

LRB - FISCAL SECTION ANALYSIS

FEBRUARY 5, 2003

ITEM 18, FILE 021470

FINANCE & PERSONNEL COMMITTEE

JAMES CARROLL

Background

1. The City of Milwaukee's 2002 Capital Improvement Budget included \$5 million for the City Telephone Switch (System) Replacement.
2. The funding was included in the 2002 Budget because the existing telephone system, installed in 1984, is reaching the end of its useful life. New parts for the current system have not been manufactured in many years and now spare parts are hard to find. DPW has purchased two old Rolm Systems from the Wisconsin Gas Company and one from Towne Realty for \$1 each. These systems are being used for spare parts.

Service costs are expected to increase significantly and used circuit cards will not be available. Defective circuit cards will have to be sent to electronic repair specialists who charge by the hour. Repair cost could be as high as \$500 for cards that are currently purchased used for \$50 or \$100. Many of the integrated circuits on these circuit cards are no longer manufactured, nor are hard disks, so repairs may not be available at any price.

In addition to having replacement parts readily available and the reduction in service costs, a new telephone system will provide other benefits. The new system will include Call Locator ID. This feature provides a database so that calls to 911 will show the building and room that the call is coming from. Currently, because calls from the City's over 150 locations are routed out of the 809 Building, the calls to 911 show 809 N. Broadway as the callers' location.

Another benefit is that the new circuit cards will be able to directly interface with DPW's 6 primary telephone trunk lines. DPW is not currently able to do this. This new interface will eliminate the use of third party hardware that has been troublesome in completing local and 1-800 calls.

The new switch will also benefit the City by providing energy savings. The new switch will require less electrical power. DPW indicates that the We Energies recently installed system produced 90% savings on electricity. DPW indicates these savings are typical for new systems.

3. In response to then Governor McCallum's Budget Reform Act of 2002, which included his proposal to phase out the State Shared Revenue program, the Common Council suspended funding for certain 2002 Capital Improvement

expenditures (File#011615). The \$5 million for the new telephone switch was included in the items suspended.

Discussion

1. Because the telephone system is more than a year older than when the funding was originally provided, the system's reliability has become more uncertain. To address the concerns about the system's reliability, DPW would like to initiate the process of implementing a new system. In order for DPW to initiate that process, the Common Council has to reinstate the funding provided in the 2002 Budget.
2. This resolution reinstates the \$5 million provided in 2002 Capital Budget for a new telephone switch.

Fiscal Impact

This resolution authorizes the expenditure of the \$5 million included in the 2002 Capital Budget for the new telephone switch and \$200,000 for 2003 debt service.

Marianne C. Walsh
W. Martin Morics
Mike Daun
Dorinda Floyd
John Ledvina

Prepared by: James Carroll
LRB – Fiscal Review
January 30, 2003