

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

RESOLUTION NO. 04-080

Authorizing the County to Make an Internal Loan from the Risk Management Fund to the Building Project Fund in the Amount of \$1,375,000 and to the Public Safety Bond Fund in the Amount of \$6,585,000 to pay for the Technology costs to Upgrade the SAP System and to Migrate the Public Safety Computer Programs off the IBM Mainframe

The Multnomah County Board of Commissioners Finds:

- a. During the last two decades, the County's large technology systems have been housed on IBM Mainframe enterprise servers.
- b. The County developed an Information Technology Plan to migrate all systems off the IBM mainframe. These systems included the Accounting System, Payroll System, Facilities Management System, Fixed Asset System, Health Practice Management System, Assessment and Taxation System, Regional Justice Data Warehouse, District Attorney's Case Tracking System and Sheriff's Warrants and Inmate System (SWIS).
- c. The 2003/2004 Adopted Budget included a \$5,265,000 internal loan from the Risk Management Fund to finance the migration of the final systems off the County's IBM Mainframe and to upgrade SAP to the latest version.
- d. The upgrade has been completed in fiscal year 2003/2004 at a total cost of \$1,375,000.
- e. The IBM Mainframe migration project team has completed work on several of the Public Safety projects but one system, the Sheriff's Office SWIS system, still needs to be moved from the mainframe.
- f. It is estimated that through fiscal year 2003/2004 approximately \$5.2 million has been expended or committed on the IBM Mainframe Public Safety projects and approximately \$3.2 million in additional funds are needed to complete the SWIS system project. The total original estimated cost of migrating all computer systems off the IBM Mainframe was \$19.6 million.
- g. It is estimated that the mainframe migration will be completed by September 2005.
- h. Once the IBM Mainframe project is completed and the loan repaid over the next six fiscal years, the County will save over \$1,200,000 per year in license fees for the IBM Mainframe that will no longer be needed.
- i. In developing the Fiscal Year 2004/2005 budget estimates, the Budget Office included \$1.2 million for the first year debt payment on the \$5.3 million loan approved in the 2003/2004 but will only need \$240,000.
- j. By delaying the Public Safety loan transaction until FY 2004/2005 the General Fund will have \$930,000 available to help complete the Public Safety Computer programs.
- k. During the 1999 legislative session, Local Budget Law was changed to allow for internal loans between funds as long as the proceeds of the loan were being used for capital

acquisitions, the loan was repaid within a 5 year time frame and the Governing body approves the loan.

- I. The Risk Management Fund has approximately \$20 million in cash available that is required to cover medical, workers compensation and insurance liabilities but the actual cash will not be needed within this 5 year time frame.
- m. The Finance and Budget Office has reviewed the loan request and recommends that the Board authorize a loan in the amount of \$1,375,000 from the Risk Fund to the Building Project Fund in fiscal year 2003/2004 for the SAP upgrade and authorize a loan in the amount of \$6,585,000 from the Risk Management Fund to the Public Safety Bond Fund in fiscal year 2004/2005, each for a five year period at an annual interest rate of 1.30%. The annual loan repayment amount from the General Fund will be \$240,000 in fiscal year 2004/2005, \$1,655,000 in fiscal years 2005/2006, 2006/2007, 2007/2008, 2008/2009 and \$1,375,000 in fiscal year 2009/2010.

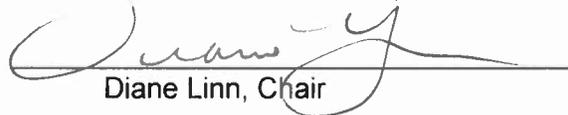
The Multnomah County Board of Commissioners Resolves:

1. The County authorizes the Chief Financial Officer to make the necessary accounting transactions in fiscal year 2003/2004 to loan \$1,375,000 from the Risk Management Fund to the Building Projects Fund for the SAP upgrade.
2. The County authorizes the Chief Financial Officer to make the necessary accounting transactions in fiscal year 2004/2005 to loan \$6,585,000 from the Risk Management Fund to the Public Safety Bond Fund for the Public Safety computer programs that are migrating of the IBM Mainframe.
3. The FY 2004/2005 Budget includes a cash transfer from the General Fund to the Public Safety Bond Fund in the amount of \$930,000 to complete the Public Safety computer systems that are migrating off the Mainframe.
4. The General Fund will reimburse the Risk Management Fund, including interest at 1.30% per annum, in the amount of \$240,000 in fiscal year 2004/2005, \$1,655,000 in fiscal years 2005/2006, 2006/2007, 2007/2008, 2008/2009 and \$1,375,000 in fiscal year 2009/2010.
5. The Chief Financial Officer will include appropriate service reimbursements in future budgets to ensure the Risk Management Fund is repaid.

ADOPTED this 10th day of June, 2004.



BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON


Diane Linn, Chair

AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By 
Agnes Sowle, County Attorney