

**COUNTY OF MILWAUKEE
INTER-OFFICE COMMUNICATION**

DATE: January 19, 2010
TO: Michael Mayo, Chairman, County Board of Supervisors
FROM: John Ruggini, Acting Fiscal and Budget Administrator
SUBJECT: ARCHITECTURE AND ENGINEERING POSITION STUDY

Request

The Department of Transportation and Public Works – Architecture, Engineering and Environmental Services Division (AE & ES) is requesting the mid-year creation of four positions: Managing Engineer – Field Operations – Airport (new title code), Managing Engineer – Mechanical (new title code), Engineer (title code 00035750), and Engineering Technician (title code 00035710). For each position, 1.0 FTE would be created, and funded through crosscharges to capital projects.

Background

AE&ES is requesting that the positions be created mainly due to the number of outstanding capital projects, especially related to the accelerated 2009-2012 capital financing program, and an increased focus on related infrastructure maintenance, to be funded by proceeds from the University of Wisconsin-Milwaukee (UWM) land sale at the County Grounds. AE&ES charges capital projects a rate (referred to as the overhead rate) for the work performed by these staff that includes direct salary, fringe benefits, sick leave, OPEB liability, and overhead, including administrative support staff and the cost of the work environment (rental crosscharges, technology crosscharges, etc.).

The number of funded professional engineering and design positions in the AE&ES division has declined steadily since 2005. The 2005 Adopted budget provided 51.0 FTE positions in AE&ES, while the 2011 Adopted Operating Budget provided 35.2 FTE (both figures include administrative support staff). As of January 4, AE&ES had only one vacant professional staff position. During this time bonding levels (including revenue-backed bonds for airport capital projects) has increased from \$37.5 million to \$174.8 million for the accelerated capital program that covers the years 2010 to 2012 (an average of \$58.3 million per year). AE&ES staff has generally reported that existing full-time staff has been able to absorb the increasing workloads while supplementing their efforts with temporary staff and consultants, which are generally less costly than permanent staff, due fringe benefits and OPEB liabilities, resulting in lower charges to capital projects.

The request by AE&ES to add additional positions is based primarily on the increased workload created by the accelerated capital financing plan, and on the significant increase in major maintenance projects included in the 2011 Adopted Capital Budget, which are financed with \$5 million in revenues from the UWM land sale at the County Grounds. AE&ES staff also indicates that while temporary staff is appropriate and cost-effective in the short term, the division has several long-time permanent staff, with significant institutional knowledge, that could be lost due to retirement.

While the need for additional staff resources may be acute during the accelerated capital program and increased focus on major maintenance, it should be noted that these may be short-term issues. The current policy for the capital program is to return to the routine capital program in 2013 which will have a cap on general obligation debt issuance of approximately \$30-\$35 million. This makes it possible that positions related to the normal capital budget may not have sufficient funds available in 2013 and beyond. Further, the expenditure budgets for existing capital projects are set. As the overhead rate increases, due either to an increase in staff or increased staff costs, less expenditure authority is available for the actual

Architecture and Engineering Position Study

2

infrastructure improvements, unless additional revenue sources outside the existing capital program are identified. With regard to the positions related to major maintenance projects funded by the UWM land sale, those revenues are one-time sources while permanent staff require ongoing expenditures. Additionally, UWM has requested a delay in making the 2011 payment until 2013, thereby eliminating a funding source for these positions in the current year.

Recommendation

These factors relate to the individual positions, and recommended action, as follows:

1. **Managing Engineer – Field Operations – Airport:** The DTPW-Airport Division (airport) has requested the creation of this position to provide robust oversight of time and materials contractors that work on capital and operating projects. These duties are currently being performed by an employee of the DTPW-Transportation Services Division on loan until the spring construction season. The airport has a significant number of outstanding capital projects and has entered into an agreement with the signatory airlines for a 5-year capital plan. This position is less susceptible to the above factors because it can be fully funded by outside revenues. Given the significant increase in passenger traffic, the associated need for major maintenance projects at General Mitchell International Airport (GMIA), and the relative long-term stability of the airport capital program, it is recommended that this request be approved.
2. **Managing Engineer – Mechanical:** AE&ES is requesting this position mainly to deal with HVAC, fire protection and plumbing projects. AE&ES has primarily used temporary staff for these types of projects for the past 8 years, and staff report that there have always been sufficient projects and revenues to fund this work. This position could also work on performance contracting projects and jobs at GMIA, which would provide additional outside revenue sources if necessary. Given the relative stability of workload and the availability of work at GMIA, it is recommended that this request be approved.
3. **Engineer:** AE&ES currently has 5.0 FTE budgeted engineer positions, two of which are filled on a half-time basis. AE&ES indicates there is sufficient workload for one half-time employee to transition to full-time, which under the request would leave 0.5 FTE vacant. Given the long-term issues noted above, it is recommended that the request to create 1.0 FTE Engineer position be approved, and that one 0.5 FTE Engineer position be abolished upon vacancy.
4. **Engineering Technician:** AE&ES's request indicates this position would be primarily responsible for major maintenance projects, including the county-wide building inventory and assessment program. These projects are funded by one-time revenues from the UWM land sale in 2011, which as noted above may not be received until 2013 and beyond. In addition to the delay in receiving revenues that would fund this position, it is uncertain whether additional funds for major maintenance projects will be available in the future. The issue of the UWM payment schedule is to be considered by the County Board during the January 2011 cycle; therefore, it is recommended that no action be taken on this request until the payment schedule has been determined.

It should be noted that for any positions created, AE&ES will need to request an appropriation fund transfer at a later date to increase revenues and expenditure authority for these positions in its operating budget, and there will also need to be an appropriation fund transfer in affected capital projects to reallocate expenditure authority from professional services to internal service charges.

Report Prepared By: Josh Fudge, Fiscal and Management Analyst III

A handwritten signature in black ink, appearing to read "John Ruggini", is written over a horizontal line.

John Ruggini
Acting Fiscal and Budget Administrator

cc: County Executive Lee Holloway
Renee Booker, Director, Department of Administrative Services
Jack Takerian, Director, Department of Transportation and Public Works
Greg High, Director, Architecture & Engineering Division