



Board Agenda Item 48

DATE: June 22, 2021

TO: Board of Supervisors

SUBMITTED BY: Robert W. Bash, Director, Internal Services/Chief Information Officer

SUBJECT: Amendment to the Master Schedule of Fees, Charges, and Recovered Costs
Section 4300 - Information Technology Services

RECOMMENDED ACTION(S):

Conduct second hearing and adopt the Master Schedule of Fees, Charges, and Recovered Costs Section 4300 - Information Technology Services, where subsections 4302 - Telecom-Network Connection, 4303 - Telecom Integrated Voice Response Seat Charges, 4304- Financial Transaction, 4305 - HR Transaction, 4308 - Application Hosting, 4309 - GIS Support, 4310 - Information Storage and Admin, 4313 - Enterprise Base, 4314 - IT Labor, 4315 - Pager, 4317 - Radio Access for 24-7 Radios, 4320 - SQL Database, 4321 - Oracle Database, 4322 - Static Storage, 4323 - Host on Demand, 4326 - Graphics Labor, 4327 - Messenger Service, 4328 - Black & White Copy, 4329 - Color Copy, and 4330 - Active User are to be amended; waive the reading of the Ordinance in its entirety.

Approval of the recommended actions will amend the Master Schedule of Fees, Charges, and Recovered Costs (MSF) Ordinance, by amending Section 4300 - Information Technology Services, based on the anticipated Internal Services Department - Information Technology (ISD-IT) costs. The proposed rate increases will be used for recovery of costs of ISD-IT staff for certain services and PeopleSoft operations provided to user departments and other public agencies. This item is countywide.

ALTERNATIVE ACTION(S):

Your Board may direct ISD-IT staff to leave the current fees, or a portion of the current fees, unchanged, or propose alternative fees, which may not recover full costs of services.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended actions. Charging the proposed rates for services rendered to user departments and other public agencies will result in a portion of the revenues needed to operate two separate Internal Service Funds (ISF) for FY 2021-22. Those funds are: Fund 1020, Information Technology Services, Org 8905-8908
Fund 1030, PeopleSoft Operations, Org 8933

Most of the increases, which range from 1% to 11% within IT services, are due to a variety of factors, including salary and benefit increases, and increased costs for licensing software. The exception to this is 4309 - GIS Support, which is increasing approximately 277%. This is due to significant methodology changes to the rate. Previously, there were significant direct pass-through charges that have been moved into the rated charge to better represent the actual cost of the associated services. User departments will now be charged for their actual usage, resulting in some increases for departments with heavy usage, and some decreases for departments with light usage. Some of these associated increases will be offset by the

elimination of the current pass-through charges, and this process makes the billing for these associated services much more equitable for the user departments. The charges for copies also increased by 10% (\$0.0028) for black and white copies, and 27% (\$0.12) for color copies, primarily due to an associated increase in consumable costs. Additionally, there are a significant number of rate decreases, ranging from 5% to 37%, resulting from the renegotiation of software support agreements, increases in efficiency, and other positive changes in methodology.

DISCUSSION:

On June 8, 2021, your Board conducted the first hearing to amend Section 4300 - Information Technology Services. As an ISF department, ISD, which manages these two funds, must recover all operating expenses by charging user departments and public agencies for services ordered and rendered.

The proposed amendments to the Ordinance, if adopted by your Board, would update ISD-IT's rates, which were established by estimating the annual operating costs of the components of each of the respective services, and then dividing those costs by the projected usage of all user departments and public agencies. The rates indicated are for services utilized by both internal and external customers and make up a portion of the total revenues collected by the ISFs.

The proposed amendments, if adopted by your Board, would amend rates for subsections 4302 Telecommunications Network Connection, 4303 - Telecommunications IVR Seat Charges, 4304 - Financial Transaction, 4305 - HR Transaction, 4308 - Application Hosting, 4309 - GIS Support, 4310 - Information Storage and Admin, 4313 - Enterprise Base, 4314 - IT Labor, 4315 - Pager, 4317 - Radio Access for 24-7 Radios, 4320 - SQL Database, 4321 - Oracle Database, 4322 - Static Storage, 4323 - Host on Demand, 4326 - Graphics Labor, 4327 - Messenger Service, 4328 - Black & White Copy, 4329 - Color Copy, and 4330 - Active User. Attachment A, Summary of Proposed Revisions to Fees, illustrates a comparison between the proposed rates and the current and former rates for the two preceding budget years for those subsections recommended for amendment.

Below is a summary of events that lead to the recommended amendments to the MSF:

- Increased rate within 4309 - GIS Support is largely due to changes in methodology associated with additional formerly pass-through costs becoming incorporated into the rate.
- Increased rates in 4328 - Black & White and 4329 - Color Copy rates, due to increases in consumables costs.
- Lowered rates associated with 4321 - Oracle Database result from renegotiation of support agreements related to Oracle.
- Lowered rates associated with hosting and storage are a result of increased efficiencies and methodologies adopted by the Department.

The recommended rates, including the calculation and methodology applied for cost recovery, are currently under review by the Auditor-Controller/Treasurer-Tax Collector (ACTTC). Should the ACTTC find material errors in the rate development, ISD will return to your Board for an adjustment at that time. If adopted by your Board, the recommended rates will take effect July 22, 2021.

REFERENCE MATERIAL:

BAI #5, June 8, 2021

ATTACHMENTS INCLUDED AND/OR ON FILE:

Exhibit A
Ordinance

CAO ANALYST:

Sonia M. De La Rosa