



County of Orange
C a l i f o r n i a

James D. Ruth
Interim
County Executive Officer

June 13, 2003

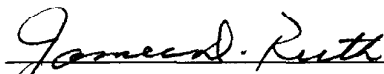
Honorable Frederick P. Horn
Presiding Judge of the Superior Court of California
700 Civic Center Drive West
Santa Ana, CA 92702

Subject: Response to Orange County Grand Jury Report, "Cost Saving
Opportunities for County Information Technology"

Dear Judge Horn:

Per your request, and in accordance with Penal Code 993, enclosed please find the County of Orange response to the subject report as approved by the Board of Supervisors. If you have any questions, please contact Frank Kim at the County Executive Office who will either assist you or direct you to the appropriate individual

Respectfully,



James D. Ruth, Interim County Executive Officer

County Executive Office
10 Civic Center Plaza
Third Floor
Santa Ana, California
92701-4062

Tel: (714) 834-2345
Fax: (714) 834-4416
Web: www.oc.ca.gov

RESPONSE TO FINDINGS:

The Mainframe to Server Transformation

1. The Chief Information Officer at County Executive Office and three departmental IT directors came from private industries.

Agrees with finding.

2. Three options are available for the County Accounting and Personnel System (CAPS). The options are: 1. Upgrade CAPS software and continue to run as a mainframe application. 2. Change CAPS to a server-based application. 3. Outsource CAPS to the software vendor.

Agrees with finding.

3. Assessment/Tax System will be the only mainframe application after year 2005 if no action is taken.

Disagrees partially with the finding.

The Assessment/Tax System will not be the only mainframe application if the mainframe option for CAPS is selected (reference finding 2).

4. The District Attorney Office plans to move Case Management System to a server in August 2003.

Agrees with finding.

The District Attorney's office plans to move its Case Management System from its current stand-alone IBM 9221 to a server.

5. The Court System was off the Data Center mainframe in 2002.

Agrees with finding.

6. Social Service Agency's Case Management System will be moved to a statewide system in 2005.

Disagrees wholly with the finding.

The Social Service Agency's Case Management System will not be completely moved to a statewide system until mid-2006 and mainframe support on the existing platform will be required until that time.

7. The County is spending about \$11,590,000 a year in mainframe related expenses that include hardware depreciation, supporting staff, operating systems, monitoring tools, and products.

Agrees with finding.

This amount is for Fiscal Year 2002-03. The budget for FY 03-04 will be approximately \$11M as a result of CEO-IT directed contract labor cost reductions, contract staff labor hour reallocations, and contract labor overtime hour reductions.

8. The County has two mainframe based tape cartridge silos. The cartridge silo is not server compatible.

Disagrees wholly with the finding.

The cartridge silo is server compatible. The cartridge silo tape drives are not.

9. Auditor-Controller, County Assessor, Treasurer-Tax Collector Office, and Clerk-Recorder are located adjacent to each other on a campus-like setting. Their imaging systems require high speed Asynchronous Transfer Mode network to support.

Disagrees wholly with the finding.

Currently there is a combination of multi-mode and single-mode fiber within the campus that serves Auditor-Controller, County Assessor, Treasurer-Tax Collector Office, and Clerk Recorder. Although their imaging systems may require a high speed network, the utilization of this fiber would not require Asynchronous Transfer Mode but could be utilized to provide Gigabit speeds, which have much faster connectivity potential.

IT Related Financial Issues

10. Each County department has its own IT budget in addition to the inter-fund transfer allocated to the Data Center.

Agrees with finding.

11. Some County departments and agencies have expressed dissatisfaction with the current IT charge back.

Agrees with finding.

12. The County procedures require a review from OIT on all technology procurements exceeding \$10,000, but some departments do not follow the procedure.

Agrees with finding.

13. The Data Center spends \$23,286 annually on maintaining rarely used equipment.

Disagrees wholly with the finding.

The reel tape drives are required to process data received from County customers. The impact printers are required to print 300,000 multipart forms a year; many are prescribed by the State.

Network and Support Structure

14. Each department has its own IT support structure that encompasses Network Operations, Help Desk, and Network Security.

Agrees with finding.

15. Each department contracts its network support out. The contractors left the door open on some occasions and could have caused security breach.

Agrees with finding.

Telecommunication Expenses

16. The County departments in Table B require only 98 T-1 lines, but 163 lines were installed.

Disagrees wholly with the finding.

Table B is missing pertinent information that, taken into consideration, would dramatically affect the station to trunk ratio at the selected sites. This would also affect the number required to effectively service any particular facility to ensure maximum resource utilization without degrading constituent access. Essentially the number of digital stations within any given PBX is only representative of a portion of the actual stations resident within that PBX. Single line stations (as reflected in the revised Table B below) are a significant factor when evaluating a DID to station ratio.

Grand Jury Table B Revised						
Site ID	Department/Location	Analog Stations	Digital Stations	Total Stations	DID Trunks	Station to Trunk Ratio
C13	Civic Center	3,743	3,581	7,324	361	20
C15	CSS	448	515	963	96	10
C29	Data Center	771	291	1,062	48	22
C31	SSA, City Dr.	1,362	971	2,333	96	24
N17	SSA, Eckhoff	1,196	205	1,401	18	29
N01	NJC, Fullerton	182	248	430	47	9
C18	OCSD	336	512	848	78	11
C75	SSA, Grand	702	101	803	48	17
C57	Probation	367	126	493	48	10
N14	SSA, La Palma	577	105	682	48	14
C24	SSA, 888 Main	345	180	525	48	11
C86	SSA/HCA 1200 Main	427	129	556	48	12
	Total	10,456	6,964	17,420	1,014	17

As indicated in the revised table above, the actual number of stations is more than doubled at most locations when the single line stations are included.

Further, as part of CEO/IT's efforts to continually and consistently reduce trunk charges [to our customers] from the LEC, actions have been implemented to mitigate public circuit connectivity to our private microwave and data network. To date, 40 T-1's have no recurring charges as a result of the transport being provided by the County's private network.

17. The digital station to Digital Inward Direct (DID) trunk line ratio is below 5 on six departments listed on Table B.

Disagrees wholly with the finding.

As illustrated in the revised Grand Jury Table B in finding 16, the imbalance created by not including the single line, analog, telephone stations skewed the original ratios. The actual ratio is no less than 9 on any of the sites selected when the total number of stations is used to compute appropriately and accurately the ratio of stations to DID's.

18. A local phone company has an exclusive contract to program and to maintain all voice related equipment in the County. The same company also sells phone lines to the County.

Disagrees partially with the finding.

The County does not have a contract directly with SBC to provide our primary voice network support. The primary voice support is contracted with Affiliated Computer Services, Incorporated (ACS). SBC Datacomm is currently subcontracted to ACS. The County also receives direct carrier services from SBC as well as Verizon and MCI via separate contract vehicles.

RESPONSE TO RECOMMENDATIONS:

In accordance with California Penal Code 933 and 933.05, each recommendation requires a response from the government entity to which it is addressed. These responses are submitted to the Presiding Judge of the Superior Court. Based upon the findings, the 2002-2003 Orange County Grand Jury recommends that the Office of Information Technology:

The Mainframe to Server Transformation

1. Consider forming a steering committee that includes recently hired IT executives who have experiences in private industry to transform the County IT organizations into a more modern and efficient setting. (Finding 1)

The recommendation has been implemented.

Orange County currently has a highly effective and consistently improving 3 tiered governance model. The first level of the model is the Information Systems Manager's Forum (ISMF). The second level is the Operation's Council. The highest level, comprised of Agency & Department Heads (and their IT Managers), is the Information Technology Steering Committee (ITSC). The 3 recently hired IT executives are members or attendees of the governance committees. The Orange County CIO is the Chair of the Operations Council and the ITSC. The Orange County Chief Technology Officer (CTO) is the Chair of the ISMF. The HCA CIO is a voting member of two of the committees and attends the third committee with his Agency Director and also represents the Director as required. Further, the 3 recent IT executive hires are going to form a separate IT Transformation Committee that will provide recommendations for productive, timely, and cost-effective change, based on private industry and government best practices, to the governance system members.

2. Conduct a cost analysis and feasibility study to determine if the server option is viable for the County Accounting and Personnel System (CAPS). (Finding 2)

The recommendation has been implemented.

The study has been initiated at the direction of the CIO and includes members of his staff and members of the CAPS Steering Committee. A number of platform options are being explored, and each option includes a cost analysis. Information gathered includes data from the CAPS software vendor AMS, as well as vendors of platform products such as IBM, Sun, Unysis, and Intel. Leased hosting services are also being considered. The Gartner Group is also providing continued research in support of this effort. While initial findings indicate a combined server-mainframe option might be the most cost-effective transition solution for the next 2-3 years, because of sunk mainframe costs and depreciation considerations, all alternatives are being thoroughly explored. The group expects to conclude the study by June 30, 2003.

3. Find an alternative so that the Assessment/Tax System does not need the County mainframe. (Finding 3)

The recommendation requires further analysis. .

A study has begun to explore options. However, the ultimate selection is dependent upon the option selected for CAPS and the enterprise as a whole. The analysis is expected to be completed by June 30, 2003.

4. Cancel VM related software after the District Attorney Office removes its Case Management System from the mainframe. (Finding 4)

The recommendation will not be implemented because it is not warranted or is not reasonable.

The mainframe does not employ VM. The DA's Case Management System runs on a stand-alone IBM 9221 minicomputer. The minicomputer is housed at the Orange County Enterprise Data Center. The Enterprise Data Center provides the District Attorney's Office minicomputer hosting services, and operational support services such as output printing and file backups.

5. Develop a plan to eliminate the Data Center mainframe if a server or outsourcing option is adopted on CAPS (Findings 5-8)

The recommendation requires further analysis.

Elimination of the Data Center mainframe would be an integral part of any migration plan developed for the porting of CAPS and the Assessor/Tax system to another computing platform. Analysis is currently being conducted and expected to be completed by June 30, 2003.

6. Issue a moratorium on granting new mainframe related contracts until OIT finalizes its future IT strategy. (Findings 5-8)

The recommendation has been implemented.

There are no plans to award any new mainframe related contracts prior to making a platform replacement decision.

7. Consider using a high-speed fiber optic network on the Civic Center campus if a server or outsourcing option is adopted on CAPS. (Finding 9)

The recommendation has been implemented.

Currently the County maintains several fiber optic networks in and around the Civic Center Plaza. Additionally this fiber extends from this campus to many of the larger facilities on Main street and Broadway. This has allowed the County to contain costs by utilizing this instead of SBC ATM circuits that have high monthly recurring costs.

IT Related Financial Issues

8. Consider consolidating countywide IT expenses so that County principals could better understand the cost efficiency in IT expenditures. (Finding 10)

The recommendation has not yet been implemented, but will be implemented in the future.

The CEO will consider the feasibility of consolidating countywide IT expenses. It is anticipated that this subject matter will be reviewed for consideration by December 31, 2003.

9. Work with the various departments to develop a simple but equitable way to offset OIT expenses. (Finding 11)

The recommendation has been implemented.

Cost allocation for the IBM mainframe has been simplified and each department has been given a firm cost for both this fiscal year and next. Other methodologies, such as seat management based charges, will be examined to determine if that methodology is appropriate. The analysis will be completed by December 2003

10. Consider centralizing technology procurements to simplify support and to disseminate productivity enhancement tools faster. (Finding 12)

The recommendation has not yet been implemented, but will be implemented in the future.

To simplify purchasing operational support and ensure consistency and compatibility in technology procurements, the decision-making process related to those procurements will be consolidated with CEO/Information and Technology, with the procurement of the goods and services consolidated with

CEO/Purchasing. Resources will need to be allocated to this process in order to accommodate additional CEO/Purchasing support for centralized IT procurements. *Upon allocation of appropriate resources, it is anticipated that this recommendation can be implemented within 90 days.*

11. Develop a plan to eliminate the outdated Data Center equipment. (Finding 13)

The recommendation requires further analysis.

The Data Center receives data from County customers HR Payroll, Assessor, SSA, on round reel. Any effort to eliminate the drives would have to be coordinated with these agencies to find alternatives.

The Data center is currently studying impact printer alternatives. Some multipart forms used by County agencies are required by the State and do not adapt themselves well to laser technology.

The CEO/IT will develop alternatives to resolve the two issues. These will be presented to customers for a decision on the selection and implementation of an alternative. The expected date for completion is September 30, 2003.

Network and Support Structure

12. Consider working with at least two departments to develop an optimized IT support structure as a pilot program. The outcome of the program will have a profound effect in regard to further consolidation. (Findings 14 15)

The recommendation has been implemented.

Currently CEO/IT has been invited to examine and assist with evaluating two departments as it pertains to their IT support operations. As a result they have become Pilot Projects. It is anticipated the results will be applicable, with agency/department business process specific variations, across the enterprise. The Pilot Projects analysis, findings, and recommendations are expected to be completed by July 31, 2003.

Telecommunication Expenses

13. Develop a plan to de-install the over configured T-1 lines. (Finding 16)

The recommendation will not be implemented because it is not warranted or is not reasonable.

After careful review of the station versus trunk ratio at the selected sites a reduction in circuits may negatively affect constituent access to vital County resources at those facilities.

14. Conduct a traffic study on the six departments listed in Table B with the lowest digital station to DID ratio and cancel the excessive DID lines. (Finding 17)

The recommendation has been implemented.

Currently the County generates and reviews traffic studies within its voice network at least once a quarter. Based on the information from those traffic studies we currently make the necessary modifications to the voice network as traffic patterns fluctuate.

15. Ensure the vendor's service unit does not over configure the County's phone systems. (Finding 18)

The recommendation will not be implemented because it is not warranted or is not reasonable.

County Telephone Services personnel coordinate, engineer, review and approve all network designs to ensure proper network optimization is accomplished at all sites. Thus, the vendor cannot over configure the telephone network.