



**City
Budget
Office**

Bureau of Technology Services

Analysis by Yung Ouyang

SUMMARY

Key Decisions for Council

In its FY 2020-21 Fall BMP submittal, the Bureau of Technology Services (BTS) has four requests to carry over funding from the prior year to continue work on existing projects, three requests to reduce project budgets due to delays and overspending in the prior year, two requests adjusting interagency agreements with other bureaus, and two other minor requests.

There is only one non-carryover request that draws from the Technology Services Fund's contingency.

- While this request can be broken up into four components, it ultimately seeks to draw \$267,387 from the Technology Services Fund's contingency to cover anticipated expenses which were overlooked when developing the Adopted budget.
- Totaling \$407,440, these new costs not in the Adopted Budget that are covered by the requested \$267,387 draw from contingency and \$140,053 in savings from reducing the budgets of two projects include:
 - \$227,440 for outside contractor services
 - \$165,000 for purchases related to additional log traffic associated with increased teleworking needs due to COVID-19
 - \$15,000 for Quick Help support and maintenance

CBO recommends draws from contingency for core City services that are urgent, unforeseen, and unable to be absorbed by existing budgeted resources. The purchases resulting from increased teleworking are urgent, and the expenditures for outside contractor services may not be absorbable by existing resources. Thus, CBO recommends the requested amount from contingency.

Budget & Fiscal Monitoring: The COVID-19 Pandemic Necessitated a Reprioritization of Work and Resources in FY 2019-20.

- When the pandemic shifted the majority of the City's office-based workforce to remote work, BTS had to quickly implement a number of projects to expand and enhance the City's teleworking capability, requiring a reprioritization of project resources.

- BTS made a conscious effort to reduce overall spending in the fund due to the financial impact of the pandemic. The bureau spent 85.8% of its operating budget in the Technology Services Fund last year, resulting in additional unanticipated ending fund balance. While this is substantially lower than the spending in FY 2017-18 of 92.0%, it is not far from the 84.3% spent in FY 2018-19.
- Related to the reduced spending effort was a slowdown in Capital Improvement Plan (CIP) spending resulting also from the uncertainty of funding availability for current and future projects. The bureau ended FY 2019-20 spending only 64.6% of its CIP budget. The largest variances were in the IRNE Fiber Expansion program, Replacement of Telecommunications Management System, SAN Storage Expansion, and Firewall Technology Refresh project, all ongoing projects with budgets in FY 2020-21.
- BTS continues to adjust its budget and spending to adapt to the City's teleworking needs in FY 2020-21, with a request in this Fall BMP to appropriate \$165,000 for purchases that will enable the City to handle increased log traffic. On the CIP side, BTS has projects in the FY 2020-21 Adopted Budget where appropriation will be reduced and included as part of the FY 2021-22 Requested Budget. The division notes that limited fiscal and personnel resources and other restrictions have made it challenging for BTS to complete all projects. BTS has reviewed all projects in its Adopted Budget for both risk and necessity, and the highest priority projects remain in the budget.
- Underspending in the prior year and collections on replacement funds have contributed to a higher fund balance, with BTS adjusting the Technology Services Fund's beginning fund balance by \$13.5 million during this Fall BMP. The FY 2019-20 ending fund balance included \$13.3 million in technology reserves not committed to any FY 2020-21 projects which will be used to fund future projects. The amount is more than what BTS typically has available for funding projects; however, there are some fairly expensive projects the division will need to fund. BTS's past experience with recession economies is that bureau customers reduce requests for billable services and reduce their inventories of BTS equipment, both of which negatively impact the division's earnings. In addition, BTS expects to lose much of its I-Net revenue from external customers and will have to fund additional FY 2020-21 project expenses and supplemental staffing from technology reserves. The division is thus anticipating FY 2020-21 drawdowns of these reserves which will reduce what is available for funding projects in FY 2021-22, possibly resulting in project delays that year.
- Both revenues and expenditures were substantially down in the Printing and Distribution Fund due to reduced requests for services, most likely resulting from the pandemic. BTS believes that most of the reduction in print volume came from the cancellation of public events due to the pandemic, with a lesser reduction due to telecommuting.

SUPPLEMENTAL BUDGET CHANGES TO THE TECHNOLOGY SERVICES FUND

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
Resources				
Beginning Fund Balance	\$ 22,896,334	\$ 13,508,089	\$ -	\$ 36,404,423
Charges for Services	262,069	-	-	262,069
Intergovernmental	5,159,389	-	-	5,159,389
Interagency Revenue	68,367,871	(429,180)	-	67,938,691
Miscellaneous	1,503,048	-	-	1,503,048
Total Resources	\$98,188,711	\$13,078,909	\$0	\$111,267,620
Requirements				
Personnel	\$ 38,342,245	\$ 516,265	\$ -	\$ 38,858,510
External Materials and Services	28,917,520	721,892	-	29,639,412
Internal Materials and Services	5,618,999	169,335	-	5,788,334
Capital Outlay	4,759,573	(824,277)	-	3,935,296
Debt Service	714,258	-	-	714,258
Fund Transfers - Expense	2,415,358	-	-	2,415,358
Contingency	17,420,758	12,495,694	-	29,916,452
Total Requirements	\$98,188,711	\$13,078,909	\$0	\$111,267,620

SUPPLEMENTAL BUDGET CHANGES TO THE PRINTING AND DISTRIBUTION FUND

	Current Revised Budget	Bureau Requested Changes	CBO Recommended Changes	Total Recommended Revised Budget
Resources				
Beginning Fund Balance	\$ 1,363,390	\$ 447,440	\$ -	\$ 1,810,830
Charges for Services	230,416	-	-	230,416
Intergovernmental	1,655,409	-	-	1,655,409
Interagency Revenue	6,062,491	372,890	-	6,435,381
Miscellaneous	44,392	-	-	44,392
Total Resources	\$9,356,098	\$820,330	\$0	\$10,176,428
Requirements				
Personnel	\$ 2,022,400	\$ -	\$ -	\$ 2,022,400
External Materials and Services	4,100,536	373,745	-	4,474,281
Internal Materials and Services	1,045,805	(855)	-	1,044,950
Capital Outlay	325,000	-	-	325,000
Debt Service	203,654	-	-	203,654
Fund Transfers - Expense	277,574	-	-	277,574
Contingency	1,381,129	447,440	-	1,828,569
Total Requirements	\$9,356,098	\$820,330	\$0	\$10,176,428