

CENTRAL SERVICE COST ALLOCATIONS

BACKGROUND

The Citywide Cost Allocation Plan, originally established in the mid-1960s, allocates central service costs to City line departments.

These allocations are used to: (1) develop fees for various City services, (2) transfer the cost of support services to enterprise, capital, and special revenue funds resulting in inter-fund transfers (Aviation, Water, Wastewater, Solid Waste, Convention Center, Development Services, Sports Facilities, and Capital Improvement Program), and (3) prepare City bids to evaluate contracting for services.

UNALLOWABLE COSTS

The Federal government allows for an allocation to recover costs of indirect and support services in the administration of all Federal grants. However, some administrative costs of general government are unallowable.

Unallowable costs in the City government include portions of Banking and Cashiering, City Clerk's Office, City Manager's Office, Budget and Research Administration, Public Information, Elections, and Mayor and Council. Starting in FY 1985-86, a separate cost allocation plan was developed for non-federal purposes (fee recovery enterprise fund transfers). These allocations are higher because federal unallowable costs are included.

CENTRAL SERVICE COSTS

Central service costs include the following:

Accounting	Insurance	Payroll
Accounts Payable	Internal and External Auditing	Personnel
Custodial Services	Labor Relations and Training	Real Estate
Electrical Maintenance	Legal Services	Safety
Facilities Maintenance	Material Management	Switchboard
Fringe Benefits Administration	Money Management and Debt	Various Financial Services
General Management Services	Service	

Costs of a specific activity that are charged directly to another department are not included in the cost allocation plan. This leaves only "net" costs to be allocated. All "net" costs are allocated to the major service activities (cost centers) of the City using methodology that will produce an equitable distribution of costs. Examples of the methodology used to allocate costs are a building's square footage for building maintenance functions, and the number of a department's authorized employees for personnel-related activities.

BENEFITS

Accurate allocations of central service costs result in more equitable fees charged for services. User fees help to reduce the burden placed on the general tax base.

CENTRAL SERVICE COST ALLOCATIONS

ALLOCATION OF CITYWIDE SERVICE COSTS TO COST CENTERS

<u>Cost Centers</u>	<u>2008-09 Estimated Allocations</u>	<u>2009-10 Projected Allocations</u>
Aviation	\$5,897,000 *	\$5,602,000 *
Cable Communications	31,000	29,000
City Prosecutor	1,590,000	1,511,000
Convention Center	2,556,000 *	2,428,000 *
Community Services	5,408,000	5,137,000
Development Services	3,500,000 *	3,325,000 *
Downtown Development	313,000	297,000
Economic Development	930,000	884,000
Engineering and CIP Programs	1,212,000	1,151,000
Fire	8,529,000	8,103,000
Golf Courses	417,000	396,000
Housing	2,792,000	2,653,000
Human Services	3,140,000	2,983,000
Library	1,750,000	1,662,000
Municipal Court	1,346,000	1,279,000
Neighborhood Services	1,322,000	1,256,000
Neighborhood Services-CDBG	1,024,000	973,000
Parks and Recreation	7,416,000	7,045,000
Planning	1,179,000	1,121,000
Police	18,783,000	17,844,000
Public Defender	180,000	171,000
Public Transit	5,715,000	5,429,000
Solid Waste	4,786,000 *	4,546,000 *
Sports Facilities	105,000 *	100,000 *
Street Lighting	288,000	274,000
Street Transportation	5,239,000	4,977,000
Substance Abuse Screening	37,000	35,000
Tax, Licensing and Collections	1,813,000	1,722,000
Video Productions	546,000	519,000
Wastewater	2,379,000 *	2,260,000 *
Water	6,548,000 *	6,221,000 *
Total	<u>\$96,771,000</u>	<u>\$91,933,000</u>

*These allocations are budgeted as inter-fund transfers