

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAREDO, TEXAS, ESTABLISHING AN ADMINISTRATIVE OVERHEAD ALLOCATION RATE FOR ENTERPRISE AND INTERNAL SERVICE FUNDS; PROVIDING FOR PERIODIC REVIEW AND ADJUSTMENTS; AND PROVIDING FOR AN EFFECTIVE DATE.**

**WHEREAS**, the City of Laredo provides essential internal support services—such as executive oversight, financial management, legal counsel, information technology, procurement, risk management, and human resources—to its enterprise, internal service, and special revenue funds; and

**WHEREAS**, the costs of these administrative services are appropriately recovered through an overhead allocation charged to the benefiting funds, in accordance with cost accounting standards and best practices recommended by the Government Finance Officers Association (GFOA); and

**WHEREAS**, the current administrative overhead allocation rate of five percent (5%) has remained unchanged for several years and no longer reflects the actual cost of services provided; and

**WHEREAS**, industry benchmarks typically range between ten percent (10%) and fifteen percent (15%) for comprehensive administrative cost recovery, and a revised rate of ten percent (10%) has been determined to more accurately reflect the City's actual costs while maintaining fiscal responsibility and equity across funds; and

**WHEREAS**, the City recognizes that adjustments may be necessary for funds experiencing financial distress to assist in their recovery, or to comply with specific legal or grant funding requirements, and authorizes the City Manager to make such modifications as needed;

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LAREDO THAT:**

**SECTION 1. Adoption of Administrative Overhead Allocation Rate**

1. The City hereby adopts a standard administrative overhead allocation rate of ten percent (10%) for the following enterprise and internal service funds:
  - Airport
  - Waterworks
  - Wastewater
  - Solid Waste
  - Bridge System
  - Convention & Visitors Bureau
  - Environmental Services
  - Fleet Management
  - Information Technology
  - Municipal Housing
  - Parking Meters

- Recreation
  - Risk Management
  - El Metro
  - Transit
2. Beginning in Fiscal Year 2026, the ten percent (10%) administrative overhead rate shall be applied consistently across the listed funds and incorporated into the City's annual budget, financial planning, and cost allocation processes.
  3. The City Manager or designee shall be responsible for maintaining the cost allocation methodology and shall review the administrative overhead rate at least once every two (2) fiscal years to ensure continued accuracy, fairness, and alignment with the level of services provided.
  4. The City Manager is further authorized to adjust the administrative overhead rate, as necessary, for funds experiencing financial hardship or to comply with specific legal, regulatory, or grant funding requirements.

## **SECTION 2. Effective Date**

This Resolution shall take effect immediately upon its passage and approval.

**PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF LAREDO on this the \_\_\_\_\_ day of \_\_\_\_\_, 20.**

DR. VICTOR D. TREVINO

MAYOR

ATTEST:

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MARIO MALDONADO, JR.

CITY SECRETARY

APPROVED AS TO FORM:

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DOANH T. NGUYEN

CITY ATTORNEY