



MEMORANDUM

Date: May 3, 2022

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: Jan Leshner 
County Administrator

Re: **Charges for Administrative Overhead, Risk Management, Short-term Disability and Information Technology Costs in the Fiscal Year 2022/23 Recommended Budget**

Each year, central service costs are allocated proportionately to all departments. For non-General Fund departments, there are allocations within their budgets for these costs. Below is the explanation for the allocation of central service costs to departments for County Administrative Overhead, Risk Management premiums, Health Benefit Trust short-term disability and various Information Technology costs. These are costs incurred by central service departments and funded by the General Fund but provide services to all County departments, including departments funded primarily by non-General Fund funding sources. Those non-General Fund departments basically repay the General Fund for their share of the central service costs. The information provided below describes the cost drivers used to allocate the costs and the proposed amounts to be allocated to departments for Fiscal Year 2022/23. Because these amounts are calculated or reviewed by Finance and Risk Management, the individual County departments may not be able to explain fluctuations in these costs even though they are included in their budgets.

County Administrative Overhead

For Fiscal Year 2022/23, the cost allocation plan identified approximately \$69 million of central service costs that are allocated out to other County departments as administrative overhead. The County's General Fund revenues initially pay for these central service costs. Although the allocation of these costs was calculated for all departments, only those departments that are not primarily funded by the County's General Fund revenues were charged for these costs. Of the \$69 million of central service costs identified, only \$18 million was charged to non-General Fund departments. The remaining \$51 million of central service costs were allocated to General Fund departments or departments significantly funded by the General Fund, but not charged out to them.

In order to allocate the central service costs, Finance and Risk Management worked with the Grants Management and Innovation Department and their consultant to apply various cost drivers for each central service department. Table 1 is a list of the various components of County Administrative Overhead and the cost drivers used to allocate those costs.

Table 1. Cost Drivers Used to Allocate County Overhead

Central Service Departments	Cost Drivers Used to Allocate Costs Proportionately
Analytics and Data Governance	Total budget requested by departments served.
Capital Program Office	Personnel service costs of departments served.
Clerk of the Board	Number of boxes in storage, number of frames microfilmed, personnel service costs of departments served, 100% allocation of Board of Equalization costs to Tax Assessment and Collection.
Communications	Number of budgeted full time equivalent positions of departments served.
County Administrator	Personnel service costs of departments served.
County Attorney	Personnel service costs of departments served and actual County Attorney charges for services.
Facilities Management	Square footage of assigned space.
Finance and Risk Management	
Administration	Personnel service costs of department served.
Budget	Total budget requested by departments served and 100% of Tax Assembly charges to Tax Assessment and Collections.
Departmental Analysis	Total budget requested by departments served.
Financial Control and Reporting	Total expenditures of departments served.
Financial Management	Number of cash flows created, CIP projects and personnel service costs of departments served.
Financial Operations	Total expenditures of departments served, number of documents processed by Accounts Payable, number of payroll deposits and pay card deposits, and postage expenditures.
Financial Transactions	Total budget requested by departments served.
Revenue Management	Total revenues of funds/departments served.
Tax Assessment and Collection	Number and cost per parcel.
Grants Management and Innovation	Number of grant awards of departments served.
Human Resources	Number of budgeted full time equivalent positions of departments served.
Information Technology	Number of budgeted full time equivalent positions of departments served.
Non-Departmental	Operating expenditures in the General Fund only.
Office of Sustainability	Personnel service costs of departments served.
Procurement	Number of procurement documents processed.
Public Works Administration	Personnel service costs of departments served.
Real Property	Personnel service costs of departments served.

Table 2 below lists of all departments that budgeted for County Administrative Overhead charges in Fiscal Year 2022/23 and the amounts allocated to these departments.

Table 2. List of Departments Charged County Administrative Overhead

Department	FY 2022/23 Administrative Overhead
County Free Library	\$3,533,221
Development Services	589,274
Environmental Quality	280,974
Facilities Management – Parking Garages	79,643
Finance and Risk Management	398,612
Fleet Services	861,780
Human Resources – Health Benefit Trust	668,076
Information Technology - Telecommunications	224,349
Regional Flood Control	1,947,433
Regional Wastewater Reclamation	5,756,103
Transportation	3,444,771
Wireless Integrated Network	310,479
Total	\$18,094,715

Risk Management Insurance

Risk Management recovers its costs through premium charges to departments for General Liability, Property and Other Insurance premiums and anticipated tort losses.

The insurance premiums charged to departments are based on a review of each department's three-year average of prior year claims, the County's overall budget, actuarial recommendations, cost of insurance and loss exposures, and the reserve balance within the Self-Insurance Trust Fund. The largest fluctuations from year to year are usually caused by the size and timing of prior years' claims. The more recent the claims, and the larger the claims, the more the premium is impacted. Table 3 below shows the insurance allocations for FY 2022/23.

Table 3. Risk Management Insurance Allocation for FY 2022/23

Department	FY 2022/23 Insurance Allocation
Attractions and Tourism	\$ 2,674
County Free Library	179,470
Development Services	44,140
Environmental Quality	16,365
Facilities Management - Risk	856
Fleet Services	909,254
General Fund	3,026,648
Human Resources - Risk	958
Parking Garages	45,462
Public Health	303,565
Risk Management	12,080
Sheriff	1,726,119
Stadium District	117,418
Superior Court	1,352
Telecommunications - IT	23,224
Transportation	1,501,592
Regional Flood Control	49,981
Regional Wastewater Reclamation	1,229,617
Wireless Integrated Network	9,575
Total	\$ 9,200,350

Risk Management Workers' Compensation

Risk Management recovers its costs through premium charges to departments for Workers' Compensation coverage. The insurance premiums charged to departments are based on workers' compensation classification rates multiplied by the total payroll for each classification. The specific type of job duties performed determines the workers' compensation classification and the rate applied to each classification.

Short-term Disability

The Health Benefit Trust Fund recovers its costs for short-term disability coverage through premium charges to departments, which are based on a calculated rate multiplied by each employee's payroll compensation.

Information Technology Charges

1. Telecommunications Charges

The Information Technology Department's (ITD) Telecommunications internal service fund covers the cost of providing core infrastructure to County departments to support their information technology needs. Telecommunications recovers its costs through telecommunication charges. Telecommunications charges departments based on the number of computer devices that connect to the County's information technology infrastructure. Table 4 below presents a breakout by department, showing the increases and decreases in the number of computer devices. During Fiscal Year 2022/23, the amounts charged to each department for telecommunication charges vary due to the number of devices for each department and the annual rate. The monthly rate decreased from \$64.55 to \$55.00 for Fiscal Year 2022/23.

2. Hardware, Software, and Server/Storage Charges

ITD recovers its Server/Storage, Hardware and Software internal service funds costs through various rate structures. For Server/Storage, ITD charges departments based on the number of computer devices, a rate multiplier based on the amount of storage used (high, medium and low), and the calculated rate per device. For Hardware and Software, ITD charges departments based on the number of computer devices and the calculated rate per device. For Fiscal Year 2022/23, the amounts charged to each department for Server/Storage, Hardware and Software vary due to the number of devices for each department, the multiplier, if applicable, and the annual rate.

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Table 4. ITD Device Count Comparison for FY 2022/23

Fund/Department	FY2022/23 Device Count	FY2021/22 Device Count	Device Count Variance
General Fund			
Analytics and Data Governance	30	21	9
Assessor	155	155	-
Behavioral Health	35	34	1
Board of Supervisors	40	40	-
Capital Program Office	8	7	1
Clerk of the Board	28	27	1
Clerk of the Superior Court	332	332	-
Communications Office	32	30	2
Community Workforce Development	570	569	1
Constables	29	35	(6)
County Administrator	32	35	(3)
County Attorney	410	410	-
Elections	32	32	-
Environmental Quality (Solid Waste Management)	3	3	-
Facilities Management	168	153	15
Finance and Risk Management	203	214	(11)
Forensic Science Center (Medical Examiner)	43	40	3
Grants Management Innovation	67	57	10
Human Resources	85	85	-
Information Technology	211	171	40
Justice Courts - Ajo	4	4	-
Justice Courts - Green Valley	3	2	1
Justice Courts - Tucson	230	230	-
Justice Services	9	0	9
Juvenile Court	407	449	(42)
Natural Resources, Parks and Recreation	177	170	7
Office of Emergency Management	89	87	2
Office of Sustainability and Conservation	25	25	-
Pima Animal Control	173	153	20
Procurement	35	33	2
Public Defense Services	343	336	7
Real Property Services	14	14	-
Recorder	71	71	-
Sheriff Department	1,451	1,477	(26)
Superintendent of Schools	51	53	(2)
Superior Court	861	761	100
Treasurer	37	37	-
Total General Fund	6,493	6,352	141
Non-General Fund			
Attractions and Tourism	13	12	1
County Free Library	1,867	1,763	104
Development Services	67	64	3
Environmental Quality	47	56	(9)
Facilities (Parking Garages)	8	6	2
Facilities (Risk Management)	26	20	6
Finance (Risk Management)	6	4	2
Fleet Services	64	66	(2)
Health	679	502	177
Human Resources (Health Benefits)	16	16	-
Human Resources (Risk Management)	2	2	-
Information Technology (Computer Hardware)	68	55	13
Information Technology (Server & Storage)	23	25	(2)
Information Technology (Telecommunications)	13	18	(5)
Public Defense Services	3	3	-
Regional Flood Control District	81	81	-
Regional Wastewater Reclamation	635	629	6
Stadium District	30	31	(1)
Transportation	169	159	10
Wireless Integrated Network	19	17	2
Total Non-General Fund	3,836	3,529	307
Grand Total	10,329	9,881	448

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Table 5 provides a breakout by department for all ITD charges based on the number of devices and the applicable rates for Telecommunications, Server/Storage, Hardware and Software respectively.

Table 5: Allocation of ITD Internal Service Fund Charges

Fund/Department	FY2022/23 Telecom Allocation	FY2022/23 Server/Storage Allocation	FY2022/23 Software Allocation	FY2022/23 Hardware Allocation	FY2022/23 Total Allocation
General Fund					
Analytics and Data Governance	\$19,966	\$48,897	\$17,163	\$34,200	\$120,226
Assessor	103,159	91,366	78,594	-	273,119
Behavioral Health	23,294	57,047	20,024	39,900	140,264
Board of Supervisors	26,622	65,196	22,884	45,600	160,302
Capital Program Office	5,324	13,039	4,577	9,120	32,060
Clerk of the Board	18,635	45,637	16,019	31,920	112,211
Clerk of the Superior Court	220,960	195,700	123,695	-	540,355
Communications Office	21,297	52,157	18,307	36,480	128,241
Community Workforce Development	284,852	761,048	326,097	649,800	2,021,797
Constables	19,301	47,267	16,591	33,060	116,219
County Administrator	21,297	52,157	18,307	36,480	128,241
County Attorney	272,872	241,677	85,035	467,400	1,066,984
Elections	21,297	52,157	18,307	36,480	128,241
Environmental Quality (Solid Waste Management)	1,997	4,890	1,716	3,420	12,023
Facilities Management	139,764	273,823	96,113	191,520	701,220
Finance and Risk Management	135,105	436,475	116,136	231,420	919,136
Forensic Science Center (Medical Examiner)	28,618	70,086	24,600	49,020	172,324
Grants Management Innovation	44,591	109,203	38,331	76,380	268,505
Human Resources	56,571	138,542	48,629	96,900	340,641
Information Technology	140,429	343,909	120,713	240,540	845,591
Justice Courts - Ajo	2,662	2,358	830	-	5,850
Justice Courts - Green Valley	1,997	1,768	622	3,420	7,807
Justice Courts - Tucson	153,075	135,575	33,184	-	321,834
Justice Services	5,990	14,669	5,149	10,260	36,068
Juvenile Court	270,875	239,909	84,413	-	595,197
Natural Resources, Parks and Recreation	117,801	288,492	101,262	201,780	709,335
Office of Emergency Management	-	145,061	50,917	101,460	297,438
Office of Sustainability and Conservation	16,639	40,748	14,303	28,500	100,189
Pima Animal Control	115,139	281,973	98,973	197,220	693,305
Procurement	23,294	57,047	20,024	39,900	140,264
Public Defense Services	228,281	915,928	196,230	391,020	1,731,459
Real Property Services	9,318	22,819	8,009	15,960	56,106
Recorder	47,253	41,851	36,001	-	125,105
Sheriff Department	965,700	855,302	743,702	1,654,140	4,218,845
Superintendent of Schools	33,943	83,125	21,665	58,140	196,872
Superior Court	573,031	507,522	178,574	-	1,259,127
Treasurer	24,625	21,810	11,270	-	57,705
Total General Fund	\$4,195,574	\$6,756,230	\$2,816,966	\$5,011,440	\$18,780,206
Non-General Fund					
Attractions and Tourism	\$8,652	\$21,189	\$7,437	\$14,820	\$52,098
County Free Library	931,758	2,327,689	615,440	2,128,380	6,003,267
Development Services	44,591	144,058	38,331	76,380	303,360
Environmental Quality	31,280	76,605	26,889	53,580	188,354
Facilities (Parking Garages)	5,324	13,039	4,577	9,120	32,060
Facilities (Risk Management)	17,304	42,377	14,875	29,640	104,196
Finance (Risk Management)	3,993	9,779	3,433	6,840	24,045
Fleet Services	42,595	104,314	36,614	72,960	256,483
Health	451,903	1,106,703	388,456	774,060	2,721,121
Human Resources (Health Benefits)	10,649	26,078	9,154	18,240	64,121
Human Resources (Risk Management)	1,331	3,260	1,144	2,280	8,015
Information Technology (Computer Hardware)	45,257	110,833	38,903	77,520	272,513
Information Technology (Server & Storage)	15,307	37,488	13,158	26,220	92,173
Information Technology (Telecommunications)	8,652	21,189	7,437	14,820	52,098
Justice Courts - Tucson	-	-	14,518	-	14,518
Office of Emergency Management	59,233	-	-	-	59,233
Public Defense Services	1,997	8,011	1,716	3,420	15,144
Regional Flood Control District	53,909	153,091	46,340	92,340	345,680
Regional Wastewater Reclamation	739,416	1,695,669	363,284	723,900	3,522,269
Stadium District	19,966	48,897	17,163	34,200	120,226
Transportation	112,476	275,453	96,685	192,660	677,275
Wireless Integrated Network	15,973	30,968	10,870	21,660	79,471
Total Non-General Fund	\$2,621,566	\$6,256,690	\$1,756,424	\$4,373,040	\$15,007,720
Grand Total	\$6,817,140	\$13,012,920	\$4,573,390	\$9,384,480	\$33,787,926

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JKL/anc

c: Michelle Campagne, Director, Finance and Risk Management
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