![Department of County Assets logo]

To: County Business Partners

From: Tracey Massey, Department of County Assets Director and CIO

Subject: FY 2024 County Assets Cost Allocations

Date: December 9, 2022

This letter provides a broad overview of the Department of County Assets' (DCA) cost allocations to departments for FY 2024. DCA is a unique department; we provide specialized subject matter expertise as a partner to the rest of the County while they deliver services to the community. Our goals are to provide excellent customer service, build collaborative partnerships, provide an inclusive workplace, and create a culture of innovation and operational effectiveness. Our responsibility is to maintain the County's assets in support of the County's mission, vision, and values and to invest in assets that support the delivery of services to the public by all departments. We strive to incorporate these goals and responsibilities into our rate and allocation models while achieving a balance between simplicity and equity.

DCA Business Priorities

We have identified our top business priorities that stem from the needs of the County. These priorities support the goals and outcomes identified in our strategic plan, which align with the rest of the County. As a department, our top four priorities begin with providing an inclusive workplace that supports recruiting and retaining a skilled and diverse workforce. Like others, recruiting has been a challenge, as we are competing with other agencies and private industry. Second, we are enhancing the customer experience program, where we strive to develop strong relationships, provide clarity on how to request services and what to expect during the process, and we ask our customers to evaluate our services and provide feedback, so that we can improve. Third, as we move forward with our future of work, we recognize the need to support and improve the County's hybrid work experience. In addition, we are committed to refreshing the strategic plans for each of our divisions.

The **Information Technology Division's** primary goals are to:
- Continue to advance the data strategy and technologies used across the County, with a goal of making data more available and consumable

- Complete the capital and technology improvement program projects currently underway which will provide programs across the County with new and improved technology
- Update the County's Digital Strategy in a post-Covid environment

The **Facilities and Property Management Division** will focus on decreasing the County's physical footprint, while creating more welcoming and technology supported spaces. This will be accomplished through the space planning work currently underway with County programs. We are expanding and diversifying the pool of vendors used for maintenance, design, and construction. In addition, we are developing a division-wide work request tracking and reporting system and action plan for outstanding work requests to improve our operational flow.

The **Fleet Division** continues to implement customer service improvement initiatives. These include the customer access portal and vehicle purchasing workflow. We are collaborating with departments to identify vehicle specifications for replacements, in an effort to place orders ahead of supply chain limitations. We are collaborating with the Office of Sustainability to develop an Electric Vehicle strategy, while tracking and taking advantage of near term opportunities.

The Motor Pool team is focusing on the restart of the CarShare program being located in a safe and secure location and sized to match demand for service, as well as, the replacement of older electric vehicles with new models that have/contain/provide greater range and safety features.

The Records and Archives team continues to improve the transfer, preservation, accessibility, and disposal of born-digital records. This is accomplished by updating processes and leveraging appropriate system integrations. We are also creating educational materials and self-service tools to support workforce members to manage county public records.

The **Distribution** team continues to review and optimize mail service routes and provide needed service and other special deliveries to meet the needs of our most vulnerable community members.

Budget Target

Over the course of the budget planning process, DCA met with the Chair and her office. In October, she provided the following inflationary increases: personnel and internal services 7.16% and the remaining 5.12%, except IT, which is 5.67%.

In addition, she asked DCA to participate in a planning exercise and prepare an operational budget with a 2% constraint or $2 million. To meet the constraint and program needs, we looked at budgetary items which would be phased out or were showing year over year underspend. We focused on services which could be moved to biennial schedules, postponed, or brought in house. These items were presented to the Chair and her final decision was to reduce DCA by $730K, or less than 1.0%, and restore the remaining $1.3 million to keep current service levels.

The Chair also has made the decision to use $6.8 million one-time-only (OTO) General Funds to pay the final year of the Enterprise Resource Planning (ERP) debt. Early payoff of this debt creates ongoing capacity in both the General Fund and Other Funds for all departments. In addition, the Chair approved the annual 8% increase to the Facilities capital program.

The total Internal Service allocation is $165.5 million. This is a year over year increase of $5.2 million or 3.3% as compared to FY 2023 Adopted Budget. Specific Division details are provided below:

County Assets Facilities Fund Division

The Facilities & Property Management (FPM) Division acquires, constructs, maintains, and manages the County's portfolio of building assets. This program is made up of multiple funds, which receive internal service revenue estimated to be $81.3 million, an overall 8.7% increase from FY 2023.

Operational and Maintenance charges are estimated to be $30.8 million, a 10.1% increase over FY 2023. This increase is due to inflationary factors in personnel, as well as, Chair approved increases over current service levels and costs for newly acquired facilities.

Utilities are estimated to be $6.1 million, a $194,135 or 3.1% decrease over FY 2023. This is primarily based on a 5-year historical review of actual spend and right-sizing the budget.

Leases are estimated to be $11.4 million, a $1.1 million or 10.7% increase over FY 2023. This is due to annual inflation of 3-5% and a combination of newly acquired and terminated leases Countywide. New leases include Rockwood Market Hall, Macadam Building, Market Street Shelter, Rosewood Shelter, and the Delta Park Warehouse. Leases terminating include Arcoa and Rockwood Health Clinic.

Enhanced services are estimated to be $8.0 million or 17.7% increase over FY 2023. This increase reflects both inflationary increase and changes in department requests for additional janitorial and security services.

The Capital Program's annual 8% increase was approved by the Chair.

County Assets Information Technology Fund Division

The Information Technology (IT) Division provides all IT services to County programs, including business application development and support, third-party system support, system integration services, enterprise tools and capabilities, network management, information security, desktop support, technology refresh, data center operations, and reporting services.

This program's internal service revenue is estimated to be $69.4 million which is a decrease of $3.0 million or -4.1%. and includes the budget for IT Data, Telecommunication, and Wireless and Mobile Devices.

IT Data is $63.3 million, which is an increase of $3.3 million or 5.6% over FY 2023 Adopted budget. Increases are due to inflationary factors in personnel, as well as, software and asset replacement costs, as device counts have increased 74 devices, or 1.0%, and the cost per unit is also seeing an increase.

The Telecommunications program provides and manages voice and video communications. This program is estimated to cost $3.9 million or 10.1% over FY 2023 Adopted budget. This is primarily due to inflationary factors in personnel, as well as increased software and equipment costs.

In FY 2024, the Chair made the decision to use $6.79 million of one-time-only General Funds to pay the final year of the ERP Debt. We have removed the ERP debt from the FY 2024 IT rate allocation. Early payoff of this debt creates ongoing capacity in both the General Fund and Other Funds for all departments.

The Mobile Device Management program acquires, provisions, monitors, and pays for County-issued mobile devices. This program is estimated to cost $2.2 million or 2.6% over FY

2023 Adopted budget. Administration program expenses remain at current service levels. Data plans are decreasing 4.3% in alignment with a reduction of 129 devices.

County Assets Fleet Fund Divisions

The **Fleet Services Division** acquires, maintains, and manages the County's Fleet vehicles. In addition, this program collects replacement funds, which are recovered on a per-vehicle basis, based on the lifecycle of the vehicle. This program's internal service revenue is estimated to be $9.1 million. The total overall change to the County is $815,428; a 9.8% increase over FY 2023 Adopted budget.

Fleet Services operations are $6.2 million, an increase of $481,281, or 8.5% over FY 2023 Adopted budget. Increase is primarily due to normal inflationary pressures to current service levels and right size fuel costs. Fuel price per gallon increased from $3.50/ gal to $4.00/gal in FY 2024 assumptions.

The Asset Replacement fund is increasing $334,147, or 12.8%, due to additional vehicles, which include the Mobile Library and Mobile Medical Clinic and normal vehicle replacement schedules.

The **Motor Pool Division** provides County-owned shared vehicles for single-trip or short-term use in three County locations and a vehicle rental program through Enterprise. This program's internal service revenue is estimated to be $1.3 million, a decrease of $3,116 or 0.2%. The administration of the program is increasing 6.1%, which is in alignment with inflationary assumptions. The slight decrease to the program is driven by a reduction of anticipated usage in the next fiscal year.

County Assets Distribution Fund Divisions

The **Distribution Services Division** provides pickup and delivery of mail and select supplies. This program's internal service revenue is estimated to be $2.0 million, an increase of $140,275 or 7.4% over FY 2023. The increase is primarily due to inflationary factors in personnel and internal services.

The **Records Management Division** maintains, archives, and recycles public records; and provides records management training and consultation. This program's internal service revenue is estimated to be $2.4 million, an increase of $309,791 or 14.8%. The increase is primarily due to inflationary factors in personnel and internal services.

Questions and Contacts

For any questions on your internal services for FY 2024, contact the resources listed below for each area, or send an email to **dca.budget@multco.us** for any DCA Budget questions.

Contact	Division	County Department
Lisa Whedon, DCA Budget Manager	DCA	All
Tony Chandler, Portfolio Manager	IT	DCA, DCM, DCS, NonD
Chris Clancey, Portfolio Manager	IT	Health, MCDA, MCSO
Dan Cole, Portfolio Manager	IT	JOHS, DCHS,DCJ, LPSCC
Dave Halbeck, Portfolio Manager	IT	Library
Jeff Lewis, FPM Assistant Director	FPM	All
Lauren Kelly, Interim Fleet Manager	Fleet	All
Edward Reed, Distribution and Motor Pool Program Supervisor	Dist & MP	All
Lauren Kelly, Record and Archive Program Supervisor	Records	All

Thank you to the Department of County Assets Management Team and Budget Team—Chris Brower, Joel Juve, John Maxwell, Keiko Okuda, Jen Unruh, Becky Zou and Lisa Whedon for their hard work on this year's rates and cost allocation plans.