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TO: Board of Commissioners

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SUBJECT: Explanation of Washtenaw County 2006 Projected Cost per PSU

Many questions have arisen as to the county's cost per PSU. The methodology currently used was adopted by the Board of Commissioners in 2000, and reaffirmed in 2003. This methodology calls for the full cost of Police Services to be calculated. This amount is then reduced by credits for agreed upon fixed costs and revenues. The result is the final net cost per PSU, of which the county subsidizes a portion and a portion is paid for by the contracting entity. The following page provides the 2006 projected cost per PSU using this current methodology and assuming the number of contract PSU remains at the current level of 90.

2006 Projected Cost per PSU - Assuming Current Methodology and PSU Level

Based on # of PSUs = 90

Total Expenditures - Full Cost Reporting	Per PSU	Total Budget
Personnel Costs		
Deputy Salary	55,117 a	4,960,564
Deputy Overtime	11,923 a	1,073,094
Deputy Holiday	3,475	312,746
Deputy Fringe Benefits	25,706	2,313,511
Sheriff Administrative Support	6,861 b	617,515
Supervisors	17,493 c	1,574,384
Detective Bureau	10,558 d	950,200
Pool of Six Fill In Deputies	5,160	464,364
Six Special Assignment Deputies	5,597 e	503,722
Support Services	6,901 f	621,095
Prevention Services	1,942 g	174,749
Supplies		
General Supplies	1,154	103,832
Uniforms	2,289	206,000
Other Services & Charges	3,744 h	336,934
Internal Service Charges		
Fleet	13,403 i	1,206,256
Indirect Costs (Cost Allocation Plan - CAP)	18,827 j	1,694,456
Capital Outlay	156	14,034
Central Dispatch	18,660	1,679,386
Average Cost per PSU - Full Cost	208,965	18,806,841
County Contribution for Fixed Costs		
Less: Sheriff Administrative Support	6,861	617,515
Less: Special Assignment Deputies	5,597	503,722
Average Cost per PSU Net Fixed Costs	196,507	17,685,605
County Contribution of Other Revenues		
Less: E911 Surcharge Revenue	10,034	903,054
Less: Other Revenue	5,348 k	481,308
Average Cost per PSU Net Fixed Costs and Other Revenues	181,125	16,301,243

Notes:

- a) Salary and Overtime costs assume all positions are filled for entire fiscal year
- b) Sheriff Administrative Support includes .5 Sheriff, .5 Undersheriff, 2.5 Commanders, Business Manager and Secretary
- c) Supervisors include Lieutenants and Sergeants
- d) Detective Bureau includes 8 Deputy Investigators, 1 Lieutenant, 1 Sergeant and 1 Clerical Position
- e) Six Special Assignment Deputies are currently assigned to LAWNET, DARE, Canine, Major Case, and WAATT
- f) Support Services includes Clerical and CSO Positions
- g) Prevention Services includes 1 Youth Caseworker and 1 Sergeant
- h) Other Services consists of Consultants & Contracts, Telephone, Equipment Repair, and other misc charges
- i) Fleet costs include cost of vehicles for deputy plus support staff, repairs and maintenance, radios and gas
- j) Indirect Costs (Cost Allocation Plan) includes cost of facilities, maintenance of facilities, technology updates and maintenance, financial support, insurance, legal counsel, and other overhead costs
- k) Other Revenue includes Fire Dispatch contracts, Northfield Township Police Dispatch contract, Overtime Reimbursement contracts, CSO and CWP positions and misc fees

An explanation of the projected costs included in each budget category is provided below. While there are many ways in which costs could be classified, and while there may be disagreements about what costs should be paid for by the county, these are the costs based on the annual expenses of the Sheriff's Office for Police Services. These 2006 estimates are derived from our 2005 audited figures with estimated adjustments for annual cost increases.

Police Services Expenditures – Full Cost Reporting

Personnel Services: All of the personnel costs listed are based on preliminary 2006 salary projections for all Sheriff Police Services employees. The county uses the same salary projection methodology for all of its positions. These projections begin with each employee's current pay, then calculates necessary adjustments based on all union negotiated salary increases for the upcoming year. These adjustments include:

- Annual 3% across the board salary increases;
- Annual step increases for employees below the top of their pay grade;
- Longevity payouts if appropriate based on years served;
- Expected payment for all fringe benefits.

The salary and fringe benefit costs are then reported in the breakdown cost per PSU based on the type of position, as follows:

Deputy Salary (Total Budget = \$4,960,564; per PSU = \$55,117)

The total budget for this category includes only the salaries for the 90 contract deputies. The per PSU cost is an average for those 90 positions.

Deputy Overtime (Total Budget = \$1,073,094; per PSU = \$11,923)

This budget is the total overtime for Sheriff Police Services. While it may include some overtime for non-deputy staff, the overtime worked is almost exclusively to complete direct services to our contracting jurisdictions. It would be difficult to breakout the overtime budget (including holiday overtime stated below) by type of position as the staff who work overtime varies each pay cycle.

Deputy Holiday (Total Budget = \$312,746; per PSU = \$3,475)

This is the total holiday pay for all Sheriff Police Services employees, as negotiated in the union contracts.

Deputy Fringe Benefits (Total Budget = \$2,313,511; per PSU = \$25,706)

The amounts in this category are the projected fringe benefits for the 90 contract deputies. It does not include any fringe benefits for any other Sheriff Police Services employees.

Sheriff Administrative Support (Total Budget = \$617,515; per PSU = \$6,861)

This category includes both projected salary and fringes for those positions classified as administration for Police Services. As noted in the footnotes of the Cost per PSU breakdown, this comprises 50% of the Sheriff, 50% of the Undersheriff, 2.5 Commanders, a Business Manager and an Administrative Assistant. The remaining 50% of the Sheriff, Undersheriff and Commander are not included in this breakdown as they are budgeted in

the Jail. These costs are credited to the cost per PSU as they are being paid for 100% by the county and are not part of the PSU contract cost.

Supervisors (Total Budget = \$1,574,384; per PSU = \$17,493)

This includes both projected salary and fringes for those positions classified as supervision, including four (4) Lieutenants and 12 Sergeants.

Detective Bureau (Total Budget = \$950,200; per PSU = \$10,558)

The Detective Bureau consists of eight (8) Deputy Investigator positions, 1 Lieutenant, 1 Sergeant and 1 Clerical Support Staff. The amount listed in this category is the projected salary and fringe benefits for these positions.

Pool of Six Fill In Deputies (Total Budget = 464,364; per PSU = \$5,160)

As a means to save overtime costs, the county Board of Commissioners agreed to retain six deputies to fill in for absent deputies. An absence can occur for many reasons, including sick time, vacations, medical or personal leaves, etc. The costs shown in this category are the projected salary and fringes for these six positions.

Six Special Assignment Deputies (Total Budget = \$503,722; per PSU = \$5,597)

As a means to provide countywide services that are not jurisdiction specific, the county Board of Commissioners chose to retain six deputies that would be assigned to special initiatives as the Sheriff determines appropriate. These positions are currently assigned to LAWNET, DARE, Canine, Major Cases and WAATT, although their assignments can be altered at any time. The costs shown in this category include the projected salary and fringes for these six positions. These costs are included in the full cost expenditure breakdown, but are then credited to the cost per PSU as they are being paid for 100% by the county and are not part of the PSU contract cost.

Support Services (Total Budget = \$621,095; per PSU = \$6,901)

It takes much internal support to process the work of the deputies. The staff completing these responsibilities includes eight (8) clerical staff and two (2) Community Service Officers. The salary and fringes for these ten positions are shown in this category.

Prevention Services (Total Budget = \$174,749; per PSU = \$1,942)

This includes salary and fringes for two positions, a Youth Caseworker and one Sergeant.

Supplies: This category is broken down into two categories, General Supplies and Uniforms.

General Supplies (Total Budget = \$103,832; per PSU = \$1,154) consists of the following line items and budgets:

Office Supplies	\$23,049
Printing & Binding	\$9,398
Postage	\$9,212
Operating Supplies	\$42,476
Other Commodities	\$17,455
Medical Supplies	\$2,210
Bldg. & Maintenance	\$32
Total	\$103,832

These expenses include all necessary supplies for the Sheriff the operate Police Services (all Jail supplies are within a separate budget). As the county manages its budget at a category level, it is the discretion of the Sheriff to use the total supply budget as he determines appropriate. The details of these expenses vary on an annual basis depending on the needs of the office, but typically include items such as copy expenses, general office supplies and specific supplies needed to fulfill duties of the Sheriff.

Uniforms (Total Budget = \$206,000; per PSU = \$2,289)

Uniform costs are shown separately for other supplies because they are a direct expense for a deputy. The total budget of \$206,000 in this category includes the uniforms for all appropriate Sheriff Police Services staff. Based on union agreement, a uniform allowance must be given to each agreed upon staff annually, with additional purchases made by the Sheriff as determined appropriate.

Other Services & Charges (Total Budget = \$336,934; per PSU = \$3,744)

This budget category consists of the following line items and budget:

Subscriptions & Dues	\$1,976
Consultants & Contracts	\$187,975
Health Services	\$506
Telephone	\$65,103
Travel	\$161
Books	\$109
Advertising	\$251
Equipment Repair & Maintenance	\$57,680
Equipment Rental	\$7,251
Vehicle Lease	\$730
Employee Development	\$11,888
Investigative Fee	\$2,582
Miscellaneous	\$722
Total	\$336,934

As with the line items in the Supplies category, the Sheriff has discretion to spend this total category budget as he determines appropriate, and this varies annually based on needs of the Office. The use of most of the line items are self-explanatory. Consultants & Contracts includes but is not limited to costs for many vendors, including those obtained for background checks, pre-employment evaluations, polygraph services, and towing.

Internal Service Charges: This category has two line items, Fleet and Indirect Costs.

Fleet (Total Budget = \$1,206,256; per PSU = \$13,403)

The county's fleet costs include the lease rate for the vehicle, preventative maintenance, repair, and gas expenses. These expenses are charged back to each county department based on their fleet assignments as outlined in county policy. The fleet costs listed in the cost per PSU include the expenses for the Sheriff Police Services fleet only. A detailed breakdown of the vehicles assigned to Police Services is forthcoming and will be discussed at the May 19th Working Session as part of an update on Facilities Management Policies.

Indirect Costs (Total Budget = \$1,694,456; per PSU = \$18,827)

With assistance of an outside vendor, the county completes an annual Cost Allocation Plan (CAP) to determine the proportion of indirect costs to allocate to each county program area. Indirect costs include the following categories (in accordance with OMB Circular A-87): Building Use, Building Operations, Equipment Use, Finance Department, IT, Financial System, Human Resources, Corporation Counsel, County Treasurer, County Administration, and Insurance. The CAP includes the appropriate allocation based on estimated usage for each program for each of these categories. For example, the CAP for Police Services includes 8.2% of the county's insurance expenses based on insurance premiums to support Police Services. The total CAP cost per category is shown in the following table.

Police Services Indirect Costs		
Estimated 2006 Cost Allocation Plan (CAP) Budget		
	<u>Total Budget</u>	<u>Per PSU</u>
Building Use Charge	\$0	\$0
Building Operations	\$15,376	\$171
Equipment Use Charge	Waived	Waived
ITS	\$922,007	\$10,245
Finance	\$135,017	\$1,500
Finance/IT (Financial System)	\$72,775	\$809
Human Resources	\$122,112	\$1,357
County Treasurer	\$5,674	\$63
Corporation Counsel	\$26,499	\$294
County Administration	\$46,606	\$518
Insurance	\$348,391	\$3,871
Total Budget for Indirect Costs for Police Services	\$1,694,456	\$18,827
Plus: Equipment Use Charge (if county did not waive)	\$132,614	\$1,473
Total CAP	\$1,827,070	\$20,301

Note:
Estimated CAP for 2006 is equal to 2002 CAP (used in 2004/05 Budget) with 3% growth
Equipment Use Charge is not allocated even though it is part of CAP

Capital Outlay (Total Budget = \$14,034; per PSU = \$156)

This category is intended for equipment expenses (those not provided within the Indirect Costs) for Sheriff Police Services.

Central Dispatch (Total Budget = \$1,679,386; per PSU = \$18,660)

This lump sum amount for Central Dispatch includes all expenses to operate dispatch services, including salary and fringe benefits, overtime, supplies, other services, and the Cost Allocation Plan attributable to Central Dispatch operations. A detailed breakdown can be provided upon request. These expenses are also partially offset by the credit of Other Revenues, including almost a million dollars of the Washtenaw County E911 surcharge revenue.

Credits to Full Cost: The approved methodology includes the county providing some credits to the full cost of a PSU prior to determining the contract rate. These credits can be broken down into two categories, backing out expenditures considered fixed costs to the county, and an allocation of other revenues that would otherwise support the County General Fund budget.

County Contribution for Fixed Costs

The approved methodology includes the county paying for some agreed upon fixed costs. These include all expenses within the Sheriff Administrative Support (total of \$617,515) and Special Assignment Deputy (total of \$503,722) categories, as outlined above. These expenses are not included in the cost per PSU used to determine the contract rate.

County Contribution of Other Revenues

The approved methodology also includes the county agreeing to use all program generated revenue, including E911 surcharge revenue, to offset the cost per PSU. These revenues in the amount of \$1,384,362 are general fund revenues and would not need to be allocated to the Police Services costs.