



# Oregon

**Department of Administrative Services**  
Ways & Means Subcommittee on General Government

February 2013

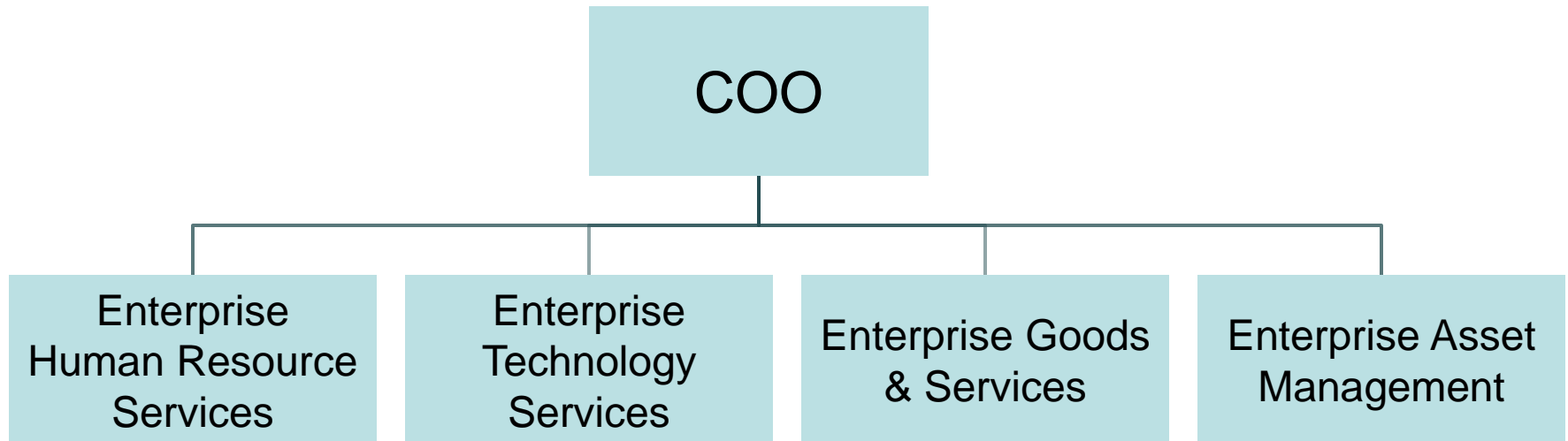


# Day 5: Outline

- Statewide DAS Service Functions
- Customer Utility Boards
- Enterprise Human Resource Services
  - Budget Drivers
  - Environmental Factors
  - Future Opportunities
  - Customers

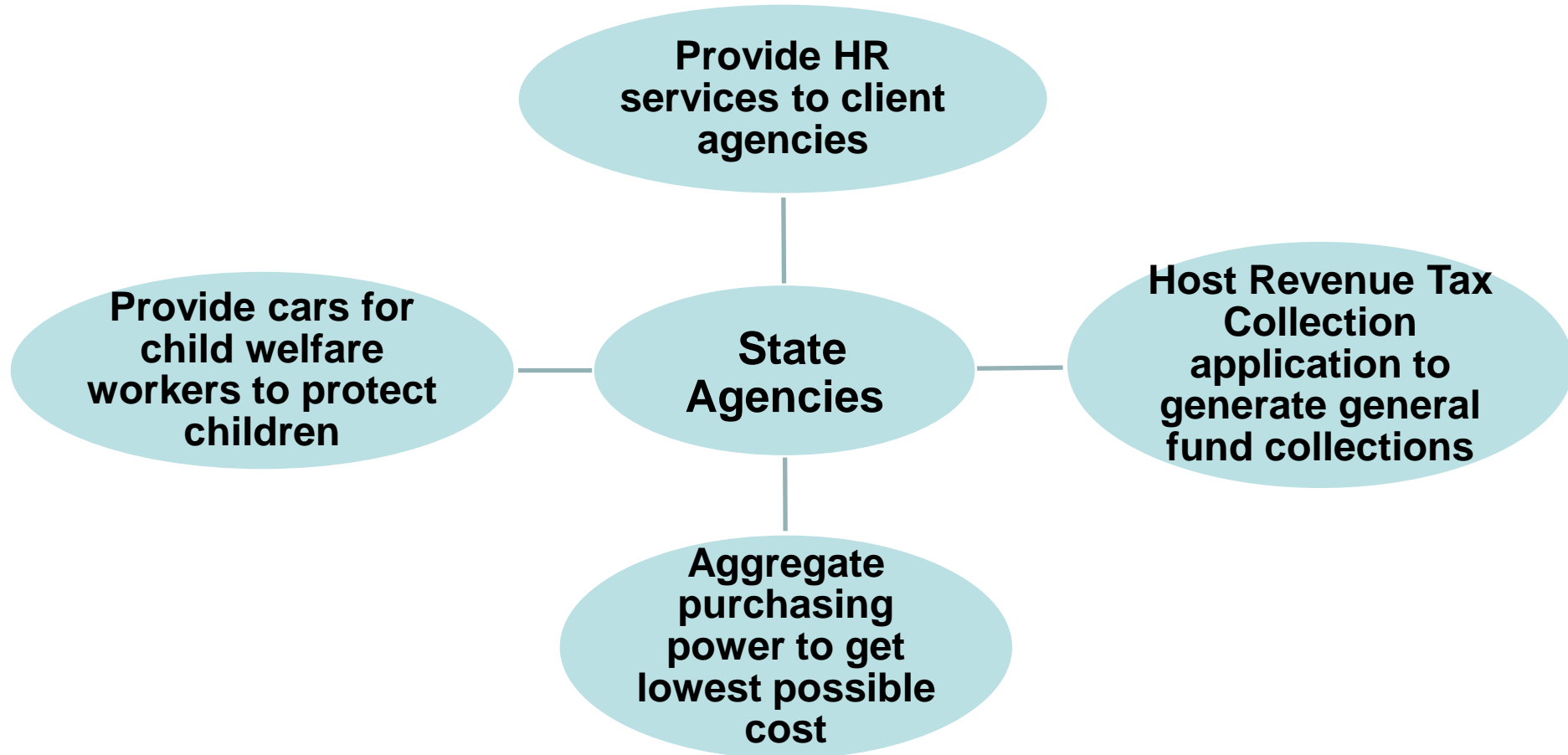


# Statewide Service Functions



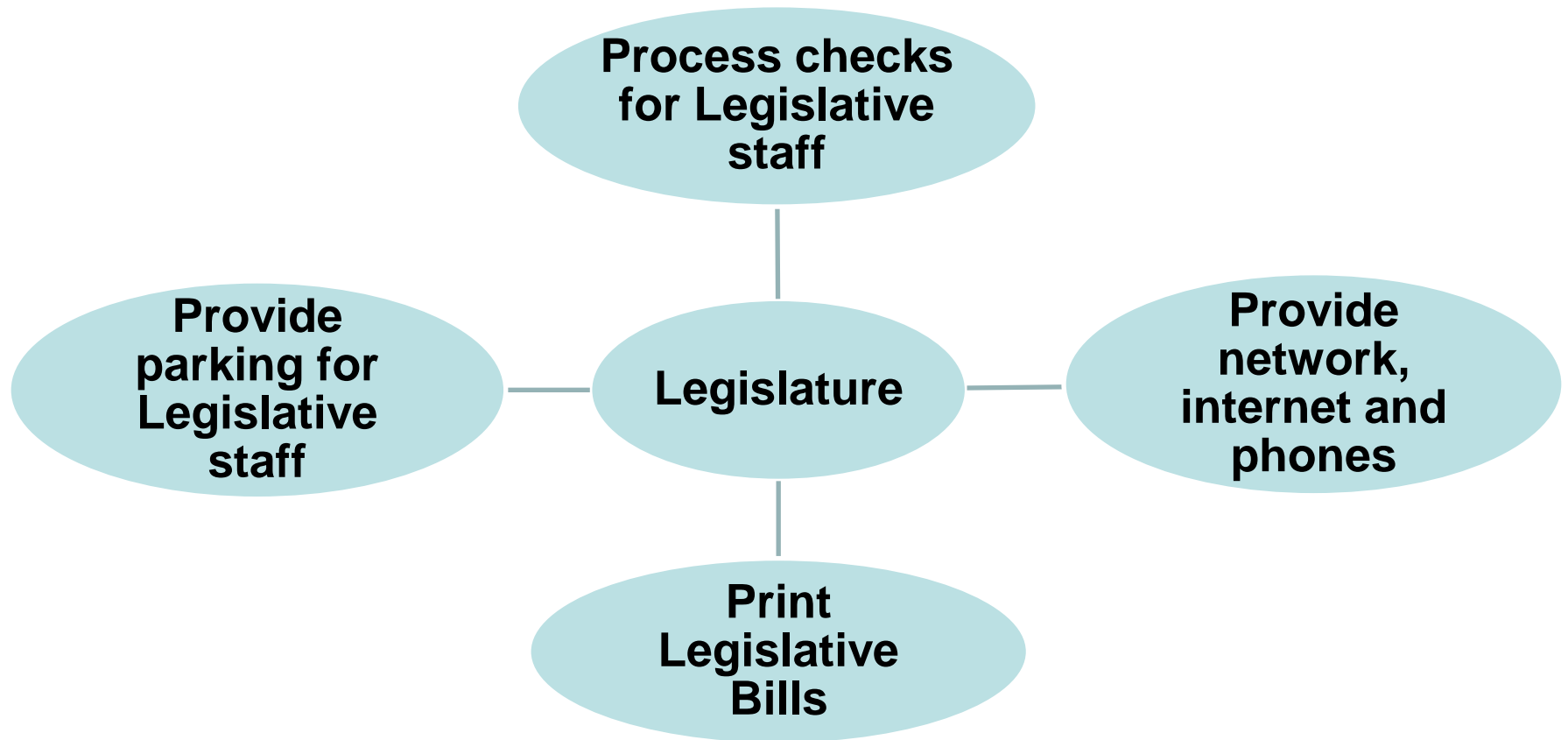


# DAS Service to State Agencies



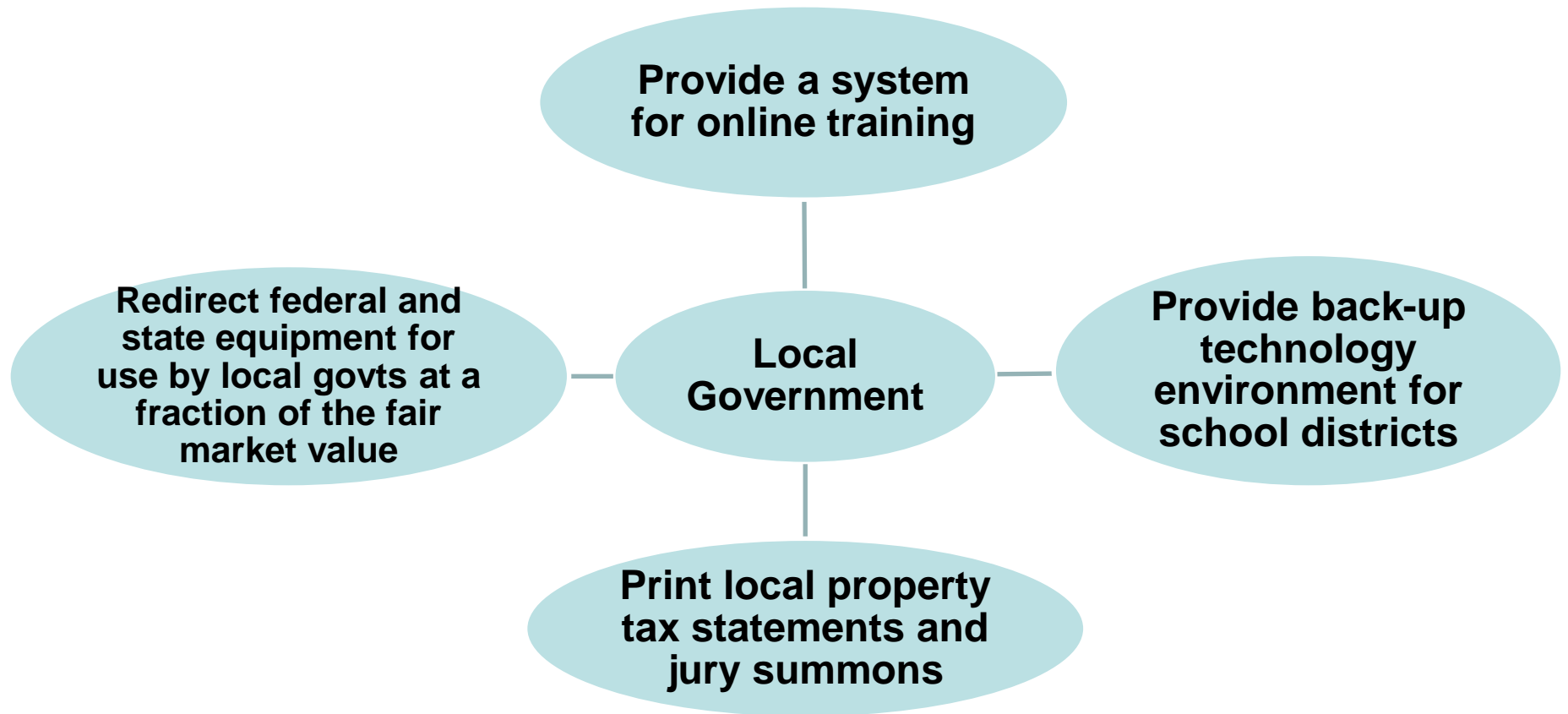


# DAS Service to Legislature





# DAS Service to Local Government





# Meeting Customer Needs

1. Understand their business needs
2. Evaluate available solutions
3. Offer options
  - DAS provides service
  - DAS brokers service
  - Agencies get service themselves



# Customer Results

State agencies get to focus on delivering service directly to Oregonians

- Pasteurize: Avoid redundant, wasteful duplication of services
- Homogenize: Consistent, reliable service delivery for results
- Fortify: Increase buying leverage through coordination across agency lines





# Customer Utility Boards (CUB)

- DAS customers govern the cost, type, quality and quantity of services delivered
- Membership provides a statewide perspective; chaired by customers
- Recognize and respond to customer needs
- Provide a two-way communication channel



# Customer Utility Boards (CUB)

- Authority includes:
  - Approving rate-setting methodologies and resulting rates
  - Approving general service level agreements
  - Reviewing business plans and annual financial statements
  - Resolving service complaints



# Customer Utility Boards

Report from:

*Suzanne Hoffman, Chair*

Enterprise Technology Services CUB

*Chief Operating Officer,  
Oregon Health Authority*

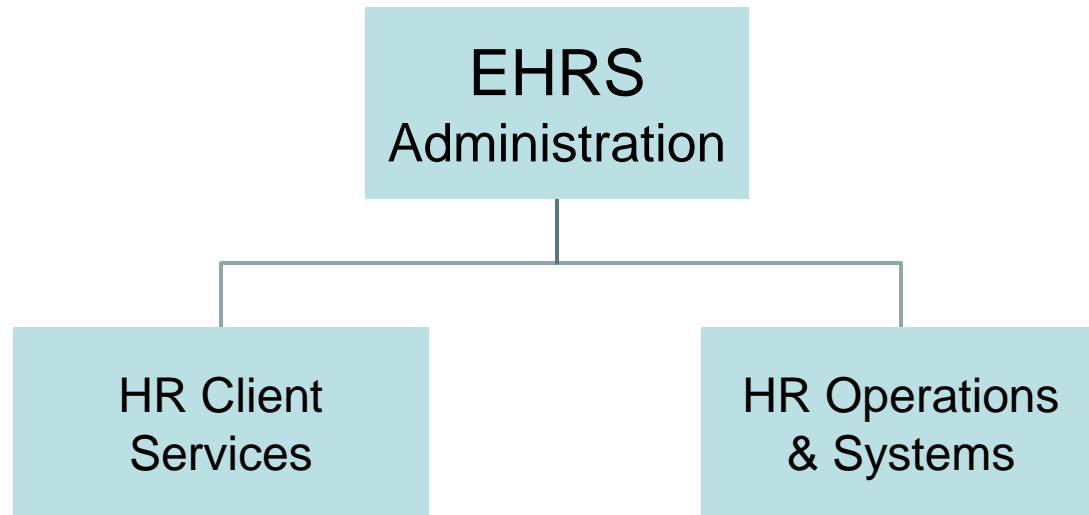
*Kerri Nelson, Vice-Chair*

Enterprise Human Resource Services CUB

*Management Services Division Administrator,  
Department of Environmental Quality*



# Enterprise Human Resource Services (EHRS)



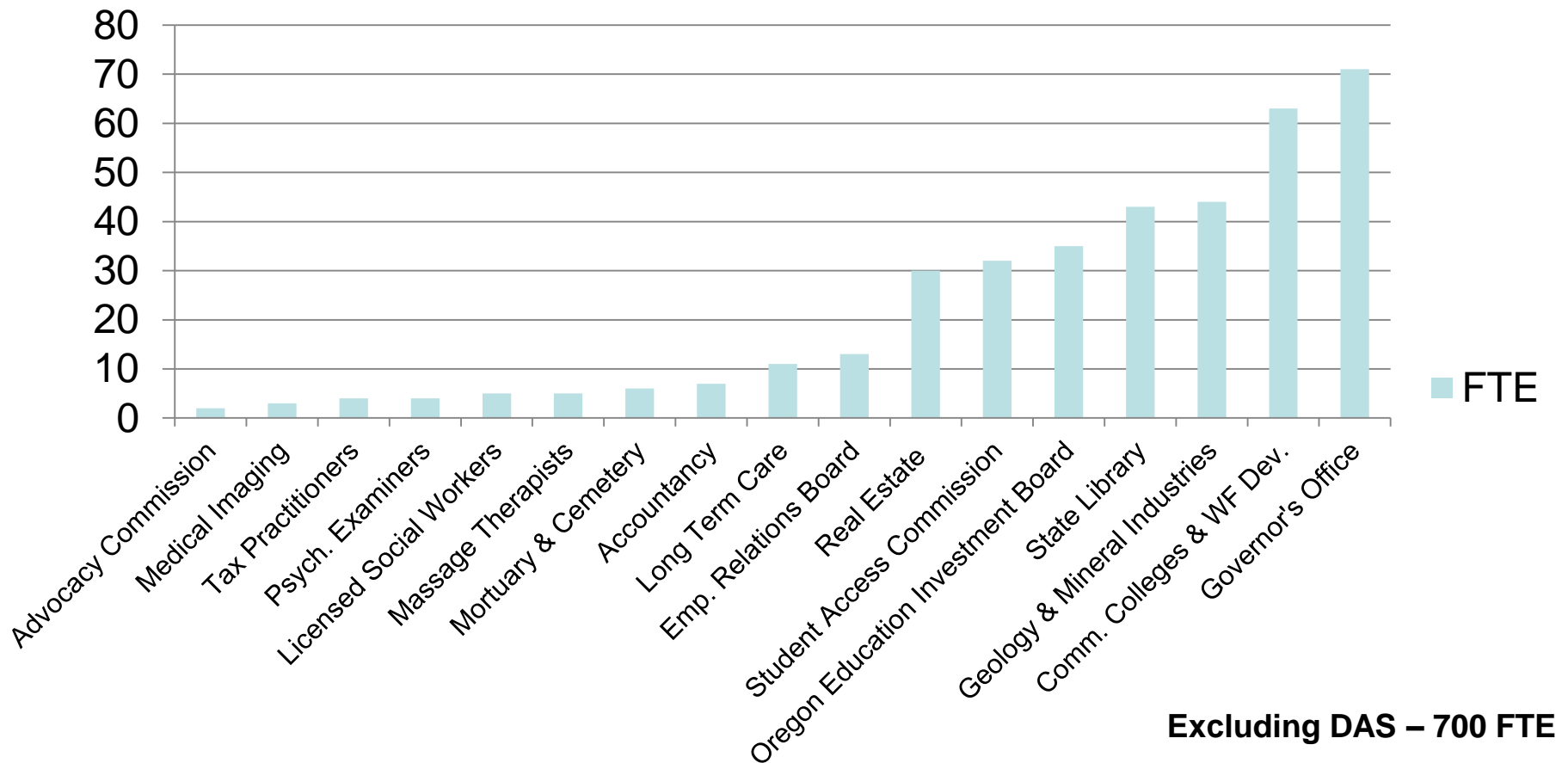


# EHRIS Benefits to Customers

- Allows customers to focus on delivering service directly to Oregonians
- HR problems require diverse skills; team approach maximizes expertise
- Allows customers to meet budget reductions
- Opens up DAS HR training opportunities to customers for free



# EHRIS Client Agencies





# EHRIS Budget Drivers

- Funded through charges to client agencies and users of specific HR systems and services
- The EHRIS Customer Utility Board will approve the rates and rate methodology for all EHRIS services
- Costs for each service are paid for by the users of that service



# EHRIS Environmental Factors

- Increasing complexity of employment issues
- Retirement-eligible workforce
- Limitations of existing HR data systems
- Budget reductions and layoffs increase workload





# EHRIS Future Opportunities

- Implementing an integrated HR information system
- Leveraging current HR systems
- Expanding client agency program



# Topics for Tomorrow

- Enterprise Technology Services
  - Budget Drivers
  - Environmental Factors
  - Future Opportunities
  - Customers

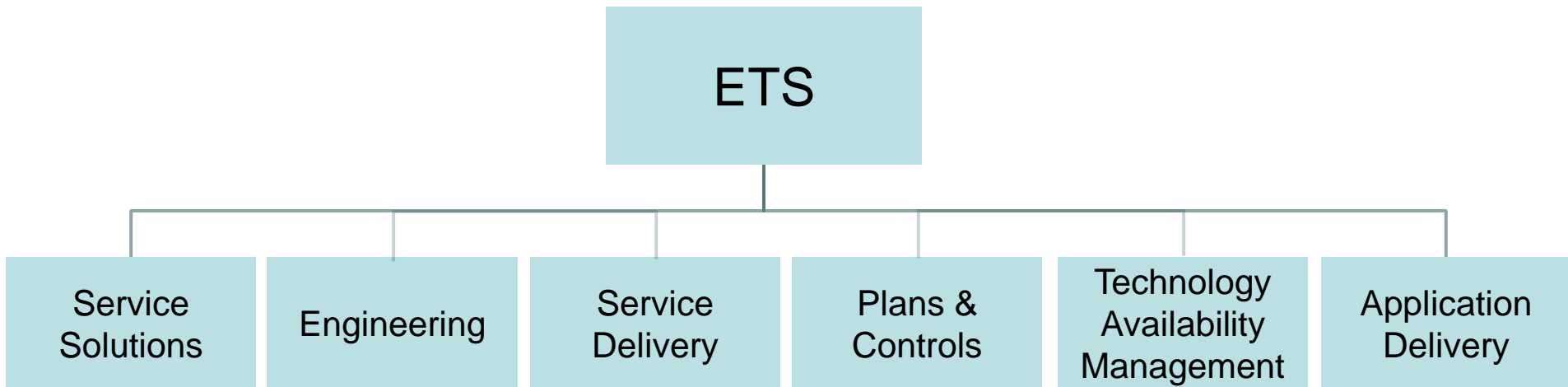


# Day 6: Outline

- Enterprise Technology Services
  - Budget Drivers
  - Environmental Factors
  - Future Opportunities
  - Customers

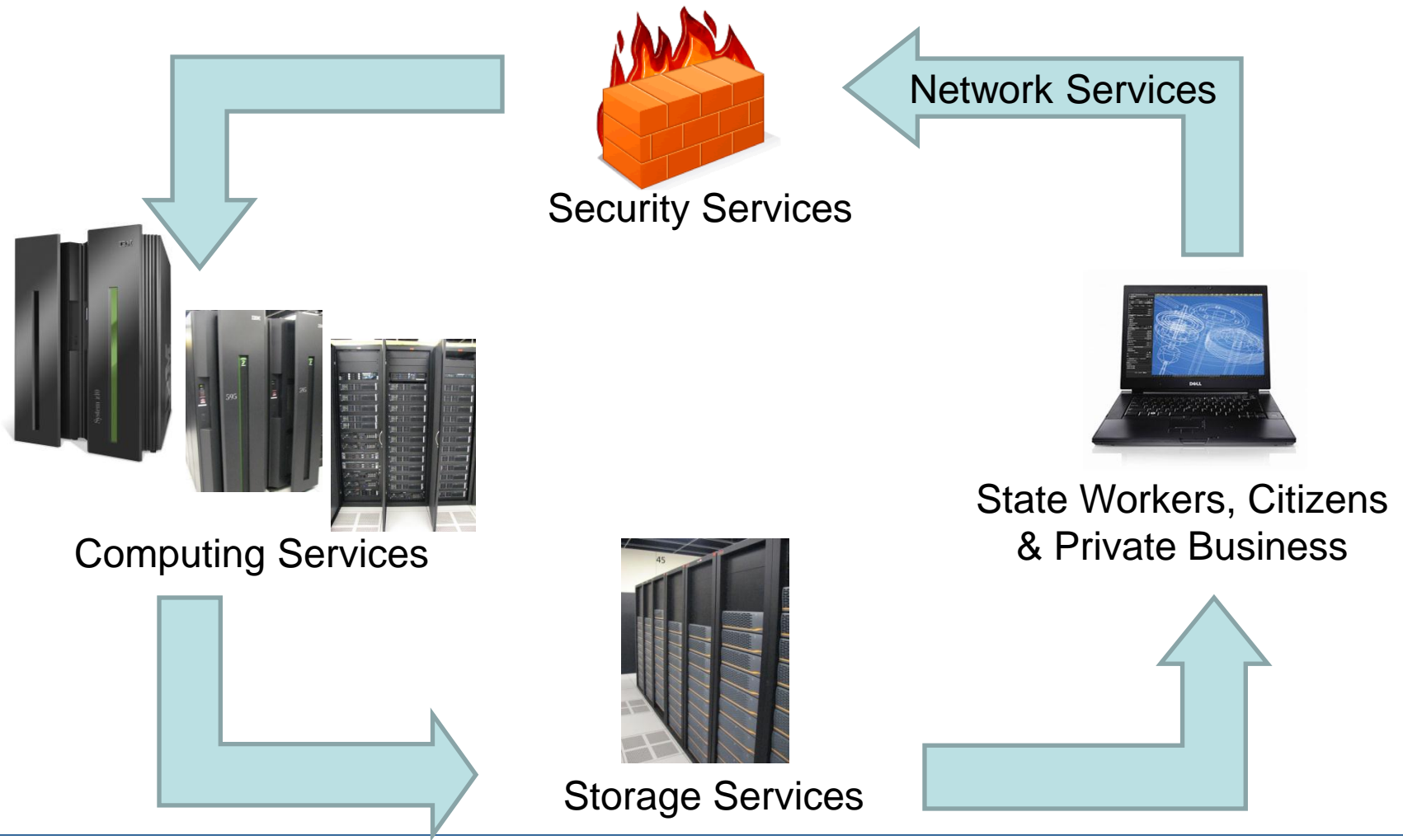


# Enterprise Technology Services (ETS)





# ETS Services





# ETS Supports State Business

## Health Care

- Oregon Health Alert Network
- Oregon State Hospital System
- Food Benefits System (Oregon Trail Cards)

## Public Safety

- Drivers License System
- Criminal Records Check Application
- DOC's Criminal Information System
- Juvenile Justice System

## Revenue Generating

- State Income Tax System
- Corporate Tax System
- Child Support Enforcement System

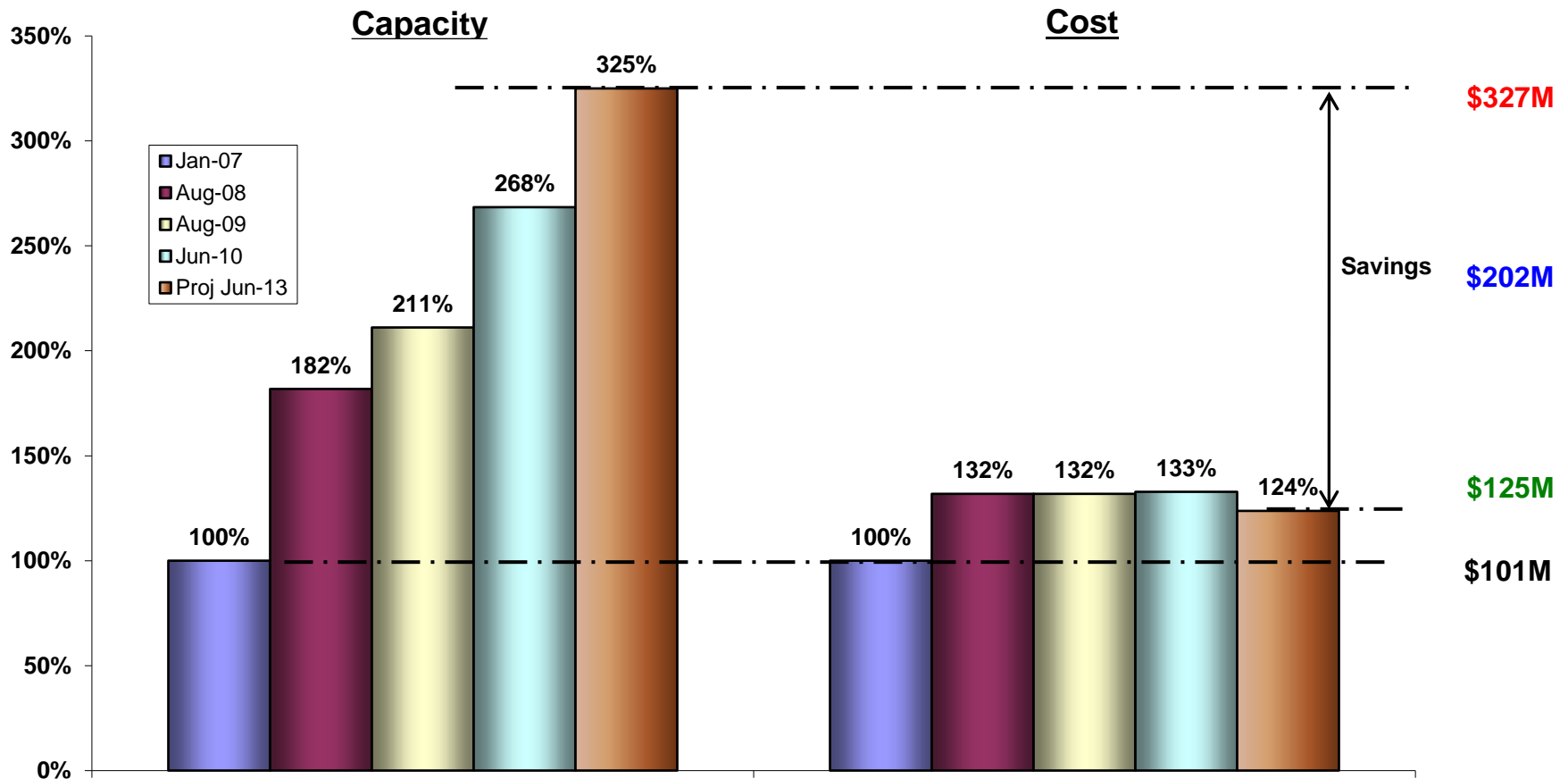


# ETS Benefits to Customers

- Agency IT resources can focus on applications rather than infrastructure
- Increased security of applications
- 24 X 7 monitoring of equipment
- Disaster Recovery & Business Continuity Support

# ETS Budget Drivers

## Growth Cost Avoidance Savings





# SDC Technology Growth is Driven by Agency Demand

Technology	Measure	1/1/07	6/30/10	6/30/13*	Capacity Growth %
Mainframe	MIPS	888	1675	2025	228% (Increase)
Mid Range	CPUs	1220	2704	3418	280% (Increase)
Servers	Server Capacity	1749	3059	3473	199% (Increase)
Disk Storage	Terabytes	69	460	800	1159% (Increase)
Network	MBPS	10,402	19,974	22,776	219% (Increase)

## Unit Cost Decrease

Technology	Measure	1/1/07	6/30/13	Unit Cost % Decrease
Mainframe	MIPS	\$1,098.45	\$665.30	-39% (Decrease)
Mid Range	CPUs	\$420.42	\$170.80	-59% (Decrease)
Servers	Server Capacity	\$369.01	\$293.32	-21% (Decrease)
Disk Storage	Terabytes	\$9.77	\$1.63	-83% (Decrease)
Network	MBPS	\$133.64	\$77.85	-42% (Decrease)

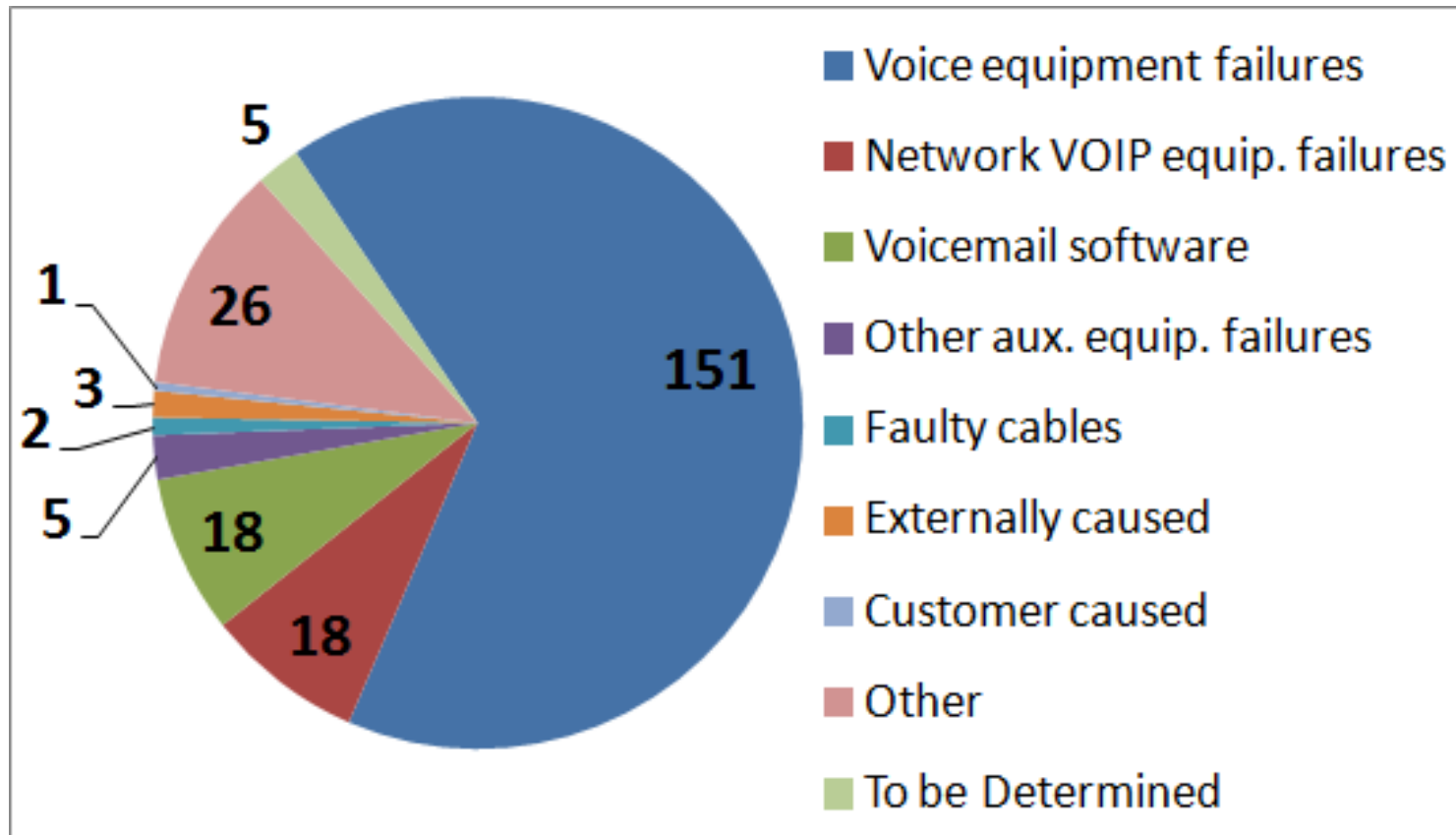


# ETS Budget Drivers

- Setting technology service rates based on what each customer uses or requests
- Shared responsibility for state technology spend
- Aggressive economizing to create shared services and negotiation of pricing based on economies of scale

# Understanding Aging Infrastructure

Priority 1 & 2 Outage by Type : June – December 2012





# Understanding Aging Infrastructure

- Limited life-cycle replacement funds result in out-of-date technology
- Some customers have funds to replace critical infrastructure but ETS does not have limitation to provide service
- Increasing failures cause significant customer service implications affecting agencies serving Oregonians



# ETS Environmental Factors

- Technology usage is driven by how much businesses and citizens, use agency services
- Fast pace of technology advancements
- Keeping pace with citizen expectations of state government's use of technology
- Increasing desire for mobility of technology



# ETS Future Opportunities

- Expand statewide IT services
- Optimize and protect IT resources
- Maintain competitive business model
- Provide proactive customer service
- Leverage multi-sourcing



# ETS Future Opportunities

- POP #106 – Equipment Lifecycle Replacement
- POP #107 – Support IT Infrastructure Growth
- POP #108 – Leverage Technology
- POP #109 – Security
- POP #110 – E-Government Systems Support
- POP #111 – Agency Companion POPs



# Topics for Tomorrow

- Enterprise Goods & Services
- Enterprise Asset Management Services
  - Budget Drivers
  - Environmental Factors
  - Future Opportunities
  - Customers



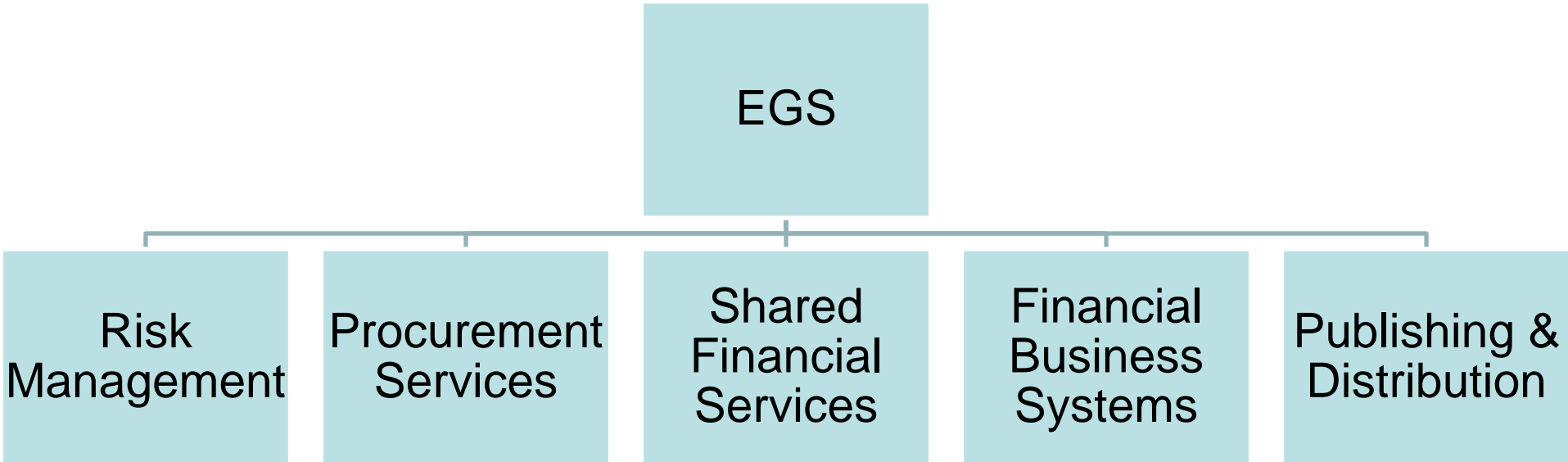


# Day 7: Outline

- Enterprise Goods & Services
- Enterprise Asset Management Services
  - Budget Drivers
  - Environmental Factors
  - Future Opportunities
  - Customers



# Enterprise Goods & Services (EGS)



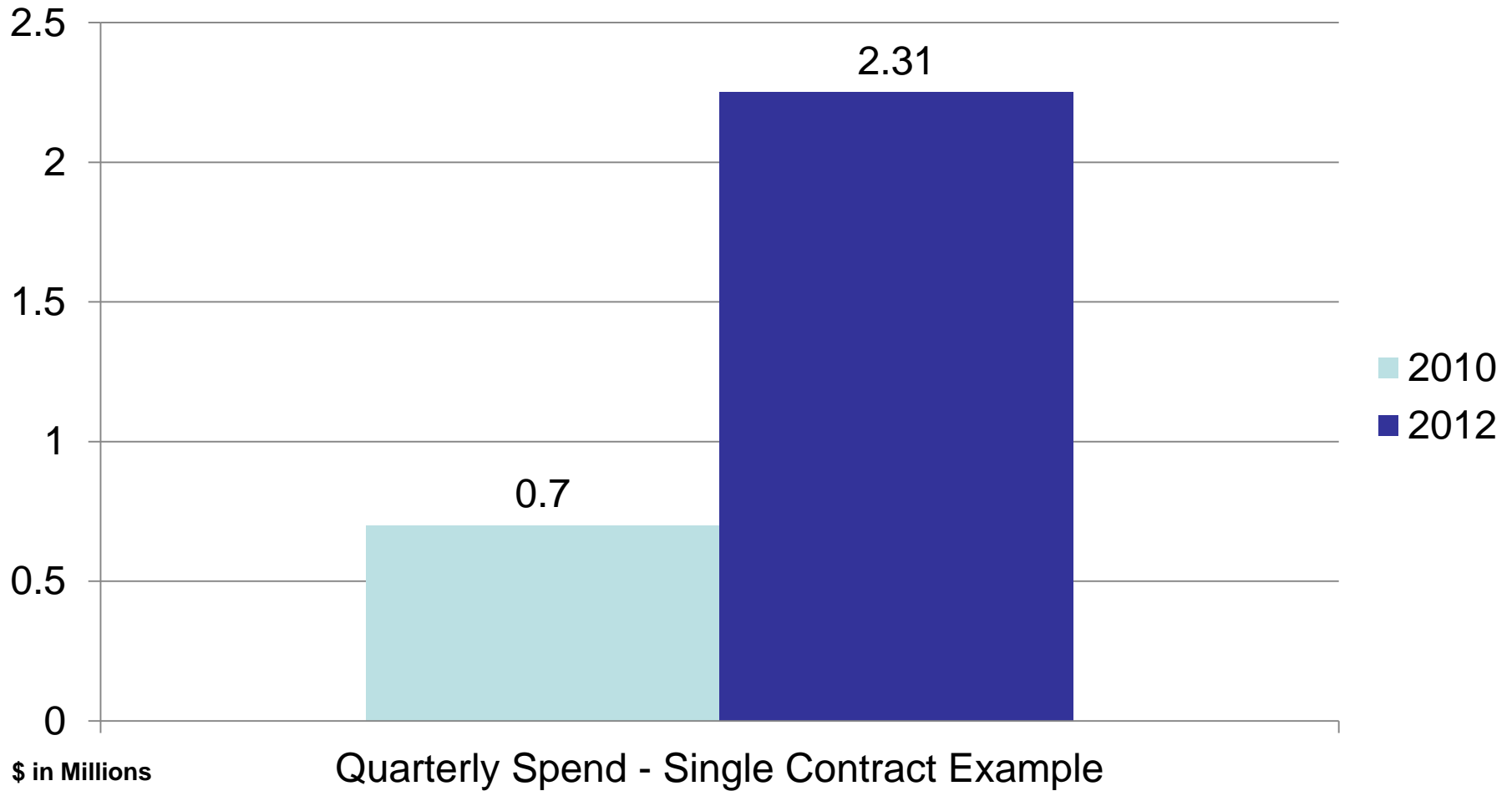


# EGS Benefits to Customers

- Advice on smart risk-taking strategies
- Aggregate spend to get better price on purchases
- Stable, reliable financial systems
- Provision of timely and accurate financial services
- Broker service delivery solutions on behalf of customer when that is a better option
- Customers can focus on service delivery directly to Oregonians

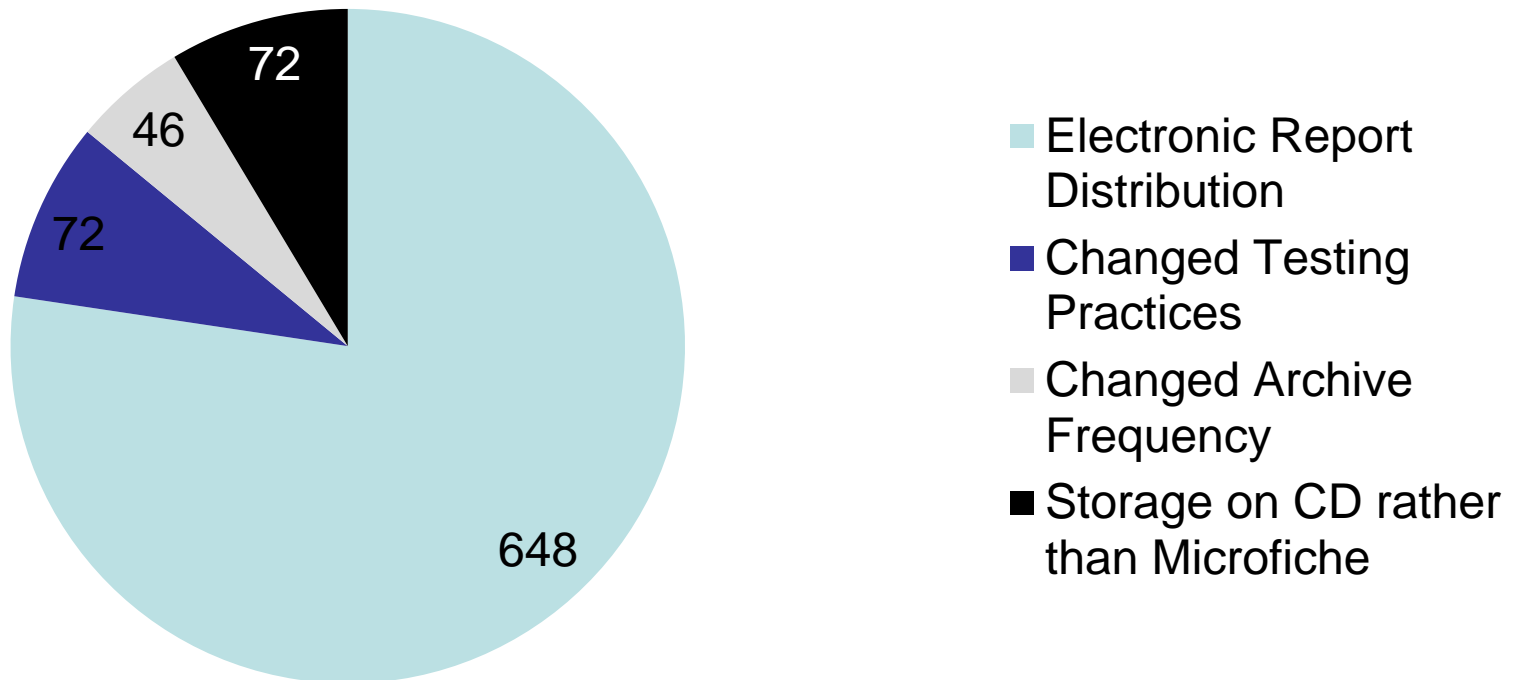


# Procurement Services



# Cost Savings for State Financial Business Systems

## Dollars Saved in Thousands





# EGS Budget Drivers

- Customer demand
- Cost of processing transactions
- Legal and claims costs for Risk Management
- Total number of documents distributed by Publishing & Distribution



# EGS Environmental Factors

- Increasing tort limits are expected to increase the number of claims Risk Management receives
- Staffing needs may change as shared services are increased, but DAS may not be the only provider



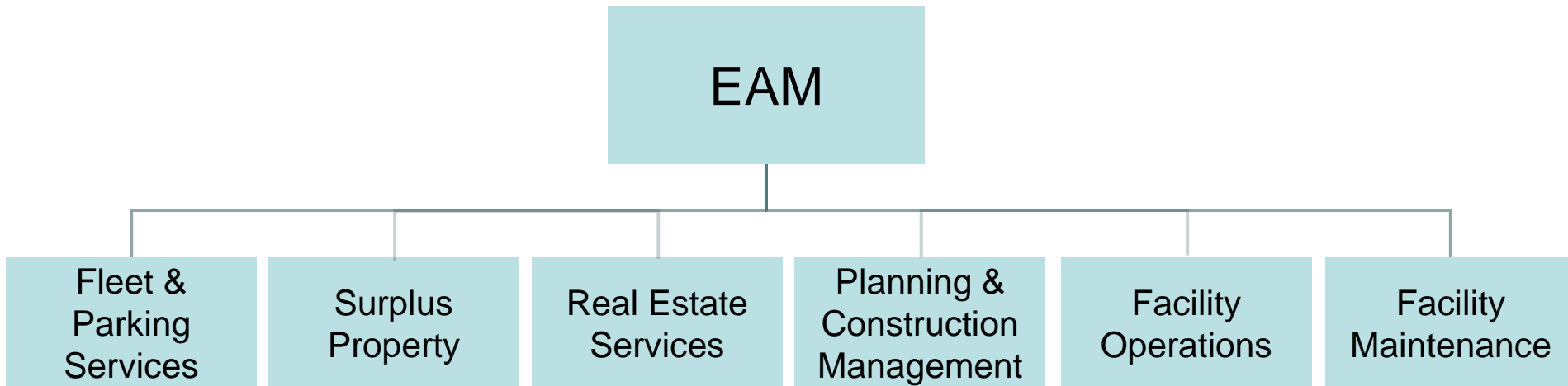
# EGS Future Opportunities

- Expanding Oregon Cooperative Procurement Program (ORCPP) membership
- Increasing the number of client agencies using our procurement, financial and payroll services
- Proactively work with agencies to help them reduce their insurance costs, especially those related to Workers' Compensation





# Enterprise Asset Management Services (EAM)





# EAM Benefits to Customers

- Central oversight of necessary services so agencies can focus on their mission critical work
- Leverage expert knowledge for strategic sustainable solutions
- Reduce costs for agencies
- Special projects to test cross-agency collaboration



# A Day in the Life of a Fleet Car...





# EAM Budget Drivers

- Parking & Fleet
  - Rental of parking spaces, meters, and citation funds
  - Rental of vehicles
  - Fees for vehicle-related services
- Surplus
  - Commissions on sales and sale service fees



# EAM Budget Drivers

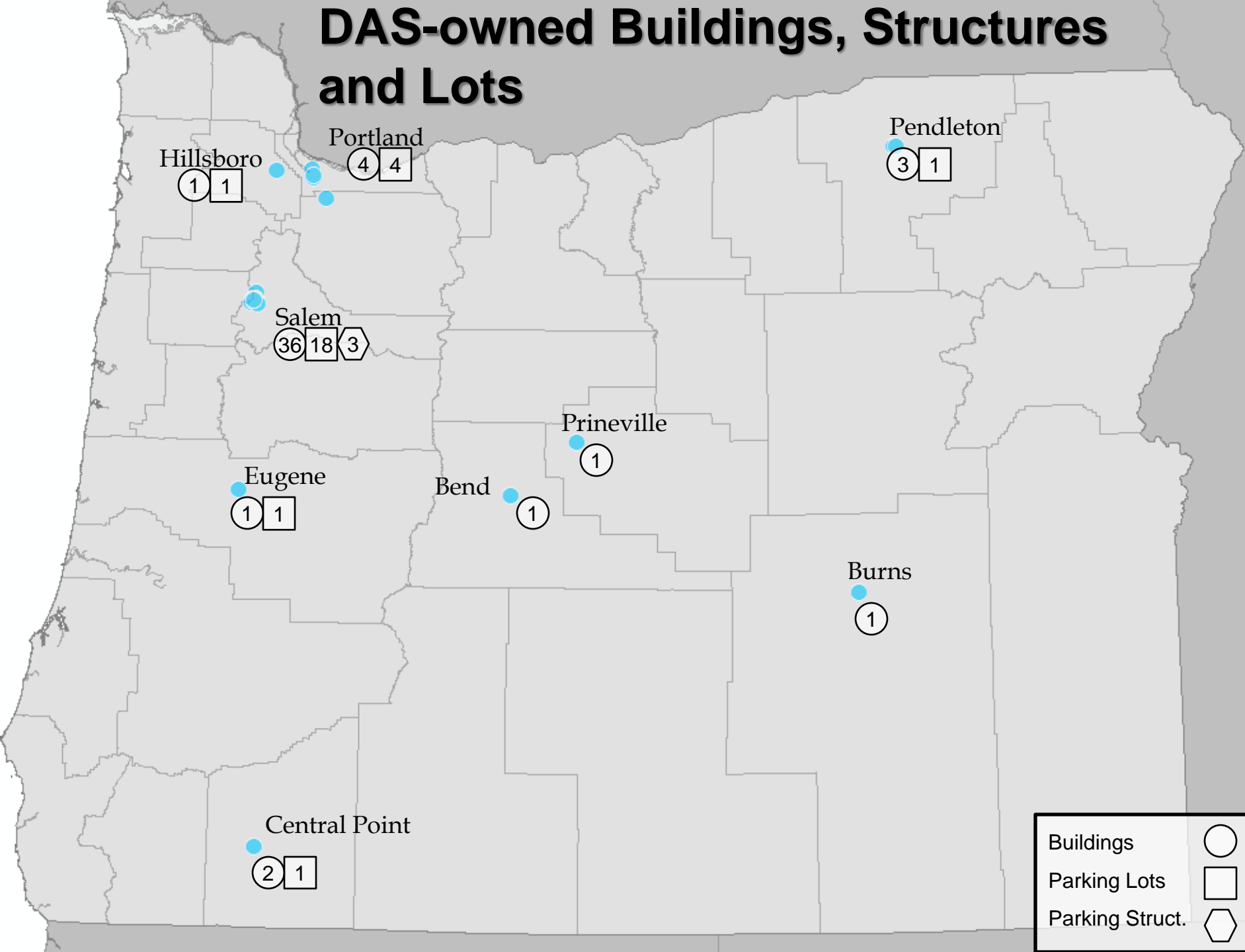
- Real Estate Services
  - Leasing – Percentage of the first two years net rent
  - Property Management – funded by assessment
  - Land Sales – Fee-for-service (hourly rate) plus direct costs associated with transactions



# EAM Budget Drivers

- Planning & Construction Management
  - Fee-for-Service hourly rates
- Operations & Maintenance
  - Uniform Rent – tenants pay a fixed amount per square foot
  - Self-Support – tenants pay actual costs of buildings they occupy
  - Service Agreement – tenants contract with DAS for services they want

# DAS-owned Buildings, Structures and Lots



Buildings	○
Parking Lots	□
Parking Struct.	⬡



# EAM Environmental Factors

- Changing customer needs
- Aging buildings and equipment and deferred maintenance
- New environmental regulations
- Fuel and utility cost volatility
- Longer asset life cycles and alternative service providers impact Surplus





# EAM Future Opportunities

- POP # 102 – Facilities Assessment & Planning Software
- POP #113 – Fleet Vehicle Purchases
- POP #116 – Supreme Court Building Renovation
- New Service: Leasing Administration
- Meaningful partnership with City of Salem in disposition of Oregon State Hospital North Campus

# North Campus – Existing Site Map



**Dome Building**  
Office  
70,052 SF  
1912, Bldg #36

**Yaquina Hall**  
Office  
51,720 SF  
1948, Bldg #33

**McKenzie Hall**  
Health / Hospital / Clinic  
68,706 SF  
1948, Bldg #40

**Breitenbush Hall**  
Health / Hospital / Clinic  
110,301 SF  
1948, Bldg #35

**Eola Hall**  
Health / Hospital / Clinic  
149,048 SF  
1955, Bldg #50 and #77

**Santiam Hall**  
Health / Hospital / Clinic  
57,348 SF  
1951, Bldg #34



# Closing Remarks

Government can no longer  
operate “business as usual.”

The business has changed  
and so has the usual.



# Topics for Tomorrow

- Public Testimony
- Remaining Q&A



# Day 8: Outline

- Public Testimony
- Remaining Q&A