



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:** CEO/General Services  
**Department No.:** 012/063  
**For Agenda Of:** April 20, 2021  
**Placement:** Departmental  
**Estimated Time:** 30 minutes  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** Majority

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**TO:** Board of Supervisors  
**FROM:** Department: Mona Miyasato, County Executive Officer  
Director(s): Janette D. Pell, General Services Director  
Contact Info: Jeff Frapwell, Assistant County Executive Officer

**SUBJECT:** KPMG Business Case for a Standalone IT Department. All Districts

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**County Counsel Concurrence**

As to form: N/A

Other Concurrence: N/A

**Auditor-Controller Concurrence**

As to form: N/A

**Recommended Actions:**

It is recommended that the Board of Supervisors:

- a) Receive and file a report on KPMG Business Case for a Standalone Information Technology (IT) Department;
- b) Endorse the concept of a standalone Information Technology Department;
- c) Direct the County Executive Office and General Services to proceed with prerequisite tasks in Phase 1 of the implementation plan, and direct departments to work with the County Executive Office and General Services toward implementing activities of the plan, as required;
- d) Direct staff to return to the Board of Supervisors with a return-on-investment analysis and actions to formally create an independent standalone Information Technology Department; and
- e) Determine pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15378(b)(4) that the above action is a government fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment, and therefor is not a project subject to environmental review.

**Summary Text:**

For the County to thrive and adapt to an increasingly technology-driven digital future, investment in our information technology function will be needed. In August 2019, the General Services departmental review by KPMG recommended that the County establish Information and Communications Technology (ICT) as a stand-alone department to increase resiliency, enhance cyber risk mitigation, reduce operational

redundancy, provide better performance and improve customer services. KPMG was subsequently engaged to develop a roadmap with estimated costs and benefits for a stand-alone IT department.

The goals of an information technology department would be to become an innovator and partner to departments to support the County's mission; be a hub for shared technology solutions to drive efficiency countywide; overcome the "technology sprawl" that has developed from our decentralized and inconsistent systems and department policies; and provide countywide and multi-department technology solutions. In addition, it could reduce costs by cutting countywide software licenses cost, reduce repetitive vendor expenses, improve efficiency of infrastructure operations, and strengthen policy compliance and IT cost controls. Our inability to do these things effectively now has impacted our organization, and is a recurring theme in the KPMG reviews of our departments

KPMG's 8-week engagement included interviews of ICT management as well as department heads of other County departments and their IT leadership (Behavioral Wellness, District Attorney, Fire, General Services, Public Health, Public Works, and Social Services), review and direction from the executive steering committee created specifically for this review (Jeff Frapwell, Janette Pell, Lisa Plowman, and Andre Monostori), and a review of IT organizational approaches, size and costs of other California counties. This fieldwork enabled KPMG to develop a conceptual scope for a stand-alone IT department and to identify the potential major activities, or pre-requisites, required to create the department. (Attachment 1 and 2)

The recommended stand-alone IT department can best be described as a hybrid IT operating model. The proposed new central IT department would provide shared solutions and services that are used or consumed by multiple departments. Departments retain IT staff to support solutions that are unique to the department. This hybrid model enables operational efficiencies while also allowing the unique needs of departments to be provided locally.

**Discussion:**

The conceptual scope of the IT department includes the following:

Functions & Objectives	Solutions	Infrastructure & Operations (I&O)	Portfolio Management	Cybersecurity	Technical Support	Information Executive
	<i>Objective: Expand ownership to include countywide and multi-department solutions</i>	<i>Objective: Provide Infrastructure and Platform as a service (IaaS and PaaS) to all departments</i>	<i>Objective: Mature IT Portfolio Management Office to represent a portfolio view countywide</i>	<i>Objective: Establish an end-to-end IT security function to serve all departments</i>	<i>Objective: Expand technical support services for smaller departments and integrate standards countywide</i>	<i>Objective: Establish a strategic, cost-transparent, vendor-optimized innovative, and customer-focused IT Department</i>
Services / Solutions / Families	Back office Apps	Datacenter	Countywide Calendar	Security Strategy	For departments with 0-5 IT Headcount:	IT Strategy
	Billing systems	Cloud Vendor Mgmt	Monitoring & Tracking	Security Standards		Desktop Support
	ServiceNow	Network	Governance	Security Architecture	Help Desk (Tier 1)	IT Vendor Mgmt
	Office 365 (Email)	Telephony	PMO Standards	Security Operations	End User Computing	Enterprise Architecture
	Integrations	Public Safety Radio Network		Security Assurance	For departments with 6-30+ IT Headcount:	Innovation
	Energy Management	CSBTv		Access Mgmt		Desktop Support Standards
	Productivity & Collab.			Security Awareness	End User Computing & Mobile Device Mgmt. Standards	
	Existing Dept Solutions			Risk & Compliance		
	Geographic Info. Systems					
	<b>Note: Communications will be part of the IT Department</b>					

KPMG’s analysis identified several benefits associated with this approach to providing information technology services within the County:

- Enables various efficiencies
  - Reduction in IT vendor spend
  - Reduction in IT software license costs
  - Increased operational efficiency
  - Improved IT project outcomes
- Improves cybersecurity vulnerability management
- Strengthens IT cost control

**Phase 1 – Prerequisites for a Standalone Department**

KPMG developed an implementation plan based on 11 major activities, or pre-requisites, executed in 2 phases. Working collaboratively with all of the County’s stakeholder departments, the first phase focuses on refining the detailed scope and finalizing the organization and technology plan based on that scope. The business case for the IT department will be updated based on that design. Phase 2 will follow the completion of Phase 1.

Phase 1 includes the following actions to create a standalone hybrid IT department:

- Pre-requisite #1: Confirm scope of IT services and delivery model
  - With focus on discussing transition considerations, in collaboration with department staff, this activity involves documenting all services and systems to be provided by ITD to Departments, and which IT services and systems will be provided by other County departments.
- Pre-requisite #2: Create organizational change plans
  - This activity involves defining the role of each position in the new structure, identifying skills/fit and capacity gaps, testing the market for availability to fill gaps
- Pre-requisite #3: Develop technology roadmap

This involves developing a timeline of activities associated with migrating systems, infrastructure, and other services to be in IT Department (ITD) future state consistent with confirmed ITD & department scope and service delivery model.

- **Pre-requisite #4: Refresh business case (return-on-investment)**  
This activity involves baselining current IT spend across the county, calculating cost savings potential by identifying detailed rationalization opportunities, confirming objectives, developing future state cost profile (bottom-up), and baselining benefits capture model.

The completion of these tasks will refine the costs and benefits of establishing a standalone department and, if warranted, prepare the County to implement the standalone hybrid IT department, while ensuring both Countywide and departmental IT needs are addressed. Given staff's existing capacity, additional assistance will be needed in the form of consultants and/or extra help staff to complete this work over the next six to eight months. Staff will return to the Board with that evaluation as part of final actions that need to occur to create a standalone department.

### **Hybrid IT department model**

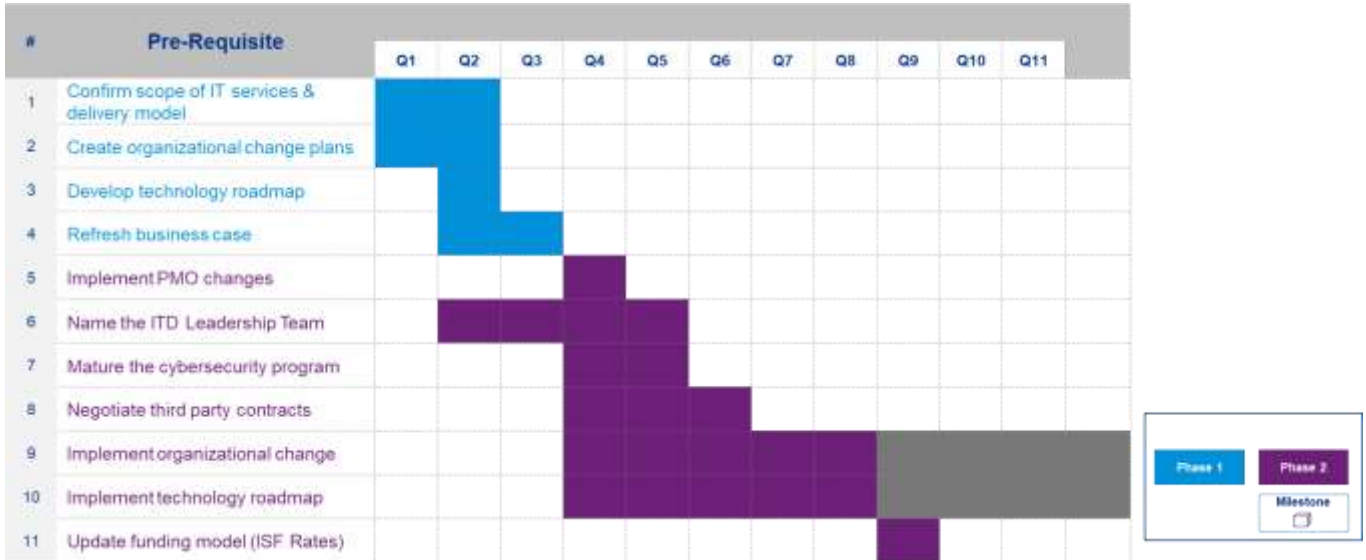
The hybrid IT department concept, which reflects many of the values of Renew '22, seeks to guide the County to an organization that enables efficiencies while also allowing the unique needs of departments to be provided locally. Currently, there is "technology sprawl" which has made it more challenging to maximize efficiencies, share solutions and ensure compliance and cost controls. As part of the prerequisite activities of the implementation plan, departments will continue to be involved and engaged, as it will require adapting to a new model and way of working where some services will be consolidated and others kept within department operations.

### **Chief Information Officer (CIO)**

As part of the study of making ICT a standalone department, KPMG also developed a proposed job description and recommended salary range for the Chief Information Officer (CIO) position. As work proceeds on the prerequisites, staff will work with Human Resources on this job description and a recruitment strategy. It is recommended the recruitment for this position begin early in the process to allow the CIO to provide much needed capacity to contribute to prerequisite tasks identified in the implementation plan. It is expected the CIO will work collaboratively with the consultant and departments, building strong relationships. The CIO will not be expected to provide the daily support and supervision to existing ICT staff initially. This oversight will begin as the IT department leadership team is formed and structured in way that will meet the design established in Phase 1.

KPMG has also recommended the addition of a Chief Data Officer position, which is different than the Chief Information Officer. Initially, this position would report to the CEO's office but could ultimately move to the newly formed IT department. Although the specific need for this position is not a part of this report, it has been clearly and consistently identified as a countywide need within many of the individual departmental operational reviews conducted by KPMG over the past two years. The addition of this position will be considered as part of the FY 2021-22 recommended budget.

The business case for the IT department will be updated based on the design established in Phase 1. Phase 2 is the implementation of that scope.



KPMG also estimated the costs associated with this plan. Based on the analysis of peer counties with similarly scoped IT organizations, KPMG estimates that the IT department will include approximately 109 FTEs and will have an annual operating budget of approximately \$29M. The \$29M is the total estimated budget and not a net increase. Currently, the ICT operating budget is \$19M with a total of 47 FTEs, which does not include additional technology costs or FTEs budgeted in individual departments. Implementation costs, exclusive of technology investments, are estimated to be between \$6.7M and \$7.6M. The cost analysis will be updated based on the detailed design that results from Phase 1. The expected net new costs will be brought to the Board as part of the return-on-investment evaluation.

**Background:**

The County contracted with KPMG in May 2019, following a competitive process, to conduct operational and performance reviews as part of the Renew '22 initiative. This report was a follow-on to the recommendation from the KPMG Department Operational Performance Review for General Services under the Renew'22 initiative, to evaluate making ICT a standalone department.

**Performance Measure:**

Performance measures will be developed in conjunction with the Phase 1 recommendations, but it is anticipated the value of investing in and continuing to improve upon and streamline our processes and organizational structure, will be realized and measurable over time through more efficient operations, cost avoidance/reduction of annual operating costs, reduced cyber risk and improved customer service delivery.

**Fiscal and Facilities Impacts:**

Appropriations necessary to accomplish the pre-requisites identified in Phase I of the implementation plan will be included in the FY 2021-22 recommended budget for the Board’s consideration during budget hearings.

**Attachments:**

1. KPMG Report: Executive Summary Business Case for a Standalone IT Department
2. KPMG Report: Business Case for a Standalone IT Department

**Authored by:**

Janette D. Pell, Director, General Services