

TO: James L. App, City Manager

FROM: Mike Compton, Director of Administrative Services

SUBJECT: Cost Allocation Software – Appropriation Request

DATE: October 4, 2005

Needs: For the City Council to consider purchase of cost allocation software.

Facts:

1. In fiscal year 1999, the City Council approved development of a cost allocation plan.
2. A cost allocation plan is a method by which operational support costs (payroll, personnel, etc.) are allocated to user departments based upon service/benefit received.
3. The firm that assisted the City in developing its cost allocation plan has a new software product that eases plan administration and is “user friendly”.

Analysis &
Conclusion:

The original cost allocation plan developed for the City was documented in a number of Excel spreadsheets. In its current form, it is a series of 10 inter-linked workbooks comprised of 31 different pages. It is complicated and difficult to manage, and can take up to a week to run and reconcile.

Such a complicated spreadsheet application can result in calculation (and thus budget) errors not readily identified. In order to prevent such an occurrence, acquisition and use of Maximus’ cost allocation software is advised. The software is fully compatible with the City’s standard hardware. This product (“Maxcars”) will automate the cost allocation plan making use and administration more efficient. It also produces reports, in user friendly formats, that can be understood by non-accountant staff.

Fiscal
Impact:

The cost of Maxcars is \$8,300 including first year’s data/software conversion, maintenance, support, and training. After the first year, annual maintenance and support is \$1,500 annually. The cost noted above includes a one time cost of \$1,800 for converting the existing cost allocation methodology into Maxcars.

It is proposed that the first year’s cost be appropriated from the City’s General Emergency and Contingency Fund. There are sufficient resources.

Options:

- a. Adopt Resolution No. 05-xx approving budget appropriations for acquisition of cost allocation software from Maximus; or
- b. Amend, modify, or reject the above option.

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ADMINISTRATIVE SERVICES

July 29, 2005

Mr. Mike Compton
Finance Director
City of Paso Robles
1000 Spring Street
Paso Robles, CA 93446

Dear Mike,

Thank you for attending the web demonstration of MAXIMUS' Cost Allocation and Rate System (MAXCARS[™]) and for requesting a proposal.

As you discussed during the demonstration, MAXCARS[™] is a Windows-based cost allocation system that allows for the distribution of central service costs to benefiting programs through a double step down methodology. MAXCARS[™] has features that facilitate the efficient development and management of cost plan projects, including:

- Multi-user access and tracking;
- The ability to import Excel data directly into MAXCARS[™];
- The capacity to export reports to Excel and PDF file formats;
- An Excel interface that eases data entry for allocation bases and expenditures;
- The ability to attach departmental and general narratives to plans so that they can be printed as components of the detail and summary schedules; and
- Notes, Journal and Contact information that can be associated with specific data elements within the plan like departments, activities and expenses.

The initial cost of the MAXCARS[™] system is \$ 4,000.00 and includes:

- Documentation on the use of the system;
- A program CD with installation instructions;
- The first year's maintenance fee, which includes system updates and up to 4 hours of telephone support.

Each subsequent year's maintenance fee will be \$ 1,500.00 and includes system updates and an additional 4 hours of system telephone support.

After reviewing your current cost plan files, we would propose the following options for your consideration:

- Option I – Full Service Cost Plan Development – MAXIMUS would meet with you and city central service department representatives, conduct a thorough review of city financial records and allocation methodologies, and develop a new cost plan model. At the completion of the project, we would provide you with the cost plan file for MAXCARS™ so you could develop subsequent plans using your licensed copy of MAXCARS™.

Project Cost: \$ 14,500, plus software and training costs

- Option II – Conversion of the City's Current Cost Plan Model into MAXCARS™ – MAXIMUS would use the city's current Excel-based cost plan structure as the basis for the creation of a plan converted into the MAXCARS™ system. This option would preserve the city's current methodologies and allow the city to use the resulting file as the basis for the development of subsequent plans in MAXCARS™.

Project Cost: \$ 1,800, plus software and training costs

With either of the two options, training in the use of MAXCARS™ will ensure that you are able to utilize the features that produce the greatest time-savings and, thereby, the best return on your investment. We would propose 12 hours of training at your location for a total cost of \$ 2,500.00, including expenses.

Thank you for your consideration of this proposal. If you would like additional information about MAXCARS™ or any of the professional services offered by MAXIMUS, please do not hesitate to contact me at 425-637-1919 or Dawn Steele at 949-440-0845 ext. 112.

Sincerely yours,



Daniel B. Edds, MBA
Senior Manager

System Description

MAXCars is the windows-based cost allocation and rate system developed by MAXIMUS as a replacement for the NGCSII DOS system. It is used by MAXIMUS consultants and MAXIMUS clients in the preparation of cost plans and user fees.

MAXCars conforms to the Office of Management and Budget Circular A-87 (OMB A-87) methodology for allocations of cost plans and preparation of Indirect Cost Rates. This allows the maximization of recovery from overhead costs associated with federal programs.

MAXCars is developed using Microsoft development tools and is network ready for multi-user access. The hardware requirements are:

- Windows 9x, NT, or 2000
- Pentium 400 Mhz or higher (700 Mhz recommended)
- 32 MB RAM (64 MB recommended)
- 100 MB hard disk space
- Video card supporting resolution of 800x600 (1024x768 recommended)



Demonstrations

A short 2 minute video walkthrough demonstration can be downloaded from our website at www.maximussupport.com/maxcars.htm. A full length demo is also available from MAXIMUS; please contact us for a copy of the 25 minute demo or for more information.

MAXIMUS

Irvine California
17310 Redhill Ave, Suite 340
Irvine, CA 92614
949.440.0845
DawnSteele@maximus.com

Bellevue Washington
1400 112th Ave SE, Suite 100
Bellevue, WA 98004
425.637.1919
DanielEdds@maximus.com

MAXCars

**The Indirect Cost
Allocation And
Rate Solution**

MAXIMUS
HELPING GOVERNMENT SERVE THE PEOPLE®

RESOLUTION NO. 05-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES
APPROVING BUDGET APPROPRIATIONS FOR THE ACQUISITION OF
COST ALLOCATION SOFTWARE

WHEREAS, the City has been using a cost allocation plan system (software) that is cumbersome and difficult to administrator; and

WHEREAS, Maximus, Inc. has developed a cost allocation plan software system that automates the process while improving "user friendliness" and reporting; and

WHEREAS, other users of this software system, Maxcars, are please with its accuracy, usability and reporting functionality.

THEREFORE BE IT HEREBY RESOLVED by the City Council of the City of El Paso de Robles approves a one time budget appropriation from the General Emergency & Contingency Fund in the amount of \$8,300 to Budget Account No. 110-140-5224-125; and

BE IT FURTHER RESOLVED that an ongoing budget adjustment for maintenance and support in the amount of \$1,500 beginning in fiscal year 2006 from the General Fund reserves to Budget Account No. 100-140-5224-125 is hereby approved.

ADOPTED by the City Council of the City of El Paso de Robles at a regular meeting of said Council held on the 4th day of October 2005 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Frank R. Mecham, Mayor

ATTEST:

Sharilyn M. Ryan, Deputy City Clerk