TO: James L. App, City Manager

FROM: Mike Compton, Director of Administrative Services

SUBJECT: Cost Allocation Software – Appropriation Request

DATE: October 4, 2005

<u>Needs</u>: 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 occurence, 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.

<u>Fiscal</u>

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 allocaton 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 (MAXCARSTM) 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 MAXCARSTM;
- 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

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

maximization of recovery from tions of cost plans and preparation of indirect Cost Rates. This allows the MAXCars conforms to the Office of Management and Budget Circular A-87 (OMB A-87) methodology for allocaoverhead costs, associated with federal programs. MAX Cars is developed using Microsoft for multi-user access. The hardware development tools and is network ready 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
- 800x600 (I)024x768 recommended) Video card supporting resolution of



Demonstrations

downloaded A short 2 minute video walkthrough demonstration can

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

MAXIMUS

17310 Redhill Ave, Suite 340 DawnSteele@maximus.com Irvine California Irvine, CA 92614 949,440.0845

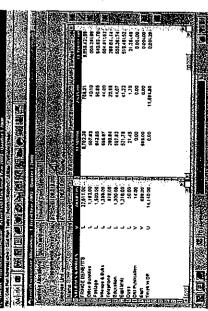
400 112th Ave SE, Suite 100 DanielEdds@maximus.com Bellevue Washington Bellevue, WA 98004 425.637.1919



MAXCars

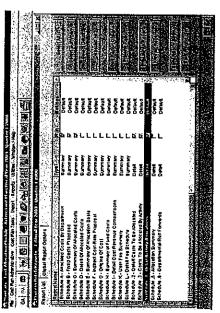
The Indirect Cost Allocation And Rate Solution MAXIMUS.

MAXCars Features



The Expense Allocation Screen (shown above) displays real time values for spreading expenses across department activities, Expense can be spread by values, percentages, units, or a side schedule. Expense lines can also be linked to other lines which allows for convenient maintenance.

The user interface in MAXCars is the popular grid & property interface. Each data element has a searchable grid (in the example above the Department screen is shown) and to examine detail information about the data element just point and double-click. This will display the editable property screen which contains all of the detailed information for the item you selected.



The Batch Reporting Screen (above) gives access to a complete list of allocations reports.

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The Cost Plan Control Screen (above) allows you to select which cost plan you would like to work with, create/edit/delete plan files, create plan archives and much more

MAXCars Features

- Intuitive GUI interface. All grids have sort and search capabilities with rightclick menu support.
- Multiple plan access.
- Easy creation of new cost plans from existing and archived plans which allows quick transitions to new plan years & quarters and examining what if scenarios
- Archival of plans into single archive file for convenient storage and transfer.
- Two tier department grouping capabilities.
- Real time value displays of expense allocations across activities and derived allocation basis.
- In addition to preview and printing, all reports can be exported to numerous. file formats including PDF spreadsheet and text files.
- Powerful batch printing capabilities allows selection of multiple reports to be printed at one time
- Accurate Origins of Cost report that can be used as the reliable basis for Federal reimbursement claiming.
- Comparison reports that allow analysis of multiple cost plans cost differences and trending.
- Import data using the included Excel Import Templates of design your own import based on your specific data formats.

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:	
ATTEST:	Frank R. Mecham, Mayor
Sharilyn M. Ryan, Deputy City Clerk	