1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

KING COUNTY

Signature Report

July 24, 2006

Motion 12323

Proposed No. 2006-0269.1 **Sponsors** Gossett

A MOTION approving the information technology reorganization vision and goals statement, a quantifiable business case and executive recommendation for implementation of a reorganization of information technology functions countywide.

WHEREAS, the King County Technology Strategic Plan identifies a diffuse structure of technology functions spread throughout the county, with each county department having at least one technology unit, some with multiple units, and

WHEREAS, there is a minimum of standardization among these various functions with countywide operational oversight provided through the technology governance process, and

WHEREAS, there is a need to align the standards, processes and procedures throughout the county's technology functions, to ensure operating effectiveness and efficiency, and

WHEREAS, the council by a 2004 budget proviso required that the business case be developed that included at least two options for reorganizing information technology functions countywide: a status quo option and an option with some level of outsourcing and centralization, and

WHEREAS, responding to 2004 Budget Ordinance, Ordinance 14797, the county engaged Pacific Technologies, Inc. ("PTI") to develop a new information technology ("IT") organization model, a quantifiable business case supporting that model and a plan for implementing it countywide. The project began in May 2004 with the delivery of a final report in December 2004, and

WHEREAS, as a result of the study, PTI concluded that the county's current IT organizational model is not aligned with the new IT vision and goals and that the existing highly distributed IT environment, which has evolved without significant focus on countywide needs, serves as a roadblock to achievement of the county's newly-established IT goals, and

WHEREAS, the Countywide IT Vision recommended by this effort is: "Utilizing information and technology to shape a better tomorrow by enabling effective public services and streamlining countywide operations," and

WHEREAS, the IT Goals recommended by this effort are: "Deliver responsive service to internal customers, the public, and other jurisdictions; Provide reliable, cost-effective technical and application architectures; Create countywide efficiencies for business functions and infrastructure that are common across the organization; Support a culture of effective governance, clear accountability and communication; Ensure IT security and privacy; Facilitate information sharing internally and externally; Recruit,

deploy and retain an appropriately-skilled workforce; and Serve as a leader in IT regional initiatives," and

WHEREAS, a recommendation report from the executive based on the PTI final report and forwarding the vision and goals recommends a phased approach to implementation beginning with the executive branch, and

WHEREAS, a quantified business case supports the recommended approach to realize service and savings benefits;

NOW, THEREFORE, BE IT MOVED by the Council of King County:

The vision and goals statement, quantifiable business case and executive

recommendation for implementing a reorganization of information technology functions countywide, Attachments A and B to this motion, are hereby approved.

Motion 12323 was introduced on 6/12/2006 and passed by the Metropolitan King County Council on 7/24/2006, by the following vote:

Yes: 8 - Mr. Phillips, Mr. von Reichbauer, Ms. Lambert, Mr. Dunn, Mr. Ferguson, Mr. Gossett, Ms. Hague and Mr. Constantine
No: 1 - Ms. Patterson
Excused: 0

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

Larry Phillips, Chair

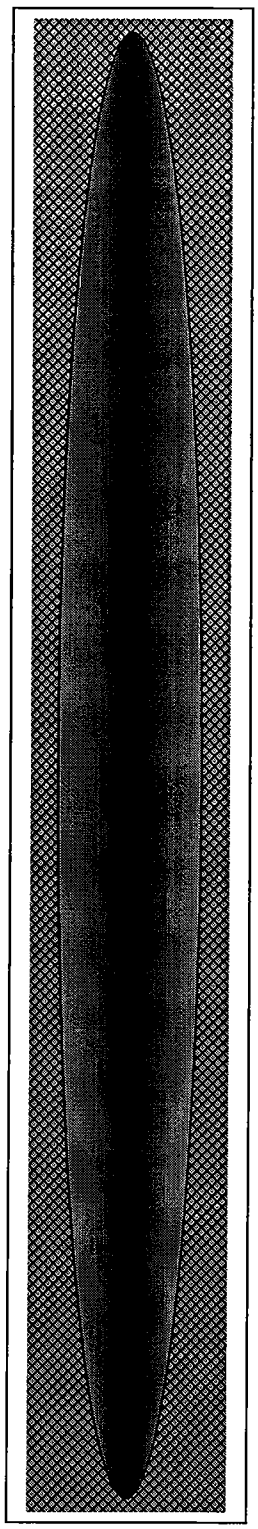
ATTEST:

Anne Noris, Clerk of the Council

Attachments A. King County--IT Reorganization Transition Work Plan--June 2006, B. King County--Business Case for IT Reorganization--June 2006

Attachment A
2006-0269

King County
IT Reorganization
Transition
Work Plan



King County

IT Reorganization Transition Work Plan

June 2006

King County
IT Reorganization
Transition
Work Plan

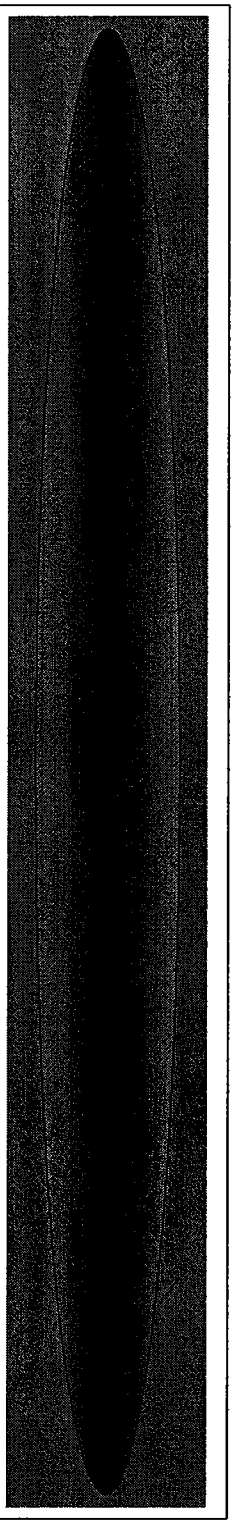


Table of Contents

INTRODUCTION 1

ENTERPRISE ARCHITECTURE AND TRANSITION 2

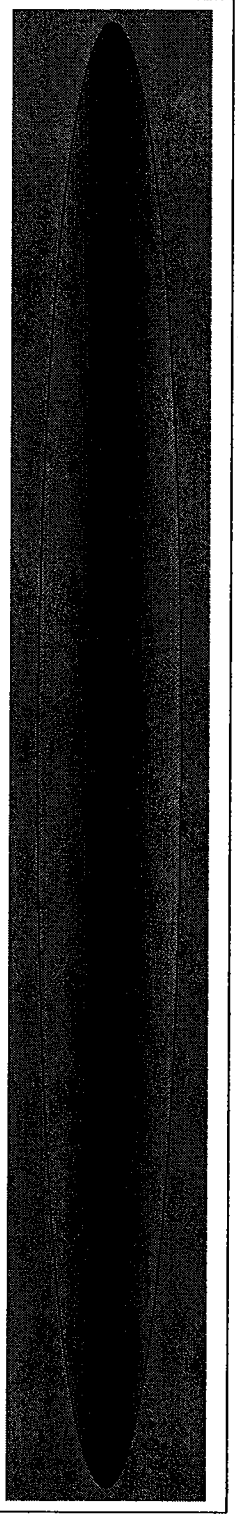
SERVER CONSOLIDATION 4

WORKSTATION STANDARDIZATION 5

SERVICE CENTER BUILDOUT 6

HIGH LEVEL WORK PLAN 7

King County
IT Reorganization
Transition
Work Plan



Introduction

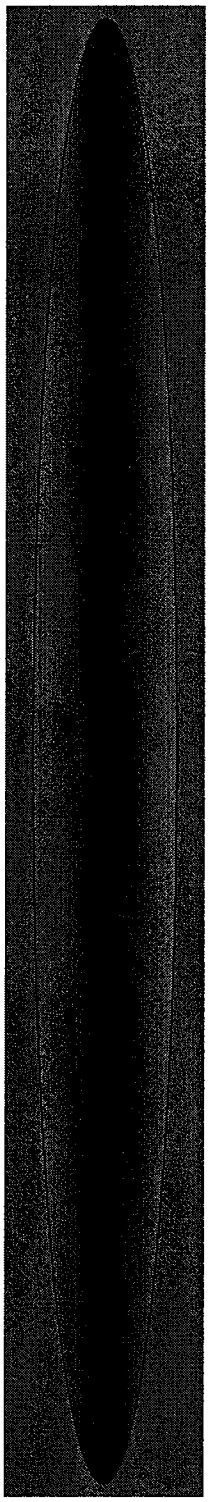
The Executive's recommendation related to IT focuses on reorganizing in the 2006-2009 timeframe. As stated in the business case, the consolidation process will be conducted in two phases. In the third quarter of 2006, the Executive branch IT units will be aligned to the new structure. This includes the Information and Telecommunications Division in DES. Such change will bring all of the Executive branch's IT units together into alignment within OIRM and under the CIO.

Once the Executive branch's IT reorganization is substantially complete, the process will move on in 2007 to identify and analyze a consolidated Enterprise, to effectively reorganize all countywide IT operations. This second round of analysis will be conducted to meet the needs of the separately elected officials, and best meet the needs of the County overall.

The 2006-2009 plan to reorganize contains four components. First, is Enterprise Architecture and Transition where service delivery plans and SLAs are developed and put into place. Second, is a Server Consolidation where plans will be developed to consolidate the number of servers operated. Third, is Workstation Standardization where plans will likewise be developed to implement a standardized architecture. Fourth, is the Service Center Buildout, the process of which will include developing a plan to establish Service Centers for enterprise and department needs in the 2006-07 timeframe.

The content and format presented below follows standard planning conventions. First, is a short narrative describing each of the four components in the plan. Second, within each component there is an abbreviated discussion about the schedule and costs of the component. Third, is a Gantt chart defining relevant tasking and timing, as well as a budget estimate for each component.

King County
IT Reorganization
Transition
Work Plan



Enterprise Architecture and Transition

In 2006-07, the Executive branch will anchor the IT reorganization process through development of service delivery plans. This work will occur across the Executive branch at the enterprise level, and also within the departments. These plans will define the scope of IT operations for providing services to all end users of technology within the Executive branch. Integral to such plans will be development of service level agreements (SLAs) which will memorialize commitments made between IT and end users. Both the anticipated plans and SLAs will define performance in terms of metrics, measurement processes and ongoing reporting. Once plans are developed, such documents will be vetted by department sponsors prior to implementation.

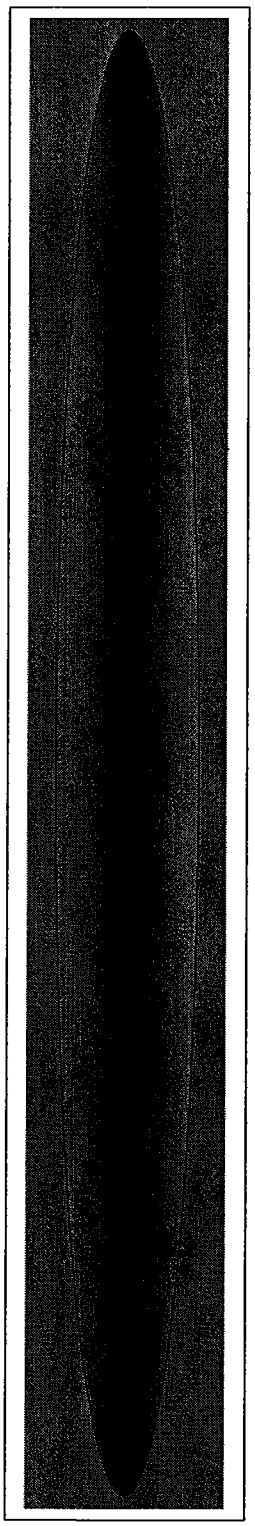
The IT reorganization is planned to be a conventional process. The approach will respect all relevant County policies and especially those oriented towards labor. The reorganization process has already begun in some respect. With recent changes occurring at OIRM, IT oversight is being modified through collaboration and more effective planning within the Executive branch. This is the first step in any reorganization, as oversight, authorities, and accountabilities are appropriately defined.

Once oversight is strengthened, our next step will be to further analyze the IT hierarchy beginning at the top of the organization. This step will consolidate IT management and change the corresponding management structure. Once solidified, the next layer of the organization will be reviewed, and so on. Initially the plan is to leave the IT business units intact within the departments, and remain operating at the same locations. The organizational evaluation will examine the many potential synergies available including opportunities for departments to work together. This will include a detailed evaluation of the capacity of individual positions. Once the "rank and file" positions are examined, great care will be taken to further synchronize department and IT business plans, needs, personnel skills, and capacity.

The 15 Executive branch FTEs targeted for reduction in the business case are in actuality planned for position reconfiguration. The plan is to phase out such staff in their current positions, primarily through attrition and management streamlining, and/or where necessary, retrain and place them in new and needed IT positions. This planning and reorganization analysis will occur in 2006-07. In conjunction with this approach, IT processes will be redesigned where relevant and appropriate. It is anticipated that both "moves" and "hires" will occur during the reorganization process. In the end, we will have a streamlined and clearer organization structure.

Concurrent with the reorganization process, the transition will be carefully managed. The IT reorganization is simply too large an initiative to treat in any other manner. To set the stage for such change, change management protocols will be defined. Roles and responsibilities for the transition team will be defined early on in the process. A multi-year transition team will be put into place to lead the charge and be responsible for change management. Such roles will include redefining all relevant, new, and modified IT processes.

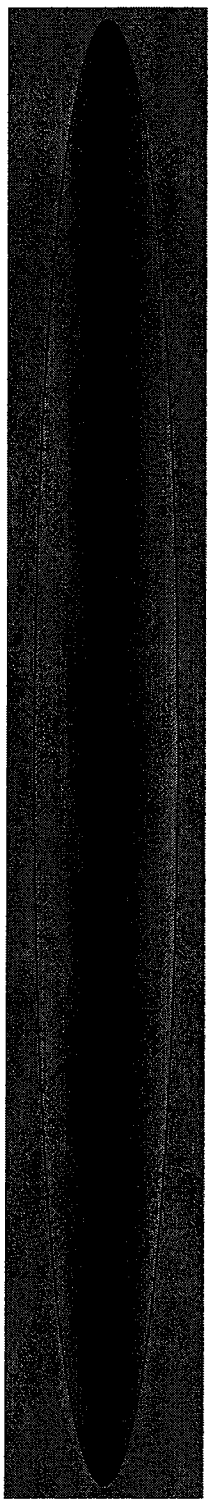
Also critical to change management will be a comprehensive and carefully implemented communication program. This program will entail communicating regularly and across multiple venues including email, meetings, and the web. Such communications are considered vital to proactively push information out regarding the detailed changes that will affect the workforce in a multitude of ways. Training staff will also be fundamental to reorganizing IT. Staff will be trained in position responsibilities, change management, communications protocol, problem resolution, etc.



Going hand-in-hand with communications and training will be a "cross functional teaming" where team building will occur among the many groups that will be working together. A great example of this necessary teaming is at the help desk, where various Service Center personnel will come together on an enterprise mission for the very first time.

Managing through this magnitude of change will not be easy. It should be recognized that a team of existing managers (and likely leads) will be needed to deal with change management as an organizational imperative, where attention and resources are applied both strategically and tactically.

Along the way, progress reporting and performance measurement will be critical to helping ensure that this initiative is on track. Such metrics, obtained through QA observations and surveys, will dictate whether mid course corrections are required. Reporting to oversight bodies will provide the key to action.



Server Consolidation

In 2006-2009, the Executive branch will develop and implement a server consolidation plan to reduce the number of servers in operation. Server consolidation is the process whereby hundreds of software applications running on the 636 existing servers will be converted to run on a significantly reduced number of servers. This process will eventually reduce the costs associated with supporting servers. With consolidation, the IT staff will be able to reduce the number of servers supported, increase the reliability of new servers by leveraging the savings from limiting the number of replacements, improve security by consolidating the data into more easily managed locations, and improve the ability to speed the backup of all end user data (spreadsheets, documents, etc.).

In order to maximize the benefits of server consolidation, a project would be initiated to conduct a complete and detailed inventory of the existing servers in order to understand what is currently in place. To conduct a comprehensive review, it is advisable to also inventory the supported applications in order to reduce the cost of gathering much needed information, usable on other pending and subsequent initiatives.

Once the inventory process is complete, the options will need to be evaluated related to server consolidation including at least three likely scenarios: (1) actual server consolidation (reducing servers by physically combining and decommissioning the servers), (2) storage area networks (SAN) and/or network attached storage (NAS), and (3) virtualization. Taken in combination, these options will provide a great deal of flexibility in planning for change.

Once we have a full understanding of the servers, data in place, and consolidation options available, a consolidation strategy and plan will be developed. Such plans will address print services, file consolidation and security. End users and department IT staff will be heavily involved in this planning effort to develop the most viable and optimal plans possible.

Implementation will occur in 2007-08. Plans developed in 2006 will guide the process for server consolidation. During the last half of 2008, we will then begin planning for additional phases of the server consolidation process. This planning process will include reviewing the current status of consolidation as well as incorporating lessons learned from the consolidation.

Workstation Standardization

Concurrent with the server consolidation process, a workstation standardization project will begin. This project will begin through the development of a plan to reduce workstation support operations. There are two technologies that will be used as part of the process: imaging and thin clients. Imaging is the ability to copy or clone a hard drive from one workstation to another which means that a single image could serve as the configuration for entire groups of workstations. Thin client workstations are workstations that do not run applications on the local workstation, but instead run the applications from the server. The benefit of thin clients is that the workstation does not have a hard drive and, therefore, no data is saved to the workstation.

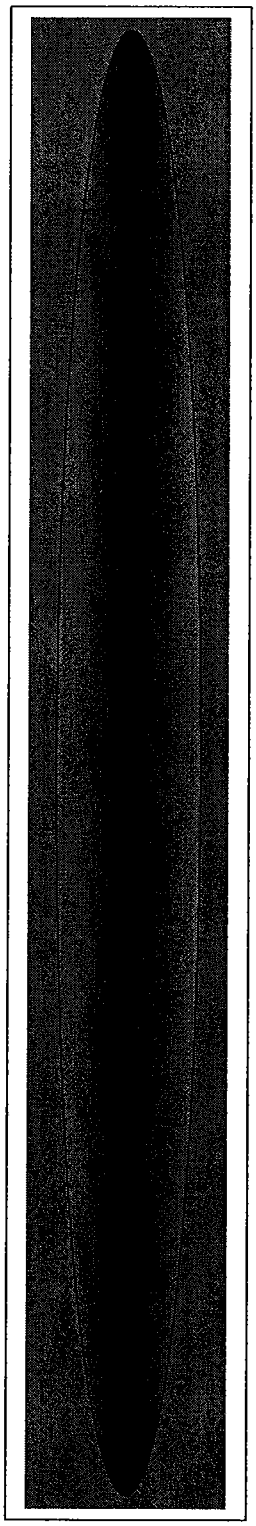
Workstation standardization is anticipated to reduce the costs associated with supporting end users' workstations. With standardization, the IT staff will be able to deploy workstations faster, reduce excessive support times caused by multiple configurations, and ultimately reduce support times by being able to re-image a system, instead of having to troubleshoot the issue. If a workstation is not functioning properly, IT staff will be able to wipe the hard drive and deliver a working image in less than 30 minutes, or in the case of thin client workstations, the device will just be replaced.

In order to maximize the benefits of workstation standardization, two goals must be accomplished. First, minimize the number of hardware platforms used. This is because multiple hardware platforms increase the number of images that must be created and updated. Second, maximize the amount of software and software settings that will be loaded through imaging. By configuring as many settings as possible and installing much of the required software through the image, we will reduce the number of images needed.

To reach this point, we will need to conduct a full inventory of both hardware in place and software in use. The results of the hardware inventory will provide the information needed to decide which hardware platforms will be kept and used in images, and which platforms should be removed from service. The inventory will also assist in determining where thin client workstations may be appropriate.

Once the inventory results are used to determine the number of images, we will move to create and test the images. While the process of creating base images will be fairly straightforward, the specialty images will likely require extensive extra testing to ensure compatibility between the various applications. Once the images are created, deployment will be a matter of either pushing images to completely new workstations, or pushing the image to targeted workstations already in production.

Implementation will occur in 2006-2007. Plans developed in 2006 will guide the process for workstation standardization. During the last half of 2007, planning will begin for additional phases of workstation standardization if needed. This planning will include reviewing the current status as well as incorporating lessons learned from the standardization process.



Service Center Buildout

Also in 2006-07, the Executive branch is planning to establish Service Centers, or a multipart Service Center, to support Executive branch end users of technology. The Service Centers will address Enterprise needs and departmental needs. The centers will work closely together following the same model and using the same tools. The planning for these centers will determine the eventual scope of centralized help desk operations.

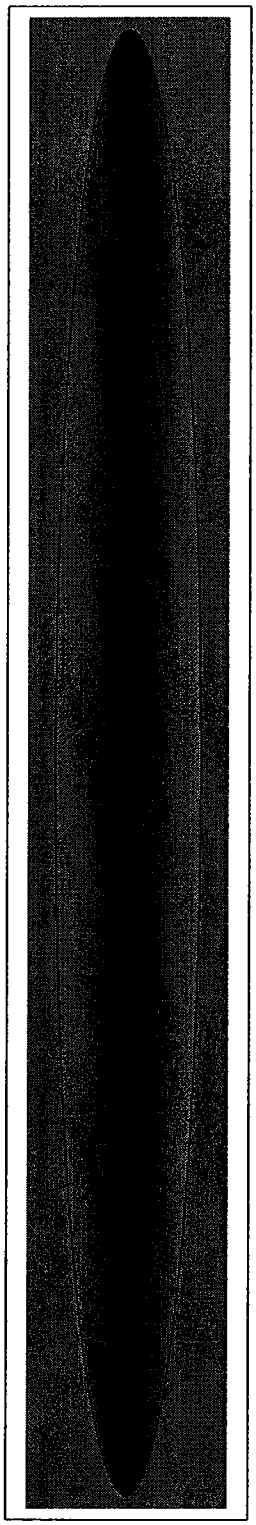
In order to fully realize the benefits of a centralized help desk, we will need to gain an understanding of the support currently being provided through the various existing organizations and departments. Once this understanding is obtained, we will need to develop service level agreements for support based on what is currently offered and any additional services should be offered through the central help desk. The development of SLAs will be conducted within the Enterprise Architecture component discussed previously. Additionally, we will need to conduct an inventory of help desk and system management tools currently in place within the departments.

With an understanding of the tools currently in use and the level of service to be provided, the plans will define how the acquisition of a central help desk system will occur along with any additional tools, such as anti-virus management, needed to provide service to the end users. The model Service Center design will contain many basic components including: (1) incident tracking and ticketing, (2) issue database for long-term problem analysis, (3) asset management and tracking, and (4) remote desktop access. With some modeled variation of these four components, the centralized help desk will directly address the level of support provided to departmental end users.

Proper configurations will need to be developed for each area of the help desk solution. Once the configurations are developed, training will be provided on the new system. Training will be straightforward since existing staff already perform some or all of these functions.

Implementation will occur in 2007-08. Plans developed in 2006 will guide the process for the Service Center build-out. During the last half of 2008, we will begin planning for additional phases if needed. This planning will include reviewing the current status as well as incorporating lessons learned from the build-outs.

King County
IT Reorganization
Transition
Work Plan



High Level Work Plan

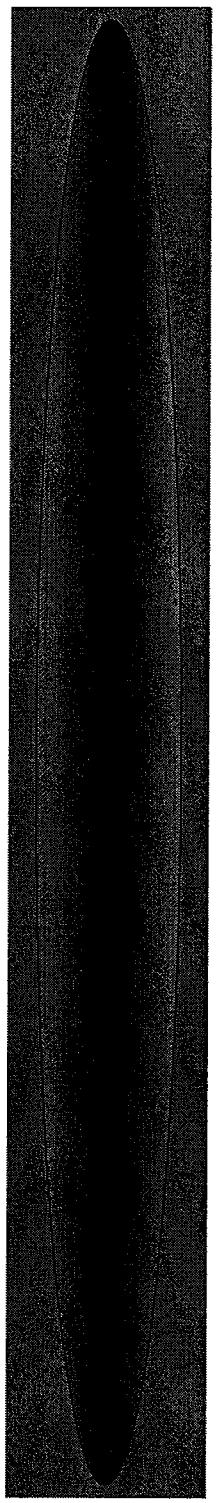
The high level work plan serves to identify the initial tasks involved, anticipated schedule, and estimated budget funding required to begin to implement the Executive's IT Reorganization Plan. This budget covers the development and implementation costs associated with the four projects during the 2006 – 2009 timeframe.

Enterprise Architecture and Transition

It is anticipated that development of the service delivery plans and service level agreements will begin in 2006 and will use existing staff. It is also expected that external consultants will assist in the process.

In 2007, additional consulting fees are expected to occur in Q3 to assist with assessing the outcomes of the implementation. A projected review in Q4 of the ongoing reorganization plan will incur additional consulting fees. Major architecture and transition activities and expenditures include:

Projects and Tasks	2006		2007				2008			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Develop Service Delivery Plan Guidelines										
Develop Initial Executive branch Service Delivery Plans										
Refine Service Delivery Plans, SLAs, and Performance Measures										
Evaluate implementation of Service Delivery Plans, Service Level Agreements, and Performance Measures										
Work with JLMIT group to resolve issues										
Transition to IT Service Delivery Managers for each Executive Department										
Complete transition of Executive branch IT groups										
Manage and monitor transition										
Evaluate and validate Executive branch reorganization from an organization perspective										
Determine consolidated countywide IT organization that meets needs of separately elected officials										
Begin transition to consolidated countywide IT organization										
Evaluate transition to consolidated countywide IT organization										



Costs	2006	2007	2008	2009
Enterprise Architecture and Transition				
Consultant assistance in developing service delivery plans, service level agreements, and performance measures	$150,000			
Consultant evaluation of implementation of service delivery plans, service level agreements, and performance measures		$75,000		
Consultant evaluation and validation of Executive branch reorganization form an organization perspective		$50,000		
Enterprise change management (tools, processes, staff)			$1,500,000	
Enterprise support of major county enterprise initiatives (Service management improvements, document mamagement, finance payroll HR budget initiaitves, and security)				$1,500,000
Sub Total	**$150,000**	**$125,000**	**$1,500,000**	**$1,500,000**

Server Consolidation

It is anticipated that development of the consolidation plan will begin in 2006 with existing staff. It is also expected that external consultants will assist in the process.

Implementation of the server consolidation will occur in 2007 and 2008.

Projects and Tasks	2006		2007				2008			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Establish project										
Inventory servers										
Develop server consolidation project plan and cost benefit analysis and obtain approval to proceed										
Develop enterprise architecture standards for server configurations and software										
Implement server consolidation										
Evaluate server consolidation savings and potential staffing changes										

Costs	2006	2007	2008	2009
Server Consolidation				
Consultant assistance in developing service delivery plans, service level agreements, and performance measures	$150,000			
Implementation costs		$500,000	$650,000	
Sub Total	**$150,000**	**$500,000**	**$650,000**	**$0**

King County
IT Reorganization
Transition
Work Plan

Workstation Standardization

The approach for standardizing workstations will be to use existing equipment replacement funds in departments to fund the improvements. The need for additional investments has been identified in 2008-2009, following an evaluation that is expected to identify additional work to achieve the desired environment. A strategy to fund equipment replacement in CX agency will still need to be developed.

Projects and Tasks	2006		2007				2008			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
* Existing pilot project to evaluate alternative workstations (thin clients)										
Establish project										
Inventory workstations										
Develop workstation standardization project plan and cost benefit analysis and obtain approval										
Develop enterprise architecture standards for workstation configurations and software										
Standardize workstations										
Evaluate workstation standardization savings and potential staffing changes										

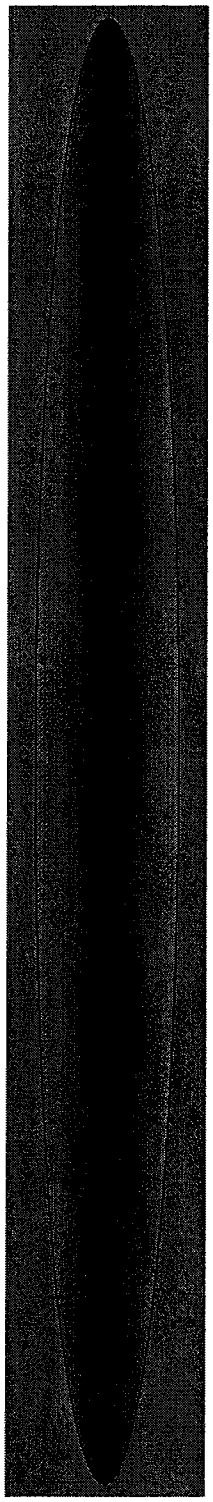
Costs	2006	2007	2008	2009
Workstation Standardization	*			
Use department equipment replacement funds				
Pilot project to evaluate alternative workstations (thin clients) * Funded in 2006 OIRM capital budget - $295,000	*			
Implement standardization changes			$398,666	$398,666
Sub Total	**$0**	**$0**	**$398,666**	**$398,666**

Service Center Buildout

In 2006-07, it is expected that the Executive branch will build a Service Center model for Information Technology and implement it for the Executive branch to address enterprise services and the individual departments. It is anticipated that development of the plan will occur in 2006 and will require one dedicated staff. External consultants are anticipated to assist in the development process.

In 2007, the staff member will be dedicated to the implementation. The implementation will include tools and training. No consulting fees are expected to be incurred during this phase of work.

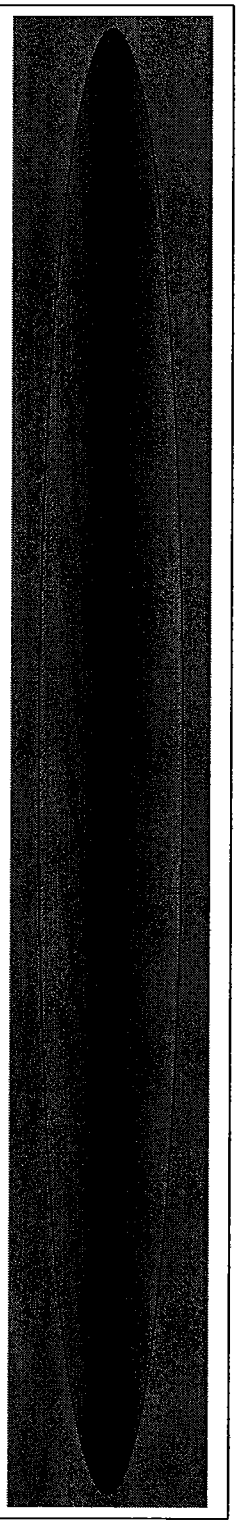
King County
IT Reorganization
Transition
Work Plan



Projects and Tasks	2006		2007				2008			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Establish project										
Develop service center model, plan and cost benefit analysis										
Implement service center for enterprise and departments										
Evaluate service center and recommend improvements										
Develop enterprise architecture standards for business applications, support & training										
Implement enterprise application portfolio (by 2010)										
Expand service center to address applications and separately elected official needs (by 2010)										

Costs	2006	2007	2008	2009
Service Center Buildout				
Internal staff to support the transition	$65,000	$125,000		
Consultant to develop service center model	$75,000			
Implement two part service center (tools and training)		$150,000		
Sub Total	**$140,000**	**$275,000**	**$0**	**$0**

King County
IT Reorganization
Transition
Work Plan



Consolidated Costs

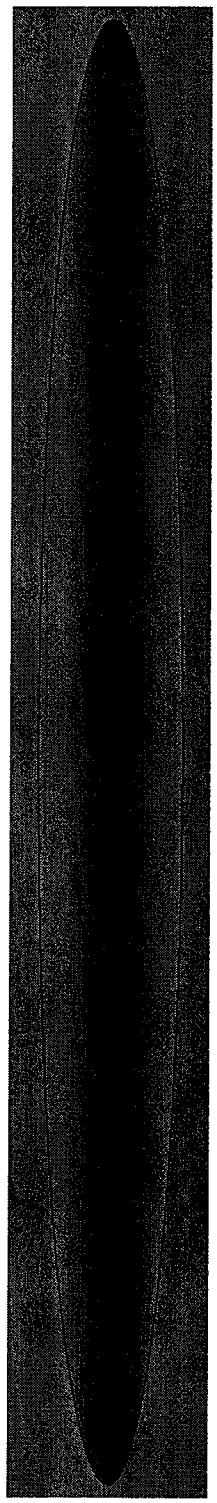
Costs	2006	2007	2008	2009
Enterprise Architecture and Transition				
Consultant assistance in developing service delivery plans, service level agreements, and performance measures	$150,000			
Consultant evaluation of implementation of service delivery plans, service level agreements, and performance measures		$75,000		
Consultant evaluation and validation of Executive branch reorganization form an organization perspective		$50,000		
Enterprise change management (tools, processes, staff)			$1,500,000	
Enterprise support of major county enterprise initiatives (Service management improvements, document mamagement, finance payroll HR budget initiaitves, and security)				$1,500,000
Sub Total	**$150,000**	**$125,000**	**$1,500,000**	**$1,500,000**

Costs	2006	2007	2008	2009
Server Consolidation				
Consultant assistance in developing service delivery plans, service level agreements, and performance measures	$150,000			
Implementation costs		$500,000	$650,000	
Sub Total	**$150,000**	**$500,000**	**$650,000**	**$0**

Costs	2006	2007	2008	2009
Workstation Standardization	*			
Use department equipment replacement funds				
Pilot project to evaluate alternative workstations (thin clients) * Funded in 2006 OIRM capital budget - $295,000	*			
Implement standardization changes			$398,666	$398,666
Sub Total	**$0**	**$0**	**$398,666**	**$398,666**

Costs	2006	2007	2008	2009
Service Center Buildout				
Internal staff to support the transition	$65,000	$125,000		
Consultant to develop service center model	$75,000			
Implement two part service center (tools and training)		$150,000		
Sub Total	**$140,000**	**$275,000**	**$0**	**$0**
Total	**$440,000**	**$900,000**	**$2,548,666**	**$1,898,666**
Grand Total	**$5,787,332**			

King County
Business Case for
IT Reorganization



King County

King County
Business Case for
IT Reorganization

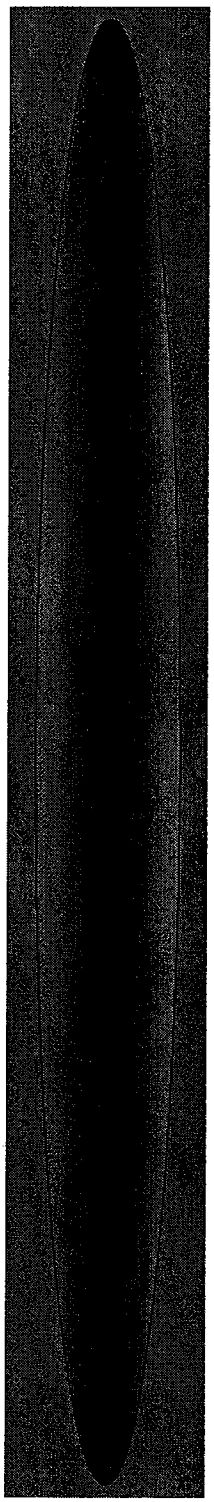


Table of Contents

ACKNOWLEDGEMENTS 1

EXECUTIVE SUMMARY 3

BUSINESS CASE 5

APPROACH TO THE BUSINESS CASE DEVELOPMENT 5

ALTERNATIVES CONSIDERED 8

THE EXECUTIVE RECOMMENDATION 8

CLEAR LINE OF AUTHORITY – STRENGTHENED ACCOUNTABILITY 9

A. ALIGNS WITH THE COUNTY'S ACCEPTED IT VISION AND GOALS 10
B. INCREASED OVERSIGHT 11

IT SERVICE DELIVERY – THE HEART OF THE ORGANIZATIONAL CHANGE 12

C. IMPROVING CUSTOMER SERVICE 12

FOUNDATION FOR EFFICIENCIES 13

D. LABOR BENEFITS 14
E. SERVER BENEFITS 15
F. WORKSTATION STANDARDIZATION AND SERVICE CENTER IMPLEMENTATION 15
G. STRENGTHENING SECURITY MANAGEMENT AND PRIVACY CONTROLS 16
H. STRENGTHENING DATA INTEGRITY THROUGH SYSTEM INTEGRATION AND CONNECTIVITY 16
I. EASIER TECHNICAL MAINTENANCE 17
J. IMPROVING APPLICATION SOFTWARE 18
K. FASTER RESPONSE TO TECHNOLOGICAL ADVANCES 18
L. INCREASING REGIONAL COOPERATION 18

MANAGING THE TRANSITION RISKS AND CHALLENGES AHEAD 19

M. EMPOWERING THE WORKFORCE 19
N. STRENGTHENING THE COUNTY'S IT CULTURE 20
O. OPTIMIZING ENTERPRISE RESOURCE ALLOCATION 20
P. REDESIGNING BUSINESS PROCESSES 20

SUCCESS AND PERFORMANCE MEASUREMENT 21

APPENDIX A – MOSS ADAMS VALIDATION 22

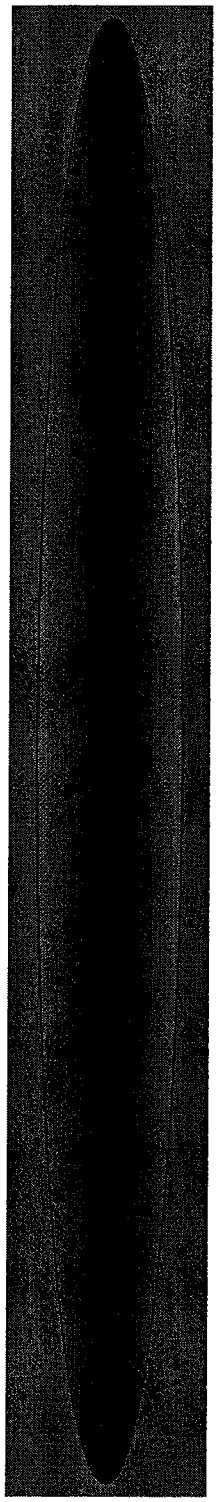
A. SERVICE CENTER 24
B. SERVER CONSOLIDATION 24
C. STAFFING 25
D. WORKSTATION STANDARDIZATION 26

APPENDIX B – SUPPORTING CALCULATIONS 32

APPENDIX C– IT SERVICE DELIVERY PLAN ELEMENTS 44

APPENDIX D– REPORTS REFERENCED 45

King County
Business Case for
IT Reorganization



Acknowledgements

Moss Adams LLP

King County contracted with Moss Adams LLP to analyze the *IT Organization Recommendation Final Report* (December, 2004) prepared by Pacific Technologies, Inc.(2004 consultant's report), and provide advice to the Executive regarding the reasonableness and viability of the consultant's approach, assumptions, results, and recommendations. This advice is summarized in Appendix A. The Executive acknowledges the outstanding work of Moss Adams LLP and has considered the advice provided, however, the conclusions and recommendations contained in this business case report are the Executive's.

King County Executive Development and Review Team

This report would not have been possible without the contributions and reviews provided by the Executive branch leadership team and the individuals who participated in the development of the report, as named below:

Paul Tanaka	Department of Executive Services
Caroline Whalen	Department of Executive Services
Anita Whitfield	Department of Executive Services, HR Director
Bob Cowan	Office of Management and Budget
Helene Ellickson	Office of Management and Budget
Steve Fields	Office of Management and Budget
Patti Cole-Tindall	Office of Information Resource Management
Jim Keller	Office of Information Resource Management
David Martinez	Office of Information Resource Management
Dana Spencer	Office of Information Resource Management

Joint Labor/Management Information Technology Committee

A committee was formed to discuss reorganization alternatives and issues related to future implementation. The membership includes county senior management, shop stewards, and the following labor business representatives:

Whitney Hupf	Union Representative, International Federation of Professional & Technical Engineers, Local 17
Behnaz Mansouri	Union Representative, International Federation of Professional & Technical Engineers, Local 17
Janet Parks	Union Representative, International Federation of Professional & Technical Engineers, Local 17
Denise Chanez	Business Representative, International Brotherhood of Teamsters, Local 117

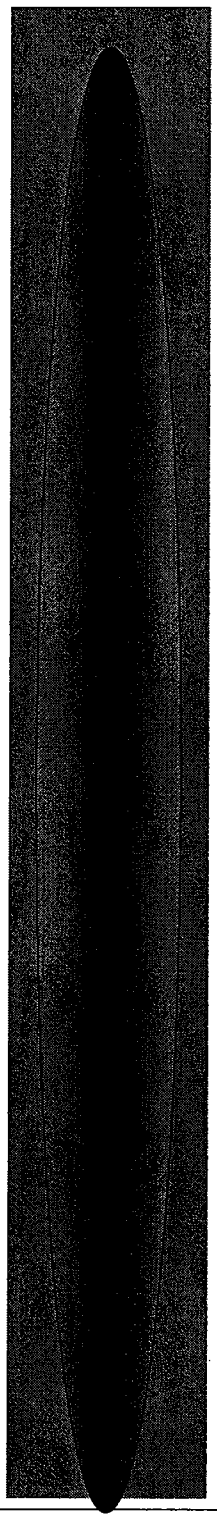
Project Advisory Committee

A project advisory committee was formed to represent the county agencies in the project to develop the 2004 consultant report. Their role and membership is identified below.

Role/Charter

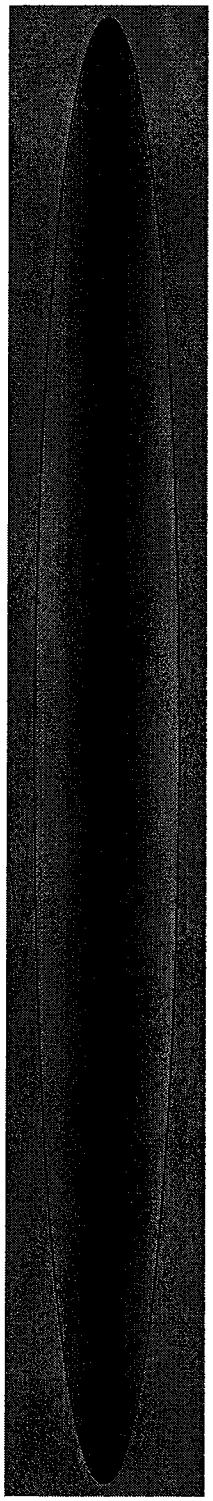
Review and accept the project Vision and Goals.
Review and accept the evaluation criteria for selecting the preferred alternative.

King County
Business Case for
IT Reorganization



Review and provide feedback on the draft 2004 consultant report.

Paul Tanaka	Department of Executive Services (project sponsor)
David Martinez	Office of Information Resource Management (project sponsor)
Rich Medved	Department of Assessments
Michael Frawley	Department of Executive Services
Caroline Whalen	Department of Executive Services
Dorothy Teeter	Department of Public Health
Cathy Grindle	King County District Court
Denise Turner	King County Sheriff Office
Paul Sherfey	King County Superior Court
Shelly Sutton	Metropolitan King County Council
Steve Call	Office of Management and Budget
David Ryan	Prosecuting Attorney Office



Executive Summary

In recent years, King County has received the advice of consultants and task forces to consider making changes to the decentralized, fragmented organization structure that currently supports the management of the County's IT functions. The results expected from making organizational changes include improvements in the security and reliability of services, reductions in overall costs to provide IT, and an improved foundation from which to take advantage of emerging technologies that will more efficiently support public services. Other governments have reported making, or planning to make, organizational changes for these same reasons.

The Executive commissioned a consultant's report in May 2004 to develop a new information technology organizational model, a quantifiable business case supporting the model, and a plan for implementing it countywide. The consultant's report, *IT Organization Recommendation Final Report,* was delivered in December 2004 (hereafter referred to as the 2004 consultant's report).

The report as presented by the consultant introduced too many challenges to allow for direct acceptance of the recommendations. Therefore, the Executive developed a recommendation to address difficulties in the consultant approach while maintaining the benefits (*Executive Recommendation on IT Reorganization – March 1, 2006*). The recommended approach implements a consolidated IT organization in two phases:

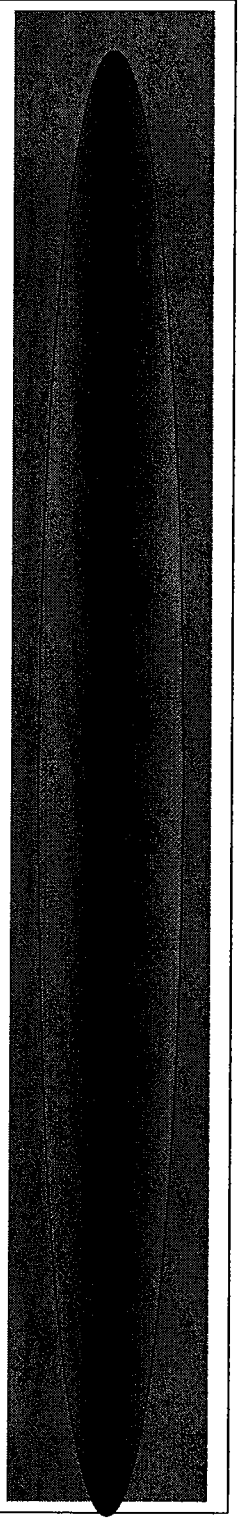
Phase 1 Implement a consolidated IT organization consisting of Executive branch departments only by Q3-2006.

Phase 2 Evaluate results of the Executive branch consolidated IT organization in 2007 and determine/recommend a consolidated countywide IT organization that best meets the needs of the other separately elected officials (Prosecuting Attorney, Sheriff, District and Superior Courts, Department of Judicial Administration, County Council and Assessor) in the 2008 timeframe.

Phase 1 will establish a clear line of authority in the Executive branch for the management of IT functions. Given that the county's charter provides for the separation of three branches of government as well as many separately-elected officials, a countywide reorganization is a complicated undertaking. The success of the end result will be dependent on finding ways to accommodate the operational autonomy of the separately-elected officials, while achieving the benefits that can be gained from implementing standardized systems and processes to reduce the County's overall costs and improve the security and reliability of services. The recommended phased approach allows for improvements to be made and measured prior to adding the complexity of managing changes across all branches of County government.

The recommended approach will result in organizational changes within the current centralized IT functions as well as within each Executive department's management structure. It is important to recognize that there will be minimal disruption of current working conditions for line staff who will continue to perform their duties in their current facilities. The organizational change comes from a new reporting relationship for department IT managers and is explained in this report.

The success of any organizational change is also dependent on the County's workforce embracing the changes that will standardize systems and processes. The Joint Labor/Management



Information Technology (JLMIT) group has been established to provide a forum for Union representatives and the IT workers they represent to collaboratively address implementation issues with IT and human resources managers. Investments to provide transition management and training have been factored into the results reported in this business case.

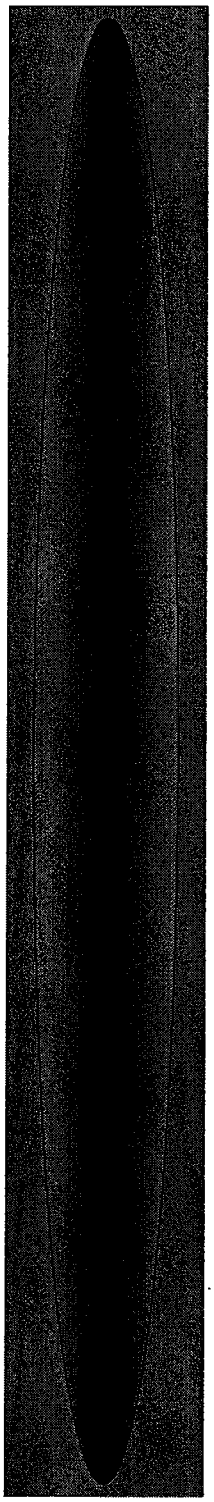
This report provides a business case to support the recommended approach to realize the service and savings benefits that have been identified in consultant task force reports. For the Executive branch phase, the value of making the recommended organizational and operational changes is estimated to be a net payback of $20.1 million over the next 15 years[1]. This is a net benefit after estimated costs and includes labor cost reductions of $19.5 million and server consolidation cost reductions of $5.1 million. When costs of service center build-out, workstation standardization, and transition activities are accounted for, the combined $24.6 million in cost savings is reduced by investments of $.4, $.8, and $3.3 million, respectively, to total the $20.1 million in savings. The cost and benefit values throughout this document have been rounded for easier reading.

Details provided in this report include:

- Savings and other benefits expected from the changes recommended
- Additional investments required to support the changes
- Risks and challenges to be managed
- Success and performance measures to be developed, monitored, and reported

[1] Costs and benefits are calculated using pro rata share of countywide numbers for Executive branch IT organizations; based upon original numbers calculated in *IT Organization Recommendation Final Report* dated December 20, 2004, and adjusting for timing differences (see Appendix B for details).

King County
Business Case for
IT Reorganization



Business Case

Approach to the Business Case Development

The business case presented in this report was developed extending the work provided in previous consulting studies. In particular, the costs and benefits identified in the 2004 consultant's report have been validated and adjusted to align to the *Executive's Recommendation on IT Reorganization* – March 1, 2006 and additional non-quantified benefits are discussed.

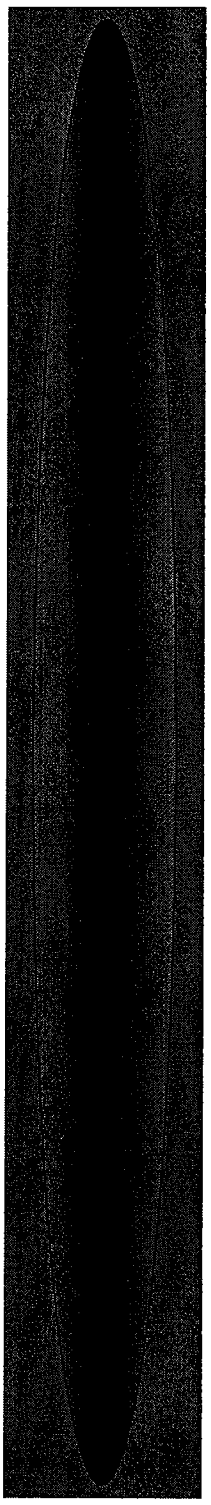
This business case was developed focusing on accountability, IT service delivery, and efficiencies, and consideration of risks and challenges related to moving forward with changes to the county's current IT organizational model. At this stage of planning for such a significant change, this business case should be considered as an opportunity analysis that will support the investments required to further drill down and identify/develop specific implementation plans for projects that include those called out in the 2004 consultant's report: enterprise architecture, server consolidation, workstation standardization and service center build-out. In other words, this business case will discuss the business value of making future investments. Based on the results of the analysis accomplished and reported in this document, the Executive recommends proceeding to the next stage of analysis and planning including:

- Defining what activities and actions will be involved in transitioning the IT organization to a more centralized structure.
- Conducting further detailed analysis of costs and benefits of going forward.
- Developing project plans at a detailed level, concentrating on the 2006-08 timeframe.
- Defining what is required to manage the changes, including providing appropriate leadership, management, communications, training and other support to successfully realign the workforce.

The above recommendations define the next steps required in the near term to redefine the Executive branch's IT organization. The *IT Reorganization Transition Work Plan,* that accompanies this document, provides more details on what is required in the form of activities and resources.

Following the transmittal of the Executive's recommendation in March 2006, additional analysis has been conducted to expand on the high level pros and cons provided at that time. The pros identified accountability benefits, as well as service delivery and performance benefits. The baseline benefits defined in the 2004 consultant's report provide a solid foundation from which to support the Executive's recommendation for IT reorganization. The consulting analysis supported a recommendation to move forward with reorganization. However, the analysis did not provide significant depth related to the transition approach, especially relating to the time and resources needed to address the technical and organizational challenges.

For this reason, the Executive contracted with Moss Adams, LLP to analyze the 2004 consultant's report and provide advice regarding the viability and reasonableness of the consultant's approach, assumptions, results and recommendations (Appendix A summarizes this advice). In comparing the 2004 consultant's recommendation with the Executive's, Moss Adams reported that the Executive's phased approach of building on a series of projects and successes more appropriately positions the county to manage the challenges and complexity of consolidating IT functions.



While the 2004 consultant's report provided excellent information to be considered, many of the benefits were based on high-level averages, not on detailed analysis related to changing the county's complicated, non-standard underlying technology environment.

This business case uses the 2004 consulting analysis, taking a pro rata share of countywide numbers for Executive branch IT organizations (see Appendix B for details). Some timing adjustments have been made to reflect the following Executive conclusions:

- staffing changes and reductions must be deliberatively planned and managed to avoid unnecessary disruptions to service delivery
- server consolidation investments must be carefully planned at a project level to ensure the resulting application environments are correctly and securely configured
- central management tools and practices must be put into place to support standardized workstations in the most efficient manner

The following table compares the costs and benefits between the 2004 consultant's report to those proposed by the Executive for implementing the efficiency initiatives. The table presents three columns of quantified information for comparison purposes:

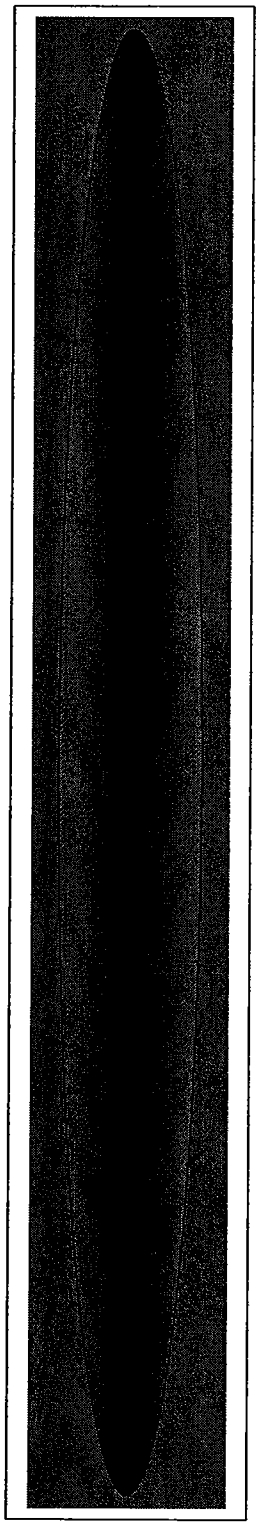
- Column 1 – this column provides the consultant's estimates of costs and benefits for a countywide implementation.
- Column 2 – this column proportionally adjusts the consultant's countywide estimates to provide an estimate of costs and benefits if the consultant approach were applied to only the Executive branch.
- Column 3 – this column summarizes the Executive's approach which is adjusted for only the Executive branch, and provides a different approach to the initiatives.

	2004 Consultant Report (Countywide)	2004 Consultant Report (Executive branch only)	Executive Approach (Executive branch only)
Savings over 15 Years			
FTE reductions	60	50	15
Net savings	$64 million	$55 million	$20.1 million
Labor savings	$80 million	$67 million	$19.5 million
Server Consolidation savings	$9 million	$7 million	$5.1 million
One-Time Costs			
Enterprise Architecture & Transition Costs	$12 million	$10 million	$3.3 million
Server Consolidation Costs	$1.3 million	$1 million	$1.3 million
Workstation Consolidation Costs	$4 million	$2.8 million	$.8 million
Service Center Build-out Costs	$.8 million	$.5 million	$.4 million

The following description explains the differences between the 2004 consultant report and the Executive approach:

FTE reductions are reduced from the consultant report projection of 60 to 15 for two reasons:

- The Executive initiative is only for the Executive branch
- The consultant proposed a complete centralization of all IT staff, thereby allowing for complete consolidation of functions such as planning, research and development,



disaster recovery, and many administration functions and then recommended reductions based on typical staffing at other organizations. The Executive concluded that the consultants had not taken into account the reality of the data they had collected and had oversimplified their analysis and therefore overstated the potential for staff reductions. The consultant collected data on time spent on various activities by staff person and then aggregated the time across function to calculate the equivalent number of staff currently working in each function. This methodology would take, as an example, 100 staff spending 10% of their time on IT planning and say that there are 10 FTE doing IT Planning where there would typically be 9 FTE, so 1 FTE could be cut. The reality is that it will be difficult to work through the workload rebalancing necessary to achieve that kind of reduction.

The Executive approach is more realistic and straightforward, and has considered the challenges of working with several bargaining units with staff supporting services in very different lines of business with many funding sources. As a result, the Executive's approach allows for more time before the benefits are estimated to be realized and identifies specific position reductions directly tied to two of the initiatives: server consolidation and workstation standardization.

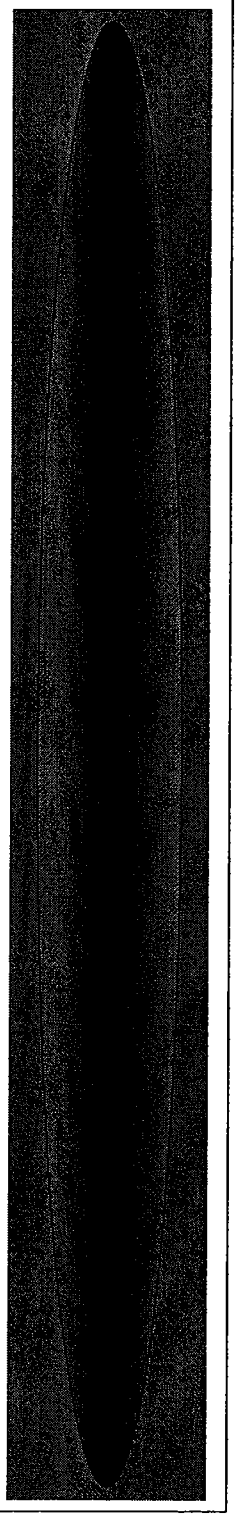
Net savings over 15 years is reduced from the consultant projection of $64 million to $20.1 million for the following reasons:

- The Executive approach provides savings for the Executive branch only
- The labor savings are reduced as explained above
- Server consolidation savings are also reduced because the Executive approach recognizes that full consolidation of servers can not happen during staff reorganization, so the Executive server consolidation is spread over two more years, therefore savings are delayed by two years.

Enterprise Architecture & Transition Costs – the consultant approach involved hiring a very large transition team for four years, years of expensive consulting support to develop a new architecture for the county, three years of expensive transition consulting, and transition training. The consultant's estimates were theoretical for a typical organization, involved expensive consulting, and were based on a very disruptive massive move of staff out of the departments to a new location. The Executive's approach of not relocating staff, using existing staff for most of the transition effort, and only using consultants on small targeted efforts greatly reduces the needed capital investment.

Server Consolidation Costs – the Executive proposes to make the same investment proposed by the consultant, but will make the investments over 3 years and begin reaping the benefits in year four. The consultant recommended making the investment in year one, and begin achieving benefits in year two. Since the Executive branch will be in the midst of a major IT reorganization in years one and two, it is not practical to accomplish server consolidation as quickly as the consultant recommended. The server consolidation costs are the same as recommended by the consultant for countywide because the Executive concluded that the planning, analysis, design, and infrastructure to support server consolidation must prepare for a countywide implementation.

Workstation Standardization Costs – the Executive is planning to use department equipment replacement funds to standardize workstations; therefore no new costs are identified in the Executive initiative in years one and two. Funds are identified in years three and four to provide for investments following the evaluation planned to be completed in year two.



Service Center Build-out Costs– the Executive is planning a more modest change to the service center (help desk) than the consultant. The consultant planned for a completely new and large help desk, centralizing all help desks in the county. The Executive approach will design a new help desk model that provides for an enterprise help desk function as well as help desk functions in each of the departments. The new help desk model will provide for good coordination and sharing of information between the department and enterprise help desks.

See the High Level Work Plan in the Transition Plan that accompanies this business case, and also refer to the first page of Appendix B for additional details.

Alternatives Considered

The 2004 consultant's report considered the status quo and two alternatives labeled "complete centralization" and "distributed applications support." Functions evaluated in their analysis included: Customer Services, Business Application Services, Systems Services, IT Planning, and IT Administration. The cost benefit analysis also compared the relative cash flow of the status quo to the preferred and recommended alternative (distributed application support).

The cost/benefit analysis compared the models across five discrete areas:

1. Labor adjustments
2. Service consolidation
3. Workstation standardization
4. Service center build-out
5. Enterprise architecture and transition activities

The status quo option was rejected by the consultant based upon their quantitative analysis. The consultant's recommended alternative provided, on an enterprise level, a positive return of $63.9 million over a 15-year period. This translates to a net present value of $34.3 million with an internal rate of return of 27%. Early in the fourth year of the reorganization, a positive cash flow is projected to begin, and breakeven is projected during the fifth year.

The Executive agrees with the 2004 consultant's conclusion that the status quo option simply prolongs the inefficiencies of the existing IT organizational structure, and puts the county at risk for increased costs of providing for effective IT service delivery over the long term.

While the Executive considered the benefits defined by the 2004 consultant's recommended alternative, many challenges were identified that prevented immediate and direct acceptance of the consultant's recommendations. Because of the identified challenges, the Executive developed an alternative approach to reorganize IT in an incremental and phased approach, with the Executive branch slated to be restructured first, followed by an evaluation of the improvements made and consideration of how to best provide similar improvements for the remainder of the county. The Executive's recommended approach is described in the next section of this report including supporting information related to the benefits, costs and risks.

The Executive Recommendation

The remainder of this report provides a description of the Executive's recommended approach for IT reorganization and consolidation. While the recommendation provides for a second phase related to consideration of the IT functions currently decentralized in the agencies managed by separately-elected officials, most of the following sections are related to the changes proposed in

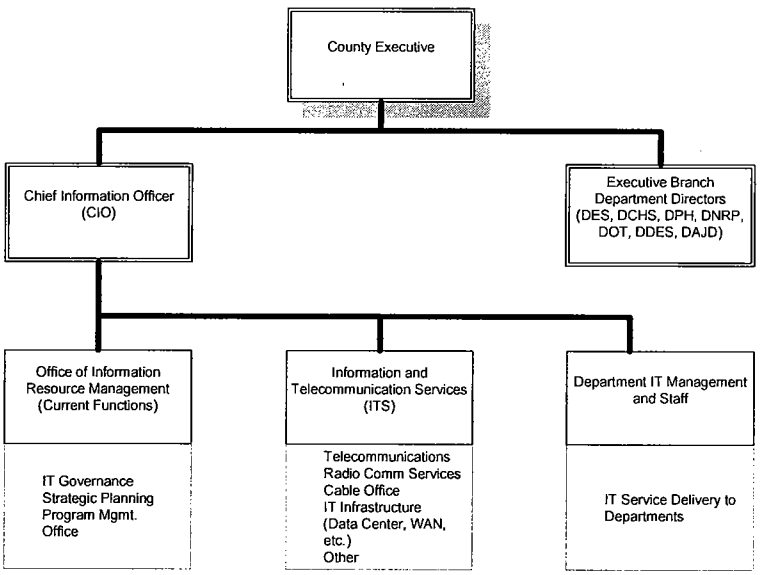
the Executive branch only. Where that is not the case, there will be a specific reference to clarify the context.

Clear Line of Authority – Strengthened Accountability

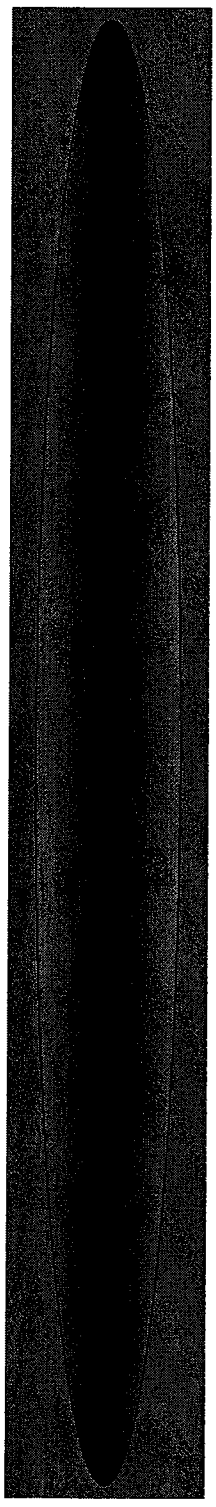
The Executive recommended alternative will establish a clear line of authority in the Executive branch for the management of IT functions. This will be accomplished with minimal disruption to the current management structure within the departments. No physical re-locations or changes to current systems or facilities are proposed at this time. The change in organizational structure comes from a new reporting relationship for department IT managers.

Executive branch departments will establish a new classification of IT service delivery managers who will report directly to the county's CIO. The IT service delivery managers will be accountable to the department director on service level performance matters. Each IT service delivery manager will work under the direction of the CIO and in coordination with the department director to prepare the department's IT Service Delivery Plan. The plan will define the scope of services to be delivered to the department, under the management of the IT service delivery manager. The department director will ensure the appropriate levels of budget and staff resources are available to fulfill the commitments of the plan.

Executive Recommendation
(Executive Branch Only)



King County
Business Case for
IT Reorganization



A. Aligns with the County's Accepted IT Vision and Goals

To support the IT reorganization study and development, in 2004, the consultant worked with the county to develop an IT vision with goals.[2] The vision and goals were designed specifically to be used for the IT reorganization study to be used to evaluate alternatives. The vision and goals were approved by the project sponsors and project governance. The Business Management Council (BMC), Technology Management Board (TMB) and Project Advisory Committee each reviewed and accepted the IT Vision and Goals for use by the consultants. The recommended approach will move the county towards this vision and will meet the goals.

KING COUNTY IT VISION STATEMENT
Utilizing information and technology to shape a better tomorrow by enabling effective public services and streamlining countywide operations

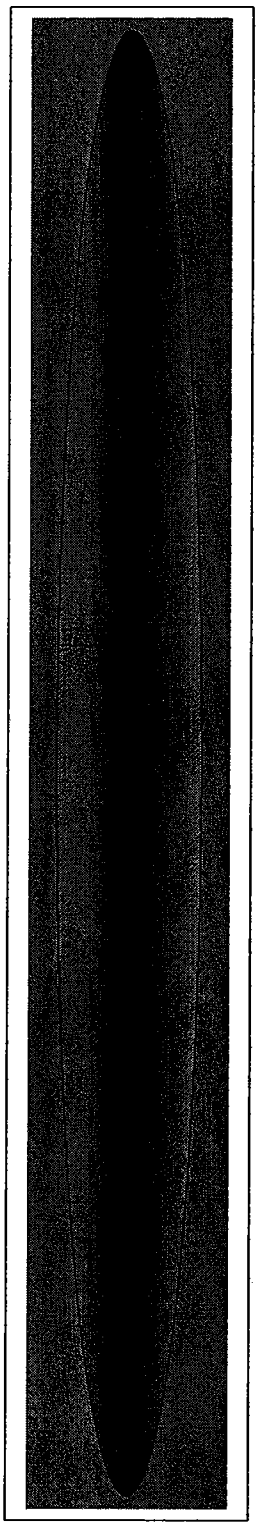
KING COUNTY IT GOALS

- Deliver responsive service to internal customers, the public, and other jurisdictions
- Provide reliable, cost-effective technical and application architectures
- Create countywide efficiencies for business functions and infrastructure that are common across the organization
- Support a culture of effective governance, clear accountability and communication
- Ensure IT security and privacy
- Facilitate information sharing – internally and externally
- Recruit, deploy and retain an appropriately-skilled workforce
- Serve as a leader in IT regional initiatives

As technologies emerge and evolve, the county needs to be positioned to take advantage of new capabilities as well as provide appropriate support for existing systems. The efficiencies and effectiveness enabled by technology will be in jeopardy if the security and reliability of the county's network are placed at risk by a lack of central oversight and management. In order for the county to take full advantage of the emerging technologies that will enable voice and data to be managed on a single network, we must take steps now to provide the foundation for that transformation. In addition, as detailed in the previously referenced consultant reports, our current decentralized management structure does not provide for the development, implementation and management of standardized systems and processes which can reduce the county's overall costs and improve the security and reliability of services.

The consolidation of managing IT functions for the Executive branch is an important first step in the county's complex political environment. Given that the county's charter provides for the separation of three branches of government as well as many separately-elected officials, a countywide reorganization is a complicated undertaking. By phasing this effort, the recommended approach provides for a critical milestone where, the county

[2] *King County IT Organization Recommendation Final Report* dated December 20, 2004.



as a whole, can take the opportunity to consider the lessons that will learned if the recommended approach is approved.

As the Executive was considering the 2004 consultant's report, the importance of working closely with the county's elected leadership was recognized. In the July 20, 2005 Strategic Advisory Council meeting chaired by the Executive, the county's elected leadership endorsed the 2006-2008 Strategic Technology Plan that includes an objective related to reorganizing technology functions to improve services and reduce costs. The endorsement, with one member abstaining, followed a discussion where concerns related to operational autonomy were discussed and then agreement was reached on how this would be addressed in the plan. The County Council has since adopted the plan (Motion #12274).

Further, as part of developing the Executive's recommendation for IT reorganization, the county's Chief Information Officer met individually with the county's elected leadership. Those meetings resulted in the elected leadership providing a letter to the County Council at the time of the March 1, 2006 transmittal, stating their collective support of the Executive's recommended first phase and continued concern related to their control of their IT functions.

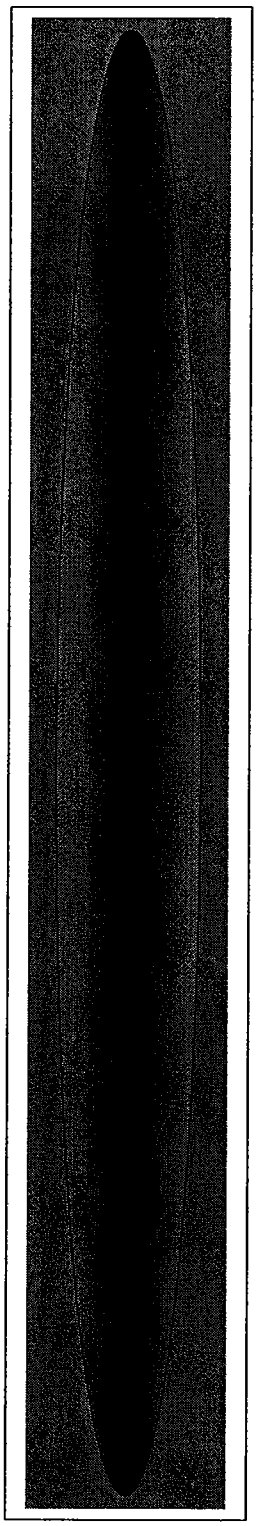
Approval to move forward with changes beyond the Executive branch will be dependent on finding ways to accommodate the operational autonomy of the separately-elected officials, while achieving the benefits that can be gained from implementing standardized systems and processes to reduce the County's overall costs and improve the security and reliability of services. The recommended phased approach allows for improvements to be made and measured prior to adding the complexity of managing changes across all branches of County government.

B. Increased Oversight

Oversight directly pertains to increasing the accountability for results. Important oversight components include policy development, strategic planning, and monitoring. Since 2002, the county's IT oversight has been evolving and improving, primarily for projects. Benefits of the improved oversight have already come in the form of having plans and business cases documented and publicly approved by the Project Review Board and throughout the budget review process, increased departmental cooperation and participation in quality assurance reviews have resulted in positive reports, and improved spending monitoring has been established.

Operational oversight has been provided within the separate departments under a variety of management structures. Through the reorganization proposed, services will be defined and levels of service will be agreed to and well-documented and the departmental oversight role will be formalized. Department directors will have a clear path of escalating service issues through their IT service delivery managers with final point of resolution with the Chief Information Officer.
Resulting benefits will directly tie to:

- Formal change management
- Strengthened service delivery
- Ongoing, structured operational analysis



- Faster decision making
- Accountable, visible decisions
- Redirection of policy and initiatives
- More effective staffing on projects
- Prioritization of investments and initiatives
- Strengthened planning and corresponding execution

Similar IT oversight benefits are being sought and pursued by organizations around the globe. According to a survey conducted for the IT Governance Institute (ITGI), 83 percent of the 276 organizations surveyed worldwide are implementing or considering deployment of some form of IT governance and oversight[3]. These survey results are supported by other studies including those from Gartner and MIT, where well-designed oversight programs are directly resulting in improvements in productivity and meeting the organization's strategic objectives.

IT Service Delivery – The Heart of the Organizational Change

The Executive Branch IT reorganization focuses directly on service delivery. When stakeholders are considered in the governmental planning process, IT service delivery becomes the focal point of change. Service delivery involves system access, support response, training, and requirements delivery. Relevant stakeholder groups seeking better, more accessible and increasingly reliable information and services from the County include public citizens externally and employee groups internally. Service delivery is the end game in the public sector. The IT reorganization proposed will strengthen our position to improve service delivery in many ways.

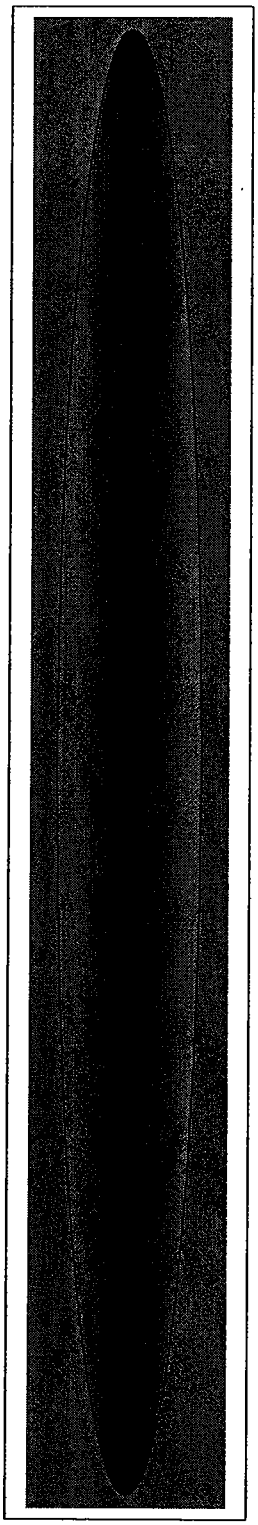
The Executive's recommendation establishes a clear line of authority using the new pivotal role of the IT Service Delivery Manager, with expectations documented in a service delivery plan supported by service level agreements and corresponding budgets. However, the concept of centralized and coordinated service delivery is very different from our traditional management structure within the County's existing separate departmental IT organizations. The proposed IT service delivery function reports directly to the CIO, not the department manager. This is simple in concept and promotes a streamlined hierarchy and chain of command to more effectively manage the complexity of the county's Executive branch IT environment (Appendix C provides the elements of the IT Service Delivery Plan that is under development).

C. Improving Customer Service

The concept of improved customer service is directly related to the benefits of standardization, strengthened management and resource allocation. In fact, the importance of meeting growing internal departmental needs, as well as providing more service to external stakeholders, is well known and documented. Through reorganization, the Executive branch will be positioned to streamline the business processes related to managing IT functions and improve the prioritization of IT initiatives and resource allocations to more effectively deliver priority services.

Improved customer service will be achieved through:

[3] Power Steering Committee, CFO IT, June 1, 2005.



- Streamlined processes
- Increased focus on customer needs
- Strengthened accountability
- Faster response times
- Self service (e.g., via the web)
- Prioritization of changes
- Increased responsiveness
- Better resource utilization
- Improved asset management
- Standard operating procedures

This benefit category is perhaps best exemplified through anticipated changes in the Service Center (help desk) function that will include implementing centralized management systems and workstation management changes. The cost/benefit analysis behind strengthened customer service is tied to a structured Service Center where thousands of support calls will be funneled through an efficient, automated capability. After implementation, customer requests will be more directly and efficiently handled countywide. Response times will be reduced and problems will be resolved faster and more efficiently. Direct assistance will be available for all County staff via phone and through direct connectivity. All significant business units will have defined service level agreements related to service center support that address their specific needs. Ultimately, a Service Center supported historical database will enable underlying infrastructure problems to be found and corrected more quickly and effectively.

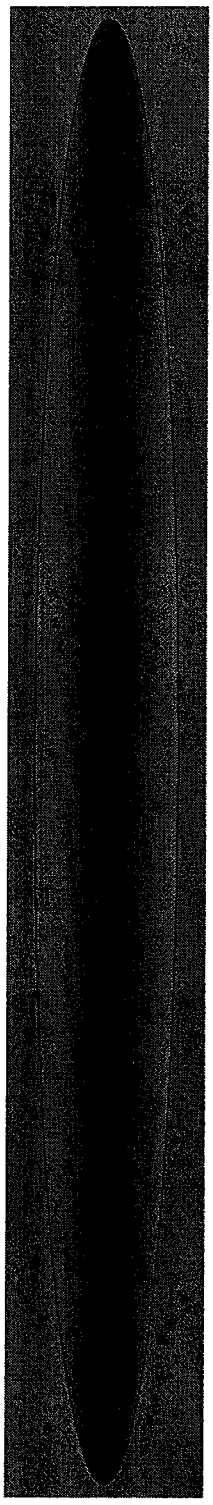
Self-service capabilities will also be available and staff will be able to resolve common issues through a web interface. Response times and resources will vary based upon needs, ranging from 24 x 7 to regular business hours. The flexibility in this "customer facing" service capability is powerful in that one infrastructure will serve the wide variety of needs.

Foundation for Efficiencies

The 2004 consultant's report recommended four initiatives that will provide for more efficient operations including developing an enterprise architecture, building out a centralized service center, server consolidation, and workstation standardization. Other investments, such as Voice Over Internet Protocol (VOIP), have been recommended for the county's consideration as a way to provide improved services at a lower cost than current operations (Appendix D provides a list of reports that describe and recommend initiatives and investments).

Two of the four initiatives have significant projected benefits, through specific cost reductions. The consultant's report identified labor savings of $66.8 million, followed distantly by server consolidation savings totaling $7.1 million. The other changes, including workstation standardization and service center build-out require hard dollar outlays totaling $2.8 and $5.8 million, respectively. The one-time costs of the transition activities to implement the consultant's recommended countywide IT reorganization were estimated as $10.3 million.

In a recent report from the National Association of State Chief Information Officers (NASCIO), results were provided from a survey concerning state IT consolidation and shared services



efforts.[4] Over 82% of respondents gave cost savings as the driving force behind the state's decisions to consolidate with the top 3 other benefits identified as: improved data sharing and data integration, improvements in security, and better access to new technologies. It is important to note that while efficiencies are expected by an overwhelming majority of states that have undertaken some level of IT functional reorganization, reports of the actual benefits achieved are scarce. It is also important to note that 80% of the respondents noted that workforce resistance to change was the biggest challenge experienced as a result of their consolidation initiatives.

The Executive's approach provides time and process structure and requests appropriate resources to properly manage the initiatives while working with Executive branch employees, using the Joint Labor/Management Information Technology (JLMIT) as a forum that includes union representatives, to address issues that will arise from the county's implementation activities. This approach will maximize the county's ability to successfully implement the changes and realize the expected benefits while addressing the biggest challenge identified in the study.

This section explains these initiatives and specifies costs and benefits for the Executive branch. Many of the defined benefits will also provide positive countywide business impacts as described below. Also noted are numerous infrastructure and service delivery benefits relevant to increasing IT efficiencies.

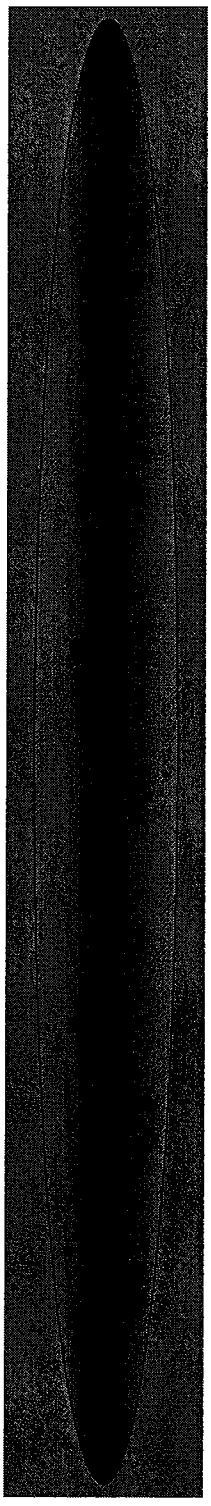
D. Labor Benefits

The potential labor savings from a reorganization effort are compelling. As the 2004 consultant's report pointed out, 60 FTE reductions are potentially available from consolidation efforts conducted for the entire county. The Executive branch's portion of this consolidation equates to approximately 50 of those FTEs. Countywide labor benefits total an estimated $66.8 million over 15 years with benefits realization starting in the middle of year two under the consultant's approach. These benefits are associated with network administration, help desk, planning, and administration functions. These positions will not be needed under a reorganization scenario, instead functions including system administration and support will be accomplished through a simpler and standardized IT service model.

In the Executive's approach, the baseline assumption is that position changes will occur through attrition. The Executive is recommending a reduction of 15 positions, four from server support, and eleven from workstation standardization.

Since 2002, when County analysis identified a targeted list of important IT strategies, new IT positions have been identified to develop and implement much needed changes at the County. Defined strategies requiring new staff include reorganizing the help desk, deploying internet functionality, establishing comprehensive asset management functions, strengthening system security, standardizing technologies, strengthening management, etc. As the work to make those changes to improve the county's basic IT operations is transitioned into ongoing operations, there is potential for streamlining the processes and therefore the staffing to sustain the operations. However, it is important to note that it will take time to address deficiencies that have been identified. There are many interconnected elements that will need to be coordinated and managed to successfully move to a stable, improved operational environment.

[4] *Survey on IT Consolidation and Shared Services in the States: A National Assessment*, National Association of State Chief Information Officers (NASCIO), May 2006.



The Executive's recommended approach acknowledges that it will be difficult to realize all identified labor savings and will require time to deliberatively plan and implement staffing changes. The 2004 consultant's report stated that "some percentage of associated savings will likely occur as a productivity benefit," with time saved portioned to other activities. This underscores the importance of recognizing that the quantitative analysis in this report (based on the 2004 consultant's report) is a conceptual analysis. The savings identified will not be achieved unless actual positions are targeted and cut.

The 2004 consultant's report includes an assumption that savings begin and ramp up to the final expected level during the second, third, and fourth years of implementation. The Executive's approach is to use the consultant's analysis but to delay the start of expecting savings from staffing efficiencies until into the third year and then only as it relates to two specific initiatives (please refer to the earlier section "Approach to the Business Case Development" for more details).

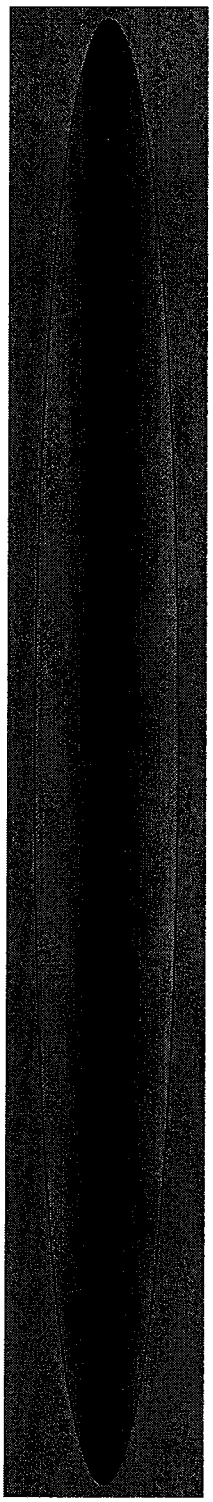
E. Server Benefits

The 2004 consultant report identified that a consolidation will reduce the effort and costs associated with managing 636 servers from $72.9 million to $65.9 million, resulting in a savings of $7 million over 15 years. The Executive's approach will save $5.1 million over 15 years. Also, the Executive proposes to reduce server support staff by 4 as is identified in the previous section, D. Labor Benefits. Fewer more powerful machines will be installed in 2007 and 2008. The costs of procuring, maintaining (including data center costs) and providing for equipment replacement reserves for these machines will be directly reduced. The costs and savings opportunity estimates will be improved when a project is initiated to conduct an inventory and develop a revised cost benefit analysis. As can be easily seen when the costs of procuring and maintaining a machine at $15,000 per box are reduced by hundreds of boxes, a savings of over $5.1 million will be realized. Further, the benefits of server savings will not stop with lower server costs. As early as 2002, the County recognized that additional savings will be available through reduced:

- Need for staff to support fewer servers(recognized in labor savings discussed above)
- Network maintenance
- Reduced operational interruptions and resulting unplanned reactive efforts through improved proactive activities such as operating system patch-management and network monitoring (see Benefit G below for additional discussion of security-related benefits)

F. Workstation Standardization and Service Center Implementation

These two proposed changes are discussed together since activities will occur in parallel to reduce labor requirements as the organization becomes more efficient. Each activity is dependent on the other and both are required to achieve the full scope of staff reductions. Workstation standardization will result in 11 support staff FTE reductions, accounted for in the labor savings numbers identified above. The Service Center build-out is expected to assist in achieving these reductions by resolving more calls at the help desk, therefore reducing the number of times workstation staff need to go to a user's desk.



The Service Center changes are expected to reduce per-call costs as resolution is expected to happen more quickly with a centralized help desk in a more standardized workstation environment. Metrics that could be used to measure this benefit could include counting the calls resolved at first call to the help desk.

G. Strengthening Security Management and Privacy Controls

Data security has never been more important. Daily attacks on the county's network are continuing challenges to be managed. With a unified Service Center and potentially a centralized network operating center in the future, enhanced security can move the county to a more sophisticated new level of data protection and confidentiality. A central hub will position the county to:

- Maintain operating systems at current service packs and hot fixes
- Utilize operating system built-in security measures
- Better monitor perimeter
- Control counter measure activities
- Standardize information security policies
- Train security personnel on the latest in defense approaches
- Further automate the delivery of security related updates
- Streamline security processes

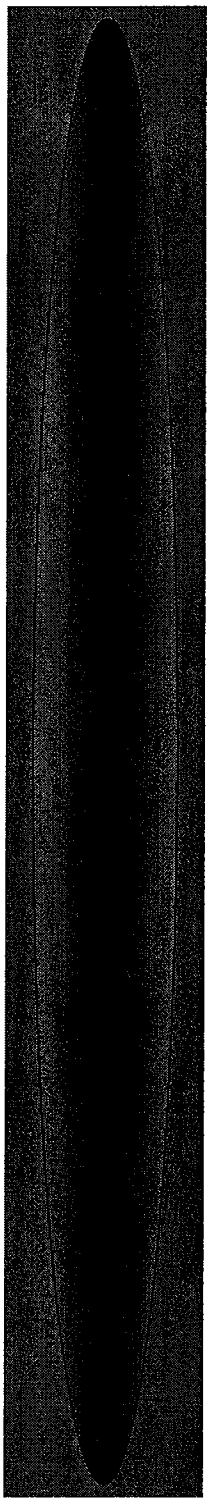
By reducing the amount of disparate computer operations, the County will centralize responsibility for security. As a direct result, the County will be able to accomplish the following: 1) faster response time to a security incident, 2) tighter management of assets and information through unified policies, 3) better communication within IT, and 4) increase the County's ability to leverage its IT staff knowledge.

The proposed IT reorganization will provide an easy win to be achieved through the near immediate ability to create and enforce information policy within the Executive branch where data and information privacy can be strengthened through directives and enforceable rules of conduct. However, some of the security and privacy risks will not be mitigated until the reorganization addresses the separately-elected agencies. The county's current decentralized IT models simply are not in a position to do this.

Statistics over the past few years illustrate how important it is to address and take security threats seriously. In 2004 and 2005, security incidents have continued to rise, noting that fully 85 percent of businesses surveyed have reported successful security breaches, with 64 percent noting financial losses. The proposed IT reorganization will establish both a standard IT infrastructure and a trained workforce to combat such threats. The ongoing costs associated with preventing breaches and, failing that, repairing the resulting damage can be best coordinated and controlled as a centralized function.

H. Strengthening Data Integrity Through System Integration and Connectivity

Even though the county is considered to be a single enterprise from the public's viewpoint, as well as from a liability standpoint, the county's current organizational structure does not provide a means to manage the county's information assets as a single enterprise. Currently, county departments separately manage their own systems and have developed redundant data stores of information. This "silo" structure has resulted in



many disparate and fragmented data and application environments. As these systems are generally disconnected, clearly, this is not efficient.

This challenge was documented years ago in the 2003-05 Strategic Technology Plan noting that data management has occurred in a piecemeal fashion with limited thought given to how data will be integrated or administered. Data management deserves more consideration at the county as it is fundamental to the sharing of information and increasing efficiencies through eliminating redundant data handling, reconciliation and reporting activities.

Further, data integrity problems put the county at risk, the very least of which is embarrassment in public. The proposed reorganization will provide the means to connect systems within the Executive branch. This can occur through connected data architecture, combined systems, and through further systems integration. Centralized systems and data management from an enterprise standpoint will not be straightforward unless the second phase of reorganization is implemented.

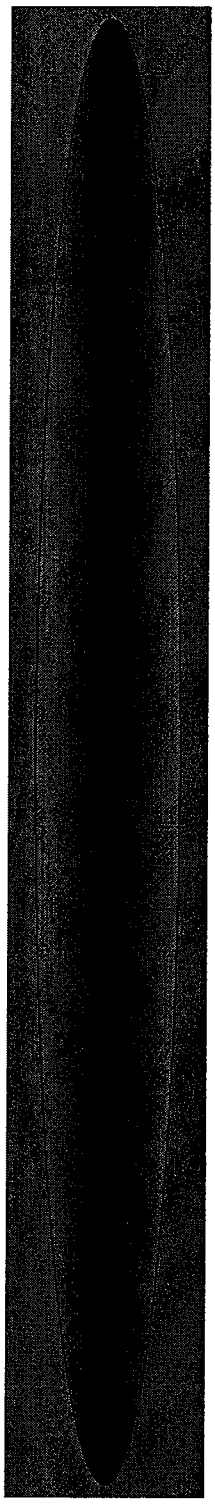
This benefit has not been quantified, but undoubtedly, there would be a positive benefit impact from eliminating redundant activities. Baseline benefits are available by avoiding the building and managing of multiple versions of the same systems (e.g., Enterprise Risk Management, Customer Resource Management, and Enterprise Asset Management). The current IT governance reviews of IT investments has provided an important level of visibility to new investment proposals, however, work done within agency IT operational budgets does not receive the same visibility. IT reorganization data management benefits will reduce:

- Management costs
- System administration costs
- Distribution costs

I. Easier Technical Maintenance

Inherent within a newly-reorganized IT model will be centralized and standard technology, which in turn will provide an IT architecture that is easier to maintain. The County has acknowledged many times previously that standardized configurations will provide a means to remotely maintain software, thus resulting in more efficient workstation maintenance. With this environment in place, fewer administrators will be required to manage a workstation environment (see Benefit F discussed above). However, a centralized technical maintenance program provides more than just financial benefits. Because the central Service Center maintains a database of common programs and solutions, overall systems management will be strengthened with problems diagnosed more quickly and effectively. Further, there could be the capability to manage workstation performance and capacity, thus not only affecting current performance, but also potentially extending the useful asset life, decreasing long-term costs.

An example of such benefits has been reported at United Space Alliance (NASA's prime contractor for space shuttle operations). Systems are easier to support, particularly because of centralization. The benefit is so visible that productivity has increased and staff costs have been reduced by a corresponding 17 percent. Over time, King County's disparate technical systems environment will be simplified, and will ultimately result in more standard and straightforward system maintenance.



J. Improving Application Software

Some of the County's potentially largest benefits from the proposed reorganization have yet to be fully identified. One of the most noteworthy is a strengthened application software environment. This benefit will be available as the Executive branch departments organize their disaggregated software portfolios, weeding out redundant, cumbersome, and obsolete software and move to a common, enterprise architecture. Benefits can be realized in this category even if changes are made only in the Executive branch.

The move to implement, operate, and maintain standard platforms will reduce costs in many ways, including lower maintenance, support, and replacement. Similar reasoning as discussed previously related to standardized infrastructure can be applied. The benefits will be achieved through strategies such as utilization of prepackaged software and lessening the utilization of custom developed systems. There is no better example at the county than the multiple document management systems in use, performing the same functions for the various departments served. Direct benefits available associated with improving and standardizing software will provide payback over the long term.

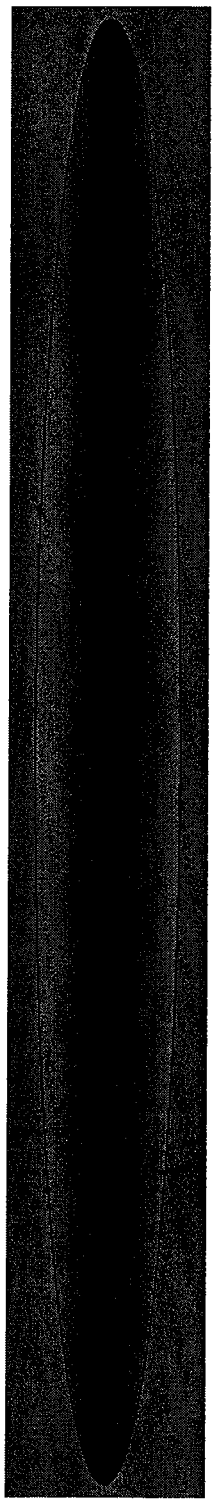
K. Faster Response to Technological Advances

As all county stakeholders recognize, much of the county's technology is dated. Due to the sheer size and scale of the operation, the organization consumes both time and resources to maintain this dated technology. The complexity of rolling out new replacement technology requires another order of magnitude of time and resources. Infrastructure changes can be accomplished more efficiently with a centralized development function that proactively plans and manages change. Faster response to technology advances will:

- Provide effective productivity tools to end users to enable them to perform high value activities
- Allow the County to proactively plan and direct resources allocations
- Position the County to better manage and control maintenance costs
- Increase the attractiveness of the County as an employer of choice

L. Increasing Regional Cooperation

All over the State of Washington, government initiatives are taking root. Examples are seen at both the State and local levels. Among others, the State is currently involved with the Small Agency IT Initiative and the Enterprise Architecture Program including VOIP Initiative and VOIP Task Force. Likewise, the regional E-Gov initiative is making headway with permitting applications. Locally, the City of Seattle is in the midst of a comprehensive multi-year process of reinventing itself from an IT standpoint. All of these changes present the County with opportunities to further standardize technologies, sell services to neighboring entities, and provide greater economies of scale. To a significant degree, the County is already participating in some regional efforts (e.g., GIS, several Law, Safety and Justice Integration projects, and transportation fare system consolidation). However, participation can increase significantly if the reorganization initiative is pursued. Policy changes, resource reallocations, IT planning and coordination, etc., will be much easier to accomplish from a consolidated IT organization.



Managing the Transition Risks and Challenges Ahead

The benefits of reorganization have been outlined in the preceding sections. It is important to note that this kind of initiative is not conducted without risk. The primary risk in the restructuring process is that change will not be managed or controlled throughout the process. As clearly noted in the NASCIO survey report, workforce acceptance of change is the main challenge and obstacle to making changes. The impacts of not considering this risk and finding ways to manage it include increased turnover, difficulties in recruiting qualified staff, lower productivity and ineffective operations. Such risks are real, and may be addressed straight-on through effective planning, communications, leadership, monitoring, and follow-up activities.

The county's most important and costly asset is the county's workforce. The proposed reorganization will position the county to address all things people-oriented in a more effective manner. In short, the dated and fragmented IT organizational model that the county has been operating for years in an ad hoc fashion demands an update.

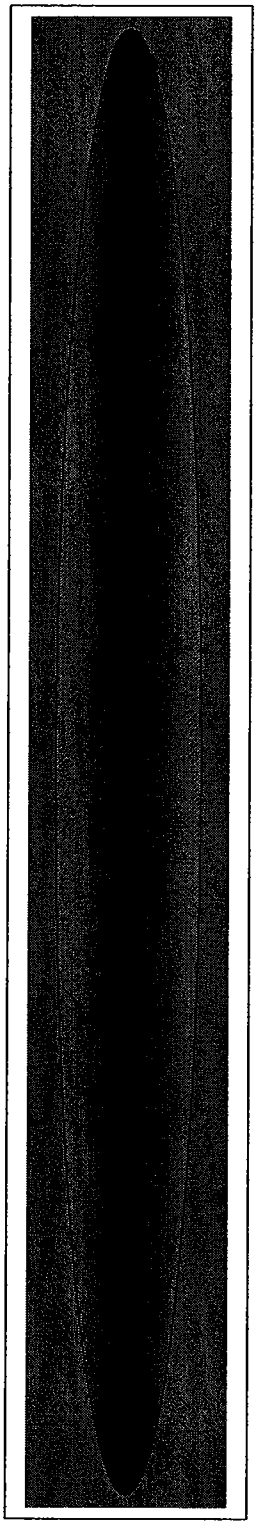
At this critical stage of considering a significant level of change, the county faces similar challenges to those identified in previous consultant reports that highlighted the county's challenges in managing changes, including obtaining clear consensus of county management on ways to support the work involved in making major business changes and then communicating that message effectively throughout the workforce. The county needs to be prepared to address such challenges in the IT reorganization process.

After a successful reorganization of the Executive branch, Phase 2 of the process involving the separately-elected offices would begin. The challenges here will include many of the same challenges faced during Phase I, but will also include new ones related to managing change across the branches of government and the political boundaries of the separately-elected agencies. The challenge will be that of maintaining an enterprise-wide view, where all parties work together to make improvements that benefit the enterprise, rather than considering changes only from a single agency view. This is not completely unique to government enterprises, but can be starkly contrasted with a private sector enterprise where a single management structure, often a single individual, is in place and empowered to make decisions and require changes to be made.

Some of the defined challenges and risks are mitigated by the phased approach of restructuring the Executive branch only in the first phase of work. The following actions will be part of the Executive's approach to manage the challenges ahead:

M. Empowering the Workforce

Large government organizations are challenged with maintaining dynamic workforces. When comparing specific IT positions at the county to private sector positions, disparities can be highlighted due to the county's required public process where job classifications and pay ranges are openly discussed and published. Through the Executive's Joint Labor Management Information Technology Committee, which is comprised of union representatives and the IT workers they represent throughout the county, employees have a venue to collaboratively address their concerns and implementation issues as they arise with both IT managers as well as human resources representatives. Additionally, the IT Service Delivery Manager positions in the departments will provide consistency and direction for department IT staff. This collaborative environment provides value for



employees and empowerment that did not previously exist, and is expected to result in lower turnover and increased productivity over the long term.

N. Strengthening the County's IT Culture

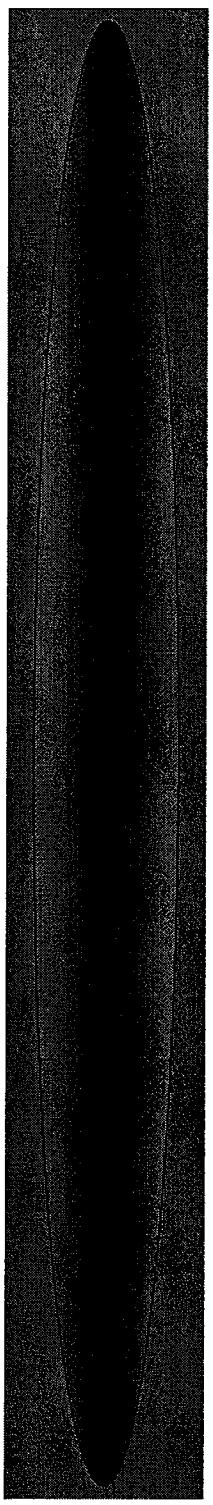
Culture may be described as the aggregate set of behaviors in place in an organization. The county's culture has been as diversified as the varied purposes served by the departments and is part of the culture for IT employees as well. Culture is the glue that bonds personnel together. With the recent changes of the central IT organization, specifically the merging of ITS and OIRM leadership, change is in motion and underway. The response has affected the old standing culture positively, with more productive management collaboration and cooperation occurring daily, not only internally but externally with the labor unions as well. Morale is being directly affected in positive terms. The impact of this benefit cannot be overstated. The proposed, more effective IT reorganization will further position the county to continue the important process of moving towards strong "enterprise" behaviors.

O. Optimizing Enterprise Resource Allocation

The Executive branch provides a range of services, from community health services to transportation to managing natural resources. Many funding sources are used to support IT among the many departments. Some departments, however, are better situated than others. For example, Department of Transportation revenue sources include gas tax and federal sources. In other cases, like Parks or Community and Human Services, less dependable sources of income are available to fund technology changes. The resulting circumstance is an unbalanced allocation of IT systems and services among County operations. This circumstance need not continue at current levels. It is important to note that rebalancing resources will not be at the expense of the larger, better funded departments. An important benefit of optimizing the county's IT organization structure will be achieved through standardization and managerial synergy. In the case of the Executive branch, smaller departments will benefit from the work that can be leveraged from the larger departments forging ahead in advancing technology. Smaller and under-funded operations will benefit through: 1) knowledge transfer, 2) cross training, and 3) infrastructure sharing. This is a net new benefit that is difficult to achieve without a strong central management structure.

P. Redesigning Business Processes

The IT reorganization process can be a catalyst for change. As the proposed IT reorganization moves forward, business processes will be examined. Just as the HR Unification process brought about standardization in HR business processes that enabled deeper business process change discussions to occur, the IT reorganization process can provide an opportunity to consider other business process changes. As Executive branch IT managers work together in different ways under common expectations on initiatives like server consolidation, applications that support current business processes will be examined for opportunities to streamline.



Success and Performance Measurement

Success in this endeavor will be deemed achieved when the county successfully transitions from the existing decentralized and fragmented organization of today, to a more streamlined and responsive organization. Such success will be difficult to achieve and will likely be hard earned. Significant time and resources will be required to realize the benefits outlined in the preceding sections.

At the highest level of defining success, the IT re-organization effort will be considered successful once its four projects have completed with their expected deliverables within the Executive departments. This includes:

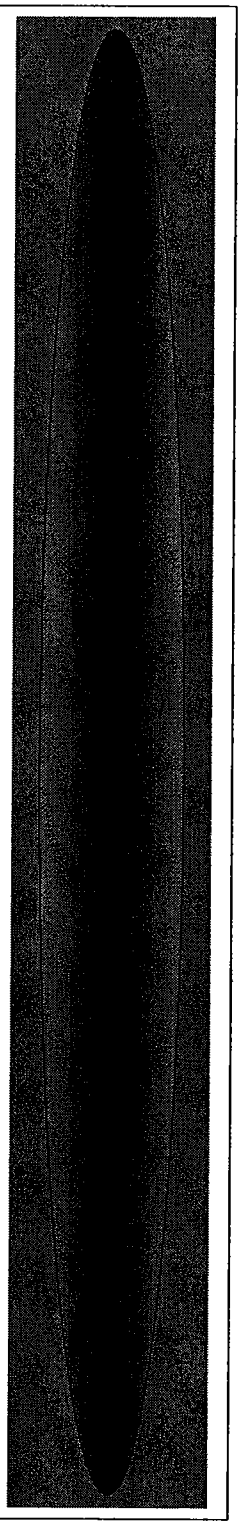
- Enterprise architecture is in place and transitions are completed
- Executive branch servers are consolidated where appropriate
- Workstations have been standardized
- Service centers have been built-out and are in operation

Success also entails setting and accomplishing these tasks according to high-level milestones that monitor appropriate progress; in other words, monitoring that the work is getting done according to schedule and within the budget approved.

The high level measures of success can be fleshed out into less direct but still powerful outcomes related to measurement of improved IT services and reduced operating expenses. Primary service areas that are targeted for improvement include the front-line IT services of call response, incident resolution times, and ultimately IT problem reductions. Improving service in these areas should lead to end-user productivity increases as well as associated cost savings to provide the services. Specific target areas and expected results will be included as part of individual project business cases as they are completed going forward according to the transition work plan. Examples of the metrics that could be established to measure success include:

- help desk/call resolution times
- % calls resolved on first conversation
- reduced user downtime related to desktop equipment
- % support personnel per workstation
- higher server availability/redundancy
- reduced replacement cost for server equipment annually

As initiatives are more fully developed, individual business cases with detailed cost and benefit and success measures will be provided. It is through such communications that resistance to change can be overcome – where the benefits of making the changes can be thoroughly explained and the investments of time and other resources can be justified.



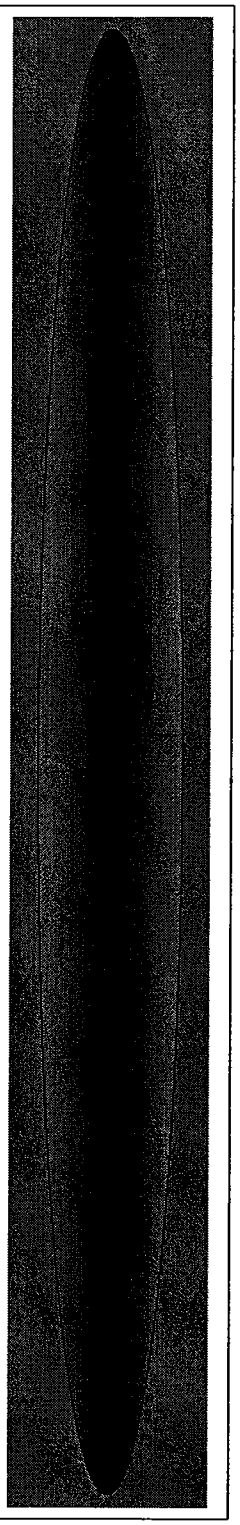
Appendix A – Moss Adams Validation

Moss Adams' charter was to validate the specifics in the Executive Recommendation and the 2004 consultant's report. As part of the validation process all assumptions, analysis, and recommendations were reviewed in detail. This work included evaluation of cost and benefit data and the premises supporting such data. Planning timeframes were also scrutinized for a reality check.

Based upon our review of the current organization, as documented in the 2003-2005 and 2006-2008 Strategic Technology Plan and the 2004 consultant's report, we conclude that the County has analyzed and planned for IT reorganization at a high level. The work to-date provides a good foundation for further planning. However, given the high level nature of the analysis, much work remains to be completed as the County confirms the go-forward process and ensures that risk is minimized.

The Executive's recommendation on the IT reorganization is validated as follows:

PTI Recommendation	Executive Recommendation	Difference
Consolidate IT at the department level	IT functions are within OIRM as an office reporting directly to the Executive.	The Executive Recommendation maintains the Executive goal of keeping government smaller.
IT staff move to a centralized location	IT staff remain in current locations	The Executive Recommendation avoids an expensive relocation of all IT staff to one location, and addresses department concerns that their IT resources won't be close by.
Consolidate all Executive Branch IT functions at one time	Consolidate IT functions in a two-phase process	The Executive Recommendation allows the Executive Branch to make organization improvements, evaluate those improvements, and then work with the more complex issue of reorganizing IT functions with the separately elected agencies.
Terminate 60 FTE positions in early stages of reorganization	Staff reduction achieved through attrition and management streamlining	The Executive Recommendation realizes that with unionized positions, eliminating positions is much more complex than the 2004 consultant report recognizes. Also, the county has many unmet IT needs that could be addressed by staff freed up through the reorganization and



		improvement initiatives.
Consolidate all executive branch servers	Consolidate servers in phases	The Executive Recommendation recognized that massive consolidation during a reorganization could be high risk and incremental consolidation by server type and by customer area would provide similar benefits without the same high risk.
Standardize workstations	Standardize workstations and explore thin clients	The Executive Recommendation is similar to the consultant's for workstation standardization, except that the Executive will be considering thin clients as another method of improvement, and the Executive will also endeavor to leverage existing equipment replacement funds, where the consultant identified the need for large investments in capital.

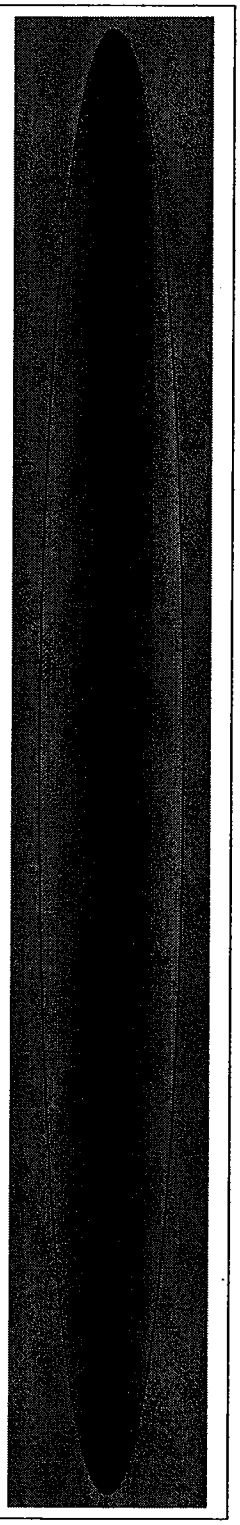
With regard to the Executive's recommendation for the IT Office reporting to the Executive, it is the stronger of the options for several reasons. First, OIRM has been in place for several years and has both the stature and the track record to provide overall IT leadership for the County. There is already an established reporting relationship for the OIRM to the Executive. Ultimately, there is no reason to modify the existing relationship which is needed to fully interface with all other County departments at the enterprise level.

As far as retaining the existing IT staff in place, it is appropriate from a change management perspective, especially when dealing with a large and complex operations environment. In industry, especially in decentralized IT organizations, the matrixed staff configuration has worked well when managed appropriately. In the case of King County, a physical move of IT staff will accomplish very little.

Finally, the Executive's phased approach will build on previous successes resulting from the integration of the Executive's IT staff. As successes are achieved, the change management process will provide additional validation based on proven results. This will allow the County to be in the best position to deal with the complex moves that integrating the separately elected staff will entail.

The 2004 consultant's report analyzed and planned the reorganization for the Service Center, server consolidation, staffing, and workstation consolidation components. Moss Adams scrutinized and validated the plan as described below.

The Executive's approach provides for the IT reorganization to be planned at a more detailed level. In many areas of the 2004 consultant's report, further analysis is required to confirm both the cost/benefit and the planning process. Current projected timeframes as proposed are



aggressive. In some cases, benefits have been frontloaded, and positive cash flow projected within the first 1-3 years. Given the County's previous slow historical progress related to change management, we believe that timeframes require further scrutiny. When timeframes are combined with the scope of the reorganization, the projected costs will likely require revisions, therefore affecting and/or delaying benefits.

The 2004 consultant's report developed 30 key assumptions in support of the projected cost/benefit estimates. Assumptions were developed in support of the five areas planned for change. All such assumptions were reviewed in support of the business case development. In summary, Moss Adams concurs with over 50 percent of the supporting assumptions. Most of the assumptions are conventional, standard, and are considered reasonable. Further work is required to confirm the other assumptions. A review of key assumptions is summarized below.

A. Service Center

The estimated process and costs associated with the Service Center implementation have been stated simply. The approach planned is to establish the Service Center "from scratch." This effort is sure to require more than the planned asset management system, estimated as a one time cost of $771,000. Items that require further analysis include:

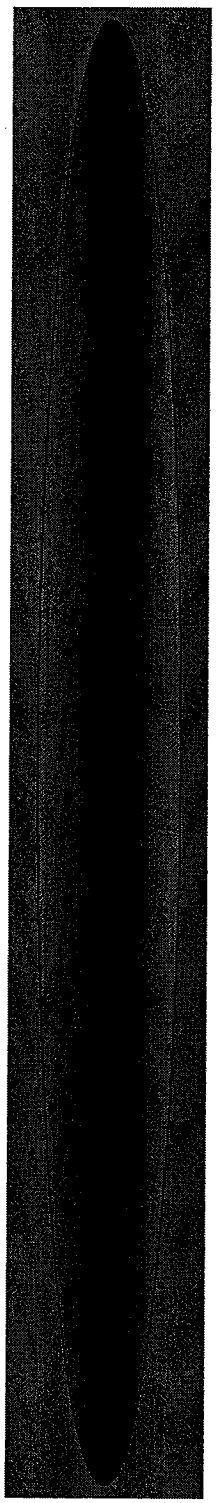
- Workstation Asset Management System licensing including:
  - Remote desktop control
  - Hardware and software inventory tools
  - Patch management tools
- Phone system upgrades
- Space acquisition and improvements
- Physical move(s) and start-up

B. Server Consolidation

The server consolidation process plans for server moves and network upgrades as well as consolidation into central data centers.

Many cost issues related to server consolidation require further analysis including:

- Server replacement cycle being different than 5 years estimated, with associated costs to move and house servers. Server lifecycles are generally between 3 years and 5 years depending on the function of the server. All servers should be analyzed to determine an accurate replacement cycle
- Space required and consumed to house servers should be reviewed. Server racks that can hold between 5 and 20 servers may not have been considered. Blade servers, which were not readily available during the original report, may not have been considered
- Network upgrades required to support consolidation of the servers into fewer locations. Determining the costs of the network upgrades will be dependent on the actual number of servers after consolidation
- Server acquisition costs. Total server costs are based on a fixed replacement cycle of 5 years. Prices for servers have declined since the original report was done
- File/print volumes and associated server costs



- Data center build-out costs including space acquisition, UPS capacity, cooling systems, fire suspension, monitoring, flooring modifications, additional power needs, and security.

Perhaps the most significant issue related to server consolidation is that the number of servers potentially available to be consolidated is unknown at this time due to unknowns about software applications running on these machines. The total number of servers operating in the Executive Branch is 636. Further evaluation will determine more realistic numbers that may be targeted for consolidation. For example, a Storage Area Network (SAN) could significantly reduce the number of servers need for file storage since a SAN is comprised of a large storage device or devices attached to a small number of front-end servers.

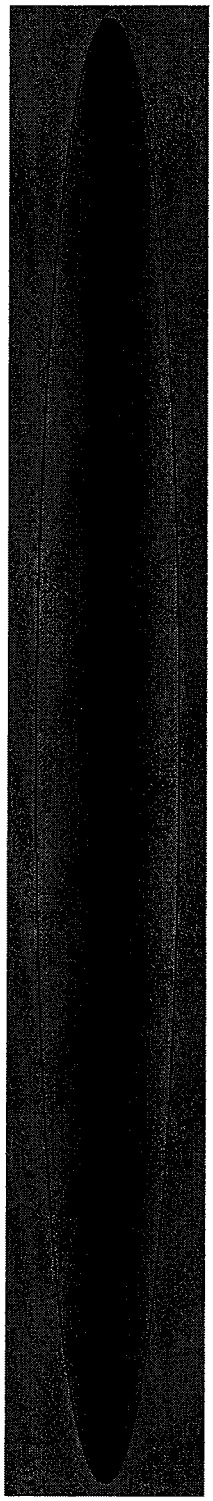
C. Staffing

By far the most important savings projected in the IT reorganization is for reduced labor costs. The concept of reduced labor is valid; however, more work is recommended to ensure that savings will be assured, and may be realized by moving FTEs to other needed locations within the County. Many issues will affect actual savings including:

- Timing of staff transitions
- Precise sourcing and number of staff reductions coming from Tier 1 and 2 help desk, personal productivity tool support, and workstation administration
- Transition management labor changes
- Anticipated required service levels for each department in the future
- Costing for enterprise architecture labor
- Applications scoping
- Needed organizational transition services

Perhaps the most significant of the unknowns is associated with the retooling of the staff positions that are being changed, and then recast in the form of new positions where staff is most needed. The migration to achieve such a move is significant and requires additional study. Issues requiring analysis include skill assessment, training requirements, and compensation adjustments. One area that does not appear to have been considered in the estimated savings of the 2004 consultant's report is the complexities of coordinating with the four unions in the Executive Branch and the one in the Sheriff's Office. The effort to reshape 60 FTEs will not be easy. The process will require significant time, energy, and costs.

The total number of expected reductions of customer service staff must be closely scrutinized and confirmed. According to a 2001 Gartner Group study published by TechRepublic.com, the average workstation per help desk support staff average is closer to 87:1, with a high average of 275:1. The 2004 consultant report specifies a workstation to customer services staff ratio of 235:1. However, this approach assumes "high performance IT operations" which is arguably not currently the case. A lower ratio may be considered as more reasonable. Actual anticipated staff reductions and moves are recommended to be studied further.



D. Workstation Standardization

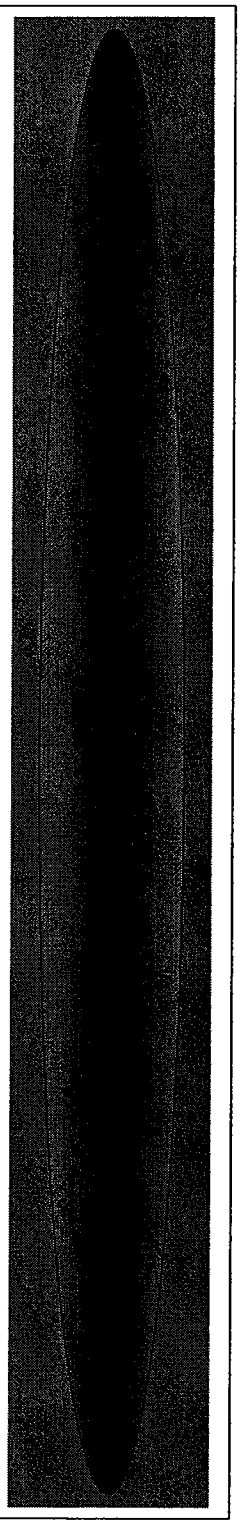
Significant assumptions have been made in past studies to support the workstation standardization project. Chief among these are:

- County workstations will accommodate the standard build being considered
- If imaging software is used, several groups of workstations will have similar hardware configurations, which may not be the case
- The number of platforms to be supported will be decreased
- The strong possibility of replacing a large number of workstations with thin clients

The validity of all of these assumptions is unknown at this time. The future analysis required will need to gauge the feasibility of workstation imaging, and therefore the number of unique images to be maintained. Factored into this analysis will be the (minimum) hardware standards that must accommodate standard and unique sets of software based on staff requirements. The approach to imaging, therefore, must be researched more thoroughly. And where "remote desktop" software fits into the help desk, software solutions have yet to be determined.

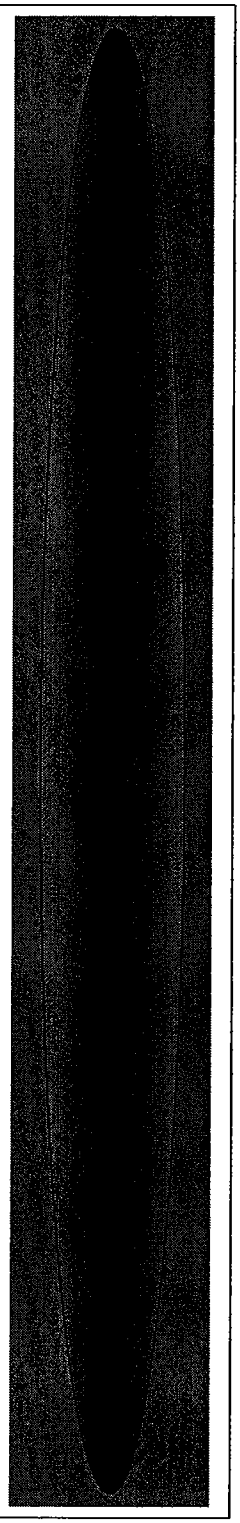
The assumptions developed and analysis conducted during this engagement were based on the body of work conducted previously in the 2004 consultant's report. While conducting this validation review, no new data was gathered by Moss Adams. Therefore, this validation addressed the data contained in previous County studies. A re-cap of the validation is provided in the following tables.

ENTERPRISE ARCHITECTURE AND TRANSITION ACTIVITIES	
KEY ASSUMPTIONS (IT Reorganization Study, December 2004)	**Validation Analysis**
♦ Transition to the Central IT Department will occur over a four year period	King County to determine timeframes through additional analysis and planning
♦ Enterprise architecture planning and implementation and other organization transition services occur over three years during the transition period	King County to determine timeframes through additional analysis and planning
♦ IT-related staff will require additional training to bring them "up to speed" to maintain continuity of service, and to ensure service levels and service coordination	Concur
♦ Transition management labor costs will be greater for the first two years of the transition period, with fewer staff required as the Central IT Department comes "on-line" during the third and fourth years of the transition	King County to determine costs through additional analysis and planning



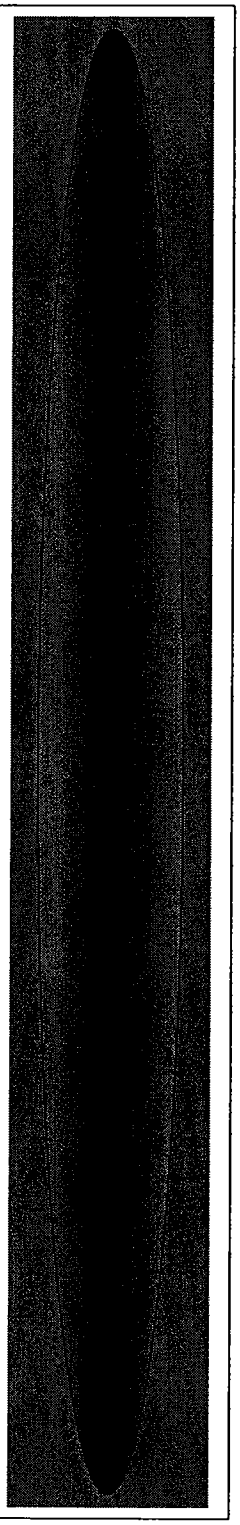
ASSOCIATED BENEFITS	Validation Analysis
♦ Staff in the new Central IT Department will be able to provide consistent, quality service	Concur
♦ The transition process will be well managed with due consideration to impacted areas of operation and proactive exception handling	King County to conduct further planning to ensure benefit
♦ Enterprise architecture and other organizational transition needs will be handled appropriately with due consideration to the complexity of changes being made and their impact on ongoing operations	King County to determine needs through additional analysis and planning

SERVICE CENTER BUILD-OUT	
KEY ASSUMPTIONS	**Validation Analysis**
♦ A service center would be set up "from scratch" with associated start-up costs	King County to determine how to maximize existing available infrastructure through further analysis and planning
♦ The existing phone system would be either supplemented or replaced to accommodate call center needs	Concur
♦ Additional resources will be required to help establish the Service Center, with corresponding costs included in the CBA	Concur
♦ Some resources would be co-located in the agencies to provide Tier 2 (i.e., desk-side) service	Concur
♦ The Service Center (call center/help desk and centralization of associated IT support staff) is set up during the second year and is fully operational by the end of the third year	King County to determine timeframes through additional analysis and planning
ASSOCIATED BENEFITS	**Validation Analysis**
♦ Ability to reduce labor costs due to economies of scale and efficiencies related to shorter problem-resolution times	King County to determine potential labor savings through additional analysis and planning
♦ Pooling of knowledge and skills of current IT support staff	Concur
♦ Cross-training of support staff through informal contact on a daily basis	Concur
♦ Creation and maintenance of repository of common problems and solutions which could be accessible to non-IT staff for self-access as well as technicians and other IT staff for more efficient service	Concur



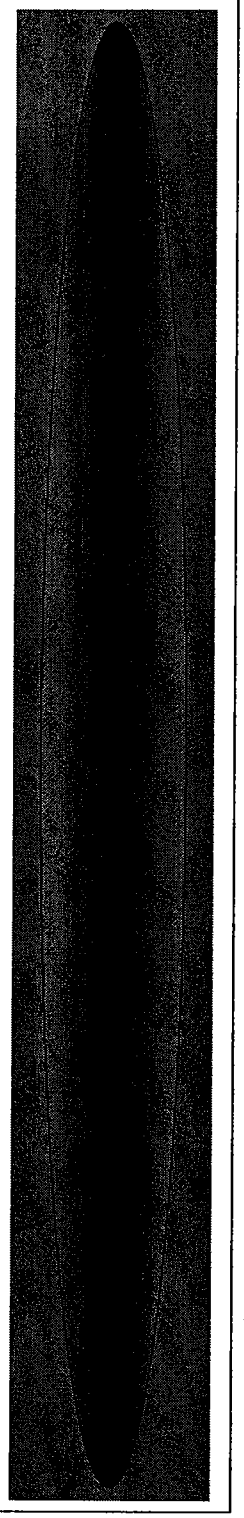
SERVICE CENTER BUILD-OUT	
♦ The ability to track and monitor problem frequencies, problem resolutions, possible security breaches, etc. (i.e., ability to performance manage the environment)	King County to conduct further planning to ensure benefit realization
♦ Empowers agency/departmental staff to improve performance through the use of technology since they can focus on business objectives and spend less time dealing with technology issues	Concur
♦ Provides a single point source of contact for other IT-related needs for departmental and agency staff	Concur
♦ Decisions regarding useful life of workstations can take into account the actual support costs, allowing more effective decisions to be made	Concur

WORKSTATION STANDARDIZATION EFFORTS	
KEY ASSUMPTIONS	**Validation Analysis**
♦ The County can agree on a relatively small number of standard desktop configurations for its workstations	Concur
♦ Workstation replacement costs are consistent between the current state and that of the centralized model	King County to confirm costs through additional analysis
♦ Client (workstation) licenses for server access are covered by existing countywide and/or departmental/agency software licenses	King County to confirm licensing costs through additional data gathering
♦ Standardizing workstation configurations has a consistent and predictable average labor cost per workstation	Concur
♦ Workstation standardization starts in the middle of the first year (with planning and prep work) and is completed by the end of the third year	King County to determine timeframes through additional analysis and planning
ASSOCIATED BENEFITS	**Validation Analysis**
♦ Fewer administrators are required to manage workstations, as the complexity of maintenance is reduced substantially and remote control tools improve productivity	King County to determine cost savings through additional analysis and planning
♦ Standardized configurations allow for the implementation of remote software update, assistance and management tools, which reduces downtime and allows for an efficient proactive approach to workstation maintenance	Concur
♦ All staff would be able to seek assistance from a centralized Service Center that maintains a database of common problems and their solutions	Concur



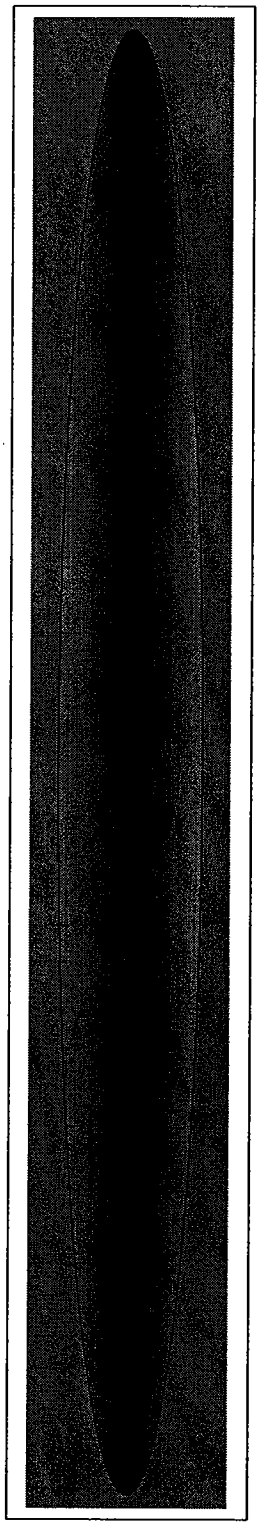
♦ Direct assistance would be available to all staff via phone as well as direct intervention by Service Center staff through remote workstation management and assistance tools	King County to conduct further planning to ensure benefit
♦ Self-service capabilities would be available to all staff via the Web for assistance with common issues	King County to conduct further planning to ensure benefit
♦ Better ability to manage desktop asset life, potentially extending the useful asset life of some workstations	King County to conduct further planning to ensure benefit

SERVER CONSOLIDATION ACTIVITIES	
KEY ASSUMPTIONS	**Validation Analysis**
♦ The average life cycle of a server system is five years – after five years, a server is typically replaced – and replacements occur on an annual basis with, on average, 1/5th of the servers being replaced each year	King County to conduct additional analysis of actual server use
♦ Server consolidation and subsequent reductions will occur over a three year period	King County to determine timeframes through additional analysis and planning
♦ License costs for servers and some level of client side access are included in server cost estimates	King County to confirm licensing costs through additional data gathering
♦ Server standardization will result in a decrease in labor needs as more servers are able to be managed by fewer server administrators	King County to determine cost savings through additional analysis and planning
♦ Additional costs for space to house the servers will be incurred	King County to determine additional costs through further planning and analysis
♦ Network improvements may be needed to support consolidation:	Concur
• Prospective data center locations (e.g., core areas) may need investment for additional network capacity	Concur
• Some remote sites (e.g., facilities in rural areas or geographically distant areas) would need to have an increase in network bandwidth to accommodate remote access of servers	Concur
♦ Additional resources will be required for server consolidation analysis, architecture planning and analysis, and phased implementation, with corresponding costs included	Concur



♦ Server consolidation starts in the middle of the first year (with planning and prep work) and is completed by the end of the third year	King County to determine timeframes through further planning and analysis
ASSOCIATED BENEFITS	**Validation Analysis**
♦ Ability to reduce labor costs due to more efficient server management	King County to determine level of cost savings through further analysis and planning
♦ Lower server costs due to an overall reduction in the number of servers	Potential for cost reductions
♦ Improved physical and logical security for servers and associated hardware due to use of standards and physical consolidation into appropriately secured areas	Concur
♦ Better ability to manage server asset life, perhaps extending the useful life of some servers	Concur

LABOR ADJUSTMENTS	
KEY ASSUMPTIONS	**Validation Analysis**
♦ Labor data contained in prior reports is sufficiently accurate for modeling purposes	King County to confirm labor data through additional analysis and review
♦ Average IT activity labor costs per FTE are sufficient for cost calculations	King County to confirm labor data through additional analysis and review
♦ Labor efficiencies will occur for IT-titled staff as a result of centralization efforts	Concur
♦ Some portion of labor efficiencies will be true cost savings (i.e., related budget reductions) while some portion will be in productivity benefits (i.e., staff time is made available for other activities)	Concur
♦ Staff transitions will begin in the middle of second year, will take three-and-a-half years to accomplish and will occur in roughly equal parts per quarter each year once transition strategies are in place	King County to determine timeframes through additional analysis and planning
♦ Additional resources will be needed to assist business planning and change management efforts during transition, with associated costs included in the CBA	Concur
♦ Labor reductions as a result centralization activities are realized starting at the middle of year two and continue through the end of the fifth year	King County to determine timeframes through additional analysis and planning
ASSOCIATED BENEFITS	**Validation Analysis**
♦ Enhanced IT security	Concur
♦ Improved IT governance, performance management, and accountability	Concur



♦ Ability to standardize and improve policies, procedures, and business practices related to IT service delivery	Concur
♦ Focuses agencies on value-added IT functions, not provision of commodity services	Concur
♦ Cost savings and associated increase in non-IT related productivity	King County to determine cost savings and non-IT related productivity through additional analysis and planning
♦ Enhanced IT professional development as the restructure expands opportunities for upward mobility for IT professionals and fosters deeper skill specialization	Concur

Appendix B – Supporting Calculations

Moss Adams assisted the King County Executive Branch with assessing the costs and benefits associated with the IT reorganization project as they relate back to the Executive Branch. A major part of this effort was to validate the *Splitting Costs and Benefits for Exec Branch* spreadsheet that was created by the County using information from the *IT Organization Recommendation Final Report* dated December 20, 2004. To validate the spreadsheet we confirmed the integrity of the calculations by recalculating formulas, assessed the logic of the Executive Branch pro rata share distribution, and traced the information back to the source in the consultant report to ensure the accuracy of the information. The spreadsheet was revised for calculation errors, typographical errors, and improper allocation of certain activities.

This spreadsheet summarizes the total adjusted costs attributable to both the Executive Branch and the separately elected agencies, for both one time costs and 15 year recurring costs. The spreadsheet further analyzes total FTE's, workstations, and servers and properly allocates each among the Executive Branch and separately elected agencies for proper distribution of costs for each activity including the workstation standardization, the service center build-out, and the enterprise architecture and transition activities. Further, the spreadsheet includes both a 15 year cash flow summary and net present value figures for the consultant's report.

The second page of this appendix shows the 15 year costs and benefits cash flow for the 2004 consultant report and also splits those costs and benefits between the Executive branch and separately elected agencies. The first page provides the cost and benefits cash flow for the Executive's approach.

The revised spreadsheets follow.

PREFERRED ALTERNATIVE SUMMARY CASH FLOW
15 YEAR DURATION
Executive Approach for Executive Branch Only

		Cost Category				
Year	Labor Adjustments	Enterprise Architecture & Transition Costs	Server Consolidation	Workstation Standardization	Service Center Build-Out	Total Cash Flow
1	$0	$150,000	$150,000	$0	$140,000	$440,000
2	$0	$125,000	$500,000	$0	$275,000	$900,000
3	($444,478)	$1,500,000	$650,000	$398,666	$0	$2,104,188
4	($1,378,343)	$1,500,000	($33,564)	$398,666	$0	$486,759
5	($1,412,802)	$0	($110,346)	$0	$0	($1,523,148)
6	($1,448,122)	$0	($502,840)	$0	$0	($1,950,962)
7	($1,484,325)	$0	($533,040)	$0	$0	($2,017,365)
8	($1,521,433)	$0	($546,366)	$0	$0	($2,067,799)
9	($1,559,469)	$0	($578,095)	$0	$0	($2,137,563)
10	($1,598,456)	$0	($610,617)	$0	$0	($2,209,072)
11	($1,638,417)	$0	($643,952)	$0	$0	($2,282,369)
12	($1,679,377)	$0	($678,120)	$0	$0	($2,357,498)
13	($1,721,362)	$0	($695,074)	$0	$0	($2,416,435)
14	($1,764,396)	$0	($730,972)	$0	$0	($2,495,367)
15	($1,808,506)	$0	($767,767)	$0	$0	($2,576,273)
Total	**($19,459,485)**	**$3,275,000**	**($5,130,753)**	**$797,332**	**$415,000**	**($20,102,905)**

The matrix below documents detailed calculations supporting labor adjustment savings above

Inflation= 2.50% **2003 salary & benefits were taken from 2004 Consultant Report and adjusted for inflation**

		Workstation Position Salaries	Server Position Salaries	# of Workstation Positions Reduced	Workstation Position Cost Reduction	# of Server Positions Reduced	Server Position Cost Reduction	Total Labor Adjustments
	2003	$76,575	$86,554	0	$0	0	$0	$0
	2004	$78,489	$88,718	0	$0	0	$0	$0
	2005	$80,452	$90,936	0	$0	0	$0	$0
year 1	2006	$82,463	$93,209	0	$0	0	$0	$0
year 2	2007	$84,524	$95,539	0	$0	0	$0	$0
year 3	2008	$86,638	$97,928	4	($346,550)	1	($97,928)	($444,478)
year 4	2009	$88,804	$100,376	11	($976,839)	4	($401,504)	($1,378,343)
year 5	2010	$91,024	$102,886	11	($1,001,260)	4	($411,542)	($1,412,802)
year 6	2011	$93,299	$105,458	11	($1,026,291)	4	($421,831)	($1,448,122)
year 7	2012	$95,632	$108,094	11	($1,051,949)	4	($432,376)	($1,484,325)
year 8	2013	$98,022	$110,796	11	($1,078,247)	4	($443,186)	($1,521,433)
year 9	2014	$100,473	$113,566	11	($1,105,203)	4	($454,265)	($1,559,469)
year 10	2015	$102,985	$116,406	11	($1,132,833)	4	($465,622)	($1,598,456)
year 11	2016	$105,559	$119,316	11	($1,161,154)	4	($477,263)	($1,638,417)
year 12	2017	$108,198	$122,299	11	($1,190,183)	4	($489,194)	($1,679,377)
year 13	2018	$110,903	$125,356	11	($1,219,938)	4	($501,424)	($1,721,362)
year 14	2019	$113,676	$128,490	11	($1,250,436)	4	($513,960)	($1,764,396)
year 15	2020	$116,518	$131,702	11	($1,281,697)	4	($526,809)	($1,808,506)
							total =	($19,459,485)

PREFERRED ALTERNATIVE SUMMARY CASH FLOW

15 YEAR DURATION

(2004 Consultant Report)

		Cost Category				
Year	Labor Adjustments	Enterprise Architecture & Transition Costs	Server Consolidation	Workstation Standardization	Service Center Build-Out	Total Cash Flow
1	$0	$3,673,333	$1,288,524	$797,332	$0	$5,759,189
2	($768,847)	$3,204,583	($43,031)	$1,634,530	$1,268,812	$5,296,046
3	($2,364,206)	$2,958,455	($141,469)	$1,634,530	$495,980	$2,583,290
4	($4,038,851)	$2,140,750	($644,667)	$0	$504,434	($2,038,334)
5	($5,795,752)	$250,000	($683,385)	$0	$513,072	($5,716,064)
6	($5,940,645)	$0	($700,469)	$0	$521,899	($6,119,216)
7	($6,089,162)	$0	($741,147)	$0	$530,916	($6,299,393)
8	($6,241,391)	$0	($782,842)	$0	$540,128	($6,484,105)
9	($6,397,425)	$0	($825,580)	$0	$549,536	($6,673,469)
10	($6,557,361)	$0	($869,385)	$0	$559,144	($6,867,602)
11	($6,721,295)	$0	($891,120)	$0	$568,955	($7,043,460)
12	($6,889,327)	$0	($937,143)	$0	$578,972	($7,247,799)
13	($7,061,561)	$0	($984,317)	$0	$589,197	($7,456,681)
14	($7,238,100)	$0	($1,032,671)	$0	$599,633	($7,671,138)
15	($7,419,052)	$0	($1,082,233)	$0	$610,282	($7,891,003)
Total	**($79,522,975)**	**$12,227,121**	**($9,070,935)**	**$4,066,392**	**$8,430,960**	**($63,869,739)**

Executive Department Only

Total	**($66,799,299)**	**$10,270,782**	**($7,075,329)**	**$2,805,810**	**$5,817,362**	**($54,980,674)**

Executive % of FTEs is 84%

Executive % of FTEs is 84%

Executive server count is 78%

Executive workstations is 69%

Executive workstations is 69%

Separately Elected Only

Total	**($12,723,676)**	**$1,956,339**	**($1,995,606)**	**$1,260,582**	**$2,613,598**	**($8,889,065)**

Separately Elected % of FTEs Including DJA is 16%

Separately Elected % of FTEs Including DJA is 16%

Separately Elected % of Servers Including DJA is 22%

Separately Elected % of Workstations Including DJA is 31%

Separately Elected % of Workstations Including DJA is 31%

	Cost Related to the PTI Preferred Alternative		
	PTI Preferred Alternative Costs		
Line	Costs	One time	15 year Total Recurring
A	IT Labor	$0	$678,447,412
B	Server Consolidation	$1,362,371	$83,102,260
C	Workstation Standardization	$4,066,391	$0
D	Service Center build-out	$781,104	$7,910,476
E	Enterprise Architecture and		$0
	Transition Activities	$12,227,122	$0
	Total Costs	**$18,436,988**	**$769,460,147**

	Cost Related to the PTI Preferred Alternative		
	Executive Departments Only		
Line	Costs	One time	15 year Total Recurring
A	IT Labor	$0	$569,895,826
B	Server Consolidation	$1,062,649	$64,819,763
C	Workstation Standardization	$2,805,810	$0
D	Service Center build-out	$542,062	$6,841,620
E	Enterprise Architecture and Transition Activities	$10,270,782	$0
	Total Costs	**$14,681,303**	**$641,557,209**

	Cost Related to the PTI Preferred Alternative		
	Separately Elected Departments Only		
Line	Costs	One time	15 year Total Recurring
A	IT Labor	$0	$108,551,586
B	Server Consolidation	$299,722	$18,282,497
C	Workstation Standardization	$1,260,581	$0
D	Service Center build-out	$239,042	$1,068,856
E	Enterprise Architecture and Transition Activities	$1,956,340	$0
	Total Costs	**$3,755,685**	**$127,902,938**

A	**Executive % of FTEs is 84% or 406 out of 482**
B	**Executive server count is 78% or 636 out of 817**
C	**Executive workstations is 69% or 8371 out of 12173**
D	**Executive workstations is 69% or 8371 out of 12173**
E	**Executive % of FTEs is 84% or 406 out of 482**

A	**Separately Elected % of FTEs Including DJA is 16% or 76 out of 482**
B	**Separately Elected % of Servers Including DJA is 22% or 181 out of 817**
C	**Separately Elected % of Workstations Including DJA is 31% or 3802 out 12173**
D	**Separately Elected % of Workstations Including DJA is 31% or 3802 out 12173**
E	**Separately Elected % of FTEs Including DJA is 16% or 76 out of 482**

	Line A
IT FTE Staff Split by Executive and Separately Elected including DJA	
Agency/ Department	**Status Quo**
Budget &KCEO	7.00
DCHS	18.75
DAJD	6.00
DDES	16.00
DPH	53.00
DNRP	50.50
DOT TRANSIT	58.49
DOT AFR	20.25
DES FINANCE	13.90
DES HR	7.47
DES ITS	142.03
DES OTHER	13.10
Sub Total	**406.49**
Agency/ Department	**Status Quo**
DOA	14.00
KCC	2.00
PAO	8.50
KCSC	10.00
KCDC	4.02
KCSO	29.00
DJA	8.00
Sub Total	**75.52**
Grand Total	**482.01**
Executive % of FTEs	**is 84% or 406 out of 482**
Separately Elected % of FTEs Including DJA is 16% or 76 out of 482	

	Line B	
	PTI Server Consolidation Costs	
Activity		**Cost**
One Time		
Server Moves*		$1,157,883
Networking Upgrades		$204,488
Total One-time Cost		**$1,362,371**
Annual recurring		
Facilities		$1,307,501
Server Maintenance**		$413,432
Server Replacement		$2,067,160
Networking Upgrade Connectivity***		$882,000
	Total Annual Recurring Cost	**$4,670,093**
*Costs are shown in 2004 dollars		
**Costs are based upon servers being consolidated in the preferred alternative		
***Costs are in addition to the existing network costs		

	Line B		
	Server Consolidation Costs		
	Executive Departments Only		
Activity		**Cost**	
One Time			
Server Moves*		$903,149	**Executive server count is 78% or 636 out of 817**
Networking Upgrades		$159,501	**Executive server count is 78% or 636 out of 817**
Total One-time Cost		**$1,062,649**	
Annual recurring			
Facilities		$1,019,851	**Executive server count is 78% or 636 out of 817**
Server Maintenance**		$322,477	**Executive server count is 78% or 636 out of 817**
Server Replacement		$1,612,385	**Executive server count is 78% or 636 out of 817 with 1 out of 5 being replaced**
Networking Upgrade Connectivity***		$687,960	**Executive server count is 78% or 636 out of 817**
	Total Annual Recurring Cost	**$3,642,673**	
*Costs are shown in 2004 dollars			
**Costs are based upon servers being consolidated in the preferred alternative			
***Costs are in addition to the existing network costs			

	Line B		
	Server Consolidation Costs		
	Separately Elected Departments Only		
Activity		**Cost**	
One Time			
Server Moves*		$254,734	**Separately Elected % of Servers Including DJA is 22% or 181 out of 817**
Networking Upgrades		$44,987	**Separately Elected % of Servers Including DJA is 22% or 181 out of 817**
Total One-time Cost		**$299,722**	
Annual recurring			
Facilities		$287,650	**Separately Elected % of Servers Including DJA is 22% or 181 out of 817**
Server Maintenance**		$90,955	**Separately Elected % of Servers Including DJA is 22% or 181 out of 817**
Server Replacement		$454,775	**Separately Elected % of Servers Including DJA is 22% or 181 out of 817 with 1 out of 5 being replaced**
Networking Upgrade Connectivity***		$194,040	**Separately Elected % of Servers Including DJA is 22% or 181 out of 817**
	Total Annual Recurring Cost	**$1,027,420**	
*Costs are shown in 2004 dollars			
**Costs are based upon servers being consolidated in the preferred alternative			
***Costs are in addition to the existing network costs			

	Line C	
	PTI Workstation Standardization Costs	
Activity		**Cost**
One Time		
Imaging and Remote Management Software		$1,844,818
Standardization Labor Effort		$2,221,573
Total One-time Cost		**$4,066,391**
	Line C	
	Workstation Standardization Costs	
	Executive Departments Only	
Activity		**Cost**
One Time		
Imaging and Remote Management Software		$1,272,924 **Executive workstations is 69% or 8371 out of 12173**
Standardization Labor Effort		$1,532,885 **Executive workstations is 69% or 8371 out of 12173**
Total One-time Cost		**$2,805,810**
	Line C	
	Workstation Standardization Costs	
	Separately Elected Only	
Activity		**Cost**
One Time		
Imaging and Remote Management Software		$571,894 **Separately Elected % of Workstations Including DJA is 31% or 3802 out 12173**
Standardization Labor Effort		$688,688 **Separately Elected % of Workstations Including DJA is 31% or 3802 out 12173**
Total One-time Cost		**$1,260,581**

		Line D		
		PTI Service Center Build-Out Costs		
Activity			**Cost**	
One Time				
Phone system upgrades			$10,000	
Support Software & Deployment			$771,104	
Total One-time Cost			**$781,104**	
Annual recurring				
Facilities			$357,356	
Phone system maintenance			$2,000	
Support Software & Deployment			$140,221	
		Total Annual Recurring Cost	**$499,577**	
		Line D		
		Service Center Build-Out Costs		
		Executive Departments Only		
Activity			**Cost**	
One Time				
Phone system upgrades			$10,000	
Support Software & Deployment			$532,062	**Executive workstations is 69% or 8371 out of 12173**
Total One-time Cost			**$542,062**	
Annual recurring				
Facilities			$246,576	
Phone system maintenance			$2,000	
Support Software & Deployment			$96,752	**Executive workstations is 69% or 8371 out of 12173**
		Total Annual Recurring Cost	**$345,328**	
		Line D		
		Service Center Build-Out Costs		
		Separately Elected Only		
Activity			**Cost**	
One Time				
Phone system upgrades			$0	
Support Software & Deployment			$239,042	**Separately Elected % of Workstations Including DJA is 31% or 3802 out 12173**
Total One-time Cost			**$239,042**	
Annual recurring				
Facilities			$110,780	
Phone system maintenance			$0	
Support Software & Deployment			$43,469	**Separately Elected % of Workstations Including DJA is 31% or 3802 out 12173**
		Total Annual Recurring Cost	**$154,249**	

				Line E	**(Revised)**	
		Enterprise Architecture and Transition Activity Cost Summary				
Activity					**Cost**	
One Time						
Staff Training					**$490,000**	
Transition Management Labor					**$2,987,122**	
Enterprise Architecture Labor					**$5,500,000**	
Organization Transition Labor					**$2,500,000**	
Documenting Current Service Levels					**$750,000**	
			Total One-Time Costs		**$12,227,122**	
		Enterprise Architecture and Transition Activity Cost Summary				
			Executive Departments Only			
Activity					**Cost**	
One Time						
Staff Training					**$411,600**	**Executive % of FTEs is 406 out of 482 or 84%**
Transition Management Labor					**$2,509,182**	**Executive % of FTEs is 406 out of 482 or 84%**
Enterprise Architecture Labor					**$4,620,000**	**Executive % of FTEs is 406 out of 482 or 84%**
	Server Consolidation			25%	$1,155,000	
	Workstation Standardization			63%	$2,910,600	
	Service Center build-out			12%	$554,400	
	One Time Costs				$4,620,000	
Organization Transition Labor					**$2,100,000**	**Executive % of FTEs is 406 out of 482 or 84%**
Documenting Current Service Levels					**$630,000**	**Executive % of FTEs is 406 out of 482 or 84%**
			Total One-Time Costs		**$10,270,782**	
		Enterprise Architecture and Transition Activity Cost Summary				
			Separately Elected Only			
Activity					**Cost**	
One Time						
Staff Training					**$78,400**	**Separately Elected % of FTEs Including DJA is 16% or 76 out of 482**
Transition Management Labor					**$477,940**	**Separately Elected % of FTEs Including DJA is 16% or 76 out of 482**
Enterprise Architecture Labor					**$880,000**	**Separately Elected % of FTEs Including DJA is 16% or 76 out of 482**
	Server Consolidation			25%	$220,000	
	Workstation Standardization			63%	$554,400	
	Service Center build-out			12%	$105,600	
	One Time Costs				$880,000	
Organization Transition Labor					**$400,000**	**Separately Elected % of FTEs Including DJA is 16% or 76 out of 482**
Documenting Current Service Levels					**$120,000**	**Separately Elected % of FTEs Including DJA is 16% or 76 out of 482**
			Total One-Time Costs		**$2,286,340**	

	King County Workstations
Executive Departments	**Workstations**
KCEO	128
DAJD	438
DCHS	706
DDES	395
DES FBOD	283
DES HR	137
DES Other	564
DNRP	1637
DOT	669
DPH	1847
ITS	265
DOT-Transit	1302
SubTotal	**8371**
Separately Elected	**Workstations**
DOA	281
KCC	187
KCDC	337
KCSC	733
DJA	324
KCSO	1347
PAO	593
SubTotal	**3802**
Grand Total Workstations	**12173**
Executive workstations is 69% or 8371 out of 12173	
Separately Elected % of Workstations Including DJA is 31% or 3802 out 12173	

Executive Departments and Separately Elected Agencies Servers					
Executive Departments	File/Print Servers	Email Servers	App Servers	Other Servers	Total Servers
DNRP	52	0	52	66	170
ITS	5	15	39	60	119
DOT-TRANSIT	18	2	31	26	77
DES OTHER	26	0	19	27	72
DPH	26	0	9	32	67
DOT	16	0	14	13	43
DCHS	20	0	4	14	38
DES FBOD	10	0	6	0	16
DDES	2	0	5	6	13
DES HR	5	0	3	3	11
DAJD	2	0	2	6	10
TOTAL	**182**	**17**	**184**	**253**	**636**
Separately Elected	File/Print Servers	Email Servers	App Servers	Other Servers	Total Servers
KCSO	4	0	12	46	62
DJA	5	0	10	25	40
KCSC	20	0	12	8	40
PAO	8	0	3	4	15
KCDC	1	0	0	10	11
DOA	2	0	1	5	8
KCC	0	0	1	4	5
TOTAL	**40**	**0**	**39**	**102**	**181**
GRAND TOTAL SERVERS					**817**
Executive server count is 78% or 636 out of 817					
Separately Elected % of Servers Including DJA is 22% or 181 out of 817					

NET PRESENT VALUE-15 YEAR DURATION (Revised)

Cost Category	Net Present Value
Labor Adjustments	($49,406,353)
Server Consolidation	($5,113,340)
Workstation Standardization	$3,635,022
Service Center Build-Out	$5,691,300
Enterprise Architecture & Transition Costs	$10,858,512
Total Net Present Value	**($34,334,859)**

x

NET PRESENT VALUE-15 YEAR DURATION

Executive Department Only

Cost Category	Net Present Value
Labor Adjustments	($41,501,337)
Server Consolidation	($3,988,405)
Workstation Standardization	$2,508,165
Service Center Build-Out	$3,926,997
Enterprise Architecture & Transition Costs	$9,121,150
Total Net Present Value	**($29,933,429)**

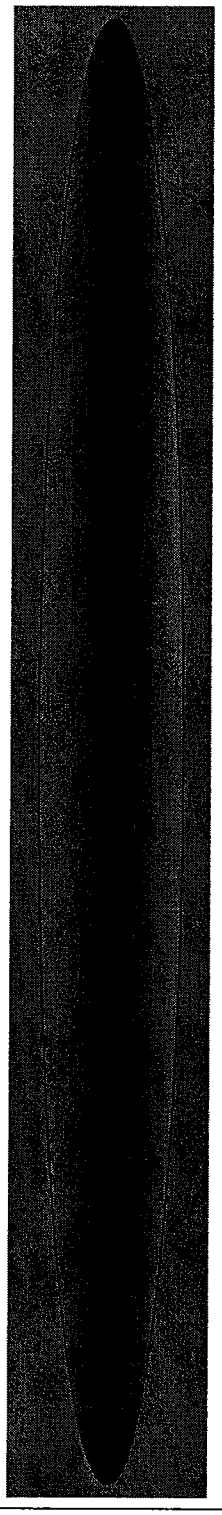
Executive % of FTEs is 84%
Executive server count is 78%
Executive workstations is 69%
Executive workstations is 69%
Executive % of FTEs is 84%

NET PRESENT VALUE-15 YEAR DURATION

Separately Elected Only

Cost Category	Net Present Value
Labor Adjustments	($7,905,016)
Server Consolidation	($1,124,935)
Workstation Standardization	$1,126,857
Service Center Build-Out	$1,764,303
Enterprise Architecture & Transition Costs	$1,737,362
Total Net Present Value	**($4,401,430)**

Separately Elected % of FTEs Including DJA is 16%
Separately Elected % of Servers Including DJA is 22%
Separately Elected % of Workstations Including DJA is 31%
Separately Elected % of Workstations Including DJA is 31%
Separately Elected % of FTEs Includ



Appendix C– IT Service Delivery Plan Elements

Information Technology Service Delivery Plan

Department IT Functions – description of the IT functions performed for the department

Central IT Functions – identification of the functions performed for the department by the central IT group

IT Staffing – organizational structure and description of the IT staff in the department

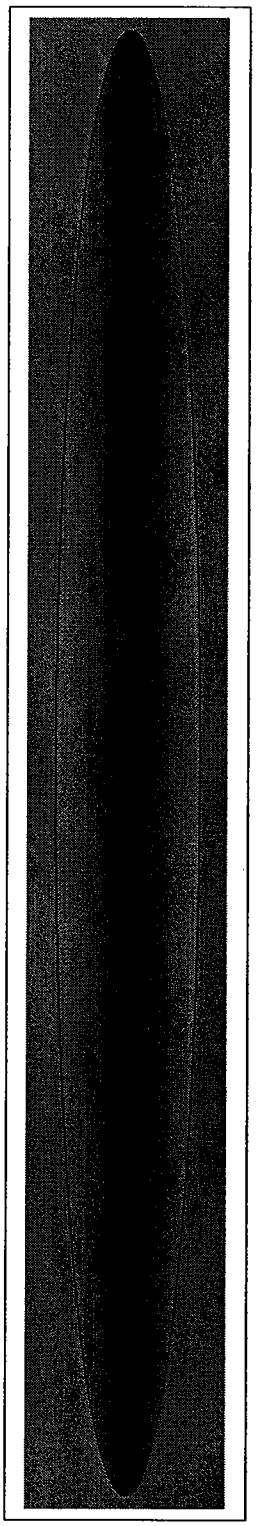
IT Inventory – inventory of the hardware and software in use in the department

IT Projects – description of the department IT projects

Budget – IT budgets for the department

Plan Administration – amendment, complaint, and escalation processes

Service Level Agreements – service level agreements for the services received by the department



Appendix D– Reports Referenced

- Executive Recommendations on IT Reorganization – March 1, 2006
- IT Organization Recommendation Final Report, Pacific Technologies, Inc. – December, 2004
- Report of the King County General Government Budget Advisory Task Force to Executive Ron Sims
- King County Commission on Governance Report by Berk & Associates
- Total Operating Cost of Technology – Final Report, Pacific Technologies, Inc. May 26, 2004
- IP Telephony Analysis Business Case, BluWater Consulting, Inc., - February, 2006
- Business Continuity Reports (these documents are exempt from public disclosure pursuant to RCW 42.17.310)