

FISCAL PROCEDURES APPROVED
ROBERT E. BYRD, AUDITOR-CONTROLLER
By Russell Dominick
2/1/10

Departmental Concurrence

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

844



FROM: Purchasing and Fleet Services

SUBMITTAL DATE:
December 10, 2009

SUBJECT: APPROVAL OF FY2010-2011 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.
- Approve the proposed Central Mail rates waived in fiscal year 2011 as shown in Attachment B.
- Approve the proposed Central Mail rate refunds as shown in Attachment C.

BACKGROUND: This Form 11 is for the purpose of setting Central Mail Services rates for fiscal year 2011.

(Continued on Page 2)

Robert J. Howdyshell
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:	2011

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

C.E.O. RECOMMENDATION:

County Executive Office Signature

APPROVE
Jerry Norris
BY: Jerry Norris

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Tavaglione, seconded by Supervisor Stone and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Buster, Tavaglione, Stone, Benoit and Ashley
Nays: None
Absent: None
Date: February 9, 2010
xc: Purchasing, EO, Auditor

Kecia Harper-Ihem
Clerk of the Board
By: *Kecia Harper-Ihem*
Deputy

Prev. Agn. Ref.:

District:

Agenda Number:

3.63 d

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.

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 \$8.56 per day per business address for pickup and delivery. This is a 15% reduction from fiscal year 2010 rate.

For example, the Auditor-Controller has four (4) mail stops and two (2) different business addresses. They will be charged $4 \times \$180 = \720 per year for their mail stops and $\$8.56 \times 2 \times 249 \text{ days} = \$4,262.88$ for pickup and delivery services.

Central Mail has unrestricted net assets greater than allowed by State guidelines. To bring down this balance, Central Mail proposes that up to two quarter billings for mail stop delivery be waived in fiscal year 2011.

Postage

Customers are charged no more than single-piece, non-automated rate for first class postage. For example, customers pay 44 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.

Net Assets

Central Mail has excess net assets of \$896,062 as of June 30, 2009. To eliminate the excess, Central Mail will waive delivery fees of \$497,507 in fiscal year 2011 per Attachment B, refund \$101,855 to County customers per Attachment C, and move \$296,700 from unrestricted net assets to restricted net assets.

Attachment A
Central Mail Services Rate Structure
July 1, 2010

Mail and Shipping Services		
	FY 2011	FY 2010
First Class Postage:		
Current rates are based on United States Postal Service rates effective May 11, 2009.		
One Ounce Letter with Postage Affixed	\$ 0.44	\$ 0.42
One Ounce Flat	\$ 0.88	\$ 0.83
One Ounce Parcel	\$ 1.22	\$ 1.17
Additional Ounce	\$ 0.17	\$ 0.17
Card Rate	\$ 0.28	\$ 0.27
 Fed Ex and Other Delivery Services	 Cost + .584	 Cost + .584
Certified, Registered	Cost + .424	Cost + .424
Post Office Boxes	Cost	Cost
Prepaid Overnight Letter or Legal Envelopes	N/A	Cost + \$0.585
Prepaid Packs Packs	N/A	Cost + \$0.72
Interoffice Pick-up and Delivery Services		
Delivery		
Mail Stop Creation / Retention per year	\$ 180.00	\$ 180.00
Mail Stop Cancellation	\$ 90.00	\$ 90.00
Cost per Business Address per day of delivery per customer	\$ 8.56	\$ 10.08
Folding and Inserting Services		
Folding per Sheet	\$ 0.010	\$ 0.010
Inserting First Sheet	\$ 0.025	\$ 0.025
Inserting Additional Sheets	\$ 0.005	\$ 0.005
Set-up Charge for Jobs Totaling < 600 Sheets	\$ 10.000	\$ 10.000

Additional Information:

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
3. Folding and Inserting charges are based on cost of vendor-provided service

Attachment B
Central Mail Rates to be Waived
in Fiscal Year 2011

Dept #	Department	# of Addresses in FY2010	Delivery Charges FY2010	# of Addresses in FY2011	# of Days in FY2011	Delivery Charges FY2011
100	BOS	5	\$ 12,549.60	5	249	\$ 10,657.20
110	Executive Office	2	\$ 5,019.84	2	249	\$ 4,262.88
110	OASIS	1	\$ 2,509.92	1	249	\$ 2,131.44
113	Human Resources	10	\$ 25,320.96	10	249	\$ 21,314.40
120	Assessor/Clerk Recorder	8	\$ 20,079.36	8	249	\$ 17,051.52
130	Auditor Controller	2	\$ 5,019.84	2	249	\$ 4,262.88
140	Treasurer/Tax Collector	3	\$ 7,529.76	3	249	\$ 6,394.32
150	County Counsel	4	\$ 10,039.68	4	249	\$ 8,525.76
170	Registrar of Voters	1	\$ 2,509.92	1	249	\$ 2,131.44
190	Economic Development Agency	10	\$ 24,948.00	10	249	\$ 21,314.40
190	County Service Area	1	\$ 2,509.92	1	249	\$ 2,131.44
220	District Attorney	8	\$ 18,930.24	7	249	\$ 14,920.08
230	Child Support Services	6	\$ 15,059.52	6	249	\$ 12,788.64
240	Public Defender	6	\$ 15,059.52	6	249	\$ 12,788.64
250	Sheriff	29	\$ 72,787.68	29	249	\$ 61,811.76
260	Probation	17	\$ 43,626.24	17	249	\$ 36,234.48
270	Fire	10	\$ 25,099.20	10	249	\$ 21,314.40
280	Agricultural Commissioner	4	\$ 10,039.68	4	249	\$ 8,525.76
290	Local Agency Formation Commission	1	\$ 2,509.92	1	249	\$ 2,131.44
310	Transportation & Land Management Agency	15	\$ 31,883.04	12	249	\$ 25,577.28
410	Mental Health	46	\$ 115,617.60	46	249	\$ 98,046.24
420	Community Health Agency	2	\$ 5,019.84	2	249	\$ 4,262.88
430	Riv County Regional Medical Center	4	\$ 8,533.73	4	249	\$ 7,276.00
450	Waste Management	1	\$ 2,509.92	1	249	\$ 2,131.44
510	Dept of Public Social Services	9	\$ 22,589.28	9	249	\$ 19,182.96
520	Community Action Agency	1	\$ 2,509.92	1	249	\$ 2,131.44
530	Office On Aging	2	\$ 5,019.84	2	249	\$ 4,262.88
540	Veterans' Services	3	\$ 7,529.76	3	249	\$ 6,394.32
630	Co-op Extension	2	\$ 5,019.84	2	249	\$ 4,262.88
720	Facilities Management	8	\$ 20,079.36	8	249	\$ 17,051.52
730	Purchasing & Fleet Services	9	\$ 21,450.24	8	249	\$ 17,051.52
740	Information Technology	4	\$ 10,039.68	4	249	\$ 8,525.76
931	Parks	1	\$ 2,509.92	1	249	\$ 2,131.44
935	Regional Conservation Authority	1	\$ 2,509.92	1	249	\$ 2,131.44
938	Children & Families Commission	1	\$ 645.12	0	249	\$ -
947	Flood	1	\$ 2,509.92	1	249	\$ 2,131.44
960	Law Library	2	\$ 5,019.84	2	249	\$ 4,262.88
980	Perris Valley Cemetery District	1	\$ 171.36	0	249	\$ -
Total County Departments		241	\$ 592,316.93	234		\$ 497,507.20

Notes:

Daily Delivery Rate for FY2010 is \$10.08. Daily Delivery Rate for FY2011 is \$8.56.

Because of changes, deletions, and additions, number of days in FY2010 not included in this spreadsheet.

Attachment C
Central Mail Rates to be Refunded
in Fiscal Year 2011

Dept #	Department	Addresses in FY2010	Charges FY2010	Addresses in FY2011	# of Days in FY2011	Charges FY2011	Delivery Charges FY2011	Refund (Based on %)
100	BOS	5	\$ 12,549.60	5	249	\$ 10,657.20	2%	\$ 2,181.86
110	Executive Office	2	\$ 5,019.84	2	249	\$ 4,262.88	1%	\$ 872.74
110	OASIS	1	\$ 2,509.92	1	249	\$ 2,131.44	0%	\$ 436.37
113	Human Resources	10	\$ 25,320.96	10	249	\$ 21,314.40	4%	\$ 4,363.71
120	Assessor/Clerk Recorder	8	\$ 20,079.36	8	249	\$ 17,051.52	3%	\$ 3,490.97
130	Auditor Controller	2	\$ 5,019.84	2	249	\$ 4,262.88	1%	\$ 872.74
140	Treasurer/Tax Collector	3	\$ 7,529.76	3	249	\$ 6,394.32	1%	\$ 1,309.11
150	County Counsel	4	\$ 10,039.68	4	249	\$ 8,525.76	2%	\$ 1,745.48
170	Registrar of Voters	1	\$ 2,509.92	1	249	\$ 2,131.44	0%	\$ 436.37
190	Economic Development Agency	10	\$ 24,948.00	10	249	\$ 21,314.40	4%	\$ 4,363.71
190	County Service Area	1	\$ 2,509.92	1	249	\$ 2,131.44	0%	\$ 436.37
220	District Attorney	8	\$ 18,930.24	7	249	\$ 14,920.08	3%	\$ 3,054.60
230	Child Support Services	6	\$ 15,059.52	6	249	\$ 12,788.64	3%	\$ 2,618.23
240	Public Defender	6	\$ 15,059.52	6	249	\$ 12,788.64	3%	\$ 2,618.23
250	Sheriff	29	\$ 72,787.68	29	249	\$ 61,811.76	12%	\$ 12,654.77
260	Probation	17	\$ 43,626.24	17	249	\$ 36,234.48	7%	\$ 7,418.31
270	Fire	10	\$ 25,099.20	10	249	\$ 21,314.40	4%	\$ 4,363.71
280	Agricultural Commissioner	4	\$ 10,039.68	4	249	\$ 8,525.76	2%	\$ 1,745.48
290	Local Agency Formation Commission	1	\$ 2,509.92	1	249	\$ 2,131.44	0%	\$ 436.37
310	Transportation & Land Management Agency	15	\$ 31,883.04	12	249	\$ 25,577.28	5%	\$ 5,236.45
410	Mental Health	46	\$ 115,617.60	46	249	\$ 98,046.24	20%	\$ 20,073.08
420	Community Health Agency	2	\$ 5,019.84	2	249	\$ 4,262.88	1%	\$ 872.74
430	Riv County Regional Medical Center	4	\$ 8,533.73	4	249	\$ 7,276.00	1%	\$ 1,489.62
450	Waste Management	1	\$ 2,509.92	1	249	\$ 2,131.44	0%	\$ 436.37
510	Dept of Public Social Services	9	\$ 22,589.28	9	249	\$ 19,182.96	4%	\$ 3,927.34
520	Community Action Agency	1	\$ 2,509.92	1	249	\$ 2,131.44	0%	\$ 436.37
530	Office On Aging	2	\$ 5,019.84	2	249	\$ 4,262.88	1%	\$ 872.74
540	Veterans' Services	3	\$ 7,529.76	3	249	\$ 6,394.32	1%	\$ 1,309.11
630	Co-op Extension	2	\$ 5,019.84	2	249	\$ 4,262.88	1%	\$ 872.74
720	Facilities Management	8	\$ 20,079.36	8	249	\$ 17,051.52	3%	\$ 3,490.97
730	Purchasing & Fleet Services	9	\$ 21,450.24	8	249	\$ 17,051.52	3%	\$ 3,490.97
740	Information Technology	4	\$ 10,039.68	4	249	\$ 8,525.76	2%	\$ 1,745.48
931	Parks	1	\$ 2,509.92	1	249	\$ 2,131.44	0%	\$ 436.37
935	Regional Conservation Authority	1	\$ 2,509.92	1	249	\$ 2,131.44	0%	\$ 436.37
938	Children & Families Commission	1	\$ 645.12	0	249	\$ -	0%	\$ -
947	Flood	1	\$ 2,509.92	1	249	\$ 2,131.44	0%	\$ 436.37
960	Law Library	2	\$ 5,019.84	2	249	\$ 4,262.88	1%	\$ 872.74
980	Perris Valley Cemetery District	1	\$ 171.36	0	249	\$ -	0%	\$ -
Total		241	\$ 592,316.93	234		\$ 497,507.20	100%	\$101,855.00

Notes:

Daily Delivery Rate for FY2010 is \$10.08. Daily Delivery Rate for FY2011 is \$8.56.

**Riverside County
Central Mail Services
Net Assets**

73006 Central Mail Services

Net Asset:

Excess Net Assets as of 6/30/2009 \$ 896,062

Reserves:

Equipment Replacement:

Five Mail Meters (\$58,000 x .6) 34,800

Two Fold/Insert Machines (\$292,000 x .6) 175,200

Total Reserve for Equipment Replacement \$ 210,000

Remaining Excess Net Assets 6/30/2009 **\$ 686,062**

Planned Use of Excess Net Assets

FY 2010 Delivery Rates Refunded in FY 2011 (101,855)

FY 2011 Delivery Rates Waived (497,507)

Replacement of Delivery Vans (3) - FY 2010 (86,700)

Projected Excess Net Asset Balance 6/30/2011

\$

Notes:

1. Allowed Working Capital:

$(\text{Operating Expenses} - \text{Depreciation}) / 6 = \text{Net Assets Allowed}$

$\text{Unrestricted Net Assets} - \text{Net Assets Allowed}$

$(\$4,013,263 - 15,676) / 6 = \$666,264$

$\$1,562,326 - 666,264 = \$896,062$