

COMMITTEE SUBSTITUTE FOR RESOLUTION NO. 990401

Directing the City Manager to take certain steps in regard to the implementation of an activity based costing system.

BE IT RESOLVED BY THE COUNCIL OF KANSAS CITY:

WHEREAS, the City desires to more accurately determine the costs of delivering important City services in order to become more accountable to its taxpayers; and

WHEREAS, the City's cost accounting system may not completely detail the cost of delivering important City services throughout the organization; and

WHEREAS, the Council has identified Activity Based Costing ("ABC") as a positive accounting method to provide accurate information by which to calculate City's costs in performing vital City services for its citizens; and

WHEREAS, the City Auditor has also identified ABC as an appropriate accounting measure to determine key City costs; and

WHEREAS, some City departments (Parks and Recreation and Water Services) are currently using ABC principles in order to insure that the City is able to determine how much certain City functions costs the taxpayers; and

WHEREAS, the Council believes that the City should implement an accounting system that ensures taxpayers accountability by determining benefits and costs associated with all aspects of delivering City services; NOW, THEREFORE,

BE IT RESOLVED BY THE COUNCIL OF KANSAS CITY:

Section 1. That the City Manager is directed to take the following steps toward the implementation of Activity Based Costing in City departments where appropriate:

That the City Manager shall appoint a senior management team that will study and review recommendations to implement ABC principles which have the capability of utilizing the system for the benefit of creating cost efficiencies.

That the City Manager shall study the potential benefit and cost associated with the implementation of Activity Based Costing which will include enterprise departments and report the results to the Mayor and City Council, including the appropriate departments, schedule and plan for implementation, within 6 months after the adoption of this Resolution.

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