



# MEMORANDUM

## RIVERSIDE COUNTY EXECUTIVE OFFICE

Larry Parrish  
County Executive Officer

**TO:** Members, Board of Supervisors  
**FROM:** Larry Parrish, CEO  
**RE:** FY03-04 Internal Service Fees  
**DATE:** January 29, 2003

Annually, in accordance with Board Policy B-4, internal service department managers, the Auditor-Controller, and the Executive Office evaluate existing and proposed charges for services. Internal fees include those from departments that administer true Internal Service Funds (ISFs), as well as those, such as Human Resources, that function much like ISFs.

Following this memo are department proposals for next year's rates. Mindful of State budget uncertainties, department heads were encouraged to hold rates at the FY 2002-03 levels. The few recommended increases are a result of increased usage, uncontrollable insurance costs, more employees, or departments requesting a greater level of service than in past years. The following is a summary of the rate changes, in millions of dollars, requested by service departments and recommended by this office:

ISF	FY02 Actual	FY03 Approved	FY04 Requested	FY04 Recommended	Recommended Increase
OASIS, RIFMIS & Payroll	8.3	12.2	12.2	12.2	0
Info Technology-CORNET	3.0	4.5	4.5	4.5	0
Human Resources	7.7	9.4	10.4	10.4	1.0
Workers Comp	15.1	21.7	33.0	21.7	0
Property Insurance	1.6	3.1	4.1	4.1	1.0
Liability Insurance	12.1	5.4	11.2	5.4	0
Med Malpractice	1.0	1.3	5.2	1.3	0
Records Mgmt	1.8	2.4	2.3	2.3	(.1)
Supply Shipping	.1	.2	.2	.2	0
<b>TOTAL</b>	<b>50.7</b>	<b>60.2</b>	<b>83.1</b>	<b>62.1</b>	<b>1.9</b>

ISF rates represent a large portion of departmental costs over which, in many cases, departmental users have little or no control. When rates rise too sharply, user departments typically respond by reducing spending in other areas (staffing and services) or requesting additional County funding to maintain levels of service.

As detailed in the Human Resources Director's well-articulated attachment, actuarial studies indicate that, in order to maintain recommended confidence levels, the insurance rates for workers compensation, medical malpractice, and liability should rise by \$21 million next year. These studies are based on past and anticipated claims and risks. In a more stable economic climate, I would endorse the Human Resources Director's recommendations to increase rates.

3.32 a-f

My long-range intent is certainly to fortify these funds. However, these insurance funds all maintain substantial cash balances -- totaling \$107 million at the beginning of this fiscal year -- and collectively expend about \$31 million in a typical year. After careful evaluation, it has been determined that a cash balance of \$107 million, combined with an anticipated \$30 million to be generated from current rates, will provide sufficient funds to cover the estimated FY 2003/04 program expenses of \$44 million. Maintaining rates at the current level will lower confidence levels, but this can be revisited at any time. I therefore recommend that departments be charged the same rates for the workers' compensation, medical malpractice and liability insurance types as were approved last year at this time. In view of the significant budget uncertainties we face, this seems the prudent course. As the County is not self-insured for property, that \$1 million rate increase is recommended.

While most of the other rate proposals were unchanged from the current year, there are some refinements to the allocation of costs (primarily related to the use of technology, and not affecting the total costs) that will cause departments to pay either more or less than in prior years. Those most dramatically affected by this usage-based change in methodology will be the Regional Medical Center, the Assessor/Clerk/Recorder, and the Transportation and Land Management departments. Most of these functions can claim only partial reimbursement of these charges from outside funding agencies or through fees. Still, the new distribution methodology appears to be a fairer way to allocate costs, and is approved by the Auditor-Controller.

This year, internal service managers held meetings with their customers as part of the rate-setting process that takes place each winter. These meetings allowed users to better understand all of the costs that enter into rate calculations. It also gave those users an opportunity to provide feedback to the service departments. This practice is expected to continue in future years.

We cannot know precisely how the State's tight budget will affect our own financial situation. A general strategy of maintaining current ISF service levels and rates seems most prudent, and requires internal service departments to economize along with frontline departments. Approval of the motions below will provide internal service departments sufficient funding to maintain current services and staff.

It is, therefore, recommended that the Board of Supervisors:

- 1) Approve the general Human Resources charges and property insurance rates on the attached Form 11, and maintain the FY 2002/03 rates for workers' compensation, medical malpractice, general liability and auto liability insurances; and
- 2) Approve each of the other attached fee-related Forms 11.

SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



FROM: Purchasing & Fleet Services

SUBMITTAL DATE: December 16, 2002

SUBJECT: Approval of FY 2003-2004 Freight Rates for Supply Services

RECOMMENDED MOTION: That the Board of Supervisors approve the attached delivery amounts for Supply Services.

BACKGROUND: This Form 11 is for the purpose of establishing the delivery service cost allocations for the Supply Services Division as outlined in Attachment A.

Each year, Supply Services estimates delivery service costs for the coming fiscal year. The total cost is allocated to Departments based upon their purchases for the previous year as a percent of total purchases. Total delivery service costs to be allocated have been held constant at \$164,762 for 2003-2004. The recommended allocation for 2003-2004 is attached.

FISCAL PROCEDURES APPROVED  
ROBERT E. BYRD, Auditor-Controller

BY: *[Signature]*  
12/17/02 Deputy

Policy  
 Policy

Consent  
 Consent

*[Signature]*  
ROBERT J. HOWDYSELL, Director  
Purchasing and Fleet Services

FINANCIAL DATA:  
CURRENT YEAR COST: \$  
NET COUNTY COST:

ANNUAL COST: \$  
IN CURRENT YEAR BUDGET: YES/NO  
BUDGET ADJUSTMENT: YES/NO FOR FY: 02/03

SOURCE OF FUNDS:

C.E.O. RECOMMENDATION: APPROVE.

County Executive Officer Signature

*[Signature]*

Department Recommendation:

Per Executive Office:

Prev. Agn. ref.  
NONE

Dist.  
ALL

AGENDA NO.

3.32 F

## ATTACHMENT A

PURCHASING AND FLEET SERVICES DEPARTMENT						
SUPPLY SERVICES DIVISION						
DELIVERY SERVICES - ISF RATE - Fiscal Year 03/04						
				FY 03/04	FY 02/03	Increase
Customer #	Fund	Dept ID	Customer Name	Allocation	Allocation	(Decrease)
101101	10000	2500303100	BOARD OF SUPERVISORS	571	377	194
000450	25110	947200	FLOOD CONTROL	168	148	20
101102	10000	1000200000	ASSESSMENT APPEALS BOARD	54	108	(54)
110103	10000	1100100000	COUNTY EXECUTIVE OFFICE	381	402	(21)
110136	21200	1101500000	CSA-CANYON LAKE LIBRARY	10	-	10
110151			RIFMIS		42	(42)
110156	31440	1103100000	EFS Project	740	745	(5)
110164	45420	1109300000	OASIS	259	-	259
120200	10000	1200100000	ASSESSOR	2,928	3,330	(402)
120310	10000	1200200000	COUNTY CLERK/RECORDER	2,148	2,218	(70)
120311	10000	1200300000	CLERK RECORDER	194		194
130210	10000	1300100000	AUDITOR-CONTROLLER	216	796	(580)
140230	10000	1400100000	TREASURER-TAX COLLECTOR	708	689	19
150250	10000	1500100000	COUNTY COUNSEL	796	871	(75)
150251			COUNTY COUNSEL		10	(10)
160260	10000	1130100000	PERSONNEL	2,656	2,565	91
160262	22000	1130300000	PERSONNEL-RIDESHARE	61	28	33
160267	46100	1130800000	WORKERS COMP DIVISION	432	524	(92)
160269	45960	1131000000	RISK MANAGEMENT-LIABILITY INS.	808	335	473
160272	46040	1131300000	SAFETY OFFICE	254	389	(135)
160277	47000	1131800000	HUMAN RESOURCES/TAP	277	240	37
160279	45800	1132000000	HUMAN RESOURCES EXCLUSIVE CARE	207	76	131
160281	46100	1132200000	HUMAN RESOURCES/EAP	72	104	(32)
170301	10000	1700100000	REGISTRAR OF VOTERS	57	57	-
190320			LOCAL AGENCY FORMATION		20	(20)
200380	45300	7300500000	FLEET SERVICES	362	339	23
210362	10000	7200100000	BUILDING SVCS-COUNTY FARM	1,150	1,306	(156)
210363	10000	7200200000	BUILDING SERVICES	2,849	2,676	173
210364			BUILDING SERVICES CONSTR & LAND		24	(24)
210369	10000	7200700000	PROPERTY MGMT-PARKING STRUCTURE	4	2	2
230394	45500	7400100000	INFORMATION TECHNOLOGY	3,540	2,666	874
270410	21100	1900100000	EDA-ADMIN	331	691	(360)
280421	10000	2700200000	FIRE DEPARTMENT	9,081	7,192	1,889
290430	10000	2800100000	AGRICULTURAL COMMISION-	264	418	(154)
300448	21400	2910100000	EDA/WORKFORCE DEVELOPMENT	2,808	2,725	83
310460	10000	6300100000	COOPERATIVE EXT.	46	49	(3)
320471	20200	3100100000	TLMA-GIS	8	-	8
320472	20200	3100200000	TLMA	4,293	2,509	1,784
320473	20200	3100300000	TLMA	126	22	104
321480	10000	3110100000	BUILDING AND SAFTEY	1,034	178	856
321481	10000	3110200000	CODE ENFORCEMENT	351	4	347
322490	10000	3120100000	PLANNING	105	376	(271)
323500	20000	3130100000	TRANSPORTATION DEPT.	699	1,277	(578)
323502	10000	3130200000	TRANSPORTATION-SURVEYOR	142	15	127
323508	45200	3130700000	TRANSPORTATION DEPT	27	10	17
324526			EDA AVIATION UNIT	-	24	(24)
350551	10000	2100100000	CONSOLIDATED COURTS	163	141	22
350552	10000	2100200000	CONSOLIDATED COURTS	224	410	(186)
350555	65540	924003	CONSOLIDATED COURTS	59	234	(175)
350556	10000	2100600000	CONSOLIDATED COURTS	55	63	(8)
351553	65540	924003	CONSOLIDATED COURTS	16	-	16
351554	65540	924001	CONSOLIDATED COURTS	10,752	11,989	(1,237)
360560	10000	2200100000	DISTRICT ATTORNEY	3,139	3,842	(703)
361565	10000	2300100000	CHILD SUPPORT SERVICES	7,005	5,105	1,900
370570	10000	2400100300	PUBLIC DEFENDER	433	509	(76)
380581	10000	2500303100	SHERIFF-PATROL	7,690	8,647	(957)
380583	10000	2501001100	CORONER	114	254	(140)
380585	10000	2500201100	SHERIFF-ACCT. & FINANCE	1,869	1,910	(41)
380587	10000	2500404100	SHERIFF-CORRECTIONS	8,623	8,819	(196)
380591	10000	2500504100	SHERIFF-COURT SERVICES	412	431	(19)
380593			SHERIFF-PUBLIC ADMIN	-	9	(9)
380595	10000	2500101100	SHERIFF'S DEPT.	582	818	(236)
380597			SHERIFF	-	4	(4)
380598	10000	2500704100	SHERIFF - CTC	757	779	(22)

ATTACHMENT A

PURCHASING AND FLEET SERVICES DEPARTMENT						
SUPPLY SERVICES DIVISION						
DELIVERY SERVICES - ISF RATE - Fiscal Year 03/04						
Customer #	Fund	Dept ID	Customer Name	FY 03/04 Allocation	FY 02/03 Allocation	Increase (Decrease)
380600	10000	2500800000	SHERIFF AUTO THEFT TASK FORCE	127	97	30
380601	22250	2500905100	SHERIFF-CAL ID	121	165	(44)
380605	10000	2600100000	SHERIFF-ANTI DRUG ABUSE	29	44	(15)
390621	10000	2600100000	PROBATION-JUVENILE HALL	2,363	1,664	699
390622	10000	2600200000	PROBATION-ADULT	4,603	4,812	(209)
390627	10000	2600700500	PROBATION	651	-	651
410641	10000	4100100000	MENTAL HEALTH-PUBLIC GUARD	889	598	291
410644	10000	4100200000	MENTAL HEALTH-TREATMENT PROG.	7,863	8,007	(144)
410645	10000	4100300000	MENTAL HEALTH-DETENTION	529	526	3
410646	10000	4100400000	MENTAL HEALTH-ADMINISTRATION	3,822	4,158	(336)
410647	10000	4100500000	MENTAL HEALTH-SUBSTANCE ABUSE	3,493	3,720	(227)
420661	10000	4200100100	HEALTH DEPT	1,616	1,987	(371)
420662	10000	4200120000	HEALTH DEPT	7,909	1,317	6,592
420663	10000	4200410000	HEALTH DEPT	434	325	109
430680	45000	4300185100	RCRMC FISCAL SERVICES	8,682	6,879	1,803
430684	40050	4300100000	REGIONAL MEDICAL CENTER	1,331	1,144	187
430689			RCRMC MEDI CAL PATIENTS	-	44	(44)
440695	40200	4500100000	WASTE MANAGEMENT	704	1,510	(806)
500700	10000	5100200000	DPSS	34,697	45,408	(10,711)
510710	10000	5400100000	VETERANS SERVICES	189	190	(1)
520720	21050	5200100000	COMMUNITY ACTION	252	521	(269)
520721	21050	5200200000	COMMUNITY ACTION	408	193	215
520722	21050	5200300000	COMMUNITY ACTION	39	46	(7)
530731	21450	5300100000	OFFICE ON AGING	86	63	23
600742	22200	1920100000	NATIONAL DATE FESTIVAL	13	25	(12)
610750			EDWARD DEAN MUSEUM-EDA		3	(3)
670805			CFD ASSESSMENT-FIRE		3	(3)
680880	24325	912601	COUNTY SERV.AREA 126 (830,880,894,895,901)	96	79	17
720530			PARKS		44	(44)
720532	51540	931104	REGIONAL PARKS DISTRICT	706	632	74
720550			PARKS		17	(17)
			TOTAL	164,762	164,762	-