

Feasibility Review/Cost Analysis for Out-Sourcing vs. In-House Labor for Engineering Services for Federal Local Agency Program (LAP) Projects

Estimated Annual City Costs	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Estimated Cost in Manpower to become LAP Certified, and maintain certification	\$50,000	\$15,000	\$15,000	\$15,000	\$15,000	\$110,000
Salary for one Additional Engineering Position	\$83,803	\$87,993	\$92,393	\$97,013	\$101,863	\$463,065
Benefits/Burden Costs - FICA (7.65%)	\$6,411	\$6,731	\$7,068	\$7,421	\$7,793	\$35,425
Benefits/Burden Costs - Retirement (12%)	\$10,056	\$10,559	\$11,087	\$11,642	\$12,224	\$55,568
Benefits/Burden Costs - Health Insurance (\$18,416)	\$18,416	\$18,416	\$18,416	\$18,416	\$18,416	\$92,080
Benefits/Burden Costs - Life Insurance (0.5846%)	\$490	\$514	\$540	\$567	\$595	\$2,707
Benefits/Burden Costs - Workers' Compensation Insurance (3.3961%)	\$2,846	\$2,988	\$3,138	\$3,295	\$3,459	\$15,726
Benefits/Burden Costs - OPEB (\$16,112)	\$16,112	\$16,112	\$16,112	\$16,112	\$16,112	\$80,560
Administrative Vehicle & Maintenance Costs	\$26,380	\$824	\$849	\$874	\$900	\$29,827
Misc. Equipment, Office Supplies and and Operating Supplies	\$2,000	\$100	\$103	\$106	\$109	\$2,418
Sub-Total	\$216,514	\$159,239	\$164,706	\$170,446	\$176,472	\$887,377

Estimated Annual MTECC Costs	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Initial Member Contribution	\$50,000	\$0	\$0	\$0	\$0	\$50,000
Annual Membership Fees	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$125,000
Sub-Total	\$75,000	\$25,000	\$25,000	\$25,000	\$25,000	\$175,000

Estimated Savings by Out-Sourcing Vs. In-House Labor	\$141,514	\$134,239	\$139,706	\$145,446	\$151,472	\$712,377
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Assumptions:

1. City Personnel Costs Year 2-5 include a 5% increase to account for wage increases and increases in cost of benefits. Salaries were based on averages from salaries of same or similar titles from surrounding municipalities.
2. Becoming LAP certified and maintaining certification requires significant manpower with expertise. The Engineering Division could not become LAP certified without out-sourcing significantly more engineering permitting and DRC reviews or hiring several more staff. Staff estimates that the process to become LAP certified would cost between \$50,000 to \$100,000 and to maintain it between \$15,000 to \$25,000 per year. The analysis above utilizes the lower numbers, however a more conservative approach would result in even more costs in utilizing in-house labor.
3. The Engineering Division is anticipating 3 upcoming projects that are needing LAP certification, however the number of projects will fluctuate on an annual basis. Having these services in-house would require various consulting services and costs. In addition, utilizing MTECC would also result in fees for services on an as needed basis. Due to the fluctuation in the number of projects that will be conducted on an annual basis, these additional fees are hard to determine. However, the Engineering Division anticipates that the fees for the additional consulting services would negate the fees from MTECC for services on an as needed basis, therefore those fees are not shown in the above table.