

CNIC Governing Board Meeting Minutes – April 10, 2006

Approved 5/8/06

Attendees:

Agency:	Board Representative:	CIO or Representative:
DAS	Lindsay Ball	Mike Zanon
DCBS	Greg Malkasian	Dan Adelman
Corrections	Max Williams	John Koreski
Education	Vickie Fleming	Doug Kosty
Employment	Laurie Warner	Curt Amo
Forestry	Clark Seely	Sandy Jefferson
Housing & Community Services	Rick Crager	
Human Services	Clyde Saiki	
State Police	Peter Spirup	David Yandell
Revenue	Elizabeth Harchenko	Stan McClain
ODOT	Matthew Garrett	Ben Berry
Veterans' Affairs	Bruce Shriver	Herb Riley

State Data Center: Julie Bozzi, Mark Reyer

Project Office: Sarah Miller

Accenture: Mike Dawson, Kari Ensminger

Others: Rod Bailey, Jim Carbone, Janet Chambers, George Dunford, Bill Fink, Scott Harra, Raelynn Henson, Rick Jacobsen, Jerry Korson, Kris Kautz, Theresa Masse

1. Opening Comments

MOTION: Clark Seely moved to approve the March 13 minutes as written. Matt Garrett seconded. The motion passed.

There was discussion as to whether or not the board should continue to meet weekly.

DECISION: The Governing Board will continue to hold regular monthly meetings on the second Monday of the month (3-4:30 p.m.). In addition, an alternate meeting will be scheduled for the fourth Monday (4-5 p.m.). The alternate meetings will be canceled when they are unnecessary.

2. Debrief, Emergency Board & JLCIMT

Max Williams and Elizabeth Harchenko were thanked for their presentations at the JLCIMT and E-board meetings. Only one member of the JLCIMT said that they would give a “no” vote. No formal vote was taken within the committee though the item moved forward to the E-board. Elizabeth noted that the one message she got from the JLCIMT discussion is that there is an expectation that leadership of the 12 agencies need to be very attentive to this project. No one should assume that staff will carry things forward without engagement on the part of directors. She noted that each director needs to take that comment very seriously as the moves are underway and the hiring process beings.

There were questions as to the number of years it will take to achieve the originally projected savings. We must be clear about what will be accomplished over the noted timeframes and why it will take as long as it will. The point was made that the change to the staffing model was necessary in order to mitigate risk. There was upset about the fact that the business case numbers have changed so many times. Max encouraged Mark Reyer and Lindsay Ball to spend time getting to know the co-chairs of the JLCIMT. This will provide another line of communication between the agency directors and the legislators. Lindsay asked for other members of the board (in addition to Max and Elizabeth) to volunteer for future appearances at legislative hearings.

Prior to the hearings, Lindsay sent a letter to the E-board co-chairs and members of the JLCIMT. The letter stated that the Governing Board would:

- Provide a timeframe in which specific milestones will be met.
- Begin sending updates to the legislators on a monthly basis.

Each month Mark Reyer will send a letter stating the accomplishments for the previous month. The JLCIMT, E-board and Governing Board members will be copied on these updates.

Lindsay made the point that this is not the last IT project that the state will pursue. He will also make a point to spend more one-on-one time with the co-chairs of the E-board.

Ben Berry conveyed the Steering Committee's thanks to the Governing Board for its efforts at the recent legislative hearings.

3. Quarterly Quality Assurance Report

Rod Bailey presented on behalf of Ken Disbrow. The QA quarterly report was distributed via e-mail to the board before the meeting. Though it is typically out of scope, the QA group did review the staffing numbers being proposed to the Legislature. They are not in a position to validate the data, but are confident the numbers are sound because of the experience and information available to those developing the model, specifically Mark Reyer.

Two significant risks to the project are being reported:

- The size of the project (this is an inherent risk and not much can be done to change it).
- An enterprise risk arising from the fact that in some cases there are agency resource conflicts (agency staff trying to accomplish this project and others at the same time).

The second risk is viewed by the QA group as an agency responsibility. There was some discussion of this at last week's Steering Committee meeting as it may be the appropriate body to guide agencies through mitigation of this risk. Elizabeth noted that this issue was discussed some time ago as the business case was being developed. They realized that the same people doing the daily work would have to be engaged in the move process. She asked the board, "How can we work to make sure that the schedule is working for staff and not against them?" There are some projects on the business side that will likely affect the availability of staff. Directors are trying to identify these things now so that they can communicate effectively to staff about priorities. It was stated that ODOT and DHS have a number of projects that need to be done within the same timeframe as the SDC move. ODOT has some that are mandated by the feds or the state or both.

Elizabeth asked if there are things that the directors can do to support one another on the CNIC side. The SDC staff has noted that the more planning that can be done up front, the smoother the transition to the SDC. A list of activities that must be accomplished prior to a move all the way through the move itself is being communicated to agencies and templates are being provided. Mark Reyer stated that production activities take priority over the migration to the SDC. This has worked well for agencies thus far. Ben Berry noted that ODOT has hired about 12 contractors to offset the amount of resources being sent to the SDC. Another major impact to resources will be the mandatory code freezes from one week before testing to one week after the moves.

The largest move thus far was completed by DHS with 44 servers moved in one weekend. Mark credited the planning process for this successful migration. Lindsay noted that appropriate planning is the key to not creating a lot of work should the moves present problems. If any agency starts to get overwhelmed, there are people who can be pulled from other agencies to help out. As an example, OSP had a critical application that needed to be migrated very quickly; some additional resources were brought in to help mitigate this. The directors expressed support for sharing resources from time to time.

Another dimension to the resource strain is that the hiring process is about to begin. Once it is complete, agencies will know who from each agency will become a permanent staff member at the SDC. If an agency has something at risk due to lack of resources, it must be brought to the Steering Committee and Governing Board to ensure that solutions are found.

There was no further discussion on the quarterly QA report.

4. Human Resources Report

Jerry Korson distributed the list of 166 positions that are currently on the in-scope list. This list is considered to be the first round applicant pool for hiring at the SDC. There are 142 incumbents included in the 166 positions. The 166 consists of the originally identified 155 positions plus 11 positions that were added in the December budget review. No positions have been removed from the list. The Steering Committee was comfortable with the 166 list being the recruitment list. There has been a lot of discussion about the process for modifying this list. The letter of agreement between DAS and the union states that the SDC technical positions will be offered first to staff on the in-scope. Jerry asked if the Governing Board would like to formally approve this list for recruitment purposes.

All incumbents on the list have received regular communications via e-mail and in various meetings with DAS HR, agency HR departments and the CIOs. They all know they have the first opportunity to apply for technical jobs. OSP previously asked to remove four positions because those functions are staying with the agency. They are concerned that the positions are still included. In December-January, when the in-scope list was reviewed and reconciled, the following changes were requested:

- DHS added 2 positions
- DAS added 1.5 positions
- ODOT added 7 positions
- OSP removed 4 positions.

George Dunford recommended that the Governing Board officially decide how to reconcile this list and vote on it. Lindsay and Jerry agreed that the list must be reconciled before hiring begins. George left the meeting to revise the 166 list with the December-January changes.

Jerry noted that in working with the SDC management team, all the SDC technical positions have been posted. All the jobs will be posted at the same time this week and will close on May 1. Each applicant can apply once for all relevant positions via a checklist. Applicants must complete a "skills assessment," and submit a resume and application. This is all posted online. Though there are 142 potential applicants and 144 positions being recruited, not everyone is guaranteed a job. There may not be enough applicants for the higher level positions. An SDC organization chart is available online with the job postings.

In working with the agency HR offices, any IT job announcements in the state are being conveyed to the in-scope list. CIOs are being asked to consider hiring from within state agencies first and foremost as they need to fill IT positions. A transfer list will be available for those who do not get hired at the SDC but are still actively pursuing jobs. The board appreciated the idea of sharing job openings with one another around the state. There are currently 12-15 ISS2-ISS4 positions open throughout the state. It is conceivable that staff in lower classifications could compete for higher level positions.

There was some discussion about scope with regard to print positions. The in-scope list must be correctly adjusted as to the print function. Mark confirmed that mainframe printing is out of scope for the SDC and will be handled by the state print plant. The only agencies affected are DHS, ODOT, OED and DAS. DHS has moved its print functions to the print plant. ODOT is in the process of moving. Mainframe print people within the agencies need to be located at the print plant, not on the in-scope list for the SDC.

ACTION: ODOT, DAS, DHS and OSP will send reconciled in-scope lists with documentation to Lindsay Ball and Bill Fink by noon tomorrow (Tuesday).

ACTION: The reconciled in-scope list will be sent to the Governing Board tomorrow. All 12 agencies will approve the list via e-mail by noon on Wednesday.

It was noted that changes to the list will create a change of status for some staff as well as a change in savings. It will be a minor change and must be well documented. The print positions are out of scope. There is a question as to what will happen to those positions that need to be sent to the print plant in terms of budget and SDC applications. Elizabeth noted that each director should personally check in with their HR people and CIO on this list before responding.

5. Project Manager's Report

The project is in the middle of the second quarter. Only one adjustment has been made to the strategic timeline regarding the end date of the migration of the three largest data centers. All but two agencies have been approved to be moved in by the end of 2006. Milestones for quarters one and two of 2006:

- WAN link consolidation completed early
- Installed and configured firewalls on time
- The IBM move contract is done (they will be moving those servers requiring certified movers)
- Next Source is being contracted to move any other boxes that agencies are not comfortable moving themselves
- The mainframe contract is complete and a delivery date was negotiated
- All "Prepare and Assess" activities are complete for DAS, DHS and ODOT
- Storage migration for DAS, DHS and ODOT has begun (DHS and ODOT have migrated 40 percent to date. DAS began this week.)
- Mainframe migrations to be complete between June 9-16.

Housing is moving to the SDC this weekend. Kickoff meetings are happening all month for the other eight agencies. Technical position descriptions are done and recruitment announcements are completed. Process and communications transition plans for the migration period have been sent to agencies. Current agency communications processes will remain in place. Transition agreements will now be put in place for all agencies before they begin their moves. Each agency will negotiate this based on their needs. There is a very detailed schedule that the project is using. It is based on dates that have been negotiated with the agencies. Though ODOT has not done many moves to date, they will be doing the majority of their moves in May. Hiring during this high workload time will be a challenge. Production and migrations will take priority over the hiring process. There are nearly 60 full-time rotational staff members working at the SDC. There are 50 agency staff members on various workgroups. Transition staff members doing infrastructure work not including application staff consist of 54 from ODOT, 57 from DAS, and 58 from DHS/OED.

April milestones completed:

- Disc ready for use
- Mainframe delivered
- Completed storage data migration for DAS, DHS and ODOT.

April milestones not yet completed:

- A cultural enablement plan will be handed off to the SDC
- The hiring process will begin.

Elizabeth Harchenko talked about the detailed schedule. She assumes the SDC is working closely with agency staff and that if there are resource, risk and other major issues, they are being elevated to the board level. Julie Bozzi confirmed that these items are first elevated to the CIO; if resolved, the Governing Board is only told about any slippage to the schedule. Otherwise,

issues and risks are elevated to the Governing Board. Mark Reyer added that to date the technical staff members have been reconciling a lot of the issues themselves and this is working very well.

6. Administrator's Report

Hiring: During the first round (for in-scope staff) the SDC would like to interview each applicant once regardless of the number of positions applied for. SDC would also like to complete all interviews before making any offers. This will make things easier to manage but may mean there will be a good length of time between an interview and an offer. Every applicant will be made aware of this. Jerry Korson confirmed that there is a mechanism for communicating to all applicants that there may be a lengthy timeline involved in the hiring process. Jerry will also share this with the union. The first week in May is when the interviewing process will begin.

JLCIMT/E-board: As the SDC is tracking savings and benefits associated with this project it will also track consolidation and any money saved by avoidance. This will be reported to the Governing Board. The end of the migrations represents the beginning of the consolidation effort. There may be some new opportunities identified that could expand the SDC workload as that consolidation begins. This is where savings will be realized. Though the SDC may have additional opportunities they do not intend to compromise savings already identified.

Elizabeth Harchenko posed three questions:

1. Why will the consolidation effort take so long?
2. Is there a way to explain the steps in the consolidation process and to be clear about the work that is taking place along the way?
3. How is this different than a private industry consolidation?

In the private industry, a consolidation of this magnitude would be a three to five year endeavor. The reason the state's effort will take closer to seven years is because there is a long history of building without a common architecture coupled with the fact that there are many government requirements that take extra time and planning to mitigate. A good example of this is the Medicare payments system. The architecture of the federally mandated system on which it resides cannot easily be changed. These kinds of obstacles can be overcome but it takes extra time. Legislators need to understand these examples including the aspects that are beyond the state's control. There are several such examples that can be noted. Answering the question of differences between private and public sector consolidations is probably the most relevant kind of information that can be provided. Lindsay Ball did have an opportunity to discuss this very issue with a JLCIMT co-chair and they came to an understanding. This project is more like a merger of 12 diverse corporations than a consolidation of one corporation's data centers. Mark noted that there is not only a lack of standards *between* agencies but a lack of standards *within* agencies.

7. Other Business

Ben Berry, on behalf of the Steering Committee, presented and requested approval of the CNIC Accounting Workgroup's process recommendation for assets transferred to the SDC. This has been vetted and approved by the Steering Committee. The proposed process is relevant to all agencies, save ODOT.

Asset Transfer Process

All agencies transfer assets to the SDC at book value less accumulated depreciation at time of transfer. Agencies will not be credited for the asset. Exceptions, as noted, can be made but should be done sparingly and only when absolutely necessary. ODOT's portion of this will be reconciled later in the month with Bill Fink and Lindsay Ball as federal mandates make the process more complicated.

Elizabeth recommended that every transfer be documented in writing in one place whether they are special cases, exceptions or otherwise. Having all transfers recorded in one place could be very useful, especially for reporting to the Legislature and deciding the rates and billing the SDC

will use. This record should include book values, where they came from, etc. There will be an asset database in which this can be tracked. Each agency is also responsible for tracking assets and having book values. They will be responsible to ensure that the SDC has correct information to include in this database. ODOT's transfers need to be part of the interagency agreement. The SDC's asset database will retain all of this information.

ACTION: Ben Berry will create some simplicity around this process and the information required including appropriate lists, value at time of transfer and a form for communicating this information. He will return to the Governing Board for approval.

Lindsay noted that the 2005-07 budget and associated savings needs to be readdressed to correct discrepancies (telecom charges were counted twice resulting in a reduction from 7.4 to 5.4 million). There had been an expectation that the Accounting Workgroup would readdress the baseline and the budget including what agencies planned to spend and any adjustments to those plans. It is during this process that all numbers should be reconciled. There must be a focus on the billing structure for services provided by the SDC. It is 2005-07 numbers that need to be reconciled.

ACTION: George Dunford and Elizabeth Harchenko will begin the budget reconciliation process.

Everyone again expressed appreciation for the work done by Max Williams and Elizabeth Harchenko regarding JLCIMT and E-board.

Next Regularly Scheduled Meeting

Monday, May 8, 2006

3 - 4:30 p.m.

DAS West ~ Conference Room B