



To: County Business Partners
From: Tracey Massey, Department of County Assets Director and CIO
Subject: FY 2025 County Assets Cost Allocations
Date: December 8, 2023

This letter provides a broad overview of the Department of County Assets' (DCA) cost allocations to departments for FY 2025. 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 our community. Our goals are to provide excellent customer service, build collaborative partnerships, provide an inclusive workplace, deliver operational effectiveness and create a culture of innovation. 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, and align with the rest of the County. As **DCA**, our top four priorities are:

- Provide relevant, consistent and timely services.
- Add resources where it makes the most sense to address the increasing complexity within our organization.
- Commit to an inclusive workplace that supports recruiting and retaining a skilled and diverse workforce. Retaining and ensuring our staff's skills stay developed are critical to our ability to deliver services.
- Focus on customer experience, 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.

In addition to DCA's overall business priorities, the divisions within DCA have identified business priorities summarized below:

The **Information Technology Division's** primary priorities are to:

- Advance data strategy and technology with the continued goal of making data easier to access.
- Provide enterprise data security and technology support across the County.
- Refresh the County's Digital Strategy for the next three years.
- Complete a responsible countywide roll-out of Generative Artificial Intelligence policy, principles, and tools.
- Explore opportunities for using Artificial Intelligence to support the County.

The **Facilities and Property Management Division** priorities are focused on decreasing the County's physical footprint, while creating more welcoming and technology supported spaces.

- Enhance the capital project reporting capabilities of Masterworks, a newly implemented software application, to improve communication and decision making.
- Expand and diversify the pool of design firms to provide more service options.
- Complete a downtown real estate study, helping to determine the County's long-term footprint downtown.
- Work to create more welcoming and technology supported spaces, through space planning and design work.

The **Fleet Division** continues to prioritize and implement customer service improvement initiatives that have been identified as part of DCA's Strategic Plan:

- Implement the customer access portal and vehicle purchasing workflow.
- Collaborate with departments to reduce fossil fuel use with our Fleet assets, in alignment with Resolutions 2017-046 and 2021-025.
- Minimize impacts caused by industry phase outs of compact cargo vans and sedans.

The **Motor Pool** team's will:

- Right size car-sharing program with Enterprise based on countywide needs.
- Continue to optimize fleet size and vehicle types based on customer demand, and increase the percentage of vehicles that are hybrid and electric.

The **Distribution** team's priority is to continue 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.

The **Records and Archives** team will:

- Continue to improve the transfer, preservation, accessibility, and disposition of born-digital records.
- Create educational materials and self-service tools to support workforce members to properly manage county public records in physical and electronic form.
- Enhance outreach and accessibility of archival public records to the community.
- Continue to develop clear guidance for public records law compliance.

Budget Target

During the budget planning process, DCA leadership met with the Chair and her office. In October, the Chair approved the following inflationary increases: personnel and internal services at 5.08%, Contractual services and Materials and Supplies at 7%, and Internal Services at 5.5%. The annual Capital increase remains at 8%.

In addition, DCA was directed to participate in a planning exercise to prepare an FY 2025 operational budget with a 5% constraint or \$5.3 million reduction. To meet the constraint and program needs, we looked at budgetary items which would be phased out or showing year over year underspend. We also focused on services which could be moved to biennial schedules, postponed, or brought in house. We continued to use our budget and equity reduction/add tool as in previous years with a major improvement to include additional focus on the Chair Priorities'; safety, security, and impact of County departments.

These items were presented to the Chair and her final decision was to constrain DCA's FY 2025 budget by \$1.5M or 1.4%. She also approved program additions of \$2.1M. These included unfunded requirements, additional personnel and software. This resulted in a net increase of \$659K.

The total Internal Service allocation is \$178.9M. This is a year over year increase of \$13.5M or 8.1% as compared to FY 2024 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 both Operation and Capital funds, which receive internal service revenue estimated to be \$90.6 million, an overall \$9.3 million or 11.5% increase from FY 2024. The major costs within the funds are described below.

Operations and Maintenance (O&M) charges are estimated to be \$32.6 million, a 6.7% increase over FY 2024. This increase is due to inflationary factors in personnel, and, Chair approved increases over current service levels and costs for newly acquired facilities. Debt is estimated at \$7.6 million (\$7.5 million Departmental and \$100K FPM/Vacant/External), a \$1.6 million or 26.9% increase over FY 2024. Due to increased collection for Downtown Courthouse and McCoy Building.

Utilities are estimated to be \$6.9 million (\$6.6 million Departmental and \$300K FPM/Vacant/External), a \$862K or 14.2% increase over FY 2024. Influenced by increased utilities costs, additional square footage and general overall increases due to historical usage.

Leases are estimated to be \$11.3 million (\$11.0 million Departmental and \$300K FPM/Vacant/External), a \$88K or 0.8% increase over FY 2024. This is due to annual inflation of 3-5% and a combination of newly acquired leases and those that are ending. New leases include Mid-County LTSS (Glisan Station), Health Clinic Portland Community College. Leases terminating include Cherry Blossom, Oak Street Building, and Lloyd Corporate Plaza.

Enhanced Custodial services and District Tax are estimated to be \$2.9 million (\$2.8 million Departmental and \$100K FPM/Vacant/External), \$107K or 3.8% increase over FY 2024. This increase reflects both inflationary increase and changes in department requests for additional janitorial services. The District Tax increase is 3%, directed by the City of Portland.

Enhanced Security and Security Operations Center costs are \$7.1 million (\$6.9million Departmental and \$200K FPM/Vacant/External), \$1.9 million or a 36.0% increase over FY 2024. This is due to increased vendor contract costs and the newly formed Security Center Operations.

Capital is estimated to be \$22.4 million, \$2.6 million or 13.2% increase from FY 2024. This increase reflects the 8% annual capital rate increase, additional increase in County square footage, and the Library District's additional capital investment.

Other (FPM dispatch service charges to capital programs and external lease revenue) is estimated to be a reduction of \$245K, \$397K or 62% from FY 2024.

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 \$73.2 million which is an increase of \$3.9 million or 5.7% from FY 2024. This amount includes the budget for IT Data, Telecommunication, and Wireless and Mobile Devices.

IT Data is \$66.5 million, which is an increase of \$3.3 million or 5.2% from FY 2024. Increases are due to inflationary factors in personnel, and software and asset replacement costs.

The Telecommunications program provides and manages voice and video communications. This program is estimated to cost \$4.2 million or 9.8% more than FY 2024. This is primarily due to inflationary factors in personnel, and increased software and equipment costs.

The Mobile Device Management program acquires, provisions, monitors, and pays for County-issued mobile devices. This program is estimated to cost \$2.5 million or 11.8% more than FY 2024. Administration program expenses remain at current service levels. Data plans are increasing 12.4% in alignment with an increase of 337 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 \$9.3 million, an increase of \$220K or 2.4% from FY 202. This revenue is broken down into two categories: Operations and Asset Replacement.

Fleet Services Operations are \$6.6 million, an increase of \$450K, or 7.3% from FY 2024. The increase is primarily due to normal inflationary pressures to current service levels and increased foot print at Yeon building.

The Asset Replacement fund is \$2.7 million, a decrease of \$225K, or -7.7% from the FY 2024 Adopted budget. The decrease is due to 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 \$966K, a decrease of \$291k or -23.2% from FY 2024. The administration of the program is decreasing -3.1%. The decrease is driven by a reduction of anticipated usage of CarShare in FY 2025.

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 \$30K or 1.5% from FY 2024. 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 \$2.8 million, an increase of \$389K or 16.2% from FY 2024. The increase is primarily due to inflationary factors in personnel, internal services and larger share of common space at Yeon building.

Questions and Contacts

For any questions on your internal services for FY 2025, contact the resources listed below for each area, or email 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 Clancy, 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
Deidre Thieman, Interim Record and Archive Program Supervisor	Records	All

Thank you to the Department of County Assets Management Team and Budget Team—Chris

Brower, Alexander Harrington, Joel Juve, John Maxwell, Keiko Okuda, Becky Zou and Lisa Whedon for their hard work on this year's rates and cost allocation plans.