

To: Mayor and City Council Members
Bill Reynolds, City Administrator
From: Steven Lillehaug, City Engineer/Public Works Director
Date: December 4, 2018
Subject: 2019 Public Works Department Organization Structure Changes

As part of an ongoing process to assure the highest level of service is being provided to the community, the following information and evaluation are provided to consider changes within the Public Works Department. If approved, the recommendations would be implemented in 2019.

Summary of Recommendations

Below is a summary of the recommendations to take place within the Public Works Department in 2019:

- Move Senior Public Works Technician position into Engineering, change position description to Senior Engineering Technician
 - o Gopher State One location duties shifted to new Streets Maintenance Operation position
 - o Right-of-Way permitting and plan review duties would stay with this position and align under the other established permitting within Engineering (all permitting would be organized as a one-stop location)
 - o Street and trails maintenance contract management would be shifted to the Maintenance Supervisors
 - o Additional duties for this position
- Change the Streets/Utilities Supervisor and the Parks Supervisor positions from Grade 170 non-exempt to 180 exempt
- Align the Lead Parks and Lead Mechanics positions with the Streets Foreman and Utilities Foreman positions
- Add one (1) Streets/Utilities Maintenance Operators position (Council Action is required to create new positions)
 - o Approximate 25% duties would be Gopher State One locating duties
 - o Approximate 75% duties would be routine streets and utilities duties

Background Information

The most recent additions of positions within the Public Works Department included the addition of a Water Resources/Environmental Engineer (2018), one Parks Maintenance Operator (2014), and one Street Maintenance Operator (2014). As the city continues to evolve and grow, needed adjustments must be considered in order to deliver an acceptable level of customer service and to meet the necessary requirements to deliver those core city services.

Infrastructure and Need

The population in 2013 was approximately 38,000 with today's population that has grown in a short 5 years to approximately 41,000 (and growing). A growing population typically results in growing infrastructure, increased permit volume, and other increases in service requirements. The following tables provide and track these different components and indicators of the city's infrastructure.

Table 1. 2013 vs. 2018 City of Shakopee Infrastructure

	2013	2018	5-yr increase
Infrastructure	(miles)	(miles)	(miles)
streets	149.4	156.5	7.1
sidewalks/trails	77.7	81.0	3.3
sanitary sewer	127.3	135.8	8.5
storm sewer	132.5	139.7	7.2
Trails (along city/county roadways)	39.9	41.2	1.3

Table 2. 2013 vs. 2018 City of Shakopee Parks Summary

	Parks	2013 (acres)	2018 (acres)
		903	1133
List of new parks since 2013:			
2013	Riverside Fields		9.2
2015	Southbridge Community (Dog Park)		45.8
2016	Quarry Lake		141.6
Other new facilities since 2013:			
2014	Huber Shelter		0.1
2014	Historical Trail Area (west side of Memorial Park)		1.0
2015	Soccer Garage (17th Ave. Sports Complex)		0.1
2016	Lions Park Inclusive Playground		0.3
2016	Expanded Skate Park		0.3
2017	Tahpah West Baseball Field		9.9
2017	Downtown Streetscaping/parking lot (reconstructed/expanded)		20.3

Table 3. Annual City of Shakopee Engineering Permit Fees

Engineering	2017	2018	2019	2020
Grading Permit Fees	\$79,000	\$90,000	\$63,000	\$105,000
Developments - Engineering Fees	\$300,000	\$480,000	\$1,390,000	\$1,110,000

Table 4. Annual City of Shakopee Engineering Capital Improvement Projects Value

Engineering	2015	2016	2017	2018	2019
CIP projects	\$4,300,000	\$2,451,000	\$10,421,000	\$6,686,000	\$24,655,000
Mill and Overlay Projects	\$818,000	\$918,000	\$1,038,000	\$1,100,000	\$2,200,000
Reconstruction Projects	\$13,320,000	\$3,294,000	\$1,785,000	\$1,874,000	\$2,300,000

Table 5. 2013, 2018, and 2019 City of Shakopee Public Works Department Staffing Levels

Public Works Staff Numbers (budgeted)	2006	2013	2018	2019
Engineering & Admin	11	6	9	10
PW Admin	2	3	3	2
Streets/Utilities	11	11	12	13
Parks	8	8	9	9
Fleet	3	3	3	3
Subtotal FT	36	31	36	37
Summer Part-time/Seasonal/Interns		18	23	25
Winter Part-time/Seasonal		6	5	5
Subtotal PT		24	28	30
TOTAL		55	64	67

Several notable metrics above are summarized as follows:

- Steady increase in the miles of infrastructure, increase ranges from 1.3 miles to 8.5 miles.
- Substantial growth in the acreage of parks, increase of 230 acres.
- Substantial increase in the development and engineering fees expected to be collected in 2019 and 2020, approximately 4 times the amount collected compared to 2017.
- Substantial increase in CIP projects in 2019, almost 4 times as much compared to 2018.

Into 2019, 2020, and beyond, these numbers are expected to grow based on the city's current CIP and concept developments that have started throughout the community. It will be important

to continue tracking and evaluating the organizational structure and staffing levels to ensure we are right-sized.

Evaluation

To be able to meet and deliver this additional workload, it is important to look at different components and strategies to deliver the workload including streamlining services, adjustments in the organization, technical improvements, additional staffing, outsourcing, and other solutions to meet the demands. To minimize the up and down effects of the development spikes that communities experience, balancing these strategies will help minimize the spikes, most notably reducing the increasing and decreasing of internal staffing levels. The tables above show increasing trends almost across the board, the three most notable spikes are the \$24,655,000 in 2019 CIP projects; the increase in Development Engineering Fees in 2019 that are estimated to generate about \$1,390,000 due to an increase amount of development within the city; and the parks acreage increase in the past 5 years.

Streets & Utilities – The steady trend in additional infrastructure mileage (see Table 1) typically necessitates a proportionate number of staff to operate and maintain the infrastructure. While these numbers vary with an upward trend increase of approximately 5%, streets and utilities staff are stretched thin to continue the same levels of maintenance. During the winter when it is “all hands on deck” including the parks staff and the working supervisors to perform snow removal and de-icing operations, the additional increase is difficult to manage at the same service level. Strategies used to manage this increase are additional overtime, seasonal staff, and adding FT staff.

An additional Streets Maintenance Operator position is being recommended as part of this upward trend and to take over duties for Gopher State One locating, which are being shifted from the Public Works Technician. Additionally, the working supervisors in streets are being assigned more supervisory/management/project coordination duties which will require others to perform more of the “working” part of their daily tasks.

Parks Division – It is well-known that Shakopee has premier playing and athletic fields. With an increase of acreage by approximately 25% and all of the additional facilities (see Table 2), how can this be the case with little to no increasing in staffing? Answer – a good system and great staff.

The city is currently underway with an evaluation of the entire parks system including the staff it takes to maintain the parks. This study should be complete by mid-2019. This study will help us to better understand the direction and staffing levels needed to manage, operate, and maintain the parks and grounds systems. More to come pertaining to the Parks Division...

Fleet – We have recently developed monthly management and tracking metrics to better understand the serviceability level of our fleet management system and staffing. With more staff and more infrastructure comes more equipment and equipment maintenance. For now, we are

balancing our mechanics workload with outsourcing as needed. Our new tracking system will help us better evaluate future staffing needs.

Engineering Division – A large part of Engineering's mission is project delivery, both private developments and public infrastructure improvements via the Capital Improvement Plan (CIP). Tables 3 and 4 provide a snapshot of what is going on in Engineering. The CIP project increase is mostly a result of the Canterbury area infrastructure improvements. The efforts needed to deliver these projects, other CIP roadway, utility, and parks projects as well as the city involvement in the upcoming county projects is a substantial increase in workload. In addition to the CIP projects, private developments take a considerably high amount of city staff support to deliver these projects. The increased generated fee is a direct indication of the amount of work that is needed – these fees are the revenues that pay for the staffing to support the developments.

With that said, staff needed to support an increase of four times the amount of work with both the CIP projects and developments is closely and proportionately the same (e.g. 4-8 staff needed). Engineering staff within the Public Works Department are the primary staff assigned to these projects and perform the primary tasks of design, plan review/approval, construction inspection and everything else that goes into the project management and project delivery. The primary staff needed to deliver this work are engineers, engineering project managers, engineering technicians, and administrative support.

Looking at staffing levels in 2006 and prior when the economy and development were on similar tracks with the current economy, Engineering had 11 staff members. After 2006, staffing levels decreased but have been back on the climb in recent years. One strategy with the increase workload is to bring the Public Works Technical back into Engineering – he was shifted out of Engineering in approximately 2008 and given other duties (Gopher State One locating, continue with right-of-way permitting, and took over contract management for the outsourced streets and trails maintenance). The right-of-way permitting duties are being brought back into Engineering to align with all other Public Works permitting and the other duties are being shifted to other Streets staff and supervisors. Other duties that will be assigned to this position once back in Engineering will be development plan review assistance and development/construction management and inspection.

This strategy alone will not provide all needed assistance in Engineering that we are already experiencing. We expect other staff will be needed but wanted to slowly increase our size, again, to avoid having to decrease staff if we started trending down but rather to slowly build and right-size our internal staffing levels. A scenario could develop where mid-2019, we simply might need to increase our staff internally and this would be handled by temporary outsourcing and coming back to the council for further staffing increase considerations.

Another key part of our strategy to deliver this work is to outsource the construction inspection. As an example, we are currently operating under this scenario with the Shenandoah Drive project. Typically, city staff have been the primary construction inspectors. A project the size of

Shenandoah basically takes one full time staff member for the duration of the project. So in lieu of our staff inspecting, we have a certified inspector under the supervision of the engineer of record for the project perform the primary full-time inspection, hired directly by the developer. Our city staff then perform the upper project management and coordination, taking approximately 25% full time for a project of this size. Under this scenario, we still maintain the high level of city project oversight but are able to staff the projects on a project by project basis more easily, in essence relying on outsourcing. We are also using this strategy for some of city CIP projects, having the consulting engineer who is working directly for the city also perform the majority of the construction inspection with our higher-level oversight.

Staffing and Financial Impacts

The following provides a summary of the expected financial impacts to the Public Works Department's budget as outlined with the proposed staffing changes (see attached 2018 and 2019 Public Works Organization Structure Charts):

Streets and Utilities

- Streets and Utilities Supervisor – Change from Grade 170 non-exempt to Grade 180 exempt
Change: The position change would be an approximate increase in wage/benefits of approximately \$3,000.
- Streets and Utilities Maintenance Operator
New position: The position would be approximately 55% Streets, 17% Sanitary Sewer, and 28% Storm Sewer. Due to the shifting of a portion of the duties from the Senior Public Works Technician, the budget increases would be minimized, with an increase of about \$41,200 towards Streets vs. current \$53,100 towards Engineering; however, with the shifting of the funding from Engineering to Streets for the Gopher State One locating, the net impact on the general levy would be an approximate increase of only \$14,600 with these duty shifts. The approximate 25% for the Storm Sewer and Sanitary Sewer would be work shifted from the Senior Public Works Technician to the Streets and Utilities Maintenance Operator with a potential net savings of approximate \$11,000 due to a lower paid employee performing this work (\$5,500 reduction to Sanitary Sewer Fund, \$5,500 reduction to Storm Sewer Fund).

Parks

- Parks Supervisor – Change from Grade 170 non-exempt to Grade 180 exempt
Change: The position change would be an approximate increase in wage/benefits of approximately \$6,500.
- Parks Lead – Change to Foreman
Change: The position change would be an approximate increase in wage/benefits of approximately \$2,200.

Fleet

- **Mechanic Lead – Change to Foreman**
Change: The position change would be an approximate increase in wage/benefits of approximately \$2,800.

Engineering and Administration

- Senior Public Works Technician – Change to Senior Engineering Technician
Current: 50% to Engineering right-of-way management, 25% to Storm Sewer, 25% to Sanitary Sewer.
Change: The right-of-way management is expected to be reduced to 25% to Engineering (\$26,500 reduction to general levy), and the remaining 75% charged to developments (\$79,600 paid by increased revenues from Development Engineering fees). The 25% for the Storm Sewer and Sanitary Sewer would be work shifted to the Streets and Utilities Maintenance Operator for a potential net savings (see above).

In summary, city funding would be impacted by the 2019 Public Works Organization implementation plan as follows:

- General Fund +\$27,500
- Sanitary Sewer Fund (-\$5,100)
- Storm Sewer Fund (-\$5,100)
- Developer Engineering Fees +\$79,600

It should also be noted that the outsourcing of additional work pertaining to CIP projects would increase those project costs due to typical higher consulting costs versus city staff costs performing the same work. These costs would be distributed to the different funding scenarios for each project.

Expected Future Needs and Changes

We expect continued growth within the City of Shakopee. Once the infrastructure is built, it takes more effort and staff to operate and maintain it. The above evaluation and strategy is for 2019 and on. We expect there to be a need to continue to grow our staff to maintain and improve our service levels. We will continually evaluate staffing needs to ensure we do not fall behind.

Another need that is currently being evaluated is feasibility of a formalized on-call system. Our current system is somewhat informal and mostly handled by supervisory staff to be on call 24-7, then calling in staff as needed. This type of system is experienced in smaller communities with less infrastructure and less after hour call-ins. Matching the other trends that have been discussed, this too is a trend that needs attention to ensure a formal structure is in place for call-ins, most notably emergency type of issues (e.g. sewer backups) where the city has an obligation to respond timely and efficiently. More to come pertaining to this evaluation...