

State Data Center and Office Building – Strategic Business Plan

January 27, 2011

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Facility Overview

Office Space

Tenant	Square Feet	Percent
OFM	45,614	19.11%
DOP	55,955	23.45%
DIS/GA	137,065	57.44%
Total	238,634	100.00%

Data Center Space

Data Hall	Type of Space	Useable Sq. Feet
1	Finished	12,500
2	Finished	12,500
3 and 4*	Shell Only	25,000
Total		50,000

*Requires an estimated \$60-\$70 million investment for completion as data center

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Facility Overview

Construction Costs

Component	Data Center	Office and Garage	Total
Building construction	\$117 million	\$116 million	\$233 million
Contingencies and misc.			\$29 million
Capital interest			\$43 million
Total borrowed			\$305 million

Note 1: Construction costs are currently estimated to be \$29 million under budget.
 Note 2: Capital interest is expected to be \$8 million under budget.

Schedule Highlights

Milestone	Target Date(s)
Building construction	June 2011
Office moves	July – September 2011
Core design and build	July – December 2011
Data center moves	January 2012 – December 2013

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Financial Review

Financial impact by biennium (in millions)

Increased New Facility Cost	FY 2011 – 2013	FY 2014 – 2015	FY 2016 – 2017	Total
Office space	\$9.890	\$9.132	\$11.346	\$30.368
Data center transition	\$34.648	\$14.731	\$3.934	\$53.313
Data center operations	\$21.192	\$25.973	\$25.971	\$73.136
DIS fund balance (offset)	\$28.600			\$28.600
Total Increased Cost	-\$37.130	-\$49.836	-\$41.251	-\$128.217

Key Strategies to Reduce Cost or Add Value	FY 2011 – 2013	FY 2014 – 2015	FY 2016 – 2017	Total
Key strategies	+\$20.229	+\$34.546	+\$46.894	+\$101.669
Net impact	-\$16.901	-\$15.290	+\$5.643	-\$26.548

Note: The business plan strategies begin to generate a net positive annual contribution of \$5.6 million in the 2016 – 2017 biennium.

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Key Strategies to Reduce Costs or Add Value

Strategy	FY11-13	FY13-15	FY15-17	Total
Key Strategies - DIS Direct Impact				
DIS cost reductions (targets established by OPM)	12,315,882	12,315,882	12,315,882	37,047,646
INOTSD cost reductions (targets established by OPM)	1,980,000	1,980,000	1,980,000	5,940,000
Self unused data center capacity (Halls 1 & 2)	750,000	1,710,000	6,000,000	10,500,000
Generate revenue from Halls 3 & 4	600,000	1,300,000	4,200,000	6,000,000
Lease excess office space capacity to other tenants	2,197,828	2,366,071	2,366,087	6,929,986
Total DIS reduced cost or additional value	17,883,510	22,251,753	26,901,769	67,037,032
Key Strategies - Statewide Impact				
Reduce labor costs for 29 agencies (centralize and optimize)	2,199,921	10,969,805	17,551,968	30,721,694
Capture additional FTI savings from small agencies (assume 10% of large agency savings)	-	858,176	1,755,117	2,413,153
Consolidate storage hardware	111,410	666,940	681,872	1,460,122
Total state-wide reduced cost or additional value	2,345,331	12,294,721	19,992,476	34,632,528

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Financial Review

Budget impacts for fiscal years 2011 to 2013

- Cost Increases
 - Wheeler Office Space
 - \$9.9 million to agencies in Wheeler office building
 - State Data Center
 - \$27.4 million allocated to all state agencies
- Cost Decreases
 - DIS Reductions
 - \$17 million rate reduction on service rates and allocations to agencies consuming DIS services

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Business Plan – Next Steps

Complete Total Cost of Ownership

Focus on total IT cost for all agencies

Benefits are:

- Understand total costs which are not known today
- Make educated IT business decisions based upon financial facts
- Identify where cost reductions can be made with an understanding of the impact to services
- Identify where improvements and/or investments need to be made
- Create a business plan for all IT to pursue governor’s initiatives of reduced costs and centralization

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Sources

- Tristan Wise, OFM Budget, (360) 902-0538
Tristan.Wise @ofm.wa.gov
- State Data Center and Office Building Strategic Business Plan:
http://www.ofm.wa.gov/reports/State_Data_Center_Office_Bldg_Bus_Plan.pdf

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