

**COUNTY OF SACRAMENTO  
CALIFORNIA**

For the Agenda of:  
June 9, 2009  
9:30 a.m.

To: Board of Supervisors

From: Internal Services Agency

Subject: Report Back – Unavoidable Cost Increases Included In Allocated Costs That Departments Are Reporting

Supervisory  
District: All

Contact: Mark Norris, Agency Administrator, 874-7097

**Overview**

During the Fiscal Year 2009-10 Proposed Budget workshops held on May 13 -15, 2009, the Board of Supervisors requested a report back regarding what the departments were reporting as their unavoidable cost increases related to their allocated costs.

**Recommendation**

Receive and file this budget hearing report back.

**Measures/Evaluation**

Not applicable to this report.

**Fiscal Impact**

The Fiscal Year 2008-09 overall Allocated Cost Package (ACP) totaled \$317,274,681 compared to \$305,835,231 for Fiscal Year 2009-10 with an overall decrease in allocated costs of \$11.4 million (see attachment).

**BACKGROUND**

The ACP includes costs that are charged out to county departments for services such as OCIT's telecommunication data wide area network and CPU and usage fee services; Facility Planning, Architecture and Real Estate's leased facility and property management services; General Services' facilities management services; Personnel's safety program, employment office, services teams etc.

In August 2008, meetings started to discuss the preparation and review process for the Fiscal Year 2009-10 ACP. As a result of these meetings, in October 2008 departments calculating rates included in the ACP were instructed to absorb their unavoidable cost increases for Fiscal Year 2009-10 in the following areas:

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1. COLA
2. Retirement Rates
3. Retiree Medical Offset
4. Safety
5. Personnel Services
6. Insurance Rates:
  - a. Workers' Compensation
  - b. Unemployment
  - c. Liability
  - d. Property
  - e. Group Insurance

The costs shown below are costs that are used to calculate rates and are directly passed on to the customer departments; therefore any costs increases would also be directly charged to them:

- Utilities based on last full fiscal year of actual plus SMUD/PG&E anticipated increases
- Fuel - based on historical trends over past 12 months
- Countywide Cost Allocation Plan increases (if any)

In addition there are other costs such as cell phones and armored car services, where the department controls the level of service, that are also passed on to the customer departments.

**FISCAL ANALYSIS**

The Fiscal Year 2008-09 overall Allocated Cost Package totaled \$317,274,681 compared to \$305,932,039 for Fiscal Year 2009-10 with an overall decrease in allocated costs of \$11.3 million.

Respectfully submitted,

APPROVED  
TERRY SCHUTTEN  
County Executive

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Dave Devine, Director  
Department of Personnel Services

By: \_\_\_\_\_  
Mark Norris, Administrator  
Internal Services Agency