Information Technology Expenditures

Prepared by the Legislative Reference Bureau

Issue Briefing

November, 2014

Issue briefing by the Legislative Reference Bureau describing information technology expenditures in 2012 and 2013, including an examination of expenditures by category, expenditures by department, large operating expenditures and capital projects.

I. EXECUTIVE SUMMARY

One of the Department of Administration's objectives in the 2014 Budget was to "*improve efficiency and effectiveness*" in the City's information technology (IT) operations. Several years of IT restructuring have already seemingly increased the Information Technology Management Division's (ITMD) capacity to deploy IT resources across City government, but the degree to which ongoing efforts have improved efficiency and effectiveness remains to be seen.

This issue briefing examines IT-related expenditures and other data to establish benchmarks for the measurement and evaluation of IT restructuring efforts. For instance, data from 2012 and 2013 show that:

- The City of Milwaukee's total Information Technology-related expenditures were $25.7 million in 2012 and $25.2 million in 2013.

- The largest IT expenditure category was "salaries and wages" at $8.1 million (32% of total expenditures) in 2012 and $7.1 million (28%) in 2013.

- Including fringe benefits, total personnel costs were $11.9 million (46% of total expenditures) in 2012 and $10.3 million (41%) in 2013.

- Currently, 138 positions (approximately 125 full-time equivalents) are devoted to information technology City-wide.

- IT professional services accounted for nearly 27% of total expenditures in 2013, and equipment accounted for over 11% of total expenditures.

- ITMD and public safety-related departments (Police & Fire) were the largest IT spenders in both 2012 and 2013 by a significant margin. These 3 departments accounted for over 51% of all IT expenditures in 2013.

- ITMD and the Police Department had the greatest portion of IT capital project expenditures, accounting for $743,000 (38%) in 2012 and $1.9 million (62%) in 2013.

II. PERSONNEL

Information Technology Support Consolidation

Over the past few years, the City has streamlined information technology administration by consolidating DPW, Health Department and DCD IT functions into ITMD. Additionally, in 2012 ITMD assumed most IT support functions for the Redevelopment Authority, gaining 2 Programmer Analysts (one funded by ITMD O&M funds and the other by RACM).

In 2013, IT application development and support, networking, and telecommunications functions also moved from DPW-Technical Services Section and the Health Department. Several other positions were impacted:

- ITMD eliminated a General Fund-supported Systems Analyst/Project Leader position.
- DPW transferred 7 telecommunications positions, one Applications Programmer and 6 IT support positions.
- The Health Department transferred 2 IT positions and one Telecommunications Analyst to ITMD.
- The Common Council-City Clerk moved one IT support position to ITMD.

As a result of these changes, ITMD gained 16 IT and telecommunications positions. Subsequent to the timeframe of this briefing, in 2014 ITMD added the remainder of DCD's IT functions to its support responsibilities. One DCD and one RACM position were transferred. ITMD also assumed IT responsibility from a contracted consultant who provided IT support to the Port of Milwaukee, and an administrative position was added to ITMD's staff to assist in this consolidation. Through the reclassification and under-filling of several of the positions related to the IT support consolidation, ITMD has achieved $165,588 in annual salary savings. This savings does not include fringe benefits or overhead costs.

Thus far, consolidation efforts have allowed ITMD to eliminate duplicative management positions, use personnel more flexibly, reduce IT hardware (especially the replacement of redundant servers) and standardize hardware and software throughout multiple City departments for cost savings and more efficient support. These changes have increased ITMD's capacity to deploy IT resources across City government. The effort is ongoing. Figure 1 illustrates IT-related full-time equivalents. Detailed position data are provided in Table 1 in the appendix.

Figure 1. Full-Time Equivalents Dedicated to IT, 2012 and 2013.
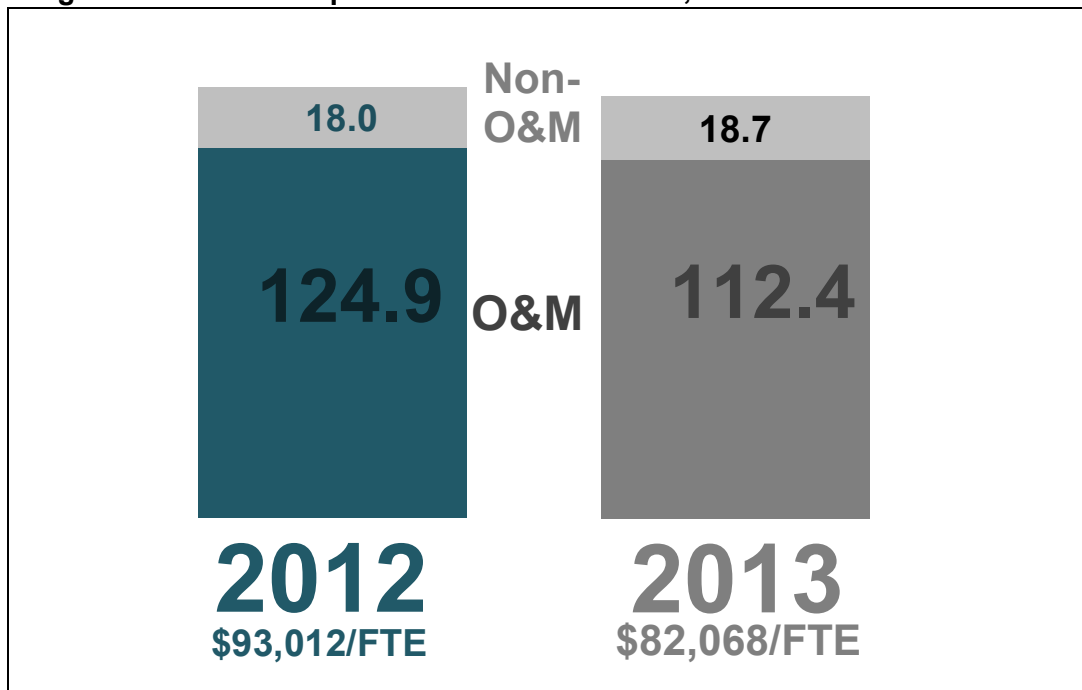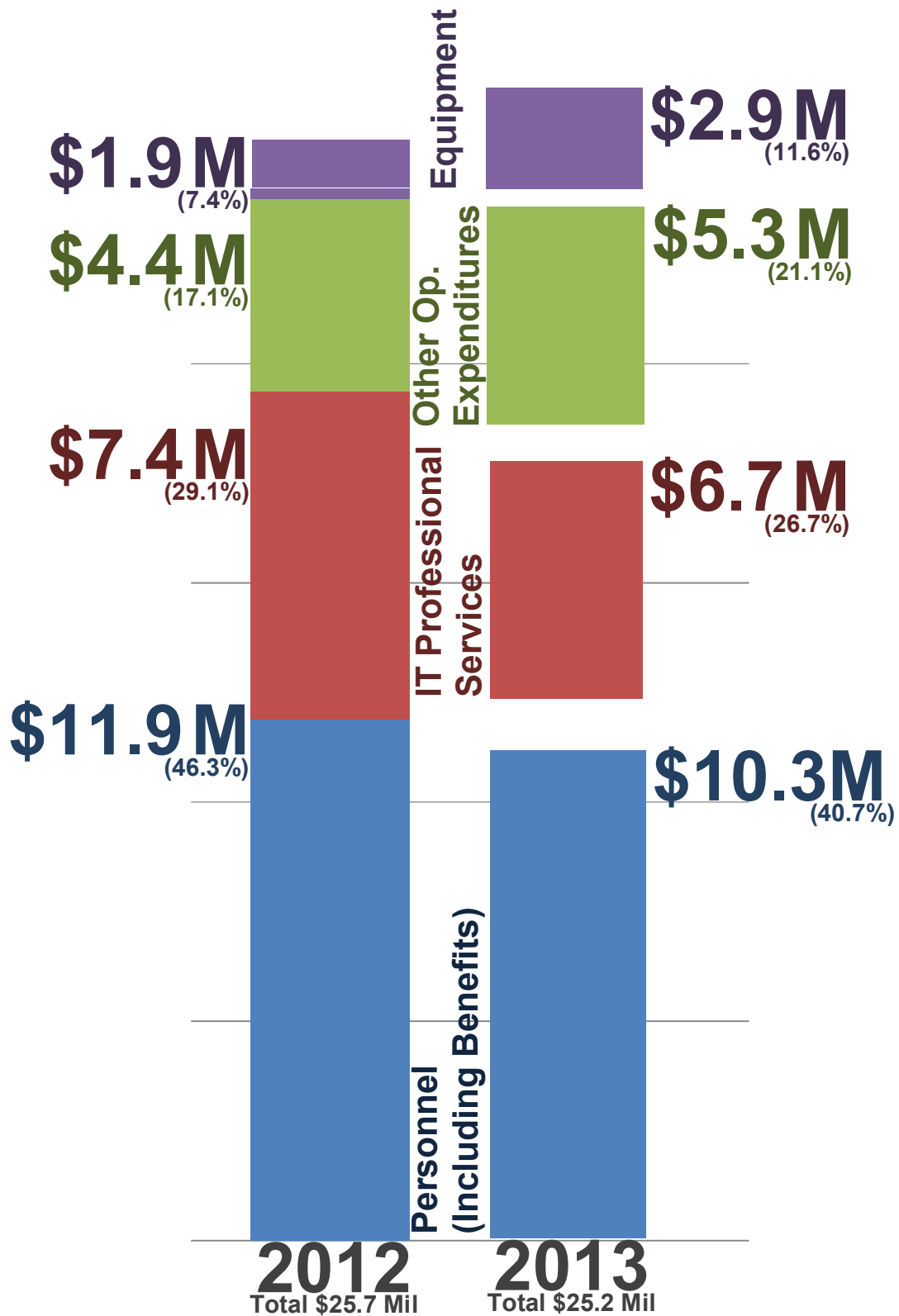

III. IT EXPENDITURES

Total Expenditures by Category

The City of Milwaukee's total Information Technology-related expenditures were **$25.7 million in 2012 and $25.2 million in 2013.** These amounts included Department of Administration-ITMD costs, other departments' IT salaries and wages, fringe benefits, operating expenditures, equipment and capital expenditures. In addition to General Fund-supported departments, Employees' Retirement System expenditures, grants and enterprise fund expenditures are included to provide a complete picture.

The largest IT expenditure category was "salaries and wages" at $8.1 million (32% of total expenditures) in 2012 and $7.1 million (28%) in 2013. Including fringe benefits, **total personnel costs were $11.9 million (46%) in 2012 and $10.3 (41%) in 2013.** Currently, 138 positions (approximately 125 full-time equivalents) are devoted to information technology City-wide.

IT professional services accounted for nearly 28% of total expenditures in 2013, and equipment accounted for almost 12% of total expenditures. IT Professional Services included consultants for ITMD, Police, Health and ERS as well as vendor charges for IT system implementation and

maintenance. Equipment purchases included servers, mobile devices, and desktop and laptop computers. Additional data are provided in Table 2 of the appendix.

Figure 2. Total IT Expenditures by Category, 2012 and 2013.

Equipment

$1.9 M
(7.4%)

$2.9 M
(11.6%)

Other Op. Expenditures

$4.4 M
(17.1%)

$5.3 M
(21.1%)

IT Professional Services

$7.4 M
(29.1%)

$6.7 M
(26.7%)

Personnel (Including Benefits)

$11.9 M
(46.3%)

$10.3M
(40.7%)

2012
Total $25.7 Mil

2013
Total $25.2 Mil

Expenditures by Department

DOA-ITMD and public safety-related departments (Police & Fire) were the largest IT spenders in both 2012 and 2013 by a significant margin. **These 3 departments accounted for over 51% of all IT expenditures in 2013.** Only 4 other departments accounted for more than 5% of total IT expenditures in 2013: remaining Department of Administration divisions (5.3%), the Milwaukee Public Library (5.7%), DPW-Water Works (11.1%), and the Employees' Retirement System (10.6%). All remaining departments accounted for just 16.1% of total IT expenditures.

- *DOA-ITMD.*

  ITMD manages the City's web site, supports mapping and geographic display of information, and supports operations of certain critical City and departmental systems. These systems include the PeopleSoft Financial Management Information System and Human Resources Management System; various DPW design, construction, infrastructure and facilities systems; and Health Department applications, among others.

  ITMD also supports and maintains citywide and departmental networks and desktop operations for most City departments. Departments that currently maintain their own IT support staff or are provide support through a consultant include Assessor, City Attorney, City Clerk, DNS, MFD, MPD, Municipal Court, DPW-Water Works, ERS, and the Library. ITMD provides hardware support for the City's internet site and web-based applications; ensures the security of City networks, systems, and data; and operates centralized systems that maintain and provide data that support critical departmental activities.

- *Police Department.*

  The Police Department Information Systems area is responsible for a broad range of IT and telecommunications applications and infrastructure. These include 911 emergency telephone and police dispatch systems, the department's administrative phone system, the Records Management System, the Case Management System, the police digital radio communications system, and various mobile applications providing information to officers in the field.

- *Fire Department.*

    The Fire Department operates a dispatch system, a records management system, and uses the Police Department's digital radio system infrastructure.

More detailed departmental expenditures are provided in Table 3 of the appendix.

Figure 3. Total IT Expenditures by Department, 2012 and 2013 (Thousands of Dollars).

Figure 3. (Continued).

2012
Total $1.62 M

Enterprise   **(Water Works, Parking, Port & Sewer Maintenance)**

2013
Total $3.57 M

2012
Total $2.82 M

ERS   **(Employe's Retirement System)**

2013
Total $2.68 M

2012
Total $1.81 M

DPW   **(Administrative Services, Infrastructure & Operations)**

2013
Total $253,005

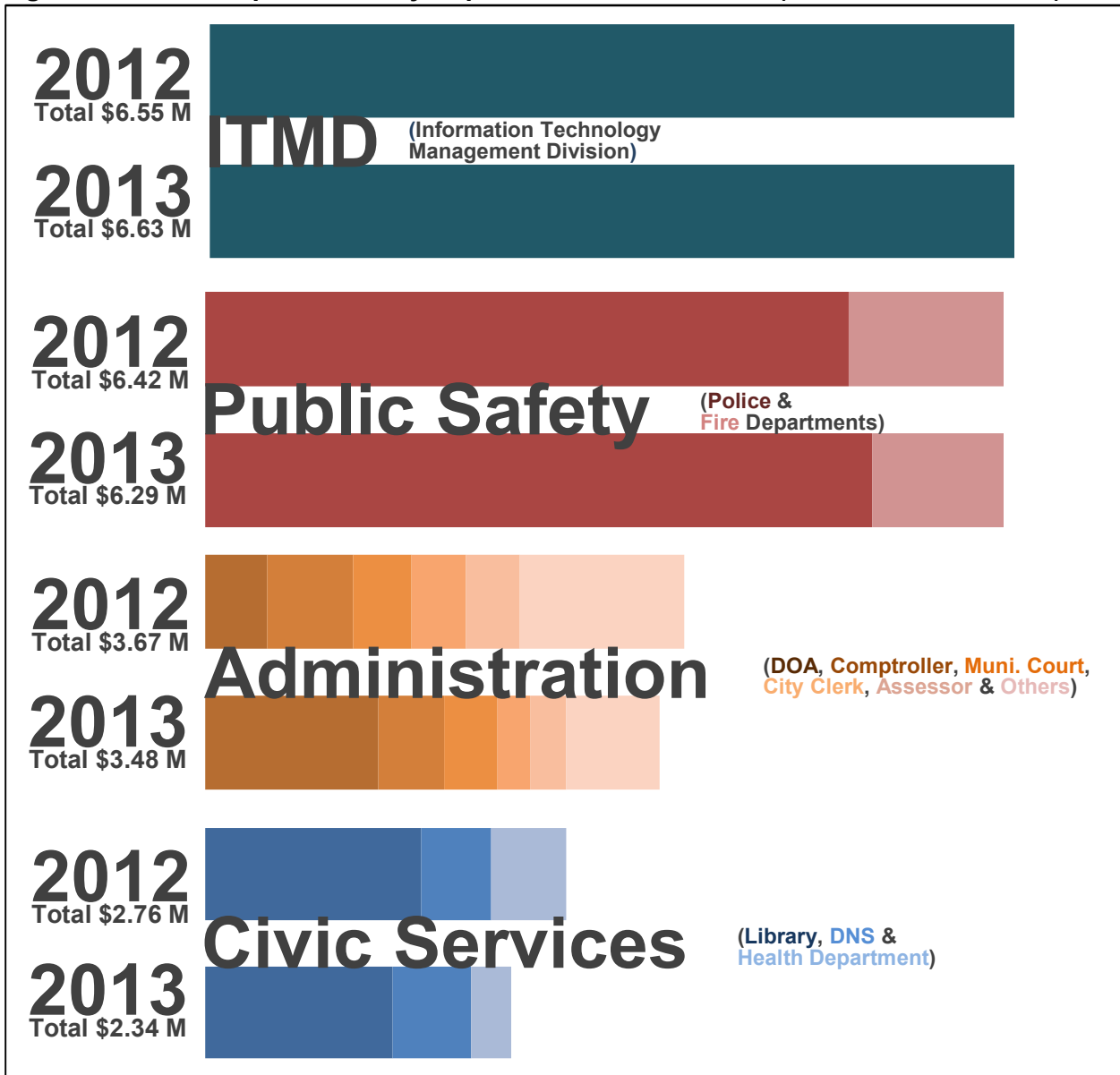## Large Operating Expenditures

As mentioned above, IT professional services account for 29% of total IT spending in 2012 and over 26% in 2013. Several vendors comprise the majority of that spending. These services included support for crucial systems, including ITMD FMIS & HRMS, Water Works' online customer account access, ERS pension administration, Health Department's Consumer Health Inspection and Licensing (CHILI) data system, and several Police operations and records keeping systems. A large number of vendors provided services totaling less than $100,000 each. Details are provided in Table 4 in the appendix.

Figure 4. Selected IT Professional Services (634500 Series) Expenditures, 2012 and 2013.
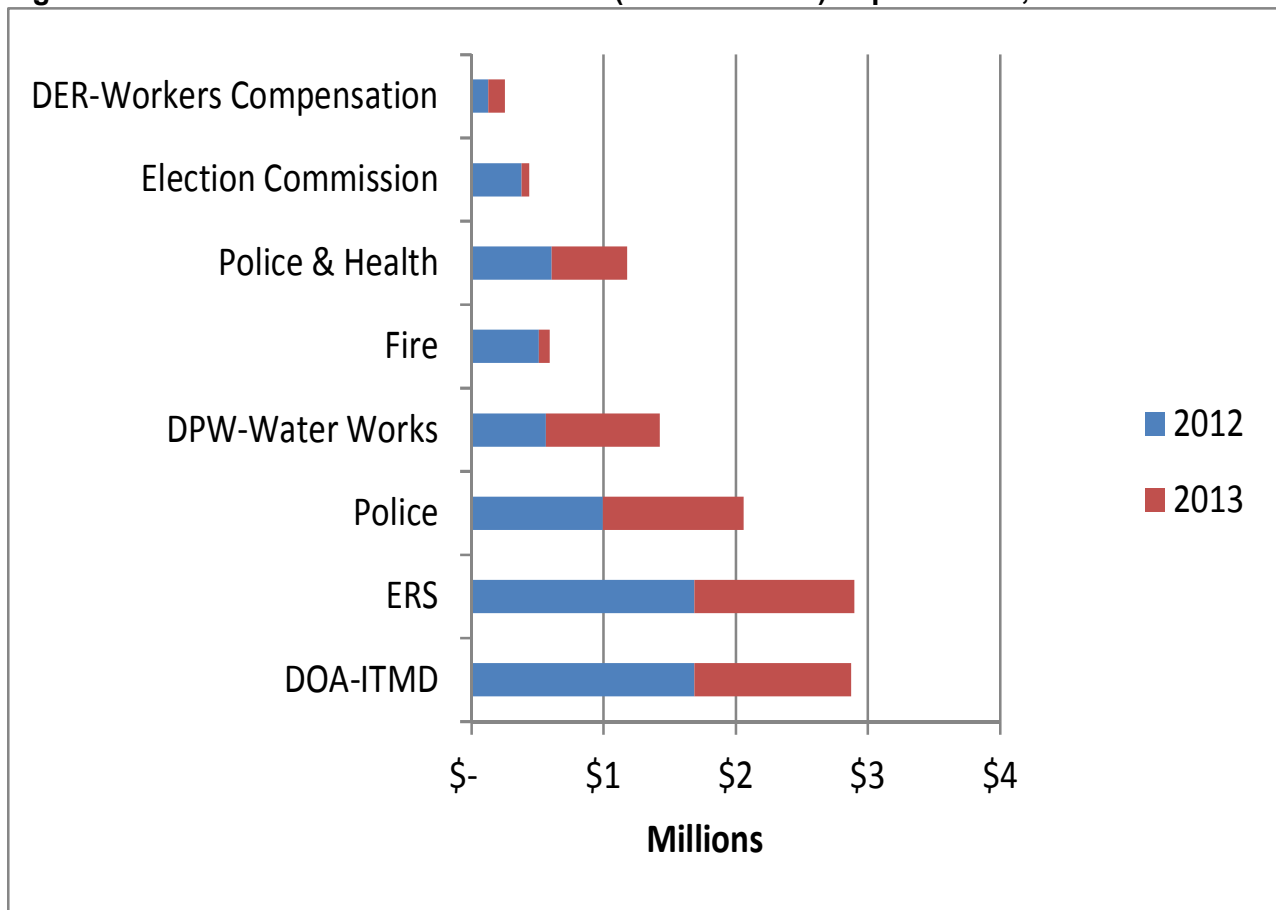
Capital Projects

Several IT capital projects incurred expenditures during 2012 and 2013. These included DOA-ITMD Citywide projects and department-specific projects, such as the Health Department's Data Repository and several Police Department projects. ITMD and the Police Department had the greatest portion of IT capital project expenditures, accounting for $743,000 (38%) in 2012 and $1.9 million (62%) in 2013.

Other capital projects included the Library's Radio Frequency Identification System, DPW-Parking Operations' License Plate Recognition System, and Municipal Court's Case Management System. Table 5 details individual capital project expenditures.

Figure 5. Police Department IT Capital Project Expenditures, 2012 and 2013.
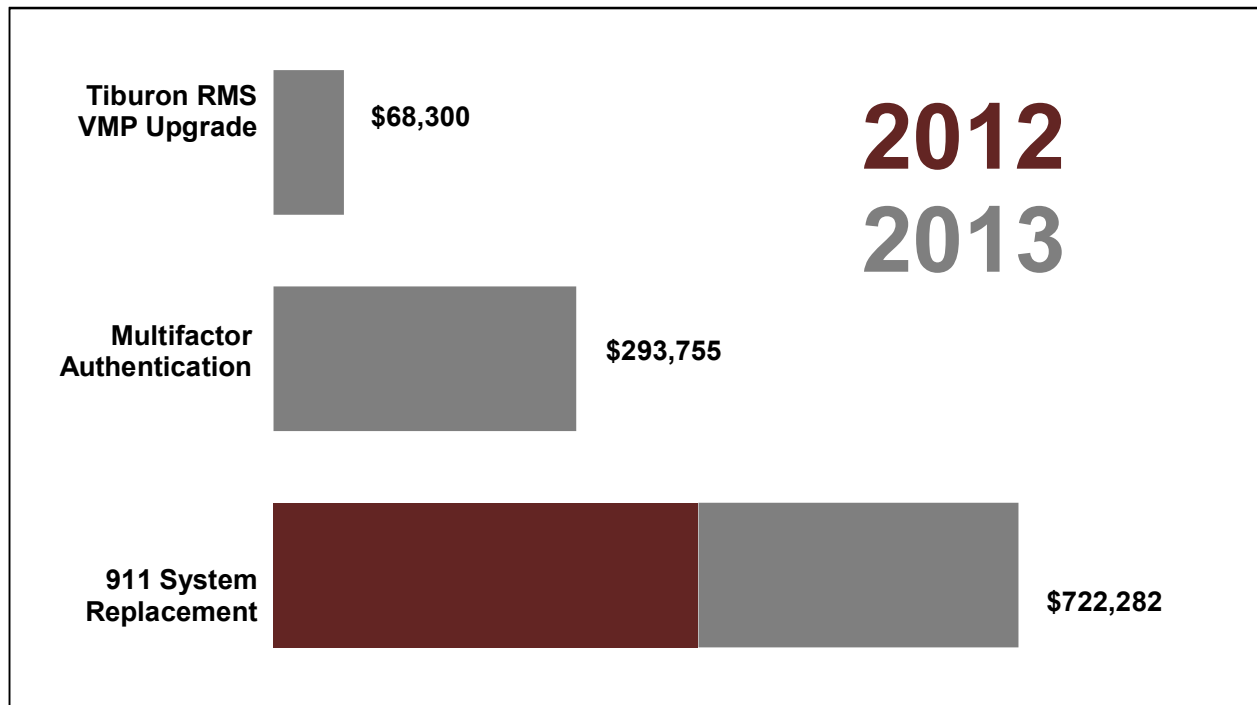
*The 2011 Tiburon RMS VMP Upgrade appropriation has been applied to the Records Management System Replacement Project per the 2013 Budget.

*

Figure 6. DOA-ITMD IT Capital Project Expenditures, 2012 and 2013.

Improve / Update City Website — $27,000

HRMS Upgrade — $30,708

2012
2013

USL Job Training Program — $13,915

Storage Area Network Expansion — $113,713

UCC Citizen Relationship Mngmnt System — $128,853

FMIS Upgrade — $166,113

Exchange Server Replacement — $209,445

IT Upgrades — $255,026
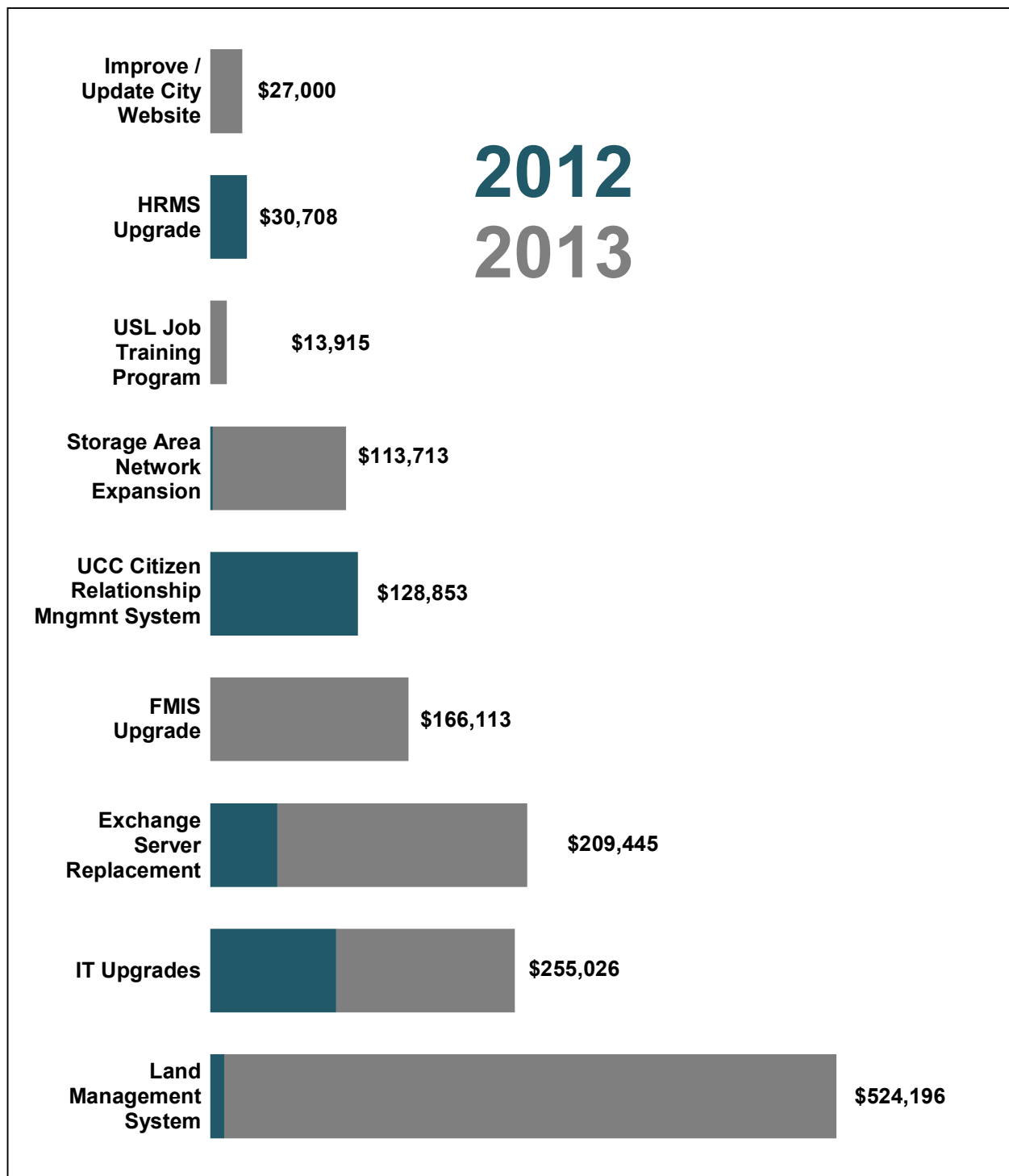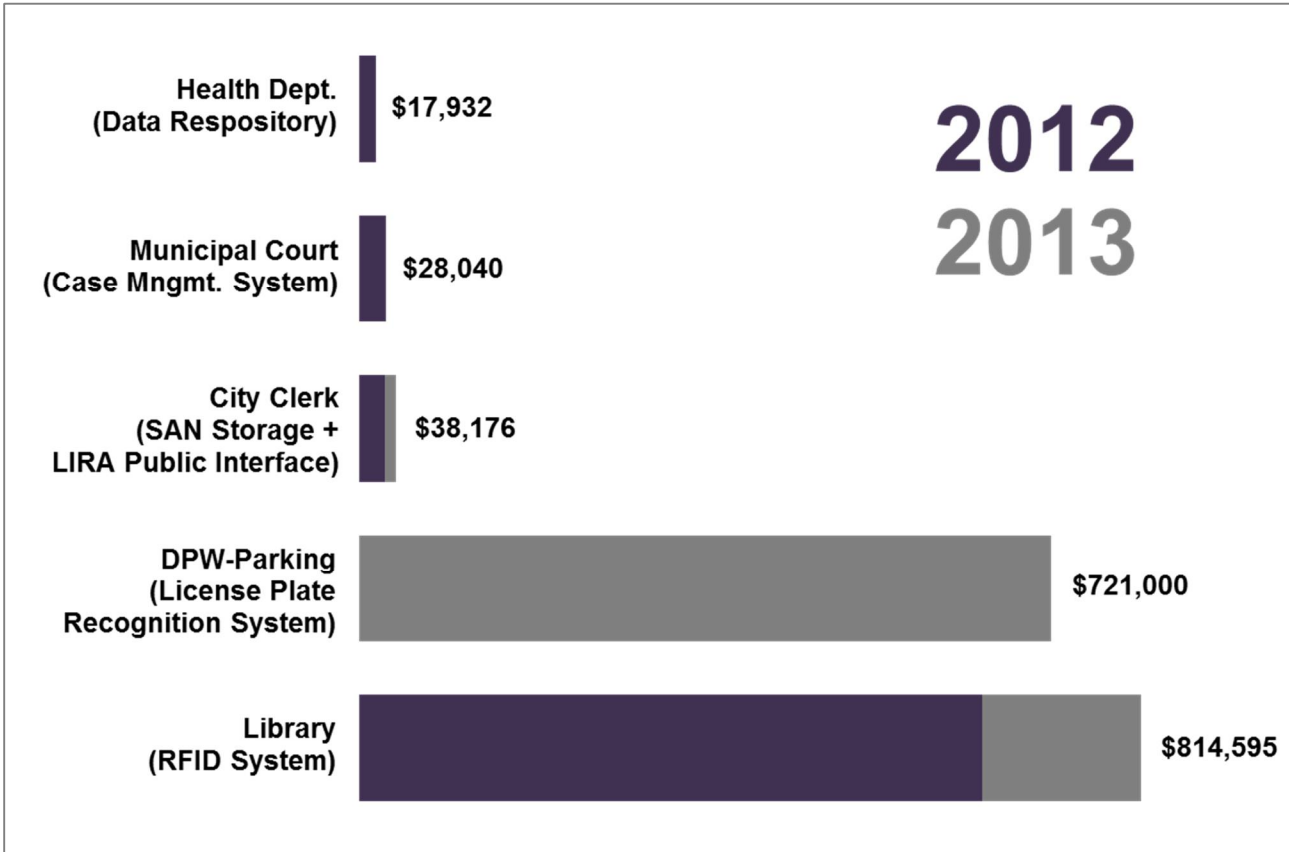
Land Management System — $524,196

Figure 7. Other Departmental IT Capital Project Expenditures, 2012 and 2013.

IV. APPENDIX

Table 1. IT Full-time Equivalents and Total Positions, 2012 and 2013.

DESCRIPTION	2012	2013
Full-time Equivalents, O&M	109.85	106.37
Full-time Equivalents, Non-O&M	18.00	18.72
Total Full-time Equivalents	127.85	125.09
Total Positions	132	138
Total Personnel $ Per Full-time Equivalent	$93,012	$82,068

Table 2. Total IT Expenditures by Category, 2012 and 2013.

CATEGORY	2012 (millions)	% of Total	2013 (millions)	% of Total
Salaries & Wages	$8.13	31.7%	$7.10	28.1%
Fringe Benefits	$3.76	14.7%	$3.16	12.5%
Sub-Total: Personnel	**$11.89**	**47.3%**	**$10.27**	**40.7%**
IT Professional Services	$7.47	29.1%	$6.74	26.7%
Other Operating Expenditures	$4.39	17.1%	$5.31	21.1%
Equipment	$1.91	7.4%	$2.93	11.6%
GROSS EXPENDITURES	**$25.66**	**100.0%**	**$25.24**	**100.0%**
ERS & Deferred Comp Reimbursement	($2.81)		($2.68)	
NET EXPENDITURES	**$22.85**		**$22.56**	

Table 3. Total IT Expenditures by Department, 2012 and 2013

DEPARTMENT	2012		2013	
	$ (millions)	% of Total	$ (millions)	% of Total
Sub-Total: ITMD	**6,552,046**	**25.5%**	**6,626,798**	**26.3%**
Police Department	4,924,527	19.2%	5,102,690	20.2%
Fire Department	1,497,697	5.8%	1,187,518	4.7%
Sub-Total: Public Safety	**6,422,225**	**25.0%**	**6,290,208**	**24.9%**
Dept of Neighborhood Services	537,501	2.1%	604,863	2.4%
Health Dept	570,135	2.2%	305,575	1.2%
Library	1,652,654	6.4%	1,431,141	5.7%
Sub-Total: Civic Services	**2,760,291**	**10.8%**	**2,341,579**	**9.3%**
Board of Zoning Appeals	0	0.0%	3,000	0.0%
Mayor's Office	2,990	0.0%	2,387	0.0%
Unified Call Center	123,738	0.5%	0	0.0%
Common Council-City Clerk	415,373	1.6%	247,065	1.0%
Municipal Court	448,831	1.7%	409,944	1.6%
City Attorney	124,676	0.5%	97,184	0.4%
Dept of Administration	475,241	1.9%	1,327,827	5.3%
Dept of Employee Relations	221,240	0.9%	178,600	0.7%
Election Commission	388,456	1.5%	53,237	0.2%
Dept of City Development	157,976	0.6%	175,604	0.7%
Comptroller	655,953	2.6%	502,136	2.0%
City Treasurer	227,266	0.9%	194,300	0.8%
Assessor's Office	413,011	1.6%	276,587	1.1%
Fire & Police Commission	16,763	0.1%	10,765	0.0%
Sub-Total: Administration	**3,671,514**	**14.3%**	**3,478,636**	**13.8%**
Administrative Services	1,475,915	5.8%	18,590	0.1%
Infrastructure	227,468	0.9%	102,783	0.4%
Operations	110,872	0.4%	131,633	0.5%
Sub-Total: DPW	**1,814,255**	**7.1%**	**253,005**	**1.0%**
Sub-Total: ERS	**2,823,821**	**11.0%**	**2,676,687**	**10.6%**
DPW - Parking	1,631	0.0%	725,942	2.9%
DPW - Sewer Maint	6,616	0.0%	9,857	0.0%
DPW - Water Works	1,576,070	6.1%	2,807,840	11.1%
Port of Milwaukee	30,748	0.1%	31,129	0.1%
Sub-Total: Enterprise Funds	**1,615,064**	**6.3%**	**3,574,768**	**14.2%**
GRAND TOTAL	**25,659,215**	**100.0%**	**25,241,681**	**100.0%**

Table 4. Information Technology Services Expenditures, 2012 and 2013

DEPARTMENT	VENDOR NAME	DESCRIPTION	2012	2013
DOA-ITMD	Oracle America Inc.	PeopleSoft FMIS & HR and GIS Support & Maint.	$1,004,177	$745,300
	Cedarcrestone/Crestone Managed Svcs	Enterprise Resource Mgmt Support & Maint.	$454,303	$132,094
	SHI International Corp	Microsoft Software Assurance & Optimization	$70,713	$127,791
	Sofware AG USA Inc.	Database, Middleware & Development Software Maint.	$84,730	$84,896
	IBM	z/Virtual Machine Operating System Support	$73,553	$96,014
		Sub-Total: DOA-ITMD	**$1,687,476**	**$1,186,095**
DPW-Water Works	Systems & Software Inc.	Customer Account System Maint. & Work Order Module (2013)	**$562,047**	**$865,699**
Election Commission	Heartland Information Research Inc.	Voter Registration & Absentee Ballot Data Entry (2012 Recalls)	**$380,316**	**$53,237**
DER-Workers Comp	Ventive Technology	Employee Benefits System Hosting Fees	**$126,688**	**$123,930**
ERS	DS Consulting Grp LLC	IT Systems Support Consultants	$440,375	$472,905
	HP State & Local Enterprise Solutions		$315,182	$235,534
	S&S Consulting Group LLC		$527,032	$110,408
	Symphony Corp.		$403,389	$392,042
		Sub-Total: ERS	**$1,685,979**	**$1,210,889**
Fire	Archonix Systems LLC	Fire Computer Aided Dispatch System	$276,667	$48,333
	Integrated Data Storage Inc	Fire CAD and Records Mgmt System Upgrade & Maintenance	$232,259	$31,193
		Sub-Total: Fire	**$508,926**	**$79,526**
Police	AT&T Mobility	Wireless System Support	$354,943	$224,098
	MorphoTrak	Automated Fingerprint Identification System Support	$280,531	$362,365
	Tiburon, Inc.	RMS/CMS System Support & Maintenance	$358,302	$477,010
		Sub-Total: Police	**$993,776**	**$1,063,473**
Police + Health	Syslogic Inc.	Health CHILI & Police Database Conversions	$317,434	$514,403
	Dell Marketing LP	Computers & Support	$288,205	$57,883
		Sub-Total: Police + Health	**$605,639**	**$572,286**
TOTAL LARGE EXPENDITURES BY SELECTED DEPARTMENTS			**$6,550,847**	**$5,155,136**
All Other Information Technology Services (634500 account series)			$917,506	$1,579,993
GRAND TOTAL - INFORMATION TECHNOLOGY SERVICES			**$7,468,353**	**$6,735,129**

Table 5: IT Capital Project Expenditures by Department, 2012 and 2013.

DEPARTMENT	DESCRIPTION	2012	2013	TOTAL
DOA-ITMD	Land Management System	$12,000	$512,196	$524,196
	IT Upgrades	$105,746	$149,280	$255,026
	Exchange Server Replacement	$56,198	$209,445	$265,643
	FMIS Upgrade	$0	$166,113	$166,113
	Unified Call Center Citizen Relationship Mgmt. System	$123,738	$0	$123,738
	Storage Area Network (SAN) Expansion	$2,152	$111,561	$113,713
	USL Job Training Program	$0	$13,915	$13,915
	HRMS Upgrade	$30,708	$0	$30,708
	Improve/Update City Website	$0	$27,000	$27,000
	Sub-Total: DOA-ITMD	**$330,542**	**$1,189,510**	**$1,520,052**
Police	911 System Replacement	$412,004	$310,278	$722,282
	Multifactor Authentication	$0	$293,755	$293,755
	Tiburon RMS VMP Upgrade	$0	$68,300	$68,300
	Sub-Total: Police	**$412,044**	**$672,333**	**$1,084,377**
Library	Library RFID System	**$649,603**	**$164,992**	**$814,595**
DPW-Admin	Municipal Phone System Upgrade	**$418,150**	**$186,414**	**$604,574**
DPW-Infrastructure	Pavement Mgmt System & Fuel Dispensing Prog	**$70,738**	**$73,493**	**$144,231**
DPW-Parking	DPW-Parking License Plate Recognition System	**$0**	**$721,000**	**$721,000**
Health	Data Repository	**$19,569**	**$0**	**$19,569**
City Clerk	SAN Storage	$27,039	$0	$27,039
	LIRA Public Interface	$0	$11,137	$11,137
	Sub-Total: City Clerk	**$27,039**	**$11,137**	**$38,176**
Municipal Court	Muni. Court Case Management System	**$28,040**	**$0**	**$28,040**
GRAND TOTAL: CAPITAL EXPENDITURES		**$1,955,684**	**$3,018,889**	**$4,974,573**

Prepared by: John Ledvina, Fiscal Planning Specialist

Contributor: Andrew VanNatta, Legislative Fiscal Analyst - Lead

Edited by: Ted Medhin, Research and Analysis Supervisor

LRB152077

Last Updated: February 16, 2015