

**CITY OF MANZANITA
APRIL 22, 2020
SPECIAL CITY COUNCIL MEETING**

CALL MEETING TO ORDER: The meeting was called to order at 4:00 pm April 22th, 2020 via RingCentral by Mayor Mike Scott.

ROLL: Members present were: Mike Scott, Steve Nuttall, Hans Tonjes, Linda Kozlowski and Thomas Aschenbrener Staff present: Cynthia Alamillo, Kristin Grassetth, Nina Jarvis, Dan Weitzel, Erik Harth

APRIL 22, 2020 FCS INDIRECT COST ALLOCATION STUDY: Project Manager Martin Chaw from FCS group presented his findings for the indirect cost allocation study. The first step of the study was to identify the total cost of all indirect services. This includes City Administrator, Assistant City Manager, Finance Specialist, Court and Utility Clerk, and Licensing and Ordinance Specialist. The total for these five employee's plus operating expenses was less than \$500,000 annually. Because Public Works is a direct cost center, we use the total number of FTE's (full time employee's) to allocate in each area.

The next step in the study was to identify the cost allocation factors that will be used to allocate indirect costs. Several factors are used to represent the level of service workload in each area, as detailed in his presentation. These factors are consistent with the guiding principles outlined previously, and are factors that are readily available, stable from one year to the next, and easily understandable.

After the allocation factors have been determined, the numbers are converted into percentages which are then used for the actual allocation of costs. These percentages are then applied to the indirect cost pools to determine the administrative costs to each direct service cost pool. Once that has been determined, an overhead rate for each direct service cost pool is created.

The results from this study indicate that the City's Water operating fund had a budget of \$996,749. The allocated cost totaled \$157,348, or 15.8% of the Water operating fund budget.

Mayor Scott adjourned the meeting at: 4:35 pm

**MINUTES APPROVED
THIS 6th DAY OF MAY, 2020**

Michael Scott, Mayor

Attest:

Cynthia Alamillo, City Manager/Recorder