



Attachment 4

County of Santa Cruz

AUDITOR-CONTROLLER'S OFFICE

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June 26, 2006

Tegan Speiser

Santa Cruz County Regional Transportation Commission

1523 Pacific Avenue,

Santa Cruz, CA 95060

Hello Tegan,

Payroll Processing

As we discussed, the RTC can use either the simplified Special District payroll process or the more comprehensive e-timecard process.

Special District Payroll Process

This is the service which is provided to all the other Special Districts for which the County processes payroll. Based on the RTC's level of activity in FY 2004-05, we estimate that the RTC's payroll processing charges would total approximately \$800 annually. The charge per payroll warrant varies depending on certain factors such as whether an auto deposit or a physical check is prepared, but currently ranges from \$2.07 per warrant to \$2.68. We revise our rates every year or two, and I estimate that the rates will increase for FY 2007-08 because our costs have increased, but the rate increase will be minimal.

Additionally, we will charge a one-time set-up fee. The staff estimate for the initial set up was quite high, so I propose to charge an initial set up fee based on actual hours, but not to exceed \$800 which is 100% of the RTC's estimated annual charge. Our ISD Dept charges about \$107 per hour, so this is about eight hours of a programmer's time. The programmer's estimate was ten times this amount.

E-timecard Process

The e-timecard system is much more comprehensive. Currently, the RTC is charged for this full payroll service through the Cost Allocation Plan. \$3,758 for FY 2006-07 (assuming a full year). If the RTC would like to continue this comprehensive service, I propose to continue charging approximately this amount. The Cost Allocation Plan bases its cost on the full payroll staff and ISD costs assigned to this function, as well as supervisory and overhead costs allocated to this function from other departments. Whatever the rate is that is charged to other departments for payroll service through the Cost Allocation Plan is what we would charge the RTC. It breaks down to about \$10.32 per employee per pay period for FY 2006-07.

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Again, I propose to charge an initial set up fee based on actual hours, but not to exceed \$3,800 which is 100% of the RTC's estimated annual charge. This is about thirty-eight hours of a programmer's time, but the programmer's estimate was nearly nine times this amount.

Payroll Reports

Staff confirmed that the RTC could continue to receive the reports that Danial Nikuna requested regardless of the level of payroll service requested. They can be either on paper or on the infoweb, depending on level of service and the RTC's preference. The Hours Accumulator report is a Personnel Dept report, so perhaps Personnel needs to grant permission for that report.

1. Pay Stubs (or Statement of Earnings from eTime system)
2. Master File
3. Payroll Register
4. User Code Report (PY9137T)
5. Vacation, Sick and Administrative Leave (PY4904), and
6. Hour Accumulator/E-Hours Report (PY4910).

Claims Processing

Again, this is the service which is provided to all the other Special Districts for which the County processes claims. Based on the RTC's level of activity in FY 2004-05, we estimate that the RTC's claims processing charges would total approximately \$1,200 annually. The charge per claims check is currently \$1.63. We revise our rates every year or two, and I estimate that the rates will increase for FY 2007-08 because our costs have increased, but the rate increase will be minimal. There would be no set up fee for claims processing, as this set-up is much simpler than initiating payroll.

I hope you find this information helpful. Please give me a call if you want to discuss it further. I am very happy to meet with the RTC again to assist in this process.

Regards,

Mary Jo Walker
Auditor-Controller

cc: Pam Silbaugh, Accounting Manger
Mo Schillinger, Payroll Supervisor

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