



City of Killeen Council Workshop

Indirect Cost and Franchise Fee
August 2, 2016

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Indirect Cost

- Indirect costs are costs incurred for a common purpose that benefits more than one department, and not readily assignable to an individual department.
 - Examples:
 - City Manager
 - Assistant City Manager
 - City Attorney
 - Human Resources
 - Finance
- Cost allocation plans facilitate equitable distribution of indirect expenses.



Indirect Costs to be Allocated

Account	Department Description	FY 17 Budget
010-0101-412	City Council	\$ 69,104
010-0200-413	City Manager	639,388
010-0201-413	ACM - External	-
010-0205-413	ACM - Internal	237,696
010-0208-413	City Auditor	120,536
010-0405-414	Public Information	241,319
010-1005-416	City Attorney	904,647
010-1010-416	City Secretary	137,294
010-2010-415	Finance	1,683,711
010-21xx-460	Support Services	2,334,142
010-230x-418	Human Resources	1,177,303
010-2705-419	Information Tech	1,909,652
010-4051-450	Planning	638,022
010-9501-491	GF ND - Consolidated	1,126,599
010-9502-491	GF ND - Municipal Annex	52,468
010-9505-491	GF ND - City Hall	<u>259,591</u>
Total		\$ 11,531,472



FY 2017 Indirect Cost Allocation

Indirect costs to be allocated \$ 11,531,472

Fund	FY 2017 Budget	Allocation Percent	Allocated Amount
General Fund	\$ 84,993,294	58.42%	\$ 6,737,128
KFHRA Fund	3,129,146	2.15%	248,039
Skylark Field Fund	555,153	0.38%	44,005
Solid Waste Fund	17,325,148	11.91%	1,373,305
Water & Sewer Fund	35,750,003	24.57%	2,833,783
Drainage Utility Fund	<u>3,724,340</u>	<u>2.56%</u>	<u>295,216</u>
Total	\$ 145,477,084	100.00%	\$ 11,531,476



Indirect Cost Budget

Fund	Allocated Amount	Expense Account	General Fund Revenue Account
Solid Waste	\$1,373,305	540-9595-439.44-62 (Pg. 160)	010-0000-371.10-00 (Pg. 28)
Water & Sewer	\$2,833,783	550-9595-492.44-62 (Pg. 187)	010-0000-371.05-00 (Pg. 28)
Drainage Utility	\$295,216	575-9595-492.44-62 (Pg. 205)	010-0000-371.35-00 (Pg. 28)



Franchise Fees

- Franchise fees are charged for the use of City owned streets, alleys, rights-of-way and easements. The fees are used to maintain, improve, and build City infrastructure.
- Outside companies that pay a franchise fee:
 - Telephone
 - Gas
 - Cable
 - Taxi
 - Electric
- Enterprise funds that pay a franchise fee:
 - Solid Waste
 - Water and Sewer



Franchise Fee Solid Waste

Solid Waste 540-9595-439.44-82		
Acct #	Account Name	FY17
540-0000-321.45-00	Transfer Station Fees	\$ 430,500
Total Charges for Services		430,500
540-0000-323.05-00	Container Rentals	90,300
540-0000-323.12-00	Sale of Equipment	9,000
540-0000-323.15-00	Tire Disposal Fees	7,250
540-0000-323.30-01	Sale of Metals - Recycling	33,000
540-0000-323.30-02	Paper Products - Recycling	41,000
540-0000-323.30-03	Public Scale Fees	6,200
540-0000-323.30-04	Other Recycle Revenues	9,500
540-0000-323.30-05	Customer Recycling Fee	84,300
540-0000-323.35-00	Commercial Sanitation Fee	6,137,212
540-0000-323.40-00	Residential Sanitation Fee	10,972,500
Total Solid Waste Charges for Services		17,390,262
Total Solid Waste Revenues		17,820,762
Franchise Fee 9%		\$ 1,603,869



Franchise Fee Water & Sewer

Water & Sewer 550-9595-492.44-82

Acct #	Account Name	FY17
550-0000-322.05-00	Sale of Water	\$18,371,545
550-0000-322.10-00	Tap Fees	700,000
550-0000-322.12-00	Septic Tank Elimination	30,000
550-0000-322.15-00	Sewer Fees	17,379,205
550-0000-322.20-00	Water Services & Charges	1,048,000
550-0000-322.25-00	Delinquent Penalties	1,308,000
Total Charges for Services		<u>38,836,750</u>
Franchise Fee (9%)		<u>\$ 3,495,308</u>



Summary of General Fund Franchise Fee & Indirect Cost

Type	From Solid Waste	From Water & Sewer	From Drainage
	010-0000-371.10-00	010-0000-371.05-00	010-0000-371.35-00
Indirect Cost Allocation	\$ 1,373,305	\$ 2,833,783	\$ 295,216
Franchise Fees	1,603,869	3,495,308	-
Total Transfer to GF	\$ 2,977,174	\$ 6,329,091	\$ 295,216

Questions?



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