

DATE ISSUED: January 4, 2002 REPORT NO. 02-002

ATTENTION: Rules, Finance and Intergovernmental Relations Committee
Agenda of January 9, 2002

SUBJECT: Information Technology (IT) Strategic Plan for the City of San Diego

REFERENCE: Manager's Report 00-129, dated June 14, 2000

SUMMARY

Issue(s) – Should the City Council accept the proposed IT Strategic Plan?

Manager's Recommendation(s) – Accept the Plan.

Other Recommendation(s) – The San Diego Data Processing Corporation (SDDPC) Board of Directors approved the joint IT Strategic Plan at its meeting on August 23, 2001, and recommended approval by the City Council.

Fiscal Impact – None at this time. By accepting the Plan, the Council will be adopting the strategic IT framework, including the governance and service delivery organization components. The Plan includes high-level estimates of \$120 million to \$170 million in costs for initiatives over the next five years. We are not requesting funding approval for specific initiatives in this action. The Manager will fund initiatives identified for FY2002 by more effectively utilizing current IT expenditures and will return to Council with recommendations for funding major new initiatives starting in FY2003.

BACKGROUND

In October, 1998, the Select Committee on Government Efficiency and Fiscal Reform recommended to the City Council Rules Committee a series of steps designed to guide the City towards a long term strategy that increases the effectiveness of information technology (IT) to benefit the City and its citizens. In January 1999, the Rules Committee approved the recommendations, including 1) placing additional City management emphasis on the importance of IT by appointing a Chief Information Officer at the Deputy City Manager level, and 2) formulating and implementing an IT Strategic Plan.

On June 19, 2000, Council adopted Resolution R-2000-1542 authorizing an agreement with Gartner Group, Inc. for consulting services to develop a five year Information Technology Strategic Plan (ITSP) for the City of San Diego. The attached Plan was developed over twelve months using the consensus-based approach described in CMR-00-129 and included participation by San Diego Data Processing Corporation (SDDPC) as the City's strategic partner for information technology. The final document addresses both organizational and technical components of the City's IT infrastructure and includes recommendations requiring policy review by Council.

DISCUSSION

The key recommendations in the IT Strategic Plan relate to governance, the IT service delivery organization and technical strategies.

Governance

Historically, the City has not had a centralized governance framework for IT. This approach has impacted the City's ability to implement Citywide policies and standards, limited the ability to implement Citywide systems and resulted in inconsistent levels of technological tools and capabilities throughout the City. The heterogeneous City IT environment that has resulted from this is more complex and costly to maintain than one based on Citywide standards.

The governance structure proposed in Section 6.3.4.1 of the IT Strategic Plan establishes a focal point for IT decision-making which includes departments under the City Manager, independent departments such as the Auditor, Personnel and City Clerk, and the City Attorney. As part of the strategic partnership, SDDPC will participate at all levels in this structure and the Assistant City Manager will participate at SDDPC Board meetings. The new governance structure will clearly define decision-making processes and criteria, facilitate the development and monitoring of a Citywide IT budget, and provide a mechanism to ensure that all departments have access to a baseline level of technology and employees receive proper training to remain current with technology trends. It will also ensure that IT standards are developed and consistently applied throughout the City, and that there are also fair processes to grant exceptions based on cost-benefit analysis.

IT Service Delivery Organization

The City has a unique IT service delivery model with SDDPC. While the majority of the City's IT services are still provided through SDDPC, much has changed since SDDPC was formed more than 21 years ago. In 1979, "data processing" consisted primarily of applications running on centralized mainframe computer systems. Today, information systems capabilities are distributed to end-users via desktop computers that provide access to information through complex technology resources. Today's complicated IT environment is supported by SDDPC, outside vendors, department staff and the City's Information Technology & Communications (IT&C) Department.

Several issues with the City’s current IT organizational structure were identified, including:

- Roles and responsibilities are unclear and can often overlap.
- The current job classifications and hiring practices do not support the City’s need to hire and retain the most qualified IT staff.
- IT service delivery does not meet the City’s expectations in many areas.
- While some services considered non-strategic or commodities have been outsourced through SDDPC, there are additional services that could potentially be optimized through the application of best practices.
- There is no common or centralized Citywide voice providing direction to SDDPC on where the City wants to go with IT.

The Plan recommends changes to the City’s IT service delivery organization that fall into two primary areas. The first organizational focus is on improving the existing IT organization by clarifying roles and responsibilities, establishing the governance process and changing the City’s relationship with SDDPC to a strategic partnership implementing a customer/provider model. The second organizational change will require the City to work with SDDPC in evolving their role as a broker of IT services.

During the joint development of this Plan, the City and SDDPC agreed to the delineation of primary IT responsibilities shown in the chart below to provide a framework for developing a customer/provider relationship. In addition to clarifying roles and service level expectations, the City and SDDPC also agreed to establish performance metrics applying to IT service delivery for both SDDPC and City IT staff.

City Responsibilities	SDDPC Responsibilities
Establish IT Policy Approve Standards IT Business Process / Reengineering Project Management	Implement IT Policy Recommend IT Standards IT Operations Technical Project Management

Redefining the City’s IT organization will include the following key activities:

- The City and SDDPC will jointly develop a sourcing strategy for IT services.
- A City IT Program Management Office will be created.
- Roles and responsibilities will be further detailed and documented for City and SDDPC IT staff.
- City recruitment, hiring and retention practices will be updated to allow hiring and retention of qualified IT professionals, including employee training and development plans.

Technical Initiatives

To a large extent, the current technical environment reflects the decentralized approach the City has taken with IT in the past. Citywide standards are not uniformly followed, there is no overall data or application architecture, and many City staff do not have access to the technology needed

to effectively communicate and deliver services. In addition, there are major portions of the computing infrastructure that are outdated, requiring expensive upgrades or replacement.

A complete listing of technical initiatives is included in Section 7.1.4 of the IT Strategic Plan. Some of these initiatives will require major investments over the next five years, including:

- The Public Safety Voice and Data Systems will need replacement and upgrades at an estimated cost of \$39 to \$51 million. The existing system was funded through a voter-approved bond issue.
- The City's core financial and human resources systems need to be replaced at an estimated cost of \$22 to \$32 million.
- Establishing a minimum technology baseline for desktop computing is estimated at \$13.5 to \$18 million over three years. The City has historically spent approximately \$5.4 million annually to purchase and maintain desktop systems, largely from enterprise funds. An estimated \$1.8 to \$2.4 million in additional funding will be needed to implement minimum standards across the City.
- Improvements to the computing infrastructure, including implementation of web-based portal technologies, is estimated at \$8 to \$13 million over three years.

The high-level estimate of funding required to implement all of the identified initiatives over the next five years is \$120 to \$170 million. Some savings should be achieved by more proactively and cost-effectively managing IT resources, but additional funding will be required. Funding options such as marketing partnerships, grants, convenience fees and bonds will be explored. Approximately \$5 to \$6 million in additional funding, as yet unidentified, will be required to meet the ongoing need for infrastructure and system replacement in the City.

ALTERNATIVES

1. Do not accept the IT Strategic Plan.

Respectfully submitted,

Alan B. Watkins
IT Strategic Plan Program Manager

Approved: Howard Stapleton
Acting Chief Information Officer

STAPLETON/ABW

Note: The attachment is not available in electronic format. A copy is available for review in the Office of the City Clerk.

Attachment: [1. Information Technology Strategic Plan - Fiscal Years 2002-2006](#)