ARAPAHOE COUNTY

Technology Funding Information Session

Board of County Commissioners

August 5, 2025

Overview

- Informational Only – No Decisions Needed
- Current Funding Process
- Why Current Process is not Ideal
- Funding Approaches for Other Counties
- Options with Additional 1A Funding

Current Technology Funding Process

- Capital Expenditure Fund (Fund 41)
  - Capital projects that cost more than $50,000 that are part of the Capital Improvement Program (CIP) – part of the CIP Plan that is developed by the CIP Committee and updated every other year

- General Fund (Fund 10)
  - Assets that are a one-time purchase and do not need to be placed on the equipment replacement schedule with a purchase price of $5,000 or more
  - Ongoing operating expenses from CIP projects are charged to the operating fund
  - Software as a Service (SaaS) subscription or licensing expenses
  - Can be budgeted in IT or the requesting Department/Office budget

- Central Services Fund (Fund 70)
  - Equipment replacement fund for assets with a purchase price of $5,000 or more – computer equipment or software
  - Charge monthly intergovernmental rent expense over the useful life of the asset to the operating fund for the responsible department or office
  - Some assets in IT and some assets in requesting Department/Office budget

Current Technology Funding Process

- IT Steering Committee
  - Meets to consider requested projects and determine what projects should move forward each year
  - Not directly tied to funding

- Departments/Offices request funding through annual budget process (directed to work with IT)

- Departments/Offices have the opportunity to self-fund requests with existing budget or request supplemental funding at a quarterly budget review

Current Process Not Ideal

- Funding is decentralized and budgeted in various departments and offices

- Approval through IT Steering Committee is not tied to funding of projects
  - Project approval based on IT criteria including capacity for project
  - Departments/Office may receive approval from IT Steering Committee but not have funds budgeted requiring going through the annual or quarterly review budget process before project can be initiated
  - Projects that pop-up during the year sometimes bypass IT Steering Committee process

- Increasing number of projects that were once CIP projects with a large one-time cost and smaller ongoing operating cost are now a larger operating cost

Approaches for Other Counties/Cities

- Researched Handful of Local Counties and Cities
  - Most use General Fund budget whether budgeted in General Fund or Capital Fund
    - One city has a voter-approved sales and use tax increase of 1% allocated to their internal service funds annually (based on facility square footage, number of vehicles, and computers and software assigned)
    - One county has an Information Technology Capital Fund
  - Most entities had some form of a review committee for technology projects
  - Some entities budget the same amount annually for technology projects and some are based on the specific project requests each year
  - SaaS/Subscriptions ongoing costs budgeted mostly in IT Department, some in requesting Department/Office budgets

Options with Additional 1A Funding

- General Fund
  - Setup 2 separate cost center in IT to track technology projects for all departments/offices
    - One cost center for technology projects that will have an annual budget dedicated to new projects that could cover planned and potentially some pop-up projects
      - Set amount of funding each year
      - Project approval tied to IT Steering Committee recommendations
      - Once funding for year is allocated, no additional pop-up projects
      - Exceptions would require BOCC approval and require transferring the funding from requesting department/office budget to IT for implementation and ongoing costs
    - Have second cost center for large SaaS software subscriptions with annual inflationary increases

Options with Additional 1A Funding

- Capital Expenditure Fund
  - Status Quo - Continue to have large-scale, complex technology projects run through Capital Expenditure Fund like other CIP projects
  - New Dedicated Funding - Could have dedicated, set amount of funding in CEF for technology modernization
    - Treat like Detention Center Infrastructure Improvements with budget replenished
    - Show 5-year list of CIP technology projects justifying funding

- HS Connects revenue could fund some technology projects