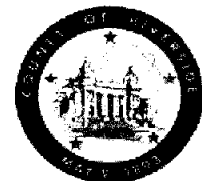


**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

770



FROM: Purchasing and Fleet Services Department

SUBMITTAL DATE:
December 12, 2007

SUBJECT: APPROVAL OF FY2008-2009 RATE CHANGES FOR CENTRAL MAIL SERVICES

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 adjusting the interoffice delivery rates for the Central Mail Internal Service Fund.

On February 1 2005, the Board of Supervisors established the interoffice delivery rates for Central Mail. Those rates should now be adjusted to maintain current staffing, to offset increased transportation costs and to replace a portion of the revenue stream generated from postage savings that is impacted by new United States Postal Service rates.

(Continued on Page 2)

Attachment

ROBERT J. HOWDYSHELL, Director
Purchasing and Fleet Services Department

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	N/A
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2009

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

Robert Tremaine

County Executive Office Signature

FISCAL PROCEDURES APPROVED
 ROBERT E. BYRD, AUDITOR-CONTROLLER
 BY 12/13/07
 MICHAEL G. ALEXANDER

Departmental Concurrence

Policy
 Policy

Consent
 Consent

Dep't Recomm.:
 Per Exec. Ofc.:

Prev. Agn. Ref.:

District:

Agenda Number:

3.70

BOARD OF SUPERVISORS

FORM 11: APPROVAL OF FY2008-2009 RATE CHANGES FOR CENTRAL MAIL SERVICES

PAGE 2

The United States Postal Service implemented a new rate structure on May 14, 2007. New postage rates are determined by shape and weight of a letter, flat or parcel rather than by weight only. Under this new structure, first class postage increases, fewer pieces of mail qualify as letters and must be mailed at the higher rate for large envelopes and the spread between first class postage and discount postage shrinks. The table below provides an example of how Central Mail revenue derived from postage on first class letters is impacted.

	1 st Class Postage Prior to 5/14/2007	1 st Class Postage After 5/14/2007
Postage - One Ounce Letter	\$ 0.39	\$ 0.41
Central Mail Discount Rate	\$ 0.326	\$ 0.36
Presort Service	\$ 0.02	\$ 0.02
Central Mail Revenue Per Letter	\$ 0.044	\$ 0.03
Central Mail Revenue per 1,000 Letters	\$44.00	\$30.00

Therefore, to ensure continuation of effective County mail operations, Central Mail requests an increase in mail stop delivery and pickup charges to maintain current staffing, offset increased transportation costs and to replace revenue that was previously earned when the spread between first class postage and discount postage was greater. An increase of \$1.50 per mail stop per day (from \$9.70 to \$11.20) is requested.

Other Central Mail rates remain unchanged.

Postage

Central Mail postage rates are set to charge customers no more than the single-piece, non-automated rate for first class postage. For example, customers pay 41 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 letters to the Post Office.

Central Mail postage rates will be adjusted as needed to remain in step with published United States Postal Service rates.

Central Mail Services Rates

Mail and Shipping Services

First Class Mail

Current rates are based United States Postal Service Rates effective May 14, 2007

One Ounce Letter	\$0.41
One Ounce Flat	\$0.80
One Ounce Parcel	\$1.13
Additional Ounce	\$0.17
Card Rate	\$0.26

Delivery Services

	Postage	Processing Rate	Customer Charge
UPS and Other Deliver Services	Cost	\$0.584	Cost + \$0.584
Certified, Registered	Cost	\$0.424	Cost + \$0.424
Post Office Boxes	Cost		Cost
Prepaid DHL Letter or Legal Envelopes	Cost	\$0.65	Cost + \$0.65
Prepaid DHL Packs	Cost	\$0.80	Cost + \$0.80

Interoffice Pick-up and Delivery Services

Delivery

Mail Stop Creation / Retention per year	\$200.00
Mail Stop Cancellation	\$100.00
Cost per Business Address	\$ 11.20*
Per Day of Delivery Per Customer	
(* Proposed increase is from \$9.70 to \$11.20)	

Folding and Inserting Services

Folding and Inserting

Folding per Sheet	\$0.010
Inserting per Sheet	\$0.020
Inserting Additional Sheets	\$0.005
Set-up Charge for Jobs Totaling less than 600 Sheets	\$10.00



Executive Office
County of Riverside

Larry Parrish
County Executive Officer

January 29, 2008

Honorable Board of Supervisors
County of Riverside
Robert T. Andersen Administrative Center
4080 Lemon Street, 5th Floor
Riverside, CA 92501-3651

SUBJECT: FY 2008/09 Internal Service Fees

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 and Records Management, that function much like an ISF. Also included this year are the productive hourly rates for Facilities Management.

Following this memo are department proposals for next year's rates, to be incorporated into the proposed budget. Overall, charges to departments will be slightly lower than in the current year, although some departments will pay more. Below is a summary of the rate changes, in millions of dollars, requested by service departments and recommended by this office.

Internal Service	FY 08/09 Recommended Changes in Charges
Central Mail	0.2
Facilities Management	1.9
Fleet Services	0
Human Resources	0.8
Information Technology	2.2
Liability Insurance	(1.1)
Medical Malpractice	(0.2)
OASIS	0
Printing Services	0
Property Insurance	0
Records Management	0.1
Supply Services	0
Unemployment Insurance	0
Workers Compensation	(4.2)
TOTAL CHANGE (in millions)	(\$0.3)

OASIS rates remain unchanged, although an increase in the number of county employees will lead to a small increase in revenue to the department.

There will be no increase in Fleet or Printing Service charges. Central Mail shows a small increase due to cost increases in U.S. Postal rates and employee salaries. There is also a marginal increase in Supply Services, due primarily to fuel costs.

The Records Management and Archive program shows a minimal increase, primarily due to increased production costs and employee salaries.

The Information Technology department has proposed to increase several rates, while a few more are proposed to decrease. Fifty new rates reflect emerging technologies, newly-requested services and the splitting of existing rates into smaller components. Based on historical trends, RCIT expects some growth in their requests for service, despite shrinking department budgets. Their initial budget recommendation, however, will match the current year budget's staffing and estimated charges to departments. If actual revenue does trend above initial estimates, positions and appropriations can be increased during the fiscal year.

The Human Resources rate per employee will decrease by 5.9% with the per capita cost in FY 07/08 of \$1,070 reduced to \$1,013 in FY 08/09. Overall revenue will increase by 4.3% based on an increase in the total number of county employees.

The proposed risk management rates were developed to attain a 70% confidence level, consistent with current practice (in other words, there is a 70% probability that the fund would be able to cover projected claims). The proposed reduction of 17.3% in Workers Compensation rates is a result of continued implementation of cost savings programs, fraud identification, the Medical Provider Network, the return-to-work program and Injury Intervention Therapy to treat repetitive motion injuries. The proposed decrease in General Liability costs is primarily due to the better-than-expected results from the county's claims management efforts. The proposed Medical Malpractice rate decrease reflects a reduction in the number of Medical Malpractice claims, combined with Riverside County Regional Medical Center's performance improvement efforts. Unemployment Insurance is a self-funded benefit program required by the State of California; the annual review of this fund indicates that the rate and fund reserve are adequate and do not require any change. The Short-Term Disability rate and fund reserve also are adequate do not require any change. Long-Term disability insurance will see a reduction in the rate to meet the rate guarantee level and determined through negotiations with the standard insurance company. The Property Insurance program costs are estimated to remain the same as last year and will require no adjustment, although some departments will see their charges rise or fall.

The Facilities Management Department has developed maintenance rates based on the square footage of buildings serviced. This is a major change to their rate structure that more accurately reflects their costs. The overall estimated revenue increase for maintenance is due primarily to an increased number of buildings serviced, and maintenance of county parking structures. The rates for real estate services and custodial services have remained

Honorable Board of Supervisors

January 29, 2008

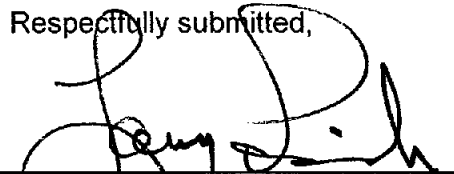
Page 3

mostly unchanged from the prior fiscal year, although there is a new rate for pre-leasing services. Project management is proposed to be charged on an hourly basis instead of as an indirect overhead percentage.

It should be noted that during this time of a declining economy, county departments may not purchase all anticipated additional services, which may reduce the overall revenue to the departments providing these services. Such departments have been instructed to curb personnel increases until revenues are more certain.

It is, therefore, recommended that the Board of Supervisors approve each of the attached rate-related proposals from OASIS, Supply Services, Central Mail, Records Management, Information Technology and Human Resources (Including; Workers Comp, Property Insurance, Liability Insurance, Medical Malpractice and Unemployment Insurance) and Facilities Management.

Respectfully submitted,



LARRY PARRISH
County Executive Officer