

## LRB-FISCAL REVIEW SECTION ANALYSIS

### FINANCE & PERSONNEL COMMITTEE

OCTOBER 12, 2005, 9:00 A.M. AGENDA – ITEM #10, FILE NO. 050714

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File Number 050714 is a resolution approving an intergovernmental cooperation agreement between the City of Milwaukee and Milwaukee County relating to sharing space in the Information and Technology Management Division's data center.

### Background

1. Milwaukee County needs new office space for its Information Management Services Division. Because of equipment downsizing over the past decade, the City of Milwaukee's Information and Technology Management Division ("ITMD") has excess space in its secure data center on the 4<sup>th</sup> floor of the 809 North Broadway Building.
2. On July 6, 2005, the Common Council adopted File Number 050264, a resolution authorizing the proper City officials to negotiate an agreement with Milwaukee County for the sharing of data center space in ITMD.
3. City and County officials have completed their negotiations and have developed the intergovernmental cooperation and license agreement that is attached to File 050714. This agreement must be approved by both the Common Council and the Milwaukee County Board of Supervisors.

### Discussion

1. The proposed agreement makes rooms 410, 410A, 410B and 410D in the 809 Building available to the County for the placement and operation of certain pieces of IT equipment enumerated in the agreement. The County's use of this space is subject to the management and control of the City, acting through the Chief Information Officer.
2. As consideration for use of this space, Milwaukee County agrees to make available certain pieces of IT equipment for joint use of the City and County. The value, to the City, of use of this equipment is estimated to be \$65,000.
3. In addition making certain pieces of IT equipment available for joint use, Milwaukee County is also required to pay an annual license fee. For 2006, this fee is set at \$22,632 (there is also a one-time additional fee of \$4,000 to cover the City's cost of relocating equipment). However, the value of the equipment use (item #2) is credited toward this annual fee, with any remaining value carried over to the next year. The City Comptroller shall annually establish the license fee, which is due to the City before January 15<sup>th</sup> of each year.

4. The agreement also assigns City and County responsibilities relating to security measures and equipment and software installation, maintenance and support.
5. This agreement shall be for a term of 5 years and shall be automatically extended for another 5 years.

**Fiscal Impact**

1. Adoption of this resolution will have no immediate fiscal impact on the City. This is because the value to the City of use of the County's IT equipment (\$65,000 and hereafter referred to as "City Use Value") will more than offset the 2006 annual fee that the County is required to pay the City (\$22,632).
2. In the future, the City may realize revenue from this agreement if the County's annual fee exceeds the City Use Value. Each year, the City Use Value carried over from the previous year is reduced by the amount of the County's fee. Assuming the annual fee owed by the County remains the same each year, by the third year the carry-over of the City Use Value will be depleted and the County will have to make a payment to the City.

Cc: Randy Gschwind