

**COUNTY OF SACRAMENTO  
CALIFORNIA**

For the Agenda of:  
September 11, 2009

To: Board of Supervisors

From: Internal Services Agency

Subject: Report Back – Overhead Cost Reductions For Services Provided By Internal Services Agency Departments

Supervisory  
District: All

Contact: Mark Norris, Agency Administrator, 874-7097

**Overview**

On September 8, 2009, during the Fiscal Year 2009-10 Final Budget hearings, the Board of Supervisors requested a report back on allocated costs (overhead): what has already been reduced; what plans we have to further reduce; more transparency in reporting how allocated costs are used.

**Recommendation**

Receive and file this report back.

**Measures/Evaluation**

Not applicable to this report.

**Fiscal Impact**

Internal Services Agency (ISA) departments reduced their budgets by more than \$24.4 million and 168.4 FTE positions from mid-year Fiscal Year 2008-09 reductions through Fiscal Year 2009-10 Final Budget. Additionally the Workers' Compensation and Liability funds reduced customer charges by \$27.6 million for Fiscal Year 2009-10 and \$28.9 million in interfund transfers were made from the Workers' Compensation fund in Fiscal Year 2008-09 and 2009-10. Also, the Capital Construction Fund reduced \$5,000,000 in Fiscal Year 2008-09 and \$5,000,000 in Fiscal Year 2009-10 to fund the Main Jail debt service in order to mitigate additional reductions to the Sheriff; General Services rebated \$21.2 million of retained earnings in Fiscal Year 2008-09 in order to provide customer departments with budgetary relief. Additionally, the department of FPARE was abolished by the Board of Supervisors resulting in the elimination of the Department Director, Executive Secretary and the Internal Services Deputy Agency Administrator was deleted effective July 1, 2009 which resulted in annual cost savings of \$304,544. Lastly, the Clerk Recorder's Real Estate Division reduced the real estate management fee from \$0.99 to \$0.84 per square foot annually and unfunded five positions equating to a reduction of \$457,175.

**BACKGROUND**

The county has several departments that provide services to other departments within the organization. The charges for those services are included in the Allocated Cost Package (ACP) that is used by all county departments in the preparation of their annual budget. These are costs

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Departments

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charged out to county departments for services such that a share of the costs of a resource is used by all departments. ISA includes costs from Real Estate’s leased facility and property management services; General Services’ facilities management services, fleet, central stores and supplies, mail, printing, etc.; Workers’ Compensation, Liability and Property Insurance, Unemployment Insurance, and Personnel’s Safety program, employment office, services teams, etc.

ISA departments reduced their budgets by more than \$24.4 million and 168.4 FTE positions. Below is a summary of the ISA department reductions:

Department	Mid Year Reductions 2008-09	Proposed Reductions 2009-10	Final Reductions 2009-10	<b>Total Reductions</b>	08-09 FTE*	09-10 FTE	FTE Change	% Diff FTE
Finance	0	1,892,135	268,087	<b>2,160,222</b>	150.0	130.0	-20.0	-13%
Revenue Recovery	916,000	1,542,302	277,125	<b>2,735,427</b>	100.0	64.0	-36.0	-36%
Personnel	1,574,419	4,520,184	732,217	<b>6,826,820</b>	314.3	271.1	-43.2	-14%
General Services*	341,167	9,722,635	2,176,488	<b>12,240,290</b>	513.0	448.8	-64.2	-13%
Clerk Recorder/ Real Estate	0	457,175	0	<b>457,175</b>	33.0	28.0	-5.0	-15%
<b>TOTAL</b>	<b>2,831,586</b>	<b>18,134,431</b>	<b>3,453,917</b>	<b>24,419,934</b>	<b>1110.3</b>	<b>941.9</b>	<b>-168.4</b>	

\*For comparative purposes, General Services Fiscal Year 2008-09 FTE count includes the positions from FPARE that were transferred to DGS on July 1, 2009.

In addition, the Workers’ Compensation and Liability funds reduced customer charges by \$27.6 million in Fiscal Year 2009-10 in order to reduce charges passed through to county departments to provide budgetary savings to customer departments allowing them to mitigate the reductions in program services and/or staffing levels; Workers’ Compensation also provided \$28.9 million in interfund transfers in Fiscal Years 2008-09 and 2009-10.

The Capital Construction Fund also reduced \$5,000,000 in Fiscal Year 2008-09 and \$5,000,000 in Fiscal Year 2009-10 to fund the Main Jail debt service in order to mitigate additional reductions to the Sheriff; General Services rebated \$21.2 million of retained earnings in Fiscal Year 2008-09 in order to provide customer departments with budgetary relief. The Internal Services Agency continues to work with all of its departments diligently to reduce costs and improve efficiencies wherever possible in order to reduce costs to customer departments.

The current budgetary environment necessitated that a reduction in management support activities be undertaken and to maximize the utilization of existing resources FPARE was abolished by the Board of Supervisors resulting in the elimination of the Department Director and Executive Secretary. Additionally the Deputy Internal Services Agency Administrator was deleted effective July 1, 2009. Three primary functions were assigned to existing departments. The primary functions of FPARE were reassigned as follows:

- County Engineering - Architectural Services: Provides to County Departments in both County owned and leased facilities the following services: Interior Design, AutoCAD Support, Project Management, Engineering Services including Mechanical, Electrical, and Environmental, and Plan Development.
- DGS - Facility Planning and Management: Provides to County Departments in both County owned and leased facilities the following services: Comprehensive Master Planning, County Owned Facilities Planning, Capital Construction Budget, Leased Facility Planning, Energy Management and Computer Aided Facility Management.
- County Clerk Recorder - Real Estate: Provides to County Departments in both County owned and leased facilities the following services: Acquisitions, including Eminent Domain Support, Relocation Assistance, Appraisals, Asset Management, Lease Negotiations and Management, Property Management, and Water Quality Real Estate Management.

The annual gross costs savings for Fiscal Year 2009-10 from the abolishment of FPARE was approximately \$304,544. Prior to abolishing FPARE reductions of \$1.7 million had been taken from mid-year Fiscal Year 2008-09 reductions through the Fiscal Year 2009-10 Proposed Budget.

Respectfully submitted,

APPROVED  
TERRY SCHUTTEN  
County Executive

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Mark Norris, Administrator  
Internal Services Agency