

DATE: January 18, 2018

TO: Watershed Conservation Authority Governing Board

FROM: Salian Garcia, Fiscal Manager

THROUGH: Mark Stanley, Executive Officer

SUBJECT: Item 11: Consideration of a resolution to update Billable Rates for FY 17/18.

RECOMMENDATION: That the Watershed Conservation Authority Governing Board approve an update to the WCA Billable Rates for Fiscal Year 2017/2018.

BACKGROUND: The WCA's Standard Rate Plan is a living plan rate structure model that allows for periodic updates to reflect material changes in personnel, policies, and fiscal budgets and grant program requirements. At the start of each fiscal year, alongside approval of the budget, staff brings before the Board an update to the WCA Billable Rates to bring the rates in accordance with the current budget.

In October, the Authority hired two new staff members, Fiscal Analyst and Project Manager I. Additionally, the State unemployment insurance tax rate decreased from 2.9% to 2.1% for calendar year 2018. The billable rates have decreased due to the spread of indirect/administrative costs over the additional staff members and the SUI reduction. Subsequently, the FY 2017/2018 billable rates schedule requires a mid-term update and is reflected in the subsequent charts.

Salary and Employee Benefits Rate

The Salary and Employee Benefit Rate is based on FY 17/18 budgeted salary and benefits. The Salary and Employee Benefit Rate, was derived by combining all costs associated with direct employee salaries and benefits. The rate utilized salary costs in addition to employer federal and states taxes, unemployment insurance, workers' compensation insurance, other insurance benefit costs, retirement contributions, and costs associated with holiday pay and accrued annual leave.

Classification	FY 17/18 Salary & EB (1) Effective 09/21/17	% Change (1)	FY 17/18 Mid-Year Salary & EB (1) Effective 01/08/18
Deputy Executive Officer	\$55.80	-0.05%	\$55.77
Project Manager III	\$45.90	-0.06%	\$45.87
Fiscal Manager	\$28.05	0.00%	\$28.05
Project Manager II	\$45.50	-1.38%	\$45.47
Project Manager I ⁽²⁾	\$36.98	0.22%	\$37.06
Associate PM	\$29.03	-0.09%	\$29.01
Fiscal Analyst	\$33.57	-0.08%	\$33.54
Administrative Clerk	\$24.96	-0.11%	\$24.93

Billable Rate

The Billable Rate is based on the FY 17/18 budgeted salary and benefits plus allowable administration and operational overhead. OMB compliant administrative and operational costs associated with conducting business and operating the WCA offices such as information technology, office supplies, audit, insurance, and depreciation costs are included.

Classification	FY 17/18 Salary & EB (1) Effective 09/21/17	% Change (1)	FY 17/18 Mid-Year Salary & EB (1) Effective 01/08/18
Deputy Executive Officer	\$83.31	-3.63%	\$80.39
Project Manager III	\$68.52	-3.64%	\$66.12
Fiscal Manager	\$41.88	-3.58%	\$40.43
Project Manager II	\$67.92	-5.01%	\$65.54
Project Manager I ⁽²⁾	\$55.21	-3.36%	\$53.42
Associate PM	\$43.35	-3.67%	\$41.81
Fiscal Analyst	\$50.11	-3.66%	\$48.34
Administrative Clerk	\$37.26	-3.69%	\$35.94

Administrative and Billable Rate

The Administrative and Billable Rate is based on the FY 17/18 budgeted salary and benefits, allowable administration and operational overhead plus the costs associated with staff providing administrative and managerial time to the operation of the WCA. Employee positions such as the Fiscal Manager, Fiscal Analyst/Accounting Assistant, and Administrative Clerk are considered primarily administrative or indirect in nature.

Classification	FY 17/18 Salary & EB (1) Effective 09/21/17	% Change (1)	FY 17/18 Mid-Year Salary & EB (1) Effective 01/08/18
Deputy Executive Officer	\$98.90	-4.36%	\$94.77
Project Manager III	\$81.35	-4.37%	\$77.94
Fiscal Manager	\$49.72	-4.31%	\$47.67
Project Manager II	\$80.64	-5.75%	\$77.26
Project Manager I ⁽²⁾	\$65.54	-4.08%	\$62.97
Associate PM	\$51.46	-4.41%	\$49.29
Fiscal Analyst	\$59.49	-4.39%	\$56.99
Administrative Clerk	\$44.24	-4.42%	\$42.37

Consultant Rate

The Consultant Rate is based on the FY 17/18 budget and includes all administrative, operational, and depreciation costs associated with conducting business at the WCA offices and is intended to be applied to instances where all overhead costs can be recovered such as in a consulting capacity.

Classification	FY 17/18 Salary & EB (1) Effective 09/21/17	% Change (1)	FY 17/18 Mid-Year Salary & EB (1) Effective 01/08/18
Deputy Executive Officer	\$110.92	-5.11%	\$105.52
Project Manager III	\$91.23	-5.12%	\$86.79
Fiscal Manager	\$55.76	-5.06%	\$53.07
Project Manager II	\$90.43	-6.51%	\$86.03
Project Manager I ⁽²⁾	\$73.51	-4.83%	\$70.12
Associate PM	\$57.71	-5.16%	\$54.88
Fiscal Analyst	\$66.72	-5.14%	\$63.45
Administrative Clerk	\$49.62	-5.18%	\$47.17

Note 1- Percentage changes attributable to the following factors:

- The increase from five to seven staff members reduced the majority of billable rates as the spread is greater in administrative and operational expenses, depreciation, and overhead costs.
- State unemployment tax rate reduced from 2.9% to 2.1% for Calendar Year 2018.

Note 2- The Project Manager I classification represents the average costs associated with three PMI employees.

Example of how an Admin & Billable Rate (3) for the Deputy Executive Officer would be calculated is as follows:

Salary and EB (1) \$55.77 + (\$55.77 x 16.05% Administrative Expenses) + (\$55.77 x 16.13% Operational Expenses) + (\$55.77 x 11.96% Depreciation Expenses) + (\$55.77 x 27.79% Admin Activities Overhead) = \$94.77

This rate could be used to bill towards grants that allow OMB compliant indirect and overhead costs to be recovered.

The four rates developed best reflect reporting and reimbursement requirements under the Agency's current portfolio of projects. As grant agreements dictate allowable indirect costs, approved modifications to the rates may be required in future periods to comply with the grant agreement.

If approved, staff plans to make the updated Billable Rates effective January 8, 2018. Once adopted, the updated Billable Rates will be implemented in conjunction with WCA staff, Department of Public Works Fiscal Services, and the Auditor-Controller's Office as appropriate.

FISCAL INFORMATION: This action adopts a Standard Rate Plan and policies that will allocate the WCA's staffing and operational costs in an efficient and effective manner consistent with the fiscal year budget and funding source requirements for the remainder of FY 2017/2018. As such, this action results in no direct fiscal impact.