



Oregon

John A. Kitzhaber, MD, Governor

Department of Administrative Services

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February 20, 2013

Senator Steiner Hayward, Co-Chair
Representative Smith, Co-Chair
Ways & Means General Government Subcommittee
900 Court Street NE
Salem, OR 97301

Dear Senator Steiner Hayward, Representative Smith, and the Ways & Means General Government Subcommittee;

Outstanding questions from February 19, 2013:

Question from Co-Chair Steiner Hayward: Why is the increase of terabyte storage so small? Is it due to the types of data we are storing?

Enterprise Technology Services (ETS) has 800 TB of “working storage” in use for agencies. This data is primarily for information stored in databases (i.e. state hospital client data, tax data for DOR, and DMV data for ODOT). This also includes data such as excel, word, and PowerPoint data frequently used by State workers. There is other data not included in this number used for other purposes, such as backups and other more “static” data such as GIS and road images used by ODOT.

Question from Representative Gomberg: Why is the chart only showing data for 2010 and 2013?

Please see the chart below with the most current data for the presentation tables reflecting growth vs. agency budget:

Year	Capacity	Cost
'07	100% (Base)	100% (Base)
'08	182%	132%
'09	211%	132%
'10	268%	133%
'11	409%	133%
'12	660%	117%

Question from Co-Chair Steiner Hayward: Do you have any sense of how your decreases compare to how costs have gone down in the consumer world? Where are you benchmarked against the market?

For those areas which we lease, such as storage and the Mainframe, ETS absolutely takes advantage of the developments in technology to increase capacity at roughly equal cost to the same amount of capacity that could be purchased, say three years ago. The “lease” mechanism allows us to take advantage of this. Additionally, ETS customers have also benefited from the efficiencies that ETS has implemented to lower unit cost (i.e. consolidation of software, systems, etc.). There are other areas, such as voice and network, where DAS has purchased the capital (i.e. network switches and voice systems) where, due to budget limitations, ETS has NOT been able to take advantage of the technology advances and systems are beginning to fail. In some cases, leasing is not as readily available as it has been in storage and ETS is actively working with procurement and the vendors to see if these options will be available in the future. Aging infrastructure in these areas has been problematic (causing system outages that has disrupted agency business) and we will be asking for the POPs to update the state’s infrastructure.

Questions from February 20, 2013:

Question from Senator Whitsett: Does DAS provide payroll services for the Governor’s Office, State Treasury, Secretary of State, State Library, and Legislative Administration?

DAS provides payroll services to the Governor’s Office and the State Treasury. Please see attachment with additional client agencies served by DAS Payroll Services.

(Attachment: DAS Payroll Clients.xlsx)

Question from Co-Chair Smith: Can you get me information on why some agencies are decentralized and others are not?

Agencies have not been required to use DAS Payroll services. Our current list of clients sought our services because of our expertise in processing state payroll. For many small agencies, it is neither cost effective nor efficient to process their own payroll. More broadly, for our other client services such as accounting, budgeting and procurement, the same is true. This is an area that will be explored as part of the review of the Hackett report.

Question from Senator Whitsett: What percentage of flex fuel vehicles do you have and have you done a cost analysis?

Each year, DAS works with state agencies with fleets for a required report to the federal government on the number of alternative fuel vehicles owned and maintained. The federal definition included E85, full electric, and compressed natural gas vehicles but not hybrid or biodiesel capable vehicles. The table on the next page is a summary of this report from calendar year 2010, the latest year we have numbers for both total light fleet and number of alternative vehicles.

Fuel Type	Total Vehicles
E85/ Flex Fuel	1860
Compressed Natural Gas	180
Electric Vehicles (primarily low speed maintenance service vehicles)	157
Total 2010 Light Fleet	6983
Percent of alternative fuel vehicles	31.5%

DAS Fleet has done cost analyses on flex fuel vehicles. The primary benefit of E85 is reduction of emissions. E85 emits 13.59 pounds of CO2 per gallon versus 18.71 for E10. However, the smallest flex fuel engines are 6-cylinder. Due to the 2009 reduction of \$10 million in the vehicle purchase budget, over the last two biennia DAS has reduced its purchase of flex fuel vehicles because of their higher cost. There simply were not enough funds available to invest in this emission reducing technology and still meet agency vehicle replacement needs. Instead, DAS purchased lower cost, but fuel efficient 4-cylinder vehicles where possible and continued purchase of flex fuel vehicles primarily for mini vans and pickups where those engines are standard features.

Question from Senator Whitsett: Is there a mechanism to convert cars to compressed natural gas vehicles?

There are companies that sell CNG conversion kits and ones that provide conversion service. The conversion costs range from about \$4,500 to \$11,000 depending on the vehicle. In most cases, converting an existing older vehicle means the state will not recover the cost of the conversion.

The aftermarket conversions we've had in the past had enough mechanical issues that Fleet decided to only go with CNG vehicles where the manufacturer designed and produced the conversion, such as the Honda Civic GX's we have now.

The number of CNG vehicles in DAS Fleet has decreased from 135 to 104 active vehicles over the last two biennia. The closure of Eugene and Portland Motor Pools with their CNG fueling stations has limited the ability to fuel these types of vehicles to the Salem Motor Pool and Medford using Jackson County as a fuel station.

Request from Co-Chair Smith: Please provide rented vehicle rate methodology.

For the Permanently Assigned vehicle fleet, DAS calculates the overhead cost to administer the vehicles. This amount is set at \$43 per vehicle per month for 2013-15. The remainder of the vehicle rate is based on raising the required revenue needed for new vehicle purchases, any debt service costs, and existing ending cash balance needed. This cost is then distributed across the different vehicle types and is tied to the depreciation rate of the vehicles.

New this biennium is the "the more you drive, the more you pay" rate tables. This is designed to better assign true cost of vehicle operation to those activities where agencies must drive high miles each month. An agency that drives a sedan at a rate where an 8 to 10 year life span can be expected is charged \$250 per month while an agency where the vehicle will last only 4 years will pay \$427 per month to make sure the full cost of the vehicle is recovered in the vehicle's lifecycle.

Question from Senator Whitsett: How does DAS and the City of Salem coordinate parking citations on state owned property?

DAS Parking has one full time Enforcement Officer and one part time, on call temporary Officer. DAS partners with the City of Salem and the City of Portland to administer the citation prosecution and collections. In Salem, the city keeps half of the citation amount to cover their costs and the rest is returned to DAS. In Portland, the City performs the full enforcement activity and keeps all the proceeds from citations. In fiscal year 2012, DAS received \$15,590 in parking fine revenue.

DAS has approached Salem several times on the possibility of the City taking over all enforcement activities for DAS in the Capitol Mall but the City does not have the capability to take on that workload.

Question from Senator Johnson: What is the policy of giving away surplus property (i.e. binders)?

Surplus does currently accept white notebooks/binders. On July 1, 2011 Surplus provided new guidance to agencies for disposal of items less than \$100 which includes the following options:

- Transfer or sale to another state or local government entity (i.e. city, county, school district, water district, fire district, etc.)
- Donate to a local government entity or qualified non-profit organization registered with the Department of Justice

There are two other outstanding questions from this morning's hearing. Answers to those questions will be provided tomorrow or as soon as possible.

Sincerely,



Michael Jordan, COO
DAS Director

**Client Agencies Served by
Department of Administrative Services Payroll**

As of February 2013

Department of Administrative Services
Board of Counselors & Therapists
Department of Aviation
Long Term Care Ombudsman
Employment Relations Board
Board of Tax Practitioners
Board of Accountancy
Office of the Governor
Board of Psychologist Examiners
Board of Licensed Social Workers
Advocacy Commissions Office
State Treasury
Government Ethics Commission
Criminal Justice Commission
Psychiatric Security Review Board
Office of Public Defense Services
Private Health Partnership
Teacher Standards & Practices
Community College & Workforce Development
Board of Chiropractic Examiners
Health Related Licensing Board
Board of Dentistry
Board of Pharmacy
Racing Commission
Construction Contractors Board
Real Estate Agency
Board of Massage Therapists