

# City of Key West, Florida

# Indirect Cost Study Presentation

## July 25, 2011

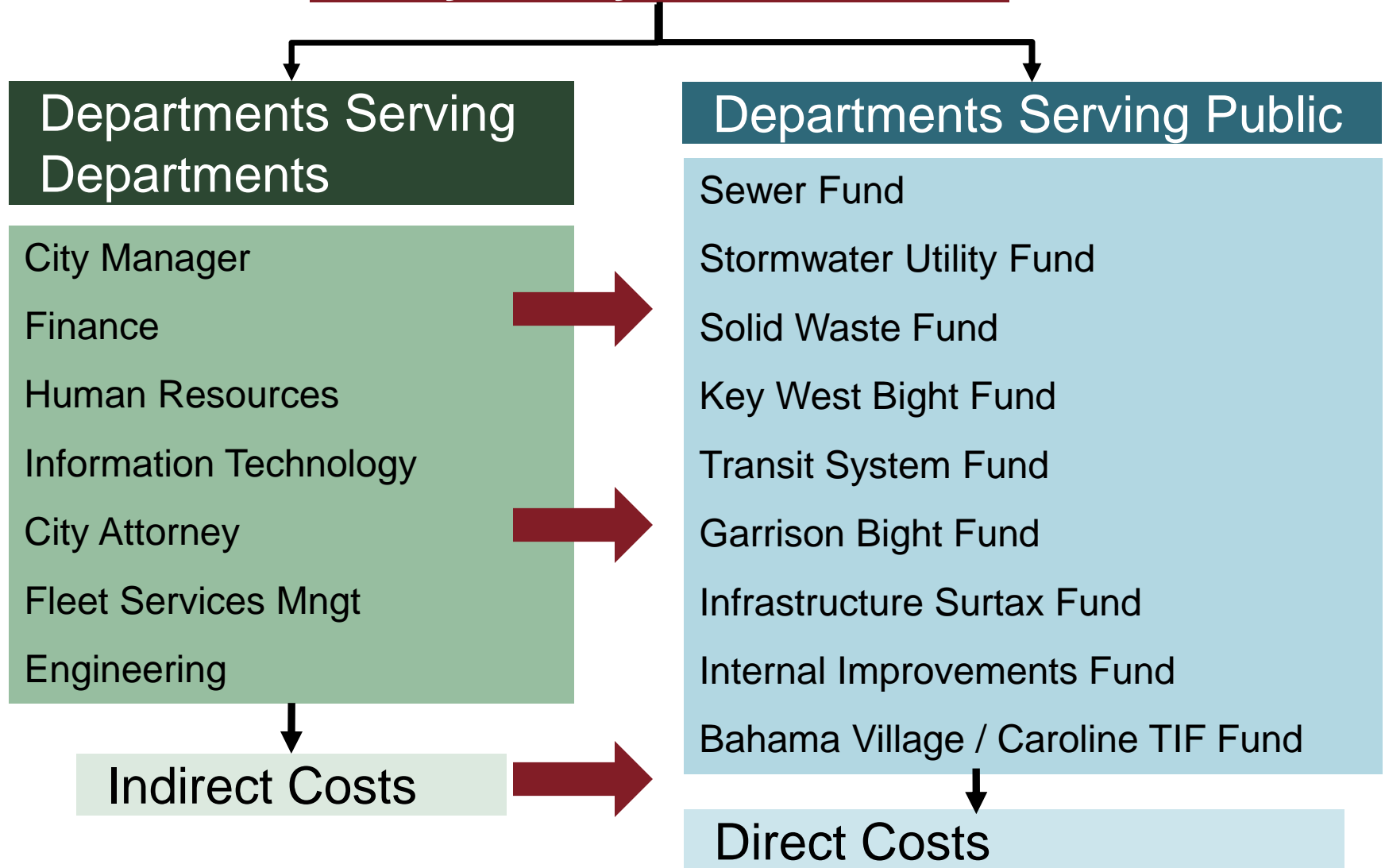


# Cost Allocation Plan

- A distribution of General Fund costs to benefiting recipients
- Allocates overhead costs to departments that benefit from the service

# Indirect Cost Study

City of Key West, Florida



# Allocating Indirect Costs

## Allocation Bases:

The method by which **Indirect Costs** are distributed to other benefiting departments

Examples Include:

- Number of Active Employees;
- Number of Transactions Processed;
- Square Footage Occupied;
- Number of Computers;

# Indirect Cost Results

Description	General Fund Budget	Indirect Cost Allocations
Total FY2010/11 General Fund Budget	\$ 47,950,000	
Special Revenue Funds		
Infrastructure Surtax Fund		\$ 109,667
Internal Improvements Fund		128,667
Fort Taylor Surcharge Fund		2,361
Affordable Housing Fund		-
Law Enforcement Trust Fund		1,361
Bahama Village / Caroline Street TIF Fund		20,384
Navy Outer Mole Payments Fund		34,742
Capital Projects Fund		28,703
Enterprise Funds		
Sewer Fund		332,143
Stormwater Utility Fund		247,473
Solid Waste Fund		294,721
Key West Bight Fund		355,022
Transit System Fund		274,219
Garrison Bight Fund		122,020
Internal Service Fund - Insurance Fund		<u>314,699</u>
Total Indirect Cost Allocations \$		\$ 2,266,181

# Payment in Lieu of Taxes (“PILOTs”)

- Means to partially offset forgone property tax because the Enterprise Fund’s property is tax exempt.
- Covers share of General Fund cost not covered by the indirect allocation, such as:
  - fire and police services
  - road maintenance



# Right-of-Way / Franchise Fees

- A right-of-way fee can be charged for use of the right-of-way and to cover the cost of disturbances.
- A franchise fee is payment for the right given by a municipal government to operate a municipal service enterprise within the government's jurisdiction.



# Right-of-Way / Franchise Fee Analysis Results

Enterprise Fund	Fees (% of Revenues)			Annual Revenues	Projected Revenue from Fees		
	Low	Average	High		Low	Average	High
Sewer	3.0%	6.0%	10.0%	\$ 11,647,936	\$ 349,438	\$ 698,876	\$ 1,164,794
Stormwater	3.0%	6.0%	10.0%	2,392,744	71,782	143,565	239,274
Solid Waste	3.0%	12.0%	20.0%	9,282,866	278,486	1,113,944	1,856,573
Transit System <sup>1</sup>	3.0%	4.0%	10.0%	1,066,901	32,007	42,676	106,690
Key West Bight <sup>1</sup>	3.0%	4.0%	10.0%	6,500,198	195,006	260,008	650,020
Garrison Bight <sup>1</sup>	3.0%	4.0%	10.0%	1,459,300	43,779	58,372	145,950
<b>Total</b>					<b>\$ 970,498</b>	<b>\$ 2,317,441</b>	<b>\$ 4,163,281</b>

<sup>1</sup>No survey benchmarks available. Instead considered water, sewer, and stormwater as benchmarks.

# General Fund Cost Recovery Summary

Description	Indirect Cost Allocations	PILOT	Franchise / Right-of-Way	Proposed FY11-12	FY10-11
Special Revenue Funds					
Infrastructure Surtax Fund	\$ 109,667	\$ -	\$ -	\$ 109,667	
Internal Improvements Fund	128,667	-	-	128,667	
Fort Taylor Surcharge Fund	2,361	-	-	2,361	
Affordable Housing Fund	-	-	-	-	
Law Enforcement Trust Fund	1,361	-	-	1,361	
Bahama Village / Caroline Street	20,384	-	-	20,384	
Navy Outer Mole Payments Fund	34,742	-	-	34,742	
Capital Projects Fund	28,703	-	-	28,703	
Enterprise Funds					
Sewer Fund	\$ 332,143	\$ 254,117	\$ 698,876	\$ 1,285,135	\$ 1,338,000
Stormwater Utility Fund	247,473	62,431	143,565	453,469	408,100
Solid Waste Fund	294,721	35,646	1,113,944	1,444,311	1,589,200
Key West Bight Fund	355,022	68,451	260,008	683,481	500,000
Transit System Fund	274,219	10,359	42,676	327,254	240,900
Garrison Bight Fund	122,020	11,551	58,372	191,944	90,800
Internal Service Fund - Insurance Fu	314,699	-	-	314,699	-
<b>Total Indirect Cost Allocations</b>	<b>\$ 2,266,181</b>	<b>\$ 442,556</b>	<b>\$ 2,317,441</b>	<b>\$ 5,026,178</b>	<b>\$ 4,167,000</b>

# Discussion

