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Budget and Finance Committee
c/o Richard Williams, Office of the City Clerk
Room 395 City Hall
Los Angeles, CA 90012

INFORMATION TECHNOLOGY AGENCY - 2017-18 MAYOR'S PROPOSED BUDGET

In a city of four million residents across 469 square miles, technology has become the predominant tool for the City of Los Angeles to maximize department resources, deliver effective services, and create positive constituent experiences. Whether it's our MyLA311 mobile app providing easy resident access to City services (*almost 1/3 of all requests now come digitally*), our data network connecting City employees with Cloud-hosted systems (*averaging 99.8% uptime*), or our Cybersecurity Team protecting vital digital assets from aggressive cyber attacks (*blocking over 200 million cyber attempts per month*), investments in technology are pivotal to improving the lives of residents, businesses, and visitors. As the City of Los Angeles responds to another wave of budgetary challenges, the Information Technology Agency (ITA) advocates the continued focus on technology investments by the Mayor and City Council.

The Mayor's 2017-18 proposed budget for the Information Technology Agency funds both innovative uses of technology, as well as, critical investments in enterprise systems and infrastructure. The department recognizes the support for our new initiatives reflected by the additional funding, as well as the difficult choices made by the Mayor's budget staff in dealing with present and forecasted deficits. Overall ITA's proposed budget of \$90.1M represents approximately 1% of the General City Budget.

Notable new items in the Mayor's proposed budget for ITA include \$1M for the first year of a Contract Management System as part of the Procurement Reform effort. In partnership with the Mayor's office, Councilmember Krekorian's office, Controller's office, and various department partners, the ITA has developed a technology proposal that will substantially improve the City's procurement process, including a simplified vendor experience, department automation, and actionable reports for City management. Work will focus on contract development templates and workflow that will track revisions made by contractors and the City, and which will also include all the ordinance- and policy-required forms and submittals. This investment will be the first step towards digitizing and greatly improving the City of Los Angeles procurement process.

Funding was also provided for the transition and on-going support costs for the new hosted service for the City's Financial Management System (FMS), providing it consistent support services and resilient Cloud-hosting starting January, 2018. New funding is also proposed for the City's first enterprise access social media management system (Hootsuite), designed to coordinate the various department and elected official social media accounts and improve constituent support/communications. The City's vital data network received an investment of \$900,000 which will allow fortification of components to increase bandwidth in support of the City's increased use of cloud services. Lastly, the proposed budget includes a FUSE Corp fellow to work alongside the ITA on Smart City initiatives and projects.

Requests

The Mayor's proposed budget supports City technology and many of ITA's priority projects. There is one crucial request that is not included in the proposed budget that should be noted, as well as a salary account reduction that will severely impact the department's ability to support existing technology and implement needed systems.

Obsolete Phone System Replacement (VOIP)

ITA requested funding to address the telecom industry's elimination of support for traditional land-line (POTS) phones by 2020. The Mayor's proposed budget instructed ITA to use \$2.5M from the Communication Services account budgeted for the City's monthly telecom services, for this effort. This account has already been reduced by \$7.6M in the last five years and remaining funds are required to pay for existing monthly utility (voice and data line) bills, making this proposal infeasible.

The department's initial request was for a phased project to replace our end-of-life telephone systems used by over 30,000 employees at over 500 city facilities with a Voice -Over-Internet-Protocol (VOIP) communication system costing about \$3 million a year over 3 years (~\$9 million total). This is a common approach to phone system upgrades. However, in light of the City's financial challenges and existing trends in consumer behavior, the department is now proposing an innovative approach (aka the Mobile Worker Plan) that implements a blend of VOIP phones and smartphones as a cost effective solution that greatly improves employee productivity.

Most City workers work in an office environment with a traditional desk phone. Instead of simply replacing the current desk phones with VOIP desk phones, the ITA is proposing to create a mobile workforce that empowers these employees with smartphones. This Mobile Worker Plan is both cost effective and has multifold benefits:

- Improves communications between staff (can call, text, email, or chat)
- Improves staff access to data and information (can get information when you need it)
- Greatly improves staff mobility (can perform basic work functions wherever)
- Less expensive implementation and support than traditional VOIP desk phones

- Improves staff safety during emergency evacuations (SMS texting is effective and dependable means to communicate after natural disaster)
- Reduces reliance on City network infrastructure and shifts to cellular provider
- Simplifies and accelerates transition off failing land-lines

As a proof of concept, the ITA would initiate this Mobile Worker Plan for approximately 500 of the most expensive City land-lines, and replace them with mobile devices, at a cost of \$44 to acquire a new device and an annual service cost of \$156 (\$13/mo. X 12 mo.). To start this effort, ITA requests \$100,000. Eventual savings from these lines will be used to offset the incremental increase in monthly services costs for the majority of employee's mobile devices (\$13), compared to the average monthly land line cost of (\$10).

In addition, the ITA requests funding for failing phone systems at LAPD stations. Due to the continued use of phone system infrastructure that is more than 17 years old, non-emergency phone systems at 6 Valley LAPD stations encountered outages in February and March of this year. Since police stations are facilities where communication devices are shared by multiple users throughout the day, the majority of phones will need to be VOIP desk phones. Funding is requested to start this work at four LAPD stations (Van Nuys, Foothill, Granada Hills, and Devonshire) that urgently need to be moved off of this failing infrastructure. The estimate for the data networking equipment, phones, and installation is \$671.00 per VOIP line. To start the effort of preventing future phone outages at LAPD stations, the department requests \$684K for these four stations.

The total request for this initial investment in obsolete phone system replacement is \$784K.

Salary Funding Cuts Will Require 53 Vacant ITA Positions (12.6% of workforce)

The second issue that must be noted is the reduction to ITA's salary account. The proposed budget cuts \$602K from the salary account, and additionally defunds six filled positions, leaving the department to absorb the \$750K cost. The combined effect of these actions is that ITA will be forced to hold 14 additional positions vacant, on top of the 39 positions held vacant due to salary savings rate, unfunded MOU provisions, sick leave payouts and retirements (\$3.9M). Holding 53 of the 421 authorized positions vacant in order to remain within a reduced salary budget would enforce an effective 12.6% salary savings rate and put ITA at a workforce of 368 employees. Reducing to this staffing level would cripple our ability to implement the projects for which we are funded and hinder our ability to implement new technologies.

ITA requests funding and regular position authorities for the six unfunded positions, totaling \$750,327.

ITA believes that difficult financial times necessitate a greater reliance on and investment in City technology. The department strives to deliver innovative and cost-

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effective uses of technology to improve City services and internal processes and has been successful in areas such as the use of Amazon Alexa to access City information, using Microsoft Cortana to develop a 24/7 chatbot that answers vendor questions on LABAVN, driving Civil Service testing improvements with Personnel, and implementing the City's new FMS commodity purchasing system in July 2017. With the nominal funding requests enumerated above, FY17-18 will see ITA leading the Mobile Worker Plan to both modernize employee communications and migrate us off of failing phone infrastructure, on a scale never before seen before in public sector. We appreciate the continued leadership of the Mayor and Council in recognizing the importance of technology and an open mind on improving City processes. This will enable Los Angeles to enhance City services even in an era of budget constraints.

Respectfully submitted,



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