

Financial Responsibility Task Force Engineering Cost Analysis

June 13, 2011

2009 Benchmarking Study Results

Engineering Costs

Victor's engineering costs are higher than the peer group. Among those peer communities that have a separate engineering category in the budget, Victor's per capita spending is more than double the group average.

Victor's entire engineering budget — \$140,000 (actual 2009 charges were \$240,614.50) in the A Fund and \$40,000 in the B Fund (actual for 2009 was -\$47,178.62)— is for contractual services.

- **Engineering Costs Per Capita**
- **Victor** **\$14.91 reported by CGR; actual \$20.16**
- S. Fayette \$8.50
- Ontario \$4.94
- Walworth \$2.09
- Clarkson \$0.79

2009 Benchmarking Study Results Planning and Zoning Costs

- As the following table shows, Victor spends more than the peer group in the General Government categories of Planning and Zoning. Included in the total is \$356,000 from the A Fund (townwide for Building/Planning) and \$169,000 in the B Fund (town outside village for Planning And Zoning Offices). *These budget figures should not have been included in the engineering analysis, as they represent Town Employee department and payroll charges.*
- **Planning & Zoning Costs per Capita**
 - **Victor** **\$43.57**
 - Poquoson \$33.15
 - Trinity \$23.65
 - Exeter \$18.16
 - Saratoga \$15.43
 - Mendon \$9.16
 - Ontario \$8.11
 - Clarkson \$7.04
 - S. Fayette \$7.00
 - Walworth \$2.12

What are the Town's Engineering Costs?

A Fund – General Government Support (A1440.44)

-Town & Village projects that are requested by the Town Board

B Fund – General Government Support – Contractual (B1440.44)

-Town-only projects that are requested by the Town Board

B Fund – General Government Support (B1445.44)

-Planning chargebacks for developer projects

Planning - Engineering (B8020.44)

-Should be Planner charges, Planning Board items

Planning – Contractual (B8020.4)

-Should be Training

Zoning – Engineering (B8010.44)

-Should be Zoning Board Items

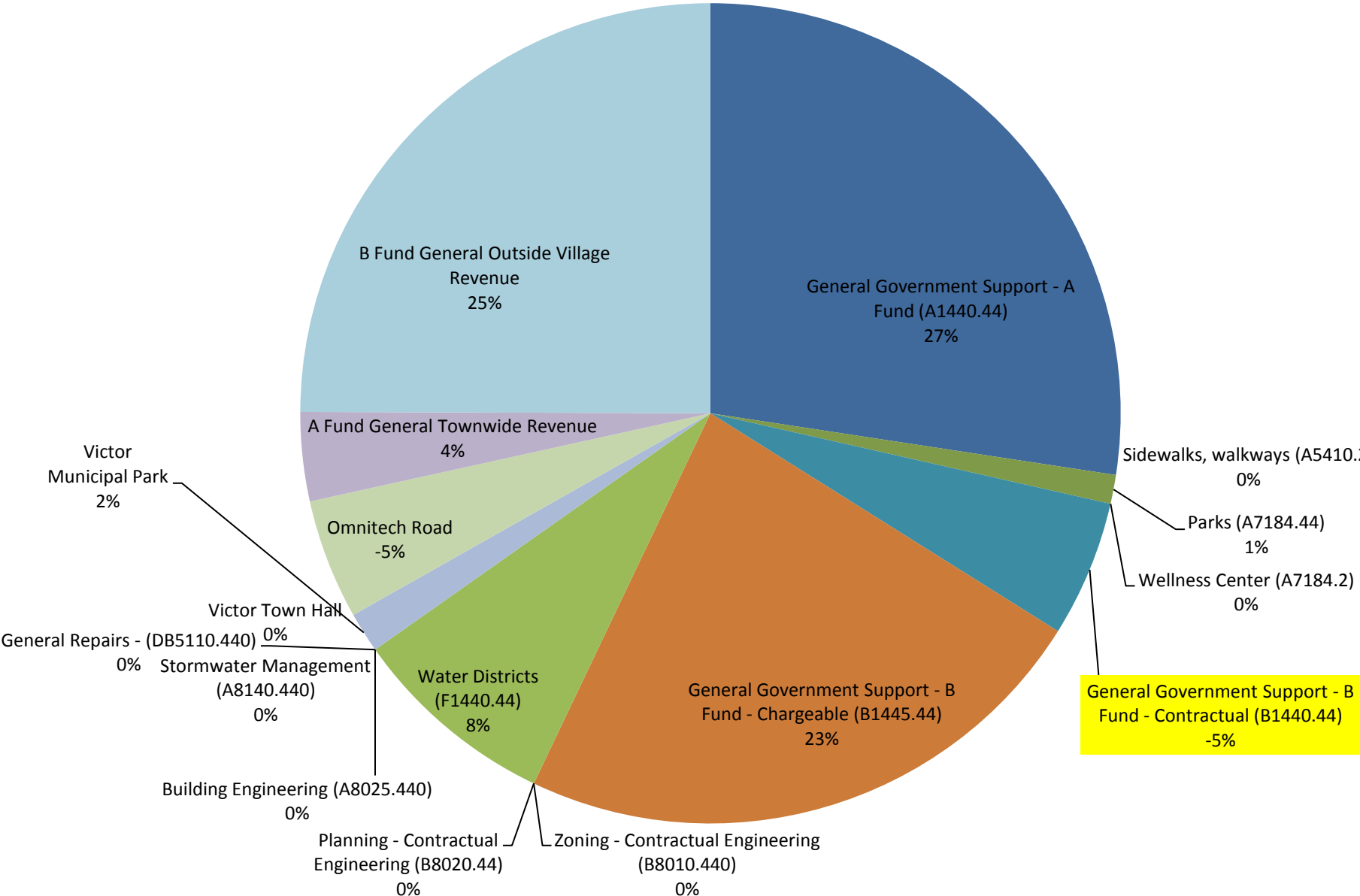
Zoning – Contractual (B8010.4)

-Should be Training

LaBella makes the distinction between A and B Fund projects on their bills

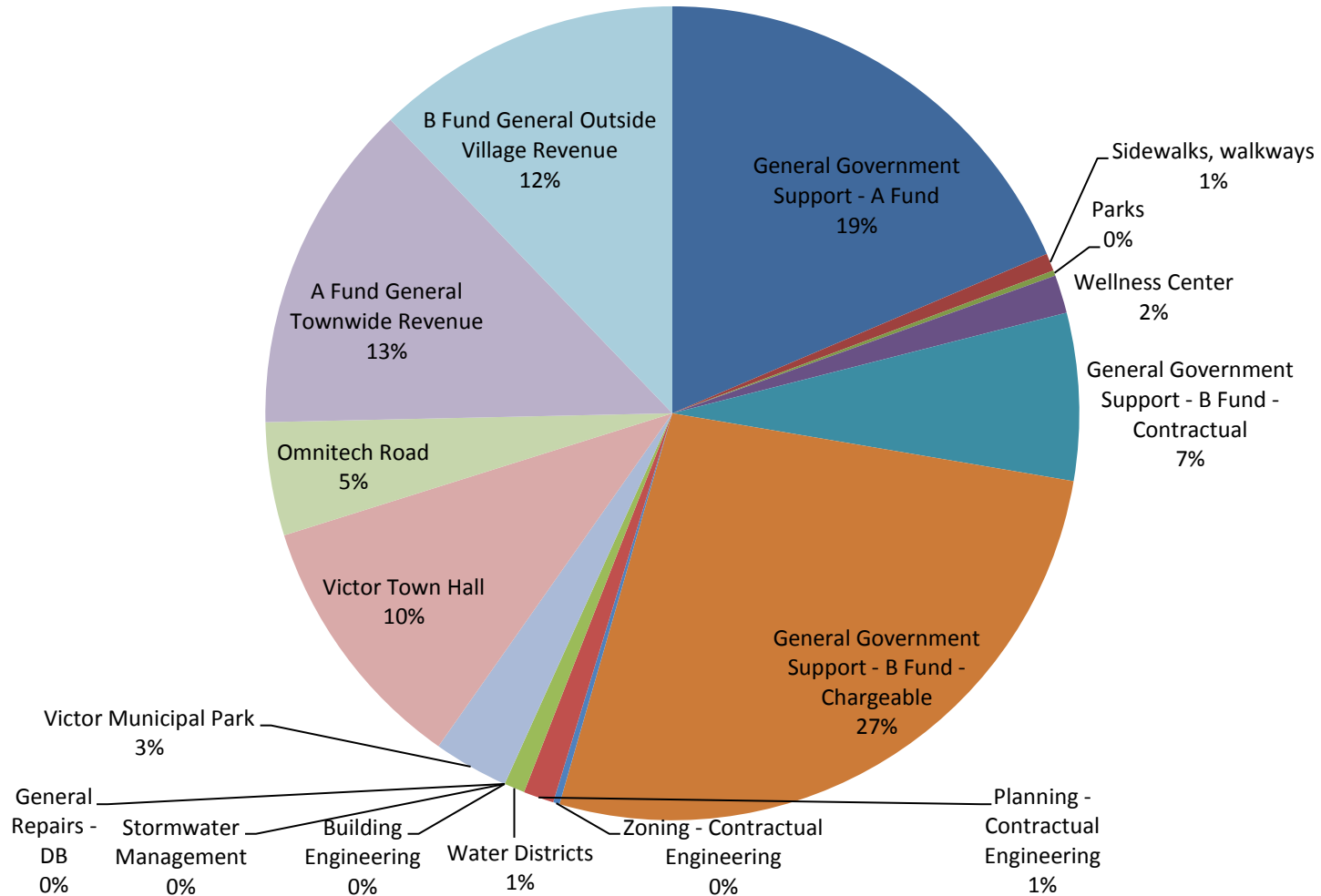
Engineering Charges

2009



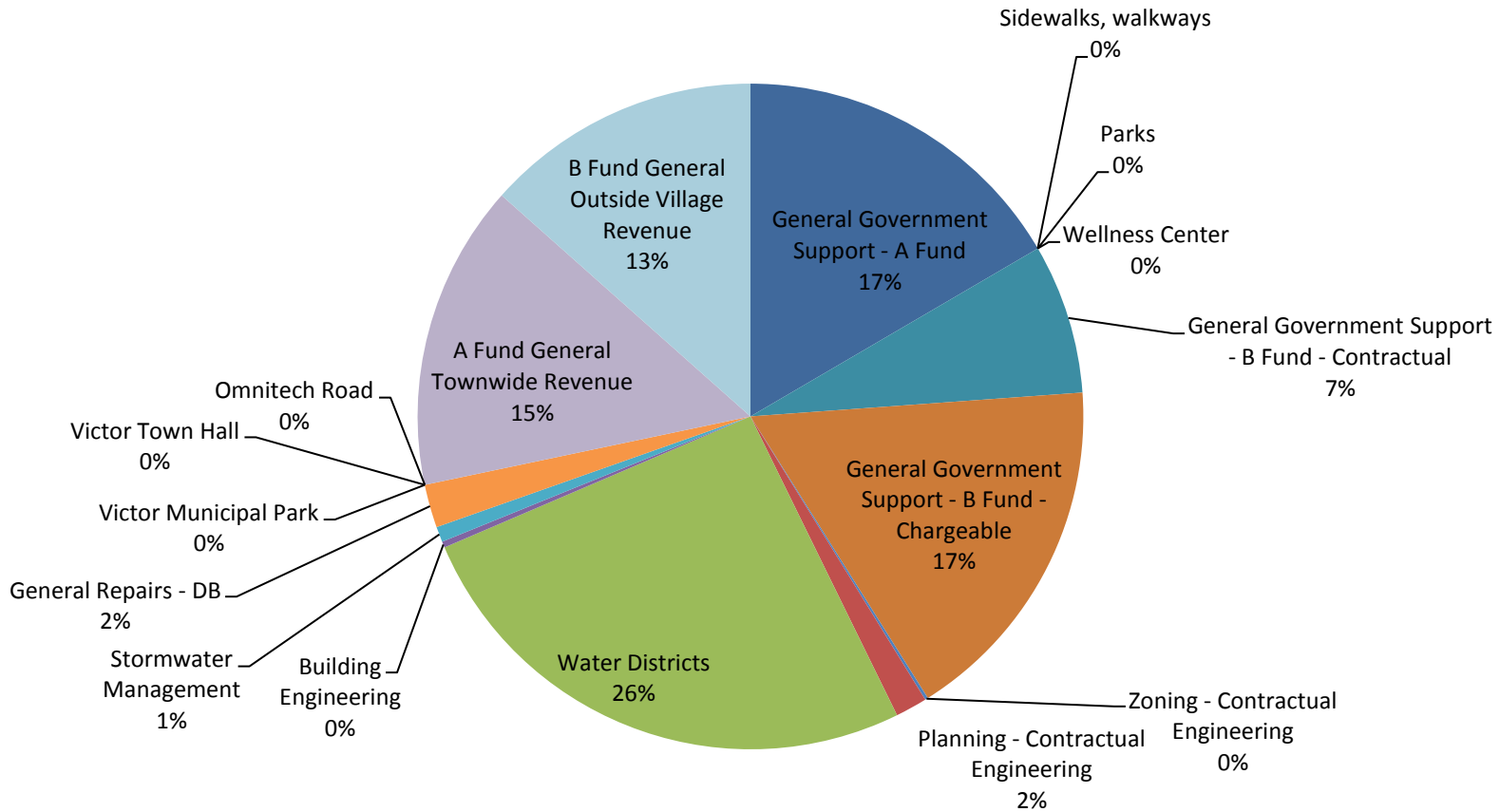
Engineering Charges

2008



Engineering Charges

2010



Town Comparison

	Chargebacks?	Attends TB Meetings?	Charges in Account	On Retainer?
Victor	yes	Yes, @ no charge	Codes & Development charges + items in pie charts	No – RFP every 2 years; 2 different firms in 23 years
Ontario	Yes	Only if asked	A Fund only – No Village	Same engineer for years – no RFP
Mendon	Yes	No	No budget in A Fund; all engineering charges are put into the B fund, even if the work is done for Town Board projects	Same engineer for a long time – no RFP
Walworth	Yes	Yes	All charges in A Fund – no B Fund	Same engineer for 5+ years – no RFP
Town of Canandaigua	Yes	As needed, but usually yes; PB only as requested by the Chair	A Fund only – no B Fund	

Town Comparison

	Fee deposit from Developers?	Who Contacts engineers?	# of applications - 2009/2011; 2011 Engineering budget; cost per capita
Victor	Yes, per code	Codes & Development, CB, Supervisor	30 applications – 2011 57 applications – 2009
Ontario	Yes – depends on size of project; puts % of project into LOC	Town Supervisor, Building Inspector, and Planning Board	Didn't know # of applications – too many areas; \$55,000 budget; \$5.42 per capita
Mendon	Yes – per lot and per site plan; number provided from engineer - \$400/lot per site plan , \$150/lot for subdivision, \$30 admin fee; C of O and building permits withheld for outstanding charges.	Town Supervisor, Building Inspector, and Planning Board	12 applications – 2009 5 applications – 2011 \$20,000 budget \$2.18 per capita
Walworth	Yes – For subdivisions: 1 to 2 lots- \$450; 3 lots - \$675; 4 lots-\$1200; 5 lots \$1500;6 lots \$1800; 7 lots - \$2100; 8 lots \$2400; 9 lots \$2700; 10+ lots - \$350/lot	Town Supervisor, Building Inspector, and Planning Board	Less than 12 in 2009 4 applications – 2011 \$17,000 budget \$1.80 per capita
Town of Canandaigua	See attached Fee schedule		7 applications – 2009 10 applications – 2011 \$100,000 budget \$9.98 per capita

Reasons for Higher Engineering Costs

- Victor is one of the fastest growing towns in the county, with a population increase of 43.7% in the past 10 years.
- The engineering firm provides planning assistance, as there is no Planner on staff.
- Costs are dependent on the types of projects coming into the Town and the capital projects being done.
- Non-chargeable projects include code work, water, capital projects
- Town incurred several engineering charges for Wellness Center designs in 2009

Reasons for Higher Engineering Costs (cont.)

- The Planning & Zoning Costs per Capita figure supplied by CGR was incorrect, as the budget figure used included all Building Dept. costs.
- 2009 entries may have been placed in wrong accounts – For example, Planning & Zoning have \$0 charges.

Chargebacks To Developers

- **Current Process**

- Every application requires that developers pay project fees at the start of a project to create a project account. Fees are based on the Town of Victor Code 27-8 – Fees Enumerated.
- Engineering bills are sent to the Finance Dept. and are reviewed by Finance Clerk and Codes and Development for accuracy.
- Codes & Development track individual project chargebacks
- Finance Clerk does monthly invoicing against Letters of Credit and Planning and Zoning

Chargebacks To Developers (cont.)

- Clerk's Office receives payments and copies checks for Codes and Development tracking. The Clerk's Office currently places all deposits into the A2120 Home & Community Engineering Chargeback account.
- Clerk's Office does a monthly report with Codes and Development on developer payment activity.
- Codes and Development reviews project activity monthly and will withhold Certificate of Occupancy building permits if there are outstanding fees.
- Finance Clerk checks for outstanding fees before a final release is issued on Letter of Credit.

Chargeback Status

- As of 6/7/11, the Town is owed \$88,406.54 in total chargebacks. \$55,000 of legal and administrative fees are owed on one project.
- The total outstanding chargebacks on the Letters of Credit are \$18,497.85. The Town is owed \$11,000 on another project, where the Release on the Letter of Credit is being withheld until payment is received.
- Engineering invoices are not received on a monthly basis – they usually average 3 months of charges together, which creates a problem in billing developers. The project may be closed out before the invoice is received. The Finance Clerk calls the engineers prior to processing the Final Release to check for outstanding charges.

Recommendations

- Bills need to be reviewed for # of hours, billing, chargebacks, rates (since there are multiple rates per engineer skill set), math errors, etc. by appropriate departments ordering the work— Highway, Codes & Development, Finance, Town Board Project Liaison - and be signed off that they are OK for payment (currently done in part by Codes & Development)
- Subcommittee needs to be established to review “chargeback” process for all contractors. Should the Town be doing chargebacks, or should the engineers bill the developers directly? Either way, we are in need of a better, more reliable, less labor-intensive process that ensures timely billing and oversight. Based on recommendations, software/programming modifications may be needed to reduce duplication of efforts, multiple tracking mechanisms, invoicing, and centralization of project-specific charges into one database. Expectations and processes will have to be developed with all consultants. Possibly involve a developer and consultant on the subcommittee?

Recommendations

- ALL monies received from developers for engineering/planning/zoning work, regardless of the amount, should be placed in the Town's municipal choice savings account, with the Finance Clerk getting a copy of the information and posting the detail. This will allow improvements as follows: accurate detail entry into KVS, accurate crediting of payments by project/developer; accurate account posting; accurate project cost tracking; and elimination of engineering fees received into "Town Clerk's bank account and report".
- Adjust accounting process so that ONLY Letters of Credit engineering chargebacks are posted to account A2120.
- Investigate up-front fees from developers – should they be increased?
- Finance Clerk to report outstanding chargebacks to Fiscal Manager on a monthly basis, until the subcommittee determines chargeback process.
- All engineers need to send in bills to the Town on a MONTHLY basis
- LaBella currently tracks their costs in relation to the budgeted expenses, and helps to keep us within budget allocations.