



**BOARD OF SUPERVISORS
AGENDA LETTER**

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: County Executive Office
Department No.: 012
For Agenda Of: May 25, 2010
Placement: Departmental
Estimated Time: 30 minutes
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Michael F. Brown, County Executive Officer
Director(s) 568-3400

Contact Info: Jason Stilwell, Assistant County Executive Officer/Budget Director
568-3413

SUBJECT: Information Technology Department Reorganization Options

County Counsel Concurrence

As to form: NA

Auditor-Controller Concurrence

As to form: NA

Other Concurrence: NA

Recommended Actions:

It is recommended that the Board of Supervisors (Board) take the following actions:

- a) Receive a report from the County Executive Office entitled "Information Technology in Santa Barbara County: Organizational Restructuring Options and Impacts" (Attachment 1).
- b) Direct staff to maintain the Information Technology Department as a separate department for Fiscal Year 2010-11.

Summary Text:

On March 16, 2010, as part of the preliminary Fiscal Year (FY) 2010-11 Budget Workshops, the Santa Barbara County (County) Board of Supervisors (Board) directed the County Executive Office (CEO) to study the feasibility and cost-savings associated with reintegrating the Information Technology Department (ITD) with the General Services Department (GSD).

In response to the Board's direction, Attachment 1 provides a policy report to assist the Board in its deliberations. This report includes:

- The background and context under which ITD was formed.
- The organizational structure currently used to deliver services to the public.
- Reorganization options for the Board's consideration, including the pros and cons as well as the costs and benefits associated with each option.
- A recommendation to maintain ITD as a separate department.

Accordingly, this Board letter summarizes the significant aspects of the policy report.

Background/Discussion:

Prior becoming a stand-alone department, information technology and communication services were managed by GSD in the Information Technology Services (ITS) division. The ITS division was responsible for many day-to-day functions, including telephone, radio, networking and Windows infrastructures services for customer departments. GSD also managed the County's Internet and Intranet sites, and oversaw the Help Desk for departmental technology staff.

As part of an ongoing effort to improve the County's budget process and fiscal outcomes, on June 9, 2006, the Board received a report from the Blue Ribbon Budget Task Force (Task Force). Given the importance of technology to the efficient and effective operation of the County, the Task Force made a series of recommendations to improve services and realize long-term cost-savings. These recommendations included:

- Implementing an overall information technology management strategy and organizational structure reporting to the CEO.
- Enhancing the CEO's close oversight of all countywide information technology projects and systems.
- Clarifying and strengthening the County's information technology governance structure to allow projects and processes to be implemented in a coordinated fashion.
- Identifying the County's overall technology investment, since aggregate information technology (IT) costs were largely unknown at the time.

In response to these recommendations, on January 17, 2008, management oversight of technology functions in GSD was given to a newly hired Chief Information Officer (CIO). Board adoption of the FY 2008-11 Information Technology Strategic Plan (Strategic Plan) followed soon thereafter on February 12, 2008. The Strategic Plan set the course for a focused approach to countywide IT services, and was subsequently followed by the formation of ITD on July 1, 2008.

Since becoming a department, ITD has concentrated on carrying out the Task Force recommendations to optimize technology across the County. This has included internal process assessments to identify business strengths and weaknesses, as well as an effort to quantify total IT costs through the 2009 Information Technology Profile (Profile). The Profile identified approximately 156 IT employees, 71% (110 FTE) of which were in County departments other than ITD. Total spending for IT was estimated at \$35 million, 65% of which (\$24 million) was attributable to departments other than ITD. This analysis confirmed the degree to which IT services had been decentralized throughout the County, illuminating the difficulty associated with transparently reporting on and managing the County's investment in IT systems and personnel.

Given the results of these analyses, ITD has implemented improvements to address the needs of its customers, increase the transparency related to the costs of technology across the County, and improve the County's technology management and governance structures. In fact, since becoming a department in FY 2008-09, ITD has been able to manage new services, without substantially increasing costs or overall charges to customers. This is significant, given that the County's average cost of employees has risen significantly over the past ten years. Specifically, five new functions are managed by ITD:

- An Enterprise Applications group that is responsible for: new Internet and Intranet sites, Web broadcasts of Board of Supervisor meetings, and tools such as the ARRA website, online payments, RPM.net Performance Management system, Onshore Oil Management Reporting, and Emergency and Recovery Web Pages
- A Geographic Information Systems (GIS) unit that provides countywide coordination of GIS activities, GIS web application development, and general GIS support¹
- Desktop Support for approximately 450 users
- Office of Emergency Services (OES) Support (basic support was previously provided by Fire)
- A Project Management Office to ensure IT projects are coordinated, delivered on time and within budget, and are responsive to customers' needs

As illustrated by Attachment 1, the organizational structure of ITD is consistent with the majority of other counties in California, 75% of which manage IT services as a stand-alone department. Only 2 of the 55 counties responding to the County's survey manage IT in the General Services Department. Without question, effective County operations require a flexible technology infrastructure to support operational business needs and communicate with the public, in an environment of constant technological innovation. Moreover, the most successful IT organizations are managed by experienced, focused IT executives capable of balancing departmental needs for new products and services with organizational priorities and cost constraints.

Importantly, significant cost-savings can still be achieved in FY 2010-11 by keeping ITD as a stand-alone department. This will enable the County to maintain consistency with strategic plans, such as the Blue Ribbon Budget Task Force's recommendations and the best practices of other jurisdictions, while preserving capacity to achieve long term savings through appropriate consolidation opportunities. In fact, the CIO has estimated that strategic consolidation of certain IT services could deliver up to \$2.4 million in annual savings across the County. In addition, this organizational structure will maximize the degree of accountability, transparency, and staff capacity regarding technology services in the County. Given that resources are constrained and cost controls are needed more than ever, it is recommended that ITD remain as a stand-alone department to manage the County's investment in IT systems and personnel.

As a final note, the County is currently recruiting for a new CEO. The arrival of this executive will bring new perspectives and experience to the County. Accordingly, the Board may wish to delay any final reorganization decision until a new CEO has arrived, assessed the County's operational strengths and weaknesses, and recommended an approach for the Board's consideration.

¹ Both the Enterprise Applications and the GIS group were incubated in the County Executive Office, then transitioned to ITD. Notably, these programs were originally funded with General Fund resources; however, these resources were significantly reduced – from approximately \$1.5 million to \$787,000 – when the services transitioned to ITD.

Fiscal Analysis:

<u>Funding Sources</u>	<u>Current FY Cost:</u>	<u>Annualized On-going Cost:</u>	<u>Total One-Time Project Cost</u>
General Fund			
State			
Federal			
Fees			
Other:			
Total	\$ -	\$ -	\$ -

Narrative:

Four reorganization options are reviewed in Attachment 1, including.

- Option 1 (Recommended): Maintain ITD as a department, unfunding 5.4 FTE. FY 10-11 Budget impacts: cost-savings of \$787,000
- Option 2: Move ITD to GSD, unfunding 6 FTE including the CIO. FY 10-11 Budget impacts: cost-savings of \$968,000
- Option 3: Move CIO to CEO, while moving IT services to GSD and unfunding 5 FTE. FY 10-11 Budget impacts: cost savings of \$693,000
- Option 4: Wait for a new CEO to make any reorganization decisions. FY 10-11 Budget impacts: \$0.

Notably, Option 1 presents the best opportunity to achieve immediate cost-savings, while also preserving the dedicated executive support needed to achieve long-term strategic goals and \$2.4 million in consolidation opportunities. Although short-term cost-savings are greatest under Option 2, the lack of a CIO and associated countywide policy level governance structures greatly decreases the likelihood that long-term cost-savings will be achievable. This is because effective IT organizations require experienced, focused IT management in order to balance departmental needs for new products and services with organizational priorities and cost constraints.² Transforming the requirements of departmental services into sound IT strategies and solutions requires expertise and strategic vision that goes beyond day-to-day technical operations. Accordingly, through Option 1, the Board has an opportunity to manage the County's investment in IT to reap larger rewards in future years.

While Option 3 would preserve some ability to achieve long term IT cost-savings, it would represent an enhancement when compared to Option 1, since this recommended option is already producing \$787,000 in savings.

Staffing Impacts:**Legal Positions:**

NA

FTEs:

NA

Special Instructions:

NA

² Kost, John. *The Model Government IT Organization*. Gartner Industry Research. June 28, 2006.

Attachments:

Attachment 1: “Information Technology in Santa Barbara County: Organizational Restructuring Options and Impacts”

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CC:

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