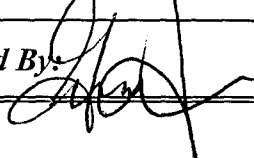




POLICY AND PROCEDURE

Subject: Project Accounting Labor and Overhead Chargebacks	Index: Finance Number: <u>201-1-17</u>
Effective Date: July 1, 2006	Prepared By: Finance & Administrative Services
Supersedes: N/A	Approved By: 

1.0 **PURPOSE:**

To provide a policy on the capitalization and charging of City staff and city overhead amounts to capital projects.

2.0 **ORGANIZATIONS AFFECTED:**

All departments/divisions. (All planning, engineering and building departments)

3.0 **REFERENCES:**

Not applicable.

4.0 **POLICY:**

- 4.1 All labor and related overhead is to be charged to a capital project for *all fund types*.
- 4.2 Projects may be exempted from City staff labor charges by the City Manager and/or the Assistant City Manager.
- 4.3 The City Manager and Assistant City Manager are authorized to approve the exemption of time and overhead amounts from being charged as an actual project cost.

4.3.1 Time keeping for capital projects with the approved waiver will continue to be tracked through the project accounting module for "tracking purposes" through the project activity. Salary amounts will remain in the employees home department as a salary expenditure.

4.4 The Engineering staff and the Planning staff (including Beaches, Parks and Recreation) are required to charge all time spent on projects to the respective project number on which the time was spent. Building staff will charge time when acting as the project manager.

4.4.1 City staff is required to report their project accounting time and are responsible for their own time sheets for project accounting reporting.

4.4.2 The Building Department will not charge time due to the recovery of their costs through direct charges to the contractor, except when acting as the project manager.

4.4.3 When the building department is the project manager and costs are not recovered through a fee paid by the contractor, building department individuals overseeing the project are required to charge and enter time to the project.

5.0 ***DEFINITIONS:***

Not applicable.

6.0 ***PROCEDURE:***

6.1 The Capital Project Labor Chargeback Waiver form ("Exhibit 1") is to be completed for capital projects to request a waiver so that labor costs and the related overhead are not charged directly as an expense to the capital project.

6.1.1 The form needs to be completed as part of the Capital Improvement Program budget process.

6.1.2 The department head needs to approve the form prior to submission to the City Manager.

6.2 The completed form is submitted for approval. Approval may be done by the City Manager or the Assistant City Manager and the executed waiver will be returned to the requesting department.

6.3 The requesting department will provide a copy of the executed waiver to Finance, who will set up the project in the Project Accounting Module for tracing purposes.

Exhibit 1

CITY OF SAN CLEMENTE
CAPITAL PROJECT LABOR CHARGEBACK
WAIVER

Requesting Department:	
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Fund Name:	
Name of Capital Project:	

Purpose/Reason for requesting waiver of the labor and related overhead costs:

DIVISION HEAD APPROVAL:

CITY MANAGER OR ASSISTANT CITY MANAGER
REVIEW/SIGNATURE:

APPROVED: _____
(Check one)

DENIED: _____