



Multnomah County Agenda Placement Request Budget Modification

(FY 2018)

APPROVED: MULTNOMAH COUNTY
BOARD OF COMMISSIONERS

AGENDA # R.3 DATE 11/2/17

MARINA BAKER, ASST BOARD CLERK

Board Clerk Use Only

Meeting Date: 11/2/17

Agenda Item #: R.3

Est. Start Time: 9:55 am approx.

Date Submitted: 10/24/17

Agenda Title: BUDGET MODIFICATION # DCA-07-18: Risk Fund Internal Loan of \$1,500,000 to the Information Technology Fund

Requested Meeting Date: November 2, 2017 Time Needed: 5 min

Department: 78 - County Assets Division: Information Technology

Contact(s): Lisa Whedon

Phone: 503-988-7580 Ext. 8-7580 I/O Address 503/04

Presenter Name(s) & Title(s): Bob Leek, Deputy Director and Lisa Whedon Budget and Planning Manager

General Information

1. What action are you requesting from the Board?

Approval of an internal loan from the Risk Management Fund Program Offer 95000 to the Information Technology Fund, Program Offer 78304 IT Telecommunications Services, for \$1.5 million to purchase a 5-year CISCO Enterprise License and Web-X Agreement. Renewal of the current Enterprise Agreement is required to maintain the countywide phone system operations.

2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.

As part of the Network Convergence project, which included the migration to a new phone system and integrated voice services into our single network, the county was required to purchase Cisco Unified Communications (UC) licensing which provides the county the right to use voice application server software, user licenses and soft clients integral to phone system operation. Licensing was purchased under a 5-year agreement with a 5-year prepayment plan that offered significantly discounted pricing. The current license expires in October 2017.

The cost of the new Cisco Enterprise License Agreement is \$2,509,659. It includes an additional \$530,000 of products and services at no additional cost and an overall discount of 49% if payment is made in advance. It also offers the county the highest value, simplicity and

flexibility. It covers software and subscription licenses that run on top of Cisco network infrastructure and provides the county with access to unlimited software products under this contract. This enhances research and development efforts as well as unexpected recovery situations.

3. Explain the fiscal impact (current year and ongoing).

Risk Fund contingency is reduced by \$1,500,000 and loaned/transferred to the Information Technology Fund. The loan will provide \$1.5 million and the Information Technology fund will cover the remaining \$469,000 required in fiscal year 2018. The remainder, \$540,000, will be funded through the Information Technology fund beginning FY 2019 through FY 2022 at \$135,000 per year. Loan payments and future replacement costs will be included in future fiscal years beginning in Fiscal year 2019. Costs are recovered via internal service rates and the internal loan will be repaid according to the following schedule:

| Payment Date | Payment | Principal | Interest | Balance |
|--------------|-------------|-------------|----------|-------------|
| | | | | \$1,500,000 |
| 6/1/2019 | \$313,175 | \$291,425 | \$21,750 | 1,208,575 |
| 6/1/2020 | 313,175 | 295,651 | 17,524 | 912,924 |
| 6/1/2021 | 313,175 | 299,938 | 13,237 | 612,986 |
| 6/1/2022 | 313,175 | 304,287 | 8,888 | 308,699 |
| 6/1/2023 | 313,175 | 308,699 | 4,476 | - |
| <hr/> | | | | |
| Total | \$1,565,876 | \$1,500,000 | \$65,876 | |

4. Explain any legal and/or policy issues involved.

ORS 294.468 authorizes internal loans between funds for a period of up to ten years.

5. Explain any citizen or other government participation.

NA

Budget Modification

6. What revenue is being changed and why? If the revenue is from a federal source, please list the Catalog of Federal Assistance Number (CFDA).

The Information Technology Fund, Program Offer 78304 IT Telecommunications Services revenue will increase by \$1,500,000 upon approval.

7. What budgets are increased/decreased?

The Information Technology Fund, Program Offer 78304 IT Telecommunications Services budget will increase by \$1,500,000 upon approval.

8. What do the changes accomplish?

Approval of the internal loan will provide the funding to purchase a new CISCO ELA. It covers software and subscription licenses that run on top of Cisco network infrastructure and provides the county with access to unlimited software products under this contract. It also offers the county the highest value, simplicity and flexibility.

9. Do any personnel actions result from this budget modification?

NA

10. If a grant, is 100% of the central and department indirect recovered? If not, please explain why.

NA

11. Is the revenue one-time-only in nature? Will the function be ongoing? What plans are in place to identify a sufficient ongoing funding stream?

NA

12. If a grant, what period does the grant cover? When the grant expires, what are funding plans? Are there any particular stipulations required by the grant (e.g. cash match, in kind match, reporting requirements, etc)?

NA

Required Signature

**Elected Official or
Dept. Director:** Sherry Swackhamer /s/

Date: 10/23/17

Budget Analyst: Ching Hay /s/

Date: 10/24/17

Department HR: _____

Date: _____

Countywide HR: _____

Date: _____

Exp/Rev/FTE - Budget Modification

Budget Year: 2018

Budget Modification: DCA-07-18

Expenditures & Revenues

An increase in revenue is shown as a negative value and a decrease as a positive value for consistency with SAP.

| Line No. | Program Offer Number | Fund Code | Fund Center | Func. Area | Cost Object | Cost Element | Current Amount | Revised Amount | Change Increase/ (Decrease) | Subtotal |
|-------------------------------------|----------------------|-----------|-------------|------------|-------------|-----------------------------------|----------------|----------------|-----------------------------|----------|
| 1 | 78304-18 | 3503 | 78-70 | 0020 | 709525 | 50325 - Internal Loan Proceeds | 0 | (1,500,000) | (1,500,000) | |
| 2 | 78304-18 | 3503 | 78-70 | 0020 | 709525 | 60170 - Professional Svcs | 150,000 | 1,650,000 | 1,500,000 | |
| 3503 Total | | | | | | | | | | 0 |
| | | | | | | | | | | |
| 78-70 Total | | | | | | | | | | 0 |
| | | | | | | | | | | |
| Program Offer Number 78304-18 Total | | | | | | | | | | 0 |
| 3 | 95000-18 | 3500 | 19 | 0020 | 9500003500 | 60470 - Contingency | 15,000,000 | 13,500,000 | (1,500,000) | |
| 4 | 95000-18 | 3500 | 19 | 0020 | 9500003500 | 60565 - Internal Loan Remittances | 0 | 1,500,000 | 1,500,000 | |
| 3500 Total | | | | | | | | | | 0 |
| | | | | | | | | | | |
| 19 Total | | | | | | | | | | 0 |
| | | | | | | | | | | |
| Program Offer Number 95000-18 Total | | | | | | | | | | 0 |

Exp/Rev/FTE - Budget Modification

Budget Year: 2018

Budget Modification: DCA-07-18

Annualized Personnel Changes

Change is shown on a full year basis even though this action affects only a part of the fiscal year (FY).

No positions were affected by this Budget Modification.

Current Year Personnel Changes

Cost/savings that will take place in this FY; these explain the actual dollar amounts being changed by this BudMod.

No positions were affected by this Budget Modification.