

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



**ITEM: 3.38
(ID # 11672)**

MEETING DATE:
Tuesday, January 28, 2020

FROM : EXECUTIVE OFFICE:

SUBJECT: EXECUTIVE OFFICE: Fiscal Year 20/21 Internal Service Rates Overview, All Districts. [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file the following summary of the proposed FY 20/21 Internal Service Rates.

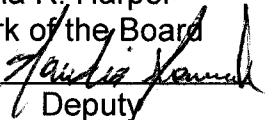
ACTION: Policy


Stephanie Perez, Principal Management Analyst 1/21/2020

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Spiegel, Washington, Perez and Hewitt
Nays: None
Absent: None
Date: January 28, 2020
xc: EO

Kecia R. Harper
Clerk of the Board
By: 
Deputy

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FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 0	\$ 0	\$ 0	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: N/A			Budget Adjustment: No	
			For Fiscal Year: 2020/21	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

Each fiscal year the Executive Office directs all internal service and general support departments to submit rates packages to the Executive Office and Auditor-Controller. The Executive Office has collaborated with departments to better understand their business needs. In FY 19/20, it was determined that when rates were kept flat the County subsidizes state and federal reimbursable costs by not charging full cost recovery to user departments. For FY 20/21, with the input of the Assistant CEO's, the internal service departments have again prepared their rate packages to include full cost recovery. It is anticipated that in most cases those increased costs can be recovered by state and federal reimbursements. Over sixty percent of total general fund revenue comes from state and federal allocations.

The Internal Audits Division of the Auditor Controller also reviews the calculation methodology for each internal service department's rate to ensure the rates meet the requirements of the State Controller's guidelines. In an effort to streamline the rate process, the Auditor Controller contracted for the development of a standardized template for FY 20/21 that facilitated a more transparent and efficient process.

Several departments are requesting a waiver of Board Policy B-28 so that unrestricted net assets (one-time funding) may be used for capital expenses as outlined by the individual capital asset reserve plan of each department. The Executive Office recommends approval of the waiver to Board Policy B-28 for the purchase of capital assets. these exceptions as the action reduces the costs that are passed on to the user departments through rates.

On today's agenda, the proposed rates for internal service departments are presented under separate cover for approval. Not included are the Fiscal Year 2020/2021 Insurance Rates, previously approved on December 17, 2019. These were approved separately to further delineate actuarial driven pass-through costs from true internal service department costs.

The following is a summary of the Executive Office recommendations:

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Department	Current Rate	Proposed Rate	Current Budget	Proposed Budget	% Budget Increased
ACO-Payroll	\$ 4.49	\$ 4.95	\$ 2,444,807	\$ 2,692,092	10%
County Counsel - Attorney	\$ 187.00	\$ 187.00	\$ 13,333,977	\$ 14,031,410	5%
County Counsel - Paralegal	\$ 127.00	\$ 120.00	\$ -	\$ -	N/A
EDA - Custodial	\$ 50.16	\$ 51.29	\$ 14,672,899	\$ 15,827,310	8%
EDA - Maintenance Services	\$ 84.61	\$ 84.61	\$ 25,074,125	\$ 27,166,383	8%
EDA - Maintenance (Grounds Workers)	\$ 59.54	\$ 61.37	\$ -	\$ -	N/A
EDA-Plan Check & Inspection	\$ 166.89	\$ 173.10	\$ 1,688,234	\$ 1,211,680	-28%
EDA-Project Management Office	\$ 154.80	\$ 156.50	\$ 4,446,562	\$ 4,956,993	11%
EDA-Real Estate (Acquisition)	\$ 160.63	\$ 168.58	\$ 1,768,178	\$ 2,463,375	39%
Purchasing-Central Mail	\$ 9.74	\$ 10.32	\$ 3,053,531	\$ 3,179,258	4%
Purchasing-Fleet Services	Various		\$ 20,519,327	\$ 21,837,444	6%
Purchasing-Supply Services	\$ 88.03	\$ 92.51	\$ 3,118,402	\$ 3,237,489	4%
Purchasing-eProcurement (RivcoPRO)	N/A		\$ 1,874,293	\$ 1,853,200	-1%
RCIT/ISO/GIS (Non - PSEC)	Various		\$ 92,671,551	\$ 88,737,559	-4%
RCIT -PSEC	Various		\$ 14,217,188	\$ 13,701,105	-4%
HR - General	Various		\$ 24,687,709	\$ 25,771,260	4%
HR - Occupational Health	N/A		\$ 2,066,840	\$ 2,692,214	30%
HR - TAP	Various		\$ 4,415,224	\$ 4,591,838	4%

The following is a synopsis of all internal service department submissions:

Auditor-Controller Payroll

The payroll processing rate will increase for FY 20/21 from \$4.49 to \$4.96 per warrant processed. The rate includes increased staff and labor costs.

County Counsel

Funding for County Counsel is a combination of general fund support and direct billing. A significant portion of the direct billing relates to legal representation in child dependency cases, which the State of California reimburses. For FY 20/21, rates will remain the same for attorney services at \$187 per hour, and the paralegal services rate will decrease to \$120 per hour from \$127 per hour.

Economic Development Agency (EDA)

Custodial – The proposed rate will increase from the current fiscal year hourly rate of \$50.16 per hour to \$51.29 per hour in FY 20/21, with the overtime rate increasing from \$62.82 to \$64.49.

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Maintenance –In FY 19/20, the rate for services was changed to be billed by service type. The proposed rate for maintenance services will remain \$84.61 per hour for FY 20/21. The rate for grounds workers will increase to \$61.37 from \$59.54 per hour. The overtime rate will decrease to \$104.60 from \$104.68 per hour for maintenance services, and, increase to \$75.24 from \$73.21 per hour for grounds workers.

Project Management – The proposed rates for Project Management, and Plan Check and Inspection will increase to \$156.50 from \$154.80 per hour, and to \$173.10 from \$166.89 per hour respectively. Overtime will decrease \$1.36 per hour for Project Management and increase \$16.35 per hour for Plan Check and Inspection from the current fiscal year. This will allow for full recovery of costs associated with providing the services.

Real Estate – The proposed rate will increase for FY 20/21 to \$168.58 from \$160.63 per hour. An increase will occur in overtime rates to \$191.86 from \$186.57 per hour. Leasing services are billed based on the management fee and is applied to the lease amount once an agreement has been executed. The proposed rates will ensure full cost recovery.

Purchasing and Fleet Services

Central Mail - There is an increase in rates for FY 20/21, reflecting a budget increase of \$125,728. The increase includes an increase of postal charges of \$79,286, which is a straight pass-thru cost, and a net increase in operational costs of \$46,444 or 1.52%. Central Mail is requesting a waiver of Board Policy B-28 for the use of \$115,500 in unrestricted net assets for purchase of capital assets over the next five years.

Fleet Services - The FY20/21 estimated charges to customers are based on a snapshot of the department inventory of vehicles as of June 2019 and actual prior year services and repairs. The charges do not reflect the replacement of older vehicles that have occurred after June 2019 and do not reflect the purchase and replacement of vehicles to be acquired this current FY19/20.

Based on FY18/19 vehicle counts the projected fleet costs to departments reflects a total increase of \$1,318,117, however of this total, there is approximately \$630,000 of estimated costs related to repair of vehicles greater than 8 years old. If the vehicles do not require the estimated repairs, and/or the vehicles are replaced with new vehicles, departments will not incur these charges. As the ordered vehicles arrive this fiscal year, the departments projected charges will be revised accordingly. Purchasing and Fleet Services will be reviewing with each department their revised projected costs based on the deployment of vehicles currently on order. Fleet is requesting a waiver of Board Policy B-28 for the use of \$6,427,887 in unrestricted net assets for purchase of capital assets.

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Supply Services - The proposed rates for FY 20/21 will increase, reflecting a budget decrease of \$119,086. The increase includes purchased supplies of \$73,086, which is a straight pass-thru cost, and a net increase in operational costs of \$46,000 or 1.48%.

Jaggaer eProcurement/RivcoPRO – The cost allocation for the eProcurement system will continue to be based on PO count. The cost for FY 20/21 is \$1,853,200.

Riverside County Information Technology (RCIT)

General/Information Security/GIS – FY 20/21 RCIT is submitting a preliminary budget of \$88,737,559, or a decrease of 4.2%. This includes an increase to the enterprise allocation offset by reductions in direct bill staff and decommissioning of the former property tax system. The increase in the enterprise allocation will result in a minimal 2.5% (\$1,915,000) increase across county departments. All other rates have remained relatively flat from prior year.

PSEC – FY 20/21 rates will decrease by 3.6%. PSEC is submitting a preliminary budget of \$13,701,105.

Human Resources

General – The proposed rate will increase from the current fiscal year's rate and reflect a budget increase of approximately \$1 million. Most departments' rates increased by 3.6% due to increases in rent, benefits, training materials, and other costs of doing business. Departments will experience changes in the total amount charged based on year-to-year changes in their staffing.

Occupational Health – Two years ago, Occupational Health rates were raised for the first time in the last ten years. Since there is not enough history with the new rates, fiscal year 20/21 rates will be held flat while the new rates are evaluated. The increased budget of \$625,374 is due to variability in revenue from year to year that can be attributed to staffing changes and changes in demand for services countywide.

Temporary Assignment Program (TAP) – The TAP rates have been developed in accordance with the State Controller's recommendations. Five cost categories have been developed for recruiting. Medical assistance per diem, non-medical temporary, Registrar of Voters election assistance, National Date Festival ticket takers and custodial support, and, student interns. Each category includes recruitment and onboarding costs, while other administrative and operating costs are allocated evenly across all categories. Since one rate does not adequately represent the service performed in the case of a cancellation, four placement categories have been created. An active filled (employee placed in assignment) and three categories for cancelled job orders at different stages (40%, 75%, 100%). Each rate is per position recruited.

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A Human Resources services rate per TAP employee will be charged at \$24 per paycheck, billed monthly. This is \$1 less per paycheck than FY 19/20. Without the per pay check rates, the recruitment rate would be substantially higher.

Historical Information

On June 15, 2010, the Board of Supervisors approved the addition of Board Policy B-28 Charges for Internal Services. The implementation of this policy demonstrated a significant shift in approach to establishing rates for internal services. Rate packages submitted to the Executive Office and Auditor-Controller received a more comprehensive review and required documentation that is more detailed. Internal service departments were also mandated to provide a multi-year operations outlook, develop long-term capital asset replacement and cash management plans, and, produce annual productivity reports.

Impact on Citizens and Businesses

No direct impact to citizens and businesses, however as costs to departments increase, the cost of delivery will increase as well.


Lisa D Brandl 1/23/2020