

Cost Analysis for Additional Public Works Employee

Wellington City
Fiscal Year 2016
September 9, 2015



Introduction

In response to Wellington City’s Public Works Supervisor, Kory Moosman’s request the following document provides a cost analysis of hiring an additional employee for the department. Currently the department employs two-full time employees, and one seasonal part-time employee. The seasonal position is set to end September 30th. As per Moosman’s request the following two scenarios have been analyzed, part-time and full-time.

Part Time

Wage: \$9/hour

Hours: 25/week

Costs associated with hiring a part-time Utility Worker (Laborer) require a budget adjustment of approximately \$9.5k. Wages and benefits paid for this position come from the following departments: Class C Roads, Parks, Buildings, Water, Sewer, and Cemetery.

		Class C Roads	Parks	Building	Water	Sewer	Cemetery	Total
Wages	\$ 8,550.00	\$ 1,290.20	\$ 807.98	\$ 570.29	\$ 4,275.00	\$ 362.52	\$ 1,244.03	\$ 8,550.00
FICA	\$ 654.08	\$ 98.70	\$ 61.81	\$ 43.63	\$ 327.04	\$ 27.73	\$ 95.17	\$ 654.08
Retirement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Medical	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Unemployment	\$ 76.95	\$ 11.61	\$ 7.27	\$ 5.13	\$ 38.48	\$ 3.26	\$ 11.20	\$ 76.95
State Industrial	\$ 171.86	\$ 25.93	\$ 16.24	\$ 11.46	\$ 85.93	\$ 7.29	\$ 25.00	\$ 171.86
Disability	\$ 51.30	\$ 7.74	\$ 4.85	\$ 3.42	\$ 25.65	\$ 2.18	\$ 7.46	\$ 51.30

Minor adjustments are required in all departments to accommodate for the additional employee. These adjustments are as follow:

Class C Road

Increases

- Wages - \$13,200 to \$15,100
- FICA- \$1,050 to \$1,200
- Unemployment - \$150 to \$175
- Workers Comp - \$275 to \$375
- Disability - \$100 to \$150

Decreases

- Equipment Repair - \$3,000 to \$2,000
- Road Maintenance - \$32,000 to \$30,775

Dollar Change to Department’s Expenditure Budget: **\$0**

Parks

Increases

- Wages - \$8,300 to \$9,500
- FICA- \$650 to \$750
- Unemployment - \$100 to \$125
- Workers Comp - \$200 to \$275
- Disability - \$100 to \$125

Decreases

- Equipment Repair - \$2,000 to \$1,600
- Road Maintenance - \$12,000 to \$11,000

Dollar Change to Department’s Expenditure Budget: **\$0**

Building Authority Fund

Increases

Wages - \$5,900 to \$6,775
FICA- \$475 to \$550
Unemployment - \$75 to \$100
Workers Comp - \$150 to \$200
Disability - \$25 to \$75

Decreases

Building Maintenance Supplies - \$10,000 to \$8,950

Dollar Change to Departments Expenditure Budget: **\$0**

Water Fund

Increases

Wages - \$49,000 to \$55,550
FICA- \$4,900 to \$5,400
Unemployment - \$600 to \$675
Workers Comp - \$3,000 to \$3,250
Clothing Allowance - \$1,100 to \$1,600
Disability - \$400 to \$450
Office Equipment - \$0 to \$110

Decreases

Equipment Repairs - \$4,000 to \$3,465
Office Supplies - \$3,000 to \$2,800

Dollar Change to Department's Expenditure Budget: **\$7,250 Decrease**

*In Proposed Budget for FY 2016 Revenues exceeded expenditures by \$7,250. This amount would be used to help purchase a new vehicle for the Utility Department

Sewer Fund

Increases

Wages - \$3,600 to \$4,200
FICA- \$300 to \$375
Unemployment - \$100 to \$125
Workers Comp - \$150 to \$200
Disability - \$400 to \$75

Decreases

Confined Space Equipment - \$10,000 to \$9,225

Dollar Change to Department's Expenditure Budget: **\$0**

Perpetual Care Fund

Increases

Wages - \$12,000 to \$13,985
FICA- \$1,000 to \$1,100
Unemployment - \$200 to \$250
Workers Comp - \$400 to \$500
Disability - \$100 to \$150

Decreases

Grounds Supplies - \$12,600 to \$11,350

Dollar Change to Department's Expenditure Budget: **\$0**

Full Time

Wage: \$13.13/hour after probation of 6 months

Hours: 40/week

Costs associated with hiring a full-time Utility Worker (Laborer) require a budget adjustment of approximately \$39k. Wages and benefits paid for this position come from the following departments: Class C Roads, Parks, Buildings, Water, Sewer, and Cemetery.

Wage for this position has been determined from an average of the pay rates for similar positions within Helper and Price Cities.

		Class C Roads	Parks	Building	Water	Sewer	Cemetery	Total
Wages	\$ 19,957.60	\$ 3,012	\$ 1,886	\$ 1,331	\$ 9,979	\$ 846	\$ 2,904	\$ 19,957.60
FICA	\$ 1,527	\$ 230	\$ 144	\$ 102	\$ 763	\$ 65	\$ 222	\$ 1,526.76
Retirement	\$ 3,337	\$ 504	\$ 315	\$ 223	\$ 1,668	\$ 141	\$ 486	\$ 3,336.91
Medical	\$ 13,278	\$ 2,004	\$ 1,255	\$ 886	\$ 6,639	\$ 563	\$ 1,932	\$ 13,278.00
State Unemployment	\$ 180	\$ 27	\$ 17	\$ 12	\$ 90	\$ 8	\$ 26	\$ 180.00
State Industrial	\$ 401	\$ 61	\$ 38	\$ 27	\$ 201	\$ 17	\$ 58	\$ 401.15
Disability	\$ 120	\$ 18	\$ 11	\$ 8	\$ 60	\$ 5	\$ 17	\$ 120.00

Major adjustments are required in all departments to accommodate for the additional employee. These adjustments are as follow:

Class C Road

Increases

- Wages - \$13,200 to \$16,212
- FICA- \$1,050 to \$1,300
- Retirement: \$2,325 to \$2,850
- Medical Insurance: \$5,650 to \$7,675
- Unemployment - \$150 to \$200
- Workers Comp - \$275 to \$550
- Disability - \$100 to \$150

Decreases

- Equipment Repair - \$3,000 to \$2,000
- Special Highway Supplies: \$5,250 to \$2,625
- Road Maintenance - \$32,000 to \$29,438

Dollar Change to Department’s Expenditure Budget: **\$0**

*A reduction in the Special Highway Supplies eliminates the City’s ability to purchase updated Christmas Lights for the Street display for this fiscal year. Instead all funds are spent for street cleaning.

Parks

Increases

- Wages - \$8,300 to \$10,200
- FICA- \$650 to \$800
- Retirement: \$1,475 to \$1,800
- Medical Insurance: \$3,550 to \$4,850
- Unemployment - \$100 to \$125
- Workers Comp - \$200 to \$300
- Disability - \$100 to \$125

Decreases

- Equipment Repair - \$2,000 to \$1,000
- Road Maintenance - \$12,000 to \$9,175

Dollar Change to Department’s Expenditure Budget: **\$0**

Building Authority Fund

Increases

Wages - \$5,900 to \$7,250
FICA- \$475 to \$600
Retirement: \$1,050 to \$1,300
Medical Insurance: \$2,800 to \$3,700
Unemployment - \$75 to \$100
Workers Comp - \$150 to \$250
Disability - \$25 to \$75

Decreases

Building Maintenance Supplies - \$10,000 to \$8,025

Dollar Change to Departments Expenditure Budget: **\$800 Increase**

*An additional \$800 will need to be transferred from the General Fund to the Municipal Building Authority Fund

Water Fund

Increases

Wages - \$49,000 to \$59,100
FICA- \$4,900 to \$5,700
Retirement- \$9,800 to \$11,500
Medical Insurance: \$26,250 to \$32,950
Unemployment - \$600 to \$700
Workers Comp - \$3,000 to \$3,300
Clothing Allowance - \$1,100 to \$1,650
Disability - \$400 to \$500
Office Equipment - \$0 to \$110

Decreases

Equipment Repairs - \$4,000 to \$3,000
Waterline Maintenance: \$25,000 to \$16,290
Meters: \$20,000 to \$17,000
Computers: \$300 to \$0
Office Supplies - \$3,000 to \$2,800

Dollar Change to Department's Expenditure Budget: **\$7,250 Decrease**

*In Proposed Budget for FY 2016 Revenues exceeded expenditures by \$7,250. This amount would be used to help purchase a new vehicle for the Utility Department

Sewer Fund

Increases

Wages - \$3,600 to \$4,500
FICA- \$300 to \$375
Retirement- \$700 to \$850
Medical: \$2,000 to \$2,600
Unemployment - \$100 to \$125
Workers Comp - \$150 to \$175
Disability - \$400 to \$75
Sewer line Maintenance: \$2,000 to \$4,000

Decreases

Confined Space Equipment - \$10,000 to \$8,200

Dollar Change to Department's Expenditure Budget: **\$0**

*An additional \$2,000 is needed in the Sewer Fund to allow for an additional employee. This money would be transferred from the general fund.

Perpetual Care Fund

Increases

Wages - \$12,000 to \$14,950
FICA- \$1,000 to \$1,250
Retirement- \$2,200 to \$2,750
Medical Insurance- \$7,000 to \$8,950
Unemployment - \$200 to \$250
Workers Comp - \$400 to \$600
Disability - \$100 to \$125

Decreases

Equipment Repair- \$1,500 to \$1,000
Grounds Supplies - \$12,600 to \$8,000

Dollar Change to Department's Expenditure Budget: **\$875**

*An additional \$875 will need to be transferred from the General Fund to the Perpetual Care Fund

Additional Information

Presently the Wellington City for FY 2016 looks strong. Should this year mimic last year, the City will continue to build a stronger financial foundation. Unfortunately at times there are both anticipated and unforeseen expenses. The anticipated expenses for Wellington City may be litigation and attorney fees for an improperly updated Water Tank, and engineering fees due for work associated with the Water Treatment Plant (approximately \$40k). In addition to unforeseen expenses there is a slow decline in the community resulting in a continual decline of Utility Revenue. From FY 2014 to FY 2015 the City's Utility Revenue decreased by \$15.6k, and from FY 2013 it decreased by \$43k.

Summary

Hiring a part-time employee for the Public Works department will cost the City approximately \$9.5k for the remainder of FY 2016. The only major budget changes that may be required to add this position come from the Water Department. Presently the budget is set so Revenues exceed Expenditures by \$7k. Hiring an additional employee would increase expenditures by \$7k, thus reducing monies set aside for a new Utility Department Vehicle.

Hiring a full-time employee for the Public Works department will cost the City approximately \$39k for the remainder of FY 2016. The additional transfers of funds from the General Fund to other accounts are required to hire a full-time employee. Presently \$50k is set aside for the Capital Projects fund. This amount will be reduced to \$30k. Finally, as outline above several budget cuts are required.

Conclusion

Presently money exist to hire an additional Public Works employee for the FY 2016, however the cost for future years are unknown. With a part-time position the City still has monies set aside for any unforeseen expenses, including but not limited to litigation fees for the Water Tank and engineering fees. Adding a full-time position, while feasible, increases the strain on an already tight budget.