

Departmental Costs:

Cost Breakdown of New Department

Background

Creation of a new department or division includes costs beyond the creation of a new position. Newly created Offices require the administrative supports to carry out their missions along with the tools and space needed to execute the service delivery model. Since 2016 the City has created two new offices (the Employee Assistance Program and the Transportation Director's Office) that have served as the basis for these cost estimates. Based on the estimates and assumptions outlined below, the total annual cost of a new Department/Division comprised of three positions is \$348,000 annually.

Staffing Costs

A new department or division requires the following as a minimum staffing model:

1. Department/Division Head: Responsible for executing mission of Department/Division
2. Professional Level Staff: This position varies based on the nature of the Office but is often involved in preparing analysis or supporting the DD Head to carry out the Department/Division's mission.
3. Administrative Support: Responsible for overseeing the business functions of the Department/Division (i.e. payroll, purchasing, HR procedures etc).

The department/division director will be in compensation group 21, the highest compensation group that can range from \$90,000 to \$175,000 in compensation. The professional and administrative positions will likely be in compensation groups 18 and 20, respectively. Table 1 on the next page breaks down the assumptions for these three positions. The total estimated personnel cost is approximately \$318,000.

Non-Personnel Costs

New Departments and Divisions also require funding for facility rental and maintenance, technology and supplies, and program costs. Facility rental, whether it be a city-owned facility or otherwise, is approximately \$10,000 annually for roughly 600 square feet of workspace. There could also be additional up-front costs if the facility needs to be refurbished in any way.

Technology and supplies has up-front and annual operating costs with most of the up-front costs being IT hardware and furniture, which would total approximately \$26,000 for three workstations. There is an additional \$13,000 in estimated annual operating costs for software and other office supplies. The remaining program costs are primarily conferences, training, memberships, and other charges, which total approximately \$16,000 a year. These amounts can vary based on the service provision of the Department/Division.

Table 1: Itemized List of Costs Associated with a New Department/Division

Category	Amount	Assumptions
Personnel	318,000	
Director (CG 21)	173,000	
Perm Wages	145,000	Average compensation for Comp Group 21
Benefits	28,000	Single healthcare coverage
Analyst 2 (CG 18)	83,000	Likely in professional compensation group
Perm Wages	66,000	18/8 step 1
Benefits	17,000	Single healthcare coverage
Admin Clerk 1 (CG 20)	62,000	Responsibilities fall to other depts./divisions if such position is not created
Perm Wages	47,000	20/9 step 1
Benefits	15,000	Single healthcare coverage
Facility Rental & Maintenance	10,000	Based on 600 square feet in MMB and current Engineering rates
Technology & Supplies	39,000	
Stand-up Costs	26,000	
IT Hardware	21,000	Assumes 3 workstations, copy/printing hardware, cashiering equipment, and network equipment
Furniture	5,000	Assumes 3 workstations
Annual Costs	13,000	
Software & Telephone	8,000	Used EAP line items as benchmark; uses similar sized office and program specific software
Office Supplies	5,000	Includes copy-printing and postage
Program Costs	16,000	
Conferences, Training, & Memberships	15,000	
Other	1,000	Interdepartmental charges; Amount will increase if Department/Division has Fleet equipment