

## MEMORANDUM

TO: Mayor, City Council and Budget Committee Members

FROM: Faye Stewart, Public Works & Development Director

SUBJECT: 2021-22 BUDGET PROPOSED PERSONNEL ALLOCATIONS

DATE: May 10, 2021

### Background

Concerns were raised at the May 6, 2021 Budget Committee Meeting regarding the increase of labor costs in the Water, Wastewater, and Storm Drainage funds over the past four years. Caution should be taken when comparing actual expenditure numbers to proposed budget numbers. In preparing the budget, staff builds in increases to accommodate changes throughout the year which include; COLAs, step increases, insurance, PERS, retirement pay outs, and other changes that effect costs, such as marriage or the birth of their first child.

The demographics of our City employees have changed over the past 4 years. We have seen several long term employees retire and new employees hired to fill the positions. The retired employees are at the top of the salary range while the new hires start at the lower steps in the range. With the new employees we have seen changes in benefit costs as a result of marriage and having children.

In the past 4 years there have been several new positions created that impact the enterprise funds. Not all positions impact the funds equally. The cost allocation is based on the percentage of work each position spends performing duties in each fund. In 2018-19 Council approved moving two part time employees in the Maintenance fund to full time positions to help clean up the City after the winter storm. They are partially funded from the General Fund and the 3 enterprise funds. An additional full time position was added to the Water Treatment Plant increasing the FTE from 3 to 4 all paid for in the Water Fund. This allowed for there to be 2 employees working together each day for safety purposes. It also helped accommodated time off requests reducing overtime pay. Most of the year the plant is in operation 24 hours per day 7 days per week.

In 2019-20 an additional employee was added to the Utility Division as a result of an employee returning to their former position in the Division under employee contract provisions. Late in the same budget year Council approved moving a part time mechanic to full time position to help address the increase in vehicle and equipment repairs.

In late 2020-21 the Utility Division FTE increased from 9 FTE to 10 as the result of an employee returning to their former position in the Division from a promotion. This increase is proposed to remain in the 2021-22 budget. The two additional positions have

allowed for the Utility Division to perform work that would normally be contracted out. Some examples include:

- The crew installed over 4,000 new AMI water meters over the past 16 months saving the City \$1,000,000 while continuing all the regular duties performed daily.
- During the 2019-20 fiscal year the crew crack sealed streets saving the City \$210,000 if the same work had been performed a contractor.
- Site prep for the PD Evidence & PW Shop saving \$50,000.
- Site preparation for the Golf Cart Storage Building with a savings of \$25,000.
- Work for the EV Charging Stations with an approximate savings of \$10,000.
- City Hall parking lot demo and site prep for paving with a savings of \$25,000.
- Construction of the Warming Shelter Site a savings in excess of \$100,000.
- Installation of a new 600' water mainline in Chestnut Street saving \$48,000.

In 2021-22 in the proposed budget the following projects are planned to be constructed with City staff:

- Water mainline replacement on Polk Street.
- New storm drain line in Madison Street.
- New storm line at City Shop.
- Installation of a new 12" effluent irrigation line from the Wastewater Treatment Plant to Trailhead Park.
- Street crack sealing.
- Estimated savings for these projects exceed \$1,250,000.

There is one new FTE proposed in the 2021-22 budget for the Golf Course Maintenance Division. Currently there is one full time employee (Golf Course Superintendent) and 6 part time employees. The new position is proposed to be an assistant to the Golf Course Superintendent with the intent this individual will learn all the needed skills to be capable of filling in when the superintendent is on vacation and succession planning for a future superintendent.

The proposed budget includes changing the current duties of the Senior Public Works Administrative Assistant and reclassifying the position to Code Compliance/ PW Permit Specialist Administrative Assistant. This will increase the cost to the enterprise funds as some of the HR duties and accounts payable duties of the Senior Admin Assistant will be moved to staff in the Finance Department. This will free up approximately 24-30 hours per week to allow for nuisance abatement and City Code Compliance and administrative assistant support to the Public Works and Development Department.

Currently the Senior Administrative Assistant processes on average 335 invoices per month, the Police Department processes on average 35 invoices per month, and Finance processes on average 165 invoices per month. The total amount of the invoices range from \$350,000 to \$1,250,000 per month for Public Works and Development. On average more than two times the number of invoices are processed each month for the Public Works & Development Department then both the General Fund and Police Department combined. The assistant also processes all procurement card invoices for the entire City. Currently there are 44 cards issued to employees. The assistant ensures that all expenditures are City

approved and processes the statements monthly. Over the past 12 months 1,449 purchases were made using procurement cards. Under the current budget proposal the accounts payable and procurement invoices will be processed in the Finance Department. These duties will be assumed by a Finance Clerk at a lower wage cost.

Currently the City has 94 employees; 50 in the Public Works and Development Department, 40 funded in other General Fund Departments, and 4 funded through the Street Fund. From 2019 to 2021 the Public Works & Development Department has hired 26 employees where the General Fund hired 8. In the proposed budget all employee related support functions such as; hiring, tracking education credits, and salary and benefit changes will be performed in the Finance Department by the Human Resources Specialist. These functions previously had been performed by the Public Works Administrative Assistant. More than half of all personnel related actions occur in the Public Works Department and specifically in the Utilities Division.

Staff believes that proposed staffing changes, reorganization, and new positions are vital to the efficient and effective operation of the City.

Attached is a chart explaining the employee costs for the Water Distribution Fund. It shows the percent of wage increases per year and the percentage of increases for the additional payroll expenses such as health insurance, retirement, work man's comp, etc. This is representative of the employee costs for; Water Production, Wastewater Collection, Wastewater Treatment, Middlefield Golf Course, and the Storm Water Funds.

# WATER DISTRIBUTION

	FTE	FY 18/19 BUDGET	ACTUAL	FTE	FY 19/20 BUDGET	ACTUAL	FTE	FY 20/21 BUDGET	FTE	FY 21/22 BUDGET	% increase from Prior Year Budget to Budget
Payroll/HR Specialist											
Utilities Clerk	0.53	26,500.00	26,476.57	0.53	27,130.00	27,126.16	0.53	28,350.00	0.53	13,865.00	0.20
Finance Clerk	0.20	7,695.00	6,716.42	0.32	12,440.00	7,895.68	0.32	12,795.00	0.32	29,050.00	0.53
Public Works/Dev Director	0.16	15,690.00	15,584.54	0.16	17,275.00	17,189.83	0.16	17,620.00	0.16	19,000.00	0.38
Bldg Permit-Spacist/Code Compl											
Admin Aide	0.83	37,165.00	35,157.81	0.83	39,645.00	39,080.37	0.83	40,930.00	0.83	8,600.00	0.20
City Engineer	0.21	18,405.00	17,868.43	0.21	19,200.00	19,187.43	0.21	19,600.00	0.21	29,390.00	0.63
Util Maint Supervisor	0.50	36,160.00	32,765.30	0.49	35,260.00	35,486.92	0.49	37,775.00	0.49	20,365.00	0.21
Fleet & Facilities Manager	0.40	31,740.00	35,328.40	0.40	33,075.00	27,257.28	0.4	31,500.00	0.4	41,250.00	0.49
Utility Maint. Worker	4.28	233,290.00	225,166.76	5.03	289,230.00	283,058.72	5.48	336,135.00	5.48	34,400.00	0.40
Temporary Worker											
Overtime Pay		4,800.00	3,481.33		4,800.00	2,289.18		4,900.00		7,960.00	0.30
<b>SUBTOTAL</b>	<b>7.11</b>	<b>411,445.00</b>	<b>398,545.56</b>	<b>7.97</b>	<b>478,055.00</b>	<b>458,571.57</b>	<b>8.42</b>	<b>529,605.00</b>	<b>8.42</b>	<b>590,555.00</b>	<b>15.49%</b>
Workers' Compensation											
Unemployment Tax		8,420.00	4,096.97		11,655.00	10,503.15		12,305.00		12,550.00	
FICA		850.00	399.78		930.00	459.51		1,050.00		1,160.00	
Life Insurance		35,520.00	29,898.60		39,565.00	34,365.38		45,400.00		50,105.00	
Retirement		200.00	180.15		235.00	190.45		235.00		225.00	
Disability Insurance		78,305.00	67,324.98		80,125.00	85,541.55		103,225.00		148,200.00	
Health Insurance		2,110.00	1,771.36		2,740.00	1,812.06		2,900.00		2,380.00	
Deferred Compensation		147,450.00	130,620.74		149,620.00	147,280.16		180,500.00		191,610.00	
<b>SUBTOTAL</b>		<b>275,505.00</b>	<b>236,022.62</b>		<b>288,635.00</b>	<b>282,841.06</b>		<b>348,615.00</b>		<b>408,810.00</b>	<b>17.26%</b>
<b>TOTAL PERSONNEL SVC</b>	<b>7.11</b>	<b>686,950.00</b>	<b>634,568.18</b>	<b>7.97</b>	<b>766,690.00</b>	<b>741,412.63</b>	<b>8.42</b>	<b>878,220.00</b>	<b>8.42</b>	<b>999,365.00</b>	<b>15.49%</b>
Two part-time employees in Maintenance Fund to full-time.											
Full-time position added to Water Treatment Plant.											
Proposed Budget includes reclassifying Senior Public Works Admin. Asst. to Code Compliance/PW Permit Specialist Admin. Asst. Human Resource Duties/Accounts Payable duties of Senior Public Works Admin. Asst. moved to Finance Staff and HR.											
Employee added to Utility Division - Promoted employee returned to former position.											

Important to note: This chart demonstrates in Water Distribution changes that are also in Wastewater, Storm, and Street as the cost allocation is based on the percentage of work each position spends performing duties in each fund.