

Defining Overhead

- **GFOA Definition**

“Those elements of cost necessary in the production of goods or services which are not directly traceable to the product or service.

“Usually these costs relate to objects of expenditure that do not become an integral part of the final product of service, such as rent, heat, light, supplies, management and supervision.”

METRO Overhead

Prior to the Merger with King County

	<u>1994 Adopted</u>	<u>2009 \$</u>
METRO Water Quality	\$57,260,084	\$82,695,013
METRO Transit	\$219,320,854	\$316,743,177
<i>Executive</i>	\$5,681,062	\$8,204,590
<i>Finance</i>	\$16,521,301	\$23,860,063
<i>Technical Services</i>	\$8,292,693	\$11,976,307
<u><i>Human Resources</i></u>	<u>\$3,879,888</u>	<u>\$5,603,334</u>
Overhead Subtotal:	\$34,374,944	\$49,644,294



King County Council Overhead Analysis

August 9, 2000

Financial Consulting Solutions Group, Inc., 8642 154th Avenue NE,
Redmond, WA 98052 ■ (425) 867-1802 ■ www.fcsgroup.com

Overhead is generally accounted for and is reflected in the proposed budget in three ways:

The **Current Expense Fund** cost plan allocates certain charges for overhead to other county program funds

Internal Service Fund Charges (finance, technology, telephones, space, fleet, etc.) are spread to county funds

Department and division overhead is budgeted within larger agencies

Countywide Overhead

- Services provided to all County departments
- Necessary to operate County Government
- Examples:
 - Executive
 - Council
 - Finance
 - Assessor
 - Prosecuting Attorney's Civil Division
 - Information & Administrative Services
 - Construction & Facilities Management

Administrative Costs

- Departmental Costs Support an Entire Department's Operations
- Divisional Level Costs Only Support Division's Operations
- Both categories include:
 - General Administration & Management
 - Financial Management
 - Personnel and Human Resource Management
 - Information Systems
 - Administrative Support

“Unlike direct expenses, overhead expenses must be allocated on some systematic and rational basis”.

Benchmarking Analysis

- **Benchmark Counties**

- Maricopa, Arizona
- Hennepin, Minnesota
- Dade, Florida
- Cuyahoga, Ohio
- San Diego, California

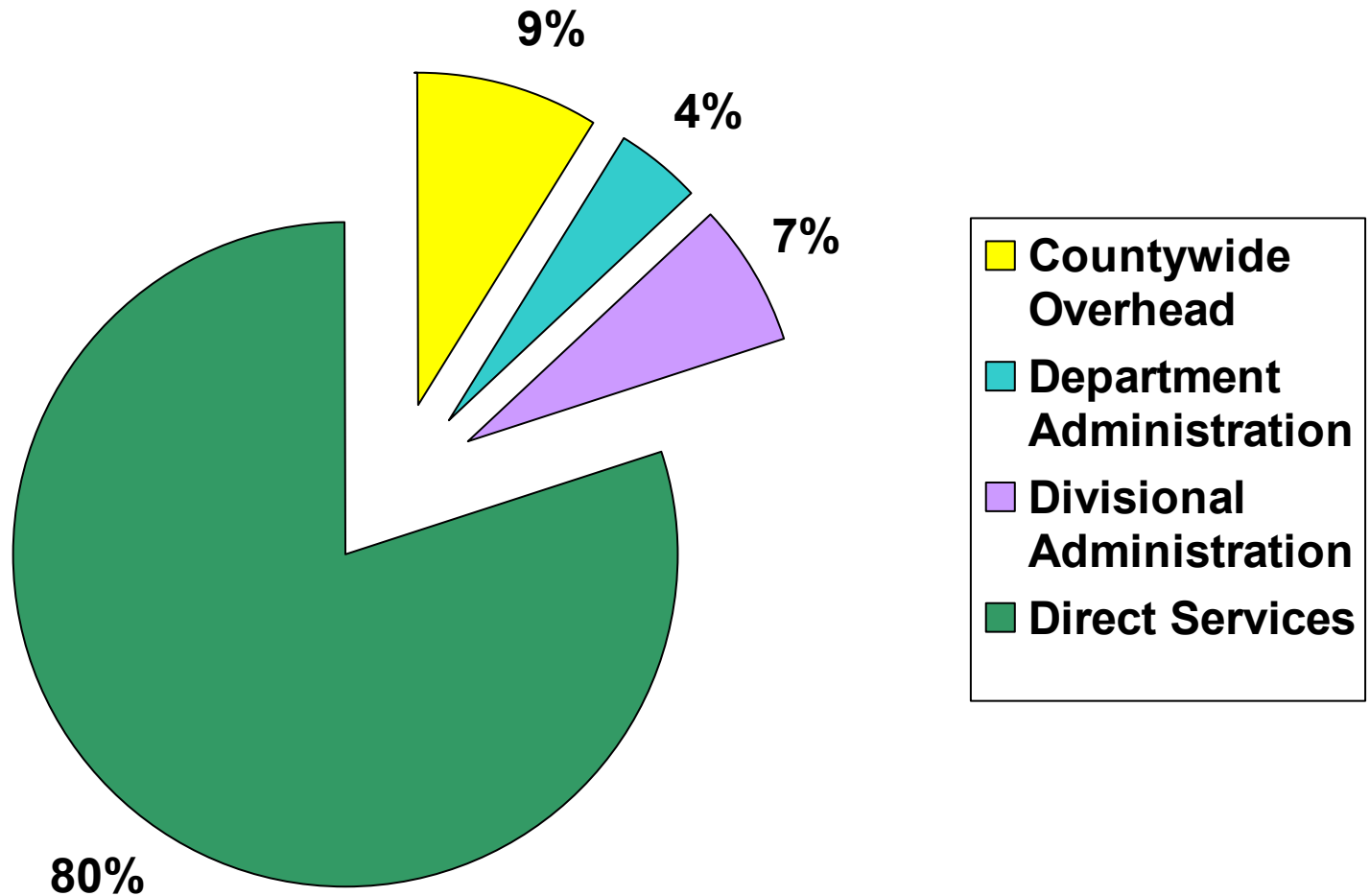
- Countywide Departments/Functions

- Legislative
- Executive
- Finance
- Assessor
- Human Resources
- Fleet
- Facilities
- Information Technology

FCS Group, Inc.

Overhead Allocation Study

August, 2000

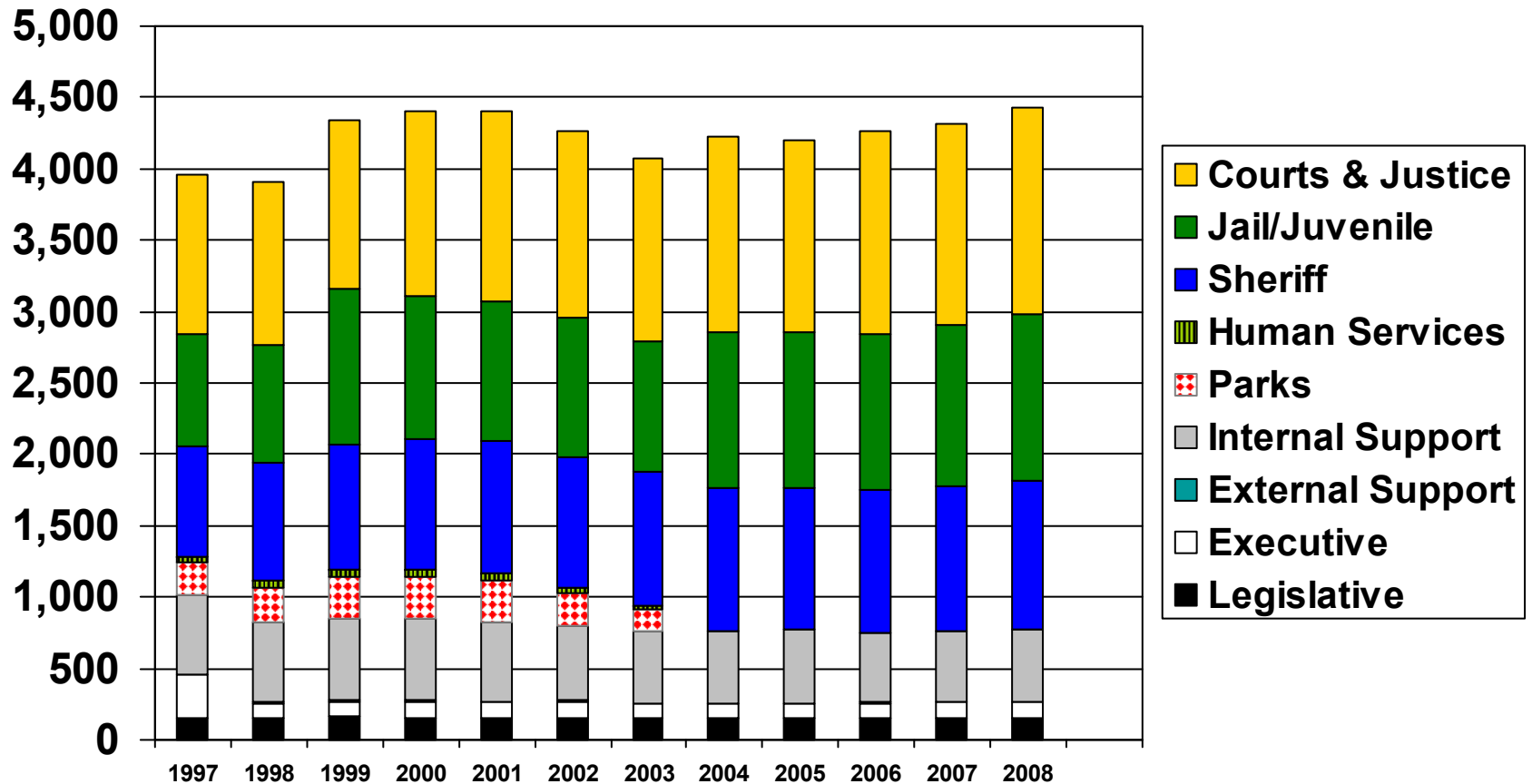


Washington State Auditor's Office Audit Report No. 60940

Audit Period January 1, 1998 through December 31, 1998

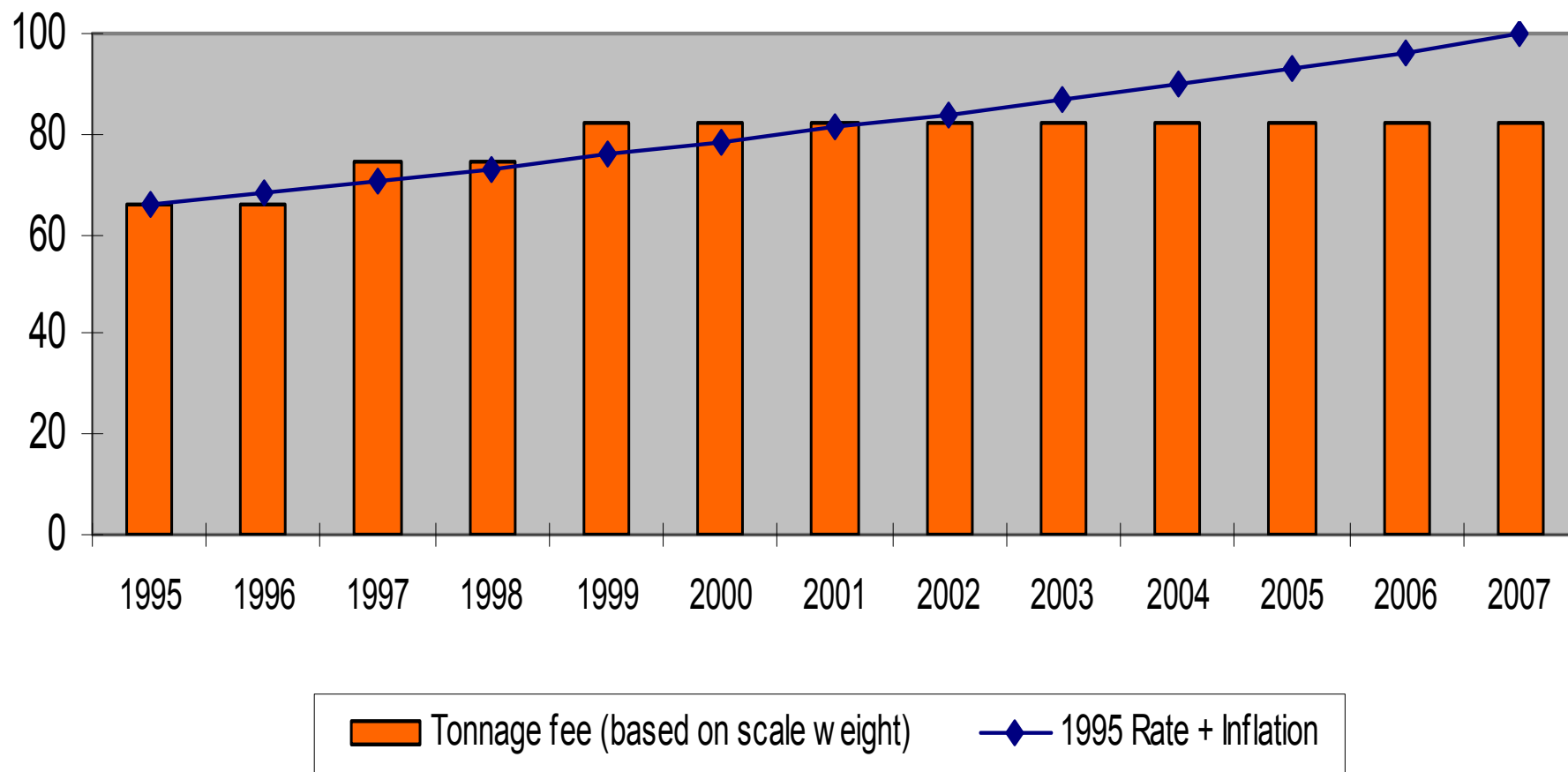
- ***“We believe ...weaknesses are the result of County resources formerly devoted to internal controls gradually having been diverted to seemingly more pressing, high-profile demands.”***
- ***“We believe these weaknesses significantly and unnecessarily increase the risk or errors, fraud and abuse.”***
- ***“We believe the trend toward allocating fewer resources to internal controls will accelerate, given recent developments affecting revenue sources available to the County. We have already seen planned staff increases to provide better controls eliminated in the most recent version of the 2000 budget. We believe the declining relative resources devoted to controls at the County increases the risk of misuse and theft of public assets. While we did not positively identify specific fraudulent activities, the absence of proper controls can make positive verification of a fraud difficult or impossible.”***

King County General Fund FTE Counts 1997 - 2008

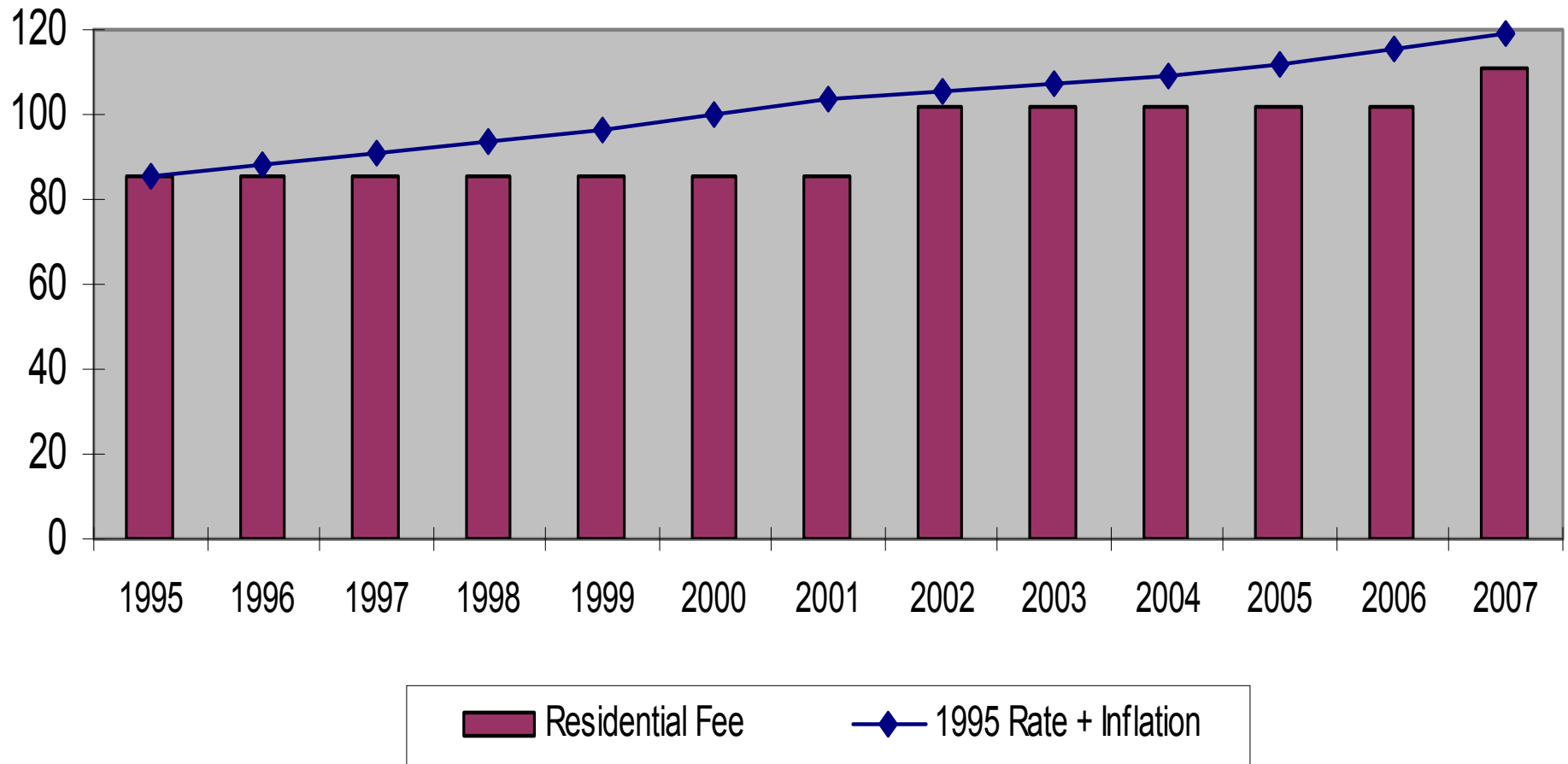


Utility Rates

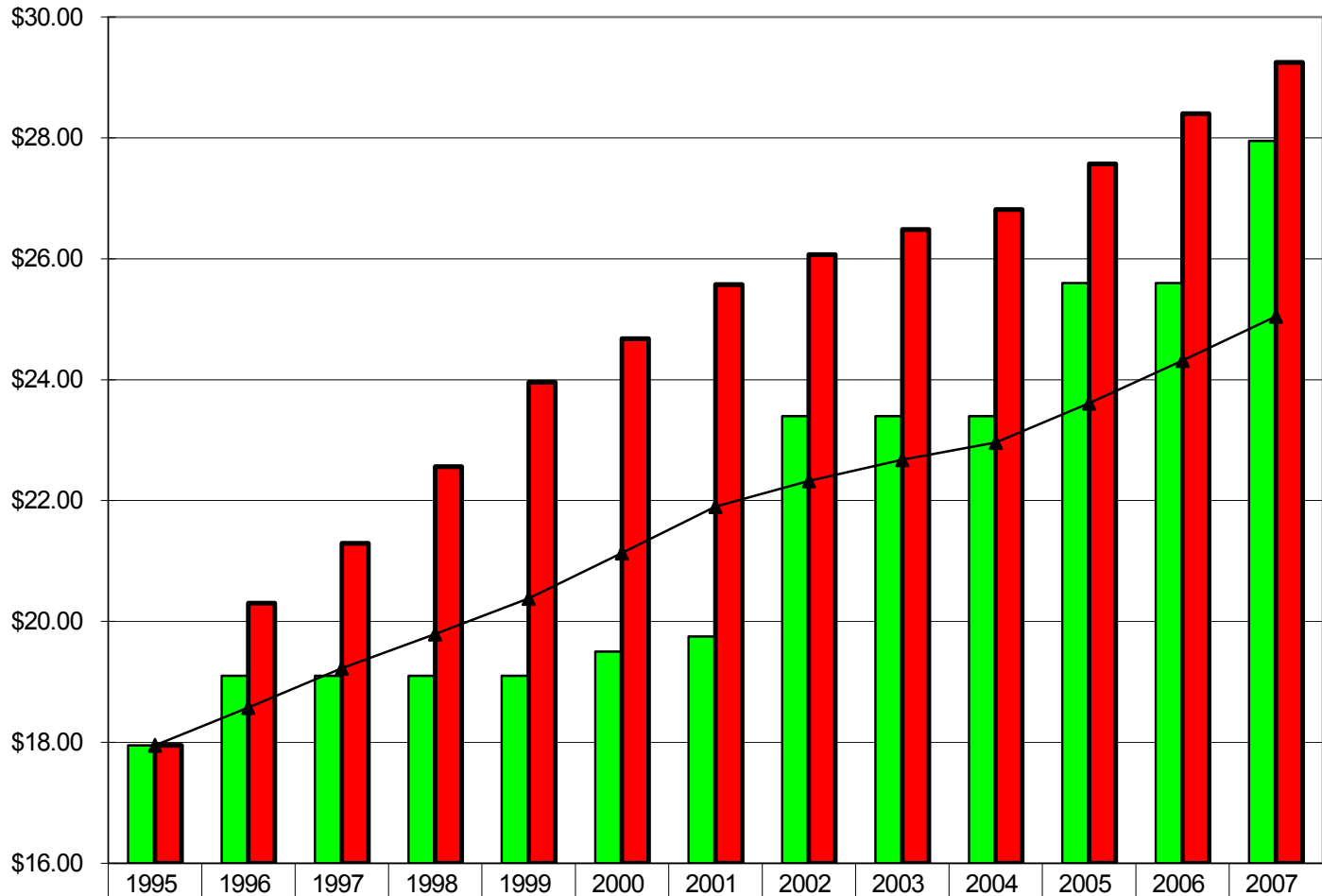
Comparison of Solid Waste Tonnage Fee to Rate of Inflation (1995 - 2007)



Comparison of King County Surface Water Residential Fee with Rate of Inflation (1995-2007)



Sewer Rate Comparison 1995-2007



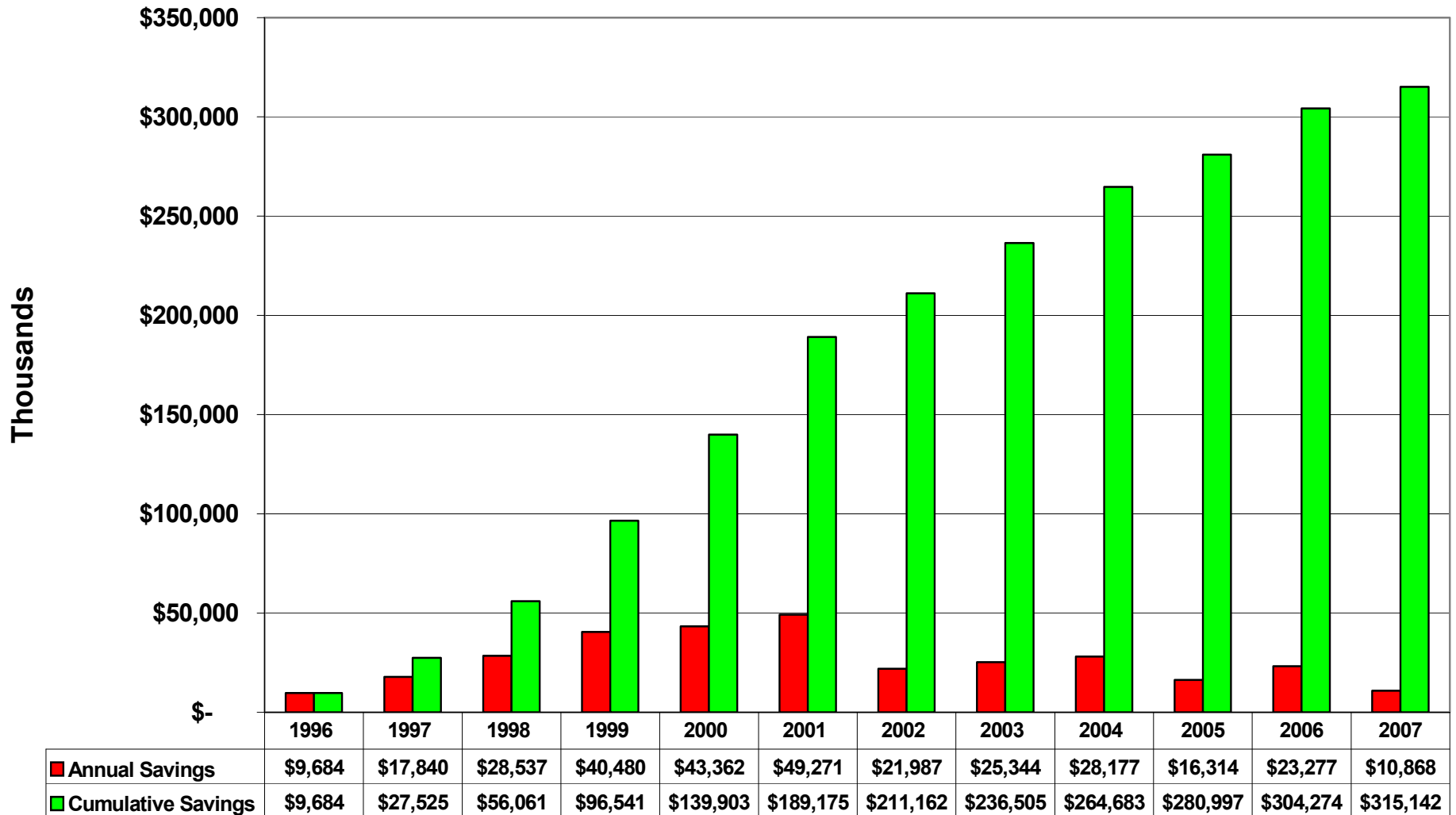
Actual Wastewater Rate	\$17.95	\$19.10	\$19.10	\$19.10	\$19.10	\$19.50	\$19.75	\$23.40	\$23.40	\$23.40	\$25.60	\$25.60	\$27.95
Metro Projections (Inflation After 2000)	\$17.95	\$20.30	\$21.29	\$22.56	\$23.96	\$24.68	\$25.57	\$26.07	\$26.48	\$26.81	\$27.57	\$28.40	\$29.25
1995 Rate Plus Inflation	\$17.95	\$18.58	\$19.22	\$19.79	\$20.38	\$21.13	\$21.90	\$22.33	\$22.68	\$22.96	\$23.61	\$24.32	\$25.05

Actual Wastewater Rate

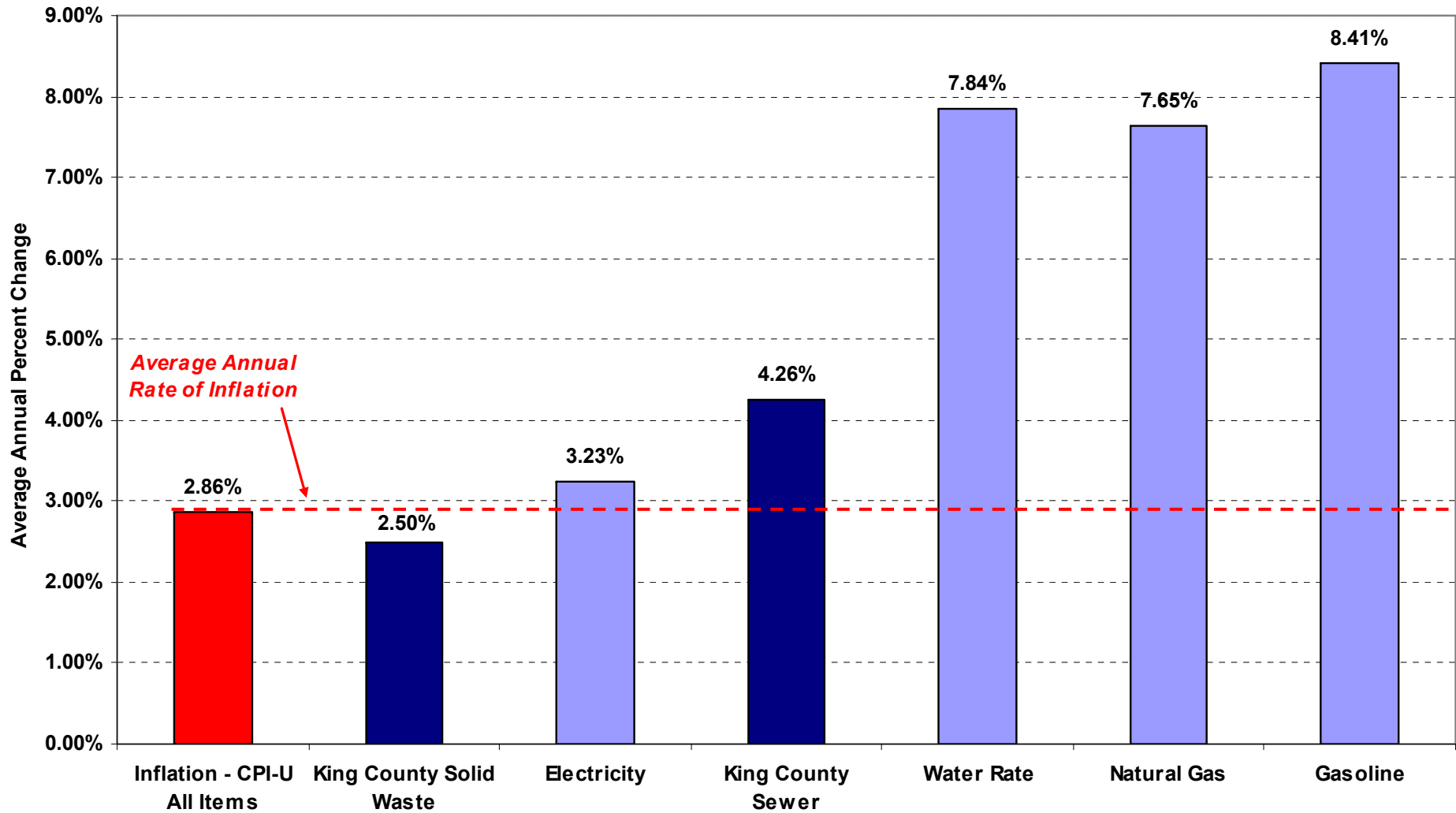
Metro Projections (Inflation After 2000)

1995 Rate Plus Inflation

Dollar Savings On Metro Projected Sewer Rates



**Average Annual Percentage Change in Overall Inflation and Select Utility Rates
1995 to 2006**



Cedar Hills Landfill

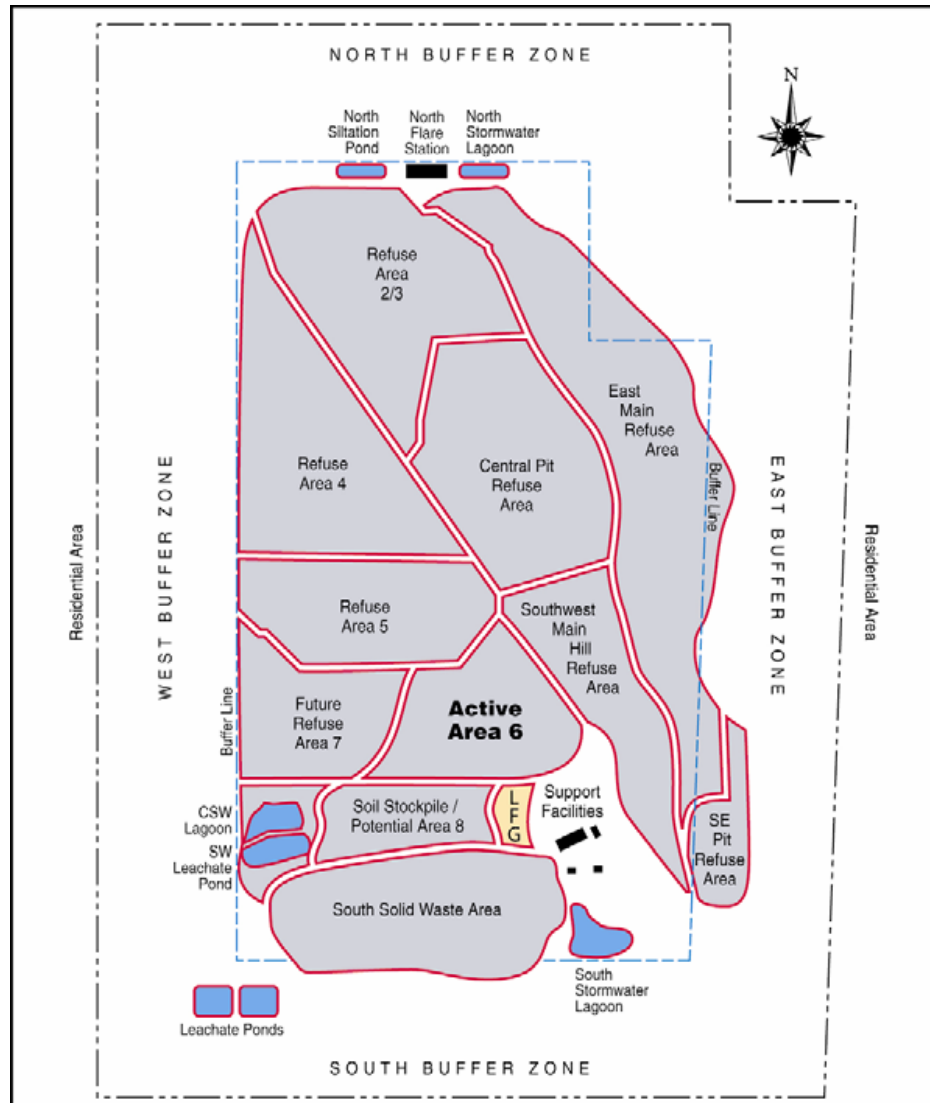
Preliminary Transfer & Waste Export Facility Recommendations And Estimated System Costs, Rate Impacts & Financial Policy Assumptions

Fourth Milestone Report February 2006

Prepared by:

- **King County Solid Waste Division *in collaboration with the***
- **Interjurisdictional Technical Staff Group**
- **Metropolitan Solid Waste Management Advisory Committee**
- **Solid Waste Advisory Committee**
- **Private Waste Hauling Companies**
- **Labor Representatives**
- **King County Council Staff**

Cedar Hills Landfill



Chapter 4: Milestone Report 4

Table 4-1. Regrade/Development Alternatives Cost Savings

Scenario	Description	Lifecycle Present Value of savings per ton	Lifecycle Present Value of savings
Regrade areas 5, 6, & 7	Operate through 2016	\$0.48	\$ 14,000,000
Regrade areas 5, 6, & 7 plus regrade areas 2, 3, 4 & CP	Operate through 2019	\$1.03	\$30,000,000
Regrade areas 5, 6, & 7 plus develop area 8	Operate through 2019	\$1.75	\$51,000,000
Regrade areas 5, 6, & 7 plus regrade areas 2, 3, 4 & CP plus develop area 8	Operate through 2022	\$3.85	\$113,000,000

Note: Lifecycle analysis is through 2028, the duration of the Interlocal Agreements.

King County, Washington

Independent Review of the Solid Waste Transfer and Export Plan

Presented by:

Harvey Gershman
Gershman, Brickner & Bratton, Inc.

and

Charlie Banks
R. L. Banks & Associates, Inc.

July 13, 2007

Maximize Life of Cedar Hills Landfill



Cedar Hills Landfill with 1,000 ft. buffer

Comments

Cedar Hills Landfill

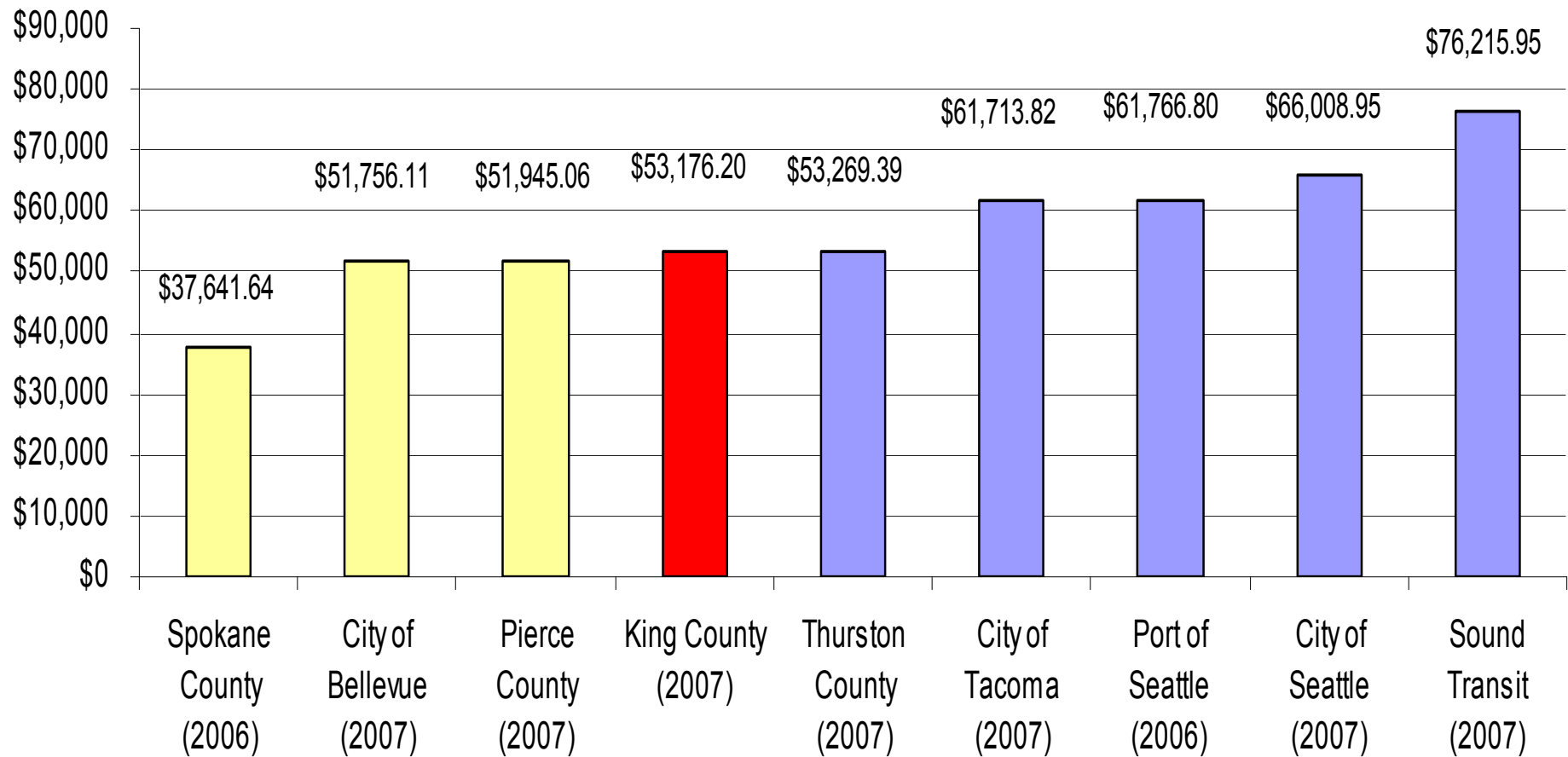
- Well maintained, professionally supervised
- Reduce size of buffer
- Maximize space by building walls and reducing buffer width



Town of Babylon, NY Landfill Walls

- As a result of the independent review Gershman, Brickner & Bratton, Inc. along with MSW Consultants and R.L. Banks and Associates (the GBB Team) recently conducted and completed regarding the Solid Waste Transfer and Export Plan, the GBB Team has identified, for further consideration and analysis by the King County Council, the following strategic concepts:
-
- Cedar Hills Landfill
- Estimate the potential additional volume that could be created at the Cedar Hills Landfill through a combination of reducing the buffer areas of the Landfill and constructing vertical walls at either the existing landfill footprint or at a larger perimeter along the lines of the reduced buffers. This effort should include at least the following:
 - Contact State of Washington re: current regulations regarding buffers and constructing walls to create additional volume above current and expanded footprint;
 - Determine if further reduction of buffer from regulations could be made on the south side where Superfund and compost sites are;
 - Identify several other publicly owned landfills that have utilized this approach and survey neighbors at those locations to determine acceptability; and
 - Present the results in terms of cubic yards of volume and tons per year for current MSW rate of fill and rate of fill if 3,000 tons per day converted to ash from WTE.
 - Explore with the power company the feasibility and cost of using the land under the high tension line (my recollection is that there is a line right of way across the southern end of the site.);
 - Explore the purchase of the site west of the compost facility, doing a land swap with the compost company and expanding Cedar Hills in the old compost area.

Average Salaries for Local Government Jurisdictions 2007



Policy Guidance

4.04.045 Overhead cost allocation policy.

demonstrated that other county funds benefit from services provided by current expense.

cost to be allocated shall equal the benefit received

overhead charges may be estimated.

overhead charges shall be calculated in a fair and consistent manner.

calculation formulae established prior to budget balancing and shall be utilized by the executive to develop the executive proposed budget.

the executive shall submit the methodology to the council for review and approval. by May 31 (Ord. 10772 § 1, 1993).

