



MEMORANDUM

Date: May 10, 2021

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

From: C.H. Huckelberry 
County Administrator

Re: **Charges for Administrative Overhead, Risk Management, Short-term Disability and Information Technology Costs in the Fiscal Year 2021/22 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 from non-General Fund funding sources. Those non-General Fund departments basically repay the General Fund for their share of the central service costs. The report describes the cost drivers used to allocate the costs and compares the proposed Fiscal Year 2021/22 allocations to the charges in the current fiscal year's budget. 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 2021/22, the County hired a consultant to develop a methodology that complies with Federal regulations. This was done to obtain a negotiated indirect cost rate for the various grants received. This new methodology has identified approximately \$68 million of central service costs that are allocated out to other County departments. 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 \$68 million of central service costs, only \$19 million was charged to non-General Fund departments. The remaining \$49 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 consultant and the Grants Management and Innovation Department to apply various cost drivers for each central service department. Another change for Fiscal Year 2021/22 is the inclusion of Public Works Administration Overhead within the County Administrative Overhead calculation. In prior years, Public Works Administration Overhead was presented separately within the Financial System. However, beginning in Fiscal Year 2021/22, it will be combined. 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 & 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 & 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	
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 & 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 & 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.
General Government Services Administration	Total budget requested by departments served.
Grants Management & Innovation Department	Number of grant awards of departments served.
Human Resources	Number of budgeted full time equivalent positions of departments served.
Information Technology (ITD)	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 is a list of all departments that budgeted for County Administrative Overhead charges in Fiscal Year 2021/22 and the amounts allocated utilizing the new methodology.

Table 2. List of Departments Charged County Administrative Overhead

Charged out to Departments	FY 2021/22 Administrative Overhead
County Free Library	\$3,861,794
Development Services	867,971
Environmental Quality	312,518
Facilities Management – Parking Garages	63,250
Finance and Risk Management	399,750
Fleet Services	804,565
Human Resources – Health Benefit Trust	657,909
Information Technology - Telecommunications	291,441
Regional Flood Control	2,228,907
Regional Wastewater Reclamation	6,096,924
Transportation	3,303,892
Wireless Integrated Network	251,476
Total	\$19,140,397

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. Table 3 shows the allocation for FY 2021/22 and a comparison to the current year's allocation. The largest changes 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 claim, the more the premium is impacted.

Table 3. Risk Management Insurance Allocation Comparison for FY 2021/22

Department	FY 2021/22	FY 2020/21	Variance
Attractions & Tourism	\$ 1,057	\$ -	\$ 1,057
County Free Library	241,410	256,738	(15,328)
Development Services	33,206	42,160	(8,954)
Emergency Management	7,230	14,192	(6,962)
Environmental Quality	23,259	26,958	(3,699)
Facilities Maintenance - Risk	200	-	200
Fleet Services	749,864	1,104,866	(355,002)
Flood Control	69,954	78,032	(8,078)
General Fund	2,514,610	2,342,491	172,119
Human Resources - Risk	241	-	241
Parking Garages	44,885	48,715	(3,830)
Pima Animal Care (GF)	100,810	84,187	16,623
Public Health	272,594	423,639	(151,045)
Risk Management	17,720	22,028	(4,308)
Sheriff	2,224,411	2,784,680	(560,269)
Solid Waste Management (GF)	31,849	34,450	(2,601)
Stadium District	148,823	160,821	(11,998)
Telecommunications-IT	24,959	32,146	(7,187)
Transportation	1,826,060	1,227,341	598,719
Wastewater Reclamation	1,419,354	1,433,479	(14,125)
Wireless Integrated Network	13,704	17,818	(4,114)
Total	\$ 9,766,199	\$10,134,741	\$(368,542)

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 employee classification rates multiplied by the total payroll for each classification. The specific type of job duties performed classifies the employee and the applied rate. In order to reduce the fund balance, the Self-Insured Trust Fund covered the Fiscal Year 2020/21 Workers' Compensation premiums for all of the County's departments. In Fiscal Year 2021/22, the departments will pay the Workers' Compensation premiums.

Short-term Disability

FY 2021/22 is the first year that Short-term Disability costs will be allocated out to departments. Prior to FY 2021/22, the Human Resources Health Benefit Trust Fund absorbed the costs. Since the Health Benefit Trust Fund recovers its costs through premium charges to departments, the insurance premiums charged to departments are based on a calculated rate multiplied by the employee 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 is a breakout by department, showing the increases and decreases in the number of computer devices. During Fiscal Year 2021/22, 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 remained unchanged for Fiscal Year 2021/22.

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 2021/22, 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.

The Honorable Chair and Members, Pima County Board of Supervisors
 Re: **Charges for Administrative Overhead, Risk Management, Short-term Disability and Information Technology Costs in the Fiscal Year 2021/22 Recommended Budget**
 May 10, 2021
 Page 6

Table 4. ITD Device Count Comparison for FY 2021/22

Department	FY20/21 Device Count	FY21/22 Device Count	Device Count Variance
General Fund			
Analytics & Data Governance	21	21	-
Assessor	155	155	-
Behavioral Health	22	34	12
Board of Supervisors	41	40	(1)
County Administrator	28	24	(4)
Clerk of the Superior Court	332	332	-
Community & Economic Development Administration	5	8	3
Clerk of the Board	26	27	1
Communications Office	26	30	4
Constables	15	35	20
Community Workforce Development (prev CSET & CDNC)	596	569	(27)
Environmental Quality (Solid Waste Management)	3	3	-
Elections	26	32	6
Facilities Management	152	153	1
Finance	212	214	2
Forensic Science Center (Medical Examiner)	40	40	-
General Government Services	2	-	(2)
Grants Management Innovation	58	57	(1)
Human Resources	58	85	27
Information Technology	164	171	7
Justice Courts - Ajo	3	4	1
Justice Courts - Green Valley	3	2	(1)
Justice Courts - Tucson	160	230	70
Juvenile Court	449	449	-
Office of Emergency Management & Homeland Security	88	87	(1)
Pima Animal Care Center	127	153	26
County Attorney	410	410	-
Public Defense Services	325	336	11
Procurement	33	33	-
Natural Resources, Parks and Recreation	165	170	5
Public Works Administration	4	3	(1)
Public Works Administration - HR Support	3	-	(3)
Capital Program Office (previously PW-PMO)	9	7	(2)
Real Property Services (Previously PW-RP)	17	14	(3)
Recorder	50	71	21
Superior Court	761	761	-
Sheriff Department	1370	1,477	107
Superintendent of Schools	36	53	17
Office of Sustainability and Conservation (OSC)	25	25	-
Treasurer's Office	37	37	-
Total General Fund	6057	6,352	295
Non-General Fund			
Environmental Quality	53	56	3
Development Services	81	64	(17)
Attractions & Tourism	6	12	6
Regional Flood Control District	80	81	1
Facilities (Parking Garages)	6	6	-
Facilities (Risk Management)	23	20	(3)
Finance (Risk Management)	6	4	(2)
Fleet Services	74	66	(8)
Health	412	502	90
Human Resources (Risk Management)	4	2	(2)
Human Resources (Health Benefits)	20	16	(4)
Information Technology (Telecomm)	33	18	(15)
Information Technology (Server & Storage)	32	25	(7)
Information Technology (Computer Hardware)	56	55	(1)
Juvenile Court	70	-	(70)
Stadium District	32	31	(1)
County Free Library	1638	1,763	125
Public Defense Services	0	3	3
Transportation	218	159	(59)
Pima County Wireless Integrated Network	16	17	1
Regional Wastewater Reclamation	616	629	13
Total Non-General Fund	3476	3,529	53
Grand Total	9533	9,881	348

The Honorable Chair and Members, Pima County Board of Supervisors
Re: **Charges for Administrative Overhead, Risk Management, Short-term Disability and
Information Technology Costs in the Fiscal Year 2021/22 Recommended Budget**
May 10, 2021
Page 7

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 Funds (next page)

The Honorable Chair and Members, Pima County Board of Supervisors
 Re: **Charges for Administrative Overhead, Risk Management, Short-term Disability and Information Technology Costs in the Fiscal Year 2021/22 Recommended Budget**
 May 10, 2021
 Page 8

Dept	Department	FY21/22 Telecom Allocation	FY21/22 Server/Storage Allocation	FY21/22 Software Allocation	FY21/22 Hardware Allocation	FY21/22 Total Allocations
General Fund						
ADG	Analytics & Data Governance	\$ 16,380	\$ 31,627	\$ 9,382	\$ 25,200	\$ 82,589
AS	Assessor	\$ 120,900	\$ 83,660	\$ 58,936	\$ -	\$ 263,496
BH	Behavioral Health	\$ 26,520	\$ 51,206	\$ 15,190	\$ 40,800	\$ 133,716
BOS	Board of Supervisors	\$ 31,200	\$ 60,242	\$ 17,870	\$ 48,000	\$ 157,312
CA	County Administrator	\$ 18,720	\$ 36,145	\$ 10,722	\$ 28,800	\$ 94,387
CC	Clerk of the Superior Court	\$ 258,960	\$ 179,195	\$ 86,830	\$ -	\$ 524,985
CED	Community & Economic Development Administration	\$ 6,240	\$ 12,048	\$ 3,574	\$ 9,600	\$ 31,462
CL	Clerk of the Board	\$ 21,060	\$ 40,663	\$ 12,062	\$ 32,400	\$ 106,185
CM	Communications Office	\$ 23,400	\$ 45,182	\$ 13,403	\$ 36,000	\$ 117,985
CO	Constables	\$ 27,300	\$ 52,712	\$ 15,636	\$ 42,000	\$ 137,648
CR	Community Workforce Development (prev CSET & CDN)	\$ 333,060	\$ 703,386	\$ 254,204	\$ 682,800	\$ 1,973,450
DE	Environmental Quality (Solid Waste Management)	\$ 2,340	\$ 4,518	\$ 1,340	\$ 3,600	\$ 11,798
EL	Elections	\$ 24,960	\$ 48,194	\$ 14,296	\$ 38,400	\$ 125,850
FM	Facilities Management	\$ 148,980	\$ 230,426	\$ 68,354	\$ 183,600	\$ 631,360
FN	Finance	\$ 166,920	\$ 425,690	\$ 95,606	\$ 256,800	\$ 945,016
FSC	Forensic Science Center (Medical Examiner)	\$ 31,200	\$ 60,242	\$ 17,870	\$ 48,000	\$ 157,312
GGS	General Government Services	\$ -	\$ -	\$ -	\$ -	\$ -
GMI	Grants Management Innovation	\$ 44,460	\$ 85,845	\$ 25,465	\$ 68,400	\$ 224,170
HR	Human Resources	\$ 66,300	\$ 128,014	\$ 37,974	\$ 102,000	\$ 334,288
IT	Information Technology	\$ 133,380	\$ 257,535	\$ 76,395	\$ 205,200	\$ 672,510
JCA	Justice Courts - Ajo	\$ 3,120	\$ 2,159	\$ 419	\$ -	\$ 5,698
JCG	Justice Courts - Green Valley	\$ 1,560	\$ 1,079	\$ 209	\$ 2,400	\$ 5,248
JCT	Justice Courts - Tucson	\$ 179,400	\$ 124,141	\$ 17,020	\$ -	\$ 320,561
JU	Juvenile Court	\$ 350,220	\$ 242,345	\$ 46,989	\$ -	\$ 639,554
OEM	Office of Emergency Management & Homeland Security	\$ -	\$ 131,027	\$ 38,868	\$ 104,400	\$ 274,295
PAC	Pima Animal Care Center	\$ 119,340	\$ 230,426	\$ 68,354	\$ 183,600	\$ 601,720
PCA	County Attorney	\$ 319,800	\$ 221,295	\$ 42,907	\$ 492,000	\$ 1,076,002
PDS	Public Defense Services	\$ 262,080	\$ 830,713	\$ 150,110	\$ 403,200	\$ 1,646,103
PO	Procurement	\$ 25,740	\$ 49,700	\$ 14,743	\$ 39,600	\$ 129,783
PR	Natural Resources, Parks and Recreation	\$ 132,600	\$ 256,029	\$ 75,949	\$ 204,000	\$ 668,578
PW	Public Works Administration	\$ 2,340	\$ 4,518	\$ 1,340	\$ 3,600	\$ 11,798
PW	Public Works Administration - HR Support	\$ -	\$ -	\$ -	\$ -	\$ -
CPO	Capital Program Office (previously PW-PMO)	\$ 5,460	\$ 10,542	\$ 3,127	\$ 8,400	\$ 27,529
RPS	Real Property Services (Previously PW-RP)	\$ 10,920	\$ 21,085	\$ 6,255	\$ 16,800	\$ 55,060
RE	Recorder	\$ 55,380	\$ 38,322	\$ 7,430	\$ -	\$ 101,132
SC	Superior Court	\$ 593,580	\$ 410,745	\$ 79,640	\$ -	\$ 1,083,965
SD	Sheriff Department	\$ 1,152,060	\$ 797,202	\$ 570,136	\$ 1,772,400	\$ 4,291,798
SS	Superintendent of Schools	\$ 41,340	\$ 79,821	\$ 12,436	\$ 63,600	\$ 197,197
SUS	Office of Sustainability and Conservation (OSC)	\$ 19,500	\$ 37,651	\$ 11,169	\$ 30,000	\$ 98,320
TO	Treasurer's Office	\$ 28,860	\$ 19,971	\$ 12,415	\$ -	\$ 61,246
Total General Fund		\$ 4,805,580	\$ 6,045,301	\$ 1,994,625	\$ 5,175,600	\$ 18,021,106
Non-General Fund						
DE	Environmental Quality	\$ 43,680	\$ 84,339	\$ 25,018	\$ 67,200	\$ 220,237
DSD	Development Services	\$ 49,920	\$ 127,309	\$ 28,592	\$ 76,800	\$ 282,621
ED	Attractions & Tourism	\$ 9,360	\$ 18,073	\$ 5,361	\$ 14,400	\$ 47,194
FC	Regional Flood Control District	\$ 63,180	\$ 141,558	\$ 36,187	\$ 97,200	\$ 338,125
FM	Facilities (Parking Garages)	\$ 4,680	\$ 9,036	\$ 2,681	\$ 7,200	\$ 23,597
FM	Facilities (Risk Management)	\$ 15,600	\$ 30,121	\$ 8,935	\$ 24,000	\$ 78,656
FN	Finance (Risk Management)	\$ 3,120	\$ 6,024	\$ 1,787	\$ 4,800	\$ 15,731
FS	Fleet Services	\$ 51,480	\$ 99,399	\$ 29,486	\$ 79,200	\$ 259,565
HD	Health	\$ 391,560	\$ 756,038	\$ 224,272	\$ 602,400	\$ 1,974,270
HR	Human Resources (Health Benefits)	\$ 12,480	\$ 24,097	\$ 7,148	\$ 19,200	\$ 62,925
HR	Human Resources (Risk Management)	\$ 1,560	\$ 3,012	\$ 894	\$ 2,400	\$ 7,866
IT	Information Technology (Telecomm)	\$ 14,040	\$ 82,833	\$ 8,042	\$ 21,600	\$ 126,515
IT	Information Technology (Server & Storage)	\$ 19,500	\$ 37,651	\$ 11,169	\$ 30,000	\$ 98,320
IT	Information Technology (Computer Hardware)	\$ 42,900	\$ 27,109	\$ 24,572	\$ 66,000	\$ 160,581
JCT	Justice Courts - Tucson	\$ -	\$ -	\$ 7,326	\$ -	\$ 7,326
JU	Juvenile Court	\$ -	\$ -	\$ -	\$ -	\$ -
KSC	Stadium District	\$ 24,180	\$ 46,688	\$ 13,849	\$ 37,200	\$ 121,917
LIB	County Free Library	\$ 1,031,160	\$ 2,036,650	\$ 391,778	\$ 2,115,600	\$ 5,575,188
OEM	Office of Emergency Management & Homeland Security	\$ 67,860	\$ -	\$ -	\$ -	\$ 67,860
PDS	Public Defense Services	\$ 2,340	\$ 7,417	\$ 1,340	\$ 3,600	\$ 14,697
SC	Superior Court	\$ -	\$ -	\$ -	\$ -	\$ -
TR	Transportation	\$ 124,020	\$ 239,462	\$ 71,034	\$ 190,800	\$ 625,316
WIN	Pima County Wireless Integrated Network	\$ 16,380	\$ 25,603	\$ 7,595	\$ 20,400	\$ 69,978
WW	Regional Wastewater Reclamation	\$ 858,780	\$ 1,555,114	\$ 281,010	\$ 754,800	\$ 3,449,704
Total Non-General Fund		\$ 2,847,780	\$ 5,357,533	\$ 1,188,076	\$ 4,234,800	\$ 13,628,189
Grand Total		\$ 7,653,360	\$ 11,402,834	\$ 3,182,701	\$ 9,410,400	\$ 31,649,295

The Honorable Chair and Members, Pima County Board of Supervisors
Re: **Charges for Administrative Overhead, Risk Management, Short-term Disability and
Information Technology Costs in the Fiscal Year 2021/22 Recommended Budget**
May 10, 2021
Page 9

CHH/mp

c: Jan Leshar, Chief Deputy County Administrator
Michelle Campagne, Director, Finance and Risk Management
Patrick McGee, Budget Manager