

Subject: Support Services and Other Cost Allocations – January 2012	
Category: Financial services	Policy Reference: 1700-00

ALLOCATION PRINCIPLES:

The support services allocation policy is based on a set of guiding principles. They are as follows:

- **Fairness** – General administration functions cost allocation flows should reflect actual consumption patterns by the diverse range of direct service functions.
- **Transparency** - Allocation rationale, formulae and resulting cost flows should be transparent.
- **Stability** - Cost allocation flows should be relatively stable on a short term year over year basis.
- **Ease of Administration** – To the extent that consumption based cost allocation flows are maintained as paramount, ease of administration and formulae simplification are positive allocation model attributes.

GOVERNANCE COSTS:

The personnel costs for the Office of the Chief Administrative Officer and the Corporate Legislative Officer are recognized as governance costs and are charged directly to the member municipalities and electoral areas administration budgets, functions 100 and 130 and to Comox Strathcona waste management, function 391. The costs are prorated as 30% to member municipalities administration (100), 60% to electoral areas administration (130/131) and 10% to Comox Strathcona waste management (391).

The determination of the percentage apportionment of the governance costs is based on an analysis of all CVRD services with an assigned weighting factor representing effort. The weighted ratio of the number of electoral area and municipality services to the total weighted number of services, determines the percentage split.

SUPPORT SERVICES: The support service charge will include all costs relating to corporate service activities, i.e. management; legislative services and corporate administration; finance; corporate building; human resources; corporate communications; information systems and fiscal services proposed budgets will then be allocated to departments (i.e. functions, services) as follows below.

If the support service dollar allocation is \$299 or less, a minimum amount of \$300 will be allocated to that service. A service that is inactive would not be charged any support services.

Management, administration, finance and fiscal services (111,112,113,117,119)

1. (1) Existing services - allocated to all active services based on THE SUM OF:
 - (a) annual charge to be allocated based on:
 - (i) service delivery – calculated on a departments prior years approved operating budget (less debt servicing costs, support services and transfers to capital)
 - (ii) PLUS the previous five years actual average capital expenditure
- MULTIPLIED BY:

- (iii) service level variance: determined by and reviewed annually:
 - 100% - full range of services: AP/AR/Payroll/GL/special reporting;
 - 75% - substantial services: one or more of above;
 - 50% - service limited, typically monthly payments/parcel taxes;
 - 25% - limited to quarterly or yearly payments.

EQUALS:

Service Level Adjusted Service Delivery & Actual Five Year Avg. Capital

DIVIDED BY:

Total 'Service Level Adjusted Service Delivery & Actual Five Year Avg. Capital'

MULTIPLIED BY

Management; legislative services and corporate administration; finance, corporate communications and fiscal services proposed budget for the new year (net of any other expected revenue sources).

- (2) New Services - a new service with no base year will be allocated a support services charge based on a projected budget amount or a charge as set by the corporate financial officer.

Building (114)

- 2. (1) Corporate office space costs are charged directly to each department that occupies the corporate office space based on square footage.

Human resources (115)

- 3. (1) Allocated to departments based on number (head count) of full-time and part-time staff. There is a head count allocation for Directors of .4 for each director. The Directors' apportionment is based on the ratio of human resource services that are provided to board members as compared to staff.

Information services (116)

- 4. (1) Allocated to departments based on number of:
 - (a) Personal Computers: PLUS
 - (b) Number of servers (extra weighting) 1 server = weight of 3 PC's.

OTHER COST ALLOCATIONS:**Personnel costs**

- 5. (1) Allocated directly to services based on the following guiding principles:
 - (a) Accountability – Allocation of time reflects responsibility for service delivery.
 - (b) Validation – Time tracking system assists with learning from the past and determining allocations.
 - (c) Consultation – Budget managers work plans reviewed with the Chief Administrative Officer assists with determining allocations.
- (2) Reviewed by budget managers/ executive manager of human resources and approved by chief administrative officer.

Fleet Vehicles

Fleet vehicles are accounted for as direct costs based on the distribution of actual vehicles across CVRD functions.

Property insurance

- 6. (1) Allocated directly to departments based on:
 - (a) Property value of program (i.e. buildings, contents and mobile equipment);
 DIVIDED BY

- (b) Total property value all programs; MULTIPLIED BY
- (c) Total policy cost.

Liability insurance

7. (1) Allocated directly to services based on:
 - (a) Service group rating percentage multiplied by total annual assessment, apportioned to each department within the 'group' by prior years approved budget total (as defined in the support services % of budget in 1(1) (a) of this policy).
- (2) The service group rating is based on a combination of MIA's incident/cost percentages and regional district service delivery knowledge.

Service group rating percentages

GENERAL GOVERNMENT SERVICES	
Administration	5%
PROTECTIVE SERVICES	
Bylaw Enforcement	4%
Fire Protection	10%
Building Inspection	16%
ENVIRONMENTAL DEVELOPMENT SERVICES	
Development Services	5%
ENVIRONMENTAL HEALTH SERVICES	
Solid Waste	6%
Sewer	6%
Water	6%
TRANSPORTATION SERVICES	
Drainage	1%
Transit	1%
RECREATION & CULTURAL SERVICES	
Parks	10%
Recreation Facilities	20%
Recreation/Cultural	3%
VARIOUS	
Various > \$100,000 budget	3%
Various < \$100,000 budget	4%
TOTAL SERVICE GROUPS	100%

Approval History

Policy adopted:	December 14, 2000
Policy amended:	November 2002 March 2003 - section 2 November 2003 - section 1 February 2006 - section 3