

**TOWN OF SAUGUS**



**WATER ENTERPRISE FUND**

**INDIRECT COST CALCULATION**

**FISCAL YEAR 2020**

May 2019

## Town of Saugus Water Enterprise Indirect Cost Allocation

Area	Suggested Methodology
<b>DPW Support</b>	
Administration	Water Salaries and Operating Expenses / Total DPW Salaries and Operating Expenses
Engineering	Water Salaries and Operating Expenses / Sewer, Water, and Highway Budgets
Motor Pool	Number of Water Vehicles Maintained / Total Vehicles Maintained
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 water 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	Water Salaries and Operating Expenses / Total Municipal Salaries and Operating Expenses
Accounting	Water Salaries and Operating Expenses / Total Townwide Salaries and Operating Expenses (so includes school department)
Treasurer (Collector)	Water Revenue / Total Committed Revenues: (MVX, Tax, and Water)
Inspectional Services	Normally this is not an "Indirect"; it would be on the basis of direct charge; charge back to Enterprise
Board of Selectmen	Water Salaries and Operating Expenses / Total Municipal Salaries and Operating Expenses

## Town of Saugus Water Enterprise Indirect Cost Allocation

Area	Suggested Methodology
<b>Expenses of:</b>	
Town Manager	Water Salaries and Operating Expenses / Total Municipal Salaries and Operating Expense
Accounting	Water Salaries and Operating Expenses / Total Townwide Salaries and Op. Exp (so includes school dept)
Treasurer (Collector)	Water Revenue/Total Committed Revenues: (MVX, Tax, and Water)
Inspectional Services	Normally this is not an "Indirect"; it would be on the basis of direct charge; charge back to Enterprise
Board of Selectmen	Water Salaries and Operating Expenses / Total Municipal Salaries and Operating Expenses
Finance Committee	Water Salaries and Operating Expenses / Total Municipal Salaries and Operating Expenses
Legal and Information Technology	Water Salaries and Operating Expenses / Total Municipal Salaries 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 calculation based on actual employees (and 1.45 post 1986 hires)
Worker's Compensation	Based on actual employees and specific worker's compensation 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

A. Fiscal Year 2020 Water Utility Indirect Cost Allocations

I. Benefit Costs of Water Utility Personnel

Staff	Wages	Health Insurance Plan	Health Insurance	Life Insurance		Medicare	Workers Compensation	Retirement Assessment	Total Benefits by Employee		FY 19 Amount	Increase (Decrease) Amt	Increase (Decrease) %
	\$ 65,742		\$ 26,164	\$ 58	\$ 953	\$ 2,071	\$ 26,145	\$ 55,391					
	\$ 55,303		\$ 26,164	\$ 58	\$ 802	\$ 1,742	\$ 21,993	\$ 50,759					
	\$ 55,303		\$ 26,164	\$ 58	\$ 802	\$ 1,742	\$ 21,993	\$ 50,759					
	\$ 51,353		\$ 26,164	\$ 58	\$ 745	\$ 1,618	\$ 20,423	\$ 49,007					
	\$ 27,275		\$ 13,082	\$ 29	\$ 395	\$ 25	\$ 10,847	\$ 24,378					
Subtotal - Water Employee Benefits									\$ 230,295	\$ 194,813	\$ 35,482	18.21%	

II. Central Service Departments/Units

					Allocation	Total Allocable to		Increase		Increase
	Wages	Benefits	Expenses	Total	%	Water Ent by Dept.	FY 19 Amount	(Decrease) Amt	(Decrease) %	
Accounting			\$ 150,750	\$ 150,750	3.30%	\$ 4,973				
Town Accountant	\$ 86,938	\$ 62,136		\$ 149,074	3.30%	\$ 4,918				
Accounting Clerk	\$ 43,758	\$ 44,298		\$ 88,056	4.47%	\$ 3,935				
Payroll Coordinator	\$ 61,800	\$ 49,389		\$ 111,189	1.70%	\$ 1,891				
Accounting Manager	\$ 69,105	\$ 54,769		\$ 123,874	3.30%	\$ 4,087	\$ 18,757	\$ 1,048	5.59%	
Treasury/Collection	\$ 271,212	\$ 216,866	\$ 109,500	\$ 597,578	7.62%	\$ 45,558	\$ 48,580	\$ (3,022)	-6.22%	
Human Resources	\$ 145,100	\$ 95,295	\$ 26,000	\$ 266,395	0.76%	\$ 2,027	\$ 1,870	\$ 157	8.39%	
Purchasing	\$ 136,800	\$ 91,866	\$ -	\$ 228,666	4.47%	\$ 10,219	\$ 9,185	\$ 1,034	11.26%	
MIS	\$ 103,000	\$ -	\$ 234,500	\$ 337,500	3.30%	\$ 11,134	\$ 10,841	\$ 293	2.71%	
Legal	\$ 61,266	\$ 51,473	\$ 336,500	\$ 449,239	3.30%	\$ 14,821	\$ 13,045	\$ 1,776	13.61%	
Town Manager	\$ 450,861	\$ 286,146	\$ 368,000	\$ 1,105,007	3.30%	\$ 36,455	\$ 33,832	\$ 2,623	7.75%	
Board of Selectmen	\$ 51,990	\$ -	\$ 6,075	\$ 58,065	3.30%	\$ 1,916	\$ 1,787	\$ 129	7.20%	
Finance Committee	\$ 5,000	\$ -	\$ -	\$ 5,000	3.30%	\$ 165	\$ 163	\$ 2	1.20%	
DPW Directors	\$ 324,058	\$ 241,626	\$ 10,550	\$ 576,234	23.34%	\$ 134,508	\$ 119,007	\$ 15,501	13.03%	
Engineering	\$ 90,000	\$ 66,407	\$ 7,700	\$ 164,107	29.8%	\$ 48,856	\$ 41,757	\$ 7,099	17.00%	
Motor Pool	\$ 63,590	\$ 54,615	\$ -	\$ 118,205	3.88%	\$ 4,582	\$ 7,887	\$ (3,305)	-41.91%	
Total	\$1,964,478	\$1,314,884	\$1,249,575	\$4,528,937		Subtotal - Central Service Costs	\$ 330,045	\$ 306,711	\$ 23,334	7.61%

III. Other Support/ Related Costs:

Automobile Insurance	Water Vehicles - 5 of 129 vehicles	\$	179,927	\$	1,395		\$	6,974	\$	6,724	\$	250	3.72%
Property Insurance	Portion of DPW Building	\$	3,281.74				\$	1,641	\$	1,726	\$	(85)	-4.93%
Postage/Printing	PKS Associates	\$	15,500	1/2 allocated to Water			\$	7,750	\$	7,500	\$	250	3.33%
Lockbox	Eastern Bank	\$	2,000	1/2 allocated to Water			\$	1,000	\$	1,000	\$	-	0.00%
Meter Reading Software	Itron	\$	6,188	1/2 allocated to Water			\$	3,094	\$	2,422	\$	672	27.75%
Subtotal - Other Support Costs							\$	20,458.78	\$	19,372.00	\$	1,086.78	5.61%
TOTAL WATER INDIRECT COSTS							\$	580,799	\$	520,896	\$	59,903	11.50%

## B. Water Utility - Central Service Department/Units - Allocation % calculation

Basis for Allocations:	Calculation:	Fiscal Year 2020	Allocation %
Accounting:	<div> <div>Water Wages and Operating Expense</div> <div>Municipal Wages and Operating Expense</div> </div>	<div> <div>\$ 963,168</div> <div>\$ 29,195,209</div> </div>	3.30%
	<div> <div>Water Direct Operating Expenses</div> <div>Total Municipal and School Direct Operating Expenses</div> </div>	<div> <div>\$ 624,650</div> <div>\$ 13,977,109</div> </div>	4.47%
	<div> <div>Water Wages</div> <div>Total Municipal Wages</div> </div>	<div> <div>\$ 338,518</div> <div>\$ 19,902,140</div> </div>	1.70%
Treasurer/Collector	<div> <div>Water Revenue (FY19 Budgeted)</div> <div>Total Committed Revenue (FY19 budgeted: Water, Property tax, MVX)</div> </div>	<div> <div>\$ 6,609,262</div> <div>\$ 86,692,968</div> </div>	7.62%
Human Resources	<div> <div>Water Wages</div> <div>Total Municipal and School Wages</div> </div>	<div> <div>\$ 338,518</div> <div>\$ 44,493,350</div> </div>	0.76%
Purchasing	<div> <div>Water Direct Operating Expenses</div> <div>Total Municipal and School Direct Operating Expenses</div> </div>	<div> <div>\$ 624,650</div> <div>\$ 13,977,109</div> </div>	4.47%
Legal and Info Technology	<div> <div>Water Wages and Operating Expense</div> <div>Municipal Wages and Operating Expense</div> </div>	<div> <div>\$ 963,168</div> <div>\$ 29,195,209</div> </div>	3.30%
Town Manager	<div> <div>Water Wages and Operating Expense</div> <div>Municipal Wages and Operating Expense</div> </div>	<div> <div>\$ 963,168</div> <div>\$ 29,195,209</div> </div>	3.30%

## B. Water Utility - Central Service Department/Units - Allocation % calculation

Basis for Allocations:	Calculation:	Fiscal Year 2020	Allocation %
Board of Selectmen	$\frac{\text{Water Wages and Operating Expense}}{\text{Municipal Wages and Operating Expense}}$	$\frac{\$ 963,168}{\$ 29,195,209}$	3.30%
DPW Directors	$\frac{\text{Water Wages and Operating Expense}}{\text{All DPW Dept. Wages and Operating Expense}}$	$\frac{\$ 963,168}{\$ 4,126,211}$	23.34%
Engineering	$\frac{\text{Water Wages and Operating Expenses}}{\text{Sewer, Water and Highway Budgets}}$	$\frac{\$ 963,168}{\$ 3,235,276}$	29.8%
Motor Pool	$\frac{\text{Number of Water Vehicles}}{\text{Total Number of Vehicles Maintained}}$	$\frac{\$ 5}{\$ 129}$	3.88%

## C. Fiscal Year 2020 Water 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 Benefit
Water		Foreman		\$ 65,742	\$ 26,164	\$ 58	\$ 953	\$ 2,071	\$ 26,145	\$ 55,391	
		Operator		\$ 55,303	\$ 26,164	\$ 58	\$ 802	\$ 1,742	\$ 21,993	\$ 50,759	
		Operator		\$ 55,303	\$ 26,164	\$ 58	\$ 802	\$ 1,742	\$ 21,993	\$ 50,759	
		Meter Tech/Reader		\$ 51,353	\$ 26,164	\$ 58	\$ 745	\$ 1,618	\$ 20,423	\$ 49,007	
		Billing Coordinator		\$ 27,275	\$ 13,082	\$ 29	\$ 395	\$ 25	\$ 10,847	\$ 24,378	
Subtotal - Water Employee Benefits											\$ 230,295

### 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 Benefit
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	\$ 27,483	\$ 54,769	
		Accounting Clerk		\$ 43,758	\$ 26,164	\$ 58	\$ 634	\$ 39	\$ 17,402	\$ 44,298	
		Payroll Coordinator		\$ 61,800	\$ 23,802	\$ 58	\$ 896	\$ 56	\$ 24,577	\$ 49,389	\$ 210,592
Treasury/Collection		Finance Director &T/Coll		\$ 120,371	\$ 26,164	\$ 58	\$ 1,745	\$ 108	\$ 47,871	\$ 75,946	
		Asst. 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/Accounting Manager		\$ 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	
		Econ Dev 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	
		Clerk		\$ 56,811	\$ 9,975	\$ 58	\$ 824	\$ 51	\$ 22,593	\$ 33,501	\$ 286,146

MIS	MIS Director	\$ 103,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DPW Directors	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	\$ 64,044				
	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			\$ 241,626	

## 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 Benefit
Engineering	Engineer			\$ 90,000	\$ 26,164	\$ 58	\$ 1,305	\$ 3,087	\$ 35,792	<u>\$ 66,407</u>	\$ 66,407
Motor Pool	Foreman			\$ 63,590	\$ 26,164	\$ 58	\$ 922	\$ 2,181	\$ 25,289	<u>\$ 54,615</u>	\$ 54,616
Subtotal - Central Service Employee Benefits											<u>\$ 1,314,885</u>