



To: County Business Partners
From: Tracey Massey, Department of County Assets Director and CIO
Subject: FY 2026 County Assets Cost Allocations
Date: December 6, 2024

This letter provides a broad overview of the Department of County Assets' (DCA) cost allocations to departments for FY 2026. DCA's specialized subject matter expertise enables the rest of the County to 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 priorities are to:

- Enable the County to provide accessible, high-quality, and innovative public services that create stability, enhance opportunities, and reduce disparities for those in our community.
- Support the Chair's One County vision by leveraging investments across multiple departments.
- Maintain services across the County - keep the lights on, doors open, cars running, data flowing.
- Strategically support Countywide expansion, key priorities, ongoing change and increasing demand for services.
- Provide an inclusive workplace that supports recruiting and retaining a skilled and diverse workforce.

- Enhance the Customer Experience programs across DCA's divisions.

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:

- Develop a comprehensive data strategy (AI, Business Intelligence and GIS) and continue to implement our data governance program.
- Continue to improve:
 - Customer intake processes and service management tools.
 - Communication and training.
 - Disaster recovery capabilities.
- Implement <https://www.multco.us/> website refresh and accessibility upgrades.
- Refresh our cloud strategy, and complete the building of our new cloud data infrastructure platform.
- Focus on enterprise architecture, emerging technologies and improving our development environment.
- Continue our focus on security, managing browsers, improving cloud and Internet of Things standards, identity and access management, zero-trust networking, and hardening endpoint security.
- Continue to implement responsible uses of Artificial Intelligence; leveraging existing investments, and exploring opportunities.
- Complete a telephone needs assessment to inform potential consolidation of services.
- Continue to build our enterprise software recommendations, standards and services.

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

- Work with programs to consolidate where appropriate and create more welcoming spaces through planning and design work.
- Determine the County's long-term footprint in downtown Portland.
- Collaborate with a physical accessibility consultant to update building design specifications.
- Work with programs to right-size janitorial services.

The **Fleet team** will:

- Continue customer service improvement initiatives: continuing our pilot of expanding our customer access portal and identifying cost savings opportunities for customers.
- Collaborate with departments in providing options to reduce fossil fuel use with our Fleet assets, in alignment with County Resolutions 2017-046 and 2021-025.
- Create a more flexible and inclusive customer waiting area.

The **Distribution and Motor Pool** teams will:

- Strengthen Distribution Services' continuity of operations.
- Continue to optimize Motor Pool fleet size and vehicle types based on customer needs, while also increasing the percentage of vehicles that are hybrid and electric.

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.
- Continue to develop clear guidance for public records law compliance.
- Enhance outreach and accessibility of archival public records to the community.

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 5.79%, Contractual services and Materials and Supplies 6.31% for Facilities and Property Management, 8.0% for Information Technology and 6.0% for other divisions, and Internal Services at 7.0%. The annual Capital increase remains at 8%.

DCA engaged in a planning activity to develop an FY 2026 operational budget that aimed for a 5% decrease, equating to \$5.6 million in savings. To meet the budget target while maintaining essential services, we analyzed budgetary items that were scheduled to be phased out, consistently showed underspending in previous years, or presented opportunities for reductions without significantly impacting current service levels. We continued to use our budget and equity reduction/add tool as in previous years that includes a focus on the Chair's Priorities: safety, security, and impact of County departments.

The set of proposed reductions were presented to the Chair and her final decision was to constrain DCA's FY 2026 budget by \$4.1 million. She also approved program additions of \$2.6 million. These additions reflect mandatory cost increases associated with a Class Compensation evaluation of IT positions, mandatory software additions addressing Countywide security, compliance, and regulatory requirements, and two new staff positions necessary to support the County's investment in the Financial Data Mart.

The total Internal Service allocation is \$193.7 million. This amount includes \$9.2 million in pass-through costs for the Department of County Management's Workplace Security Program, in addition to DCA's direct services. The total allocation represents an 8.1% increase (\$14.5 million) compared to the FY 2025 Adopted Budget. DCA's direct service allocation totals \$184.6 million, which is a 6.87% increase from FY 2025. 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 \$98.8 million, an overall \$8.0 million or 8.8% increase from FY 2025. The major costs within the funds are described below.

Operations and Maintenance (O&M) charges are estimated to be \$29.8 million, a 4.9% increase over FY 2025. This increase is due to inflationary factors in personnel, internal services and Chair approved increases over current service levels.

Debt is estimated at \$7.6 million, a \$0.4 million or 0.5% increase over FY 2025, and relatively flat year over year.

Utilities are estimated to be \$8.7 million, a \$1.7 million or 24.7% increase over FY 2025. This significant increase is influenced by increased utilities rates, additional square footage and general overall increases due to historical usage.

Leases are estimated to be \$11.6 million, a \$1.0 or 9.7% increase over FY 2025. This is due to annual inflation of 3-5% and a combination of newly acquired leases and those that are ending. FPM evaluates existing buildings before recommending new leased space to departments. New leases include Coordinated Care Pathway Center, Temporary Belmont

Holds Pick up site, etc. Leases terminating include Baltazar F. Ortiz Community Center, Lloyd Corporate Plaza, etc.

Janitorial services are estimated to be \$8.8 million, a \$790K or 9.8% increase over FY 2025. This increase reflects both inflationary increase and changes in department requests.

District Tax is estimated to be \$374K a \$18K, or 5.1% increase over FY 2025. This tax is directed by the City of Portland.

Workplace Building Security, Security Operations Center (SOC), and Patrol Costs are \$9.2 million, a \$2.6 million or a 40.6% increase over FY 2025. This is due to increased vendor contract costs and the additional costs for SOC and Patrols.

Capital is estimated to be \$22.5 million, \$505K or 6.5% increase from FY 2025. This increase reflects the 8% annual capital rate increase, additional increase in County square footage, and the Library District at this point in time is not including additional capital investment.

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 \$78.8 million which is an increase of \$5.3 million or 7.15% from FY 2025. This amount includes the budget for IT Data, Telecommunication, and Wireless and Mobile Devices.

IT Data is \$72.0 million, which is an increase of \$5.2 million or 7.86% from FY 2025. 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 \$4.4 million or 4.7% more than FY 2025. 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 \$2.3 million or -7.7% less than FY 2025. Administration program expenses remain at current service levels.

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 \$10.5 million, an increase of \$1.1 million or 11.6% from FY 2025. This revenue is split into two categories: Operations and Asset Replacement.

Fleet Services Operations are \$6.4 million, an increase of \$43K, or 0.7% from FY 2025. The increase is primarily due to personnel costs increasing 5% and internal services cost increasing 6% which are offset by reductions in both contracting and materials and supplies. These include commercial repairs, parts, and professional services which have been adjusted to match anticipated consumption. Fuel is anticipated to remain neutral.

The Asset Replacement fund is \$4.1 million, an increase of 1.1 million, or 33.9% from the FY 2025 Adopted budget. The increase is due to normal vehicle replacement schedules and increased inventory for the Department of Community Services and the Multnomah County Sheriff's Office.

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 \$977K, an increase of \$17k or 1.7% from FY 2025. The administration of the program cost increased \$107K due to inflationary increase in personnel and internal service costs. Pass-through costs see reduction as the program right-sizes the number of CarShare and Enterprise vehicles.

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 \$1.9 million, a decrease of \$138K or 6.8% from FY 2025. The decrease is primarily due to right-sizing the pass-through cost per the 3-year look back average. This division also sees an additional 0.25 FTE management position transfer from Facilities and Property Management to Distribution. This is an administrative correction to align program costs with the associated fund.

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 \$2.9 million, an increase of \$146K or 5.3% from FY 2025. The

increase is primarily due to inflationary factors in personnel, internal services and larger share of common space at Yeon building.

Departmental Contacts:

Tony Chandler - IT Portfolio Manager: DCA, DCM, DCS, NonD

Dan Cole - IT Portfolio Manager: JOHS DCHS, DCJ, LPSCC

Dave Halbeck - IT Portfolio Manager: Library

Katie Schenk/Chris Clancy - IT Portfolio Manager: Health, DA, MCSO

Jeff Lewis - FPM Assistant Director for Client Support Services

Lauren Kelly - Fleet Services Manager

Edward Reed - Distribution and Motor Pool Program Supervisor

Deidre Thieman - Records & Archives Program Supervisor

DCA's Senior Leadership Team:

Tracey Massey - Director and CIO

Kerensa Mauck - Deputy Director and Business Services Division Director

Sophie Wilson - DCA Equity & Inclusion Manager

Dan Zalkow - FPM Director

Sim Ogle - Deputy CIO

Lisa Whedon - Budget & Planning

Mary Wiener- Customer Engagement & Strategic Initiatives Manager

DCA Budget Analysts:

Becky Zou - FPM and Capital Senior Budget Analyst

Joel Juve - IT and Capital Senior Budget Analyst

Alexander Harrington - FPM Finance and Budget Analyst

Chris Brower - Fleet, Motor Pool, Records and Distribution Budget Analyst

For any questions on internal services for FY 2026, contact the resources listed above for each area, or email dca.budget@multco.us for any DCA Budget questions.

Thank you to the Department of County Assets Management Team and Budget Team—Becky Zou, Joel Juve, Chris Brower, Alexander Harrington for their hard work on this year's rates and cost allocation plans.