRAM COSTS	\$ 4,245,480	

<u>INDIRECT PROGRAM COSTS</u>		
City Council:		
Capital items	\$ 5,000	
Administration:		
Capital items		1,000
Debt		29,915
Non Departmental:		
Debt	11,600	
Transfers	<u>146,000</u>	157,600
City Manager/Sales Tax:		
Debt	90,480	
Transfers	<u>1,408,900</u>	1,499,380
Government Buildings:		
Debt		<u>6,000</u>
TOTAL INDIRECT PROGRAM COSTS		<u>1,698,895</u>
TOTAL DIRECT & INDIRECT		<u>\$ 5,944,375</u>

<u>SUMMARY OF EXCLUSIONS:</u>		
Capital items	\$ 36,200	
Debt	373,875	
Transfers	<u>5,534,300</u>	
TOTAL DIRECT & INDIRECT	\$ 5,944,375	

CITY OF ARROYO GRANDE
COST ALLOCATION PLAN FOR FISCAL YEAR 2014-2015
Schedule of Exclusions by Type

<u>DIRECT PROGRAM COSTS</u>	
Capital items:	
Police	\$ 26,500
Engineering	-
Recreation	1,200
Sewer Maintenance	2,500
	<hr/>
Total Equipment Exclusion	\$ 30,200
Debt:	
Police	133,880
Parks	21,000
Soto Sports Complex	6,000
Sewer Maintenance	21,000
Streets	54,000
	<hr/>
Total Debt Exclusion	235,880
Transfers:	
Lopez	259,400
Landscape	2,200
Grace Lane	2,600
Parkside	3,800
Streets	76,300
Transportation	469,700
Downtown Parking	3,000
Water	2,651,800
Sewer Maintenance	510,600
	<hr/>
Total Transfer Exclusion:	<u>3,979,400</u>
TOTAL DIRECT PROGRAM COSTS	<u>\$ 4,245,480</u>

<u>INDIRECT PROGRAM COSTS</u>	
Capital items:	
City Council	\$ 5,000
Administration	1,000
	<hr/>
Total Capital Items Exclusion	\$ 6,000
Debt:	
Government Buildings	6,000
Non Departmental	11,600
IT	29,915
City Manager/Sales Tax	90,480
	<hr/>
Total Debt Exclusion	137,995
Transfers:	
Non Departmental	146,000
City Manager/Sales Tax	1,408,900
	<hr/>
Total Transfer Exclusion:	1,554,900
TOTAL INDIRECT PROGRAM COSTS	<u>1,698,895</u>
TOTAL DIRECT & INDIRECT	<u>\$ 5,944,375</u>
 SUMMARY OF EXCLUSIONS:	
	<hr/>
Capital items	\$ 36,200
Debt	373,875
Transfers	5,534,300
	<hr/>
TOTAL EXCLUSIONS	<u>\$ 5,944,375</u>

CITY OF ARROYO GRANDE
COST ALLOCATION PLAN FOR FISCAL YEAR 2014-2015
Bases of Allocation of Indirect Costs

Legislation and Policy

City Manager
 Non Departmental

Council Agenda Items

Total Operating Budget
 Total Operating Budget

Administrative Services:

Accounts Payable (60% of Budget)
 Payroll (30% of Budget)
 Administration (10% of Budget)

Total Operating Budget
 Full Time Equivalent (FTE) Staffing
 Total Operating Budget

Legislative & Information Services

City Clerk
 Printing/Copying
 Information Technology

Council Agenda Items
 Total Operating Budget
 Total Operating Budget

City Attorney

Total Operating Budget

Government Buildings:

Personnel
 Services and Supplies

Square Footage (w/o Fire Station)
 Dept. Square Footage

Auto Shop

Vehicle Maintenance Budget (w/o Fire & Building Vehicles)

CITY OF ARROYO GRANDE
COST ALLOCATION PLAN FOR FISCAL YEAR 2014-2015
 Summary of Departmental Indirect Cost Allocations and Rates

Direct Program Program	Indirect Rate	Direct Cost	Indirect Cost	Legis. & Policy	City Admin.	Admin. Services	City Clerk	City Attorney	Non-Depart.	Govt. Bldg. Maint.	Auto Shop
Planning & Development	50.65%	\$ 424,866	\$ 215,192	\$ 40,003	\$ 12,554	\$ 19,488	\$ 119,493	\$ 4,984	\$ 12,710	\$ 5,961	\$ -
Police	13.55%	5,536,963	750,116	10,001	163,522	208,609	29,901	64,925	165,563	73,483	34,113
Building Safety	14.54%	251,394	36,542	370	7,431	8,124	1,106	2,950	7,523	8,468	568
Public Works:											
Engineering	36.81%	291,283	107,223	15,186	8,585	11,483	45,335	3,408	8,692	11,921	2,613
Public Works Admin	13.11%	379,986	49,833	1,852	11,215	12,860	5,532	4,453	11,355	2,566	-
Sewer Maintenance	15.28%	302,600	46,240	2,593	8,954	11,762	7,745	3,555	9,066	2,566	-
Street Maintenance	17.66%	634,420	112,008	5,926	18,738	20,426	17,703	7,440	18,972	2,566	20,238
Water System Maint.	10.53%	2,990,305	314,903	4,445	88,291	79,298	13,277	35,056	89,394	5,143	-
Lopez Water System	9.44%	3,254,400	307,219	741	96,091	72,730	2,213	38,153	97,291	-	-
Total Public Works	11.94%	7,852,994	937,427	30,743	231,875	208,559	91,805	92,065	234,769	24,761	22,851
Parks Maintenance	14.41%	500,830	72,146	3,334	14,769	18,035	9,958	5,864	14,953	-	5,233
Recreation:											
Administration	21.62%	275,240	59,493	4,074	8,123	10,385	12,171	3,225	8,224	13,291	-
Other Rec. Programs	22.51%	556,150	125,165	1,482	4,892	8,688	4,426	1,942	4,953	-	2,561
Soto Sports Complex	17.46%	165,800	28,944	741	16,431	15,685	2,213	6,524	16,636	66,936	-
Total Recreation	21.42%	997,190	213,603	6,297	29,446	34,758	18,809	11,691	29,813	80,227	2,561
Other Activity:											
Landscape Maintenance	29.71%	7,430	2,208	370	231	175	1,106	92	234	-	-
Parkside Assessment District	16.31%	20,700	3,377	370	600	454	1,106	238	607	-	-
Gracelane Maint.	20.99%	13,300	2,792	370	415	314	1,106	165	421	-	-
Transportation	16.88%	20,000	3,377	370	600	454	1,106	238	607	-	-
Downtown Parking	50.19%	3,525	1,769	370	92	70	1,106	37	93	-	-
TOTALS	14.32%	\$ 15,629,192	\$ 2,238,547	\$ 92,600	\$ 461,534	\$ 499,041	\$ 276,603	\$ 183,250	\$ 467,295	\$ 192,900	\$ 65,325

CITY OF ARROYO GRANDE
COST ALLOCATION PLAN FOR FISCAL YEAR 2014-2015
 Summary of Indirect Cost Allocations

INDIRECT PROGRAM COST ALLOCATIONS

Direct Program Program	Legis. & Policy	Admin- istration	Administrative Services			City Clerk	City Attorney	Non- Depart.	Gov. Bldg. Staff	Gov. Bldg. Supplies	Auto Shop	Total
			Acct.	Payroll	Admin.							
Planning & Develop..	\$ 40,003	\$ 12,554	\$ 8,144	\$ 9,986	\$ 1,357	\$ 119,493	\$ 4,984	\$ 12,710	\$ 3,632	\$ 2,328	\$ -	\$ 215,192
Police	10,001	163,522	106,086	84,842	17,681	29,901	64,925	165,563	44,775	28,708	34,113	750,116
Building Safety	370	7,431	4,821	2,500	803	1,106	2,950	7,523	5,160	3,308	568	36,542
Public Works:												
Engineering	15,186	8,585	5,569	4,985	928	45,335	3,408	8,692	7,265	4,657	2,613	107,223
Public Works Admin	1,852	11,215	7,276	4,372	1,213	5,532	4,453	11,355	1,563	1,002	-	49,833
Sewer Maintenance	2,593	8,954	5,809	4,985	968	7,745	3,555	9,066	1,563	1,002	-	46,240
Street Maintenance	5,926	18,738	12,157	6,243	2,026	17,703	7,440	18,972	1,563	1,002	20,238	112,008
Water System Maint.	4,445	88,291	57,280	12,471	9,547	13,277	35,056	89,394	3,139	2,004	-	314,903
Lopez Water System	741	96,091	62,340	-	10,390	2,213	38,153	97,291	-	-	-	307,219
Total Public Works	30,743	231,875	150,431	33,056	25,072	91,805	92,065	234,769	15,093	9,667	22,851	937,427
Parks Maintenance	3,334	14,769	9,582	6,857	1,597	9,958	5,864	14,953	-	-	5,233	72,146
Recreation:												
Administration	4,074	8,123	5,270	4,237	878	12,171	3,225	8,224	8,099	5,192	-	59,493
Other Rec. Programs	741	16,431	10,660	3,249	1,777	2,213	6,524	16,636	40,790	26,146	-	125,165
Soto Sports Complex	1,482	4,892	3,174	4,985	529	4,426	1,942	4,953	-	-	2,561	28,944
Total Recreation	6,297	29,446	19,103	12,471	3,184	18,809	11,691	29,813	48,889	31,338	2,561	213,603
Other Budget Activity:												
Landscape Maint.	370	231	150	-	25	1,106	92	234	-	-	-	2,208
Parkside Maint.	370	600	389	-	65	1,106	238	607	-	-	-	3,377
Gracelane Maint.	370	415	269	-	45	1,106	165	421	-	-	-	2,792
Transportation	370	600	389	-	65	1,106	238	607	-	-	-	3,377
Downtown Parking	370	92	60	-	10	1,106	37	93	-	-	-	1,769
TOTALS	\$ 92,600	\$ 461,534	\$ 299,425	\$ 149,712	\$ 49,904	\$ 276,603	\$ 183,250	\$ 467,295	\$ 117,550	\$ 75,350	\$ 65,325	\$ 2,238,547

CITY OF ARROYO GRANDE
COST ALLOCATION PLAN FOR FISCAL YEAR 2014-2015
Indirect Program Cost Allocation

INDIRECT COST PROGRAM: Legislation & Policy
BUDGET: \$92,600
BASE OF ALLOCATION: Council Agenda Items

<u>DIRECT COST PROGRAM</u>	<u>BASE OF ALLOCATION</u>	<u>PERCENT OF TOTAL</u>	<u>COST ALLOCATION</u>
Planning & Development	108	43.20%	\$ 40,003
Police	27	10.80%	10,001
Engineering	41	16.40%	15,186
Building Safety	1	0.40%	370
Public Works:			
Public Works Admin	5	2.00%	1,852
Sewer Maintenance	7	2.80%	2,593
Street Maintenance	16	6.40%	5,926
Water System Maintenance	12	4.80%	4,445
Lopez Water System	2	0.80%	741
Parks Maintenance	9	3.60%	3,334
Soto Sports Complex	4	1.60%	1,482
Recreation & Building Maintenance:			
Administration	11	4.40%	4,074
Other Programs	2	0.80%	741
Other Budget Activity:			
Landscape Maintenance	1	0.40%	370
Parkside Maintenance	1	0.40%	370
Gracelane Maintenance	1	0.40%	370
Transportation	1	0.40%	370
Downtown Parking District	1	0.40%	370
TOTAL DIRECT COST PROGRAMS	<u>250</u>	<u>100.00%</u>	
TOTAL INDIRECT COST ALLOCATION			<u>\$ 92,600</u>

CITY OF ARROYO GRANDE
COST ALLOCATION PLAN FOR FISCAL YEAR 2014-2015
 Indirect Program Cost Allocation

INDIRECT COST PROGRAM: Administration
BUDGET: \$461,534
BASE OF ALLOCATION: Total Operating Budget

<u>DIRECT COST PROGRAM</u>	<u>BASE OF ALLOCATION</u>	<u>PERCENT OF TOTAL</u>	<u>COST ALLOCATION</u>
Planning & Development	\$ 424,866	2.72%	\$ 12,554
Police	5,536,963	35.43%	163,522
Engineering	291,283	1.86%	8,585
Building Safety	251,394	1.61%	7,431
Public Works:			
Public Works Admin	379,986	2.43%	11,215
Sewer Maintenance	302,600	1.94%	8,954
Street Maintenance	634,420	4.06%	18,738
Water System Maintenance	2,990,305	19.13%	88,291
Lopez Water System	3,254,400	20.82%	96,091
Parks Maintenance	500,830	3.20%	14,769
Soto Sports Complex	165,800	1.06%	4,892
Recreation & Building Maintenance:			
Administration	275,240	1.76%	8,123
Other Programs	556,150	3.56%	16,431
Other Budget Activity:			
Landscape Maintenance	7,430	0.05%	231
Parkside Maintenance	20,700	0.13%	600
Gracelane Maintenance	13,300	0.09%	415
Transportation	20,000	0.13%	600
Downtown Parking District	3,525	0.02%	92
TOTAL DIRECT COST PROGRAMS	<u>\$ 15,629,192</u>	<u>100.00%</u>	
TOTAL INDIRECT COST ALLOCATION			<u>\$ 461,534</u>

CITY OF ARROYO GRANDE
COST ALLOCATION PLAN FOR FISCAL YEAR 2014-2015
Indirect Program Cost Allocation

INDIRECT COST PROGRAM: Administrative Services-Accounts Payable
BUDGET: \$299,425
BASE OF ALLOCATION: Total Operating Budget

<u>DIRECT COST PROGRAM</u>	<u>BASE OF ALLOCATION</u>	<u>PERCENT OF TOTAL</u>	<u>COST ALLOCATION</u>
Planning & Development	\$ 424,866	2.72%	\$ 8,144
Police	5,536,963	35.43%	106,086
Engineering	291,283	1.86%	5,569
Building Safety	251,394	1.61%	4,821
Public Works:			
Public Works Admin	379,986	2.43%	7,276
Sewer Maintenance	302,600	1.94%	5,809
Street Maintenance	634,420	4.06%	12,157
Water System Maintenance	2,990,305	19.13%	57,280
Lopez Water System	3,254,400	20.82%	62,340
Parks Maintenance	500,830	3.20%	9,582
Soto Sports Complex	165,800	1.06%	3,174
Recreation & Building Maintenance:			
Administration	275,240	1.76%	5,270
Other Programs	556,150	3.56%	10,660
Other Budget Activity:			
Landscape Maintenance	7,430	0.05%	150
Parkside Maintenance	20,700	0.13%	389
Gracelane Maintenance	13,300	0.09%	269
Transportation	20,000	0.13%	389
Downtown Parking District	3,525	0.02%	60
TOTAL DIRECT COST PROGRAMS	<u>\$ 15,629,192</u>	<u>100.00%</u>	
TOTAL INDIRECT COST ALLOCATION			<u>\$ 299,425</u>

CITY OF ARROYO GRANDE
COST ALLOCATION PLAN FOR FISCAL YEAR 2014-2015
 Indirect Program Cost Allocation

INDIRECT COST PROGRAM: Administrative Services-Payroll
BUDGET: \$149,712
BASE OF ALLOCATION: Full Time Equivalent (FTE) Employees

<u>DIRECT COST PROGRAM</u>	<u>BASE OF ALLOCATION</u>	<u>PERCENT OF TOTAL</u>	<u>COST ALLOCATION</u>
Planning Division	4.00	6.67%	\$ 9,986
Police	34.00	56.67%	84,842
Engineering Division	2.00	3.33%	4,985
Building Safety Division	1.00	1.67%	2,500
Public Works:			
Public Works Admin	1.75	2.92%	4,372
Sewer Maintenance	2.00	3.33%	4,985
Street Maintenance	2.50	4.17%	6,243
Water System Maintenance	5.00	8.33%	12,471
Lopez Water System	-	0.00%	-
Parks Maintenance	2.75	4.58%	6,857
Soto Sports Complex	2.00	3.33%	4,985
Recreation & Building Maintenance:			
Administration	1.70	2.83%	4,237
Other Programs	1.30	2.17%	3,249
TOTAL DIRECT COST PROGRAMS	<u>60.00</u>	<u>100.00%</u>	
TOTAL INDIRECT COST ALLOCATION			<u>\$ 149,712</u>

CITY OF ARROYO GRANDE
COST ALLOCATION PLAN FOR FISCAL YEAR 2014-2015
 Indirect Program Cost Allocation

INDIRECT COST PROGRAM: Administrative Services- Administration
BUDGET: \$49,904
BASE OF ALLOCATION: Total Operating Budget

<u>DIRECT COST PROGRAM</u>	<u>BASE OF ALLOCATION</u>	<u>PERCENT OF TOTAL</u>	<u>COST ALLOCATION</u>
Planning & Development	\$ 424,866	2.72%	\$ 1,357
Police	5,536,963	35.43%	17,681
Engineering	291,283	1.86%	928
Building Safety	251,394	1.61%	803
Public Works:			
Public Works Admin	379,986	2.43%	1,213
Sewer Maintenance	302,600	1.94%	968
Street Maintenance	634,420	4.06%	2,026
Water System Maintenance	2,990,305	19.13%	9,547
Lopez Water System	3,254,400	20.82%	10,390
Parks Maintenance	500,830	3.20%	1,597
Soto Sports Complex	165,800	1.06%	529
Recreation & Building Maintenance:			
Administration	275,240	1.76%	878
Other Programs	556,150	3.56%	1,777
Other Budget Activity:			
Landscape Maintenance	7,430	0.05%	25
Parkside Maintenance	20,700	0.13%	65
Gracelane Maintenance	13,300	0.09%	45
Transportation	20,000	0.13%	65
Downtown Parking District	3,525	0.02%	10
TOTAL DIRECT COST PROGRAMS	<u>\$ 15,629,192</u>	<u>100.00%</u>	
TOTAL INDIRECT COST ALLOCATION			<u>\$ 49,904</u>

CITY OF ARROYO GRANDE
COST ALLOCATION PLAN FOR FISCAL YEAR 2014-2015
 Indirect Program Cost Allocation

INDIRECT COST PROGRAM: City Clerk
BUDGET: \$276,603
BASE OF ALLOCATION: Council Agenda Items

<u>DIRECT COST PROGRAM</u>	<u>BASE OF ALLOCATION</u>	<u>PERCENT OF TOTAL</u>	<u>COST ALLOCATION</u>
Planning & Development	108	43.20%	\$ 119,493
Police	27	10.81%	29,901
Engineering	41	16.39%	45,335
Building Safety	1	0.40%	1,106
Public Works:			
Public Works Admin	5	2.00%	5,532
Sewer Maintenance	7	2.80%	7,745
Street Maintenance	16	6.40%	17,703
Water System Maintenance	12	4.80%	13,277
Lopez Water System	2	0.80%	2,213
Parks Maintenance	9	3.60%	9,958
Soto Sports Complex	4	1.60%	4,426
Recreation & Building Maintenance:			
Administration	11	4.40%	12,171
Other Programs	2	0.80%	2,213
Other Budget Activity:			
Landscape Maintenance	1	0.40%	1,106
Parkside Maintenance	1	0.40%	1,106
Gracelane Maintenance	1	0.40%	1,106
Transportation	1	0.40%	1,106
Downtown Parking District	1	0.40%	1,106
TOTAL DIRECT COST PROGRAMS	250	100.00%	
TOTAL INDIRECT COST ALLOCATION			\$ 276,603

CITY OF ARROYO GRANDE
COST ALLOCATION PLAN FOR FISCAL YEAR 2014-2015
 Indirect Program Cost Allocation

INDIRECT COST PROGRAM: City Attorney
BUDGET: \$183,250
BASE OF ALLOCATION: Total Operating Budget

<u>DIRECT COST PROGRAM</u>	<u>BASE OF ALLOCATION</u>	<u>PERCENT OF TOTAL</u>	<u>COST ALLOCATION</u>
Planning & Development	\$ 424,866	2.72%	\$ 4,984
Police	5,536,963	35.43%	64,925
Engineering	291,283	1.86%	3,408
Building Safety	251,394	1.61%	2,950
Public Works:			
Public Works Admin	379,986	2.43%	4,453
Sewer Maintenance	302,600	1.94%	3,555
Street Maintenance	634,420	4.06%	7,440
Water System Maintenance	2,990,305	19.13%	35,056
Lopez Water System	3,254,400	20.82%	38,153
Parks Maintenance	500,830	3.20%	5,864
Soto Sports Complex	165,800	1.06%	1,942
Recreation & Building Maintenance:			
Administration	275,240	1.76%	3,225
Other Programs	556,150	3.56%	6,524
Other Budget Activity:			
Landscape Maintenance	7,430	0.05%	92
Parkside Maintenance	20,700	0.13%	238
Gracelane Maintenance	13,300	0.09%	165
Transportation	20,000	0.13%	238
Downtown Parking District	3,525	0.02%	37
TOTAL DIRECT COST PROGRAMS	<u>\$ 15,629,192</u>	<u>100.00%</u>	
TOTAL INDIRECT COST ALLOCATION			<u>\$ 183,250</u>

CITY OF ARROYO GRANDE
COST ALLOCATION PLAN FOR FISCAL YEAR 2014-2015
Indirect Program Cost Allocation

INDIRECT COST PROGRAM: Non Departmental
BUDGET: \$467,295
BASE OF ALLOCATION: Total Operating Budget

<u>DIRECT COST PROGRAM</u>	<u>BASE OF ALLOCATION</u>	<u>PERCENT OF TOTAL</u>	<u>COST ALLOCATION</u>
Planning & Development	\$ 424,866	2.72%	\$ 12,710
Police	5,536,963	35.43%	165,563
Engineering	291,283	1.86%	8,692
Building Safety	251,394	1.61%	7,523
Public Works:			
Public Works Admin	379,986	2.43%	11,355
Sewer Maintenance	302,600	1.94%	9,066
Street Maintenance	634,420	4.06%	18,972
Water System Maintenance	2,990,305	19.13%	89,394
Lopez Water System	3,254,400	20.82%	97,291
Parks Maintenance	500,830	3.20%	14,953
Soto Sports Complex	165,800	1.06%	4,953
Recreation & Building Maintenance:			
Administration	275,240	1.76%	8,224
Other Programs	556,150	3.56%	16,636
Other Budget Activity:			
Landscape Maintenance	7,430	0.05%	234
Parkside Maintenance	20,700	0.13%	607
Gracelane Maintenance	13,300	0.09%	421
Transportation	20,000	0.13%	607
Downtown Parking District	3,525	0.02%	93
TOTAL DIRECT COST PROGRAMS	\$ 15,629,192	100.00%	
TOTAL INDIRECT COST ALLOCATION			\$ 467,295

CITY OF ARROYO GRANDE
COST ALLOCATION PLAN FOR FISCAL YEAR 2014-2015
 Indirect Program Cost Allocation

INDIRECT COST PROGRAM: Government Building Maintenance Personnel
BUDGET: \$117,550
BASE OF ALLOCATION: Department Square Footage

<u>DIRECT COST PROGRAM</u>	<u>BASE OF ALLOCATION</u>	<u>PERCENT OF TOTAL</u>	<u>COST ALLOCATION</u>
Planning & Development	600	3.09%	\$ 3,632
Police	7,400	38.09%	44,775
Engineering	1,200	6.18%	7,265
Building Safety	852	4.39%	5,160
Public Works:			
Public Works Admin	258	1.33%	1,563
Sewer Maintenance	258	1.33%	1,563
Street Maintenance	258	1.33%	1,563
Water System Maintenance	516	2.67%	3,139
Lopez Water System	-	0.00%	-
Parks Maintenance	-	0.00%	-
Soto Sports Complex	-	0.00%	-
Recreation & Building Maintenance:			
Administration	1,338	6.89%	8,099
Other Programs	6,738	34.70%	40,790
Other Budget Activity:			
Landscape Maintenance	-	0.00%	-
Parkside Maintenance	-	0.00%	-
Gracelane Maintenance	-	0.00%	-
Transportation	-	0.00%	-
Downtown Parking District	-	0.00%	-
TOTAL DIRECT COST PROGRAMS	<u>19,418</u>	<u>100.00%</u>	
TOTAL INDIRECT COST ALLOCATION			<u>\$ 117,550</u>

CITY OF ARROYO GRANDE
COST ALLOCATION PLAN FOR FISCAL YEAR 2014-2015
 Indirect Program Cost Allocation

INDIRECT COST PROGRAM: Government Building Maintenance Supplies
BUDGET: \$75,350
BASE OF ALLOCATION: Department Square Footage

<u>DIRECT COST PROGRAM</u>	<u>BASE OF ALLOCATION</u>	<u>PERCENT OF TOTAL</u>	<u>COST ALLOCATION</u>
Planning & Development	600	3.09%	\$ 2,328
Police	7,400	38.10%	28,708
Engineering	1,200	6.18%	4,657
Building Safety	852	4.39%	3,308
Public Works:			
Public Works Admin	258	1.33%	1,002
Sewer Maintenance	258	1.33%	1,002
Street Maintenance	258	1.33%	1,002
Water System Maintenance	516	2.66%	2,004
Lopez Water System	-	0.00%	-
Parks Maintenance	-	0.00%	-
Soto Sports Complex	-	0.00%	-
Recreation & Building Maintenance:			
Administration	1,338	6.89%	5,192
Other Programs	6,738	34.70%	26,146
Other Budget Activity:			
Landscape Maintenance	-	0.00%	-
Parkside Maintenance	-	0.00%	-
Gracelane Maintenance	-	0.00%	-
Transportation	-	0.00%	-
Downtown Parking District	-	0.00%	-
TOTAL DIRECT COST PROGRAMS	<u>19,418</u>	<u>100.00%</u>	
TOTAL INDIRECT COST ALLOCATION			<u>\$ 75,350</u>

CITY OF ARROYO GRANDE
COST ALLOCATION PLAN FOR FISCAL YEAR 2014-2015
 Indirect Program Cost Allocation

INDIRECT COST PROGRAM: Auto Shop
BUDGET: \$65,325
BASE OF ALLOCATION: Vehicle Maintenance Budget (w/o Fire and Building Safety vehicles)

<u>DIRECT COST PROGRAM</u>	<u>BASE OF ALLOCATION</u>	<u>PERCENT OF TOTAL</u>	<u>COST ALLOCATION</u>
Planning & Development	-	0.00%	-
Police	30,000	52.22%	34,113
Engineering	2,300	4.00%	2,613
Building Safety	500	0.87%	568
Public Works:			
Public Works Admin	-	0.00%	-
Sewer Maintenance	-	0.00%	-
Street Maintenance	17,800	30.98%	20,238
Water System Maintenance	-	0.00%	-
Lopez Water System	-	0.00%	-
Parks Maintenance	4,600	8.01%	5,233
Soto Sports Complex	2,250	3.92%	2,561
Recreation & Building Maintenance:			
Administration	-	0.00%	-
Other Programs	-	0.00%	-
Other Budget Activity:			
Landscape Maintenance	-	0.00%	-
Parkside Maintenance	-	0.00%	-
Gracelane Maintenance	-	0.00%	-
Transportation	-	0.00%	-
Downtown Parking District	-	0.00%	-
TOTAL DIRECT COST PROGRAMS	<u>\$ 57,450</u>	<u>100.00%</u>	
TOTAL INDIRECT COST ALLOCATION			<u>\$ 65,325</u>

Water Systems Maintenance and Sewer Maintenance are excluded from this calculation. A direct allocation of costs for these programs is calculated outside of this plan.