

Bosler, Jerry

From: Michael C Piper [aj0386@wayne.edu]
Sent: Tuesday, March 11, 2003 6:10 PM
To: Nancy Skowronski; Bob Harris; Steven K. Bowers; Karen M Tubolino; Sandra Yee
Cc: James Flaherty; Jerry Bosler; Margaret E. Auer; Nancy Bulgarelli; Phyllis Jose; Scott P. Muir
Subject: DALNET Cost Allocation Task Force: 3/7/03 Conference call. Follow-up



Cost Allocation Task

Force. Wo...

Note: This message is being sent to all Executive Committee members, to insure that we are all on the same page.

Dear Cost Allocation Task Force members,

Thank you for your time Friday morning. Here is my understanding of our discussion and agreements:

- 1) Assumptions. The Task Force will proceed with developing a proposed cost allocation formula, based on the assumptions that:
 - a) The best cost allocation strategy will be based on actual resource use.
 - b) An effective cost allocation approach should work equally well whether DPL or WSU remain in DALNET or not.
 - c) Current contracts are effective until 30 September 2004; therefore, changes in the formula may not become effective until after that date. We'll use the period between now and then for planning, based on decisions DPL and WSU make in upcoming months.
- 2) Review of cost allocation scenarios. The Task Force prefers Scenario 6, since it is based on actual resource demands. The group asked staff to create a variation of scenario 6 that reduces DMC's fee to its percentage of total resource use immediately, rather than phasing in this reduction over five years. Please see Scenario 6B in the attached worksheet.
- 3) Budget development. The group also asked staff to work with the Budget Task Force to develop a budget based on Scenario 6.
- 4) Questions for the Executive Committee. The Task Force will ask for guidance from the Executive Committee on the following issues:
 - a) Budget cuts. Since the scenarios under review are predicated on what DPL and WSU would pay if they ran their own local systems, all of the scenarios entail significant budget reductions for DALNET. Is this consistent with the Executive Committee's wishes? (Please note especially Scenarios 6A and 6B, which phase in cuts and increases over five years.)
 - b) Relationship with Dynix. The group suggests that the Executive Committee develop strategies to re-negotiate the maintenance contract with Dynix. We also need to identify what the maintenance contract costs would be if Wayne and/or DPL migrate to a different system.
 - c) Preferred negotiating approach with ILS vendors. If DALNET opts for a new ILS, the Task Force suggests that DALNET and Wayne consider negotiating a joint purchase, to get the best possible deal for both WSU and DALNET.
- 5) WSU's continuing role in DALNET. Sandy said it is important for WSU to participate in DALNET because of its importance to Southeast Michigan and the outreach mission of the University. While DALNET needs to continue offering an ILS service, it also must provide options for institutions that

wish to remain members while running their own systems (which may be different than the ILS supported by DALNET). It is quite likely that WSU will recommend changing systems. It may be necessary and advantageous for DALNET to develop a cost structure for those who do not participate in the current ILS, since membership is more than operation of an automated system.

6) Next Cost Allocation Task Force meeting. The group's next conference call will be at 1:30 pm on Monday, 7 April 2003. An agenda and background information for that meeting will follow.