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# COUNTY ADVISORY BULLETIN

**CAB**

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**BULLETIN 2011-04**

**NOVEMBER, 2011  
REVISED FEBRUARY, 2012**

## **COUNTY CENTRALIZED SERVICES**

**APPLICABLE LEGISLATION:** Am. Sub. H.B 153

**REVISED CODE SECTIONS EFFECTED:** Enacted ORC Section 305.23

**SPONSORS:** Amstutz

**Reps.** J. Adams, Batchelder, Beck, Blair, Blessing, Boose, Buchy, Burke, Combs, Dovilla, Duffey, Grossman, Hackett, Hall, Hollington, Maag, McClain, Newbold, Rosenberger, Ruhl, Slaby, Sprague, Stebelton, Uecker

**Sens.** Bacon, Beagle, Coley, Daniels, Faber, Gillmor, Hite, Jones, LaRose, Lehner, Manning, Niehaus, Schaffer, Wagoner, Widener

**EFFECTIVE DATE:** September 29, 2011

### **BACKGROUND**

During 2009 CCAO President Kerry Metzger, Tuscarawas County Commissioner, appointed a Management Improvement Task Force to develop recommendations to help improve the capability of counties to better manage in the wake of fiscal challenges confronting counties. One of the Task Force's recommendations was to enact legislation providing authority to centralize various functions of county government which were often performed by multiple county offices. This resulted in the adoption of the following policy by CCAO:

CCAO seeks the ability for a board of county commissioners to require other county offices to use centralized services for purchasing, printing, human resource functions, electronic networks and phones, as well as mail operations.

At the request of CCAO, Governor Kasich included centralized service authority in H.B. 153 as introduced. The proposal, in the as-introduced version of the state budget, was as follows:

**Sec. 305.23.** (A) As used in this section, "county office" means the offices of the county commissioner, county auditor, county treasurer, county engineer, county recorder, county prosecuting attorney, county sheriff, county coroner, county park district, clerk of the juvenile court, clerks of court for all divisions of the courts of common pleas, including the clerk of the court of common pleas, clerk of a county-operated municipal court, and clerk of a county court, and any agency or department under the authority of, or receiving funding in whole or in part from, any of those county offices.

(B) A board of county commissioners may adopt a resolution establishing centralized purchasing, printing, transportation, vehicle maintenance, information technology, human resources, revenue collection, and mail operation services for a county office. The resolution shall specify all of the following:

- (1) Which county offices are required to use the centralized services;
- (2) If not all of the centralized services, which centralized service each county office must use;
- (3) A list of rates and charges the county office shall pay for the centralized services;
- (4) The date upon which each county office specified in the resolution shall begin using the centralized services.

Not later than ten days after a resolution is adopted under this section, the clerk of the board of county commissioners shall send a copy of the resolution to each county office that is specified in the resolution.

The inclusion of this language in the budget bill by the Governor was appreciated by CCAO. Other county elected officials, however, expressed a variety of concerns with this new authority being granted to county commissioners. As a result, when the budget was enacted, the original language was substantially altered to significantly limit the opportunities for cost savings.

## **BULLETIN SUMMARY**

H. B. 153, the state biennial budget bill for FY 2012- 2013, enacted ORC Section 305.23 to authorize county commissioners to establish centralized service programs for a number of administrative and operational functions that are often common to multiple county offices. The vision is that by combining certain functions into a centralized service, taxpayer dollars would be saved and greater efficiency would result.

The original language that was included in the Governor Kasich's proposed budget gave very broad authority to a board of commissioners in establishing centralized services.

The final version, however, is more limited, including a series of exemptions promoted by other county elected officials who expressed a myriad of concerns about the new authority impinging on the independence of their offices and the integrity of their statutory responsibilities.

This CAB will explain the details of the new authority. A copy of ORC Section 305.23, as enacted by the General Assembly, is included as Exhibit 1. Also included as Exhibits 2 and 3

are sample resolutions that could be used to implement one or more of the centralized services authorized under the law.

### **CENTRALIZED SERVICES AUTHORIZED UNDER THE NEW LAW**

ORC Section 305.23 authorizes county commissioners to establish centralized services for the following administrative and operational functions that are often needed or performed by more than one county office. These include the following:

- Purchasing<sup>1</sup>
- Printing<sup>1</sup>
- Transportation
- Vehicle maintenance
- Human resources<sup>1</sup>
- Revenue collection<sup>1</sup>
- Mail operation

Please note that while information technology was included in the original list of services that could be centralized under language proposed by the Governor, IT functions were removed in the final Act.

<sup>1</sup>These services and functions are subject to some limitations for certain county offices as will be explained later in this CAB.

### **COUNTY OFFICES TO WHICH CENTRALIZED SERVICES APPLY**

If the board of county commissioners establishes centralized services for any of the functions specified above, it may apply to any or all of the following county offices:

- County Commissioners
- County Auditor
- County Treasurer
- County Engineer
- County Recorder
- Prosecuting Attorney
- Sheriff
- Coroner

- County Park District
- Veterans Service Commission
- Clerk of the Juvenile Court
- Clerks of Court for all divisions of the courts of common pleas, including the clerk of the court of common pleas, clerk of a county-operated municipal court, and clerk of a county court.
- Any agency, department, or division under the authority of, or receiving funding in whole or in part from, any of those county offices.

The definition of “county office” does not include courts, but only the clerks’ of court of all courts. Because in some courts judges serve as the clerk of a division of the common pleas court, it could be argued that the courts are subject to the law, however, judges may argue they are exempt under the “inherent powers doctrine.”

Please note that the law applies to “any agency, department, or division under the authority of, or receiving funding in whole or in part from, any of those county offices.” While the exact meaning of this provision is subject to interpretation, it clearly includes other entities beyond those typically considered a “county office” in a general sense because so many are funded by the county commissioners in the annual appropriation resolution. Counties should consult the county prosecutor for advice on this language.

**NOTICE TO COUNTY OFFICES PRIOR TO ADOPTION OF RESOLUTION ESTABLISHING CENTRALIZED SERVICES**

Prior to the adoption of a resolution establishing one or more centralized services which applies to one or more county offices, the county commissioners must give written notice to the impacted county office. The notice must inform the county office of the commissioners’ intent to establish a centralized service or services. The written notice also must include a statement on the rationale and the estimated savings for centralizing a service or services.

The statute includes no time frame for the delivery of the notice to county offices prior to when the commissioners may adopt a resolution to take final action to establish a centralized service. However, CCAO encourages commissioners to give this notice at least 14 days prior to the time they plan to adopt the final resolution. This will allow impacted county offices the opportunity to comment or express concerns.

Exhibit 2 is a sample resolution commissioners may use when they intend to establish a centralized service. The adoption of this resolution and its transmittal to impacted county offices should meet the statutory requirement for written notification, although the statute does not require the adoption of this suggested resolution.

**CONTENT OF STATEMENT ON THE RATIONALE AND ESTIMATED SAVINGS**

The new law does not give guidance on the content or level of detail required for the statement on the rationale and estimated savings from instituting a centralized service. The statement of rationale could be as simple as a statement that the commissioners believe the provision of the

particular service will eliminate duplication and will provide greater efficiency and less duplication of services by the various county offices.

CCAO encourages counties to do some analysis of estimated cost savings and include either estimated cost savings in dollars or as a percent of total estimated current expenditures in the statement. Conducting an analysis is also a good way to ensure that there are actual savings that will result from centralization. While it is generally assumed that savings will result, there have been examples when it could actually cost more to centralize the service, so an analysis is important to guard against this possibility.

The statement does not have to be a detailed analysis, but should, at a minimum, include some data or examples of how there will be cost savings. This statement must be in writing, and CCAO suggests that it be attached to the resolution of intent and incorporated therein. Likewise, a more detailed statement of cost savings is preferable in that it will show county offices and the public of the opportunities that have been considered prior to the decision to establish a centralized service or services.

### **PROVISION OF CENTRALIZED SERVICES BY OTHER COUNTY OFFICES**

The legislation does not require or anticipate that the board of county commissioners or their appointed department heads always will be responsible for the provision of centralized services to other county offices. The law authorizes other county offices to serve as the agent and responsible party for administering any of the centralized services specified in the law and noted above. While the commissioners may request another county office to serve as the responsible party for administration of a centralized service, commissioners may not require the office to perform this function unless the office consents.

If another county office agrees to administer a centralized service at the request of the commissioners, then the office will enter into an agreement with the board to administer the centralized service or services under such terms and conditions specified in the agreement.

### **CONTENTS OF RESOLUTION ESTABLISHING CENTRALIZED SERVICES**

In order to implement a centralized services program for one or more of the authorized services, commissioners must adopt a resolution. The resolution cannot be adopted until after a written notice of intent is given to any impacted office that includes a statement of the rationale and estimated cost savings for the centralized service. The resolution must contain:

1. The name of the county office that will be the agent and responsible party for administering a centralized service or services. If the agent is not the commissioners, the name of the county office that will be the responsible party that has entered into an agreement with the commissioners must be specified in the resolution.
2. A list of the county offices which are required to use the centralized services.
3. If the resolution does not apply to all of the centralized services listed above, a specification of which centralized service each county office must use.
4. A list of rates and charges the county office must pay for the centralized services.

5. The date upon which each county office specified in the resolution must begin using the centralized service or services.

After the adoption of the resolution, the commissioners' clerk must send a copy of the resolution to each county office specified in the resolution. The resolution must be sent not later than 10 days after its adoption by the board of commissioners.

See Exhibit 3 for a sample resolution when adopting a centralized service or services.

### **EXEMPTIONS FROM REQUIREMENT TO USE CENTRALIZED SERVICES**

At the urging of other county elected officials, the provisions of ORC Section 305.23, as introduced, relating to centralized services was amended to include a number of exemptions. Thus, the resolution establishing centralized services may not apply to the following:

1. Purchases for contract services made by the county recorder from the "Recorder's Equipment Fund", if the fund has been established pursuant to ORC Section 317.321.
2. Purchases of software used by the county recorder.
3. Purchases by the county auditor from the Real Estate Assessment Fund (REA) established under ORC Section 325.31. It should be noted that this section of law was again amended in H.B. 225 (effective March 22, 2012). The intent of this change is to clarify that the all purchases from the REA Fund are exempt from the centralized services law. County Auditors were concerned that the structure of the law might be interpreted so that only purchases for contract services from the REA Fund would be exempt from centralized services. It was always the feeling of CCAO that all purchases from the REA were exempt so we do not feel that the change was substantive. Now that the law has been changed for the REA Fund, it might raise the same question relative to the two other funds included in this same provision of the law, the FOJ Funds of the Sheriff and Prosecutor. CCAO, however, continues to feel that all purchases from these two funds are exempt from centralized services, not just contract services. See Exhibit 1-A for a copy of ORC Section 305.23 as amended by H.B. 225.
4. Purchases from the sheriff's or prosecutor's Furtherance of Justice Funds (FOJ) established under ORC Sections 325.071 and 325.12.
5. Purchases of financial software used by the county auditor.
6. The printing of county property tax bills.
7. The collection of any taxes, assessments, and fees collected by the county treasurer.

In addition to the specific exemptions above, the law also includes a general exemption from using centralized services by a county office. Under Division D of ORC Section 305.23, the law states that this new authority to establish centralized services does not authorize commissioners to have control or authority over funds received directly by a county office under another section of the Revised Code, or to control, or have authority regarding, the expenditure or use of such funds.

Exactly what the general exemption applies to is not well defined. The exemption is subject to interpretation, and counties are urged to consult the county prosecutor. CCAO believes that this exemption does not apply to most general fund appropriations except to the extent they are covered by the specific exemptions listed above. Yet, a variety of special funds probably are included under this general exemption, including the Certificate of Title Fund, the Law Enforcement Trust Funds, and various funds of clerks' of courts relating to computerized legal research, court computerization and special projects. The standard for exemption is whether funds are "received directly by a county office under another section or the Revised Code."

Remember that "county office" does not include the courts as such, but only the clerk of a county, municipal, and all divisions of the court of common pleas. Because the judge serves as the clerk for some of the divisions of the common pleas court, it could be argued that the courts are subject to the law, however, judges may argue they are exempt under the "inherent powers doctrine."

### **CENTRALIZED PURCHASING**

While some counties have been involved in various forms of county centralized purchasing and have participated in a variety of cooperative purchasing options in the past, with the exception of those exempted from participation, the new law provides additional opportunities for central purchasing among county offices. For example Stark County operates a centralized purchasing department for a number of county offices. See the following link for a description of the central purchasing office for Stark County:

[http://www.co.stark.oh.us/internet/HOME.DisplayPage?v\\_page=commissioners\\_purchasing](http://www.co.stark.oh.us/internet/HOME.DisplayPage?v_page=commissioners_purchasing) .

In addition, the *Middletown Journal* recently reported that Butler County has saved nearly \$650,000 on contracts for the next three years, as a direct result of re-establishing and filling a central purchasing position. Please refer to Exhibit 4 for additional details.

Another example of centralized purchasing takes place in Trumbull County where school districts have the opportunity to "piggyback" on the county's fuel price contract. For more information on this program see the Auditor of State's web site at:

<http://www.auditor.state.oh.us/sharedservices/default.htm>

Centralized purchasing involves the concentration of purchasing by a central department for all or most of the purchasing undertaken within various county offices. The popular literature suggests that centralization has the advantages of reducing duplication of effort, pooling volume purchases for discounts, enabling more effective inventory control, consolidating transport loads to achieve lower costs, increasing skills development in purchasing personnel, and enhancing relationships with suppliers.

Decentralized purchasing, sometimes referred to as departmental purchasing, exists when county offices buy goods or services, or perform other procurement functions independently of one another. Generally, there is no overall coordination in decentralized purchasing. The responsibility for decentralized purchasing normally rests with elected officials or department managers, or key staff. It is generally conceded that completely decentralized purchasing does little to save money.

The goal of centralized purchasing is to gain control over the entire procurement process, thereby allowing the county to purchase in the most efficient and economical manner. The responsibility for buying goods and services is vested in often in one county office or

department. In smaller counties, it might also make sense that different offices take the lead in purchasing those items where they have a greater utilization, for example, the county engineer might purchase all fuel for the county and bill back other offices for their use.

Centralized purchasing often means more than simply the acquisition of goods and services at an acceptable price. It includes such functions as preparing specifications, screening vendors, conducting purchasing negotiations, awarding purchase orders and contracts, centralized control over supplies in storage, elimination of unnecessary paperwork, prompt payment of invoices to earn cash discounts, avoidance of late payment penalties, and assuring delivery of goods. Further, centralized purchasing may encompass the related functions of procurement such as receiving and inspecting incoming goods, inventory control, storing, and disposing of surplus and outmoded articles. It also could involve the establishment of a "county stores function" for the distribution of commonly and recurring supplies used by a number of county offices.

Many purchasing professionals believe that the best purchasing system may be a combination of these methods. Many governmental entities use a combination depending on specific needs. One combination of a decentralized and centralized purchasing is to leave the purchasing responsibility with each office, provided there is one centralized procurement policy by which all departments must operate. Another variation is to delegate authority for certain low dollar levels of purchases, assuming that consolidation of the \$250, \$500, or \$1,000 purchases isn't possible.

Each county should assess its own procurement needs and requirements to develop a procurement system best suited to its own circumstances. The involvement of various county offices is essential in the development of centralized purchasing. Under a centralized purchasing system each county office deserves some assurance that the system will address any specialized needs of individual offices and provide confidence that these offices can obtain needed supplies, equipment and other needed items when required.

In addition, there are a number of cooperative purchasing programs already in existence that may help in a centralized purchasing operation. Likewise, there are opportunities to work with other political subdivisions in the county or in a regional area which might prove beneficial. Some counties may also be participating in cooperative purchasing programs offered by a council of governments or other purchasing consortium that may be helpful and may be used instead of or as a part of a central purchasing operation. For a summary of these options refer to Sections 20.39-20.42 of the *County Commissioners Handbook* on the CCAO web site at:

<http://ccao.org/LinkClick.aspx?link=Handbook%2fChapter+20+Purchasing+11-16-09.pdf&tabid=349&mid=959&language=en-US> .

### **CENTRALIZED PRINTING**

County government administrative functions involve printing and reproduction of a vast number of documents for the administration of the functions of county government and for the use of constituents. Centralized printing usually involves at least three different types of printing applications. The first application is contract printing, often using offset-type printing, sometimes with multiple contract printing companies. Second, is the common use of photocopy machines. Finally, individual printers or networked printers tied to computer and IT systems.

One question that arises is how many different printing contracts county offices utilize and if a master printing contract can save money and still meet the needs of the county offices. A



second question is if it makes sense to establish a print shop instead of using contract printers. A final question may be how many computer printers and photocopier machines are needed and can money be saved by sharing computer printers and photocopier machines. Related questions deal with possible savings that may result from the use of standardized equipment, supplies, repair and maintenance or maintenance contracts.

The issue of centralization needs to be analyzed and studied with a realistic review of what savings may be realized considering the location of county offices; the volume and utilization of printing by the various offices; any specialized printing needs of the offices; and, the daily operational needs and time sensitivity of printing used by the offices.

The law specifically exempts printing of tax bills of the county treasurer as one type of specialized printing. Another example would be the printing of ballots and related printing by the board of elections.

Hunterdon County, New Jersey is an example of a county that uses centralized printing as a responsibility of its Department of Information Services. This department also is responsible for central records management and central mail services. For additional information refer to: <http://www.co.hunterdon.nj.us/infotech/printshop.htm>

### **CENTRALIZED TRANSPORTATION**

In many counties there are a variety of transportation services that are being operated for particular users. Many believe that major opportunities exist for more coordination or the consolidation of transportation services for residents of the county. For example, in most counties, transportation is provided by a county transit board, a regional transit authority or a community action agency; by the Veterans Service Commission; by the County DD Board; and, by a senior citizen organization. In addition, the county department of job and family services and other social service organizations provide a myriad of transportation services for clients.

In 2009, the Ohio 21<sup>st</sup> Century Transportation Priorities Task Force recognized this issue when they made the following recommendation:

Coordinate transportation services for all Ohioans including those who are transit dependent, senior citizens, people with disabilities, veterans and individuals with special health and human service needs, as well as citizens with limited incomes.

The Task Force noted that “millions of dollars are spent in Ohio on health and human service transportation delivery. These dollars flow through programs in an uncoordinated and inefficient manner, resulting in duplication of efforts and unnecessary waste of financial resources. Better coordination of efforts would improve the productivity of public transportation and reduce costs for Ohio taxpayers and the agencies involved.”

While various opportunities exist for centralized transportation, some accounting and other challenges need to be considered. For example, since some of services may be funded with levy dollars or other restricted funds, proper cost allocation, charge back procedures and accounting practices must be in place to assure integrity to the function and to be sure audit compliance issues are addressed.

### **CENTRALIZED VEHICLE MAINTENANCE**

Counties and county agencies operate a significant fleet of vehicles to provide services to the

public. Vehicle maintenance is really a part of a fleet management program that is already used in a number of counties. Fleet management often includes, in addition to vehicle maintenance, such programs as risk management, fueling stations for county vehicles, driver complaints, driver training, and related programs. For example, Franklin County has a fleet management function and its web site can be viewed at:

<http://www.franklincountyohio.gov/commissioners/fleet/>

There are numerous opportunities for counties to centralize vehicle maintenance for a number of county offices. For example, the county engineer and sheriff both operate a large number of vehicles. In addition, there may be opportunities to work with the County DD Board, who also operates a number of vehicles for its clients. In addition, in most counties the Veterans Service Commission, senior citizens groups, county sanitary engineer, and county or rural transit providers may all operate separate facilities for their vehicles or may contract with various independent businesses to repair and maintain vehicles. If there is no current coordination now in your county many believe that cost savings could be significant. Recently, Carroll County Georgia established a centralized vehicle maintenance facility. Refer to Exhibit 5 for more information.

For example, the Geauga County DD Board is building a transportation facility that will serve its fleet and a local school district. This facility will also serve as a fuel depot and repair facility for other local units of government. For more information see the Auditor of State's web site at:

<http://www.auditor.state.oh.us/sharedservices/default.htm>

### **CENTRALIZED HUMAN RESOURCES**

In the case of a centralized human resource function, the statute contains a definition that clearly defines what functions among county offices may be centralized and which functions may not. The human resource functions that may be centralized include any and all functions relating to human resource management including:

1. Civil service.
2. Employee benefits administration.
3. Collective bargaining.
4. Labor relations.
5. Risk management.
6. Workers' compensation.
7. Unemployment compensation.
8. Any human resource management function required by state or federal law. This would probably include things like Equal Employment Opportunity, ADA, COBRA, and the Fair Labor Standards Act (FLSA).

However, this statute clearly states that human resources does not authorize commissioners to establish a centralized human resource service which requires a county office to conform to a classification and compensation plan, position descriptions, or an organizational structure.

In addition, no authority is granted to determine the compensation of any employee, the salary ranges of positions, or the number of employees or terms of employment of any employee of the appointing authority, provided that the county office still must comply with the aggregate appropriation for salaries or personal services set in the appropriation resolution.

Finally, a centralized human resource operation may not exercise powers related to the hiring, qualifications, evaluation, suspension, demotion, disciplinary action, layoff, furloughing, establishment of a modified work-week schedule, or the termination of any employee appointed by the county appointing authority.

A centralized human resource function needs to have a staff that is service oriented and can help county offices make good decisions and ensure that proper procedures and legal requirements are made to protect the county from liability.

There are few examples of centralized human resource functions in statutory counties, but in both Summit and Cuyahoga Counties, there are central human resource commissions provided for in their charters. While these commissions have greater authority than is granted under this act, both may serve as models in other ways.

### **CENTRALIZED REVENUE COLLECTION**

Centralized revenue collection was added to the list of opportunities for centralized services in conversations with the Kasich Administration. It was not in the original list of functions included by the CCAO Task Force when CCAO's legislative policy was adopted.

The idea of centralized revenue collection may have more applicability in a shared service model with other political subdivisions in the county. One good example of a shared revenue collection model might be the collection of the permissive lodging tax where the county and one or more townships or municipalities also have enacted the tax.

Yet, there may be opportunities for revenue collection in the county for such things as dog licenses, court fines and costs, and water and sewer bills. Generally speaking individual systems have been developed and maintained by other county offices. The development of combined software or internet on-line payment options could result in long-term cost savings for each of the offices and would need to be integrated with accounting software. Other efficiencies might be achieved with collection of unpaid or late collectibles.

In other states it is not unusual to have a centralized revenue collection unit especially to collect delinquent debt owed to the county. For example, in Fresno County, California a Revenue Collections Unit has been established in the elected Auditor/ Controller's Office that serves as a centralized billing and collection office. It provides county offices a professional collection and billing service for the resolution of debts owed to the county. Using collection enforcement techniques comparable to those used in the business sector and always mindful of the county's interest in the welfare of its residents, the Revenue Reimbursement Division ensures that, whenever possible, the taxpayers of Fresno County are not required to bear the added burden of indebtedness that is the legal responsibility of a specific individual.

This office maximizes Fresno County's revenue by collecting delinquent accounts. Collectors review and evaluate delinquent accounts to determine effective collection methods. They also perform follow-up contacts to ensure payment of accounts. Documents are prepared to secure

agreement by debtor to pay delinquent accounts. When necessary, the Revenue Collection Unit pursues legal action to recover public funds.

In addition, centralized revenue collection could be a beneficial step so counties could work more effectively with the Attorney General in the collection of debt. The state budget bill authorizes the Attorney General to collect debt on behalf of counties and other political subdivisions. While many details need to be worked out on this new authority, a central contact within a county could help the administrative complexities of such a program.

The law provides that a political subdivision, with the approval of the Attorney General, may certify an amount payable that has not been paid within 45 days after payment is due to the Attorney General for collection under the Attorney General's general debt collection power contained in ORC Section 131.02.

The request for collection is to be submitted to the Attorney General in the form and manner prescribed by the Attorney General. If the Attorney General agrees to collect the debt, the Attorney General gives immediate notice to the party indebted of the nature and amount of the indebtedness. Subsequently, the Attorney General collects the claim or secures a judgment and issues an execution for its collection. Interest is charged from the day on which the claim became due at the annual rate required by ORC Section 5703.47 and a collection cost may be assessed by the Attorney General.

The Attorney General and the political subdivision may agree to do any of the following if such action is in the best interests of the political subdivision:

- Compromise the claim.
- Extend for a reasonable period the time for payment of the claim by agreeing to accept monthly or other periodic payments.
- Add fees to recover the cost of processing checks or other draft instruments returned for insufficient funds and the cost of providing electronic payment options.

### **CENTRALIZED MAIL OPERATIONS**

A number of counties already have a central mail operation. For example, the Hamilton County Clerk of Courts operates a Mail Center that picks up and processes outgoing mail for many county offices at discount postage rates. This department also delivers inter-departmental mail between county offices twice a day.

Hernando County, Florida also operates a central mail room. The central mail room provides centralized postal services for county offices. These services include sorting and delivering interoffice and incoming U.S. Mail twice-daily. The central mail room also postmarks outgoing and specialized mail such as UPS and Federal Express. Prior to setting up the central mail room in 1990, each county office processed its own mail. With the centralization of mail room functions, county employees have been able to spend more time performing other tasks and services for the public.

The Hunterdon County, New Jersey Mail Division processes over 600,000 pieces of mail yearly. The Mail Division determines the particular classes of mail and postal charges for regular, certified and insured letters and packages in accordance with the U.S.P.S rules and regulations.

The Division ensures county offices and employees adhere to the county's guidelines for the preparation and handling of mail.

**ACKNOWLEDGMENT**

CCAO expresses its appreciation to Auditor of State Dave Yost's office for its review and comments on this CAB. This review should not be interpreted as agreement by the office that it concurs with all conclusions reached in this Bulletin. All conclusions and guidance are those exclusively of CCAO and any errors are the total responsibility of the County Commissioners Association of Ohio.

**EXHIBIT 1**

**OHIO REVISED CODE SECTION 305.23**

**AS ENACTED BY AM. SUB. H.B. 153 OF THE 129<sup>TH</sup> GENERAL ASSEMBLY**

**EFFECTIVE SEPTEMBER 29, 2011**

**Sec. 305.23.** (A) As used in this section:

(1) "County office" means the offices of the county commissioner, county auditor, county treasurer, county engineer, county recorder, county prosecuting attorney, county sheriff, county coroner, county park district, veterans service commission, clerk of the juvenile court, clerks of court for all divisions of the courts of common pleas, including the clerk of the court of common pleas, clerk of a county-operated municipal court, and clerk of a county court, and any agency, department, or division under the authority of, or receiving funding in whole or in part from, any of those county offices.

(2) "Human resources" means any and all functions relating to human resource management, including civil service, employee benefits administration, collective bargaining, labor relations, risk management, workers' compensation, unemployment compensation, and any human resource management function required by state or federal law, but "human resources" does not authorize a board of county commissioners to adopt a resolution establishing a centralized human resource service that requires any county office to conform to any classification and compensation plan, position descriptions, or organizational structure; to determine the rate of compensation of any employee appointed by the appointing authority of a county office or the salary ranges for positions of a county office within the aggregate limits set in the appropriation resolution of the board of county commissioners; to determine the number of or the terms of employment of any employee appointed by the appointing authority of a county office within the aggregate limits set in the board's appropriation resolution; or to exercise powers relating to the hiring, qualifications, evaluation, suspension, demotion, disciplinary action, layoff, furloughing, establishment of a modified work-week schedule, or the termination of any employee appointed by the appointing authority of any county office.

(B) Subject to division (C) of this section, a board of county commissioners may adopt a resolution establishing centralized purchasing, printing, transportation, vehicle maintenance, human resources, revenue collection, and mail operation services for a county office. Before adopting a resolution under this section, the board of county commissioners, in a written notice, shall inform any other county office that will be impacted by the resolution of the board's desire to establish a centralized service or services. The written notice shall include a statement that provides the rationale and the estimated savings anticipated for centralizing a service or services. In addition, the board may request any other county office to serve as the agent and responsible party for administering a centralized service or services. That county office may enter into an agreement with the board of county commissioners to administer the centralized service or services under such terms and conditions as are included in the agreement, but nothing in this section authorizes the board of county commissioners to require a county office to serve as the agent and responsible party for administering a centralized service or services at the board's request.

A resolution establishing a centralized service or services shall specify all of the following:

(1) The name of the county office that will be the agent and responsible party for administering a centralized service or services, and if the agent and responsible party is not the board of county commissioners, the designation of the county office that has entered into an agreement under division (B) of this section with the board to be the agent and responsible party;

(2) Which county offices are required to use the centralized services;

(3) If not all of the centralized services, which centralized service each county office must use;

(4) A list of rates and charges the county office shall pay for the centralized services;

(5) The date upon which each county office specified in the resolution shall begin using the centralized services.

Not later than ten days after a resolution is adopted under this section, the clerk of the board of county commissioners shall send a copy of the resolution to each county office that is specified in the resolution.

(C) A board of county commissioners shall not adopt a resolution that establishes a centralized service or services regarding any of the following:

(1) Purchases made for contract services with moneys from the special fund designated as "general fund moneys to supplement the equipment needs of the county recorder" under section 317.321 of the Revised Code, from the real estate assessment fund established under section 325.31 of the Revised Code, or from the funds that are paid out of the general fund of the county under sections 325.071 and 325.12 of the Revised Code;

(2) Purchases of financial software used by the county auditor;

(3) The printing of county property tax bills;

(4) The collection of any taxes, assessments, and fees the county treasurer is required by law to collect;

(5) Purchases of software used by the county recorder.

(D) Nothing in this section authorizes the board of county commissioners to have control or authority over funds that are received directly by a county office under another section of the Revised Code, or to control, or have authority regarding, the expenditure or use of such funds.

**EXHIBIT 1-A**

**OHIO REVISED CODE SECTION 305.23**

**AS ENACTED BY SUB. H.B. 225 OF THE 129TH**

**GENERAL ASSEMBLY**

**EFFECTIVE MARCH 22, 2012**

**Sec. 305.23.** (A) As used in this section:

(1) "County office" means the offices of the county commissioner, county auditor, county treasurer, county engineer, county recorder, county prosecuting attorney, county sheriff, county coroner, county park district, veterans service commission, clerk of the juvenile court, clerks of court for all divisions of the courts of common pleas, including the clerk of the court of common pleas, clerk of a county-operated municipal court, and clerk of a county court, and any agency, department, or division under the authority of, or receiving funding in whole or in part from, any of those county offices.

(2) "Human resources" means any and all functions relating to human resource management, including civil service, employee benefits administration, collective bargaining, labor relations, risk management, workers' compensation, unemployment compensation, and any human resource management function required by state or federal law, but "human resources" does not authorize a board of county commissioners to adopt a resolution establishing a centralized human resource service that requires any county office to conform to any classification and compensation plan, position descriptions, or organizational structure; to determine the rate of compensation of any employee appointed by the appointing authority of a county office or the salary ranges for positions of a county office within the aggregate limits set in the appropriation resolution of the board of county commissioners; to determine the number of or the terms of employment of any employee appointed by the appointing authority of a county office within the aggregate limits set in the board's appropriation resolution; or to exercise powers relating to the hiring, qualifications, evaluation, suspension, demotion, disciplinary action, layoff, furloughing, establishment of a modified work-week schedule, or the termination of any employee appointed by the appointing authority of any county office.

(B) Subject to division (C) of this section, a board of county commissioners may adopt a resolution establishing centralized purchasing, printing, transportation, vehicle maintenance, human resources, revenue collection, and mail operation services for a county office. Before adopting a resolution under this section, the board of county commissioners, in a written notice, shall inform any other county office that will be impacted by the resolution of the board's desire to establish a centralized service or services. The written notice shall include a statement that provides the rationale and the estimated savings anticipated for centralizing a service or services. In addition, the board may request any other county office to serve as the agent and responsible party for administering a centralized service or services. That county office may enter into an agreement with the board of county commissioners to administer the centralized service or services under such terms and conditions as are included in the agreement, but nothing in this section authorizes the board of county commissioners to require a county office to serve as the agent and responsible party for administering a centralized service or services at the board's request.



A resolution establishing a centralized service or services shall specify all of the following:

(1) The name of the county office that will be the agent and responsible party for administering a centralized service or services, and if the agent and responsible party is not the board of county commissioners, the designation of the county office that has entered into an agreement under division (B) of this section with the board to be the agent and responsible party;

(2) Which county offices are required to use the centralized services;

(3) If not all of the centralized services, which centralized service each county office must use;

(4) A list of rates and charges the county office shall pay for the centralized services;

(5) The date upon which each county office specified in the resolution shall begin using the centralized services.

Not later than ten days after a resolution is adopted under this section, the clerk of the board of county commissioners shall send a copy of the resolution to each county office that is specified in the resolution.

(C) A board of county commissioners shall not adopt a resolution that establishes a centralized service or services regarding any of the following:

(1) Purchases made for contract services with moneys from the special fund designated as "general fund moneys to supplement the equipment needs of the county recorder" under section 317.321 of the Revised Code, ~~from the real estate assessment fund established under section 325.31 of the Revised Code~~, or from the funds that are paid out of the general fund of the county under sections 325.071 and 325.12 of the Revised Code;

(2) Purchases made with moneys from the real estate assessment fund established under section 325.31 of the Revised Code;

(3) Purchases of financial software used by the county auditor;

(3)(4) The printing of county property tax bills;

(44)(5) The collection of any taxes, assessments, and fees the county treasurer is required by law to collect;

(§){6) Purchases of software used by the county recorder.

(D) Nothing in this section authorizes the board of county commissioners to have control or authority over funds that are received directly by a county office under another section of the Revised Code, or to control, or have authority regarding, the expenditure or use of such funds.

**EXHIBIT 2**

**SAMPLE RESOLUTION OF INTENT TO ESTABLISH CENTRALIZED SERVICES**

Commissioner \_\_\_\_\_ moved for the adoption of the following resolution:

**A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF \_\_\_\_\_ COUNTY EXPRESSING ITS INTENT TO ESTABLISH A CENTRALIZED SERVICE FOR THE PURPOSE OF *(Insert the authorized service(s) that the county intends to centralize)*- \_\_\_\_\_ AND TO PROVIDE NOTICE TO COUNTY OFFICES THAT WILL BE IMPACTED**

**WHEREAS**, Am. Sub. HB 153 of the 129<sup>th</sup> General Assembly enacted Ohio Revised Code Section 305.23 which authorized the board of county commissioners to establish certain centralized services; **and**

**WHEREAS**, the legislation also specifies which county offices may be required to use specified central services, requires the designation of the county office that will serve as the agent or responsible party for the centralized service; and, exempts certain functions or funds from required participation in the centralized service, **and**

**WHEREAS**, the board of county commissioners has determined that a centralized service for the purpose of \_\_\_\_\_ is in the best interests of the county and has attached a summary statement of its rationale and potential costs savings for county taxpayers that are likely to occur under the provision of the centralized service, **and**

**WHEREAS**, the law requires any county office that will be impacted by this resolution to receive a written notice informing it of the board's desire to establish a centralized service and that the notice must include a statement of the rationale and estimated cost savings anticipated by the establishment of the centralized service.

**NOW THEREFORE BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF \_\_\_\_\_ COUNTY AS FOLLOWS:**

1. The board hereby declares its intent to establish a centralized service for the purpose of \_\_\_\_\_. *(Insert the specific function(s) or service(s) intended to be centralized)*
2. The board believes that the centralized service will be in the best interests of the county and has prepared a statement of its rationale and estimated cost saving from the proposed centralized service and that a copy of this statement is attached to this resolution and is declared to be a part of the resolution.
3. It is proposed that the following county offices shall participate in the provision of centralized services as provided in this resolution and as provided in Ohio Revised Code Section 305.23 with the understanding that this resolution shall not apply to any of the exemptions provided for in the statute, and yet the Board encourages all county offices to utilize the centralized service to the maximum extent feasible for statutorily exempted

items: \_\_\_\_\_ (List all county offices that are to participate in the centralized service)

4. That the board encourages comments on its proposal to centralize the service.

**BE IT FURTHER RESOLVED THAT** the Clerk is hereby directed to send a notice to each county office included in Section 3 of this Resolution that includes a copy of this Resolution and the statement attached to the resolution that explains the rationale and estimated cost savings for the proposed centralized service.

Commissioner \_\_\_\_\_ seconded the motion.

Roll Call Vote:

Commissioner \_\_\_\_\_

Commissioner \_\_\_\_\_

Commissioner \_\_\_\_\_

The motion was \_\_\_\_\_ agreed to

**EXHIBIT 3**

**SAMPLE RESOLUTION ESTABLISHING CENTRALIZED SERVICES**

Commissioner \_\_\_\_\_ moved for the adoption of the following resolution:

**A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF \_\_\_\_\_ COUNTY ESTABLISHING A CENTRALIZED SERVICE FOR THE PURPOSE OF** *(Insert authorized service(s) that the county intends to centralize)* \_\_\_\_\_.

**WHEREAS**, Am. Sub. HB 153 of the 129<sup>th</sup> General Assembly enacted Ohio Revised Code Section 305.23 which authorized the board of county commissioners to establish certain centralized services; **and**

**WHEREAS**, the legislation also specifies which county offices may be required to use specified central services, requires the designation of the county office that will serve as the agent or responsible party for the centralized service; requires notice to any county office that will be subject to the centralized services, and exempts certain functions or funds from required participation in the centralized service, **and**

**WHEREAS**, the board of county commissioners, after having given written notice to impacted county offices, has determined that a centralized service for the purpose of \_\_\_\_\_ is in the best interests of the county and has prepared the required statement that includes the rationale and potential costs savings that will occur for county taxpayers under the provision of the centralized service.

**NOW THEREFORE BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF \_\_\_\_\_ COUNTY AS FOLLOWS:**

1. The board hereby establishes as a centralized service pursuant or Ohio Revised Code Section 305.23 the following service or function:  
\_\_\_\_\_.
2. The agent or the responsible party for administering the centralized service will be *(insert the name of the county office)* \_\_\_\_\_.
3. The agent or responsible party has entered into an agreement with the board of county commissioners accepting responsibility for being the agent or responsible party that defines terms and conditions for the provision of the centralized service. *(Note: This clause of the resolution is only needed if the board of county commissioners is not the agent)*
4. The following counties offices shall participate in the provision of centralized services as provided for in this resolution and as provided in Ohio Revised Code Section 305.23. \_\_\_\_\_ *(List all county offices that are to participate in the centralized service)*

5. County offices required to participate in the centralized service shall pay the following rates and charges for the centralized service: *(Insert a schedule of rates and charges showing how the offices will pay for the centralized service)*
  
6. County offices required to participate in the centralized service shall begin using the service on\_\_\_\_\_. *(Insert the date that the centralized service will become effective)*
  
7. This Board understands that this resolution shall not apply to any of the exemptions provided for in the statute, and yet the Board encourages all county offices to utilize the centralized service to the maximum extent feasible for statutorily exempted items in order to assure that the maximum potential cost savings for the centralized service may be achieved for the benefit of the taxpayer.

**BE IT FURTHER RESOLVED THAT** the Clerk is hereby directed to send a copy of this resolution to each county office specified in Section 4 of this Resolution. The Clerk is directed to send this resolution within ten days of its adoption by this Board.

Commissioner \_\_\_\_\_ seconded the motion.

Roll Call Vote:

Commissioner \_\_\_\_\_

Commissioner \_\_\_\_\_

Commissioner \_\_\_\_\_

The motion was \_\_\_\_\_ agreed to

## EXHIBIT 4

### NEWS ARTICLE FROM MIDDLETOWN JOURNAL ABOUT CENTRALIZED PURCHASING IN BUTLER COUNTY

JULY 22, 2011

#### Centralized purchasing saves county tens of thousands

Newly hired manager making a big difference in Butler's bottom line.

By Michael D. Pitman, Staff Writer

HAMILTON — Butler County has saved nearly \$650,000 on contracts for the next three years, a direct result of re-establishing and filling a central purchasing position.

And there's potential to save even more taxpayer dollars before the year's up, said Randy Quisenberry, the purchasing manager hired by the county commission early this year with a goal to save money through evaluating and renegotiating contracts.

"We could see an opportunity for hundreds of thousands of dollars a year," he said, "but as I grow into central purchasing, more opportunities will become evident."

The cash-strapped county has cut millions from its budget — through moves such as layoffs, pay cuts, attrition and furloughs — to balance it amid dwindling revenues and state cuts. Just three years ago, the annual budget was \$94.7 million. The adopted 2011 budget is \$79.2 million.

Commissioner Don Dixon pushed for a special project last year that looked at centralized purchasing, and Quisenberry assisted in that project. Because of his work on the special project, Dixon said Quisenberry has more than paid for his \$68,500 salary and associated benefits "for the next 10 years."

"Every contract needs to go through central purchasing," Dixon said. "There's huge savings and the county's not taking advantage of those. It allows us to do it smarter, do it better, and at the end of the day it saves us a lot of money."

Quisenberry is only the second purchasing manager the city has employed; he was hired more than a dozen years after the last manager left in April 1998. Dick Law, who last held the job for an 11-year tenure beginning in 1987, estimates he saved a collective \$2 million by consolidating a number of contracts, including office supplies and the food purchases being made by the county jail, juvenile detention center and care facility.

Law also consolidated the number of contracts for the same service, which reduced the work load to process payments. Law said when he left it cost \$64 to pay a purchase order. Quisenberry — who's also had to reduce the number of contracts for the same service — said that partially through inflation, the cost to process a single purchase order is now about \$80.

"It was needed," Law said of his job, which ironically wasn't filled to save money, said state Rep. Courtney Combs, R-Hamilton, who served on the commission in 1998.

Law — nor anyone else — wouldn't "even venture a guess" on how much in taxpayer dollars was wasted by the higher amounts paid out between 1998 and early 2011 on contracts, purchases and services.

But Quisenberry said even though there wasn't a point person, that doesn't mean county officials didn't attempt to get a low price for services. "When an individual is dedicated to a task, however, there's more of a focus to stay on task," he said.

Quisenberry is now looking how to save the taxpayers more by evaluating several high-dollar contracts, including the county's heating and air conditioning and telephone contracts. There are a few millions of dollars worth of product and service contracts under the county commission's authority that he feels can be lowered. But the potential savings are yet to be determined, he said.

"We value our relationships with our providers, but we want to make sure that the relationship is benefiting the citizens of Butler County and maximize the total of the contracts," Quisenberry said.

Quisenberry currently manages only commission-controlled offices and general fund contracts. However, Gov. John Kasich's biennium budget bill approved last month permits the county to establish various centralized services, including purchasing, across all elected offices.

According to the budget bill, the commission can establish a centralized service and provide a written notice to the other county officeholders of the intent, rationale and impact.

"The more we can centralize, the more we can combine our orders, the bigger the orders ... the savings, literally, could be millions of dollars," Dixon said.

Since Quisenberry started, Commissioner Cindy Carpenter said many offices have used him as "a resource," something she had done with Law when she was the county Clerk of Courts.

"For me, even though he didn't control my purchasing, just to have that central depository of information was very helpful," she said.

## EXHIBIT 5

### NEWS ARTICLE FROM TIMES-GEORGIAN ABOUT CENTRALIZED PURCHASING IN CARROLL COUNTY, GEORGIA

JULY 22, 2011

#### **County's new centralized vehicle maintenance facility nearly finished**

By John P. Boan/Times-Georgian

County crews have been busy working through the cold in recent weeks to put the finishing touches on the Public Works Department's new vehicle-maintenance facility. Now, with its opening less than a month away, local officials say it will do much to save the county money in the new year.

At more than 120,000 square feet, the facility will allow the county to service all vehicles under one roof. In the past, police, fire and other emergency vehicles had the bulk of their annual service work performed by outside companies, coming at a significant cost to the county.

The Public Works Department only has the capabilities at its current facility to perform work for its own vehicles and has, over the last year, begun to do simple tune-ups on squad cars.

The Sheriff's Office now uses outside providers for oil changes and other work, and while it's unclear how much the consolidation of these services will save, Pope said, the money saved in oil changes alone could be quite significant. Pope said the Sheriff's Office alone had more than 500 oil changes last year, money which can add up quickly.

The Fire Department also now leases a building to perform work on its vehicles, an additional cost to the county that will be dramatically reduced by the opening of the new maintenance facility, Pope said.

"We're bringing everything in house and putting it under one roof," Pope said. "We have everybody in place, and we're nearly ready to go."

The facility itself has come at a cost of \$1.6 million to the county, paid out of SPLOST funds. Free labor provided by inmates at the Carroll County Prison significantly reduced the construction costs.

Directly adjacent to the facility, the county is also completing work on a fueling station – complete with unleaded gasoline, diesel fuel and propane – a move that will also prove positive for county finances, Pope said.

The savings stem from the fact that there are a number of Sheriff's Office squad cars that run on propane, and in the months to come, the department is anticipated to transition more and more of its gasoline-powered cars to propane.

The reason: price. Propane is about a dollar cheaper per gallon than regular gasoline right now, and with the Sheriff's Office using between 11,000 and 12,000 gallons of fuel a month, those savings could add up quick, especially if the department is able to convert all of its cars to propane.



The fueling station would also increase the amount of fuel the county could have on hand at any time. The current fuel center has 1,000-gallon tanks for unleaded and for diesel, but the new facility would effectively double this capacity, ensuring that county operations wouldn't grind to a halt if the area were hit with a fuel shortage similar to that which plagued Atlanta and other parts of the Southeast in 2008, Pope said.

The board awarded the contract on the fueling station four months ago to MECO of Atlanta, a petroleum equipment provider based in Doraville, at a cost of \$176,468, which was included in the cost of the maintenance facility as a whole.

Members of the board say the decision to move forward with the facility last fall will soon prove fiscally savvy, with its scheduled opening in the beginning of February.

"Any time you can do something under one roof and do it yourself, there's no question there's going to be a savings to the taxpayer and the county government," Commissioner Kevin Jackson said. "That was the big issue, pulling it all under one roof, not just the mechanic work, but the service work as well. It's similar to what you're going to see in the private sector."

Commissioner Ashley Hendrix agreed, saying the facility demonstrates fiscally conservative principles in practice.

"Hopefully it will lower the maintenance cost of things and streamline the process to where everything is in place," she said. "I think that's just good management."

While the facility will no doubt be convenient for county crews, Commissioner Vicki Anderson said the cost savings are far more significant.

"I think from a cost perspective, that's how it should benefit us the most," she said.