

Minutes

Enterprise Technology Services

Customer Utility Board



Members:

- Kurtis Danka – Chair**
ODOT
- Scott Harra – Vice-Chair**
Treasury
- Vacant**
Oregon State Police
- Vacant**
Local Gov't representative
- Jim Conlin**
Judicial Dept.
- MaryKay Dahlgreen**
State Library
- Brian Henson**
DPSST
- Kyle Knoll**
PERS
- Eric Moore**
DHS / OHA
- Jean Straight**
DCBS
- Satish Upadhyay**
Forestry
- Vacant**
Parks & Recreation

- DAS Support Staff:**
- Bret West**
Interim CAO
- Alex Pettit**
Oregon CIO
- Tony Black**
ETS Administrator
- Janet Savarro**
DBS Administrator
- Brian Fjeldheim**
DBS Analyst
- Debby Dyer**
Administrative Support

Meeting Date: May 10, 2016
Time: 2:30-4:30 p.m.
Location: Exec Building | Conference Rm A
Attendees: Scott Harra, MaryKay Dahlgreen, Brian Henson, Kyle Knoll, Eric Moore, Jean Straight, Satish Upadhyay, Trygve Larson (OPRD) for Larry Warren
DAS Support: Bret West, Alex Pettit, Tony Black, Janet Savarro, Lori Warren, Kat Kordon, Debby Dyer
Guests: None
Absent: Kurtis Danka, Jim Conlin

TOPIC	PRESENTER
Welcome	Kurtis Danka
<ul style="list-style-type: none"> • Minutes Review - approved • Announcement – Temporary DAS CAO change – Bret West is the Interim. 	
CUB membership discussion	Bret West Scott Harra
<p>When replacing vacant positions, the seat belongs to the agency and not the individual. ~ Bret will contact the agencies to fill the vacant seats. There has been discussion whether the membership should be expanded or changed to better reflect the customer base. The make-up of the CUB should be a cross section of all the different sized agencies so that the decisions that were made regarding rates and fees would not be unduly burdened on the large or small agencies. As long as the DAS director is hearing the voice of the customer then we have the right mix. ~ The question is, does the ETS CUB feel like we are represented appropriately? All the CUBs are looking to adjust their charter according to what makes sense for the direction of the CUBs. At this point, George wants to continue the CUBs because he thinks they have value. Having the all agency heads quarterly meeting has been important to the small agencies.</p>	
17-19 Rates	Tony Black/Kat Kordon Alex Pettit
<p>Tony brought handouts.</p> <ul style="list-style-type: none"> • Budget Note – “the Sub Committee agreed to only partially fund ETS budget request for 15-17. State CIO must return during the 2016 Legislative session in February with recommendation on changes. State CIO should recommend a new funding formula for ETS which re-focuses charges to state agencies on fees for service and de-emphasizes the use of assessments. Include price list adjustments needed for implementation for the new revenue formula at the start of the second year of the biennium”. None of that happened out of the 2015 session. Based on LFO recommendations, we stayed status quo for the end of 15-17. DBS had until Thanksgiving to put the 2nd half of 15-17 together and then immediately started on 17-19. Normally those things would have been vetted through the CUB, but time constraints prevented that. • 17-19 Price List – OSCIO portion – DBS did the hard work quickly to do the rates for the re-org, but there were some unforeseen methodologies caused by shifting Security out of ETS that caused a 6 million dollar impact on the general fund. Tony met with an advisory council and is asking the CUB to review the price list for adjustments and the business impact that will make. 	

- Kat Kordon presented a 2017-19 Rate Review PowerPoint (see handout)
 - Rate Analysis Scenarios
 - Overall Trends/Drivers
 - Next Steps
- Question to Alex. *The forecast has been a challenge from day one. Where are we in deciding to go to prior usage?*

Alex's observation is that as many eboards as we have and the uncertainties, a different approach would be to come at rate setting based on the prior year's usage. If changes occur, they should be addressed at the eboard session. Monitor activity and charge based on previous usage.

- *How do we get the rates down because if they go down only with more business, what is your plan for more business?*

Based on these rates, it looks like agencies will be pulling out.

- *Why do we do it this way? Because we've always done it this way?*

2006 is when the data center started charging for service. Shared services has never had general funds. We had no data so we did an assessment model. When we had data we changed to rates. Year after year, usage has grown. There are some big projects out there that are going to make usage grow.

- CUB members voted on three recommendations that impact State Data Center rates and budget.
 - 1) *Should SDC Customers have predictability in how much they are billed?*
The current methodology in developing the 2017-19 rates is based upon 21 months-worth of utilization data by various technology service areas then adjusted for increased growth or other anomalies.
CUB recommendation: Using utilization data trends, forecast the 2017-19 biennial costs for each of the service areas at a macro level. However, then assess the costs of those programs based on the past two years utilization by each of the customers using the prior two years' data on use of that service. Then, true up the actual use each biennium.
 - 2) *Should State Data Center rent costs be included in the assessment?*
Paying rent for the State Data Center is considered a fixed administrative overhead cost that should be included in the assessment calculation. However in developing the rates for the 2017-19 Agency Request Price List, it was determined that only \$980k of rent costs were included in the assessment and the remaining \$6.6 million were inadvertently spread through rates.
CUB recommendation: Include rent in the assessment calculation.
 - 3) *What is the appropriate number of days needed for working capital?*
In developing rates, current DAS practice is to use 60-day working capital.
CUB recommendation: Use a 45-day working capital.

Next meeting:

May 25, 2016

2:30-4:30 a.m.

Somerville Building

775 Court St. NE

Salem, Oregon 97301