



# Cost Allocation Plan Presentation to City Council

May 17th, 2022

# What is a CAP?

- **Purpose: Cost Allocation Plan (CAP)** provides a fair and reasonable allocation of City-wide administration costs
- Industry standard documentation for recovery of administrative costs:
  - Fees and Charges
  - Enterprise and Special Revenue Funds
  - Grants
- Follows guidelines established by Title 2, Code of Federal Regulations, Part 200
- Standard allocation methods in practice in California and nationwide for 3+ decades

# Why Does the City Have a CAP?

- Counties must complete one every year by law
- Cities commonly use for budgeting purposes and justifying transfers between General Fund and Other Funds
- Cost Allocation Plans and/or Indirect Cost Rate Proposals may be **required annually** for Federal or State grants
  - CalTrans
  - Housing and Urban Development (HUD)
  - Employment Development Department (EDD)
- Legally defensible tool – complies with Federal Law, Industry Standards, and GAAP

# Two “Versions”

1

“FULL” CAP

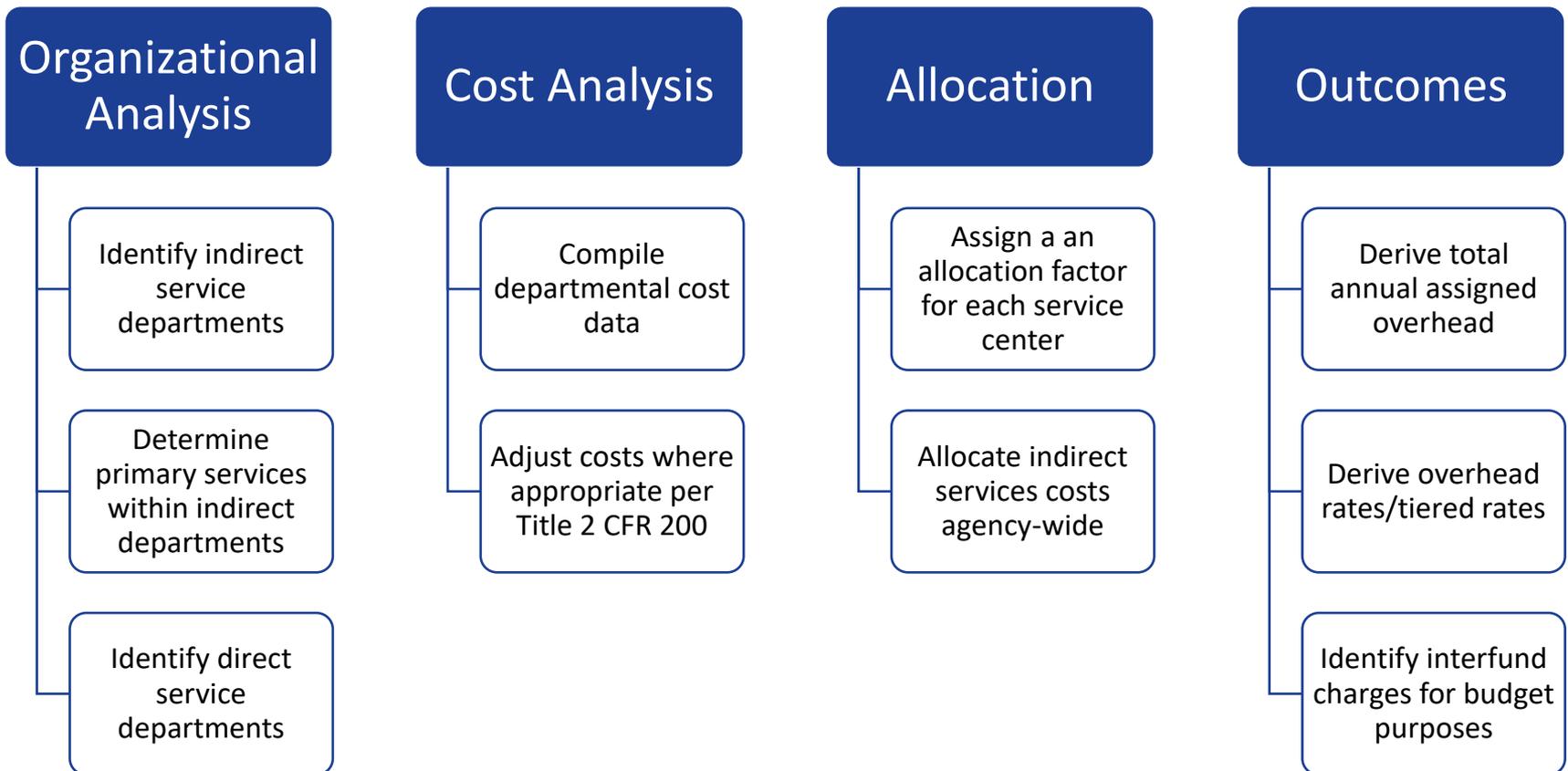
*Follows Title 2 CFR 200 guidelines, but does not strictly comply. Used as a budgeting tool.*

2

Title 2 CFR 200  
CAP

*Complies strictly w/ Title 2 CFR 200. Is reviewed by a State/Fed grantor agency and may be audited.*

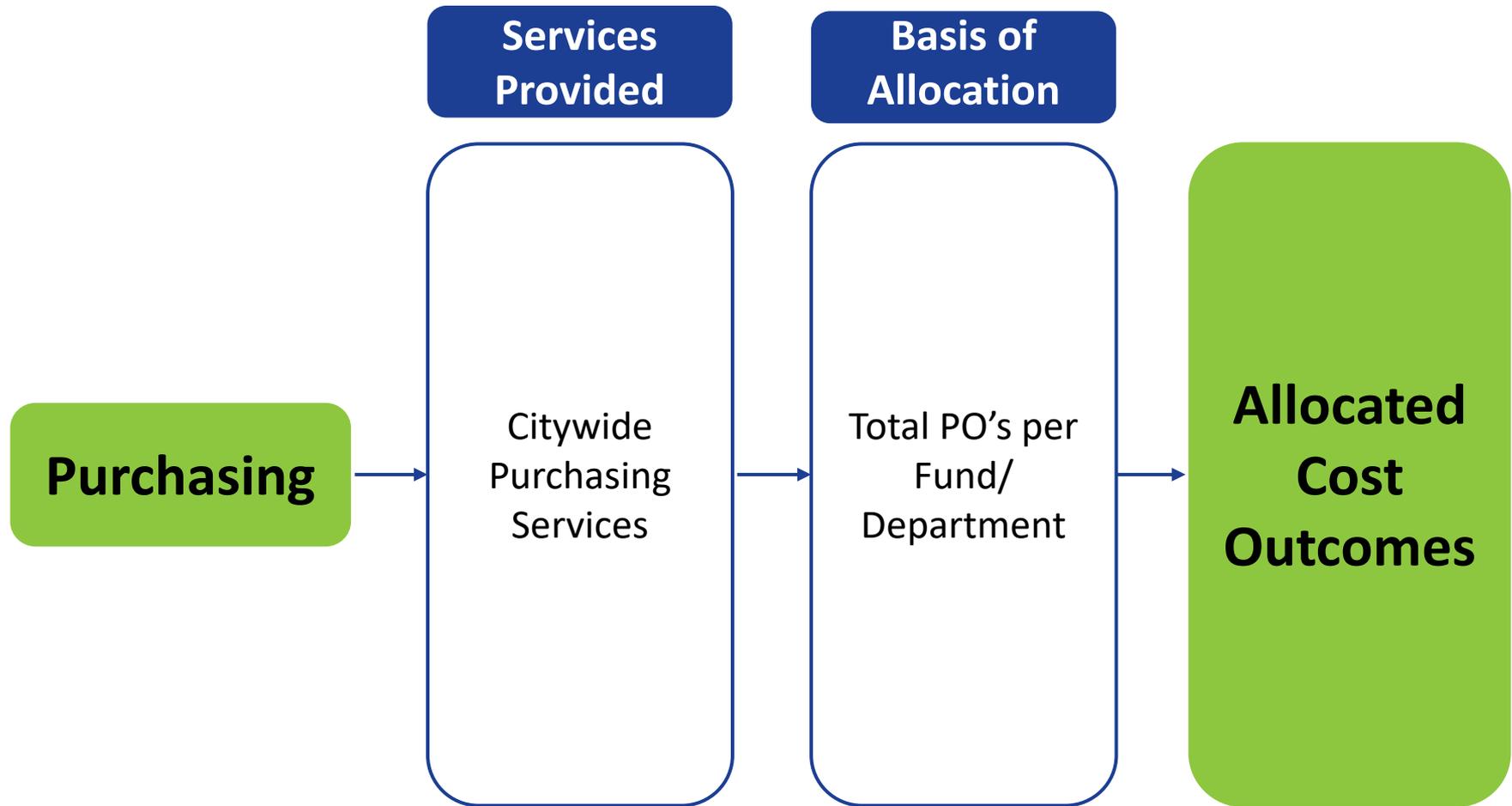
# Cost Allocation Plan – Project Approach



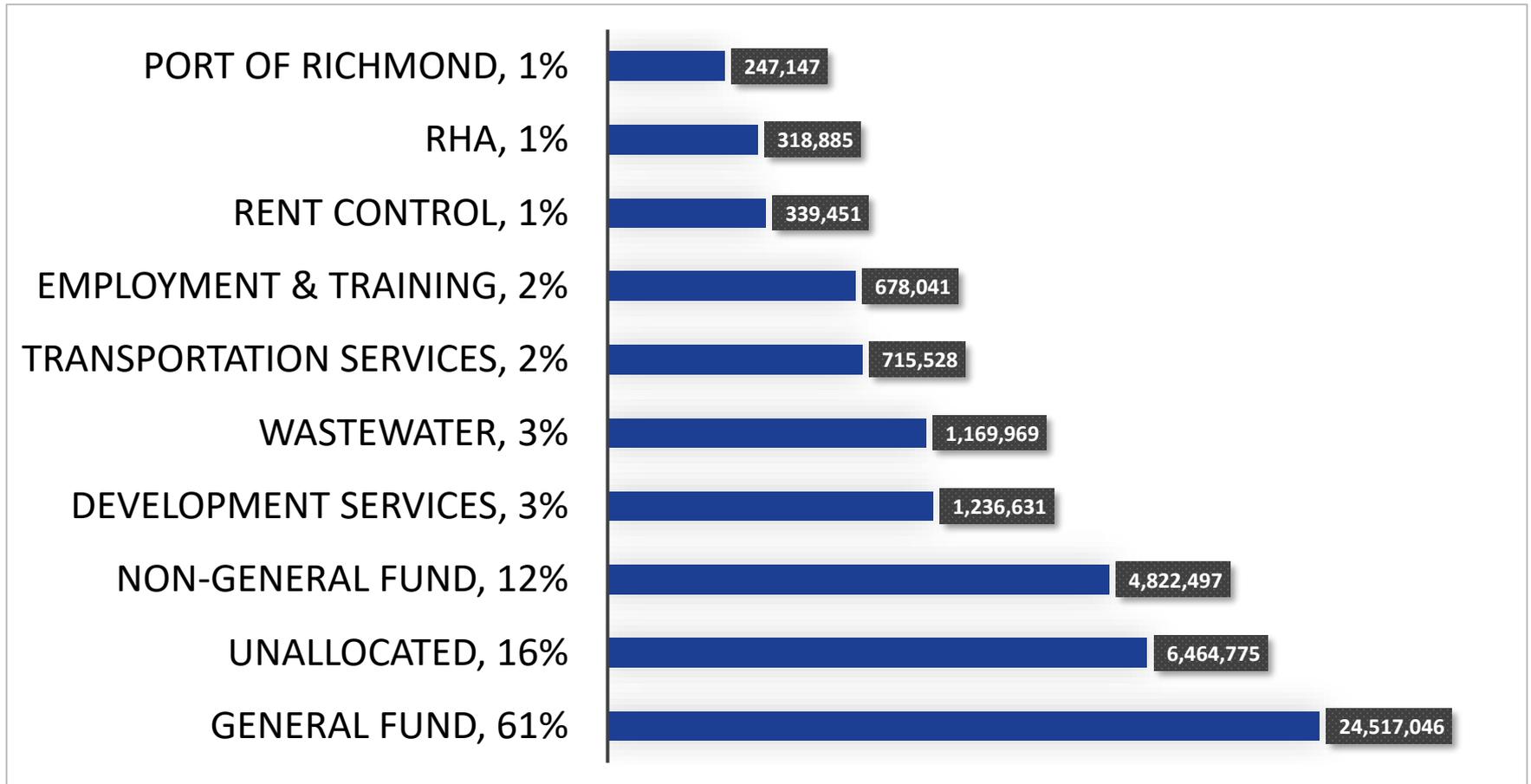
# Richmond – FY 19/20 Title 2 CFR CAP

Allocable Budget Unit		Total Allocable Expense
BLDG	Building Depreciation	\$884,426
EQUIP	Equipment Depreciation Allowance	717,400
0001-131	City Manager's Office	1,968,697
0001-141	City Clerk	768,725
0001-151	City Attorney	1,908,910
0001-171	Finance Administration	804,713
0001-172	Accounting	1,352,545
0001-173	Budget/Operating	682,065
0001-174	Payroll	313,802
0001-175	Treasury/Cash Management	457,949
0001-176	Accounts Payable	246,126
0001-177	Rev Collection	915,383
0001-178	Purchasing	374,536
0001-181	Human Resources	2,274,010
0001-232	Facility Maintenance and Administration	8,975,135
0001-235	Equipment Services/Fleet Maintenance	3,721,627
0001-261	Information Technology Administration	1,179,946
0001-262	Telecommunications, GIS, ERP, and Desktop	2,231,197
0001-263	IT/Mailroom and Duplication	249,805
0001-907   -908	Non-Departmental	10,482,974
<b>Total</b>		<b>\$40,509,971</b>

# Example: Allocation of Purchasing



# Cost Allocation Outcomes



**Total Allocations: \$40,509,971**

# Summary

- Cost Allocation Plan (CAP)
  - Fair and equitable allocation of costs to all GF and Non-GF cost centers
  - Costs are allocated based on a pro-rata share of appropriate metrics
  - Guided by Title 2 CFR 200
- Costs are allocated to ALL City funds, departments, and divisions
- Not all allocated costs are recoverable

# Questions or Comments?



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