

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

632



FROM: Purchasing and Fleet Services Department

SUBMITTAL DATE:
December 7, 2015

SUBJECT: Approval of FY 2016/17 Rates for Central Mail Services

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the proposed fiscal year 2016/17 rates for Central Mail as shown in Attachment A.

BACKGROUND:

Summary

This Form 11 is for the purpose of establishing Central Mail Services rates for fiscal year 2016/17.

(Continued on Page 2)

Lisa Brandl

Lisa Brandl, Director
Purchasing & Fleet Services Dept.

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ N/A	\$ N/A	\$ N/A	\$ N/A	Consent <input type="checkbox"/> Policy <input type="checkbox"/>
NET COUNTY COST	\$ N/A	\$ N/A	\$ N/A	\$ N/A	
SOURCE OF FUNDS:				Budget Adjustment: No	
				For Fiscal Year:	2016/17

C.E.O. RECOMMENDATION:

APPROVE

BY: *Ivan M. Chand*

Ivan M. Chand

1/26/2016

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

- ☐ A-30
☐ 4/5 Vote
☐ Positions Added
☐ Change Order

Prev. Agn. Ref.:

District: ALL

Agenda Number:

3-24

FISCAL PROCEDURES APPROVED BY:
 PAUL ANGULO, CPA, AUDITOR-CON
 1/25/16

Departmental Concurrence

BACKGROUND:
Summary (continued)

Central Mail Services operates as an Internal Service Fund (ISF) and as such, must recover 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.

Delivery, Pickup, and Mail Stops

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

Under the proposed rates in Attachment A, customers will be charged \$180/year per mail stop number. This charge covers the cost of producing the Mail Stop List, redesigning routes when mail stops are changed, and the costs of sorting and distributing. 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 \$13.25 per day per business address for pickup and delivery. This represents an increase from \$9.54 in the calculated cost of providing delivery services in fiscal year 2015/16.

In FY 2015/16 the Delivery charge was set below cost and Central Mail Services absorbed \$91,850 through the use of unrestricted net assets. Absorbing costs is no longer a viable strategy.

Postage

Customers are charged no more than the single-piece, non-automated rate for first class postage. For example, customers currently pay 49 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) may request a postage increase of up to \$0.01 effective in early 2016, which will make a first class stamp \$0.50.

Attachment: Attachment A – Proposed FY 2016/17 Rates for Central Mail

Internal Audits Review Comments:

The Auditor-Controller approved the FY 2016-17 rate methodology with the understanding that a plan will be developed and operative by January 2017 to address concerns involving required reserves and working capital.

Attachment A
Central Mail Services Rate Structure
July 1, 2016

Attachment A
Central Mail Services Rate Structure
July 1, 2015

Mail and Shipping Services		Mail and Shipping Services	
	FY 2017		FY 2016
First Class Postage: Rates are based on current United States Postal Service rates. One Ounce Letter with Postage Affixed One Ounce Flat One Ounce Parcel Additional Ounce (letters and flats) Card Rate	\$ 0.49 \$ 0.90 \$ 1.95 \$ 0.20 \$ 0.32	First Class Postage: Rates are based on current United States Postal Service rates. One Ounce Letter with Postage Affixed One Ounce Flat One Ounce Parcel Additional Ounce (letters and flats) Card Rate	\$ 0.49 \$ 0.90 \$ 1.95 \$ 0.20 \$ 0.32
FedEx and Other Delivery Services Certified, Registered Post Office Boxes Prepaid Overnight Letter or Legal Envelopes Prepaid Packs Address Correction Per Envelope	Cost + .584 Cost + .424 Cost N/A \$ 0.25	FedEx and Other Delivery Services Certified, Registered Post Office Boxes Prepaid Overnight Letter or Legal Envelopes Prepaid Packs Address Correction Per Envelope	Cost + .584 Cost + .424 Cost N/A N/A \$ 0.25
Interoffice Pick-up and Delivery Services		Interoffice Pick-up and Delivery Services	
Delivery Mail Stop Creation / Retention per year Mail Stop Cancellation Cost per Business Address per day of delivery per customer	\$ 180.00 \$ 90.00 \$ 13.25	Delivery Mail Stop Creation / Retention per year Mail Stop Cancellation Cost per Business Address per day of delivery per customer	\$ 180.00 \$ 90.00 \$ 9.54
Folding and Inserting Services*		Folding and Inserting Services*	
Folding per Sheet Inserting First Sheet Inserting Additional Sheets Set-up Charge for Jobs Totalling < 600 Sheets	\$ 0.010 \$ 0.025 \$ 0.005 \$ 10.000	Folding per Sheet Inserting First Sheet Inserting Additional Sheets Set-up Charge for Jobs Totalling < 600 Sheets	\$ 0.010 \$ 0.025 \$ 0.005 \$ 10.000

Additional Information:

- Postage is based on published USPS rates and is subject to change.
- USPS has announced a possible postage increase in early 2016. A first class stamp may increase \$0.01.
- * Folding and Inserting charges are based on a price-match of vendor-provided service.

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- Postage is based on published USPS rates and is subject to change.
- * Folding and Inserting charges are based on a price-match of vendor-provided service.