



## AGENDA MEMORANDUM

*Finance Department*

**City Council Meeting Date: July 30, 2025**

**To:** City Council  
**From:** Steve C. Chaipel, Deputy City Manager/CFO  
**Date:** July 16, 2025

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**SUBJECT:** Indirect Cost Allocation Plan

**BACKGROUND:** The City engages Maguire Associates of Virginia, Inc. annually to conduct a study that it uses to allocate central service (internal) overhead costs (paid for by the General Fund) to operating departments. Typically referred to as “indirect costs”, these are costs that cannot be directly attributable to a department or fund – such as the City’s general insurance policy. The consultant uses the final audited fiscal year actual costs to allocate costs based on various basis.

The first attachment to this agenda item is the consultant’s report. The second attachment is the City prepared summary that compares the current year’s information to the prior year and details which funds are charged for indirect costs. Council approval by resolution is requested so that the study can be used to appropriately recover costs when available for grant purposes.

Upon Council approval of the full study, the next agenda item requests a budget amendment to update the fiscal year 2025 budgeted recovery costs to reflect the actual 2024 final report.

**FUNDING SOURCE:** N/A

**RECOMMENDED ACTION:** Approve Resolution 25-028 accepting the Central Services Full Cost Allocation Plan for Fiscal Year 2024 and approve Resolution 25-029 authorizing budget amendment 2025-009.

*Sanibel is and shall remain a barrier island sanctuary*