



City of Homer

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Public Works

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Memorandum 14-156

TO: Walt Wrede – City Manager
FROM: Carey Meyer – Public Works Director
DATE: September 25, 2014
SUBJECT: **2015 Budget – Public Works/Water & Sewer Labor Distribution
Adjustments Made Per Organizational Changes**

Earlier this year I implemented a reorganization that affected Public Works operations. All water and sewer personnel (distribution and treatment) now work as a team under one supervisor and focus all their efforts on water and sewer issues. All other personnel work as a team under a separate supervisor focused on roads, drainage, parks, and vehicle and building maintenance. Both groups assist each other on an as-needed basis. I believe this reorganization improved span of control, productivity and customer service as I discussed in the presentation I made to the City Council at the time. See attached organizational charts that reflect these changes.

Because of this reorganization, in preparation for this year's budget, the labor distribution of each employee across each of the operational units was reevaluated, and some substantial reallocations have been proposed. I have also taken the opportunity to reevaluate how each employee's time is spent and analyzed the reasonableness of how their time is distributed to Public Works operations (funded by the General Fund) and to the Water and Sewer operations (funded by the Utility Special Revenue Fund).

Overall, General Fund labor increased and Special Utility Fund (Water/Sewer) labor was reduced, but *I believe it now reflects a more appropriate distribution of work effort*. On the following page is a table that reflects changes in labor distribution in terms of full time employees (FTE's) for each of the Public Works and Water/Sewer budgets.

Public Works Administration costs were substantially reduced due to the movement of the Project Manager's time from Administration (0170) to the more appropriate Engineering/Inspection (0177). In addition, some mechanics time which in previous years had be charged to PW Administration (0170) and prorated to Water and Sewer, was charged directly to the benefiting Water and Sewer departments (0404 and 0504). These changes reduce PW and W/S Admin labor budgets to more realistically reflect actual administration costs associated with these operations (a reduction of 1.8 FTE's). As a result of this adjustment, there is an increase in the Engineering/Inspection budget, but overall the 2015 General Fund related labor remained similar to that of 2014.

Summary of Reallocated Labor (in terms of FTE's) – 2014 vs. 2015

Cost Centers	CC #	FTEs in FY 15	FTEs in FY 14	Changes
Public Works Admin	0170	1.4	3.1	(1.8)
General Maintenance	0171	2.1	2.0	0.1
Gravel Roads	0172	1.2	0.4	0.8
Paved Roads	0173	1.4	0.9	0.5
Winter Roads	0174	1.7	0.9	0.8
Parks - Cemetery	0175	1.4	1.6	(0.2)
Motor Pool	0176	1.9	2.0	(0.1)
Engineering Inspection	0177	2.5	1.5	1.0
Janitorial	0178	1.8	1.8	0.1

Water Systems Administration	0400	1.0	1.8	(0.8)
Treatment Plant	0401	2.1	2.0	0.1
Testing	0402	0.3	0.3	0.0
Pump Stations	0403	0.6	0.4	0.2
Distribution Sys	0404	1.8	1.6	0.2
Water Reservoir	0405	0.5	0.6	(0.2)
Water Meters	0406	1.0	1.0	(0.1)
Water Hydrants	0407	1.9	1.7	0.2

Sewer Systems Administration	0500	1.0	1.8	(0.8)
Sewer Plant Operations	0501	2.5	2.7	(0.2)
Sewer System Testing	0502	0.6	0.6	0.0
Sewer Lift Stations	0503	1.7	1.5	0.2
Collection System	0504	1.8	1.6	0.2

In 2014, .4 FTE's were accounted for in **Gravel Roads** (0172); a total labor budget of \$29,581. In my opinion, much more time is spent maintaining gravel roads (grading, dust control, repairs, sign maintenance, etc.) than this number represented. The proposed 2015 budget reflects more labor being accounted for in Gravel Roads (1.2 FTE's); for a total labor budget of (\$116,904).

In 2014, .9 FTE's were accounted for in **Paved Roads** (0173); a total labor budget of \$88,517. In my opinion, much more time is spent maintaining paved roads (sweeping, striping, sign maintenance, crosswalks, patching, etc.) than this number represented. The proposed 2015 budget reflects more labor being accounted for in Gravel Roads (1.4 FTE's); for a total labor budget of (\$139,527).

In 2014, .9 FTE's were accounted for in **Winter Roads** (0174); a total labor budget of \$103,030). In my opinion, much more time is spent maintain road in the winter (plowing, hauling, sanding, etc.) than this number represented. The proposed 2015 budget reflects more labor being accounted for in Winter Roads (1.7 FTE's); for a total labor budget of (\$186,249).

As shown in the chart below, Public Works labor costs attributable to the General Fund increased by 9.3%. Water labor costs decreased by 5.2% and Sewer labor costs decreased by 8.7%.

		Budget FY 14	Budget FY 15	\$ Changes	%
Labor Costs w/o PERS in the picture	PW	1,428,005	1,574,411	146,406	9.3%
	Water	954,861	905,542	(49,319)	-5.2%
	Sewer	814,829	743,747	(71,082)	-8.7%
Total		3,197,695	3,223,700	26,005	0.8%

The reason for this is two-fold:

- 1) Previous budget labor distributions probably attributed more effort to Water and Sewer operations than was reasonable (i.e. – low allocations to Gravel Roads, Paved Roads, and Winter Roads as discussed above).
- 2) The reorganization focused all personnel on their core tasks’, making it easier to identify how much effort is being expended on General Fund Public Works responsibilities and how much effort was being expended on Water and Sewer responsibilities.

You might ask – if .8 FTE were reallocated from water and sewer administration directly to other water/sewer areas, why didn’t these areas see an increase in FTE’s? Answer – these shifted FTE were offset by the redistribution of water/sewer labor costs to the general fund (Gravel Roads, Paved Roads, and Winter Roads) as discussed above.

You might ask – if water/sewer labor costs went down, why didn’t the overall water/sewer budget go down? It would have, except this year’s budget includes one-time pumping Kachemak City septic tanks (\$39,000), a request to purchase new heads/batteries for replacing worn out water meters (\$55,000), and increased PERS costs.

You might ask – if Public Works General Fund labor costs went up \$146,406, why did overall budget go up \$224,000? This year’s budget includes an additional part time administrative position and increased PERS costs.

Overall, I believe this year’s budget attributes labor costs more accurately between the General Fund and the Utility Special Revenue Fund (water and sewer).