

**TOWN OF SAUGUS**



**SEWER ENTERPRISE FUND**

**INDIRECT COST CALCULATION**

**FISCAL YEAR 2020**

May 2019

## Town of Saugus Sewer Enterprise Indirect Cost Allocation

Area	Suggested Methodology
<b>DPW Support</b>	
Administration	Sewer Salaries and Operating Expenses / Total DPW Salaries and Operating Expenses
Engineering	Sewer Salaries and Operating Expenses / Sewer, Water, and Highway Budgets
Motor Pool	Number of Sewer Vehicles Maintained / Total Vehicles Maintained (Excluding Police/Fire/Emergency)
Highway	Normally this is not an "Indirect"; it would be on the basis of direct charge; charge back to Enterprise If/when these staff provide sewer system services their time should be "Directly" Charged
Forestry	Normally this is not an "Indirect"; it would be on the basis of direct charge; charge back to Enterprise
Parks	Normally this is not an "Indirect"; it would be on the basis of direct charge; charge back to Enterprise
<b>Other Support</b>	
<b>Personal Services:</b>	
Town Manager	Sewer Salaries and Operating Expenses / Total Municipal Salaries and Operating Expenses
Accounting	Sewer Salaries and Operating Expenses/ Total Townwide Salaries and Operating Expenses (so includes school dept) (so includes school department)
Treasurer (Collector)	Sewer Revenue / Total Committed Revenues: (MVX, Tax, and Sewer)
Inspectional Services	Normally this is not an "Indirect"; it would be on the basis of direct charge; charge back to Enterprise
Board of Selectmen	Sewer Salaries and Operating Expenses / Total Municipal Salaries and Operating Expenses

## Town of Saugus Sewer Enterprise Indirect Cost Allocation

Area	Suggested Methodology
<b>Expenses of:</b>	
Town Manager	Sewer Salaries and Operating Expenses / Total Municipal Salaries and Operating Expenses
Accounting	Sewer Salaries and Operating Expenses / Total Townwide Salaries and Operating Expenses (so includes school dept)
Treasurer (Collector)	Sewer Revenue / Total Committed Revenues: (MVX, Tax, and Sewer)
Inspectional Services	Normally this is not an "Indirect"; it would be on the basis of direct charge; charge back to Enterprise
Board of Selectmen	Sewer Salaries and Operating Expenses / Total Municipal Salaries and Operating Expenses
Finance Committee	Sewer Salaries and Operating Expenses / Total Municipal Salaries and Operating Expenses
Legal and Information Technology	Sewer Wages and Operating Expenses / Municipal Wages and Operating Expenses
Property/Casualty Insurance	Actual Documentation provided by Exchange Insurance Inc.
<b>Employee Benefits</b>	
Health Insurance	All employees (direct or Indirect); Get Actual Health Plan (Family or Single) and Town Rate/Share
Medicare	Do calc based on actual employees (and 1.45 post 1986 hires)
Worker's Compensation	Based on actual employees and specific comp rates
Life Insurance	Based on actual employees and specific/actual rates
Retirement	Ideally actuarial method at department level, if it exists in last Saugus Retirement System Actuarial Valuation

## A. Fiscal Year 2020 Sewer Utility Indirect Cost Allocations

### I. Benefit Costs of Sewer Utility Personnel

Name of Employee	Wage	Health Insurance	Insurance	Life Insurance	Medicare	Workers Comp	Retirement Assessment	Total Benefits by Employee	Total Allocation	FY 19 Amount	Increase (Decrease)	Increase (Decrease) %
	\$ 68,940		\$ 9,975	\$ 58	\$ -	\$ 1,703	\$ 27,417	\$ 39,153	\$ 33,416			
	\$ 59,986		\$ 26,164	\$ 58	\$ 870	\$ 1,482	\$ 23,856	\$ 52,429	\$ 46,088			
	\$ 58,068		\$ 26,164	\$ 58	\$ 842	\$ 1,434	\$ 23,093	\$ 51,592	\$ 45,396			
	\$ 41,087		\$ 7,260	\$ 58	\$ 596	\$ 1,015	\$ 16,340	\$ 25,268	\$ 35,462			
	\$ 27,275		\$ 13,082	\$ 58	\$ 395	\$ 25	\$ 10,847	\$ 24,407	\$ 21,512			
Subtotal - Sewer Employee Benefits									\$ 192,849	\$ 183,636	\$ 9,213	5.02%

### II. Central Service Departments/Units

					Allocation	Total Allocable to		Increase		Increase
	Wages	Benefits	Expenses	Total	%	Sewer Ent by Dept.	FY19 Amount	(Decrease)	(Decrease)	%
Accounting			\$ 150,750	\$ 150,750	4.02%	\$ 6,054				
Town Accountant	\$ 86,938	\$ 62,136		\$ 149,074	4.02%	\$ 5,986				
Accounting Clerk	\$ 43,758	\$ 44,298		\$ 88,056	6.07%	\$ 5,346				
Payroll Clerk	\$ 61,800	\$ 49,389		\$ 111,189	1.63%	\$ 1,809				
Accounting Manager	\$ 69,105	\$ 54,769		\$ 123,874	4.02%	\$ 4,974	\$ 24,605	\$ (435)		-1.77%
Treasury/Collection	\$ 271,212	\$ 216,866	\$ 109,500	\$ 597,578	5.11%	\$ 30,525	\$ 30,926	\$ (401)		-1.30%
Human Resources	\$ 145,100	\$ 95,295	\$ 26,000	\$ 266,395	0.73%	\$ 1,939	\$ 1,882	\$ 57		3.02%
Purchasing	\$ 136,800	\$ 91,866	\$ -	\$ 228,666	6.07%	\$ 13,883	\$ 14,124	\$ (241)		-1.71%
MIS	\$ 103,000	\$ -	\$ 234,500	\$ 337,500	4.02%	\$ 13,553	\$ 14,008	\$ (455)		-3.25%
Legal	\$ 61,266	\$ 51,473	\$ 336,500	\$ 449,239	4.02%	\$ 18,040	\$ 16,855	\$ 1,185		7.03%
Town Manager	\$ 450,861	\$ 286,146	\$ 368,000	\$ 1,105,007	4.02%	\$ 44,374	\$ 43,715	\$ 659		1.51%
Board of Selectmen	\$ 51,990	\$ -	\$ 6,075	\$ 58,065	4.02%	\$ 2,332	\$ 2,309	\$ 23		0.98%
Finance Committee	\$ 5,000	\$ -	\$ -	\$ 5,000	4.02%	\$ 201	\$ 211	\$ (10)		-4.84%
DPW Directors	\$ 324,058	\$ 241,626	\$ 10,550	\$ 576,234	28.41%	\$ 163,727	\$ 153,891	\$ 9,836		6.39%
Engineering	\$ 90,000	\$ 66,407	\$ 7,700	\$ 164,107	36.24%	\$ 59,468	\$ 53,997	\$ 5,471		10.13%
Motor Pool	\$ 63,590	\$ 54,615	\$ -	\$ 118,205	2.33%	\$ 2,749	\$ 4,732	\$ (1,983)		-41.91%
Total	\$ 1,964,479	\$ 1,314,885	\$ 1,249,575	\$ 4,528,939		Subtotal - Central Service Costs	\$ 374,959	\$ 361,255	\$ 13,704	3.79%

### III. Other Support/ Related Costs:

Automobile Insurance	Sewer Vehicles - 3 vehicles 3 of 129 vehicles	\$	179,927	\$	1,395		\$	4,184	\$	4,034	\$	150	3.73%	
Property Insurance	Sewer Pump Stations	\$	210,878	5.0%	\$	10,475	69%	\$	7,193	\$	6,801	\$	392	5.77%
	Portion of DPW Building						31%	\$	1,641	\$	1,752	\$	(111)	-6.34%
Postage/Printing	PKS Associates	\$	15,500	1/2 allocated to Sewer				\$	7,750	\$	7,500	\$	250	3.33%
Lockbox	Eastern Bank	\$	2,000	1/2 allocated to Sewer				\$	1,000	\$	1,000	\$	-	0.00%
Meter Reading Software	Itron	\$	6,188	1/2 allocated to Sewer				\$	3,094	\$	2,423	\$	671	27.68%
Subtotal - Other Support Costs								\$	24,862	\$	23,510	\$	1,352	5.75%

**TOTAL SEWER INDIRECT COSTS**      \$ 592,671      \$ 568,401      \$ 24,270      4.27%

## B. Sewer Utility

Basis for Allocations:	Calculation:	FISCAL YEAR 2020	%
<b>Accounting:</b>			
Accountant and Account Manager	Sewer Wages and Operating Expense	\$ 1,172,389	
	Municipal Wages and Operating Expense	\$ 29,195,209	4.02%
Accounts Payable Position	Sewer Direct Operating Expenses	\$ 848,576	
	Total Municipal and School Direct Operating Expenses	\$ 13,977,109	6.07%
Payroll Position	Sewer Wages	\$ 323,813	
	Total Municipal Wages	\$ 19,902,140	1.63%
<b>Treasurer/Collector</b>	Sewer Revenue (FY2019 Budgeted)	\$ 4,311,002	
	Total Committed Revenue (FY19 Budgeted: Sewer/Property Tax & 19 Estimate: MVX)	\$ 84,394,708	5.11%
<b>Human Resources</b>	Sewer Wages	\$ 323,813	
	Total Municipal and School Wages	\$ 44,493,350	0.73%
<b>Purchasing</b>	Sewer Direct Operating Expenses	\$ 848,576	
	Total Municipal and School Operating Expenses	\$ 13,977,109	6.07%
<b>Legal and Info Technology</b>	Sewer Wages and Operating Expense	\$ 1,172,389	
	Municipal Wages and Operating Expense	\$ 29,195,209	4.02%
<b>Town Manager</b>	Sewer Wages and Operating Expense	\$ 1,172,389	
	Municipal Wages and Operating Expense	\$ 29,195,209	4.02%
<b>Board of Selectmen</b>	Sewer Wages and Operating Expense	\$ 1,172,389	
	Municipal Wages and Operating Expense	\$ 29,195,209	4.02%
<b>DPW Directors</b>	Sewer Wages and Operating Expense	\$ 1,172,389	
	All DPW Dept. Wages and Operating Expense	\$ 4,126,211	28.41%
<b>Engineering</b>	Sewer Wages and Operating Expenses	\$ 1,172,389	
	Sewer, Water and Highway Budgets	\$ 3,235,276	36.2%
<b>Motor Pool</b>	Number of Sewer Vehicles	\$ 3	
	Total Number of Vehicles Maintained (Excluding Public Safety)	\$ 129	2.33%

## C. Fiscal Year 2020 Sewer Utility - Detailed Benefits Calculations

### I. All Benefits Allocated for Direct Utility Staff:

Division/Unit	Name of Employee	Title/Note	Health Insurance Plan	Wage	Health Insurance	Life Insurance	Medicare	Workers Comp	Retirement Assessment	Total Benefits	Division/Unit Total Benefits
Sewer		Foreman		\$ 68,940	\$ 9,975	\$ 58	\$ -	\$ 1,703	\$ 27,417	\$ 39,153	
		Operator		\$ 59,986	\$ 26,164	\$ 58	\$ 870	\$ 1,482	\$ 23,856	\$ 52,429	
		Operator		\$ 58,068	\$ 26,164	\$ 58	\$ 842	\$ 1,434	\$ 23,093	\$ 51,592	
		I & I Fog Inspector (80%)		\$ 41,087	\$ 7,260	\$ 58	\$ 596	\$ 1,015	\$ 16,340	\$ 25,268	
		Billing Coordinator		\$ 27,275	\$ 13,082	\$ 58	\$ 395	\$ 25	\$ 10,847	\$ 24,407	
Subtotal - Sewer Employee Benefits											\$ 192,849

### II. Benefits Allocated based on method stated for each unit/division:

Division/Unit	Name of Employee	Title/Note	Health Insurance Plan	Wage	Health Insurance	Life Insurance	Medicare	Workers Comp	Retirement Assessment	Total Benefits	Division/Unit Total Benefits
Accounting		Town Accountant		\$ 86,938	\$ 26,164	\$ 58	\$ 1,261	\$ 78	\$ 34,575	\$ 62,136	
		Accounting Manager		\$ 69,105	\$ 26,164	\$ 58	\$ 1,002	\$ 62	\$ 27,482	\$ 54,769	
		Principal Clerk		\$ 43,758	\$ 26,164	\$ 58	\$ 634	\$ 39	\$ 17,402	\$ 44,298	
		Payroll Clerk		\$ 61,800	\$ 23,802	\$ 58	\$ 896	\$ 56	\$ 24,577	\$ 49,389	\$ 210,592
Treas/Collection		Finance Director & T/Collector		\$ 120,371	\$ 26,164	\$ 58	\$ 1,745	\$ 108	\$ 47,871	\$ 75,947	
		Assistant Collector		\$ 59,275	\$ 26,164	\$ 58	\$ 859	\$ 53	\$ 23,573	\$ 50,708	
		Principal Clerk		\$ 41,866	\$ 26,164	\$ -	\$ 607	\$ 38	\$ 16,650	\$ 43,459	
		Principal Clerk		\$ 49,700	\$ 26,164	\$ 58	\$ 721	\$ 45	\$ 19,765	\$ 46,753	\$ 216,866
Human Resources		Human Resource Director		\$ 85,000	\$ 26,164	\$ 58	\$ 1,233	\$ 77	\$ 33,804	\$ 61,335	
		HR Benefits Administrator		\$ 60,100	\$ 9,075	\$ 58	\$ 871	\$ 54	\$ 23,901	\$ 33,960	\$ 95,295
Purchasing		Purchasing Director		\$ 75,000	\$ 26,164	\$ 58	\$ 1,088	\$ 68	\$ 29,827	\$ 57,204	
		Assistant Purchasing Manager		\$ 61,800	\$ 9,075	\$ 58	\$ 896	\$ 56	\$ 24,577	\$ 34,662	\$ 91,866
Legal		Town Counsel		\$ 61,266	\$ 26,164	\$ -	\$ 888	\$ 55	\$ 24,365	\$ 51,473	\$ 51,473
Town Manager		Town Manager		\$ 173,275	\$ 26,164	\$ 58	\$ 2,512	\$ 156	\$ 68,910	\$ 97,801	
		Chief Administrative Aide		\$ 70,000	\$ 26,164	\$ 58	\$ 1,015	\$ 63	\$ 27,838	\$ 55,139	
		Economic Develop Coordinator		\$ 90,000	\$ 26,164	\$ 58	\$ 1,305	\$ 81	\$ 35,792	\$ 63,401	
		Economic Planner		\$ 65,775	\$ 9,075	\$ 58	\$ 954	\$ 59	\$ 26,158	\$ 36,304	
		Administrative Aide		\$ 56,811	\$ 9,975	\$ 58	\$ 824	\$ 51	\$ 22,593	\$ 33,501	\$ 286,146

## C. Fiscal Year 2020 Sewer Utility - Detailed Benefits Calculations

### II. Benefits Allocated based on method stated for each unit/division:

<b>MIS</b>	Information Technology	\$ 103,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>DPW Directors</b>	Director	\$ 139,147	\$ 23,802	\$ -	\$ 2,018	\$ 4,773	\$ 55,338	\$ 85,930			
	Assistant Director	\$ 90,000	\$ 23,802	\$ 58	\$ 1,305	\$ 3,087	\$ 35,792	\$ 64,045			
	Principal Clerk	\$ 53,045	\$ 26,164	\$ 58	\$ 769	\$ 48	\$ 21,096	\$ 48,135			
	Principal Clerk	\$ 41,866	\$ 26,164	\$ 58	\$ 607	\$ 38	\$ 16,650	\$ 43,517	\$	<b>241,626</b>	
<b>Engineering</b>	Engineer	\$ 90,000	\$ 26,164	\$ 58	\$ 1,305	\$ 3,087	\$ 35,792	\$ 66,407	\$	<b>66,407</b>	
<b>Motor Pool</b>	Foreman	\$ 63,590	\$ 26,164	\$ 58	\$ 922	\$ 2,181	\$ 25,289	\$ 54,615	\$	<b>54,615</b>	
<b>Subtotal - Central Service Employee Benefits</b>										<b>\$ 1,314,885</b>	