

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

930-C



FROM: Purchasing and Fleet Services

SUBMITTAL DATE:
January 12, 2005

SUBJECT: APPROVAL OF FY2005-2006 RATE CHANGES FOR CENTRAL MAIL

RECOMMENDED MOTION: That the Board of Supervisors:

Approve the proposed rate changes for Central Mail as outlined in Attachment A.

BACKGROUND: This Form 11 is for the purpose of establishing the interoffice delivery rates for the Central Mail Internal Service Fund and to lower the average Customer Charge for processing flats (an envelope larger than 6-1/8 x 11-1/2 inches).

On May 25, 2004, the Board of Supervisors approved establishment of the Central Mail Internal Service Fund (ISF). Because County departments had submitted their FY04/05 budgets in March 2004, it was agreed that implementation of the user-pay interoffice pickup and delivery charges would be postponed until FY05/06. The Executive Office agreed to cover \$409,712 of Central Mail pickup and delivery costs in lieu of implementing these rates in FY04/05. The remaining costs are being covered by non-County departments and a loan from the Fleet Services fund.

(Continued on Page 2)


ROBERT J. HOWDYSHELL, Director
Purchasing and Fleet Services Department

FINANCIAL DATA	Current F.Y. Total Cost:	\$ N/A	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ N/A	Budget Adjustment:	N/A
	Annual Net County Cost:	\$ N/A	For Fiscal Year:	FY 2006

SOURCE OF FUNDS:	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION: **APPROVE**

County Executive Office Signature 

FISCAL PROCEDURES APPROVED
 ROBERT E. BYRD, Auditor-Controller
 BY  1/13/05
 Deputy

Dept's Recomm.: Consent Policy
 Per Exec. Ofc.: Consent Policy

Prev. Agn. Ref.: | District: ALL | Agenda Number:

3.35 c

BACKGROUND (Continued)

Delivery, Pickup and Mail Stops

Transition to an ISF enables a better allocation of the interoffice pickup and delivery costs to users. County entities will be billed according to the number of deliveries, pickups, and mail stops that they have. This differs from the former COWCAP allocation which was based upon the amount of postage charged to each county entity.

The establishment of interoffice delivery and mail stop rates also presents a clear business alternative to departments which operate their own interoffice sorting and delivery services. If these departments can reduce their costs by utilizing Central Mail, there will be a reduction in duplicated trips and an overall cost saving within the county. In addition, some other departments currently utilize a meter for applying postage to their own mail. Adding their volumes to the rest of the county's mail has the potential to increase the county's volume discount level and thus reduce the total postage paid.

Customers will be charged \$200/year/mail stop number; this is approximately 81 cents per day. This charge covers the cost of producing the Mail Stop List, redesigning routes when mail stops are changed, and the costs of sorting to a finer level. Customers will be charged \$100 to cancel a mail stop to cover the costs of reproducing the Mail Stop List and redesigning routes.

Each customer will be charged \$9.70 per day per business address for pickup and delivery.

For example, the Auditor-Controller has four (4) mail stops and two (2) different business addresses. They will be charged $4 \times \$200 = \800 per year for their mail stops and $\$9.70 \times 2 \times 248 \text{ days} = \$4,811.20$ for pickup and delivery services.

The rates have been set based upon current levels of service. Significant changes in the level of service would necessitate a request to modify these rates.

Postage

The envelope rates have been set to charge customers no more than the single-piece, non-automated rate for first class postage. For example, customers pay 37 cents for all first class letters weighing no more than one ounce. There is no additional charge to customers for the costs of applying postage, sorting, or transporting the envelopes to the Post Office.

Due to changes in the processing of our flats, we are now able to apply this same principle to the pricing for flats. As a result, we are recommending elimination of the 1.2 cent surcharge that we previously charged for each flat. This will reduce the average customer charge for all first class flats to an amount that is no more than the single-piece, non-automated rate for first class postage.

The proposed rates are outlined in Attachment A.

Attachment A

Central Mail Services Rate Structure Modifications

Mail and Shipping Services							
Item	Postage	Processing Rate	Customer Charge	Postage	Processing Rate	Customer Charge	Customer Savings
USPS Class Rates:							
	CURRENT			PROPOSED			
Flats ≤ 1 oz	0.490	0.012	0.502	0.407	0.066	0.473	0.029
Flats ≤ 2 oz > 1 oz	0.600	0.012	0.612	0.577	0.066	0.643	(0.031)
Flats ≤ 3 oz > 2 oz	0.830	0.012	0.842	0.761	0.066	0.827	0.015
Flats ≤ 4 oz > 3 oz	1.060	0.012	1.072	0.986	0.066	1.052	0.020
Flats ≤ 5 oz > 4 oz	1.290	0.012	1.302	1.211	0.066	1.277	0.025
Flats ≤ 6 oz > 5 oz	1.520	0.012	1.532	1.436	0.066	1.502	0.030
Flats ≤ 7 oz > 6 oz	1.750	0.012	1.762	1.661	0.066	1.727	0.035
Flats ≤ 8 oz > 7 oz	1.980	0.012	1.992	1.886	0.066	1.952	0.040
Flats ≤ 9 oz > 8 oz	2.210	0.012	2.222	2.111	0.066	2.177	0.045
Flats ≤ 10 oz > 9 oz	2.440	0.012	2.452	2.336	0.066	2.402	0.050
Changes in the methodology for processing Flats will enable us to implement overall customer savings							

Interoffice Pick-up and Delivery Services	
Item	Customer Charge
	PROPOSED
Delivery	
Mail Stop Creation / Retention per year	200.00
Mail Stop Cancellation	100.00
Cost per Business Address per day of pickup/delivery per customer	9.70