

To: County Business Partners  
From: Sherry Swackhamer, Director, Department of County Assets  
Subject: FY 2016 County Assets Cost Allocations and Service Rates  
Date: December 12, 2014

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This letter provides a broad overview of the Department of County Assets service rates and cost allocations to departments for FY 2016. Rates and cost allocations for the upcoming year are based on current service level expenditure budgets, few rate driver changes, and a stable service-level outlook for the next year.

Described below are the major programs in each of the County's four internal service funds and the costs to departments for next year. At the end of each section is a brief description of "what's on the horizon," or changes we anticipate working through over the *next* fiscal year.

## County Assets IT Fund Programs

The **Information Technology** program provides all IT services to County programs, including business application development and support, network management and security, desktop support and technology refresh, and data center and reporting services. This program is estimated to cost \$37.8 million for FY 2016, a 3.8% net increase from FY 2015. An estimated 1.8% of the increase is allocated directly to the Health and Human Services Departments for application development work as requested.

IT costs are allocated to departments by metrics specific to the service being provided. No metrics were changed for FY 2016. Applications Services make up a little over half (54%) of the IT program, with costs allocated directly to departments for business-specific applications; and indirectly for enterprise-wide applications. Infrastructure costs are slightly less than half of the IT program, with costs allocated primarily by counts of devices in use.

Current IT driver data used for budgeting, such as PC, phone number, and server counts, will be provided at the beginning of the fiscal year to allow comparison to the FY16 published rates and allow for review and adjustment prior to the FY17 budget season.

The **Telecommunications** program provides and manages voice and video communication for about 5,000 County and business partner employees. This program is estimated to cost \$2.6 million for FY 2016, a 16.2% decrease from FY 2015. The decrease is primarily due to the conversion to voice over internet protocol (VoIP) and the sunset of legacy exchange service contracts. Program costs are allocated by phone number.

The **Mobile Device Management** program acquires, provisions, monitors, and pays for 2,198 County-issued mobile devices. This program is estimated to cost just under \$1 million for FY 2016, a 6% reduction from FY 2015. Administrative costs are allocated by device (\$9.00/month, unchanged from FY 2015), and voice and data charges are passed through at cost.

The combined FY 2016 Information Technology and Telecommunications programs represent a 2.37% increase from FY 2015.

What to expect for IT Fund programs in **FY 2017**: As the economy recovers and the County continues to expand services, costs associated with additional employees -- personal computers, laptops, and other devices, software licenses, etc -- can be expected to grow. As IT replaces and modernizes systems, costs associated with infrastructure can be expected to decrease (voice services) or remain stable. Cost drivers based on consumption of services (e.g. data storage, servers, etc.) will continue to be analyzed and, if necessary, adjusted for the next fiscal year after modeling the changes from current calculations and reviewing those changes with Operations Council and all impacted business partners. And finally, Cyber-security continues to become increasingly important, we will be evaluating the County's security protocols and proposing additional resources to ensure the security of our technology platform.

### County Assets Facilities Fund programs

The **Facilities & Property Management** program acquires, constructs, maintains, and manages the County's portfolio of building assets – more than 3 million square feet of owned and leased space in 131 locations throughout the County. This program is estimated to cost \$44.3 million in FY 2016, an overall 2.66% increase from FY 2015. Facilities costs are recovered as follows:

- A rate per square foot recovers the cost of operations, maintenance, property management, and program administration. Square foot charges vary based on space type occupied, and have increased by 4.0% over FY 2015. Operations & Maintenance activities represent about 41% of the cost of a department's facilities charges.
- Utilities are passed through to programs at cost, based on usage.
- Debt Service is passed through at cost to those programs occupying buildings that have incurred debt. Debt Service and utilities are about 26% of a department's facilities charges, on average.
- Capital fees are \$4.05 per square foot for FY 2016, an 8% increase from FY 2015. Capital fees account for about 20% of a department's facilities charges.
- Leased space costs are passed through at cost to those programs occupying leased space. Leases are about 13% of a department's facilities charges, on average—some departments occupy little leased space, however. Lease administration is recovered based on the percentage share of total lease cost.

### County Assets Facilities Fund programs – continued

- Enhanced Services are for additional contracted services – janitorial, security, landscaping services, etc. – over what is included in the base services document. These costs are charged at the contract amount per square foot to the program requesting them.
- Service requests are charged at the shop rate plus materials for the requested work.
- Electronics Services charges are based on time and materials and have been allocated by department to align with programmatic needs. The program is expected to cost \$760,000 in FY 2016, a 10% decrease from FY 2015.

What to expect for Facilities Fund programs in **FY 2017**: Operations and Maintenance and the Capital program will evaluate various large, cyclical maintenance items and will develop and propose a funding mechanism to account for these types of expenses. There will be continued focus on large capital projects, e.g. the new Health Headquarters and the Central Courthouse.

### County Assets Distribution Fund programs

The **Distribution Services** program provides pickup and delivery of mail and select supplies. This program is estimated to cost \$1.4 million in FY 2016, a 7.14% increase from FY 2015. Distribution costs are recovered through a service rate based on number of mail stops, mail volumes incoming & outgoing, postage and shipping costs net of pre-sort discounts, and direct labor hours for special delivery services. Key activities during FY 2015 included replacing legacy mail machines and convening the County's large mailers to coordinate mail delivery services.

The shop rate of \$85/hr and stop base rate of \$3,670 will remain the same in FY 2016. Though the shop and stop base rates did not change in FY 2016, the drivers for the rates are based on usage and therefore customers may see a fluctuation from FY 2015 to FY 2016.

The **Records Management** program maintains, archives, and recycles public records; and provides Records management training and consultation. This program is estimated to cost \$978,000 in FY 2016, an 8.25% increase from FY 2015. Program costs are allocated to County programs by records actions – boxes moved in or out of the Records Center.

What to expect for Distribution Fund programs in **FY 2017**: Distribution service rates will need another modest increase to cover the cost of operations; fund balance is expected to last through FY 2016. Records Management will be moving forward with implementation of an Electronic Records Management System, which will lead to subsequent review of the drivers for our cost allocation model.

**County Assets Fleet Fund programs**

The **Fleet Services** program acquires, maintains, and manages the County’s fleet of about 700 vehicles. This program — maintenance and repairs, management, and vehicle replacements — is expected to cost \$5.3 million in FY 2016. FY 2016 is the year Fleet establishes rates that fully recover the cost of operations. The total overall change is 3.75% over FY 2015.

Fleet Services costs are recovered through a service rate based on mileage, time and materials charges for work done on specialized equipment, an administrative overhead charge, and a replacement fee based on vehicle class and life cycle. Replacement costs are recovered on a per-vehicle basis, based on the lifecycle of the vehicle.

Rates were updated for FY 2016. Mileage Base vehicle rates were adjusted to account for past increases in gas prices that were never fully recovered in the rate. The Mileage Base was adjusted so that all vehicle classes that use this rate methodology have self recovering rates. Two new rates were added: a minimum overhead rate of \$240/year for equipment not previously charged and a 5% administrative rate has been applied to replacement.

The \$900 a year overhead rate remains the same and the Shop Rate was increased by \$5/hr from the current rate of \$95 to \$100. This is in line with the CityFleet shop rate.

The **Motor Pool** program provides shared vehicles for single-trip or short-term use in four County locations. This program is expected to cost \$515,000 in FY 2016, an 8.56% increase over FY 2015.

The changes to Fleet rates have impacted the costs of Motor Pool. In addition to those changes, the parking rates have been adjusted.

	<u>FY15</u>	to	<u>FY16</u>
Assigned Parking:	\$130		\$155 per month (County Program and Employee parking)
Carpool Parking:	\$65		\$130 per month
Short Term:	\$1.25		\$2.00 per hour
Motor Pool:	\$5.75		\$6.00 per hour with a 2 hr min and an 8 hr max

All parking rates remain at or below the market rates for the downtown area.

What to expect for Fleet Fund programs in **FY 2017**: We will be looking at fuel management to determine the best mix of vehicles by fuel type e.g. electric, natural gas, biodiesel. We will also be implementing a new Motor Pool Reservation System to provide efficiencies in reserving vehicles and in administration. Fleet Services will continue to evaluate options for re-locating the Downtown Motor Pool and will continue to implement the new vehicle replacements approved by the Board of County Commissioners in FY 2014.

To resolve questions regarding your internal services for FY 2016, please contact the resources listed for each area, or e-mail to [dca.budget@multco.us](mailto:dca.budget@multco.us) for any DCA Budget questions.

For department-specific Information Technology questions, contact your department's Applications Services Manager.

For department-specific Facilities and Electronics questions, please contact your department's Property Manager.

For department-specific Fleet Services or Records Management questions, please contact Garret Vanderzanden at x83424.

For department-specific Distribution Services or Motor Pool questions, please contact Andrez Posada at x83533.

Thanks to the Department of County Assets Managers and the Administrative Hub Budget Team—Chris Brower, Chris Gale, Aimee Ortiz, Deirdre Mahoney-Clark, John Johnson and Johnny Fang — for their hard work on this year's rates and cost allocation plans. And thanks to Sr. Budget Analyst, Jennifer Unruh, from the Budget Office for her assistance and support.