Calculating Shop Rates for Facilities Management

Description:
This document provides a process through which the Supervisors calculate shop rates for Weber State University Facilities Management shops.

Definitions:
Computerized maintenance management system (CMMS): Database that Facilities Management uses as a work management system.

Shop Rate: A rating for any give shop determined by parameters outlined in the CMMS.

Responsible Party:
Facilities Management Director of Operations or designee

Procedure:
The basic methodology for finding shop rates will be as follows:

A. Rates, Checks and Balances
FM labor rates analysis for checks and balances in CMMS are divided into two main groups to be compared:

1. For each shop take the shop total work time (all variables included) and make that a ratio to the shop’s billable time (these should be the billable works request in CMMS).
2. Take the shop function cost and make it a ratio to the shop billed cost (if it is a typical running year it should be identical between the two main groups)
If a percent variation exists, it must be multiplied in to account for those shop variations

B. Identify shop account
1. Obtain 60K series data (also some 50000 enterprise accounting as well) in Banner which are applicable to HR costs vs. material costs.
2. Get a total 60K labor for the year (labor only).
3. Add labor total including the manager labor total. Check for a flat rate for certain shops.
4. Pick out of the 60K accounts which are benefits and which are labor accounts.
5. Identify projected increases in benefits (note that there is a percent payment for all of campus). Human Resources will have the percent increase report available for use.
6. Examine projected increases to benefits and add them to labor costs. This result reflects the projected HR costs for the year.
7. Compare the projected HR cost and compare to the CMMS shop costs to estimate the percentage of billable time. Use that figure to calculate the required recover amount (shop must recover X amount of dollars for work the shop performs in order to cover costs of running shop).
8. Recovery Amount
   Billable Hours = Shop Rate = Required Recover Amount
9. Compare with the pulled 60K adjusted budget for fiscal year using the “other method” that Mark asked about as follows:
   a. 60K report numbers
      # of people in the shop (Employed by year) = Shop Rate
   b. This method requires that we separately figure the rates for hourly and other classification personnel. (Take out hourly and the overtime numbers then calculate the labor rate).

Materials can be figured as total material cost in AIM minus the shop stock usage. Do not add on the labor rate, but have an external separate material charge identified as operational expenses.