

LRB – FISCAL REVIEW SECTION ANALYSIS

MAY 11, 2005 AGENDA

ITEM 13, FILE 050093

PUBLIC IMPROVEMENTS COMMITTEE

JAMES CARROLL

File #050093 is a substitute resolution authorizing the Department of Public Works (DPW) to utilize the City Telephone Switch Replacement project for telephone-related projects.

BACKGROUND

1. The 2002 Capital Budget included \$5 million for the City Telephone Switch Project to replace the 20-year old municipal Rolm telephone system. At the time the 2002 Capital Budget was adopted, DPW anticipated there would be other telephone-related projects in the future, but did not intend to finance them through the City Telephone Switch Replacement Capital Account.
2. DPW has nearly completed the City Telephone Switch Project. Because of the competitive telecommunications market and completing some of the work in-house, DPW purchased the new Avaya telephone system and related equipment and services for approximately \$3.4 million, leaving approximately \$1.6 million in unused borrowing authority.

DISCUSSION

1. This resolution authorizes the Commissioner of Public Works to expend funds from the 2002 City Telephone Switch Capital Account to fund the upgrade of the Avaya telephone system for the Milwaukee Police Department (MPD) and to fund replacement of telephone systems at 33 Engine Houses for the Milwaukee Fire Department (MFD).
2. The benefits of proceeding with MPD upgrade and MFD replacement include:
 - Lower maintenance costs, because DPW will provide in-house maintenance of the system rather than contracting for the system's maintenance and support.
 - Rapid response to system problems.
 - Use spare parts interchangeably.
 - Maintain one inventory of supplies and equipment.

FISCAL IMPACT

This resolution authorizes the Commissioner of Public Works to expend up to \$500,000 from the 2002 City Telephone Switch Capital Account to fund the upgrade of the Avaya telephone system in the MPD and replacement of the telephone systems in 33 MFD Engine Houses. DPW has received a cost estimate of approximately \$380,000 from Avaya to upgrade the MPD telephone

system. The cost to replace the telephone systems in 33 engine houses is estimated to total \$100,000 including telephones, associated equipment and installation costs.

Cc: Marianne Walsh
Dorinda Floyd
Mike Daun
W. Martin Morics
Richard Li

Prepared by:
Jim Carroll, X8679
LRB Fiscal Review
May 10, 2005