

**NOTICE OF PUBLIC MEETING
PHOENIX CITY COUNCIL
FINANCE, EFFICIENCY, ECONOMY AND SUSTAINABILITY SUBCOMMITTEE
*REVISED**

Pursuant to A.R.S. Section 38-431.02, notice is hereby given to the members of the **FINANCE, EFFICIENCY, ECONOMY AND SUSTAINABILITY SUBCOMMITTEE** and to the general public, that the **FINANCE, EFFICIENCY, ECONOMY AND SUSTAINABILITY SUBCOMMITTEE** will hold a meeting open to the public on **April 16, 2014, at 10:00 a.m.** located in **Phoenix City Hall, Assembly Rooms A, B & C, 200 W. Washington Street, Phoenix, Arizona.**

One or more members may participate via teleconference.

The agenda for the meeting is as follows:

1.	Call to Order	Chairman Gates
2.	Approval of March 19, 2014 Minutes	Subcommittee
3.	UPDATE REGARDING PRINTER AND COPIER REDUCTION ANALYSIS AND REPORT This report provides an update regarding the Printer and Copier Reduction initiative to the Subcommittee. This item is for Information and Discussion.	Neal Young, Chief Financial Officer Page 9
4.	UPDATE ON TAX SIMPLIFICATION EFFORTS WITH ARIZONA DEPARTMENT OF REVENUE This report provides information on the City's on-going efforts with the Arizona Department of Revenue and the planned implementation of HB 2111 to streamline the administration of Arizona's transaction privilege sales tax. This item is for Information and Discussion.	Neal Young, Chief Financial Officer Page 11
5.	RECOMMENDATION TO ESTABLISH CITY OF PHOENIX PROCUREMENT CODE This report provides information in follow-up to the initial Subcommittee presentation on March 19, 2014 on the need for a City of Phoenix Procurement Code and requests Subcommittee approval to proceed to City Council for authorization. This item is for Discussion and Action.	Neal Young, Chief Financial Officer Page 13

*6.	FIVE-YEAR INFORMATION TECHNOLOGY PLAN FUNDING PROPOSAL This report provides information to the Subcommittee regarding funding options for the highest-priority projects in the Five-Year Information Technology Plan. Report revised on April 14. This item is for Information and Discussion.	Debbie Cotton, Chief Information Officer Page 19
7.	Call to the Public	Chairman Gates
8.	Future Agenda Items	Chairman Gates
9.	Adjournment	Chairman Gates

For further information, please call Sam Feldman, Management Assistant II, City Manager's Office at 602-534-3916.

Persons paid to lobby on behalf of persons or organizations other than themselves shall register with the City Clerk prior to lobbying or within five business days thereafter, and must register annually to continue lobbying. If you have any questions about registration or whether or not you must register, please contact the City Clerk's Office at 602-262-6811.

For reasonable accommodations, call Sam Feldman at Voice/602-534-3916 or TTY/602-534-5500 as early as possible to coordinate needed arrangements.

April 14, 2014

**CITY OF PHOENIX CITY COUNCIL
FINANCE, EFFICIENCY, ECONOMY, and SUSTAINABILITY SUBCOMMITTEE
SUMMARY MINUTES
March 19, 2014**

Assembly Rooms A, B, and C
Phoenix City Hall
200 West Washington Street
Phoenix, AZ 85003

Council Members Present

Councilman Bill Gates, Chair
Councilman Daniel Valenzuela
Councilman Michael Nowakowski
Vice Mayor Jim Waring

City Staff Present

Ed Zuercher	Robyn Sahid	Neal Young
Denise Olson	Jami Spear	Diane Nakagawa
Hank Marshall	Juanita Carver	Michelle Pierson
Mary Vivion-Withrow	Cheryl Griemsmann	Tom Elder
Scott Sumners	James Scarboro	Debbie Cotton
Aaron Mertz		

Public Present

Chris Fiscus	Steve Corney	Pat Williams
Andrew Medley	Ben Wright	Guillermo Mazier
Breeann Adleman	Steven Pattyn	Richard Rea
Angela Creedon	Jim Adams	Reid Butler
Marty Shultz		

1. Call to Order

Chairman Bill Gates called the meeting to order at 9:35 a.m. with Council members Daniel Valenzuela, Michael Nowakowski, and Jim Waring present.

2. Approval of Minutes of the February 26, 2013 Meeting

Vice Mayor Waring moved approval of the February 26, 2013 meeting minutes. Councilman Nowakowski seconded the motion, which was approved unanimously.

3. MOU with ASU and Mayo Clinic Arizona for Arizona Biomedical Corridor

Deputy Community and Economic Development (CED) Director Scott Sumners provided background on an MOU with Arizona State University (ASU) and the Mayo Clinic regarding the development of the Arizona Biomedical Corridor. He explained staff was requesting a renewal of the MOU.

CED staff member Robyn Sahid provided additional information on the location of the corridor and associated land issues. She explained the development of the corridor would depend on funding availability.

Vice Mayor Waring expressed support for the project and moved approval of staff's request to renew the MOU with ASU and the Mayo Clinic.

Councilman Nowakowski seconded the motion, which passed unanimously.

4. Economic Development and Branding Marketing Strategies

Mr. Marshall introduced an economic development branding and marketing initiative, which followed up the city's 2012 economic development plan.

CED staff member Diane Nakagawa discussed the benefits of a branding and marketing strategy. She then discussed the qualifications of Atlas Advertising, which was selected to lead the branding and marketing effort through an RFP process. She explained Atlas would focus on specific sectors of the local economy, as directed previously by the Council. She also discussed the timeline and cost of the initiative. She requested subcommittee approval to move forward with Atlas as the vendor.

Chairman Gates opened the floor for public comment.

Ben Wright, CEO of Atlas Advertising, discussed his firm's qualifications and thanked the subcommittee for the opportunity.

Chris Fiscus, Vice President of Moses Inc., spoke in opposition to the item. He expressed support for awarding contracts to local businesses.

Marty Shultz, with the Arizona Biosciences Roadmap Steering Committee, spoke in support of the item and offered the assistance of the steering committee if needed.

Guillermo Mazier, Director of Strategic Accounts with Atlas Advertising, explained the goal of creating a sustainable economic development platform that could be carried on by others in the future.

Councilman Nowakowski asked whether staff was working with other groups already engaged in economic development and marketing efforts.

Mr. Marshall indicated they were and would continue to work with such groups.

Vice Mayor Waring moved approval of staff's recommendation to enter into a contract with Atlas Advertising for economic developing branding and marketing services.

Councilman Nowakowski seconded the motion, which passed unanimously.

5. Excess City-Owned Property

City Manager Ed Zuercher explained the sale of excess city-owned property was a component of the city's budget balancing strategy. He noted these funds were one-time in nature.

Deputy Finance Director Mary Vivion-Withrow reviewed the creation of the city's excess property policy, as well as the development of the current inventory of city-owned properties. She described the challenge of creating a usable, GIS-enabled data

inventory of properties. She also addressed the selection of Jones Lang LaSalle to help identify, analyze, and market excess properties.

Steve Corney, with Jones Lang LaSalle, discussed his firm's goal of evaluating and marketing excess city-owned properties. He highlighted a Police property at 2222 W. Greenway, which had recently been placed on the market. He noted the process for evaluating and marketing a property would depend on the property type.

Ms. Vivion-Withrow highlighted several other properties staff wished to have Jones Lang LaSalle review and market.

Mr. Sumners provided brief updates on several city-owned properties with economic development possibilities, including the Barrister Building, Central Station, and sites at Central Avenue and Columbus and 19th Avenue and Montebello.

Vice Mayor Waring asked for more information about the number of parcels and acreage of city owned property. He also asked about potential mismatches with Maricopa County data.

Ms. Vivion-Withrow stated there were 4,000 city-owned parcels but was not certain about acreage. She explained potential mismatches or duplications were part of the issues staff was trying to address with the data. She emphasized the importance of developing reliable property data for the city.

Vice Mayor Waring asked about the usage of excess properties and indicated staff should ensure buildings are not neglected.

Mr. Zuercher explained the city had acquired property over a long time period and was now focused on comprehensively managing and addressing excess properties.

Vice Mayor Waring asked whether the value of property sales would be available, as well as whether properties could be sold at a loss.

Mr. Zuercher stated sales data would be available and that properties could be sold at losses, if deemed advantageous to the city.

Vice Mayor Waring requested additional data on property counts, usage, and sales. Ms. Vivion-Withrow stated staff would work with the vendor to compile this information and make it available. She added staff hoped to have a GIS-enabled property inventory by the end of summer.

Chairman Gates clarified that staff would return in September with an inventory that identified saleable properties.

Ms. Vivion-Withrow indicated some properties would be identified then, with other properties continuing to be evaluated.

Chairman Gates asked whether any properties might be brought forward for sale prior to September.

Ms. Vivion-Withrow indicated they would.

Vice Mayor Waring moved approval of staff's recommendation to market and sell four properties identified as excess.

Councilman Valenzuela seconded the motion, which was approved unanimously.

6. Establishment of City of Phoenix Procurement Code

Finance Director Neal Young introduced the proposed creation of a city procurement code.

Deputy Finance Director James Scarboro provided an overview of the proposed code, including current administrative regulations and proposed revisions, a recommended code structure, and authorization thresholds compared to benchmark governments.

Mr. Zuercher indicated staff was forced to spend a lot of time on low dollar value procurements.

Mr. Young added such procurements have increased in volume, creating further inefficiency.

Vice Mayor Waring discussed an incident in which a city employee stole money from the city. He indicated he was hesitant to raise thresholds because of the possibility for such abuses.

Mr. Zuercher stated the e-procurement initiative would help track and monitor payments and deter abuses.

Mr. Young added the combination of better technology and enhanced procurement controls and analytics would also help prevent abuses.

Chairman Gates discussed the need to align contract award and payment ordinance guidelines. He also noted certain authorization thresholds did appear low compared to benchmarks. He asked for further review of this item.

Mr. Zuercher noted the importance of an efficient procurement code to coincide with staffing efficiencies that have been undertaken.

Vice Mayor Waring emphasized the need for oversight and suggested the Council be involved in this process.

Chairman Gates opened the floor for public comment.

Reid Butler suggested a greater focus on transparency, a refinement of evaluation panels, a reevaluation of the role of non-employees in procurements, a review of the process for appeals, and further inclusion of residents in these processes.

Chairman Gates affirmed the importance of effective procurement policies and indicated the process would be ongoing.

7. Technology Summit

Information Technology Services Director Debbie Cotton briefly reviewed the previous meeting's discussion of a Technology Summit. She requested subcommittee approval to use the Task Force on Technology Enhancement, Council appointees, and the CIOs from the State of Arizona and Maricopa County to conduct a series of Technology Summits. She indicated the goal of the summits was to both establish best practices for the city of Phoenix and to promote the community-wide advancement of technology infrastructure and economic development.

Mr. Zuercher noted the summits would be a series of meetings, rather than a one-day event.

Councilman Valenzuela thanked staff, as well as Councilwoman Laura Pastor, for their work. He requested the summits include members of the public appointed by Council.

Councilman Valenzuela moved approval of staff's recommendations, noting the Council would appoint members of the public to the summit meetings.

Vice Mayor Waring seconded the motion, which was approved unanimously.

8. Call to the Public

None.

9. Future Agenda Items

Mr. Zuercher indicated the April agenda included items on tax simplification, a printing services reduction RFP, and updated information on technology plan funding.

10. Adjournment

Chairman Gates adjourned the meeting at 11:02 a.m.

Respectfully Submitted,

Aaron Mertz
Budget and Research Department

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CITY COUNCIL REPORT

TO: Ed Zuercher
City Manager

FROM: Neal Young
Chief Financial Officer

SUBJECT: UPDATE REGARDING PRINTER AND COPIER REDUCTION ANALYSIS AND REPORT

This report provides an update regarding the Printer and Copier Reduction initiative to the Finance, Efficiency, Economy and Sustainability Subcommittee. This update is for information only; no action is requested.

THE ISSUE

As directed by the Subcommittee, staff hired a consultant to assess the City's current printer and copier infrastructure, and determine what steps could be taken to improve efficiency and effectiveness in this area while lowering its overall cost.

After a successful solicitation process during Fall 2013, the City entered into a contract with print management consulting firm ProBuyers, LLC, on January 15, 2014. The contractor completed their analysis during the week of March 31, 2014 and submitted their draft report on April 9, 2014. Staff is currently reviewing the report and will provide the contractor with any feedback over the next two weeks. The final report is expected to be completed by early May 2014.

As the current Cost-per-Copy contracts expire on April 30, 2014, staff has submitted a Request for Council Action (RCA) to City Council to authorize an extension of the current contract for an interim period sufficient to present the report's findings and recommendations to the Subcommittee for approval and then implement these recommendations including any resulting solicitation and contract awards.

The report is expected to include an extensive audit of all City printers, copiers and multifunction devices. The report will also include an assessment of the current quantities, locations, distribution, utilization and costs of the current printer and copier infrastructure. The report then makes a series of recommendations regarding the optimization of the City printer and copier infrastructure, including the recommended procurement approach going forward, make and model recommendations, pricing targets and contractor qualification recommendations. Finally, the report will also include new organizational policies that will promote departmental compliance with standardized printer and copier usage and consumption. To oversee these policies, the report will also include a recommendation for the establishment of a managed print program and lead department to oversee the program.

RECOMMENDATION

This is for information and discussion only; no action is requested. Once the report is finalized, staff will return to the Subcommittee to present the report's findings and request discussion and approval of the recommendations at that time.

CITY COUNCIL REPORT

TO: Ed Zuercher
City Manager

FROM: Neal Young
Chief Financial Officer

SUBJECT: UPDATE ON TAX SIMPLIFICATION EFFORTS WITH ARIZONA DEPARTMENT OF REVENUE

This report provides information concerning the City's on-going efforts with the Arizona Department of Revenue (ADOR) and the planned implementation of HB 2111 to streamline the administration of Arizona's transaction privilege sales tax. This effort will provide business taxpayers with a single point for licensing, filing a tax return and paying taxes for all state, county and municipal taxing jurisdictions. The anticipated effective date of these changes is January 1, 2015.

THE ISSUE

ADOR is managing the Simplification effort by splitting the process into different focus groups or committees. The committees include Transaction Privilege (Sales) Tax (TPT) Administration, Audit, Collections, Construction Contracting and Intergovernmental Agreement (IGA). Most of these committees have already started meeting on a regularly scheduled basis.

Finance Department staff have been working with all 18 self-collecting cities for the past eight months on a weekly basis. The purpose is to gather information, develop requirements and standardize the data provided by the self-collecting cities to ADOR.

OTHER INFORMATION

City staff is also representing all self-collecting cities in weekly working session meetings with ADOR. These meetings are used to educate ADOR about the self-collecting cities' business processes as well as communicating system and reporting requirements. This has helped ADOR determine what changes need to be made to existing systems to support the cities' needs. This team is also determining new policies and procedures as well as creating new reporting requirements. A new Reporting team has developed out of these communications. This team will focus on more technical items such as financial transaction data needs, the timing of the data transmissions as well the means of transmission.

The Audit Committee is also meeting on a regular basis. This team, made up of ADOR and self-collecting cities' staff, is responsible for developing standardized Audit Assignment and Selection criteria, creating the new Audit Manual and Audit Workpapers for all auditors statewide to utilize after Simplification occurs. The committee has developed the standardized work papers and the audit manual. They have also developed a detailed timeline of milestone items outlining when testing of

the system and auditor training and certification will occur. This committee also includes the Enforcement team whose main focus is to ensure taxpayer compliance.

ADOR's Collections Division has given an overview presentation of their collections efforts, tools and resources. Some of their existing collections tools include the Debt Setoff program, the ability to automatically levy a bank account and utilizing Field Collectors as well as more standard collections procedures such as the ability to file liens and offer payment arrangements for delinquent customers. The ADOR Collections Division has spent additional time with a focus group made up of self-collecting cities to ensure that all outstanding questions were satisfactorily answered. Additional communication, education and coordination will need to occur in the future months but no further meetings have been scheduled at this time.

The IGA Committee has held an initial kickoff meeting and is gathering topics for further discussion. The purpose of this committee will be to outline the roles and responsibilities of the self-collecting cities and ADOR. This committee will be made up of a small group of self-collecting cities' Tax Administrators and attorneys as well as attorneys from ADOR. New IGA's will be needed for each self-collecting city. This committee will be reliant on the output of the other committees.

An initial Construction Contracting meeting was held with ADOR and Valley businesses in January 2014. Further meetings will be scheduled in the future.

RECOMMENDATION

This report is for information only.

CITY COUNCIL REPORT

TO: Ed Zuercher
City Manager

FROM: Neal Young
Chief Financial Officer

SUBJECT: RECOMMENDATION TO ESTABLISH CITY OF PHOENIX PROCUREMENT CODE

This report provides additional information in follow-up to the initial Finance, Efficiency, Economy and Sustainability (FEES) Subcommittee presentation on March 19, 2014, regarding the need for a City of Phoenix Procurement Code, answer any questions regarding the Code's contents and request subcommittee approval to proceed to City Council for authorization.

BACKGROUND

In order to improve the procurement process and address concerns raised by the City Council, the City Manager established a Procurement Review Task Force. The Task Force was composed of directors from several key departments and representatives from the local business community including the Arizona Chamber of Commerce, the Greater Phoenix Chamber of Commerce, Local First Arizona as well as private citizen representatives from the Innovation and Efficiency Task Force.

Throughout 2011 and 2012, this group influenced a number of significant procurement activities including the establishment of interim policies concerning protests and appeals, solicitation transparency and a local small business set-aside program. This Task Force also initiated a survey of the local business community and provided direction regarding a series of vendor forums to collect feedback from businesses regarding the City's procurement practices. These activities resulted in the City's first vendor registration system in 2012 and City Council authorization to develop an electronic procurement ("eProcurement") system in May 2013. A final recommendation of the Procurement Review Task Force was the revision of the City's procurement regulations.

THE ISSUE

Currently, Administrative Regulation ("AR") 3.10 is the City's primary source of policy regarding general procurement processes (not including design and construction procurement which is subject to State law). This AR is dated and was written broadly. The procurement processes set forth in the AR are insufficiently detailed and allow for substantial variability in procurement practices across City departments. This AR is also missing a number of key components typically found in government procurement regulations. Among the missing components are protest provisions, rules concerning specifications, authorization of cooperative purchasing, and policies concerning cost reimbursable contracts. This AR is established in policy only and has no foundation in

the City's municipal code. Without a legal foundation compliance activities are made more difficult and instances of fraud and fiscal abuse are harder to mitigate.

OTHER INFORMATION

To address the need for additional procurement regulation, staff began to investigate the establishment of a City of Phoenix Procurement Code ("procurement code" or "code"). When considering what form of code to pursue, staff identified the American Bar Association's Model Procurement Code ("model code"), first established in 1979 and revised in 2000, as the most recognized regulatory model for state and local government procurement in the country. Due to its longevity and exposure to countless procurement challenges the model code appears to be the best standard for the City to emulate in establishing the City's own procurement regulations. Due to the model code's wide adoption, business communities across the country and throughout Arizona are already familiar with its provisions and standards. By adopting a similar version of the model code, the City's procurement code will be immediately recognizable to the public and will provide greater consistency with other government's practices.

Further, having a more formal body of regulations procurement activities will become more predictable and consistent. For example, currently there are three different processes to conduct Request For Proposals ("RFP"). Legally based procurement regulations will also allow staff to safely utilize more modern procurement techniques that will increase competition and yield greater contract value for the City. For example, the RFP process including the proposal revision and best and final offer ("BAFO") steps.

Another challenge of the current procurement regulation is the low threshold for seeking informal competition, e.g., 3 quotes. Whereas staff research suggests that most state and local governments require informal competition for contracts in excess of \$2,000 to \$10,000, the City's informal threshold is currently at \$100. This means that each new purchase over \$100 staff must seek multiple quotes before placing the order. The cost of such administrative time and efforts burdens each of these transactions, to the extent that the administrative cost of such activities can often exceed the value of the transaction itself.

An even greater challenge of the current regulations is the dual authorization requirements for contracts under \$50,000. AR 3.10 requires allows staff to authorize contracts below \$50,000 while City charter and code require City Council authorization of any contract expenditures above \$8,600. For contracts between \$8,600 and \$50,000, staff awards the contracts administratively and then after receipt of the goods, services and invoices, the payment request is submitted to City Council for payment authorization. Due to the time required to process these authorizations, the City cannot routinely take advantage of prompt payment discounts. The City is currently benefiting from 75 percent of the total discounts offered. The City also may impose a greater cash-flow pressure on our small dollar contractors, many of whom are Small Business Entities (SBEs) by delaying payments. In staff's review of other government procurement regulations, no other examples of split authorizations for contracts and contract payments were identified. In keeping these thresholds separate, the City incurs significant procedural inefficiencies, less favorable pricing terms, strained

contractor relationships and increased contractual risk should payment authorization not be received. The \$8,600 payment authorization threshold is inconsistent with state and national practices, is inefficient, costly and contributes to increased levels of contract risk.

The new eProcurement system will enable a variety of new internal controls, reports and access limits in promoting a transparent purchasing environment. Inappropriate procurement activities, including splitting, unauthorized awards, overspending and off-contract purchases will be easier to prevent. The attachment details new internal controls and reporting capabilities that will become available with the new eProcurement system.

Per the direction and leadership of the FEES Subcommittee, the new eProcurement system will allow for visibility into all aspects of contracting and purchasing activities. With the improved efficiencies afforded by revising the contract and payment authorization thresholds to \$35,000, the City will still be able to maintain control over all small dollar procurement through a number of system process controls and detailed reports.

As requested at the March 19, 2014 FEES Subcommittee meeting. Staff solicited feedback on the code with private sector participants of the Procurement Task Force. Responses from Task Force members were very positive and supportive.

CONCLUSION

The establishment of a procurement code will create clear and consistent expectations for staff as well as the public. The code will also establish due process for persons or businesses seeking resolution of protests and appeals. Given the much greater transparency the new eProcurement system will enable, the code will also facilitate the establishment of necessary consistency in procurement processes and related documentation. A substantial and detailed code will further assist staff in meeting increased expectations of achieving savings through increased competition, contract management and purchasing controls.

Further, staff recommends increasing the informal threshold to \$5,000 per contract, an amount consistent with other governments throughout Arizona and the country. To provide further transparency while improving process efficiency, staff recommends moving to a single authorization threshold through the reduction of the contract authorization threshold from \$50,000 down to \$35,000, and increasing the payment authorization threshold from \$8,600 up to \$35,000. All contracts over \$35,000 would be submitted to City Council for authorization prior to contract award. The Finance Department is working with the Law Department in developing an annual authorization process specifying payment authority by purpose and by department for contracts and payment requests below \$35,000. Finally, eProcurement will provide a much more robust control environment to help ensure code compliance.

RECOMMENDATIONS

Staff recommends the following:

- Establish a new City of Phoenix Procurement Code consistent with the ABA Model Procurement Code.
- Increase the informal competitive threshold from \$100 to \$5,000.
- Decrease the contract authorization threshold from \$50,000 to \$35,000 and increase the payment authorization threshold from \$8,600 to \$35,000. Contracts and payments under \$35,000 will be authorized through an annual process.

Attachment

Attachment

E-Procurement Controls

Payments and Contract Management

- Automated three way match of purchase order, goods receipt and payment.
- Will have automated approval levels defined in the system including final approval by City Controller.
 - Enforces accountability through review and approval of all procurement requests.
- Standardize purchasing processes driven by an automated system.
- Established roles to ensure segregation of duties.
 - Document controls will continue to be used to prevent the same end-user from entering invoices and releasing them for payment.
 - Ability to further restrict end-user controls based on detailed attributes in order to better comply with policy and procedures (e.g., account assignments, organizations, material groups, catalogs, etc.).
- Ensure the goods and services are received at City of Phoenix locations/facilities
- Contract authorization controls on spend amounts.
- Will ensure commodity is purchased at contract price.
- All contracts will be tracked in system.
 - Ensures that existing, relevant contracts are utilized.
 - Ensures contracts are not being utilized after expiration dates.
 - Invoice posting errors with respect to taxes, pricing, quantities and contract terms should be reduced significantly.

Vendor Relationship Management

- Enable more information from Vendor Registration system.
- Initially requiring a completed W-9 form will provide for enhanced compliance with Internal Revenue Service regulations and more accurate 1099 reporting.
- Standardizing and enforcing central registration of suppliers will enforce compliance with the City's proposed procurement code.
- Incorporating and standardizing LSBE registration.
- System will tie Vendors to commodities.

Solicitation/Procurement Processes

- Standardize process in managing all solicitations.
- Standardize language used in solicitations and contracts.
- Enforce compliance with City procurement policy reducing legal risk.
- Maintain information such as bids, evaluations of bids and tabulations related to all solicitations in the system will provide a clear, easily-accessible audit trail.
- Increase visibility and auditability using an integrated system of record for all legal procurement documents.

Business Analytics

- Track spending trends by department by commodity codes.
- Compare vendor information with tax system.
- Compare vendor information with employee information.
- Track commodities by vendor.
- Track citywide one-time purchases by commodity.

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CITY COUNCIL REPORT*

TO: Danny Murphy
Acting Assistant City Manager

FROM: Debbie Cotton
Chief Information Officer

SUBJECT: FIVE-YEAR INFORMATION TECHNOLOGY PLAN FUNDING PROPOSAL

This report provides information to the Finance, Efficiency, Economy and Sustainability Subcommittee regarding funding options for the highest-priority projects in the Five-Year Information Technology (IT) Plan.

THE ISSUE

An investment in IT is necessary to maintain the City's technology infrastructure and provide innovative services to the public. A Five-year IT Plan was presented to the Finance, Efficiency, Economy and Sustainability Subcommittee on February 26, 2014. The plan detailed critical technology projects based on the business needs of City departments.

Staff in the Budget and Research, Finance, and Information Technology Services departments reviewed the highest priority projects in the plan and developed funding options. Funding includes use of pay-as-you-go capital, debt financing and enterprise funding. The highest priority projects and their funding impact are included in the City Manager's FY 2014/15 Trial Budget, which is currently under consideration by the community and the City Council. The FY 2014/15 General Fund portion amounts to approximately \$6M, with the Enterprise and Other Funds budgeting an additional \$17.4M.

Funding is proposed for projects in the following areas, with total project budget and FY 2014/15 amounts listed:

Area	Project	Total	FY 2014/15 Total
Public Safety	Fire Computer-Aided Dispatch	\$15.5M	\$7.7M
Public Safety	Fire EKG Unit Interface Replacement	\$500K	\$500K
Public Safety	Police Human Resource Application Upgrade	\$600K	\$600K
Technology Infrastructure	Telephone System Replacement/Data Network Upgrade	\$35.6M	\$1.7M
Technology Infrastructure	Enterprise Data Storage Expansion/Back-up Licensing	\$345K	\$345K
Technology Infrastructure	Data Center Improvements	\$325K	\$325K
Productivity Tools	Email Replacement and Software Upgrade	\$12.5M	\$3M

Area	Project	Total	FY 2014/15 Total
IT Security	User Access Management Improvements	\$1.7M	\$75K
IT Security	Mobile Device and Mobile Application Management System	\$2M	\$175K
Efficient Operations	Water/Solid Waste Customer Relationship System Upgrade	\$12.5M	\$7.5M
Transparency	Election System Server Replacement	\$46K	\$46K
Operations	Increase in Operations & Maintenance for IT	\$1.1M	\$1.1M

OTHER INFORMATION

The Five-year IT Plan was developed through a collaborative effort between the Information Technology Services department and all other City departments and functions. Departments identified the most essential projects to provide services to their customers, comply with laws or regulations, and protect revenue to the City. These requests were analyzed in conjunction with the priorities identified by the City's Innovation and Efficiency Task Force. The plan was approved by the Task Force on Technology Advancement, as well as the City's IT Governance Board.

At the City Council meeting on April 16, staff is seeking approval from the City Council in the creation of a Technology Summit to help move the City's use of technology forward. Staff expects to gain insight from Summit members in helping further develop the City's technology investment strategy and will bring back to the Subcommittee additional investment recommendations this fall.

RECOMMENDATION

This report is for information and discussion only; no action is requested at this time.