

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



FROM: Purchasing and Fleet Services

SUBMITTAL DATE:
December 1, 2008

SUBJECT: APPROVAL OF FY2009-2010 RATE CHANGES FOR CENTRAL MAIL SERVICES

RECOMMENDED MOTION: That the Board of Supervisors:

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

BACKGROUND: This Form 11 is for the purpose of setting Central Mail Services rates for fiscal year 2010.

In response to a call for reduced internal service fund rates, Central Mail Services has lowered its key rates by 10%. Central Mail Services rates were last adjusted for fiscal year 2009.

(Continued on Page 2)

Departmental Concurrence

Robert J. Howdysnell, 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:	2010

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

BY: Robert Tremaine

County Executive Office Signature

FISCAL PROCEDURES APPROVED
ROBERT E. BYRD, AUDITOR-CONTROLLER
BY:
FERRY D. WOOD

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

Prev. Agn. Ref.:

District:

Agenda Number:

3.31 H

BACKGROUND (Continued)

Central Mail Services operates as an Internal Service Fund (ISF) and as such, must recoup its operating costs through charges to its customers. Central Mail Services derives rates by combining the direct cost of labor and equipment with indirect costs incurred to run and maintain the facility and operation.

Central Mail Services revenues are volume-driven. It is a concern that if County departments and agencies reduce their volume requirements Central Mail Services will lose revenue from both rate and volume reductions. These revenue losses can be absorbed for a short period of time through a reduction of net assets but this cannot be a long-term strategy.

Delivery, Pickup and Mail Stops

County entities will be billed according to the number of deliveries, pickups, and mail stops that they have.

Under the proposed rates in Attachment A, customers will be charged \$180/year/mail stop number. This charge covers the cost producing the Mail Stop List, redesigning routes when mail stops are changed, and the costs of sorting to a finer level. Customers are charged \$90 to cancel a mail stop to cover the costs of reproducing the Mail Stop List and redesigning routes.

Each customer will be charged \$10.08 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 \$180 = \360 per year for their mail stops and $\$10.08 \times 2 \times 248 \text{ days} = \$4,999.68$ for pickup and delivery services.

Postage

Customers are charged no more than single-piece, non-automated rate for first class postage. For example, customers pay 42 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.

The United States Post Office (USPS) typically establishes new postage rates in May of each year. Central Mail Services will automatically reset postage rates to agree with USPS when a rate change occurs.

Attachement A
Central Mail Services Rate Structure
July 1, 2009

First Class Postage:	
Current rates are based on United States Postal Service rates effective May 12, 2008.	
One Ounce Letter with Postage Affixed	0.42
One Ounce Flat	0.83
One Ounce Parcel	1.13
Additional Ounce	0.17
Card Rate	0.27
UPS and Other Delivery Services (Goldenstate)	Cost + .526
Certified, Registered	Cost + .382
Post Office Boxes	Cost
Prepaid Overnight Letter or Legal Envelopes	Cost + \$0.585
Prepaid Packs Packs	Cost + \$0.72

Item	Customer Charge
Delivery	
Mail Stop Creation / Retention per year	\$ 180.00
Mail Stop Cancellation	\$ 90.00
Cost per Business Address per day of delivery per customer	\$ 10.08

Item	Customer Charge
Folding per Sheet	\$ 0.010
Inserting First Sheet	\$ 0.020
Inserting Additional Sheets	\$ 0.005
Set-up Charge for Jobs Totaling < 600 Sheets	\$ 10.000

Total Revenue

1. Postage is based on published USPS rates and is subject to change
2. USPS rates are shape-based rather than weight-based as of May 14, 2007