

# CITY OF CAPITOLA



## Cost Allocation Plan

October 27, 2023





---

# Table of Contents

---

Table of Contents .....	i
List of Tables .....	ii
Certification of Cost Allocation Plan .....	1
Executive Summary.....	2
Introduction .....	5
Approach.....	6
<i>Methodology</i> .....	6
<i>Applications</i> .....	7
<i>OMB Super Circular and 2 CFR Part 200</i> .....	7
<i>Central Service Departments</i> .....	8
<i>Distribution Bases</i> .....	9
Allocable Costs and Distribution Bases.....	10
<i>Allocable Costs</i> .....	10
<i>Central Service Allocation Methodology</i> .....	11
Section 1: City Attorney .....	11
Section 2: City Council.....	11
Section 3: City Manager .....	12
Section 4: Facilities – Facilities.....	13
Section 5: Facilities - Museum .....	13
Section 6: Facilities – City Hall.....	13
Section 7: Facilities – PW Corporate Yard .....	14
Section 8: Facilities – Jade St. Community Center .....	14
Section 9: Finance .....	14
Section 10: Fleet .....	15
Section 11: Personnel .....	15
<i>Iterative Allocation</i> .....	17
Appendix A.....	18
Appendix B.....	22



---

## List of Tables

---

Table 1: Allocated Costs to Recipient Departments (OMB Compliant CAP).....	3
Table 2: Allocated Costs to Recipient Departments (Full CAP).....	4
Table 3: Allocable Cost Summary.....	10
Table A-1: Initial Allocation Percentages (OMB Compliant CAP).....	19
Table A-2: Final Allocation Percentages (OMB Compliant CAP).....	20
Table A-3: Final Allocation Amounts (OMB Compliant CAP).....	21
Table B-1: Final Allocation Amounts (Full CAP).....	23



---

## Certification of Cost Allocation Plan

---

This is to certify that I have reviewed the cost allocation plan submitted herewith and to the best of my knowledge and belief:

(1) All costs included in this proposal 10/27/2023 to establish cost allocations or billings for FY 2022/2023 are allowable in accordance with the requirements of this Part and the Federal award(s) to which they apply. Unallowable costs have been adjusted for in allocating costs as indicated in the cost allocation plan.

(2) All costs included in this proposal are properly allocable to Federal awards on the basis of a beneficial or causal relationship between the expenses incurred and the Federal awards to which they are allocated in accordance with applicable requirements. Further, the same costs that have been treated as indirect costs have not been claimed as direct costs. Similar types of costs have been accounted for consistently.

I declare that the foregoing is true and correct.

Governmental Unit: **City of Capitola**

Signature: \_\_\_\_\_

Name of Official: \_\_\_\_\_

Title: \_\_\_\_\_

Date of Execution: \_\_\_\_\_



---

## Executive Summary

---

This cost allocation plan (“CAP”) summarizes a comprehensive analysis that has been completed for the City of Capitola, California (the “City”) to determine the appropriate allocation of costs from central service departments to the operating departments. The primary objective is to allocate costs from departments that provide services internally to operating departments that conduct the day-to-day operations necessary to serve the community. The internal service costs typically represent (a) incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. The term "indirect costs," as used herein, applies to costs of this type originating in the central service departments.

To ensure central service department costs are appropriately allocated to the operating departments, Willdan analyzed the City’s cost code structure to determine which types of costs are allowable versus unallowable in accordance with standard and accepted cost allocation principles. The term “allocable costs” as used herein, applies to costs that are allowable for allocation.

The study is comprised of two separate allocation plans. Table 1 is the summary results of the allocation in compliance with the Office of Management and Budget Super Circular (the OMB Super Circular) and CFR Part 200 (Cost Principles). Table 2 that follows is the summary results of the full plan. The report below includes descriptions of the differences between the two plans, their separate purposes, and specific details of when the plans deviate from each other.



## Table 1: Allocated Costs to Recipient Departments (OMB Compliant CAP)

### Allocated Cost Summary

Fiscal Year 2023-24

Operating Department / Division / Fund	Total Allocation	Direct Cost Base	
		Modified Total Direct Cost	Indirect Cost Rate
	<b>\$3,165,251</b>	<b>\$15,645,641</b>	<b>20%</b>
1000: Community Development & Building	\$298,916	\$1,060,010	28%
1000: Community Grants	\$9,547	\$125,000	8%
1000: Culture & Leisure	\$349,240	\$1,636,442	21%
1000: Parks	\$152,009	\$659,126	23%
1000: Public Safety	\$1,465,511	\$8,124,310	18%
1000: Public Works	\$765,305	\$2,419,794	32%
1300: SLESF - Supl Law Enfc	\$6,989	\$36,000	19%
1305: Restricted TOT	\$9,853	\$151,667	6%
1310: Gas Tax	\$21,314	\$283,000	8%
1311: Wharf	\$6,579	\$17,500	38%
1313: General Plan Update and Maint	\$11,342	\$175,500	6%
1314: Green Building Education	\$1,188	\$21,000	6%
1315: Public Art Fee Fund	\$4,624	\$75,500	6%
1317: Technology Fee Fund	\$1,103	\$13,250	8%
1321: BIA - Capitola Village-Wharf BIA	\$18,531	\$157,500	12%
1350: CDBG Grants	\$17,513	\$273,335	6%
1370: HOME Reuse,	\$303	\$4,100	7%
1373: Permanent Local Housing Alloca	\$14,526	\$256,800	6%
5552: Cap Hsg Succ- Program Income	\$10,857	\$155,807	7%



**Table 2: Allocated Costs to Recipient Departments (Full CAP)**

**Allocated Cost Summary**

**Fiscal Year 2023-24**

Operating Department / Division / Fund	Total Allocation	Direct Cost Base	
		Modified Total Direct Cost	Indirect Cost Rate
	<b>\$3,439,982</b>	<b>\$15,645,641</b>	<b>22%</b>
1000: Community Development & Building	\$336,506	\$1,060,010	32%
1000: Community Grants	\$10,467	\$125,000	8%
1000: Culture & Leisure	\$374,711	\$1,636,442	23%
1000: Parks	\$167,166	\$659,126	25%
1000: Public Safety	\$1,588,313	\$8,124,310	20%
1000: Public Works	\$826,151	\$2,419,794	34%
1300: SLESF - Supl Law Enfc	\$7,359	\$36,000	20%
1305: Restricted TOT	\$10,926	\$151,667	7%
1310: Gas Tax	\$23,389	\$283,000	8%
1311: Wharf	\$6,838	\$17,500	39%
1313: General Plan Update and Maint	\$12,582	\$175,500	7%
1314: Green Building Education	\$1,332	\$21,000	6%
1315: Public Art Fee Fund	\$5,152	\$75,500	7%
1317: Technology Fee Fund	\$1,203	\$13,250	9%
1321: BIA - Capitola Village-Wharf BIA	\$19,851	\$157,500	13%
1350: CDBG Grants	\$19,441	\$273,335	7%
1370: HOME Reuse,	\$333	\$4,100	8%
1373: Permanent Local Housing Alloca	\$16,289	\$256,800	6%
5552: Cap Hsg Succ- Program Income	\$11,974	\$155,807	8%



---

## Introduction

---

In the early 1970s, the cost allocation plan concept was introduced to many government agencies. The purpose of a typical cost allocation plan is to identify costs related to rendering internal central support services and allocate those costs to operating departments or programs that utilize and benefit from them, in a fair and equitable manner.

Before indirect costs and central support service charges may be claimed for reimbursement by an operating department, there must be some formal means of identifying, accumulating and distributing these types of costs to all benefiting departments. Regardless of whether an agency has a formal comprehensive cost accounting system, the best method of accumulating, identifying, and determining a distribution of indirect costs is a cost allocation plan.

A City is made up of many departments, each with their own specific purposes or functions. Departments whose primary function is to provide support internally to other City departments are called central services. Examples of central services are Personnel, City Attorney, Finance, and City Council. Within these groups there are numerous functions performed that provide support to the direct cost centers. The direct cost centers, or departments and funds, that require support from Central Services and provide services directly to the community through their day-to-day operations, are called operating departments. Examples of operating departments are Public Safety, Public Works, Community Development & Building, and Parks. The Cost Allocation Plan allocates the costs of the central services to the operating departments based on the nature of the functions of each central service, upon which the operating departments depend. This is done to determine the total cost associated with providing direct services. The overall goal of the cost allocation plan process is to allow cities to allocate a portion of the central service costs to the operating departments, thus 1) accounting for “all” costs, direct and indirect, for each operating department, and 2) facilitating the calculation of a fully burdened cost estimate of providing services to the public.

The purpose of this study is to:

- Identify the central support and operating departments in the City;
- Identify the functions and services provided by the central departments;
- Identify allocable and non-allocable costs associated with the City’s central service departments;  
and
- Distribute those costs to operating entities in a fair and equitable manner.



---

# Approach

---

## Methodology

The way in which each Indirect Service provides support to the operating departments is determined in order to perform allocations in a manner consistent with the nature of that Indirect Service. This ensures that the costs can be allocated to each operating department in a fair and equitable way. The Cost Allocation Plan identifies the functions of each central service department, and then determines a methodology to allocate or spread the central service costs in a manner that best represents the nature of those functions. The mathematical representations of central service functions used to allocate indirect costs are commonly called distribution bases. A distribution basis is a set of data displayed as the level of measure of each department's participation in a specific activity or City function. This basis is then used to distribute costs that reasonably relate to the activity or City function that the basis represents. Some examples of distribution bases are salary and benefits costs, number of full-time equivalent employees, frequencies of city council agenda items, and number of processed transactions. The data sets associated with these distribution bases for each department are collected to facilitate the allocation of indirect costs.

The methodology used for this Cost Allocation Plan is the iterative method, which is one of the most equitable methods for allocating costs from central services to operating departments. While not used as prevalently as simpler allocation methods, it is widely considered to be the most accurate. The iterative method utilizes a recursive application of central service cost distribution to allocate indirect costs. In the first step, the allocable costs of central service departments are identified and distributed to *all* departments including the central service departments themselves, based on the appropriate allocation bases that were selected to represent the manner in which central services are utilized. This is repeated ad infinitum until all costs have been distributed to the operating departments, and none remain with the central service departments.

As an example, consider the allocation of central service costs associated with Facilities. The function of Facilities is identified, and the appropriate distribution basis is determined to be the total square footage per department and fund. The allowable costs are then distributed to all City departments and funds based on their proportional share of square footage, including other central services. The costs allocated from central service to central service in the initial allocation are then allocated out using the same distribution methodology. This function is performed as many times as necessary until all costs for Facilities have been allocated.

All central service departments are treated equally. That is to say, this method is performed concurrently for the allowable costs in each of the central service departments for each iteration until all costs associated with the central service departments have been allocated to each direct service department. The method is complete when the total amount of allocable costs remaining in the central service departments is equal to zero.

---

## Applications

Public agencies use cost allocation plans for many purposes such as internal accounting, the justification of user fees, application for reimbursement from federal programs or the determination of administrative effort associated with special districts and/or municipal service activities. In many of these cases, the agency will be required to certify that the costs identified are “reasonable”. Per the *Code of Federal Regulations*, a cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is particularly important when determining the amount that a public agency should be reimbursed for central service overhead activities associated with a federally funded program. Additionally, public agencies should consider special care to only identify the portion of central service costs that have not been reimbursed through other means (such as grants, user fee revenues, transfers from other departments or internal service funds) to avoid double-counting. These cost reductions are done before the allocation methodologies are used and are detailed within the model itself.

## OMB Super Circular and 2 CFR Part 200

This report details the allocations for two separate cost allocation plans. The primary model, presented in text and tables in the below sections and in Appendix A, provides a plan that complies with the Office of Management and Budget Super Circular (the OMB Super Circular) and CFR Part 200 (Cost Principles) that are used to determine central overhead costs incurred while carrying out activities associated with Federal awards, cost reimbursement contracts and some other intergovernmental agreements (as required). The secondary model presented in Appendix B of this report is the full cost allocation plan, which the City should use for standard City operations and budgeting. Unless otherwise indicated, the details of this report and Appendix A contain the OMB compliant allocation plan. The Appendix B tables contain the full cost plan, and utilize the same distribution methodology as the OMB Compliant plan. While the overall methodology used for both plans is the same, there are specific guidelines that require additional cost exemptions for OMB Super Circular compliance outside of what was done for the full cost plan. Where such exemptions are done in the methodology has been explained below. Some commonly encountered examples that are usually exempt under OMB Super Circular guidelines are:

- General Advertising
- Bad Debt
- Contingencies
- Litigation
- Debt Service
- Entertainment
- Capital
- Lobbying
- Legislative Body (City Council)
- Promotional Items



---

## Central Service Departments

Eleven (11) central service functions were identified for the purposes of this cost allocation plan:

- City Attorney
- City Council
- City Manager
- Facilities - Facilities
- Facilities - Museum
- Facilities – City Hall
- Facilities – PW Corporate Yard
- Facilities – Jade St. Community Center
- Finance
- Fleet
- Personnel



---

## Distribution Bases

Distribution bases are the allocation factors that may be used to distribute the allocable costs to all departments and funds. As discussed previously, distribution bases are measurable and readily available data that are utilized to represent activities or functions, and which are then used to distribute costs matching that activity or function. Below are the bases that were analyzed in this study and used to allocate Central Services costs to operating departments.

- Number of FTE Employees – The number of full-time equivalent personnel for each department and fund.
- Modified Total Direct Cost – The total allowable expenditures budgeted for each department and fund for FY2024 which excludes capital and debt., non-operational transfers, and grant subaward costs greater than \$25,000.
- City Council Agenda Frequency – City Council agendas spanning a 12-month period were used to determine the number of times each department and fund had matters brought before the City Council.
- Total Purchase Orders – The total number of purchase orders processed for each department and fund in a year.
- Total Accounts Payable – The total number of accounts payable processed for each department and fund in a year.
- Total Salaries & Benefits – The total salary & benefit expenditures for each department and fund for FY2024.
- Total Square Footage – The total square footage for each department and fund.
- Total City Hall Square Footage – The total City Hall square footage for each department and fund.
- Total Vehicles – The total number of vehicles for each department and fund.
- Direct Allocations– Specific personnel or a percentage of a specific personnel’s labor within certain central services were identified by the City to be allocable directly to other departments.



# Allocable Costs and Distribution Bases

## Allocable Costs

Table 3 identifies the allocable cost of each central service department for the OMB compliant allocation plan, with the total allocable costs for this study being \$3,165,251. The total expenditures from the central service departments were \$3,439,982. However, \$274,731 of the expenditures identified as unallowable by the 200 CFR Part 200 and have been excluded from allocation for the OMB compliant plan. The primary exclusions were related to City Council, recognition and awards, legal services, City events, and advertising expenses. The remaining amount was distributed to the operating departments and the central services departments by distribution factor(s) that best represents the functions of each central service department and the demand placed on that central service by all City departments, as previously described in the Methodology section of this report. The allocation methodology for each central service is detailed in the following section of this report.

**Table 3: Allocable Cost Summary**

<b>Allocable Cost Summary - Central Services</b>		<b>Fiscal Year 2023-24</b>	
	<b>Total Cost</b>	<b>Unallocable Cost</b>	<b>Allocable Cost</b>
<b>Summary</b>	<b>\$ 3,439,982</b>	<b>\$ 274,731</b>	<b>\$ 3,165,251</b>
<b>Central Service</b>			
1000: City Attorney	288,000	50,000	238,000
1000: City Council	202,431	202,431	-
1000: City Manager	998,253	20,800	977,453
1000: Facilities - Facilities	78,343	-	78,343
1000: Facilities - Museum	1,800	-	1,800
1000: Facilities - City Hall	59,000	-	59,000
1000: Facilities - PW Corporate Yard	22,500	-	22,500
1000: Facilities - Jade St. Community Center	29,500	-	29,500
1000: Finance	967,309	-	967,309
1000: Fleet	334,573	-	334,573
1000: Personnel	458,273	1,500	456,773



# Central Service Allocation Methodology

The first step of the iterative allocation method is to distribute the allocable costs of the central service departments to other central service departments and operating departments based on the distribution methodology and bases that best represent the activity of the central service, and the functions it serves. The sections below describe each central service and the methodology used to allocate their costs. Corresponding tables detailing each distribution are attached in the Appendices as tables A-1 through A-3 for the OMB compliant plan and B-1 for the full cost plan.

## Section 1: City Attorney

The City Attorney represents the City as primary Counsel in all legal matters. The City Attorney is appointed by the City Council. The City Attorney provides legal analysis and advice on interpretation and application of municipal code, State law, and Federal law, drafting legal documents, and labor related issues. The City Attorney is currently a contract position with the firm of Burke, Williams & Sorensen

### Allocation Method

Based on the assessment of the functions of the City Attorney, it is reasonable to distribute the allocable cost by using the method(s) described below.

- One third percent (33%) of the allocable cost was allocated based on the number of full-time equivalents for each department and fund
- One third percent (33%) of the allocable cost was allocated based on the amount of modified total direct cost for each department and fund
- One third percent (33%) of the allocable cost was allocated based on the total number of Council agendas for each department and fund

### 1000: City Attorney

Total FTE's	33%
Modified Total Direct Cost	33%
Total Agendas	33%

## Section 2: City Council

The City Council is composed of five generally elected Council Members, serving four-year staggered terms. Council members select a Mayor and Vice Mayor annually. In 2002, the voters approved a consecutive term limit of two terms for Council Members. The City's Municipal elections are held the first Tuesday of November in even-numbered years. The Council meets regularly twice monthly, on the second and fourth Thursday.

The City Council establishes local law, sets policy, approves programs, allocates funds, and provides direction to the City Manager and staff to implement its policy. Council also appoints members to local and regional committees, commissions, and boards. Capitola is a General Law City, organized under the general laws of the state. Local laws are established by ordinance, compiled in the Municipal Code, and enforceable



by the City. Other directives and policies of the City Council are implemented through Council Resolutions and recorded in Council Minutes.

### Allocation Method

Based on the assessment of the functions of the City Council, it is reasonable to distribute the allocable cost by using the method(s) described below.

- One third percent (33%) of the allocable cost was allocated based on the number of full-time equivalents for each department and fund
- One third percent (33%) of the allocable cost was allocated based on the amount of modified total direct cost for each department and fund
- One third percent (33%) of the allocable cost was allocated based on the total number of Council agendas for each department and fund
- For the OMB plan the costs of City Council are not allocated to ensure OMB compliance

#### 1000: City Council

Total FTE's	33%
Modified Total Direct Cost	33%
Total Agendas	33%

### Section 3: City Manager

The City Manager Department is responsible for the overall administration of City objectives. The City Manager is the lead position within the City administrative structure and is appointed by the Council. The City Manager provides administrative direction and leadership to all City departments, and directly oversees Human Resources, City Clerk, Information Systems, and the Assistant to the City Manager.

### Allocation Method

Based on the assessment of the functions of the City Manager Department, it is reasonable to distribute the allocable cost by using the method(s) described below.

- One third percent (33%) of the allocable cost was allocated based on the number of full-time equivalents for each department and fund
- One third percent (33%) of the allocable cost was allocated based on the amount of modified total direct cost for each department and fund
- One third percent (33%) of the allocable cost was allocated based on the total number of Council agendas for each department and fund

#### 1000: City Manager

Total FTE's	33%
Modified Total Direct Cost	33%
Total Agendas	33%



## Section 4: Facilities – Facilities

The Maintenance Division is responsible for the day-to-day operations, maintenance, and repair of the public infrastructure and facilities including streets and medians, streetlights and traffic signals, street trees, sidewalks and pathways, parks, public buildings, and maintains the City's fleet of vehicles and equipment.

### Allocation Method

Based on the assessment of the functions of Facilities – Facilities, it is reasonable to distribute the allocable cost by using the method(s) described below.

- One hundred percent (100%) of the allocable cost was allocated based on the total square footage maintained for each department and fund

### 1000: Facilities - Facilities

Total Sq Ft	100%
-------------	------

## Section 5: Facilities - Museum

The Maintenance Division is responsible for the day-to-day operations, maintenance, and repair of the public infrastructure and facilities including streets and medians, streetlights and traffic signals, street trees, sidewalks and pathways, parks, public buildings, and maintains the City's fleet of vehicles and equipment.

### Allocation Method

Based on the assessment of the functions of Facilities - Museum, it is reasonable to distribute the allocable cost by using the method(s) described below.

- One hundred percent (100%) of the allocable cost was allocated based on the support directly to the Culture and Leisure Department

### 1000: Facilities - Museum

Direct to Culture & Leisure	100%
-----------------------------	------

## Section 6: Facilities – City Hall

The Maintenance Division is responsible for the day-to-day operations, maintenance, and repair of the public infrastructure and facilities including streets and medians, streetlights and traffic signals, street trees, sidewalks and pathways, parks, public buildings, and maintains the City's fleet of vehicles and equipment.

### Allocation Method

Based on the assessment of the functions of Facilities – City Hall, it is reasonable to distribute the allocable cost by using the method(s) described below.

- One hundred percent (100%) of the allocable cost was allocated based on the total City Hall square footage maintained for each department and fund





## 1000: Facilities - City Hall

Total City Hall Sq Ft	100%
-----------------------	------

### Section 7: Facilities – PW Corporate Yard

The Maintenance Division is responsible for the day-to-day operations, maintenance, and repair of the public infrastructure and facilities including streets and medians, streetlights and traffic signals, street trees, sidewalks and pathways, parks, public buildings, and maintains the City's fleet of vehicles and equipment.

#### Allocation Method

Based on the assessment of the functions of Facilities – PW Corporate Yard, it is reasonable to distribute the allocable cost by using the method(s) described below.

- One hundred percent (100%) of the allocable cost was allocated based on the support directly to the Public Works Department

## 1000: Facilities - PW Corporate Yard

Direct to Public Works	100%
------------------------	------

### Section 8: Facilities – Jade St. Community Center

The Maintenance Division is responsible for the day-to-day operations, maintenance, and repair of the public infrastructure and facilities including streets and medians, streetlights and traffic signals, street trees, sidewalks and pathways, parks, public buildings, and maintains the City's fleet of vehicles and equipment.

#### Allocation Method

Based on the assessment of the functions of Facilities – Jade St. Community Center, it is reasonable to distribute the allocable cost by using the method(s) described below.

- One hundred percent (100%) of the allocable cost was allocated based on the support directly to the Culture and Leisure Department

## 1000: Facilities - Jade St. Community Center

Direct to Culture & Leisure	100%
-----------------------------	------

### Section 9: Finance

The Finance Department oversees all financial transactions of the City to ensure legal and accounting policies are adhered to. The Department maintains all City funds and oversees budget development, the Comprehensive Annual Financial Report, accounts payable, payroll, accounts receivable, cash receipts,



banking, business licenses, and transient occupancy tax. The Department provides quarterly and annual financial reports to City Council and the public.

**Allocation Method**

Based on the assessment of the functions of the Finance Department, it is reasonable to distribute the allocable cost by using the method(s) described below.

- Fifteen percent (15%) of the allocable cost was allocated based on the number of full-time equivalents for each department and fund
- Thirty percent (30%) of the allocable cost was allocated based on the number of accounts payable processed for each department and fund
- Fifteen percent (15%) of the allocable cost was allocated based on the number of purchase orders processed for each department and fund
- Forty percent (40%) of the allocable cost was allocated based on the amount of modified total direct cost for each department and fund

**1000: Finance**

Total FTE's	15%
Total Accounts Payable	30%
Total Purchase Orders	15%
Modified Total Direct Cost	40%

**Section 10: Fleet**

The Maintenance Division is responsible for the day-to-day operations, maintenance, and repair of the public infrastructure and facilities including streets and medians, streetlights and traffic signals, street trees, sidewalks and pathways, parks, public buildings, and maintains the City's fleet of vehicles and equipment.

**Allocation Method**

Based on the assessment of the functions of the Fleet, it is reasonable to distribute the allocable cost by using the method(s) described below.

- One hundred percent (100%) of the allocable cost was allocated based on the total number of Vehicles for each department and fund

**1000: Fleet**

Total Vehicles	100%
----------------	------

**Section 11: Personnel**

Personnel functions are the responsibility of the City Manager. Functions include employee recruitment and selection, benefits coordination, insurance and retirement programs, labor negotiations, compensation plan maintenance, regulatory training, and risk management.



---

## Allocation Method

Based on the assessment of the functions of Personnel, it is reasonable to distribute the allocable cost by using the method(s) described below.

- Fifty percent (50%) of the allocable cost was allocated based on the number of full-time equivalents for each department and fund
- Fifty percent (50%) of the allocable cost was allocated based on the amount of salaries and benefits for each department and fund

### **1000: Personnel**

Total FTE's	50%
Total Salaries and Benefits	50%



---

## Iterative Allocation

The total allocable expenditures of each central service department were allocated to other departments (including both operating departments and other central service departments) based on the individual methodologies outlined above in Sections 1 through 11 of the Allocation Percentages chapter. Any cost allocated from central service to central service is then reallocated out using the same methodology. This operation is done iteratively until all allocable cost is received by the operating departments and funds, and none remain with the central services. After completion of the iterative allocation method, a total combined allocable cost of \$3,165,251 was distributed to all departments and funds until the allocable cost remained only in the operating departments and funds, and the amount of allocable costs remaining in central service departments was equal to zero.

The full cost plan follows the same methodology with the exception that all costs that were excluded solely for OMB compliance, but were reasonable for the full plan, were made allowable and included in the allocation. See Table B-1 for additional details for the full cost plan.

After implementing the iterative allocation methodology, all allocable central service costs have been distributed to the operating departments and funds. Table 1 in the Executive Summary of this report summarized the distribution of the total allocable cost of \$3,165,251 to each recipient department for the OMB compliant CAP. Table 2 summarized the distribution of the total allocable cost of \$3,439,982 to each recipient department for the full cost CAP.



---

## Appendix A

---

Appendix A lists the tables detailing the allocation methodology performed in allocating central service costs for the OMB compliant cost allocation plan.



**Table A-1: Initial Allocation Percentages (OMB Compliant CAP)**

First Iteration  Central Service/Operating Departments	Central Service Departments											
	1000: City Attorney	1000: City Council	1000: City Manager	1000: Facilities - Facilities	1000: Facilities - Museum	1000: Facilities - City Hall	1000: Facilities - PW Corporate Yard	1000: Facilities - Jade St. Community Center	1000: Finance	1000: Fleet	1000: Personnel	
1000: City Attorney	0.5%	0.5%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	1.1%	0.0%	0.0%	
1000: City Council	9.5%	9.5%	9.5%	2.1%	0.0%	6.8%	0.0%	0.0%	1.6%	0.0%	3.3%	
1000: City Manager	12.5%	12.5%	12.5%	2.7%	0.0%	8.7%	0.0%	0.0%	6.9%	0.0%	7.1%	
1000: Facilities - Facilities	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	0.0%	0.0%	
1000: Facilities - Museum	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	
1000: Facilities - City Hall	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	1.2%	0.0%	0.0%	
1000: Facilities - PW Corporate Yard	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.8%	0.0%	0.0%	
1000: Facilities - Jade St. Community Center	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	0.0%	0.0%	
1000: Finance	7.8%	7.8%	7.8%	1.7%	0.0%	5.4%	0.0%	0.0%	4.3%	0.0%	5.2%	
1000: Fleet	1.4%	1.4%	1.4%	0.0%	0.0%	0.0%	0.0%	0.0%	4.2%	6.6%	1.1%	
1000: Personnel	1.9%	1.9%	1.9%	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	0.0%	2.0%	
1000: Community Development & Building	9.8%	9.8%	9.8%	2.3%	0.0%	7.4%	0.0%	0.0%	4.9%	0.0%	10.5%	
1000: Community Grants	0.2%	0.2%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%	0.0%	0.0%	
1000: Culture & Leisure	5.9%	5.9%	5.9%	29.8%	100.0%	8.1%	0.0%	100.0%	9.1%	3.3%	8.7%	
1000: Parks	3.7%	3.7%	3.7%	0.0%	0.0%	0.0%	0.0%	0.0%	5.8%	0.0%	3.1%	
1000: Public Safety	29.3%	29.3%	29.3%	27.4%	0.0%	41.9%	0.0%	0.0%	31.3%	60.7%	44.4%	
1000: Public Works	14.3%	14.3%	14.3%	34.2%	0.0%	21.7%	100.0%	0.0%	18.0%	29.5%	14.4%	
1300: SLESF - Supl Law Enfc	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%	0.0%	0.0%	
1305: Restricted TOT	0.3%	0.3%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%	0.0%	0.0%	
1310: Gas Tax	0.5%	0.5%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	1.0%	0.0%	0.0%	
1311: Wharf	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%	0.0%	0.0%	
1313: General Plan Update and Maint	0.3%	0.3%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%	0.0%	0.0%	
1314: Green Building Education	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
1315: Public Art Fee Fund	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	
1317: Technology Fee Fund	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	
1321: BIA - Capitola Village-Wharf BIA	0.3%	0.3%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	1.1%	0.0%	0.0%	
1350: CDBG Grants	0.5%	0.5%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.7%	0.0%	0.0%	
1370: HOME Reuse,	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
1373: Permanent Local Housing Alloca	0.4%	0.4%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%	0.0%	0.0%	
5552: Cap Hsg Succ- Program Income	0.3%	0.3%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%	0.0%	0.1%	



**Table A-2: Final Allocation Percentages (OMB Compliant CAP)**

Central Service/Operating Departments	Central Service Departments										
	1000: City Attorney	1000: City Council	1000: City Manager	1000: Facilities - Facilities	1000: Facilities - Museum	1000: Facilities - City Hall	1000: Facilities - PW Corporate Yard	1000: Facilities - Jade St. Community Center	1000: Finance	1000: Fleet	1000: Personnel
1000: City Attorney	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
1000: City Council	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
1000: City Manager	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
1000: Facilities - Facilities	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
1000: Facilities - Museum	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
1000: Facilities - City Hall	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
1000: Facilities - PW Corporate Yard	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
1000: Facilities - Jade St. Community Center	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
1000: Finance	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
1000: Fleet	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
1000: Personnel	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
1000: Community Development & Building	13.7%	13.7%	13.7%	3.0%	0.0%	9.9%	0.0%	0.0%	6.9%	0.0%	12.5%
1000: Community Grants	0.3%	0.3%	0.3%	0.0%	0.0%	0.1%	0.0%	0.0%	0.5%	0.0%	0.1%
1000: Culture & Leisure	9.3%	9.3%	9.3%	30.4%	100.0%	10.2%	0.0%	100.0%	11.9%	3.5%	10.5%
1000: Parks	5.5%	5.5%	5.5%	0.4%	0.0%	1.2%	0.0%	0.0%	6.7%	0.0%	4.1%
1000: Public Safety	44.7%	44.7%	44.7%	30.2%	0.0%	51.1%	0.0%	0.0%	42.3%	64.9%	53.1%
1000: Public Works	22.2%	22.2%	22.2%	35.6%	0.0%	26.4%	100.0%	0.0%	24.7%	31.6%	18.7%
1300: SLESF - Supl Law Enfc	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%	0.0%	0.0%
1305: Restricted TOT	0.4%	0.4%	0.4%	0.0%	0.0%	0.1%	0.0%	0.0%	0.5%	0.0%	0.1%
1310: Gas Tax	0.8%	0.8%	0.8%	0.1%	0.0%	0.2%	0.0%	0.0%	1.2%	0.0%	0.1%
1311: Wharf	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%	0.0%	0.0%
1313: General Plan Update and Maint	0.5%	0.5%	0.5%	0.0%	0.0%	0.1%	0.0%	0.0%	0.6%	0.0%	0.1%
1314: Green Building Education	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%
1315: Public Art Fee Fund	0.2%	0.2%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%
1317: Technology Fee Fund	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%
1321: BIA - Capitola Village-Wharf BIA	0.5%	0.5%	0.5%	0.0%	0.0%	0.1%	0.0%	0.0%	1.2%	0.0%	0.1%
1350: CDBG Grants	0.7%	0.7%	0.7%	0.0%	0.0%	0.2%	0.0%	0.0%	0.9%	0.0%	0.1%
1370: HOME Reuse,	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
1373: Permanent Local Housing Alloca	0.6%	0.6%	0.6%	0.0%	0.0%	0.1%	0.0%	0.0%	0.6%	0.0%	0.1%
5552: Cap Hsg Succ- Program Income	0.4%	0.4%	0.4%	0.0%	0.0%	0.1%	0.0%	0.0%	0.5%	0.0%	0.2%



**Table A-3: Final Allocation Amounts (OMB Compliant CAP)**

Department Classification	Department	Central Service Departments										Total Allocation	
		1000: City Attorney	1000: City Council	1000: City Manager	1000: Facilities - Facilities	1000: Facilities - Museum	1000: Facilities - City Hall	1000: Facilities - PW Corporate Yard	1000: Facilities - Jade St. Community Center	1000: Finance	1000: Fleet		1000: Personnel
		238,000	0	977,453	78,343	1,800	59,000	22,500	29,500	967,309	334,573	456,773	3,165,251
Central Service	1000: City Attorney	-	-	-	-	-	-	-	-	-	-	-	-
Central Service	1000: City Council	-	-	-	-	-	-	-	-	-	-	-	-
Central Service	1000: City Manager	-	-	-	-	-	-	-	-	-	-	-	-
Central Service	1000: Facilities - Facilities	-	-	-	-	-	-	-	-	-	-	-	-
Central Service	1000: Facilities - Museum	-	-	-	-	-	-	-	-	-	-	-	-
Central Service	1000: Facilities - City Hall	-	-	-	-	-	-	-	-	-	-	-	-
Central Service	1000: Facilities - PW Corporate Yard	-	-	-	-	-	-	-	-	-	-	-	-
Central Service	1000: Facilities - Jade St. Community Center	-	-	-	-	-	-	-	-	-	-	-	-
Central Service	1000: Finance	-	-	-	-	-	-	-	-	-	-	-	-
Central Service	1000: Fleet	-	-	-	-	-	-	-	-	-	-	-	-
Central Service	1000: Personnel	-	-	-	-	-	-	-	-	-	-	-	-
Operating Department	1000: Community Development & Building	32,580	-	133,802	2,388	-	5,858	-	-	67,008	-	57,280	298,916
Operating Department	1000: Community Grants	800	-	3,287	19	-	47	-	-	5,103	-	290	9,547
Operating Department	1000: Culture & Leisure	22,049	-	90,554	23,829	1,800	6,015	-	29,500	115,574	11,739	48,180	349,240
Operating Department	1000: Parks	13,148	-	53,998	292	-	717	-	-	64,912	-	18,942	152,009
Operating Department	1000: Public Safety	106,275	-	436,464	23,652	-	30,165	-	-	409,404	217,179	242,373	1,465,511
Operating Department	1000: Public Works	52,755	-	216,663	27,911	-	15,580	22,500	-	238,744	105,655	85,497	765,305
Operating Department	1300: SLESF - Supl Law Enfc	322	-	1,321	12	-	29	-	-	5,112	-	193	6,989
Operating Department	1305: Restricted TOT	934	-	3,835	21	-	51	-	-	4,704	-	308	9,853
Operating Department	1310: Gas Tax	1,805	-	7,415	43	-	106	-	-	11,295	-	650	21,314
Operating Department	1311: Wharf	225	-	923	11	-	26	-	-	5,219	-	176	6,579
Operating Department	1313: General Plan Update and Maint	1,079	-	4,432	24	-	59	-	-	5,393	-	355	11,342
Operating Department	1314: Green Building Education	126	-	515	3	-	6	-	-	500	-	38	1,188
Operating Department	1315: Public Art Fee Fund	459	-	1,884	10	-	24	-	-	2,101	-	146	4,624
Operating Department	1317: Technology Fee Fund	87	-	356	2	-	5	-	-	619	-	33	1,103
Operating Department	1321: BIA - Capitola Village-Wharf BIA	1,148	-	4,716	34	-	84	-	-	12,016	-	533	18,531
Operating Department	1350: CDBG Grants	1,678	-	6,890	37	-	91	-	-	8,268	-	548	17,513
Operating Department	1370: HOME Reuse,	26	-	107	1	-	2	-	-	158	-	9	303
Operating Department	1373: Permanent Local Housing Alloca	1,535	-	6,303	32	-	79	-	-	6,112	-	465	14,526
Operating Department	5552: Cap Hsg Succ- Program Income	971	-	3,987	22	-	54	-	-	5,067	-	757	10,857





---

## Appendix B

---

Appendix B provides the table detailing the allocation performed in allocating central service costs for the full cost allocation plan. The methodology for the full plan is the same as for the OMB compliant plan, as it is the most reasonable and represents how indirect support is provided in the City. The difference between the two plans, as has been described in this report, is in the costs that can be allocated.



**Table B-1: Final Allocation Amounts (Full CAP)**

Department Classification	Department	Central Service Departments											Total Allocation
		1000: City Attorney	1000: City Council	1000: City Manager	1000: Facilities - Facilities	1000: Facilities - Museum	1000: Facilities - City Hall	1000: Facilities - PW Corporate Yard	1000: Facilities - Jade St. Community Center	1000: Finance	1000: Fleet	1000: Personnel	
		288,000	202,431	998,253	78,343	1,800	59,000	22,500	29,500	967,309	334,573	458,273	3,439,982
Central Service	1000: City Attorney	-	-	-	-	-	-	-	-	-	-	-	-
Central Service	1000: City Council	-	-	-	-	-	-	-	-	-	-	-	-
Central Service	1000: City Manager	-	-	-	-	-	-	-	-	-	-	-	-
Central Service	1000: Facilities - Facilities	-	-	-	-	-	-	-	-	-	-	-	-
Central Service	1000: Facilities - Museum	-	-	-	-	-	-	-	-	-	-	-	-
Central Service	1000: Facilities - City Hall	-	-	-	-	-	-	-	-	-	-	-	-
Central Service	1000: Facilities - PW Corporate Yard	-	-	-	-	-	-	-	-	-	-	-	-
Central Service	1000: Facilities - Jade St. Community Center	-	-	-	-	-	-	-	-	-	-	-	-
Central Service	1000: Finance	-	-	-	-	-	-	-	-	-	-	-	-
Central Service	1000: Fleet	-	-	-	-	-	-	-	-	-	-	-	-
Central Service	1000: Personnel	-	-	-	-	-	-	-	-	-	-	-	-
Operating Department	1000: Community Development & Building	39,424	27,711	136,650	2,388	-	5,858	-	-	67,008	-	57,468	336,506
Operating Department	1000: Community Grants	968	681	3,357	19	-	47	-	-	5,103	-	291	10,467
Operating Department	1000: Culture & Leisure	26,681	18,754	92,481	23,829	1,800	6,015	-	29,500	115,574	11,739	48,339	374,711
Operating Department	1000: Parks	15,910	11,183	55,147	292	-	717	-	-	64,912	-	19,004	167,166
Operating Department	1000: Public Safety	128,601	90,392	445,752	23,652	-	30,165	-	-	409,404	217,179	243,168	1,588,313
Operating Department	1000: Public Works	63,838	44,871	221,274	27,911	-	15,580	22,500	-	238,744	105,655	85,778	826,151
Operating Department	1300: SLESF - Supl Law Enfc	389	274	1,349	12	-	29	-	-	5,112	-	193	7,359
Operating Department	1305: Restricted TOT	1,130	794	3,917	21	-	51	-	-	4,704	-	309	10,926
Operating Department	1310: Gas Tax	2,185	1,536	7,573	43	-	106	-	-	11,295	-	652	23,389
Operating Department	1311: Wharf	272	191	943	11	-	26	-	-	5,219	-	176	6,838
Operating Department	1313: General Plan Update and Maint	1,306	918	4,527	24	-	59	-	-	5,393	-	356	12,582
Operating Department	1314: Green Building Education	152	107	526	3	-	6	-	-	500	-	38	1,332
Operating Department	1315: Public Art Fee Fund	555	390	1,924	10	-	24	-	-	2,101	-	146	5,152
Operating Department	1317: Technology Fee Fund	105	74	364	2	-	5	-	-	619	-	33	1,203
Operating Department	1321: BIA - Capitola Village-Wharf BIA	1,389	977	4,816	34	-	84	-	-	12,016	-	535	19,851
Operating Department	1350: CDBG Grants	2,030	1,427	7,037	37	-	91	-	-	8,268	-	550	19,441
Operating Department	1370: HOME Reuse,	31	22	109	1	-	2	-	-	158	-	9	333
Operating Department	1373: Permanent Local Housing Alloca	1,857	1,305	6,437	32	-	79	-	-	6,112	-	467	16,289
Operating Department	5552: Cap Hsg Succ- Program Income	1,175	826	4,071	22	-	54	-	-	5,067	-	759	11,974



27368 Via Industria, Suite 200  
Temecula, California 92590-4856  
800.755.6864 | Fax: 888.326.6864  
951.587.3500 | Fax: 951.587.3510  
[www.willdan.com](http://www.willdan.com)