

**Agency:** 163 Consolidated Tech Serv  
**Decision Package Code/Title:** CD Increased Maint & Operations Costs

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**Budget Period:** 2015-17  
**Budget Level:** M2 - Inflation and Other Rate Changes

### Recommendation Summary Text:

Consolidated Technology Services (WaTech) is proposing \$3,056,000 in increased expenditure authority and revenue to cover increases in maintenance and operations costs associated with various services provided across its customer base .

### Agency Total

#### Fiscal Detail

<b>Operating Expenditures</b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>	<b><u>Total</u></b>
458-6 -Con Tech Serv Rev Acct-Non-Appropriated	1,505,000	1,422,000	2,927,000
472-6 -SW Info Tech Sys M & O Rev Acct-Non-Appropriated	86,000	43,000	129,000
<b>Total Cost</b>	<b>1,591,000</b>	<b>1,465,000</b>	<b>3,056,000</b>

#### Staffing

FTEs

#### Revenue

<b><u>Fund</u></b>	<b><u>Source</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>	<b><u>Total</u></b>
458 Tech Serv Rev Acct	0420 Charges for Services	1,505,000	1,422,000	2,927,000
472 Inf T Sys M&O Rv Acc	0420 Charges for Services	86,000	43,000	129,000
<b>Total Revenue</b>		<b>1,591,000</b>	<b>1,465,000</b>	<b>3,056,000</b>

### Package Description:

WaTech is a proprietary agency and is required to charge rates that cover its costs. There is no allowance under current practice to accumulate funds to cover standard annual increases in the cost of doing business. Most contracted services experience annual cost increases. These include items like software licenses and maintenance and operations of the office building. Contracts currently in effect for these services will increase during the 2015-17 biennium by about \$3 million.

WaTech proposes to increase rates for services by \$1.6 million in FY 16 and \$1.5 million in FY 17 to cover known increases in services that are provided to it by private vendors.

The particular contracts related to this proposal are listed under separate cover.

### Narrative Justification and Impact Statement

*What specific performance outcomes does the agency expect?*

WaTech expects this rate increase will cover the cost of known increases in contracted services.

## Performance Measure Detail

Activity	A402	Administrative Activity	Incremental Changes	
			<u>FY 2016</u>	<u>FY 2017</u>
<b>Outcome Measures</b>				
		000499 Internal Customer Survey Results	0.00%	0.00%
		000509 Employee Evaluation	0.00%	0.00%
<b>Activity</b>	<b>A403</b>	<b>Data Network Services</b>	<b>Incremental Changes</b>	
			<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
<b>Output Measures</b>				
		000412 Intergovernmental Network (IGN) Traffic (Terabytes)	0.00	0.00
<b>Activity</b>	<b>A407</b>	<b>Enterprise Server Technology</b>	<b>Incremental Changes</b>	
			<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
<b>Outcome Measures</b>				
		000430 Customer use of Enterprise Server Technology	0.00	0.00
<b>Activity</b>	<b>A408</b>	<b>Enterprise Security Services</b>	<b>Incremental Changes</b>	
			<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
<b>Outcome Measures</b>				
		000431 Customer use of Enterprise Security Services	0.00	0.00
<b>Activity</b>	<b>A411</b>	<b>Enterprise Mainframe Computing</b>	<b>Incremental Changes</b>	
			<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
<b>Output Measures</b>				
		000266 Workload Transactions	0.00	0.00
<b>Process - Efficiency Measures</b>				
		000418 Workload/Revenue Dollar	0.00	0.00
<b>Activity</b>	<b>A413</b>	<b>Voice Telephony Services</b>	<b>Incremental Changes</b>	
			<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
<b>Output Measures</b>				
		000387 PBX Telephone Lines	0.00	0.00

*Is this decision package essential to implement a strategy identified in the agency's strategic plan?*

Not Applicable

*Does this DP provide essential support to one or more of the Governor's Results Washington priorities?*

e. Efficient, Effective and Accountable Government - Washingtonians expect their tax dollars to be put to the best possible use. That means investing in state services that are the most important to them, providing those services with excellence and then making results easily available to the public. We've developed preliminary outcome measures that demonstrate our commitment to using Lean management principles to deliver customer satisfaction, employee engagement and innovation, and transparency and accountability.

*What are the other important connections or impacts related to this proposal?*

All WaTech customers will be affected by this proposal. The impact on particular customers depends on the amount of specific services consumed. An estimate of this impact is provided under separate cover.

***What alternatives were explored by the agency, and why was this alternative chosen?***

The alternative to this proposal is for WaTech to continue to charge rates for services that will not cover the actual cost of providing the service.

***What are the consequences of adopting or not adopting this package?***

WaTech will lose money-about \$3 million in the 2015-17 biennium associated with these contracts.

***What is the relationship, if any, to the state's capital budget?***

None

***What changes would be required to existing statutes, rules, or contracts, in order to implement the change?***

Not Applicable

***Expenditure and revenue calculations and assumptions***

See attachment CD - Impact of Inflation.xls.

***Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?***

These costs are ongoing and will carry forward into future biennia.

<b><u>Object Detail</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>	<b><u>Total</u></b>
E Goods\Other Services	1,591,000	1,465,000	3,056,000
<b>Total Objects</b>	<b>1,591,000</b>	<b>1,465,000</b>	<b>3,056,000</b>