




CITY of CALABASAS

CITY COUNCIL AGENDA REPORT

DATE: AUGUST 16, 2021

TO: HONORABLE MAYOR AND COUNCILMEMBERS

FROM: RON AHLERS, CHIEF FINANCIAL OFFICER 

SUBJECT: ADOPTION OF RESOLUTION NO. 2021-1747 OF THE CITY COUNCIL OF THE CITY OF CALABASAS, ESTABLISHING THE AMOUNT AND PROCEDURE FOR COST ALLOCATION PLAN

MEETING DATE: AUGUST 25, 2021

SUMMARY RECOMMENDATION:

Staff recommends City Council adopt Resolution No. 2021-1747 establishing the amount and procedure for Cost Allocation Plan (CAP).

BACKGROUND:

The City contracted with Revenue Cost Specialist to conduct a Cost Allocation Plan study in order to properly distribute overhead costs from the General Fund to the other non-General funds (other funds) operating within the City.

This type of study is focused on the costs of administrative, management, general governmental, and other support services within the municipal organization and how those costs relate to the array of direct services provided to the community. The study yields charges to all departments that directly serve the community. For non-General Fund operations the City can transfer money from those other funds in order to recover costs of central services. All of the central services considered for cost recovery in this CAP reside in the General Fund.

The CAP accounts for the full cost of a government program by including all associated direct and indirect overhead costs. Direct costs are those directly budgeted and benefiting a specific program, such as salaries, benefits, supplies and services. These include: planning, public works, engineering, recreation programs, library, tennis & swim center, landscape districts and others. The CAP distributes indirect overhead costs to ensure that programs pay for all the services it receives. Indirect overhead costs are those which provide supporting services to multiple programs and no services directly to the public. Examples include: legal counsel, finance, human resources, information technology, records management, city management, etc. The City allocates costs for four purposes:

1. Identity the actual cost of providing services to the community
2. Equitable sharing of costs across city operations
3. Ensure accurate calculations of fully burdened hourly rates and user fees
4. Recover General Fund costs by transferring cash from other funds to General Fund.

DISCUSSION/ANALYSIS:

The methodology for allocating costs consists of: identify the indirect cost centers in the General Fund, identifying the actual costs to allocate, determining the allocation factors and calculating the costs and verifying the costs.

The table below displays the allocation factors by cost center. These factors are based on the work performed by the cost center. For example, the Finance department allocation factors are based on number of paychecks produced for each department or the number of invoices paid for each department. Adjusted budget is used when tangible items are not readily available to count and distribute costs. Another example is the City Clerk allocation factors to be number of agenda items or public records act requests.

LEGISLATION & POLICY

- CAP-01 LEGISLATION & POLICY 50% NUMBER OF AGENDA ITEMS
50% ADJUSTED BUDGET

BOARDS & COMMISSIONS

- CAP-02 BOARDS & COMMISSIONS EQUALLY ALLOCATED

LEGAL

- CAP-03 LEGAL SERVICES ADJUSTED BUDGET

CITY CLERK

- CAP-04 COUNCIL SUPPORT [CLERK] 50% NUMBER OF AGENDA ITEMS
50% ADJUSTED BUDGET
- CAP-05 RECORDS MANAGEMENT ADJUSTED BUDGET
- CAP-06 PRA REQUESTS NUMBER PUBLIC RECORDS ACT
REQUESTS
- CAP-07 ELECTION SUPPORT ALLOCATE TO CITY COUNCIL
- CAP-08 PHONE/RECEPTION SUPPORT NUMBER OF FULL TIME EQUIVALENT

- CAP-09 FPPC FILING EMPLOYEES
- CAP-10 CONTRACT PROCESSING NUMBER OF REQUIRED FTE'S
- CAP-11 BID OPENING NUMBER OF CONTRACTS
- CAP-12 LIABILITY CLAIM PROCESSING ALLOCATE TO CIP FUND
- CAP-13 COMMISSION SUPPORT NUMBER OF LIABILITY CLAIMS
- CAP-14 MAYOR'S YOUTH COUNCIL EQUALLY ALLOCATED
- ALLOCATE TO CITY COUNCIL

ADMINISTRATIVE SERVICES

- CAP-15 PERSONNEL SVCS EMPLOYEES NUMBER OF FULL TIME EQUIVALENT
- CAP-16 FACILITY MAINTENANCE SQUARE FOOTAGE
- CAP-17 CITY ADMINISTRATION ADJUSTED BUDGET
- CAP-18 CDBG SERVICES ALLOCATE TO CDBG FUND
- CAP-19 PARKING ENFORCEMENT ALLOCATE TO LAS VIRGENESS PARKING AUTHORITY
- CAP-20 CLEAN POWER ALLIANCE ALLOCATE TO CITY COUNCIL
- CAP-21 PUBLIC SAFETY/EMERG PREP ALLOCATE TO PUBLIC SAFETY

GENERAL FUND NON DEPARTMENT EXPENSES

- CAP-22 NON-DEPARTMENTAL ADJUSTED BUDGET

CIVIC CENTER OPERATIONS & MAINTENANCE

- CAP-22A FACILITY UTILITIES/SUPPL. CIVIC CENTER SQUARE FOOTAGE
- CAP-22B CIVIC CENTER REPLACEMENT CIVIC CENTER SQUARE FOOTAGE

CITY MANAGEMENT

- CAP-23 COUNCIL SUPPORT 50% NUMBER OF AGENDA ITEMS
50% ADJUSTED BUDGET
- CAP-24 CITY ADMINISTRATION ADJUSTED BUDGET
- CAP-25 SPECIAL PROJECTS ADJUSTED BUDGET

FINANCIAL MANAGEMENT

- CAP-26 GENERAL ACCOUNTING ADJUSTED BUDGET
- CAP-27 BUDGET ADJUSTED BUDGET
- CAP-28 CONTRACTS NUMBER OF CONTRACTS
- CAP-29 FINANCE ADMINISTRATION NUMBER OF FINANCE FTE'S
- CAP-30 CASHIER/ACCT RECEIVABLE ESTIMATE OF TIME
- CAP-31 CITY PROPERTY RISK ADJUSTED BUDGET

PAYROLL & REVENUE

- CAP-32 ACCOUNTS PAYABLE NUMBER OF PAYABLES
- CAP-33 PAYROLL NUMBER OF PAYCHECKS
- CAP-34 PURCHASING NUMBER OF PURCHASE ORDERS
- CAP-35 PARKING TICKET REFUNDS ALLOCATE TO LAS VIRGENESS PARKING AUTHORITY

PUBLIC INFORMATION

- CAP-36 COMMUNICATIONS ADJUSTED BUDGET

INFORMATION TECHNOLOGY

• CAP-37 INFO TECH SERVICES NUMBER OF USERS

By allocating these overhead costs to the other funds, the General Fund can recover or recoup over \$2 million. This would involve transferring cash from the other funds into the General Fund. The adopted budget for FY 2020-21 was approved with a \$900,000 transfer from the other funds into the General Fund.

At this time, the landscape maintenance districts, the Calabasas Tennis and Swim Center, and the Library will not pay the full amount of the allocated costs that were justified by the CAP. Most of the other funds shall pay their full allocated share. Some funds will not be paying any cost allocation plan charges since they are grant fund related and the City did not receive approval for these charges by the granting agencies or they are a joint powers authority: CDBG and other grant funds, Las Virgenes Parking Authority and other miscellaneous funds.

The table below depicts how much each fund shall pay in FY 2020-21 (July 1, 2020 to June 30, 2021). The full CAP justifies charges to other funds of \$2.6 million while staff recommends FY 2020-21 CAP Charges of \$900,000. Therefore, the General Fund continues to subsidize the other funds in the amount of \$1.7 million for FY 2020-21.

FUND Name	Full CAP	20-21 CAP Charges
Measure W Safe Clean Water	\$ 54,146	\$ 54,000
Gas Tax	\$ 14,751	\$ 14,000
Prop A	\$ 24,064	\$ 24,000
LMD 22 Ad Valorem	\$ 257,633	\$ 130,000
LMD 22	\$ 515,117	\$ 261,000
LMD 24	\$ 58,604	\$ 30,000
LMD 27	\$ 77,747	\$ 39,000
LMD 32	\$ 9,739	\$ 5,000
Prop C	\$ 110,319	\$ 110,000
Transit	\$ 33,714	\$ 33,000
Library	\$ 760,897	\$ 100,000
CDBG/Grants/CIP	\$ 98,687	\$ -
Las Virgesss Parking	\$ 26,166	\$ -
Tennis & Swim Center	\$ 563,263	\$ 100,000
Msicellaneous	\$ 4,676	\$ -
TOTAL	\$ 2,609,523	\$ 900,000

Staff is recommending a transitional period over the next few years to implement the CAP. As part of that transitional period, staff will work with the Budget Subcommittee and return to the City Council with recommendations on cost allocation amounts and the use of General Fund contributions to offset operational costs. Furthermore, staff will present to the Council a proposal to undertake a fee study so as to increase fees where needed and lessen the amount of General Fund used for landscape districts and other divisions that can generate new revenues.

FISCAL IMPACT/SOURCE OF FUNDING:

Transferring money from various funds in the amount of \$900,000 in cash and placing those cash dollars into the General Fund for FY 2020-21. This is implementing the City Council approved budget for FY 2020-21 (July 1, 2020 thru June 30, 2021).

REQUESTED ACTION:

Staff recommends that the City Council adopt Resolution No. 2021-1747.

ATTACHMENT:

1. Cost Allocation Plan for the City of Calabasas FY 2020-2021 {259 pages}
2. Cost Allocation Plan {PowerPoint Presentation}
3. Resolution No. 2021-1747