

FY14 Shared Services Methodology

Background: The City of Park Ridge has three enterprise funds: Parking, Water, and Sewer. Enterprise funds are used to account for “business type activities” or activities that are similar to activities found in the private sector. Enterprise funds are primarily funded through user charges, which should fund all expenditures associated with the fund, including “overhead” or shared services expenditures.

The Former Model

Prior to the FY13 budget, the City charged the Water Fund for shared services from the General Fund, but the Parking Fund and Sewer Fund were not charged for their portion of shared services. Additionally, the method and documentation for allocating the charges and the amount charged to the Water Fund had not been revised in several years.

Creation of a New Model In The FY13 Budget Year

For the FY13 budget, the following methodology for identifying and charging shared services costs, outlined below, was devised.

1. Identify expenditures charged to the General Fund that should be shared between the General Fund and the enterprise funds. The following expenditures were examined:
 - a. Administration
 - b. Public Works Administration
 - c. Public Works Engineering
 - d. Finance
 - e. Audit fees
 - f. Insurance premiums
 - g. Legal fees
 - h. Human Resources
 - i. Payroll services
 - j. Information Technology
 - k. Fleet Maintenance (incl. Fuel)
2. Identify the cost of each shared service line item or group of line items
3. Identify the basis for the allocation
 - a. Total Fund budget was used as the basis for the allocation of City Administration, City-wide costs including insurance premiums, legal and auditing, Finance Administration, and Finance software. This basis assumes that the larger the Fund’s budget, the larger the portion of shared services that are dedicated to day to day operations of the fund.
 - b. Total headcount was used as the basis for the allocation of Human Resources, Information Technology, and Payroll services. The actual payroll contract charges are based on a per headcount fee for the various services provided. The basis also assumes that the Human Resource and Information Technology staff time is allocated based on headcount within the individual departments.

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- c. Total receipts and total accounts payable transactions were used as the basis for the Cashier and Accounts Payable functions respectively. The basis assumes a cost per transaction of \$11.12 for accounts payable and \$4.28 for receipts.
 - d. For the Public Works Administration and Engineering Departments, the total budget for General Fund Public Works, excluding Engineering, Administration, and Fleet Maintenance and total Fund budget for Water, Sewer, and Parking were used as the basis for the allocation. This basis assumes that the larger the Fund's budget, the larger the portion of shared services that are dedicated to day to day operations of the Public Works organization.
 - e. Total Fleet Maintenance costs including the property/auto insurance premiums were allocated to the funds based on an annual per equipment cost of \$6,489.29. The equipment count is derived from the actual equipment list funded in the motor and equipment replacement fund. Each piece of equipment is assigned to a Department.
4. Some shared services are shared by the Library in addition to the Enterprise Funds. In these cases, the Library was factored in to the cost allocation equation but the costs will not be passed on to the Library since the Library is funded primarily through property taxes and not user fees. The analysis concludes that the Library receives nearly \$165,000 per year in services from the General Fund.

FY14 Budget Updates To The Model

Although there were personnel changes, there was no major reorganization within the City in the past year. That consistency has allowed the City to make the determination that the allocation percentages were to be consistent between the FY13 and FY14 budgets. Costs, however, were updated.

City of Park Ridge
FY14 Shared Services Budget

	Total Cost	Basis for Allocation	General	Water	Sewer	Parking	Library	Admin	Fleet	Waste	PW Admin & Eng	Total
City Administration		2013/14 Budgeted Figures										
Description			\$30,404,325	\$9,399,666	\$1,358,921	\$946,982						\$42,109,894
Hamilton	Acting City Manager	2013/14 Budget	72.20%	22.32%	3.23%	2.25%						100%
Bostrom	Asst to the City Manager	2013/14 Budget	\$107,639	\$33,277	\$4,811	\$3,353						\$149,079
Vacant	HR Generalist	2013/14 Budget	\$39,142	\$12,101	\$1,749	\$1,219						\$54,211
Peterson	Deputy City Clerk	2013/14 Budget	\$46,875	\$14,492	\$2,095	\$1,460						\$64,921
Cannon	Admin	2013/14 Budget	\$53,734	\$16,612	\$2,402	\$1,674						\$74,421
Public Official Bond Insurance	Insurance	2013/14 Budget	\$40,528	\$12,529	\$1,811	\$1,262						\$56,131
City Council	City Council and City Clerk	2013/14 Budget	\$72	\$22	\$3	\$2						\$100
Total			\$29,400.00	\$21,227	\$6,563	\$949	\$661					\$29,400
Total			\$428,264.15	\$309,217	\$95,596	\$13,820	\$9,631	\$0	\$0	\$0	\$0	\$428,264
City Wide Costs		2013/14 Budgeted Figures										
Description			\$30,404,325	\$9,399,666	\$1,358,921	\$946,982	\$4,739,077					\$46,848,971
General Liability Insurance	GL Insurance	2013/14 Budget	64.90%	20.06%	2.90%	2.02%	10.12%					100%
Brokerage Fee	Insurance Broker	2013/14 Budget	\$73,996	\$22,876	\$3,307	\$2,305	\$11,534					\$114,018
Crime	Insurance	2013/14 Budget	\$14,346	\$4,435	\$641	\$447	\$2,236					\$22,105
Terrorism	Insurance	2013/14 Budget	\$2,626	\$812	\$117	\$82	\$409					\$4,046
HELP	Insurance POOL	2013/14 Budget	\$4,856	\$1,501	\$217	\$151	\$757					\$7,483
Nugent	Insurance Consultant	2013/14 Budget	\$38,090	\$11,776	\$1,702	\$1,186	\$5,937					\$58,691
Klein, Thorpe, Jenkins	External Attorney	Monthly Retainer Only \$6250/month	\$6,000.00	\$3,894	\$1,204	\$121	\$607					\$6,000
Miller, Cooper	Auditor	2013/14 Budget	\$75,000.00	\$48,674	\$15,048	\$2,175	\$1,516	\$7,587				\$75,000
OPEB Consultant	Audit required	2013/14 Budget	\$35,500.00	\$23,039	\$7,123	\$1,030	\$718	\$3,591				\$35,500
Total			\$5,000.00	\$3,245	\$1,003	\$145	\$101	\$506				\$5,000
Total			\$327,843.40	\$212,766	\$65,778	\$9,510	\$6,627	\$33,163	\$0	\$0	\$0	\$327,843
HR and Payroll		Allocated Headcount										
Description			214	14	5	4	98					335
Suppan	HR Administrator	2013/14 Budget	63.88%	4.18%	1.49%	1.19%	29.25%					100%
Mohr	Payroll Clerk	2013/14 Budget	\$48,671.28	\$31,092	\$2,034	\$726	\$581	\$14,238				\$48,671
ADP	External Payroll Vendor	2013/14 Budget	\$10,000.00	\$6,388	\$418	\$149	\$119	\$2,925				\$10,000
Excess Workers Comp	Insurance	2013/14 Budget	\$104,000.00	\$66,436	\$4,346	\$1,552	\$1,242	\$30,424				\$104,000
Total			\$47,470.46	\$30,324	\$1,984	\$709	\$567	\$13,887				\$47,470
Total			\$210,141.74	\$134,240	\$8,782	\$3,136	\$2,509	\$61,474	\$0	\$0	\$0	\$210,142
Information Technology		Allocated Headcount										
Description			218	12	6	4						240
Nelson	Director	2013/14 Budget	91%	5%	3%	2%						100%
Malkov	Staff	2013/14 Budget	\$152,971.51	\$138,949	\$7,649	\$3,824	\$2,550					\$152,972
Cardenas	Staff	2013/14 Budget	\$79,784.33	\$72,471	\$3,989	\$1,995	\$1,330					\$79,784
Material & Contracting	External Vendors	2013/14 Budget	\$103,333.42	\$93,861	\$5,167	\$2,583	\$1,722					\$103,333
Total			\$177,007.40	\$160,782	\$8,850	\$4,425	\$2,950					\$177,007
Total			\$513,096.65	\$466,063	\$25,655	\$12,827	\$8,552	\$0	\$0	\$0	\$0	\$513,097
Accounts Payable		AP Transaction Count FY2011										
Description			8800	1228	408	270				259		10,965
Feiereisel	AP review, PO	2013/14 Budget	80.26%	11.20%	3.72%	2.46%				2.36%		100%
Vacant/Purchasing	AP review, PO	2013/14 Budget	\$43,808.17	\$35,158	\$4,906	\$1,630	\$1,079			\$1,035		\$43,808
Total			\$42,948.64	\$34,469	\$4,810	\$1,598	\$1,058			\$1,014		\$42,949
Total			\$86,756.81	\$69,626.99	\$9,716.13	\$3,228.16	\$2,136.28	\$0.00	\$0.00	\$2,049.25	\$0.00	\$86,756.81
Cashier		Receipt Transaction Count										
Description			11343	1450	1450	844						15087
Vacant	Cashier	2013/14 Budget	75.18%	9.61%	9.61%	5.59%						100%
Total			\$58,630	\$7,495	\$7,495	\$4,362						\$77,981
Total			\$77,981.49	\$58,629.55	\$7,494.74	\$7,494.74	\$4,362.46	\$0.00	\$0.00	\$0.00	\$0.00	\$77,981.49

City of Park Ridge
FY14 Shared Services Budget

Finance Administration	Description	Total Cost	Basis for Allocation		General	Water	Sewer	Parking	Library	Admin	Fleet	Waste	PW Admin & Eng	Total
			Fund Expenditure Budget											
					\$30,404,325	\$9,399,666	\$1,358,921	\$946,982	\$4,739,077					\$46,848,971
					64.90%	20.06%	2.90%	2.02%	10.12%					100%
Oliven	Director	\$130,351.16	2013/14 Budget	\$84,596	\$26,153	\$3,781	\$2,635	\$13,186						\$130,351
Hatcher	Acct. Manager	\$90,270.30	2013/14 Budget	\$58,584	\$18,112	\$2,618	\$1,825	\$9,131						\$90,270
Fricano	Budget Analyst	\$58,127.18	2013/14 Budget	\$37,724	\$11,662	\$1,686	\$1,175	\$5,880						\$58,127
Vacant	Buyer	\$58,127.18	2013/14 Budget	\$37,724	\$11,662	\$1,686	\$1,175	\$5,880						\$58,127
Total		\$336,875.81		\$218,628	\$67,590	\$9,772	\$6,809	\$34,077	\$0	\$0	\$0	\$0	\$0	\$336,876
Finance Software	Description		Fund Expenditure Budget	\$30,404,325	\$9,399,666	\$1,358,921	\$946,982	\$4,739,077						\$46,848,971
				65%	20%	3%	2%	10%						100%
MUNIS	Acctg Software	\$60,000.00	2013/14 Budget	\$38,939	\$12,038	\$1,740	\$1,213	\$6,069						\$60,000
Total		\$60,000.00		\$38,939	\$12,038	\$1,740	\$1,213	\$6,069	\$0	\$0	\$0	\$0	\$0	\$60,000
PW Admin & Eng	Description		2013/14 General Fund PW (not Admin, Eng, Veh) Sewer, Water, Parking	\$3,808,612	\$9,399,666	\$1,358,921	\$946,982							\$15,514,181
				24.55%	60.59%	8.76%	6.10%							100%
Zingsheim	Director	\$163,128.19	2013/14 Budget	\$40,047	\$98,835	\$14,289	\$9,957							\$163,128
Tedeschi	Asst to Director	\$72,319.47	2013/14 Budget	\$17,754	\$43,817	\$6,335	\$4,414							\$72,319
Mitchell	City Engineer	\$109,905.40	2013/14 Budget	\$26,981	\$66,589	\$9,627	\$6,709							\$109,905
Tomlinson	Admin	\$59,789.58	2013/14 Budget	\$14,678	\$36,225	\$5,237	\$3,650							\$59,790
Alexander	Engineer Staff	\$96,010.56	2013/14 Budget	\$23,570	\$58,170	\$8,410	\$5,860							\$96,011
Webber	Engineer Staff	\$93,492.22	2013/14 Budget	\$22,952	\$56,645	\$8,189	\$5,707							\$93,492
Fleet	Vehicles	\$33,742.30	See below	\$8,283	\$20,444	\$2,956	\$2,060							\$33,742
Total		\$628,387.71		\$154,264	\$380,725	\$55,042	\$38,357	\$0	\$0	\$0	\$0	\$0	\$0	\$628,388
Fleet Maintenance	Description		Vehicle/Equipment Count	88	22	6	5	1	1	1	1	5	130	
				67.69%	16.92%	4.62%	3.85%	0.77%	0.77%	0.77%	0.77%	3.85%	100%	
McGrath	Manager	\$110,717.99	2013/14 Budget	\$74,947.56	\$18,736.89	\$5,110.06	\$4,258.38	\$851.68	\$851.68	\$851.68	\$851.68	\$4,258.38	\$110,717.99	
Dziwulski	Supervisor	\$109,263.90	2013/14 Budget	\$73,963.25	\$18,490.81	\$5,042.95	\$4,202.46	\$840.49	\$840.49	\$840.49	\$840.49	\$4,202.46	\$109,263.90	
Burns	Mechanic	\$105,310.02	2013/14 Budget	\$71,286.78	\$17,821.69	\$4,860.46	\$4,050.39	\$810.08	\$810.08	\$810.08	\$810.08	\$4,050.39	\$105,310.02	
Johson, J.	Mechanic	\$100,836.48	2013/14 Budget	\$68,258.54	\$17,064.64	\$4,653.99	\$3,878.33	\$775.67	\$775.67	\$775.67	\$775.67	\$3,878.33	\$100,836.48	
Scholz	Mechanic	\$95,511.98	2013/14 Budget	\$64,654.27	\$16,163.57	\$4,408.25	\$3,673.54	\$734.71	\$734.71	\$734.71	\$734.71	\$3,673.54	\$95,511.98	
Fleet Maintenance	Vehicle	\$0.00	2013/14 Budget	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Property / Auto Insurance	Insurance	\$55,659.48	2013/14 Budget	\$37,677.19	\$9,419.30	\$2,568.90	\$2,140.75	\$428.15	\$428.15	\$428.15	\$428.15	\$2,140.75	\$55,659.48	
Fuel Costs	Fuel purchases	\$300,000.00	2013/14 Budget	\$203,076.92	\$50,769.23	\$13,846.15	\$11,538.46	\$2,307.69	\$2,307.69	\$2,307.69	\$2,307.69	\$11,538.46	\$300,000.00	
Total		\$877,299.85		\$593,864.51	\$148,466.13	\$40,490.76	\$33,742.30	\$6,748.46	\$6,748.46	\$6,748.46	\$6,748.46	\$33,742.30	\$877,299.85	
Grand Total		\$3,546,647.61		\$2,256,237.29	\$821,840.74	\$157,061.32	\$113,938.52	\$141,532.81	\$6,748.46	\$6,748.46	\$8,797.71	\$33,742.30	\$3,546,647.61	
				64%	23%	4%	3%	4%	0%	0%	0%	1%	\$3,546,648	

* For 2013/14 - \$1,092,840.58 will be transferred from the Water, Sewer and Parking Funds to the General Fund, in 2012/13, \$1,072,397.71 was transferred from the Water Fund to the General Fund