



Staff Report

TO: Honorable Mayor Noon and Members of City Council

THROUGH: John Danielson, City Manager
Elisha Thomas, Deputy City Manager

FROM: Scott Blumenreich, Chief Innovation and Technology Officer
Mitch Meier, Business Analyst

DATE OF MEETING: October 10, 2016

DATE OF SUBMITTAL: October 5, 2016

SUBJECT: 2017 Information Technology Budget Follow-Up

1. **Executive Summary:**

During the [September 12, 2016](#) Budget Workshop, Council requested some additional information regarding the 2017 IT budget recommendations. On September 23, 2016 additional information was provided to City Council and citizen members of the Centennial Budget Committee (CBC). On October 5, 2016 the CBC met with Staff to formally review and discuss the additional budget information.

The major budget impacts in the 2017 IT budget recommendation total \$1,747,552. The impacts include one-time funding of \$1,415,000 to fund the replacement of the current enterprise content management (ECM) system, finance, and code compliance systems. The remaining budget impact of \$332,552 is to fund ongoing costs associated with the IT managed service needs of the City and annual maintenance costs associated with various applications and services that support the entire organization.

The table below is a summary of the IT budget packages, major budget changes, and additional information as requested by Council.

2017 Budget Recommendation Impacts Summary

IT Projects	2017 Budget Recommendation	Fund
Enterprise Content Management System (SIRE)	\$320,000	Capital
ERP: Finance and Budget (SunGard)	710,000	Capital
Temporary Finance Personnel (2) – ¾ of the Year*	129,000	General
Code Compliance	125,000	Capital
Contingency	131,000	Capital
IT Projects Total**	\$1,415,000	
IT Ongoing Operations	2017 Budget	Fund

	Recommendation	
IT Outsourcing Services***	\$283,200	General
Website Hosting & Support Services*	49,352	General
IT Operations Total	\$332,552	
IT Budget Recommendation Total (GF & CIF)	\$1,747,552	

*Budgets in Project Specific line on pg. 71 of electronic packet. Backfill positions will be included in the 2018 budget request as the project is scheduled to be completed in the second half of 2018.

**IT Systems Upgrades on pg. 43 of electronic packet.

***Decision package found on pg. 8 of electronic packet.

2017 Budget Recommendation Impacts Summary by Fund

Fund	2017 Budget Recommendation
General	\$461,552
Capital	1,286,000
IT Budget Recommendation Total	\$1,747,552

Staff recommends Council provide consensus to include the \$1,747,552 as part of the entire 2017 budget that will be presented to Council on November 7, 2016.

2. Discussion:

History

This section provides a summary of the IT related discussions and decisions by Council prior to the September 12, 2016 Budget Workshop. Each date is hyperlinked to the website where the packet and audio recording can be found for each Study Session, Workshop, or Regular Meeting.

[April 20, 2015:](#) During the Budget Workshop Staff proposed adding a Database Administrator position to the IT department as well as conducting an IT assessment. At that time City Council directed staff to hire a consultant to perform an analysis on the City's IT systems, processes, and staffing.

[May 18, 2015:](#) Council approved funding for the IT assessment and asked that this be completed in 2015, with the findings being brought back for further discussion before moving forward with the hiring of additional IT staff.

[March 14, 2016:](#) The findings of the IT assessment were presented to Council along with and IT Strategic Plan during a Study Session. The findings included a lack of contemporary application software, lack of a core IT team, antiquated and siloed core IT systems, manual data processing, unsupported systems, an undersized network, and a reassessment of the current IT Services contract. A summary of the IT assessment can be found using the link. The PDF is titled "Strategic Plan Implementation Roadmap".

[April 25, 2016:](#) Budget Workshop Council provided consensus to discuss year one and year two funding of the IT Plan.

May 16, 2016: Council provided consensus to bring forward a budget supplemental funding year one of the plan.

June 6, 2016: The \$480,000 budget supplemental for 2016 IT funding needs was approved by Council. A summary of the funding approved in Resolution 2016-R-40 is in the table below.

Year One Funding (2016)

IT Projects – Capital Improvement Fund	2016 Approved Supplemental
Online Building/Land Development Permitting	\$350,000
City-wide Taxonomy	20,000
Contingency	37,000
IT Projects Total	\$407,000
Staffing – General Fund	2016 Approved Supplemental
Application Support Administrator	\$31,200
Database Administrator	41,800
Staffing Total	\$73,000
2016 Total Budget Supplemental	\$480,000

2017 Budget Decision Package Information

At the [September 12, 2016](#) Budget Workshop , Council requested Staff present the following 2017 funding requests to the Budget Committee and then present the requests and Budget Committee input to Council for consideration prior to adoption of the 2017 budget.

IT Outsourcing Services

IT Outsourcing Services	2017 Budget Increase Request	Ongoing & One-Time
Managed Services	\$200,000	Ongoing
Outside Expertise/Contractor*	83,200	One-Time
IT Budget Increase Request Total	\$283,200	

*Outside expertise and contractors may be included in the 2018 budget request as IT systems continue to be updated.

The IT Outsourcing Services budget is for the IT contractor that supports the City’s IT help desk, maintains the City’s network, and provides a level of 24/7 network monitoring and Help Desk support. IT is requesting an additional \$283,200 to enhance the current services provided through IT contracts, and budget to utilize outside expertise to support the various projects and operational changes that IT will continue to occur in 2017. Additionally, although the existing Managed Services contract will expire in June of 2017, the IT needs and expectations of the City have far outpaced the current support model provided by our current contractor. Whether the City chooses to replace the current contractor or embraces an alternate contract model, cost of IT staffing resources is significantly higher now than it was in 2011 when the current contract was negotiated. Regardless of the outsourcing model, Staff recognizes that service costs are

expected to be substantially greater in 2017 than in 2011 and is therefore recommending additional funding in the amount of \$283,200 for IT Outsourcing Services.

2017 IT Projects

The 2017 funding recommendations presented at the workshop include the same year two (2017) projects that were discussed during the May 16, 2016 Study Session. The anticipated 2017 costs for the Finance Enterprise Resource Planning (ERP) project are lower than shown at the May 16 meeting because the backfill positions are budgeted for a shorter period of time during 2017. A summary of the funding is shown in the table below.

Year Two Funding (2017)

IT Projects – Capital Improvement Fund	2017
Enterprise Content Management System (SIRE)	\$320,000
ERP: Finance and Budget	710,000
Code Compliance	125,000
Contingency	131,000
IT Projects Total	\$1,286,000
Project Specific – General Fund	2017
Temporary Finance Personnel (2) – ¾ of the Year*	\$129,000
Project Specific Total	\$129,000
2017 Total IT Project Budget Recommendation	\$1,415,000

* Backfill positions will be included in the 2018 budget request as the project is scheduled to be completed in the second half of 2018.

Additional Information Requested by Council

The following section provides additional details as requested by Council explaining the budget increase in Website Hosting and Support Services for 2017.

Website Hosting and Support Services:

At the [September 12th](#), Budget Workshop Council requested additional information regarding the change in funding to the Website Hosting & Support Services line item. That line item on the Office of Technology & Innovation Budget Detail page located on page 70 of the September 12, 2016 Budget Workshop packet includes budgets for services and applications in addition to the \$6,000 annual cost of hosting the City’s website. Although the line item highlights website hosting, annual renewal and maintenance costs for systems that support departments throughout the organization such as SIRE, ESRI, Adobe Creative Suite, and Cartegraph are included in this budget line item. This budget can be impacted by three major factors: an increase in costs from vendors, additional licenses for Staff and contractors, and purchases during the prior year that require ongoing maintenance and subscriptions in the future. The table below lists the major drivers of the proposed 2017 Website Hosting & Support Services budget increase but does not show every change associated with the 34 different software and applications that are budgeted in Website Hosting & Support Services.

Website Hosting & Support Services Budget Recommendations Impact:

Software/Application	Department & Function	2017 Budget Recommendation
Adobe Creative Suite & Other Adobe Products	City-Wide: Used to create and edit print and digital media produced for City services and events. A total of 16 licenses.	\$9,000
Website Modifications	City-Wide: This item is not new, but was mistakenly left out of the 2016 budget recommendation. Previous modifications include creating the Centennial Business Portal and modifying the Economic Development webpage. A modification in 2017 is updating the Community Development webpage with new features available to the City due to the replacement of the Innoprise system (Land Development and Permitting).	9,000
ESRI	GIS/City-Wide: Mapping and database access, editing, and publishing. Additional licenses required to support the multiple users throughout the organization.	16,000
Yesco – ECM Sign	IT: Maintenance and repairs for the digital signs located at the Civic Center and Eagle Street facilities. The warranty period has expired and this is now included as an ongoing budget.	5,000
Various HR Services	HR: Includes online training, data, recruitment, reference checks, and organization charts.	6,700
Total		\$45,700

The remaining \$3,652 increase is due to minor increases by other applications budgeted in the Website Hosting & Support Services line item.

3. Recommendation:

Staff recommends Council provide consensus to include the \$1,747,552 as part of the entire 2017 budget that will be presented to Council on November 7, 2016.

4. Alternatives:

Council may provide alternative direction.

5. Fiscal Impact:

Fund	2017 Budget Recommendation
General	\$461,552
Capital	1,286,000
IT Budget Recommendation Total	\$1,747,552

6. Next Steps:

City Council will be presented the City Manager's proposed 2017 on November 7, 2016.

7. Previous Actions:

At the September 12, 2016 Budget Workshop , Council requested Staff present the following 2017 funding requests to the Budget Committee and then present the requests and Budget Committee input to Council for consideration prior to adoption of the 2017 budget.

8. Suggested Motions:

As a Study Session item, no motion is required.